



Customer First Strategy

Our path to a world-class customer success organization

THE BEST RUN



Our Vision

Create the best customer experience in the software industry – embedded in the Intelligent Enterprise.

Outcome-focused, trustworthy, empathetic, and executed with a cloud mindset

Our Mission

We help our customers run at their best with a unified and outcome-focused experience. We enable our customers to innovate and realize value by accelerating adoption of SAP solutions to optimize and transform their business. We look to the future and put the customer first in everything we do to become a trusted innovation partner.

We create an integrated, customer-centric organization across lines of business (LoB), elevating the focus on customer success and enabling:

- Deployment of global best practices and synergies across LoBs that prioritize the customer experience (CX)
- Support of customers through effective adoption enablement, retention and expansion, increasing customer lifetime value
- A deep understanding of customer journeys and the moments that matter
- A customer-centric culture throughout SAP and its ecosystem for proactive customer engagements

Why change and what are the benefits?

Today, we operate in a world where software consumption models give customers more choices than ever before; a world where customer loyalty is only as strong as the company's record of excellence. Customers want a partner that is easy to work with, focused on business outcomes, and equipped with the expertise and technology to enable their vision. For us, much is at stake. More than 70% of our revenue will be recurring revenue by 2020. Ensuring our customers' desire to stay with us requires us to become a customer-first intelligent enterprise. To maximize customer value, we need to manage integrated engagements and embed customer success into our organizational DNA. This approach has many benefits.

Customer Benefits

- Improved time to value for new capabilities
- Customers enjoy a coordinated, unified experience that focuses on their success as a whole to increase satisfaction
- Specialized engagement is provided where needed, including benefits from global best practices to mitigate risk and improve ROI
- Prescriptive adoption plans to lead value-based outcomes and to lower the cost of adopting new innovations



SAP Benefits

- Unified customer success teams create a foundation for harmonized processes and increased efficiencies to share best practices
- Coordinated customer success function for cloud and on-prem will increase customer trust, loyalty and customer lifetime value
- Differentiator for SAP and new capability needed to compete and redefine our industry
- Expanded career path and learning opportunities to increase employee engagement



Building Blocks of Customer First

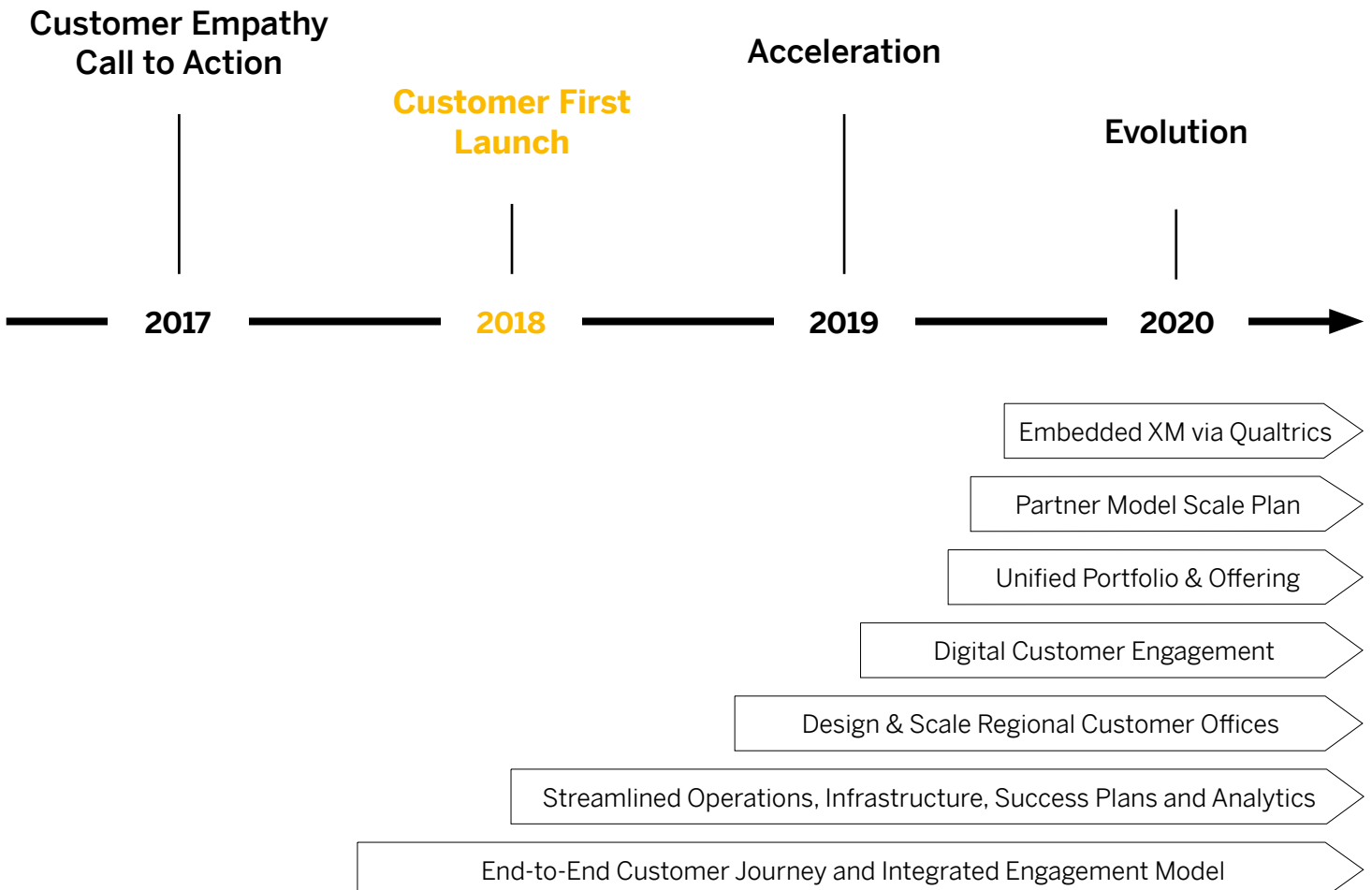
Customer First is a mindset, a discipline, and an organization. Our strategy is executed with targeted initiatives across the following building blocks, which drive our ability to achieve leading growth and performance. On the following pages of this document you will find more details about this journey and insight into each of the main building blocks.



