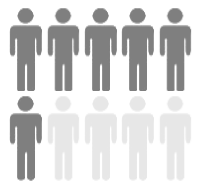# SAP Cloud Overview

Sven Denecken – VP Cloud Strategy and Head of Co-Innovation
September 2012
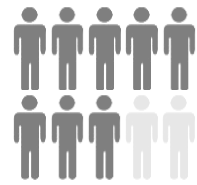
Cloud – not only hype, but reality

59% of large enterprises indicate that **Cloud solutions** are **already used** in their companies*
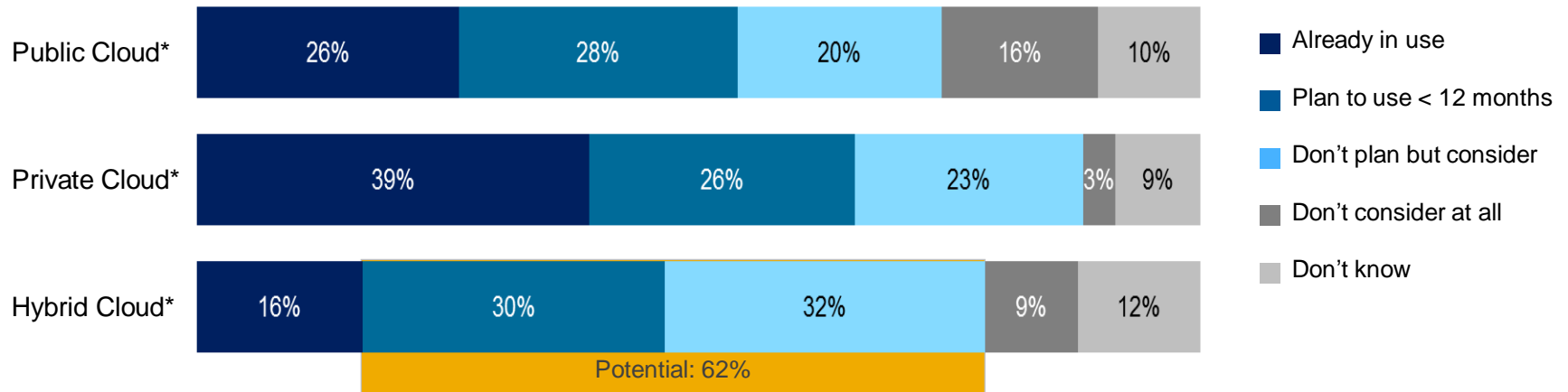
Further growth expected: **21%** of the remaining respondents say that their companies **plan to use** Cloud solutions in the future

79% of the respondents consider Cloud Computing to be **important for the business success** of their companies.

There is no single way of adopting the Cloud, but the way seems to lead via Hybrid Clouds (currently lowest share of users, but highest potential)

	Already in use	Plan to use < 12 months	Don't plan but consider	Don't consider at all	Don't know
Public Cloud*	26%	28%	20%	16%	10%
Private Cloud*	39%	26%	23%	3%	9%
Hybrid Cloud*	16%	30%	32%	9%	12%

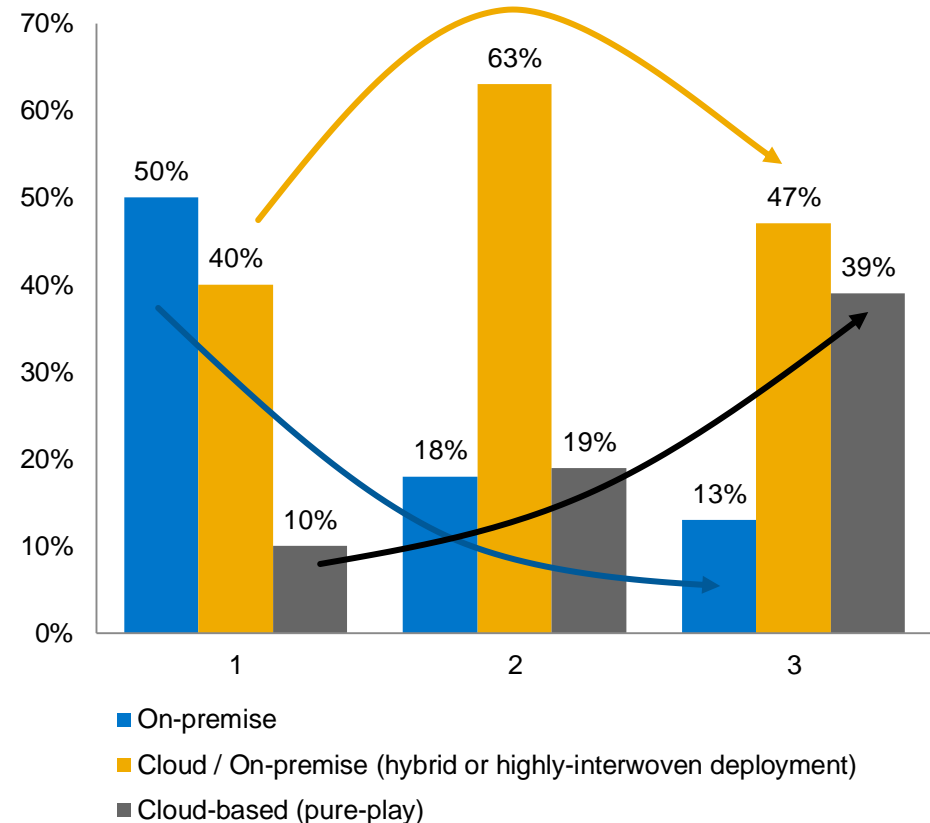Potential: 62%

What is the essence of the Cloud?

VELOCITY

After the storm – the shift to the Cloud accelerates

Saugatuck Technology:

"Through 2016, Hybrid-Cloud becomes the enterprise platform of choice – a transitional platform, however, en route to a future dominated by public and private clouds."

"By 2016, 75 percent or more of NEW enterprise IT spend will be Cloud-based or Hybrid."

- On-premise
- Cloud / On-premise (hybrid or highly-interwoven deployment)
- Cloud-based (pure-play)

Source: Saugatuck Technology, 2012 Cloud Business Solution Survey, Global, N-228 (Feb 2012)

Cloud deployments increasingly focus on business process innovation

Forrester identifies the following trends, valid for companies in more mature and industrialized IT markets in North America and Europe:

1. Companies improve core business processes with new SaaS functionality

2. Companies are using cloud services for new, innovative technologies

3. Companies subscribe to cloud services to improve business user satisfaction
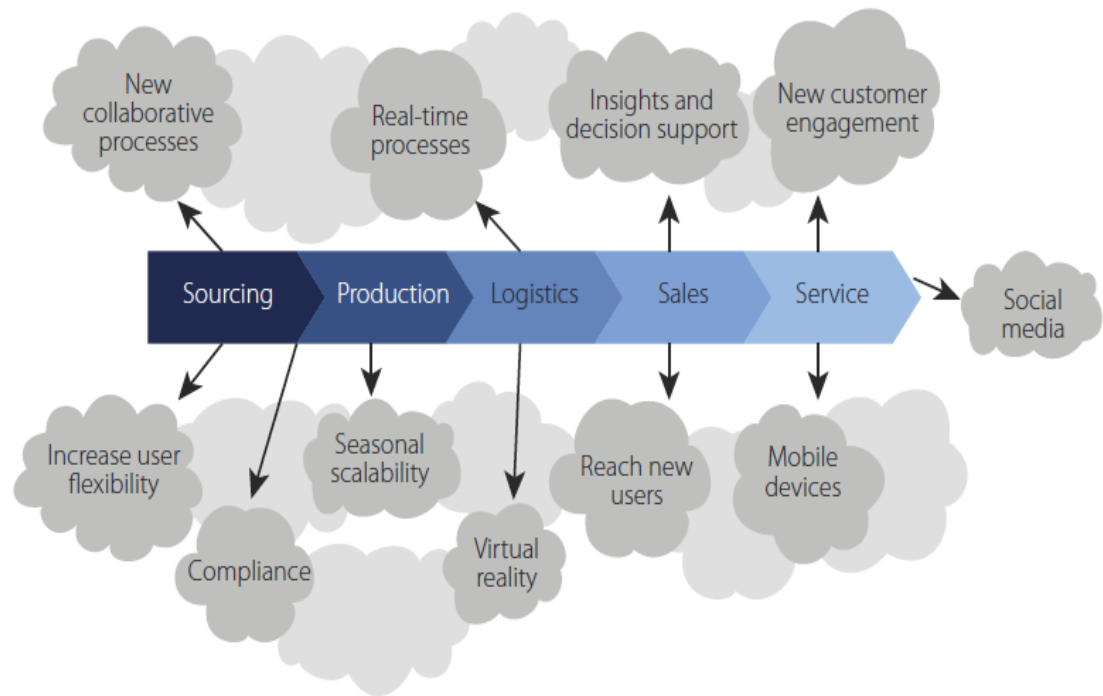
Source: Forrester Research, The Changing Cloud Agenda, Holger Kisker, Ph.d., April 24, 2012

Adjusting the Cloud Strategy

CIOs need to build their cloud strategy based on business agility and innovation.
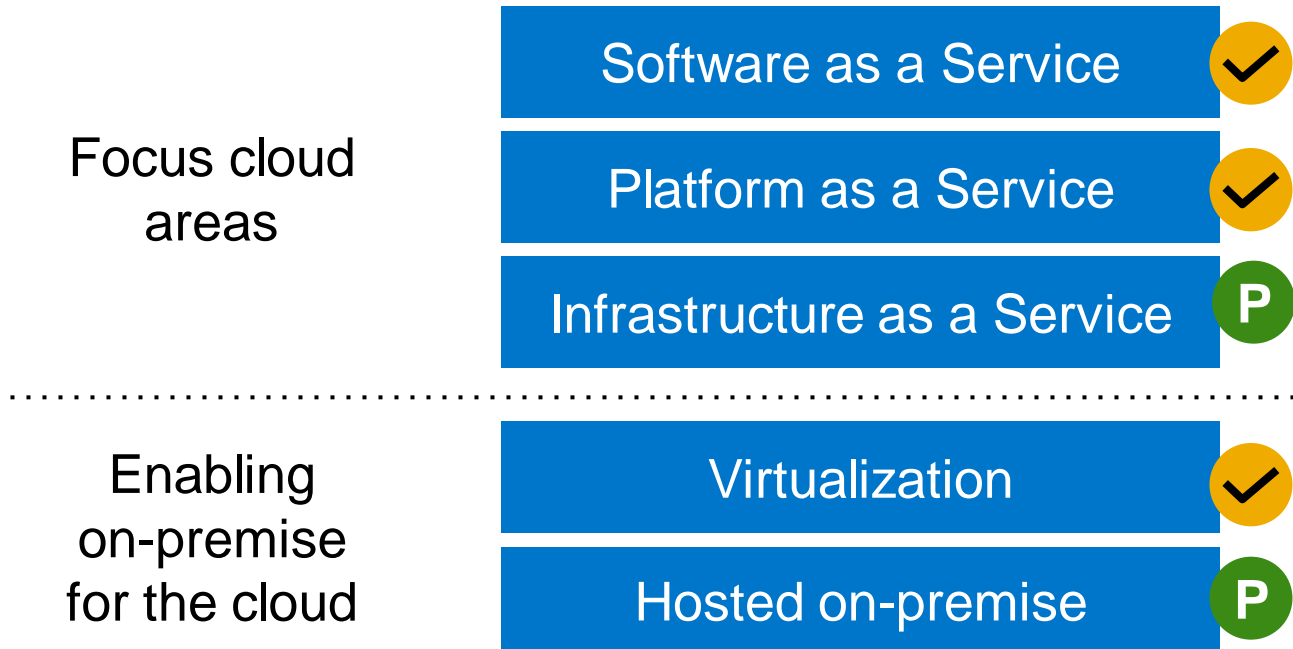While cost considerations remain an important element of any cloud business plan, CIOs need to build their strategy around existing assets and complement these assets with new, innovative business functions from cloud service providers that can be quickly implemented to increase business agility.

