Commerzbank Sector Conference Week

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Peter Lorenz

Executive Vice President, Small and Midsize Enterprises
Corporate Officer of the SAP Group
Member of the Executive Council

THE BEST-RUN BUSINESSES RUN SAP™

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Agenda

1. **SAP's growth strategy**
2. SME – A key driver for SAP's growth

The World's Leading Provider of Business Application Software

Undisputed market leader with >102,500 customers in 120 countries – the largest customer base in enterprise applications

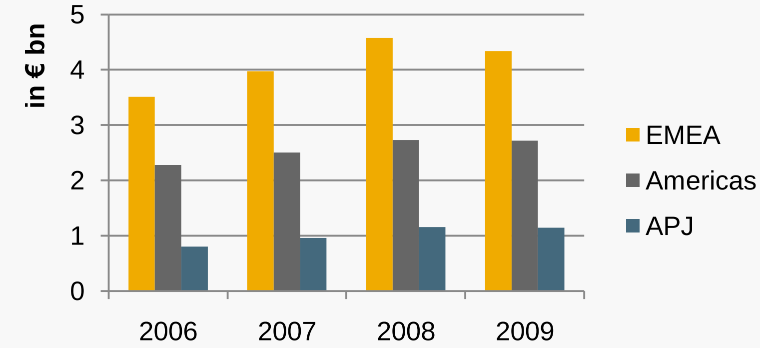
- Strong sales opportunity into installed base – business with existing customers accounts for ~80% of order entry
- Steadily increasing share of recurring revenues – over 50%
- More than 30% of order entry from SME segment globally.
- Strong focus on ecosystem to foster co-innovation with over 2,000 partners
- Deepest industry knowledge with solutions covering 24 industries with over 400 micro-verticals
- Leading product and technology innovation with ~14,500 developers

*Source: Interbrand / BusinessWeek 2009

Competition and Market Share

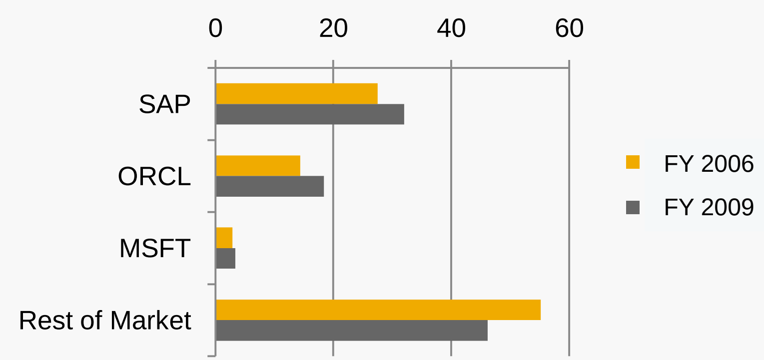
Packaged Software Segment	Market Leader
User Productivity	Microsoft
Business Software	SAP
Core EAS*	
Analytics	SAP
Middleware & Development Tools	IBM
Database	ORACLE
Operating System	Microsoft
Storage/ Security/ IT Management	symantec.

SAP SSRS** Revenue by Region



Source: SAP Annual Reports, based on IFRS and customer location

Share Core Enterprise Application Software (EAS)



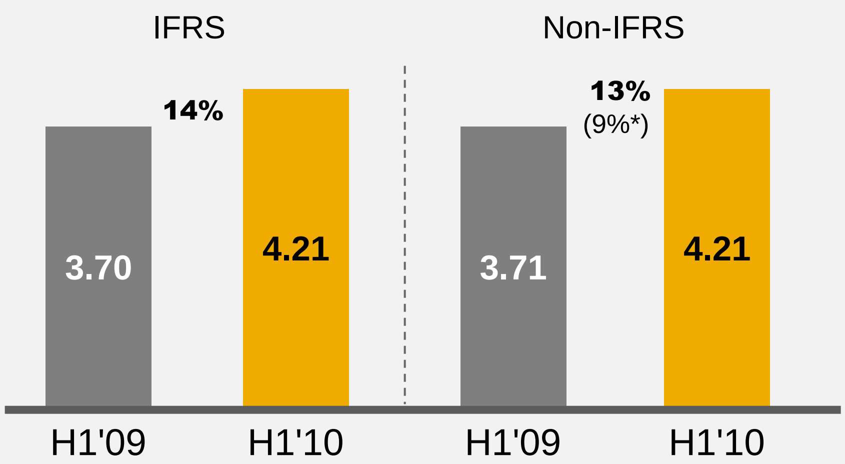
Based on SSRS application revenue in %; Source: SAP CMI, January 2010

