



SAP – Enabler and Exemplar of Sustainability

Friederike S. Edelmann,
Director, Investor Relations, SAP
SRI in the Rockies, November 2010



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Company Overview



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Executive Summary



- SAP is the undisputed market leader in enterprise business applications software
 - 105,000+ customers in 120 countries around the world
 - ~€11bn total revenue
 - ~30% operating margin
 - Leading vertical strategy with 25+ industry-specific solutions
- Leader in large, midsized and small enterprise segments with tremendous growth opportunities in each segment
- Unique ability to deliver to its customers software solutions on premise, on demand and on device all seamlessly integrated



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Executive Board



Bill McDermott
Co-CEO



Jim Hagemann-Snabe
Co-CEO



Dr. Werner Brandt
Chief Financial Officer



Dr. Angelika Dammann
Chief Human Resources Officer,
Labor Relations Director



Gerhard Oswald
Chief Operating Officer
Global Service and Support



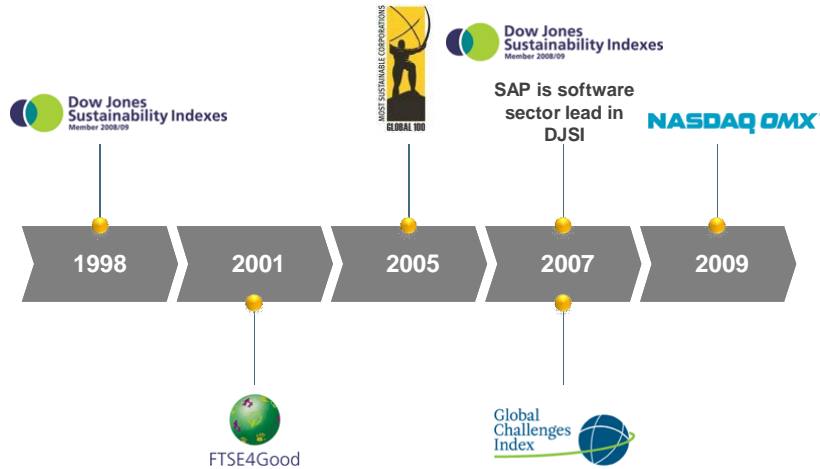
Vishal Sikka
Chief Technology Officer



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Recognition

SAP has been included in Sustainability Indices for years



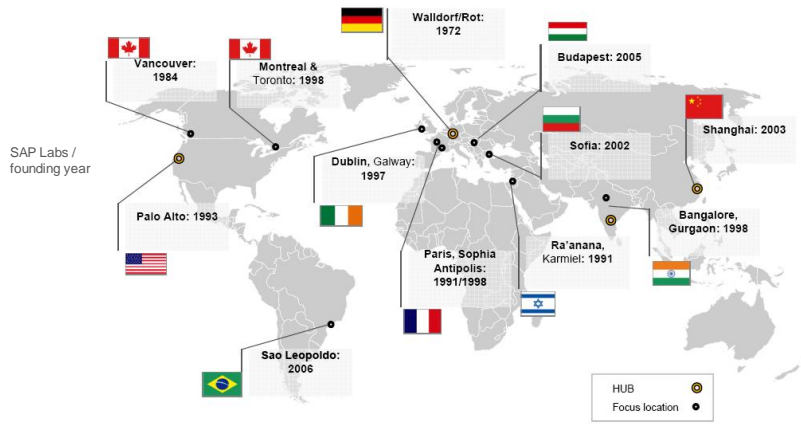
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Global Presence

Revenue And Headcount By Region

(FY 2009: Total Revenue €10.6bn | Total Headcount: ~47,500 FTE's)

