

SAP S/4HANA: Conversions

SAP SE
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PUBLIC

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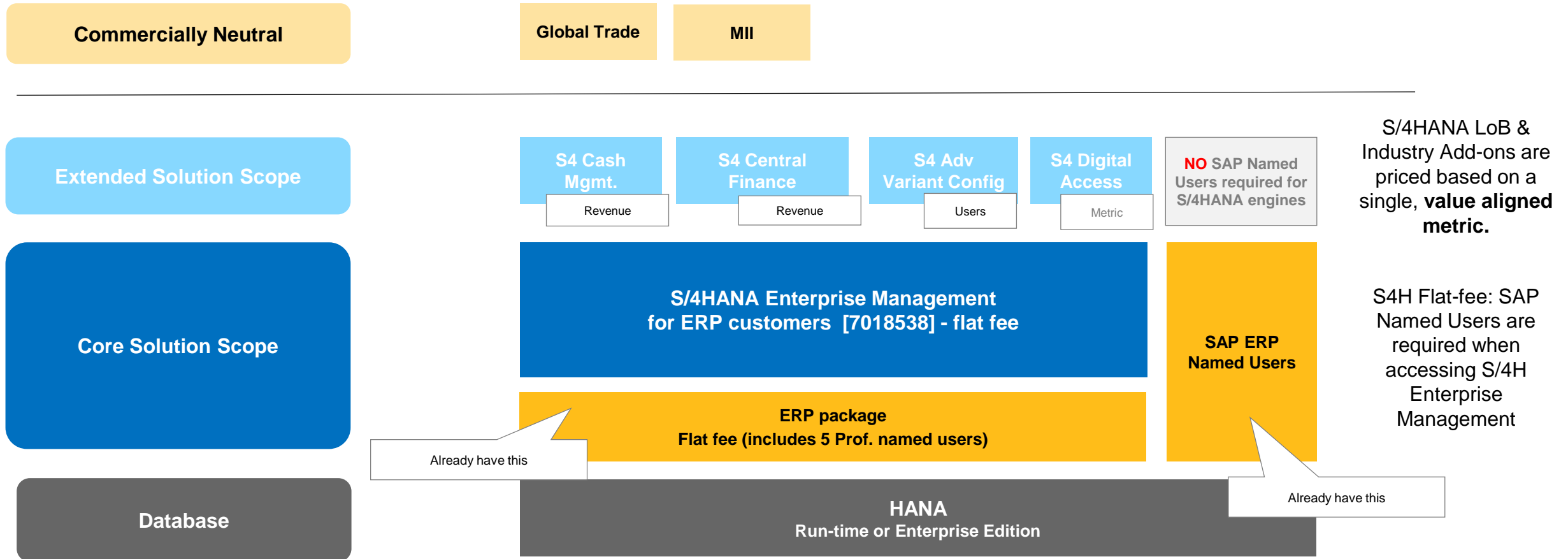
SAP S/4HANA: Conversions

Topics

- Recap: S/4HANA licensing model
- SAP S/4HANA Product Conversion
- SAP S/4HANA Contract Conversion
- SAP Cloud Extension
- Examples (optional)
- Q&A

SAP S/4HANA OnPrem Licensing – For Existing ERP Customers

Direct User Access to Digital Core and LoB & Industry Solutions



SAP S/4HANA OnPrem Licensing – For New Customers

Direct User Access to Digital Core and LoB & Industry Solutions

Commercially Neutral

Global Trade

MII

Standalone solutions sold using the classic product numbers and metrics

Extended Solution Scope

S4 Cash Mgmt.
Revenue

S4 Central Finance
Revenue

S4 Adv Variant Config
Users

S4 Digital Access
Metric

S/4HANA LoB & Industry Solutions are priced based on a single, **value aligned metric.**

Core Solution Scope

S/4HANA Enterprise Management
SAP S/4HANA Enterprise Management for Professional use [7018652]
SAP S/4HANA Enterprise Management for Productivity use [7018653]
SAP S/4HANA Enterprise Management for Functional use [7018654]

S/4HANA Enterprise Management priced with a **User** metric

Database

HANA
Run-time or Enterprise Edition

The SAP S/4HANA family and transition paths

Commercial View

SAP Business Suite



SAP ERP System
(on AnyDB)



SAP ERP System
(on SAP HANA)

