

Message

From: Voorsanger, Conrad [/O=SAP/OU=AMERICA2/CN=RECIPIENTS/CN=000000125269]
Sent: 3/24/2006 7:12:59 PM
To: Kagermann; Henning
CC: Sturm, Timmo Axel; Yusuf, Zia; Vejar, Raul
Subject: Follow-up: Sun Tzu Request from Jim
Attachments: 060323 - SunTzu (Jim Snabe Leadership Team).doc
Sensitivity: Company Confidential

Dear Henning,

up on Jim's request and your guidance, we have stripped out forward-looking financial information from the Sun Tzu document (see attached). *With your approval we will deliver this document to Jim to share with his leadership team.* occur only in Chapter 4: SAP's Path of Profitable Growth:

- Section 4.1: 3rd bold - removed 2010 aspirations (share of market, product revenues)
- Section 4.1: Figure 4-2: removed 2010 revenue and margin expectations
- Section 4.1: removed 2007 Financial Objectives
- Section 4.2: "Growth from Core" - removed Keystone-based estimates for # of A1S transactions, B1 growth, BPP penetration
- Section 4.5: Figure 4-5 - removed revenue CAGRs estimates

the future, we could use this document as the starting point for similar requests.

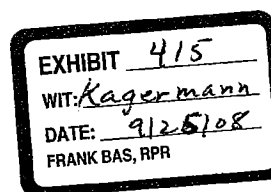
regards,
 & Team



060323 - SunTzu

(Jim Snabe Lead...

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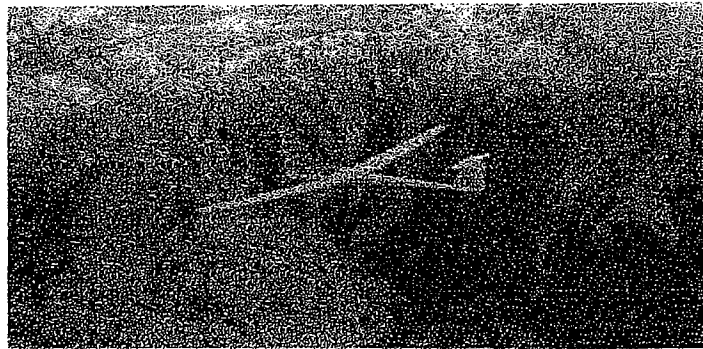
Sun Tzu 2006

March 2006
Release v1.0

Industry Solutions
Leadership

Shaping the Future – IT-Powered Business Innovation

SAP's Midterm Strategy ("Sun Tzu")



Corporate Strategy Management (CSM)

November 2005

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REDACTED

While the current application competitors command immediate attention, SAP has to prepare both the "battlefield" and the organization for the next phase of competition

As continued ownership of the core enterprise applications market is critical, SAP will even more decisively challenge existing competitors, in particular Oracle. Key measures include:

- Taking advantage of our competitors' weaknesses and communicating our relative strengths to the market in order to increase our revenue streams
- Focusing resources on key industries, such as the ones that are at the "tipping point" or yet undecided between Oracle and SAP
- Implementing go-to-market approach measures, e.g., pricing innovation for highly penetrated customers and targeted support/maintenance services for non-SAP offerings

This will help us to strengthen existing customer relationships, i.e., deepen our "share of wallet."

REDACTED

Our basic platform strategy to combine applications with infrastructure and build an open partner ecosystem is the foundation of our competitive approach

REDACTED

- Build a defensive intellectual property (IP) portfolio (see [section 8.4](#))

REDACTED

6.1 Battling for Market Share - Oracle

Through its acquisitions, Oracle has emerged as the number-one competitor for SAP. While Oracle faces significant challenges such as aligning its different product lines ("Project Fusion"), the company remains a formidable competitor.

Oracle's database business generates billions of dollars in cash flow that can fund significant flexibility, e.g., in their applications strategy. Specifically, Oracle can:

- Continue to acquire companies with large installed bases and maintenance revenue streams that are in and around our core enterprise application markets, especially in high-growth "strategic battleground" verticals (e.g., retail)
- Aggressively position analytics (based on acquired PeopleSoft and Siebel functionality) and data hubs (being the key element of account control) as a viable near-term alternative to SAP's ESA-based offerings, thus stalling SAP's upgrade efforts until Oracle's "Project Fusion" is further along
- Employ aggressive discounting programs such as zero up front license cost