MINUTE 10 GUIDE

Start your SAP Optimization Effort Yesterday: A 10-minute guide to the SAP Optimization process for an Enterprise

EXECUTIVE SUMMARY

If you just completed your annual LAW submission to SAP, you should immediately begin your SAP license optimization for the following year.

Having worked on complex projects for Fortune 500 companies, our experience is that there are five key steps to successful SAP license optimization. Attempting to carry out a thorough, accurate and comprehensive SAP optimization two months before a contract renewal or audit is risky and fraught with challenges.

An appropriate time horizon of between six and 12 months will substantially increase the odds of success.

Always be prepared for an audit: According to SAP, customers should be audited on an annual basis, so prepare your organization accordingly.

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STEP 1 – EVALUATE SAP OPTIMIZATION SOFTWARE AND EXPERTISE TO MAKE A SELECTION

Successful SAP license optimization requires the combination of very powerful software designed specifically for optimization and SAP licensing/contracting expertise. We believe, on average, the evaluation of solutions takes one to three months using a properly defined and organized set of processes.

The steps involved are:

- Gain and understand the difference between SAP license optimization, SAP license measurement and GRC (governance risk and control) solutions.

- Get the right solution and consultants to work with your enterprise.

- Request a presentation and product demonstration from each of the selected vendors.

- Select a shortlist of one or two vendors to carry out a Proof of Concept (PoC) onsite to assess the installation and deployment challenges, and help develop a business and technical case for scaling the project enterprise-wide.

- Review economic and contractual terms from each vendor and make a selection. In some cases the selection will be a team (e.g. Snow Software and Deloitte), to bring together technology and deep licensing/contracting knowledge into one solution.

- Make a final selection and kick-off the effort.

EVALUATE → **DEPLOY** → **OPTIMIZE** → **COMPLIANCE** → **PREPARE**
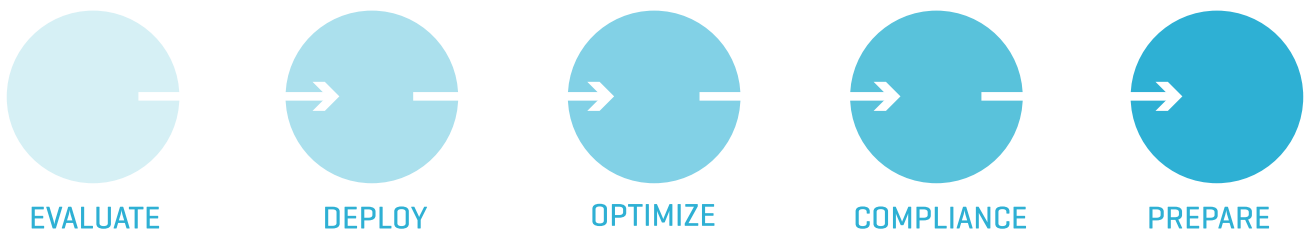
HOW SAP LICENSE OPTIMIZATION SOFTWARE DIFFERS FROM MEASUREMENT AND GRC TOOLS

Measurement tools (LAW/SLAW) gather and collect systems measurement data for SAP to carry out an annual inventory and compliance check. This data is intended for SAP to assess how compliant an enterprise is and how much of a true-up may be required.

LAW does not highlight inactive users whose licenses can be repurposed or recycled, or highlight an expensive license for a particular user that could be downgraded. It is used to determine if an enterprise has breached its contractual purchases and compute the economic cost of that.

A GRC tool is focused on corporate compliance, not license compliance. The output data is *not* a file handed over to SAP, but rather a set of reports and analysis to make sure a company is compliant with standards established by legislation such as Sarbanes- Oxley.

While some of the data from the SAP systems measurement may be of interest to the internal GRC auditors, most of the data comes from reviewing executed transactions and assigned roles. For example, Segregation of Duty looks to make sure that a single person is not enabled to carry out a series of activities which should be separated into different roles in the

organization's. This assures proper checks and balances in the organization processes.

