

SAP Business One OnDemand

SAP® Business One OnDemand

Solution Overview for Partners

For Internal and Partner Use Only



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Executive Summary

Cloud computing introduces a new paradigm for the delivery of software applications. In the same way organizations consume utilities like electricity, they now have on-demand access to vast computing resources, centrally managed in data centers, which scale dynamically according to requirements. Multiple organizations can share common hardware and software resources, benefiting from a significantly lower total cost of ownership.

Building on the success of the SAP® Business One application, traditionally installed on premise, SAP delivers a comprehensive cloud deployment solution for small businesses: the **SAP Business One OnDemand** solution. With this offering, SAP delivers the best of both worlds: the power of the SAP Business One application and the ease-of-use and affordability of an on-demand deployment.

SAP offers a scalable platform that enables organizations to access SAP Business One that our partners host in the cloud or by building their own private clouds. Organizations can leverage the power of the core business logic and extensible framework of SAP Business One to deliver extended functionality and customized business processes in the cloud.

This document provides an overview of SAP's cloud computing strategy for small businesses and subsidiaries of large enterprises. It also provides guidance for partners wishing to expand their product offerings to include an on-demand solution.

INTRODUCTION

Cloud computing has the following intrinsic characteristics for both customers and providers:

- **Elastic scalability** – Available computing resources can effortlessly scale up or down according to business requirements.
- **Measured service** – Utilization of computing resources is precisely monitored on a per-tenant basis, so customers pay only for what they use.
- **On-demand resources** – Hosting providers can provision and manage computing resources automatically, thanks to the availability of powerful lifecycle management tools.
- **Ubiquitous access** – Customers can run their businesses anytime and anywhere, using a variety of low-cost devices with network access.
- **Resource pooling** – Multiple tenants can share the usage and cost of common computing resources, centrally hosted in data centers.

For customers, running business operations in the cloud can offer a number of benefits. The primary advantage is the ability to share common computing resources with others, leading to dramatic decreases in costs. SAP Business One OnDemand is offered with subscription-based pricing, replacing large up-front capital expenses with a low-cost, predictable operational expense.



Building on the success of the SAP Business One application, traditionally installed on-premise, SAP delivers a comprehensive cloud deployment solution for small businesses, the SAP Business One OnDemand solution.

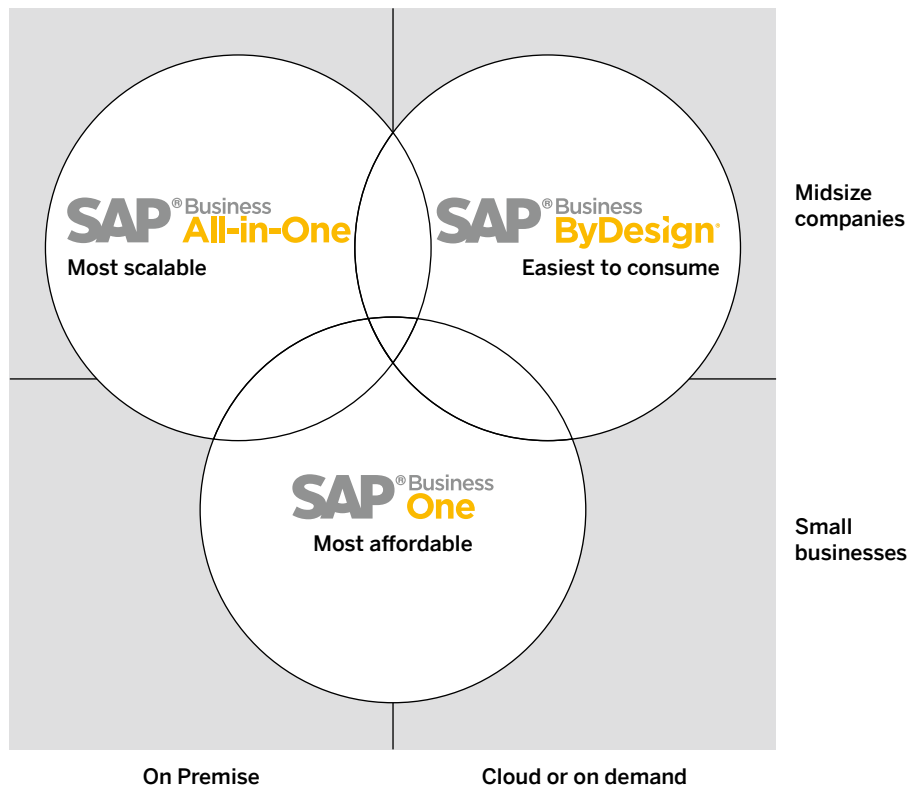
Instead of system administrators managing their IT landscape, data centers take on this responsibility. With rapid, automated provisioning of preconfigured resources, companies can be up and running in considerably less time than the multiple weeks associated with more traditional enterprise resource planning (ERP) software deployments. Since the cloud essentially contains limitless computing resources, customers benefit from improved business agility, with their computing landscape scaling effortlessly as their business grows.

Product Positioning

SAP offers a powerful portfolio of integrated business software suites, so companies can get the solution that best fits their unique business needs, now and in the future, without compromise (see Figure 1):

- **The SAP Business One application** is the recommended business management software solution for small businesses that want to fully integrate their end-to-end business and grow. With the help of dedicated partners, companies can deploy the software either on premise or on demand.
- **The SAP Business ByDesign® solution** is the most complete and adaptable on-demand solution for midsize companies without the need for a large IT infrastructure. SAP Business ByDesign is managed, monitored, and maintained entirely by SAP in our world-class data centers.
- **SAP Business All-in-One solutions** are most suited to mid-size companies with specific industry needs that want a scalable foundation. SAP Business All-in-One is typically deployed on premise; however, hosting options are available through channel partners.

Figure 1: SAP® Solutions for Small Businesses and Midsize Companies



SAP BUSINESS ONE TODAY

SAP is the market leader in enterprise application software and has a rich history of innovation and growth. SAP applications and services enable more than 183,000 customers worldwide to operate profitably, adapt continuously, and grow sustainably.

A Comprehensive Solution

SAP Business One is a total solution designed specifically for small businesses. It offers a full-featured, complete package that is both scalable and affordable. The SAP Business One application integrates all core business functions across a company – including financials, sales, customer relationship management, inventory, and operations (see table below).

SAP Business One currently helps over 34,000 customers run their businesses in more than 80 countries worldwide. With our partners, we use our extensive knowledge of different industries and local markets to offer 40 country-specific localizations in 27 languages to support a variety of industries. SAP Business One has the highest level of enterprise-grade security and is fully compliant with local legal requirements and data protection and privacy laws, so customers can be sure their data is safe in the cloud.

