bluewave SELECT

SAP Partner

The SAP Report
Q2 2024

bluewaveselect.com

Contents Page

Welcome

Vincent Dunlop

Co-Founder / Director

Hello and welcome to the Q2 2024 SAP Report.

The year started at a sprint and there are no signs of it slowing down. There aren't many organisations out there that aren't recruiting in one form or another which is encouraging news for SAP practitioners. **S/4HANA programmes remain the main driver behind the demand for good SAP people.**

We hope you enjoy this edition of the SAP Report which is packed full of up-to-date SAP industry news, info on the most in-demand SAP skills, the latest salary and day rate benchmarking and independent advice on how to achieve your SAP goals from industry experts.

What happened in Q1

Manchester Meet Up

Off the back of last summer's London SAP networking event, we organised an event in central Manchester which was well attended and great fun. **The overwhelming sentiment is that it's great to meet up in person** once again. Thank you to everyone who came.

SAP ED&I Report

A real first for the SAP industry - we launched an ED&I report on **Women in SAP**. The report compares gender imbalances, offers global comparisons and practical advice to enhance gender diversity in SAP roles.

SAP Contractor Survey Results

These survey results provide **insights into the mindset of SAP contractors** - their preferences in new positions and factors distinguishing successful SAP programmes from unsuccessful ones.

SAPNETWORK+

ELEVATE YOUR PROFILE

We've reached 1000 members! If you're not yet a member, SAP Network+ is like LinkedIn, but just for SAP people. The platform is driven by members, has lots of great SAP content and is totally free.

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Industry News

SAP announces Q1 2024 results

READ HERE →

SAP rises most since January on record cloud backlog growth

READ HERE →

SAP rises as Q1 print delivers 'solid update against elevated expectation'

READ HERE →

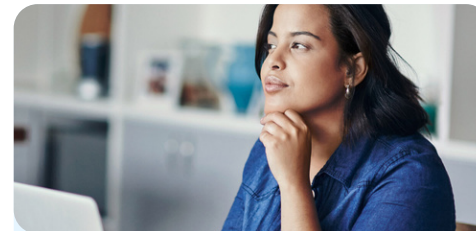### Software firm SAP to pay $220m over bribery charges

READ HERE →

SAP unveils AI-driven supply chain innovations to transform manufacturing

READ HERE →

SAP's source-to-pay solution strategy focuses on customer success

READ HERE →

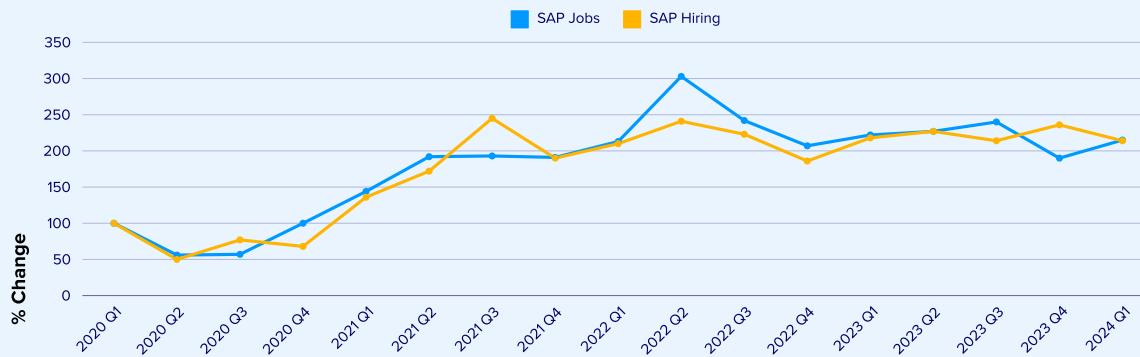### Equipping the next generation of underrepresented talent for a career in tech

READ HERE →

'We feel betrayed': SAP workers rebel against forced return to the office

READ HERE →

All sources: bluewaveSELECT

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SAP Jobs & Hiring Activity

SAP **Jobs** and **Hiring Activity**

Legend: SAP Jobs, SAP Hiring. Y-axis: % Change. X-axis quarters from 2020 Q1 to 2024 Q1.

S/4HANA VS ECC

Legend: ECC, S/4 HANA. Y-axis: % of SAP vacancies. X-axis from 12 mths to 2019 Q2 to 2024 Q1.

The number of SAP jobs increased in Q1 compared to Q4's seasonal end-of-year drop. However, overall hiring numbers dropped in the same period. This drop is a knock-on effect of the lower vacancies in Q4. Both SAP jobs and hiring in April were up 30% on the Q1 monthly average - a strong indication that Q2 will bounce back and trend upwards on both counts.
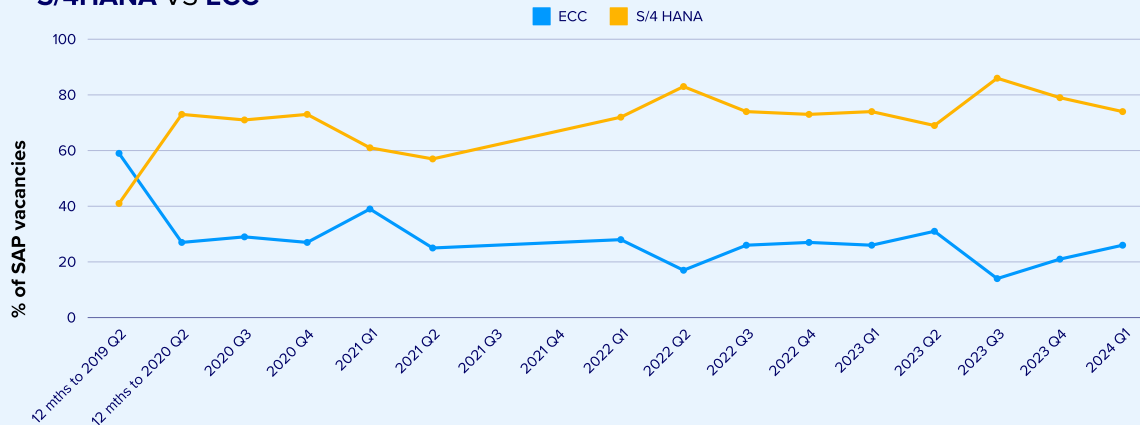
It's no surprise that S/4HANA programmes continue to dominate SAP vacancies. We expect the demand for S/4HANA skills to continue through 2024 and beyond, until a balance is reached between demand and skills availability. Yet, the percentage of ECC roles has crept up steadily and consistently over the last 3 quarters. This is due to SAP users (that have not yet begun their move to S/4HANA) deciding to consolidate multiple ECC instances into a single platform, in preparation for an eventual S/4HANA transition.

