

SAP politikbrief

Information for politics and administration

ENGLISH VERSION

Focus: Startups

Federal Minister for Economic Affairs and Energy Peter Altmaier, on a tour of the new SAP Data Center in Walldorf. L. t. r.: SAP Executive Board Member Michael Kleinemeier, Peter Altmaier, SAP Supervisory Board Member Gerd Oswald, Chief Operating Officer and Member of the Executive Board of SAP SE Christian Klein

A Thriving Startup Scene Is Key to Germany's Economic Future

Young companies are at the center of SAP's strategy



Ina Schlie

Against the trend in other OECD nations, the number of new companies founded in Germany has been declining for years. Even encouraging startup scenes in cities like Berlin, Munich, and Hamburg cannot disguise the fact that fewer people than ever before want to set up their own venture. It really does seem that the entrepreneurial spirit in the "land of poets

and thinkers" is in danger of fizzling out. Indeed, in its "Startup Monitor 2019" report published in May 2019, the KfW development bank notes that, in 2018, only a quarter of the working population wanted to be their own boss. In 2000, by contrast, the figure was 45 percent. The number of people in Germany aspiring to be self-employed has by that account reached a record low.

Yet young and innovative companies are vital disruptors; they drive and integrate advanced technologies. Without startups, Germany cannot stay competitive or get ready for the future. At SAP, we understand that startups matter, and that is why they have been at the center of our strategy for a number of years. Our ambition is to make the intelligent enterprise a reality. A strong

partner net-work of startups that use SAP technologies is more essential than ever in achieving this aim. The SAP:iO and SAP:iO Foundry programs we launched in 2017 help us nurture the potential of these young companies.

To better leverage the potential of Germany's startups, more has to be done to remove some of the hurdles to setting up a company and to support entrepreneurs. Besides simply making the case here, we want to offer our expertise.

By combining our creative powers, we can identify and explore new ways of making Germany the best place for startups.

Sincerely,

Ina Schlie
Senior Vice President Digital Government -
Head of Government Relations MEE

Rethinking corporate management

by Bill McDermott, Chief Executive Officer of SAP



Bill McDermott

For anyone in business, from entrepreneurs to executives, one fact is an absolute constant: We live in a world where success or failure is based on the customer experience.

The combination of data and multiple avenues of communication means businesses and services are constantly ranked and re-ranked based on the experiences of their customers. Consumers rate

everything ranging from a restaurant's food and atmosphere to their digital interaction with a company, to the quality and speed of a delivery. With these instantaneous and sustained measurements, this key metric is ignored at the operator's peril. Constant feedback holds the key to honing specific product or business operations, retaining customers you already have and creating opportunities to gain new customers in the future. Customer experience was always important to me – starting off when I ran my own business as a teenager. I've learned that making a customers' concerns and desires paramount to a business breeds loyalty.

Being the CEO of SAP today is not much different. We focus on serving businesses of all sizes in over 26 industries around the world and innovate to help our customer run at their best. Understanding our customers-specific needs and delivering the products and experiences that exceed expectations is our winning differentiator. We have dedicated our company to making every customer a best run business.

The single most important driver of success is adopting a customer-first mindset. Helping customer win - be it with a software solution or a small credit for a worker in need of a sandwich - is what each and every entrepreneur, founder, owner, and CEO needs to focus on day in, day out, twenty-four hours a day, seven days a week, three hundred and sixty-five days a year.

SUCCESS BY THE NUMBERS:

- SAP.iO Fund Investments: 26
- Startups accelerated by SAP.iO Foundries: 123
- SAP.iO Foundries: 8 locations globally – including 4 new locations in 2019 (Munich, Singapore, Tel Aviv, Tokyo)
- 34 percent of SAP.iO Fund and Foundries startups are founded-/led-by underrepresented entrepreneurs, since the inception of "SAP.iO No Boundaries" (2019 only)

Perpetually adjusting to a customers' ideal also fosters the critical component of agility. You only make it for the long haul if you fail fast, dust yourself off, start again, re-innovate and quickly learn from your mistakes. Critical to the success of any entrepreneur is leadership and offering the best customer experience over and over again.

While not all good leaders appear the same, they all share some important facets. The starting point is a bold vision that is supported by a thoughtful strategy and a relentless focus on execution. Every successful startup builds on this formula and because of their size, they can do it much quicker. They do not act from a place of fearing to fail because when you fail smart, it inevitably leads to innovation.

Innovation is now inherent to the customer experience. Things change very rapidly, and the customers' needs operate on the same schedule. Looking ahead gives a business the opportunity to anticipate their customers' requirements and serve in a capacity beyond expectation. That is the model of virtually every successful startup and disruptor.

In 2017, SAP announced SAP.iO Fund and Foundries to drive startup innovation. Our SAP.iO Fund focuses on making early-stage investments in software startups to expand the SAP ecosystem. Very few companies have attempted to do what SAP.iO Fund and Foundries are doing, which is to combine early stage venture investment with a global network of zero-equity accelerators. This approach has been called "one of a kind" by the startup and venture capital community, but I think of it as leading.

