

Customer-Driven Innovation

An Interview with
Bill McDermott, Co-Chief Executive Officer, SAP

EDITORS' NOTE Bill McDermott was appointed Co-CEO of SAP in February 2010. He was first named to the SAP Executive Board in 2008 to manage global field operations. Prior to his role on the SAP Executive Board, McDermott led SAP's operations in the Americas (United States, Canada, and Latin America) and Asia-Pacific Japan regions. Before joining SAP in 2002, McDermott served as Executive Vice President of Worldwide Sales and Operations at Siebel Systems and



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President of Gartner, Inc. He spent 17 years at Xerox Corporation, where he progressively rose through the ranks to become the company's youngest corporate officer and division President. He also served on the board of directors for two Xerox subsidiaries. McDermott is a member of several external boards, including the boards of ANSYS and Under Armour. He holds an M.B.A. in business management from the J.L. Kellogg Graduate School of Management at Northwestern University and he completed the Executive Development Program at the Wharton School of the University of Pennsylvania. He received his bachelor's degree in business management from Dowling College.

COMPANY BRIEF SAP (www.sap.com) is the world's leading provider of business software – defined as comprising enterprise resource planning, business intelligence, and related applications – offering applications and services that enable companies of all sizes and in more than 25 industries to become best-run businesses. Based in Walldorf, Germany and with more than 195,000 customers in over 130 countries, the company is listed on several exchanges, including the Frankfurt Stock Exchange and NYSE.

To what do you attribute the success of SAP during the ongoing economic turmoil?

Customer-driven innovation is really important to SAP and had to remain the main focus when we put our strategy together. If we're making business applications and analytics that help companies run their businesses better in multiple industries across the world, we have to continuously innovate so our customers can compete and win.

We are also constantly looking for new ways to change the game. We put three growth engines on top of a very solid core over the past two years: First is the idea of mobility. We saw the world was going to the device – mobile is the new desktop – and we're enabling companies to run their businesses on an unwired platform in a secure way. Second is the idea of database and technology. This is primarily powered by SAP HANA, our invention for in-memory computing, which allows all of the information in an enterprise to be processed without tapes and disks. It can be done in memory and it's lightning fast. Third is the cloud. We knew the enterprise and the big transactions of the enterprise would be run on-premise or in the cloud, but we also saw that the buying power in the enterprise had moved to the line of business executives. So we focused our cloud strategy on companies and their employees, their partners, their customers, and their financials.

All of these things are complementary to the core platform. We believe in customer-driven innovation without disruption. So we keep making everything our customers have invested in better, and these new areas have to fully cooperate with what they've already done.

It's the combination of connecting an optimized supply chain with a consumer at the point of sale that changes everything. So with SAP, it's never one thing; it's the combination of multiple things we do to change the game.

It would seem that innovation at the size and scale of a firm like SAP would be challenging. Is that the case?

No. We try to use our size and scale to our advantage. My vision is simple: we're here to make the world run better and improve people's lives. So this makes us global in our thinking.

While the workforce may be over 60,000, they're in small teams located all over the world. For example, we're innovating in China for China, but also exporting one of our most successful products called SAP Business One.

We have innovation labs in all of the BRIC countries. I was in Africa last week and 7 of the 10 fastest growing markets are in Africa, so we're choosing to expand our interests there.

The idea of making the world run better, improving people's lives, and thinking and

acting globally in how we lead the company, while investing in the local infrastructure both with SAP and our ecosystem, enables customer success and differentiates SAP.

Will growth come mainly from emerging markets or is the U.S. still offering strong growth?

The U.S. and China lead in adopting innovative new technologies quickly.

China wants to buy the most innovative breakthrough technology they can find and they are not wed to any legacy arrangements or relationships.

The U.S. is wed to some of the legacy relationships, but once you can break through and educate the U.S. market about the possibilities, it's still the fastest to adopt and has the best infrastructure to rapidly deploy.

How critical has it been to reflect your diverse client base with a diverse workforce?

The customers want local representation and local execution, because the systems that we build and implement run their companies. They're betting a lot on us, so our workforce has to be representative of their communities and industries, and has to bring true thought leadership to the equation.

How have you been able to create an effective working relationship as Co-CEO?

The first ingredient in every relationship is trust – you have nothing when you don't have it. Jim (Hagemann Snabe) and I have trust in one another because we fundamentally have the same goal, which is to make SAP the finest business software company in the world.

To think we have two CEOs is fantastic, because we can do different things at different times to move the needle for SAP.

How critical is it to not lose that client interaction?

It's essential for any good CEO.

In the end, the customer alone determines if any of us has a job. And if you don't have that mindset, you're not the right person to run a business in this modern economy.

The busiest people have a level of preparation and scripting in terms of the calendar so that they can always make time for things that really matter.

I would also rather manage on the move than behind a desk. If a leader gets involved at a deep level, it inspires a lot of other people in the company to do good work. ●