CIOs should discuss collaborative cloud opportunities with their peers.
Together with their business partners, CIOs should identify B2B processes that could benefit from cloud collaboration services and build an ecosystem of industry and IT partners that are able to build and operate such a collaborative business platform.

Source: Forrester Research, The Changing Cloud Agenda, Holger Kisker, Ph.d., April 24, 2012

SAP's cloud strategy - **where** do we play today?
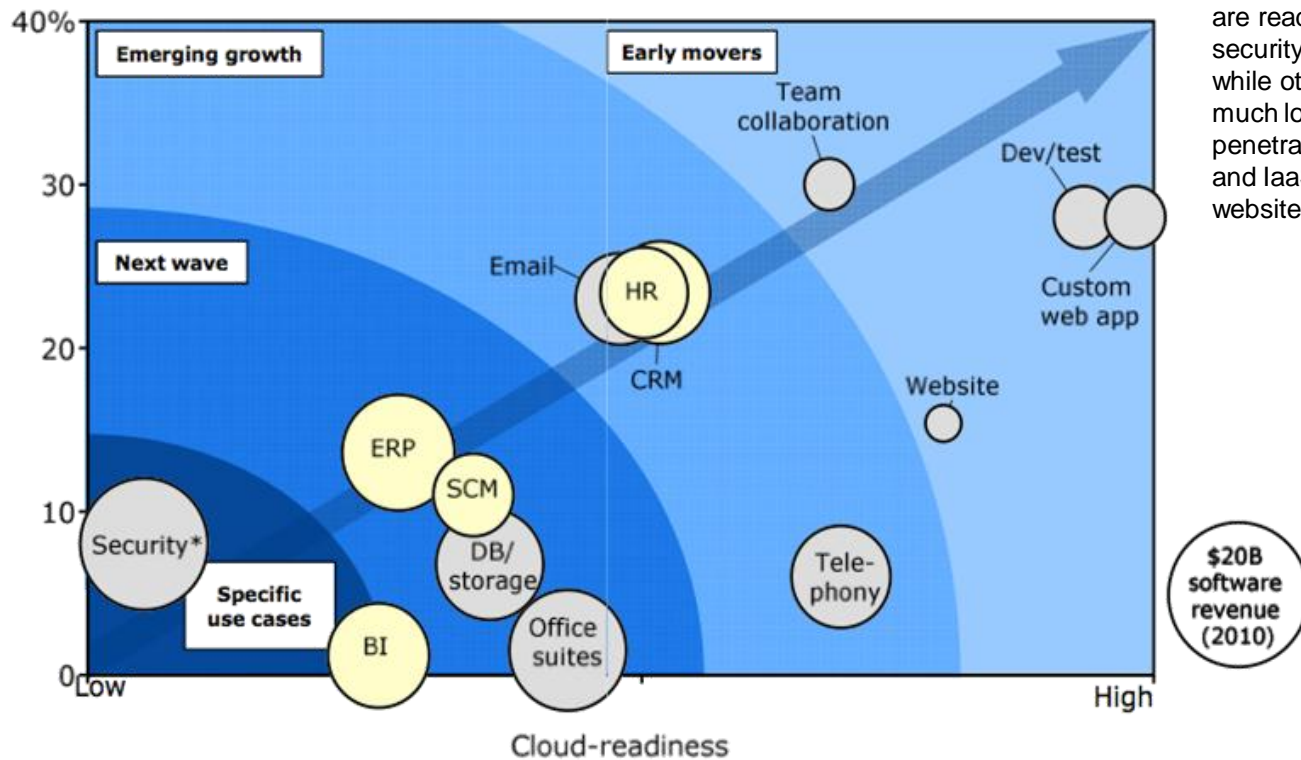
Focus cloud areas

- Software as a Service ✓
- Platform as a Service ✓
- Infrastructure as a Service **P**

Enabling on-premise for the cloud

- Virtualization ✓
- Hosted on-premise **P**

✓ Active participation   **P** Partner

SAP addressable workloads are in different stages of cloud maturity

Note: *Select security segments that are ready for cloud (e.g. email/web security) have widespread adoption, while other security segments have much lower adoption; website penetration reflects estimate for PaaS and IaaS penetration, as SaaS-based website solutions are uncommon.

Meeting the Cloud

SAP will deliver the next generation Cloud:

- **Consumer-like user experience** with a "mobile first" development approach
- **Rapid innovation cycles** and **customer co-innovation** to support greater business flexibility and agility
- **Social collaboration** as an embedded, integral part of our product design

Additionally:

- **Real-time data**, **B2B** exchanges and **analytics**
- **Open integration** for heterogeneous IT environments in addition to native point-to-point integration with SAP solutions
- **Harmonized user experience**, data models and processes across solutions without losing flexibility and speed
- SAP enables customers to **move their SAP "on premise"** solutions to the cloud

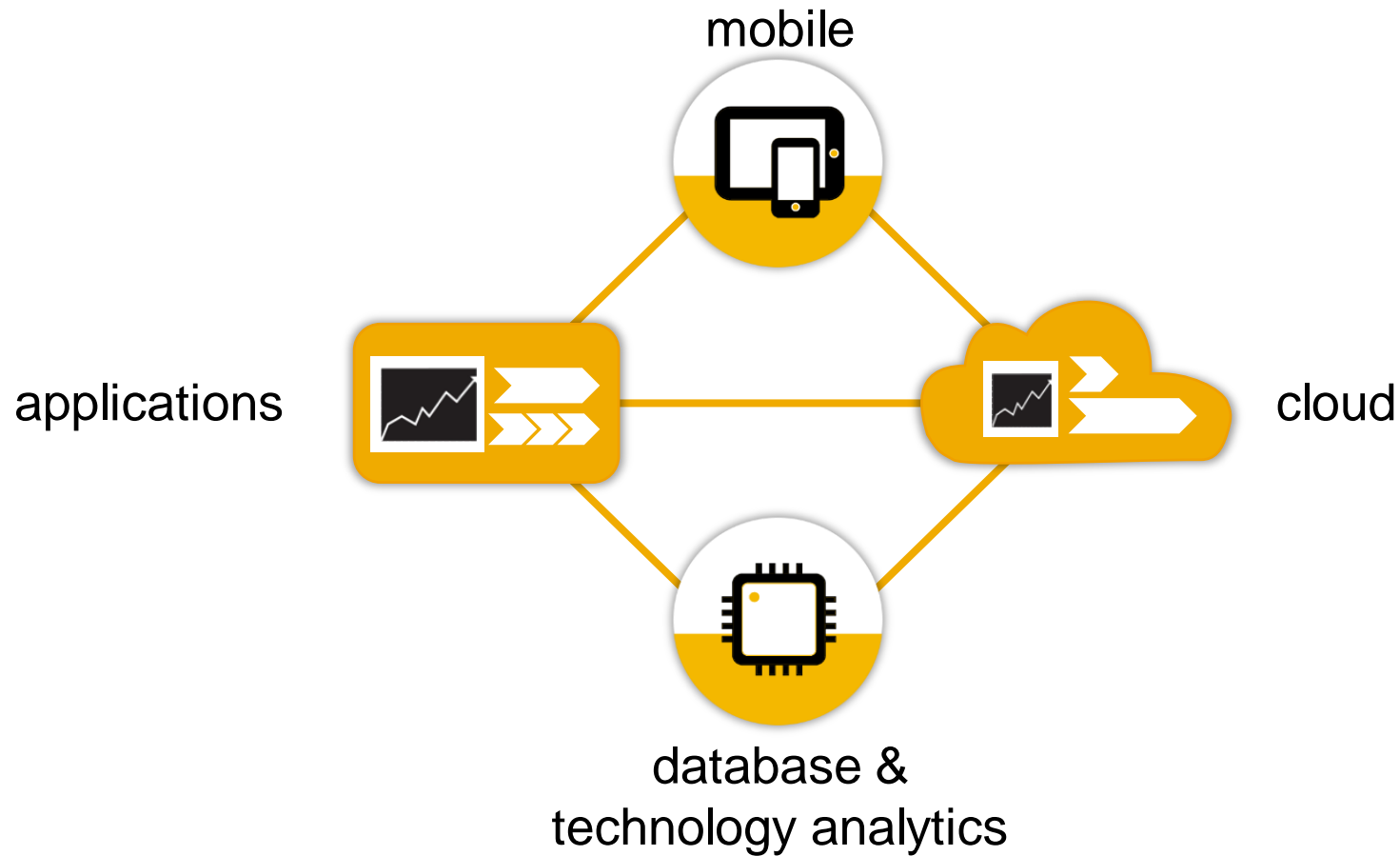# After the storm – the shift to the Cloud accelerates

A cornerstone of SAP's cloud strategy is to enable our customers to adopt the cloud in an incremental, hybrid solution model
- Protect and leverage existing investments
- Support change without disruption
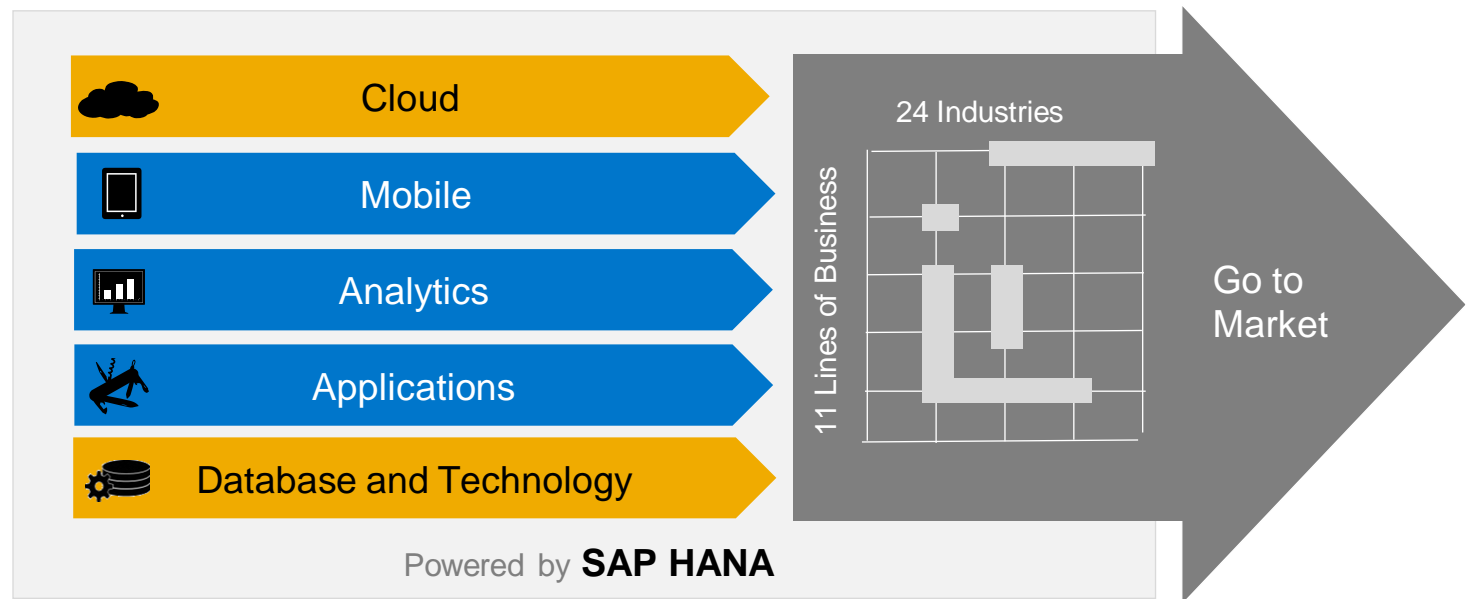- Provide customers with the best of both worlds

