

Software AG

Baader Investment Conference 2019

Sanjay Brahmawar
CEO
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- Company foundation: 1969
- IPO: 1999 (MDax) / 2 bn € market cap
- Software for Data Mgt. and Integration
- Technology leader for IoT platform techn.
- Growth strategy / transformation program

> Our history: We are data pioneers

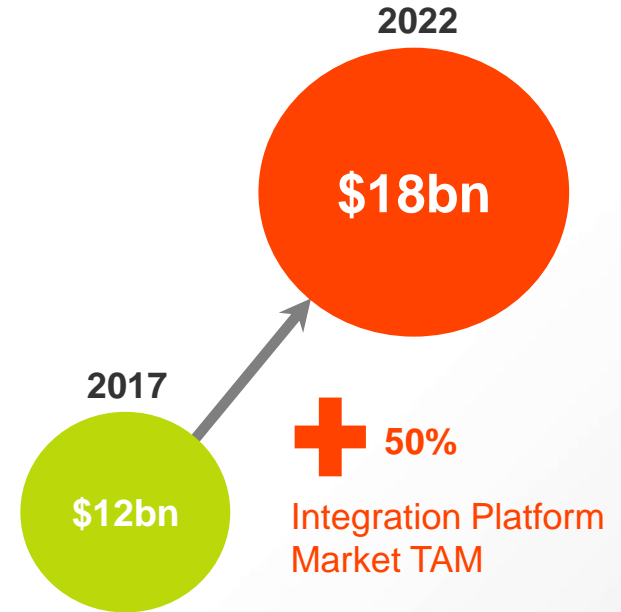
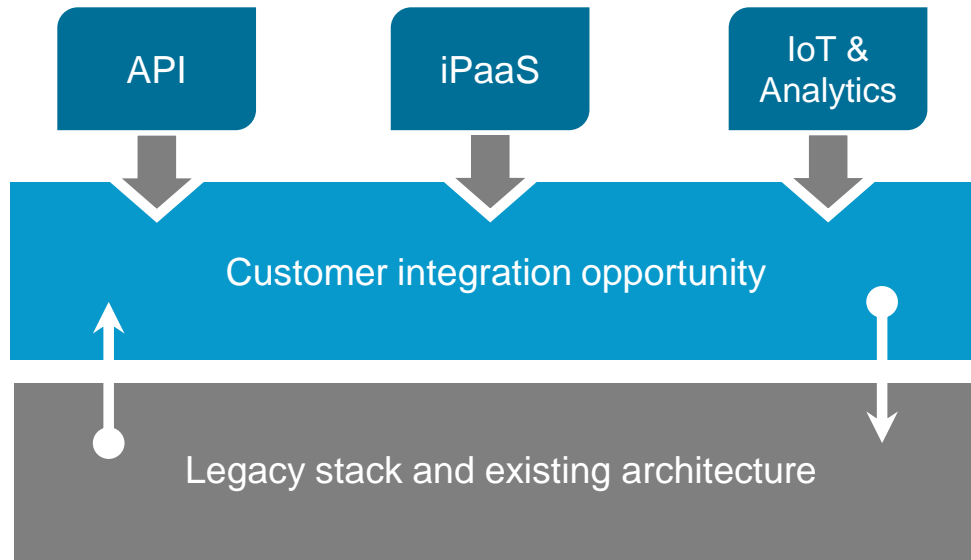
> Our mission: We empower our customers to turn data into value