*Enterprise Application Software (EAS)
**Software and Software Related Service revenue (SSRS)

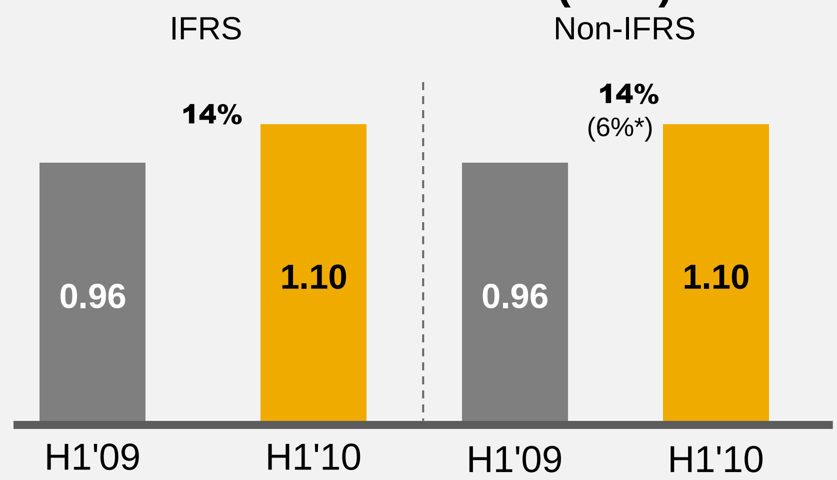
Key Figures

First Half 2010

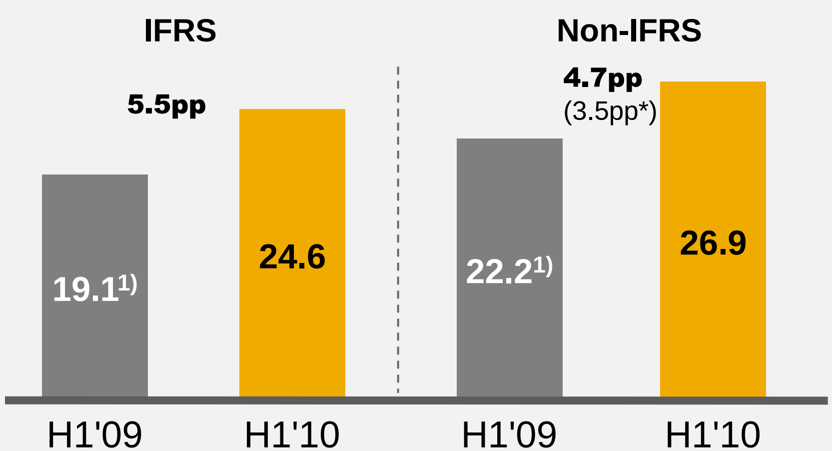
SW & SW-Related Serv. Revenue (€ bn)



Software Revenue (€ bn)



Operating Margin (%)



- Customers restart IT investments
- Strong growth in the US and in emerging markets
- Cautious buying patterns in some mature markets
- Strong operational performance, while investing strategically

* at constant currencies
1) includes negative effect of 3.7pp (IFRS) and 3.6pp (Non-IFRS) from H1 2009 restructuring charges