We are focused on delivering four high-value Line of Business solutions (and cloud suites)
- All solutions can be consumed at a company's pace – "Loosely Coupled"
- All solutions connect and integrate through open, Cloud-based integration for SAP and 3rd party Cloud solutions as well as existing on premise systems
- All solutions can be tailored to customer's needs, with industry-specific capabilities to be added via extension frameworks without losing the virtues of the Cloud
- Provisioning of out-of-the-box, extensible content and tools to simplify and accelerate Cloud integration
- Fully enabled ecosystem to support our customers in their adoption of the Cloud
- We will continue to deliver full suites in the cloud

SAP Innovating with Speed

mobile

applications

cloud

database &
technology analytics

The SAP product strategy embraces the Cloud

Cloud	
Mobile	
Analytics	24 Industries
Applications	11 Lines of Business
Database and Technology	

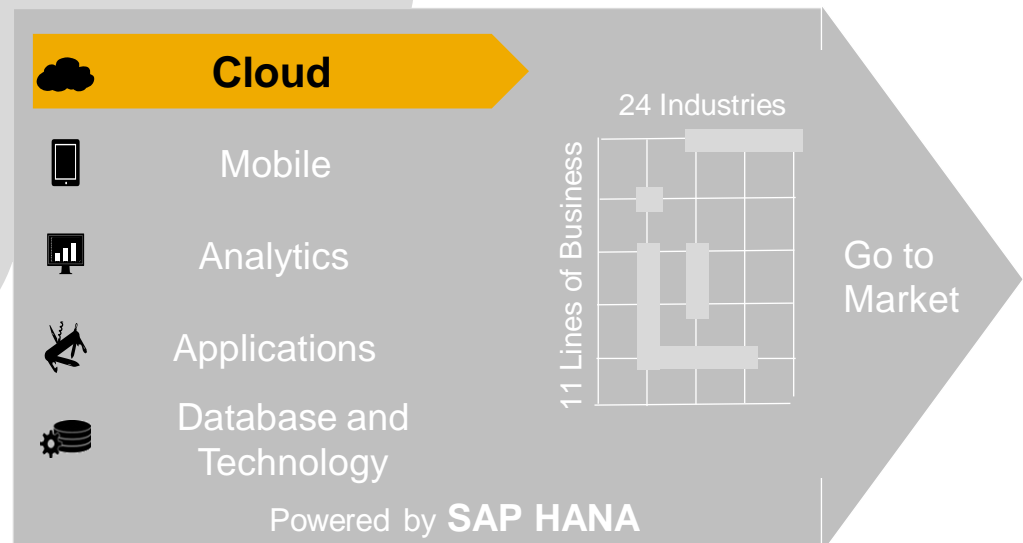Powered by **SAP HANA**

Go to Market

SAP is strongly focused on Cloud Computing

SAP Cloud Solutions
Choose from a leading portfolio of cloud-based solutions designed to work the way people do: **collaborative, mobile and insightful**.

Built with one **consistent architecture, social and scalable** – leveraging the full power of SAP HANA

Cloud

Mobile

Analytics

Applications

Database and Technology

Powered by **SAP HANA**

24 Industries

11 Lines of Business

Go to Market

The SAP Cloud helps our customers to run better, faster

Designed
the way people work

More fluid
team collaboration

New
cloud economics

More closely
align IT with business needs

SAP Cloud Benefits

Increased context-aware
decision making

Greater
business agility

Access to
partner innovations

Speed up
customer development

SAP Cloud Focus Areas - Today

| People | Customer | Money | Supplier |

Loosely Coupled, End-to-End Integration

Open Cloud Platform, Social, Mobile, Big Data

SAP Cloud-based SME Portfolio

SAP Business **One**

A single application covering all **Small Business Essentials**

For **small businesses** seeking a **single integrated** solution to run their entire business

- 10 to 100 employees
- On-premise deployment
- Traditional licensing
- Go live in ~4 weeks
- General industry functionality
- Available in 40+ countries

SAP Business **ByDesign**

Complete, adaptable **On-Demand** business solution

For **midsized companies** seeking a complete solution, with **limited IT resources and budget**

- 50 to 1000 employees
- On-demand deployment
- Monthly subscription
- Go live in 1~6 weeks
- General industry functionality
- Available in 9 countries (2011)

SAP Business ByDesign is mature and stable

- 1,000+ customers
- Companies with more than 500 employees selecting SAP Business ByDesign
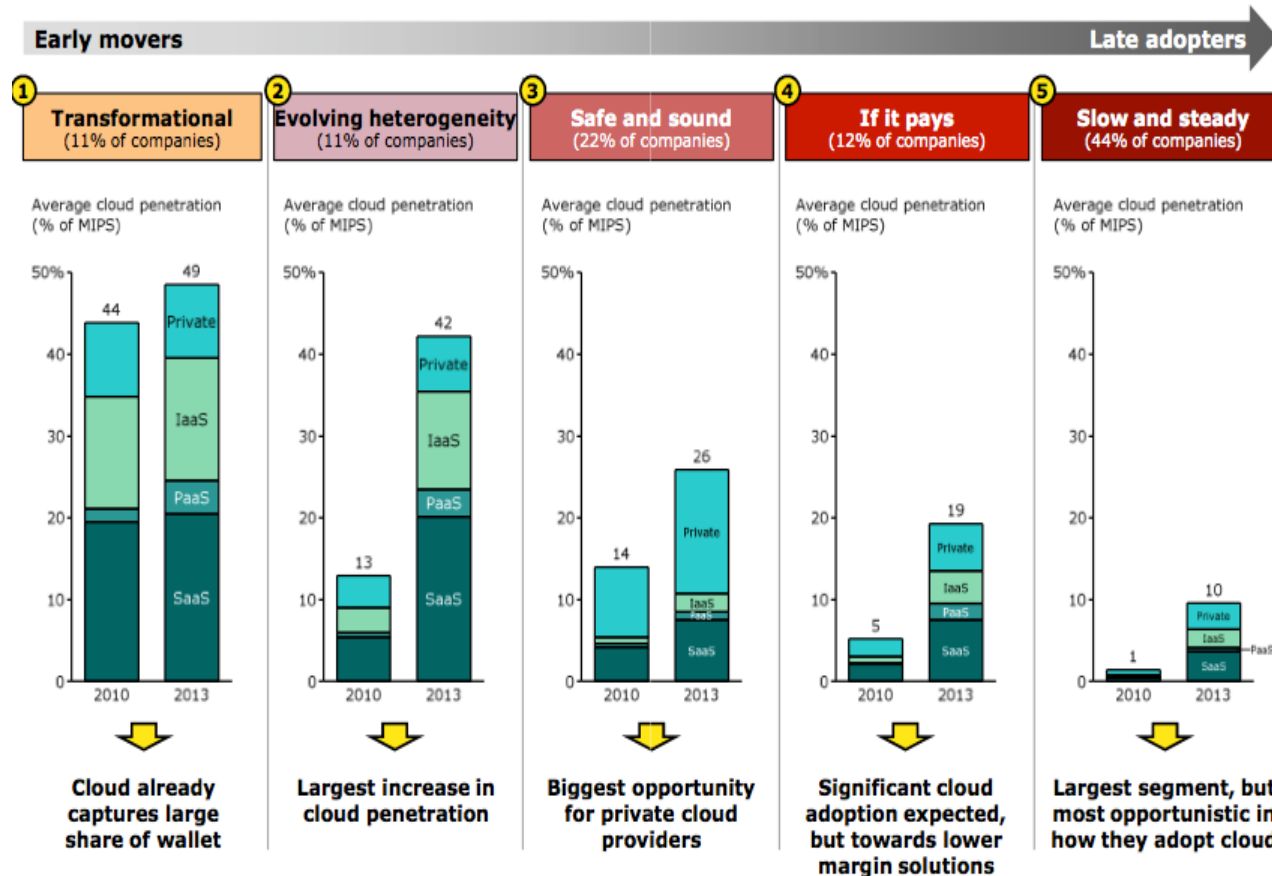
SME's want to have choice of all deployment models

- SAP will continue to invest and evolve SAP Business One in both solution architecture & GTM
- SAP Business One will become SAP's small enterprise cloud solution

SAP Cloud Portfolio

	People	Money	Customers	Suppliers
LoB Applications	• **Employee Central (EC)** • **BizX Suite** • **Global Payroll**	• **Financials OD** • **Travel OD**	• **Sales OD** • **Marketing OD + Service OD** • **Social Customer Engagement OD** • **Sales & Operations Planning**	• **Sourcing OD** • **Crossgate** and other assets combined into one strategic play for **B2B Networks** • **Supplier Infonet**

Social	• **Jam + StreamWork** combined into one social collaboration platform for standalone use or in conjunction with SAP Cloud and on-premise solutions
Platform/ Integration/ Virtualization	• **One Cloud platform** (PaaS) with rich set of services for ecosystem to extend SAP solutions (also accessible via 3rd party PaaS like Cloud Foundry) • **SAP's cloud based integration technology** with out-of-the-box content to integrate SAP solutions • Partnership with **3rd party integration technology** providers as alternative to integrate non SAP solutions (OP/OD) • **SAP Virtualization** enabling customers to run their SAP Business Suite in the cloud

(Cross)

| UME/Subsidiaries	Smaller Customers	Large Customers
• **Business ByDesign** **–** sold direct and via channel	• Offer **Business One** On Demand – sold via channel	• SAP Rapid Deployment Solutions (also provided through certified partners) • SAP NetWeaver Landscape and Virtualization Manager

(Suite)

Each customer segment will adopt cloud at different levels and in different forms

Early movers → Late adopters

1. Transformational (11% of companies) — Average cloud penetration (% of MIPS): 2010 = 44, 2013 = 49 (Private, IaaS, PaaS, SaaS). ⬇ **Cloud already captures large share of wallet**

2. Evolving heterogeneity (11% of companies) — Average cloud penetration (% of MIPS): 2010 = 13, 2013 = 42 (Private, IaaS, PaaS, SaaS). ⬇ **Largest increase in cloud penetration**