A Solution for Enterprise Mobility

A large number of small businesses and midsize companies are using the technology provided by smartphones and tablets to run their businesses from any location at any time. To help

Financials

- Chart of accounts
- Account segments
- Journal entries
- Journal vouchers
- Recurrent transactions
- Exchange rates in multiple currencies
- Financial reports
- Budget cost centers
- Sales tax calculations
- Multiple financial periods
- Deposits
- Checks
- Credits
- Receipts
- Deferred payment

Sales

- Opportunities and pipeline management
- Contact management
- Quotations
- Orders
- Invoices
- Deliveries
- Returns
- Price lists in multiple currencies
- Client management
- Gross profit calculation
- Microsoft Office integration

Service

- Service contract management
- Service planning
- Tracking across multiple customer interactions
- Knowledge database
- Service call management

Purchase

- Purchase quotations
- Purchase orders
- Purchase deliveries
- Purchase returns
- Purchase credit notes
- Landed costs

Stock

- Item management
- Item queries
- Price lists
- Receipt to stock
- Release from stock
- Stock transactions
- Warehouse transfers
- Serial numbers tracking
- Batch management
- Pick and pack
- Kitting

Manufacturing

- Bill of materials
- Production orders
- Forecasting
- Materials resource planning wizard
- Recommendation reports



companies stay connected, SAP has created a powerful mobile platform and iOS application. The application provides constant access to important data and key functionality of SAP Business One, no matter whether customers are using the software on premise, on demand, or both. The mobile application also provides real-time access to data so customers can easily navigate, respond to, and trigger remote processes.

An Established Ecosystem

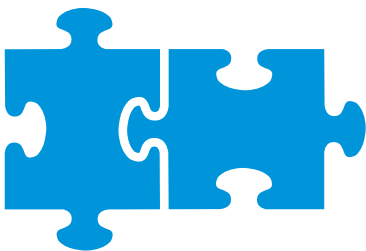
SAP partners play a critical role in helping organizations of all sizes identify, purchase, and implement the ideal SAP Business One application to address their individual business needs. The SAP ecosystem consists of hundreds of partners worldwide using their expertise to deliver and extend SAP Business One to customers.

The benefits of SAP Business One are magnified by industry- and business-process-specific functionality developed by SAP software solution and technology partners. SAP works closely with selected partners to offer simple, proven, and affordable solutions. These solutions are built using the SAP Business One Software Development Kit (SAP Business One SDK) and interoperate with SAP Business One from user-interface and

programming perspectives. To meet the needs of small enterprises in their geography or niche business requirements, these solutions are localized to meet additional local legal and best-practice requirements. Each solution is created to optimize company operations and drive a rapid return on investment. They are also designed for an efficient and fast implementation, giving partners and customers much more control over project costs and time.

With a choice of more than 550 certified add-ons and 40 country-specific versions on a single platform, customers can customize and extend SAP Business One better than any other small business solution. With the SAP Store, partners and customers benefit from a centralized, accessible distribution platform.

Although designed for small businesses, SAP Business One is an increasingly popular solution for large enterprises that want to deploy a comprehensive business platform in their subsidiaries, distributors, suppliers, and third-party partners. It currently serves more than 1,500 large-enterprise affiliates, offering unparalleled integration with parent organizations' SAP Business Suite applications.



With a choice of more than 550 certified add-ons and 40 country-specific versions on a single platform, customers can customize and extend SAP Business One better than any other small business solution.

A Technical Overview: SAP Business One OnDemand

The SAP Business One OnDemand solution represents a new deployment model for SAP Business One. Customers can access SAP Business One remotely, centrally hosted in data centers. Partners and customers benefit from the sharing of common resources, lower maintenance requirements, and ability to scale elastically as companies grow and the number of users increases.

A SMALL FOOTPRINT, AN EXTENSIBLE PLATFORM

Since SAP Business One already has a small footprint, fast deployment time, low total cost of ownership (TCO), and extensible platform, it provides the ideal starting point as the foundation for a successful cloud platform. SAP's strategy is to provide a fully featured, integrated, and extensible business management solution for small businesses, regardless of whether they choose an on-premise or on-demand deployment model. SAP will:

- **Reuse existing business logic** – On-demand deployments and on-premise installations share the reliable, industry-proven business logic of SAP Business One
- **Leverage our extensive ecosystem** – SAP partners provide a wide range of high-performance add-ons to deliver extended functionality and customized business processes. A key element of SAP's on-demand strategy is ensuring that these add-ons continue to work in the cloud, with no disruption
- **Deliver enterprise-grade security and reliability** – SAP understands that organizations demand best-in-class security and reliability before moving to the cloud, and SAP is committed to continued delivery of enterprise-grade technology
- **Build on a renovated core architecture** – SAP has embarked on a program of continuous renovation of the core platform architecture, which incorporates the latest UI technology and the cutting-edge SAP HANA® platform. Both our on-premise and on-demand solutions benefit from this new architecture, offering increased flexibility, improved partner extensibility, and a lower TCO.

Landscape Architecture

Unlike an on-premise installation, in on-demand deployments the SAP Business One client application is not installed on end-user workstations. Instead, customers use remote desktop

connections to access the SAP Business One application, centrally hosted on presentation servers in a data center. SAP Business One users can enter their logon credentials on a secure user access portal using a Web browser, which initiates a remote application instance. Application data is stored and executed in the data center rather than locally, with only high-level graphical information delivered to client machines over the network.

Central software components are shared across an entire on-demand landscape. A system landscape directory (SLD) service maintains a registry of all components and how they are allocated to customers. Customer data is stored in secure company databases and several files in dedicated directories, with access permissions granted on a per-user or per-tenant basis. Individual customers cannot see or access the data of other customers.

