

Interview

Innovating on the Edge

An Interview with Bill McDermott,
President-Global Field Operations, SAP



Bill McDermott

EDITORS' NOTE Bill McDermott is also a member of the Executive Board of SAP AG. Prior to joining SAP, McDermott served as Executive Vice President of Worldwide Sales & Operations at Siebel Systems, and as President of Gartner, Inc. He spent 17 years at Xerox Corporation, where he became the company's youngest Corporate Officer and Division President. In April 2009, McDermott was presented with the IT Leader award from Temple University's Fox School of Business, and in 2008, he was named Idealist of the Year by City Year Greater Philadelphia. McDermott is a member of the boards of ANSYS, Under Armour, and PAETEC Communications. He received an M.B.A. degree from the J.L. Kellogg Graduate School of Management at Northwestern University, and completed the Executive Development Program at the University of Pennsylvania's Wharton Graduate School of Management. He received his B.S. degree in business administration from Dowling College.

COMPANY BRIEF Walldorf, Germany-based 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. With more than 92,000 customers in over 120 countries, the company is listed on several exchanges, including the Frankfurt stock exchange and NYSE.

When you look at the severity and speed of the global economic crisis, did it surprise you, and where do you see us on the path to recovery today?

The part that was most surprising was how perfectly global the downturn was, whereas in the past, the downturn may have been isolated to one region or another. This one spread across the world with lightning quick speed.

In terms of where we're at in the recovery, I see the major markets of the world as more stable than they were a year ago. Access to capital has increased. There is more stabilization in the BRIC and emerging markets of the world. So one could easily argue that, if the downturn was dramatic, sudden, and global, then the upturn could be as well. I don't think that's likely to be the case, but you are likely to see a trend line that improves steadily, albeit somewhat slowly, and on a more global basis rather than a regional basis like past recoveries.

Have you seen much of an impact on SAP's business and was that felt globally?

Yes, and the impact was global. Everybody at SAP participated in this, regardless of region. What you notice most when you are a truly global company is that you have exposure that is relatively instantaneous to these market dynamics, which is quite sudden and breathtaking in some ways.

What is also evident when you have a good, global brand is the need to manage your portfolio, not just by geography, but also across solutions by industry – in our case, across 25 industries. And while you might have a slowdown in many of those industries, you'll always have others that emerge, even in a downturn, as was the case in this downturn with financial services, the public sector, utilities with smart grids and smart meters, and even retail as companies had to reinvent their business models to survive. Having a balanced portfolio of industries really helps.

Will your range of services and solutions remain relatively consistent, and do you see branching into new areas or offshoots for the future?

Customers have a need to innovate their businesses on a macro level. But at the micro level, they need to innovate on the edges. For example, a CFO might have the need for business intelligence, analytics, and compliance, where head of sales might be incredibly focused on up-sell and cross-sell of customer relationships so they stay satisfied and loyal. Our objective is to constantly innovate on the edge, purpose those solutions

specifically at individual buying centers, and have a return on invested capital cycle that offers very fast time-to-value for these buyers. The job that SAP needs to continue to do is innovate around big topics like mobility, edge solutions, business intelligence, analytics, compliance, and do all of this in a framework that ties into the big picture, yet can be executed very quickly.

For instance, sustainability is a major C-level issue today. Carbon management, in particular, is a topic that's being discussed in boardrooms around the world. Companies need to control their carbon management and reduce their carbon footprint as rapidly as possible. We offer an on-demand solution, and it deals specifically with a very fast payback-to-value.

What are one or two of those issues in the forefront of your mind that you're most focused on in terms of the business or the industry?

The dynamics of the customer are going to continue to evolve. The customer will have to get beyond the G7-type imperatives in terms of growing, and even beyond G20. Fast growth markets, BRIC, Middle East, and Africa, will become very much a wellspring of opportunity for their companies, so there will be a geographic component to innovation. They're clearly going to need to think through their strategy and how they can actually execute on a global strategy while, at the same time, having very special nuances around local execution. Business models will evolve and change. Those that can acknowledge the fact that they have to change, even if it doesn't meet their interest in the short term, will be the long-term winners. So what I try to do is put myself in the customers' shoes: How do I innovate around my business model and my customers? How do I augment my supplier network and make that business network somewhat transformational, as no company could possibly go it alone? How do I get involved in the dynamics of fast-moving markets, take best practices out of what I did in the big ones, replicate it, and take it up a notch in the smaller and faster moving ones, so over time, I can evolve my model? How do I use build versus partner or buy strategies, and use technology in new and innovative ways to actually create a better company? If we can understand those nuances and help bring thought leadership to those strategic drivers, we will be the most relevant company in our industry and will continue to be innovative and compelling. That is what I consider my most important job. ●