Third-party integrations with SAP can add significant value to a business, but beware of runaway costs associated with indirect usage.

Businesses try to do more with less to extract maximum value from their operations. Over the few years, technology has allowed many organisations running SAP systems to integrate with third-party systems to derive greater value from their operations.

Indeed, enterprises have deployed cloud-based apps such as those from Salesforce and Workday that tap into an organisation’s SAP system to act as a conduit between the user and the SAP system. Business intelligence systems and payroll systems can also link into SAP to input and extract data, while there are also smaller systems that carry out tasks not possible in a default SAP setup.

This seems an obvious thing to do. Partners and sales people can quickly access business data held on these systems to put orders into a system and track how they are being processed. By integrating these systems, orders can be placed far quicker and more efficiently than the more traditional method of placing orders with a representative over the phone. It’s a time saving, and one that can result in greater revenues for the organisation.

Automation and integration

Enterprise systems are more automated with integrated workflows and more involvement by the consumer in business processes (think of those customers trying to find out if you have something in stock before ordering it online). But there is no longer a simple case for licensing each user that directly accesses a SAP system. Users who indirectly access SAP must have an SAP user license too. SAP wants its pound of flesh.

This is why SAP is now cracking down on Indirect Access. As user groups around the world pushed for more transparency on indirect usage, this has led to greater financial exposure as SAP changed its enforcement of its price and conditions list (PCL) in October 2016. This meant a new license requirement for third-party add-ons.

For companies now, what seemed like a great way of using their SAP systems to greater effect, has now become a licensing nightmare. And SAP is now willing to stand up in court in a bid
to bring the issue to the attention of the industry; it’s a lot quicker than bringing the subject up during contract renewals and negotiations.

SAP has recently started arbitration against Anheuser-Busch Companies pursuant to the Commercial Arbitration Rules of the American Arbitration Association, seeking $600m in compensation for unlicensed use of its software. The vendor has also had a ruling in its favour against Diageo in an indirect licensing case concerning the use of mySAP enterprise resource planning (ERP) software on a Salesforce platform.

SAP knows you have limited options, so what do you do?

This hugely complex challenge needs to be navigated with precision and help. Organisations cannot migrate to another ERP system just like that as most are too firmly embedded. SAP knows this and is now playing ‘hardball’ in order to extract as much as it can from customers.

So, what are companies to do when faced with the prospect of paying out for potentially thousands more user licenses of SAP? The software vendor is not uncaring and with a bit of thought, rejigging and negotiation, the extra costs could be minimised.

When investigating this type of usage, the level of Indirect Access within a large organisation can be bigger than expected. Organisations need to get an idea of what third-party systems are accessing SAP systems in order to understand the potential financial exposure they may face. This includes surveying application owners and identifying the anomalous usage that flags up Indirect Access.

There are tell-tale signs of the latter: constant activity by a user for hours on end with no pause; users carrying out an enormous amount of work on SAP systems (such as numerous changes to or the creation of DB table entries); and cross-component usage where a user has changed or created DB table entries from different SAP modules at almost the same time.

If a system accesses SAP in these ways, there is likely to be a financial liability. It is fundamentally important that organisations know where these interactions are, how many third-party users may need a license and what type of license is needed.

But finding this anomalous activity cannot be done solely by manually looking at a system or interviewing key stakeholders within the organisation about their usage of SAP – it would take up a lot of resources that many IT departments just don’t have. For large enterprises, there would be too many users to manually consolidate the multitude of data sources in order to draw out patterns of data usage. You need a system and expertise to consolidate data to identify this behaviour.

Take control and prioritise indirect usage discovery

A priority for all organisations running SAP is to assess the risk involved with both direct and indirect usage. Many organisations don’t like to contact SAP directly as it may result in unbudgeted costs for extra licenses. This means organisations have to investigate usage themselves.

An enterprise has to question itself over which systems access SAP. Every part of the workflow needs to be looked at to find out if there is any chance that users are indirectly accessing SAP – this requires lengthy investigation.

Organisations may conclude that their level of access to SAP does not need a license or that only a minor part of SAP is being used. It could be that data is only being accessed in read-only mode or the investigation hasn’t been detailed enough and has missed some workflow that needs a license. Whatever investigations surface as far as access is concerned, there will still be a need for external expertise to help in reviewing the situation.