We followed this with the SAP.iO "No Boundaries" initiative in January 2019: a comprehensive and inclusive initiative for underrepresented entrepreneurs in the business software industry. In Europe, only 7 percent of VC funding goes to startups with at least one woman founder and as little as 2 percent goes to all-female founded startups.

Those numbers simply cannot remain, so we committed up to 40 percent of the investable capital in the SAP.iO Fund to supporting underrepresented entrepreneurs in tech. Coupled with scaling our SAP.iO Foundries presence and operations, we aim to support at least 200 startups around the world within the next five years.

SAP.iO Fund and Foundry's commitment to Inclusive Entrepreneurship is aligned to SAP's vision of helping the world run better and improving people's lives. By engaging with a new class of innovators that have been historically underserved, such as women or minority entrepreneurs and those in emerging markets, SAP.iO is already changing the game in B2B startup environment. SAP.

iO's commitment to social impact is now translating to focused programs around the future of work, business beyond bias, wellness, sustainability and more.

SAP is committed to Europe's dynamic startup ecosystem. To work hand-in-hand with these innovative startups means we help deliver winning outcomes and optimal value to SAP's customers. In 2017, SAP launched SAP.iO's European flagship location in

Berlin. Other accelerator programs followed including locations in Paris, Munich and Tel Aviv.

There is immense potential in the entrepreneurial spirit of Europe and in all the dynamic markets where SAP operates. No matter where the dream of the young entrepreneur begins, my advice is the same. If you have a bold dream to solve a big challenge, join us and let's chase your dream together!

Hardskills – Getting People Ready for Digitalization & Transformation

Technology-led solutions for behavioural skills training



Shoba Purushothaman

Digitalization is highlighting new skills which people need as industry after industry face transformation. The big challenge mainly doesn't concern the matter of technology – but much rather surrounds itself around the question of how to prepare workforces for 'change' in order for them to benefit from digitalization opportunities.

“Hardskills” is an online learning solution that helps organizations train their employees in new non-technical skills – the behavioral skills that are necessary for carrying out business today. These include: collaboration, how to think and act with agility, adaptability, effective communication...etc. The skills enable employees to focus on value-adding tasks while automation and technology tackle repetitive, labor-intensive work.

Traditionally, the training of these skills was limited to the top 1-10 percent in an organization via live workshops. Nowadays there are entire teams that need to undergo trainings in order for them to embrace digitalization in regard to the organizations future as well as for their own benefit.

Various research conducted by Stifterverband & McKinsey's 2018 study¹ and from the OECD estimate that over 2 million people in Germany need re-skilling. The only real viable option is online learning.

Integrated with SAP's *“SuccessFactors”*, Human Capital Management system, *“Hardskills”* offers a complete solution that brings together modern learning content, backed by the latest science on how adults learn and change behavior with data analytics and technology that delivers skill improvement of more than 60 percent in each individual.



Driving Innovation Through Upskilling

“Hardskills” solution offers:

- Interactive modern content based on latest cognitive science regarding how adults learn new skills and behaviors
- Online, technology-based solution so anyone can learn anywhere and at their own pace. Organizations can train 2,000 or 20,000 people at a time
- Personalized feedback to help each person learn how to further improve their skills

Berlin – Location, location, location!

“Hardskills” is a startup founded by international founders who previously established companies in London and New York but chose Berlin as their European operations hub this time due to several reasons:

It's a top startup city attracting a global talent pool of creatives, engineers and digital natives. It's importance and relevance across the world, giving valuable 'branding'. German industry values a trained workforce and understands the link between skills and high performance. *“Hardskills”* is therefore at the doorstep of 'ideal' clients.

Author: **Shoba Purushothaman** |
Co-Founder Hardskills

¹Reference Note: For the full report, please see <https://www.stifterverband.org/medien/future-skills-welche-kompetenzen-in-deutschland-fehlen>

The Digitalization of Industry

How established companies and startups can win as a team



Prof. Dr. Ann-Kristin Achleitner

American and Chinese tech giants dominate B2C (business to consumer) business with their digital platforms. In contrast, the race to digitalize industry and the B2B (business to business) segment is still wide open. Germany's traditionally strong industrial base gives the country's companies a good starting point. To take advantage of this, however, they have to be fast enough to capture the potential of new technologies – above all artificial

intelligence – and switch to digital business models.

Corporations and Startups Benefit from One Another

A new generation of high-tech startups in Germany aims to accelerate this transformation. Companies like Konux and Relayr, for example, which develop solutions for the Internet of Things. With their help, the industrial champions of today can become the digital champions of tomorrow.

The startups also benefit from collaboration: they not only increase their own knowledge base when they have the opportunity to work directly in the industrial application context, but also generate revenues to finance their growth.

In an acatech project, we developed proposals to improve support for collaboration between startups and established companies in Germany.

Jump-up Initiative

Firstly: We propose a “*jump-up initiative*” that brings together hand-picked high-tech startups with CTOs at industrial companies, experienced entrepreneurs from the tech scene, and top scientists to collaborate on joint solutions involving selected future technologies on a project basis.

