



THE TOP TEN REASONS LIFE SCIENCES COMPANIES CHOOSE SAP FOR BUSINESS TRANSFORMATION

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CEO NOTES

SAP is the proven leader for helping Life Sciences companies institutionalize compliance, scale operational excellence globally, and co-innovate for competitive advantage. With over 33+ years of industry expertise, SAP solutions are the industry standard for Life Sciences. 1,250+ Life Sciences companies, representing 3,900+ active installations, run their business on SAP.

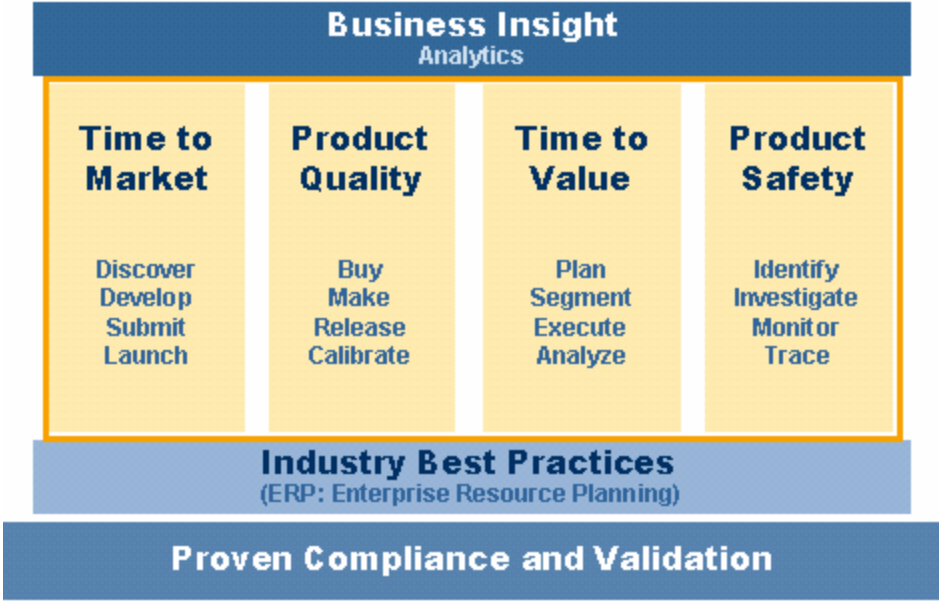
While 90% of the Life Sciences companies listed in the FORTUNE Global 500 run their businesses on SAP, our Life Sciences customers include a wide spectrum of large, emerging and mid-sized enterprises. In fact, over 50% of our Life Sciences customers have revenues less than \$500 million.

Increased competition, shorter market cycles and higher customer expectations are creating heavy demands on the Life Sciences industry. Four recent trends are clear:

- ❑ Rising R&D costs and drug patent expirations are driving consolidation in the industry
- ❑ Companies are pushing for internal R&D productivity and acceleration of drug development
- ❑ Companies are focusing on cost cutting
- ❑ Greater attention to patient-oriented marketing and overall sales and marketing effectiveness

Many Life Science companies are looking to meet these challenges by using application software to decrease the time to market of drugs, reduce costs and open up new revenue streams. SAP for Life Sciences addresses these needs through a solution that supports industry-specific end-to-end business processes. First and foremost a business process platform, SAP for Life Sciences provides companies with the ability to maximize revenue and improve profitability by continuously bringing innovative, safer products to the market and increasing operational efficiency.

The graphic below shows the four Life Science business “pillars” that SAP for Life Sciences can enhance through its industry-specific functionality. Companies today need to be successful in all four areas in order to achieve their revenue growth targets.



SAP’s solution is based on a foundation of best practices from industry leaders, and a proven ability to satisfy regulatory bodies of the safety and efficacy of healthcare products and services. Overseeing the entire solution is a set of analytical tools that allow customers to monitor their overall business. SAP delivers a fully supported set of processes for Life Sciences based on open standards and the latest technologies. SAP customers have a complete roadmap and can take comfort in the fact that they have a single platform that is not targeted for wholesale replacement in the coming years.

TOP TEN REASONS – AT A GLANCE

Success in the Life Sciences industry depends on a multitude of issues. While it would be overreaching to attribute the success of SAP customers solely to their implementation of SAP solutions, SAP customers consistently mention their partnerships with SAP as a key reason they outperform their competitors. SAP has researched the reasons why customers choose SAP. To summarize, our research found that companies choose SAP because of the following attributes:

1. **SAP is the de-facto Life Sciences industry standard.** Well over 30,000 companies use SAP in more than 120 countries. SAP has 1,250+ Life Sciences customers globally with a very strong focus in emerging and mid-size enterprises. SAP is the undisputed leader in the enterprise applications market, providing the scale, experience, and ecosystem required to continually create and increase customer value, thus lowering your investment risk.
2. **SAP is a trusted advisor to the global Life Sciences industry.** 19 of the top 20 pharmaceutical; 7 of the top 10 biotech; and 6 of the top 10 medical device companies enable their business with SAP. Global use of SAP extends from ethical and generics pharmaceuticals, biopharma and biotech companies, diagnostics and medical devices and services companies like contract research/manufacturing organizations, alliances and raw material suppliers for API/speciality chemicals. Across sub-segments, the most important result from SAP's focus on competence and compliance is that SAP customers consistently outperform their competitors on key metrics such as operational excellence and profitability.
3. **SAP is the most complete solution for the Life Sciences value chain.** SAP invests more in R&D than any of its competitors. SAP has several thousand developers focused on driving innovation through the SAP product line and has created specific Life Sciences solutions for areas such as R&D, Product Supply, Commercialization, Support Services and Governance/Risk/Compliance for Life Sciences. SAP's leadership within every functional area allows companies to enjoy best-of-breed capabilities in an integrated suite – allowing you to quickly adapt your IT practices to support new business processes in response to rapid and unpredictable market changes and adhere to global regulations as well as local country regulations by FDA, EU, MCA etc.
4. **SAP creates sustainable shareholder value.** SAP has a relentless focus on customer value and growth. Life Sciences companies outgrow their homegrown applications through internal / external expansion i.e. combine landscapes due to mergers, acquisitions and divestitures and SAP supports the business consolidation leveraging standard business process and providing visibility across data integration. SAP works with customers to lower their total IT costs as a percentage of revenue – thus providing a larger share of your IT budget for strategic process innovation.
5. **SAP is flexible and adaptable.** SAP's dedication to its customers has helped guide them through the transition from mainframe (SAP R/2®) to client server (SAP R/3®) to the NetWeaver WAS (Web application server based) platform. In the next evolution, SAP will continue to leverage its Enterprise service-oriented architecture (eSOA) to add more capabilities to Life Sciences business processes as they evolve as a source of competitive advantage. SAP's architecture is clearly superior to its competitors – providing you with flexibility, choice, and greater overall value.
6. **SAP has the most comprehensive Life Sciences partner ecosystem.** SAP has developed a strong, loyal, and unparalleled Life Sciences partner ecosystem. These partners range from independent software vendors (ISV) and technology software partners to professional services organizations. These Endorsed Business Solution (EBS) partners and SAP Solution Extension Partners (Resellers) enhance the value for SAP Life Sciences customers by providing broader product capabilities via certified solutions and greater access to competent SAP consultants for end-to-end solutions thereby lowering the TCO and increasing the ROI.

TOP TEN REASONS – AT A GLANCE

(Continued)

7. **SAP has the Life Sciences industry’s most efficient user community.** SAP promotes continuous customer involvement in strategy and solution planning via the SAP Life Sciences Executive Council, ASUG group focused on Life Sciences industry, ASUG group focused on process industry in Americas (PISUG), Japan (JSUG) ; EMEA customer group for Chem/Pharma (VCI) and Pharmaceutical Validation Group (PVG). By developing greater levels of collaboration and participation with other industry-leading Life Sciences companies, SAP customers continuously surpass their non-SAP peers in both revenue production and cost reduction.
8. **SAP adheres to the highest standards of quality.** SAP has a long-term commitment to ensuring the quality of its business software. SAP was ISO 9001-certified in 1994. In 2002, a study by the U.S. National Institute for Standards and Technology estimated the cost of software bugs to U.S. businesses at US \$60 billion a year; in 2003, the Standish Group estimated that only 34% of software projects are on time and within budget. Yet SAP, understanding the negative impact of these slippages, has maintained world-class standards of quality and productivity for decades. The combination of this proven commitment and track record ensures that customers can rely on their SAP investments. Within the last 7+ years, over 140 Life Sciences customers have audited SAP Development process and Product Innovation Life Cycle (PIL).
9. **SAP offers a roadmap to competitive advantage.** SAP has always had a clear vision for its technology and Life Sciences industry functionality – based on a strategy setting defined goals for true leadership and innovation. Already, SAP generates more than 50% of its business with solutions that were new to the market in the last five years; moreover, SAP will generate more than 50% of its business five years from now with new solutions. It is this type of dedication to innovation that has made SAP a pioneer through technology transitions and has made SAP’s customers pioneers in Life Sciences industry innovation.
10. **SAP is the safe choice in a consolidating, regulated industry.** One key reason why customers choose SAP solutions is that SAP offers a safe and stable option in a rapidly-consolidating industry with strict regulations from several countries for different areas ensuring patient safety. SAP offers All-in-One solutions for mid-sized enterprises with industry best practices and a modular design, thereby improving time to value and mitigating risk with proven solutions.