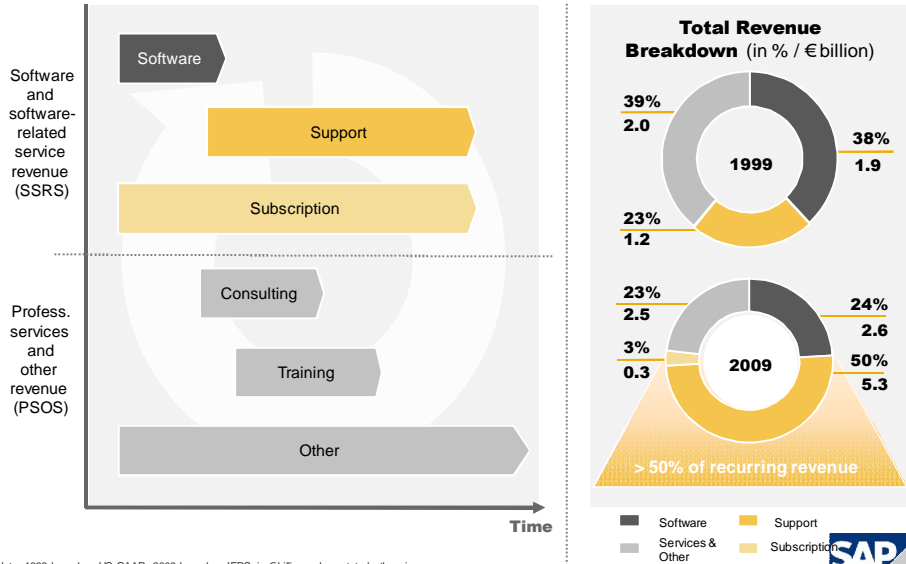
Americas	EMEA	APJ
Revenue: €3,620m	Revenue: €5,643m	Revenue: €1,409m
34% of total revenue	53% of total revenue	13% of total revenue
Headcount: ~12,000 FTE's	Headcount: ~25,300 FTE's	Headcount: ~10,200 FTE's



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Business Model

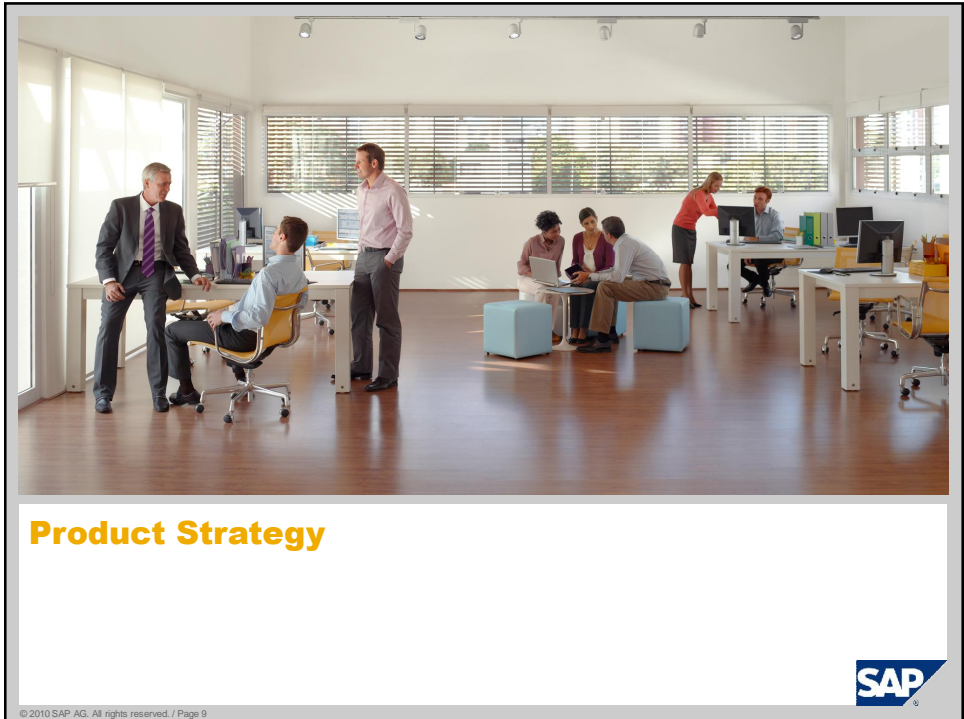
Defensive Characteristics and Significant Growth Potential



