

SAP S/4HANA Licensing Model & Conversions

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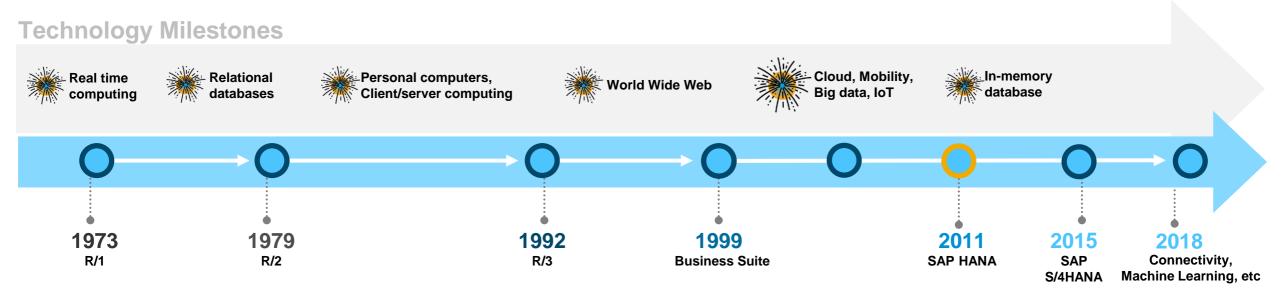
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Agenda

- Introduction
- SAP S/4HANA On-Premise Licensing Model
- SAP S/4HANA prerequisites
- Convert SAP ERP customers towards SAP S/4HANA (Conversion Policies)
- Wrap Up

From....to SAP S/4 HANA



46 years of innovation - 300,000 customers - 74% of the world's transaction revenues touches an SAP Systems

Fifth core redesign in SAP history all based on evolving technology and standards.

Architected around SAP HANA in-memory database

Requires new commercial model and contract

- New code base
- Rights to S/4HANA not included via maintenance
- Simplified pricing model based on Software license, no SAP Named Users.
- Conversions via a credit for previous investments in classic SAP Software

Business Suite 7 supported through 2025

- Simplified data models
- Optimized processes
- Embedded analytics
- Better user experience

SAP's deployment options tailored to our customers needs

Applications

(S/4HANA Enterprise Mgmnt, engines, (users))

SAP HANA

(Runtime or Enterprise Edition)

Applications

(BYOL/subscription)

SAP HANA

(BYOL/Subscription)

Infrastructure

Application Management Service

ONE Price

ONE Contract **Standardized** packages

No modifications

Application license subscription
SAP HANA platform subscription
Infrastructure and Services
Application Management Service
Cloud Enterprise Support

On premise

On premise deployment of S/4 HANA will continue to deliver new innovations, leveraging the potential of inmemory technology and new user interfaces.

Custom HEC

The SAP HANA
Enterprise Cloud (HEC)
offers individually sized
infrastructure and
application management
services as additional,
customer specific options
to software licenses.

S/4HANA Cloud

Private Option

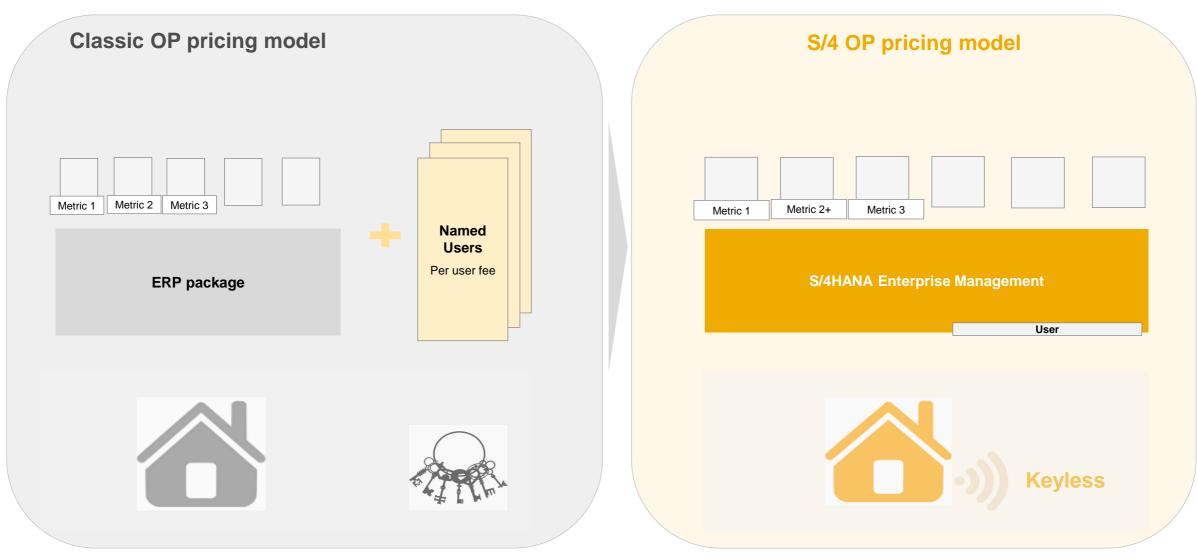
Standardization, TCO and scalability of the cloud combined with the full functional scope, extensibility and geographical reach of the S/4HANA on premise solution