An optimization solution looks at the systems measurement data that LAW is focused on. Although it also looks deeply at the roles and the transactional data that GRC software is focused on, it looks at substantially more data and "connects the dots" between users, transactions, roles, modules, engines and overall user activity.

The optimization software provides advanced transparency so the SAP team can understand the real usage of the product by each and every user. This knowledge can be subsequently leveraged in the SAP environment to eliminate inactive users and recycle their provisioned licenses, and to "custom-fit" the most appropriate SAP license type for each user to assure both compliance and lowest cost.

The evaluation process will differ for each organization. It should involve the combination of SAP administration, vendor relations/procurement, the Software Asset Management (SAM) group and senior management (CFO and/or the CIO).

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STEP 2 – SOFTWARE DEPLOYMENT AND INVENTORY BASELINE

Deploying a SAP license optimization solution can take as little as a day. Some organizations may have specific rules and processes about how any SAP-based software is deployed to access production systems which may add time to the deployment.

SAP optimization software ultimately has to access SAP production systems across the entire enterprise to gather, aggregate and analyze systems and licensing information, transactional activity, role assignments, and user behavior.

Generally we recommend deploying the SAP optimization software on a production Solution Manager system with its required roles and users.

Roles that may be required to be assigned to users as well as Remote Function Call (RFC) links that may be required must be properly reviewed. This process of review, with a corresponding approval process is normally done as part of a Proof of Concept (PoC) project.

A baseline or consolidated view of all licensing and users across the enterprise is shown soon after the installation and data collection. This allows companies to isolate license usage and gaps across SAP systems, departments, or the enterprise to help set the tone and direction of the optimization effort in the next step. If, for instance, there appears to be a very large number of inactive SAP users with a professional license assigned, this may be a priority starting point to begin license recycling.