1

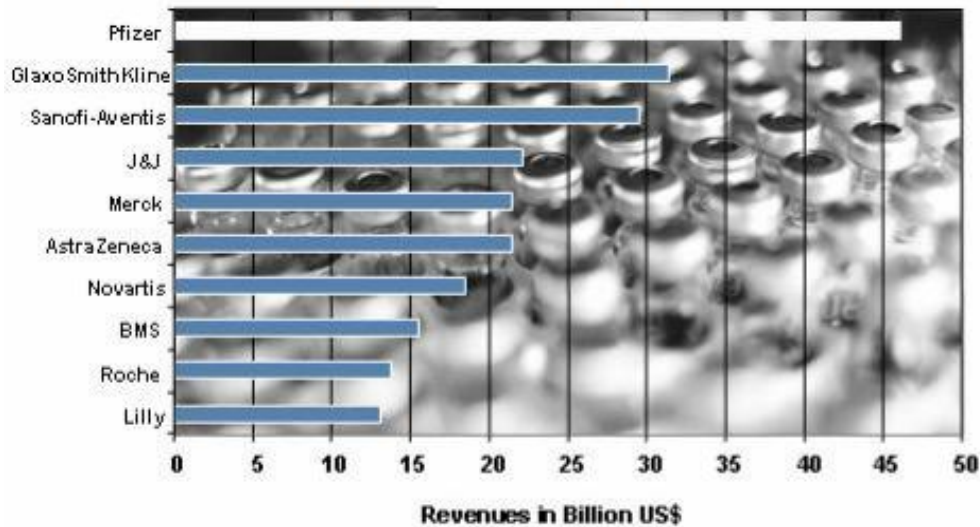
SAP IS THE DE-FACTO LIFE SCIENCES INDUSTRY STANDARD

Proven Life Sciences Leadership

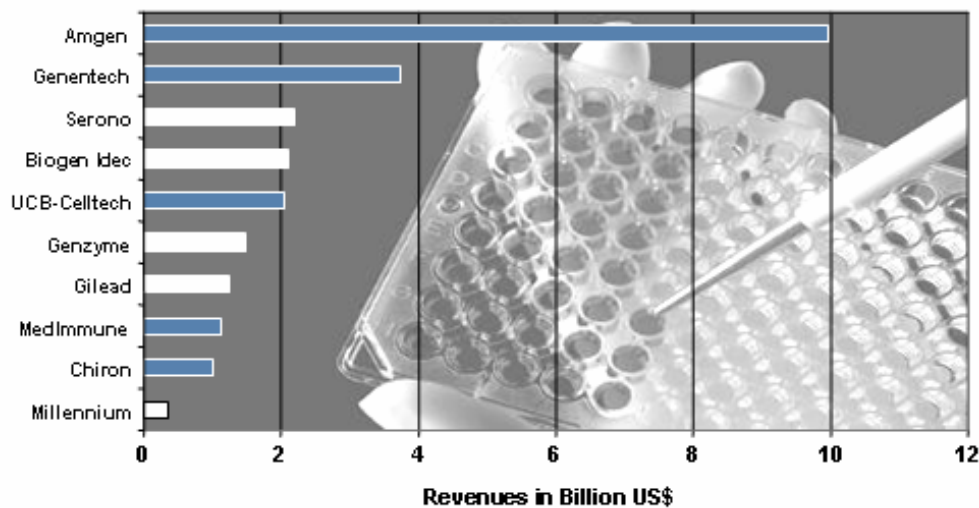
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The series of charts below demonstrate the strength of SAP's presence in Life Sciences. The leading companies in these segments all use SAP.