S/4HANA Cloud

(Public Option)

Highly standardized, multi-tenant cloud services covering selected LoB- and industry scenarios and a comprehensive ERP scope

On Premise Pricing Model: Classic vs. S/4HANA



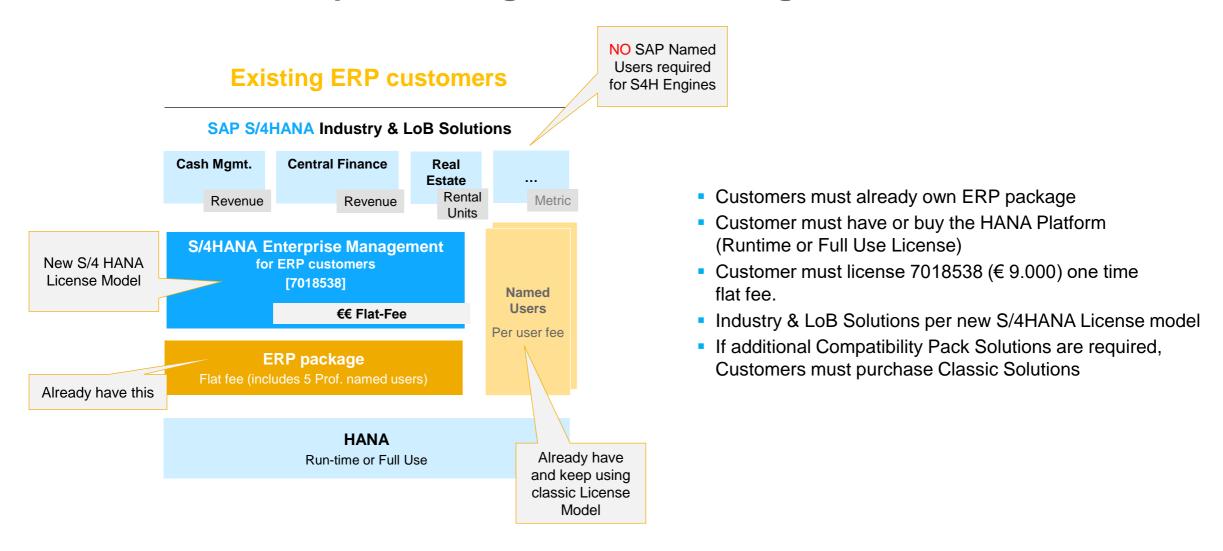
SAP S/4HANA Pricing On-Premise



SAP S/4HANA 1709 – S/4HANA Suite

	Finance	Human Resources	Sourcing and Procurement	Manufacturing	Supply Chain
Suite**	SAP Ariba SAP Concur Governance, risk, and compliance Financial services network SAP digital payments add-on SAP Cash Application	SAP SuccessFactors SAP Fieldglass () Core human resources and payroll Talent management Time and attendance management Human capital analytics	SAP Ariba SAP Concur SAP Fieldglass SAP Concur Supplier collaboration Business network Guided end-user buying External workforce management	 Responsive manufacturing (ME, MII, QIM, VE) Production operations (MII, QIM) Digital operations for manufacturing 	 Integrated business planning Global batch traceability Extended warehouse managemer Transportation management
	Financial planning and analysis	Extended Procurement Extended production scheduling		cheduling and delivery planning	
Products*	 Accounting and financial close Treasury management Advanced financial operations Commodity management Governance, risk, and compliance 			Complex manufacturing	Advanced inventory, warehousing and transportation
	 Core accounting Cost management and profitability analysis Basic financial operations 	Time recording	Operational purchasing Collaborative sourcing and contract management Supplier management	Production operationsQuality managementManufacturing insights	Basic inventory, warehousing, and transportationProduction planning
SAP S/4 HANA			 Procurement analytics 		
Enterprise Management		Our in marker data and a marker			
	 Order and contract management 	 Service master data and agreement management^c Service operations and processes^c Service parts management^c 		 Maintenance management 	Project controlProduct developmentProduct engineering
Products*	Order and contract management Sales performance management (ICM)	management ^c Service operations and processes ^c	Subscription billing and revenue management ("BRIM")	Maintenance management Asset operations and maintenance ^c Environment, health, and safety	Product development