All sources: bluewaveSELECT

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SAP Jobs & Hiring Activity

Permanent vs Contract Jobs
Q4 2023

■ Contract ■ Permanent

Permanent 27%

Contract 73%

End user vs Consultancy
Q4 2023

■ End User ■ Consultancy

Consultancy 43%

End User 57%

Contract: Inside IR35 vs Outside IR35

27%
Inside 1R35

73%
Outside IR35

SAP Jobs by Work Requirement

8% On Site

59% Hybrid

33% Remote

SAP Jobs by Seniority

5% Analyst

18% Leadership

34% Principle

43% Consultant

All sources: bluewaveSELECT

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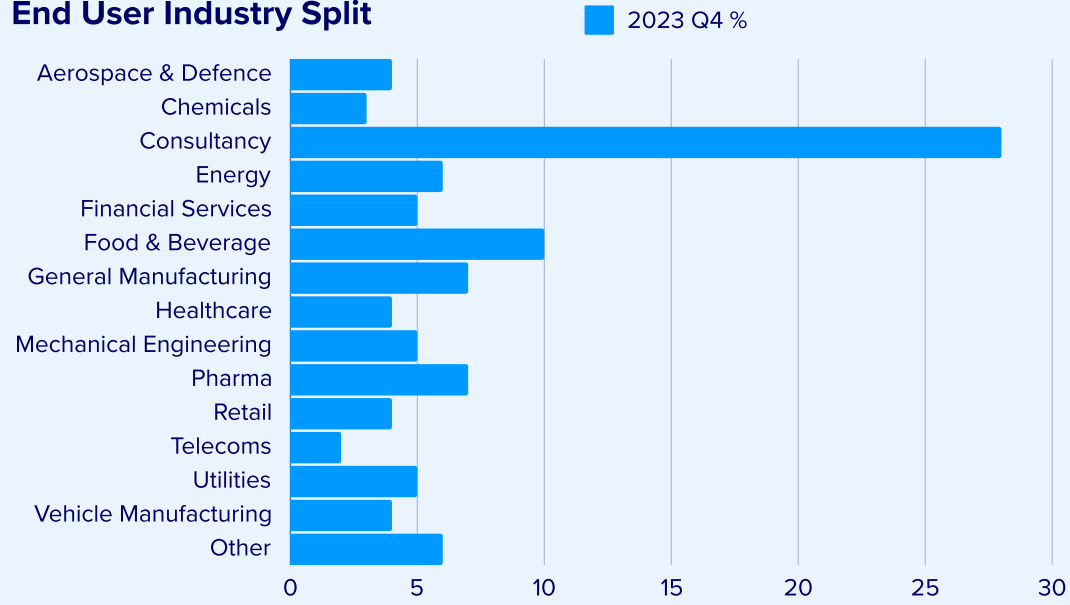# Q1 Top 5 In-Demand SAP Skills

% of roles

1
HXM

HxM remains the industry's most in-demand skill set for the 3rd quarter running, driven almost exclusively by SuccessFactors and SuccessFactors Payroll projects that allow systems to match post-pandemic flexible working practices. SAP PY & ECP are the most popular sub-skills, with SF Integration, SF Onboarding 2.0 with RCM & RMK growing in demand.

7.1%

2
Project Management

38% of Q1 SAP customers were new to bluewaveSELECT - most engaged us to resource Phase Zero and Phase One of new SAP programmes. This required highly-skilled Project Managers to lead stakeholders through design & manage delivery via 3rd party implementation partners. This demand is likely to continue given the number of SAP users yet to start their S/4HANA journey.

6.5%

3
ABAP

The upward trend for onshore SAP development skills means that businesses have moved away from outsourcing & offshoring entire ABAP teams. SAP's mantra of 'innovate around the edges', the UX appeal of Fiori & advances around AI in SAP landscapes mean ABAP development has moved a step closer to users and a hybrid development capability seems to be a better fit for most.

5.9%

4
Data

The quality of data is an integral success (and failure) point of any SAP programme. It is this fundamental point that keeps the demand for good data people so consistently high, particularly business-facing SAP data leads responsible for the design & delivery of the overall data strategy & on a hands-on level, consultants skilled in MDG.

5.4%

5
Solution Architecture

Demand for Solution Architects in Q1 mirrored previous quarters, driven by the onset of new S/4HANA programmes. Integration between S/4HANA & other applications has been an unexpected challenge for many SAP programmes. So we've seen demand for Solution Architects to design & implement these complex integrations, ensuring seamless data flow & interoperability.

4.9%

All sources: bluewaveSELECT

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SAP Jobs & Hiring Activity

End User Industry Split

■ 2023 Q4 %

Aerospace & Defence
Chemicals
Consultancy
Energy
Financial Services
Food & Beverage
General Manufacturing
Healthcare
Mechanical Engineering
Pharma
Retail
Telecoms
Utilities
Vehicle Manufacturing
Other

0   5   10   15   20   25   30

New v Existing Client

■ No ■ Yes

No
38%

Yes
62%

Women in SAP (Placements)

78%
Male

22%
Female

S/4HANA vs ECC

74%   26%

S/4HANA   ECC

All sources: bluewaveSELECT
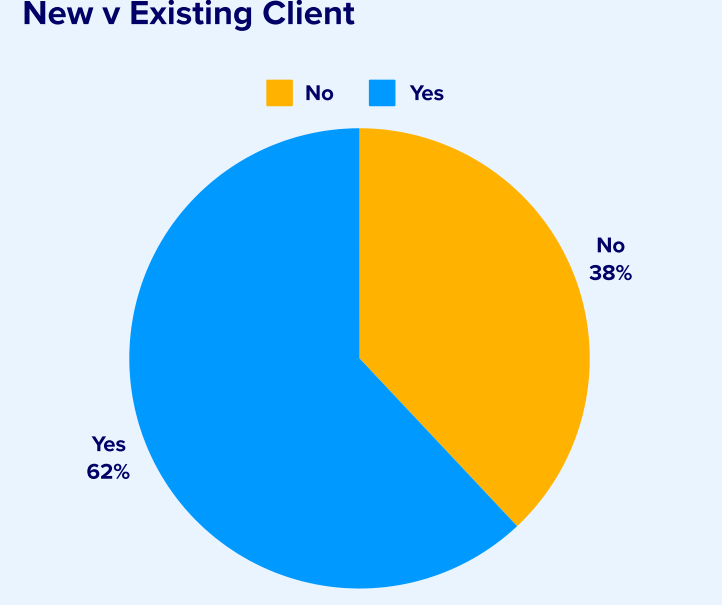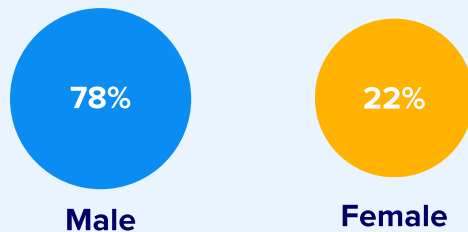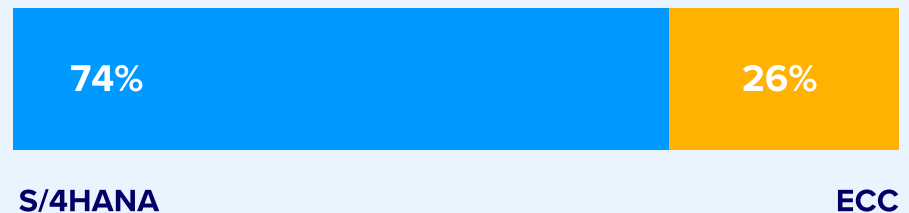
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SAP Jobs & Hiring Activity

