



SAP's License Administration Workbench is NOT a Software Asset Management or License Optimization Solution

EXECUTIVE SUMMARY

C-Level management is increasingly scrutinizing the trajectory of spending on legacy platforms across the enterprise such as SAP. They are evaluating SAP licensing optimization and management tools, processes and solutions as a means to tackle the escalating costs.

"We have LAW, which is free from SAP, why would we need another tool?" are often the first words coming from the SAP Administration team. The problem with this response is that SAP's LAW (License Administration Workbench) is a measurement and reporting tool, not an optimization tool. LAW makes plenty of assumptions that favor SAP, and provides almost no insight into the efficiency of the licensing assignments and deployment. As a self-audit tool, its primary purpose is to provide a foundation from which SAP evaluates the potential for an additional true-up of license sales annually.

This paper is intended to help CFOs, CIOs and procurement managers to have a better understanding of the stark differences between SAP's LAW tool and Software Asset Management (SAM) solutions. The former is designed to collect audit compliance data for SAP, and the latter is a means to gain transparency and control of SAP deployment and costs. The goals and audiences for the two are opposite rather than congruent.



INTRODUCTION

SAP's License Administration Workbench known as "L-A-W" is used as a tool to prepare audit data for SAP* to review. LAW collects and consolidates SAP license-relevant measurement data (users, engines, self-declaration products) for the component and central system.

System Administrators can get a more consolidated overview of the licenses provisioned and deployed. SAP uses LAW measurement data to bill customers when additional licensing is required. It's important to note that LAW is NOT an optimization tool and does not indicate which users are inactive or over-licensed.

An SAP administrator at a large global enterprise commented recently that: "LAW feeds SAP's internal audit team – engineers, contract lawyers and salespeople – with the data they need to escalate your charges every time".

That is a powerful assertion, and one based as much on emotion as fact. But the passion does not belie the fact that SAP's LAW tool and SAP-focused Software Asset Management/License Optimization solutions do very different things. Comparing the two is like comparing the proverbial apples and oranges.

WHAT IS THE PURPOSE OF THE LICENSE ADMINISTRATION WORKBENCH?

SAP describes its License Administration Workbench (LAW) with precision: “The License Administration Workbench (LAW) is a tool for the central consolidation of license audit data and supports you in the SAP license audit process for complex system landscapes. In particular, the LAW simplifies the classification, combination and consolidation of data for users that work in multiple systems and clients.”

As you can see, SAP itself has never tried to position LAW as anything other than a tool to aggregate audit data for contract compliance.

However, in meetings between CFOs, CIOs and SAP administrators, you will often hear SAP administrators say something along these lines: “We have the SAP LAW tool to manage our SAP users, engines and license types, so we don’t need a Software Asset Management/ License Optimization solution.”

Does this assertion stand up to the facts?

The SAP contract expressly requires the customer to provide the LAW data as part of the audit process. In most cases, if the company is unable to provide this data, it will permit SAP to connect to its SAP systems to collect the data.

We do not dispute that SAP’s LAW is used to help monitor compliance. If the company has users out of compliance, SAP will detect this and come up with a renegotiated set of fees for the company to bring itself back into compliance with its contract.