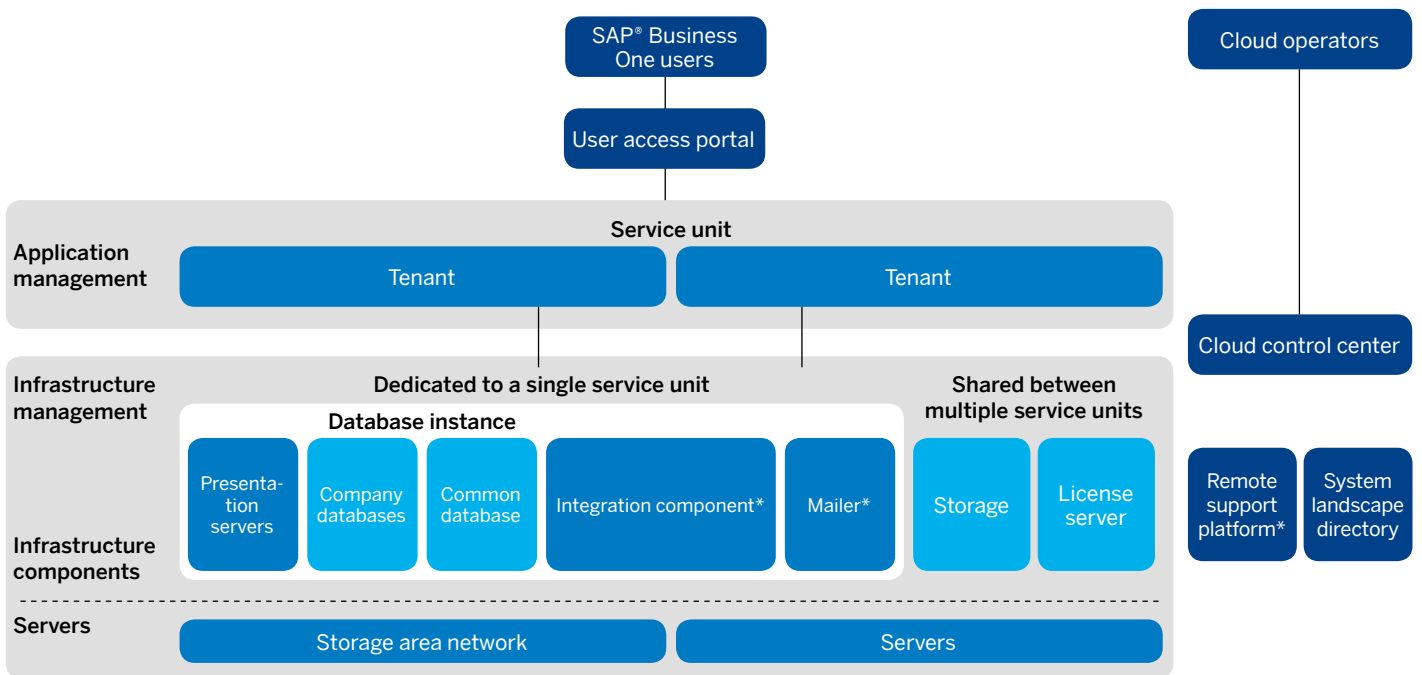
The resources in an SAP Business One OnDemand landscape are divided into **service units** to improve the overall manageability. A service unit is a collection of the software components, servers, and storage required to provide access to a full SAP Business One installation. All SAP Business One components in a single service unit are of the same version, and add-ons are available to tenants of the service unit should they choose to use them. A single service unit can contain multiple tenants with similar requirements.

A **tenant** represents a company database, storage, and licenses allocated to a customer to provide business functionality. A **customer** is an organization that has purchased a subscription to remotely access SAP Business One for a predefined period of time and specific number of named users, according to contractual conditions.

Customers may have multiple tenants across different service units, with each tenant having a different application version or purpose, such as productive, demonstration, or testing instances.

Figure 2 shows the typical architecture of an SAP Business One OnDemand landscape.

Figure 2: A Typical SAP Business One OnDemand Landscape



* Optional components

The entire software stack typically runs on a fully virtualized landscape, with virtual servers and desktops dynamically provisioned from standard images on demand. Servers can be taken offline, moved, or updated and additional capacity added without any downtime. By abstracting hardware, virtualization allows maximum utilization of expensive resources. A single physical machine containing multiple virtual servers and running at full capacity can replace multiple physical servers in a traditional environment. Live migration allows virtual servers to be moved from one physical host to another without any downtime. The use of standard images simplifies the deployment and upgrade of components. SAP recommends the use of storage area networks to dramatically improve the performance of the entire landscape.

Support for Multiple Tenants

SAP Business One OnDemand delivers further cost reductions with support for multiple tenants. In an SAP Business One OnDemand environment, multiple tenants can share hardware resources and software components. The use of virtualization further consolidates hardware and software resources to deliver additional cost savings.

The SAP Business One application supports multiple tenants, with data and settings stored in separate, secure company databases. In 2012 SAP introduced updates to enhance support for multiple tenants on the application level. For example, customers can now access SAP Business One remotely through a Web portal with support for single sign-on. SAP introduced new user privileges and improved authorizations settings. This way, users cannot make changes that would otherwise affect users of other companies.

Benefit from the Established Ecosystem for SAP Business One

Integration of SAP Business One OnDemand with SAP solutions is a key part of the vision for SAP Business One in the cloud. SAP Business One OnDemand integrates with SAP Business Suite applications and, because it has an extensible architecture, can be smoothly integrated with solutions from other software vendors.

Like our on-premise offering, SAP Business One OnDemand is fully integrated with the Microsoft Office suite of products,¹ enabling communication and collaboration across entire organizations and business functions.

BENEFITS OF THE SAP® BUSINESS ONE ONDEMAND SOLUTION

Central landscape management – Partners use the cloud control center for provisioning and maintenance, rather than repeatedly perform maintenance on hundreds or thousands of client workstations.

Elasticity – Computing capacity can be added or removed on demand according to customers' needs, without additional downtime.

Improved security – All data and applications are stored and executed in a secure data center. User permissions and authorizations can be tightly controlled.

Fast deployment – Hardware and software can be standardized and reused. Virtual machine (VM) images allow rapid provisioning and implementation.

Enhanced performance – VM images provide users with a pristine desktop every time; operating system performance does not degrade over time as applications are installed, removed, and updated.

Existing add-ons developed by our software solution and technology partners can be certified to run in the cloud, offering the same extensibility and flexibility that customers are used to with on-premise environments. SAP takes the security of our customers' data very seriously, and customers can be assured that SAP certifies that all add-ons available in the cloud have the highest security standards.

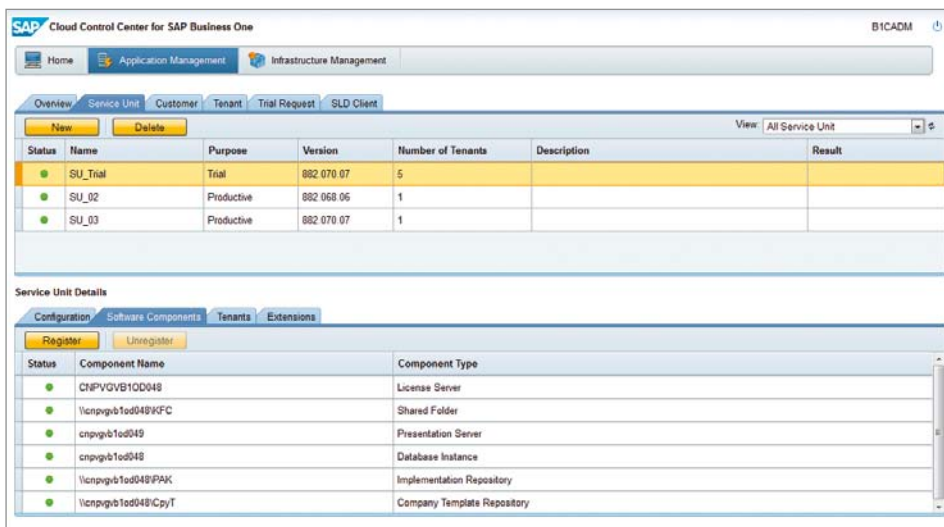
Powerful Lifecycle Management Tools

SAP provides powerful lifecycle management tools to proactively monitor SAP Business One OnDemand installations and deliver updates.

