



### Lessons learned from SAP enhanced audit

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## LET'S TALK!

# SAP AUDIT



#### AGENDA

##### SAP Audit 101

##### Case Study

- The audit
- The process mitigation
- Data requested
- SAP's reaction
- The outcome

##### Lessons Learned

##### Q&A

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

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## SAP Audit 101



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## SAP annual audits

**Why are SAP licenses audited?**  
In the SAP terms and conditions there is an SAP audit clause that enables SAP to audit customers once per year. The contract term is titled "Verification". The term has changed overtime:

**2010**

**2022**

**2. VERIFICATION** SAP shall be permitted to audit (at least once annually and in accordance with SAP standard procedures) the usage of the SAP Proprietary Information. In the event an audit reveals that Licensee underpaid License and/or Support Services Fees to SAP, Licensee shall pay such underpaid fees based on SAP's list of prices and conditions in effect at the time of the audit.

**2.4. Verification**

**2.4.1.** SAP may audit (at least once annually) Customer's usage of SAP Materials. SAP's standard audits are performed remotely but may be at Customer's site. Customer shall cooperate reasonably with audits. Customer can conduct the measurement itself using the unaltered tools and self-declaration forms provided by SAP for that purpose. The self-declaration form is to be completed independently of technical measurement. The result of the measurement is to be transmitted entire via the interfaces from Customer's system(s) to SAP, or in a machine-readable format according to instruction provided by SAP.

**2.4.2.** If an audit reveals that:

a) Customer underpaid license fees or SAP Support fees (or both); or

b) Customer Used Software in excess of the license quantities or levels stated in an Order Form,

then Customer shall pay such underpaid fees or for such excess usage based on the SAP price list in effect at the time of the audit. Customer shall execute an additional Order Form to license additional quantities or levels.

**2.4.3.** If audit results indicate usage in excess of the licensed quantities or levels then reasonable costs of SAP's audit shall be paid by Customer. If any, SAP reserves all rights at law and equity with respect to both Customer's underpayment of license fees or SAP Support fees and usage in excess of the license quantities or levels.

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## What data is collected in a basic audit?

SAP relies on a certain level of obscurity in the reports to not disclose what is and is not collected during a basic audit. Below we will discuss what data points are collected from a basic audit.

Audit Report	Data it contains	Share with SAP?
USMM	User specific data, login data, first name, last name, email, creation date, components, engine data	No. This file should not be shared directly with SAP. It should be consolidated into the LAW first.
LAW	Aggregated user counts, summary data from each USMM (no user specific data), consolidated engine measurement, activity check data	Yes. We recommend clients send the results via email and not directly via the tool.
LMBI	Summary list of user counts and what accesses they have	Yes. Only after thorough review of the file to ensure you are properly licensed. If not, perform a cleanup and rerun the LMBI file.
Self-Declared Products	Total usage metrics for the listed products.	Yes. Only after a thorough review of the results. If there are drastic overages, engage with SAP sales to start the conversation to true-up (outside of the audit).

**What is not sent to SAP?**

- Users' access data
- Movement of users from one license to another
- Concrete evidence of indirect usage
- What transactions a user has performed
- Specific user details (so long as the USMM is not shared)

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## Basic audits vs enhanced audits

**Enhanced**

**Basic**

USMM, LMBI, BOB, SPOD, User Tbls, Eng Det, Other, BP, AcctShor, AcctIng, DAC, HANA, Q wires

**April 2018 – SAP Global License Audit and Compliance Update pdf:**

"Audits will be comprehensively outlined and communicated **in advance** to customers. In general, SAP performs basic audits and enhanced audits."

"**Basic audits** cover most SAP customers on an annual basis and are based on customer self-declarations and automatic measurements that customers perform. As such, their scope is limited to the information the customer provides, and most often they do not cover all licensed SAP products."

"**Enhanced audits** start with a clear statement of scope. On-site audits begin with a kick-off meeting, during which the audit's scope is communicated." questionnaire

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**Is this an enhanced audit?** 

Customer can sometimes be unclear if they are being subjected to an enhanced audit or not. Some key indicators that you are:

- Data requests from individuals not from the shared service centers (India, Ireland, etc.)
- Data requests beyond just the standard data requests
- Requests for interviews or large data sets
- A request to join a scoping meeting and establish audit procedure



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**What might trigger an enhanced audit?** 

While SAP maintains that enhanced audits are 'random' and not a result of requests from sales executives, most SAP enhanced audits are a result of the one, several, or all the following:

- SAP lost a competitive bid for a software solution
- Recent decline in SAP purchase despite growth for company
- Concerning results from a basic audit (major over deployment, or suspicious results)
- Poor relationship with account management team (sales)
- Public statements around non-SAP solutions that indicate indirect access or improper use of SAP
- Customer requests to reduce or remove maintenance or terminate a large portion of licensed products



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**Case Study** 



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## Case Study: Customer Details

The following customer engaged Anglepoint at the beginning of an SAP audit. The following are some redacted details about the case study subject:

- Large food manufacturer
- SAP customer since the 1990s
- \$30M+ lifetime spend with SAP
- \$7M+ annual maintenance
- Very complex agreement
  - 60+ separate agreements
    - Terminations
    - Exchanges
    - Purchases
    - "Resets"

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## Case Study: Audit Timeline

Began in 2020 as an enhanced audit

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## Case Study: Data Requests

SAP made data requests that resulted in literally millions of rows of data.