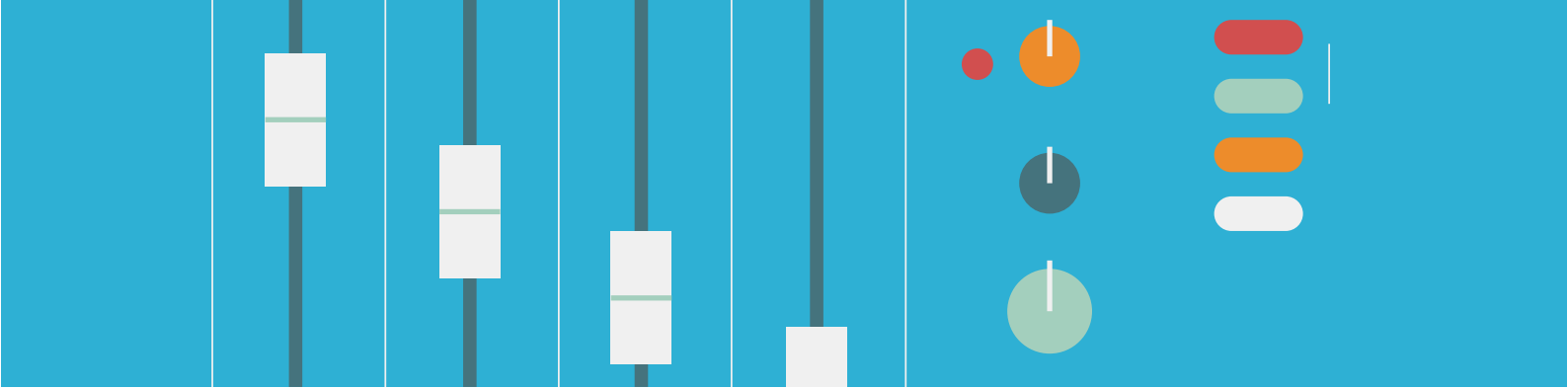
But what the LAW tool does *not* do is provide data for the purpose of optimizing the number of named SAP users, optimizing access and use of engines in a deployment, or optimizing the roles and license types assigned to users.

SAP’s LAW is classified as an audit compliance tool and serves that exact purpose. The data collected and painstakingly merged is used by SAP’s internal audit team to determine the company’s compliance with its existing contracts and to set out the best strategy moving forward to optimize additional revenue from the customer. In this respect, the emotional outburst from the SAP administrator quoted in the introduction is a fair reflection of the truth.

More than half of SAP’s annual revenue and more than 75% of its profits come from its installed base of customers and the annual maintenance fees flowing from those contracts. SAP, not unlike any other software vendor, has a clear purpose for the audit data provided by the LAW.

SAP License Administration Workbench Tool (LAW)

Audit Data for Software Vendor	✓
License Type Compliance	✓
Named User Consolidation Across Systems	✓
Indirect Access Compliance	✓
Detailed Identification of Unused Licenses	✗
Detailed Identification of Inactive/Obsolete Users	✗
Detailed Identification of Duplicate Users	✗
User-Specific License Type Optimization	✗
Early Warning of Indirect Access Violations	✗
Audience for Data Collected	SAP
Purpose of Data Collection	AUDIT



HOW DOES A SOFTWARE ASSET MANAGEMENT/LICENSE OPTIMIZATION DIFFER?

SAP Software Asset Management (SAM) and Software License Optimization (SLO) have a very different objective to SAP's License Administration Workbench.

The foundational elements underpinning SAM and Software License Optimization are:

- Gaining a detailed and comprehensive understanding of the current baseline inventory of license provisioned.
- Reducing future purchasing costs and ongoing maintenance costs for SAP by optimizing the number of users, the access and usage of engines, the specific user license types deployed and the potential indirect access charges across the company.

SAP Software Asset Management and Software License Optimization have additional "downstream" benefits for the company including:

- Improve "audit readiness" through pre-audit and data transparency;
- Reduce related license such as Oracle or Microsoft when unused/redundant licenses are detected;
- Better control server costs by reducing extra/superfluous test servers through inventory control;
- Reclamation/recycling of SAP licenses to reduce future purchasing requirements;
- Isolate usage and cost by user/department for more accurate internal cost accounting;
- Improve negotiations with SAP by having clear, unambiguous user, engine and usage data.

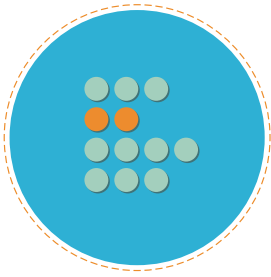
The SAP user and usage data collected by the Snow Optimizer for SAP® Software is substantially more comprehensive than the systems measurement

data displayed by SAP's LAW tool and can provide a substantially better picture of what usage is really happening across the company.

