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LICENCE TO BILL

The top secret world of SAP licensing

Reduce cost and improve commercial control on your journey to SAP S/4HANA.

Your mission:
Diffuse the SAP licensing time-bomb

SAP customers are facing a pivotal moment. Support for SAP ECC ends in 2027, or 2030 with extended maintenance. Yet, out of approximately 35,000 global SAP ECC and S/4HANA customers, only around 8,000 are live on S/4HANA – and just 4,000 of those have migrated from ECC.

As organisations navigate this transition, they're also adapting to a shift in how SAP licences are bought and managed. Traditional perpetual models are giving way to subscription-based licensing, especially through SAP's RISE and GROW programs. At the same time, newer SAP technologies – like BTP and Business Data Cloud – are licensed on a consumption basis, offering powerful capabilities but also introducing new commercial considerations.

SAP's licensing model has evolved to reflect changing technology delivery and commercial models. But with that evolution comes increased complexity – and where there's complexity, there's potential for misunderstanding, overspending, and misalignment.

This field guide is designed to cut through that noise. Whether you're leading a transformation program, managing SAP architecture, or overseeing procurement, it will help you make sense of your options, avoid costly pitfalls, and navigate your path forward with greater confidence.

Your mission, if you choose to accept it, is to uncover the secrets of SAP licensing and control it before it controls you.

Chapter 1: Mission briefing

TOP SECRET

FOR YOUR EYES ONLY

LOCATION: Islands of Computerisation

OBJECTIVE: Restore order and licensing stability

Only veterans will remember, but this tropical archipelago was once known as the Islands of Computerisation, and each island had its own distinct culture and industry.

However, for the last 20+ years the region has been under the control of the ECC government – integrating the different island nations.

Until now…

ECC's time in charge has come to an end, and the island nations are rediscovering their independence in a more composable form.

It's a time for change, opportunity and celebration – but there's also risk and discord.

In the power vacuum left behind, rival licensing gangs have seized control of key territories – each operating under its own unpredictable rules and commercial models.

And that's where you come in.

You are being deployed as specialist agent 2502. Your mission: navigate these territories, decode the licensing models, and help restore clarity and control to your SAP estate.

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Your targets...

The Subscription Syndicate
Dominating the main island with RISE and GROW. Smooth operators, but they come with layered terms and dependencies.

The Consumption Cartel
Spread across smaller territories like BTP and Datasphere, where usage determines cost – and missteps can quickly become expensive.
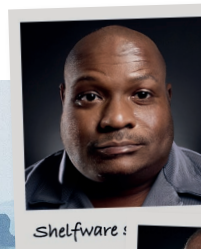
The Indirect Access Alliance
Shadowy figures who charge for connections you didn't realise counted as access. Easy to overlook, harder to explain in an audit.

The Shelfware Smugglers
Stashing unused licences in plain sight. They look harmless, but they quietly bloat your bill.
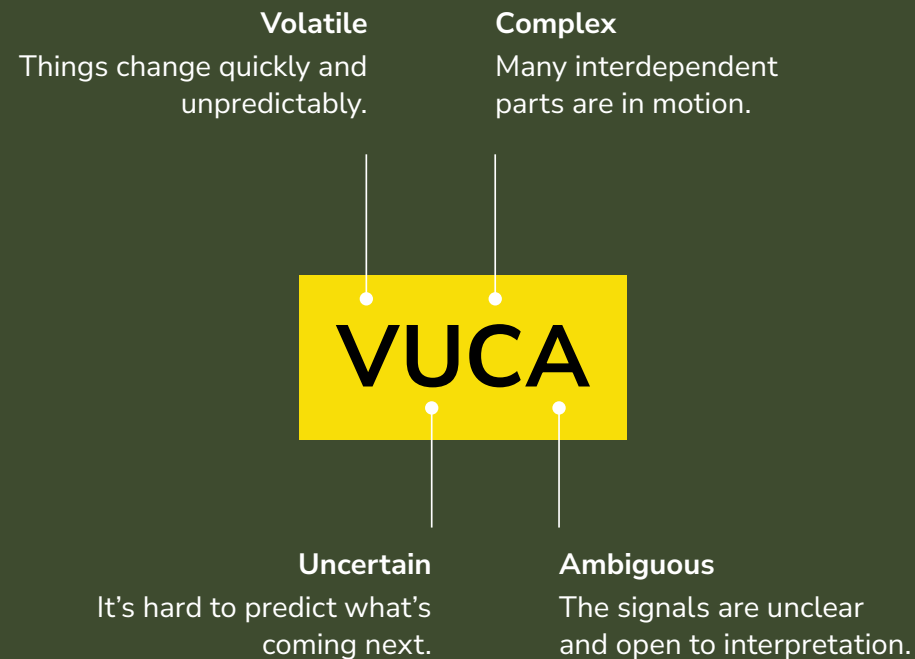
The Entitlement Enigmas
Tricksters of the small print. What you think you've bought isn't always what you can actually use.