Products* Suite**	Sales performance management	management ^c Service operations and processes ^c		Asset operations and maintenance ^c	Product development Product engineering Enterprise portfolio and project management Product lifecycle management
	Sales performance management (ICM) SAP Hybris Sales Cloud SAP digital payments add-on	management ^c Service operations and processes ^c Service parts management ^c SAP Hybris Service Cloud SAP Hybris Service Engagement Center	management ("BRIM") SAP Hybris Commerce SAP Hybris Marketing Cloud	Asset operations and maintenance ^c Environment, health, and safety	Product development Product engineering Enterprise portfolio and project management Product lifecycle management Product safety and stewardship

SAP S/4HANA Enterprise Management for existing ERP Customers



SAP S/4HANA On-Premise for Net New ERP customers

SAP S/4HANA Industry & LoB Solutions

- Cash Management
- Central Finance
- Additional solutions will become available soon

S/4HANA Industry & LoB Solutions

Cash Mgmt.

Revenue

Central Finance

Revenue

Metric

Digital Core

SAP S/4HANA Enterprise Management

- 7018652 SAP S/4HANA Enterprise Management for Professional use (min 8 per installation)
- 7018653 SAP S/4HANA Enterprise Management for Productivity use
- 7018654 SAP S/4HANA Enterprise Management for Functional use
- 7018682 SAP S/4HANA Developer Access

Metric is Users. Use rights to SAP ERP are included

Further Details:

Solution Explorer

Feature Scope Description

S/4HANA Enterprise Management

Platform

HANA Runtime Edition

 7018066 SAP HANA, Runtime edition for Applications & SAP BW - New/Subsequent 15% from HSAV, one-time flat-fee per transaction, discountable

HANA Full Use Edition

- HANA Enterprise edition Price: 120,000 / 64GB
- Note: HANA standard edition is not an option for SAP S/4HANA

HANA

Run-time or Full Use

Support

• 7003650 SAP Enterprise Support 22% from Contract Price

Pricing and Software Use Rights definitions are for illustrative purposes – please refer to the local pricing documents

SAP S/4HANA On-Premise Enterprise Management

License and Metric

Metric depending on solution



Portfolio & Project Management User



Further Details:

Solution Explorer

Feature Scope Description

7018652 SAP S/4HANA Enterprise Management for Professional use

This license allows performing all role required operations, including management and system administration tasks.

