COLUMBIA BUSINESS SCHOOL

CENTER ON GLOBAL BRAND LEADERSHIP

SAP : Building a Leading Technology Brand

This case was written in 2006 by:

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Part A

Part A: The Situation

Background

At the start of 2000, Hasso Plattner and Henning Kagermann, co-CEOs of software giant SAP AG, realized their firm needed new direction for its brand. SAP's global messaging – from advertising, to logo, to website – was sprawling, inconsistent, and confusing. In the hot new marketplace of the Internet, SAP was seen as being left behind. The buzz in the press was not on SAP.

The reality of SAP was much more impressive than its perceptions. The Germany-based company, founded in 1972, was already the leading enterprise software provider in every major market, with sales in more than 50 countries worldwide. SAP was the world's largest enterprise software company and the world's third-largest independent software supplier overall, with 12,500 customers and 25,000 software installations, predominantly within large companies.

SAP had a long history of market success, based on innovative product development. Founded by five engineers from IBM, SAP fostered an organizational culture that was highly product-driven. Its first product in 1972 was a real-time data processing software which was later named R/1. By the end of the decade, examination of SAP's IBM database and dialog control systems led to the birth of its big next-generation product, SAP R/2. In the 1990s, a new product using the client-server model and the uniform appearance of graphical interfaces was developed. It was named R/3. By its 25th anniversary in 1997, the company employed nearly 13,000 people, with foreign sales accounting for the majority of customers. In 1998, SAP was listed on the New York Stock Exchange for the first time. As the company grew, SAP's reputation was built on its products and its heritage of market leadership and reliability.

By contrast, branding and marketing had never been a strong focus of the company's culture. Sales people and other employees spoke in complex jargon that often confused outsiders. Marketing had grown into a decentralized function, organized at the country-level. Multiple advertising agencies produced independent local campaigns with inconsistent company and product messaging, and advertising was extremely product-focused. Inside and outside of the company, there was no consistent way to answer the question, "What does SAP do?"

Local SAP Advertising, 1999-2000

Weak Perceptions and Brand Image

In 2000, marketing fell under the board area of Hasso Plattner. It had become clear to him that strong marketing and brand management were key to maintaining the company's position in the marketplace. SAP was perceived as a late-comer to the Internet. The marketplace had changed drastically; SAP found itself fighting for share with new "best-of-breed" Internet vendors such as I2 and Siebel. The Internet had led to a wave of hot new products, and companies of all sizes were entering the market looking for enterprise software. The Wall Street Journal wrote: "SAP was late to recognize the e-commerce boom, even as the Internet was transforming every aspect of its business." BusinessWeek asked, "What's sapping SAP? … It has been left out of a flurry of deals."

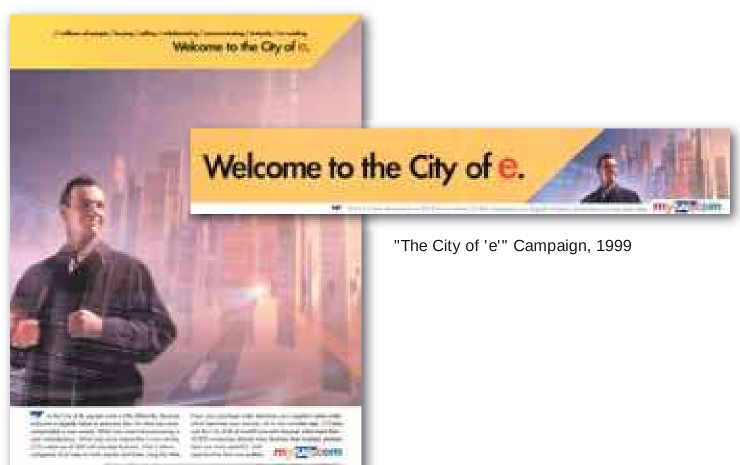
It was in the face of this pressure that the company's new Internet-enabled suite of products, mySAP.com, was launched. The new product suite was strong. But there was concern that the company itself was viewed as passé. In light of hot new competitive products, this perception was so feared, that the decision was made to replace the corporate brand altogether with the new product brand. It was believed that this would be a strong signal to the market that the company was part of the Internet Generation. A sweeping overhaul in 1999 led to the replacement of the SAP logo with the new mySAP.com logo on the company's website, brochures, product packaging, vehicles, and signage. By allowing a new product line to stand for the entire company, this change put SAP's own brand equity at risk. It also caused confusion. When the world looked for the SAP company website, viewers were redirected to www.mySAP.com. Instead of finding SAP, the corporation, they found themselves at what appeared to be a product website.

mySAP.com Website, 2000

Multiple SAP Logos

SAP also faced other branding problems. Its logo appeared in a profusion of variations across the world. Branding taglines were similarly numerous and constantly shifting, from "We Can Change Your Business Perspective" (1997) to "A Better Return on Information" (1997-1998) to "The City of 'e'" (1999) to "The Time of New Management" (2000) to "You Can. It Does." (2000). Advertising campaigns in different markets resulted in inconsistent positioning for the company. The company was represented on the Internet by one global website, more than 30 local country sites, and numerous subsidiary company sites – with a total of 9,000 web pages with no consistent governance, design or content creation across them.