This initiative should pursue three central goals:

- Shift the focus of large industrial groups, which so far have sought partners primarily in the U.S. and Asia, more to relevant startups in Germany
- Create the foundation for serious, sustainable collaboration that goes beyond mere demonstration projects

- Give small and mid-sized companies more targeted access to the startup scene

Ideally, venture capital funds will also contribute their technology and market expertise and provide financing for the growth of promising startups. acatech could be used as a platform for the “*jump-up initiative*”.



Dr. Thomas Lange

Regional Innovation Clusters

Secondly: We propose better support for professional entrepreneurship clusters at universities – as the nucleus for regional innovation clusters. Clusters and personal contacts don't only help to initiate joint projects; they also provide a perfect breeding ground for long-term collaboration between startups, industrial companies, scientific institutions, and venture capital providers in the context of new technological developments.

Professional entrepreneurship centers are characterized by operations close to the market, separation from classic university structures, and effective integration of businesses. UnternehmerTUM GmbH at the Technical University of Munich, with more than fifty scalable tech startups each year, is one of the few models for success in Germany to date.

We should establish at least ten more centers of excellence like this, to ensure that Germany continues to play in the Champions League of industrial nations in the future.

Prof. Dr. Ann-Kristin Achleitner holds the chair for Entrepreneurial Finance at TU Munich and is a member of the presidium of acatech – National Academy of Science and Engineering – and serves on the supervisory boards of two DAX-listed companies.

Dr. Thomas Lange heads the Economy, Education, and Labor section at acatech – National Academy of Science and Engineering.

The acatech acatech STUDY “*Enhancing innovation in Germany by strengthening the growth finance ecosystem*” was released in June 2019 and is available as a free download:

www.acatech.de/growth.

New prospects for high-tech startups

HTGF finances startups with a significant growth potential



Dr. Alex von Frankenberg

Founded in August 2005, the High-Tech Gründerfonds (HTGF) was the result of a working group consisting of representatives from the German Federal Ministry of Economics, industry, and industry experts. Its goal: to revive the market for startup funding, which was completely dormant at the time. The initiative focused on high-tech

startups with significant growth potential. The seed phase always faces significant risks, and in the aftermath of the bursting of the “new economy” bubble, funding had dried up completely. Private investors, if there were any at all, were investing their money in later development phases of the startups, in which the teams, product/market fit, and business models are much clearer than in the founding phase. Success proved the initiative right: by achieving its goal of providing seed funding for 40 startups per year, the HTGF doubled the market for them straightway.

The Startup Boom in Germany

Fourteen years later, the HTGF has funded more than 550 companies, of which more than 100 have been successfully sold and “only” 150 have failed, and which have received more than two billion euros in private follow-up funding. The entire VC (venture capital market) – over all financing phases – has undergone extremely positive development in Germany: a number of entrepreneurship professorships have been created as the funding and consulting ecosystem motivates and supports budding founders nationwide. Many new VC funds have been created in the country and international players in startup financing have identified Germany as an attractive area of investment. Business angels, along with an increasing number of established companies, are actively and successfully investing money, time, and expertise in German startups. One VC in particular, Rocket Internet, has created numerous “unicorns” – companies valued at a billion dollars or more.

Close Partnership with Industry

HTGF III, which has a volume of nearly 320 million euros, includes 110 million euros from 33 private companies, including SAP, with the rest provided by the German government and

development bank KfW. As such, the private investment share has grown from 6.2 percent in HTGF I to 34.3 percent in HTGF III. In addition to the excellent performance of the fund, which beat expectations by far, a decisive factor in this trend is the value that fund investors reap from access to networking and expertise: companies that not only question the establishment, but also drive disruptive innovations forward directly, provide priceless access to innovation.

Regular personal interaction, different forms of partnerships, close development and sales joint ventures, and even the opportunity to buy shares in HTGF portfolio companies all have positive impacts on the business operations of fund investors. This is also evident in the fact that the portfolio has attracted direct funding of more than 100 million euros, above and beyond the fund investment – nine of the portfolio companies were such a good fit that they were acquired directly by fund investors.

Partnerships Are a Success Factor

Networking of the different players was deeply embedded in HTGF’s DNA from the start. The public-private partnership succeeded in recruiting both public and private investors for the three funds. Matchmaking between the portfolio companies and fund investors was conducted highly systematically. Among other efforts, the annual high-tech partnering conference facilitated contact with many established companies. A “private investor circle” was created, consisting of high-wealth individuals, and has since invested 50-80 million euros in the portfolio annually.

Since its founding, the HTGF has also made sustained strategic efforts to get international investors involved in the portfolio. With more than 80 million euros in funding, they represent the largest group of investors for follow-up financing in the HTGF portfolio. With its versatile committee work, such as the “Young Digital Economy Advisory Council” and other institutions, the HTGF lobbies policy-makers on a number of different topics, including regulation, framework conditions, and the need for additional funding. Not least due to the efforts of the HTGF, the entire startup ecosystem in Germany has developed tremendous momentum and caught up to the leading global regions in many respects. Nonetheless, this positive trend mustn’t disguise the fact that Germany has not captured its full potential yet by far.