Metric User

7018654 SAP S/4HANA Enterprise Management for Functional use

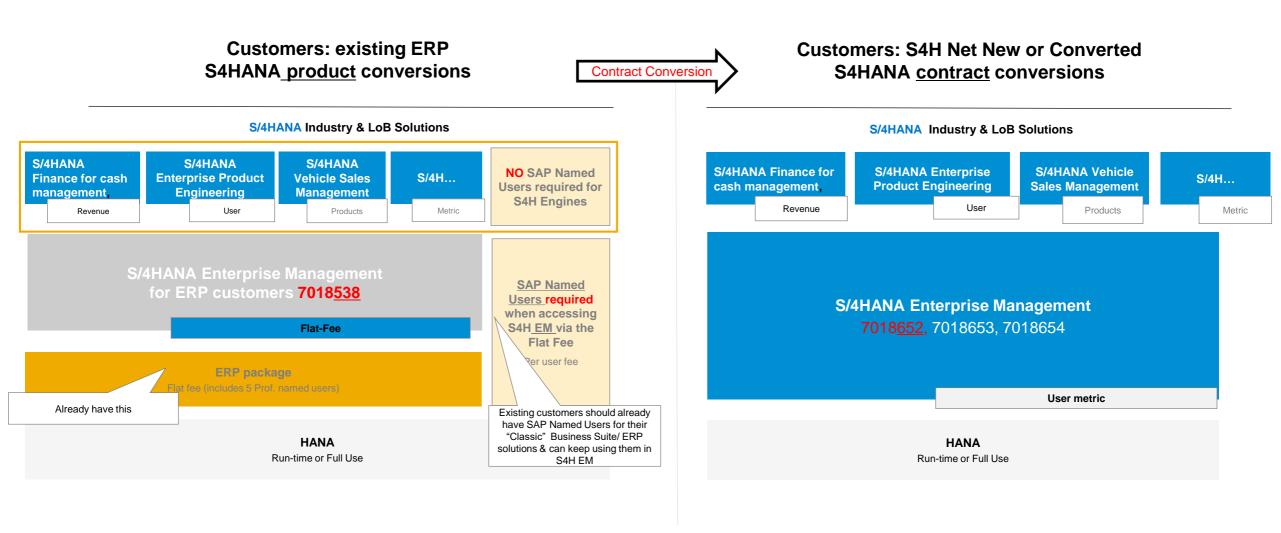
- · Project Financial Controls;
- · Project logistics Control;
- Basic subcontracting:
- · Basic External Processing:
- Product Development Foundation;
- Production BOM Management;
- Recipe / Routing Management;
- · Inspection Planning,
- Quality Engineering and Quality Improvement;
- Kanban, JIT Outbound and Inbound Processing;
- · Repetitive Manufacturing;
- Maintenance Planning and Scheduling
- Master Data Maintenance;

7018653 SAP S/4HANA Enterprise Management for <u>Productivity Use</u>

- Production Control;
- Basic Production Execution;
- · Material Requirement Planning;
- · Basic Order Promising / Available to Promise;
- Goods Issue:
- · Good receipt;
- · Basic Shipping;
- Basic Warehouse Management;
- Maintenance Execution:
- Self-Service Requisitioning;
- Time Sheet

7018682 SAP S/4HANA, developer access

SAP S/4HANA Conversion Overview Product conversions (Flat Fee MC 701538) and Contract Conversions (MC 701652)



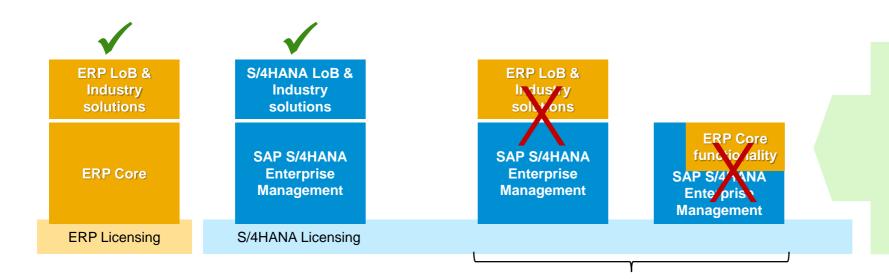
SAP S/4HANA Pre-requisites



SAP S/4HANA: Commercial Separation from the ERP World

Only SAP S/4HANA solutions are allowed to run on an SAP S/4HANA installation

- SAP S/4HANA is a new product, not the legal successor of SAP ERP/SAP Business Suite
- Limitation in our Software Use Rights (SUR) to separate the commercial worlds:



Why allow the use of Compatibility Packs on SAP S/4HANA?