> Our vision: We unlock the power of data to shape a better future

> Our promise: We offer freedom as a service

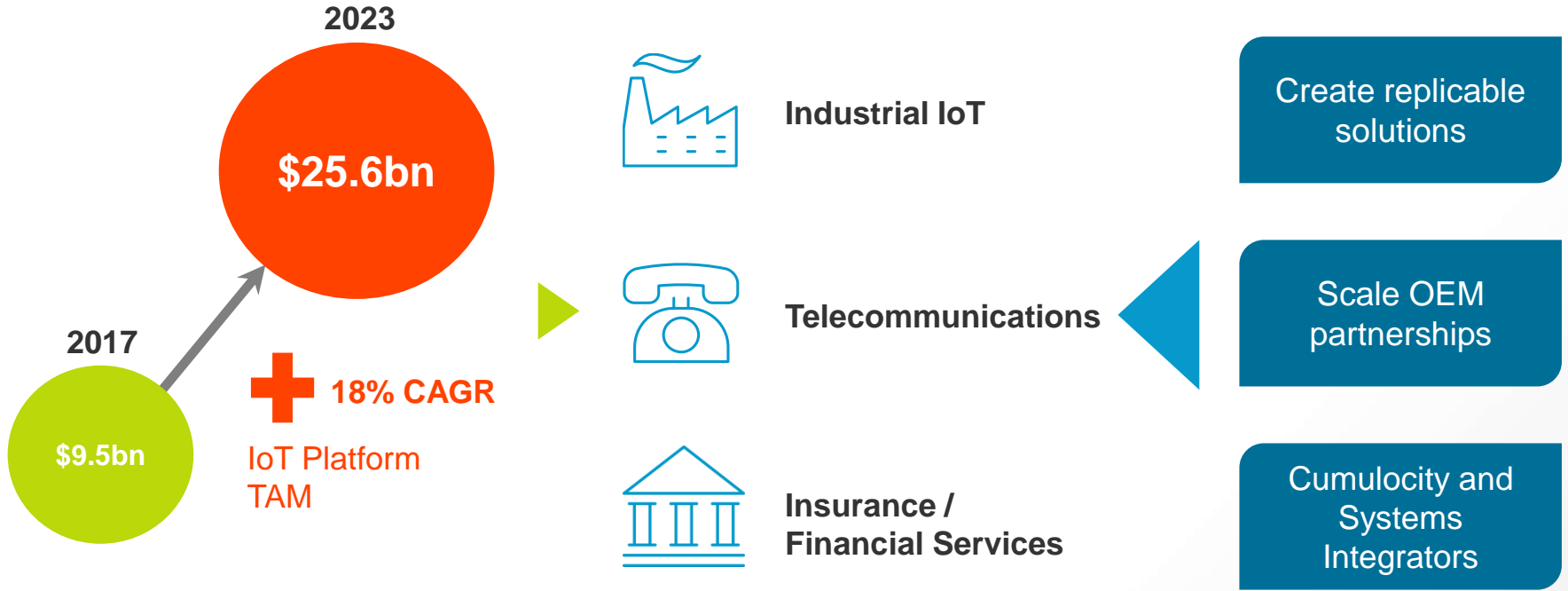
POTENTIAL: INTEGRATION

- A big challenge for enterprises
- Getting ever bigger
- A business-level, front-line problem