Author: **Dr. Alex von Frankenberg** |
Managing Director High-Tech Gründerfonds

Where are...

SAP proposals for improving the framework conditions for startups in Germany

The number of new companies founded in Germany has been declining for years, in comparison to other OECD nations. The number of liquidations exceeds the number of new companies founded. In 2018, the number of startups declined by around two percent compared to the previous year, of 547,000. Development bank KfW also warns that the willingness to start a business is declining.

It does in fact seem that the pioneering spirit in the “land of poets and thinkers” is threatened with decline, as shown by the “Startup Monitor 2019” study, which development bank KfW published in May 2019. According to the study, only a quarter of the working population wanted to be their own boss in 2018, a record low of people wanting to be self-employed in Germany. As the study reported, this share was 45 percent in 2000, before declining slightly in subsequent years and then sharply after the financial crisis. Another factor is the (still) excellent situation of the labor market, which acts as a brake on entrepreneurial spirit in Germany.

In response, a variety of German companies – from DAX-listed corporations to family-run enterprises – have launched a number of initiatives, which have produced promising startup scenes in some German cities, such as Berlin, Munich, and Hamburg. Nonetheless, they are far from adequate.

Against this backdrop, the German government needs to simplify business startups and give them more support. It should also avoid focusing on startups that have specialized in data-driven technologies like artificial intelligence and machine learning or platform-based business models. Comprehensive support for innovation and simplification of regulations are urgently needed to achieve change in the long term.

In the following, we wish to list several specific proposals to improve the framework conditions for startups:

1. Extend the Financing Conditions for Startups

Successful innovations and startups need sufficient funding, especially in R&D-intensive industry sectors. Government funding programs are important elements of startup financing. At the same time, Germany has to attract more private venture capital. Although the German government has implemented numerous measures aimed at improving the framework conditions for venture capital funding in the country, the EFI (Expert Commission on Research and Innovation) concludes in its 2019 annual report that the German VC market is still underdeveloped by global standards. Despite some improvements in recent years, the availability of venture capital in Germany remains limited. A direct comparison with the U.S. underscores the difficult financing situation for German startups: while around 0.035 percent of gross domestic product (GDP) was invested in venture capital in Germany in 2018, the corresponding figure in the U.S. was around 0.4 percent

of GDP. This gap elucidates how the market opportunities of promising startups in Germany are comparatively low, due to a lack of funding options.

2. Expand Funding for the Growth Phase

In particular, securing follow-up financing in their growth phase remains a key challenge for companies. Early financing programs (seed, series A, series B) have become better established in the interim, but later-stage financing programs to expand business activities do not yet receive sufficient support in Germany. Overall, companies in the seed and startup phases attract significantly more venture capital investment (795 million euros) than those in the later stage (344 million euros). According to a study by Roland Berger¹, a German company receives an average of 3.3 million euros during its growth phase. In the U.S., this figure is around 24 million euros. What’s more, later-stage investments have only increased slightly over the past five years, while their share of the German VC market has actually declined over the same period, from 36 percent to 30 percent. The main reason for this: insufficient size of the funds in Europe. As a result, startups in the later stage often have to seek investors outside of Europe to obtain follow-up financing. To prevent the flight of innovative startups to locations outside Europe, the German government has to expand its existing measures accordingly.

As one specific measure, the High-Tech Gründerfonds should be expanded to include a segment that supports startups that face significant risk, but also potentially strong growth, particularly in the AI domain. The German government’s AI strategy has not yet taken this into account. To support startups, the AI strategy devotes a mere 40 million euros to expand the EXIST program² and an increase of KfW investments in venture capital and venture debt funds by 200 million euros annually through 2020. These are positive steps, but a mere fraction of what government VC providers in the U.S. and China supply.

3. Consolidate Public Funding for Startups

German startups don’t suffer from a lack of direct government support measures per se (EIF, INVEST subsidy for business angels, EXIST, KfW, High-Tech Gründerfonds). However, the existing instruments are highly fragmented and every portfolio is too small on its own. As such, a consolidation of available public funds and a long-term, risk-oriented strategy would be advisable. A first step in the right direction is the consolidation of KfW’s funding offerings in the VC segment by KfW Capital.

4. Develop Incentives for Private Investors

Potential anchor investors, such as life insurance companies, have often been hesitant to provide startup funding in Germany, due to restrictive regulations. In countries with capital-funded pension systems, these investors often play the role of an anchor investor, which sends signals regarding

¹ Roland Berger GmbH (2018): Venture Capital: Treibstoff für Innovationen, Wachstum und Wettbewerbsfähigkeit (Venture Capital: Fuel for Innovation, Growth, and Competitiveness),

² <https://www.exist.de/DE/Home/inhalt.htm>

...the new entrepreneurs?

potential investments in the domestic market to international investors. Due to the pay-as-you-go nature of the German pension system, anchor investors are lacking in Germany. Therefore, the regulations for institutional investors in Germany must be relaxed, to allow investments in venture capital funds that finance startups. At the same time, the German government should create incentives that make it attractive for private investors to invest in VC funds and young companies, instead of depending primarily on public funding for startup financing.