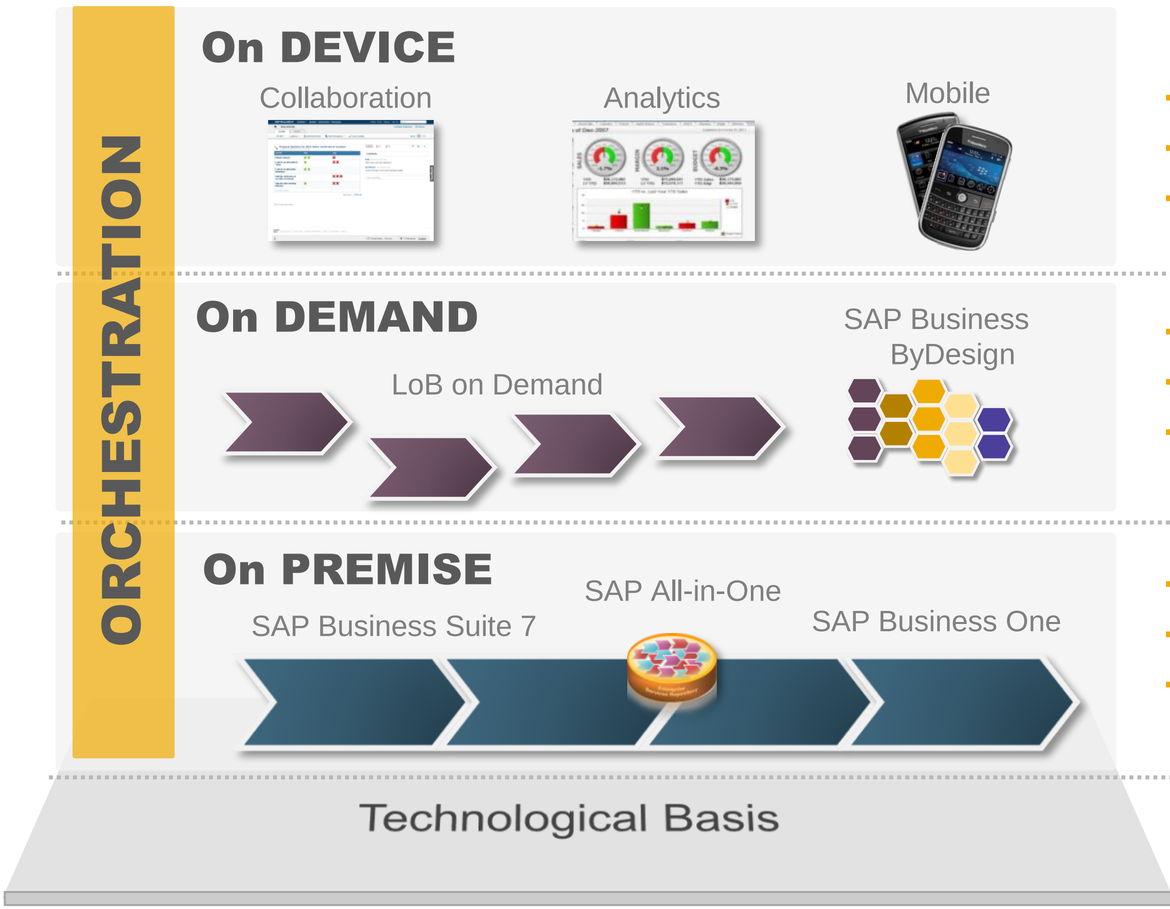
SAP's Solutions Offerings

Tailored Solutions for Each Customer Segment

	Go-to-Market	Customer Segment	Primary Solution Offering	
Large Accounts ~70% of order entry >22,500 customers	**Direct**	**Large Enterprises** **(> 2,500 employees)**	SAP Business Suite 7 Expansion of industry solutions portfolio	SAP BusinessObjects LE product portfolio
Small and Mid-sized Enterprises ~30% of order entry >80,000 customers	**Hybrid** **(indirect and direct)**	**Upper Midsize** **(500 to 2,500 employees)**	SAP Business All-in-One	SAP BusinessObjects SME product portfolio
	Hybrid **(indirect and direct)**	**Lower Midsize** **(100 to 500 employees)**	SAP Business ByDesign	
	Indirect	**Small Businesses** **(<100 employees)**	SAP Business One	