The remote support platform (RSP) proactively manages the installation and maintenance of SAP Business One. The platform monitors the health of an SAP Business One installation and provides automated healing, in addition to backup support and distributing software patches. By automating maintenance tasks and addressing potential problems before they occur, partners and data centers require fewer IT staff and receive a lower number of support requests, further reducing the total cost of operations. In 2012 SAP added the ability to monitor multiple SAP Business One instances in on-demand environments as part of the remote support platform.

The cloud control center is an interface for the SLD service that enables partners to manage an on-demand landscape and dynamically provision computing resources (see Figure 3).

Figure 3: Cloud Control Center for SAP® Business One



The application has an intuitive wizard-based interface so partners can easily incorporate additional components into an on-demand landscape on the fly and rapidly provision new customers. The cloud control center includes the following functionality:

- Install and register hardware and software resources in the system landscape directory
- Create service units and assign hardware and software resources
- Install and activate software licenses from SAP
- Provide customers with the required tenants and manage existing tenants
- Create user accounts with the necessary credentials and authorizations
- Use solution packages and templates to rapidly provision new company databases with all the appropriate settings and information

For more information about using the cloud control center, see the *SAP Business One OnDemand Administrator's Guide*.

Build Public and Private Clouds

Partners can deploy SAP Business One OnDemand as either public or private cloud solutions. With public clouds, SAP Business One is available to multiple customers on demand,

who share common hardware and software resources. Public clouds therefore offer the best economies of scale, and customers benefit from lower operating costs.

In contrast, private clouds provide access to SAP Business One OnDemand to only a single customer. Although this may result in higher operating costs, private clouds can meet the demands of companies that have strict security or data compliance requirements, complex business processes requiring a high degree of application customization, or a large number of concurrent users. Private clouds are particularly suited to large enterprises that want to provide subsidiaries, branches, distributors, suppliers, or clients with access to separate SAP Business One instances.

Partners can offer a high degree of fault tolerance to customers by utilizing hybrid cloud architectures. With hybrid clouds, a customer's normal operations run in a dedicated private cloud, with the customer having the option to leverage the additional computing resources of public clouds during periods of high demand. This technique, known as "cloudbursting," enables partners to securely copy a customer's SAP Business One business data to a public cloud should the customer require the option to consume additional resources for a limited time.

SAP Business One OnDemand Solution Road Map

This section provides an overview of the SAP Business One OnDemand road map. However, the forward-looking statements presented in this section are for informational purposes only and are all subject to change. SAP has no obligation to pursue the platform directions and functionality outlined in this section, and they should not be relied upon in making purchasing decisions.

SAP Business One OnDemand is not designed to replace the existing on-premise solution. Rather, the two deployment solutions exist side by side, with SAP committed to delivering non-disruptive, complementary innovations to a single common code base shared between the two. This approach leverages the already powerful and flexible business logic and ecosystem of SAP Business One while providing minimal disruption to partners and customers.

ENABLING DEVELOPMENT OF BOTH ON-PREMISE AND ON-DEMAND OPTIONS

The SAP Business One OnDemand solution road map focuses on the following key areas:

- Enable on-demand business models, with a focus on offering a complete total customer experience and enhancing life-cycle management tools.
- Leverage continuous core architectural renovations, new UI technologies, and the SAP HANA platform while maintaining solution flexibility and further reducing the total cost of ownership.
- Introduce solutions to help customers achieve the maximum benefit from on-demand environments.
- Maintain platform extensibility by expanding our successful on-premise partner platform to include on-demand solutions.

A New Platform Architecture

To enable the development of both on-premise and on-demand deployment options, SAP plans to consolidate existing business logic into the SAP Business One core layer, moving from the client-server architecture of today to a new architecture using an iterative approach. A new Java-based application server will sit above the core layer to enable the unified consumption of the underlying business logic by Web browsers, mobile devices, and other third-party applications. SAP Business One can run on the SAP HANA platform, utilizing the cutting-edge in-memory database technology on premise and in the cloud (see Figure 4).

In addition, SAP aims to develop a new lightweight UI layer based on technologies such as HTML5. SAP intends to gradually release business applications built using the new UI layer. HTML5 is the ideal platform on which to build applications for browsers, different-sized mobile devices, and Microsoft Windows 8 Metro style apps. However, customers are not forced to choose between full-fledged on-premise and evolving on-demand options. New business applications are designed to seamlessly integrate and synchronize with an on-premise installation or work side by side with the SAP Business One application in an on-demand environment.

Initially, SAP plans to focus on making available functionality that covers core business processes particularly suited to the cloud. This includes highly collaborative scenarios between employees or companies and solutions for specific business requirements or locales.

Our new platform will retain the flexibility of today's on-premise solution while benefiting from enhanced manageability to ensure add-on governance and a centralized landscape administration for on-demand environments. Software solution providers can continue to extend the core applications from SAP to offer additional functionality to customers, with a focus on providing vertical solutions. Alternatively, partners can develop new business applications that utilize the core business logic developed by SAP.

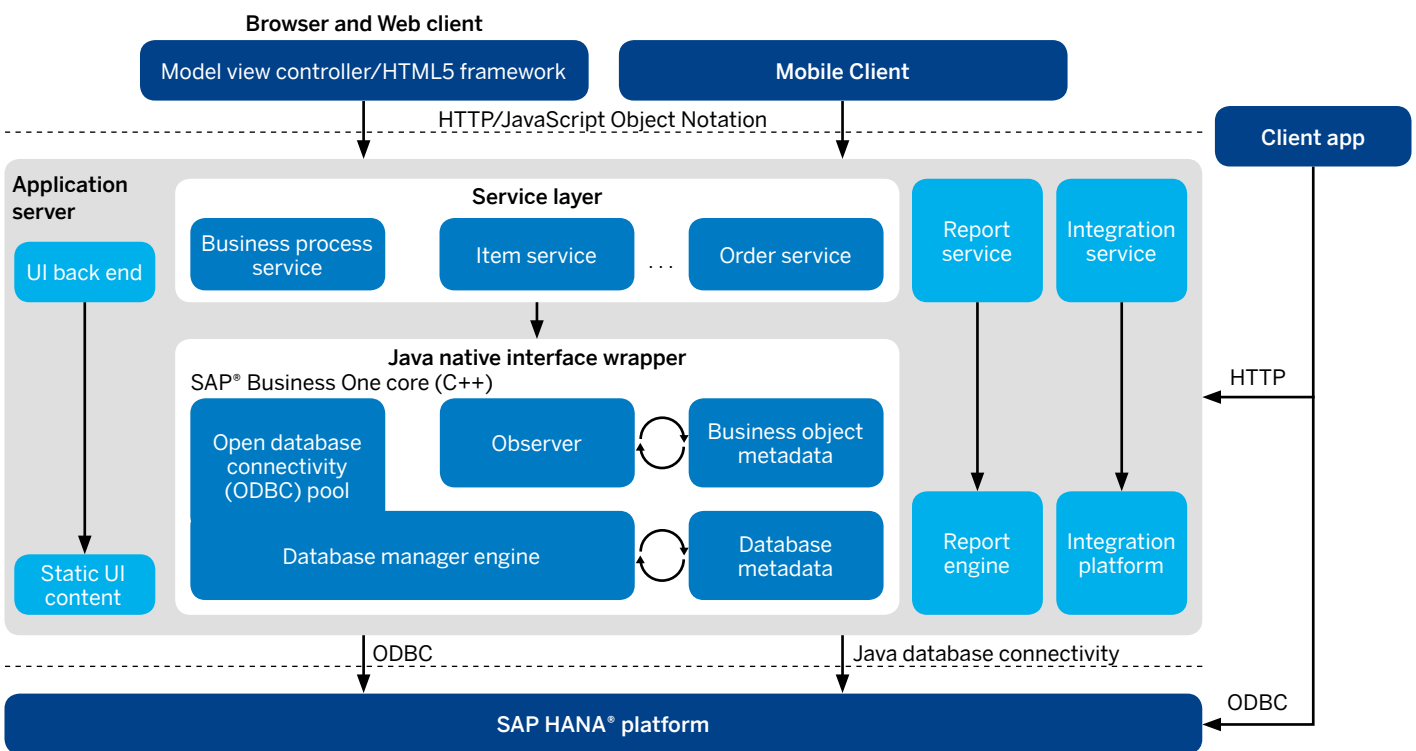
Enhanced Platform and Ecosystem Extensibility