- Allow sufficient time for redesign of business processes under S/4HANA
- Make transition easier for installed base customers

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unless explicitly permitted

via "Compatibility Packs"

S/4HANA Compatibility Packs





SAP grants a **timely restricted**⁽¹⁾ **use right** for specific **classic SAP solution functionality**⁽²⁾ to S/4HANA customers, at **no extra cost**⁽³⁾

- (1) restricted until the end of 2025
- (2) whitelist: compatibility packs as documented in note 2269324 and in the Software Use Rights (SUR)
- (3)condition: customer has licensed SAP S/4HANA and the classic solution

Compatibility Packs are **only required for solutions which are installed on the SAP S/4HANA instance** – not for side-by-side installations.

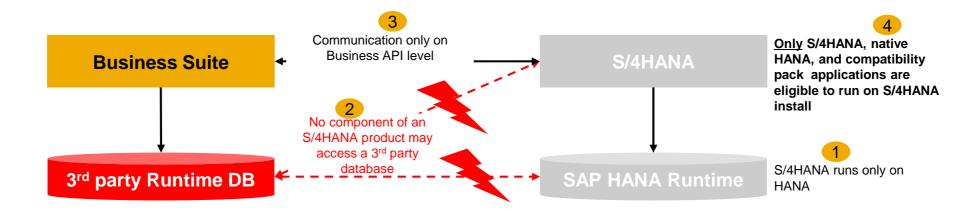
SAP aims to replace these classic solutions by the end of 2025 with a genuine S/4HANA solution.

Named user licenses are not required for solutions that are in the CP Matrix.

S/4HANA solutions have important restrictions

KEY MESSAGE

The two worlds of SAP Business Suite and S/4HANA <u>must be kept strictly separate</u> in all technical, commercial and legal aspects



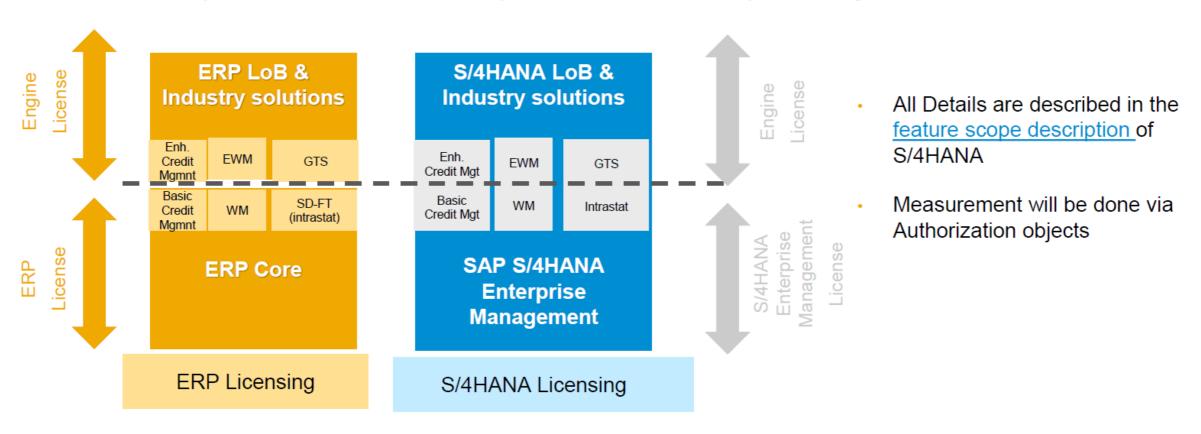
Any side-by-side deployment or interaction with S/4HANA solutions must follow these restrictions