SAP Software Optimization software such as the Optimizer from Snow Software move well beyond providing data for SAP to perform an audit.

They provide for three distinct capabilities: firstly, the collection and aggregation of user, engine and usage detailed data; secondly, analysis capability to isolate and determine probable user and usage optimization as well as potential areas of indirect access compliance issues; and finally, administrative capability to actually retire/recycle SAP licenses, modify SAP user license type, and assure compliance with existing license types.

SAP Software Asset Management /License Optimization with the Snow Optimizer for SAP® Software	
Audit Data for Software Vendor	✓
License Type Compliance	✓
Named User Consolidation Across Systems	✓
Indirect Access Compliance	✓
Detailed Identification of Unused Licenses	✓
Detailed Identification of Inactive/Obsolete Users	✓
Detailed Identification of Duplicate Users	✓
User-Specific License Type Optimization	✓
Early Warning of Indirect Access Violations	✓
Audience for Data Collected	Enterprise
Purpose of Data Collection	Cost Control



AGGREGATE

- Collect user, usage & engine data
- Develop an inventory baseline
- Collect logon history
- Make available detailed and summary baseline data
- Detect obsolete and erroneous licenses
- Detect unintended duplicates
- Determine most optimal and compliant user license-type for each user



ANALYZE

- Detect possible indirect access violations and specific causes
- Review change recommendations that have been queued
- Approve changes to SAP User Master Data
- Retire/recycle SAP licenses as appropriate
- Identify indirect access violation issues and address



ADMINISTER

OBsolete OR ERRONEOUS USERS

Snow Optimizer for SAP® Software will provide various analyses to attempt to isolate and detect named SAP users that are potentially obsolete, duplicate or wrongly assigned.

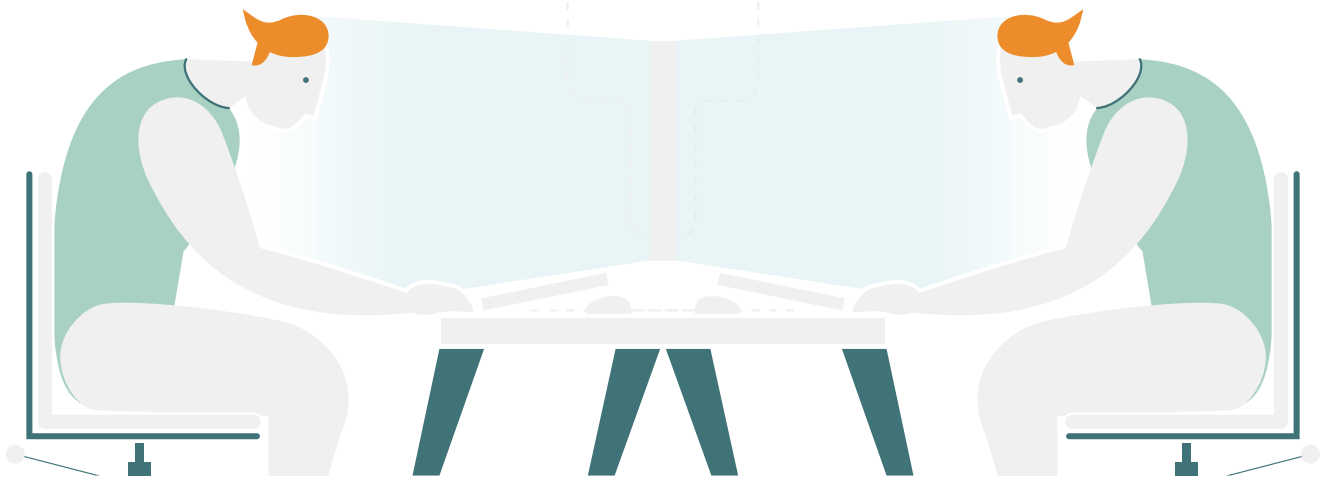
The License Administration Workbench does not provide a way to distinguish between a named user that logged into the system last week or two years ago, and is only focused on gathering (not analyzing or optimizing) audit-related data for future billing.