Location Split - Global

Location	Value
UK	39
Germany	34
Ireland	5
Belgium	4
France	4
US	4
Sweden	3
Rest of the World	3
South Africa	2
Denmark	1
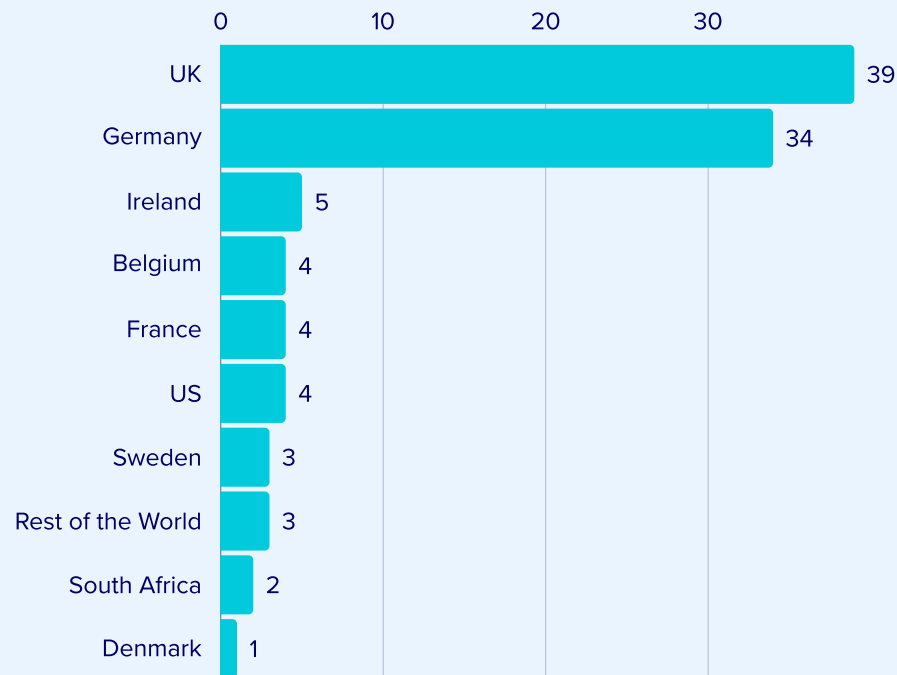
Location Split - UK & Ireland

- M4 Corridor 7%
- Scotland 4%
- Ireland 12%
- South West 5%
- Midlands 9%
- North West 14%
- Greater London 31%
- Yorkshire & NE 18%

All sources: bluewaveSELECT

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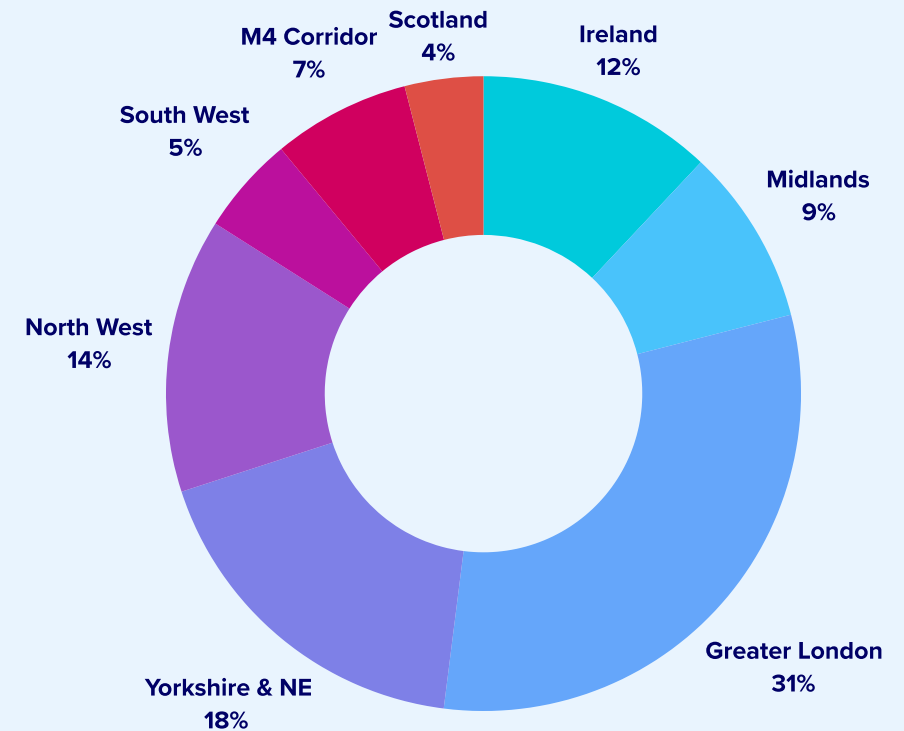
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SAP Salary Benchmarking

Are you paying the right amount for your permanent SAP resources?

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SAP Salary Benchmarking

↑ ← ↓ Compared to prior quarter

Job Role		Salary Range			
Leadership	**Lower**		**Higher**		
Transformation	£150k	↑ 7.1%	£195k	↑ 2.6%	
Programme	£100k	↑ 5.3%	£150k	↑ 7.1%	
Project	£70k	← 0%	£95k	← 0%	
PMO	£55k	↑ 10%	£65k	← 0%	
BAU/Head of	£88k	↓ -2.2%	£125k	← 0%	

Job Role		Salary Range			
Technical	**Lower**		**Higher**		
Architect	£90k	← 0%	£125k	↓ -3.8%	
Basis	£70k	↑ 7.7%	£90k	↑ 12.5%	
Security	£60k	← 0%	£80k	← 0%	
ABAP	£68k	↑ 4.6%	£80k	← 0%	
Integration	£75k	← 0%	£95k	← 0%	
Data Manager	£85k	↑ 6.3%	£105k	↓ -16.7%	
Data Lead	£80k	↑ 6.7%	£95k	↑ 11.8%	
Data Consultant	£55k	← 0%	£80k	↑ 6.7%	

Job Role		Salary Range			
Business	**Lower**		**Higher**		
Process GPO	£70k	↓ -6.7%	£120k	↑ 9.1%	
Process Lead	£75k	← 0%	£100k	↑ 11.1%	
Process BA	£50k	← 0%	£70k	↑ 7.7%	
Change Manager	£60k	↓ -20%	£110k	← 0%	
Change Consultant	£55k	← 0%	£75k	← 0%	
Training Manager	£70k	← 0%	£85k	← 0%	
Training Lead	£65k	← 0%	£75k	← 0%	
Training Delivery	£50k	← 0%	£65k	← 0%	

Some skill areas feature a wide range of salary and day rates due to a number of factors - end-user vs consultancy, whether or not the position has an S/4 HANA or a niche skill element, scope of programme, responsibility of the individual, regionality and industry weighting.