3. Safe and sound (22% of companies) — Average cloud penetration (% of MIPS): 2010 = 14, 2013 = 26 (Private, IaaS, PaaS, SaaS). ⬇ **Biggest opportunity for private cloud providers**

4. If it pays (12% of companies) — Average cloud penetration (% of MIPS): 2010 = 5, 2013 = 19 (Private, IaaS, PaaS, SaaS). ⬇ **Significant cloud adoption expected, but towards lower margin solutions**

5. Slow and steady (44% of companies) — Average cloud penetration (% of MIPS): 2010 = 1, 2013 = 10 (Private, IaaS, PaaS, SaaS). ⬇ **Largest segment, but most opportunistic in how they adopt cloud**

Source: Bain cloud computing survey, April 2011, n=494
NYC   Bain Cloud Computing POV vfl Jul 2011 15

The **SAP Cloud** Difference

Our solutions are **"loosely coupled"** – they can be consumed as you require, at your own speed – to meet your specific business needs.
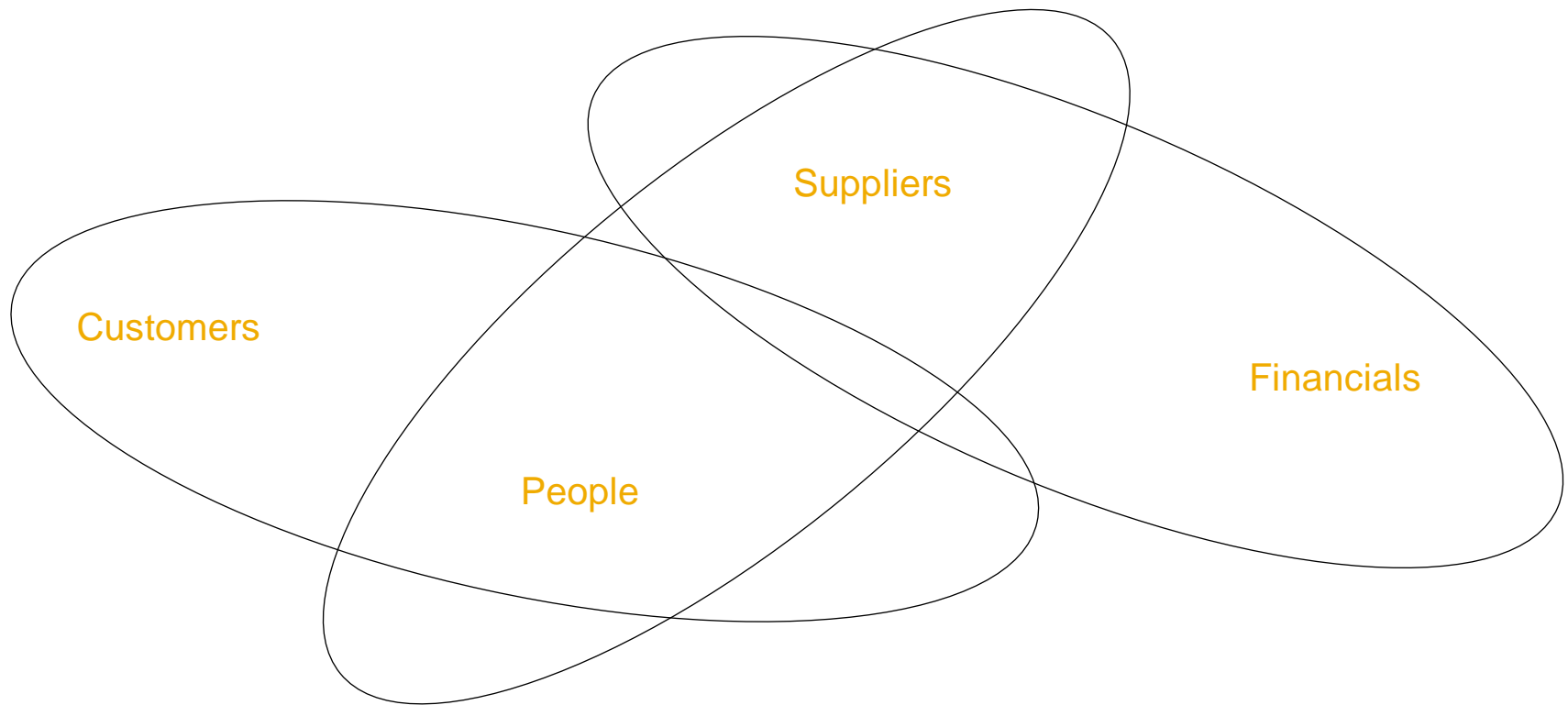
SAP's Strategic Cloud Themes – Key Value

Customer

- Embracing social as a primary channel to engage with customers
- Shifting focus from sales efficiency to sales effectiveness

People

- Aligning everyone with company objectives
- Empowering people to take charge of their career

Money

- Making the financial impact transparent for any business decision
- Providing business context for any financial decision

Supplier

- Tapping into networks of suppliers to increase efficiency, reach & access
- Leveraging real-time insight from global networks

Open Cloud Platform, Social, Mobile, Big Data

"Social" baked in
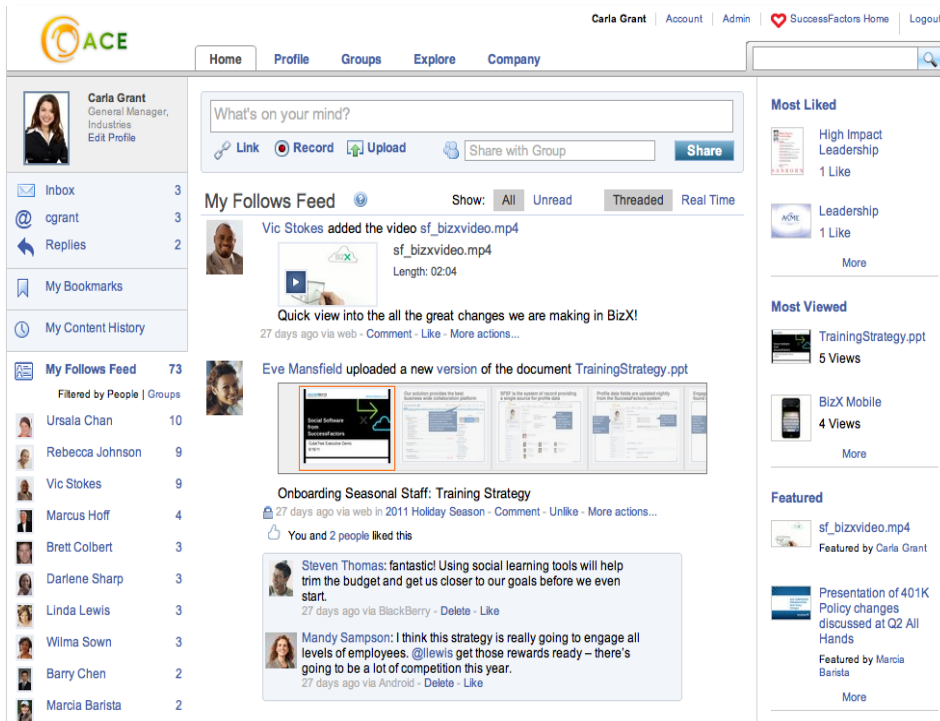
- **Cohesive:** Connect people, process, analytics, and content
- **Results-driven:** Improve business execution and accelerate performance
- **Secure and Hybrid:** Across cloud and on-premise

Total JAM Users
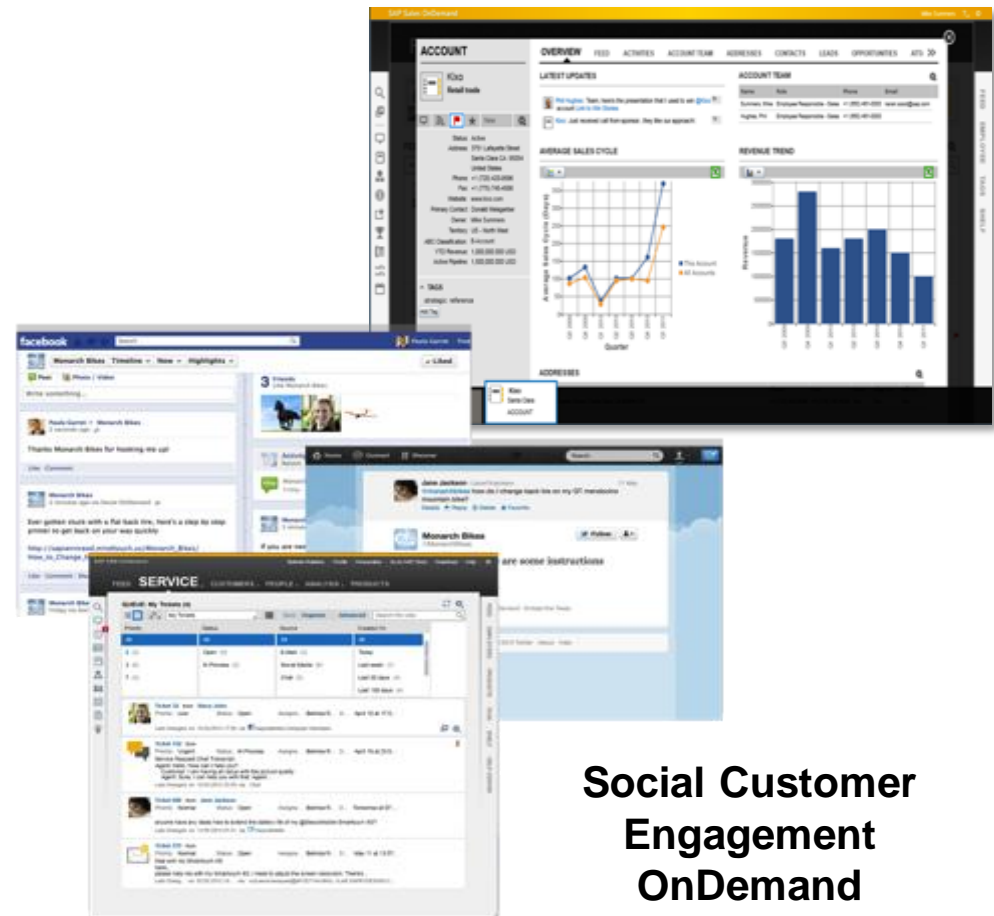(in Millions)

Q3'11 Q4'11 Q1'12 Current
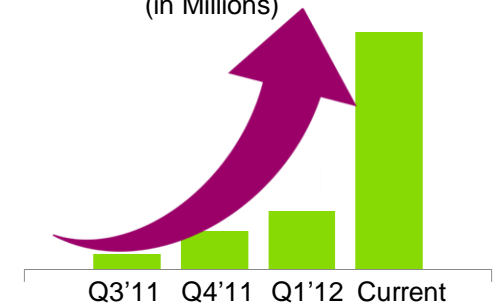
Customer relationship in the cloud

