ERP Pricing for the Digital Age
Addressing Indirect/Digital Access

Summary

The technology landscape and how customers consume and use SAP software has undergone dramatic changes. Not only are our customers' employees using the Digital Core (i.e., SAP ERP, SAP S/4HANA and SAP S/4HANA Cloud), their business partners, consumers, third-party applications, IoT devices, automated systems, and RPA/bots are also using the Digital Core. **Indirect/Digital Access** is when people or things use[2] the Digital Core without directly logging into the system. It occurs when humans, any device or system, indirectly *use* the Digital Core via non-SAP intermediary software, such as a non-SAP front-end, a custom-solution, or any other third-party application. It also occurs when non-human devices, bots, automated systems, etc. use the Digital Core in any way. It is hard to measure *use* accessing via Indirect/Digital Access, hence SAP is modernizing its pricing model to be more transparent and predictable.

Pricing Model Objectives

The new pricing approach for Indirect/Digital Access focuses on business outcomes and provides an objective measure for the use of the Digital Core**.**

New Indirect/Digital Access Pricing Model

SAP has idenfitied nine document types that represent system generated records of commonly valued business outcomes from the Digital Core. Use of the Digital Core through Indirect/Digital Access will be licensed based on these nine document types; there is no additional charge for other document types.

- **Counting Documents.**
  Onetime create cost. SAP counts and charges for the creation of documents triggered via Indirect/Digital Access.
  Read, update, delete included. All read, updates, and deletion of documents via Indirect/Digital Access do not incur an additional charge.
  Initial document creation only. SAP counts only the initial documents created. For example: a sales order line item created by Indirect/Digital Access is automatically processed in the Digital Core resulting in the creation of invoice, material or financial document line items. SAP would charge only for the sales order line items initially created and not for the subsequent documents.
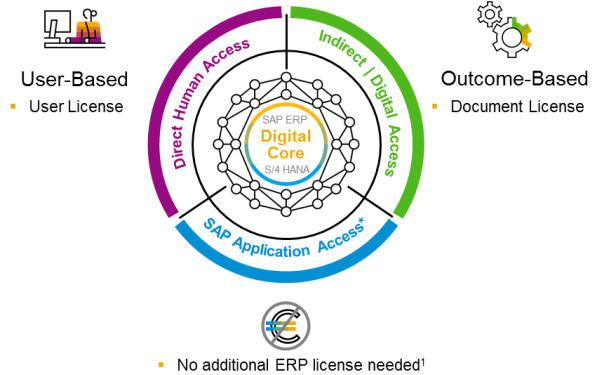 **Multiplier**. Not all documents are weighted equally. Most documents are weighted at 100% (multiplier =1), documents of lower value and more frequently used are weighted at 20% (multiplier = 0.2).
- **Volume Discounts**. the higher the number of documents, the lower the price per document.

ERP Pricing Model
Available April 2018 Onwards

- User-Based
  - User License
- Outcome-Based
  - Document License
- No additional ERP license needed[1]

Indirect/Digital Access Document License Calculation

- A Document License reflects the total documents licensed for a 12-month period. This total is the sum of all document types times their respective multiplier.

- New SAP customers with no historical data may estimate the number of documents needed by using benchmark data applicable to the customer's business. For existing customers, an estimate of needed documents can be calculated using historical data.

- SAP is planning to provide customers with tools to monitor and measure ERP use.

Example

Document Type	Quantity	Multiplier	Total
Sales line item	100	1	100
Invoice line item	200	1	200
Purchase line item	300	1	300
Service & Maintenance	0	1	0
Manufacturing	0	1	0
Quality management	0	1	0
Time management	0	1	0
Material line item	0	0.2	0
Financial line item	1000	0.2	200
Total Capacity			**800**

License Cost = *Total Documents * document price*

Pricing for Direct and SAP Application Access

Direct Human Access to the Digital Core continues to be licensed based on users. [1]Provided ERP is otherwise licensed, no additional ERP User license is needed for use of the Digital Core resulting from access by properly licensed SAP Applications. SAP applications refer to line of business and industry applications (on premise and cloud); it also refers to SAP Solution Extensions. This does not include technology solutions (e.g., database, middleware integration, SAP Cloud Platform, etc.)

