

# Building a “Best-Run SAP”

An Interview with Bill McDermott, Chief Executive Officer, SAP

**EDITORS' NOTE** Bill McDermott is Chief Executive Officer and a member of the Executive Board of SAP. McDermott is credited with leading the reinvention of SAP in the era of mobility, cloud computing, advanced analytics, next-generation business applications and in-memory technology. He joined SAP in 2002 to lead the business in North America and has steadily risen to his current role. Before joining SAP, he served in senior executive roles with Siebel Systems and Gartner, Inc. He launched his business career at Xerox



Bill McDermott

Corporation, where he rose to become the company's youngest corporate officer and division president. McDermott got his start as a young entrepreneur running a small delicatessen business on Long Island, New York, at age 17. He received his bachelor's degree from Dowling College and his M.B.A. from the Kellogg School of Management at Northwestern University.

**COMPANY BRIEF** As the market leader in enterprise application software, SAP (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 the competition. SAP applications and services enable more than 497,000 customers to operate profitably, adapt continuously, and grow sustainably. SAP is listed on several exchanges, including the Frankfurt Stock Exchange and NYSE.

**Will you discuss the state of SAP's business and where you see the greatest opportunities for growth?**

You can't over-emphasize the importance of driving innovation and change, because change, and some of the challenges that go along with change, were necessary to get us where we are today. They'll also be necessary to get us where we've got to go tomorrow. All the things that got us from there to here won't necessarily be the things that get us from here to there.

This is a continuous process of innovation, a personal transformation and, ultimately, change for us and for our customers. As long as we stay on the edge of that, we're going to have the winning strategy – the winning company – and provide an environment where we're growing. Growth environments and prosperous environments are happy environments and we want a happy company.

Experience Management (XM) is a new frontier. XM is also the new front-end to every segment in the enterprise application software industry, including HCM, CRM, ERP and beyond. The concept of category creation is actually worth discussing here.

Since 2000, there were 4,500 companies in the IT industry that were founded and took a Series A investment. Only 75 of them made it to an IPO, and only 36 became the dominant category winners. Those winners now own 76 percent of the entire addressable market

win their respective categories. So when it comes to experience management, you're going to hear plenty of noise out there from others who'd like to catch this wave.

The question is who created the category? The answer, of course, is Qualtrics, which is why we couldn't be happier to have the SAP global distribution channel behind their XM platform. Since acquisition, Qualtrics is proving to be the growth catalyst we expected and more. The team is already making a huge positive impact and we're only getting started.

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**SAP is a uniquely nimble and adaptable business.**

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**SAP is consistently recognized as the industry leader. What have been the keys to SAP's strength and how do you define the SAP advantage?**

My CEO agenda is to build a “Best-Run SAP” that drives enormous value for our shareholders, customers and employees. We are moving into the most exciting chapter in SAP's history and are poised to eclipse half a million customers and “meet or beat” our 2023 aspirations.

SAP is a uniquely nimble and adaptable business. In economic booms, companies invest in growth with SAP. In economic downturns, companies invest in cost-savings with SAP. We feel very

comfortable that we can manage any economic condition thanks to the breadth of our solution portfolio.

No matter the climate, SAP adds value.

**SAP is known for a culture of innovation. How critical is it to maintain the innovative edge and is this more challenging to do at SAP's size and scale?**

The most important thing a leader can do with a successful company is beat back the complacency disease on a daily basis.

But SAP is a company that has tremendous character. It's just a great company. Our people, we care. Our team is incredibly committed to the customer. Nothing is more important than that and nothing drives innovation more than solving your customers' challenges.

**SAP places a major emphasis on diversity and inclusion. How critical is it to build a diverse and inclusive workforce?**

Diversity is a fact. Inclusion is a choice. The most inclusive companies are the most innovative companies.

Inclusion means getting people involved and integrating an entire panoply in the systems and processes. The result shapes a work environment that gives everyone the same chance to deliver their best work.

Success is not accidental. We need to look at the world's greatest challenges as its greatest opportunities. It's impossible to do this without a workforce that looks like the people whose lives we want to improve.

**SAP made a major investment in New York with its new offices located at Hudson Yards. What excited you about being a part of the new Hudson Yards development?**

In establishing a single flagship New York location, our only goal was to find the city's most innovative development.

This is an incredibly exciting project and watching it bloom is incredible. The team loves the location and the design and the offerings.

New York never stops moving. To fully embrace this town and its ethos means spotting greatness when it is still forming. Hudson Yards changed the face of the city.

**What advice do you offer young people beginning their careers?**

Be you. The greatest gift that we all get in our lives is the ability to be ourselves. When you're yourself, and you're comfortable in your own skin – just being you and being the best you that you can be, you're a winner. ●