SAMPLE ANALYSIS: SNOW OPTIMIZER FOR SAP® SOFTWARE – AGGREGATED BASELINE BY SYSTEM

User Counts on Data Sources

Data source	Σ Valid	Σ Dialog	Σ System	Σ Communication	Σ Reference	Σ Service	Σ Developer	Σ Locked	Σ Expired	Σ Future	Σ 90 days	Σ 180 days	Σ 360 days	Σ Unused
DE3/800/0020172398	5,662	4,721	16	59	12	854	26	2,797	990	0	5,640	5,623	5,614	3,323
DE3/810/0020172398	38	27	3	1	0	7	6	0	0	0	35	32	31	8
HO7/000/0020172398	14	11	1	2	0	0	6	0	0	0	8	6	5	1
HOD/000/0020172398	118	76	14	26	0	2	4	3	225	0	106	97	92	44
HR1/100/0067534654	1,527	1,527	0	0	0	0	0	0	0	0	1,153	838	645	0
KP1/500/0067534654	4,042	4,042	0	0	0	0	0	0	0	0	3,408	2,841	2,244	0
PR1/100/0067534654	5,038	5,038	0	0	0	0	0	0	0	0	3,835	2,854	2,252	0
	16,439	15,442	34	88	12	863	42	2,800	1,215	0	14,185	12,291	10,883	3,376
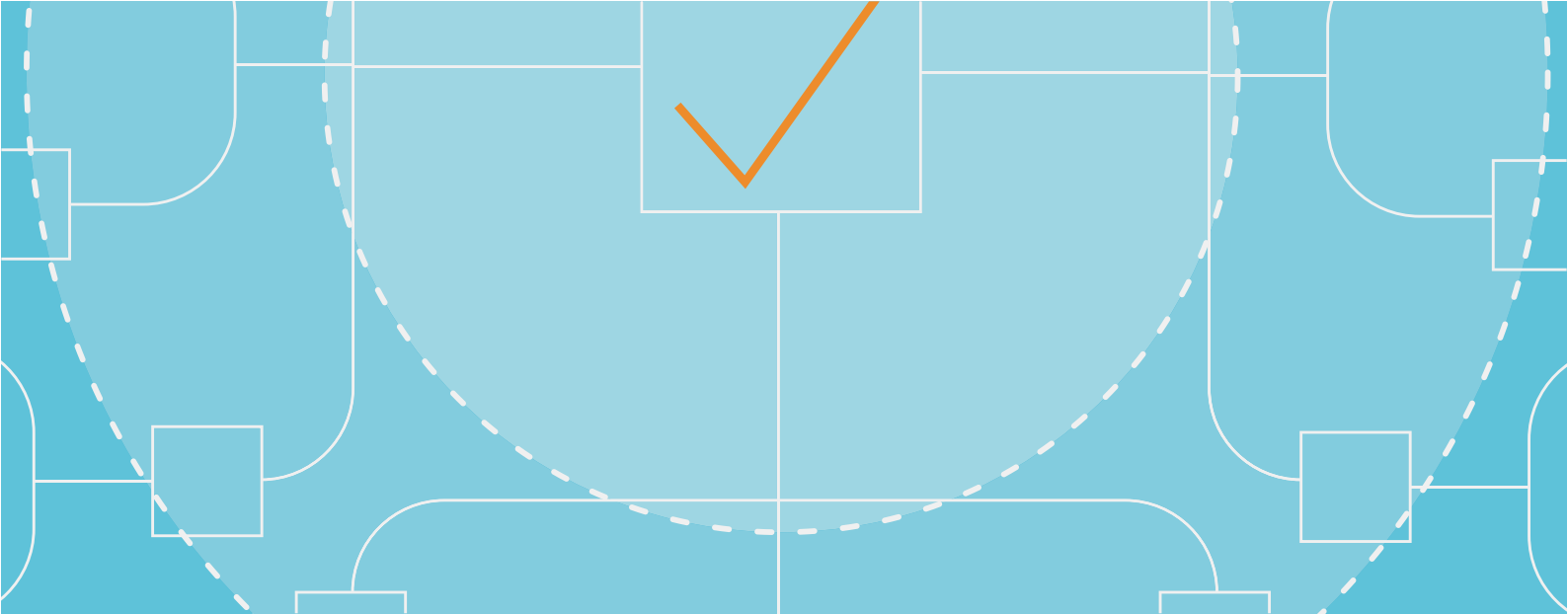
STEP 3 – LICENSE OPTIMIZATION

SAP license optimization focuses on how to assure the licenses that are provisioned are to active people and the least-cost license type is used. By recycling licenses that are inactive, and using the lower cost licenses first, true costs can be minimized in subsequent audits/ true ups.

By truly isolating the amount of SAP shelfware a company has, then in subsequent contract renegotiations these licenses may be a candidate for horse trading, once again avoiding some future costs to expand the SAP deployment.

When SAP optimization software Snow Optimizer for SAP® Software is deployed, it can generally access historic systems, transactional and statistical user data. Snow Optimizer for SAP® Software saves this data for a longer period than SAP does. This is important, because the data reflects the ongoing use of SAP by each user.

The first part of the optimization process is to gather all SAP contracts to develop a comprehensive inventory of all entitlements the company has. These contracts should be reviewed for specific nuances and details – for instance, if specific license types are defined in terms of their usage capability or if there are ratios or other metrics that are important to remain in contractual compliance.

Concurrent with the gathering and analyzing of SAP contracts, a series of customized optimization "rules" can be developed to fit the uniqueness of the contracts.

These optimization rules vary in complexity and scope, and should be developed by the solution vendor in in collaboration with the organization.

An example of an optimization rule might be: "For all SAP users that have not logged in over the past six months, retire the user's license by setting the expiration date" (the "valid to" date in the user master data to their last login date). The purpose of this example rule would be to reclaim unused SAP licenses from users that have not engaged with the SAP system for the past six months.

Typically an optimization rule set (which is a collection of individual optimization rules) can take a month or two to develop, test and refine. These rules will be used for everything from setting a default license type if unspecified, to revising the license type for each user based on their actual historic activity.

The optimization rule sets are executed and the endresult is a series of recommendations to be made across all the SAP systems and users. These recommendations can be reviewed and subsequently executed automatically once approved. Customizing the optimization rules to reflect a company's specific contractual terms takes some time and refinement to be done properly consuming the bulk of the time for SAP license optimization.