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
		Upper Midsize (500 to 2,500 employees)	SAP Business All-in-One	
Small and Mid-sized Enterprises ~30% of order entry >80,000 customers	Hybrid (indirect and direct)	Lower Midsize (100 to 500 employees)	SAP Business ByDesign	SAP BusinessObjects SME product portfolio
		Small Businesses (<100 employees)	SAP Business One	



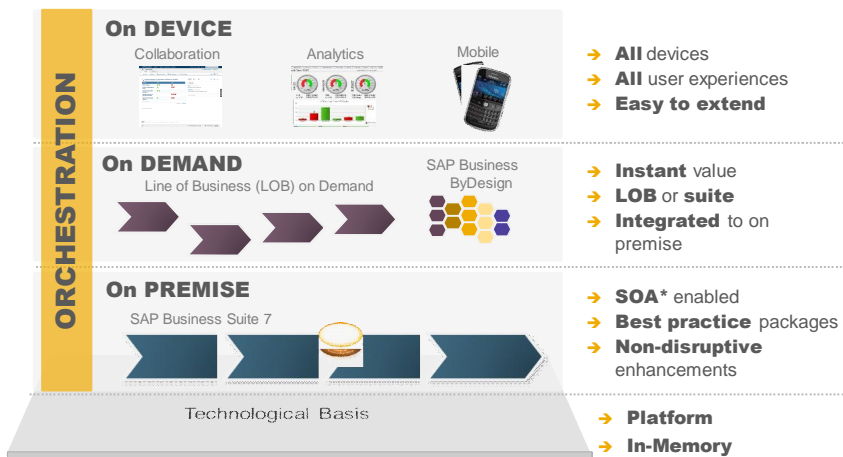
Product Strategy



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Product Strategy

Extend from the Core to the People



* Service Oriented Architecture



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On Premise

Undisputed Leader in The On-Premise Segment



- SAP is the undisputed leader in the on-premise software segment for large, midsized and small enterprises and continues to expand its leading position
 - **SAP Business Suite 7** – the leading, most advanced, feature rich suite of solutions in the market with fully integrated end-to-end business processes on one platform and a low TCO
 - **SAP Business One, SAP All-in-One** for the midmarket - 1,000+ industry solutions, proven best practices, fast implementations, hybrid deployment models from on-premise to on-demand and high-quality partner channel
- On-premise represents the lion's share of SAP's current software license revenue
- Triggers support revenue:
 - Support revenue currently accounts for 50%+ of SAP's total revenue
- Very large partner ecosystem – a force multiplier
- Main growth drivers: share of wallet, strategic industries, fast-growth markets, business analytics, CRM, SCM, SRM, EPM, GRC



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On Demand

In The Position to Become The Market Leader



- SAP is in the position to become the market leader in on-demand
 - **SAP Business ByDesign** for the midmarket and subsidiaries of large enterprises
 - Most advanced suite of solutions in the industry on a modern architecture
 - Ecosystem as a force multiplier to innovate with add-on horizontal and vertical functionality and as a low cost delivery model to ensure strong profitability
 - Further strengthens leadership in SME market
 - Line-of-business (LOB) on-demand solutions for the large enterprise
 - **Extensions to the SAP Business Suite** built on the same platform as SAP Business ByDesign and fully integrated with the SAP Business Suite
- Unique ability to provide full integration between on-premise and on-demand solutions supporting end to end business processes
 - No end-to-end data inconsistencies or lack of process integration – a big and expensive problem to solve with best-of-breed solution providers
- SAP can leverage its large installed base, high brand recognition, and broad ecosystem to help grow the business



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On Device

A Fast Growing Mobile Market



- The fast-growing mobile device market
 - Corporate applications accessed from mobile devices (smart phones, PDAs) are growing at a CAGR of ~43%
 - There are more than **1 billion mobile workers using mobile devices**
 - About a quarter of the 1 billion mobile workers are **information workers**
- SAP's leading position and strategy to capture the mobile market for enterprise applications
 - Developing a single enterprise mobility platform
 - SAP is creating a software development kit that, in combination with the platform, will provide SAP, its customers and partners the powerful combination of its platform and software development kit (SDK) to create mobile applications



