



# SAP Corporate Strategy

January 2024

Internal Only

# Structure of the document

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This document contains a comprehensive overview of our strategy, along with detailed deep dives on the strategic priorities. You can navigate between the strategy story and the deep dive with the help of interactive buttons.

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# Introduction

In summer 2020, we introduced our strategy to turn SAP into a genuine cloud company. Since then, we have seen great progress in its evolution and further confirmation that this strategy is more relevant than ever. Businesses of all sizes continue to look to us as their trusted partner in helping them, industries, and entire nations become agile, achieve more across their value chains, and reach sustainability at their core.

## Strategic Context 2024

We are being challenged by the biggest transformation in our industry for decades which is driven by the rise of artificial intelligence (AI), competitive pressure, and a changing macroeconomic environment with parts of the world in turmoil:

- **AI:** AI transforms our industry at unparalleled speed and represents a leapfrog moment. Competitors and customers are quickly shifting investments to AI, sorting industry players into leaders and laggards, while increasing scrutiny of their own spending.
- **Competitive pressure:** Our industry is hypercompetitive. Key players are outpacing us in both absolute and relative revenue as well as profit growth, showing more scale benefits, while aggressively shifting investments to AI. At current cause and speed, we will not be best in class in our industry.
- **Macroeconomic condition:** The macroeconomic landscape continues to be one of uncertainty with global events ranging from inflation, military conflicts, and the aftermath of the pandemic. They highlight the fragility of our interconnected global supply chains and put business processes under pressure. At the same time, they have brought efficiency into the center of it all.

As an industry, we are benefitting from a secular trend for digitalization, cloud, and AI. So now is the time to rise to these challenges and turn them into opportunities to ensure that we are best in the industry today and in the future. As SAP, we have many strengths to build on:

- **Exceptional product portfolio:** We have an unrivaled portfolio of solutions, and customer satisfaction is improving. Cloud ERP and SAP Business Technology Platform (SAP BTP) are the foundation of SAP's best-of-suite product portfolio, the foundation for our company's success. When a customer uses our Cloud ERP solutions, they are 2x more likely to use another SAP line-of-business (LoB) solution rather than a competitive solution. With that in mind, we strive to make it even easier for customers to consume our entire portfolio through cross-portfolio solution bundles.

sitting on one the most powerful data-treasures in the world, that we will continuously unlock to infuse intelligence into our entire portfolio.

## Strategy Updates 2024

As we are entering the next phase of our transformation to respond to these challenges and opportunities, we are also evolving our strategy to provide even more clarity about our vision and goal.

Our **purpose** of helping the world run better and improving people's lives remains our reason for being.

Our **vision** is all about the role we want to play in this world and what our customers can expect from us. Now we make it even clearer: We bring out the best in every business.

As AI is the defining technology of our generation, we must ensure that it is at the core of every solution we develop. If we are not leading in Business AI, we will also not be the leading enterprise application provider. That is why we evolve our **goal** to being the #1 Enterprise Application and Business AI company, powered by our leading platform.

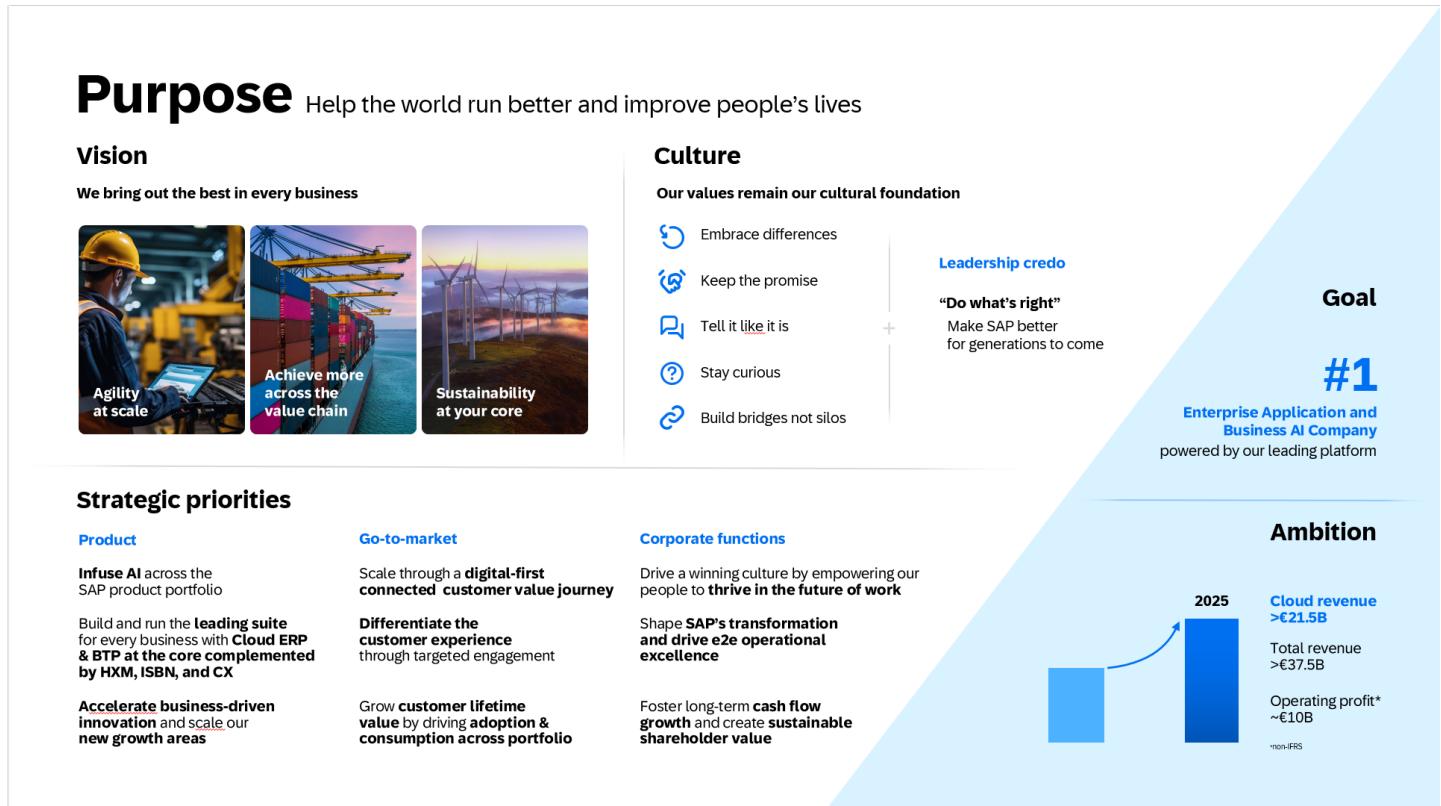
To steer SAP through this next phase of our transformation and ensure we stay on track, the Executive Board defined five cross-Board area

### Focus Programs:

- **Next-Gen Innovation:** Innovate to solve our customers' biggest challenges
- **Next-Level Adoption and Consumption:** Increase the speed by which customers adopt our solution portfolio
- **End-to-End (E2E) Software-as-a-Service (SaaS) Growth:** Deliver growth in the cloud, particularly in public cloud
- **E2E Process Excellence:** Drive process excellence to achieve higher operational efficiency across all areas
- **Winning Culture:** Embrace a winning culture that values accountability, performance, subject-matter expertise, and continuous learning

Providing clear direction is upon the SAP Executive Board. Bringing our evolved strategy to life at unparalleled speed and ensuring a successful transformation requires all of us. That is why this white paper provides further details about our product portfolio, operating model, culture, as well as updated direction on our strategic priorities and how they are relevant for each of us across product, go-to-market, and corporate functions.

**Figure 1** | Executive Summary



# The Why

## Our Purpose

To help the world run better and improve people's lives.

SAP's purpose remains steadfast: to help the world run better and improve people's lives. As we embrace the challenges of the current environment, our focus sharpens on the transformative power of AI in business. Technology, especially "Business AI," is essential in addressing the most profound environmental, economic, and social challenges of our era. Software and analytics have the power to help predict and prevent disasters, make cities smarter, and foster equity in workplaces. In this era of rapid technological evolution, we recognize our role in minimizing carbon footprints and promoting human rights through reliable AI and data-driven insights.

SAP is at the forefront of this technological wave, uniquely combining generative AI with business data. We are committed to providing AI solutions that are integral to our customers' most critical business processes, ensuring they are built-in, relevant, and responsible.

When our customers aspire to clean the ocean, transform industries, or redefine the future of work, SAP stands alongside with technology and applications that are not just innovative, but also deeply integrated with AI, to turn these visions into reality.

# The What

## Our Vision

To bring out the best in every business.

Our vision reflects our commitment to transform organizations globally. We are building a future where businesses not only adapt rapidly to changes but also embed sustainability in their operations and drive greater productivity. Our three pillars of commitment underline this vision:

- 1. Agility at Scale:** In a rapidly changing landscape, the need for business agility is paramount to maintain competitiveness. We facilitate this through purpose-built innovations and real-time data insights, enabling organizations to scale swiftly and respond promptly to market conditions. Our cloud ERP solutions and SAP Business AI are seamlessly integrated, providing unprecedented agility and empowering organizations to pivot effortlessly, whether to strategic shifts or unexpected market scenarios.
- 2. Achieve More Across the Value Chain:** We assist organizations in harnessing collective intelligence, thereby optimizing performance across the value chain. By connecting core processes – from finance to supply chains, and human resources to customer relations – we fuel efficient growth throughout businesses. Our solutions go beyond internal systems, linking businesses across enterprises and digitalizing transactions to foster transparent, resilient, and sustainable value chains.
- 3. Sustainability at Your Core:** We have evolved beyond

mere sustainability aspirations to actionable, sustainable outcomes. Our green ledger initiative ensures robust, auditable sustainability practices are a natural extension of business operations. This innovative approach enables organizations to record real impacts, report audit-ready ESG metrics, and act with ESG principles integrated into business processes – fostering genuine, data-driven sustainability management.

At SAP, we are more than just a technology provider; we are engineers of progress. Our journey is one of continuous innovation and transformation, committed to delivering solutions that are not only relevant and reliable but also responsible. In a world where technology and business are increasingly intertwined, we have the unique ability and position to help companies maximize performance and positive impact on the world.

Every day we help companies bring out their very best.

## Our Goal

### #1 Enterprise Application and Business AI company, powered by our leading platform.

Backed with a clear purpose and vision, we are committed to making SAP the #1 Enterprise Application and Business AI company, powered by our leading platform. These goals go hand in hand given that, if we are not leading in Business AI, we will also not be the leading enterprise application provider.

#1 Enterprise Application and Business AI company means being #1 in market share, #1 in customer satisfaction, #1 in customer lifetime value, and #1 in portfolio adoption.

We are not leading in all of these today, so we must increase

our focus to get there. We must make fewer, bigger bets to lead in everything we do, so we can continue profitable growth. This means investing to win and not being spread too thin. Focus requires commitment and trade-offs. Placing bets and making trade-offs is hard, but this is the only way we can be #1.

## Our Strategic Priorities

**Our strategic priorities guide our actions to achieve our company goal.**

### Our Product Strategy:

Innovate and focus our portfolio

SAP has many strengths to build on: We offer the world's leading ERP solutions, representing a center of gravity for critical enterprise data and the key ingredient for relevant Business AI. We have an unmatched portfolio of business applications that define how business processes run. We can provide unprecedented value for customers when these business processes are running smoothly in an integrated intelligent suite that is powered by SAP Business Technology Platform (SAP BTP). With more than 400,000 customers globally, we – together with our partners – can scale the impact of our solutions beyond a single enterprise and elevate our New Growth Areas – SAP Signavio, SAP Business Network, Taulia, Sustainability and Business AI – into new heights.

