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SAP ERP Pricing for the Digital Age

Addressing Indirect/Digital Access

Table of Contents

3	Summary
4	Pricing Model Objectives
4	New Indirect/Digital Access Pricing Model
5	Indirect/Digital Access Document License Calculation
5	Pricing for Direct and SAP Application Access
6	What are the options for existing customers given this new Indirect/Digital pricing model?
6	Do Nothing
6	License Exchange
7	Contract Conversion
7	SAP Cloud Extension

This document provides a general description of the new outcome-based ERP pricing for the digital age announced on April 10, 2018.

For additional information contact your SAP Account Executive.

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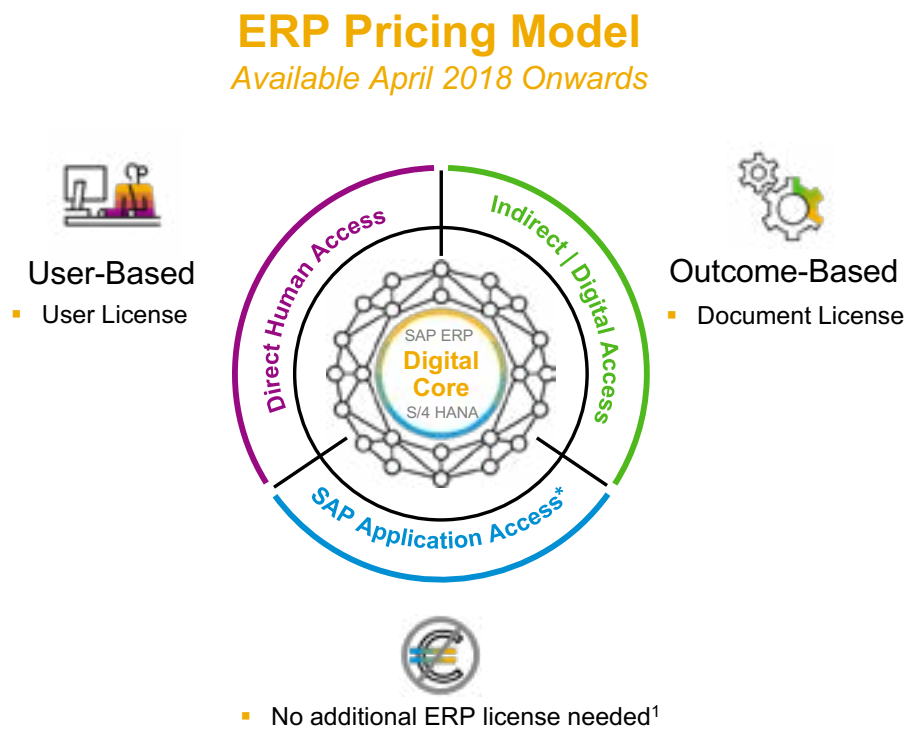
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SUMMARY

The technology landscape and how customers consume and use SAP software has undergone dramatic changes. Not only are our customers' employees using the Digital Core (i.e., SAP ERP, SAP S/4HANA and SAP S/4HANA Cloud), their business partners, consumers, third-party applications, IoT devices, automated systems, and RPA/bots are also using the Digital Core. Indirect/Digital Access is when people or things use² the Digital Core without directly logging into

the system. It occurs when humans, any device or system, indirectly use the Digital Core via non-SAP intermediary software, such as a non-SAP front-end, a custom-solution, or any other third-party application. It also occurs when non-human devices, bots, automated systems, etc. use the Digital Core in any way. It is hard to measure use accessing via Indirect/Digital Access, hence SAP is modernizing its pricing model to be more transparent and predictable.

Figure 1: Use of SAP ERP and Types of Access



1. Provided ERP is otherwise licensed, no additional ERP license is needed for use of the Digital Core resulting from access by properly licensed SAP Applications.