The Subscription Syndicate

Consumption Cartel

The Indirect Access Alliance

Shelfware s

Shelfware smuggler

Shelfware smuggler

The Entitlement Enigmas

This dossier arms you with knowledge and tactics you need for licensing success – from understanding modern licensing to exposing hidden costs and ensuring you don't stumble into unnecessary complexity.

Stay sharp. Stay informed. And whatever you do, don't sign anything without reading the fine print.

Good luck 2502.

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Volatile
Things change quickly and unpredictably.

Complex
Many interdependent parts are in motion.

VUCA

Uncertain
It's hard to predict what's coming next.

Ambiguous
The signals are unclear and open to interpretation.

VUCA – the operative's guide to navigating chaos

Originally developed by the U.S. Army War College, VUCA is a strategic framework used by military and intelligence operatives to plan for high-stakes missions in unpredictable, volatile environments – where clarity is scarce, and the risks are always shifting.

What began as a framework for understanding military strategy has since become a cornerstone of modern leadership thinking. Business leaders now use VUCA to describe environments where planning is difficult, outcomes are unpredictable, and success requires adaptability.

Bob Johansen, of the Institute for the Future, helped bring VUCA into the business lexicon. In his 2009 book, Leaders Make the Future, he argued that succeeding in a VUCA world requires vision, understanding, clarity, and agility.

Sound familiar?

If you're navigating SAP licensing, you're operating in a VUCA environment. Licensing models evolve, costs are unpredictable, integrations add complexity, and the fine print is often ambiguous. But with the right guidance, you can bring order to the chaos – and make confident decisions in the face of uncertainty.

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Chapter 2: Criminal lingo

Glossary of terms from the licensing underworld

Every complex system has its own language. The SAP licensing world is no different.

Like wartime cryptography designed to obscure meaning from the uninitiated, SAP's terminology can leave even seasoned professionals decoding in the dark.

This glossary is your decoder ring – a guide to the most important licensing lingo you'll encounter.

These terms define what you can do, how much you'll pay, and whether you'll stay compliant. If you don't understand them, it's easy to lose control of the conversation – and the budget.

It's time to crack the code.

Licensing
The foundation of your mission. A licence is essentially permission to use a specific piece of software. But the type (perpetual, subscription, consumption) determines how long, how much, and how often you pay. Spoiler: it's rarely straightforward.

Bill of Materials (BoM)
Think of this as your equipment list. It details everything you've bought – or think you've bought – from SAP. But beware: it may not reflect what you're actually using, or what you're entitled to.

Agreement
The formal handshake. An agreement in SAP licensing is a high-level, umbrella document that governs the overall terms and conditions of your relationship with SAP. It's the legal framework that all your individual software purchases and services sit under.

Contract
Not to be confused with the agreement – this is more granular. A contract (or sometimes called a licence order form, purchase order, or order schedule) is the specific, transactional document that details what you're buying from SAP – and under what commercial terms.

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Glossary of terms from the licensing underworld

Clause

The legal landmines. A clause is an individual section or provision within an agreement or contract that defines a specific term, obligation, or right. Clauses are the building blocks of both the high-level agreement and the transactional contract. They define the rules that both you and SAP agree to follow.

Entitlements

An entitlement refers to the specific rights you have to use SAP software, as defined by your contract(s). It's effectively what you are licensed for – the products, users, and metrics you've purchased the right to access. Think of it as your licence inventory.

Use rights

Use rights define how you're allowed to use the SAP software you're entitled to – the rules of usage, based on what you've purchased. While entitlements tell you what you have access to (e.g. 50 professional users), use rights define what those users are permitted to do and in which systems.

