Sales Education for Driving Growth

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THE BEST-RUN BUSINESSES RUN SAP™

Preparing for Value and Growth in 2006

“2005 was an excellent year for SAP,” said Henning Kagermann, CEO of SAP. “Most notably, we continued to demonstrate that **organic growth** is a very effective way to achieve success in this industry, and that it benefits our customers, partners and shareholders.

“We expect 2006 to be a cornerstone year for SAP characterized by a series of new product launches; our product pipeline for 2006 is one of the strongest in our history. New product launches will support our Enterprise Services Architecture Roadmap, place a greater emphasis on attracting the business user and are **focused more than ever on the mid-market.** These products will be the foundation from which we expand from our current $30 billion addressable market to a $70 billion addressable market by 2010.”

Enabling Sales Performance

LE SME

Fortune 1,000 — Value generation + Volume generation & fast deployment — Fortune 1,000,000

SERVICES
ECOSYSTEM
INDUSTRY
VALUES & BRAND

Two Segments
Two Sets of Skills

- **Large enterprise value**
- **Small & midsize enterprise volume**

One SAP, One Strategy

First we Focused on
Value to the Core

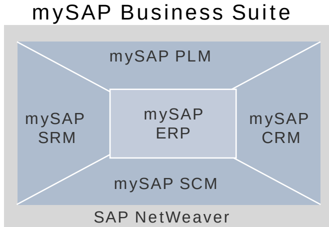
Large Enterprise Value

Mature customers have evolved how they buy enterprise software:

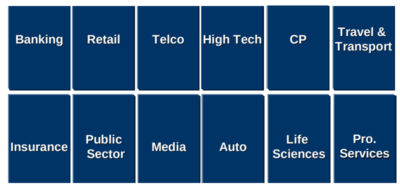
- **Fewer large “infrastructure” deals vs ROI driven incremental projects**
- **Software to address a specific business issue**
- **Stronger involvement from business management versus only the CIO**

SAP evolved its Go-To-Market strategy...

mySAP Business Suite



SAP for Industry



... and its Pricing

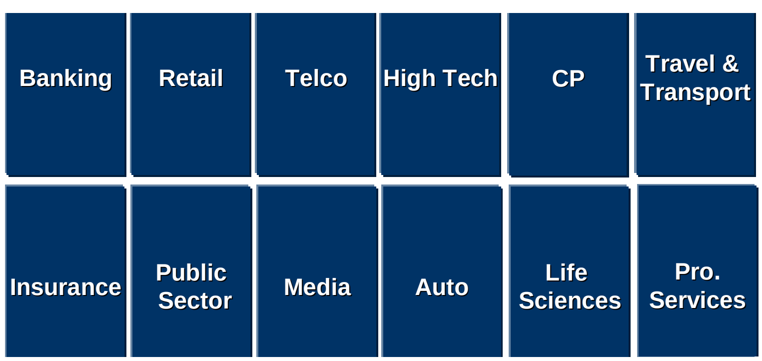
Large Enterprise Sales Education

Focus on:

2007 Industry Overviews

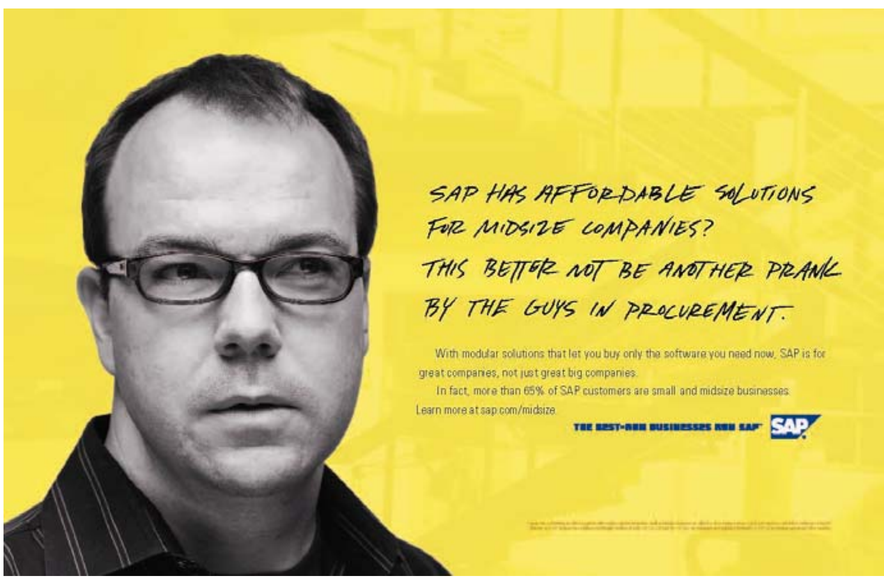
Industry Sales Education

Industries



Then We Expanded into the SME Market

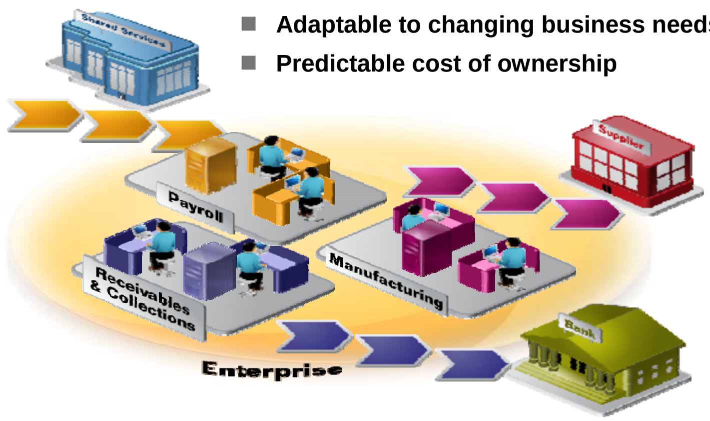
Busting the Myth for Small and Midsize Companies



All-in-one Solution for the Midsize Market

SAP All-in-One is a comprehensive, proven solution with in-depth experience built in

- **Intuitive user experience**
- **Complete business solution**
- **Adaptable to changing business needs**
- **Predictable cost of ownership**



The Education Challenges

Build SME sales competencies

Shift the sales performance curve

Objectives: Improve SME Education & Field Performance

High Quality Content – ROI and Job Impact

Relevant Content – Business Results

Usability / Ease of Access – Courseware

Field Awareness - Utilization

Flexibility (Mode) – Online Delivery

Feedback / Continuous Improvement – Perceived Value

Goals: World Class Knowledge Transfer Factory

Overarching goal: expand mid-market sales training

Build end-to-end capability

Achieve sales impact in limited timeframe

2006				2007
Q1	Q2	Q3	Q4	Q1
	Window of Opportunity			

Develop and deploy flexible approach at a low cost €, $

SME Education: Focus on Volume and Velocity

Requirements

- Deliver direct and indirectly through channels
- Address an audience with varied skills and client profiles

Solutions

- E-learning Jumpstart

- SME Learning Maps by Role
  - Territory Sales Executives
  - Channel Managers
  - Channel Recruiters
  - Channel Partner Marketers
  - Pre Sales Solution Engineers

Measurement: Utilization and Impact

- MTM™ provides visibility to the effectiveness of our Global Marketing training programs
- We can now measure both utilization and sales performance impact

Class Level Detail

Run by: Admin SAP Global Marketing
Date run: Jun 15 2006

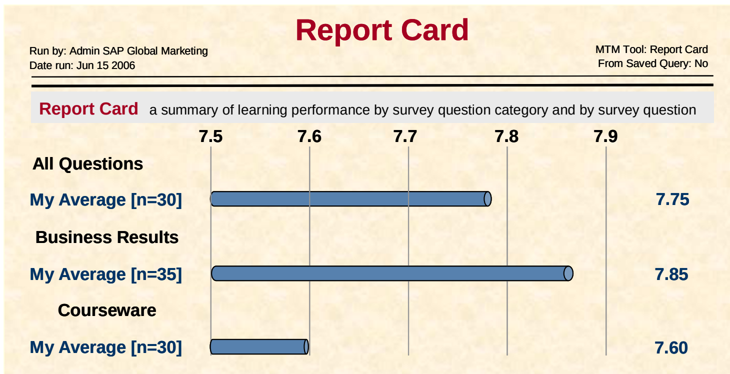
MTM Tool: Class Level Detail
From Saved Query: No