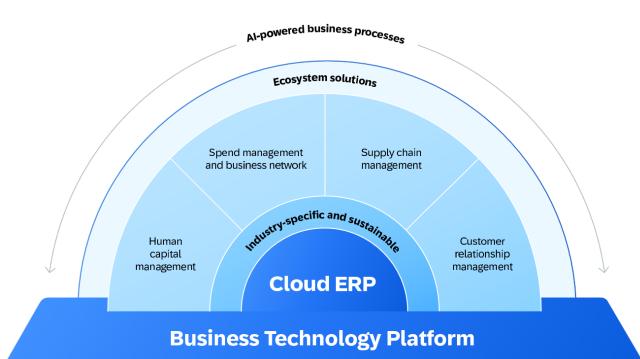
portfolio along three priorities to fulfil our vision to bring out the best in every business:

#### Infuse Business AI across the SAP product portfolio

We leverage our data treasure to deeply embed relevant, reliable, and responsible Business AI across our portfolio, becoming the market leader and thereby defining the standards for trustworthy Business AI. Business AI revolutionizes how our customers work and interact with SAP solutions – that is, by automating business processes or our AI assistant **Joule**. With an open AI foundation on [SAP BTP](#), we empower customers and partners to consume and build context-aware, intelligent applications. AI is already a central, integrated capability of our enterprise applications and business technology and used by tens of thousands of our cloud customers.

#### Build and run the leading suite for every business with Cloud ERP and BTP at the core complemented by HXM, ISBN, and CX

We differentiate in the market by enabling consistent, end-to-end processes through an integrated, intelligent suite of business applications. SAP has the technologies, products, footprint, and vision to weave together four essential business processes: recruit to retire, source to pay, design to operate, and lead to cash. This type of holistic integration is unique – the deep intelligence it enables has never been possible before.



**Figure 2 | Our Product Portfolio**

Market View

Building on these strengths, we innovate and focus our



**Cloud ERP** and **SAP BTP** form the sockets of our leading suite. Why? Our numbers show that win-rates for our LoB solutions increase significantly when our customers are already using our Cloud ERP solutions. In this sense, addressing new customers with our world-class Cloud ERP opens the door for cross- and upselling opportunities. All of this is powered by SAP BTP as the business-centric extension, integration, data, and AI platform for our entire ecosystem, allowing SAP teams, partners, and customers to build new cloud applications, unify, enhance, and augment the SAP product portfolio and drive innovation.

To build and run the leading suite, we must harmonize the experience across our Solution Areas. Our [Cross-Priorities](#) help us to deliver an exceptional user experience, more innovation, better integration, localization, and cloud operational excellence.

We underpin this through a seamless end-to-end, proactive **customer support powered by AI**.

In combination, our five Solution Areas combine to make up our leading suite:

Our **Cloud ERP** solutions not only provide robust capabilities in finance, subscription billing, and sustainability, but – thanks to the tight integration of our Cloud ERP and **Digital Supply Chain (DSC)** solutions – enables our customers to digitalize their supply chain and operations processes from end to end. This allows our customers to grow and optimize their business on their terms, while handling disruptions better, faster and at lower cost.

**Business Technology Platform (BTP)** comprises the cloud-native technology services that power our enterprise application portfolio. With capabilities for application development, automation, integration, data and analytics, as well as AI, it provides internal SAP teams, customers and partners business-centric tools to enhance business processes in and beyond SAP-centric enterprise landscapes.

As the most comprehensive and global HR cloud software, our **SuccessFactors (HXM)** suite unlocks the full potential of every employee and the entire organization by harnessing the power of AI to elevate every experience, guide every people decision, and connect HR across every aspect of the business.

**Intelligent Spend & Business Network (ISBN)** applications power the future of procurement – a function that has become mission critical in a world of increasing supply chain disruptions. Next-gen procurement, travel and expenses, contingent workforce planning, and business network each represent significant growth opportunities for SAP.

**Customer Experience (CX)** solutions equip companies to capture their customers' behaviours and preferences,

paving the way for hyperpersonalized engagement. By integrating seamlessly with ERP systems, these applications create a powerful bridge between operational data and customer experiences, reaching customers regardless of their location. AI-powered and machine learning supported analytics incorporated into these applications provide a deep understanding of customers, aiding optimum business decisions.

In addition to our Solution Areas, we provide **industry-specific innovations**. For the majority, those industry capabilities are delivered in our SAP S/4HANA Cloud core, our LoB solutions, or industry cloud solutions. The latter is our new, open innovation space for SAP and our partners to modularly extend our core and LoB solutions. This empowers every vertical industry to deliver differentiated and innovative capabilities building on SAP technologies.

It is essential that – across all SAP solutions – we are guiding our customers' **transformation journey** across their overall lifecycle, from initial co-innovation, implementation, and migration to operations and customer support – always guarding business value creation. In a similar vein, we guide our substantial **ERP installed base** on their journey to a modular cloud ERP. This includes educating them on standardizing their core SAP S/4HANA Cloud processes, building extensions and innovating on SAP BTP, and using cloud-native industry solutions.

### [Accelerate business-driven innovation and scale our New Growth Areas](#)

Innovation has always been at the heart of what we do. We have over 50 years of experience of putting technology in the context of business by creating solutions for our customers. Innovation is what we look back at and likewise remains an integral part of our future. It is our ambition to accelerate business-driven innovation that creates tangible, real-life customer value. We focus our innovation across three key innovation fields:

1. The future of **business processes**
2. The future of **business collaboration**
3. The future of **data-driven decision-making**

Our New Growth Areas represent key opportunities and accelerators in these fields. They are adjacent areas to our existing businesses and will help us future-proof SAP, by entering new market categories that expand our total addressable market.

Our strategic focus is on scaling these growth areas. To seize these areas they are operating in a tailored setup that suits their maturity level and helps them to accelerate scaling within the SAP ecosystem.

- **SAP Signavio solutions** put us front and center in the transformations our customers are going through. On top of running the broadest portfolio of business applications, SAP Signavio solutions can help our customers understand, improve, and transform all their business processes. Hence, accelerating speed of transformation by improving agility, measured through time-to-insights and time-to-adapt.
- **SAP Business Network** is the largest and most comprehensive B2B collaboration platform, trusted by millions of companies around the world and powering more than 700M transactions. It connects people, processes, and systems across multiple enterprises – digitalizing transactions and creating transparent, resilient, and sustainable supply chains.
- **Taulia Working Capital Management** further expands the value offered to the CFO. To combat the effects of rising interest rates, visibility into working capital and access to liquidity when needed is of companies' highest priority. Specifically, the Taulia Cash Flow Acceleration solution is not only designed to accelerate cashflow, but also allows sustainability to be embedded into core processes by offering financing to stimulate the supply base to improve their ESG credentials.

• **Sustainability** is at the core of SAP's vision and presents a unique opportunity for us to help customers in pursuing sustainability-focused opportunities and innovation, preparing to mitigate climate, resource and social-related risks, and driving long-term business value. We have a comprehensive portfolio of sustainability solutions and services to help our customers drive sustainable practices not only inside their organization, but across their value chains.. With our cloud-driven innovations – and evolving AI-powered sustainability use cases – we support customers in building the foundation for their long-term sustainability strategies. We do so by giving them the tools to be agile and responsive, maintain control of integration and data flows, and master the complexity of sustainability challenges. With SAP customers generating \*87% of total global commerce, we have a unique opportunity together with our customers across more than 26 industries to create a more sustainable world.

• **Business AI** is the defining technology of our time. As outlined in the dedicated Strategic Priority ["Infuse Business AI across the SAP Product Portfolio"](#), it is our ambition to become the market leader in Business AI by scaling AI across our entire product portfolio. Therefore, we establish Business AI as a dedicated New Growth Area in the Office of the CEO.



[Learn more](#)

## Our Go-to-Market Strategy

### Grow jointly with our customers and partners

The opportunity in the cloud is massive, but the competition is fierce. Any cloud transition creates a new customer decision point with the chance for us to win or lose. When we execute with conviction and as a team, this environment will be an advantage for SAP.

By 2025, we want SAP to be the industry standard for maximizing customer lifetime value by delivering exceptional experiences, tangible business outcomes, differentiated value propositions and a vibrant ecosystem. We deliver on our go-to-market (GTM) strategy through three strategic pillars.

### Scale through a digital-first connected customer value journey

We must accelerate our sales efforts and build momentum for our sellers, at scale, so that they can focus on solutioning with our customers. Our objective is to deliver self-service, digital-first connected customer journeys with aligned content and activities spanning each phase of our **Customer Value Journey** that effectively builds and converts pipeline for SAP solutions. We holistically plan and execute digital and event demand generation activities across our Marketing & Solutions and Customer Success Board areas. In addition, we expand virtualization and digitization across go-to-market functions to build an efficient GTM engine across all customer archetypes.

### Differentiate the customer experience through targeted engagement

A differentiated customer experience is critical for our ability to successfully go to market given the intensity of competition in our industry grows every year. We aim to deliver on this strategic priority by transforming our GTM model to reflect our customers business needs and meet our ambitious revenue goals. We are shifting away from our legacy customer segments and transitioning into new customer archetypes with more empowered GTM roles and the strength of our exceptional partner ecosystem.

Engaging with customers, partners, and other external stakeholders in such a targeted and integrated manner allows us to go to market as strongly as possible.

### Grow customer lifetime value by driving adoption and consumption across the portfolio

We set the standard for success as maximizing customer lifetime value, representing the cumulative value delivered to our customer throughout their lasting relationship with SAP. This remains our unwavering metric, steering our priorities, investments, and strategic business decisions. Acknowledging the link between strong adoption and consumption, customer lifetime value and topline growth, we continue to adapt our go-to-market strategy and optimize across our winning portfolio. This ensures our relevance across the entire Customer Value Journey, from the discovery of our new customer-centric, cross-portfolio commercial offerings to the point where customers derive value in a new business vertical with our cloud solutions.

Learn more about the Focus Program [Next-Level Adoption and Consumption](#) here.

 [Learn more](#)

## Our Corporate Functions Strategy

Transform SAP with our people at the center

Together we will shape our future and set new benchmarks of excellence by unleashing the combined power of our people, operations, and finance.

### Drive a winning culture by empowering our people to thrive in the Future of Work

Just as we help our customers digitalize, simplify processes, and create amazing experiences, we do the same for our employees. We foster a healthy, inclusive, and diverse environment at SAP. We will continue to deliver our leading HR consumer experiences at scale, while building SAP's skills for the future, rewarding performance, and role modelling accountable, inspiring leadership.

We focus on four priorities:

- Build SAP's skills for the future
- Drive SAP's winning and inclusive culture
- Change the way we lead – do what's right
- Deliver HR operational excellence

### Shape SAP's transformation and drive end-to-end operational excellence

Being a successful cloud business requires constant transformation. We shape the next phase of our transformation by developing a highly efficient and customer-centric cloud operating model. We do so by focusing on best-in-class process excellence and automation powered by leading technologies like AI, creating a harmonized operating system for strategy and operations teams with clear roles and responsibilities, and by accelerating strategy-to-execution

through our five cross-Board Focus Programs.

Uniting us as one SAP, our Focus Programs are addressing key priority areas: Accelerating product innovation, instilling an adoption and consumption focus, ensuring SaaS growth across our portfolio, driving operational excellence and creating a winning culture.

### Foster long-term cash flow growth and create sustainable shareholder value

With our customer-centric mindset we develop and improve finance processes for a smooth end-to-end experience, creating business impact and value for our internal and external customers. We use our own products and technologies in the spirit of "SAP Runs SAP" to unveil improvement and automation potential as well as uncover opportunities for the use of AI and latest innovations. By bringing transparency to ESG-related data and incorporating financial and non-financial value into decision-making, we actively challenge the status quo and lead sustainability transformation in our finance. Our diverse and passionate team is supported by upskilling and exchange opportunities, and equipped with a future-ready skillset to perform in a state-of-the-art service delivery model. We foster predictable cash flow growth and intelligent steering to enable ambitious business decisions across SAP. Thus, creating sustainable shareholder value by serving our stakeholders in a transparent manner and making no compromise on compliance.