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Sustainability @ SAP



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Business Case for Sustainability

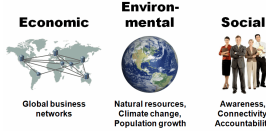
Business Model

- Long-term business success
- Better stock market valuation
- Employer of choice

Ressource Productivity

- Cost reduction via more efficient processes
- Supply chain optimization

New Business Environment



Sustainable Products

- Competitive advantage
- New markets
- Brand value, customer loyalty

Operational Risk Management

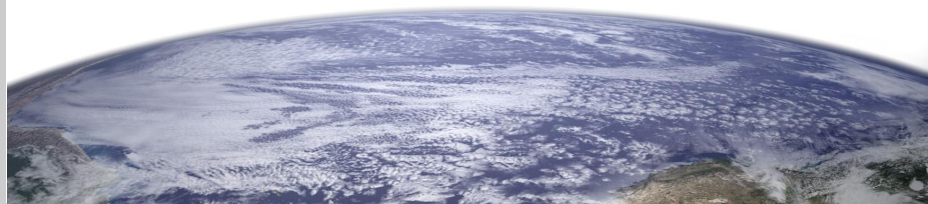
- Reduction of compliance costs and risk
- Customer demands



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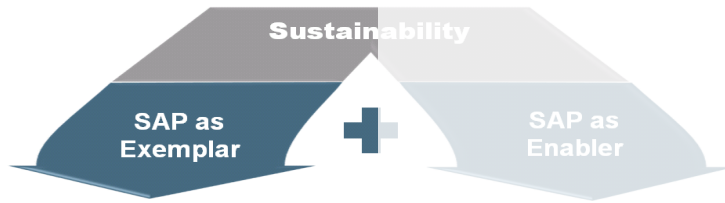
Sustainability Defined

Increase short and long-term
PROFITABILITY
by **HOLISTICALLY** managing
economic, social and environmental
risks and opportunities.



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SAP's Dual Sustainability Strategy



Transform SAP into a role model for sustainability

Lead the market for sustainability solutions

Thought Leadership

World class reporting with 23,000 visitors.

Strongest share of voice with 3x coverage in Q2.

3 Time Leader in Software category; DJ Sustainability Index.

"SAP has placed itself in the pole position..."

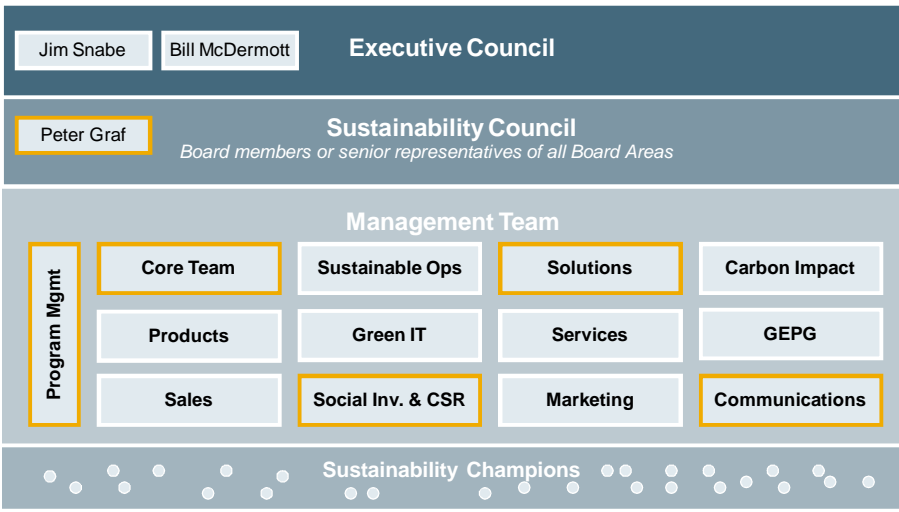
SAP Sustainability Roadmap

(SAP) clients are provided a truly dynamic and holistic view of sustainability across the organization. Put simply, it shows that SAP gets it. SAP Sustainability 2010