Learning Provider	# of Evals	Score	End Date	Class	Instructor	Learning Method	Location	Client
SAP Global Marketing	25	6.71		SAP Customer Reference Program		Self-paced web based		SAP Global Marketing
SAP Global Marketing	42	7.00		SAP Industry Package: Logistics Service Providers		Self-paced web based		SAP Global Marketing
SAP Global Marketing	38	7.22		SAP Industry Package: Chem		Self-paced web based		SAP Global Marketing

Measurement: Improving Business Intelligence

We have the power to review not just reaction data, but also business results data

Flexible reporting enables users to slice and dice their data according to their needs



Results: Improved SME Education & Field Performance

Regions free to choose from Global Learning Map

Over 2,800 qualified sales professionals trained

MTM results correlated with Global Sales results

Global business results:

- **24% growth in channel partners recruited and retained**
- **33% customer growth (Q4 05 to Q4 06)**
- **SAP All-in-One: customer growth of 23% year over year**
- **SAP Business One: customer growth of 41% year over year**

We Conducted Higher Levels of Evaluation for Key Programs

Evaluating Sales Enablement Rollout

Background

- **One of the most complex field enablement deployments**
- **Major shift in selling approach requiring new sales behavior**
- **Audience: 1,500 individuals across every region and segment in the field sales organization**

Goal: evaluate the deployment effectiveness of a new sales initiative

Desired outcomes:

- **A credible and valid evaluation of the rollout including:**
  - **Usability, use and perceived value of tools, templates and training;**
  - **Level of field readiness for program adoption;**
  - **Business results within each geographic region**
- **A sustainable, scalable and repeatable process to measure future programs**

Going Beyond Level 1

Why:

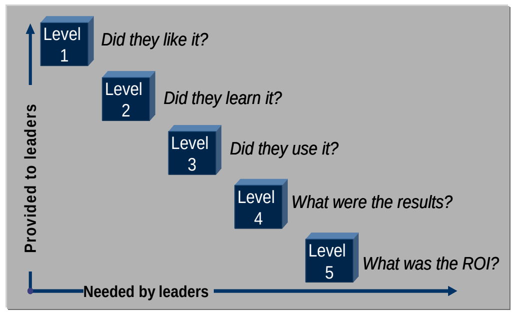
- Senior leader needed a holistic view of the rollout effectiveness
- We needed to assess utilization, results and if possible, ROI

How: Mixed methods

- Quantitative analysis to evaluate program outcomes and results
- Qualitative investigation to understand readiness, enablers and engagement models

How: Cross disciplinary approach

- Evaluation and measurement processes
- Management of change methods



Using a Cross-Disciplinary Approach

Evaluation Methods

Interviews, focus groups
- Case studies
- Examples
- Open-ended survey questions

Surveys, data feeds
- Business, program-wide results
- Participant estimates

Qualitative ← → **Quantitative**

Interviews, focus groups, workshops
- Barriers and enablers for transition
- Leaders & laggards

Diagnostics, surveys
- Organizational readiness
- Employee engagement

Management of Change Methods

Employing Management of Change (MOC) Methods

MOC begins by:

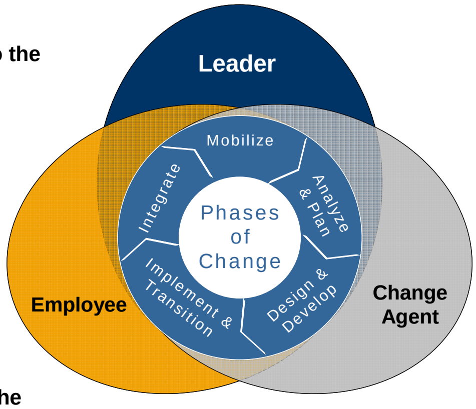
- Mobilizing employees
- Follows a defined approach for transitioning the organization to the new processes and behaviors