- Full CRM – Sales, Service and Marketing

- Driving sales effectiveness, team-based collaborative selling

- Integration with ERP and CRM On Premise

- Analyze and manage customer sentiments through social media like Facebook and Twitter
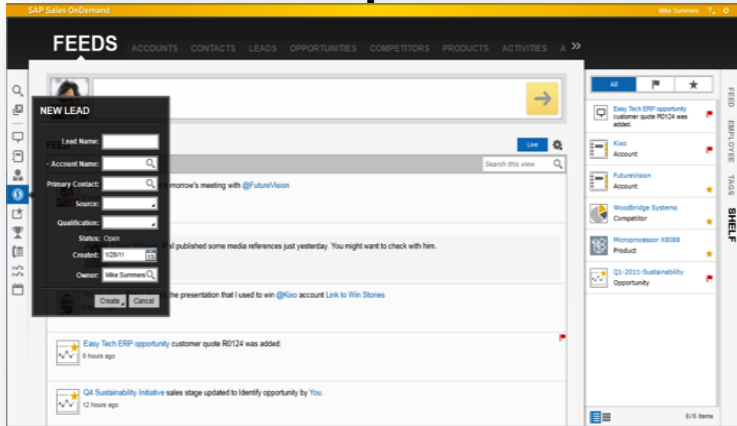
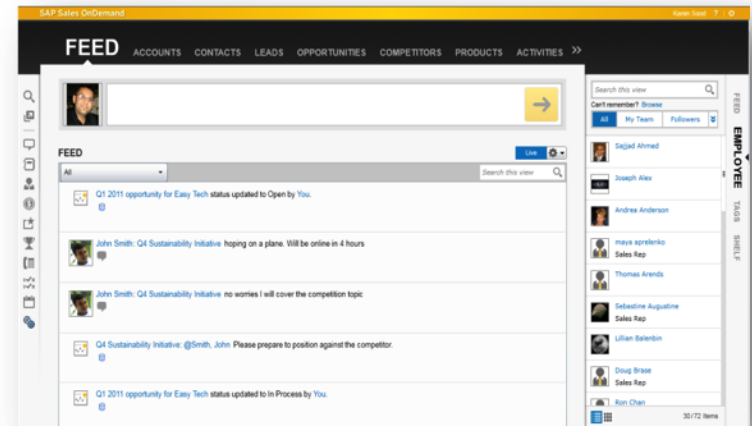**Sales OnDemand**

Social Customer Engagement OnDemand
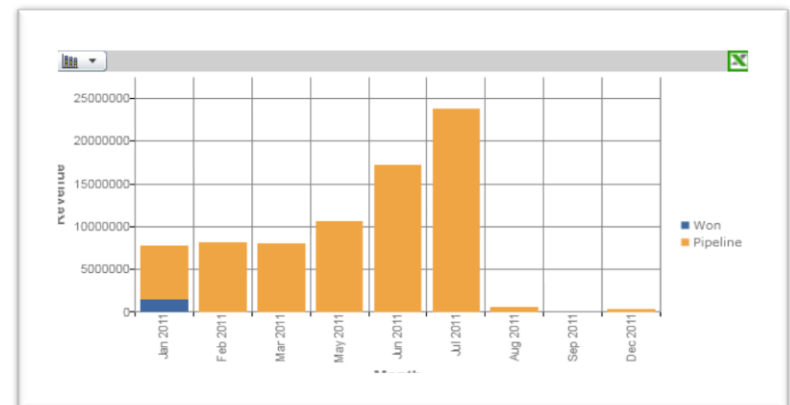
SAP Customer OnDemand
People-Centric Application

User Experience

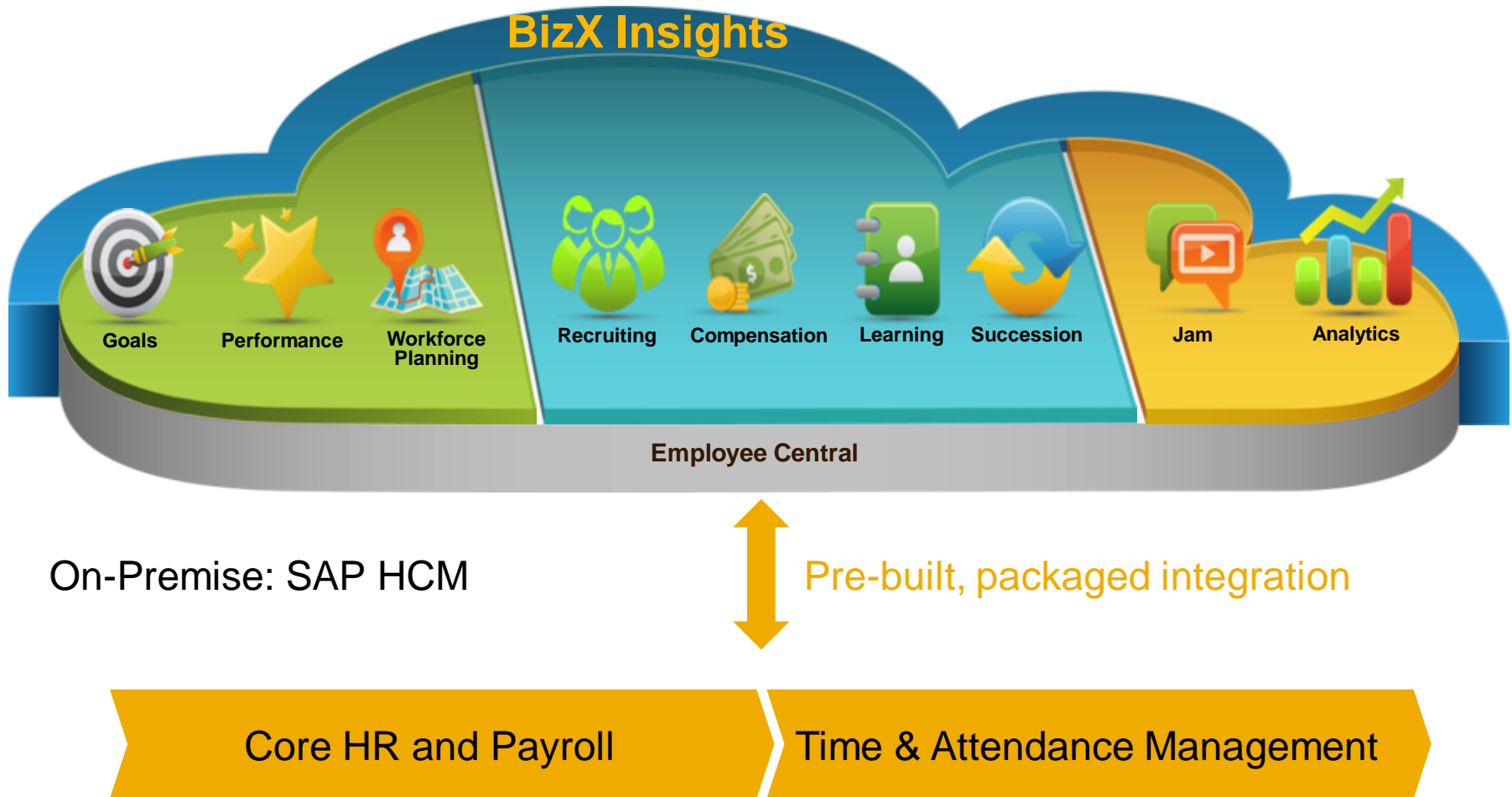## Collaboration

End-user Productivity

Microsoft Outlook

Analytics

1 in people management in the cloud

BizX Insights

Goals · Performance · Workforce Planning · Recruiting · Compensation · Learning · Succession · Jam · Analytics

Employee Central

On-Premise: SAP HCM

Pre-built, packaged integration

Core HR and Payroll

Time & Attendance Management

Business Execution – BizX business impact

Cost Savings	Strategic Alignment	Productivity	Business Results
(15.2)% decrease in turnover	**5.5%** increase in time spent on strategic priorities	**3%** average increase in productivity	**1%** revenue added back to profit
13.7% increase in internal job fill rate	**1 - 8+** weeks faster communication of strategy	**4.9%** increase in high performers	
(13.8)% decrease in low performers	**17%** increase in people getting the right training	**14%** increase in project completion	

SIEMENS   Allianz   bp   Nestlé   Coca-Cola   VALE   KRAFT   GM

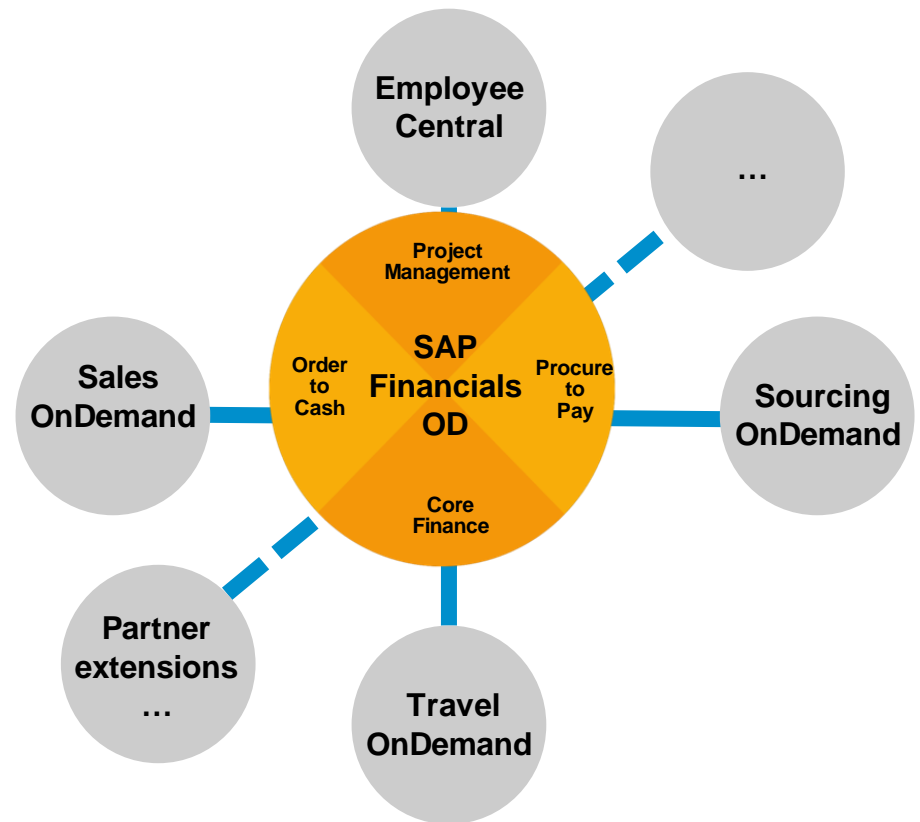**Over 3,500 customers and 15 million subscribers**

Financial management in the cloud

- Built by SAP R/3 domain experts

- Hundreds of live customers worldwide

- PS880 Financial Certificate issued by:

Deloitte.