SAP recognizes partner solutions that include and build upon the functionality of SAP Business One. They provide great value to meet specific industry or niche business requirements. SAP considers the overall platform extensibility to be a key priority in on-demand enablement.

SAP plans to offer two methods for extending the functionality of SAP Business One OnDemand. Current and future add-ons, developed by software solution and technology partners using the SAP Business One SDK, can be certified to run in on-demand landscapes. These add-ons have complete access to the full functionality of SAP Business One.

The certification process ensures that add-ons run reliably and securely in the cloud. This means that they cannot access sensitive company data, underlying hardware, or affect other tenants and service units, while maintaining the attractive low

Figure 4: SAP Business One Running on the SAP HANA Platform



total cost of ownership of SAP Business One OnDemand. Our certification process includes comprehensive guidelines for partners covering on-demand enablement, centralized add-on administration, and assistance with quality assurance testing.

In addition to supporting existing add-ons, SAP plans to develop a new lightweight, JavaScript-based extension system so that partners can quickly adapt the solution to customer-specific processes. Unlike existing add-ons, these extensions are "sandboxed," with managed access to system functionality. As a result, we are offering partners and customers enhanced flexibility, a lower total cost of ownership, and a rapidly developed solution to address last-mile extensibility without the need for certification.

Strong Backbone and Last-Mile Integration

Integration with applications and services from SAP and third parties is a key part of the vision for SAP Business One OnDemand. In addition to the delivery of extended functionality and customized business processes by partners, SAP will provide powerful integration options and support partners in the development of solutions for last-mile integration.

SAP Business One OnDemand is positioned as a cloud-based integration platform with built-in business logic and a low total cost of ownership, based on our proven on-premise integration component. Backbone integration with SAP Business Suite and other SAP applications is provided by SAP. Partners can build on our new SAP Business One OnDemand platform architecture to develop last-mile integration scenarios for third-party on-premise, cloud, and on-device applications and services.

Figure 5: Steps in the Customer Adoption Process



This on-demand integration platform is particularly suited to large enterprises that want to provide their subsidiaries, partners, and customers with ERP functionality fully integrated with their own larger ERP systems or to build their own integrated ecosystems. The ability for our partners to address complex last-mile integration between many different systems not only satisfies customers' business requirements but also represents a potential new revenue stream.

To handle the large amounts of data generated in these types of integrated ecosystems, customers can utilize the SAP HANA platform, our combination of powerful in-memory software and leading SAP partner hardware. With SAP HANA, customers can:

- Access data and make decisions in real time, as business happens and events unfold
- Get lightning-quick results from complex data queries
- Accelerate key business processes with rapid analysis and reporting
- Develop intricate predictive models to respond faster to market needs
- Invent new business models and processes by leveraging innovative solutions
- Reduce TCO with less hardware, maintenance, and testing

Delivering a Total Customer Experience

SAP assists partners to provide a total customer experience throughout the entire marketing, sales, and implementation process to ensure the efficient consumption of solutions. Partners can leverage resources from SAP during their marketing efforts. These resources can provide customers with an overview of the solutions and services on offer, comprehensive product demonstrations, success stories, and help finding recommended add-ons for SAP Business One, on premise or on demand.

For customers that are interested in learning more about SAP Business One OnDemand, partners can offer a fully functional, license-free trial. During the trial period, customers have

access to a simple SAP Business One implementation, hosted in the cloud, for a limited time and number of users. Throughout the trial period, customers can use educational materials and consulting services offered by both SAP and partners to familiarize themselves with the solution and start exploring how SAP Business One OnDemand can run their business better.

Should a customer decide to purchase a subscription for SAP Business One OnDemand, partners may smoothly transfer the customer to a licensed productive tenant. Partners can shorten the implementation phase further, with support for solution packages and template databases during the tenant provisioning process in the cloud control center. After the provisioning process is completed, customers may purchase additional licenses for multiple productive tenants or access to testing environments. Figure 5 illustrates the steps involved in customer adoption.

During the subscription period, customers can easily find partner-developed add-ons that satisfy their business requirements in the SAP Store. Alternatively, our online communities enable collaboration between partners to provide custom solutions to satisfy customers' unique requirements. Using the lifecycle management tools from SAP, partners can distribute regular software updates and patches to customers as they become available, providing their customers with reliable access to the latest functionality, bug fixes, and legal changes.

Improved Lifecycle Management Tools

For partners, SAP will continue to improve the lifecycle management tools for SAP Business One OnDemand to offer the following functionality:

- Monitor the availability of resources and consistency of business data
- Perform health checks and automated healing
- Upgrade software components, service units, and tenants
- Manage database backups and required downtime

SAP Business One OnDemand Partner Ecosystem

SAP Business One OnDemand provides partners with the opportunity to strengthen and expand their product portfolios with a new deployment option of our proven solution for small businesses. Existing partners can leverage their current knowledge and expertise to deliver a simplified and expedited solution to customers while increasing their share of cloud revenue.

SAP Business One OnDemand offers new opportunities not only to existing partners but also opens the door for new companies to join the partner ecosystem. Companies with a strong awareness of local business needs can focus on marketing and selling SAP Business One OnDemand while letting infrastructure partners handle the technical aspects of deployment and maintenance. Data centers that are experienced at managing large technical landscapes can provide certified hosting, while value-added resellers (VARs) focus on selling and supporting solutions that utilize this infrastructure.