Our Product Strategy

Extend from the Core to the People



- **All** devices
- **All** user experiences
- **Easy to extend**

- **Instant** value
- **LOB** or **suite**
- **Integrated** to on premise

- **SOA*** enabled
- **Best practice** packages
- **Non-disruptive** enhancements

- **Platform**
- **In-Memory**

* Service Oriented Architecture

Our Product Strategy

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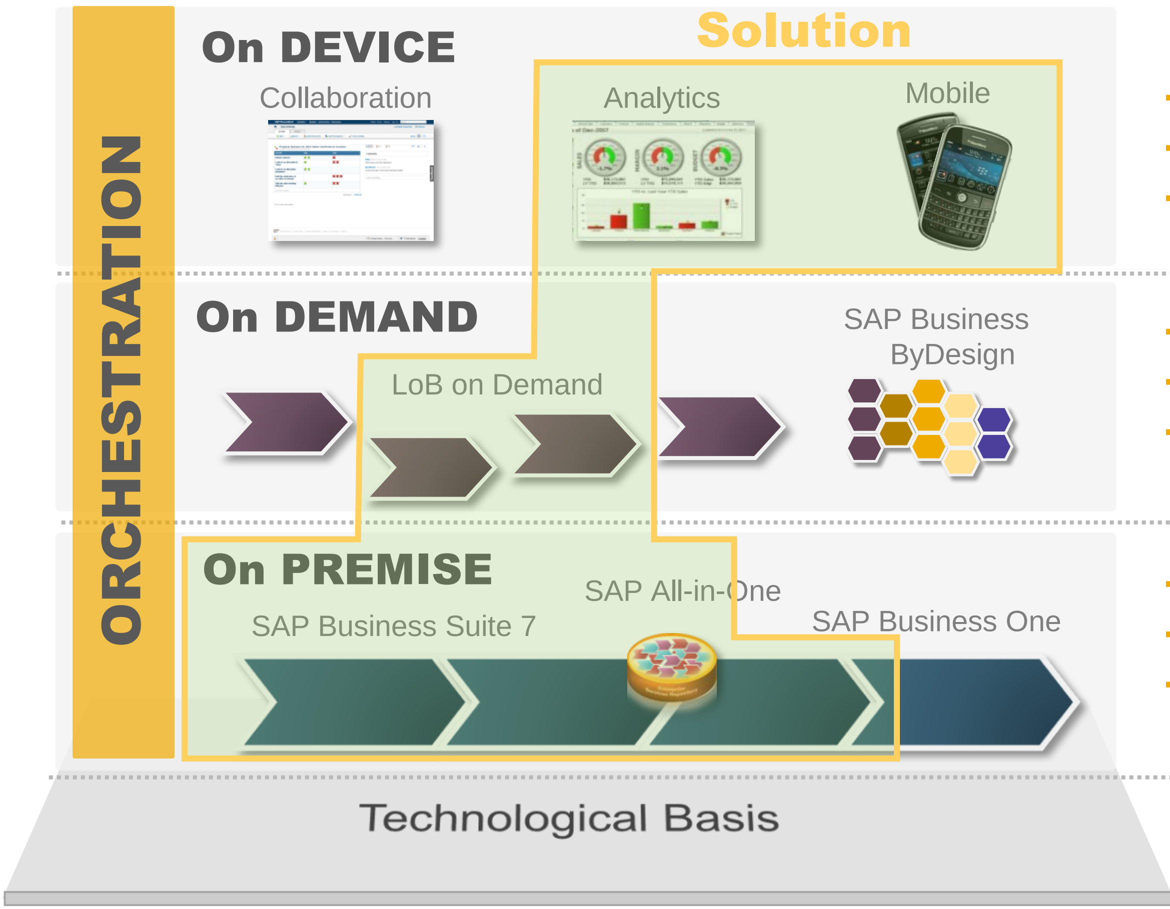