The result was a weak and unclear brand promise. The challenge, as Plattner identified it, was how to transform SAP from a product-driven company into a market-driven company. To rebuild the SAP brand, he would need to change the mindset of the entire organization.



"The City of 'e'" Campaign, 1999

The Global Marketing Office

Plattner began by radically changing the way marketing was led and organized within the company. In picking a leader for the new marketing mission, he broke several taboos: going outside the company, outside the software industry, and outside Germany. He hired an American, Martin Homlish, from Sony, to serve as SAP's new Global Chief Marketing Officer. Many were surprised by the appointment of Homlish, the man who launched the hit Sony Playstation, to lead marketing at a traditional B2B company. But Plattner was looking for a new vision.

At a board meeting in the Spring of 2000, Plattner and Homlish presented guiding principles for the repositioning of SAP. The brand would have a clear, relevant promise for customers; the promise would be communicated consistently; it would be delivered not just in advertising but at every customer touchpoint; and the brand promise would have total alignment with the company's business strategy. Research indicated the brand possessed some very positive attributes that were consistent across all audiences – customers, prospects, analysts, and employees. More than anything, the new positioning would need to make SAP relevant to its customers and clearly convey the value of SAP's products and services. This new positioning would not manufacture hype, but would tell the truth about SAP.

"I saw SAP as a marketer's dream. We already had great products, a strong history of innovation, and a loyal customer base – all we needed to do was transform marketing."

– Martin Homlish, SAP Global Chief Marketing Officer

In 2000, Homlish had a mandate for dramatic change as the new Global Chief Marketing Officer. He knew SAP had the potential for a great brand. "I saw SAP as a marketer's dream. We already had great products, a strong history of innovation, and a loyal customer base – all we needed to do was transform marketing." Based on the company's history, it is easy to see how SAP had gotten so far on the strength of its products. SAP transformed business, enabling companies across the world to leverage technology to improve efficiency, accountability, visibility, and ultimately, profitability of their businesses. Customers knew the value they received from SAP.

Homlish faced three large challenges in repositioning the brand for a global organization: communicating the brand consistently, aligning the organization, and creating a brand flexible enough to support changing business objectives within a dynamic industry. These three challenges could be further broken down into several issues:

Discussion Questions

1. Communicating the brand
   - What should the SAP brand stand for? What is its brand promise?
   - To what degree should SAP position itself as an "Internet" or "e-business" brand?
   - What should be done with the SAP brand architecture, and what should be done with the logos?
   - What should Homlish change first: the advertising, website, logos, etc.?

2. Aligning the organization
   - What elements of branding and marketing should be centralized at SAP? What should be localized? Where should the global branding function sit within the company's organization?
   - How can Homlish communicate SAP's new brand positioning to personnel worldwide?
   - How can SAP ensure consistent messaging, and consistent look and feel, in all SAP communications worldwide?

3. Leveraging the brand against changing business objectives
   - How can SAP's brand be made flexible enough to respond if there is a shift to new customer targets?
   - How can SAP leverage its brand to appeal to companies of all sizes?
   - How will SAP know if it has succeeded in its rebranding? What measures should be used to gauge success?

Appendix A

SAP Consolidated Balance Sheets

Balance Sheet Summary (In thousands)	12/31/1999
Fixed assets	€1,523,976
Short-term assets	2,966,945
Deferred Taxes	284,293
Prepaid Expenses & Deferred Charges	51,675
Total Assets	€4,826,889
Shareholder's Equity	€2,559,355
Minority Interests	8,737
Special Reserves for Capital Investment Subsidies & Allowances	166
Reserves and Accrued Liabilities	1,278,149
Other Liabilities	670,498
Deferred Income	309,984
Total Shareholder's Equity & Liabilities	€4,826,889

Source: SAP Annual Report, 1999

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Part B

Part B: Creating a Global Brand

First Steps

"The first thing we did was stop everything," said Homlish of his arrival at SAP. To avoid further confusion in the market and loss of the SAP brand's equity, all advertising was stopped globally until a coherent strategy could be implemented. Almost immediately after Homlish's arrival in early 2000, SAP held its annual conference, SAPPHIRE, in Berlin, Germany for customers, press, and analysts. Homlish observed that the overall response was poor.