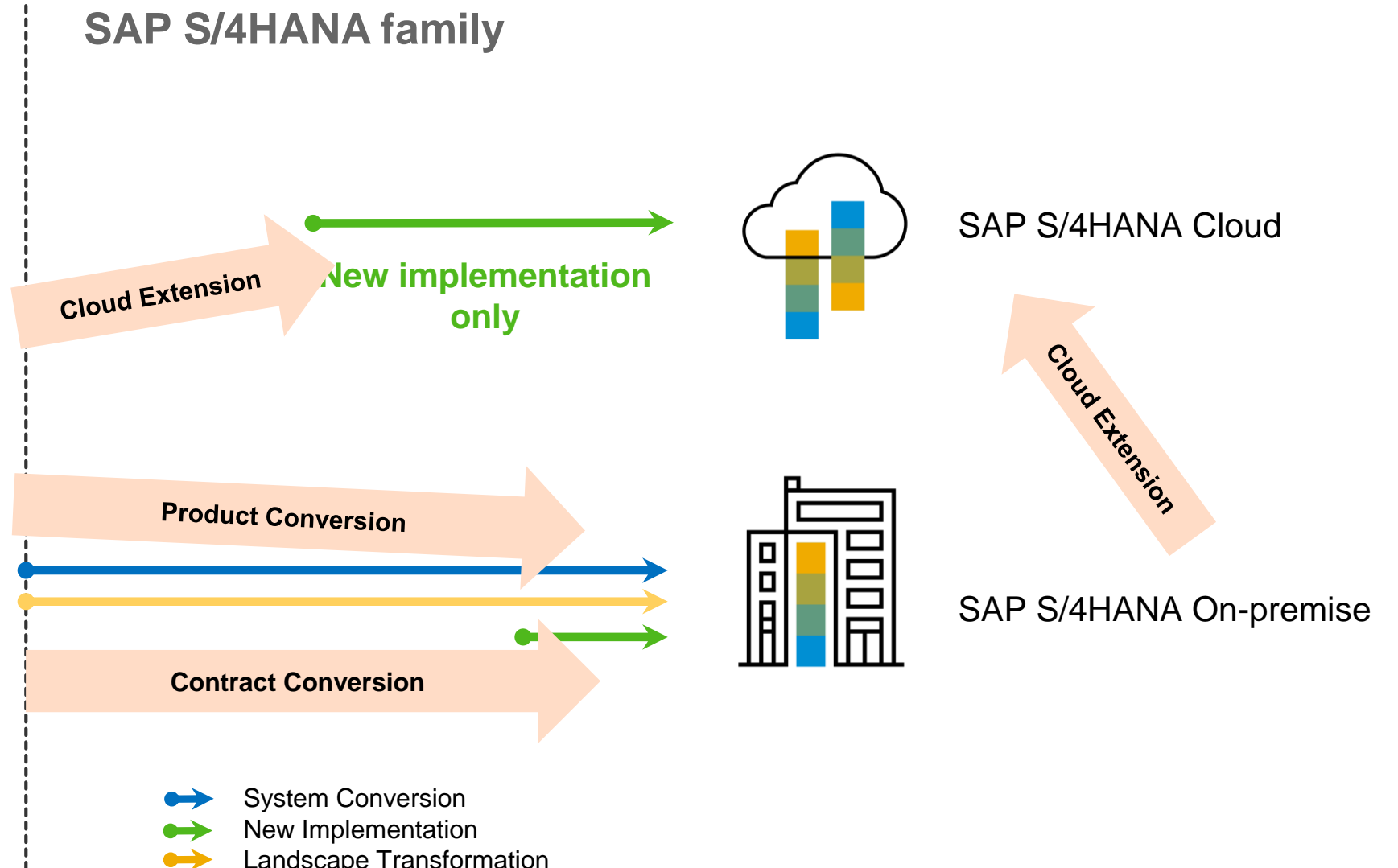
SAP S/4HANA family



SAP S/4HANA Cloud



SAP S/4HANA On-premise



SAP S/4HANA Product Conversion

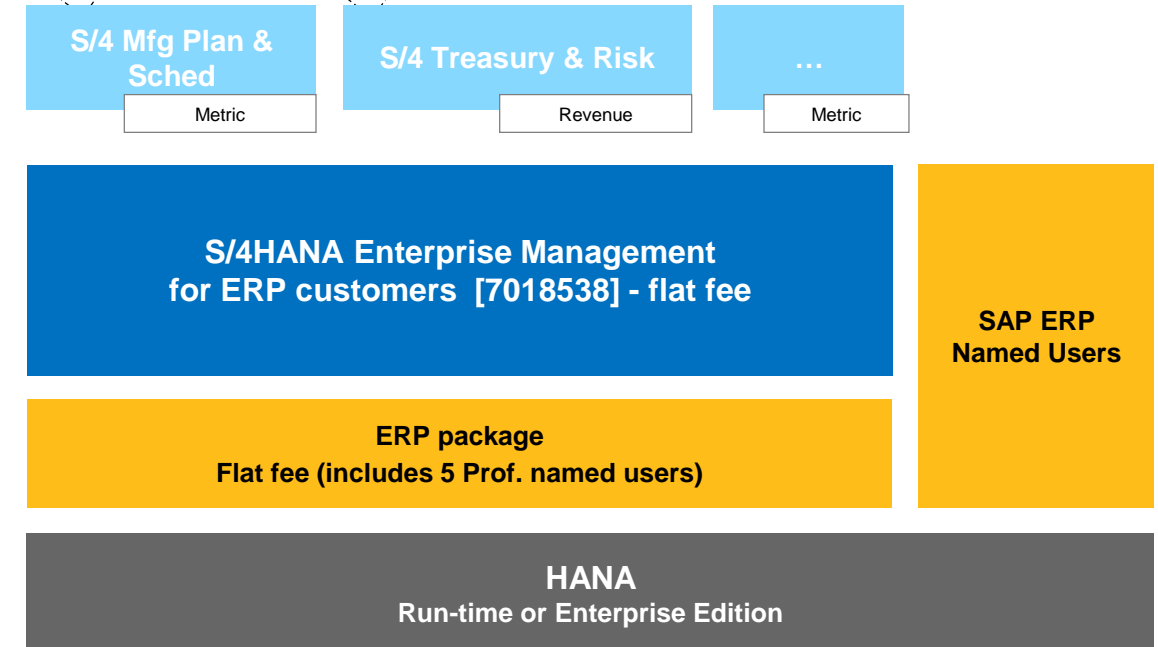
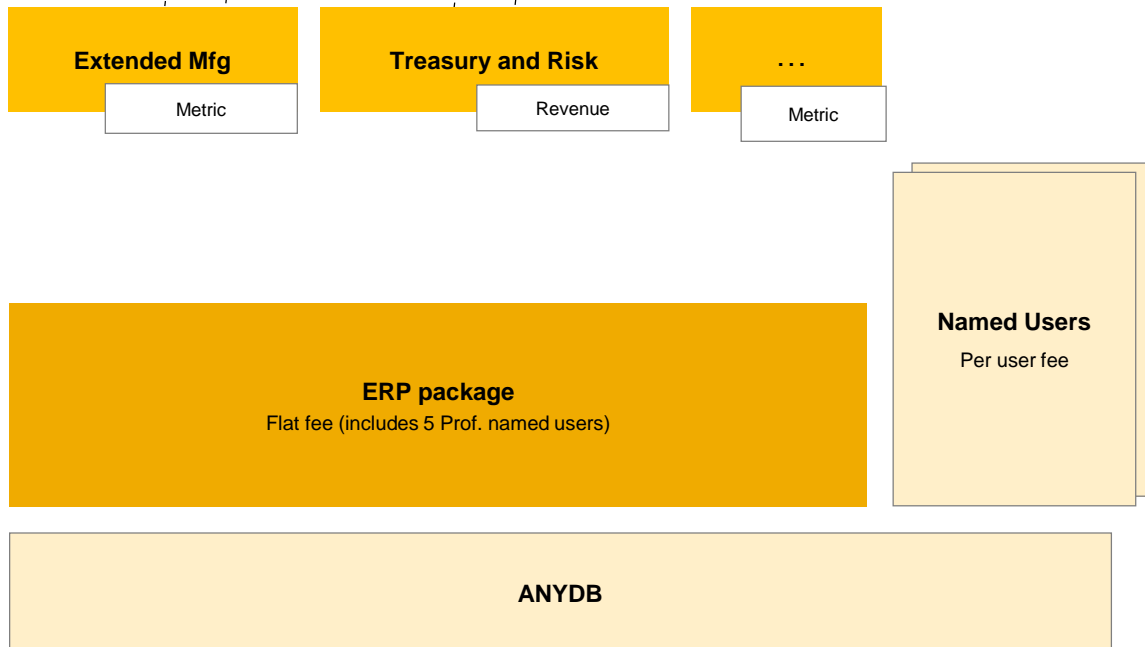
1:1 Conversion of classic on premise Industry & LoB licenses into S/4HANA on premise licenses