Top 10 Ethical Companies



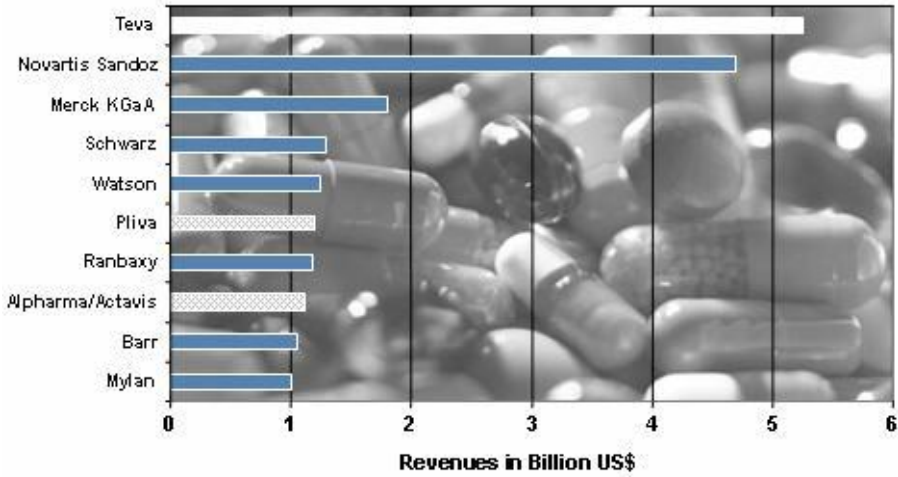
Top 10 Biotech Companies



1

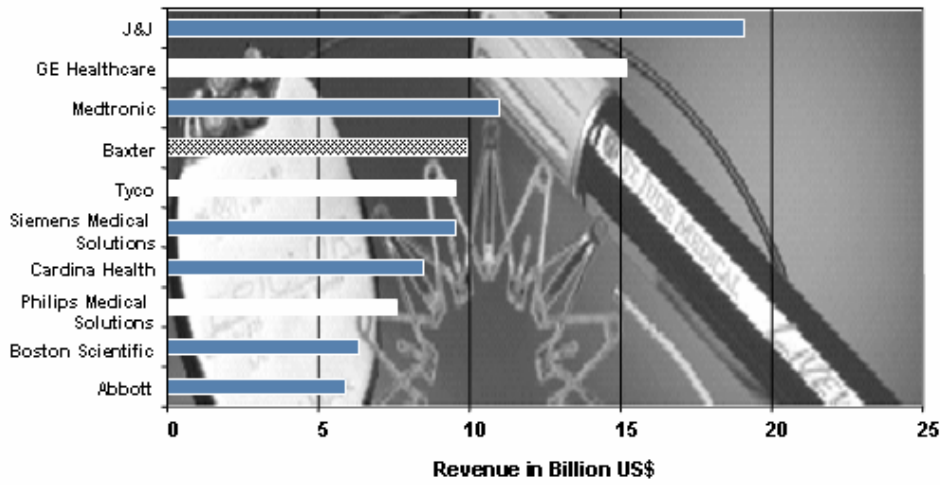
SAP is the de-facto Life Sciences industry standard
(Continued)

Top 10 Generic Companies



1

Top 10 Medical Device Companies



1

SAP is the de-facto Life Sciences industry standard (Continued)

Proven Success Enabling Emerging and Mid-size Life Sciences Companies

While 90% of the Life Sciences companies listed in the FORTUNE Global 500 run their businesses on SAP, our Life Sciences customers include a wide spectrum of large, emerging and mid-sized enterprises. In fact, 77% of our Life Sciences customers have revenues less than \$1.5 billion, including the following companies.

Select SAP Life Sciences Emerging and Mid-size Customers



“Our business is growing rapidly and we needed a solution that fit our industry, was easy to implement and provided low total cost of ownership. SAP’s Business Suite proved to be the best fit.”

■ Frank Muys
VP of Finance, IBA Molecular North America, Inc.

2

SAP IS A TRUSTED ADVISOR TO THE GLOBAL LIFE SCIENCES INDUSTRY

A Commitment Founded in Trust

Over the last 35 years, SAP has achieved undisputed leadership in the application software industry due to our unyielding focus on developing an integrated solution that connects different business functions and even more importantly, a relentless focus on developing solutions that helps our customers to be established as the 'best run businesses' within their industries. Unlike our competitors, we have developed solutions with industry specific best practices in mind and thus currently enjoy the benefit of having 26 industry vertical specific solutions, including the Life Sciences industry.

- SAP is the clear leader in enterprise applications – 63% market share against peer group and is run by more than 41,200 customers in 120 countries
- SAP is the market leader in Life Sciences – currently we have over 1,250 customers globally
- SAP continues to invest in applications – \$1.7 billion per year in applications-focused Research and Development (R&D), a large percent of which directly impacts the priorities of the Life Sciences industry
- SAP has built an extensive industry organization and partners broadly with industry-leading customers and partners to develop new solutions, extend existing industry functionality, and create “Go-to-Market” strategies that mutually benefit both SAP and our customers
- SAP offers the lowest Total Cost of Ownership (TCO) by providing a well-integrated, robust and scalable enterprise solution
- SAP offers a clear roadmap for future innovation

SAP Americas' commitment to customers differentiates us from our competitors. We define and measure our success by our customers' success. By actively engaging our customers and addressing their business challenges, we strengthen our customer relationships, deliver outstanding service, and help every customer become a best-run business.