In addition, the government should generally waive sales taxation of administrative services performed by venture capital funds (also see the further remarks under 5). The Danish model of a government umbrella fund could also be a suitable model for involving institutional investors. An instrument of this kind could balance the long-term investment cycles for venture capital with the short-term disbursement periods of insurance companies and pension funds.

5. Create Liquid Exit Channels for Venture Capital

In addition to government support, liquid exit channels have to be created for young companies. Above all, this includes a stock market segment where venture capital companies can sell their shares in young, expanding tech companies.

IPOs have been rare among German startups to date. As a result, promising German startups are often acquired by foreign companies or investors. Liquid secondary markets are indispensable to improving the prospects for follow-up financing of startups. They are also urgently needed to give investors incentives for equity investments and variable exit channels. We recommend a pan-European approach by stock market segments to support growth-oriented companies.

In Germany, the pre-market IPO platform “*Deutsche Börse Venture Network*” links promising companies with investors and assists growing companies with investment rounds. In the long term, this platform could help get more startups in Germany to the stock market. To achieve this goal, however, additional obstacles also have to be removed. Publication rules and bureaucratic obstacles need to be better balanced, to make it easier for startups to hold IPOs. Suggestions by the European Commission to reduce prospectus requirements, which often pose a high financial hurdle to startups in particular, should be reviewed and implemented.

In addition, spinoffs from scientific institutions need to get more support. Measures must be implemented to ensure that basic research is not inconsistent with exploitation of the research results. As such, possibilities to apply the results of basic research must be supported and taken into account in funding decisions. As SAP sees it, entrepreneurial culture at universities deserves more support. If possible, entrepreneurial training should be a firm fixture in the curriculum of every degree program.

6. Adjust tax frameworks and eliminate administrative obstacles

Since the corporate tax reform in 2008, Germany has had a restrictive interpretation of the use of losses carried forward, at least in the international context. The legal measures adopted in December 2016 aimed at evolving tax loss carryforwards by corporate bodies have failed to provide any major impetus (such as financing incentives) to venture capital investments to date. The law for fiscal measures to promote research and development (R&D) is welcome, but the restriction of funding volumes only sends a weak signal to the economy. Fiscal R&D support should be designed as a tax credit, for example, as an R&D tax credit for 50 percent of personnel costs at companies with up to 20 employees. This support could be limited to 10 percent for SMEs and large companies, for example. Administrative activities by fund managers in Germany are still subject to turnover tax, in contrast to many other EU countries. Accordingly, the founding and development of VC funds in Germany is less appealing in comparison to these European countries. Eliminating turnover tax liability for the administrative activities of fund managers would send a positive signal here.

One factor that is often criticized by German startups is the large administrative obstacles to founding a company. The bureaucratic effort required to found a company in Germany is significant compared to other industrialized nations. In a global comparison of administrative costs for founding a company, the World Bank puts Germany at 114th place among the 190 countries surveyed. To counteract this trend, efforts at reducing bureaucracy – such as relaxing reporting requirements and increasing thresholds and limiting amounts – must be expanded. Bureaucratic burdens for startups have to be minimized, especially in the initial years after their founding. Specifically, the application, approval, and tax procedures for startups should be simplified and, if possible, merged.

7. Improve Digital Skills in Schools and Universities

The development of new technologies, for example, in the area of machine learning, is posing new demands on the working world and the educational system. Therefore, the federal government and states, along with educational institutions and enterprises, have to anticipate future employment opportunities and increase support for the future skills required, to ensure that students get the future qualifications they need. Teaching and support of digital skills must be provided as early as the school level, for example, by introducing a computational science curriculum. The startup culture also deserves greater support in schools and, in particular, at universities, for example, through interdisciplinary entrepreneurial training. And to counteract the skills shortage at startups and established companies alike, school students with an affinity for STEM subjects should be given more targeted support.

To sum up, myriad options for supporting entrepreneurship are available. They must be implemented quickly and with a focus on results to ensure that Germany continues to be economically relevant in the long term.

Hiring in the new experience economy

Bringing candidates and companies together with the help of AI



Mo Moubarak

The global talent landscape is rapidly evolving. In order to keep up, companies are investing billions in talent acquisition & management. The drawback of this process is the sunk costs, as organizations simply are not able to hire every applicant who comes through their recruitment funnel. While companies are striving to optimize productivity in order to stay competitive, reductions in overheads are inevitable, causing workers to lose their jobs to automation.

We recognize that there is an abundance of talent ready to work however, this coexists next to an ageing workforce that needs to be retrained. We redistribute talent into the marketplace, either through referrals to other companies or by offering additional training through our partner schools (e.g. CodeDoor).

Between tradition and innovation

MoBerries automated candidate sourcing channel connects actively looking candidates with companies by leveraging an AI-based matching engine. The engine adapts the candidate pre-selection based on the feedback generated by HR managers and maintains it throughout the hiring process. In Germany, MoBerries is already being used by 1,000 companies, generating over 40,000 unique matches with an inbound of 20,000 candidate referrals on a monthly average. The combination of feedback and referrals create a network effect.