"The first thing we did was stop everything."

– Martin Homlish, SAP Global Chief Marketing Officer

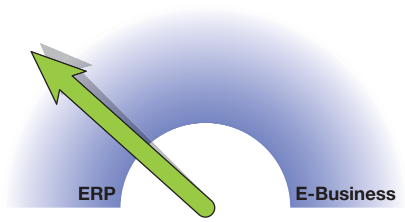
Homlish's first priority was to send a signal to investors and the press about SAP. The North American SAPPHIRE conference was scheduled to be held a few weeks later in Las Vegas, Nevada, and Homlish believed that this event provided the perfect opportunity to establish credibility for the unveiling of the new global messaging. In the planning document for the event, Homlish and his team stated a central goal – that attendees should leave thinking: "SAP gets it." Homlish and his team got to work transforming the event to reflect the new face of the company, to make it apparent that the former engineering-driven company had a new marketing focus and capabilities to match. When the lights came up in Las Vegas, SAPPHIRE had focused messaging and a completely new look. It was high-tech and cutting-edge – the image visitors would expect to see from a truly cutting-edge technology company. The response was powerful. After SAPPHIRE was over, Homlish's goal was echoed by analysts, "SAP gets it. SAP has honed a solid, well structured, and easy to understand Internet message for its users and the world." (AMR Research, 6/15/00)

Immediately afterwards, Homlish started to assemble the team that would lead the branding effort for SAP worldwide. A new group was formed under his leadership – SAP Global Marketing. Many company leaders expected the global operation to be based in Germany, but Plattner challenged this assumption. He believed SAP had been operating internationally, but acting like a German company. Now SAP needed to become a truly global company, a company that would compete aggressively in worldwide markets, especially North America. It was decided that SAP Global Marketing would be based not in Walldorf, Germany, but in the center of media and marketing activity, New York City.

New Brand Positioning, Logo, and Tagline

With his team in place, Homlish was ready to create a new brand positioning for SAP. But what would the brand stand for? The answer seemed clear: SAP was passionate about the success of its customers and was dedicated to enabling this success through world-class technology.

Homlish was worried about moving too fast. Over the past year, SAP’s messaging had shifted radically from that of an enterpise resource planning (ERP) provider to that of an e-business player. “For the last year, the ‘SAP-ometer’ had been swinging wildly,” said Homlish, “from the old image of the enterprise provider, to the new ‘Internet-friendly’ image of mySAP.com. I didn’t want another wild swing in the brand. If we were going to change the perception, it would need to be evolutionary, not revolutionary. We needed a credible brand promise.”



The "SAP-ometer"

Homlish looked to center the SAP brand promise around the company’s proven strengths. These strengths became obvious through customer feedback. “When I spoke with customer executives, I saw a common theme,” recalled Homlish. “SAP was considered a mission-critical part of almost every great company on the planet.” The brand promise selected was that SAP turns businesses into best-run businesses. A tagline was needed to convey this promise. However, given Homlish’s concern about sudden changes in the brand, it was decided that the new tagline would evolve through three distinct stages.

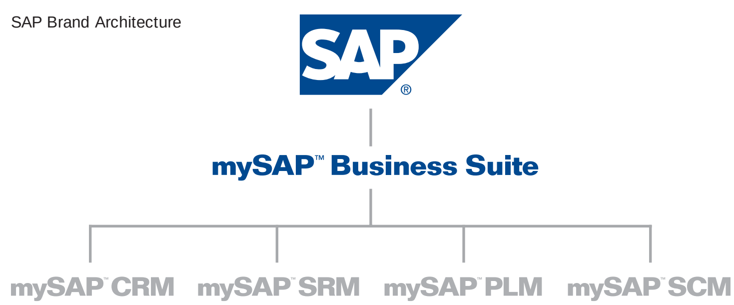
The tagline would begin with a positioning that had much in common with the Internet image of 1999. The three stages planned for the tagline were:

- The Best-Run e-Businesses Run mySAP.com
- The Best-Run e-Businesses Run SAP
- The Best-Run Businesses Run SAP

This evolutionary approach, which took place over 18 months, enabled the SAP positioning to be relevant over time, evolve as the business changed, and stay true to SAP's core.

The tagline was just the first of several elements of the brand identity that needed to change. SAP’s brand architecture was redesigned to give the SAP brand its own identity. The logo for mySAP.com, with its bright multi-colored lettering (more reminiscent of mass consumer brands such as eBay and Yahoo! than a B2B firm) was pared down to a simple white “SAP” on blue backdrop. The new brand architecture clearly placed the SAP brand as the master brand, with the product sub-brands (mySAP CRM, etc.) sitting under it.