Sustainability Performance Mgt.	Account Reconciliation	Benchmarking & Analytics	Strategy & Risk	Financial Performance	
Energy and Carbon	Energy Efficient Assets	Energy Management	Carbon Management	Smart Grids	
Product Safety and Recalling	Product Compliance	Material & Product Safety	Recalling & Recall Management	Product Features	Sustainable Design
Resource Supply Chain	Procurement	Traceability	Commodity Trade & Risk Management	Resource Optimization	Supply Chain Optimization
Environment Health and Safety	Environmental Compliance	Occupational Health	Industrial Hygiene & Safety	Emergency Management	
Sustainable Workforce	Labour Compliance & Rights	Diversity	Talent Management		
IT Infrastructure	Analytics, Security, Accessibility & Privacy	Green IT			

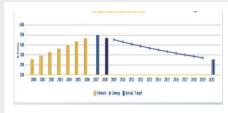


Sustainability Organization



Aggressive Targets

1



Environmental
Reduce carbon footprint to 2000 levels by 2020

2



Social
Connect SAP customer buying power with the base of pyramid

3



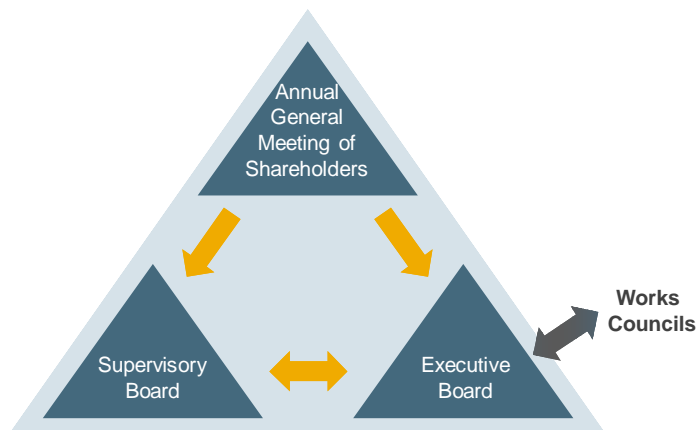
Economic
Grow revenues and increase margins to 2014 goals



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Corporate Governance @ SAP

Dual Board System following the German Corporate Governance Code



Co-determination:
8 shareholders representatives
8 employee representatives



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SAP's Risk Management System

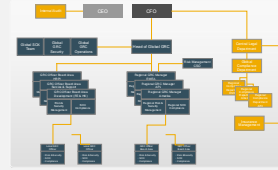
SAP has all components for an effective risk management system in place:
Board commitment, people, processes and SAP Solutions

Global Risk Mgmt Policy

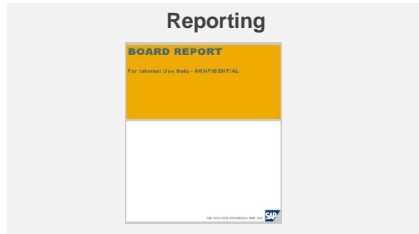


Global Organization

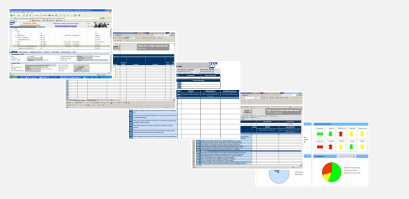
Global Risk Management Organization



Reporting



SAP Risk Management Applications



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Responsible Business Practices

- **Integrity** is one of SAP's core values
- **SAP Code of Business Conduct** for employees defines standards for conduct in all business, legal, and ethical matters
- SAP is one of first signatories of **United Nations Global Compact** in 2000
- We respect and promote **Human Rights** at our Operations, in our Supply Chain and in our Product Development



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Responsible Supply Chain Management

Are our suppliers compliant?

- Binding contracts' annexes with sustainability criteria
- Sustainability assessment
- Code of Conduct for Suppliers



Can our suppliers help SAP run more sustainable?