Our Journey

With the creation of Customer First, we consolidated the customer engagement teams focused on driving successful adoption into one dedicated organization. This team will ensure that we continue to deliver LoB expertise and train our focus on LoB target audiences while providing a holistic, coordinated and seamless customer experience that optimizes our customers' multi-cloud, hybrid transformation journey. By prioritizing Customer First, we're promoting the culture and mindset change initiated with the Customer Empathy call to action.

As a cross board area initiative, Customer First will enable us to harmonize processes and systems and share best practices across LoBs and geographies. Collaboration between the Cloud Business Group, Digital Business Services, Intelligent Enterprise Group (including business operations), and other board areas will be more effectively harnessed with a single point of contact and more empowered customer-facing organization. Customer First is a transformational shift across all of SAP that will change the way we work with and care for our customers. It includes culture and mindset, process and system, ecosystem partners and accountability for customer experience management (XM).



Simplified and Orchestrated Customer Experience

Our simple 5-step engagement methodology begins with an understanding of the desired customer business outcomes at each stage of the journey. We engage in objective collaboration with our customers create and execute an Outcome Success Plan that works towards the successful delivery of desired outcomes.



It is our goal to have the next best step(s) readily available for our customers and to take an end-to-end business process view of the customer. Ultimately, we want create a cohesive, distinctive value-based approach appropriate to both business and IT personas.

We adhere to the natural rhythm of the customer's business to anchor the process in customer needs and requirements.

This engagement methodology does not invalidate the existing lifecycle management framework nor change the required onboarding and adoption steps. Rather, it introduces consistency for multi-cloud, hybrid customers, where appropriate. It further enables the Customer Success Executive to orchestrate value delivery and drive clarity for a superior customer experience.

We piloted this methodology with more than 200 customers in 2018 and refined it in the field.

Steering from the Front: People & Process Excellence

Customer success is a team sport. The only way to cultivate true loyalty is to get every single person within SAP focused on the long-term success of customers. It is our belief that when we view our customers success as our success and align internal reward mechanisms to support this, long term business gains will follow. To deliver an optimal CX, it is essential to think proactively and steer the business from the front by accelerating solution adoption vs. working backward from the renewal. Customer-product feedback will be addressed with our colleagues in product engineering and solution management.