All sources: bluewaveSELECT

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SAP Salary Benchmarking

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↑ ← ↓ Compared to prior quarter

Job Role	Salary Range			
Functional	**Lower**		**Higher**	
Solution Architect	£90k	↑ 5.9%	£110k	↓ -8.3%
OtC Manager	£80k	↑ 6.7%	£105k	↑ 10.5%
OtC Lead	£75k	↑ 7.1%	£95k	↑ 5.6%
OtC Consultant	£60k	← 0%	£80k	← 0%
RtR Manager	£80k	↓ -11.1%	£120k	← 0%
RtR Lead	£80k	↑ 6.7%	£105k	↑ 10.5%
RtR Consultant	£60k	← 0%	£80k	← 0%
PtP Manager	£85k	↑ 6.3%	£100k	← 0%
PtP Lead	£70k	← 0%	£90k	← 0%
PtP Consultant	£60k	← 0%	£80k	← 0%
Manufacturing Manager	£80k	← 0%	£90k	← 0%
Manufacturing Lead	£85k	← 0%	£95k	← 0%
Manufacturing Consultant	£65k	↑ 8.3%	£80k	↑ 6.7%

Job Role	Salary Range			
Functional	**Lower**		**Higher**	
Warehousing/Logistics Manager	£80k	← 0%	£90k	↑ 5.9%
Warehousing/Logistics Lead	£85k	↑ 6.7%	£95k	← 0%
Warehousing/Logistics Consultant	£65k	← 0%	£80k	↑ 14.3%
SF Manager	£88k	← 0%	£105k	↑ 5%
SF Lead	£70k	← 0%	£100k	← 0%
SF Consultant	£50k	↓ -8.3%	£90k	↑ 5.9%
BI Manager	£80k	↑ 6.7%	£100k	↓ -4.8%
BI Lead	£65k	↑ 7.1%	£85k	← 0%
BI Consultant	£55k	↓ -15.4%	£75k	← 0%
Test Manager	£75k	↓ -5.9%	£85k	← 0%
Test Lead	£60k	← 0%	£75k	← 0%
Test Consultant	£55k	↑ 11.1%	£70k	↑ 7.7%

All sources: bluewaveSELECT

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SAP Day Rate Benchmarking

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SAP Day Rate Benchmarking

Are you paying the right amount for your contract SAP resources?

⬆ ⬅ ⬇ Compared to prior quarter

Job Role	Contract Benchmark			
Leadership	**Lower**		**Higher**	
Transformation	£1,200 ⬅	0%	£2,200 ⬆	10%
Programme	£800 ⬅	0%	£1,100 ⬇	-8.3%
Project	£600 ⬇	-7.7%	£800 ⬅	0%
PMO	£400 ⬅	0%	£600 ⬅	0%
BAU/Head of	£700 ⬆	7.7%	£850 ⬇	6.3%

Some skill areas feature a wide range of salary and day rates due to a number of factors - end-user vs consultancy; whether or not the position has an S/4 HANA or a niche skill element; scope of programme; responsibility of the individual; regionality and industry weighting.

Job Role	Contract Benchmark			
Technical	**Lower**		**Higher**	
Architect	£700 ⬇	-6.7%	£1,200 ⬆	9.1%
Basis	£500 ⬆	11.1%	£650 ⬅	0%
Security	£450 ⬅	0%	£870 ⬅	0%
ABAP	£350 ⬇	-22.2%	£550 ⬇	-8.3%
Integration	£600 ⬇	-7.7%	£850 ⬅	0%
Data Manager	£600 ⬆	9.1%	£850 ⬇	-5.6%
Data Lead	£550 ⬅	0%	£750 ⬅	0%
Data Consultant	£400 ⬇	-11.1%	£550 ⬅	0%

Job Role	Contract Benchmark			
Business	**Lower**		**Higher**	
Process GPO	£700 ⬅	0%	£1,200 ⬇	-5.9%
Process Lead	£650 ⬅	0%	£650 ⬇	-6.7%
Process BA	£400 ⬇	-11.1%	£870 ⬅	0%
Change Manager	£600 ⬅	0%	£550 ⬆	5.6%
Change Consultant	£500 ⬅	0%	£850 ⬆	7.7%
Training Manager	£600 ⬆	9.1%	£850 ⬅	0%
Training Lead	£450 ⬅	0%	£750 ⬆	8.3%
Training Delivery	£400 ⬅	0%	£550 ⬇	-9.1%

All sources: bluewaveSELECT

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SAP Day Rate Benchmarking

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SAP Day Rate Benchmarking

Are you paying the right amount for your contract SAP resources?

↑ ← ↓ Compared to prior quarter

Job Role	Contract Benchmark				
Functional	**Lower**			**Higher**	
Solution Architect	£800	←	0%	£1,200	← 0%
OtC Manager	£600	←	0%	£750	← 0%
OtC Lead	£600	↑	9.1%	£700	← 0%
OtC Consultant	£550	↑	10%	£650	↑ 8.3%
RtR Manager	£650	↑	8.3%	£750	↑ 7.1%
RtR Lead	£600	↑	9.1%	£750	↑ 7.1%
RtR Consultant	£500	←	0%	£650	← 0%
PtP Manager	£650	←	0%	£750	↓ -6.3%
PtP Lead	£600	←	0%	£750	← 0%
PtP Consultant	£550	←	0%	£650	← 0%
Manufacturing Manager	£650	←	0%	£750	↓ -11.8%
Manufacturing Lead	£600	↓	-7.7%	£750	↓ -6.3%
Manufacturing Consultant	£550	←	0%	£650	↑ 8.3%

Job Role	Contract Benchmark				
Technical	**Lower**			**Higher**	
Warehousing/Logistics Manager	£650	↑	8.3%	£800	← 0%
Warehousing/Logistics Lead	£650	↑	8.3%	£800	↑ 6.7%
Warehousing/Logistics Consultant	£550	←	0%	£650	← 0%
SF Manager	£600	←	0%	£800	← 0%
SF Lead	£550	←	0%	£700	← 0%
SF Consultant	£450	←	0%	£550	↓ -8.3%
BI Manager	£650	←	0%	£800	↑ 6.7%
BI Lead	£550	←	0%	£750	↑ 7.1%
BI Consultant	£450	←	0%	£550	↓ -15.4%
Test Manager	£600	←	0%	£800	↓ -5.9%
Test Lead	£550	←	0%	£600	← 0%
Test Consultant	£350	↓	-12.5%	£500	↑ 11.1%

