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# SmartSpend™ Bulletin

## Is RISE with SAP a Fit for Your Business?



RISE with SAP aims to simplify how businesses accelerate their digital transformation initiatives. Billed as Business Transformation as a Service (BTaaS), it gives customers access to SAP's cloud services through a single contract and a single subscription service. In this bulletin, we explore the pros and cons of RWS and what SAP enterprise customers need to know to determine if it's a fit for their business.

In January 2021, SAP launched RISE with SAP (RWS), which SAP described as “the best concierge service you can get for your digital transformation.” It's an appealing concept for many enterprises, particularly those that are wrangling massive transformation initiatives that span multiple departments, business units and geographies. Simplification is in high demand for these complex initiatives.

But simplification comes at a price – and one that may not be appealing to all SAP enterprise customers. For some, RWS makes sense. But for others (including long-standing SAP customers), the financial and flexibility tradeoffs may be inadvisable.

### WHAT IS RISE WITH SAP (RWS)?

According to SAP's website: “RISE with SAP is a flexible solution designed to support your business needs in your industry, in any geography, for any regulatory requirement, with SAP responsible for the holistic service level agreement (SLA), cloud operations, and technical support.”

This language is nebulous and confusing. Here is an explanation: RWS is not a discrete product or set of solutions. It is essentially a marketing program that gives customers:

- Access to SAP's cloud services through one contract, one subscription and one monthly payment
- The ability to pick and choose cloud-based solutions that meet their unique requirements
- A digital transformation “concierge” – customers are designated one single contact at SAP to guide them through their transformation journey
- An easy way to become 100% bought into SAP's cloud infrastructure

## WHAT DOES RWS INCLUDE?

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RISE with SAP is designed to support and enable the “intelligent enterprise” – one that is adaptable, responsive, and efficient while being able to mitigate disruption and risk. Core components include:

1. **SAP S/4HANA Cloud** – the backbone of SAP's cloud services; can choose between Public Cloud or Private Cloud
2. **Hyperscalers** – for businesses that leverage other IaaS providers (e.g., AWS, Google Cloud, Azure) or a multi-cloud environment
3. **Business Technology Platform Consumption Credits** – to give on-premise license holders cloud credits that can be used for different services offered under the SAP BTP brand
4. **Business Network Starter Pack** – includes Ariba Network, Asset Intelligence Network, Logistics Business Network
5. **Business Process Intelligence** – to identify and implement business process improvements with tailored recommendations
6. **Embedded tools and Services** – including Readiness Check, Custom Code Migration App and Learning Hub

Beyond these core components, customers can purchase additional cloud offerings tailored to their specific requirements under the RWS program. Customers also have the option to leverage SAP's robust partner ecosystem to get up and running on RWS – including certain systems integrators, hyperscalers and resellers.

## UNDERSTANDING FULL USAGE EQUIVALENTS (FUE) – SAP'S NEW NAMED USER LICENSE APPROACH

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One of the big changes with RWS is a new usage metric known as Full Usage Equivalents (FUE). This is SAP's new metric to try and simplify the existing myriad user types. That said, it still requires users to map user types to FUEs through various ratios as shown below.

A FUE provides a baseline license at an equivalent of “1” that is somewhat like the old Professional User license. Associated with that baseline FUE are different stratifications of usage licenses that are a portion or percentage of the baseline. These are like SAP's old Limited Professional, Warehouse User, Requisitioner, Employee Self Service, or other license types. This is now bundled into a single baseline license with equivalent calculations for the previous similar user types. Instead of the separate license types there is now one license type with different graduations in both functionality and in equivalent value.

## SAP S/4HANA Cloud Licensing

### Licensing user access to digital core via full usage equivalents

#### Full Usage Equivalents

- All SAP S/4HANA Cloud use types can be purchased by one license material: SAP S/4HANA Cloud for Enterprise Management
- This license material has the metric Full Usage Equivalents (FUE)
- One unit of SAP S/4HANA Cloud for Enterprise Management i.e. one FUE can be allocated to different use types with a specific weighting factor
- Customer can re-allocate their users to avoid shelf-ware during their life-cycle

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#### Rise with SAP S/4HANA Cloud use types

Weighting factor	Use Type
0,5	SAP S/4HANA Cloud, Developer Access
1	SAP S/4HANA Cloud for advanced use
5	SAP S/4HANA Cloud for core use
30	SAP S/4HANA Cloud for self-service use

#### Minimum Purchase

- RISE with SAP S/4HANA Cloud: **35 FUEs**
- RISE with SAP S/4HANA Cloud + Experience Management : **500 FUEs**
- RISE with SAP S/4HANA Cloud, private edition: **40 FUEs**
- SAP ERP Private Cloud: **40 FUEs**

#### Example

##### How to allocate the FUEs to different use types:

40 SAP S/4HANA Cloud for advanced use = **40 FUE**  
 75 SAP S/4HANA Cloud for core use = **15 FUE**  
 270 SAP S/4HANA Cloud for self-service use = **9 FUE**

SUM = **64 FUE**

Source: SAP, [RISE with SAP S/4HANA Cloud Licensing Overview](#)

## THE BENEFITS OF RWS

RWS is an appealing proposition for some customer segments. One example is smaller customers who may be new to SAP and are considering digital transformation acceleration with a cloud emphasis.

Some customers recognize the following benefits:

### SIMPLIFICATION

One subscription, one contract, one bill, one point of contact for everything – RWS makes it easier to purchase, deploy and manage SAP assets.

