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GUIDE

SAM + SAP
How does the square peg fit
in the round hole?

SAP licensing and the SAM lifecycle

The challenges of SAM, ISO 19770 and SAP License Management.

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How does the square peg fit in the round hole?

SAM, ISO 19770 and SAP License Management challenges.

INTEGRATING SAP LICENSE MANAGEMENT INTO THE BEST SAM PRACTICES

All around the world, enterprises are realizing that they must employ Software Asset Management (SAM) to assure compliance, improve procurement and reduce costs. Popular desktop software vendors such as Microsoft, Adobe and Symantec agree, and are already making it much easier to manage their software licenses through the SAM lifecycle.

But what about SAP? Enterprises running SAP are now looking to SAM to help them better manage their usage and costs. Starting with their dominant position in Enterprise Resource Planning (ERP),

SAP's growing offering of application software is consuming an ever larger share of the enterprise IT budget. In fact, in the last decade, SAP customers have experienced double-digit increases in their annual costs through increased maintenance and licensing charges. In addition, over the past 10 years with Sarbanes-Oxley (SOX) and ISO/IEC 19770-1, managing IT and software assets has become critically important. Since SAP's deployments are complex, understanding and managing SAP contracts, deployments and license usage can be challenging. Now, it is absolutely essential.

The reality is that SAM best practices can be applied to managing SAP licenses. SAM practitioners inside enterprises, SAM consultants and SAP administrators need to understand the differences and challenges to achieve a successful outcome. The most important step is to use software tools specifically designed for the SAP environment, such as the Snow SAP Optimizer from Snow Software for discovery, metering, compliance, optimization and retirement/recycling. A successful SAM implementation offers a number of outstanding benefits:

Accurate inventory - Through discovery and metering, SAM provides an accurate assessment of the software inventory pool. Discovery detects the actual licenses provisioned and forms a SAM baseline, while metering monitors the actual patterns of usage for licenses.

Lower costs - SAM helps reduce enterprise software procurement costs by maintaining an accurate inventory and assessment of requirements, which also provides greater leverage in contract negotiations and more intelligent purchasing of what is actually needed.

Improved compliance - SAM helps limit and eliminate the legal risks of improper software usage and assures compliance with indirect access requirements.

Enhanced governance and risk management - SAM enables an enterprise to determine what software is actually running—a critical part of security, data integrity and privacy risk assessment.

Proper retirement and recycling of assets - By managing software assets throughout their life cycle—including license retirement when an employee leaves and recycling of licenses for re-use—enterprises can realize a better return on their investment.

SAM best practices with vendors such as Microsoft, Adobe, IBM and Symantec are very popular. Most enterprises that have embraced SAM are working with consulting firms to assure the correct processes and programs are in place.

The International Organization for Standardization (ISO) published their first guidance on SAM in 2006 known as ISO 19770-1. It provides a process framework that enables enterprises to prove that they are implementing SAM to meet corporate governance requirements and ensure effective support for IT Service Management (ITSM). Today, ISO 19770-1 is a key building block of a SAM program within an enterprise.

While SAM is often seen as largely compliance-focused, the financial and business benefits it delivers through best practices can be dramatic. For example, it is possible for a large enterprise to liberate more than $10 million per annum in SAP licensing procurement and maintenance costs through a well-implemented SAM program combining processes and powerful software tools.

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SAP-SPECIFIC HURDLES FOR SAM BEST PRACTICES

For those who want to integrate SAP licenses with their Software Asset Management (SAM) best practices, there are challenges that must be overcome. Some consider this analogous to putting a square peg into a round hole. While it may not be as impossible as that, integrating SAP licenses into a SAM program must combine processes with powerful software tools to assist in discovery, metering, compliance, optimization and retirement/recycling. Several key considerations regarding SAP licensing from a SAM perspective are:

No support for Software ID tags (SWID Tags) - As a result, inventory control and management is more challenging. SWID Tags are part of the ISO 19770 standards (ISO 19770-2 and 19770-3) and supported by vendors such as Microsoft, Adobe and Symantec. With SAP, each license is associated with a named user which can be used to identify and manage that license throughout the life cycle. Conventions and standards for the allocation of users and their names must be standardized. Discovery software is necessary to develop a SAM baseline of licenses that have been issued and deployed.