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Expand Beyond Our Core Business

Cloud Computing/ On-Demand

- On-demand solutions represent a flexible, cost-effective deployment option
- Enrich the SAP Business Suite with fully integrated on-demand extensions ("hybrid" landscape)

In-Memory

- New breed of database – data is stored in memory (RAM)
- 100x+ faster than traditional databases
- First product on the market: SAP Business Objects Explorer

Mobile

- Make SAP solutions available on a broad number of devices
- Sybase's "Unwired Platform"
- ~60% of world's population on Mobile already

Agenda

1. SAP’s growth strategy
2. **SME – A key driver for SAP’s growth**

SME@SAP – THE FACTS

78% of SAP's **102,500** customers are SME customers

>**80,000** SME customers

>**22** new customers per working day on 4RQ

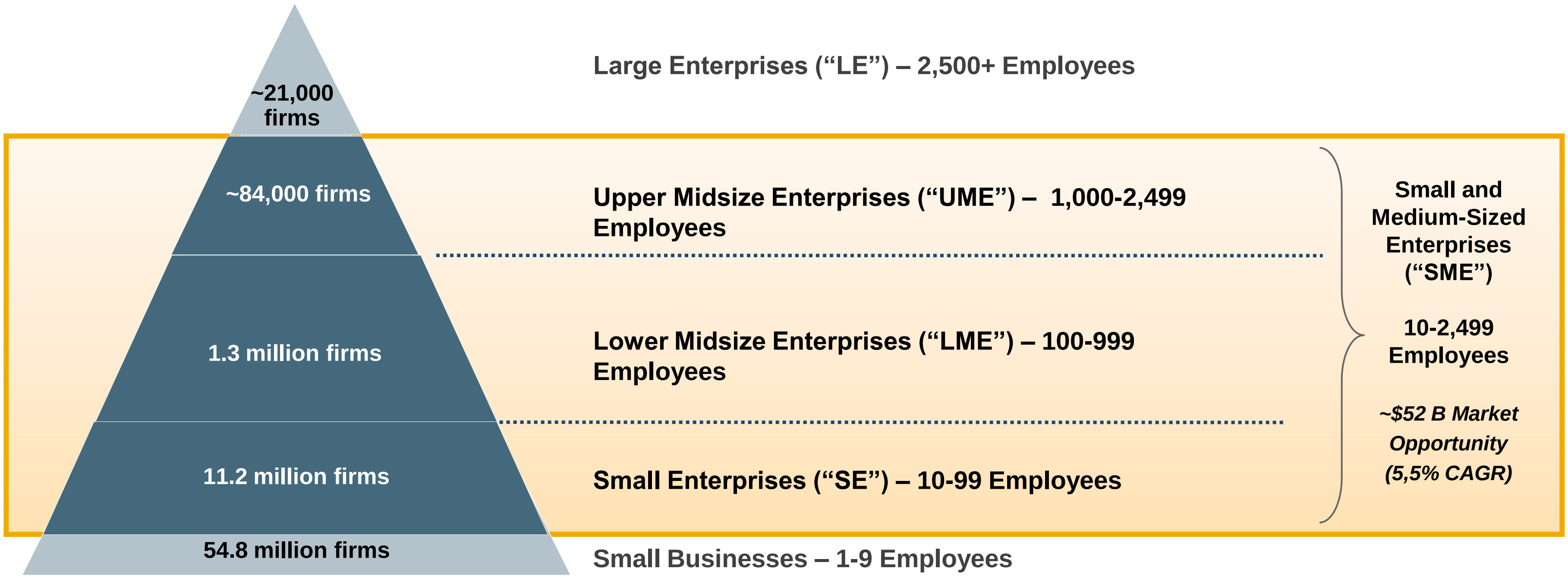
61,000 SME channel customers

10,000 Partners in SME Ecosystem;