2. **SAP On Premise Contractual Definition of Use:** 'Use' is defined as...to activate the processing capabilities of the Software, load, execute, access, employ the Software, or display information resulting from such capabilities. Use may occur by way of an interface delivered with or as a part of the Software, a Licensee or third-party interface, or another intermediary system. All 'use' of SAP software, regardless of the method of access, requires an appropriate license.

PRICING MODEL OBJECTIVES

The new pricing approach for Indirect/Digital Access focuses on business outcomes and provides an objective measure for the use of the Digital Core.

NEW INDIRECT/DIGITAL ACCESS PRICING MODEL

SAP has identified nine document types that represent system generated records of commonly valued business outcomes from the Digital Core. Use of the Digital Core through Indirect/Digital Access will be licensed based on these nine document types; there is no additional charge for other document types.

•Counting Documents.

- **One time create cost.** SAP counts and charges for the creation of documents triggered via Indirect/Digital Access.
- **Read, update, delete included.** All read, updates, and deletion of documents via Indirect/Digital Access do not incur an additional charge.
- **Initial document creation only.** SAP counts only the initial documents created. For example: a sales document created by Indirect/Digital Access is automatically processed in the Digital Core resulting in the creation of invoice, material or financial documents. SAP would charge only for the sales documents initially created and not for the subsequent documents.
- **Multiplier.** Not all documents are weighted equally. Most documents are weighted at 100% (multiplier =1), documents of lower value and more frequently used are weighted at 20% (multiplier = 0.2).

•**Volume Discounts.** the higher the number of documents, the lower the price per document.

INDIRECT/DIGITAL ACCESS DOCUMENT LICENSE CALCULATION

- A Document License reflects the total documents licensed for a 12-month period. This total is the sum of all document types times their respective multiplier.
- New SAP customers with no historical data may estimate the number of documents needed by using benchmark data applicable to the customer's business. For existing customers, an estimate of needed documents can be calculated using historical data.
- SAP is planning to provide customers with tools to monitor and measure ERP use.

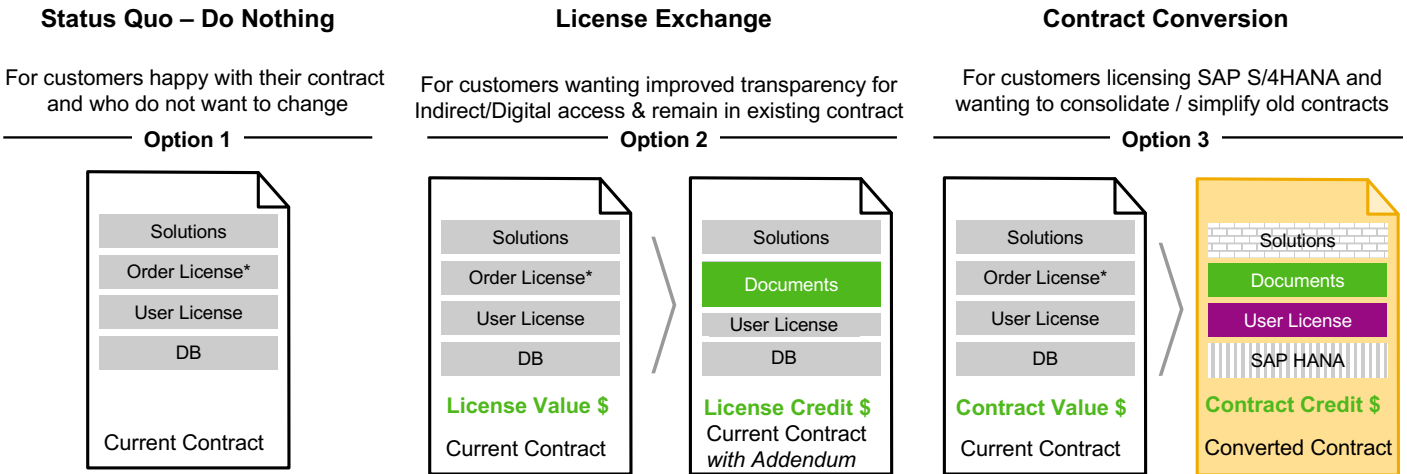
PRICING FOR DIRECT AND SAP APPLICATION ACCESS

