

Commerzbank Sector Conference Week

Oliver Bussmann, EVP & CIO SAP AG
Frankfurt am Main, August 31, 2011



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Agenda

- SAP at a Glance
- Driving Innovation at SAP

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SAP is the World's Leading Business Software Company

SAP is...

- **#1** in enterprise applications
- **#1** in SME applications
- **#1** in business analytics
- **#1** in enterprise mobility

SAP is a truly global company...

- **€12.5bn** total revenue
- **172,000** customers
- **120** countries
- **34** global technology partners
- **2,900+** certified partners



Our Purpose

VISION

MAKE THE WORLD RUN BETTER

MISSION

MAKE EVERY CUSTOMER A
BEST-RUN BUSINESS

By Mid of the Decade

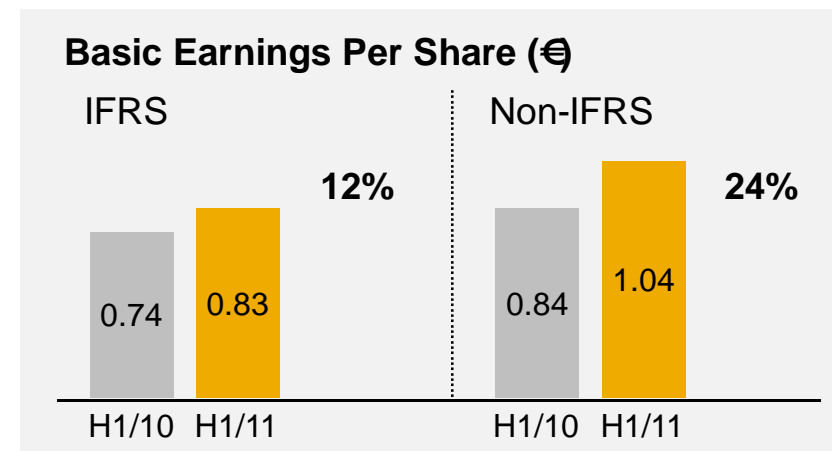
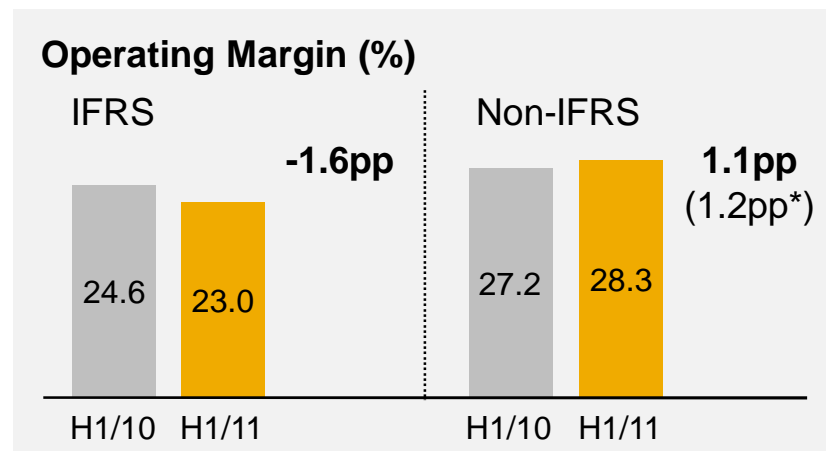
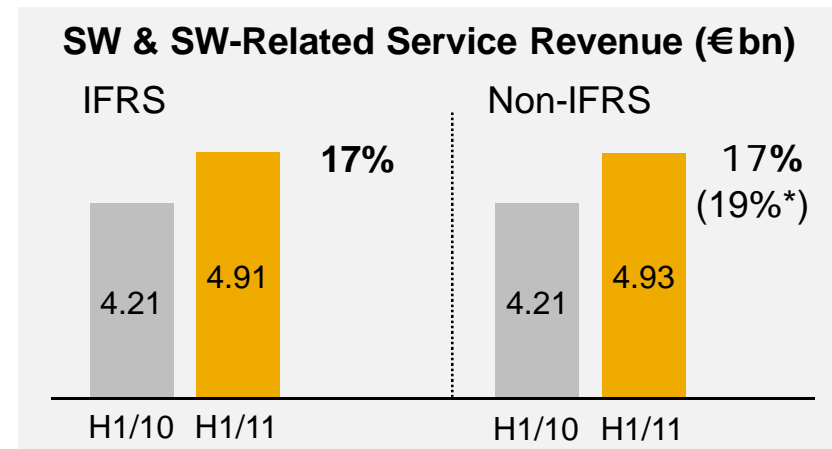
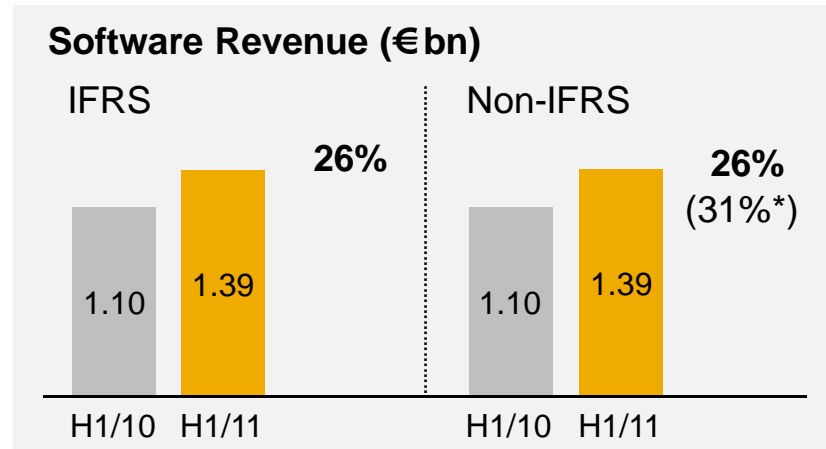
€20bn