 Learn more



# The How

## Our Operating Model

**When we operate as a collective, we succeed.**

With this in mind, we introduced an operating model in July 2021 that enables us to act as **One SAP**.

To lead each of our Solution Areas, three roles jointly determine target markets and market requirements, define growth plans, and deliver on one plan with shared goals and incentives:

**The chief product officer (CPO)** drives innovation across the product road map. This role has been established within the SAP Product Engineering or Technology & Innovation Board areas, reporting to either Thomas Saueressig or Juergen Mueller, respectively.

**The chief marketing and solution officer (CMOSO)** drives product marketing ensuring an outside-in, growth-oriented perspective, and reports to Julia White leading the Marketing & Solutions Board area.

**The chief revenue officer (CRO)** focuses on customer success and revenue generation as well as leveraging our partner ecosystem. This role sits within the Customer Success Board area, reporting to Scott Russell.

for driving end-to-end winning plans, together with a dedicated Board sponsor.

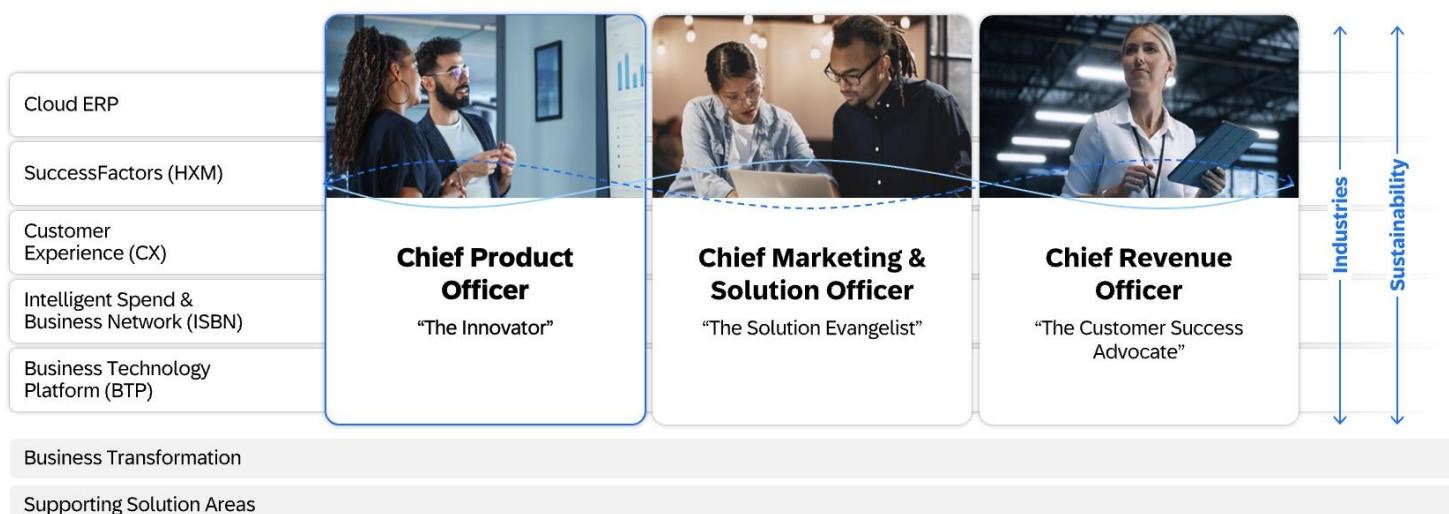
We have also adjusted our financial and operational steering model to set clear objectives for the SAP Executive Board to review in quarterly business reviews.

To ensure we deliver the greatest market growth from our product investments, we are shifting to cloud-oriented Product Management and Product Marketing functions with clear roles and responsibilities and moving away from Solution Management roles. We are also further evolving our 3-in-a-box operating model to establish the **Chief Product Officer as the Directly Responsible Individual (DRI)** accountable to defining a cohesive Solution Area strategy, and empowered to make decisions as well as to resolve issues as needed for speed and agility of execution.

With our operating model, we truly come together as One SAP.

For each Solution Area, these three leaders are responsible

**Figure 3** | Our Operating Model



## Focus Programs

### The next phase of our transformation – five Focus Programs to double-down on our strategic priorities.

We launched our Focus Programs in the key areas of product innovation, adoption and consumption, our SaaS growth, operational excellence, and winning culture. These programs represent our key vehicle to execute on our strategy. Each of them is led by a Board member, with work streams driven by directly responsible L1 leaders, and involving employees from across all of SAP.

#### **Next-Gen Innovation**

The Focus Program aims to fundamentally transform our business applications and platform through artificial intelligence, UX design, and seamlessly integrated end-to-end business processes. We will make SAP the leader in Business AI with base and premium AI capabilities that are relevant, reliable, and responsible, leveraging our deep business process knowledge and mission-critical business data. We will improve product user experience and usability across all SAP products and connected scenarios and deliver seamless end-to-end business processes with a consistent experience for our customers.

#### **Next-Level Adoption and Consumption**

Our goal in this Focus Program is to increase customer lifetime value, reduce customer churn, and increase revenue retention by implementing a Customer Success (CS) End-to-End Customer Engagement Model that seamlessly drives our customers' adoption and consumption in a cloud world. Adoption, innovation, and a change of mindset are the key elements to the future success of our customers, partners, and SAP.

Roles will become more empowered as we change the way we work and guide our customers and partners along the various stages of the customer value journey. By driving future innovation and go-to-market activities with our ecosystem, we will grow our installed base and win net new names. Our portfolio of cloud solutions must be the leading business suite for every business; therefore, we harmonize and simplify the way we operate, collaborate with partners, and engage with customers to grow together. The CS End-to-End Customer Engagement Model provides the framework for pragmatic change across the portfolio, workforce, roles, key performance indicators (KPIs) and incentives, practices, and processes and automation.

become the #1 Enterprise Application and Business AI company, powered by our leading platform. This Focus Program will help us achieve this by differentiating SAP S/4HANA Private Cloud through the “Case for Cloud”; moving SAP S/4HANA customers to a clean core using SAP BTP and our ecosystem; increasing cross-selling in our modular cloud stack; intentionally targeting midmarket; elevating analyst recognition by Gartner; and ensuring a seamless end-to-end digital customer journey. We will be leveraging learnings from past initiatives and drive SaaS growth to contribute to our target of €21.5 billion cloud revenue in 2025. This transformation journey impacts our entire organization and brings substantial value to our employees, customers, and SAP.

#### **E2E Process Excellence**

Through this Focus Program we are updating and simplifying processes across the company, based on best practices, to achieve better efficiency, productivity and cost savings throughout SAP. We are building a more efficient cloud operating model by enhancing the developer experience; achieving cloud delivery excellence; transforming customer support powered by AI; simplifying and standardizing our quote-to-renewal process; supporting automated, scalable next-gen cloud selling; leveraging AI for competitive strength; and assessing RISE with SAP for future high-volume sales growth.

#### **Winning Culture**

This Focus Program includes a new, comprehensive performance management approach for our executives in 2024 to help make work at SAP more meaningful and rewarding. Measurable goals, clearly communicated, with clear paths to execution for each team; rewards outcomes that are aligned to individual's contribution and impact; and conversations that drive development, career, and performance growth, are cultural changes for us.

All in all, our five Focus Programs will help us build on the strong foundation we have built together and take us to new heights.

Learn more about our [Focus Programs](#) here.

#### **E2E SaaS Growth**

We have a winning portfolio, and we will focus on globally optimizing across our portfolio for growth to

## Our Culture

To win in any market, the way we work together is as important as what we set out to do.

We foster a culture that enables and rewards impact and business outcomes. We drive for accountability and empowerment in a healthy, inclusive, and diverse environment. And we are building a consistent understanding of SAP culture and leadership, co-created by employees across the company.

In 2021 we introduced our new **leadership credo**:  
*Do what's right. Make SAP better for generations to come.*

Every day, leaders at SAP use this credo to drive their actions. It sustains our now and sustains our future.

As leaders, we hold ourselves to a high standard, we challenge ourselves every day to build a better SAP for the future. We are not comfortable with good enough. Our leadership credo and expectations encourage us, leaders, to be agile, to be ethical, to be inclusive, to be accountable and to bring our strategy to life.

Here are our core behaviors for **How We Run** that will fuel our culture into the future:

- ⌚ **Embrace differences:** We know that diversity of perspectives, experiences and backgrounds leads to more effective, creative teams that make better decisions overall.
- ⌚ **Keep the promise:** We are committed to delivering our best work for customers, partners, society at large – and for each other.
- ⌚ **Tell it like it is:** Our people processes and leadership values encourage a culture of transparency, growth, and continuous learning where hard lessons are shared openly and success is celebrated broadly.
- ⌚ **Stay curious:** Curiosity is the soul of innovation and the driving force behind the technology industry. We encourage everyone to imagine the possibilities and continually ask, “why not?”.
- ⌚ **Build bridges not silos:** We are building a work environment that facilitates collaboration, sharing, leadership and innovation across business units, campuses, teams, and time zones.



# Our Financial Ambition

The financial ambition that underpins our strategy is clear and bold: We will grow our cloud revenue to more than €21.5 billion in 2025, representing a compound annual growth rate of >23%.

Our ambition guides us in successfully executing our strategy on a daily basis. Supported by clear KPIs, it informs our actions and decisions. In addition to key metrics such as revenue, operating profit, and free cash flow, these KPIs provide valuable insights into our overall performance.

**Figure 4** | Ambitions for 2025

Cloud Revenue <b>&gt;€21.5 billion</b>	Cloud Gross Profit* <b>~€16.2 billion</b>
Total Revenue <b>&gt;€37.5 billion</b>	More Predictable Revenue Share <b>~86%</b>
Operating Profit* <b>~ €10 billion</b>	Free Cash Flow <b>~€8 billion</b>

\*Non-IFRS



# Conclusion

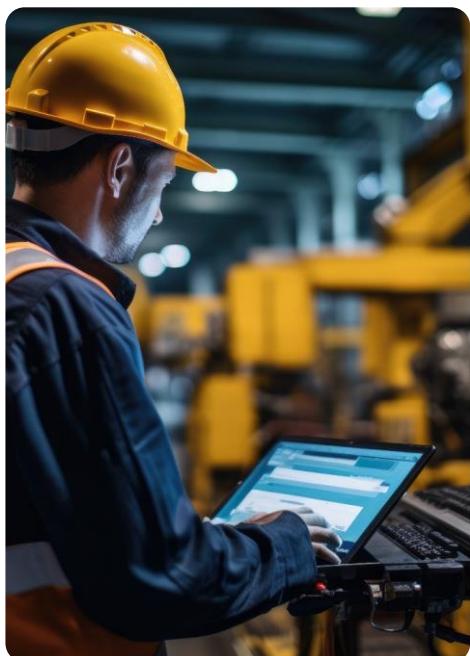
**At the core, our ability to deliver on our ambitions comes down to the success of each of you and our ability to never lose sight of our core purpose as a company.**

You are at the center of our success. An engaged and thriving community of employees enables us to live our purpose more fully and more powerfully. Together with our customers and partners, we are energized by our ambitions and the impact we can create in the world.

**Your ideas, your passion, and your inventions enable SAP to change how the world runs and improve people's lives.**

Ultimately, businesses are the sum of the will, creativity, ingenuity, and spirit of their people. The high tech industry represents the most exciting field of any, with the opportunity to imagine a better way of working and living – and then build it.

As we move into the next year of our strategy, our goals are ambitious and our vision is clear.



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# Our Strategic Priorities

## Product Strategy Deep Dive

Innovate and focus the portfolio

**We have many strengths to build on.**

**A diverse and robust portfolio of business applications** is certainly one of these. We believe in the value our solutions can offer when they run smoothly integrated in an intelligent suite. With SAP Business Technology Platform (SAP BTP) and our suite qualities as the foundation and fabric across applications, we go beyond the technical integrations into SAP systems that our competitors provide today.