- Corporate Cars: max. CO2 emissions, eco bonuses
- Trains: carbon free travel in Germany
- GoGreen: carbon free parcels and mail
- Renewable Energy
- Equipment: Origin of cassiterite and coltan? BFRs included?



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Human Rights at SAP

Operations & Employees

- Talent management
- Non-discrimination and equal treatment
- Wages, working hours and benefits
- Employee health and safety
- Security practices
- Freedom of association & collective bargaining

Supply Chain & Business Partners

- Working conditions at supplier facilities.
- Human Rights in sub-tiers of SAP's supply chain and business ecosystem

SAP Product Development & Use

- Accessibility
- Security
- Privacy
- Fair use



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Making SAP a Best-Run Business Requires a World-Class Workforce

Key Objectives

- Employees and non-employees continue to perceive SAP to be an **employer of choice**
- **High employee satisfaction** scores, action being taken for identified areas of improvement
- Develop and continuously evolve programs to improve **diversity, health and global talent**



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Investing In Society in a Meaningful Way

Our Focus

- Connect global value chains with the **base of the pyramid**
- In-kind and corporate **giving, stakeholder and employee engagement**
- **Clear focus** on education, economic development, transparency and governance, and environmental stewardship



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Technology Donations

Building capacity in the non-profit sector

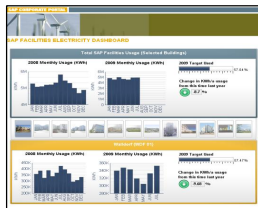
- **SAP University Alliance program:** 1000+ universities, in 30+ countries, with 200,000+ enrolled students
- **900** not-for-profit organizations download free SAP technology every year via TechSoup Global



SAP Runs SAP

Usage of SAP software as part of Sustainability management

Electricity Dashboard



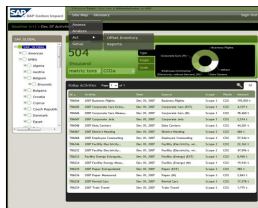
Printing Tracker



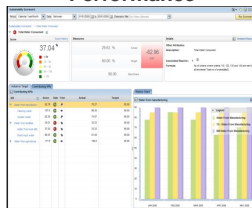
Commuting Dashboard



SAP Carbon Impact



SAP Sustainability Performance

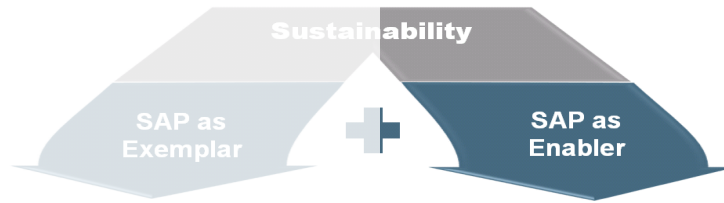


Planned: „TwoGo“



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SAP's Dual Sustainability Strategy



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Thought Leadership

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SAP Sustainability Roadmap

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Product Safety and Stewardship	Product Compliance	Material & Product Safety	Recycling & Re-Use	Retail Management	Product Footprint	Sustainable Design
Sustainable Supply Chain	Procurement	Traceability	Commodity Trade & Risk Management	Resource Optimization	Supply Chain Optimization	
Environment Health and Safety	Environmental Compliance	Occupational Health	Industrial Hygiene & Safety	Emergency Management		
Sustainable Workforce	Labor Compliance & Rights	Diversity	Talent Management			
IT Infrastructure	Availability, Security, Accessibility & Privacy	Green IT				



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How SAP Touches the Live of Millions of People

Processing **2.5 billion** utility bills per year

\$330 Mio Retail outlet transactions per day

50 Mio bank accounts

Production of **32,000** car engines per day

75% of worldwide annual beer production (**1.5 billion** hectoliter)

