



SAP Global Corporate Affairs (October 21, 2019)

# SAP: The World's Largest Provider of Enterprise Application Software

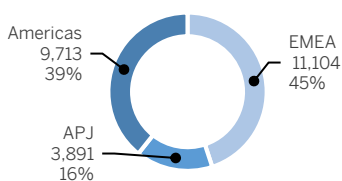
## Customers

- SAP serves >437,000 customers in >180 countries
- Approx. 80% of SAP's customers are SME
- SAP customers include:
  - 92% of the Forbes Global 2000 companies
  - 98% of the 100 most valued brands
  - 97% of the greenest companies (Newsweek)
- Our customers distribute 78% of the world's food and 82% of the world's medical devices
- 77% of the world's transaction revenue touches an SAP system<sup>1</sup>

## Financials

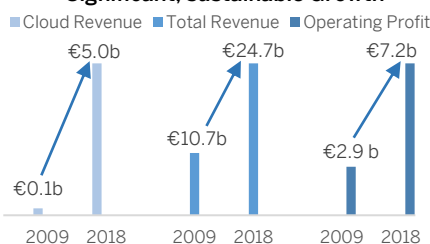
Revenue – FY2018 (non-IFRS, growth rates @cc)	
Cloud revenue	€5.03b (+ 38%)
Cloud and Software revenue	€20.66b (+ 10%)
Total revenue	€24.74b (+ 11%)
Revenue – Q3/2019 (non-IFRS, growth rates @cc)	
Cloud subscription and support	€1.8b (+ 33%)
Cloud and Software	€5.65b (+ 10%)
Total revenue	€6.8b (+ 10%)

**Revenue by region FY2018**  
(€ m, non-IFRS / share of total rev. in %)



Outlook 2019 (non-IFRS@cc, upped on April 24, 2019)	
Cloud revenue	€6.7b to €7.0b
Cloud and Software	€22.4b to €22.7b
Total revenue	to increase strongly at rate < oper. profit
Operating profit	€7.85b to €8.05b
Ambition 2020 (non-IFRS)	
Cloud revenue	€8.6b to €9.1b
Total revenue	€28.6b to €29.2b
Operating profit	€8.8b to €9.1b
Share of predictable revenue (total of cloud subs. & support rev. and software support rev.)	70% – 75%
Ambition 2023 (non-IFRS)	
Cloud revenue	More than triple 2018 figure (€5.03b)
Total revenue	>€35b
Operating margin	Expand by approx. 500 bp (1 pp /yr)
Cloud gross margin	75%
Share of more predictable revenue	to approach 80%

**Significant, sustainable Growth**



1) Source: Oxford Economics/SAP analysis, Feb. 2018

## Strategy

- SAP is committed to supporting every customer to become a best-run business. We help the world run better and improve people's lives
- Best-run businesses are intelligent enterprises – breaking down silos and adopting intelligent, dynamic, cross-functional business processes to deliver optimal experiences. Our strategy is to be “the Experience Company powered by the Intelligent Enterprise”

## Market Position

### Enterprise Application Software

- SAP is market share leader in:
  - Enterprise resource planning (ERP)
  - Analytics
  - Supply chain management
  - Human capital management
  - Experience management and customer experience
- Broadest portfolio of modular and suite solutions available on premise, in the cloud and hybrid

### Top Cloud Vendor

- Cloud user base: ~207m users
- SAP Cloud Platform: choice across hyperscale cloud vendors (Alibaba, Amazon, Google, Microsoft)
- Largest cloud portfolio: >100 solutions for all lines-of-business (LoB) as well as business suites
- >125m users on SuccessFactors
- 71 datacenters in 34 locations in 16 countries
- SAP Digital for online SAP and partner offerings >160,000 orders from >144 countries

## Innovation

- >€3.6b R&D expense in 2018. R&D expense ratio: 14.7% (IFRS; R&D expense as % of total revenue)
- R&D headcount (FTE): 27,315 at 9/30/2019, equaling 27% of total headcount
- >100 Development locations worldwide
- 20 Development centers (SAP Labs) worldwide
- 17 Co-Innovation Labs worldwide
- 5 SAP Innovation Center Network locations
- Partner network with >20,600 SAP partner companies
- Sapphire Ventures: Invested in >90 IT startups. 55 IPOs and M&A exits since 2011
  - \$2.5b capital under management
  - Operates independently from SAP
  - Provides SAP early access to trends & innovation
- 700 patents granted and validated in 2018
- openSAP: >3.7m enrollments on learning platform
- #1 software company in Dow Jones Sustainability Index

### Business Technology Platform (BTP)

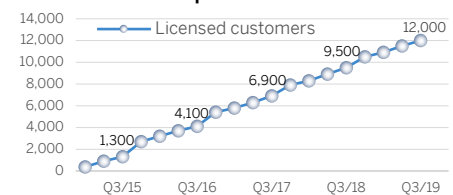
- BTP allows to build, extend and integrate applications
- Solutions across 4 key technologies: Database & Data Management, Analytics, Application Development & Integration, and Intelligent Technologies, such as:
  - SAP HANA: >31,000 customers: leading open platform for real-time computing, on prem & cloud
  - SAP Analytics solutions turn live intelligence insights into action: SAP Analytics Cloud, SAP Digital Boardroom, SAP BusinessObjects BI
  - SAP Cloud Platform: >15,000 customers, >7,000 integration customers. SAP's integration & extension platform for business process outcomes
  - SAP Data Intelligence: combining AI and machine learning for data and information management

## SAP's End-to-End Solutions

### 1 – Applications

- Packaged solutions for 25 industries and 7 lines-of-business: on premise, cloud, hybrid
- SAP S/4HANA: The market-leading intelligent ERP, delivered with intelligent capabilities and best practices for every industry, available in the cloud or any-premise

**SAP S/4HANA market performance**



- SAP Digital Supply Chain solutions and our suite with embedded intelligence help companies of every size and industry manage their entire supply chains digitally, all the way from design, planning, manufacturing, delivery and operations
- Total workforce management solutions: SuccessFactors suite supports 42 languages. Employee Central localized for 98 countries, used by >3,500 customers
- SAP Leonardo: a comprehensive portfolio of intelligent technologies to enhance our applications
- AI and machine learning in SAP's solutions: 200 use cases

### 2 – Customer and Experience Management

- SAP C/4HANA: Leader in digital commerce and digital experience platforms according to industry analysts
  - Commerce Cloud: 34m orders in Q3/2019
  - Customer Data Cloud: 3b consent records and 1.8b identities
  - Litmos: 17m learners & 65m current achievements
  - Marketing Cloud: >6.1b personalized interactions p.a.
  - Sales Cloud used by 7m sales people
  - Service Cloud: 500m customer interactions & tasks
- Qualtrics' experience management software: drives customer loyalty, employee engagement, brand and product quality. ~11,000 companies use Qualtrics

### 3 – Intelligent Spend Group

- With a total commerce volume of >\$3.6tn p.a., SAP's Business Network provides leading solutions:
  - Goods and services: > 4.4m businesses on SAP Ariba
  - Travel & expense: Concur used by 63m travelers
  - SAP Fieldglass customers manage 6.1m external workers in >180 countries

## Basic Facts

- Headquarters: Walldorf, Germany
- Founded: April 1, 1972
- Listing: Frankfurt, New York
- 99,710 employees worldwide (9/30/2019)
  - >147 nationalities worldwide
  - High employee satisfaction: Employee Engagement Index at 84% in 2018
  - >73% of SAP employees are SAP shareholders

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