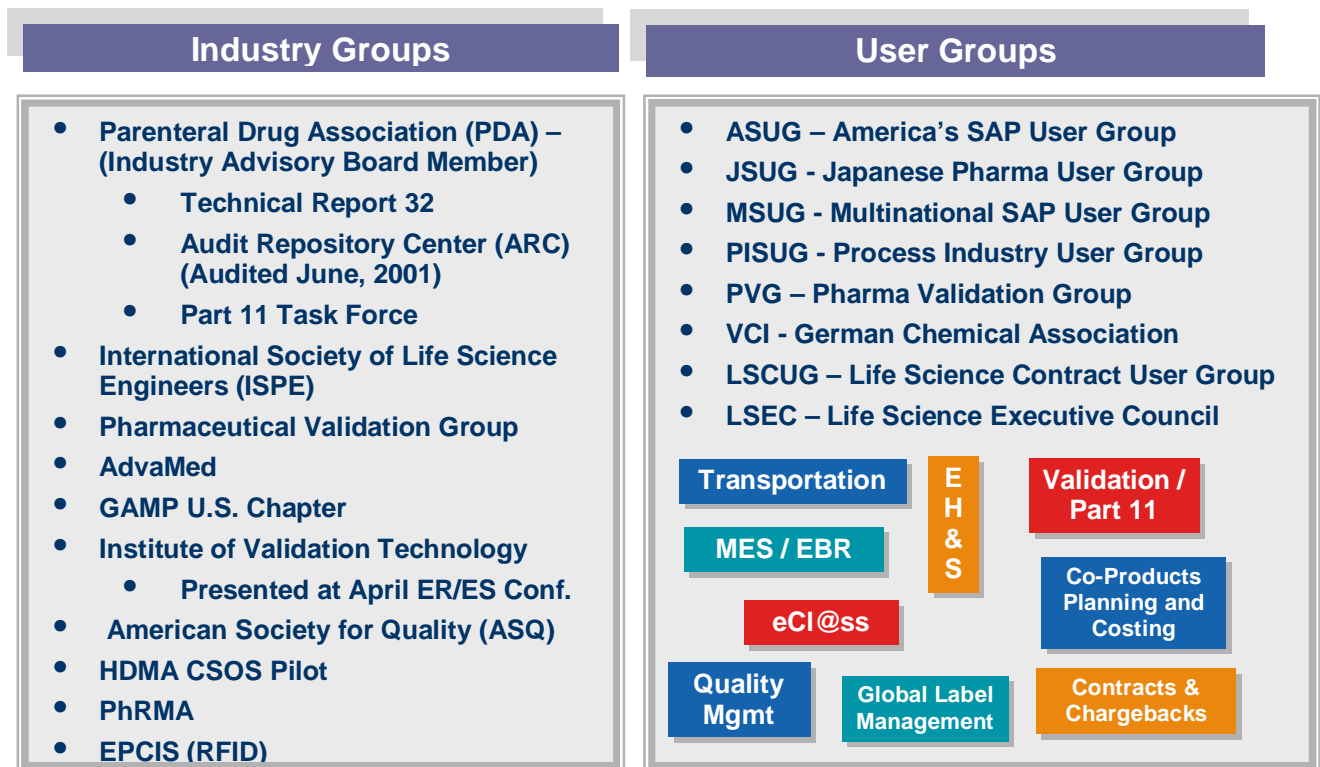
Bill McDermott President & CEO SAP Americas

2 SAP is a trusted advisor to the global Life Sciences industry (Continued)

Industry Leadership

SAP works closely with Life Sciences customers to deliver innovation – SAP participates in numerous forums to anticipate industry trends, uncover common customer needs and explore how best support the industry in these areas. Among these forums is SAP’s Life Sciences Executive Council – a forum for senior executives from all segments of the industry to share best practices, discuss common industry imperatives and provide SAP feedback and direction of its strategic direction and key initiatives.

SAP has emerged as a thought leader in Life Sciences as a result of our immersion in activities related to this industry. From industry group participation, through the support of user groups targeted at Life Sciences issues, SAP is consistently able to validate its Life Sciences product direction through customers, industry analysts, and partners.



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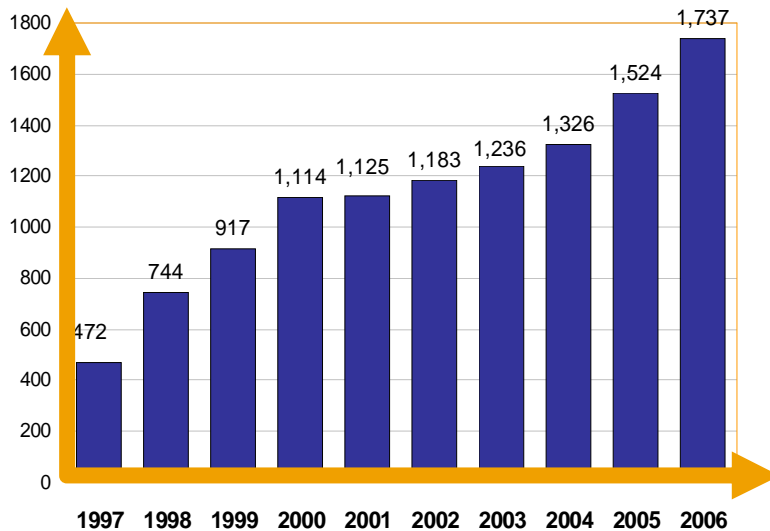
SAP IS THE MOST COMPLETE SOLUTION FOR THE LIFE SCIENCES VALUE CHAIN

Industry Investment

SAP commits deeply to Life Sciences development - investing in a single platform with specific innovation and roadmap investments. SAP has several thousand developers focused on driving innovation through the SAP product line and has created specific Life Sciences solutions for areas such as R&D, Product Supply, Commercialization, Support Services and Governance/Risk/Compliance for Life Sciences. To enhance our ability to address the evolving needs of our customers, SAP invests more than any other company (\$1.7 billion or 14% of revenue) to enhance our business applications. A significant focus of this investment is on enhancing capabilities critical to the Life Sciences industry:

SAP Total R&D Investment (all industries)

USD Millions



A significant amount of SAP R&D investment is benefiting the Life Sciences industry:

- Compliant Manufacturing
- Contract Lifecycle Management
- 21 CFR Part 11 Compliance
- R&D Administration
- Clinical Trial Supply Management
- Advanced Planning & Optimization
- RFID
- Lean Manufacturing
- Patient Device Tracking
- Integrated Quality Management
- Sales Force Effectiveness
- Contract Manufacturing
- Corporate Performance Management
- Service Management

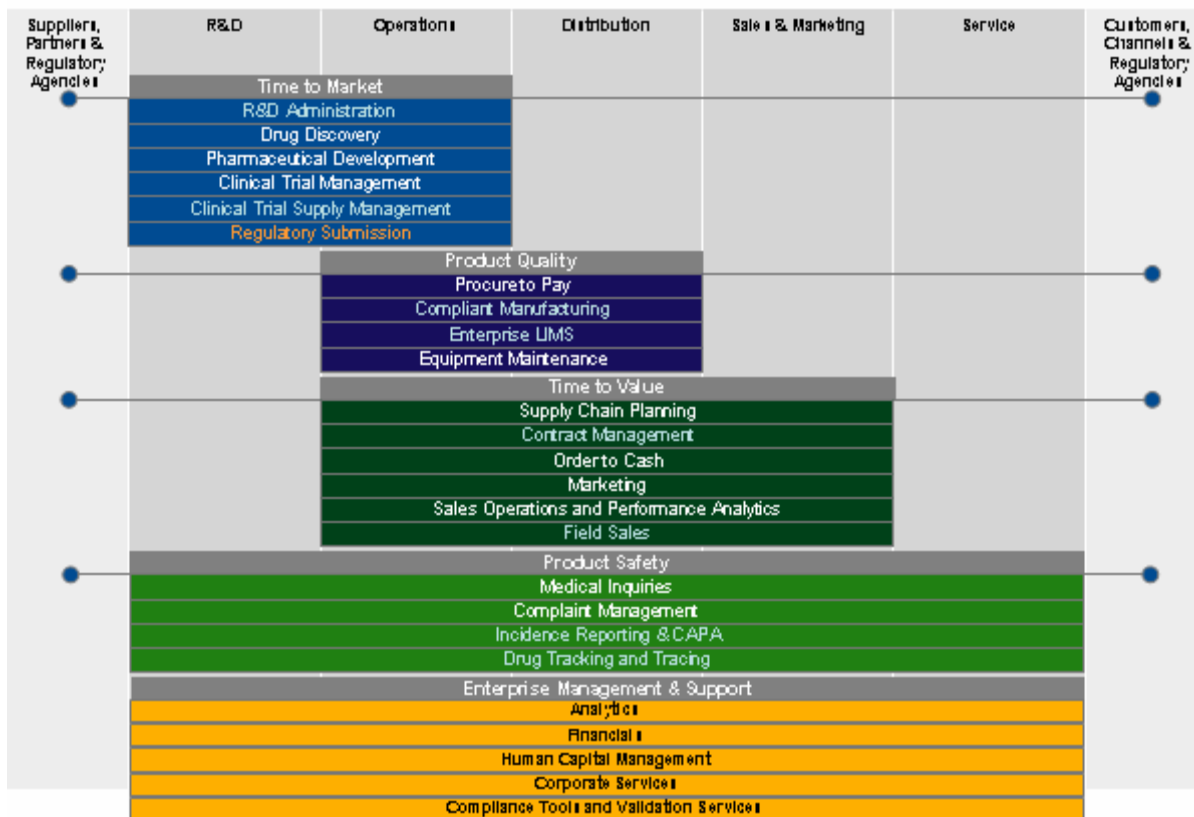
"Importantly, the stronger margin does not appear to be coming at the expense of future growth – R&D headcount is up Q/Q and Y/Y and S&M headcount is down marginally quarter-on-quarter and up year-on-year – both indicating that capacity and product investment are not being curtailed."

SMITH BARNEY

3 SAP is most complete solution for the Life Sciences value chain (Continued)

Life Sciences Solutions

SAP's product strategy is focused on addressing the needs of the industries in which our customers operate. We know that one-size-fits-all software cannot provide the differentiation or unique business benefits that are critical to success in ever-changing, global markets. SAP builds our solutions based on those differentiators, by industry with research and development goaled on deep industry innovation. At the core of those differentiators lay business processes. SAP is the only vendor to map our solutions directly to key industry business processes, to embed leading best practices within those business processes, and to support the agile deployment of these industry solutions on a common platform, SAP NetWeaver. The benefit for Life Sciences firms: out-of-the-box solution value deployable on one totally integrated platform across your business. The depth and breadth of SAP's Life Sciences solution is indicated by the following solution map:



4

SAP CREATES SUSTAINABLE SHAREHOLDER VALUE

SAP continually creates value for customers by focusing application development and ongoing support on producing benefits while reducing costs. SAP's intense organizational concentration on customer value drives higher performance for its customers, and helps them become best-run businesses faster.