Before Conversion

After Conversion

Industry & LoB Solutions

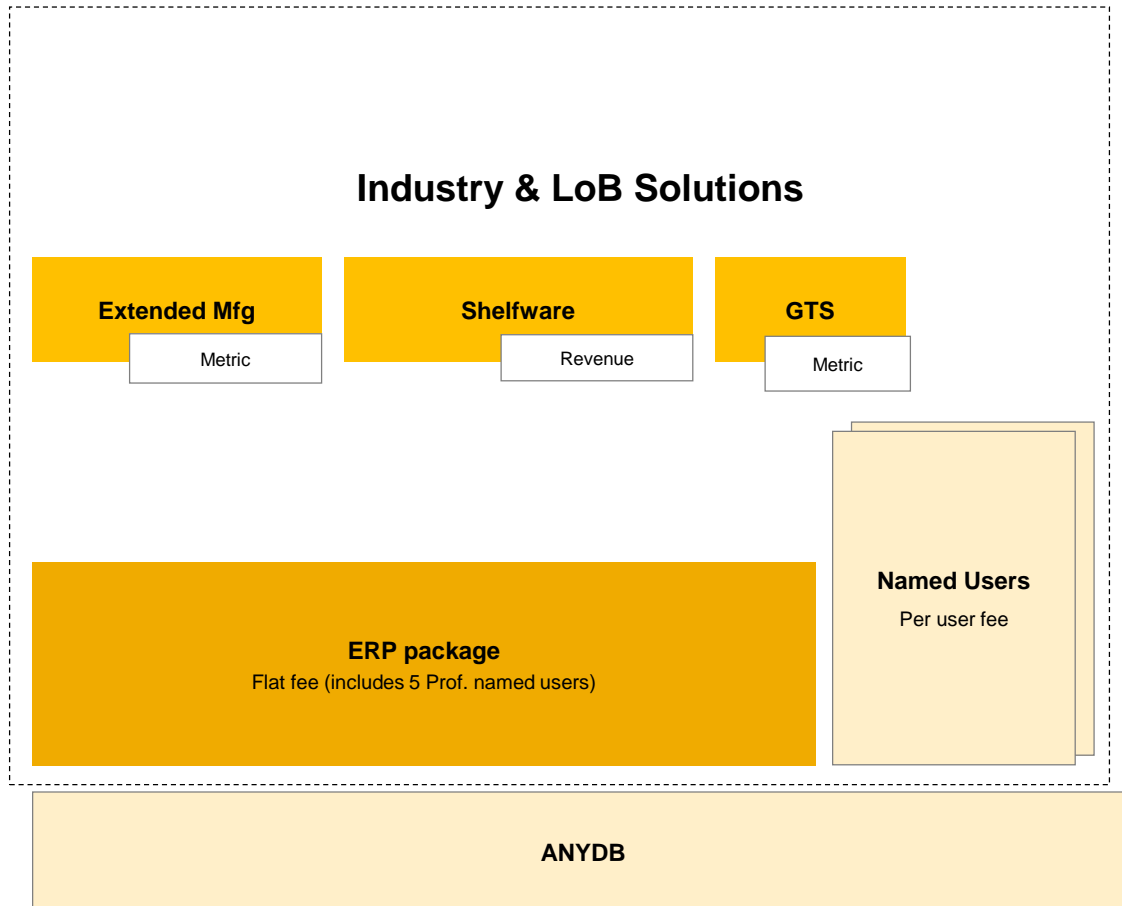
S/4HANA Industry & LoB Solutions



SAP S/4HANA Contract Conversion

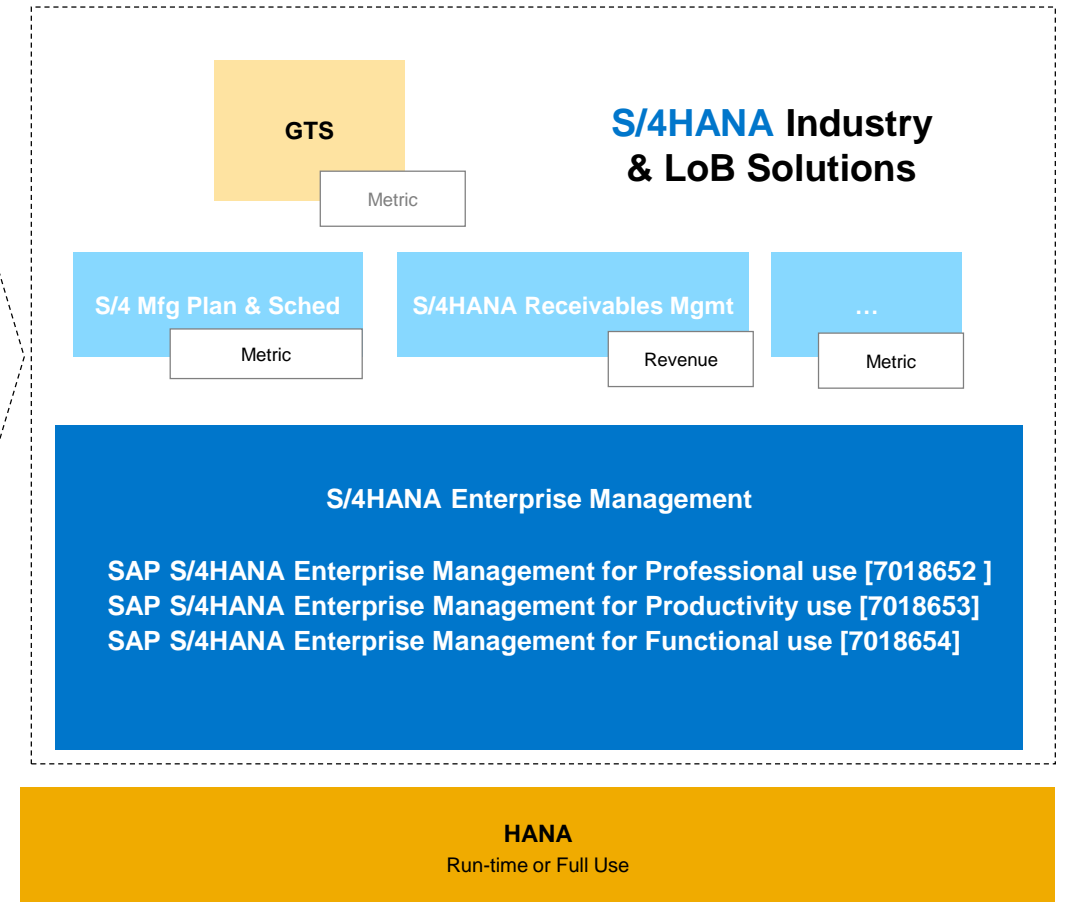
Convert many classic on premise licenses into many S/4HANA on premise licenses

Before Conversion



S/4HANA
Contract
Conver-
sion

After Conversion



SAP S/4HANA contract conversions – conversion types

SAP offers existing customers (who have a current support agreement) **two primary ways** to take advantage of their past investments to convert their SAP Business Suite 7 licenses to SAP S/4HANA Enterprise Management:



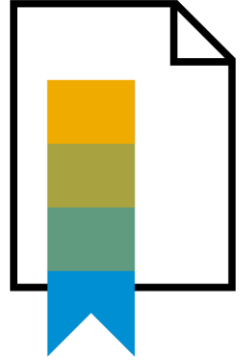
- Intended for piece-meal 1:1 conversions to SAP S/4HANA over time
- Customer is entitled to credit equal to 100% of prior maintenance base, limited to net payable of new SAP S/4HANA licenses



- Intended for full contract wholesale conversions
- Customer can reconfigure their landscape ('milkshake concept': re-allocate shelf ware and apply credit to new, unrelated software licenses)
- Conversion credit equal to the lesser of 100% of prior maintenance base or 90% of net payable of the new transaction

Details of product and contract conversion policies

- 100% of **maintenance base** of converted software always carries forward
- SAP S/4HANA LOB / industry add-on engines do not require SAP Named Users
- Customers retain use rights to SAP Business Suite 7 software when converted to their equivalent SAP S/4HANA versions:
 - **Term licenses for converted SAP Business Suite 7 software are valid until the customer completes their transition to SAP S/4HANA***. While we expect all conversions to be finalized by the end of 2030, customers converting from SAP Business Suite 7 can now take as much time as they need to transition
 - At any point in time, the cumulative total number of licenses in use across both the newly deployed SAP S/4HANA version and the SAP Business Suite 7 version whose licenses are being converted **may not exceed the licensed level for the new SAP S/4 HANA version**
 - Provided the customer continues to be subscribed to, and is current with, SAP Support for SAP S/4HANA, **SAP Business Suite 7 licenses will be entitled to SAP Support for as long as such support is generally available** to SAP Business Suite 7 customers