ERNST & YOUNG
Quality In Everything We Do

Supplier management in the cloud

- **Extend your business:** business partners join the network once, transact and collaborate

- **Easy to use:** intuitive, complete sourcing, contract and supplier management

- **Insightful:** predictive supplier performance management to mitigate risk
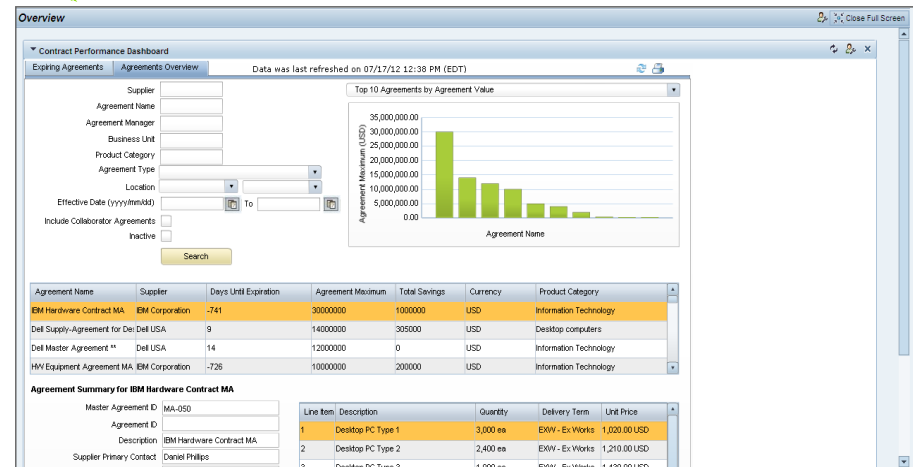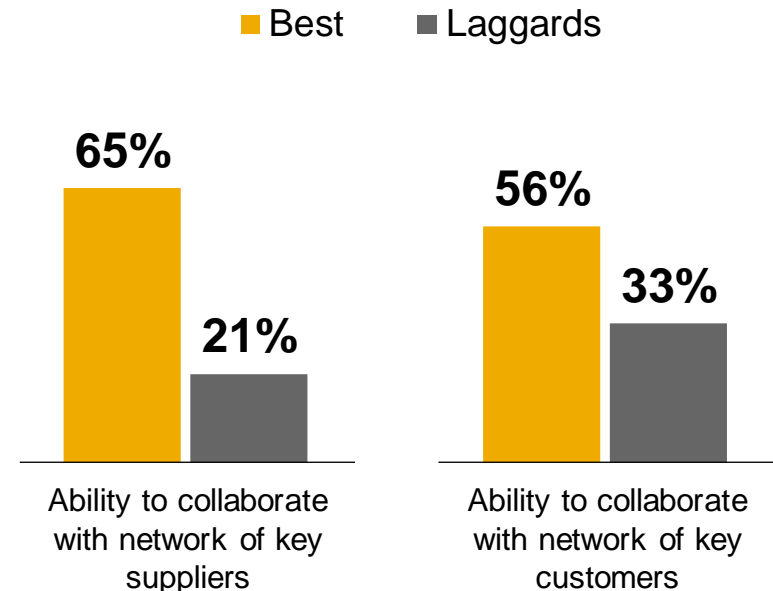
Business Networks turn into a Competitive Advantage
It affects almost all lines of business – from Procurement to Sales

Trend #1: Increasing Complexity of Network

- Key drivers like emerging markets, mergers and acquisitions, global span in supply chain
- Ever more business partners and subsidiaries
- Legal rules and compliance specifications

Trend #2: Accelerated Speed of Business

- New product and services introductions; new suppliers and partners
- Request for rapid partner on-/off-boarding
- Right decisions in a shorter time frame needed

■ Best ■ Laggards

65% / **21%** — Ability to collaborate with network of key suppliers

56% / **33%** — Ability to collaborate with network of key customers

B2B Integration and Collaboration: Strategies for Building a ROI Business Case, Aberdeen Group, June 2011

" "

…thanks to an **ever-more-globalized business environment**, more large companies now see attractive market opportunities beyond their borders, further highlighting the need to establish an efficient B2B infrastructure with local subsidiaries and suppliers.

Gartner, 12 October 2010, Market Trends: Application Infrastructure and Middleware Software, Worldwide, 2009-2014

Business Networks in Mining and Metals
With Cloud-based solutions connected to your existing applications business pain points will be solved

Business Value

- Run procurement, finance and supply chain processes like Purchase Order Collaboration with Replenishment Order, E-Invoicing and Dispatch Delivery with the suppliers, customers and partners electronically

- Prevent costly and time-consuming paper work and manual efforts

- Receive full transparency on your business partners performance and delivery reliability
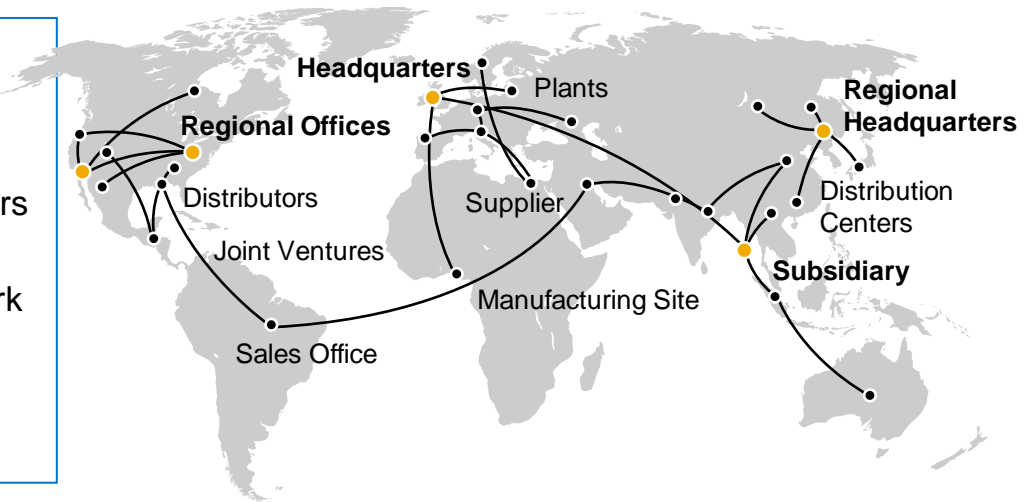
Solution Offering

- Access to an open, industry-optimized global business network with 60,000+ companies

- Deep B2B pre-integration for SAP Solutions

- 24/7 on-demand service with strong SAP SLAs

- Fulfill global B2B standards and requirements

- Processes, compliance, regulation, partner interface changes regular updated by SAP

Headquarters · Plants · **Regional Headquarters** · **Regional Offices** · Distributors · Supplier · Distribution Centers · Joint Ventures · **Subsidiary** · Manufacturing Site · Sales Office

Maximize return on assets and return on capital employed
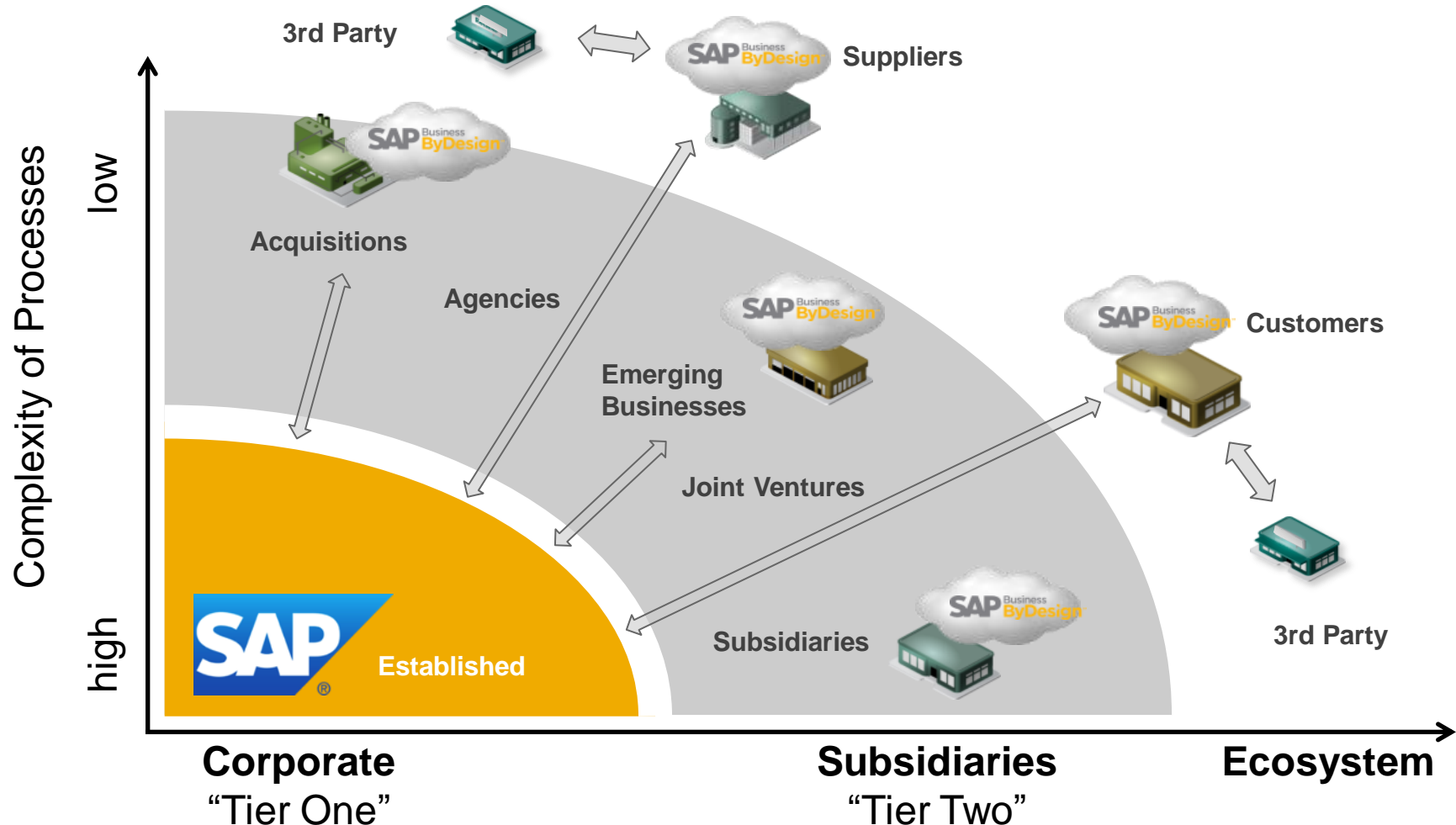
Ensure operational continuity, performance and compliance

Optimize financial risk management

SAP Information Interchange and SAP E-Invoicing for Compliance increase efficiency and visibility within your business network
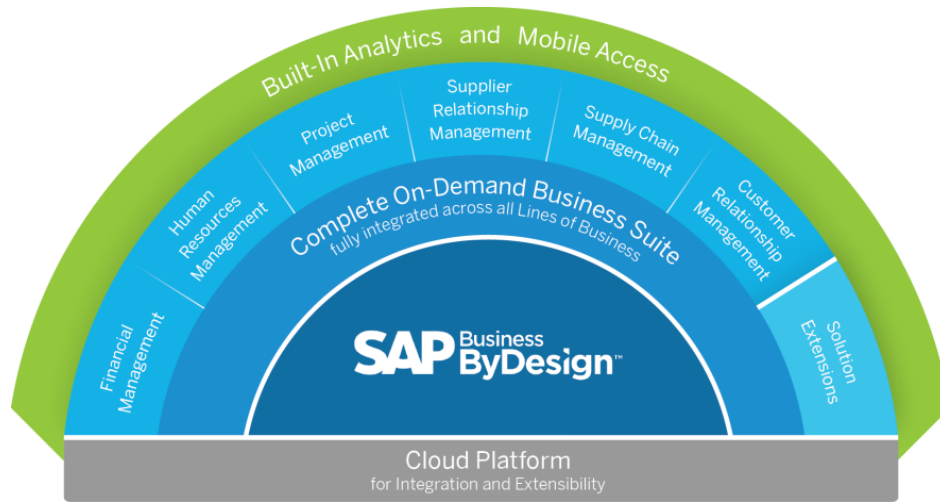
A Two-Tier ERP strategy is the quickest path to success
Add subsidiaries, joint ventures or acquisitions