thereof **3,000** VARs

SME is growing **significantly faster** than the overall SAP business

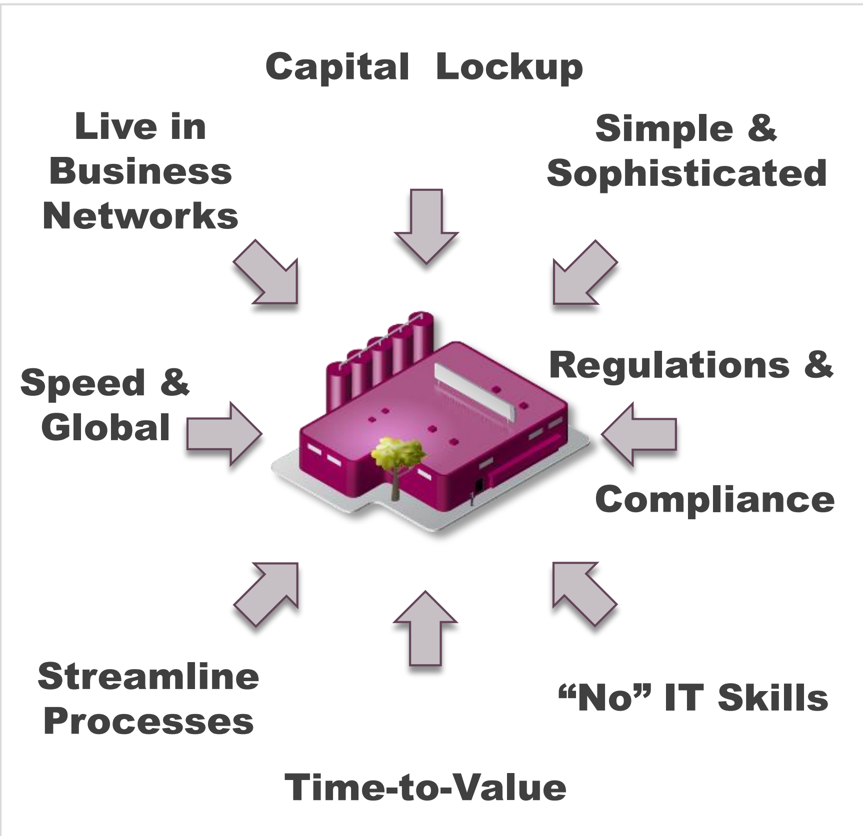
The SME Market Potential is Significant



- **Lower Midsize Enterprises** (100-999 employees) represent the **largest opportunity** in the SME market. There are ~1.3 million companies in this segment representing more than half of the SME revenue opportunity
- SAP has a **growing market share** – but significantly lower than in the LE segment. Overall, the competitor landscape is highly fragmented with many local players.

Note: Data based on IDC MegaModel 2009

Tight Boundary Conditions of Midmarket Companies



- Midmarket companies need transparency, compliance and tight integration for excellent processes → "Suite"
- Powerful simplicity with excellent user experience
- Participation in established business networks is key
- Industry leading library of business processes with global reach and full compliance
- Solution they can not "outgrow"
- Close to no IT skills and multiple roles per employee

Focused Solutions for Different Requirements in the SME Market

SAP Business One

A single integrated solution to manage their entire business

For small businesses who have outgrown their packaged accounting-only solutions

- **10 - 100 employees**
- **On-premise/hosted deployment**
- Traditional licensing
- Go live in 2 - 6 weeks
- General business functionality
- 500 add-on solutions,
- Available in 20 languages and 40 country-specific versions

SAP Business ByDesign

The best of SAP, delivered on-demand

For companies who need business software but don't want to support a large IT backbone

- 100 to 500 employees
- **On demand deployment**
- Monthly subscription
- Go live in 4 - 8 weeks
- Rich business functionality
- 50 partner solutions
- Available in 4 languages and 6 countries