- Roles and responsibilities must be aligned at each stage of the journey.
- We will expand career path and learning opportunities for personal and professional growth. Examples include broadening responsibility and scope, transitioning into new roles in the customer success process, or advancing careers within the same or other lines of business. We plan an architect role to drive success of our business platform solutions.
- We are making sure we have the right skills and consistent customer outcome-focused KPIs/MBOs across the teams.

How we support our customers



Customer Engagement Executive

- Drive onboarding and adoption
- Safeguard renewals together with the Cloud Renewal Center
- Line of Business focus



Platform Solution Architect

- Advise and develop technical platform & analytics use cases
- Shift from project to product
- Solution design & architecture



Customer Success Executive

- Overall orchestration for customers with multi-cloud/hybrid environments
- Persistently engaged
- Enterprise focus (across LoB)

A much tighter alignment with the sales regions will not only open up access to additional resources and improve the handover from sales to customer successes, but also increase the visibility for segmentation and prioritization decisions to scale in the most effective and agile way. At the same time, we are building out our regional Chief Customer Offices (CCO), which currently operate at different maturity levels. Together with the regions, we align the CCO charter, structures, roles, and portfolio services and make mutual commitments to eliminate shelfware with realistic implementation plans. As one team, we will achieve higher renewals and upsells, continuation of customer maintenance agreements, more references, and higher customer satisfaction.

Our commitment to superior customer experience also requires us to formalize the coverage and ownership of customer success across Lines of Business. That includes the adoption of our customer relationship assessments and outcome success plan governance, as well as the Cloud franchise practices to harmonize and streamline our processes in all LoB. For that reason, we will continue with relevant enablement to upskill team capabilities; targeting Customer Engagement Executives (CEEs for Cloud and Maintenance), colleagues in our Cloud Renewal Center, Global Account Directors, CCO, and DBS colleagues working in a CSE capacity. We don't see this enablement as a one-off.

Rather, we want to foster a learning culture for everyone at every level of the organization. It is our goal to establish a Customer Success Academy to operationalize our journey to become the "learning engine" of SAP. We will drive ongoing change management.

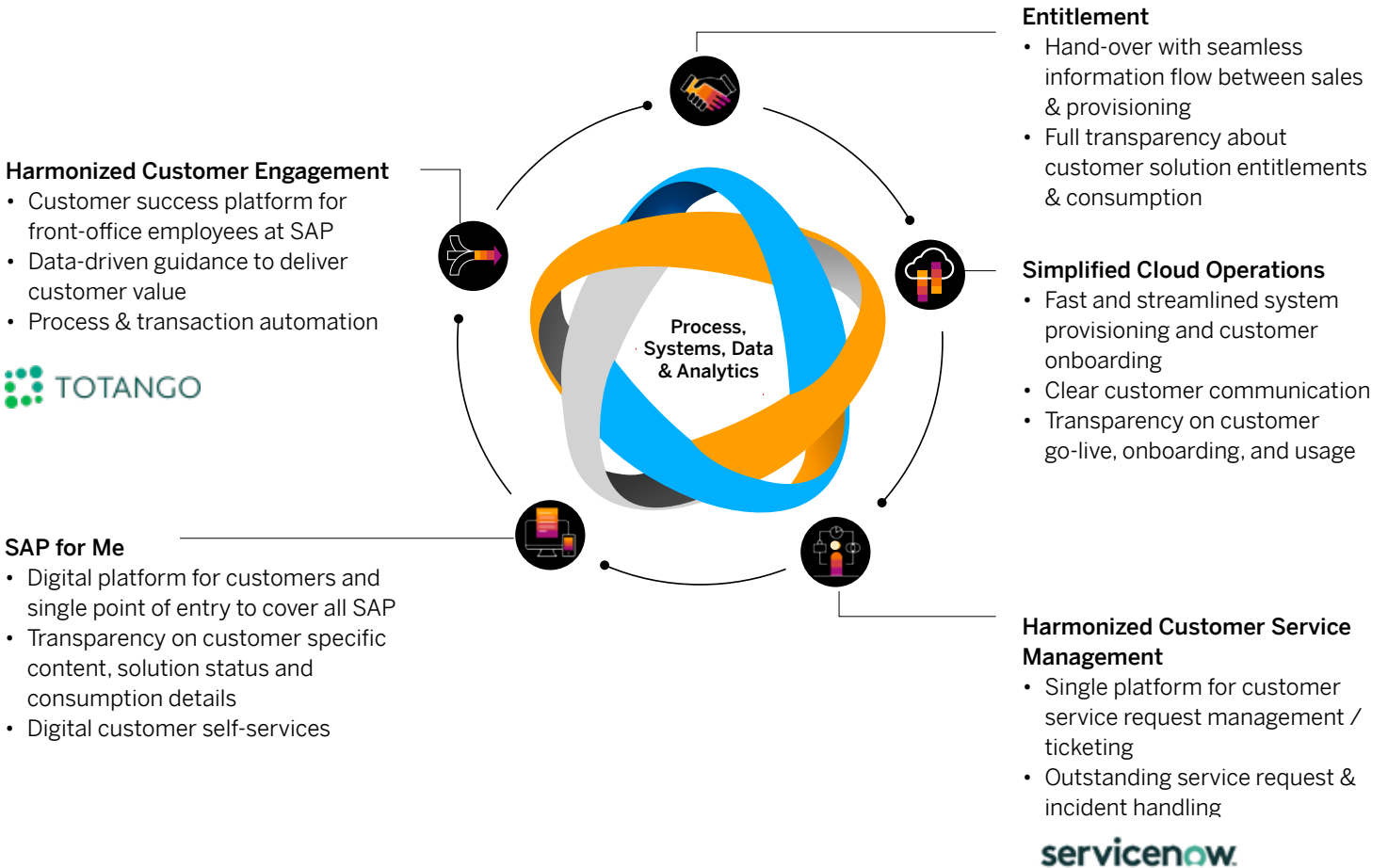
Customer Success begins with customer insights. To put the new knowledge into practice with clients, we need to conduct seamless hand-overs and prescriptive, best practice-driven adoption plans. Reactive engagements and win-backs are the last resort. Best-in-class retention requires predictive analytics to detect risks early and embed those insights in proactive interactions at the right time.