SAP Named User vs. SAP S/4HANA User:
*Business Suite 7 employs a named user model where every individual using the core and/or any add-on solution is required to have an SAP Named User license. This model is often referred to as the Dual Metric model, as individuals using the add-on solutions are required to have two licenses- The SAP Named User license plus a license for the add-on solution. In SAP S/4HANA, only individuals directly using the core SAP S/4 HANA Enterprise Management software are required to be licensed as **users**, referred to herein as SAP S/4HANA users.*

**Some customers may have SAP S/4HANA conversion contracts with 12/31/2025 as the termination date for converted SAP Business Suite 7 software. If they would like to eliminate this termination date and use their Business Suite 7 until they complete their transition to SAP S/4HANA, they simply need to ask their SAP account executive to have their contract updated with SAP's newer transition language.*

SAP S4/HANA conversion policies – additional details summary

Action taken with classic software:	Prior classic software maintenance base included in SAP S/4HANA contract conversion credit?	Continued use rights to classic software?	Classic software requires perpetually licensed SAP Named Users?
Converted to equivalent SAP S/4HANA software in SAP S/4HANA contract conversion transaction	Yes	Yes – until transition to SAP S/4HANA is complete	No
Relicensed as classic software in SAP S/4HANA contract conversion transaction	Yes	Yes - perpetual continued Use rights	No
Terminated as part of the full contract conversion but not converted to equivalent SAP S/4HANA software or relicensed as classic software	Yes	No – licenses to such software are terminated immediately upon the effective date of conversion	N/A – software license is terminated
Remains on prior appendix / order form after SAP S/4HANA contract conversion is completed (exceptional cases only)	No	Yes - perpetual continued use rights	No
Terminated via cloud extension policy	No	No – licenses to such software are terminated immediately upon execution of the cloud extension	N/A – software license is terminated

Clarifying SAP S/4HANA **licensing path**, options for existing customers

How can an existing SAP ERP Central Component customer license SAP S/4HANA?