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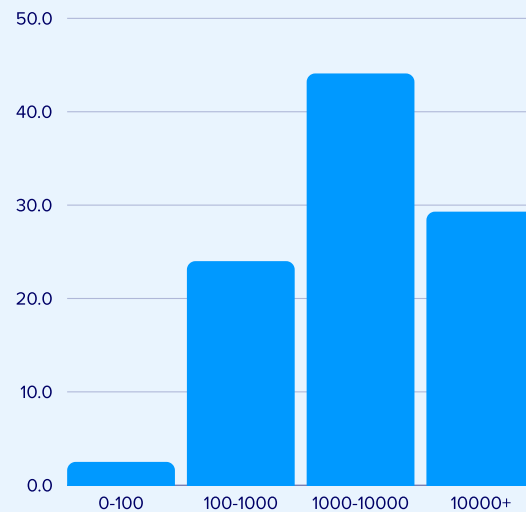
S/4HANA Growth

S/4HANA Growth

74% of all SAP programmes supported by bluewaveSELECT in Q1 were in an S/4HANA environment. There's no doubt that the % of SAP customers joining the S/4HANA journey is increasing.
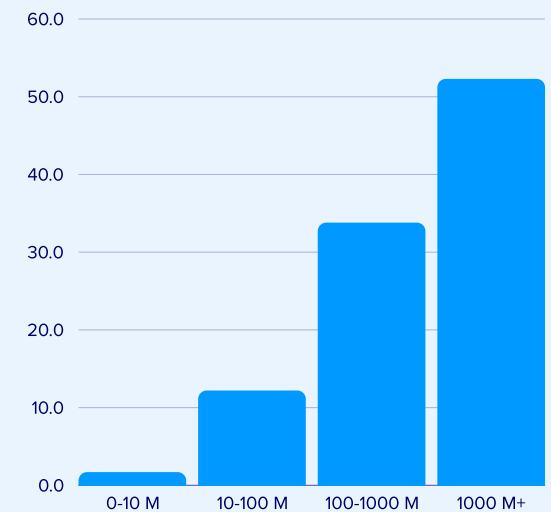
Yet, Basis Technologies reported that only 14% of existing (SAP) customers have *fully* migrated to the new platform. And SAPInsider reported there were still 35,000 SAP customers in 2023 that were yet to begin their S/4HANA journey.

From a resource perspective, this still makes it a candidate short market for commercial S/4HANA experience.

Breakdown of **SAP S/4HANA** Customers by Number of Employees

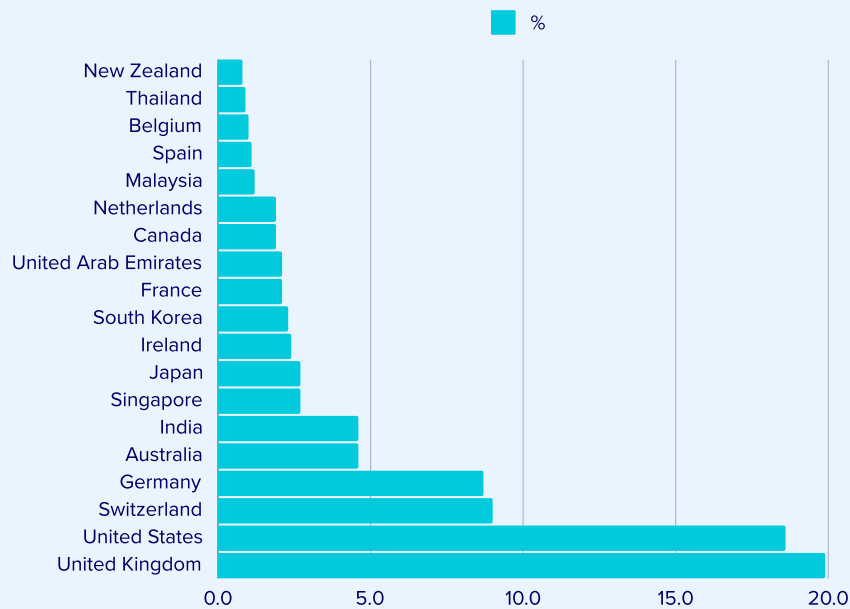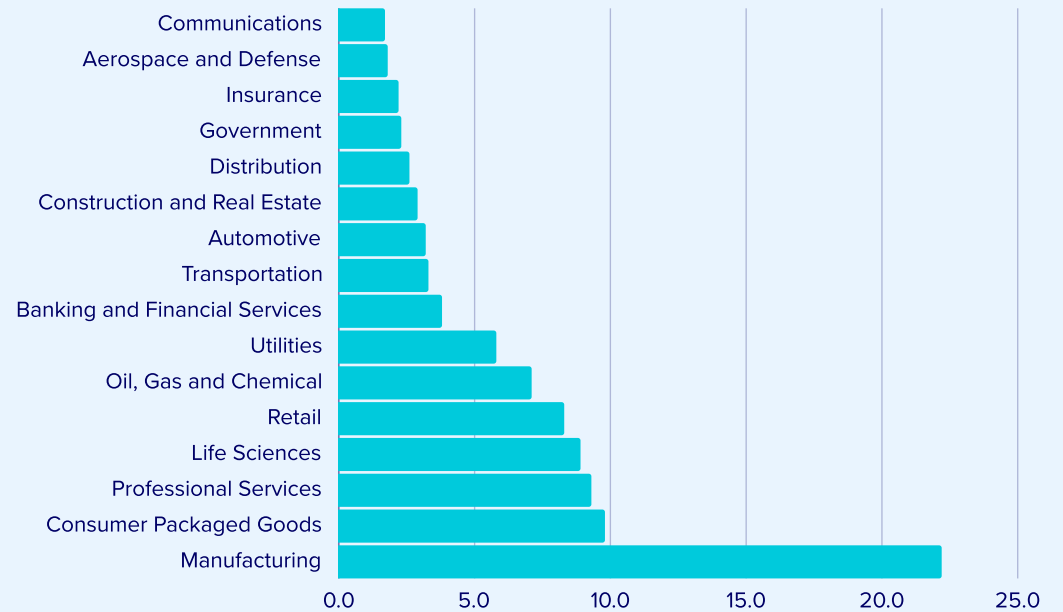
Breakdown of **SAP S/4HANA** Customers by Revenue

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S/4HANA Growth

Breakdown of **SAP S/4HANA** Customers by Countries

%

Countries (top to bottom): New Zealand, Thailand, Belgium, Spain, Malaysia, Netherlands, Canada, United Arab Emirates, France, South Korea, Ireland, Japan, Singapore, India, Australia, Germany, Switzerland, United States, United Kingdom

Axis: 0.0, 5.0, 10.0, 15.0, 20.0

Breakdown of **SAP S/4HANA** Customers by Industry

Industries (top to bottom): Communications, Aerospace and Defense, Insurance, Government, Distribution, Construction and Real Estate, Automotive, Transportation, Banking and Financial Services, Utilities, Oil, Gas and Chemical, Retail, Life Sciences, Professional Services, Consumer Packaged Goods, Manufacturing

Axis: 0.0, 5.0, 10.0, 15.0, 20.0, 25.0

Have any gaps in your S/4HANA team? bluewaveSELECT can help with expert advice, market insights, S/4HANA resource mobilisation and cost saving

All sources: bluewaveSELECT

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Women in SAP

In Q1 we launched the first of five equity, diversity and inclusion focused reports covering gender, LGBTQIA+, disability, race and ethnicity and neurodiversity.

