

Make CRM an Integral Driver of Your Business Strategy

SAP Delivers On-Demand CRM; IBM to Provide Hosting and Consulting Expertise

Q&A with Bob Stutz, SAP AG, and Adam Klaber, IBM Business Consulting Services

In February 2006, SAP announced the expansion of its market-leading mySAP Customer Relationship Management (mySAP CRM) solution to include on-demand options. SAP CRM on-demand solutions are designed for large and mid-size organizations to manage sales, service, and marketing directly via the Internet through an easy-to-use interface. The solutions are offered through a subscription-based licensing model. In this interview, SAP's Bob Stutz and IBM's Adam Klaber offer their take on SAP's on-demand offerings and the strategic partnership with IBM.

Bob Stutz is Senior Vice President, CRM Global Strategy and Product at SAP AG. Adam Klaber is Partner — Global and Americas CRM Leader at IBM Business Consulting Services.

Q **SAP has been a leading player in the CRM market for quite some time. Why did SAP decide to introduce an on-demand solution now?**

Stutz: Without question, 2005 was an interesting year for CRM. Oracle's acquisition of Siebel validated that the era of best-of-breed applications and information silos is over, and that the future lies with "connected CRM" — CRM that seamlessly integrates with existing systems so customers don't have to bear the costs of a disconnected IT environment. We also saw the on-demand model grab the attention of some of our largest customers. Several times, we heard customers say, "We know SAP is the right long-term solution for us, but today we need a quick-fix CRM solution for a few of our divisions. Can SAP help?" Our customers faced a dilemma — an on-demand deployment would allow them to deliver immediate results to the business, but in turn, they would have to sacrifice their long-term vision and IT strategy.

So we responded. With SAP CRM on-demand solutions, we are delivering the best of both worlds — hybrid CRM solutions that give customers the ability to start immediately with on-demand, but that also allow them to transition and grow strategically to the fully integrated, on-premise mySAP CRM solution at their own pace, without the disruption of switching vendors.

Q **What are the benefits to customers? How do SAP CRM on-demand solutions compare to other pure-play offerings currently on the market?**

Stutz: One of the first things you'll notice about SAP CRM on-demand solutions is that they are easy to use. We've completely redesigned the user interface, based on customer feedback, so that it mirrors the way sales and marketing users work. Users can start right away with intuitive Web features and tools they already know how to use — no training required (see **Figure 1** on the next page). We've built Outlook and Lotus Notes integration into our first version because we realize the importance of being able to synch up with these frequently used tools. It's clear to us that getting started with CRM needs to be simple, and adoption is the name of the game. Usability is a key focus for SAP, so you'll continue to hear about improvements in this area.

As I mentioned, we spent a lot of time talking to customers and found that our mid-size and large enterprise customers want quick CRM, without having to sacrifice reliability and security or incur additional costs to integrate or maintain disconnected systems — which is often the case with pure-play, software-as-a-service (SaaS) solutions. They also want solutions that meet their needs, both today and in the future.

So SAP has focused its efforts not only around usability, but also on reliability and continuity, which I believe are key

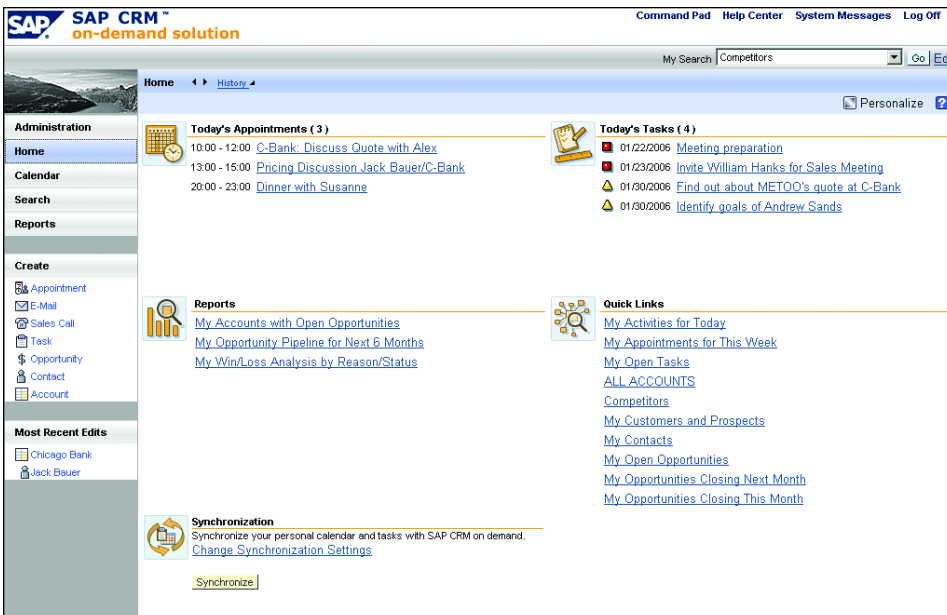


Figure 1

SAP CRM On-Demand Solutions Provide One-Click Access to Intuitive Features and Tools

help enterprise-level customers meet their business challenges on a global scale, across many industries. The SAP solutions will be powered by IBM's Applications on Demand Platform, which automates application hosting and management to provide a scalable and efficient platform for running business applications. IBM has one of the largest SAP practices in the industry, and will also be providing consulting services to help customers maximize the value of their CRM deployments.

Klaber: IBM is thrilled to be partnering with SAP in this important area. We see a very

differentiators for our on-demand solutions. For example, we have partnered with IBM to pioneer a new on-demand model that we call "isolated tenancy." This model combines the high availability and low risk of a single-tenancy approach with the efficiencies and deployment speed of a multi-tenancy architecture.¹ Enterprise customers can now have the confidence that their system's performance and continuous operations do not depend on the overall usage of the system by other customers.

And of course, when our customers are ready to transition to a strategic CRM solution, SAP has the answer. SAP CRM on-demand solutions are based on the same architecture, data model, and user interface as mySAP CRM, so when a company's business needs evolve, it can migrate seamlessly from on-demand to on-premise, without the disruption of losing data, interrupting processes, or incurring change-management costs. This ensures customers that SAP's on-demand offerings are more than a quick fix — they're a strategic investment that provides lifetime value.

Q What does SAP's partnership with IBM bring to the table?

Stutz: In selecting IBM as our hosting services partner, we're building on a long and proven joint commitment to

¹ In a multi-tenancy model, each customer shares the same hardware, application, and database infrastructure with all other customers or "tenants" using the system. In the isolated tenancy model, every customer runs a separate copy of the application and database, providing them with greater performance, reliability, and security than in the traditional multi-tenant model.

significant market opportunity for our clients who want to enhance their overall sales, marketing, and service functions. By bringing together the flexibility of IBM's Applications on Demand model with SAP's leading CRM products, organizations implementing CRM will be able to get a fast, easy, and affordable start, as well as the opportunity to develop their strategy and expand their solution in line with their growing business needs.

Q Where is on-demand CRM headed? What can customers expect to see in the coming year?

Stutz: The SAP Sales on-demand solution is the first on-demand product to be released by SAP, and it is available globally today. SAP will continue to build out the SAP Sales on-demand solution, and additional on-demand CRM offerings will be released this year, including marketing and service products. The initial language options are English and German. New language-specific versions — including French, Japanese, Portuguese, Spanish, and Chinese — will be rolled out during the first half of 2006. ■

For more information on SAP CRM on-demand solutions, please visit www.sap.com/crmondemand or call +1 888 595-1727. For more information on IBM, please visit www.ibm-sap.com.