One time load is allowed from 3rd party BD to HANA

Language in Software Use Rights Document (SUR) outlining these restrictions

SAP S/4HANA: No surcharge on like for like functionality

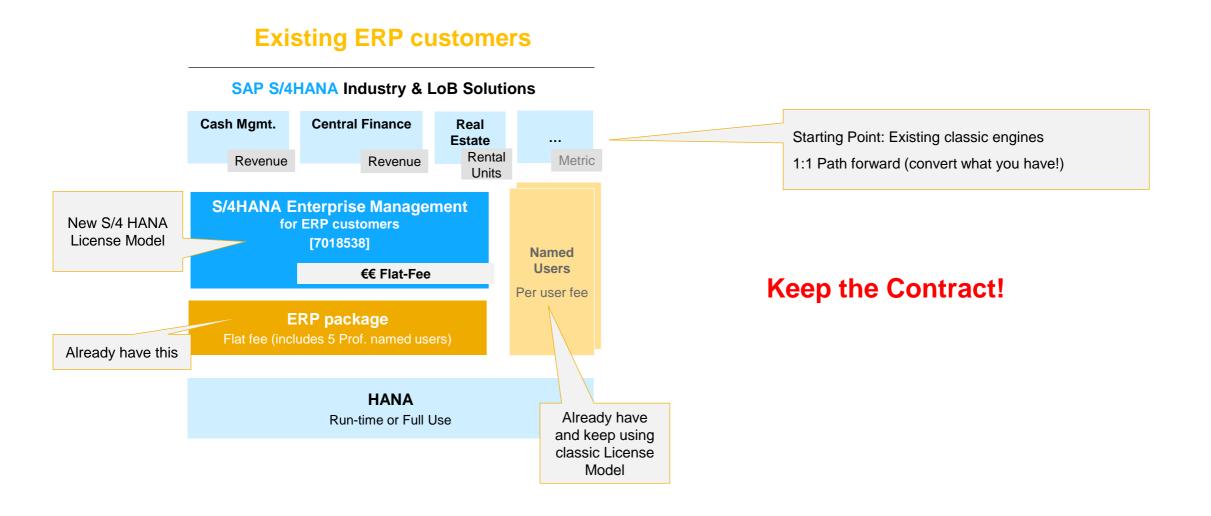
- Principle of ONE drives us to deliver only ONE solution for ONE business problem
- Even if ERP capabilities are realized in a solution that comes with its own license, we do not charge in case solely the functional scope is used, that is described as part of the S/4HANA Enterprise Management



S/4HANA Product Conversion



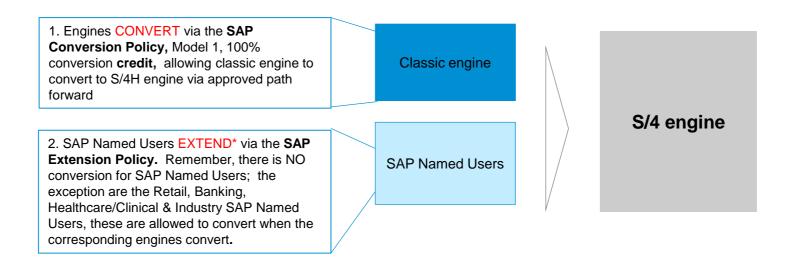
SAP S/4HANA Enterprise Management for existing ERP Customers



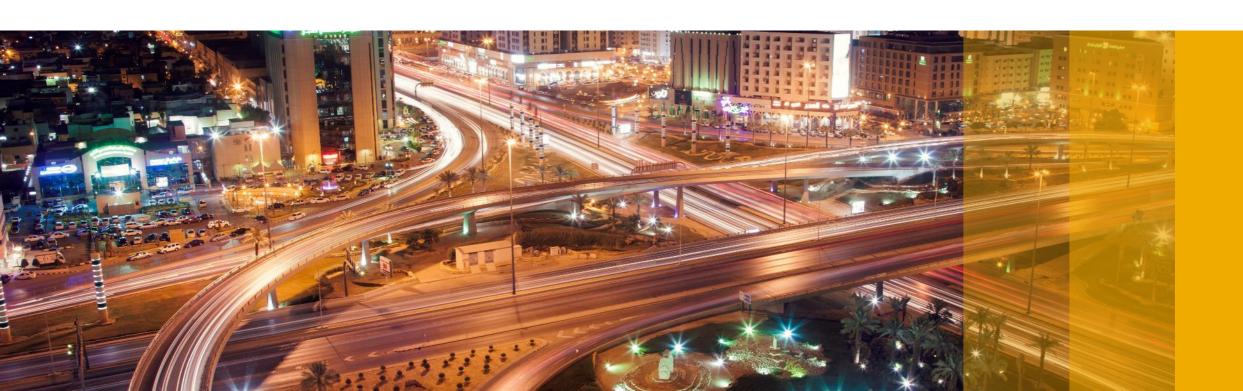
S/4HANA On Premise: Product Conversion Policy

