

SAP sales rise, company boosts outlook

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(AP)—Business software maker SAP AG saw its third quarter profit fall from a year ago because of a large one-time gain booked then, but the company raised its sales outlook for the year and said its business in cloud computing was growing fast.

[Net profit](#) came in at €618 million (\$804 million), down 51 percent from €1.25 billion a year ago. The year-ago figure was boosted by an unusual €723 million gain that came about when a judge reduced damages against the company in a lawsuit brought by competitor [Oracle Corp.](#)

Revenue in the third quarter grew 16 percent to €3.95 billion, while operating earnings—which exclude the court decision—rose 10 percent to €1.23 billion.

The Walldorf, Germany-based company said Wednesday its business was developing strongly, with increased sales in North America and China outweighing flat revenue in crisis-hit Europe.

SAP's core business for years has been software installed at customer companies' offices that helps them manage back-office functions such as keeping track of personnel. But it is making a big push in cloud computing, where the software is hosted on remote servers and companies purchase only as much [computing services](#) as they need.

SAP bought U.S.-based cloud company Ariba earlier this year and says the cloud business will be one of the company's main pillars. Ariba,

which is based in Sunnyvale, California has 2,700 employees and will operate as a separate division.

Co-CEO Bill McDermott said on a conference call that the company's mobile, cloud and high-speed data analysis business "are all growing in triple digits. We have tremendous momentum in the cloud."

While the cloud business is not yet profitable due to high up-front investment, it is growing fast, with new cloud billings increasing 116 percent over the year. The company says it expects cloud computing to be generating profits of €2 billion a year by 2015 and that SAP will be the first major [cloud computing](#) player to turn a profit.

With sales up 37 percent in North America and 40 percent in China the company was able to overcome "flattish" revenues in Europe, where countries such as Spain, Portugal, Greece and Italy are struggling with recessions and troubles with too much government debt.

"When you're so global, you can withstand issues you encounter in southern Europe, for example," McDermott said.

Oracle sued SAP over improper downloads of Oracle data by SAP's former subsidiary TomorrowNow. A jury awarded Oracle \$1.3 billion, but a judge sharply reduced the award. The case has not yet been finally resolved.

SAP raised its 2012 revenue outlook. The company had said revenue would increase by 10.5 percent to 12.5 percent, and now says sales will reach the upper end of that range.

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