35% MARGIN

1 BILLION PEOPLE



Top-Line Growth in First Half 2011 Combined with Operational Excellence Results in Strong Profitability

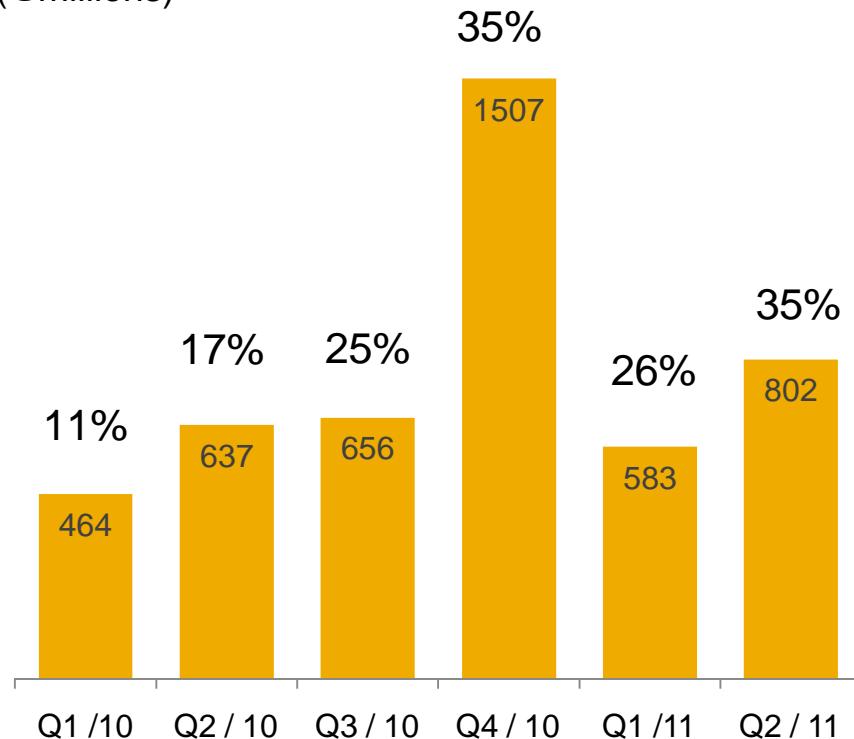


* at constant currencies

Strong Financial Results: Six Quarters of Double-Digit Growth

Software Revenue

YOY Growth Rates
(€millions)

