

STRATEGY FOR GROWTH

MARKET LEADER THROUGH INNOVATION

SAP's mission is to define and establish undisputed leadership in the emerging market for business process platforms, accelerate business innovation powered by IT for companies and industries worldwide, and thus contribute to global economic development on a grand scale.

As a leader in the global technology industry, SAP is well-positioned to help its customers achieve their goals for adaptability and profitable growth in a changing world. We plan to realize our own potential for continued growth – including our goal of expanding the addressable market to US\$75 billion by 2010 – through the following strategies.

- **Organic growth:** We believe that organic growth will be our primary source of future revenues. Therefore, we continue to invest in the expansion of our portfolio by developing new products and adding functionality to existing applications.
- **Co-innovation:** We continue to expand our ecosystem, which includes partners, developers, and customers. By supporting the development of solutions based on the SAP NetWeaver technology platform, this ecosystem helps accelerate innovation, adds depth to our portfolios, and provides us with access to additional markets and customer segments.
- **Smart acquisitions:** We will make targeted strategic acquisitions that add specific technologies and capabilities to our broad solution offering.

Expanding our Traditional Core Business

Our traditional core customer base includes many large enterprises as well as larger midsize companies. Such companies use the SAP Business Suite applications or SAP Business All-in-One solutions to automate their business transactions, enabling better management and governance.

By continuing to develop applications for specific business requirements – such as customer relationship management or legal compliance, risk assessment, and control – we are helping our customers create more value. We are also delivering more data analysis and decision support solutions and are linking the structured information in SAP systems with unstructured information, helping our customers boost the productivity of their employees – and increasing the return our customers gain from their investment in SAP software.

Developing New Business with Smaller Midmarket Companies

We already provide SAP Business All-In-One solutions to larger midmarket customers as well as the SAP Business One application for small businesses. However, smaller midsize companies with 100 to 500 employees have distinctly different software needs.

To serve this segment, in 2007 we added the SAP Business ByDesign solution to our range of products. It is designed around four key principles: completeness, ease of use, adaptability, and significantly cutting TCO. Customers use SAP Business ByDesign on demand, so they can spend less time and effort on implementation than they would with traditional software. The on-demand approach also makes customers' IT spending more predictable. In addition, SAP Business ByDesign has built-in service and support, and customers can test it free of charge before they commit.

Key Markets, Regions, and Industries

In all of our lines of business, SAP continues to achieve outstanding gains in virtually all of the geographic areas in which we operate. In addition, we are making a special effort to increase our presence in several of the world's emerging economies, including Brazil, Russia, India, and China, which are experiencing economic growth at rates well above global averages.

We also continue to benefit from our highly specialized solutions designed expressly for more than 25 distinct industries. In 2007, SAP focused special attention on key strategic growth industries for the future, including banking, communications, retailing, and the public sector.

Strategy: Market Leader Through Innovation

