

## **SUGEN welcomes new licensing model for indirect access but says SAP must reassure existing customers they won't pay more if their usage and business scope doesn't change**

**10 April 2018** - SUGEN, the SAP User Group Executive Network, representing 21 independent SAP User Groups across the world, is today providing an update on the work of its Licensing and Auditing Charter team over the last two years. The team has provided feedback to SAP on the concerns of customers in relation to indirect licensing, and held discussions and workshops to find solutions to these concerns. Key areas of focus have been predictability, transparency, consistency, and fairness.

As a result, SAP has today announced a new model for its digital-access licensing policies commonly known as "Indirect Access." The model is intended to make it easier and more transparent for customers to use and pay for SAP software licenses. This new model will operate alongside the existing named users and SAP engines which are still necessary for the direct access scenarios.

"This model promises to clarify the rules for licensing indirect usage and bring a new level of transparency and simplicity to SAP licensing," said Rob van der Marck, SUGEN Licensing Charter lead and VNSG. "For customers looking to adopt new technology from SAP, predictability and transparency is key. Both the SUGEN team and SAP should be proud of the work they have done on the new model to hopefully deliver greater licensing transparency in the future."

Both the SUGEN charter team and SAP have also been working on auditing and sales policies. As a result, SAP has introduced new organisational and governance changes that strictly separate license sales departments and procedures from auditing departments and procedures. This means that sales will no longer be permitted to approve or cancel licensing audits and it will prevent audits from being used as a sales negotiation tool. SUGEN welcomes and supports these changes.

SUGEN also notes that there has been little progress in providing reassurances to existing long-standing customers on the neutral financial impact of the new licensing model, and to those who have until recently believed they were adequately licensed in relation to existing interfaces with third-party systems.

"Time will tell how existing customers react to the new licensing model. They have the choice to stick with their existing model or move to the new one. SAP will be rolling out measurement and auditing tools over the course of 2018, meaning it will be in Q1 2019 that customers will be able to assess any potential cost impact," said Gianmaria Perancin, SUGEN chairman and USF. "With this in mind, we urge SAP to publicly reiterate the promise it made to SUGEN in November 2017 when it said customers would be able to adopt the new model without incurring further costs if the business value/scope of their usage of SAP stays the same. This would go a long way to reassuring customers and rebuilding trust."

Although connecting third-party systems to SAP has resulted in licensing issues that were not imagined when many customers made their initial agreements with SAP, it should be noted the company has been aware of the challenges regarding indirect licensing for a least six years. In some cases, customers have in good faith connected SAP to third-party systems believing they were compliant due to a number of factors:

- SAP personnel being aware of a third-party system connecting to SAP and not raising potential licensing problem.
- SAP providing assistance for projects that involved connecting to third-party systems and not raising licensing implications.
- The lack of any license type on the SAP price list for third-party system connectivity.
- Audits having been carried out by SAP that did not highlight a problem.

“Customers who believed they were compliant have rightly been concerned after the high-profile legal action SAP took against Diageo and InBev. SAP is moving in the right direction to make it easier to do business with it. However, expecting customers to talk to and trust account managers in an environment where SAP has admitted to having lost customer trust is asking a lot. If SAP publicly provided reassurances that customers won’t be asked to pay more for use cases and implementations that were undertaken in good faith, this would go a long way to encourage customers to engage with SAP proactively,” Gianmaria Perancin continued.

“Without these reassurances customers will find themselves in a state of paralysis, unable to move forward as they do not yet know what the new licensing model will mean for them. Over the coming months we will be surveying customer organisations to see if their licensing positions are clearer, and what this means for their future plans and investments with SAP,” added Philip Adams, SUGEN Core Leadership Team member and UKISUG.