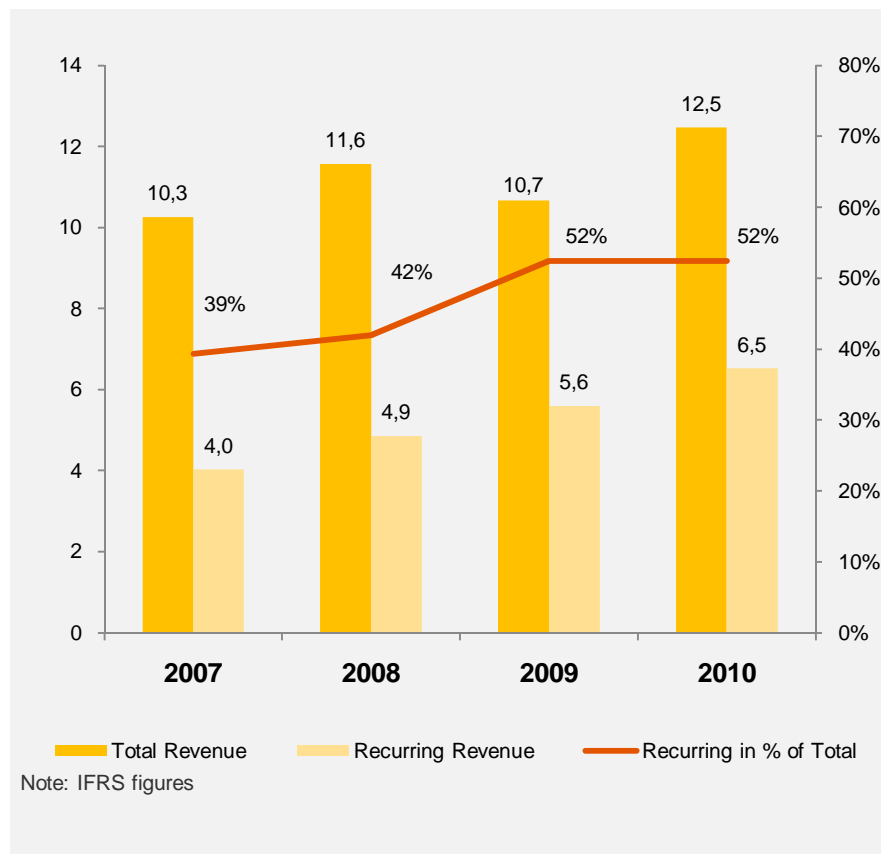


Software revenue numbers based on non-IFRS

Q2 / 2011

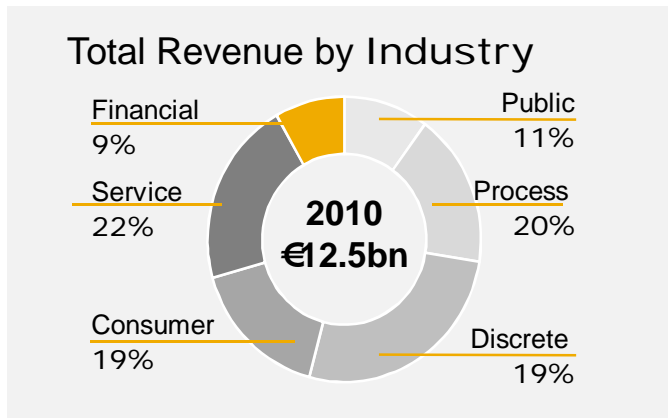
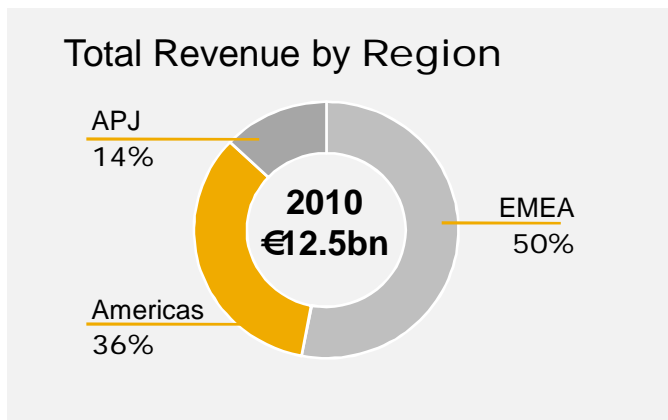
- Continued double-digit revenue growth
- 88% of order entry from existing customers
- ~1/3 order entry from SME
- Diversified revenue stream by region and industry
- Record operating cash flow: €2.3 billion
- Continued margin progression - year-over-year operating margin +100 bps