Five key stages:

- Mobilize
- Analyze and plan
- Design and develop
- Implement and transition
- Integrate

Three key roles

- Leader (sponsor of the change)
- Change agent (implementer of the change)
- Employee (target of the change)



Design, Development, Deployment

Design

- Evaluation instruments: Customized, quantitative instruments
- KPI indicators
- Qualitative surveys: Evaluation and MOC questions integrated into a single instrument
- Sample selection criteria

Development

- Quantitative survey and KPIs: MTM
- Qualitative surveys: manually created with an interview guide

Deployment

- Conducted ~30 interviews with key stakeholders around the globe
- Goal: Collect quantitative and qualitative data; Actual: quantitative data was collected through the surveys

Results of the Study

"Pricing has always been complicated. Industry Pricing simplified outbound messaging, but creating contracts is more complicated."

- **Learning: The bottleneck sometimes moves.**

"Rollout needs real training with different people who can discuss pricing questions and real examples and issues."

- **Learning: Everything needs to be grounded in reality.**

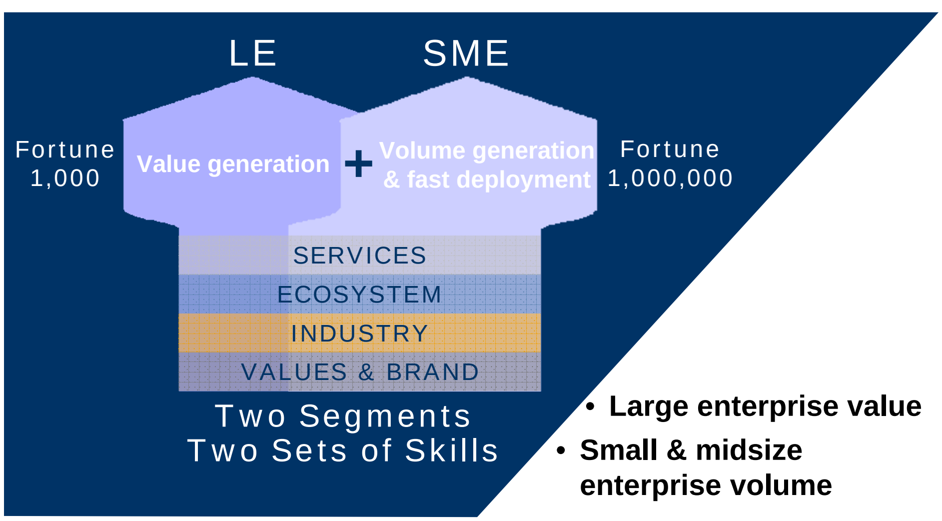
"Industry Pricing makes more sense to new customers. For old customers, it's like -here SAP goes again".

- **Learning: There is no one size fits all approach. Building a model and identifying regional or other deviations is key.**

"A deadline would force the AEs to concentrate on the new pricing instead of the old."

- **Learning: Policy cannot be overlooked. Too much or too little will stifle change.**

Enabling Sales Performance



One SAP, One Strategy

Reflecting on 2006 Progress

2006 represented another year of strong share gains for SAP. SAP's **worldwide share of Core Enterprise Applications vendors increased to 24.0%** for the year ended December 31, 2006. This represented a gain of 2.8 percentage points for the full-year, and SAP continued to maintain more than twice the share of the next largest vendor.

"2007 will be the year in which we successfully complete our roadmap by delivering services-enabled versions of the mySAP Business Suite and our **established mid-market solution SAP All-in-One** . Also in 2007, we will begin delivering on what we believe is the most innovative solution in the industry designed specifically for **new segments in the mid-market** – a consumption ready solution that provides our customers with fast time-to-value and easy user.

Thank you