We offer four essential business processes that are foundational to modular ERP: lead to cash, source to pay, recruit to retire, and design to operate. These scenarios become even more valuable when they are connected across company borders. Through each business, the supply chain overall thrives. Live and interconnected data flows enable cross-analytics, cross-planning, embedded AI, and recommendations for business decisions. This will redefine how processes will run in the future.

**Our customer base** plays a big role in defining our product strategy. With hundreds of thousands of companies as our installed base, we – together with our partners – can scale the impact of our powerful solutions beyond a single enterprise.

The “**data treasure**” resulting from the huge amount of data that runs through SAP systems around the world every day is one of our greatest assets. Unlocked, it has the potential to deliver unique insights into value chains. This data is the key ingredient for relevant Business AI that SAP provides, always adhering to the highest data confidentiality standards.

**Our diverse partner ecosystem** offers innovations that complement SAP applications – with innovative applications or cloud extensions built on SAP BTP. They influence the adoption of SAP technologies that support customers’ unique needs, contributing to SAP’s growth by expanding our market reach in sales and services. With its deep industry and domain knowledge, the partner ecosystem enables SAP to build, sell, and deliver customer success at scale as we reach new markets and growth areas.

We use these strengths to our advantage, focusing on three strategic priorities that guide our product strategy:

- Infuse Business AI across the SAP product portfolio
- Build and run the leading suite for every business with Cloud ERP and BTP at the core complemented by HXM, ISBN, and CX
- Accelerate business-driven innovation and scale our New Growth Areas

### Infuse Business AI across the SAP product portfolio

The world is sitting on the cusp of the next great technological revolution, driven by fast-moving advances in artificial intelligence (AI). AI extends the reach of computers by understanding unstructured data and addressing problems too complex for deterministic programming and rules. Now, generative AI is rapidly unlocking previously unimaginable capabilities, such as generating code based on natural language input and answering questions from the context that is flowing through business systems. This creates an imperative for SAP to deliver more value to our customers and transform SAP’s products into an AI-powered portfolio.

SAP is uniquely positioned to help our customers benefit from artificial intelligence by delivering Business AI, which we define as:

- **Relevant:** AI delivered, from day one, across all SAP applications that customers use to run their businesses.
- **Reliable:** AI based on unique business data and business process context to ensure truthful, real-time results, all following the same enterprise standards that customers expect from SAP.
- **Responsible:** AI built on leading ethics and data privacy standards.

SAP will be the market leader for Business AI by 2025. To get there we must:

- **Leverage our unique data assets:** SAP cloud customers have entrusted us with access to data from over 25,000 customer tenants to build new products, including training AI models. SAP also uniquely understands the complex business processes and semantic relationships underpinning our customer data.

- **Enrich and transform all SAP cloud products by infusing AI features that add business value.** Every SAP cloud solution and SAP BTP service must have a rich pipeline of AI-powered innovations that automate repetitive tasks, improve user experience by allowing natural interaction with our systems, and extend human decisions and cognitions through insights, optimizations, and recommendations.
- **Create a strong AI foundation on SAP BTP.** We will evolve existing and develop new foundational components so that SAP BTP becomes the trusted orchestration layer for AI assets and the go-to platform to build intelligent business applications. This includes access to leading Large Language Models (LLMs) that SAP adapts to business context. In addition to adapting existing models, SAP BTP will also provide an own foundation model trained on tabular SAP data, enabling unprecedented performance for low-data settings in customer environments and capabilities such as forecasting that LLMs lack.
- **Unleash SAP's ecosystem.** SAP's more than 25,500 strong partners play a critical role in helping our customers adopt available AI features. Besides teaming up with general-purpose AI platforms (such as Databricks and AWS SageMaker) and LLM providers (such as Microsoft Azure Open AI service), we also empower partners to build AI-powered extensions, add-ons, and applications on SAP BTP to fulfill specific customer needs. We must help systems integrators apply generative AI to condense cloud transformation projects.
- **Make AI simple for customers to consume and for SAP to position.** Customers care about business value, not technology, while at the same time harboring fears and misunderstandings about AI. We must clearly communicate the business value of AI features and make it simple – commercially and technically – for customers to activate. Customers will either get basic AI as part of their existing SAP cloud subscriptions or with a premium add-on.
- **Focus on the cloud.** Modern AI happens in the cloud and creates incentives for customers to move to the cloud. On-premise customers can still create custom AI features by using SAP BTP services like SAP AI Core. But we will not deliver AI features in SAP standard on-premise software since it is not scalable.
- **Always ensure we release only responsible AI.** Customer trust is one of SAP's core assets, but trust built up over decades can be easily broken. We make no compromises when it comes to applying SAP's AI ethics practices and protecting customer data.

Using the AI foundation on SAP BTP and SAP AI Services will support SAP teams in adhering to ethical and product standards.

### [Build and run the leading suite for every business with Cloud ERP and BTP at the core complemented by HXM, ISBN, and CX](#)

With the unmatched breadth of its portfolio, SAP is in the unique position to holistically cover the most mission critical processes of any business. To build on this strength and accelerate our vision, we must focus more. This requires commitment and trade-offs.

We strongly align our portfolio investments to build and run the leading suite and accelerate growth:

- We can see that win rates for our LoB solutions increase when a customer is already using our Cloud ERP solution. By establishing Cloud ERP products and SAP [BTP](#) as the core of our portfolio, we can tap into this cross- and upselling potential. This requires a strong product integration between the respective Solution Areas. We achieve this by building carve-outs and new cloud modules for Cloud ERP solutions fully on SAP BTP, by embedding SAP BTP capabilities such as analytics or automation directly into Cloud ERP products, or by providing more business accelerators specific to Cloud ERP through SAP BTP, that is, prebuilt integration packs, process templates, or analytics scenarios.
- With our SAP BTP Customer Evolution Program, we continue to accelerate our existing customers' journey towards becoming more intelligent and sustainable and supporting their move from on-premise solutions to the cloud. It is true that many enterprises continue to have on-premise operations. At the same time, most of them run hybrid operations, with innovation happening in the cloud. Bringing together our best practices, latest innovations, services, and powerful ecosystem, we guide them towards a holistic landscape and business process transformation that is tailored to their unique business needs.
- We unify the experience of SAP applications by enabling [Suite Qualities](#) – that is, one workflow inbox or consistent single sign-on – and driving [Cross-Priorities](#) such as localization, next-gen user experience, cloud operational excellence, innovation, and integration. Our efforts have already paid off: Those areas in our portfolio with strong integration to Cloud ERP have accelerated growth across the portfolio. In this sense, we will continue enhancing the value customers get from adopting multiple SAP solutions.

- We enable every company to become data-driven, agile and intelligent through our platform: SAP BTP offers a set of capabilities that give customers the power to innovate according to their individual needs and create value on top of and across SAP applications and third-party solutions – all seamlessly integrated with their core business processes running in Cloud ERP.
- Customer support continues to be the guardian of our customers' business value across their overall journey. We guide our customers on their transformation in the cloud and optimize ongoing operations along their entire lifecycle with prescriptive content, methods and tools supported by SAP Cloud ALM and our SAP Business Transformation Center. We digitalize the support experience enabled by AI through providing proactive support, built into SAP products, including knowledge enablement and self-service; by continuously monitoring and optimizing our customers' experience to ensure business continuity; and by prioritizing investments in AI and LLM to drive transformation, automate processes, enhance efficiency and create a superior support experience. Furthermore, we drive lifetime value for our customers by improving product quality and supportability and customer success across all products based on our customer insight. We deliver these capabilities for every solution and the overall customer landscape, harmonized for a ONE SAP experience across all solutions.
- We diligently address white and weak spots through partners and leverage the full power of our ecosystem.

Key to success is to ensure partners are aligned around SAP's [clean core paradigm](#) and [extension strategy](#) and leverage the same methodology SAP teams use internally to build intelligent solutions that complement our portfolio.

The Solution Areas Cloud ERP and BTP form the core of our suite:

### Cloud ERP

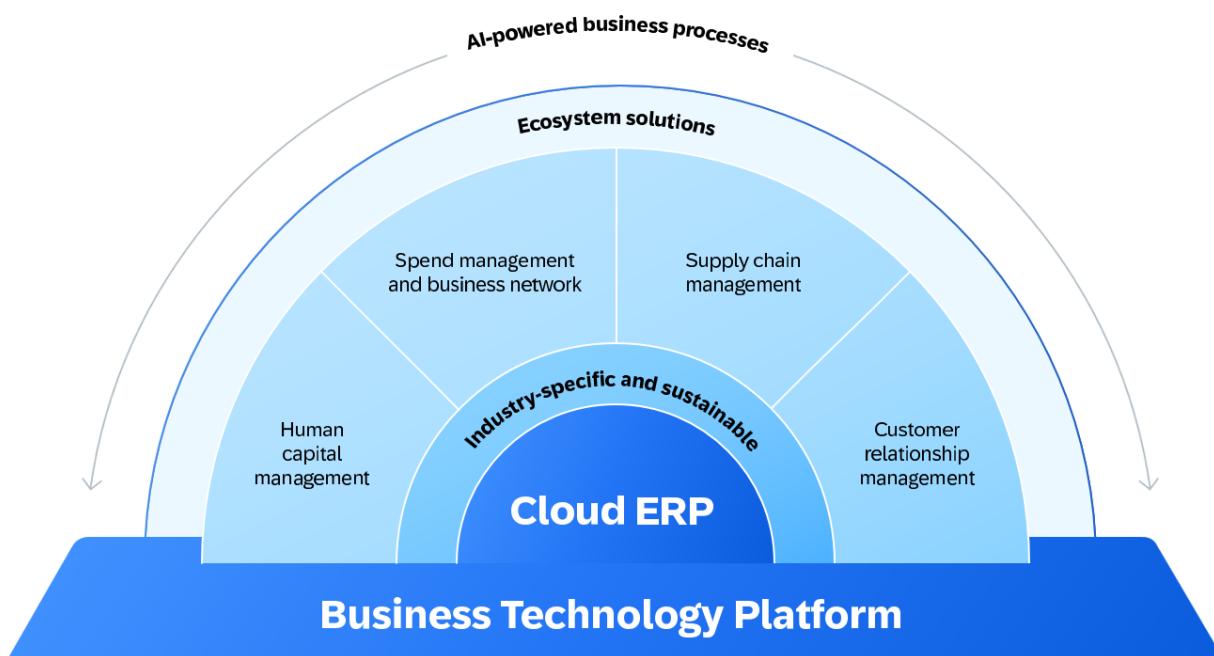
Leading with empathy for our customers and partners, our [Cloud ERP Product Strategy](#) is defined and lives by the values nestled under the acronym **SPACE**:

- Simplify everything and everywhere
- Prioritize what is truly important
- Accelerate and work at cloud pace
- Communicate in lay person terms
- Empathize with our customers, partners, employees, and the planet

Cloud ERP solutions enables our customers and partners to succeed with an intelligent, collaborative, networked and sustainable ERP. With unwavering customer-centricity in every aspect of the product, Cloud ERP helps enterprises to be:

- Intelligent:** The system provides insights into what is going on within the business. It optimizes and automates. It learns and adapts. It includes technologies such as AI, machine learning, and intelligent robotic process automation, but crucially it also involves human intelligence. Our Business AI strategy for Cloud ERP strives to make our software easier to use, consume, and extend.

Figure 5 | Our Product Portfolio



- **Collaborative:** Collaboration is the very essence of Cloud ERP which binds the people and processes across the organization bringing the power of structured and unstructured data together at the right time, right place, and right context. Collaboration boosts individual and team productivity, enhances the experience, and brings valuable business outcomes for our customers.
- **Networked:** The entire end-to-end supply chain is involved in delivering a product or service and spans beyond company borders. Visibility and transparency into this network provide the collective resilience and agility to absorb shocks and bounce back.
- **Sustainable:** Sustainability is a must-have for businesses today: Customers are conscious about the product's journey and governments are introducing regulations and mandates. Cloud ERP offers the digital backbone that provides the required transparency and insights on environmental and societal impacts.