SAP Brand Architecture



These changes were introduced when SAP’s websites were dramatically consolidated. The original number of web pages was reduced by two-thirds, and various country sites were aligned with the new brand positioning and image. Most of the content now came directly from translations of the global site, www.SAP.com. Going forward, further changes to the global site would trigger automatic updates to the local sites.

SAP Logo Evolution

New Global Campaign

With the brand promise, architecture, and visual identity in place, Homlish felt the time was right for a global branding campaign. The two overriding aims would be simplicity of message and integration across all communications. To help achieve this, SAP hired a single agency, Ogilvy & Mather, to handle all advertising campaigns worldwide.

“At the time we launched this campaign for SAP, the marketplace was filled with hype about the promise of technology and how it would change business as we know it,” says Shelly Lazarus, Chairman and CEO of Ogilvy & Mather Worldwide. “But what we learned about SAP was that this great company was in fact already doing amazing things for its customers. The simple reality that the ‘best-run businesses run SAP’ became the whole expression for the brand – a single, powerful idea that continues to differentiate and provide leadership in this dynamic environment.”

"New, New Economy" Campaign, 2000-2001

"Momentum" Campaign, 2001-present

SAP and Ogilvy & Mather developed a two-part global advertising campaign in 2000. The first part carried a theme that was ahead of its time: “Welcome to the new, new economy – you know, the profitable one.”

“In the midst of a dot-com economy, traditional paths to profitability were being neglected in favor of ‘the next big thing,’” says Susan Popper, Senior Vice President of Integrated Marketing Communications at SAP. “SAP’s advantage was that we could offer customers bottom-line results and the long-standing credibility of our company. We used our campaign to drive this home.” The stylish black-and-white campaign turned heads for bucking the fads of the day and – months later – for having presaged the bursting of the dot-com bubble in spring 2001. It ran in 41 countries worldwide.

Soon after, the second part of the campaign was launched. According to Popper: “Where the ‘new, new economy’ ads had presented the brand promise, the ‘momentum’ ads presented the proof: the best-run businesses really do run SAP.”

The ads launched worldwide, leveraging the power of SAP’s client base by showcasing simple headlines based on the brand tagline: “Lufthansa runs SAP.” “Adidas runs SAP.” “BMW runs SAP.” Oversized posters in airports heavily trafficked by corporate decision-makers helped to globalize the SAP brand.

The "momentum" ads were designed to appeal to any company by showing that SAP could help them become a best-run business. Like Nike’s “Just Do It” campaign, the ads gave the customer something to aspire to. In its 2001 article on “The 100 Top Brands,” BusinessWeek announced that “SAP has delivered on theme: The best-run e-businesses run SAP.”

A Need for Alignment

In re-branding a large company like SAP, a global advertising campaign can be like the tip of an iceberg. It is the part that is most visible to the outside world. But, achieving consistent communication of the brand requires a much larger infrastructure change below the surface. Where a global advertising campaign requires executive buy-in, driving the brand through communications worldwide requires the involvement of many local field organizations. Aligning the organization was essential if SAP was to truly communicate its brand consistently. Homlish knew there would be many challenges to global integration for SAP. A multitude of languages, different leaderships and conflicting priorities can all hamper efforts.

To integrate all communications with the new brand, SAP Global Marketing developed a series of tools which grew between 2001 and 2005, offering global field offices the promise of automated assistance in their marketing needs, and in doing so, bringing regional marketing into alignment. Regional offices were not forced to adopt standards from SAP Global Marketing. Instead, a range of incentives were used to encourage adoption of Global Marketing's rules and syndicated tools.

"We drove change through alignment," says Homlish, "working with stakeholders across SAP. This approach takes more time, vs. strict 'command and control,' but ultimately, it results in wider acceptance."

One Voice, One Look and Feel

In a company as large and diverse as SAP, it is not uncommon for differences to exist in the way local business units communicate. The first major tool for aligning the organization was a communications guide called "One Voice," an online resource, which was available to every employee through SAP's Intranet. It included information on approved names and trademarks, as well as key messages and positioning for each of SAP's solutions and products, all in language that customers understand. Its contents are continually updated by an inter-departmental team in SAP Global Marketing that sets policy, publishes the tool, and edits every piece of global collateral and web content before publication.

In addition, a suite of online tools was developed to begin to align communications at every customer contact point with the brand. Because sales and demand-generation are primarily local activities, local offices would need to be able to adapt these communications. These "syndication" tools began with a Sales and Marketing Asset Repository Toolset (SMART). The simple vision behind this tool was to deliver sales and marketing content and assets to the field offices in a consistent fashion, helping sales and marketing employees to efficiently find the content they needed. Users could rely on finding finished assets they knew would be relevant and tested, and adaptable to meet local needs.