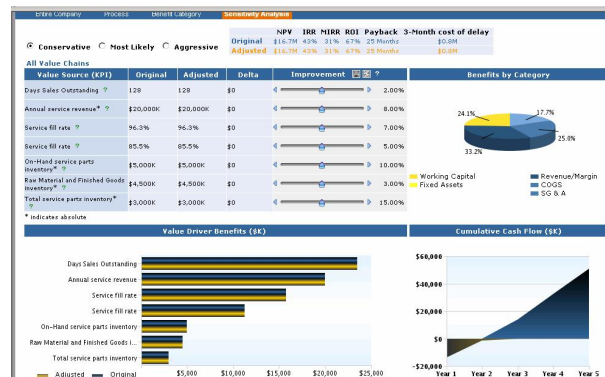
Driving Business Benefits

SAP creates business value for its customers by investing in some of the key underlying enablers needed for any significant business transformation, as follows:

- **Customized business cases:** SAP invests in customers' success by helping create robust business cases and business-specific roadmaps by leveraging 50,000+ industry specific pain points and best practices and 15,000+ operational metrics
- **Benchmarking:** SAP is working with ASUG and other third-party companies to develop benchmarks and methodologies that help SAP customers learn about world-class best practices and develop their own solutions based on these practices
- **Industry-specific capabilities:** SAP provides industry-specific solutions for Life Sciences. The process of developing the Life Sciences solution portfolio revolves around SAP's work with industry-leading companies. SAP listens to the problems articulated by their leaders, learns about the best practices these leaders have developed in response, and then invests in creating Life Sciences-specific solutions imbued with these best practices. The proof point of SAP's industry focus is the company's number-one position in the Life Sciences industry
- **A customized approach to user adoption and change management:** Most large transformation initiatives fail because of organizational resistance to change – not to the IT driving the change. In fact, IT research studies from 1989 to 2002 showcased the overwhelming importance of user adoption to success with implementation.¹ A key aspect of SAP's value proposition focuses on enhancing the user experience. For example, SAP utilizes tools to leverage knowledge gained during blueprinting and implementation for end-user training and documentation. Statistics show that SAP can lower the training bill by more than 30-40%¹ as a result of these techniques. To help users gain direct access to the business processes they need for their jobs through user-friendly portals, SAP has developed partnerships with companies such as Microsoft and Adobe.

Speed to value: Companies must be able to implement applications quickly to respond more effectively to business problems and build competitive advantage. Three-quarters of SAP implementations take a year or less.

Customized Business Cases



4 SAP creates sustainable shareholder value

(Continued)

Decreasing IT Complexity and Costs

In addition to driving business benefits, SAP also helps CIOs contain rising IT costs. SAP works with customers to lower their total IT costs as a percentage of revenue, and reduce the budget required to maintain existing applications to allot a larger share of the IT budget for process innovation. SAP addresses these issues in the following ways:

- **Lowering IT complexity:** Niche applications have created a spaghetti-like application landscape in many companies, leading to higher integration costs and lower flexibility. SAP NetWeaver offers the most comprehensive open-standards functionality that helps companies develop road maps to transform their IT networks, lower integration costs, and create economies of scale in support and infrastructure. Research shows companies can reduce their IT budgets by approximately 1% annually just through the economies of scale and embedded functionality offered in SAP NetWeaver.
- **Lowering costs of operations and increasing their functionality:** SAP offers the most comprehensive support services at the lowest cost. In addition, SAP NetWeaver architecture helps reduce upgrades. With SAP NetWeaver, new functionality does not require expensive upgrades but is developed as composite applications, which build on the underlying applications and increase their functional range. Moreover, the built-in integration capabilities within the SAP NetWeaver platform lower the cost of integrating SAP and non-SAP applications.

“SAP software helps us compete more effectively by giving us increased flexibility to respond quickly to market opportunities, provide value-added services to our customers, and change course where necessary.”

Arthur Bedrosian
President, Lannett Company

5

SAP IS FLEXIBLE AND ADAPTABLE

The Enterprise Platform

Life Sciences companies today are facing a wide range of challenges. Dynamic and changing markets call for companies to react efficiently and flexibly. To gain a competitive edge in the long term, enterprises must implement new strategies quickly and develop new marketable products and services in innovation cycles that are becoming increasingly shorter. As a result, they are under pressure to continually optimize and restructure existing business processes or replace them with more efficient ones. Organizations must meet highly demanding challenges in a timely and a cost-effective manner, which calls for process oriented, flexible IT systems that they can modify quickly and flexibly to meet new conditions and requirements. IT is a strategic tool that companies need to sustain their future and increase their competitiveness. Key requirements for an innovative IT landscape include technological openness, functional modularity, and powerful development tools. To help our customers meet these requirements, SAP has developed the SAP NetWeaver® platform and provides a wide range of integrated technologies and components for a service-oriented architecture.