Audit clause

The hidden camera in the corner. An audit clause is a section within your contract that gives SAP the legal right to verify how you're using the software – and to check whether that use aligns with your entitlement. It's one of the most important (and sometimes most overlooked) clauses in SAP licensing.

Perpetual licensing

The traditional model. You pay once and the software is yours to use indefinitely – on-premise, under your control. But perpetual doesn't always mean predictable: support costs, upgrade paths, and evolving use rights can all create hidden risks.

Subscription licensing

You pay to use the software for a set period – typically through annual or multi-year terms. It offers flexibility, but the long-term costs can sneak up if not managed carefully. RISE and GROW are examples of this.

Consumption licensing

This model charges based on actual usage, like processing power or data volume. It's popular in SAP's newer platforms like BTP and Datasphere, but without visibility and controls, it can lead to surprise costs.

You're now fluent in the dialect of the SAP licensing underworld. The next time someone drops a contract on your desk, you won't just read it – you'll decode it.

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Chapter 3: Spy training

Understanding your as-is licence environment

Cue the montage. Before you drop into the field, you need the right skills, tools, and intel to survive. In the real world, this means getting crystal clear on your current licensing reality – and your future ambition.

Your training starts now…

BoM review
Reviewing your Bill of Materials is the best way to undercover shelfware and over or under licensing. It's the first step to reducing risk and cost.

User mapping
Who's using what – and why? Map your users to the licences you've bought and how they use them. This helps uncover shelfware, misaligned roles, or phantom users and prepares you to map these users in your future S/4HANA environment.

Landscape and integration analysis
Your tech landscape is part of the battlefield. Document all connected systems – SAP and non-SAP. Pay attention to integrations that might trigger indirect access or unexpected usage patterns. If it talks to SAP, it needs to be on your radar. Understand what ECC functionality has moved into LoB applications as you may need to licence those alongside S/4HANA.

Negotiation tactics
Know your value, understand your exposure, and don't enter commercial conversations blind. You control how and when you buy licences – so don't let timelines be dictated by software vendors or SIs with other priorities.

This phase is all about visibility. The better your self-awareness, the harder it is to be caught off guard.

You've trained. You've prepared. Time to suit up.

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Internal security alert

Mole Detected in HQ

Your as-is definition has uncovered some serious risks. Intelligence suggests a licensing mole has embedded themselves inside your estate. Evidence points to:

Shelfware

Licences bought but never used. Hidden in plain sight. Shelfware can occur due to bundling by SAP during software purchases, or simply because you licensed software you no longer use and have never reviewed it.

Indirect access

External systems triggering licence costs under the radar. Any software which integrates into your SAP system has the potential to trigger indirect access, so it's vital you have a crystal clear understanding of all your integrations and what they do.

These issues aren't always intentional – but they are costly.

Your mission: trace the anomalies. Clean up your usage. Strengthen your defences.

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Odd jobs and henchmen

The SAP licensing double act

In the world of SAP licensing, there's always a bigger plot. While SAP might be the mastermind behind the platform, like you they have their own team behind them. They often rely on a network of loyal henchmen – your Systems Integrators (SIs) – to help carry out the mission.

On the surface, SIs are your partners. But behind the scenes? They're often incentivised to sell licences and expand scope. That makes them less like impartial advisors, and more like the classic Bond villain sidekick – slick, well-connected, and quietly inflating your costs.

Your SI shows up offering help – but what they're really doing is creating "OddJobs" – delivering additional complexity, extra work, and scope creep. Licence reviews, cloud expansions, BoM tweaks – it all adds up. And since many SIs benefit commercially from SAP's success, their independence in licensing conversations is questionable.

That's why working with an independent partner matters. Independent advisors aren't tied to SAP, don't resell licences, and have no hidden incentives. They bring clarity, challenge assumptions, and make sure you're not being led into a trap by a well-dressed henchman with a briefcase full of change requests.

Trust your instincts. And trust the people who aren't working both sides of the table.

Chapter 4: Assembling the team

Who's got your back?

No mission is solo. Bond had Q. Ethan had Luther.

You? You need the right allies in the room.

Here's your operational unit…

Chief Information Officer (CIO)
The digital commander-in-chief. The CIO needs to know business people have access to the software they need, and that they can seamlessly integrate with SAP to deliver the business strategy.