The capabilities of SMART were further enhanced with the development of the Sales and Marketing Intranet (SMI). SMI included SMART, along with One Voice, branding standards, an image library, customer brochures, industry reports, BlackBerry tools, and online demos for customers. In total, these tools offered a range of resources to help customer-facing employees do their jobs more easily and efficiently; at the same time, they served to align the content, image, and branding of extremely diverse communications to customers across a very large global corporation.

A Branding Culture

Employees worldwide were enlisted as “brand stewards” to promote the brand both inside and outside the organization. At the January 2001 Field Kick-Off Meetings, Homlish made presentations to the North American and EMEA-based field employees. This was the biggest internal launch of the SAP brand. “We needed to instill ‘SAP pride’ back into the field organization,” says Léo Apotheker, President of Customer Solutions and Operations for SAP, and member of the executive board. “The brand re-launch reminded all of our employees why we were such a great company. It reinforced our history of excellence and our dedication to our customers. It reiterated that the competition was and should be afraid of us, that SAP stands for all the right things.”

To further build alignment across the company, SAP Global Marketing created “country champions” to roll out each campaign, as a way of ensuring support from each region. The approach focused on change management through “doing, not telling.” Both Germany and the US were used as champions in the development of new model marketing programs before they were translated for roll-out worldwide. This key involvement of the local field office as a co-developer alongside SAP Global Marketing helped build compliance around global messaging.

Homlish’s goal was to help every employee understand the shared goals of the brand and how to express them to an external audience often unfamiliar with the sophisticated terminology of the industry and products. “When I arrived at SAP and would ask questions about our company and our products, I would get a lot of jargon.” says Homlish. “I called it SAP-anese.” To address this, a pocket-sized “brand card” was distributed worldwide, offering employees a graspable guide to the core positioning, personality, and attributes of the brand. Afterwards, brand workshops were conducted at offices around the globe, and brand ambassadors were selected to champion the brand within their local organization. “Today, if you ask an SAP employee at a cocktail party, ‘What does SAP do?,’ they can tell you – ‘We help every customer become a best-run business.’”

Branding the Customer Experience

To deliver on their brand, companies need not only to communicate it consistently, but also to deliver against the brand’s promise at every touch point and every interaction of the customer experience. SAP adopted this philosophy, bringing the brand promise to life by demonstrating that the company was a best-run business itself.

A great example of this can be seen in the North American market. “When I arrived at SAP," says Bill McDermott, President of SAP America, "I saw that ‘best-run businesses’ was a very big idea." McDermott used the brand promise as a focal point in developing a vision for a customer-focused organization. SAP America was reorganized into regional offices to empower those closest to the customer. McDermott formed a new Value Engineering Business Team to leverage SAP’s industry knowledge by providing compelling business case studies for new prospects. This group is tasked with telling not only the technology story but also the bottom-line impact of becoming a best-run business with SAP’s partnership. The external results of this internal change have been dramatic. Since McDermott’s arrival, the company posted 13 consecutive quarters of double-digit growth through 2005, and increased profitability.

Much of this success came from a synergy of brand leadership and local leadership. “At the same time that Marty Homlish was working to transform the brand into the midmarket, I was working to transform the North American Field Organization towards a push into midmarket,” says McDermott. “Our two groups were in total alignment, and you could see the results we achieved.”

Another key aspect of branding the customer experience is to look not only at SAP’s interaction with the customer, but also at the customer’s interaction with SAP’s products. SAP worked to fine-tune the usability and design of its products to meet the brand promise and demonstrate a focus on the customer experience. A Customer Labs group was developed to improve user interaction with products, and a Design Services Team in the office of the CEO was formed to ensure new product development was driven outside-in, with market insight from customers, competitors, and market forecasting.

Leveraging the Brand for Changing Business Objectives

"The true test of whether SAP has built a strong and flexible brand," says Henning Kagermann, CEO of SAP, "is how well it can be leveraged against today's business objectives, as well as in changing market conditions of the future."

In November 2000, as the first ads of the “new, new economy” campaign were launched, a meeting of 50 top executives was called for 2001 planning. Over two days, a broad range of business objectives were discussed for SAP’s businesses worldwide. But to focus the use of resources spent on the brand, Homlish asked for five top business objectives for the year. “If everything is a priority, then nothing is a priority,” Homlish says. “SAP has an enormous breadth of products and services. It was critical to identify the key areas of focus.” At the end of the meeting, the top executives signed a paper which summarized what came to be known as “The Big Five.” As a set of marketing priorities for the company, the Big Five became a strategic driver for annual planning and were used to help focus the entire company, beginning with worldwide executive alignment.