With Cloud ERP solutions, our customers leverage standard industry best practices to run efficiently across the globe, stay competitive and constantly adopt innovations. On top of standard requirements, they innovate, differentiate and extend further to address unique business needs with SAP BTP. As every supply chain process ultimately starts, goes through, or ends in a company's ERP layer, our **Digital Supply Chain (DSC) [solutions](#)** are an integral part of Cloud ERP. With DSC solutions, SAP helps customers to rethink and reimagine how supply chains work. Tightly integrated with Cloud ERP solutions, DSC products empower our customers to digitalize their supply chain and operations processes end-to-end, linking design, planning, and manufacturing to logistics, maintenance, and service. With DSC solutions, SAP helps customers to rethink and reimagine how supply chains work.

### **Business Technology Platform (BTP)**

To meet enterprise-grade requirements, **SAP BTP** – across its capabilities for application development, automation, integration, data and analytics, and AI – continues to strengthen foundational qualities such as security, availability, and scalability while providing openness to third-party technology.

However, the single source of differentiation lies in the “B” in SAP BTP – business centricity. SAP’s vast understanding of business processes and business users is reflected for SAP BTP in *always-on business context* (for example, with the ability to orchestrate all business data in SAP Datasphere), *accelerated business outcomes* (for example, with generative AI-powered code generation) and an *integrated business-friendly experience* (for example, with no-code tools for business users).

To amplify our strategic differentiation, we have set clear priorities for 2024 in the context of

**Five Strategic Moves for BTP:**

← **Future-proof the foundation:** Reinforce the focus on

- platform security, availability, and scalability
- **Differentiate through business-centricity:** Make SAP BTP the foundation for Cloud ERP development, accelerate business content lifecycle management and amplify business outcomes with generative AI
- **Accelerate customer adoption:** Further unify the SAP BTP customer experience, onboarding, and support as well as provide technical and commercial migration paths from SAP legacy technology to SAP BTP
- **Boost the ecosystem:** Improve the end-to-end partner experience and empower partners to extend SAP processes along our clean core strategy and build intelligent applications with SAP BTP
- **Drive the internal transformation:** Improve internal processes, governance, and collaboration models to accelerate the joint success of SAP applications and SAP BTP

HXM, ISBN, and CX complement Cloud ERP and BTP and complete our best-of-suite offering:

### **SuccessFactors (HXM)**

**HXM** unleashes the power of human potential at work. SAP SuccessFactors HXM Suite goes beyond traditional human capital management (HCM) delivering experiences that keep people engaged and productive while seamlessly connecting HR across the business to ensure both profitability and sustainability.

### **Intelligent Spend and Business Network (ISBN)**

As part of **ISBN**, the Intelligent Spend Management initiative enables our customers to optimize their spend across categories, elevating solutions from being operational considerations to solving strategic imperatives. We will innovate with modern, intuitive, and innovative next-gen solutions while reducing product overlaps. We deliver an amazing customer experience driving satisfaction and high consumption – AI being front and center across everything we do.

### **Customer Experience (CX)**

**CX** solutions improves industry functionality by providing tailored solutions integrated with ERP systems and linking operational data to customer experiences, enabling businesses to connect with customers anytime, anywhere. Incorporating AI and machine learning aids in understanding customer needs, driving insightful decisions, and enhancing productivity. CX places businesses' customers at the core of operations, capturing details about their behaviors and preferences.

This enables enterprises to refine their processes and deliver products and services at need.

**SAP's industry cloud** extends our suite with modular industry cloud solutions that are built by SAP and partners on SAP BTP. While SAP S/4HANA Cloud provides a foundation with horizontal capabilities across industries and selected vertical capabilities for the core, industry cloud addresses the vertical specifics of industries.

Building the leading suite requires us to create a seamless, delightful experience for our customers that spans the entire portfolio., therefore we focus on our **Cross-Priorities**:

### Integration

We have a vibrant cross-product architecture working model that defines and enables execution of foundational and innovative integration and UX consistency. As reflected in the [Suite Qualities](#), our main solutions will share one semantic data model, one analytics layer, one security concept, and the same application business services, such as SAP Task Center. This enables SAP to seamlessly implement the key end-to-end processes that are foundational to modular ERP: lead to cash, source to pay, recruit to retire, and design to operate.

### Embedded AI

As emphasized in our "[Infuse Business AI across the SAP product portfolio](#)" strategic priority, Business AI assumes a crucial role in our product strategy.

### Next-Gen UX

We drive UX excellence at scale by:

- a) Modernizing the design system and design language at SAP to be consumer grade and drive UX consistency and innovation velocity across portfolios
- b) Implementing telemetry into each product to measure the end-user experience
- c) Executing deep end-user usability studies to guide product development
- d) Meaningfully embed AI into our products with the definition and application  
AI design patterns, guidelines, and standards
- e) Improving end-to-end experience quality through design excellence reviews of products and cross-product experiences
- f) Promoting inclusive experiences with a high degree of product accessibility compliance and adherence to industry standards

### Cloud Operational Excellence

We double down on cloud operational excellence to facilitate adoption of our public cloud solutions at scale. This includes improvements for our SaaS cloud architecture (harmonization), operational procedures

and internal automation, our TCO, business continuity, as well as security. To operationalize this, we have defined **Nine SAP Cloud Qualities** that enable us to drive adoption and customer value of the most business-critical processes on SAP solutions.

### Localization

In today's global economy, enterprises must rely on localized software solutions to enable compliance with legal regulations. SAP provides comprehensive localization across solutions, and evaluates and enables compliance with regulatory changes globally. This involves contextualizing these regulatory changes within the framework of a customer's business processes and SAP solutions, utilizing business infused AI. Localization helps customers comply with regulations across SAP solutions and hybrid deployments, supporting their transition to the cloud. This allows businesses to focus on sustainable business practices, market expansion, and growth.

### Accelerate business-driven innovation and scale our New Growth Areas

Ninety-nine of the 100 largest customers in the world are SAP customers. Why? There is a simple explanation to that: our innovation emerged from a business challenge. That is what makes it relevant and likewise what makes us best in the field of business innovations for over 50 years. With that in mind, it remains our ambition to deliver business-driven innovation that creates tangible, real-life customer value. As an example, the best general purpose AI technology can only generate limited value without the proper enterprise data and business processes in which it is applied. This is where SAP is uniquely positioned by helping our customers in putting AI in the context of their business to generate maximum value and differentiation.

To explore innovations, it is important to know where to play and where we have a right to win. Therefore, we have defined three **innovation fields**, in which we see huge market opportunities that play to our strengths:

- **The future of business processes:** Business processes are our heritage and our future. We aim to enable the next generation of processes allowing for unprecedented business agility, such as continuously modularizing and composing processes.
- **The future of business collaboration:** It is our vision to enable companies to manage their business operations collaboratively and dynamically within and beyond their organizational boundaries, for example, through workflow automation across company borders.

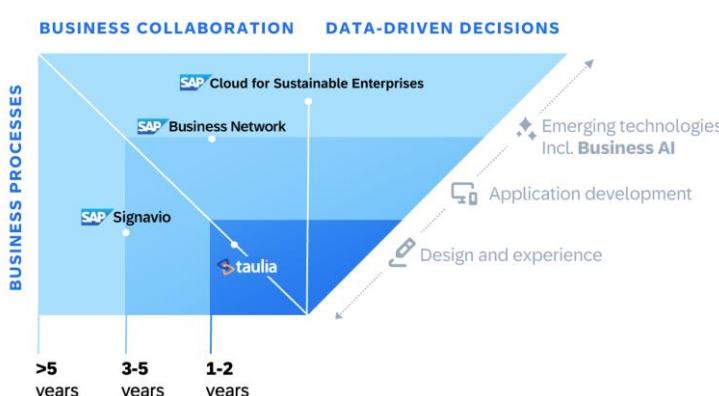
- The future of data-driven business:** Intelligent technologies are on the rise and data is the currency of the future. SAP sits on a powerful data treasure that is awaiting to be unlocked to continuously infuse data and algorithms into businesses.

To realize innovations in these fields, we believe in enablers for innovation that are:

- Grounded in technology** – We leverage the transformative potential of emerging technologies by exploring and scaling them across the portfolio.
- Powered by trusted application development** – We enable innovation through modern, cloud native, compliant and secure software development practices.
- Delivered through human-centered experiences and design** – We provide innovation through human-centric user experience across all devices.

In practice, we explore innovations **across teams** and along **time horizons** to ensure we are delivering innovation for our customers now, while continuously exploring future potential:

- We deliver continuous Solution Area innovation to differentiate our portfolio on a 1–2-year road map
- We amplify the next level of growth through scaling our New Growth Areas as well as through catalyzing cross-portfolio innovations. We explore early trends and long-term opportunities that might translate into our portfolio over the course of 5+ years



**Figure 6** | Our Innovation Fields and Enablers Including **New Growth Areas**

Our New Growth Areas represent key opportunities and accelerators in our innovation fields. They are adjacent to

our existing businesses and help us future-proof SAP, by entering new market categories that expand our total addressable market: SAP Signavio, SAP Business Network, Taulia, Sustainability and Business AI.

### SAP Signavio

Customers seek a technology partner that enables them to react quickly to change, capitalize on opportunities to innovate and remain competitive in their markets. SAP Signavio solutions have the ability to help customers understand, improve, and transform their business processes, accelerates their speed of transformation by improving their agility, measured through time-to-insights and time-to-adapt.

### SAP Signavio Business Process Management Suite

combines all capabilities customers need to deescalate risk, accelerate and spot potential business benefits in their cloud transformation: from process analysis to insights, process design and simulation, governance, enablement, and continuous monitoring.

**Plug and gain approach:** By combining out-of-the-box capabilities to identify relevant process insights and full process mining capabilities, customers benefit by gaining an understanding of process landscape, performance, standardization, and variances.

**Process observability, benchmarking, and process AI:** By empowering our customers to identify process improvement areas based on automatically surfaced insight, the ability to compare to others with cross-company process performance benchmarks and having a value-based approach further accelerate the execution of process transformation.

**Value accelerators:** We further decrease time-to-value for customers to analyze and understand processes in SAP enterprise applications. This is achieved through prebuild connectors, analysis templates and SAP best practices processes.

All capabilities are further enhanced by SAP solutions in the areas of application lifecycle management, transformation tooling and solutions from SAP BTP.

### SAP Business Network

We live in an interconnected world where no business does business alone. This requires many enterprises to manage complex relationships of suppliers, logistics providers, manufacturers and others through static 1:1 connections, while using inefficient tools and processes, and a lack of real-time visibility across the supply chain.

Our strategy is bringing together all stakeholders in ONE business network where they will be able to exchange business documents and key data in an orchestrated manner. New levels of visibility will enable businesses to respond quickly to any disruptions, minimizing business impact and ensuring continuity. From a sole trader to a multi-national enterprise, we will connect all trading partners.

We will merge our existing procurement, supply chain, logistics, asset, and industry-specific networks into a single integrated business network, creating the world's largest and most comprehensive business network and enabling a networked economy across every industry.

SAP Business Network will serve as a business-to-business orchestration platform with open APIs to create a thriving network ecosystem comprised of other networks, partner solutions and value-added services. This will lead to enormous advantages in terms of speed, cost, supply chain optimization and assurance of supply.

### Taulia Working Capital Management

Challenging economic conditions and disruptions in supply chains have significantly increased demand for early payment. Taulia provides one of the broadest platform and solution portfolios across working capital management. Through a dozen financial institutions, Taulia has built a strong ecosystem of partners that provide the necessary funding. With market-leading working capital management and financing functionality such as supply chain finance, accounts receivables, and inventory finance as well as virtual cards, Taulia strengthens our portfolio with added value that is key to all our customers: financial flexibility and stability. By combining Taulia's deep working capital management capabilities with SAP's broad CFO solution portfolio and the integration into our core business software and SAP Business Network solutions, we will lead the working capital management market and help businesses improve their financial position and seize growth opportunities.