The partner ecosystem for SAP Business One OnDemand consists of the following key partner types:

- **Value-added resellers** – VARs market, sell, and implement customized solutions and provide ongoing support, consulting, and education services to customers. Since VARs do not provide the hosting infrastructure, they must work closely with certified infrastructure partners to deliver SAP Business

One OnDemand. VARs usually focus on providing solutions for one or a small number of countries or specific industries. They may subcontract their services to a hosting partner; thus the customer will have one point of contract only.

- **Infrastructure and hosting partners** – These partners provide a hosting infrastructure, typically a certified data center, and perform centralized management and maintenance of SAP Business One OnDemand software components. Infrastructure partners can provide hosting services across several countries and industries. They work closely with VARs to provide full on-demand services.
- **Strategic partners** – These partners offer a complete SAP Business One OnDemand solution as a single package to customers, from hosting and implementation to sales, marketing, and support. Our strategic partners have a global presence and are able to scale to meet the requirements of even the most demanding customers. Since strategic partners have full control of both the hardware and software, they can maximize the benefits from resource sharing and centralized application management.
- **SAP software solution and technology partners** – These partners integrate SAP Business One OnDemand with existing technologies and extend functionality through certified add-ons.



SAP Business One OnDemand offers new opportunities not only to existing partners but also opens the door for new companies to join the partner ecosystem.

SAP PARTNEREDGE® PROGRAM

The SAP PartnerEdge® program is our award-winning program that helps partners expand market opportunities and drive customer success. Partners in our highly selective, industry-leading program have access to benefits that help facilitate business growth, including:

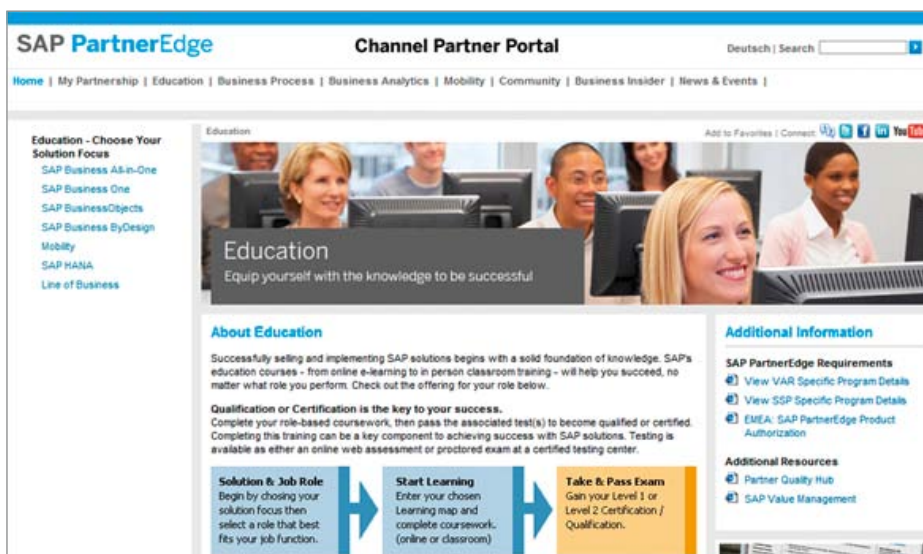
- **Access to the SAP Channel Partner Portal site** – Our online resource provides immediate access to world-class education, sales, marketing, support, and informational resources (see Figure 6).
- **Dedicated sales and marketing support** – SAP representatives and powerful online resources provide assistance throughout the entire sales cycle.
- **Business opportunities and leads** – Convert highly qualified leads from SAP into live customers.
- **Generous market development funding and lead-generation programs** – These resources help jump-start business and sustain ongoing growth.

- **Access to the SAP PartnerEdge P2P Network** – This secure online sales and marketing collaboration tool enables partners to collaborate and share together and expand market reach.
- **Systems, education, and ongoing support** – These resources help proactively manage the relationship between partners and SAP, build competency and expertise, and achieve successful sales and implementations.

SAP PartnerEdge has three tiers of partnership: bronze, silver, and gold. SAP goes beyond rewarding sales volume and revenue to recognizing solution development, customer satisfaction, education, and training. Partners advance from one level to the next by earning Value Points in two categories:

- **Business performance and transactions** – Accumulating SAP license sales to new or current customers and the sales of add-ons or new certified or qualified solutions
- **Capability building** – Submitting success stories or technology white papers, providing customer references, taking part in the SAP PartnerEdge P2P Network for business collaboration, adding trained and certified employees, taking higher-level sales or technical exams, and more

Figure 6: SAP Channel Partner Portal



As partners advance to higher levels, they gain access to increasing benefits, including service entitlements, software discounts, and market and business development funds. Partners can earn market development funds and business development funds for selling SAP software licenses or developing add-ons to a qualified or certified solution, as well as for participating in special programs and initiatives. Please note that these benefits vary by country and region.

For more information about the benefits of SAP PartnerEdge, see www.sap.com/partners/partnerwithsap/channel/partneredge-program.

SAP BUSINESS ONE ONDEMAND SUBSCRIPTION PRICING

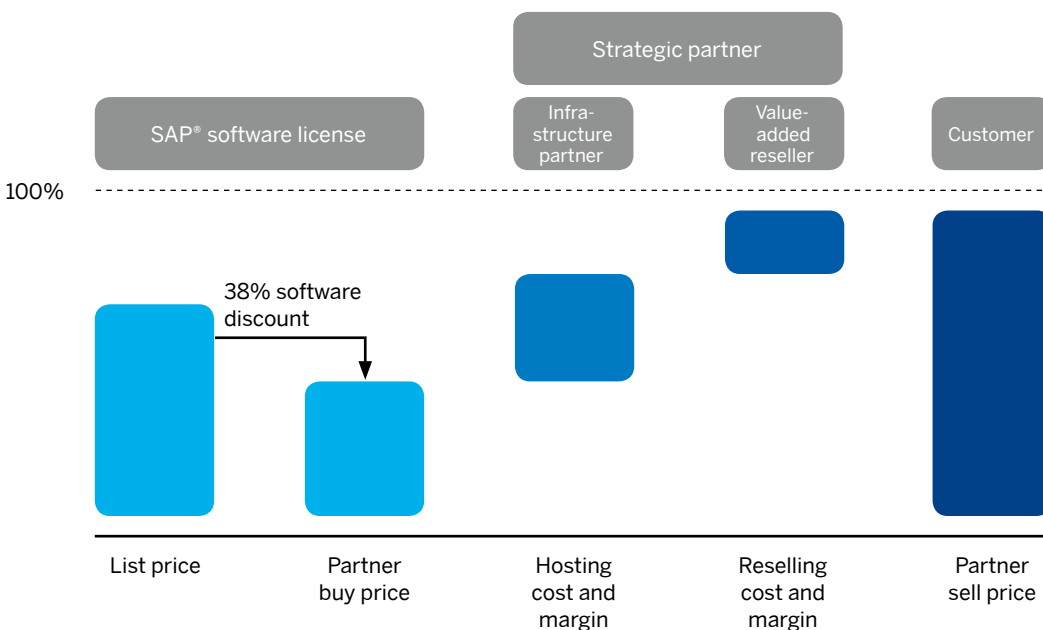
SAP continues to deliver on its commitment to provide customers with options to lower the total cost of ownership of their business management solution. SAP Business One OnDemand is the evolution of this promise.