“Business objectives evolve,” says Kagermann, “and a powerful brand has to be flexible enough to stay constant at its core, while adding value to a changing marketplace and shifting corporate strategy. As our company continues to grow, the SAP brand consistently contributes to our success.”

SAP’s rapid growth in 2000-2002 meant the company needed to seek opportunities in new customer segments. By 2003, competitors had begun courting the small and medium enterprise segment (SME) for enterprise software. SAP, traditionally seen as a large enterprise player, put a stake in the ground in this segment with new offerings sold through two primary channels: SAP Business One and mySAP All-in-One.

But SAP was aware of the obstacles it faced among midmarket customers. On the positive side, the brand was already perceived by midmarket prospects as “the Rolls Royce” of its category. SAP’s traditional strengths – reliability, expertise, innovation, ethics, and product quality – provided credibility with midmarket customers. However, there were negative perceptions among midmarket customers as well; SAP was seen as too big, too expensive, too complex, and difficult to install.

SME Campaign, 2003

Since there was little awareness that SAP had an SME offering, SAP started with bold, brand-building ads to announce SAP as a player in this market, with copy such as “Finally, powerful software for the Fortune 500,000.” The campaign built upon the visual style of the brand campaign, with its signature typeface and yellow color. But the bold graphic approach, and somewhat cheeky headlines, created a separate and more accessible personality for SME prospects.

The challenge was to overcome the prospect’s barriers to consideration by showing that midmarket companies didn’t have to wait to become best-run businesses – they could do it now. One series of ads directly tackled the negative perceptions of the brand by showing SAP’s small and midmarket customers how “Companies that thought they couldn’t afford SAP run SAP.” “Companies that need it now run SAP.” “Companies that were just ideas yesterday run SAP.” Select midmarket customers were also incorporated into the ongoing “momentum” campaign: “Oakley runs SAP.” “The North Face runs SAP.” “Mont Blanc runs SAP."

SAP research also showed another opportunity for making the brand relevant: midmarket prospects wanted software providers to have strong knowledge of their particular industry. However, they also wanted to maintain the strengths they viewed as unique to their individual businesses. The branding campaign in 2005 therefore focused on leveraging SAP’s extensive experience in diverse industries to show proof of its brand promise: “We know business fundamentals, and we know what makes each business fundamentally different.” Focusing on 27 vertical industries, the ads show how SAP helps companies become best-run businesses, whether they are in healthcare or high tech, retail or railways.

The End Result

Five years after Homlish's launch of SAP Global Marketing in 2000, SAP's brand has powerful results to show for the company. According to BusinessWeek's annual brand rankings, the value of the brand rose $2.86 billion, or 46%, between 2000 and 2005, and in 2005 was ranked at number 36. (See Appendix B) That placed SAP above established brands such as Apple, Volkswagen and Starbucks. It was the only software company on the list to gain brand value for five years in a row.

At the same time, financial results for the firm have been impressive across the board. SAP's brand turnaround has paralleled powerful growth. In the first two years of the rebranding, revenue grew 43% (1999-2001); in six years, the company's profit grew 202% (1999-2005). (See Appendix B)

SAP also maintained its position as market leader worldwide, with 21% global market share in the enterprise application software market. Amongst its peer group, SAP's market share has steadily grown to 62%. In addition, growth in the midmarket segment helped to fuel a 255% growth in software installations worldwide, from 25,000 in 1999 to 88,700 in 2004. (See Appendix B)

Press and industry observers also took notice of the SAP brand and its success story. In 2004, Marty Homlish was named "Chief Marketing Officer of the Year" by the CMO Council and BusinessWeek, and BtoB Magazine named him a "Top Marketer" in its "Best of 2004" issue. Advertising and communications awards from 2002 to 2005 have included Forbes "Best of the Web," the Web Marketing Association Web Award, and Adweek Magazine's Technology Marketing Award. In 2001, SAP Global Marketing's office in Greenwich Village received the BusinessWeek/Architectural Record Award for design that achieves business objectives, namely fostering a creative collaborative culture in SAP's new global marketing hub.

