

Making the World Run Better

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

EDITORS' NOTE Bill McDermott was appointed Co-CEO of SAP in February 2010 and he will become sole CEO in May 2014. He was first named to the SAP Executive Board in 2008 to manage global field operations. Prior to this, McDermott led SAP's operations in the Americas (United States, Canada, and Latin America) and Asia-Pacific Japan regions. Before joining SAP in 2002, he served as Executive Vice President of Worldwide Sales and Operations at Siebel Systems and President of Gartner, Inc. He also 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 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.



Bill McDermott

COMPANY BRIEF As market leader in enterprise application software, SAP (www.sap.com) helps companies of all sizes and industries run better. From back office to boardroom, warehouse to storefront and desktop to mobile device, SAP empowers people and organizations to work together more efficiently and use business insight more effectively to stay ahead of competition. SAP applications and services enable nearly 250,000 customers to operate profitably, adapt continuously, and grow sustainably. SAP is listed on several exchanges, including the Frankfurt Stock Exchange and NYSE.

What is the secret to success for SAP?

Ultimately, all innovation begins and ends with the beauty of the user experience with the software. So we think about how the software will make the world run better, make businesses run better, make industries run better, and how it will make people's lives better.

With that level of empathy for the customer, we have created an innovative and market-leading company.

Is it difficult to maintain an innovative culture when size and scale reach substantial levels?

The larger things get, the more dynamic and agile you have to keep the company. No matter how big our company gets, we always think differently.

This year, we added a 25th industry vertical to our portfolio – the sports and media industry vertical – to move the brand from a business-to-business to a business-to-consumer brand, because everybody can relate to being a sports fan.

The next frontier is health care and how we can help solve the world's major problems but also impact the individual health of a human via personalized medicine.

Has your product offering changed much and how have the products evolved?

In 2010, we embarked upon a bold move to reinvent the SAP strategy because we saw that the world was going mobile. This generation of millennials is the first that has ever been born into the world of mobile devices. We also saw that the data in the world was going to double every 12 to 18 months, which requires the ability to navigate through that complexity of data at breathtaking speeds because there will be an ever-increasing amount of it. This led us to invent SAP HANA and start an in-memory computing wave that has since taken over the industry.

The cloud is also a big part of the future of technology. SAP wants to be the cloud company. If you're the head of sales or HR, you should be able to get an easy-to-run application that will quickly get your workers up and running. But if you're the CEO, you should be able to run your entire company in the cloud, and you should be able to bring massive economies of scale and scope to the things that you do to execute your strategy.

So it's about bringing the cloud, in-memory computing, and mobile technology in to complement the consistent core of software we have built based on our knowledge of 25 industries. This is driving our growth strategy and we continue to innovate in these areas.

How did you communicate the change of strategy to your people?

Leaders say everyone hates change, but everyone wants a winning strategy. They just need to have confidence in the strategy itself and why you are taking their company in a new direction.

Anything in life worth communicating is almost always under-communicated, so we over-communicated the strategy and encouraged managers to cascade the message across the company.

Will your growth come more from the U.S. or from emerging markets?

What you need in all markets is a strong brand today and we're proud that SAP has the 19th most valued brand in the world. We pride ourselves on making the world run better and improving people's lives. That is what the brand has to stand for.

The U.S. market is just warming up. Many small- and mid-size enterprises are uninitiated on modern cloud technologies, but they need them badly because the cloud doesn't require the same amount of people or the resources.

Technology innovation will largely be led by America and Silicon Valley as they develop a lot of these breakthrough technologies. However, there is no doubt the growth rates in the BRICs should be three times greater than more mature markets. I see immense growth in Latin America. Mexico has more free-trade agreements than any country in the world – it will be the largest exporter to the U.S. in the world by 2020.

We're an early-stage start-up in China but we're the number-one business software company there. This opportunity is immense and it's the same for Southeast Asia.

Africa also has 7 of the 10 fastest growing markets in the world. They are small now but won't stay that way forever.

So we are in the early days of the big global transformation in IT.

Is it well understood how strong SAP is with the next generation of leaders?

We have to get the brand out there with the next generation, especially the millennials.

We have formed partnerships with 1,350 universities around the world. We're now integrating our technologies into the curriculum of these universities so kids get the early hands-on experience and understand how technology can make the world run better. It also creates awareness for the brand.

Additionally, there are many high-paying jobs associated with this level of IT: mathematicians, scientists, data scientists, engineers, service consultants, sales. So it's an incredible opportunity.

I want the brand to speak to the consumer, not just to businesses – the idea is to get to the customer's customer. ●