Increasing Recurring Revenue Streams – Basis for Sustainable and Stable Cash Flows



- Share of recurring revenues increased by 14pp between 2007 and 2010 (from 39% to 52%)
- Recurring revenues had a CAGR of 15%+ between 2007 and 2010 and also between 1999 and 2010
- Stability through steadily growing share of recurring revenues

Diversification of Revenue Streams across Geographies and Industries in 2010



- All regions grew double-digit yoy in 2010 with APJ leading the way at 26%
- In Q2 2011 software revenue grew in all regions by approx. 35% yoy at cc
- Leading vertical strategy with more than 24 industry-specific solutions
- We achieved double-digit growth in all six industry sectors in 2010
- In Q2 2011 financial services and discrete industries showed significant growth

Agenda

- SAP at a Glance
- Driving Innovation at SAP

Transforming SAP Through Innovation and Customer Focus

- Expand the addressable market
- Customer driven innovation (relevant, essential)
- Delivering innovation without disruption and bringing it faster to the market
- Leveraging ecosystem as a force multiplier
- SAP runs SAP focus
- 3 new technology opportunities:
 - In-Memory
 - Mobility
 - Cloud



Overall IT Trends / Convergence

Consumerization of IT / Mobile



- “Bring your own”; App explosion
- 1B smartphones, 1.2B mobile workers by 2013
- Corporate applications access via mobile growing >40% p.a.

Big Data



- Linking of historical data, current and scenario data
- 44x data volume growth 2009-2020¹
- 200x analytics price / performance ratio increase; 100x – 1.000x faster in data processing²

Cloud



- Any access, any workload anywhere
- 80% of new software in 2011 will be available as cloud services
- Hybrid cloud solutions drive TCO and integration

New Business Models



- “Real”- real time business
- Extending the enterprise
- Mobile scenarios

1- IDC 2- SAP HANA customer benchmark

Mobility Leadership for SAP

Overall IT Trends / Convergence

Consumerization of IT / Mobile	Big Data	Cloud
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Inside to outside experience

- Building-up a device agnostic mobility strategy is critical
- Security is key topic in mobility strategy
- Integrate “bring-your-own” in mobility strategy
- SAP + Sybase No 1 in Enterprise mobility
- Mobile BI is quick win

SAP Offering

- Mobile Device Management & Security
- Application Provisioning and Middleware
- Integration to Back-end- and Core-Systems
- Covering the mobile device and mobile application lifecycle



SYBASE®

On-Device Innovation and Mobile Platform at SAP managed by Sybase Afarria



20,000 Devices
PlayBook in Q3/2011



7,000 iPads (more to come)
3,300 iPhones



Go-Live Q3/2011



Windows
phone

Evaluation 2011



Business Benefit:

- Fulfills IT consumer demand for mobile device choice
- Provides a mobile showcase platform for the field
- Proactive mobile strategies allow for quick innovation

Big Data / In-Memory Technology

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SAP HANA today

- SAP HANA is new paradigm in data storage and access
- Real-time analytics based on large volume of data
- Planning, forecasting, operational performance, simulations perform better
- Data source agnostic appliance
- 5 leading hardware partners: Cisco, IBM, HP, Fujitsu, Dell (covering 80% of HW market)

Key take away

- Direct access to operational data w/o affecting performance of ERP
- Leverage investment in existing BI solutions
- High SAP internal adoption rate
- Strong pipeline for SAP HANA
- Core, mobility, and in-memory are a powerful combination

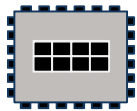
Hours /
Minutes

Before SAP HANA

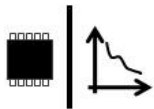
Sub-seconds with HANA
100x-1.000x faster than traditional
data processing

In-Memory Computing – The Time is NOW

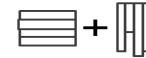
HW Technology Innovations



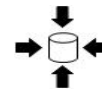
- Multi-core architecture
- Massive parallel scaling
- 64 bit address space – 2 to 4TB
- 200x price/performance improvement
- Volume test with 460bn records
- Scan speed - 1m records/ms/core