**TABLE OF CONTENTS**

1. OVERVIEW OF MEASUREMENT DEPENDABLES & NEXT STEPS
2. REVIEW AND UPDATE SYSTEM MEASUREMENT PLAN
3. LICENSE AUDIT WORKSHEET REPORT
4. BUSINESS OBJECTS (BY WORKSHEET)
5. BUSINESS OBJECTS (BY LINE REPORT)
6. DATA INTERVIEW SYSTEM MEASUREMENT REPORT
7. DATA INTERVIEW SYSTEM MEASUREMENT REPORT
8. DATA INTERVIEW SYSTEM MEASUREMENT REPORT
9. DATA INTERVIEW SYSTEM MEASUREMENT REPORT
10. DATA INTERVIEW SYSTEM MEASUREMENT REPORT
11. BUSINESS PROCESS DESIGN

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### Case Study: What data was given?

Generally, SAP only received data for which they could specify the exact field, license for which it applies, and did not contain personally identifiable information (PII). For example AGR\_1251:

**SAP Requests the entire file**

**Clarified: SAP only needed certain fields**

Requested      Provided

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### Case Study: The request clarification process

SAP will request as much data as they want. SAP auditors will request data that is both required and not required. This could be because SAP wants to cloud what exactly they are looking for with each request. We recommended to the client to follow the following steps for each data request:

**SAP Audit Data Request**

**Client Clarification**

- What fields are needed?
- To which license does this relate?
- Is this the complete and final request for this data?
- How will this data be incorporated into the audit results?

**SAP Audit Clarification**

**Client Data Preparation**

- Remove unnecessary fields
- Evaluate data to see if there are any concerns prior to submission
- Redact and PII data
- Request confirmation from SAP of receipt and successful completion of request

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### Case Study: Drive to closure

Once the audit was finalized, there were many errors and assumptions made by SAP audit. Rather than dispute the findings with SAP we recommended to our customer to move directly to SAP account management to move to resolution. The following steps were taken to drive the audit to closure.

Steps	Action	Result
Draft a correct audit report	Took SAP audit's result and created a corrected and proper audit result and sent it directly to SAP sales	Sales was then engaged and saw the client admitting to some compliance gaps, but putting the "black and aw" results in the foreground
Analyze SAP commercial resolution	Compared SAP pricing with benchmark pricing.	SAP had drastically over-priced one product. The product's price was disputed
Close door on SAP audit	Ceased all communication with SAP audit. Remove their ability to argue or adjust the audit results	SAP sales was in control of the audit resolution with SAP audit likely in the background
Let money create motivation	Disclosed to SAP sale intent to close a deal in good faith	Proper purchase positioning allowed customer to get more value for each dollar spent
Use timing to your advantage	Pushed SAP to closure of deal on the close of the year	Resulted in better terms for audit closure (credit exchange, improved discount)

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**Case Study: The Results** 

SAP's *modus operandi* is to start high and then work down to a reasonable resolution.

- SAP's original audit finding document listed a compliance finding of \$37M+
  - \$35M from 10K+ indirect access users and various engine findings
  - \$2M in back maintenance
- Client, with Anglepoint's help, was able to successfully mitigate the indirect access and engine findings
  - SAP revised original finding to \$8M total
  - 10K users → under 1,000
  - Pushed back on overpriced products based on benchmark pricing
- SAP revised final commercial resolution based on push back, credit exchanges, and terminations
  - FINAL purchase price → \$5M

**85%**  
Reduction!

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**Lessons Learned** 

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**Improvements for next time** 

Hindsight is always 20:20. The following are steps that could have been taken to improve the overall outcome:

- Engage a trusted partner earlier in the process – ideally prior to the start
- If the business is willing and able to spend the budget, engage SAP sales prior to start of an audit
- Remember back maintenance and list pricing are all possible 'punitive' options SAP can employ when an audit results in a compliance finding – calculate risks appropriately when comparing risks and potential expenditures
- Stay steadfast in which products are compliance issues and therefore need licensing
  - Customer ended up purchasing new products in lieu of products with compliance issues (seems like extortion)
  - Despite customer having solid arguments for not purchasing some products, they ended up purchasing the products anyway to 'get the deal through the finish line'

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**Surprises during the audit** 

SAP surprised both Anglepoint and the client with the following actions:

1. SAP's seemingly limitless ability to request data
  - While SAP was challenged on all requests, ultimately if SAP said, "because we want it", customers contractually may have to comply
  - Legal council for the client commented that in a court case the client may win, but the time and money to defend such a position would likely not be worth the time or money saved on the audit
2. SAP sales using list price AND back maintenance as a starting point
  - In our view the audit findings were completely overstated and inaccurate
  - However, SAP audit used that as the starting point regardless of how outlandish
3. How much data SAP received with which they did nothing
  - Smoke and mirrors to keep customers under the stress and guessing what will come next?



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 **Questions?**

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