### OPEX RATHER THAN CAPEX

By switching to the RWS subscription model you can reduce the up-front costs of CapEx, and the extended amortization period.

### CLOUD FLEXIBILITY

You can choose your hyperscaler, which is great news for companies that prefer to use other IaaS providers to run SAP workloads. Customers also have the option to deploy via SAP's Public or Private Cloud options.

### INTEGRATION

SAP has gone out of their way to develop an interface infrastructure via its Business Technology Platform that allows you to connect and closely integrate with third-party applications.

### QUICK DEPLOYMENT

Many components of RWS are cloud optimized or cloud native making it easy to lift and shift business processes to the cloud.

### SOLUTION EXPANSION FLEXIBILITY

Because the SAP application portfolio is becoming more and more cloud centered it is getting easier to plug into new cloud capabilities. The SAP portfolio of cloud solutions is moving toward a “plug-in-like” infrastructure.

### DISCOUNTS

SAP is highly motivated to move customers to its cloud offerings via RWS. Account reps currently have a lot of latitude for discount flexibility.

NPI assists large enterprise clients with license and cost optimization for SAP purchases and renewals, **including decision support services for assessing RISE with SAP.**

## THE DRAWBACKS OF RWS

While the benefits of RWS are compelling, there are significant drawbacks companies should consider as they decide if RWS is a fit for their business. These include:

### SAY GOODBYE TO ON-PREMISE INFRASTRUCTURE

Solutions procured under RWS can't be run on a customer's on-premise infrastructure. While this could be a benefit to some customers, other customers that are unwilling or not yet ready to move to cloud infrastructure may see this as a disadvantage.

### LIMITED CANCELTION OR CHANGE FLEXIBILITY

Once you commit to the SAP subscription model and a term, you are locked in. If you make the wrong application decisions there is little to no flexibility in swapping, exchanging, or even canceling the subscription. The only flexibility is with a larger net spend commitment, then SAP might discuss canceling or swapping an existing subscription agreement.

### NO NET-NEW PERPETUAL LICENSES

The move to the cloud is a journey and most companies still maintain a sizeable footprint of perpetual licenses for certain SAP solutions. RWS effectively scraps companies' ability to purchase additional perpetual licenses.

### HIGHER TCO

It's been said before and is worth repeating – the cloud isn't cheaper than on-premise or perpetual licenses. It's cheaper to run well-negotiated SAP software on your own well-negotiated infrastructure, especially when using third-party maintenance and support.

### YOU ARE LOCKED IN

RWS has one purpose – to move more of your IT ecosystem to SAP's portfolio of cloud services and tie you into a subscription program. The more you rely on SAP's cloud solutions, the more difficult it is for you to move off them even when presented with credible competitive alternatives. (This is a reality of the cloud era across all major enterprise software vendors, not just SAP.)

### PRICE PROTECTIONS ARE LOW

It's not just technical lock-in that presents a risk. Financial lock-in is another valid concern. RWS makes it easy to lock you into SAP's future price increases without recourse. SAP can hold the line on any future price concessions and raise the price at any time.

### FORCED UPGRADE SCHEDULE

Under RWS, most customers will find themselves on a forced upgrade schedule which presents numerous security and stability challenges for business-critical workloads.

Many of the benefits listed in the previous section exist for customers regardless of whether they choose RWS. While SAP touts a long list of benefits associated with RWS, many of them can be realized without engaging in the RISE program. Things like quick deployment, integration and cloud flexibility are not exclusive to RWS customers.

## IS RISE WITH SAP WORTH IT?

There are several factors to take into consideration when determining if RWS is a good fit for your business. However, generally speaking, there are a few indicators that can point you in the right direction.

If you're new to SAP or a small/mid-size customer, RWS is worth exploring. It simplifies the SAP purchasing process and removes many cloud migration speed bumps (e.g., ITAM implications, integration, etc.). It gets you up and running in the cloud quickly, thereby accelerating digital transformation initiatives.

But if you're an existing SAP enterprise customer with a sizeable SAP solution footprint, the drawbacks of RWS may outweigh the benefits. RWS doesn't give you the flexibility to leverage your perpetual license investments and there may be some gotchas when moving from user-based licensing to Full Usage Equivalents. Material code-level matrixing of your existing estate to their cloud equivalents is required to fully understand the cost implications. It's also an extensive negotiation process.

It's possible to achieve the simplification that RWS offers by other means. There are other ways to procure SAP's solutions with perpetual licenses, hosted in the hyperscaler of your choice, and contracted for less expensive infrastructure support. Instead of going all in on the cloud with RWS, customers can simply move to S/4HANA which will allow them to continue to run on-premise licenses at a lower TCO.

SAP's future is undoubtedly in the cloud – and customers ultimately do have to get on board with the vendor's long-term roadmap. But there is no obligation to move in lockstep with SAP. It's important each customer choose the pace that works for them while optimizing all facets of their SAP estate – cloud and on-premise – along the way.



## ABOUT NPI

NPI is an IT procurement advisory and intelligence company that helps businesses identify and eliminate overspending on IT purchases. We deliver transaction-level price benchmark analysis, license optimization advice and vendor-specific negotiation intel that enables IT buying teams to drive measurable savings. NPI analyzes billions of dollars in spend each year for clients spanning all industries that invest heavily in IT. NPI also offers software license audit and telecom carrier agreement optimization services. For more information, visit [www.npifinancial.com](http://www.npifinancial.com).

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