SAP Business All-in-One

A comprehensive, integrated industry solution to power your business end-to-end

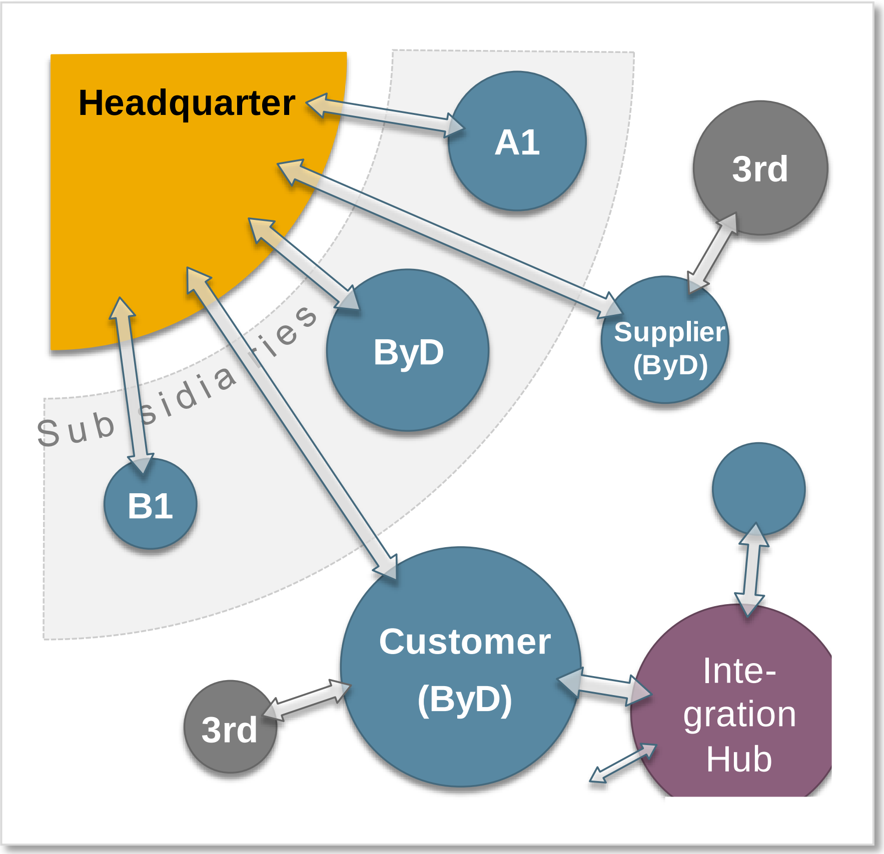
For midsize companies with industry needs that want a scalable foundation

- 500 - 2,500 employees
- On-premise/hosted deployment
- Traditional licensing and monthly subscription
- Go live in 8 - 16 weeks
- **Broad, deep, packaged functions**
- 770 industry-specific solutions
- Available in 25 languages and 52 countries

SAP Business ByDesign - A Complete On-Demand Suite

- On-demand deployment model – running in the SAP cloud
- Full suite covering all relevant aspects
- Real-time business insight – powerful analysis – immediately
- New UI Technology supporting desktop and mobile devices
- Easy to configure
- Built in compliance
- Built in Service & Support
- Strong Partner Co-Innovation Model – ByDesign as platform for partners
- US, UK, France, Germany, India, China
- FP2.5 released in August 2010

Integration Into Business Networks



- Midmarket companies “live” in business networks
- **All SAP SME solutions with cost efficient integration packages**
- SAP-to-SAP process integration based on rich semantics - way beyond interfacing
- Built and committed to open standards
- Partner hubs support diversity of required communication protocols

Summary

- Global **market leader** in Business Application Software
- **Robust business model** providing a rare combination of defensive strength and growth potential
- **Diversified revenue** streams across
  - Geographies
  - Industries
  - Customer Segments
  - Delivery Models
- Strongest and broadest **solution portfolio** in the industry
- Highly skilled **workforce**
- Excellent reputation and **brand**
- Unique **ecosystem** of partners
- Driven by **innovation**
- SME is significant **growth opportunity** for SAP

Q&A Session