SAP SW Technology Innovations



- Row and column store



- Compression



- Partitioning



- No aggregate tables



- Insert only on Delta

Implementing HANA: High Adoption Rate at SAP



Side-by-Side

- Sales Pipeline
- Profitability Analysis Reporting
- Rapid Deployment Solutions
- Business Process Management
- Customer Product Usage

Real-time Data Store

- BW on HANA

New Applications

- Cash Flow & Liquidity Management
- Strategic Workforce Planning

Cloud and On-Demand Computing

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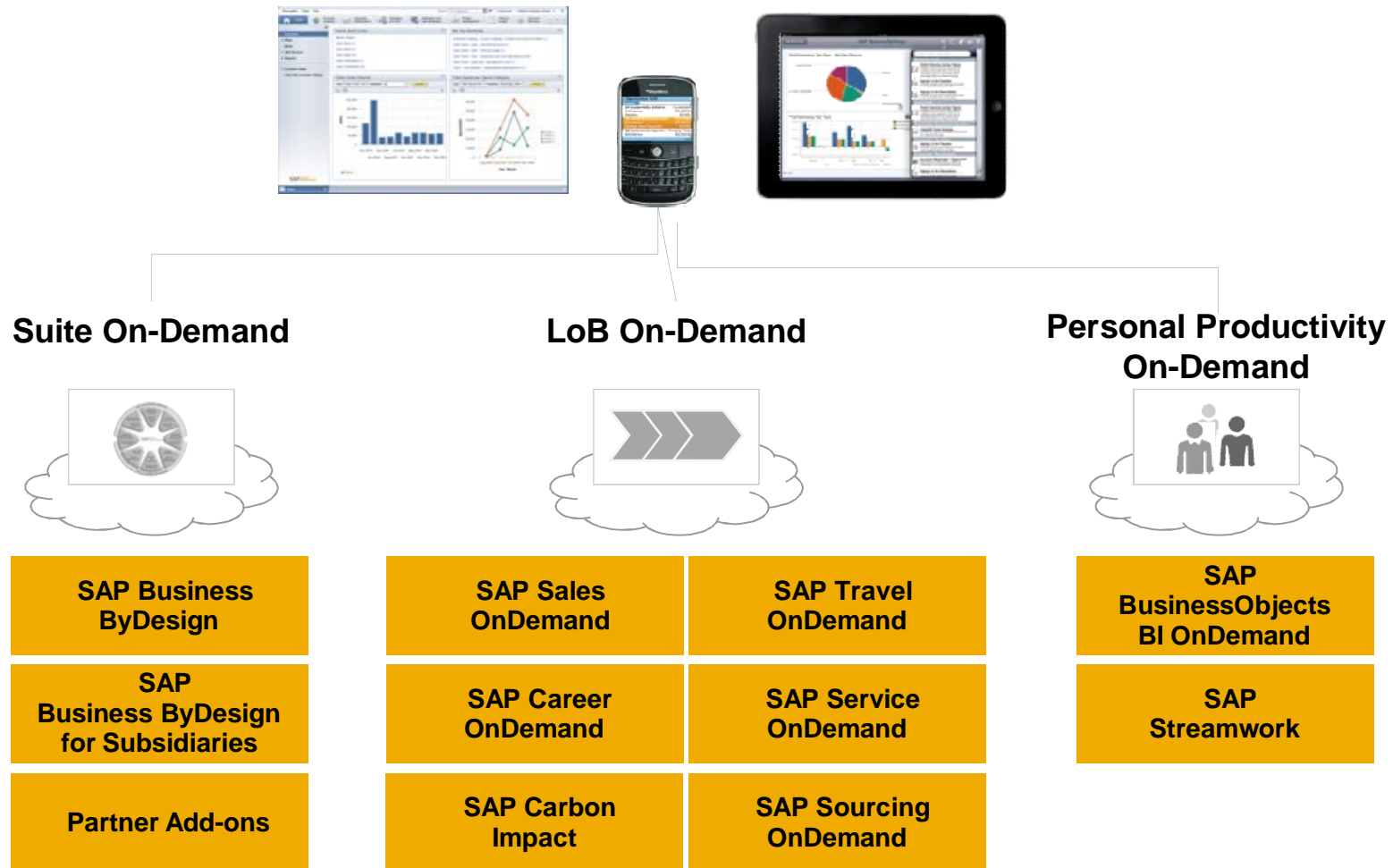
SAP Offering