Option A: license **SAP S/4HANA Enterprise Management for ERP customers** via flat fee

- Fast access to SAP S/4HANA Enterprise Management – rights to use it are via their classic SAP Named Users

Option A+: license additional **SAP S/4HANA LOB and industry add-on engines**

- After utilizing option A, license SAP S/4HANA LOB and industry add-on software engines
- Leverage the product conversion program if applicable
- SAP Named Users are not required to access the SAP S/4HANA LOB and industry add-on software engines
- SAP Named Users are required to access any remaining classic software engines, and SAP S/4HANA Enterprise Management

Option B: license **SAP S/4HANA Enterprise Management for professional use**, via a full SAP S/4HANA contract conversion

- Jump to SAP S/4HANA via the SAP S/4HANA contract conversion program
- Allows customer to reconfigure and simplify existing license landscape
- SAP Named Users are not required to access licensed SAP S/4HANA Enterprise Management, SAP S/4HANA LOB / industry add-on engines, or any licensed classic engines

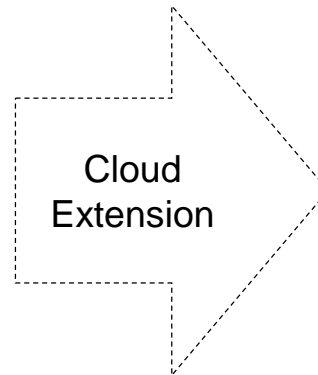
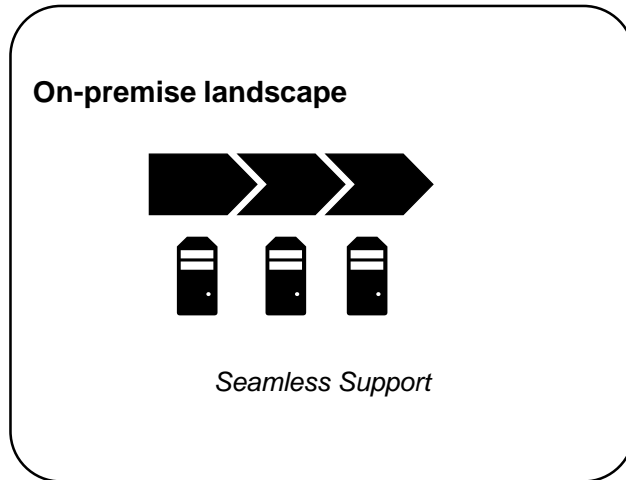


Important Note: Option B can be utilized with or without utilizing options A or A+. These are not mutually exclusive scenarios.

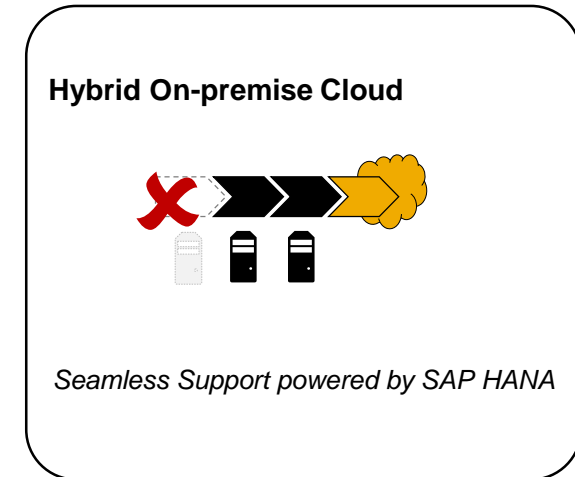
SAP Cloud Extension

Replace on premise licenses by cloud subscription licenses

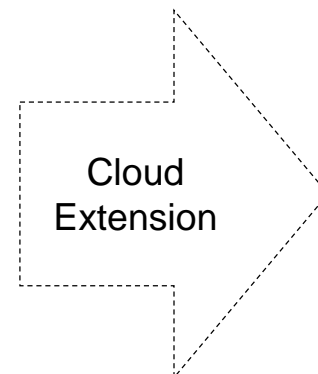
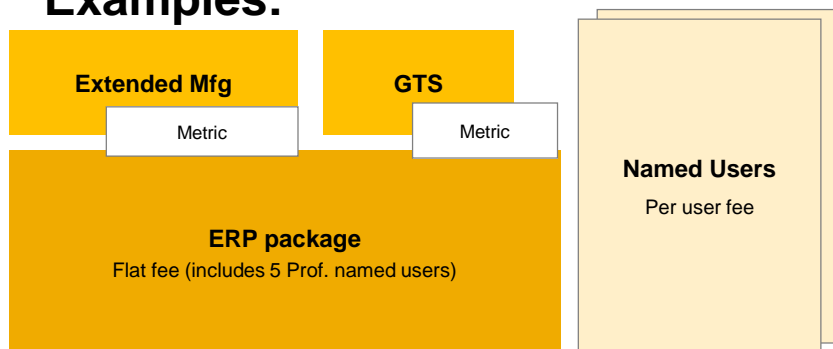
Before Extension



After Extension



Examples:



SAP Cloud Extension

Fast track to innovation via a flexible path to the cloud

Boundary Conditions

- **Subscription of new cloud licenses required**
 - Selected SAP Cloud solutions
 - Requires an expanded investment with cloud solutions from SAP, given the substantial added value from this new hybrid scenario.
 - 5 years subscription
- Both the **cloud subscription contract** and **partial termination agreement** represent **one commercial transaction**
- Initial support period of replaced solutions passed
- All invoices must be fully paid up
- License audit current (6 months old at the most)