Snow Optimizer for SAP® Software will review the Last Login Database and can generate a list of all users who, for example, have not logged into the system for the past year.

It can go further, and queue in an automated change to the SAP Master Data to expire these SAP users so (a) these licenses can be recycled, and (b) the enterprise is not mandated to buy additional licenses even when it has thousands of licenses that are no longer valid.

Reducing or eliminating obsolete users can benefit a company in many ways:

- **Risk and Control.** Obsolete and erroneous licenses can expose a company to unnecessary risk. Licenses that may have been assigned to former employees or hired contractors working on SAP development and are no longer used can expose the company to unauthorized access to the system.
- **Ongoing Yearly Costs.** Enterprise maintenance for SAP licenses consumes 22% of the purchase price of the software every year. Paying maintenance on tens of thousands of unused licenses is tremendously costly and wasteful.
- **New Procurement Costs.** Negotiating a steep discount on 5,000 SAP professional user licenses may be a well-intentioned but misguided effort if a company has 15,000 user licenses that could be retired and recycled. Companies can potentially save significant amounts of forward spending by using the licenses they have already purchased more efficiently.



DUPLICATE USERS

SAP's LAW software can consolidate licenses across multiple SAP systems into a consolidated view based on the logon name and a number of other fields. By default, it aggregates user licenses by the logon name. LAW does this for audit purposes and does not provide any detailed information or analysis to isolate, detect or correct unintended duplicate users in the system.

Duplicate users involve one actual user having more than one unique named SAP user login. There may be valid reasons why a user has been assigned multiple SAP licenses, but in many cases this was not the original intent.

A simple example is if a woman changes her last name after marriage and is assigned a new SAP login name. Care must be taken to consolidate these two user names into one – by ultimately retiring the original one.

OPTIMIZING SAP LICENSE TYPE FOR EACH USER

SAP's LAW software collects and provides usage audit data to attempt to identify users who are exceeding the capabilities of their assigned license types. By identifying this information through an SAP audit, SAP is able to suggest an upgrade of the license type, causing a "true up" in costs for compliance. That is the well-known role for compliance.

While the Snow Optimizer for SAP®Software can measure license type compliance accurately, its complementary role is to identify those users who have a license type well in excess of their needs based on a long collection of actual usage history.

SAP user license types can be set in a number of ways. First, the SAP administrator can assign a license type

based on his understanding of future work activity and access to functionality and data. This is not atypical. Secondly, the SAP administrator can assign "Roles" to a user, which in turn define the license type.

Neither of these "look back" at actual usage to determine the optimal license type. There are over 100 license types, with the difference in costs for purchase and annual maintenance almost 30-fold between the least and most expensive SAP license type.

By properly fitting the SAP license type to each user periodically throughout the year, based on actual behavior of perhaps the past 9-12 months, the company can assure compliance for its upcoming SAP audit and cost optimization.



INDIRECT ACCESS COMPLIANCE

Indirect Access to SAP data through bespoke applications developed within enterprises as well as third-party applications such as salesforce.com are part of the modern enterprise. Each user accessing data through SAP must have a valid SAP license or an indirect access license.

SAP's LAW tool captures usage data which is analyzed by the SAP Audit team to determine if there is potentially indirect access activity occurring, and if the enterprise is properly licensed for such activity. In most cases, the enterprise is not, and SAP will push for additional indirect license purchases which can add up to a meaningful cost.

The Snow Optimizer for SAP® software collects the same usage data, and also looks to isolate potential indirect access violations. The difference is that with Snow Optimizer for SAP® Software the company can (a) determine the exact source of the indirect access violation, and (b) be aware of it in advance of SAP and correct it ahead of the audit.