Our goal is to highlight the situation we're in, understand what progress has (or hasn't) been made, raise awareness of the issues impacting these groups and provide practical solutions to employers to increase the diversity of the pool of people applying for SAP roles within their organisation (as well as the likelihood of those people being successfully hired).

Women in SAP Over Time (Placements) (%)

■ Men ■ Women

21% 27% 23% 31%

2020 Q4   2021 Q2   2022 Q4   2023 Q4

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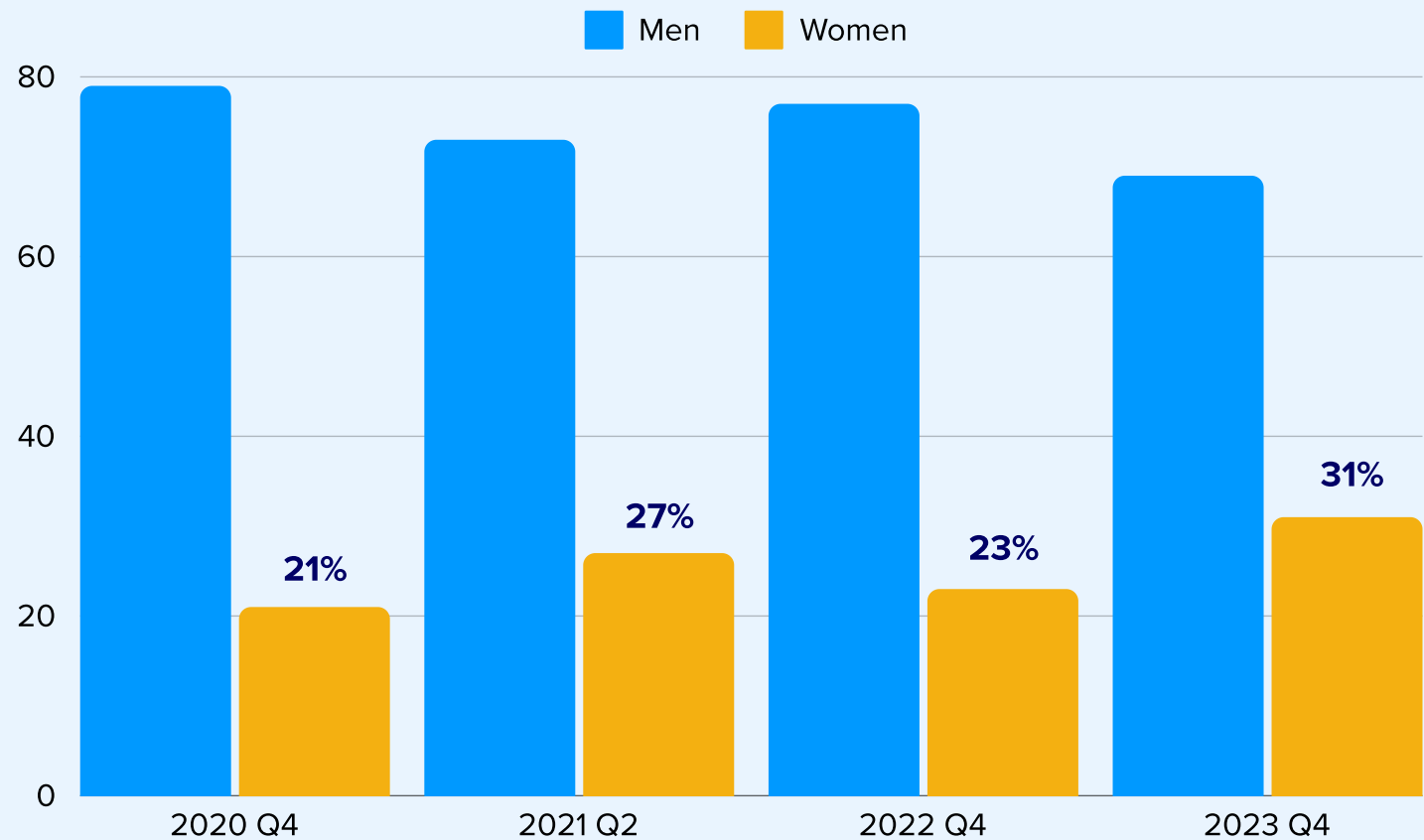
The SAP Report Q2 2024

