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SAP SE  
Mrs Hala ZEINE  
Dietmar-Hopp-Allee 16  
69190 WALLDORF  
GERMANY

Paris, 29 June 2017

Subject: Strategic pricing and commercialization – Indirect Use update

Dear Ms. Zeine,

On behalf of USF and our members, we wish to share our official response to your recent announcement about changes in your pricing model for some SAP products, as related to indirect access.

First of all, we wish to remind you of what we posted publicly on 1 March 2017 via a press release further to the DIAGEO case: *“For many years now, USF has been one of the very first SAP User Groups worldwide to sound off the alarm about indirect access... / ... For several years we have witnessed a surge of SAP users’ warnings, 90% of whom expressed their dissatisfaction with the lack of clarity of the indirect access description in our latest satisfaction survey in late 2016... / ... In this context, this case echoes a problem that USF had long stood alone in denouncing, but we hope will also push SAP to clarify publicly its position on this issue, which it has never done to date...”*.

We duly note that SAP, via its recent announcements, has at long last acknowledged the existence of a problem that it had heretofore completely denied, at least at SAP France level. On the principle, we can only be pleased about this major change in position. We also want to remind you that this issue of SAP indirect access – while it has been raised for a long time by a number of User Groups, and in particular by the German and French User Groups – had been raised exclusively at the initiative of SAP as the software publisher and not at the initiative of their clients!

However, the scope of our disappointment matches our expectations: it is immense! Indeed, **you are presenting us with a model that is all at once questionable, incomplete and imprecise, and therefore incomprehensible and unacceptable** in many aspects, based on our understanding.

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### **An incomplete model**

As you admit it yourself, the proposed model is very incomplete, and addresses only a few processes for one single solution, namely ERP. What about all the rest? We can understand that the topic is extremely vast and complex, but it is now indispensable to extend its coverage to the other missing scenarios, and to enable our members, i.e. your clients, to predict the consequences in terms of pricing and licencing policies for any type of functional scenario.

### **An imprecise, and therefore incomprehensible and unpredictable model**

What are the practical consequences in terms of pricing for the clients? Will both the “user” and “order” metrics end up being combined, as we understand from the summary charts proposed by SAP? Why did you recently increase considerably the price of previously existing “order” metrics just before the general extension of this type of metrics? What about the pricing model for the Internet of Things, which we can easily presume will be subject to the same fate? How can these metrics be measured securely, and what reality do they actually cover from one business sector to another?

### **An unacceptable model**

SAP is clearly attempting to justify post-ex – via the notion of “past policy” in its new licensing model – the existence of a cost for indirect access to the SAP ERP (without clearly specifying either its nature or its outlines) in the current contracts, even though for a majority of existing clients this notion does not even exist, and whenever it does exist for more recent clients, it is neither specified nor framed in any way.

This is not acceptable for us, as our position has never changed: **there is no justification in billing in any way whatsoever for any indirect access whatsoever to a third-party software programme, whether at SAP input or output, in contradiction with the right to software interoperability. The data belong to the clients, and not to SAP.**

We have a long list of questions and concerns, and this letter is not intended to be exhaustive.

**Consequently, we hereby request that you continue the dialogue you have initiated with the User Groups**, as representatives of your user clients in France and via SUGEN, in a spirit of co-construction of a model that would be acceptable for both parties.

**To this purpose, we further suggest that you distinguish between the current clients** who have diverse contractual terms depending on the age of their contracts and on the special terms and conditions that some may have negotiated, and the **new clients**. The IT business model of older clients was built on past contractual foundations and metrics, and could be severely jeopardized by the new metrics and even their measurement.

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We understand the need and relevance for SAP to fully revise its licensing policy in view of the reality and evolution of the digital, mobile and connected world where we now live, and of changes in the business models of information usage. Nevertheless, we believe in diversity and flexibility in order to match the reality of organisations, at the core of their IT systems.

In our view, the best way to do so would be to acknowledge, for all past contracts – and therefore for all current clients – that SAP will not attempt to have them pay, even a posteriori, for any indirect access that is poorly or not specified in their contracts, or for any kind of interoperability between software programmes on the occasion of licensing audits or litigation instigated by SAP against its clients or by way of signing new contractual terms and conditions.

Following discussions with User Groups, with new clients and current clients who may wish to migrate to the new model, it will then be up to SAP to define a new model based as appropriate on metrics other than the users, that is comprehensive, unambiguous and leaves no room for interpretation. **Indeed, what clients need most of all is transparency, certainty and a predictive vision. This is a prerequisite for trust to be established between SAP and its clients.** The more comprehensible for all the model is, without any ambiguity, the better it will be both for the clients and for SAP. That is a certainty. Otherwise, a sword of Damocles will continue to hang over the SAP contracts, and this would only amplify the movement of mistrust, or even distrust from your clients and prospects who, faced with this risk of uncertainty, are increasingly questioning the relevance of continuing to use (or choosing) SAP products.

Please be advised that we will release a copy of this letter to USF members and to the press, together with a general recommendation from USF to reject for the time being the new contractual terms as they stand today, based on the general conditions that you have presented. Our recommendation will of course not be final.

You can be assured of our true determination to work jointly with you on this topic – that should never have become such a touchy issue – in a spirit of collaboration with SAP. We are always prepared to rediscuss it with you in order to move forward constructively, either directly or via SUGEN, for the mutual benefit of the publisher and the clients.

Respectfully yours,

Claude Molly-Mitton  
USF Chairman

Cc:

- *Marc Genevois, General Manager SAP France*
- *USF Board Members*
- *Bernard Duverneuil, Chairman of CIGREF*
- *Gianmaria Perancin, Chairman of SUGEN*
- *Patrick Geai, VP Strategy, USF*
- *French IT and Business media*
- *All USF members*