



NUCLEUS
RESEARCH

SAP

Expectation relative to market segment

Track

Technology Segment
Enterprise Applications

Ticker Exchange Bloomberg
SAP NASD NH NUC <GO>

Analyst
Trevor White
twhite@NucleusResearch.com
Daniel Elman
delman@NucleusResearch.com

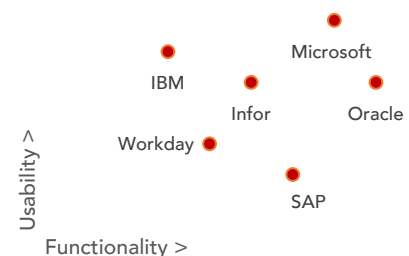
SAP's deep client base and established presence as a leading technology and services provider will provide it with the momentum to withstand an extended economic downturn. Since most customers deploy a combination of SAP solutions to support numerous mission critical operations, the vendor has become a long-term component of many organizations' strategic and operational roadmaps.

Price 1/26/2021 \$132.20
52 week range \$90.90 - \$169.30

COMPANY

SAP offers a wide range of modular business management software solutions, both on premises and in the cloud through Software-as-a-Service (SaaS) delivery models. The vendor focuses on 25 industries across six sectors: financial services, professional services, public services, consumer-facing industries, process industries, and discrete industries. SAP applications can run on independent platforms or on HANA, the company's database server, which can natively store and retrieve data and perform advanced analytics.

MARKET POSITION



MARKET

SAP is one of a handful of vendors that offers a full suite of enterprise applications. SAP may be in one of the best possible financial and strategic positions of all tech businesses. With a large, diverse deployment base and major cloud transition efforts well under way, the company has both the strength to weather the current market decline and the reach to capitalize on the imminent spike in demand for cloud enterprise applications as the economy stabilizes.

RELATIVE SOLUTION COST

Workday	103%
SAP	100%
Oracle	100%
Microsoft	100%
IBM	97%
Infor	97%

Relative cost to a customer based on typical mid-sized deployments during the past 6 months.

COMPETITION

Nucleus positions SAP as an Expert in the Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Human Capital Management (HCM), Supply Chain Planning (SCP), and Analytics Technology Value Matrices. SAP mainly competes with large comprehensive software vendors, including Infor, Oracle, Salesforce, and Microsoft. In the enterprise application segment, SAP competes against best of breed applications, as well as offerings from similar

CUSTOMER PERCEPTION

> 90 Positive

Analyst estimate based on feedback from customers and prospects during the past 6 months

vendors such as Oracle and Infor. SAP's biggest challenge is that they are now moving legacy customers on to the cloud, giving those customers the opportunity to look at other vendors. This will require SAP to re-win much of its existing customer base. SAP has many holdouts and a large customer base that must be transitioned to the cloud, posing a risk to revenue. One opportunity SAP has is that as the economy opens, buyers may look toward the perceived safety of traditional vendors.

OUTLOOK

SAP's deep client base and established presence as a leading technology and services provider will provide it with the momentum to withstand an extended economic downturn. Since most customers deploy a combination of SAP solutions to support numerous mission-critical operations, the vendor has become a long-term component of many organizations' strategic and operational roadmaps. SAP can scale to fit its solutions to organizations of all sizes and can deliver value to its customers either through individual modules or as a full suite of interconnected enterprise applications. Overall, the vendor's wide coverage for organizational functionality needs coupled with enhanced usability measures make it a competitive player in almost every technology market. Nucleus expects SAP to be ideally positioned to grow as economic conditions return to normal.