- On-Demand Suite for mid market customers and subsidiaries: SAP Business ByDesign
- Line-of-Business solutions (e.g. Sales on Demand) – extend on premise core with on demand
 - ➔ Seamless integration on-premise & on-demand
- For SAP Business Suite customers:
 - ➔ SAP Virtualization and Cloud Mgmt product to come Nov 2011

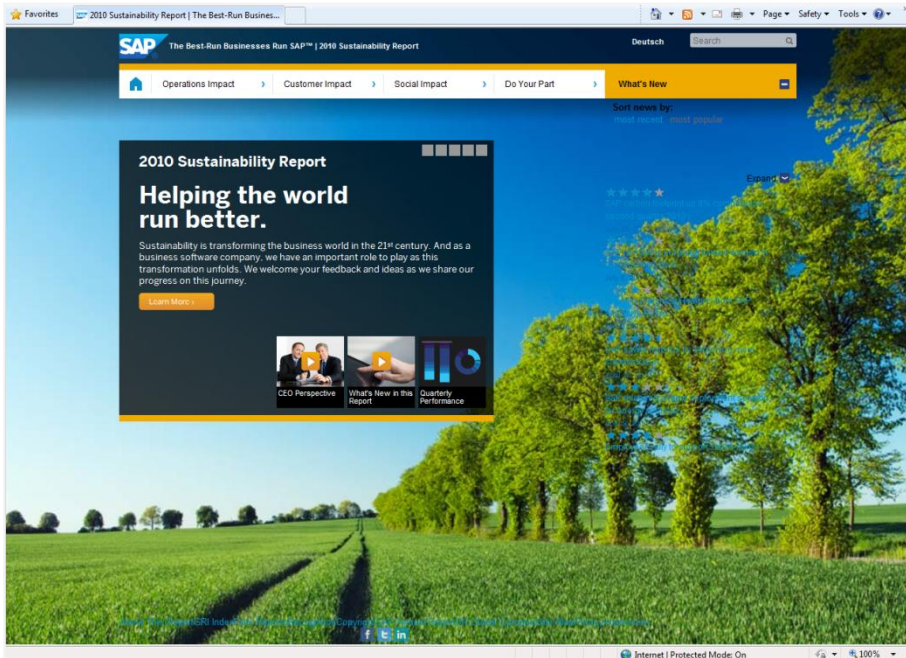
Business Value

- Significant TCO-reduction through virtualized backend computing
- Partnering with IaaS vendors to enable customers to take full advantage
- SAP helps customers to run their landscapes in the cloud

