



SAP Global Corporate Affairs (July 18, 2019)

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

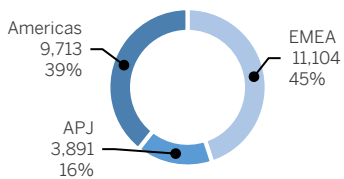
## Customers

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

## Financials

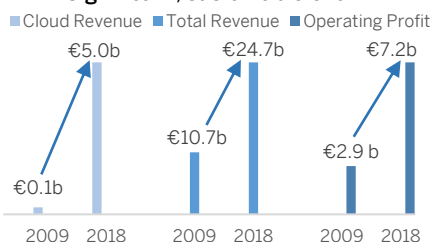
Revenue – FY2018 (non-IFRS, growth rates @cc)	
Cloud revenue	€5.03b (+ 38%)
Cloud and Software revenue	€20.66b (+ 10%)
Total revenue	€24.74b (+ 11%)
Revenue – Q2/2019 (non-IFRS, growth rates @cc)	
Cloud subscription and support	€1.7b (+ 35%)
Cloud and Software	€5.5b (+ 8%)
Total revenue	€6.7b (+ 8%)

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



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

## Significant, sustainable Growth



<sup>1</sup> Source: Oxford Economics/SAP analysis, Feb. 2018

## Strategy

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

## Market Position

### Enterprise Application Software

- SAP is a leader in:
  - Enterprise application software
  - Analytics and Intelligent Technologies
  - Experience management and customer experience
- Recognized database leader
- Broadest portfolio of modular and suite solutions available on premise, in the cloud and hybrid: customers have full choice of consumption model

### Top Cloud Vendor

- Cloud user base: ~200m users
- SAP Cloud Platform: choice across hyperscale cloud vendors (Alibaba, Amazon, Google, Microsoft)
- Largest cloud portfolio: >100 solutions for all lines-of-business (LoB) as well as business suites
- HCM market leader: >125m users on SuccessFactors
- 72 datacenters in 37 locations in 17 countries
- SAP Digital for online SAP and partner offerings. >152,000 orders from >137 countries

## Innovation

- >€3.6b R&D expense in 2018. R&D expense ratio: 14.7% (IFRS; R&D expense as % of total revenue)
- R&D headcount (FTE): 26,668 at 6/30/2019, equaling 27% of total headcount
- >100 Development locations worldwide
- 20 Development centers (SAP Labs) worldwide
- 17 Co-Innovation Labs worldwide
- 5 SAP Innovation Center Network locations
- Partner network with >19,800 SAP partner companies
- Sapphire Ventures: Invested in >90 IT startups. 53 IPOs and M&A exits since 2011
  - \$2.5b capital under management
  - Operates independently from SAP
  - Provides SAP early access to trends & innovation
- 700 patents granted and validated in 2018
- openSAP: >3.5m enrollments on online learning platform

## Basic Facts

- Headquarters: Walldorf, Germany
- Founded: April 1, 1972
- Listing: Frankfurt, New York
- 98,332 employees worldwide (6/30/2019)
  - >147 nationalities worldwide
  - High employee satisfaction: Employee Engagement Index at 84% in 2018
  - >70% of SAP employees are SAP shareholders

## Useful Links

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[Products](#) – [Industries+Solutions](#) – [Intelligent Enterprise](#)  
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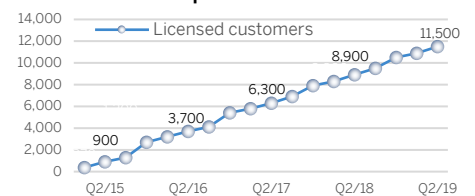
## SAP's End-to-End Solutions

User interface designed with a cloud experience mindset

### 1 – Applications

- Packaged solutions for 25 industries and 7 lines-of-business: on premise, cloud, hybrid
- SAP S/4HANA: market-leading intelligent ERP
  - Digital core that drives business agility to meet ever-rising customer expectations, deliver new products and services, and manage resources efficiently
  - The only SaaS ERP solution that can be adopted in hybrid scenarios such as customer situations that require deployment on hyperscaler infrastructure or within customer-owned data centers

SAP S/4HANA market performance



- SAP C/4HANA: #1 in commerce and #2 in sales according to industry analysts
  - Commerce Cloud: 32m orders in Q2/2019
  - Customer Data Cloud: >2.1b consent records and 1.7b identities
  - Litmos: 15m learners & 1b courses
  - Marketing Cloud: >5.2b personalized interactions p.a.
  - Sales Cloud: used by 7m sales people
  - Service Cloud: 25m app starts by service technicians
- SAP Digital Supply Chain: manages entire supply chains digitally: From design, planning, manufacturing, delivery and operations. Enables visibility across the network and business innovation
- SAP Leonardo: a comprehensive portfolio of intelligent technologies including Machine Learning, IoT, Blockchain, Analytics and Big Data
- SAP HANA Cloud Services: the gateway for any data of any size, on-premises and cloud
- Total workforce management solutions: SuccessFactors suite supports 42 languages. Employee Central localized for 97 countries, used by >3,300 customers
- Qualtrics' experience management software: drives customer loyalty, employee engagement, brand and product quality. > 10,500 companies use Qualtrics

### 2 – Business Networks

- With a total commerce volume of >\$3.3tn p.a., SAP's Business Network provides leading solutions:
  - Goods and services: > 4.2m businesses on SAP Ariba
  - Travel & expense: Concur used by ~60m travelers
  - SAP Fieldglass customers manage 5.9m contingent workers in >180 countries

### 3 – Platforms

- SAP HANA, with >30,000 customers: market-leading platform for real-time computing:
  - Open platform, transactional and analytical
  - Rapid development environment on premise & cloud
- SAP Cloud Platform with >14,500 customers is:
  - SAP's integration and extension platform
  - Center of SAP's intelligent suite
- SAP HANA Enterprise Cloud: access to the full potential of SAP HANA via private managed cloud