54 Mio annual healthcare patient visits (USA only)

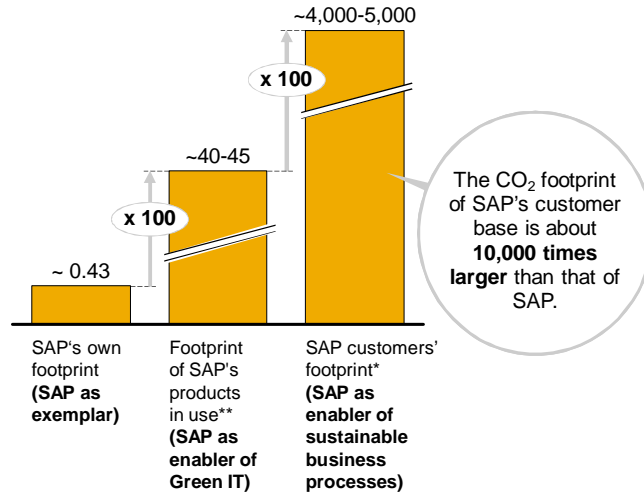
Production of **40 Mio** barrels of oil per day

Production of **4 Mio** tons of chemicals per day

65% of worldwide chocolate annual production of **2.2 Mio** tonnes

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SAP is in a Unique Position



Estimates by McKinsey based on ...

* 75% of Fortune 1000 companies;

** Assume avg 1000 users per SAP 50,000 customers

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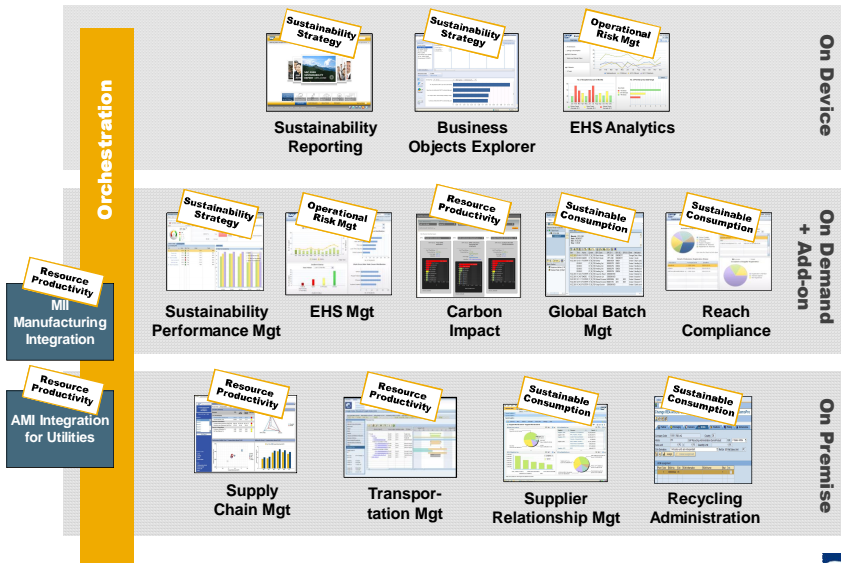
Sustainability Map

Executive Management	Strategy Management	Engagement & Corp. Citizenship	Benchmarking & Analytics	Materiality & Assured Reporting	Financial Risk & Performance
Environment, Health & Safety	Environmental Compliance	Industrial Health & Safety	Process Safety	Risk Assessment & Reduction	Emergency Management
Operations	Facility Energy Management	Production Energy Management	Carbon Management	Natural Resource Management	Smart Grid Participation
Supply Chain	Sourcing & Procurement	Traceability & Recall	Green Logistics	Supply Chain Design & Planning	
Product	Product Compliance	Material & Product Safety	Recycling & Reuse	Sustainable Design	Product Footprint
Consumers	Personal Footprint		Mobility		Residential Energy
Human Resources	Diversity	Strategic Workforce Management	Labor Compliance & Human Rights	Travel Management	
IT	Availability, Security, Accessibility & Privacy			Green IT	

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On Premise, On Demand, On Device



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Selected SAP Sustainability Customers