SAP Business ByDesign
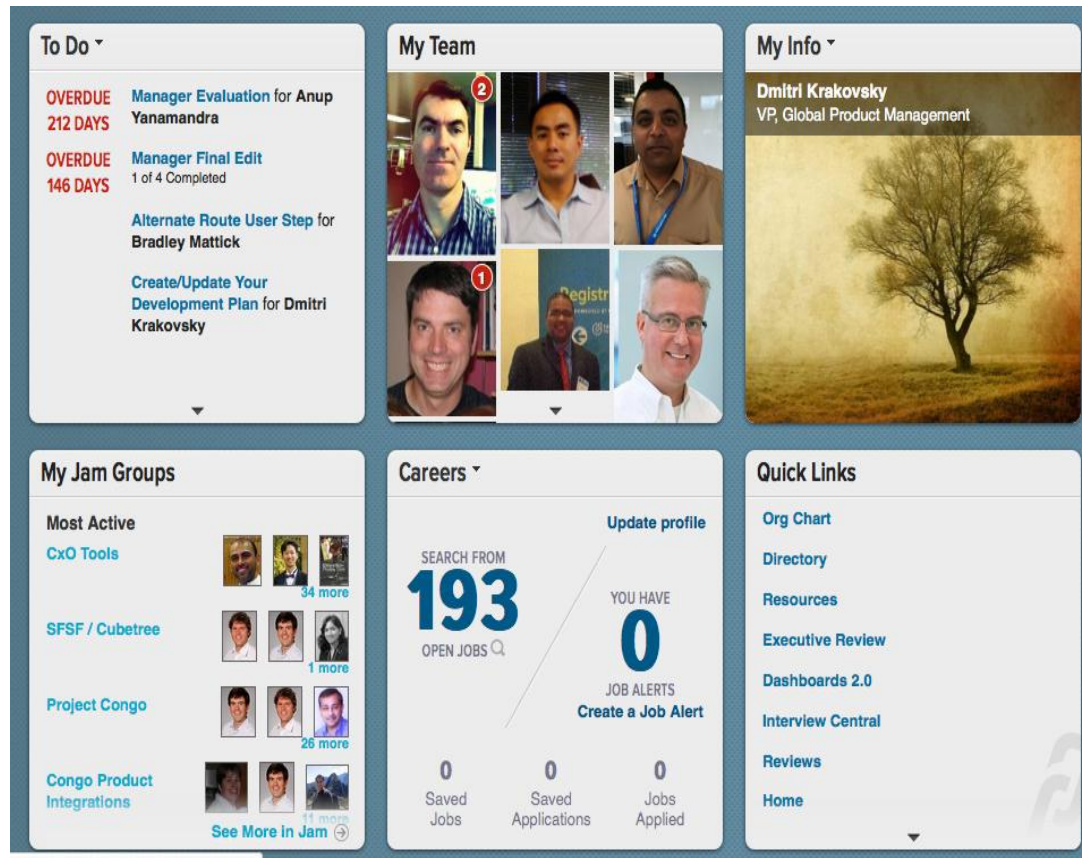## References Customer

Reality Check:

- "The market is ready" – **Over 1,000 companies** use SAP Business ByDesign.

- **Reference customers** are convinced and expand their usage.

- **2-Tier ERP Strategy*** with SAP Business ByDesign in large enterprises

* Forrester Research „October 2010 Report",
  Gartner „Hype Cycle for ERP"July 2011

The **SAP Cloud** difference

Our solutions offer a consumer-grade user experience and are people-centric.

Change the Game: User Experience (DEMO)

Customers will continue to have mixed IT environments for a long time
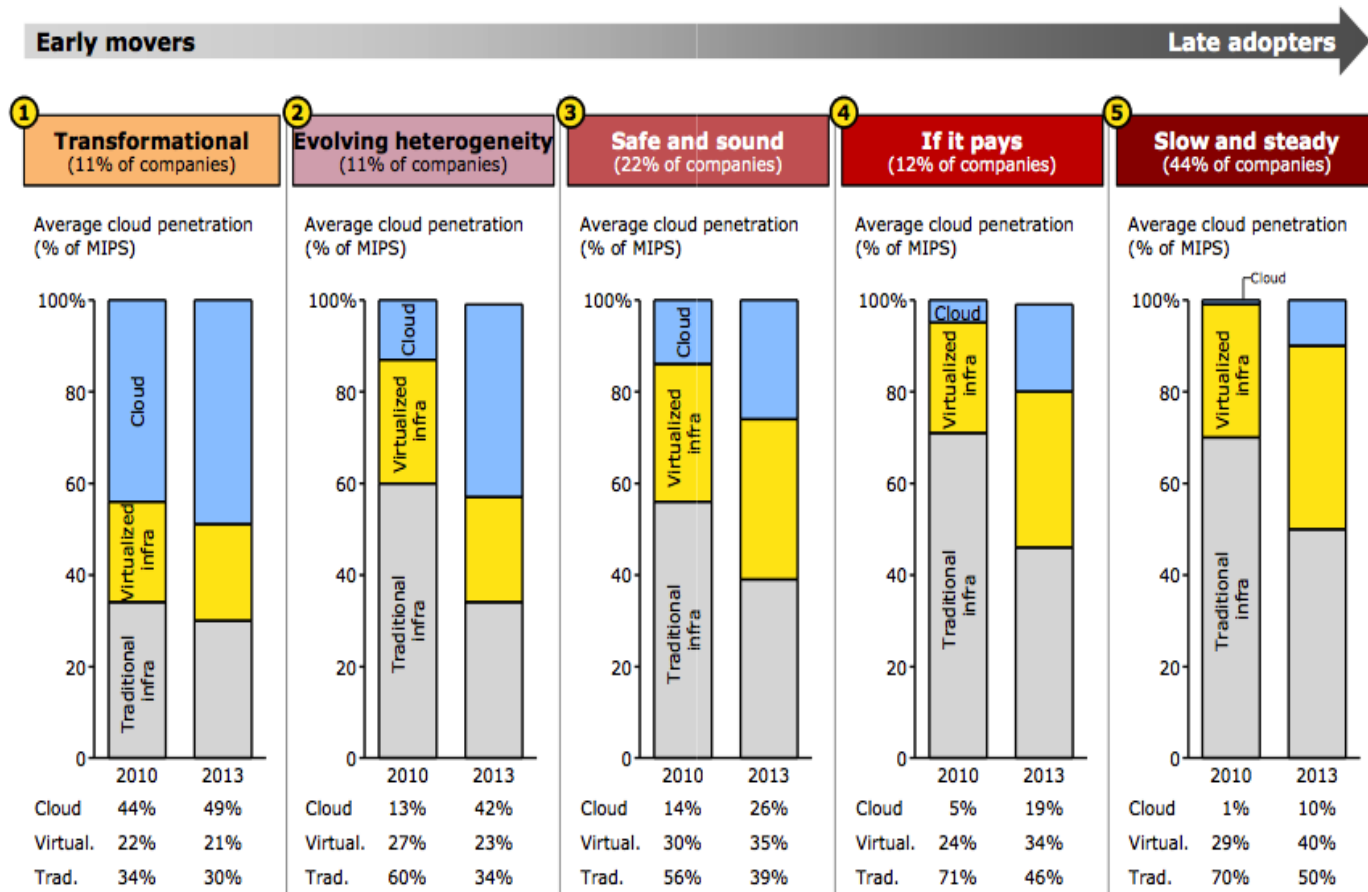
Note: Numbers may not add up due to rounding
Source: Bain cloud computing survey, April 2011, n=494   NYC   Bain Cloud Computing POV vfl Jul 2011 15

Transformation path for on-premise customers

SAP enables customers to move their SAP „on-premise" solutions into the cloud.

THAT MEANS SAP SUPPORTS CUSTOMERS

THE WAY THEY WANT TO RUN THEIR BUSINESS

Public Cloud

Virtual Servers

Private Cloud

Physical Servers

Physical Servers
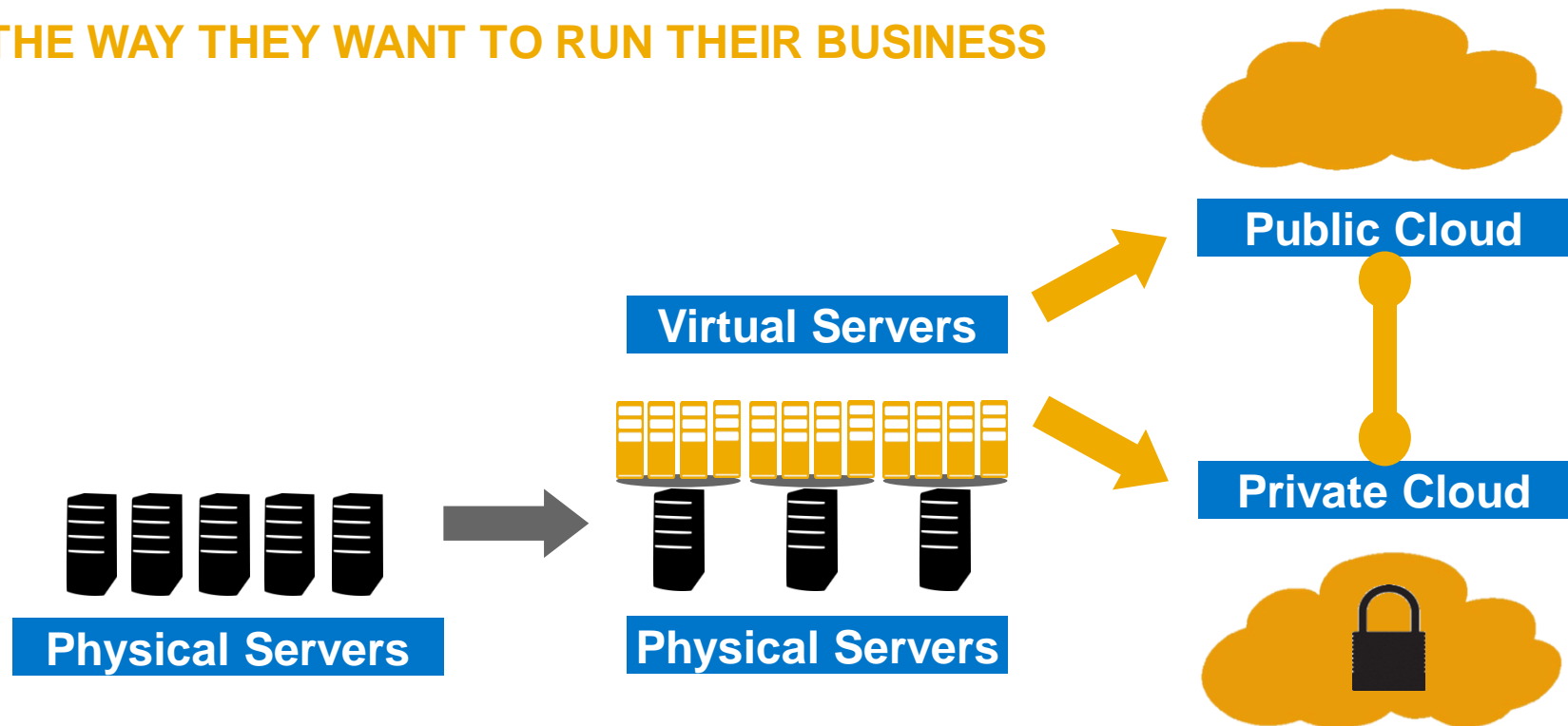
The **SAP Cloud** difference