Direct Human Access to the Digital Core continues to be licensed based on users. 1 Provided ERP is otherwise licensed, no additional ERP User license is needed for use of the Digital Core resulting from access by properly licensed SAP Applications. SAP applications refer to line of business and industry applications (on premise and cloud); it also refers to SAP Solution Extensions. This does not include technology solutions (e.g., database, middleware integration, SAP Cloud Platform, etc.)

Document Type	Quantity	Multiplier	Total
Sales (counted at line item level)	100	1	100
Invoice (counted at line item level)	200	1	200
Purchase I(counted at line item level)	300	1	300
Service & Maintenance	0	1	0
Manufacturing Quality management	0	1	0
Time management	0	1	0
	0	1	0
Material (counted at line item level)	0	0.2	0
Financial (counted at line item level)	1,000	0.2	200
Total Capacity			800

License Cost = Total documents x document price

Figure 2: Options for existing SAP ERP customers



*Sales & Service Order Processing/Execution and Purchase Order Processing/Execution

WHAT ARE THE OPTIONS FOR EXISTING CUSTOMERS GIVEN THIS NEW INDIRECT/DIGITAL PRICING MODEL?

Existing SAP ERP on premise customers may choose to do nothing and keep current contract terms in place, or choose to take advantage of the new Indirect/Digital Access pricing with either option of a License Exchange or a full Contract Conversion to a new simplified contract. We are committed to working with customers interested in reconfiguring their licenses per the new model. SAP assures customers who proactively engage with us in good faith that we will not pursue back maintenance for under-licensing of SAP Software associated with indirect access.

Do Nothing

This option is best suited for existing customers happy with their contract terms who do not want to change. There are no changes to existing contract terms, and customer will continue using User and Order Licenses for all types of access.

License Exchange

For existing SAP ERP customers wanting improved transparency for Indirect/Digital access while not converting existing contract

The License Exchange option keeps existing contract in place and adds an addendum outlining the new modern ERP pricing using Document Licenses for Indirect/Digital Access use.

- Customer receives a credit of up to 100% of the license fees paid³ for the user and/or order licenses exchanged (e.g., Sales & Service Order Processing or Purchase Order Processing) for equivalent value in Document Licenses. (100% credit is limited to the net fees owed for the Document License)
100% of the maintenance base of the converting licenses is carried forward. **An example follows:**

Description	Value in €
Calculated Cost for documents (Based on historical records on documents needed)	500,000
Credit for Sales and Service Order Processing Licenses	(150,000)
	(350,000)
Net Cost to Customer	0
Maintenance Base Carried Forward (based on total credits exchanged)	500,000

Contract Conversion

For existing SAP ERP customers licensing SAP S/4HANA and wanting to consolidate/simplify old contracts (full contract conversion)

The Contract Conversion option applies the value of the licenses in the customer's existing contract as a credit towards a new reconfigured SAP S/4HANA-based solution landscape that meets current and future business needs.

- Replaces current bill of materials (BOM) with new SAP S/4HANA based BOM that includes simplified licensing structure
- Opportunity to fully reconfigure solution landscape (new BOM) based on current and future needs
- Up to 100% credit³ for old contract value applied to new bill of material
- Access to legacy SAP software during the transition
- One-time event
- Maintenance base does not go down

SAP CLOUD EXTENSION

Customers ready to move to the cloud or opt for a hybrid (on premise and cloud) landscape may take advantage of the SAP Cloud Extension policy to convert on premise maintenance fees to a subscription service spend on SAP Cloud solutions.

3. Conditions apply.

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