

SAP PRIVATE EQUITY VALUE CREATION

FOCUS ON OPERATIONS
IMPROVEMENT

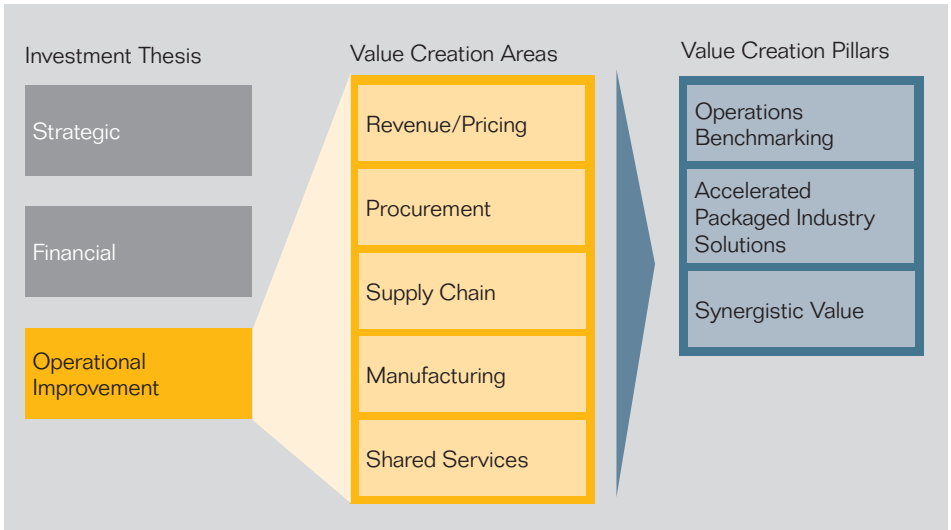


VALUE CREATION DRIVERS

A trend toward value creation based on operational improvement at the portfolio level has risen out of the current economic climate and credit crunch. Private equity groups are focused on creating value within their portfolio investments through strategic, financial, and operational initiatives. It is now evident that significant increases in enterprise value are being realized through business process optimization and operational improvements.

Operations Value Drivers for the Private Equity Industry

- Decrease portfolio company's operating costs through business process optimization
- Maximize operational insight into portfolio companies
- Increase profitability of portfolio companies through the implementation of industry best practices
- Increase valuations on the sale or divestiture of private equity holdings



VALUE CREATION PILLARS

The SAP private equity value creation team coordinates various SAP organizations and implementation partners around three pillars to support private equity groups along the value creation journey.

Operations Benchmarking and Comparables

1. Determine the **high-yield strategies** that provide the maximum growth in enterprise value with the fewest initiatives to focus discussions between private equity groups and management teams
2. Maximize enterprise value through improved **operational insight** and portfolio-level analytics
3. Develop total cost of ownership plans for business IT

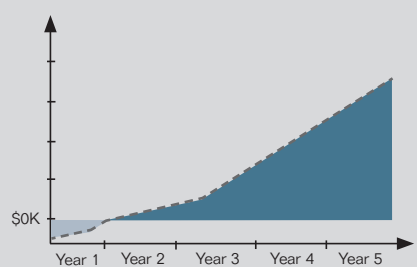
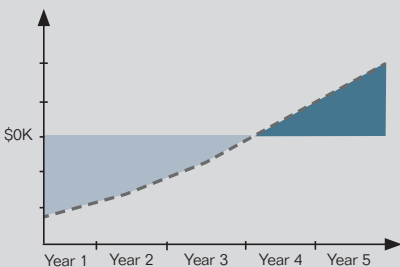
Accelerated Packaged Industry Solutions

1. Include SAP Best Practices packages that provide a basis for **industry offerings** like SAP Business All-In-One solutions to help you reduce implementation time and cost by 60% to 80%
2. **Accelerate implementation** time lines to as little as four months
3. **Offer hosted** delivery models to reduce capital expenditure and optimize IT operating costs

Synergistic Value

1. Enable **best practice** sharing across the portfolio
2. Streamline IT migration and consolidation with **carve-out and spin-off services**
3. **Co-innovate** with SAP development teams and partners

Improve Cash Flow and Drive Value with Accelerated and Hosted Industry Solutions



HIGH-YIELD VALUE STRATEGIES



Performance benchmarking services provided by SAP have identified key initiatives that drive maximum enterprise value. Some areas with cross-industry relevance include procurement; supply chain; and selling, and general and administrative expense (SG and A), as shown in the following chart.