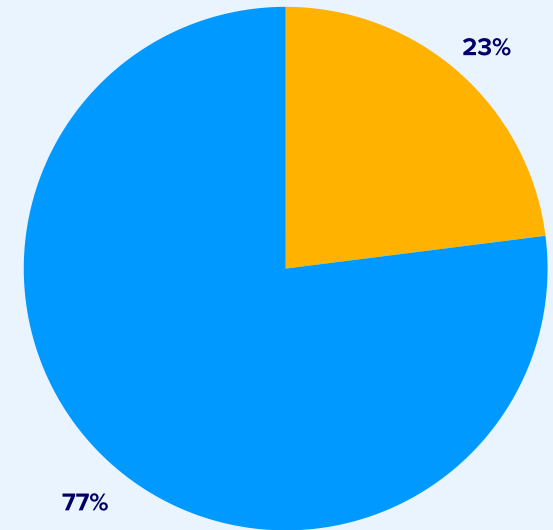# Women in Tech Across the Globe

Europe: Women Working in Tech

19.1%

80.9%
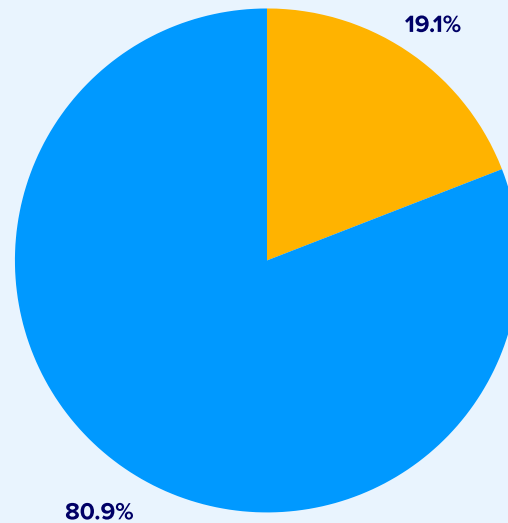
In Europe, there are **1.7 million women** working in tech positions. This represents just **19.1% of the ICT workforce**.
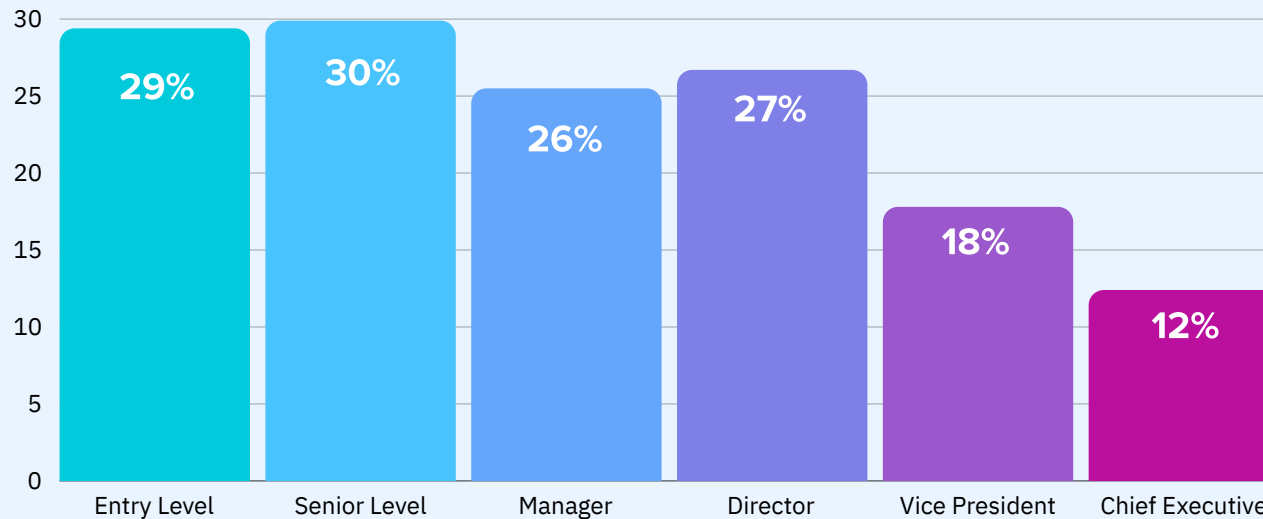
USA: Women Working in Tech

23%

77%

In the US, there are **3.7 million women** working in tech positions. This represents only **23% of the ICT workforce**.

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Women in Tech Leadership

Percentage of Women in STEM by Seniority Level (%)

| Seniority Level	Percentage
Entry Level	29%
Senior Level	30%
Manager	26%
Director	27%
Vice President	18%
Chief Executive	12%

Women are generally underrepresented in leadership roles across industries and skill sets, but especially in STEM careers.

We start seeing a drop in women's representation as soon as we reach management level, but this is much more significant in the most senior positions at only 12.4%.

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The Impact of Early Careers

Only one-third of women graduating in STEM subjects enter the STEM workforce.
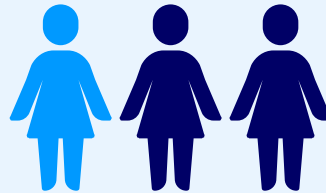
1 Year

The most significant widening of the gender gap in STEM happens one year after graduation.

Since 2015, both the skill gap and the employment gap have narrowed by around 5.5% globally. If we keep progressing at this pace, it will take **90 years for women to represent half of the global STEM workforce**.

The Women in SAP Report 2024

Read the Women in SAP Report 2024

- The impact of AI and economic downturn
- A breakdown of the gender gap across 31 countries
- Practical interventions employers can make to accelerate progress

DOWNLOAD →

Why is the End to the 'Double-Taxation' of IR35 a Game Changer?

Seb Maley
CEO, Qdos

Qdos

Landmark development means HMRC will calculate and offset already-paid taxes from IR35 liabilities.

The start of a new tax year doesn't always carry the same significance as the new year itself – but the start of the 2024/25 financial year marks an important milestone in the history of the off-payroll working rules.

On April 6th, HMRC introduced its offset mechanism, bringing an end to the so-called 'double taxation' of IR35. For businesses, this change reduces the perceived risk of engaging contractors and – in the event of an incorrect IR35 status determination – considerably reduces the tax bill they will be issued.

This development also spells good news for contractors, who may find there are more outside IR35 opportunities as a result.

A new solution for an old problem

The issue of 'double taxation' has existed since these rules were implemented in the public sector, back in 2017.

Where a business has engaged a contractor outside of IR35 – but HMRC deems that determination to have been incorrect – the end-client is issued with a tax bill to recover the employment taxes that should have been paid.

However, HMRC fails to account for the taxes already paid by a contractor on the fee they've received for that assignment. As a result, HMRC collects more tax than it's actually owed.

This means businesses have faced a disproportionate risk when engaging contractors. Following years of pressure, HMRC launched a consultation into this issue – and a recommendation for resolving it.

Then, at the Autumn Statement last year, it was confirmed the offset would be introduced.

Fast-forward to 6th April and the introduction of an 'offset' enables HMRC to factor in the tax already paid by a contractor when calculating how much a business owes.

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Why is the End to the 'Double-Taxation' of IR35 a Game Changer?

Seb Maley
CEO, Qdos

Qdos

Legislative fix offers several benefits

First and foremost, the introduction of the offset mechanism lowers the perceived risk of engaging contractors outside of IR35.

The possibility that businesses could pay tens of thousands more in tax per contractor wrongly engaged outside IR35 has contributed to risk-averse determinations – in other words, contractors forced inside IR35 or left with no choice but to work via PAYE.

By resolving the issue, businesses can be more confident in engaging contractors.

Also, businesses already issued with an IR35 bill stand to benefit – whether that bill was issued six weeks ago, or seven years ago.

The offset mechanism is retrospective, applicable from the introduction of public sector reform (6th April 2017). So, businesses will – with immediate effect – have any outstanding bills reduced, potentially by tens or hundreds of thousands of pounds. Perhaps more, depending on the number of contractors they engage.

A final thought

So, in short, this is good news – both for contractors and the businesses seeking to engage them.

And there's one last silver lining to consider: HMRC's willingness to engage in dialogue, and actively legislate for change.

Yes, the IR35 legislation and off-payroll rules remain fundamentally flawed, and HMRC continues to pursue perceived non-compliance aggressively. But in this instance, the tax office has proactively worked with industry stakeholders to resolve a well-known problem; that gives us optimism that there may be room for improvement going forward.

Contractor Survey Results

The SAP contractor community are critical to the success of business transformation programmes. But because they're part of the temporary workforce, their voices often aren't heard in the boardrooms of the businesses that need them. We want to change that.