SAP Business One OnDemand end-user pricing varies by country and according to individual partner offerings. The monthly subscription price for customers covers ongoing application hosting and management. Figure 7 illustrates how the monthly subscription price is shared among different partners.

Licensing Costs

To provide access to SAP Business One OnDemand, partners sell licenses to customers that are purchased from SAP. SAP Business One OnDemand is based on a named-user licensing model, in which partners assign licenses to specific end users. Partners benefit from a standard 38% software discount on the cost of SAP Business One OnDemand licenses purchased from SAP.

Figure 7: Sharing of License Costs Among Partners



Hosting Costs

The total cost of operations for SAP Business One OnDemand covers hardware, infrastructure and application management, third-party licensing, and so on (see Figure 8).

Partners can reduce the total cost of operations by facilitating greater sharing of computing resources between different customers. For infrastructure partners that work with multiple VARs, this figure can be further reduced by sharing resources not only between customers of a single partner but also between customers of multiple partners where possible.

Since data centers benefit significantly from economies of scale, as the number of customers served by an implementation partner increases, the total cost of ownership decreases accordingly (see Figure 9). According to our validations, we expect partners can achieve an attractive level of profitability with as few as 40 customers² using SAP's suggested pricing structure. SAP encourages implementation partners to explore different options for increasing revenue, such as offering partners increased storage, shorter response times for support requests, and other additional services.

Reselling Costs

The revenues realized by VARs depend on their individual marketing, sales, and support strategies and end-user pricing schemes. SAP encourages current VARs to leverage their existing knowledge and customer bases to drive increased revenue, while new partners can utilize the extensive resources provided by SAP to quickly achieve profitability. For more information about the partner resources provided by SAP, see the section titled "SAP PartnerEdge program."

Partners adding an on-demand deployment option to their existing on-premise businesses will see changes to their revenue structure. With subscription-based pricing, revenues are distributed over a longer period compared to the typical large, up-front receipts associated with on-premise models. However, profits from the following subscription years are generally expected to make up for any shortfall in the first year. And since a typical on-demand customer usually adds more users each year, partners can look forward to a healthy and sustainable revenue stream over time.

Figure 8: A Breakdown of the Total Cost of Operations for SAP® Business One OnDemand

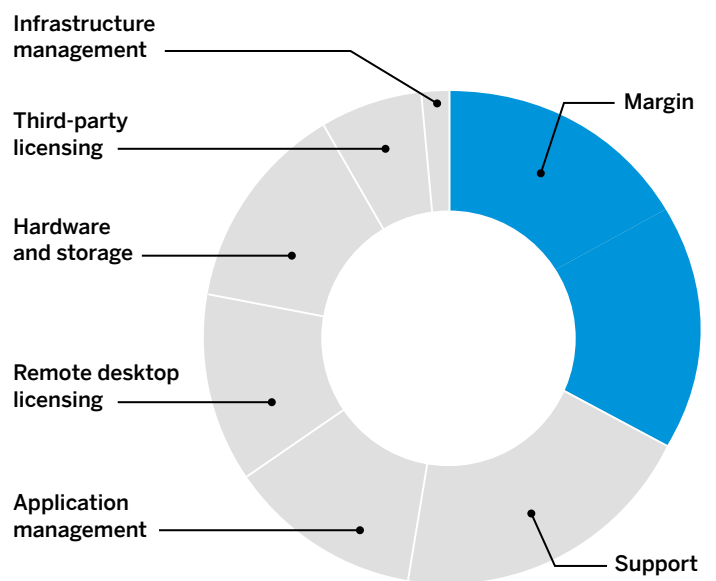
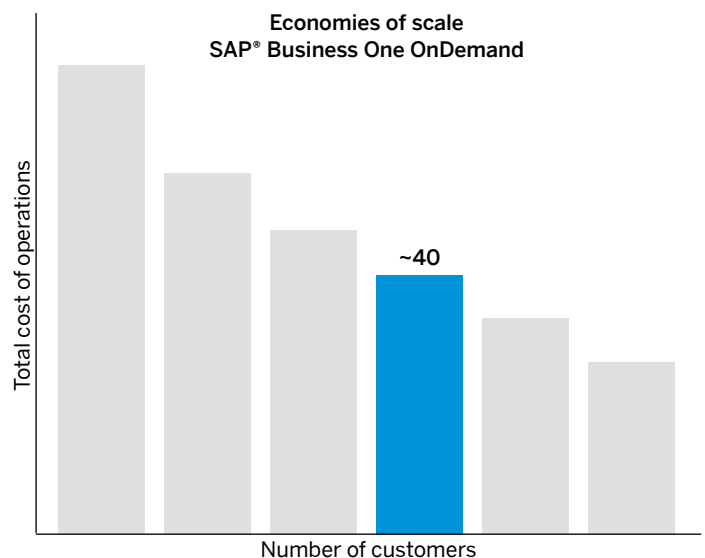


Figure 9: An Attractive Level of Profitability with as Few as 40 Customers



SUPPORT MODEL AND SERVICE-LEVEL AGREEMENTS

The support model for SAP Business One OnDemand has the same structure as the on-premise model and consists of the following services:

- **Troubleshooting and problem resolution related to core product issues, application access, and usage** – This service is provided as part of the standard on-demand package and covered by the monthly subscription fee. VARs can leverage lifecycle management tools provided by SAP, such as the remote support platform, to help automate processes. This service includes the support levels shown in the following table.

Support Level	Provider	Description
Level 1	VAR	The VAR describes and prioritizes the problem and performs a self-help check. If the problem is related to the landscape infrastructure, the VAR may consult the infrastructure partner.
Level 2	VAR	The VAR isolates and reproduces the problem and suggests a work-around. If the VAR cannot resolve the issue, the VAR contacts SAP.
Level 3	SAP	SAP fixes the application and provides a hot fix, patch, or other solution and creates or updates accompanying documentation. The VAR is responsible for implementing the solution.

- **Consulting services and additional customization and configuration** – This service is not provided by SAP. Partners can decide whether to include this as part of the standard on-demand service or, if required, negotiate an additional service contract and fee with customers.

SAP recommends that service contracts between VARs and customers contain a service-level agreement (SLA), which formally defines the level of service the customer can expect. SLAs should set customer expectations for system availability, maintenance windows, backups, time-zone coverage, language coverage, response times, issue resolution time, support quality, and so on, which must be monitored and reported. Customers should have the option to audit such reports and receive compensation in the event that service quality falls below the expectations covered in the SLA. We recommend a multitiered SLA approach, with VARs able to offer standard and premium-level support options.