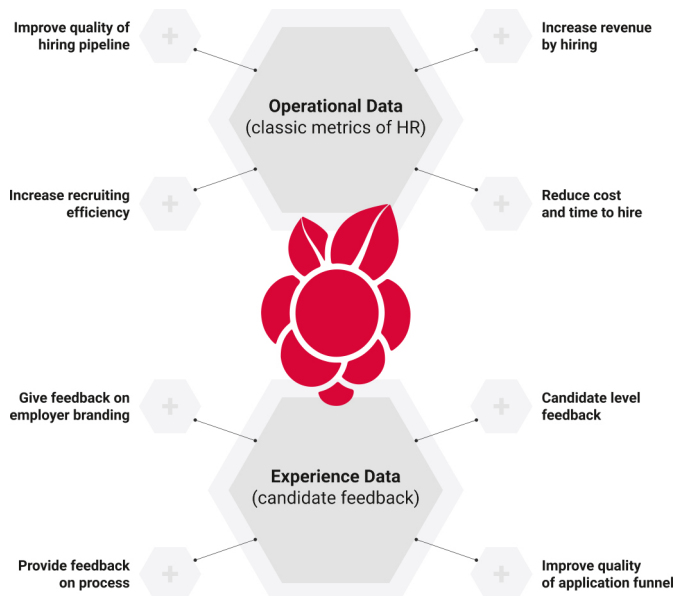
In Luxembourg, MoBerries network is drawing diverse talent from around the world to strengthen the local workforce. The network in Canada is aimed at promoting the integration of immigrants by minimizing the time required to enter the job market with respect to their qualification.

With one of the leading job discovery bots on Facebook, MoBerries has a total of 1.6 million candidates globally. Countries like Qatar utilize the platform in order to acquire actively looking talent to diversify and strengthen their workforce.

Our solution leverages the synergies between traditional operational data (the metrics of HR) as well as the powerful experience data (candidate's feedback), and drives the shift in today's experience economy.



MOBERRIES



MoBerries – a platform to actively search for new talent, diversifying and strengthening employees. Leveraging are the synergies between traditional operational data (the metrics of HR) as well as the powerful experience data (candidate's feedback), thereby driving the shift in today's experience economy.

Our mission

The objective behind MoBerries is to create a transparent job market, accessible to people of all backgrounds. We believe that every individual integrated into the workforce strengthens the economy. At the same time, our technology helps us understand the landscape of HR and predict hiring trends, on a regional but also on a global level.

We joined the SAP:iO Foundry in May this year which took place in Berlin and have co-developed an API that syncs into SAP's "SuccessFactors", the world's number one Talent Management System. The usage of this human capital managing system enables the entire marketplace to access our pool of candidates. As a "SuccessFactor" customer, you can now pull candidates directly into your dashboard from everywhere! This is how we turn costs into profit. MoBerries distribution amongst a multitude of players, allows us to see which transactions have not panned out for candidates. By making use of the valuable experience data, we are able to retarget them to companies where they will go directly from application, to interview, to finally being hired.

Author: **Mo Moubarak** |

Head of Business Development at MoBerries GmbH

Building an Open Ecosystem with Startups

An interview with Alexa Gorman, Senior Vice President, Head of SAP.iO Foundries EMEA



Alexa Gorman

Mrs. Gorman, what role do startups play in SAP's strategy and why is SAP working with them?

SAP values our partners and has always believed in the value of an open ecosystem. This also includes startups, who have been a critical part of our strategy for several years. With SAP's strategy of enabling the Intelligent Enterprise and great customer experience, cultivating a rich ecosystem of startups that leverages

SAP's technology is more mission-critical than ever. For this reason, SAP.iO was created, as a strategic business unit focused on harnessing the innovation of early stage startups in the B2B SaaS space in 2017.

SAP.iO and the SAP.iO startups are working with customers looking to understand how they can use emerging technologies like AI/ML and blockchain to solve their highest-value business challenges. With our ecosystem of startup partners delivering the latest innovations integrated with SAP's solutions, we can help customers transform their business processes and use their SAP technology as a platform for innovation.

In terms of impact, we have been very successful in building the startup ecosystem we originally envisioned. Since its inception in 2017, SAP.iO has incubated or invested in more than 120 exceptional startups.

How does SAP.iO help startups grow and scale?

The SAP.iO Fund and Foundry aims to incubate startups in the B2B SaaS space in two ways: through early-stage investments and acceleration.

The SAP.iO Foundry is an equity free accelerator program that helps startups scale in 8 global locations: Berlin, Munich, Paris, Tel Aviv, New York City, San Francisco, Singapore, and Tokyo. Each foundry location welcomes 1-2 cohorts of entrepreneurs each year and focuses on helping startups in a given enterprise technology sector, such as Customer Experience or Employee Engagement. Through our Foundries, startups get access to SAP's large customer base, mentors, and SAP technology to help them build out proofs of concept, develop integrations and scale their businesses.

We also make select early-stage investments in enterprise software startups that enable SAP customers to realize new, highly incremental value from their investments in SAP solutions. As of September 2019, our SAP.iO Fund portfolio includes 26 startups. Through this fund, we make a financial commitment to helping these startups grow, in addition to providing them with mentorship, customer and technology access.