Different license types - License types such as Professional, Limited Professional, Developer and Employee Self-Service have no clear-cut delineation between them. As a result, assessing compliance is difficult and puts enterprises at the mercy of SAP's annual audit process. Software for metering of user-activity is needed to assure compliance and "best-fit" the license types through actual usage patterns.

Indirect Usage Fees - An increasing concern for SAP deployments, indirect usage fees are challenging to identify, assess and control. When 3rd party applications provide access to SAP data through the SAP application programming interface (API), an annual charge is applied. It's critical for enterprises to track the level of activity and the financial exposure of these indirect license costs, which can come from B2B or mobile applications that are connecting to the backend SAP ERP system.

The challenge of retiring and recycling SAP user licenses - When an employee leaves a firm, that person's license remains in use even though it may be marked "inactive" to prevent access to the system. Identifying duplicate, erroneous and obsolete user licenses requires sophisticated software tools that automate what can be a complicated, six-step process to recycle the license for future use. Procurement. Due to all the issues just mentioned, efficient procurement is hampered due to the lack of connection between past contractual purchases, deployed licenses and the actual utilization of licenses. Here again, the new generation of powerful discovery software tools can provide the solution.
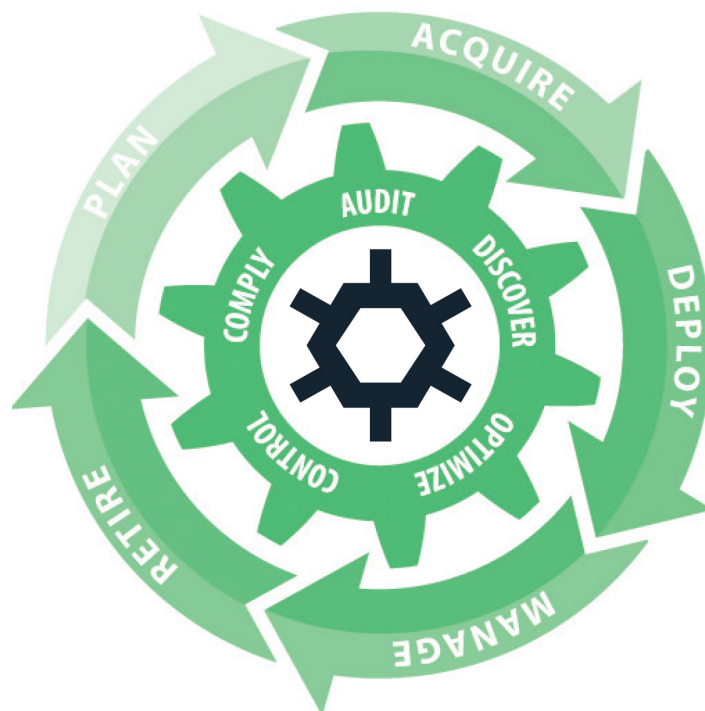
THE SAM LIFE CYCLE

Software Asset Management, SAM, is a business practice that includes both processes and software tools together to manage the life cycle of software applications in an enterprise—optimizing the purchase, deployment, maintenance, utilization and retirement of software. The SAM life cycle involves five distinct processes – Plan, Acquire, Deploy, Manage and Retire. For those integrating SAP into their SAM process, the challenges are meaningful but not insurmountable.

In order to Plan and Acquire SAP licenses, the first step is to understand what is already contractually owned and what is actually being used. That requires gathering all SAP contracts from across the enterprise into a contract management system. License12, for example, provides a powerful SaaS-based system that can automatically capture both contracts and key information so an enterprise can understand what it has contractually purchased.

SAM LIFE CYCLE AND THE SNOW SAP OPTIMIZER

Gathering and organizing contracts provides a holistic view of purchases, showing what is actually deployed and being used. Once the terms of the contracts, pricing and actual usage are understood, then the Acquire part of the SAM life cycle comes into play. Here, it's best for enterprises to use either contract benchmarking data and/or a seasoned consulting firm that can negotiate with SAP on its behalf. Saving 50% off the standard pricing is good—unless the industry standard discount is 65%—or if you are buying licenses while you already have thousands that have not been properly retired and recycled.

The Deploy phase of the SAM Life Cycle follows the standard best practices used with other enterprise software. Here are some SAP-specific issues to consider:

Proper license type for each SAP user - Make sure the license supports the capabilities of each user. Compliance must be balanced against over licensing which can result in a 10X to 20X difference in price per license. Using powerful software, metering of the exact usage is the best way to "right-size" the license type.

