

SAP profits up 23 percent as cloud computing grows

October 21 2013, by David Mchugh

Business management software company SAP AG says net profit rose 23 percent in the third quarter as its cloud computing business grew rapidly and the company kept down costs by holding down hiring of new employees.

The [company](#), based in Walldorf, Germany, said Monday that [net profit](#) rose to 762 million euros (\$1.036 billion). Revenues grew 2 percent to 4.045 billion euros.

Cloud computing revenues more than tripled to 191 million euros from 63 million euros. In [cloud computing](#), companies access software on SAP's computers over the Internet rather than having it installed and maintained on-site—saving them money.

That business remains smaller than SAP's older business selling on-site software to manage customer companies' business functions, but the company says it is the key to the industry's growth. Co-CEO Jim Hagemann Snabe said Monday that the industry move to cloud and mobile computing was a "fundamental transition" of the computer industry and the company was "clearly leading" the switch to the new way of doing things.

Chief financial officer Werner Brandt said in a statement that the company had "a very strong performance in the third quarter" despite shifts in [currency exchange rates](#) that affected the company's revenue figures. The company cited a "mixed market environment" in Europe,

the Middle East and Africa; Europe has been struggling with slow growth and high unemployment in countries such as Spain, Portugal, Italy, Greece and Ireland.

The company said cloud computing would bring in revenue at the rate of 1 billion euros a year by year end, and repeated its goal of 2 billion euros in 2015.

The company said third-quarter profits grew faster than sales in part because of cost discipline including restraint in hiring. CFO Brandt said the company added only 380 people from the same quarter a year ago, not counting those at companies it has acquired. SAP had 66,061 full-time workers at the end of the quarter.

© 2013 The Associated Press. All rights reserved.

Citation: SAP profits up 23 percent as cloud computing grows (2013, October 21) retrieved 26 April 2024 from <https://phys.org/news/2013-10-sap-profits-percent-cloud.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.