

WHITE PAPER

RISE with SAP – SAP's cloud offering



RISE with SAP – SAP's cloud offering

O V E R V I E W

The SAP licensing world is constantly changing. Whether this represents a risk or an opportunity depends on how well you know your existing environment and your ability to effectively compare it with the sometimes confusing or even misleading options and offers. Probably the hottest topic at the moment is whether switching to “RISE with SAP” is a viable and cost-effective alternative to the existing on-premise situation. The cost focus here is primarily on the infrastructure costs and the variable license model via so-called FUEs (Full Use Equivalents) - a lot of money is at stake. Viewed from the meta-level, the complete package seems very tempting, as it suggests a beautiful and simple world in the future with transparent and predictable costs at significantly lower expenses, since the infrastructure is operated by SAP. However, can you really rely on this messaging from SAP?

In this white paper, we discuss where the real focus of change lies, where expenses arise, and where hidden costs lurk. It is not primarily about the offer and what is included in detail - there are enough papers about that. Rather this is about what might not be included and subsequently where even apparently small differences between your demand and the package offer make huge differences in your TCO analysis.

VOQUZ Labs compares old license models with the new “RISE with SAP” subscription model, and brings its entire SAP licensing and environment expertise to provide you with a transparent assessment. Let us reveal here: it is definitely not as simple as it sounds in the SAP offer - as we all know, the devil often lies in the detail.

RISE with SAP – SAP’s cloud offering

C O N T E N T

What is RISE with SAP?	4
What does RISE with SAP’s licensing model look like?	4
SAP’s support tools	6
samQ and visoryQ - for transparent licensing	6
Elimination of shelfware	7
Private Cloud or Public Cloud?	9
Digital transformation	9

What is RISE with SAP?

RISE with SAP is a wide-ranging bundle of services and solutions offered by SAP to support companies in their digital transformation, and to encourage them to migrate from on-premise to the cloud. Customers have the option of selecting among three cloud providers, namely AWS, Azure or Google. Customers can also opt for SAP's Public Cloud or Private Cloud.

The entire infrastructure of RISE with SAP's bundle of services and tools is managed by SAP, which largely eliminates the company's existing infrastructure costs. Hence, the company can fully focus on its operational processes. Add-ons can also be moved to the cloud, which is of particular relevance for licensing with respect to [samQ](#). This bundle is regulated, of course, and any additional components that are not included in RISE with SAP must be ordered and paid for separately.

RISE with SAP offers your company a new cloud-based ERP solution under a single contract based on a subscription model, but it is crucial to conduct a detailed analysis in advance to understand whether a switch to RISE with SAP even makes sense. VOQUZ Labs' new tool visoryQ is an analyzer for identifying the best commercial and licensing migration strategy. Using the data collected by visoryQ, our license experts are able to swiftly and transparently develop various strategies to support companies' migrations from a traditional ERP system to a cloud-based solution, one option being RISE with SAP.

What does RISE with SAP's licensing model look like?

As already mentioned, RISE with SAP is based on a subscription licensing model, and companies will no longer need to purchase perpetual licenses or individual solutions. This model applies to all solutions included in the RISE offering, including user licenses and the infrastructure.

Costs arise from subscription fees for Users, which are licensed as Full User Equivalents (FUEs). Specific metrics are applied to RISE with SAP's standardized solution or are already integrated in the infrastructure. Digital Access represents an additional cost factor. Defined Digital Access documents that are generated outside the SAP system or whose creation is triggered externally are counted and paid for here.