Source: **Gartner**

POTENTIAL: IOT & ANALYTICS



Source: McKinsey

BOLD NEW STRATEGY 2019

Our pathway to sustainable, profitable growth



H E L I X

THREE LEVERS TO DELIVER



FOCUS

- High Growth Products
- Right Geographies
- Partners to Scale

+



EXECUTION

- Go-to-Market
- Shift to Subscription
- Sales Incentives

+

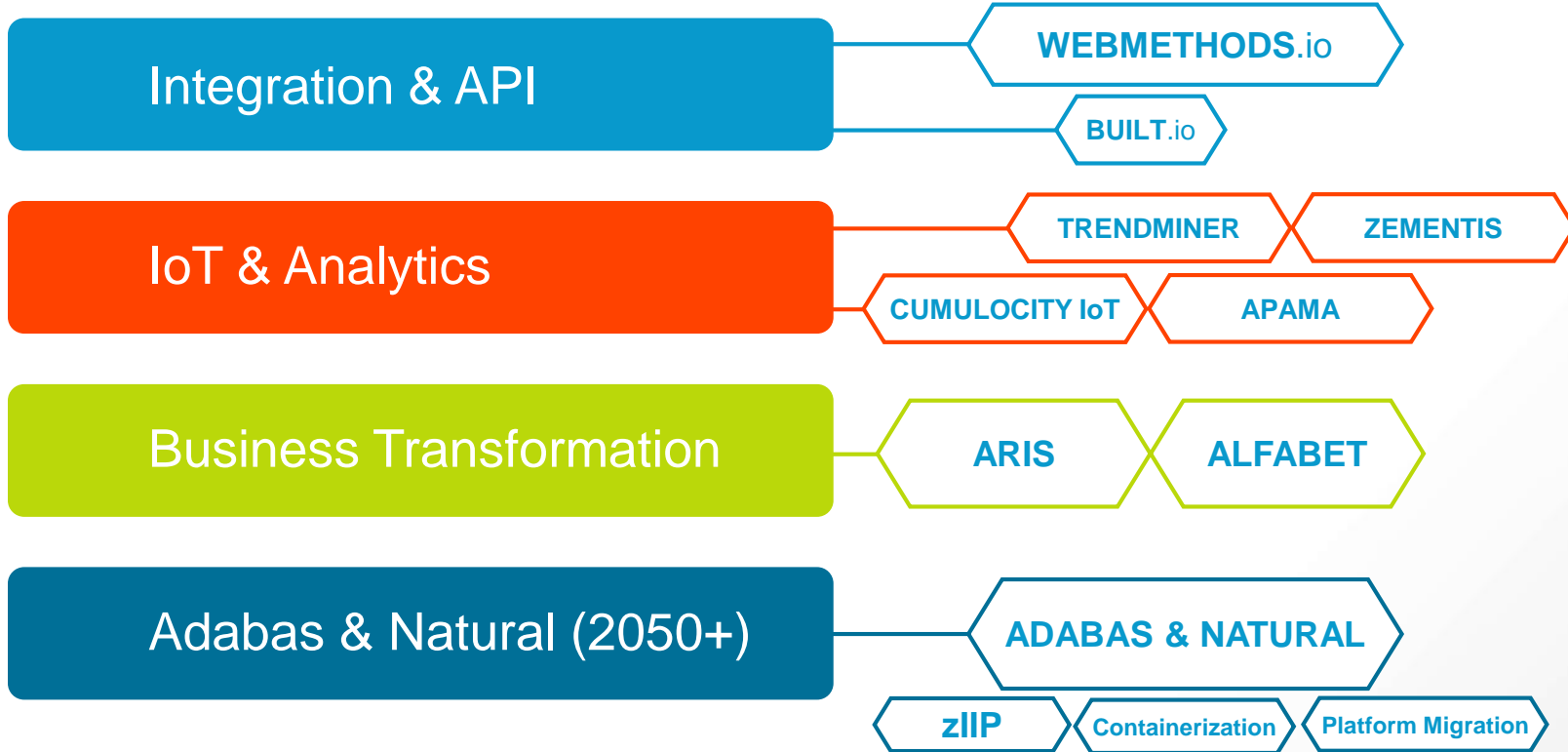


TEAM

- Operating Model
- Employer Brand
- Pioneering Spirit

FOCUS: PRODUCTS AND R&D

Shift of 20% of R&D to Focus Products



FOCUS: GEOGRAPHY



USA



Canada



Germany



France



UK



China



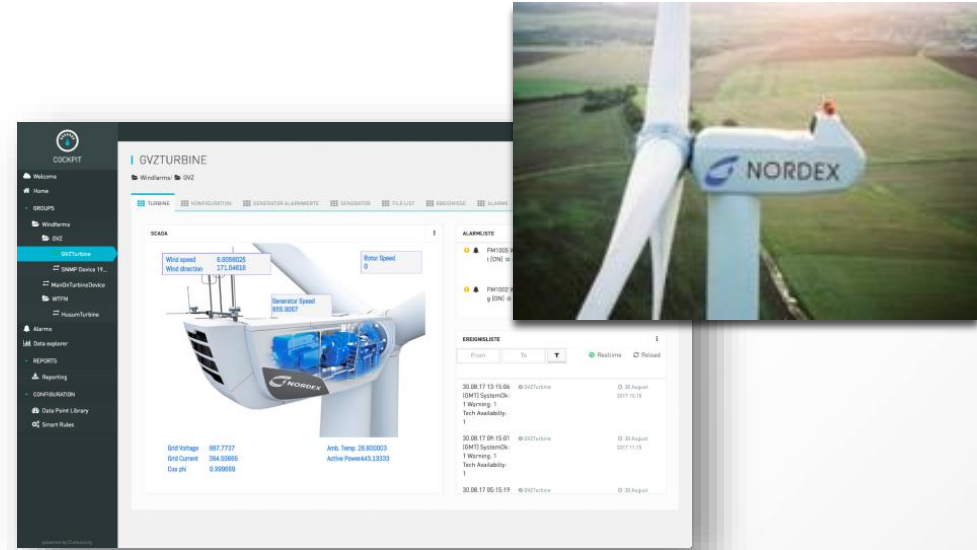
Japan

INDUSTRIAL IOT

Gartner Magic Quadrant



Customer Reference



“With Cumulocity IoT Edge, the health of each of the 5,500 wind turbines can be monitored and analyzed locally using a variety of different sensors for vibration, power output, temperatures and wind conditions using a combination of low-cost edge devices and sensors.”