Chief Financial Officer (CFO)
The money maestro. They're responsible for the cost of the S/4HANA program, forecasting OpEx vs CapEx impacts, and ensuring licensing aligns with financial planning.

Procurement Lead
Your commercial sharpshooter. These people will lead your negotiations securing terms that reduce cost and risk for the business.

IT Architect
The technical cartographer. They know how everything connects, can spot where indirect access might be hiding, and can ensure your licensing strategy is fit for purpose for the future growth of the organisation.

SAP Functional Leads
These domain specialists understand how the business uses SAP day-to-day. Crucial for mapping real usage against your BoM and ensuring you aren't under- or over-licensed.

Security and Access Lead
Your identity specialist. These people know who's using what, where, and how – which is especially important for user-based licensing.

Program Director/Transformation Lead
The strategist. They keep the big picture in view. Licensing can directly affect project timelines, budgets, and design decisions so it's vital to overall transformation success.

Legal Counsel
Your contract operative. The contracts, clauses, and audit rights involved in your licensing purchases carry significant legal and financial obligations, so it needs legal oversight.

Independent Advisors
Every agent needs a Q – someone in the background, supplying the insight, gadgets, and guidance to keep the mission on track. Independent advisors play that role in your SAP program.

They're not tied to vendors, they're not selling you licences – they're just there to make sure you've got what you need to succeed, and to spot the traps before you fall into them.
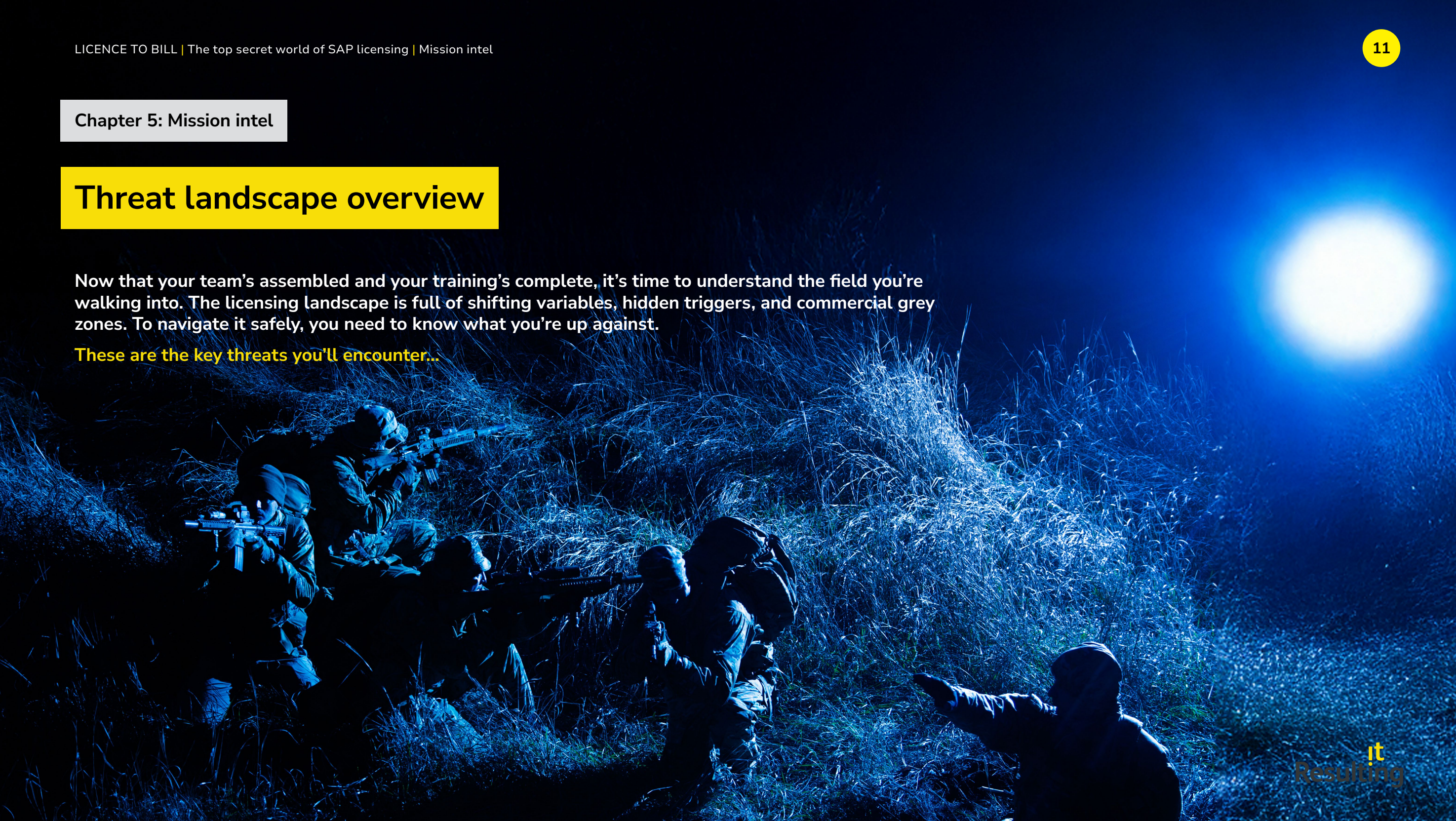
Get these people aligned, and your mission becomes a lot more achievable.