VARs should have a separate SLA for infrastructure partners to ensure that they can meet their customer commitments. If a VAR provides additional functionality to customers using third-party add-ons from software solution and technology partners, then the VAR may require an additional SLA for customers, to cover the support of add-ons, and a formal agreement with the SAP software solution and technology partner.

For more information about support levels, obligations, and responsibilities, see the *SAP Business One Maintenance Policy* on SAP Channel Partner Portal.

CONCLUSIONS

SAP Business One OnDemand is a new deployment model for SAP Business One, delivering on our vision to provide a comprehensive and flexible cloud solution for small businesses with a lower total cost of ownership. SAP Business One OnDemand is ideal for customers that want to simplify in-house IT requirements and minimize up-front capital expenses. Customers pay a monthly subscription fee on a per-user basis to access a full SAP Business One implementation, hosted in public or private clouds.

SAP Business One OnDemand is offered to customers by our extensive ecosystem of certified partners. For partners, SAP already provides powerful lifecycle management tools to streamline the provisioning process and ongoing management of on-demand solutions. Add-ons developed by our software solution and technology partners can be certified to run in the cloud, addressing the specific geographic and business requirements of customers.

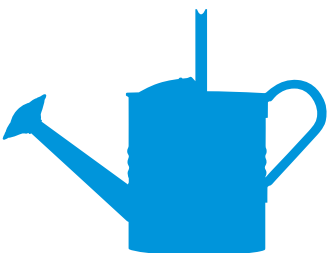
SAP is committed to continued investment in the on-demand platform. SAP will leverage our existing business logic and deliver a new on-demand platform architecture based on HTML5 and SAP HANA. We will continue to deliver on our promise to further reduce total cost of ownership and improve our lifecycle management tools for partners. Our partners can build on the core business logic developed by SAP to develop new business applications and offer additional functionality to customers. SAP Business One OnDemand offers a low cost, cloud-based integration platform that enables partners and customers to build extensive ecosystems, which integrate our on-demand solution with applications from SAP and third parties.

Partners that decide to offer an on-demand deployment option together with their existing on-premise solutions can provide customers with a greater choice and look forward to a sustainable revenue stream over many years.

For more information about SAP Business One OnDemand, see <http://channel.sap.com/sbo>.

FOOTNOTES

1. Currently requires Microsoft SPLA licensing. For more information, see [Microsoft SPLA](#).
2. Based on each customer having 10 users with 40% concurrent users.



SAP is committed to continued investment in the on-demand platform. SAP will leverage our existing business logic and deliver a new on-demand platform architecture based on HTML5 and SAP HANA.



GLOSSARY

Term	Description
SAP® Business One OnDemand	SAP Business One OnDemand is the SAP cloud solution for small businesses and subsidiaries of large enterprises. SAP Business One is centrally hosted by partners in data centers. Providers license the application to customers for use as a service when they need it, that is, “on demand.” It eliminates the need for on-site IT resources to manage infrastructure and thereby reduces operational expenses.
Public cloud	Computing resources and on-demand applications are made available to multiple organizations or the general public over the Internet by a service provider. Organizations pay a subscription fee for application access on a per-usage basis. Public clouds benefit from economies of scale, with computing resources shared between multiple organizations.
Private cloud	Computing resources and on-demand applications are hosted in a private data center solely for a single organization. The organization may manage the infrastructure themselves or pay a subscription fee for application access on a per-usage basis to a third-party, which manages the infrastructure on their behalf.
Hybrid cloud	A hybrid cloud is a collection of two or more public or private clouds that are bound together. Organizations can leverage the additional computing resources of other clouds when necessary.
Cloudbursting	This term refers to the process of moving business operations from a private cloud to a public cloud temporarily during periods of high demand.
Customer	An organization that has purchased a subscription to remotely access SAP Business One for a predefined period of time and specific number of named users, according to contractual conditions, is a customer.
Tenant	A tenant refers to the company database, storage, and licenses allocated to a customer to provide business functionality. A customer may have multiple tenants across different service units, with each tenant having a different application version or purpose, such as productive, demonstration, or testing instances.
Service unit	A service unit is a collection of the software components, servers, and storage required to provide access to a full SAP Business One installation. All SAP Business One components in a single service unit have the same version. A single service unit can contain multiple tenants with similar requirements.



GLOSSARY

Term	Description
SAP Business One user	A licensed SAP Business One user is a member of a customer organization that has purchased a subscription to remotely access SAP Business One OnDemand. An SAP Business One user can belong only to a single customer and cannot be reassigned to other customers.
System landscape directory (SLD)	SLD is the central directory of all SAP Business One components in an on-demand landscape. A service provides information about software components and their settings, how resources are grouped into service units, and registered customers, tenants, and users.
Cloud control center	The cloud control center is an interface for the SLD service that cloud operators can use to manage an SAP Business One OnDemand landscape. You can register infrastructure components, add users, and create service units and tenants.
Remote support platform (RSP)	This is a service that enables automated, remote support in a high-volume business to protect an SAP Business One installation.
User access portal	This portal is a Web site where users can enter their logon credentials to remotely access the SAP Business One application.
Presentation server	A presentation server provides tenants with remote access to the SAP Business One client application.
Company database	A company database stores all business and transaction data. A single customer may require several company databases.
Total cost of ownership	Total cost of ownership refers to the complete cost of owning a product, including purchase price, maintenance, and service.
Total cost of operations	Total cost of operations refers to the complete cost of running a product, including hardware, software licenses, infrastructure and application management, and so on.



GLOSSARY

Term	Description
Value-added reseller (VAR)	A VAR is a company that sells SAP software and provides first-level support to their customers. VARs market, sell, and implement customized SAP Business One OnDemand solutions and provide ongoing support, consulting, and education services to customers.
Infrastructure or hosting partner	This company operates a hosting infrastructure, typically a certified data center, and performs centralized management and maintenance of an entire SAP Business One OnDemand software stack on behalf of VARs.
Strategic partner	This company is selected by SAP to provide a complete SAP Business One OnDemand solution as a single package to customers. Strategic partners handle hosting, implementation, sales, marketing, and support.
Software solution provider	Company that integrates SAP Business One with existing technologies and extends functionality through certified add-ons.
Service-level agreement (SLA)	An SLA between two parties is intended to assure delivery of a specific service within a predefined period of time. Service-level agreements define the attributes for service products that have been agreed upon in service contracts. The SLA confirms different parameters, such as response time, availability time, and system availability. The SLA affects the pricing for each contract item and the date calculation in the service order, to which the relevant contract items refer.
Backbone integration	This term refers to integration of SAP Business One OnDemand with SAP Business Suite applications and other solutions from SAP.
Last-mile integration	This term describes integration of SAP Business One OnDemand with specific third-party applications and services – on premise, in the cloud, and on device. This may be provided by SAP or our partners.

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