S/4HANA Conversion Policy provides a conversion path for classic **Engines** to S/4HANA Engines:

- 100% conversion credit in 2017 and 2018
- Once converted, the customer can run the classical engine as well in a separate installation until Dec 31, 2025.
- Maintenance Base carries forward at 100%, it may never be reduce
- There are no partial conversions, conversions are always 100%

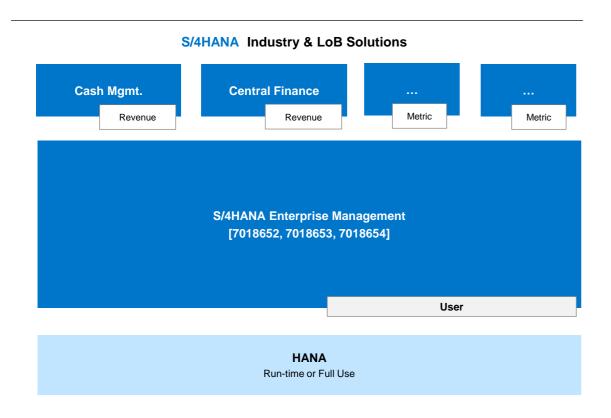


S/4HANA Contract Conversion



S/4HANA On Premise License Model for Existing Customers Contract Conversion

How do existing ERP customers move to this model?



Starting Point: Target Environment

- Pure S/4HANA contract (no NUL anymore)
- Intended for full contract conversions
- Simplify and improve landscape / installation:
 Customer can reconfigure their landscape (reallocate shelf ware)
- Does NOT require line-item-mapping

100% credit for prior purchases to be applied to the new BOM, but total credit limited to 90% of new BOM

S/4HANA Contract Conversion – Example (Insurance Customer)

Classic S/4HANA

User	SAP ERP Professional User
	SAP ERP Limited Professional User
	SAP ERP Developer User
LoB & Industry Solutions	SAP Incentive&Commission Mgt.f.Insurance
	SAP Coll. + Disburs. f. Ins (1 Mio GWB)
	mySAP FI Real Estate Mgmt - Resid.Use
	mySAP FI Real Estate Mgmt - Comm.Use
	FS Statutory Reporting Germany
	SAP Investment Mgmt. for Insurance
	SAP Investment Controlling for Insurance
	OADD HD
Compatibility Pack	SAP Payroll Processing
	SAP ERP Employee User / SAP ERP ESS User
Commercially neutral	
Other - Credited	SAP NW Records Management
No Credit	Classic Database
HANA (New)	
11.11.11	



7018652	S/4 Ent. Mgmt. Professional use
7018653	S/4 Ent. Mgmt. Productivity use
7018654	S/4 Enterprise Mgmt. for Functional use
7018682	SAP S/4HANA, Developer access
7019025	SAP S/4HANA ICM for Ins., 2001-3000
7019019	SAP S/4HANA Coll & Disurs, 2001-3000
7018838	SAP Real Estate for S4 ,retail,ind pr
7018838	SAP Real Estate for S4 ,retail,ind pr
7019035	SAP S/4HANA Financial Asset Mgmt
7019035	SAP S/4HANA Financial Asset Mgmt
7019035	SAP S/4HANA Financial Asset Mgmt
7018703	SAP Access Control for SAP S/4HANA
7018640	SAP S/4HANA Fin, cash mgmt (11-50)
7017373	SAP Payroll Processing
7019298	SAP ERP HCM component
7016865	SAP Landscape Transformat. Replic Server
7018996	SAP Landscape Management
7018995	SAP Information Lifecycle Management
7017727	SAP Bus Plan&Cons ver. f SAP NW, prof ed
7019212	SAP Enable Now, author option
7019213	SAP Enable Now, consumption option
7018920	SAP HANA, RT Applic&BW-inst base,parti

What can be deployed on an S/4HANA installation?