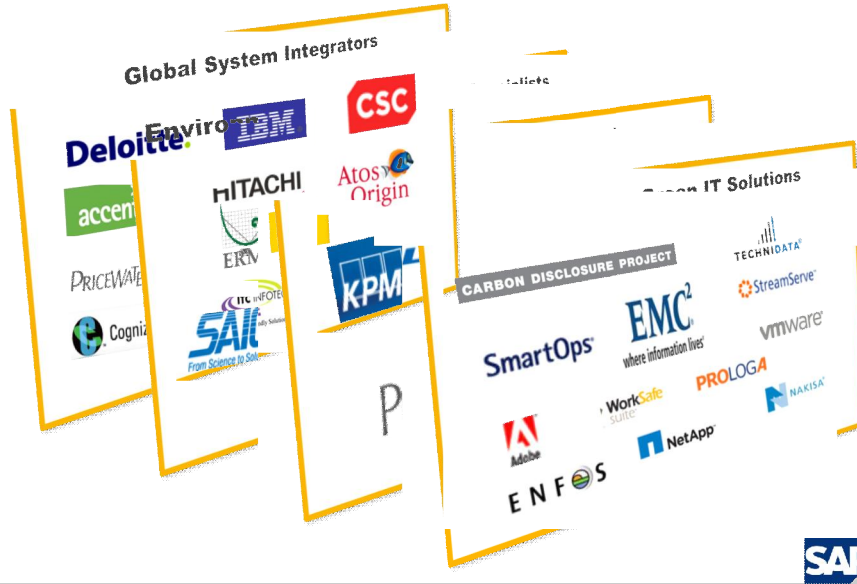
Strong Customer Momentum

Carbon Impact	Environm. Compliance	People Health & Safety	Product Safety	Sustainability Performance Management

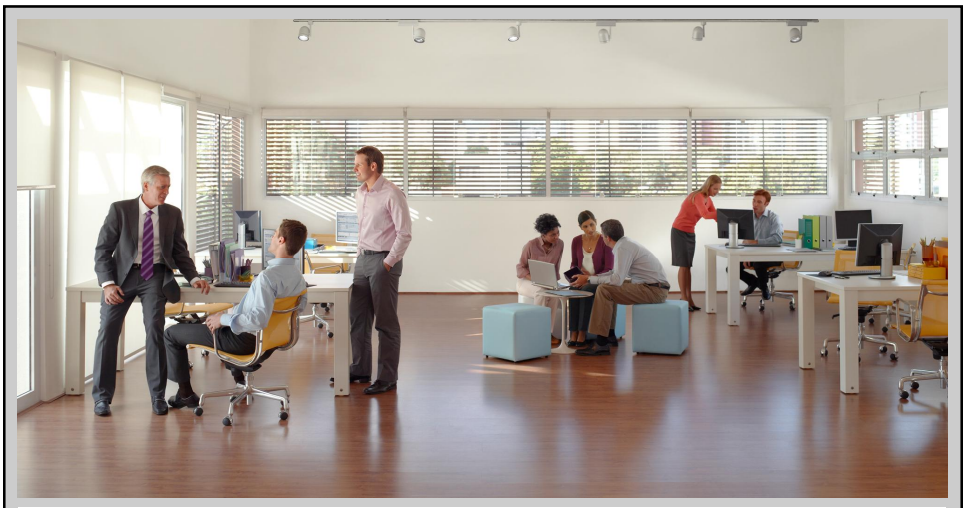
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Selected SAP Sustainability Partners

Proven Partnerships



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Summary



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Summary

- SAP is the **clear market leader** in the business applications industry and is a **recognized sustainability leader**
- **Strong growth opportunities** supported by a sustainable, robust, long term business model
- **Diversified revenue streams** across geographies, industries and customer segments
- Highly skilled **workforce**, excellent reputation and **brand recognition**
- Committed to sustainability as a **strategic priority** and executing towards aggressive sustainability targets
- **SAP runs SAP** to manage its operations – and sustainability



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Contact & Additional Information

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Friederike Edelmann
Director
Investor Relations

SAP AG
95 Morton St, Suite 200
New York, NY 10014, USA

T +1 212 653 9977
F +1 610 492 9758
M +1 917 528 9753

E f.edelmann@sap.com
www.sap.com/investor



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