

SAP says cloud computing to continue to boost sales

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The logo of German software giant SAP is seen in front of the company's headquarters in Walldorf, southern Germany, on October 22, 2013

German software giant SAP said on Tuesday it expects its cloud computing business to continue to boost sales in the coming years, but profit growth will slow this year.

SAP said in a statement that group sales, which totalled 16.9 billion

euros (\$22.9 billion) last year, would rise to "at least 20 billion euros" in 2015 and subsequently to "at least 22 billion euros" in 2017.

"We expect the combination of a stable, highly-profitable core and fast-growing cloud [business](#) to deliver continued growth and margin expansion," it said.

Last year, cloud revenues beat expectations by rising to 787 million euros and were projected to rise to 0.95-1.0 billion euros this year, "around 2.0 billion euros" in 2015 and then to 3.0-3.5 billion euros in 2017.

"Based on our strong global momentum from 2013 we will accelerate the transition to the cloud," said joint chief executives Jim Hagemann and Bill McDermott.

However, the investment would put the brakes on growth in operating profit, which was projected to rise by 6.0-9.0 percent to 5.8-6.0 billion euros in 2014.

And that meant that SAP would defer its longer-term targets for [operating profit margin](#).

"We are sticking to our operating margin goal of 35 percent," it said.

But "in order to capture the growth opportunities in the cloud, SAP now expects this target to be reached by 2017 rather than in 2015 as previously stated," SAP said.

"We anticipate the fast-growing cloud business along with growth in support revenue will drive a higher proportion of more predictable, recurring revenue in the future," SAP said.

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