Customer Benefits

- **Innovation**
 - New functionalities available through cloud solutions from SAP
 - Full flexibility to explore new opportunities at own pace
- **Simplicity and speed**
 - Scalability with the simplicity of cloud for the real-time enterprise
 - Solutions easy to deploy for companies of any size
- **Expanded value**
 - Hybrid process scenarios allow step-by-step implementation
 - Lower total cost of ownership and reduced cost of implementation with SAP Rapid Deployment solutions and SAP ActiveEmbedded and SAP MaxAttention engagements
- **Protection**
 - Protected investments in SAP with removed barriers to leverage cloud innovations
 - Seamless delivery and support across hybrid landscape

BoM Examples

S/4HANA on premise BoM after an S/4HANA product conversion

S/4HANA on premise BoM after an S/4HANA contract conversion

S/4HANA enterprise management licenses after an S/4HANA contract conversion

S/4HANA Cloud, essentials edition BoM after a Cloud extension

S/4HANA Cloud, extended edition BoM after a Cloud extension

S/4HANA Cloud use types after a Cloud extension

Example: Existing ERP Customer

Customer Scenario – with 3rd party DB

Material	Price List Item
7003012	SAP Professional User
7017377	SAP Project User
7017378	SAP Worker User
7003016	SAP Employee Self-Service User
ERP_PACKAGE	SAP ERP Foundation Starter
7016968	SAP Treasury and Risk Management
7018508	SAP Receivables Management
7019231	SAP Sales and Service Order Execution for B2B & B2C
XXX	3 party DB runtime (purchased from SAP)

SmartManu is a manufacturing company - highly specialized with customers in multiple countries with 8 b€ revenue and 9500 employees. Although the majority of the employees work in production SmartManu has a strong R&D unit. Their employees in finance ensure proper accounting and management of financial risks.

As a happy SAP customer they now want to prepare for the digital age by converting their classic ECC on any database system to S/4HANA. They plan to move to a hybrid landscape where their main S/4HANA system still runs on premise, but they plan to move several of their subsidiaries to the cloud.

Please see their current existing BoM on the left side of this slide.

In the subsequent slides we will show how a corresponding S/4HANA BoM will look in different scenarios:

1. S/4HANA on premise BoM after an S/4HANA product conversion
2. S/4HANA on premise BoM after an S/4HANA contract conversion
3. S/4HANA enterprise management licenses after an S/4HANA contract conversion
4. S/4HANA Cloud, essentials edition BoM after a Cloud extension
5. S/4HANA Cloud, extended edition BoM after a Cloud extension
6. S/4HANA Cloud use types after a Cloud extension

SAP S/4HANA Product Conversion

Example of an SAP S/4HANA on premise Bill of Materials

Existing Bill of Materials

Material	Price List Item
7003012	SAP Professional User
7017377	SAP Project User
7017378	SAP Worker User
7003015	SAP Employee User
ERP_PACKAGE	SAP ERP Foundation Starter



New Bill of Materials

Material	Price List Item
7003012	SAP Professional User
7017377	SAP Project User
7017378	SAP Worker User
7003015	SAP Employee User
ERP_PACKAGE	SAP ERP Foundation Starter
7018538	SAP S/4HANA Enterprise Management for ERP customers

Comment

In a product conversion customers can keep classic named user licenses for core scope (until contract conversion).

In this case customers need to license the flat fee license material 7018538 "S/4HANA enterprise management for ERP customers" to get use rights for core scope.

7016968	SAP Treasury and Risk Management
7018508	SAP Receivables Management



7020306	SAP S/4HANA Treasury and Risk Management
7018508	SAP Receivables Management

In order to get use rights for S/4HANA Industry and LoB solutions the corresponding classic licenses for Industry and LoB solutions need to be converted (i.e., there is no flat fee license material like the one that is used for the core).

Conversion only into corresponding S/4HANA license material possible.

Piece-meal conversions possible, i.e. not all Industry and LoB solutions need to be converted at the same time. In this example SAP Receivables Management will be converted later.

7019231	SAP Sales and Service Order Execution for B2B & B2C
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7020280	SAP S/4HANA Digital Access
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The new license model for Digital Access is highly recommended but not mandatory in a product conversion scenario.

xxx	3 rd party DB runtime
-----	----------------------------------



xxx	3 party DB runtime (purchased from SAP)
7020046	SAP HANA, Runtime edition for Applications & SAP BW - Install Base

3rd party DB licensed from SAP cannot be terminated during technical transition. Usage of 3rd party DB must not exceed licensed level during transition.*

HANA database runtime or full-use license needs to be purchased to run S/4HANA.

SAP S/4HANA Contract Conversion

Example of an SAP S/4HANA on premise Bill of Materials

Existing Bill of Materials

Material	Price List Item
7003012	SAP Professional User
7017377	SAP Project User
7017378	SAP Worker User
7003015	SAP Employee User
ERP_PACKAGE	SAP ERP Foundation Starter

New Bill of Materials

Material	Price List Item
7018652	SAP S/4HANA Enterprise Management for Professional use
7018654	SAP S/4HANA Enterprise Management for Functional use
7018653	SAP S/4HANA Enterprise Management for Productivity use

Comment

In a contract conversion classic named user licenses must be converted into S/4HANA Enterprise Management licenses*.

S/4HANA Enterprise Management has a single metric, User-based pricing model.



7016968	SAP Treasury and Risk Management
7018508	SAP Receivables Management

7020306	SAP S/4HANA Treasury and Risk Management
7020297	SAP S/4HANA Extended Warehouse Management

In order to get use rights for S/4HANA Industry and LoB solutions the corresponding classic licenses for Industry and LoB solutions need to be converted.

