

**WE WANT TO GET USERS  
EXCITED  
ABOUT OUR SOFTWARE**

*Following its new mantra of solutions with instant value, SAP is transforming itself to be faster and more customer-oriented. SAP Spectrum talks with Jim Hagemann Snabe, co-CEO at SAP and responsible for product development, to find out how the company aims to achieve this.*

.....  
Interview: Stephan Magura



**How will a new product strategy and road map benefit SAP's customers?**

Jim Hagemann Snabe: Basically, through our new product strategy we're transforming SAP to be much faster. Our mantra is to create solutions that generate instant value for people everywhere – in other words, solutions that are easy to install, easy to use, and have business relevance for our customers.

**Technology is changing rapidly. How does SAP's new product strategy fit in?**

First of all, we want to use the new technologies as much as possible. At the same time, we want to create stability

## WE WANT TO SHOW THE VALUE OF CONSISTENCY AND ORCHESTRATION.

for our customers. While it seems counterintuitive to do these things simultaneously, we can achieve this by an architecture we call timeless software. This is an architectural principle that allows three layers of applications to evolve at different speeds.

The lower layer refers to the core processes, which are typically supported by on-premise solutions. The middle layer represents extensions to the core processes, where you need more rapid evolution of the solution. Here we have an on-demand delivery model. The upper layer focuses on the end user, where the notion is on-device – in other words, we create solutions for any device and any user experience. The lower level probably doesn't evolve too often, maybe every five to six years, the middle layer every five to six months. As for the upper layer, we're probably talking about five to six weeks' innovation time for user experiences on devices.

**Three layers sounds like potential for disruption ...**

Oh no, not at all. We've been working on service-oriented architecture for the past five years, and our layer model is actually

the key to unlocking the potential of SOA. For example, we'll be able to extend the lower level through our enhancement packages, a unique way to deliver extensions without necessitating an upgrade. With service-oriented architecture, we can extend the reach of those applications for on-demand solutions that are tightly integrated into the back end to different user experiences. So with this approach, service-oriented architecture is becoming a huge asset for us and our customers.

**SAP is investing heavily in cloud computing and on-demand solutions. How do they fit into the new product strategy?**

They are the centerpiece of the strategy. In the current financial situation, customers are looking for ways to get faster value without large implementation projects – and on-demand is very well suited for this. However, in contrast to many other vendors, SAP is creating solutions in a way that allow them to interact with the back-end on-premise solution as if it were one solution.

**Sounds good. Nevertheless, it appears that the market no longer perceives SAP as an innovator ...**

As I said, we need to become much faster. We have grown into a very large company. Our teams are sometimes too large, our communication and production cycles too long. So our 2010 approach basically combines the benefits of the entrepreneurial company, where you have small teams that are empowered to run very fast, with the benefits of the large company, where you have consistency, so that you can scale much more rapidly than any entrepreneurial company can.

**How will end users influence SAP's product strategy?**

So far we've been basing our strategy largely on relatively complex sales through companies and enterprises. With our new focus on reaching many people, we want to come from the other side as well and get users excited about our software. The combination is really powerful. On the one hand, it's a push-oriented model where you talk about the infrastructure for customers, how they can get the lowest TCO, and the consistency between pieces. On the other hand, it's a pull-based strategy, where end users get excited about SAP software, where they start wanting to use more and share the experience with others. That's where we need to evolve ourselves into.

**All the pieces of the new strategy will be evolving and changing at different speeds. How can SAP ensure consistency?**

This is exactly where I think we benefit from being a large company that has evolved many solutions organically. We have a very consistent data model in all of our different solutions today, which enables us to get very flexible on the edges. We can rapidly evolve new solutions while repurposing those data models. We don't have to translate data between different data models all the time.

What we are actually doing is putting a bunch of teams in place that build individual solutions, but each team has to follow data consistency and stick to the integration points while working within the framework of service-oriented

In February 2010, Jim Hagemann Snabe (photo) and Bill McDermott were appointed as co-CEOs of SAP. Both already members of the SAP Executive Board, Snabe will remain responsible for product development and McDermott for sales.



architecture and our timeless software. So we're following a kind of Lego principle – each piece is defined and developed for its specific purpose, but they all have a common surface that allows them to fit together by design.

**What are the top priorities for 2010 when it comes to executing on the product strategy?**

In 2010 we have to demonstrate the new SAP in our products. First of all, this means delivering some world-class on-demand solutions. We already have some in the pipeline. The key differentiator is going to be how we evolve these solutions so that they prove the value of the integration between the on-demand solution and the back-end on-premise one. The second focus is the end user. We want to create beautiful software. We want to create applications that can inspire for viral adoption. People will start sharing them. A lot of that will be mobile-oriented. And finally we want to show the value of consistency and orchestration. In other words, business process management, master data management, and lifecycle management tools that will allow us to manage on-premise, on-demand, and on-device as one landscape.

**According to user group executives, SAP customers want better visibility of SAP's R&D efforts. How can SAP improve its customer orientation?**

In 2009 we experimented with a very different approach to the development

cycle, bringing in customers during the design phase. That has proven to be very valuable to SAP because we get customer feedback very early and can build according to their expectations. And we get early references. This approach will be continued in 2010. We anticipate that solutions will fit better and that, when we launch a product, we will have customers who already have experience with the product.

**Economic conditions are still tough, so companies are sometimes reluctant to invest in upgrades. How can SAP help its customers get the most out of their existing SAP investments?**

On the one hand, we need to evolve their landscapes so they get a service-oriented architecture that allows us to connect to the newer solutions. We've done a lot to make sure that the upgrade from the SAP R/3 world to the SOA-enabled SAP Business Suite is a simple upgrade. We already have 18,000 productive systems using the latest version. Here, more than half of the installed base was upgraded.

In most cases, we found that the effort to upgrade was less than companies had anticipated. And, of course, we help customers to perform their upgrades as efficiently as possible. That being said, if customers choose not to upgrade, we always help them extend the reach and the value of their solutions. However, we don't have the same opportunities because they don't have the same technological base. But of course we will not leave them behind.

**Social networks like Facebook and Twitter are hip. They spread the word and bring people together. What is their relevance for SAP's product strategy?**

People are beginning to use technology to interact and to collaborate. That kind of collaboration is unstructured. You can't predict how the process works. People connect, they share experiences and information. This is a huge opportunity for IT to reach out to more people. And it's even more important that we integrate this unstructured world, where people collaborate in multiple ways, with a structured world, where collaboration leads to a decision or a transaction. SAP is uniquely positioned to combine these two worlds. ■

WE WANT  
TO  
CREATE  
STABILITY  
FOR OUR  
CUSTOM-  
ERS.