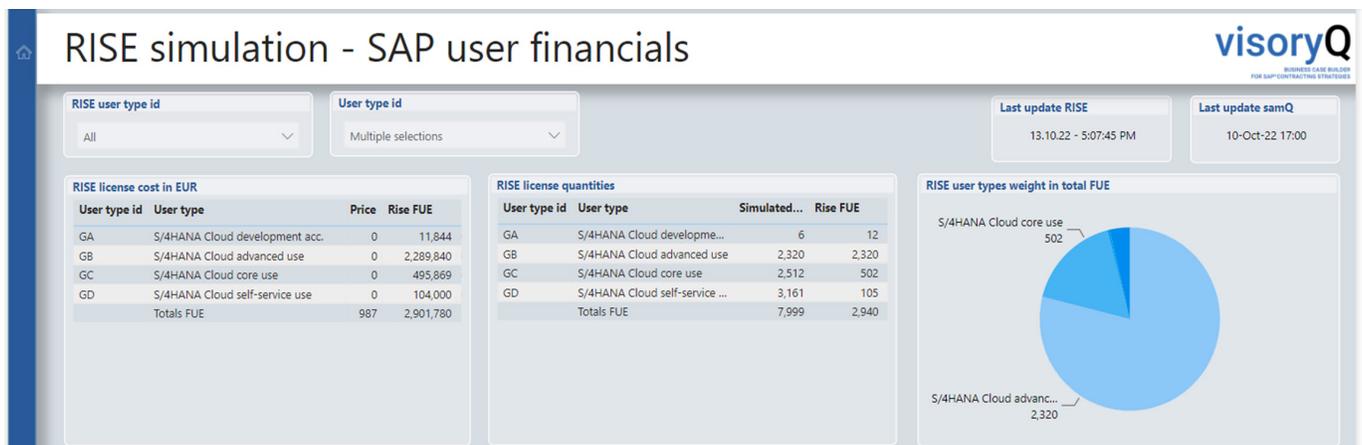
Here is some additional information. Regarding the Users: The list of prices and conditions defines four user types allowed to work in RISE with SAP.

User Type	Description
Developer	authorized to create solutions within the applications
Advanced User	corresponds to the former Professional User
Core User	a user with defined but limited functionalities compared to an Advanced User. A Core User can roughly be compared to the license of an S/4HANA for functionality use. These licenses are not, however, fully identical.
Self-Service User	a user with strong functions in production, logistics and self-service

These four user types are charged by the month. However, monthly is rather misleading in this case, as SAP usually offers 3-5-year contracts. Each user type requires a different number of FUEs.

User Type	Description
Developer	2 FUEs
Advanced User	1 FUE
Core User	1/5 FUEs (5 Core Users can be used for 1 FUE)
Self-Service User	1/30 FUEs (30 Self-Service Users can be used for 1 FUE)

Using Voquz Labs' tooling, it is easy to optimise your current environment, and at the same time map your existing licenses to FUE requirements. See below for an example.



One aspect is particularly interesting regarding the FUE model. Previously, purchased on-premise perpetual licenses could not be returned, or could only be exchanged in exceptional cases. However, the subscription model based on FUEs is flexible. If the number of Advanced Users decreases, e.g., due to restructuring, the FUEs can be used for other user types, e.g., for Core Users. If an Advanced User is no longer needed, the available FUE can be used for 5 new Core Users, for 30 Self-Service Users or for half a Developer.

User type	Quantity	Ratio	FUEs
advanced use	70	1:1	70
core use	350	1:5	70
self-service use	600	1:30	20
	1,020		160



User type	Quantity	Ratio	FUEs
advanced use	60	1:1	60
core use	400	1:5	80
self-service use	600	1:30	20
	1,060		160

Interactions with SAP are not necessary for this. Of course, a relatively detailed understanding of which users and their activities belong to which corresponding user group is important. SAP offers support in this regard, but should you make use of it?

SAP's support tools

To facilitate the transition to FUEs, SAP provides mapping options that explain which functionalities are included in each corresponding user type. These mapping options are somewhat rudimentary and potentially result in significant over licensing. This is understandable considering that SAP's current list of prices and conditions cannot cover all business processes a company may need. SAP is therefore clearly focused on guaranteed compliance, while a customer's cost factors take a back seat.

SAP also offers an Excel tool that can be used to determine the corresponding FUEs and required number of user types in RISE with SAP based on predefined authorization roles.