Re-allocation of shelf-ware possible. Flexible conversion into any S/4HANA license material possible. In this example SAP Receivables Management is terminated and SAP S/4HANA Extended Warehouse Management is licensed .

No piece-meal conversions possible. All Industry and LoB solution need to be converted at the same time.



7019231	SAP Sales and Service Order Execution for B2B & B2C
---------	---

7020280	SAP S/4HANA Digital Access
---------	----------------------------

The new license model for Digital Access is highly recommended but not mandatory in a contract conversion scenario.



xxx	3 rd party DB runtime
-----	----------------------------------

xxx	3 party DB runtime (purchased from SAP)
7020046	SAP HANA, Runtime edition for Applications & SAP BW - Install Base

3rd party DB licensed from SAP cannot be terminated during technical transition. Usage of 3rd party DB must not exceed licensed level during transition.**

HANA database runtime or full-use license needs to be purchased to run S/4HANA.



SAP S/4HANA Contract Conversion

Example of SAP S/4HANA on premise Enterprise Management licenses

LoB	Role	Capabilities	Classic named user license
Finance	Chief accountant	General ledger Financial close	7003012 SAP Professional User
Finance	Receivables accountant	Accounts receivables	7003012 SAP Professional User
Finance	Risk Manager	Liquidity management Finance Risk Management	7003012 SAP Professional User
Manufacturing	Production Worker	Production execution Production control	7017378 SAP Worker User
Manufacturing	Production Scheduler	Material Requirements Planning Repetitive Manufacturing Kanban	7003012 SAP Professional User
Sales	Sales representative	Sales Quotation Management Sales Contract Management	7003012 SAP Professional User
R&D	Designing engineer	Product structure management Engineering change management	7003012 SAP Professional User
R&D	R&D project manager	Project financial control Project logistics control	7017377 SAP Project User
Cross	Employee	Time sheet Self-service requisitioning	7003015 SAP Employee User



S/4HANA license	Comment
7018652 SAP S/4HANA Enterprise Management for Professional use	Users in LoB Finance typically need Professional use
7018652 SAP S/4HANA Enterprise Management for Professional use	Users in LoB Finance typically need Professional use
none	Users who solely use an LoB Solution do not need an Enterprise Management license
7018653 SAP S/4HANA Enterprise Management for Productivity use	Workers in Manufacturing typically need Productivity use
7018654 SAP S/4HANA Enterprise Management for Functional use	Planners in Manufacturing typically need Functional use
7018654 SAP S/4HANA Enterprise Management for Functional use	Users in LoB Sales typically need Functional use
7018654 SAP S/4HANA Enterprise Management for Functional use	Users in LoB R&D typically need Functional use
7018654 SAP S/4HANA Enterprise Management for Functional use	Users in LoB R&D typically need Functional use
7018653 SAP S/4HANA Enterprise Management for Productivity use	Employee role is typically covered by Productivity use

Cloud Extension into SAP S/4HANA Cloud, essentials edition

Example of an SAP S/4HANA Cloud, essentials edition Bill of Materials*

Existing Bill of Materials			New Bill of Materials		Comment
7003012	SAP Professional User		8008288	SAP S/4HANA Cloud for enterprise management, essentials edition	S/4HANA Cloud, essentials edition licenses for core scope. Metric is Full Usage Equivalents. HANA Database use rights are included.
7017377	SAP Project User				
7017378	SAP Worker User				
7003015	SAP Employee User				
ERP_PACKAGE	SAP ERP Foundation Starter				
<hr/>					
7016968	SAP Treasury and Risk Management		8008181	SAP S/4HANA Cloud for treasury and risk management, essentials edition	S/4HANA Cloud licenses for Industry and LoB solutions.
7018508	SAP Receivables Management		8004951	SAP S/4HANA Finance Cloud for receivables management, essentials edition	
<hr/>					
7019231	SAP Sales and Service Order Execution for B2B & B2C		8008360	SAP S/4HANA Cloud, Digital Access	No Sales and Service Order Execution available for S/4HANA Cloud. Licenses need to be extended into Digital Access.
<hr/>					
xxx	3 rd party DB runtime				3rd party DB licensed from SAP cannot be terminated during technical transition. Usage of 3 rd party DB must not exceed licensed level during transition.**

* On premise licenses will be terminated as per standard SAP Cloud Extension policy.

** In case the 3rd party database has been purchased directly from the vendor the specific terms and conditions of this vendor apply.

SAP S/4HANA Cloud Extension

SAP S/4HANA Cloud Use Types

LoB	Role	Capabilities	Classic named user license
Finance	Chief accountant	General ledger Financial close	7003012 SAP Professional User
Finance	Receivables accountant	Accounts receivables	7003012 SAP Professional User
Finance	Risk Manager	Liquidity management Finance Risk Management	7003012 SAP Professional User
Manufacturing	Production Worker	Production execution Production control	7017378 SAP Worker User
Manufacturing	Production Scheduler	Material Requirements Planning Repetitive Manufacturing Kanban	7003012 SAP Professional User
Sales	Sales representative	Sales Quotation Management Sales Contract Management	7003012 SAP Professional User
R&D	Designing engineer	Product structure management Engineering change management	7003012 SAP Professional User
R&D	R&D project manager	Project financial control Project logistics control	7017377 SAP Project User
Cross	Employee	Time sheet Self-service requisitioning	7003015 SAP Employee User



S/4HANA Cloud use type*	Comment
SAP S/4HANA for advanced use*	Users in LoB Finance typically need SAP S/4HANA for advanced use
SAP S/4HANA for advanced use*	Users in LoB Finance typically need SAP S/4HANA for advanced use
none	Users who solely use an LoB Solution do not need an Enterprise Management license
SAP S/4HANA for self service use*	Workers in Manufacturing typically need SAP S/4HANA for self-service use
SAP S/4HANA for core use*	Planners in Manufacturing typically need SAP S/4HANA for core use
SAP S/4HANA for core use*	Users in LoB Sales typically need core use
SAP S/4HANA for core use*	Users in LoB R&D typically need SAP S/4HANA for core use
SAP S/4HANA for core use*	Users in LoB R&D typically SAP S/4HANA for core use
SAP S/4HANA for self service use*	Employee role is typically covered by SAP S/4HANA for self service use

Your Questions?