So, we surveyed hundreds of SAP contractors across the UK & Ireland on their preferences, trends, rates and needs. We've pulled the results into a report - the next couple of pages is just a snapshot of what we've learned.

| SURVEY INSIGHTS	SURVEY INSIGHTS	SURVEY INSIGHTS	SURVEY INSIGHTS
5.6%	**72.9%**	**50%**	**75.6%**
The COVID lockdowns of 2020-2021 reshaped the tech working landscape. Today, **only 5.6% of contractors** work more than **3 days a week on site.**	of SAP contractors said **unrealistic pay rates** are the number one reason for turning down an opportunity.	Nearly 50% of SAP contractors believe that **a cohesive team effort** across the SIs, FTEs and independent contractors is the number one reason why SAP programmes succeed.	of SAP contractors currently working inside IR35 **would leave** their current assignment for a position that falls **outside IR35**.

The SAP Report Q2 2024

Contractor Survey Results

Did you have multiple contract offers when you accepted your last position?

👍 **Yes**
55.1%

👍 **No**
44.9%
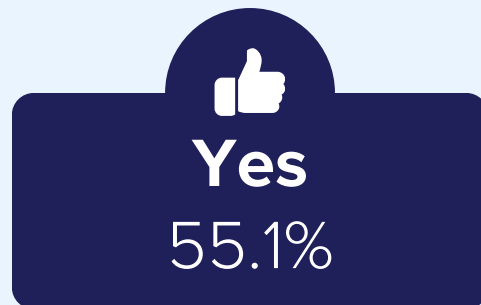
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UK & Ireland SAP Contractors Survey 2024

THE RESULTS

Here are the results of the biggest UK&I survey of SAP contractors ever to be undertaken. Hundreds of contractors had their say - and we'll be using this data to educate SAP employers on contractor preferences, trends, rates and needs.

Contractor Survey Full Report

- How much UK&I contractors are paid
- Their preferred working patterns
- What would make them more likely to accept a role
- What makes them stick around for the duration of the project.

DOWNLOAD →

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How to Effectively Prepare for an S/4HANA Implementation

Paul Kelly
Chief SAP Architect

WATCH THE FULL CONVERSATION →

Paul Kelly has spent the last two decades leading the strategy and delivery of over 20 SAP implementations. We asked Paul to share the biggest challenges of an S/4HANA implementation and practical tips on how to overcome these - he did this live on SAP Network+ in April.

Paul offered a fantastic breakdown of how to effectively assess the needs of the business before an implementation. Here's a snapshot of his advice.

Here are just some of the questions and considerations for scoping the business need for an SAP implementation:

- What are the requirements of each business function (finance, marketing, payroll, procurement, sales)?
- What is the business actually trying to achieve with an ERP solution?
- What's coming? What's the product roadmap and rollout plan? Does the business want to be more digital? In what ways?
- Look at all your data footprints - do you actually need these processes brought forward into the new SAP system? Is it still relevant? Could it go somewhere else?
- Can SAP do what you need it to? Do your requirements match the available functionality?

This isn't a technical transformation, this is a business transformation.

It's not the case that, 'it's technical - therefore it's an IT problem'.

Most projects fail because the first phases of discovery haven't been followed. And a failed project would be a huge cost. You don't want to cause C-level frustration when they've invested 100 million and can't get what they need from the system. That's why it's so important to spend 12-18 months on scoping these things effectively.

The World of SAP Thrives on Complexity - Here's How to Navigate it

Gaurish Dessai
Enterprise Solutions Architect

Hundreds of product SKUs, conflicting advice from SAP and system integrators, lack of clarity on product roadmaps, constantly changing product names and lengthy licensing documents make understanding SAP licensing feel like a dark art.

SAP licences are based on 3 core tenets:
1. **Software solutions** that you want to use
2. **Deployment option** to deploy the solution
3. **Licensing model** applicable for the usage.

Currently, there are 3 main licensing models for SAP products:
- **Perpetual** | Most widely used, purchased one-time with fixed maintenance/support fees.
- **Subscription** | Annual recurring, term based, specific usage metrics and commonly used for cloud solutions.
- **Consumption based** | Term-based with credits purchased upfront for usage against specific SAP services, commonly used for SAP BTP services - specific overage is charged if the usage exceeds.
- There is also the (relatively new) **digital access licensing model** for indirect access, which allows for connecting non-SAP systems to SAP ECC or S/4 core.

Having worked with multiple vendors, such as Salesforce and Oracle, **I can safely say that SAP's licensing is one of the most complicated and non-transparent out there**.

The commercial complications could be buried in the purchase agreement, order forms, bill-of-material, addendums, appendices, and hyperlinks within the documents, which means things can get mind boggling very fast.

SAP is pushing more and more customers towards S/4 Cloud, RISE and GROW models, but doesn't provide clear guidance on how the perpetual licences should be handled in this move.

Large SAP customers have invested tens, if not hundreds, of millions buying these perpetual licences (which are reported in their accounts as assets). How they will be transformed as part of S/4 HANA migration should be a big part of the business case. CFOs would need to have an honest discussion with SAP and their SI partner about what they would get in return for giving away the perpetual licence asset on their books.

The SAP Report Q2 2024

The World of SAP Thrives on Complexity - Here's How to Navigate it

Gaurish Dessai
Enterprise Solutions Architect

Recommendations for SAP customers:

- **Audit and optimise your SAP licence usage before planning the S/4 move** - question every user type and get justification from the functional heads on if it's really needed.

- **Dedicate a big part of your business case on how the licence model would be impacted** by an SAP S/4 move and the implications at least 10-15 years into the future.

- **Implement an SAP licence training programme** for your SAP team to ensure they don't run afoul of any restrictions & entitlements.

- **Check the SAP contract/addendum for the definition of middleware/indirect access/static** and get expert advice when planning to connect non-SAP systems.

- **Build capability to have an SAP licensing expert in-house** or on-call to cross-check licence implications ahead of big projects.

Recommendations for SAP:

Prioritise simplicity
Each customer should be able to see all its SAP licence usage in one place and model the usage and costs of their SAP estate and products that it wishes to buy.

Transparent pathways
Provide a transparent migration path from perpetual licence to cloud licences. Without which, large customers would be hesitant to buy into SAP's cloud strategy.

Navigating the maze of SAP licensing requires a strategic approach and a deep commercial understanding of the evolving landscape. As businesses embark on their SAP journeys, whether it's optimising current licence usage or charting a path to S/4, RISE or GROW, the recommendations outlined here should support you in maximising value and minimising complexity.

All sources:

The SAP Report Q2 2024

Exclusive Discount on SAP Learning Hub

Julie Weir

Head of Community Development

Why join UKISUG?

UKISUG is the independent UK & Ireland SAP user group. Our purpose is to create one vibrant SAP community, learning and developing together, speaking with one voice. We're a not-for-profit membership organisation, run by our members for our members.

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