### Sustainability

Our vision is to enable customers across all industries to transform into sustainable businesses. By helping build a connected foundation of sustainable business data from operations, partners, the supply chain, market makers, and standards bodies, we drive new and redefined business models and processes. We formed a new Sustainability business unit in 2022 focused on fueling new growth, combined with driving sustainability impact at SAP. Today, business leaders want to focus not only on their top and bottom lines, but also on measuring their environmental and social performance. SAP Sustainability solutions uniquely meet this need, enabling companies to record, report, and act on their sustainability goals.

- SAP sustainability and ESG reporting solutions enable companies to connect their environmental, social, and governance (ESG) and financial data to comply with evolving ESG regulations, while steering business toward sustainable decisions.
- SAP climate action solutions enable companies to reduce the carbon footprint of their value chain based on actual business transactions. They provide a path to a green ledger where companies can treat carbon like money, managing the carbon entering and leaving their systems and balancing their "carbon books" the same way as their financial books.
- SAP circular economy solutions enable businesses to incorporate circularity into their supply chain, providing the foundation to eliminate waste, optimize resource use, and innovate regenerative business models.
- SAP social responsibility solutions help companies understand the impact of their business on people and society and take action to manage the human impact of business across the value chain.

The speed of cloud delivery combined with the ability to integrate sustainability data into the core ERP system will optimize customers' sustainability and financial performance and form the foundation for their future business success. Only SAP can provide enterprises with this holistic capability to make sustainability a driver for business transformation, with cloud the enabler of the agility needed to leverage continuous innovations – and evolving AI-powered sustainability use cases – delivered by SAP.

### Business AI

Our ambition is to become the market leader in Business AI by scaling AI across our entire product portfolio. Therefore, we establish Business AI as a dedicated New Growth Area in the Office of the CEO. For all details please refer to the dedicated Strategic Priority "[Infuse Business AI across the SAP Product Portfolio](#)".

 Back to Product Strategy

## Product Strategy: Measures of Success

To ensure successful execution, we track progress along clearly defined KPIs for every strategic priority:

### Infuse Business AI across the SAP product portfolio

- Active Premium AI customers
- Active Joule customers
- Consumed AI units (cloud revenue)

### Build and run the leading suite for every business with Cloud ERP and BTP at the core complemented by HXM, ISBN, and CX

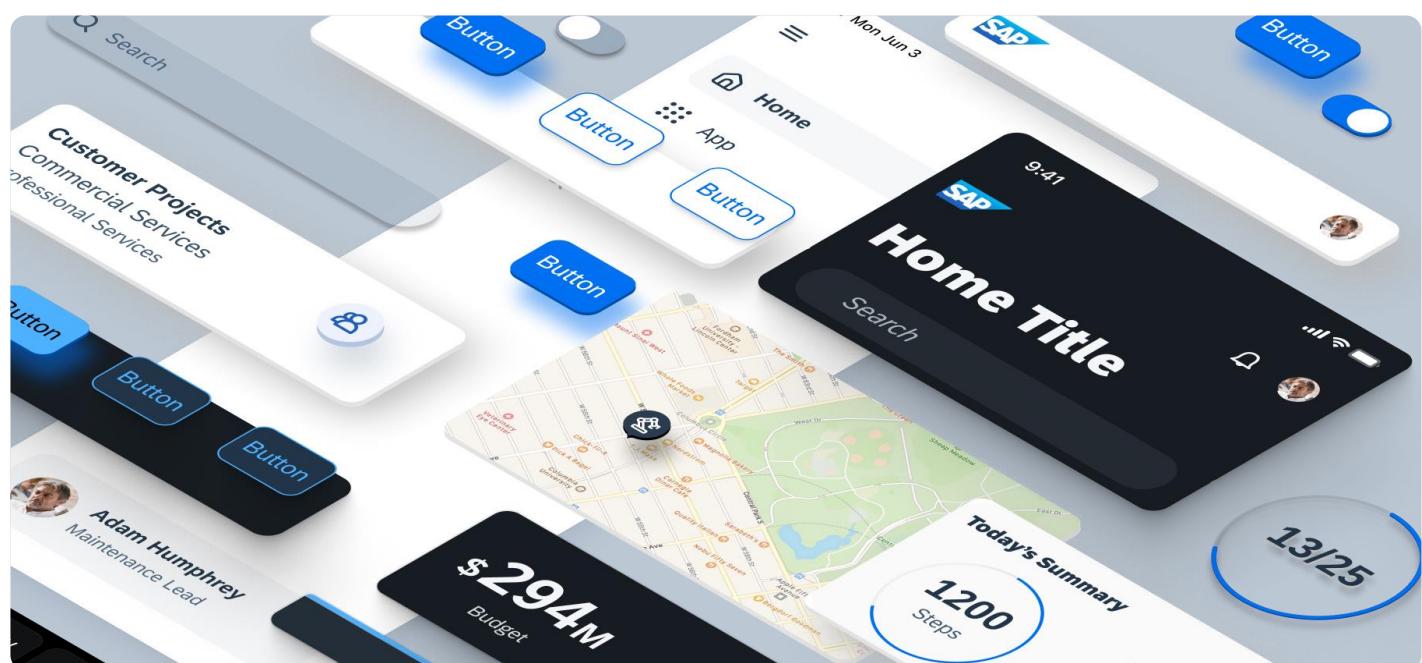
- Multisolution area customer adoption (# of customers using solutions from 1+ Solution Areas)
- Customer Net Promoter Score (NPS)
- Product availability
- Cloud gross margin per Solution Area
- Intelligent Enterprise Customer Adoption (IECA)
- Software Usability Score (SUS)

**Accelerate business-driven innovation and scale our New**

### Growth Areas

- SAP Signavio current cloud backlog (CCB)
- SAP Business Network cloud revenue
- Taulia CCB
- Growth in Sustainability customers
- *Business AI KPIs as outlined under "Infuse Business AI across the SAP product portfolio"*

To review our Product Strategy is PowerPoint format, please see the updated [SAP Product Strategy](#) deck.



# Our Strategic Priorities

## Go-to-Market Strategy Deep Dive

Grow jointly with customers and partners

### Scale through a digital-first connected customer value journey

Our objective is to deliver self-service, digital-first connected customer journeys with aligned content and activities spanning each phase of the Customer Value Journey that effectively builds and converts pipeline for SAP solutions. We focus on the following aspects:

#### Scale and synchronize digital and event demand generation across Marketing & Solutions and Customer Success Board areas

We drive scaled digital and event demand generation. Getting to a digital-first approach is crucial to succeed as a cloud company. We must accelerate and synchronize our sales efforts, at scale, so that they can focus on solutioning with our customers. To increase efficiency and reduce customer acquisition cost, we manage a world-class marketing automation tech stack to support end-to-end, personalized customer journeys, while providing accurate reporting and analytics. This allows us to continually test, learn, and optimize the digital marketing tactics that perform best to increase the effectiveness of our investments across regions and audiences. Our event strategy complements the digital demand generation through a carefully curated set of high-impact, best-in-class, hybrid events that drive business outcomes, where every moment is valuable, every message is relevant, and everyone feels included.

#### Expand virtualization and digitalization across GTM functions

To build an efficient GTM engine, we need to balance high-touch, low-touch, and digital/automated engagement across all customer archetypes. Our aim is to continue shifting a percentage of high-touch to low-touch engagement and low-touch to digital/automated engagement. These changes will be possible thanks to an increase in engagement performed out of our digital hubs (for example, virtualization) and through an improvement of digital tools utilization (for example, Sales Execution Platform and Live Sales Demo environment) and digital ways of working (for example, generative AI use cases) across all engagement types (that is, digitalization). These are improvements we have observed in the market by other competitors as they help to not only deliver a lower customer acquisition cost (CAC) but also lower cost to serve customers in the way most appropriate for

them.

### Nurture multitouch customer journeys through integrated demand programs

We curate and nurture multitouch customer journeys. Our digital and event demand generation activities are holistically planned and executed through Integrated Demand Programs (IDPs). IDPs are digital customer journeys that we invest in to drive the growth priorities defined in the Winning Plans. These journeys are curated and optimized using digital signals across first and third-party engines (events, paid, media, web, and so on). The programs are geared to deliver demand by engaging and converting prospects and customers across the buyer's journey.

### Differentiate the customer experience through targeted engagement

We differentiate our customer experience in three ways: firstly, through a new customer segmentation and internal role setup; secondly, by strengthening our industry depth that SAP has built up over decades together with our ecosystem; and thirdly, by enhancing the perception of SAP among customers and other external stakeholders across a wide spectrum.

### Establish new customer segmentation and roles to best meet customers' needs

Our GTM evolution is focused on driving sales effectiveness through top-line acceleration, improving customer experience and driving engagement efficiencies end-to-end. As part of the Focus Program Next-Level Adoption and Consumption, we will clarify roles and responsibilities along the Customer Value Journey, reduce handover points, implement a new customer segmentation model, and integrate our partner ecosystem holistically. The objective is to ensure that clear business value is communicated to customers in every interaction with SAP. Complexity will be reduced by implementing clear end-to-end account relationships and adapting and streamlining customer-facing roles, and offering continuous value advisory support, even after deal closure. Additionally, by leveraging the strength of our partner ecosystem across all segments, we will scale SAP's reach into existing and new markets and better serve the needs of our customers along the Customer Value Journey. For SAP, this means serving defined segments at lower cost of sales and higher customer satisfaction.

## Leverage industry-specific depth from SAP and our ecosystem

'Industries' has been at the core of SAP's DNA since its foundation and enables us to showcase and deliver greater customer value. It is a key differentiator for SAP, as it enables us to understand the unique needs and challenges of our customers' core business, where they generate their revenue and focus their attention. With our partners, we will jointly continue to serve our customers in all (26) industries and drive efficiency by focusing on supporting larger trends across multiple industries as industry boundaries are blurring (that is, industry convergence). Thus, we will continue to strengthen our industry expertise by increasing our investment in industry marketing across and within our Solution Areas and by leveraging our partners.

## Drive positive perception of SAP across all external stakeholder groups

We drive positive perception of SAP across all external stakeholder groups and aim to build a brand people love by telling compelling stories that resonate with our target audiences and demonstrate our value proposition. Our key investments will be in our refreshed branding, world-class storytelling and content, as well as impactful press, analyst, and policy-maker engagements. We will especially broaden and deepen engagement with Tier 1 media and analysts to proactively drive positive earned media coverage and analyst reports that reflect our key messages. By engaging with these influential stakeholder groups, we will strengthen our reputation, trust, and loyalty among our stakeholders and advance SAP's position as the market leader in enterprise application software and Business AI.

## Grow customer lifetime value by driving adoption and consumption across portfolio

Maximizing customer lifetime value (CLTV) is our singular focus and steers our business decisions within our GTM. To deliver on our goal, we must continue to develop and deliver compelling value propositions and cross-portfolio packaging, operate hand-in-hand with our partner ecosystem to best support our customers in their move to the cloud, and continuously engage with our customers as they seek to maximize their own SAP investment.

## Drive growth through compelling value propositions and cross-portfolio packaging

We focus on ensuring our solution portfolio is fundamentally market-oriented, fully aligned with target customer segment needs, and uniquely differentiated from the competition. Thereby, we ensure that SAP innovates toward greatest customer needs and largest market growth opportunities. As we achieve strong momentum in

transitioning customers to the cloud, SAP's long-term business growth will increasingly rely on cross-portfolio upsell that extends beyond our Cloud ERP socket. As part of the Focus Program E2E SaaS Growth, we'll identify new opportunities to seed BTP products and services in Solution Areas, infusing foundational services across the portfolio to provide a consistent customer experience and enable seamless cross-sell. Additionally, we'll launch new add-on packages for RISE with SAP and GROW with SAP that stitch together value within and across Solution Areas targeted to key buying centers, such as CFOs, CHROs, and supply chain managers. Finally, we will execute new licensing constructs such as SAP One Fund that remove friction to adopting cross-portfolio value by enabling usage of new products and services without an upfront commitment.

