S/4HANA MIGRATION – BLESSING OR CURSE?

Stumbling blocks and recommendations of action from a SAP license optimization point of view

WHITE PAPER

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IT SOLUTIONS

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Abstract

S/4HANA is on everyone's lips and will replace the SAP Business Suite in the future. The old Business Suite is supported until 2025. SAP offers a variety of licensing options and extension policies for existing customers who want to complete the migration step at an early stage. These can significantly reduce the costs of a migration.

If you are thinking about switching to S/4HANA, you should clarify some questions in advance: How and when should one change? What savings potential results from the new license types?

We answer these questions in this white paper. We show you frequent tripping hazards and how to avoid them. Use the opportunity of cost optimization in the context of S/4 + HANA database migration!

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Contents

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1. Introduction

SAP has been promoting its in-memory database HANA for years now. As a result, existing customers have recently been increasingly encouraged to switch to S/4HANA. New customers should start with S/4HANA as requested by SAP.

To give the migration to S/4HANA a timeframe, SAP has announced to ensure maintenance for old ERP systems until 2025. This announcement contains the unspoken request to have completed the changeover by then.

This does not mean, however, that there is any reason to hectic, as there is still some time to go until 2025. Furthermore, in our opinion, the announcement does not mean that there will be no support for older systems in 2025.

One can confidently assume that even in 2025 'heavyweights' will continue to work on old systems as existing customers. SAP will certainly not want to spoil it with them. Thus enough time and a well planned change is possible for everyone.

2. What are the reasons for a change?

There are actually only two reasons for a change. First of all, the introduction of necessary processes that one would like to use in HANA, because the process speed represents a corresponding benefit for the company. On the other hand the general migration, because the support of the old systems will eventually stop sometime.

The first reason puts some pressure on the company. In order to raise the corresponding benefit, the introduction must be realized with a tight schedule. Particular attention should be paid to the cost factor - especially the rising hardware costs are often forgotten.

To keep the cost screw under control to a certain extent, you should therefore draw up a concrete implementation plan before the migration. This plan should analyse exactly what SAP would have to do. This insight can then be used to start negotiations with SAP before implementation.

For SAP, HANA and S/4HANA are strategic products whose market penetration costs them quite a bit. The more customers they can convince of these products, the better. This gives you some room for negotiation. To win you over to the S/4HANA side, SAP is certainly ready to offer you one or two 'goodies'. So dare to negotiate!

But be careful, this does not apply for all time! As market penetration progresses, SAP will be less willing to make concessions.

This is a bit of a predicament when it comes to S/4HANA migration. On the one hand, there is no hurry to change, as there is probably still time beyond 2025. On the other hand, you now have a good chance of expressing unfulfilled wishes for SAP and getting them fulfilled.

3. What will change when I switch to S/4HANA?

Let's first look at the licensing landscape. SAP only offers four named user license types:

New S/4HANA license type	Approximately equivalent to...
Enterprise management for professional use	Professional user
Enterprise management for functional use	Four orientations: • external business partner • worker • logistics • project manager
Enterprise management for productivity use	ESS user
Developer access	Developer

1. S/4HANA enterprise management for professional use, which corresponds to the former professional user.
2. S/4HANA enterprise management for functional use, whereby there are four different orientations. First, the external business partner, that, like the professional, can do everything and then the characteristics worker, logistics and project manager.

3. S/4HANA enterprise management for professional use, which corresponds to the former ESS user but no longer costs 125€ list price, but a proud 300€.
4. S/4HANA enterprise management for development use, which corresponds to the former developer.

Except for the developer license, all new license types will experience a more or less strong price increase. For existing customers it is therefore the first obligation to contractually record the subsequent purchase of the old license types. The misconception that all licenses must be converted into these types under S/4HANA has not yet been confirmed.
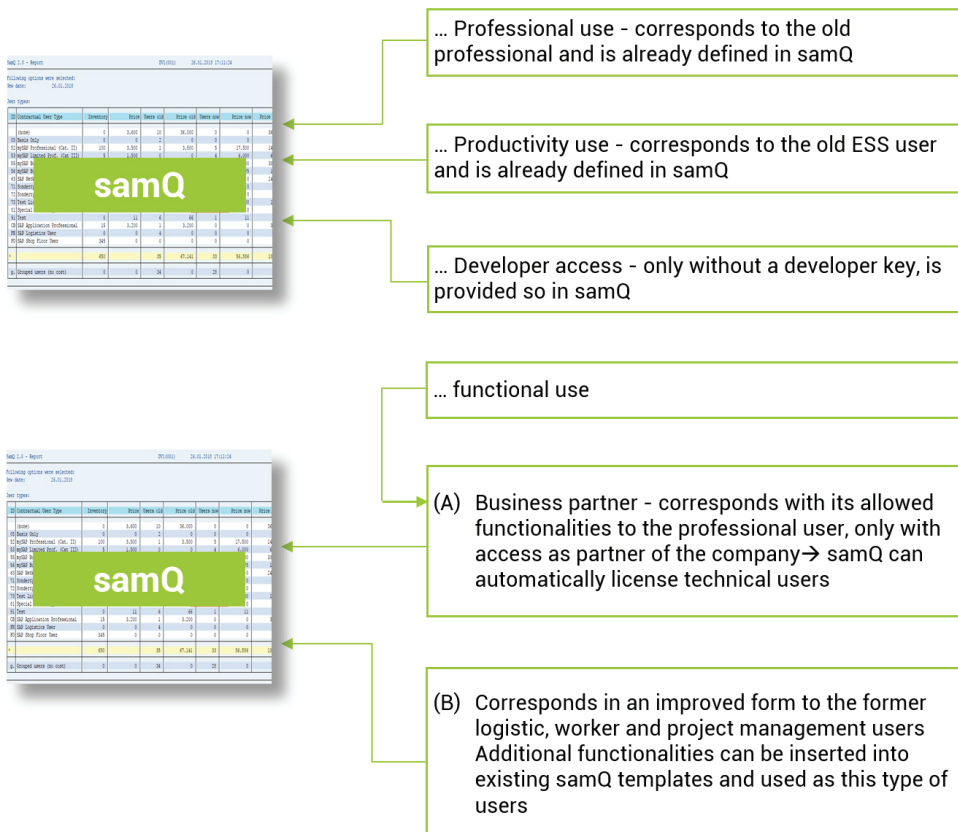

