LICENSE MANAGEMENT

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E2E – don't administrate, orchestrate!

ERP has mastered the end-to-end concept right from the start. Everything is connected with everything - an advantage to the user, a challenge for license management. Stefan Autengruber, SAP Licensing Expert at License Ethics, and Peter Färbinger, E-3 Editor-in-Chief, on the new SAP Licensing Model.

■ **Autengruber:** Software Asset Management (SAM) systems measure SAP usage via interfaces. The whole process is comparable to a traffic count at an intersection. In the case of an SAP system, it would be more correct to come up with a solution that captures the processes of the whole traffic flow. This is the only way to make license assignments in a new, digital-access licensing model clear and comprehensible. In April 2018, SAP announced a new license model for indirect access (Indirect Digital Access) because business requirements and technologies have changed for SAP customers. At first glance, there is no system to the new model. But anyone who knows SAP, also knows that there is a structure behind it.

Data Architecture: SAP has sovereignty over master data but data can still be read for free. Anything else would violate EU regulations and SAP knows that. However, if master data is processed in the SAP System, another prerequisite is added, which is described under Application Architecture below. The data however always and very clearly belong to the customer.

Application Architecture: Anyone who processes master data with SAP applications in the SAP system (e.g. availability check, pricing request, etc.) is subject to the licensing process. That should be clear to everyone by now. SAP is generous and in the new pricing model only value-added documents (and their line items) are counted. Non-value-adding documents such as pricing requests and availability checks are free under this license model.

Technology Architecture: This is where the documents are stored and counted. The Technology Architecture must determine who created a document and if the document is value-adding. SAP is in the process of extending the measurement tools, especially LAW 2.0, accordingly. How the documents are counted and what licensing know-how is required has not been revealed to date.

Back to the initial analogy: Whoever simply counts the cars that drive on the intersection and does not keep track of where the cars come from and where they are going, can never become compliant because the entire route (that is, the entire process) is not documented. To determine the exact licensing terms, documenting that entire process is essential.

■ **Färbinger:** You can put a lot on paper and still say nothing. If you stand at the intersection and draw a line for every passing car, administration may eventually be satisfied. However, it is not possible to record the traffic system as a whole with these simple counting statistics. My colleague Stefan Autengruber is absolutely right when he calls for the recording, understanding, analysis and orchestration of traffic flows in an ERP system. After all, an ERP/CRM system is simply not defined by the number of interfaces, but by the E2E processes that it handles.

For a licensing approach that is fair – both for users and SAP – it is absolutely necessary to keep an eye on the big picture. An artificial „customs office" at the system boundaries does not correspond to the nature of a modern, integrated ERP system very well.

In the past, however, SAP was very happy to take the crossing of system boundaries as an occasion for license claims. If data was transported from an SAP system to a non-SAP system and possibly came back, SAP relied on „indirect access" and forced additional license payments on their users. We want to disregard the legality of this „indirect access" practice for a moment and focus on the three areas of data-, application- and technology architecture.

In simple terms, all SAP intends to do is tax the creation of documents with a new license model. This fee is intended to be an alternative to the well-known indirect access and tackle the challenge of third-party applications communicating with an SAP system. However, in a networked, heterogeneous SAP system, - at least from the point of view of the different architecture models mentioned - it will not be quite so easy to get a clear assessment of the place of origin of documents. In turn, you can't just count and charge for all documents that pass a randomly selected intersection either. It is only a clear understanding of the entire architecture of an ERP/CRM/SCM system and knowing the processes that may eventually enable the correct determination of the birthplace of each document. A new version of the SAP License Administration Workbench (LAW) is supposed to pull of this trick. Then again, who understands all IT architectures and E2E processes?

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Before starting their digital transformation, companies should think about transforming how they handle their SAP licenses. Because the move to S/4 Hana should only be made on the back of a clean, consolidated, well-documented and compliant SAP system. It is important to rid your company of old burdens resulting from indirect access. The intention of this column by Stefan Autengruber (Picture © Foto Hofer) and Peter M. Färbinger (E-3 Magazine) is to raise awareness of risks and opportunities of license management for SAP.