Indirect usage - It's a potentially explosive expense that must be understood and managed in the SAM context. SAP generally has a very novel provision in each of its contracts which says, "if a third party application uses the SAP system to access data, then an indirect user license is required for each user". This can apply to mobile, B2B and B2C e-commerce applications, as well as internal portals and even point-of-sale (POS) systems.

The Manage phase of an SAP deployment under SAM should involve a constant monitoring of both contractual activity and usage activity to assure the two are in balance. With automated software tools, monthly self-audits of SAP license activity should be carried out to best understand how the enterprise will fare on an upcoming vendor audit. Usage optimization should be carried out to assess potential over-licensing from redundant, obsolete and erroneous users. Metering should occur to assure both license type/role compliance and the "right-sizing" of license types.

Finally, the Retire/Recycle phase of the SAM process for SAP is very important from both a financial and compliance perspective. It is not unusual for up to 25% of all SAP licenses to be obsolete, duplicate or erroneous. Following usage optimization, SAP administrators can use software tools to retire these licenses and recycle them for subsequent use. This will likely liberate some acquisition costs for new SAP licenses since the inventory on-hand should reflect the available retired and recycled licenses.

USING AN SAP DISCOVERY TOOL IN THE MANAGE PROCESS OF SAM

Understanding what SAP licenses have been contractually purchased across a global enterprise and over several decades can be challenging. The deployment of SAP systems across the enterprise can also be remarkably complex and difficult to understand. Powerful discovery tools such as the Snow SAP Optimizer can be configured to look across dozens or hundreds of SAP systems within the enterprise, and create a coherent, unified and comprehensive inventory of licenses authorized for use within the SAP system. An aggregated summary can provide an initial snapshot which can be used as the basis for a SAM Baseline. Typically, clicking on a particular value in a report will lead to an exploded detailed list of SAP named users which can be viewed or exported.

A discovery tool should generate a comprehensive summary of what user licenses have been allocated across the inter-linked SAP servers in your system. Figure 2 below is an example of a report from Intelligent Licensing's Dynamic License Suite product that provides a view of the change in named-user licenses over the past 12 months, as well as the changes in recycled SAP licenses. It is a non-trivial process involving specific steps to retire an SAP named-user license and then move it to a recycled license. As shown in the example below, there has been no change in the number of recycled licenses over the past 12 months, which likely means the enterprise is not using any automated techniques.

	ACTIVE	INACTIVE	CURRENT	1 MONTH AGO	3 MONTHS AGO	1 YEAR AGO
CURRENT USERS	13,205	198	198	13,403	12,950	12,950
RECYCLED USERS		49	49	49	49	49
BILLABLE USERS	13,205	149	149	149	149	149

Source: Sample report from Snow SAP

Using automated SAP discovery software can also be helpful in understanding the license allocation by both the SAP license types and the department or cost-code. This more detailed summary information is essential during the SAM procurement phase where the enterprise has full knowledge of (a) what it has already contractually purchased, (b) what licenses have been deployed and are active, and (c) what the real usage profit is for each license. Figure 3 below is an example of a report generated by the Snow SAP Optimizer.

Typically SAP audits review but will not charge for license activity in test servers. None-the-less, there are often dozens of test servers that are left idle after development has long-since moved to production, which makes them candidates for clean-up.

	TOTAL LICENCES	ACTIVE (PRODUCTION)	ACTIVE (TEST)	INACTIVE (NOT RECYCLED)	RECYCLED
BY LICENSE TYPE					
my SAP Professional	2,300	2,094	90	36	80
my Sap Limited Professional	13,205	12,344	365	296	200
SAP Netweaver Developer	445	130	125	70	120
my SAP Business Suite ESS User	22,300	20,347	465	445	1,043
_ _ _ _	2,456	1,230	22	23	1,181
	40,706	36,145	1,067	870	2,624
BY DEPARTMENT					
Marketing	2,207	1,949	221	12	25
Sales	4,539	4,110	219	23	187
Finance	1,256	875	192	178	11
Manufacturing	30,054	27,235	198	374	1,450
Human Resources	600	420	114	54	809
_ _ _ _	2,050	1,556	123	229	142
	40,706	**36,145**	**1,067**	**870**	**2,624**

Source: Snow SAP Optimizer

Finally, a discovery tool can be very helpful in providing a detailed view of system usage by every named and licensed SAP user. As an example, in Figure 4 below, 874 named users have not logged into the SAP system in over a year. These user licenses should be reviewed since they may be duplicate, erroneous or obsolete accounts.