There are automated tools available to sniff out Indirect Access, but these will also need an element of human intervention to properly assess matters. It means bringing together people
who have in-depth knowledge of how SAP is licensed, the specific terms and conditions for the organisation, and those stakeholders that understand usage within (and external to) the SAP system.

Automated tools can cut the time needed to prepare all data by months. They will also give an organisation a baseline inventory of SAP and entitlements, enabling the enterprise to optimise SAP expenditure and entitlements, potentially saving firms millions in costs and procurement.

A review carried out by external experts or consultants can also find spare “direct use” licenses that could be used if any indirect usage is found.

If your organisation is pro-active in managing SAP licenses, whether this is direct or indirect, the vendor will be confident that this self-auditing fairly represents licensing usage.

The issue of SAP indirect usage is not going to go away by itself either. As a business, it is concentrating ever more on audits which incorporate analysis of indirect usage, so being prepared with actual usage data is the key to minimising financial risk. With a greater need for business intelligence, driven by the IoT, machine learning and AI, there will be a marked increase in external data sources and analysis too.

Organisations should carry out an internal audit as soon as possible before SAP does. IT infrastructure needs to be assessed wherever Indirect Access is in question. This will lessen the real fear that your organisation will be saddled with hefty financial costs and place you in a far greater position when considering the purchase of new solutions which integrate with SAP. Having the right information upfront will reduce your exposure in the long term.

Five ways to prevent a huge SAP indirect usage bill

With SaaS being in use by most organisations, it can be all too easy for organisations to run up large bills – something that is especially true when the SaaS application integrates with SAP. Here are five steps every organisation needs to prevent spiralling costs of indirect usage.

1 - Start tracing common communication protocols

Tracing common communication protocols can be used to identify potential third-party applications accessing your SAP system. Organisations should also collect information about applications which communicate via HTTP, TCP/IP, OSS or other communication paths. Organisations can monitor protocols by using the data from SAP T-Code ST03N (Workload and Performance Statistics).

Map each application and purpose and for each protocol access create a table. These applications should be classified and appropriately ranked based on the projected financial risk.

2 – Draw up system architecture

Organisations should then collect detailed information on systems and associated SAP users. Extracting information on SAP users will contain the named users with their logins but also the third-party applications having access to SAP systems. As well as this, infrastructure schemas should be charted to get a starting point for an accurate assessment of indirect usage. Third-party application owners should be consulted to identify the reason for the connection and its value. These owners can also give important information on the number of their users or the technical means used to interact with SAP systems.
3 – Assess risk

Once Indirect Access of your SAP systems has been identified, the associated risks should be assessed for each case. There are two types of risk; financial risk – the cost of compliance before and after an audit where organisations need to purchase additional licenses in order to comply with their license agreement; and technical risk – this is in regard to support of a third-party interface where an SAP system is not allowed.

Both risks need to be identified and assessed very carefully as they define what the appropriate compliance measures are.

4 – Take action to comply

Once risks have been assessed, organisations can take action to comply with their license and avoid a hefty bill. These can be (but are not limited to); deleting some indirect usage cases, or adopting an agreement to remove indirect usage or define necessary licenses. Organisations can also re-architect the flow of data between third-party applications and SAP systems to minimise indirect usage or identify alternative methods of interfacing with SAP systems.

5 – Use software asset management and automated monitoring

Using a software asset management (SAM) tool can significantly reduce Indirect Access anxiety by providing full visibility of usage across the SAP estate. Such tools can automatically optimise named user licenses and business packages, in preparation for SAP LAW (License Administration Workbench) reporting. They can also define transaction profiles for limited professional users, as a basis for changing them to another kind of user. The right SAM software can help in gaining transparency on SAP indirect usage from applications such as Salesforce.

Organisations should also use tools to automatically discover any indirect usage of SAP systems that are signalled through anomalous behaviour. Such tools can help organisations take charge and remediate issues and avoid possibly substantial costs.

Concerned about your business exposure when it comes to SAP licensing? Register for our free webinar: 4 Steps to Reduce SAP Indirect Access Risk


Contact your local Crayon team today to find out how we can help give you and your company more!

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