In what areas of enterprise technology is SAP.iO most interested at the moment?

Since our main goal is to assist in bringing the latest, most valuable innovation to our customers, we're constantly collecting feedback on their most pressing challenges. This year, we perceive a big opportunity to better help our customers by leveraging technology like AI/ML in order to deliver a more compelling customer experience (CX) in real-time. Therefore, our upcoming Foundries in Munich and San Francisco are mainly focused on startups in the CX space. We're hoping to help our customers collect better data regarding their end-customers and use that data in order to achieve a better exchange of information with their sales, marketing and service processes.

Additionally, we're always on the lookout for startups that can help us bring more intelligence to our customers' key business processes across lines of business or industries. This can appear in a few different forms. There are startups who are building intelligent applications that are able to leverage ML and consequently enrich the data sitting in our customers' systems. There are startups who are building intelligent workflows that can extend or differentiate our customers' core business processes/workflows for their industry or market. These are the kind of innovations that help our customers make the most of their SAP investments and enable them to transform their businesses.

Finally, SAP.iO has always embraced diversity and inclusion. We want to make sure that we are nurturing an inclusive startup ecosystem that taps into the creativity of entrepreneurs coming from all backgrounds. That's why we announced our No Boundaries commitment earlier this year, to fund and incubate over 200 startups led by women and underrepresented entrepreneurs over the next 5 years.

Mrs. Gorman, why was Berlin chosen as the first Foundry location in Europe?

SAP.iO established the first European Foundry mainly in Berlin because we saw a vibrant startup ecosystem in this city. The city is characterized by a unique combination of talent at a low cost compared to other startup hubs in the EU like London and Paris. It is further characterized by a breadth of potential enterprise

customers, small, medium and large across various industries which offers the chance of different selling opportunities. Last but not least Berlin offers a growing investor community.

The Berlin-Brandenburg capital region has a long history of being one of the most prolific centers of higher education and research in the world. Housing the largest concentration of universities and colleges in Germany, the city has four public research universities and 27 private institutions of higher education. With an estimated student population of over 175,000, it is no coincidence that this pool of young talent correlates to an above average entrepreneurial activity within the city. According to Berlin Partner for Economy and Technology, an average of 40,000 new companies, 500 of them tech startups, are founded in Berlin each year.

This powerful combination of talent, a growing ecosystem, a network of mentors and support, access to venture capital and potential conduit to customers made it the ideal location for the first SAP.iO Foundry in Europe.

How do you see other startups hubs in Germany?

We recognize that startup activity in Germany is not only concentrated in Berlin. We work with startups and associations across Germany to ensure that we also include the most promising

startups that can deliver innovation to our customers. We recently opened our second SAP.iO Foundry in Munich, another vibrant startup hub in Germany. In Munich, for example, we have discovered many B2B startups offering very innovative solutions for manufacturing customers but also in the customer experience space. The Foundry in Munich is running its first program from September to December which is focused on Customer Experience. However, there is also a lot of startup activity taking place in Germany beyond Munich. Since SAP is willing to support innovations taking place countrywide, have, for example, already started a cooperation with Innowerft, an incubator based in the Rhein-Neckar region.

How do you involve the ecosystem in SAP's startup activities?

We offer startups programmatic mentorship with mentors from SAP but also the startup and VC ecosystem. We have former founders, VCs, business veterans who work with us to help accelerate startups. These mentors offer their expertise and open their personal networks to the startups. SAP's customers also work closely with the Foundries both in terms of startup selection as well as piloting solutions.

SAP news

Investments in Germany's Digital Sovereignty

Minister for Economic Affairs Peter Altmaier Visits SAP in Walldorf

"That was very impressive," said Peter Altmaier after a tour of the new SAP data center in Walldorf on July 1. Together with Christian Klein, Chief Operating Officer and Member of the Executive Board of SAP SE, SAP Executive Board member Michael Kleinemeier, SAP Supervisory Board member Gerd Oswald, other business representatives, and SAP customers and partners, the Minister for Economic Affairs and Energy took a look at the new data center, which SAP recently built – at a cost of 120 million euros – to guarantee the local storage and processing of customer data.

At the subsequent SAP Industry 4.0 summit, Christian Klein pointed this out: "We see enormous market potential in Germany, particularly in the digital transformation of industry and cloud computing. Data privacy and trust are an extremely important part of this. That's why we want to offer our customers the possibility of storing and managing their data here." Dr. Frank Melzer, speaker of the Industry 4.0 Platform and Chief Technology Officer of Festo AG, also believes in the need for action here: "We need digital sovereignty, we need operability and standardization, and we need sustainability through digital systems." Melzer also praised the abilities of German industry: "We're in good shape. But we now need to play to our strengths, achieve economies and scales, and have the guts to take a leap forward as an industrialized nation."

In closing, Minister Altmaier endorsed SAP's local investments: "They show that SAP believes in Germany as a place to do business and provides the most modern technology. As such, SAP also plays a decisive role for the future of the German economy."