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THE BEST RUN



Backhand

S/4HANA Product Conversion

For customers moving to S/4HANA in a phased approach

Boundary Conditions

- Customer keeps **same** contractual agreements / SUR
- Cannot convert into products they do NOT already own
- **Requires line-item mapping**
- Customer is entitled to **100% credit in 2020**, tbd in 2021
- Maintenance Base carries forward at 100%, it may never be reduce
- There are no partial conversions, conversions are always 100%
- Can be combined with Cloud Extension **AND** On Premise Extension Policy
- No conversion for SAP Named User – exception: Retail, Banking, Healthcare/Clinical and Industry Named Users convert when the engines convert.

Customer Benefits

- Permits step-by step conversion
- **Focusses on engines with S/4 equivalent products only**. No need to re-license entire landscape
- **100% line-item credits**
- Customers can leverage their existing **“Classic” applications until the end of their technical conversion project.**

NEW

S/4HANA Contract Conversion

Typically for customers fully committed to S/4HANA

Boundary Conditions

- Intended for **full contract “wholesale”** conversions
- One-time Event
- Customer migrates to **new S/4HANA Software Use Rights**
- Does NOT require line-item-mapping
- Maximum credit is **lesser** of 100% current maintenance base or **90% of net NEW license fee eligible software***
- Can be combined with Cloud Extension Policy

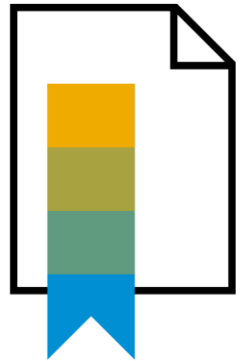
Customer Benefits

- Move to next gen ERP and in-memory DB technology
- Represents a potential to **reconfigure their landscape & eliminate shelfware**: “Milkshake concept”
- **Simplify their SAP contract**, potentially re-negotiate commercial terms, adopt simple S4 pricing and SUR
- Customers can leverage their existing **“Classic” applications until the end of their technical conversion project.**

NEW



SAP S4/HANA conversion policies – additional details

- Customers retain use rights to their converted SAP Business Suite 7 software during their transition to SAP S/4HANA, if the equivalent SAP S/4HANA software is re-licensed in the new transaction
- Customers can retain perpetual use rights to their classic software, if the classic software is relicensed in the new SAP S/4HANA contract conversion transaction. Additionally, in exceptional SAP S/4HANA contract conversion cases, classic software can remain on the original appendix / order form, in which case perpetual use rights would remain in place
- SAP S/4HANA contract and product conversions are for **on premise to on premise conversions only***. Customers moving to SAP S/4HANA in the cloud (i.e. SAP S/4HANA Cloud, essentials edition, SAP S/4HANA Cloud, extended edition or SAP HANA Enterprise Cloud, subscription model) will need to use the cloud extension policy, as opposed to one of the conversion policies
 - Unlike the conversion policies, the extension policy does not allow for any continued use of SAP Business Suite 7 licenses, as it requires the customer to terminate such licenses immediately



* SAP S/4HANA contract and product conversions can also be used when converting Business Suite 7 software to on-premises SAP S/4HANA software which will be deployed in the cloud (for example, via Hyperscalers).

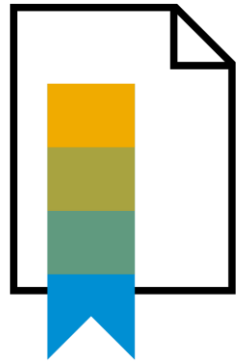
SAP S/4HANA license scenarios and SAP Named User requirements

		Option A	Option A+	Option B
Topic 	Question 	Digital core license type: classic SAP ECC / SAP ERP + SAP S/4HANA flat fee: <ul style="list-style-type: none"> • Customer licenses SAP S/4HANA Enterprise Management via flat fee • Fast access to SAP S/4HANA Enterprise Management 	Digital core license type: classic SAP ECC / SAP ERP + SAP S/4HANA flat fee: <ul style="list-style-type: none"> • Customer licenses SAP S/4HANA Enterprise Management via flat fee • Customer licenses SAP S/4HANA add on engines • Customer may convert classic engines to SAP S/4HANA engines via product conversion program 	License type: SAP S/4HANA Enterprise Management <ul style="list-style-type: none"> • SAP ERP customer undertakes SAP S/4HANA contract conversion or are a net new customer • SAP S/4HANA Enterprise Management licensed via SAP S/4HANA users <p>Can be utilized with or without utilizing options A / A+.</p>
Use of core SAP S/4HANA	Are SAP Named Users required for use of core SAP S/4HANA Enterprise Management ?	Yes	Yes	No, SAP S/4HANA license only (single metric)
Use of classic engines	Are SAP Named Users required for use of perpetually licensed classic engines ?	Yes, as applicable	Yes, as applicable	No (single metric)
Use of SAP S/4HANA engines	Are SAP Named Users required for use of SAP S/4HANA engines ?	N/A – see option A+	No (single metric)	No (single metric)

SAP S4/HANA contract conversion – **more benefits** for our customers

There are many customer benefits of an SAP S/4HANA contract conversion, including:

- Move to Next-Gen SAP ERP and in-memory database technology
- Conversion credit applied holistically to new SAP S/4HANA transaction
- Opportunity to revisit / ensure proper licensing for all scenarios
- Adopt new simplified SAP S/4HANA licensing model which eliminates dual software and SAP Named User requirements
- Consolidate your SAP contract
- Eliminate SAP Named User requirement for any perpetually licensed classic software
- Previously licensed SAP Named Users can be converted in the new SAP S/4HANA transaction



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