SAP On-Demand – A Comprehensive Solution Portfolio

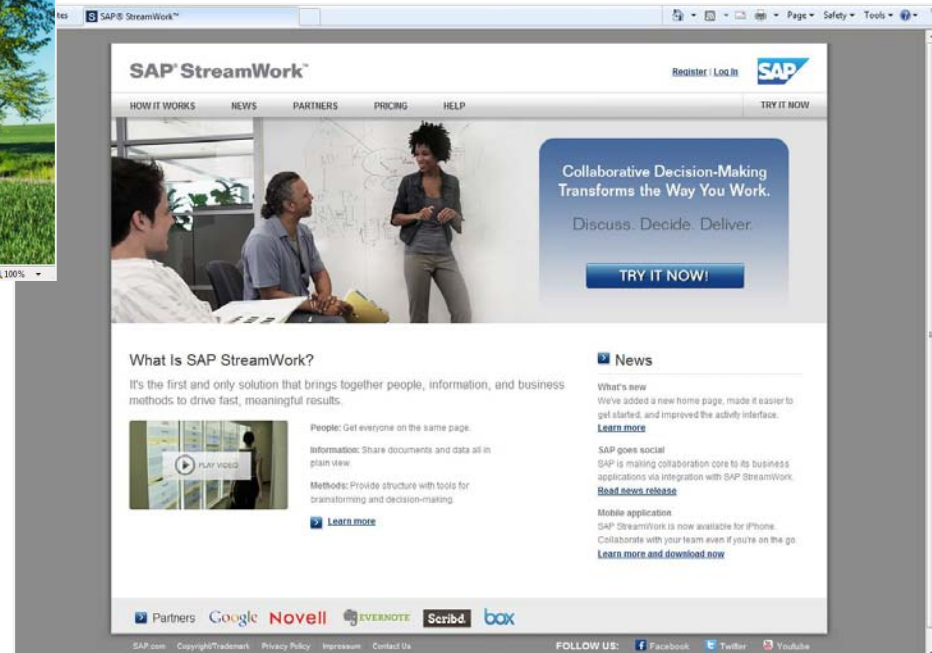


On-Demand Examples: SAP Carbon Impact and SAP Streamwork



On-Demand Sustainability Data with SAP Carbon Impact

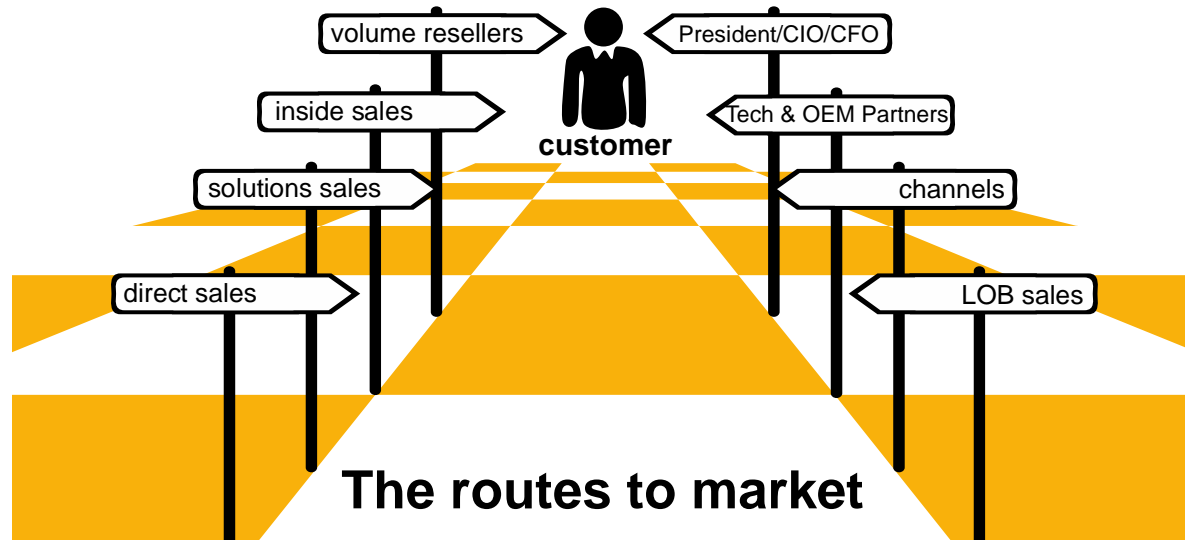
- SAP saved €185m through sustainability activities (2008 to HY1 /2011)
- Reduced carbon footprint in 2010 by 25% (from peak level in 2007)



On-Demand Collaboration Tool SAP Streamwork

- 130.000 registered users globally
- Ease of use, easy access

Multi-Channel Go-To-Market and Open Ecosystem – Value to Customers of All Sizes



Service and BPO Partners

21 Global SIs, 1700+ SIs, BPO partners

Resell Partners

2,900+ VARs
Volume Resellers
Distributors

Software and Tech. Partners

34 Sol. Part., 800 OEM
34 Global Tech.

- 40% of sales through Channels by 2015
- Incremental and complementary to SAP's direct sales force
- Co-innovation with partners
- Optimized coverage & customer touch points

SAP's Strategy for Continued Profitable Growth

- Drive double digit organic growth with a strong pipeline of new products
- Continuous margin expansion
- SAP strives to significantly expand its addressable market by the middle of decade and achieve
 - at least €20bn in total revenue; and
 - an operating margin of 35%.
- SAP expects the key drivers of growth will be innovation:
 - Core business
 - In-Memory technology
 - On-device solutions
 - On-demand solutions





Invitation to a Dialog



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