This tool should be used with extreme caution, however: SAP recommends role-based license management. But within the FUE licensing structure, it appears to be neither necessary nor mandatory to manage licensing according to assigned authorizations.

Licenses are required for what you use. If no clear definitions exist about which technical component is assigned to which license type, which is simply impossible for a structure such as the SAP, licensing based on authorizations is certainly an option, however, one that in nearly all cases is associated with additional costs as users are charged for what they could potentially do, not what they actually do.

samQ and visoryQ - for transparent licensing

It is clear that for the next few years, SAP will generally focus on transitioning customers from its former ECC technology to S/4HANA. RISE with SAP is only one option among several. Finding the right strategy is extremely challenging for many companies.

Anyone seeking the most cost-effective option without breaching SAP compliance rules must first identify users' actual activities and continuously review existing licenses. This may sound complicated and time-consuming, but using the appropriate software can ensure continuous cost-effective management of SAP licenses. The necessary data is provided by samQ. samQ was specifically developed to collect and evaluate license-relevant data in SAP systems and to consequently assign the most cost-effective license to each user based on the actual usage data, and to then automatically update the user licenses where necessary.

And now VOQUZ Labs has developed a new product, visoryQ, to support companies in making the right decision based on appropriate data. The tool collects data of the legacy systems and existing contracts to identify a company's best transition strategies.

The results of visoryQ's calculation present the company's most reasonable transition strategy. visoryQ's results are reliable – if the tool determines that RISE with SAP is the company's most cost-effective option for transition, then this will almost certainly be the case. The tool will provide other results as well, however, allowing companies to take their time to decide which transition strategy suits them best.

Elimination of shelfware

If digital transformation is taken seriously, moving to the cloud implies that many on-premise products become obsolete, and several applications and products that have surely accumulated over time need to be identified and eliminated. These should be identified during the planning phase to determine potential cost savings from maintenance that is no longer needed.

Necessary steps in the decision-making process on RISE with SAP

- Analysis of existing processes

RISE with SAP is an extensive bundle of services and solutions that include standardized components. This means that existing processes must first be analyzed to determine whether RISE fully supports these processes or whether additional components will need to be rented.

- Exploration of optimization using cloud applications

This is the most important step as it clearly identifies whether a full or partial transformation to the cloud makes sense. The company's cost factor plays a particularly important role in this analysis. And this is where visoryQ comes in to determine the transition's optimization potential.

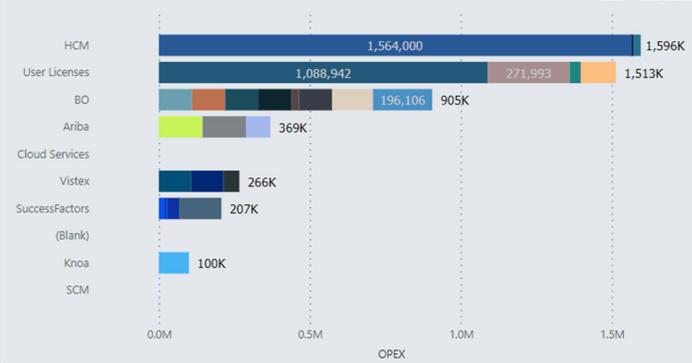


SAP product categories

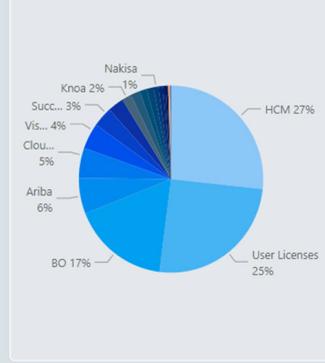
Product categories

- Select all
- (Blank)
- Arriba
- BO
- Brazil
- Cloud Services
- CRM
- Digital Access
- DocMgmt
- Finance
- HCM
- Knoa
- Manufacturing
- Nakisa
- Other
- Poland
- SCM
- SRM
- SuccessFactors
- Tech
- Terminated
- Transport
- User Licenses
- Vistex