Software Solutions

Database, S/4HANA, S/4 Engines

Native HANA, Compatibility Pack (CP)

Commercially Neutral: SW which is not S4H, Native HANA, CP

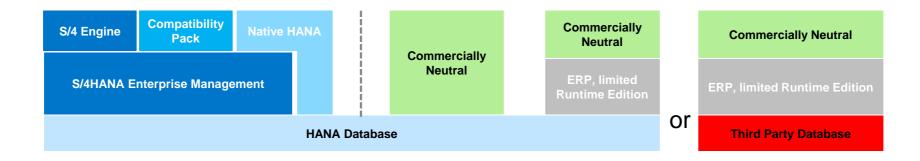
Challenges

Commercially Neutral

Required Named User Licenses → Not required on S/4 anymore

Third Party Database

Business as usual (maintenance payments during transition phase)

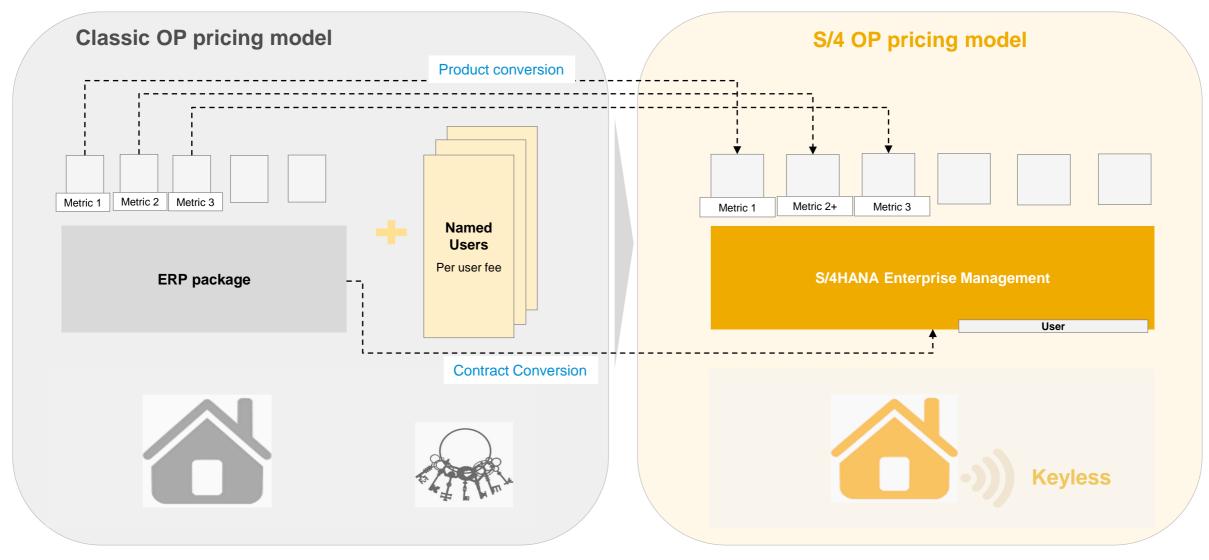


S4/HANA Conversion – Wrap up



S/4HANA Conversion

Keyless Home for Digital World (e.g. no SAP Named Users)



SAP S/4HANA Conversion Programs

Individual product conversion or entire contract conversions

Contract Conversion

for customers fully committed to S4 (planning to utilize S4, CP, Native HANA and Commercially Neutral)

- 1. Intended for **full contract "wholesale"** conversions
- 2. Customer gets pure **S/4H contract** (clean up)
- Customer can reconfigure/clean their landscape (re-allocate shelf ware)
- Does NOT require line-item-mapping
- 5. Generally available program
- Customer entitled to lesser of 100% credit for previous spend or 90% of net NEW payable

Product Conversion

for customers moving to S4 in a phased approach

- 1. Intended for **piece-meal** conversions to S/4 over time
- 2. Customer keeps **same** contractual agreements / SUR
- 3. Cannot convert into products they do NOT already own
- Required line-item mapping
- 5. Generally available program
- 6. Customer is entitled to 100% credit

Customer can leverage existing "Classic" applications until 2025, 2 key rules:

- 1. Must be in compliance with license level across both applications based on S/4H metric level
- 2. Use of Third Party DB such as Oracle, MS, DB2: must continue (this is not terminated, it is invoiced) until usage stops.

Thank you.



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