STEP 4 – COMPLIANCE

SAP compliance looks beyond the optimization described in the last step and focuses on areas of exposure that a company should be concerned with.

First, a gap analysis will identify if/where a company will need to purchase additional license types should they be over their entitlement. While purchasing new SAP licenses has been the norm, by identifying a shelfware inventory there is a possibility these days to negotiate a horse trade between the gap requirements that a company has and its shelfware.

Second, the transactional activity of each and every user should be analyzed for anomalous behavior patterns. Of particular concern is activity that could be indicative of indirect usage activity. SAP requires in its contract that each user accessing SAP through a bespoke or third-party application or portal should have an appropriate SAP license purchased for them.

SAP has become more vigilant about this requirement over the past several years and often demands a deeper inspection of related applications and systems for enterprises.

SAP optimization software highlights prospective problems or issues with specific systems/users. Companies and their internal application owners should review the suspected users and suspicious activity to determine if there is a true concern or not. In the event that there is a problem, then licensing provisions or incremental licensing purchases may be required.

The process of reviewing these anomalous behavioral patterns with company personnel is often referred to as "Risk Assessment". This process in a large enterprise can take months as there can be hundreds or even thousands of potential issues, and scheduling face-to-face time with application owners to cover these issues is logistically challenging and generally spans long periods of time.

In summary, compliance is an important step in the process because it reduces potential "surprises" from an audit and helps an organization to be well prepared. It tends to be time-consuming, but variable, based on the amount of external interconnections to SAP and the mandate given to the optimization group.

STEP 5 – PREPARATION FOR LICENSE ADMINISTRATION WORKBENCH (LAW) DATA SUBMISSION & CONTRACT RENEGOTIATION

Organizations generally try to complete the optimization and compliance steps a few months before they are required to send in their systems measurement data generated by the LAW measurement software from SAP. We recommend that you examine three months worth of data at minimum. The more data you analyze, the more accurate your conclusions will be.

During this three-month period, the company should use this time to be well-prepared for a potential on-site audit or, if applicable, a contract renewal negotiation.

Activities should include:

- An in-depth review of all SAP contracts to gain familiarity with special provisions and definitions which may come into play.

- Development of a comprehensive inventory of all SAP shelfware that your company has, as it may be part of a horse-trading action going forward.

- Development of an overall "negotiations playbook" to be used with SAP.

- Creation of an "architectural diagram" which shows all interconnected bespoke and third party' applications and portals that connect to your SAP systems to help in explaining any suspicious activity that may be construed as indirect usage violations.

- Development of a series of "What-if" scenarios that look at how you might migrate your existing mix of SAP license types to an alternative mix that better suits your actual business requirements.

- The overall theory, which has been proven consistently with organizations we have worked with all over the world, is that being well-prepared with substantially more information and knowledge about your SAP deployment and actual usage than SAP has, will lead to much better results.

- Effective optimization of your SAP licenses on a continuous basis plays a vital role in the outcome of SAP audits. Step-by-step, tip-by-tip, complete the journey to a successful SAP audit and submit your report feeling secure and confident.

OPTIMIZE   Sos   IDENTIFY   MONITOR   INTELLIGENT INFORMATION   CATEGORIZE

SUMMARY

By managing their SAP investment better, organizations begin to change the trajectory of spending which has a very long tail of impact on IT costs.

Buying incremental SAP licenses in an upcoming contract renewal that are, perhaps, not necessarily costs money up-front in the current IT budget, but will have an ongoing impact to the IT budget in perpetuity.

With SAP's 22% annual maintenance fee, the IT budget effectively pays for a new copy of the software every five years. Savings of $1 million in the next contract renewal reduces IT budget requirements by more than $4 million over the next 15 years.

Enterprises that have shifted to a more proactive approach to SAP license management are beginning to yield significant reduction in potential legacy IT outlays allowing them focus much of that IT spending on more contemporary investments needed for competing in the global marketplace today.

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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