… Professional use - corresponds to the old professional and is already defined in samQ

… Productivity use - corresponds to the old ESS user and is already defined in samQ

… Developer access - only without a developer key, is provided so in samQ

… functional use

(A) Business partner - corresponds with its allowed functionalities to the professional user, only with access as partner of the company→ samQ can automatically license technical users

(B) Corresponds in an improved form to the former logistic, worker and project management users Additional functionalities can be inserted into existing samQ templates and used as this type of users

Fig. 1: With samQ you are prepared for the new S/4HANA licenses.

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These are the points you should raise during negotiations:

1. Safeguarding the right to continue to purchase old license types already in the portfolio.

2. Assurance that special licenses can continue to be defined according to demonstrable use in order not to be reduced to the expensive four licenses in the future.

3. Conversion of worker or logistics licenses can make sense if the price difference is compensated. Due to the very shallow description of the new S/4HANA licenses, there will probably be less discussion about the content of use.
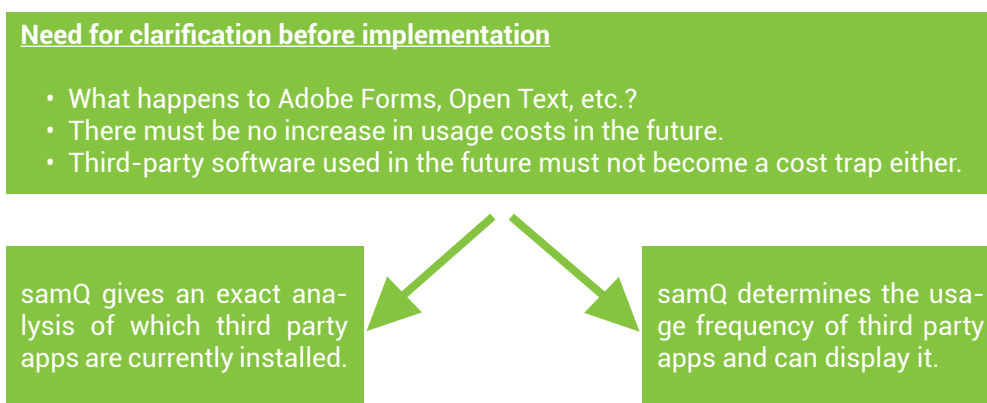
Important: At SAP, there is a tendency to convert all contract definitions to 'authorizations'. You should be able to understand and explain both the licensing by rights and the licensing by actual use. samQ supports you in both cases.

In addition, licensing on the basis of actual use is cheaper in the long run than according to authorizations. So incorporate this requirement into the negotiations and have it confirmed in writing.

In the area of engine measurement, it remains as before. However, the complete metric framework changes in this area. A logical comparison between old and new is not possible here at first glance. You should define this area together with the SAP sales employee so that there is no sudden price increase that was not expected.