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Chapter 5: Mission intel

Threat landscape overview

Now that your team's assembled and your training's complete, it's time to understand the field you're walking into. The licensing landscape is full of shifting variables, hidden triggers, and commercial grey zones. To navigate it safely, you need to know what you're up against.
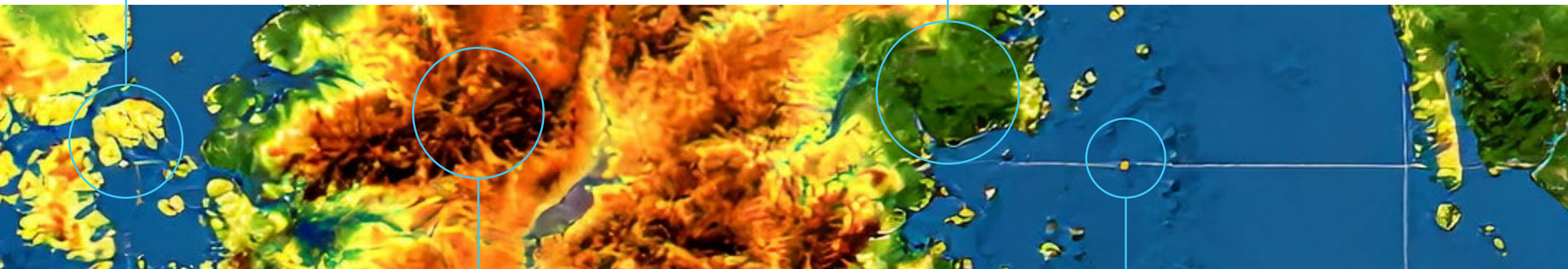
These are the key threats you'll encounter...

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FUEs (Full Use Equivalents)

FUEs are SAP's licensing metric for S/4HANA user subscriptions. Different roles are assigned a weighted value that adds up to a total FUE count – it's important to get FUE calculation right as you could end up overpaying, or worse be in breach of contract.

Document posting

Document posting is one of the licensing metrics SAP uses, whether that's documents posted by integrated systems, or by your businesspeople. Each document posted counts towards your licence entitlement, so designing your systems and processes with this in mind can have a big impact on licensing costs.

Digital access

This is SAP's answer to the indirect access challenges in ECC. It means third-party systems are licensed based on the number of documents they post to your system. If digital access goes untracked it can lead to significant licensing costs and compliance breaches.
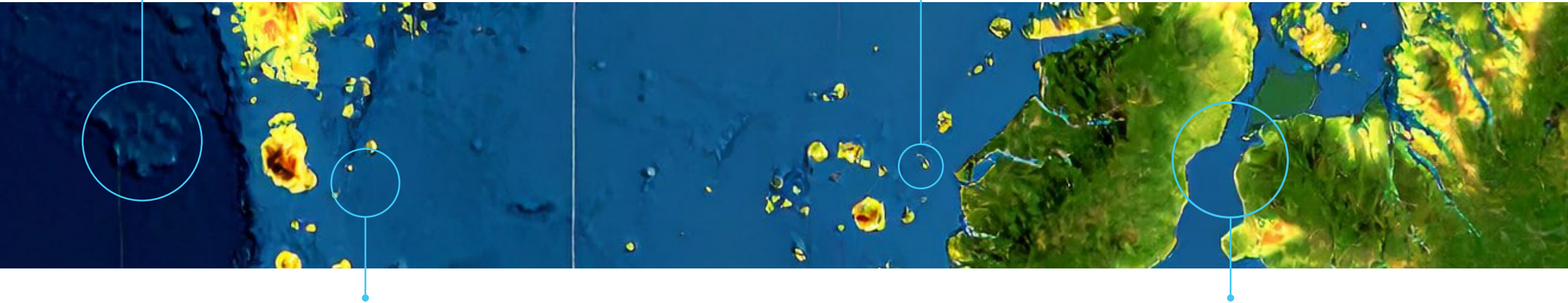
BTP consumption