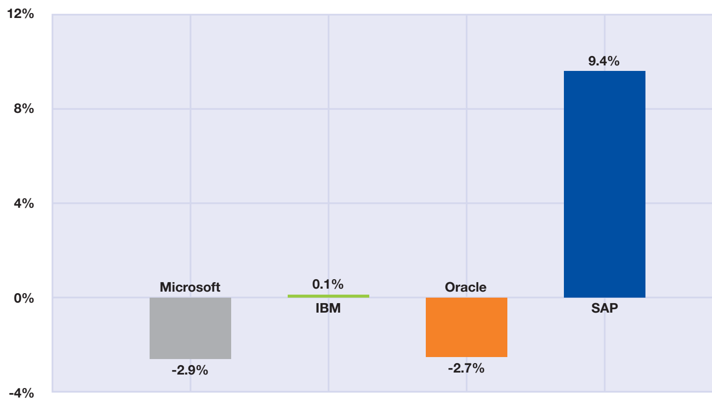
Perhaps the best news came from SAP's own customers in a 2005 Stratascope Inc. study. An analysis of publicly-available financial results of companies listed on the NASDAQ and NYSE stock exchanges found that companies that run SAP are 32% more profitable than those that don't run SAP, and deliver 28% more return on capital. A powerful illustration of the brand's unique claim: the best-run businesses run SAP.

Since 2000, SAP has been a partner of Columbia Business School's Center on Global Brand Leadership, an international research center that represents some of the best thinking worldwide on the issues of global branding and internal brand alignment. A strategic partnership was formed to supplement SAP's branding efforts with the Center's thought leadership on global branding.

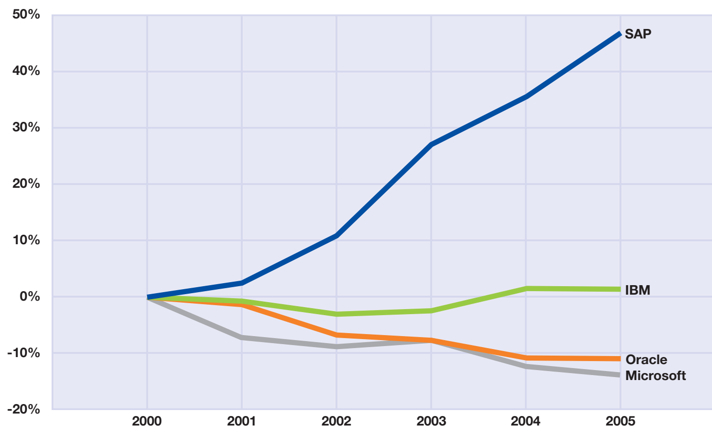
Appendix B

SAP Brand Value

Compounded Annual Growth Rate (CAGR)



Absolute Brand Value Growth (2000-2005)

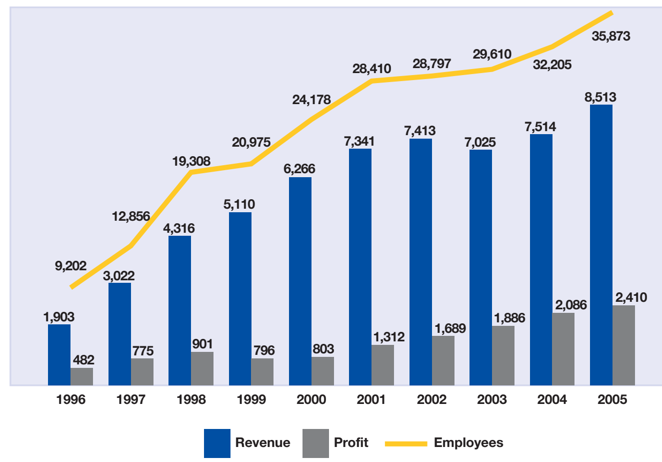


Brand Value $US Million							Overall Change
	2000	2001	2002	2003	2004	2005	2000-2005
Microsoft	70,197	65,068	64,091	65,174	61,372	59,941	(10,256)
IBM	53,184	52,752	51,188	51,767	53,791	53,376	192
Oracle	–	12,224	11,510	11,263	10,935	10,887	(1,337)
SAP	6,136	6,307	6,775	7,714	8,323	9,006	2,870