The fact is, things change with S/4HANA. The description in the SAP price and condition list (PKL) can only be described as unclear with regard to the use of third-party software. On the SAP side, one can take the view that the use of S/4HANA and the HANA database is only permitted without third-party software. This would mean that the use of old third party applications is only allowed as an additional agreement and would then possibly be subject to a fee.
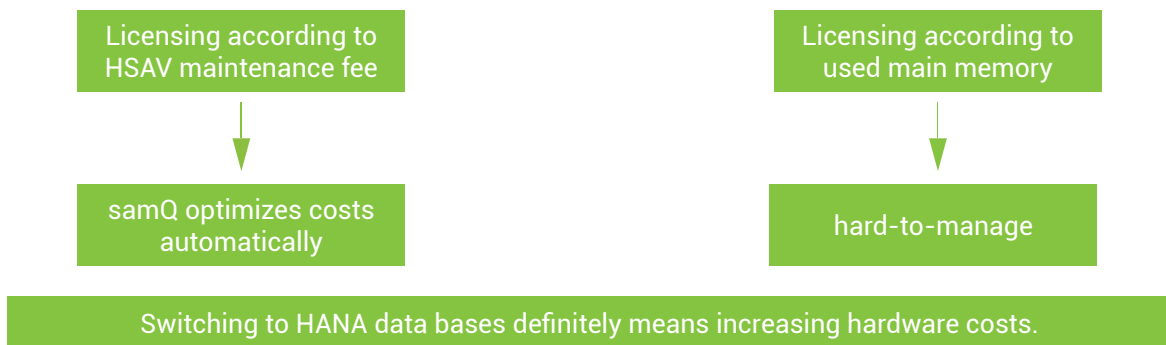
So clarify right at the beginning that third party applications can continue to be used without additional costs!

Need for clarification before implementation

- What happens to Adobe Forms, Open Text, etc.?
- There must be no increase in usage costs in the future.
- Third-party software used in the future must not become a cost trap either.

samQ gives an exact analysis of which third party apps are currently installed.

samQ determines the usage frequency of third party apps and can display it.

4. HANA data base

Finally, the licensing of the HANA data base itself remains. SAP offers two options here:

Licensing according to HSAV maintenance fee	Licensing according to used main memory
↓	↓
samQ optimizes costs automatically	hard-to-manage

Switching to HANA data bases definitely means increasing hardware costs.

Firstly, HANA can be licensed at a flat rate of an additional 15% on the existing maintenance amount. In this case it doesn't matter how much memory is used.

In the second case, the memory units used can be licensed. Note, however, that the peaks are always used as the basis for calculation.

The first case is certainly attractive for smaller companies. On the one hand, there is clear cost control - through license optimization such as samQ, for example, costs can even be reduced - and on the other hand, the extended possibilities of use are only slowed down by the hardware costs.

Licensing by memory, on the other hand, is often more sensible for large companies due to the high maintenance amount. However, you need an exact plan of what is needed, how growth is expected and which processes really become more efficient through a HANA database.

5. Extension policies

A little insider tip are the extension policies of SAP. These serve as an incentive for existing customers to taste the switch to new technologies such as Cloud, HANA and S/4HANA.

Previous licenses may normally continue to be used. However, SAP would like to speed up the transition to new software and therefore allows old licenses to be exchanged in case of a timely migration. Customers can use this opportunity to 'return' shelfware - old licenses that are no longer in use - in order to make the purchase of new products cheaper.

Generally the exchange is rather difficult, because the licenses are unlimited - what you buy once, remains to you. And that's why you pay an additional 22% maintenance costs every year. It is not surprising that SAP keeps the extension policies like a little secret and most customers know nothing about them. Use your knowledge correctly and use it for an S/4HANA change!

CONCLUSION: WHAT TO BEAR IN MIND WHEN CHANGING

Before changing, you should identify those processes that really achieve a corresponding performance advantage under HANA data base usage that also amortizes the financial resources used. Keep in mind that a complete implementation of all existing SAP processes on HANA can only take place step by step - SAP's development capacities also have limits.

Tip: S/4HANA is already widely used. Inquire about: What are the advantages of the change? Where are process slowdowns possible at the moment? This enables you to identify processes that have already been changed over to HANA.

HANA and S/4HANA are therefore not quite as simple. Process acceleration is not always an advantage. Precise planning should be clearly in the foreground and possibly expert help should be called in to increase the real benefits and where no benefits are to be expected, the old data base can still be used.

If you want to change consistently to HANA data bases, you should have a clear overview beforehand: What licenses currently exist in the company? And which of them are actually used? The best way to get an exact overview is to use software analyses that provide you with this information in real time. This provides a reliable source and allows you to enter into negotiations with SAP on an equal footing with your existing knowledge.

Tips for changing:

1. Very important: Find out what it is worth for SAP if you change to S/4HANA. SAP is currently very willing to negotiate to offer special benefits for customers to implement these processes.
2. Don't jump right into a complete migration! You'd better take it easy and considerate.
3. Before implementing S/4HANA, first start an inventory.
4. Compare very precisely which third-party systems currently in use can possibly even be replaced by S/4HANA processes.
5. Clarify early on whether your existing license portfolio for the S/4HANA systems can continue to be used or how it must be converted.
6. Use license optimization software as support! With manpower alone, the work steps mentioned can only be performed fragmentarily and extremely inadequately.

ABOUT VOQUZ AND CONTACT

The VOQUZ Group is a solution provider and systems integrator in the field of information technology. VOQUZ is a one-stop shop for the implementation of complex IT projects and provides customers with intelligent solutions in the areas of compliance and IT security.

The company's flagship compliance product is the samQ software solution, which it developed in-house. The solution delivers continual, automatic optimization of SAP licenses on the basis of actual use in order to minimize the number of unused licenses. In addition, engine use is calculated and 'indirect access' to SAP data is identified.

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