BTP works on a consumption-based model where things like an API call will use up pre-paid credits. Usage like this can escalate quickly without proper governance, and it means decisions made by your dev team could have an inadvertent procurement impact.

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BTP credit bundles

BTP licensing works on the consumption of pre-paid credits. SAP will provide discounts if you buy these credits in bulk up front, and topping up later can cost more. The problem is credits are non-refundable and they also expire – so you need to be accurate about your future consumption when purchasing credits to get the best outcome.

CapEx vs OpEx

Moving to a subscription based licensing model means a move from CapEx to OpEx expenditure. While this can have its benefits, it puts you at greater risks of vendor lock in, escalating subscription costs over time, and less clarity around TCO.

Missing functionality in S/4HANA

Some functionality that existed in SAP ECC has moved to LoB application in S/4HANA. If you overlook these gaps when building your future system you could be hit by an unexpected licensing cost for something like SuccessFactors to replace HCM functionality you used to rely on.

RISE vs GROW vs Private Cloud vs On-Prem

There are a number of licensing models for SAP S/4HANA, and the burden is on you to understand which provides the functionality you require for the lowest TCO. Get it wrong and you could be locked in to a model that can't scale with your business, or end up with shelfware you don't need.

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TCO (Total Cost of Ownership)

In the ECC world, TCO was straightforward to calculate. In the composable S/4HANA world you need to consider the cost of your S/4HANA core, LoB applications, consumption in tools like BTP and BDC, digital access, and how you design your system to optimize costs in all these areas over time. It's a massive challenge compared to the old ways of doing things.

BoM – Bundling & BoM defusal

Your Bill of Materials lists all the products, user types and services you've purchased. It's a complex document and often conceals shelfware and bundled products you just don't need. Carefully review your BoM to understand what you're buying and that you're not overspending.

BDC and capacity units

Much like BTP, Business Data Cloud is a consumption-based licensing model based on capacity units. Being strategic on how much processing power, data volume and frequency of exports you need can have a big impact on your licensing costs.

Key clauses

There are some critical clauses in your SAP contracts that define your rights, obligation and long-term exposure. Knowing which these are and reviewing them is key to protecting yourself from unexpected cost increases and compliance issues.
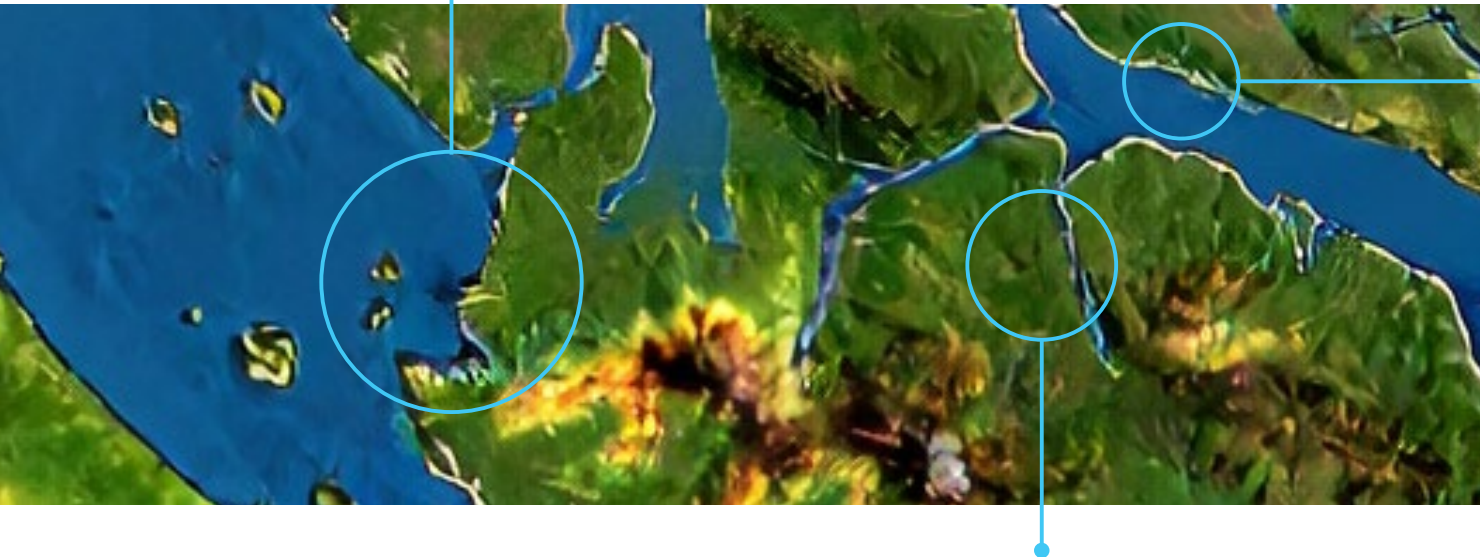
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Usage governance

