

# New Venture Creation at SAP

## Corporate Venturing In European Multinationals class Stanford University



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Jason is Senior Vice-President and Head of the Global Business Incubator at SAP, which identifies and accelerates the commercialization of material business opportunities adjacent to SAP's core business by incubating new initiatives within the company. He was previously Vice-President, Corporate Strategy Group in the Office of the CEO at SAP where he helped drive corporate strategy management, covering key areas of SAP strategy formulation and execution, strategic performance management, and M&A strategy.

Jason served as a partner with Technology Partners investing in enterprise and internet infrastructure investments until mid-2004 when he joined SAP. He began his career in venture capital in 1993 with Patricof & Co. Ventures, now Apax Partners. Jason has served as Product Manager for InfoSeek Corporation in its early stages and held positions in Corporate Planning at Raychem Corporation and in Business Development at Sun Microsystems. He was previously a management consultant with Gemini Consulting where he managed strategy projects for technology companies. Jason holds a B.S. in Engineering from Stanford University and an M.B.A. from the Stanford University Graduate School of Business.

# SAP, the Global Business Incubator, and its Strategic Benefits



## SAP

SAP employs over 50,000 people in more than 50 countries, and serves more than 82,000 customers worldwide. SAP AG is the world's largest business software company and the third largest software supplier overall.

Founded in 1972 as Systems Applications and Products in Data Processing, SAP has a rich history of innovation and growth that has made us the recognized leader in providing collaborative business solutions for all types of industries – in every major market. SAP's vision is for companies of all sizes to become best-run businesses.

## Global Business Incubator

The Global Business Incubator was formed in 2008 to better capitalize on new market opportunities and decisively respond to competitive threats. The primary goal of the Incubator is to identify and accelerate the commercialization of material business opportunities adjacent to SAP's core business. The Incubator is based in Palo Alto, California with a second location at SAP headquarters in Walldorf, Germany.

By leveraging innovation efforts across the organization and from outside SAP, the Incubator owns the delivery of initiatives from concept to market. In the process, incubated teams interact extensively with customers, users, entrepreneurs, venture capitalists, universities, and partners. The Global Business Incubator creates opportunities globally for internal and external entrepreneurs to participate and collaborate in the creation of new businesses.

- **Vehicle for organic growth**
- **Stimulates culture of risk taking**
- **Spreads best innovation practices**
- **Increased customer focus**
- **Retention of entrepreneurial talent**
- **Portfolio risk mitigation**

# Global Business Incubator Key Operating Principles



## Culture

### Objective

- Create an internal startups which embrace risk-taking, foster an entrepreneurial culture

### Key Principle

- GBI recruits cross-functional teams of **entrepreneurial domain experts** from inside and outside SAP to run the initiatives

## Governance

- Expedite decision making, shelter entrepreneurial initiatives in fledgling stages

- Broad **decision authority with Incubator management**. Exceptions to standards and processes (architecture governance, comp structure, etc.). **Board-level sheltering**

## Customer Engagement

- Market-driven innovation, getting the right solution to the customer at the right time

- Multiple **pilot projects with early-adopters**. Responsibility from **concept to market**

## Funding

- Long-term funding commitment

- SAP **internal funding** to support portfolio of initiatives. Stage-gated, **milestone based** funding for initiatives

## Development

- Accelerate development time from prototype to product

- Highest priority given to **quick, iterative development turn around** (e.g. using SCRUM, lightweight development process, etc.)

# Global Business Incubator Invests Where Business Opportunity Meets Entrepreneur



## Business Opportunity

- Ideas are generated and developed by internal or external **entrepreneurs** working in **self-selecting teams**
- Ideas are **continuously evaluated** for seed funding; **more than half a dozen initiatives per year** funded
- Focus on **material business opportunities** that are **one or two adjacencies away** from SAP's core
- Priority is given to opportunities which have a **strong connection to customer business needs**
- **Sheltering of opportunities** which might be disruptive to existing SAP products or industry

AND



## Entrepreneur

- Builds a **strong team** with fully dedicated resources
- Develops initiative in **close collaboration with customers** and the field organization
- Mandate for **end-to-end ownership and accountability** for bringing their idea all the way to market
- **Compensation for performance** if effort is successful (i.e. business is integrated into SAP business unit or new line of business is created)