High-Yield Value Strategy Examples

Top Performers

In Procurement

Extend managed spend coverage	Achieve 95% of direct spend under contract versus the average performance of 71%
Manage procurement organizational efficiency	Achieve cost of procurement of 0.2% of total spend versus the average of 0.99%
Improve purchasing power	Achieve 9% annual savings in direct procurement versus the average of 4.8%

Supply Chain and Selling

Improve forecast accuracy	Achieve an order fill rate of 98% versus the average of 84%
Integrate planning processes	Achieve on-time delivery performance of 98% versus the average performance of 87%
Extend planning to suppliers	Achieve an average 23 days in inventory versus the average of 78 days

SG and A, Support Functions

Organize for scale and leverage	Combine expert-based organization for planning and analysis with shared services for routine transactional and compliance functions
Streamline, automate, integrate	Spend 1.4% of revenue on support functions (finance, human resources, procurement, IT), versus the average (almost 3 times as much)



ENABLES SPEED TO VALUE

“With SAP, we are light years ahead in our industry – in terms of systems utilization, business process refinement, and standardization of best practices.”

Curt Gomes, President, Pacific Coast Supply LLC

“SAP delivered a powerful solution for our company and our clients. We now have a unique competitive advantage in our industry because of our improved ability to reduce costs and grow revenue.”

William S. Sheridan, Chief Financial Officer, Sotheby’s

“SAP software enables easy integration of corporate acquisitions. With a single vision of the truth across all regions, product lines, and departments, everyone is focused on the same key indicators.”

Jim Claunch, Former CFO, PowerWell Services Inc.

“SAP offered the out-of-the-box integrated solution required to run our business more efficiently as we grow rapidly. Implementing the solution in six months has accelerated our time to benefit.”

Michael Berkley, Chief Information Officer, WorldSpace Inc.



“Our measures are very simple: it comes down to profitability. This solution is solving lots of problems and it is very clear that this is positively impacting profitability.”

Doug Foster, Director of IT, Elmer’s® Products Inc

SAP's Commitment to Value Creation

Operational Benchmarking

- Benchmarking and best practices in over 20 business processes
- Over 3,000 operational benchmarking participants
- Over 50,000 industry and process-specific challenges and best practices
- Nearly 15,000 individual operational metrics

Operational Improvement Roadmaps

- At least 1,000 internal transformation studies
- Over 200 published transformation studies
- Over 5,000 business cases produced

Value Management Education

- Over 50 SAP Value Academy program training sessions completed
- Over 1,000 participants from over 600 companies trained in value management

Rapid Business Process Optimization

- Pre-configured SAP Business All-In-One solutions across 24 industries
- Accelerated implementations in as few as 4 to 12 months
- Over 1,100 partners worldwide
- Over 12,000 customers
- Partner supported on-demand services

Contact

Tamas Hevizi

Senior Vice President
Private Equity Value Creation
610-661-4225
tamas.hevizi@sap.com

Alex Pearl

Senior Director
Private Equity Value Creation
610-661-1853
alex.pearl@sap.com

© 2009 by SAP AG. (PE10/09)
All rights reserved. SAP, R/3, SAP NetWeaver, Duet, PartnerEdge, ByDesign, SAP Business ByDesign, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and other countries.

Business Objects and the Business Objects logo, BusinessObjects, Crystal Reports, Crystal Decisions, Web Intelligence, Xcelsius, and other Business Objects products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of Business Objects S.A. in the United States and in other countries. Business Objects is an SAP company.

All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.