Therefore, we are infusing more analytics into the customer journey, including opportunity management, adoption monitoring, customer health scoring, and churn/expansion management. We will use Qualtrics to instrument, measure, and manage customer interactions at every moment using both leading and lagging metrics. We will then unify our incentives and compensation structures accordingly

Process & System Infrastructure

We are simplifying and harmonizing processes and systems across all our cloud organizations. This includes entitlement management and sales handovers, simplified cloud operations, coordinated customer service management, one customer portal, and a harmonized customer engagement with one success platform. Delivering customer success at scale requires a digital backbone that automates interactions and enables our ecosystem partners.

It is our ambition to champion an **SAP runs SAP** success story.



Summary

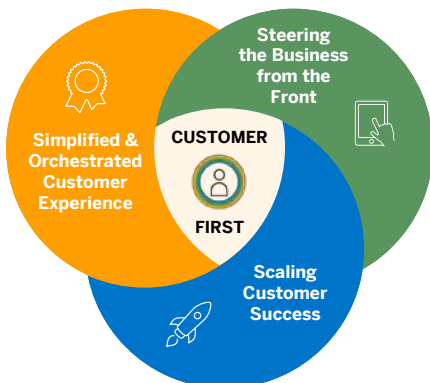
Customer First is our customer-centric approach. We aim to simplify and orchestrate the customer experience, steer the business from the front, and scale customer success to nurture, retain, and grow our customer base. It is a mindset, a discipline, and an organization that will drive the following results:

Our customers will significantly benefit from a proactive end-to-end engagement experience that focuses on their success in a holistic and structured way. We will increase the speed of deploying new capabilities and lower the risk of not realizing ROI. Prescriptive adoption plans will help to lower the cost of adopting SAP innovations.

SAP will scale faster and realize synergies by uniting processes and systems and by sharing best practices across LoB and geographies. This will help SAP become more efficient and increase customer trust, loyalty, and lifetime value. Our practices will help SAP to differentiate in the market and redefine the industry.

For our employees, we will expand career path and learning opportunities for personal and professional growth.

Our journey is just beginning, and the best is yet to come. Targeted strategic initiatives designed to accelerate our digital business, XM via Qualtrics, and process and system harmonization will drive our ability to achieve leading performance. This will elevate our business and drive our mission and vision to create the best customer experience in the software industry.



Marty Mrugal
Global Head of Customer First

Customer First is a movement, not a motion. Let's make **#CustomerFirst** everyone's priority!

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