OPEX by product category and product in EUR



OPEX by product category



Products in contract

Product description	Metric	In blocks...	Quantity	OPEX
SAP Work Clearance Management	Employees	1	2,000	1,564,000
SAP Professional User	User	1	8,457	1,088,942
Network Connection Services-CIG - 2 Connections (Supplemental Site & Test/Prod pair)	Connections	1	313,103	313,103
SAP Employee User	User	1	16,800	271,993
SAP BusinessObjects Access Control ("SBOP")	Number of Employees	500	66	196,106
SAP Arriba Supply Chain, forecast add-on	% of Net Recurring Fee	1	0	144,704
SAP Arriba Supply Chain, quality add-on	% of Net Recurring Fee	1	0	144,704
Total			601,364,286	5,977,300

OPEX in EUR

6,328,049

Maintenance base in EUR

31,991,368

The benefits of the cloud and its effects on optimizing existing processes must also be determined. If the level of optimization is rather low, the company should think about moving the processes to the cloud. If the results indicate that the optimization potential of moving to the cloud is high, the company must determine whether RISE with SAP is indeed the best option. The results can then be used to enter into negotiations with SAP. It is always better to approach SAP with clear ideas than to ask them what they think your company might need.

One important factor is choosing the cloud provider. This decision presently has no obvious financial implications in RISE with SAP because the infrastructure is included in the subscription. However, if the standard size is insufficient and additional storage or servers are needed, RISE with SAP can quickly become more expensive. It might therefore make more sense to use S4/HANA in the cloud without using RISE with SAP. Remember that SAP is normally only one application that customers might place with a hyperscaler, and companies can potentially save a lot of infrastructure costs by choosing the right provider, and negotiating their own contract.

Private Cloud or Public Cloud?

A few brief remarks about SAP's two cloud versions:

Public Cloud provides new SAP customers with a complete ERP system in the cloud. The introduction costs can potentially be significantly reduced if companies are already using external consultants to introduce optimization software or if such software is already being used.

Yet RISE with SAP remains an ERP, not really digitally transformed, but rather transported from on-premise to the cloud.

Private Cloud targets existing customers. Here, parts of or all SAP applications can either be migrated in one big bang or step-by-step. The level of flexibility is highest in such cases. However, RISE with SAP is a comprehensive bundle of services and solutions and individual adjustments can quickly become very expensive.

Digital transformation

Will RISE with SAP convince many customers that SAP S/4HANA in the cloud is a good offer? We don't really think so. The reason for purchasing an S/4HANA cloud license, in this case RISE with SAP, should not be guided by marginal savings. Instead, it should much more be a strategic decision and should be about optimizing business-critical applications in the S/4HANA cloud and provide a meaningful ROI to justify such a transition.

The questions that need to be answered thus remain the same: SAP ECC or SAP S/4HANA? Perpetual or subscription? Cloud or on-premise? SAP-managed infrastructure or hyperscaler-managed?

VOQUZ Labs can create a detailed financial licensing model using visoryQ to identify the best way forward.



About VOQUZ Labs

With its exclusive software products samQ, setQ, visoryQ and more, VOQUZ Labs has specialized in the optimization of license costs and authorization concepts for SAP applications. Our solutions reduce the manual administration effort and cut costs by optimizing the usage of the existing software inventory. In addition to the SAP license management tool samQ, setQ enables the automation of SAP authorization management. This way, authorization concepts and processes become revision-safe and compliant.

About our SAP Solutions

The in-house developed software asset management solution samQ is the company's flagship product. It is a recognized leader in SAP license management. More than half of all samQ customers achieve savings in license and maintenance fees that exceed the purchase value of samQ in the first year already. The visoryQ Business Case Builder for SAP contract strategies visualizes and underpins the decision criteria and financial framework necessary to prepare the basis for decisions about the future of the ERP.



HEADQUARTER CONTACT

VOQUZ Labs AG
Kurfuerstendamm 11, 10719 Berlin , Germany
Phone: +49 30 1663 5733
Email: labs@voquzlabs.com
www.voquzlabs.com