What are the options for existing customers given this new Indirect/Digital pricing model?

Existing SAP ERP on premise customers may choose to do nothing and keep current contract terms in place, or choose to take advantage of the new Indirect/Digital Access pricing with either option of a License Exchange or a full Contract Conversion to a new simplified contract. We are committed to working with customers interested in reconfiguring their licenses per the new model. SAP assures customers who proactively engage with us in good faith that we will not pursue back maintenance for under-licensing of SAP Software associated with indirect access.
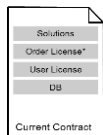
Do Nothing

This option is best suited for existing customers happy with their contract terms who do not want to change. There are no changes to existing contract terms, and customer will continue using User and Order Licenses for all types of access.

License Exchange

For existing SAP ERP customers wanting improved transparency for Indirect/Digital access while not converting existing contract
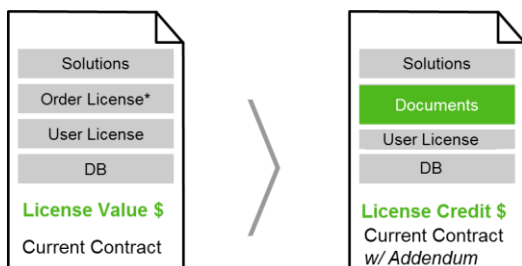
The License Exchange option keeps existing contract in place and adds an addendum outlining the new modern ERP pricing using Document Licenses for Indirect/Digital Access use.

- Customer receives a credit of up to 100% of the license fees paid[3] for the user and/or order licenses exchanged (e.g., Sales & Service Order Processing or Purchase Order Processing) for equivalent value in Document Licenses. (100% credit is limited to the net fees owed for the Document License)
  100% of the maintenance base of the converting licenses is carried forward. **An example follows:**

Description	Value in €
Calculated Cost for documents (Based on historical records on documents needed)	500,000
Credit for Sales and Service Order Processing Licenses	(150,000)
Credit for subset of User Licenses	(350,000)
Net Cost to Customer	**0**
Maintenance Base Carried Forward (based on total credits exchanged)	500,000

Contract Conversion

For existing SAP ERP customers licensing SAP S/4HANA and wanting to consolidate / simplify old contracts (full contract conversion)
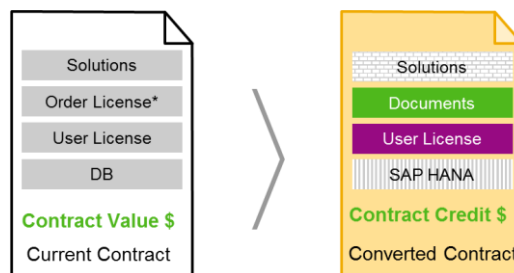
The Contract Conversion option applies the value of the licenses in the customer's existing contract as a credit towards a new reconfigured SAP S/4HANA-based solution landscape that meets current and future business needs.

- Replaces current bill of materials (BOM) with new SAP S/4HANA based BOM that includes simplified licensing structure
- Opportunity to fully reconfigure solution landscape (new BOM) based on current and future needs
- Up to 100% credit[3] for old contract value applied to new bill of material
- Access to legacy SAP software during the transition
- One-time event
- Maintenance base does not go down

SAP Cloud Extension
Customers ready to move to the cloud or opt for a hybrid (on premise and cloud) landscape may take advantage of the SAP Cloud Extension policy to convert on premise maintenance fees to a subscription service spend on SAP Cloud solutions.

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[1] Provided ERP is otherwise licensed, no additional ERP license is needed for use of the Digital Core resulting from access by properly licensed SAP Applications.

[2] SAP On Premise Contractual Definition of Use: 'Use' is defined as…to activate the processing capabilities of the Software, load, execute, access, employ the Software, or display information resulting from such capabilities. Use may occur by way of an interface delivered with or as a part of the Software, a Licensee or third-party interface, or another intermediary system. All 'use' of SAP software, regardless of the method of access, requires an appropriate license.
[3] Conditions apply.

This document provides a general description of the new outcome-based ERP pricing for the digital age announced on April 10, 2018. For additional information contact your SAP Account Executive.

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SAP Run Simple