With the introduction of consumption-based licensing a whole new role has developed on SAP programs around usage governance. As the model is new, these skills are in short supply and high demand, so prioritising filling this gap in your team is a must.

Consumption-based AI tools

We all want to leverage AI to stay ahead of the competition, but tools like SAP's AI core, AI foundation and embedded BTP services are all consumption based. If you're going to benefit from AI in your future SAP S/4HANA system you need to put governance in place to make sure you don't spin up any unforeseen costs.

Complex environments (M&A, multi-system landscapes)

The more complex your environment is, the more challenging licensing becomes. Running multiple systems can lead to the risk of double licensing in some instances, and compliance gaps in others. Make sure you do the necessary due diligence during M&A or divestitures to stay compliant.

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Chapter 6: Agent's Field Guide

Five ways to strengthen your licensing position

Congratulations 2502. You've made it through your ~~basis~~ basic training.

As you start your licensing mission, here are five survival tips from agents who've returned from previous missions. Intelligence shows that these will give you the best odds of success.

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Understand your as-is and to-be landscapes

Knowledge is power when going into a negotiation. Map your current SAP estate and integration points before defining your target architecture or entering into discussion with SAP. Knowing what you have and where you're going is the first step to licensing wisely.
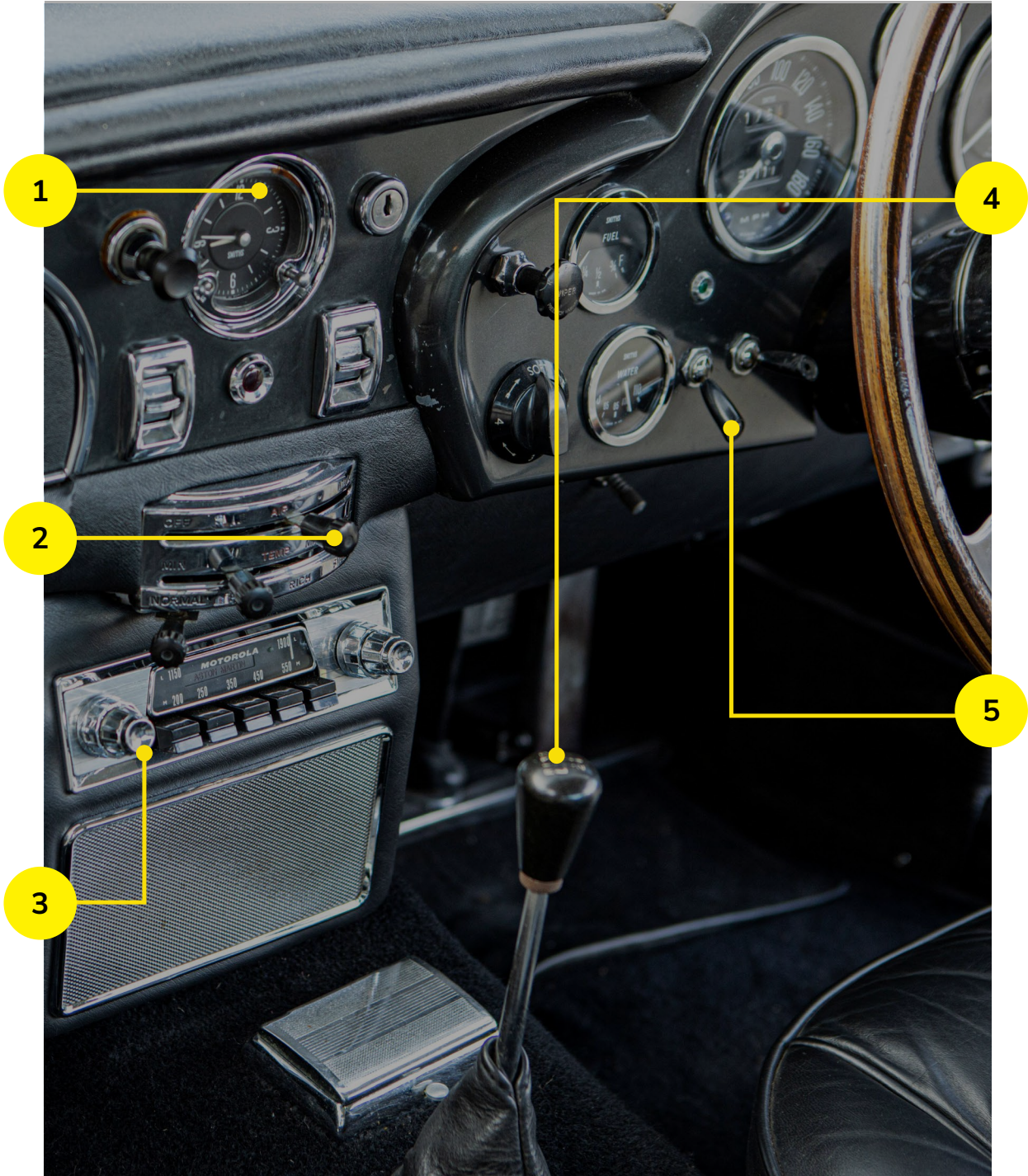
Control the timeline of your licensing discussion

You get to set the pace of your SAP S/4HANA program. Don't let licensing be driven by vendor agendas. Own your negotiation timeline and structure deals to fit your roadmap.
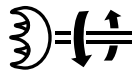
Review your BoM for shelfware

Your BoM is the first place to look when analyzing your licence position. You should know it well. Cross-reference what's included in your BoM with what you're using today. Shelfware is common, costly, and often overlooked.

Simulate and model future scenarios