## Engage jointly with our partners to move customers and expand cloud footprints

SAP sits on a massive business opportunity. Nearly 25,000 of on-premise ERP customers have yet to start their transition to the cloud. To facilitate this shift, we introduced RISE with SAP and GROW with SAP; revolutionary business transformation services designed to drastically simplify the journey to the cloud. We are now taking the next step to strengthen the "Case for Cloud" by bringing additional incentives, such as migration funds, to our customers. While these measures will help to accelerate the transition of our installed base, our partner ecosystem remains the key to make any transformation a success.

Through close collaboration with our partners that provide tailored implementation services, strategic advisory, innovation on SAP BTP and complementary applications, we can capture the full potential of this opportunity. But this journey extends well beyond a shift to Cloud ERP. SAP's strategy remains rooted in "core first" to then expand into LoBs. Data revealed that our Cloud ERP customers are four times more likely to adopt 4+ cloud solutions. Recognizing the critical nature of this initial shift to Cloud ERP to cross-sell and grow CLTV, our success hinges on strong partnership with our ecosystem to articulate and bring to life the benefits of the end-to-end SAP portfolio to customers.

## Optimize solution usage through continuous customer engagement

As SAP grows into a mature cloud organization, an increasing percentage of our revenue will come from our renewal business. This underscores the critical need to set the stage for and foster optimal adoption and consumption of our solutions right from the initiation of our customer relationships. The reality is clear: no company will renew software that is not actively used and consistently delivering value. It becomes an organizational priority to engage with customers frequently throughout the Customer Value Journey, rather than only at predetermined instances. We need to hold our partners accountable to set the same priority, acknowledging their strong relationship with our joint customers. This can be accomplished in various ways such as capturing and comprehending buyer intents early on in our digital channels, proactively discussing or delivering usage insights with telemetry capabilities, or simply engaging with new business stakeholders. It is crucial for customers to sense a genuine commitment from SAP and our partners to assist them in utilizing our products effectively, while solving for their most significant business challenges. This commitment extends well before and well beyond the go-live phase. As such, a focus on driving adoption and consumption is the shared responsibility of every employee and partners and will take an increasingly important weight on how teams and individual contributors are being compensated in the future.

consistent basis:

### Scale through a digital-first connected customer value journey

- Midmarket MQL\* to bookings
- Total cloud pipeline
- Sales accepted leads

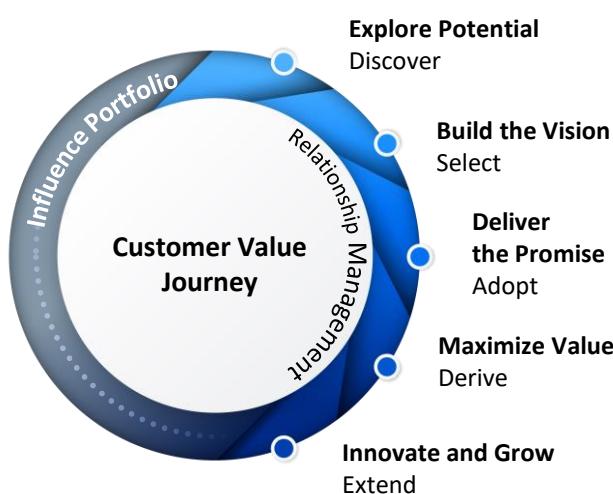
\*Market Qualified Lead

### Differentiate the customer experience through targeted engagement

- Customer NPS
- Net revenue retention (Transform segment)
- Gross revenue retention (Transform segment)
- Voice of the buyer/brand preference

### Grow CLTV by driving adoption and consumption across portfolio

- Market share
- Current cloud backlog
- Indirect cloud backlog
- Cloud bookings
- Indirect bookings
- Deployed Annual Contract Value (ACV)
- Partner-touched deployed ACV
- Consumed ACV
- Net bookings
- Net revenue retention
- Gross revenue retention
- Installed base moved to the cloud



### Back to Go-to-Market Strategy

**Figure 7** | The Customer Transformation Journey

#### Measures of Success

Our operating model maps to the transformation journey.

Our key measures of success are managed and tracked on a

# Our Strategic Priorities

## Corporate Functions Strategy: Deep Dive

Transform SAP with our people at the center

Together we will shape our future and set new benchmarks of excellence by unleashing the combined power of our people, operations, and finance. Hand in hand, we will drive SAPs transformation across teams and across Board areas.

**Figure 8** | Corporate Functions Strategic Priorities

 <b>People</b>	Drive a winning culture by empowering our people to thrive in the future of work
 <b>Operations</b>	Shape SAP's transformation and drive end-to-end operational excellence
 <b>Finance</b>	Foster long-term cash flow growth and create sustainable shareholder value

### Drive a winning culture by empowering our people to thrive in the future of work

You are at the heart of SAP. You power our aspirations to build great products and win the hearts of our customers. Just as we help our customers digitalize, simplify their processes, and create amazing experiences for their customers, we do the same for all of our employees.

#### Build SAP's skills for the future

Learning is more important now than it ever has been. Through SAP Learning offerings, we create opportunity for all – especially for you, our employees. The interlock with our product- and customer-related strategies gives us an understanding of the demand for critical skills. We build a foundation for greater skills transparency, allowing us to improve targeted learning and meet the evolving needs of our customers. Our top focus is on furthering cloud development skills (for example, AI, cybersecurity, and DevOps) and integrating internal and external learning offerings from the SAP Learning organization.

Furthermore, we prepare new hires for a successful first year and beyond through our Year One Success

experience across the Board areas.

We attract and onboard the best and most diverse cloud talent by positioning SAP as the number-one talent magnet, creating amazing experiences for candidates and hiring managers, ensuring a high quality and constantly increasing diversity of hires. We position our unique culture under evolved branding, “We build breakthroughs, together” and are creating great experiences in every interaction, streamlining processes, and leveraging technology based on continuous feedback. We have established an inclusive, transparent, fair and quality-focused “How we hire” approach. As a result, we win over cloud talent and infuse digital native skills. This builds an inclusive workplace and increases female hires and the share of early talent.

#### Drive SAP's winning and inclusive culture

By further strengthening goal setting, continuous employee-manager dialogue (SAP Talk) and connecting outcomes to growth and rewards, we continue to drive a culture of high performance – a Winning Culture. It is critical that everyone has the necessary tools and equal opportunities for success.

We bring clarity and transparency to our strategic objectives through aligned organizational goals at the top, and empower individuals and teams to define their subsequent development and performance goals. This includes providing dedicated time for goal setting as well as regular and meaningful feedback on progress through SAP Talk.

These goals serve as the platform to ensure that we stay focused and accountable to the success of our customers – embedding this into our culture and building toward our individual short- and long-term success.

To develop and retain talent across the company, we continue to develop our talent processes, strengthen our global programs, and invest consistently in our people. Additionally, we place a renewed focus on targeting our development plans and investment in talent to ensure excellence and business continuity for mission-critical and most value-driving roles – with talent ready to step in and deliver.

We create a flexible, inclusive, fair, and safe environment for employees to build better products and customer relationships. We attract and retain the best talent, regardless of background, with the tools, processes, and initiatives in place to enable all to bring their true selves to work.

We concentrate our efforts in three areas:

- **Workforce Diversity:** By increasing diversity in the workforce composition at all levels, SAP can appropriately reflect the diversity of society. It is about celebrating our differences and acknowledging our unique perspectives.
- **Workplace Inclusion:** SAP creates a positive work environment where all employees can thrive through their uniqueness, where they are paid fairly for the work they do, and can truly engage in driving SAP's purpose.
- **Marketplace Leadership:** SAP's marketplace and thought leadership on Diversity and Inclusion help us contribute to social equity and support diversity and inclusion efforts in the communities we work in.

### Change the way we lead

Strong, future-oriented leadership is key to making SAP more agile, ethical, and inclusive, and is vital to our strategy. Our leadership credo "*Do what's right. Make SAP better for generations to come.*" empowers our leaders to make decisions and holds them accountable while focusing on the future of SAP.

Every leader at SAP should know, live by, and embrace our leadership culture. This will be reinforced by:

- Leadership offerings that enable SAP's leaders to drive the transformation aligned with our Winning Culture.
- Supporting leaders to live up to leadership expectations and build the required skills to lead high performing teams and organizations.
- Building accountability through transparency and utilization of data along the leadership journey.

SAP will lead the way in the Future of Work beyond the pandemic, delivering a work experience that empowers our people to thrive, delivering customer value as a part of SAP's innovative, resilient, and productive workforce. We deliver leading work models with optimal usage of location, flexibility, and AI/technology-based work, helping SAP achieve a balanced, engaged, and right-skilled workforce.

### Deliver HR operational excellence

Along SAP's transformation, we continue to deliver engaging, seamless, and compliant experiences for our own workforce, at scale. As SAP Runs SAP showcase, we serve as an SAP SuccessFactors HXM reference customer leveraging our own leading technologies and innovations.

**Figure 9** | Our Leadership Credo: "Do what's right. Make SAP better for generations to come."



## Shape SAP's transformation and drive end-to-end operational excellence

It has been almost three years since we started our accelerated transformation to the cloud. We have made remarkable progress and our move to the cloud is in full swing. As a result, we increased our market capitalization ahead of most indexes and peers in that timeframe.

At the same time, we are challenged by the changing macroeconomic environment like rising inflation, while the proliferation of AI represents a leapfrog moment in our industry. Competitors are outpacing us in absolute revenue and growth – at current cause and speed, we will not be best in class in our hypercompetitive industry.

That is why we continue to drive a holistic transformation across all SAP. We will vigorously drive for optimized productivity and develop a highly efficient and customer-centric cloud operating model. This will enable us to make the investments needed into our future and to become a genuine cloud company. We do so by focusing on the following three key themes.

### Drive best-in-class process excellence and automation powered by AI

We recognize the pivotal role of **end-to-end (E2E) process excellence, standardization, and optimization** as foundational pillars to ensure efficient operations. Therefore, we need a comprehensive 360-degree approach covering process modeling, process governance, process mining, and process performance measurement. Our primary objective is to establish a robust cloud operating model that enhances sales process efficiency, achieves cloud delivery excellence, and prioritizes support and developer experience.

To do so, we drive key initiatives across various domains with a majority executed in the dedicated Focus Program "[End-to-End Process Excellence](#)" (for example, next-gen cloud selling). With this program we strive to redefine cloud sales processes and technology as the foundation to enable our high-volume cloud sales targets. By optimizing our lead-to-cash processes, we will significantly enhance our speed to market by allowing us to promptly deliver our products and services to customers, boosting our overall velocity, and ensuring greater customer satisfaction.

Moreover, we establish world-class business process management (BPM) for holistic process performance measurements and analytics, ultimately supporting smarter optimization and IT investment decisions based on actual measurements and data.

Our vision is to allow SAP for data-driven business steering while our business processes are run and optimized in the best way possible. Pursuing this vision, we strategically invest in scalable utilization of SAP Signavio Process Mining capabilities and are building simple and centralized access to all relevant transactional data from various system landscapes.

Furthermore, we are aware that innovation is crucial for the success of our business and technology is the key enabler. By leveraging our **industry-leading technology portfolio**, we unlock innovation and continuously simplify our internal business processes – allowing our employees to excel in their jobs. The Intelligent Enterprise Solutions (IES) organization delivers a holistic, secure, and sustainable business solution portfolio, infused by the latest technologies and grounded in rock-solid and reliable business operations that keep SAP running seamlessly in all core solutions and processes.

In 2023, **AI** has been our driving technology. Its growth in enterprise software has been transformative, changing the way our industry operates. In line with our ambition to revolutionize Business AI, we act as enabler as well as driver for SAP's internal AI journey: **Enabling** through the customer data hub, co-development and provisioning of an SAP-wide gen AI experience lab, and AI employee innovation and enablement efforts; and **driving** through the development and adoption of AI across various LoBs to unlock significant business value within their processes. To realize this mission, we build on the following strategic priorities:

- [\*\*Big Data and AI Platform\*\*](#): Empowering data professionals across SAP to consume data to build AI solutions
- [\*\*AI COO Big Bets\*\*](#): Accelerating time-to-value of high-potential internal AI use cases
- [\*\*AI Factory Model\*\*](#): Scaling AI use case delivery through standardization

Our latest [\*\*AI use cases\*\*](#) cover a broad range of areas including contract intelligence, Crystal Ball, intelligence for our Unified Ticketing app, or AI for opportunity scoring.