L. t. r.: Christian Klein, Chief Operating Officer and a member of the Executive Board of SAP SE; Peter Altmaier, Federal Minister for Economic Affairs and Energy; Michael Kleinemeier, member of the Executive Board of SAP SE and leader of the SAP Digital Business Services organization; Gerd Oswald, member of the Supervisory Board of SAP SE

SAP Run Digital: Digitalization Poses Opportunity for Africa

Distinguished guests discussed the potential of the digital transformation for the future of the African continent at the SAP Data Space in Berlin

Can the digital transformation be the key to capturing Africa's enormous potential? Can digitalization open up new avenues for strengthening the economies of African countries and integrating them fairly into global value chains? How can we ensure that Africa also benefits from the digital dividend?

These and many other questions were discussed at the SAP Data Space in Berlin on June 26. Part of the established "SAP Run Digital" series, the "Digitalization in Africa" event presented an opportunity to attend keynote speeches by prominent guests and experts on this subject and then – a fixture of SAP Run Digital – debate with them afterwards.

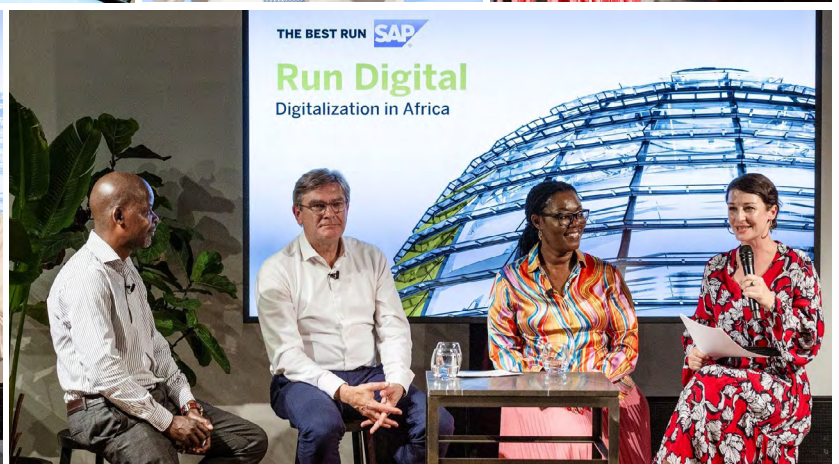
The event was opened with a keynote speech by Dr. Gerd Müller, German Federal Minister for Economic Cooperation and Development. Over the course of the evening, Michael Kleinemeier, Member of the Executive Board of SAP SE, Ursula Owusu-Ekuful, Minister of Communications of the Republic of Ghana, and Kenyan economist James Shikwati shared their views and experiences with the audience. In the subsequent podium discussion, they answered the questions posed by moderator Geraldine de Bastion and the audience.

During the event, a new joint project by SAP and the Federal Ministry for Economic Cooperation and Development was announced: "SAP Skills for Africa Program". It aims to establish 450 qualified jobs in the IT sector in ten African countries.

See you soon at the next Run Digital at the SAP Data Space!



L. t. r.: Michael Kleinemeier, member of the SAP Executive Board; Ursula Owusu-Ekuful, Minister of Communications Ghana; Dr. Gerd Müller, Federal Minister for Economic Cooperation and Development; James Shikwati, Kenyan Economist; Ina Schlie, Senior Vice President Digital Government - Head of Government Relations MEE SAP SE



Shaping sustainable development together

SAP at the St. Petersburg International Economic Forum

On June 6-8, 2019 the 23rd St. Petersburg International Economic Forum (SPIEF) took place under the slogan *“Creating a Sustainable Development Agenda”*. With over 19,000 attendees from 145 countries the Forum underscored its importance and global character again.



Federal Minister of Economic Affairs and Energy Peter Altmaier at the St. Petersburg International Economic Forum in June 2019

This year’s plenary session was hosted by President Putin and attended by the President of the People’s Republic of China Xi Jinping, the President of the Republic of Bulgaria Rumen Radev, the Prime Minister of the Republic of Armenia Nikol Pashinyan, the Prime Minister of the Slovak Republic Peter Pellegrini, and the Secretary General of the United Nations Antonio Guterres.

Through the representation on the Executive Board by Michael Kleinemeier, SAP shared the privilege to be one of two German companies with its own booth at this year’s SPIEF alongside Mercedes Benz. Designed in the Data Art style, which prominently displayed graphics based on O data and X data, the SAP booth caught special attention during the visit of the German Federal Minister for Economic Affairs and Energy Peter Altmaier, the President of Russian Union of Industrialists and Entrepreneurs Alexander Shokhin, or the EU Commissioner for Digital Economy and Society Mariya Gabriel.

SAP representatives were given the opportunity to take part in 5 panel discussions as speakers – *“Tax monitoring: confidential online interaction, or traditional checks?”*; *“A Strategic Pathway for Energy Companies in the Platform Economy”*; *“Russia–Germany: Business Dialogue IV. Identifying Effective Strategies for the Chinese Consumer Market”*; and *“An Innovation Economy: Opportunities for Smart Specialization in the Regions”*.

Your contacts

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