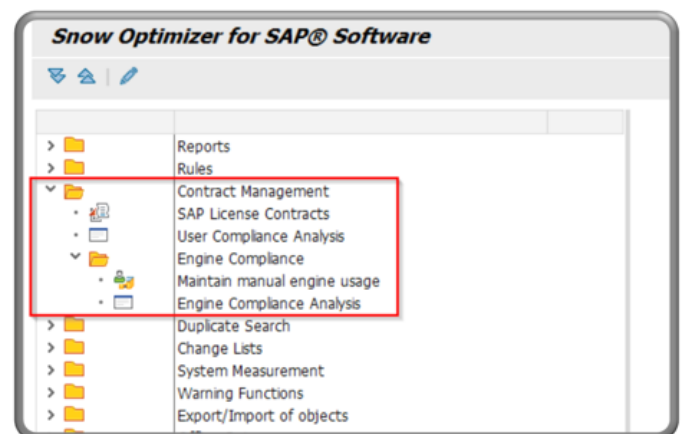
The company may take licensing or programming action to address the compliance issues in advance of an on-site SAP visit. Companies should develop an architectural diagram of all applications and portals connecting to SAP that documents the inter-connection, the direction of the flow of information, and the number and type of users of the application.

SAP Compliance, Contracts and Entitlements
The LAW tool from SAP does not take into account any consideration of what contracts and entitlements a company has, so by its design and nature it does not

highlight areas where a company is incompliant with its contract.

That task is left up to the audit team at SAP. It will highlight any shortage of licensing that represents a compliance issue, and will note the true-up requirements for a company to get back into compliance.

License Optimization tools such as the Snow Optimizer for SAP® Software can manage all the SAP contracts and entitlements and highlight specific areas where the company is out of compliance.



Moreover, with the contract data loaded into an SAP license optimization product, the actual costs for each license and engine can be better understood by those managing the licenses. This additional transparency allows them to look into the annual cost for each group or department. The SAP LAW tool does not look at or report any license cost metrics as a measurement tool.



CONCLUSION

There are fundamental and stark differences between a vendor audit tool such as the License Administration Workbench tool from SAP and SAP Software Asset Management/License Optimization solutions such as the Snow Optimizer for SAP® Software. Trying to compare the two really is like comparing apples to oranges.

Key decision makers charged with gaining control over a company's IT spending should take note of this distinction when they are assured that "all is under control with the SAP deployment, as they have the LAW tool". The LAW tool is provided by SAP and is intended to collect and provide mandatory audit data back to SAP.

Using LAW or providing SAP access to your systems to gather the LAW data is mandated in almost all SAP license contracts. It is not a proactive optimization solution that provides company management with transparency, insights and cost reduction analysis.

Using advanced Software License Optimization (SLO) solutions such as the Snow Optimizer for SAP® Software, preferably several months in advance of an SAP audit, can provide a much more comprehensive understanding of actual SAP software requirements, costs and cost-savings through transparency and analysis.

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SNOW SAM PLATFORM

Slm

Snow license manager

With millions of licenses sold, Snow License Manager is the world's leading SAM solution.

Srs

Software recognition service

Recognize commercially-licensable applications across the network.

Om

Oracle management option

Cut the costs of managing complex Oracle licenses.

Vm

Virtualization management

Identify and manage virtual assets across the network.

Sdm

Snow device manager

A complete enterprise mobility management solution that handles the full lifecycle of mobile devices.

Inv

Snow inventory

The true multi-platform audit solution designed to find devices, audit software installs and track usage.

Sic

Snow integration connectors

Integrate Snow's SAM platform with existing Inventory, ITAM and Service Management solutions.

Sos

Snow optimizer for SAP® software

Manage SAP licensing to optimize one of the enterprise's largest software costs.

Ap

Snow automation platform

Define and implement automated process to support software optimization.

ABOUT SNOW SOFTWARE

Snow's Mission is to stop organizations paying too high a price for the software they consume.

To bring transparency and fairness to the licensing of software across the network, Snow provides on-premise and cloud-based Software Asset Management (SAM) solutions that safeguard the US \$320 billion spent each year on enterprise software: ensuring organizations realize the full benefit of optimized licensing.

Snow is the largest dedicated developer of SAM solutions, headquartered in Sweden with more than 380 staff across 16 regional locations, three development centers and local support teams in seven territories.

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