- Stefan Ewald, CIO of Nordex

FOCUS: NEW TYPE OF PARTNERSHIPS

Platforms to scale



- ARIS on AWS Marketplace
- New offering to be announced



- Cloud adoption accelerator powered by webMethods.io
- A&N available on MS ecosystem
- Marketo OEM agreement
- Joint GTM engagement
- Adobe project to Digitalise SAG Customer Experience

OEM Partners



T-Systems consolidated 16 technology platforms to one: Software AG Cumulocity



Dell Edge Server bundled with Software AG IoT and Analytics



Siemens MindSphere sign a new joint agreement including BMW, Volkswagen

TRANSFORMATION UPDATE

MARKET FOCUS

Major investment and transformation of key markets NA and DACH

Marketing budget increased:

- Campaigns targeted at key markets
- Website renewal in progress

PRODUCT FOCUS

20% reallocation of R&D spend → 37% dev velocity increase for key products

Focus on product quality → Gartner Visionary: IoT and Enterprise iPaaS, and NPS increased QoQ

SHIFT TO SUBSCRIPTION

First customer success managers in place to support the scaling of our subscription model

Japan leading: initial offering is *always* 3Y subscription contract

SALES EXCELLENCE

New customer segmentation model for GTM → right AE, right account

Sales excellence driving new customer acquisitions → new logos in Q2 up YoY for the first time in 18 months

PARTNERSHIPS TO SCALE

Signed partner agreements with Microsoft, Adobe, Deutsche Telekom & Dell

Opening up new routes to market with partners, and first marketplace products → ARIS on AWS Marketplace

PEOPLE & CULTURE

Employee Engagement survey and culture transformation in progress

New CHRO on board, Elke Frank



TRANSFORMATION PROGRESS: LEADING INDICATORS

	Q2 19	Q1 19	Δ
Bookings DBP incl. Cloud & IoT	67€m	43€m	+56%
New Logos	64	46	+39%
	H1 19	H1 18	Δ
ARR DBP incl. Cloud & IoT	315.3	287.5	+9%
operating Cashflow	90.6	95.1	-5% <i>Planned Investment</i>
Subscription/SaaS % of Bookings (of DBP inc. IoT)	54%	28%	+26 PP

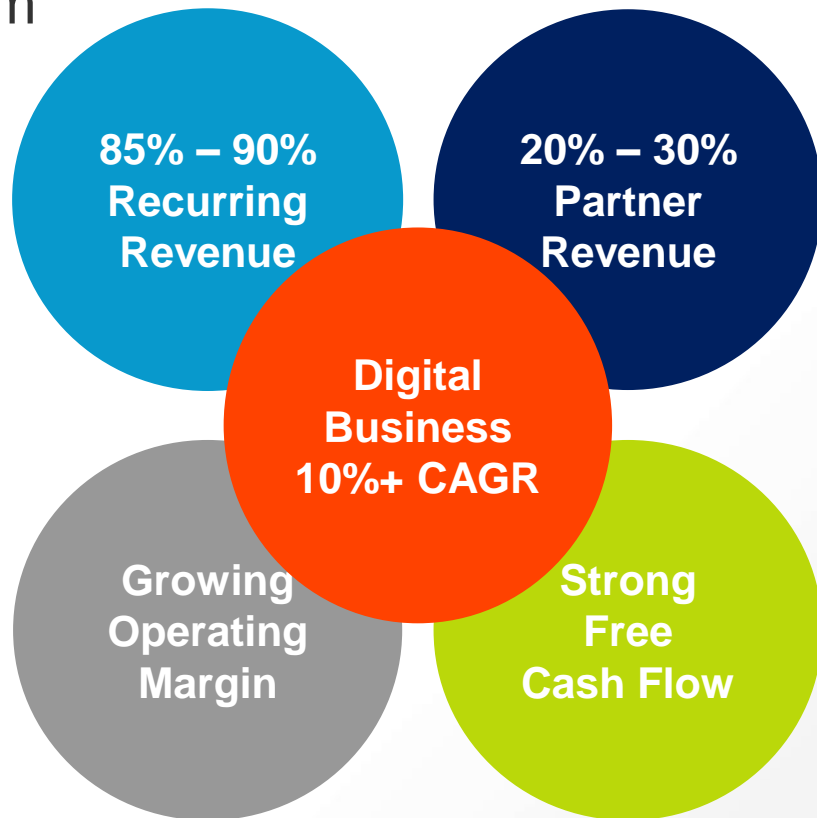
ONGOING PRIORITIES FOR TRANSFORMATION

- Deliver Q3 and Q4 commitments
- North America recovery
- Subscription implementation
- Demand Generation and rolling 4-quarter pipeline
- Change Management

OUR AMBITION

Our financial targets medium term

- ▶ Accelerated growth
- ▶ Reduced volatility
- ▶ Quality revenue
- ▶ Attractive margins
- ▶ Strong cash generation



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Freedom as a Service