We are convinced, that leveraging AI internally, enables us to evolve process excellence to new heights of maturity, supporting process intelligence for analysis, prediction, simulation, and automation. The synergy of technology and process insights empowers SAP to make informed decisions based on actual measurements and data.

Finally, looking at our **cloud runways** and SAP's volume business aspirations, our solution portfolio strengthened by a cloud-native mindset of our IES employees, builds the foundation for success.

Consequently, our 360-degree value approach ensures that we deliver valuable outcomes across all areas of SAP and can be outlined as following:

- Improving customers, vendors, and employees' experience by integrating design authority and technology delivery
- Shortening product lead times and driving agility and speed throughout all our enterprise services
- Driving company growth and ensuring high data and process quality by incorporating sustainable end-to-end solutions
- Supporting our financial targets by enabling cloud-related products and reducing overall overhead
- Investing in our talents by enabling cross-functional collaboration and learning of new technologies

In parallel, we continue with our Agile Transformation Journey in all delivery units of the IT organization.

### Create a harmonized operating system

Strategy and operations teams across SAP are the heartbeat of our strategy execution. Being critical stakeholders all the way from strategy definition, through business planning, to operations excellence and resilience, they enable SAP to bring our vision and strategy to life. At the same time, teams are often faced with unclear roles and responsibilities and missing accountabilities that lead to too many competing priorities, slow decision-making and a disconnect between strategy and execution.

Jointly, we aim to strengthen the link from strategy to execution by defining a harmonized operating system for strategy and operations at SAP consisting of:

- Clear roles, responsibilities, and SLAs
- Streamlined processes and governance
- An aligned set of KPIs and steering mechanisms
- A winning culture with clear career opportunities

### Accelerate faster strategy execution based on our Focus Programs

Accelerating the execution of our strategy is a key priority and our Focus Programs are the vessel to do so.

Uniting as One SAP, the Focus Programs are addressing our key priorities: Accelerating product innovation, instilling adoption and consumption focus, ensuring SaaS growth across our portfolio, driving operational excellence, and creating a winning culture.

As these combined efforts are critical for both top and bottom-line growth, we shift from a decentralized to a federated approach. This approach includes corporate programs and board-area transformation initiatives, with a consistent strategy-to-execution

process: strategy, transformation planning, execution, and holistic change management and communication.

A key focus will be on tracking execution progress and program targets, to ensure maximal impact on strategy execution.

In this next phase of our transformation, we are looking at everything we do – our plans, how we work, how our organization is structured, the rewards we offer, the tools we use, and more. All of this is part of our effort to achieve SAP's ambition 2025.

Learn more about our [Focus Programs](#) here.

### Foster long-term cash flow growth and create sustainable shareholder value

With a strong focus on customer needs and compliance, we evolve our services, processes, and upskill our people. We leverage our own solutions and technology combined with intelligent automation to create business impact and achieve SAP's financial ambition.

### Create sustainable value through customer-centric finance processes

To achieve SAP's financial ambition and accelerate the transition of our business to the cloud we support our business models (Commit-to-Consume, RISE with SAP/GROW with SAP, and so on) with leading finance solutions for an improved customer and partner experience. As we focus on the Customer Value Journey across all of SAP, gaining real-time insights from our customers helps us drive business recommendations for SAP and the Global Finance & Administration (GFA) Board area (for example, recommendations regarding business model effectiveness and resource allocation).

We challenge the status quo and transform our GFA organization to make SAP the leading model for the practice of AI and automation in finance. As our business grows, especially in commercial finance functions such as deal support, we find ways to scale our efforts by prioritizing simplification and automation to significantly decrease manual touch points in high-volume processes.

By evolving our processes to provide compliant, customer-focused services through seamless end-to-end processes we collaborate across Board areas to make interfaces as simple and streamlined as possible to deliver value at every touchpoint. We influence the creation of new business models right from the start, such that they can be designed and integrated harmoniously into the overall SAP process landscape, thus creating long-term sustainable value.

With entrepreneurial spirit, we leverage our own technology and solutions (SAP Runs SAP) and equip our employees with the necessary skills and tools to deliver exceptional customer experience throughout the entire customer and operations lifecycle. This approach enhances customer satisfaction and creates sustainable value.

### Foster predictable cash flow growth and intelligent steering

Creating sustainable value for our shareholders is key for a successful future of SAP. As our business environment is shaped by volatility and rapid changes, predicting and securing our cash flow becomes one of our most critical tasks. Our shareholders, customers, employees, and other stakeholders rely on SAP to endure uncertain times and seek out sustainable growth opportunities. Therefore, we strive for a holistic business steering architecture which enables sound investments and ambitious business decisions across SAP.

To drive sustainable cloud business and cash flow generation, reliable reporting tools and procedures are essential to provide transparency and gain impactful insights, for example, through margin and free cash flow projections.

We empower intelligent, holistic, and simplified steering for SAP based on proactive financial information, as a foundation to innovate business solutions and create sustainable shareholder value.

### Lead sustainability transformation in finance

We play a vital role in supporting SAP to pursue our purpose *"Help the world run better and improve people's lives."* As insights on sustainability are an essential element for this purpose, we navigate expanding views and expectations around environmental, social, and corporate governance (ESG), and respond to demands for more insights on ESG performance. Our aim is to serve our customers, partners, and employees by bringing transparency to ESG-related data and incorporating financial and non-financial value into decision-making and the way we run.

We innovate to adapt our finance processes and technology to embed and manage ESG-related data, for example, by providing a holistic view on our vendors to improve vendor relationship steering. Hereby we accelerate SAP's transformation road map and operations to achieve net-zero by 2030.

### Establish the workforce of the future and a state-of-the-art service delivery model

The success of our GFA Board area and SAP as a whole is heavily dependent on our people. In order to pursue our GFA strategic priorities and operate at top level day-to-day, we need to empower our people and transform our organization to maintain efficiency while becoming an agile, innovative, best-in-class finance organization. We support development and innovation to foster a motivated, healthy, skilled, and engaged workforce. It is crucial to equip our colleagues and leaders with future skillsets, for example, based on industry changing trends such as AI, invest into leadership by launching upskilling and exchange opportunities, and provide our employees with a work environment filled with exciting and diversified value-adding tasks. In GFA, our strategic workforce planning, characterized by insights on workforce composition, market trends, and clear action paths to address gaps, is accompanied by a dedicated hiring strategy to retain and attract the right talents.

We complete the picture of having a diverse and inclusive workforce consisting of the best people by combining it with a state-of-the-art organizational setup.

This includes adjusting our processes, rewards, and tools and evolving our Finance Service Delivery Model to foster entrepreneurial spirit and performance. A continuous effort for further developing GFA into an agile organization will help structure our teams in a lean way to collaborate efficiently and provide services required to deliver upon the strategic targets.

### Drive and operationalize compliance

Creating sustainable shareholder value is at the core of what we do. We undertake business with integrity, characterized by longevity, transparency, and trust, which means that compliance is an integral part of all our intentions and actions. This applies to GFA operating an effective and efficient service portfolio and delivery model, which ensures scalability and efficiency without compromising on quality or compliance. It also applies to our processes, which we design to secure high levels of efficiency and agility, while serving our stakeholders in a transparent and compliant manner. Our reporting tools and steering models are created on the basis of providing resilient and compliant financial and non-financial information to support ambitious business decisions. And, equally important, we run efficient as well as effective compliance management systems and deliver related advice across SAP.

With opportunities arising, for example, by implementing automation into our systems and processes, we have an even greater lever to adhere to best industry standards when it comes to safeguarding, improving, and monitoring the compliance of SAP's internal and external business operations, including also the design and operation of our cloud services.

Certainly, the topic of compliance does not only surface at SAP and GFA internally, but is also imperative when interacting with the outside world. As we operate in an international environment, we are faced with various rules and regulations affecting, for example, legal, tax, data protection, export control, and accounting functions, which we address with operational readiness.

#### Corporate Functions: Measures of Success

##### Drive a winning culture by empowering our people to thrive in the Future of Work

- Women in Workforce/Women in Management
- Share of Early Talent hires
- Number of employees developing cloud skills
- Perception of Equal Opportunity
- Business Health Culture Index (BHCI)
- SAP leaders and strategic talent groups completed relevant training
- Employee Engagement Index (EEI)
- HR Consumer Experience Index

##### Shape SAP's transformation and drive end-to-end operational excellence

- Process Simplification Score
- Adoption of AI use cases
- Operating profit

##### Foster long-term cashflow growth and create sustainable shareholder value

- Automation rate (order-to-cash and revenue accounting process)
- Financial performance metrics (free cash flow, operating profit)
- Adoption of new regulations and accurate ESG disclosures in 2024
- SAP perceived as number-one thought leader in ESG reporting: Proactive involvement in customer, panel, and working group discussions
- Compliance training completed by GFA employees

#### Back to Our Corporate Functions Strategy

# Our Financial Ambition

## Financial Plan: Deep Dive

We aim to achieve a cloud revenue exceeding €21.5 billion by 2025.

Figure 10 | Cloud Revenue Forecast



To achieve this goal, we see the following levers that we are significantly investing in:

- RISE with SAP/GROW with SAP
- New Growth Areas: SAP Signavio, SAP Business Network, Taulia, Sustainability , Business AI and Cloud ERP Suite
- Customer success to ensure adoption and renewals
- Integration between our LoB solutions and SAP S/4HANA Cloud

As our revenue mix is affected by the shift from software license revenue to cloud revenue, we expect the operating margin to be initially dampened and to see muted growth of total revenue over the next two years.

As of today, we have already seen momentum pick up considerably, as the headwinds of the accelerated cloud transition have turned into tailwinds with double-digit total revenue and operating profit growth. Some highlights include:

- The investment phase for our accelerated cloud transformation is completed.
- We continue to expect our highest cloud margin assets to become a bigger part of our total cloud business. By 2025, we expect our cloud gross margin to expand to >73%.
- RISE with SAP bundles subscription elements of high-margin software as a service (SaaS) and platform as a service (PaaS) with lower-margin infrastructure as a service (IaaS). Pure IaaS revenues will decline as a proportion of our total cloud revenues, leading to a favorable mix shift effect on cloud margins and, consequently, the operating margin. By 2025, we aim for total revenue greater than €37.5 billion, with cloud revenue comfortably eclipsing all other revenue streams combined. Non-IFRS operating profit is targeted to grow to approximately €10 billion.
- By consistently delivering against our financial plan, our external financial market guidance and our “cloud-first” strategy, we aim to increase shareholder confidence in our cloud growth strategy and thus increase SAP’s valuation as a growth company.
- This will require seamless execution as One SAP against the previously mentioned levers, as well as regular and broad communication of our strategy to financial analysts and investors – both existing institutional investors as well as new shareholders.

A holistic steering approach is critical to SAP’s long-term success. Therefore, SAP also reports on several non-financial

goals, including Employee Engagement Index, Women in Executive Roles, Customer Net Promoter Score, and Net Greenhouse Gas Emissions.

In 2023, we achieved 0 kt net greenhouse gas emissions in our operations. Going forward, SAP also committed to achieve the even more ambitious goal to achieve net-zero along our value chain in line with a 1.5 degrees Celsius future in 2030.

At the core, our ability to deliver on our ambitions comes down to our ability to never lose sight of our core purpose as a company. We will continue our journey to integrate economic performance along with societal and environmental performance to drive business success while creating a positive impact on people and the planet. Together with our customers, partners, and employees, we are energized by our ambitions and the impact we can have on the world – changing how the world runs and improving people’s lives.

## Back to Our Ambition