

APRIL 22, 2004 ([COMPUTERWORLD](#)) - **Bill McDermott** is the CEO of SAP America Inc., the North American-based subsidiary of business applications maker SAP AG, which earlier today released its latest quarterly earnings report ([see story](#)). McDermott took time to speak with *Computerworld* about the company's revenues, its recent reorganization and its relationship to the rest of the software market.

**Your earnings numbers released today looked strong. Care to comment on what you're doing right?** We remain focused on the customer. We hired a new leadership team and continue to build the people part of our business. We reorganized by region, industry and market segment, by large or midmarket or medium-size customers.

**Can you elaborate a bit more on the reorganization?** It's a new program called value engineering, it started a year ago, and now we have taken it to a pretty exact science. It took a while to ramp up. To summarize the key points, it's that we are the customers' trusted adviser and are mapping their business pain points to our and our partners' solutions. We put this in the context of a transformation plan with a timeline and total cost of ownership [figure] so that the customer can see the financial benefits of the change and transformation with SAP. Customers are looking to get to the bottom line pretty quickly.

**What was it like before?** Before, we were more industry-focused. We did a good job of covering 23 verticals, but with this [new] model, we get SAP professionals and customers closer. We've also been much better segmenting our markets. A customer of \$200 million is different from one above \$200 million to \$1 billion. And an above-\$1-billion customer is different from the \$1 billion customer. So if you are around a half-billion dollars, we have a team that is focused on a customer your size and industry and in your geography. When you are talking to an SAP professional, they know your business and have insights to how to help you.

**Can you comment on the relationship between SAP America and SAP AG?** We take full advantage being the No. 1 [business] software company [in the] world. You have a development team 9,000-strong, and we reinvest \$1 billion a year annually in research and development. We have 22,000 successful customers over the world and an executive management team [whose members] trust each other. In North America, our team does what it needs [to do] to be relevant to customers in the U.S. and Canada and execute a business plan that is relevant and real to our customers.

**Has Oracle's bid for PeopleSoft affected your business at all?** To quantify that would be difficult. ... Let's face it, it's a maturing and consolidating industry. When this happens, customers tend to rally around the market leader. We have clearly established ourselves as the market leader. We're No. 1 not just in applications, but in each product: CRM, supplier relations, ERP. We're the market leader in each.

Oracle is struggling to be in the applications game, and PeopleSoft is struggling to remain independent. Siebel is a best-of-breed player, and the world has ruled against the best-of-breed solutions. People want a complete solution.