Source: BusinessWeek "Top 100 Global Brands" Study

SAP's Performance in the Last 10 Years

CAGR total revenues: 20%
CAGR operating income*: 22%
CAGR share price: 15%

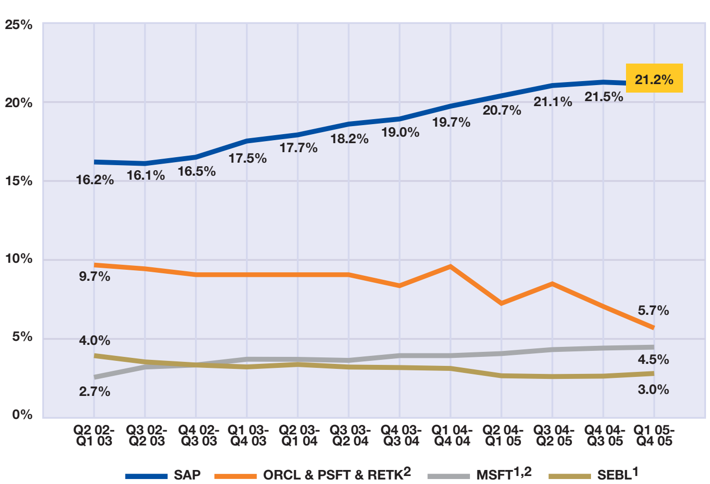


Source: SAP Analysis
Revenue and Profit shown in €M
* Pro forma

Appendix B

SAP Worldwide Market Share

Core Enterprise Application Software Market
Rolling 4 Quarters Based on Software Revenue



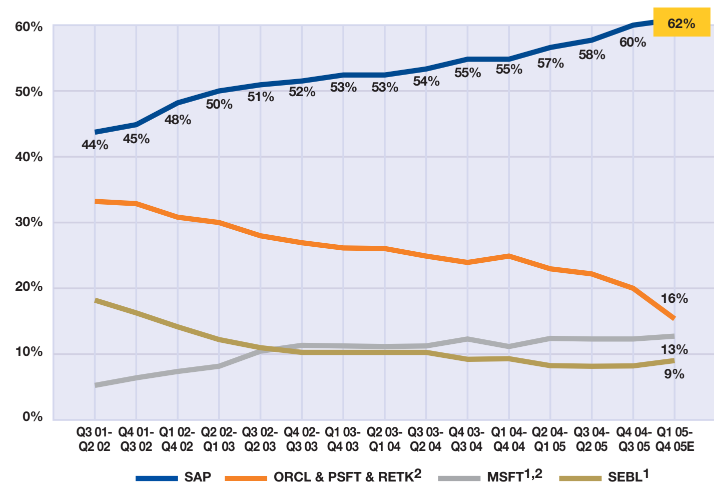
REST OF MARKET

68.7%	67.4%	68.1%	68.0%	66.7%	66.2%	65.6%	65.6%	64.0%	65.5%	65.2%	64.7%

Source: SAP Analysis based on Company Data and Financial Analysts Estimates
1) Forecast by Company Data and Financial Analysts (SEBL, MSFT) and SAP internal estimates
2) Fiscal year is not calendar year - Comparison based on most recent quarter
(e.g. SAP Q1 vs. Oracle Q3)

SAP Worldwide Peer Group Share

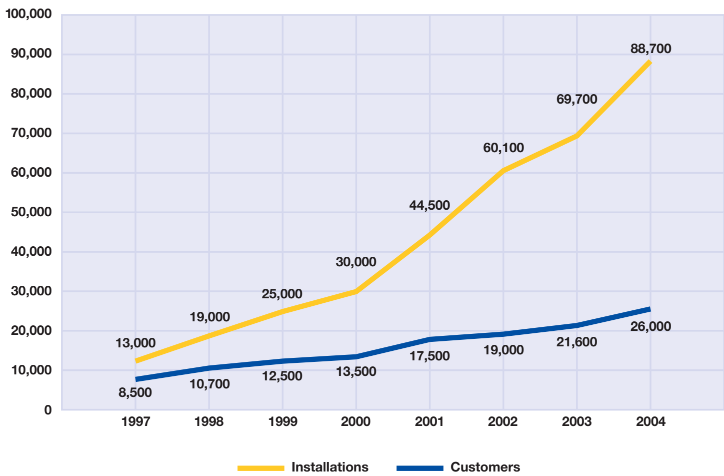
Rolling 4 Quarters, Based on Software Revenue



Source: SAP Analysis based on Company Data and Financial Analysts Estimates
1) Forecast by Company Data and Financial Analysts (SEBL, MSFT) and SAP internal estimates
2) Fiscal year is not calendar year - Comparison based on most recent quarter
(e.g. SAP Q1 vs. Oracle Q3)

Appendix B

Customers and Installations



Source: SAP Analysis

SAP Consolidated Balance Sheets

Balance Sheet Summary (In thousands)	12/31/2005
Fixed Assets	€2,395,000
Current Assets	6,346,000
Deferred Taxes	217,000
Prepaid Expenses & Deferred Charges	87,000
Total Assets	€9,045,000
Shareholder's Equity	€5,783,000
Minority Interests	8,000
Reserves and Accrued Liabilities	2,004,000
Other Liabilities	846,000
Deferred Income	404,000
Total Shareholder's Equity & Liabilities	€9,045,000

Source: Investor Relations, SAP.com
Note: Figures are preliminary and unaudited