	LOGIN 30 DAYS	LOGIN 90 DAYS+	LOGIN 180 DAYS+	LOGIN 1 YEAR+
BY LICENSE TYPE				
my SAP Professional	2,290	556	430	178
my Sap Limited Professional	12,400	1,028	998	229
SAP Netweaver Developer	101	45	42	35
my SAP Business Suite ESS User	22,500	1,089	670	198
_ _ _ _	1,235	478	332	234
	38,526	**3,196**	**2,472**	**874**
BY DEPARTMENT				
Marketing	2,190	430	320	87
Sales	4,250	256	228	89
Finance	1,100	135	143	98
Manufacturing	29,800	678	655	320
Human Resources	596	585	587	110
_ _ _ _	590	1,112	539	170
	38,526	**3,196**	**2,472**	**874**

Source: Snow SAP Optimizer

CONCLUSION

Software Asset Management (SAM) is a discipline combining both processes and tools to assure compliance, improve procurement and a reduction of Total Cost of Operation (TCO) of both license purchases and ongoing annual maintenance fees. SAP software is one of the largest investments enterprises make, and yet it is rarely folded into the SAM practice. This has historically been because of the complexity, lack of vendor support and inadequate software tools to assist SAM experts. A next-generation of software that provides SAP discovery, metering, compliance and optimization is now being adopted in the market by leading companies. This software, combined with associated processes, can quickly bring the SAP software deployment into the enterprise SAM practice.

SAM practitioners inside enterprises, as well as specialized SAM consulting practices must expand beyond their more traditional vendor work—Microsoft, Adobe, Symantec, Oracle—to address the SAP market. The potential benefits for large global enterprises are significant.

This whitepaper is the first in a series that addresses the complexities, challenges and solutions for integrating SAM and SAP. The next papers in this series are:

Part II: Contract and Inventory Management for SAP licenses. What's really deployed?
The power of Discovery!

Part III: SAP License and Role Compliance, Utilization and Asset Retirement/Recycling.

Part IV: Linking SAM, SAP Contract Management, License Management and License Optimization all together.

ABOUT THE AUTHOR

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Over the past two decades, he has authored more than three dozen strategic white papers covering a wide range of contemporary IT industry topics. Mr. Skiba holds a BSBA from Boston University and an MBA from The Amos Tuck School at Dartmouth College. He currently resides in Silicon Valley.

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Slm Snow license manager

With millions of licenses sold, Snow License Manager is the world's leading SAM solution.

Srs Software recognition service

Recognize commercially-licensable applications across the network.

Om Oracle management option

Cut the costs of managing complex Oracle licenses.

Vm Virtualization management

Identify and manage virtual assets across the network.

Sdm Snow device manager

A complete enterprise mobility management solution that handles the full lifecycle of mobile devices.

Inv Snow inventory

The true multi-platform audit solution designed to find devices, audit software installs and track usage.

Sic Snow integration connectors

Integrate Snow's SAM platform with existing Inventory, ITAM and Service Management solutions.

Sos Snow optimizer for SAP® software

Manage SAP licensing to optimize one of the enterprise's largest software costs.

Ap Snow automation platform

Define and implement automated process to support software optimization.

ABOUT SNOW SOFTWARE

Snow Software's Mission: To stop organizations paying too much for the software they consume

Whether it's through lack of control, lack of understanding or lack of compliance, Snow Software believes that most organizations today end up paying too high a price for their software.

To address this, Snow Software provides Software Asset Management (SAM) solutions designed to ensure that the $326 billion spent every year on enterprise software is money well spent – ensuring organizations have the appropriate licenses for the software they use – not too many, not too few.

Today, more than 6,000 organizations around the world rely on Snow Software's on-premise and cloud-based SAM platforms to manage software licensing across more than eleven million devices, from mobile to desktop, datacenter to the cloud.

Headquartered in Stockholm, Sweden, Snow Software is the largest dedicated developer of Software Asset Management solutions, with more local offices and regional support centers than any other vendor.

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