Test how licensing costs could change under different usage patterns, integration choices, and SAP offerings. Develop a cost optimisation roadmap to keep licensing costs under control while responding to the changing demands of the business.

Align licensing to business value

Don't licence based on assumptions – licence based on how your business operates and what it needs. Align commercial strategy with real usage and future demand to ensure you have enough coverage for what your businesspeople will need to grow the business – but no more than that.

Follow these steps, and you won't just survive your SAP S/4HANA mission – you'll own it.

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Final briefing

Ready for action

You've decoded the lingo. You've mapped the threats. You've trained your team and sharpened your tactics. You're ready to step into the negotiation room and take control of your SAP licensing destiny.

But even the best agents know when to call for backup.

If you need air support, the Licensing A-Team at Resulting is on standby. We specialise in cutting through complexity and giving you the clarity and certainty you need to make confident licensing decisions.

Here's how we help...

SAP licence review and optimisation
Uncover what you really need vs what you're paying for, with full visibility of your BoM and usage.

Contract and clause analysis
We go deep into your agreements to spot hidden risks and commercial traps.

Scenario planning and modelling
Simulate different outcomes to support confident commercial decisions during your S/4HANA journey.

Support for RISE, GROW, and Cloud licensing models
Independent advice to choose the right path for your business, not SAP's bottom line.

Audit preparation and risk mitigation
Proactive strategies to reduce exposure before SAP knocks on your door.

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Want to take control of your licensing future?

Then don't go it alone. Every 007 needs a Q – someone in the background with the right tools, insights, and intelligence to make the mission a success. Talk to Resulting IT, and we'll equip you with everything you need to navigate SAP licensing with confidence, precision, and a touch of style.

License smart.

Stay sharp.

And never negotiate without backup.

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