All SAP cloud solutions will leverage and extend your existing on premise investments, with a focus on end-to-end process management.

| Money | People | Customers | Suppliers | Suites |

One Cloud Platform, Social, Mobile, Big Data

On Premise Investments

SAP Cloud openness

Custom App

Partner App

SAP Extension

SAP NetWeaver Cloud (PaaS)

People

Customers

Money

Suppliers

3rd Party PaaS

vmware

CLOUD FOUNDRY

SAP NetWeaver Cloud Integration

3rd Party Clouds

3rd Party Integration Platforms

DELL

IBM
WebSphere Cast Iron
Cloud Integration

MuleSoft

Your Business
On Premise

Integration is Key to Achieving the Benefits of Cloud
Enables end-to-end Business Processes Across Cloud and On-premise

SAP Cloud

| Employee Central | Talent Manage-ment | Sourcing OD | Sales OD |

Non-SAP Clouds

Enterprise

| ERP | CRM | Siebel | Microsoft |
| SRM | HCM | PeopleSoft | … |

On-Premise

Order-to-Cash

Source-to-Pay

Recruit-to-Retire
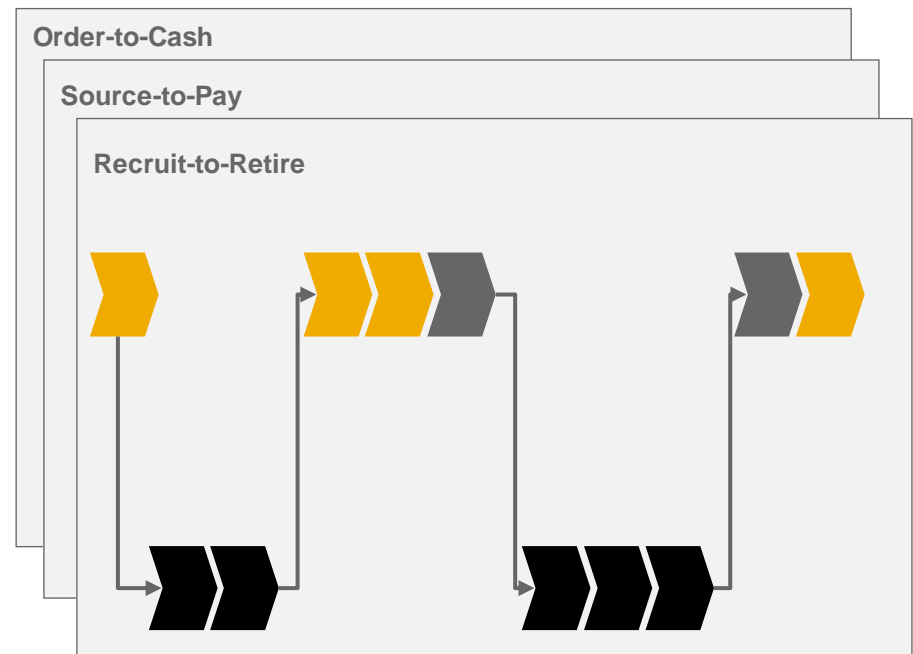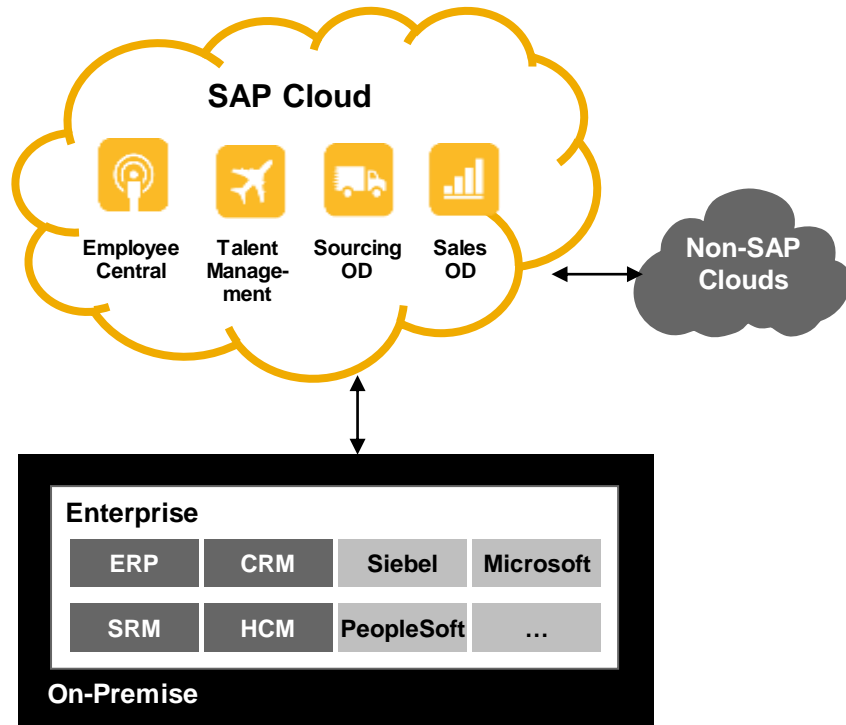
Integration enables you to:
- Consume rapid innovation delivered via the cloud
- Leverage existing on-premise investments

Additional Partnerships for Integrating to 3rd Party Solutions
Supporting Customer Choice

> In addition to offering our own cloud integration platform, SAP will also support a partner ecosystem (e.g. Boomi, Cast Iron, Mulesoft), to provide choice to customers that need **to integrate SAP Cloud solutions to 3rd party on-premise and cloud solutions**

- **Open Certification program for 3rd party integration platforms** setup to certify their connectors
- **Initial focus on IBM Cast Iron, Mulesoft, and Boomi;** to be extended to others, in future
- **Start with Sales OD**, but the program will be subsequently extended to other SAP Cloud Apps

Deploy with CONFIDENCE

SSAE 16

SOC2 Privacy Trust Criteria

U.S. • EU SAFE HARBOR
U.S. DEPARTMENT OF COMMERCE

4 releases per year

High availability, disaster recovery

BS10012

Privacy Standard used internationally

End-to-end Security

True Multi-Tenant SaaS
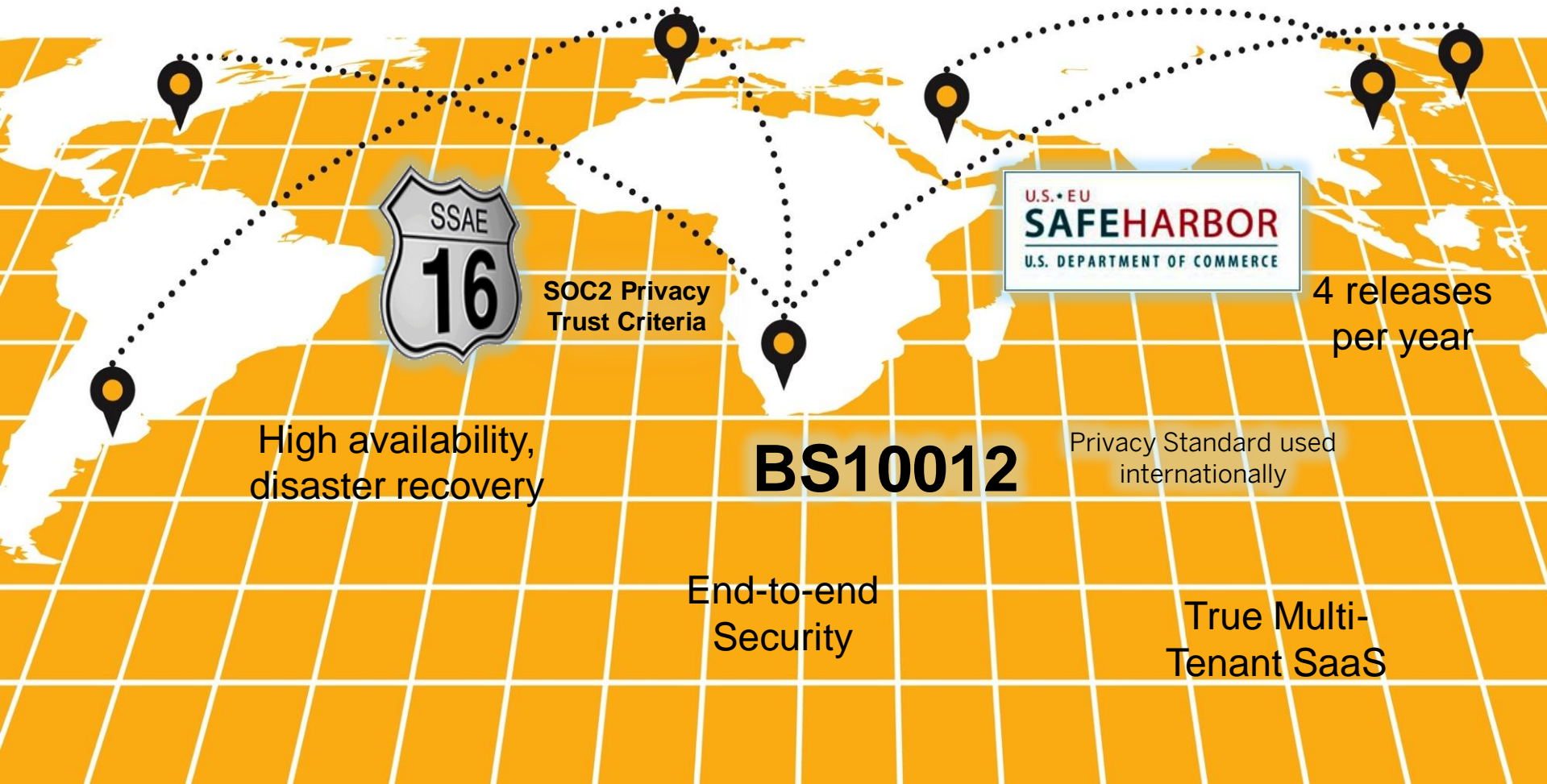
SUMMARY – OUR CLOUD STRATEGY

- Focus on solutions that help customers manage their most important assets: **customers, people, money** and **suppliers**

- Design and deliver solutions as a **loosely-coupled Suite**
  - Customers can adopt at their own pace and in their own way
  - When used together, these solutions offer the value proposition of a suite

- Offer **standard integration with SAP Business Suite** (on-premise) to support customers' hybrid landscapes

- Offer **unified and open platform** for our customers and partners to create and run new apps in the cloud (and/or extend SAP cloud solutions)

- Continue to offer **fully-integrated suites** for mid-market customers and subsidiaries of large enterprise (BYD) and small customers (B1 OnDemand)

Thank you

Contact information:

Sven Denecken
Vice President
Cloud Strategy and Head of Co-Innovation, SAP AG

twitter @SDenecken

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