SAP NetWeaver provides the platform and the power to elevate IT to an enabler of change. And the Enterprise Services Architecture blueprint, made possible by SAP NetWeaver, provides the road map for these changes. SAP NetWeaver is the most cost-effective integration and application platform available for building new, custom applications and integrating your existing applications and infrastructure. SAP NetWeaver is specifically designed to help you to reduce costs, enable growth, and jumpstart innovation. SAP delivers open, flexible and fully supported processes that do not require coding and integration efforts. Instead, customers can leverage open services and configuration to maximize end-to-end Life Sciences processes across the entire enterprise. With out of the box, best in class business processes, verified by industry leaders, SAP accelerates time to value and minimizes the need for customization.

Preconfigured Best Practices

SAP NetWeaver powers SAP Business Suite and partner solutions. It provides the best way to integrate all systems running SAP and non-SAP software. SAP additionally provides SAP Best Practices for Life Sciences that are also enabled by SAP NetWeaver. Based on our more than 30 years of industry experience, these prepackaged, ready to use ERP solutions enable you to rapidly realize business benefits without extensive time for business process planning and configuration changes. The SAP Best Practices for Life Sciences are ultimately configurable and provide you with the following.

- a clear methodology based on a comprehensible step-by-step approach;
- extensive reusable documentation you can use for self-study, evaluation, validation project team and end-user training;
- complete pre-configuration settings that give you "out of the box" key business processes with minimal effort.
- Comprehensive Validation framework leveraging Solution Manager

5 SAP is flexible and adaptable (Continued)

SAP Best Practices for Life Sciences leverage cross-industry and Life Sciences specific best practices, support business practices for R&D, Administration, Logistics, Manufacturing and Quality, and are delivered with the following.

- Preconfigured industry best business practices & business scenarios
- Automated installation
- Simplified implementation methodology
- Business process and end-user documentation
- Implementation roles
- Preconfigured print forms
- Data conversion & migration tools
- Training material
- Integration test cases

SAP Best Practices for Life Sciences are exceptionally flexible and scalable and allow you to minimize risk, reduce implementation time and cost, accelerate your time to value, and provide you with the option of adding new features and processes as your business grows and develops.

SAP All-in-One for Life Sciences

SAP NetWeaver and SAP Best Practices for Life Sciences are the foundation for an additional solution approach provided by SAP, SAP All-in-One for Life Sciences. The SAP All-in-One for Life Sciences solution is an affordable option for Life Sciences companies of any size. With a fixed-price, service-offering contract and a clearly defined scope that accelerates implementation time, you'll benefit from a world-class enterprise resource planning (ERP) solution with packaged ERP best practices for Life Sciences to ensure a rapid ROI and low total cost of ownership.

The All-in-One for Life Sciences solution is delivered by SAP All-in-One and implementation service partners and includes.

- SAP ERP application software
- SAP Best Practices for Life Sciences
- Consulting services – a defined price, defined scope offering by a qualified SAP partner to implement SAP Best Practices for Life Sciences
- A range of value-added services, including hosting, training, validation services, other consulting services or financing

Flexibility and Adaptability

In today's business climate, you cannot afford to be locked into a single, rigid strategy. With SAP NetWeaver, SAP Best Practices for Life Sciences and the SAP All-in-One for Life Sciences solutions, SAP allows you to flexibly and quickly change business processes and strategies. With these solutions, SAP enables you to innovate more effectively, ensure full compliance, increase operation efficiency, and optimize financial performance on a single, integrated, enterprise platform that can adapt and grow as your

“Our SAP applications are incredibly powerful and give us unlimited growth potential.”

Dave Yenter
Manager, Cost Accounting, Gen-Probe Incorporated



SAP HAS THE MOST COMPREHENSIVE LIFE SCIENCES PARTNER ECOSYSTEM

Gaining a competitive advantage in today's economy is all about speed and flexibility. Companies of varying size and complexity need to adapt swiftly to evolving global business trends and opportunities. All companies need to support rapid innovation and drive business process excellence for increased productivity and profitability. Yet if they're dealing with the limited integration and connectivity options typical of multivendor IT infrastructures, business-process change can be slow, difficult, and costly.

Putting the Customer in the Center

Success requires an ecosystem approach that puts customers at the center and leverages the expertise of a network of vendors and local partners – all supporting a common business goal. This approach promotes a new level of collaboration for accelerated innovation, communication, and delivery of end-to-end solutions.

To effectively harness innovation for business success, companies need to leverage a broad spectrum of expertise, capabilities, and information, which can be quickly developed and deployed across business processes and supply chains.

The SAP Ecosystem: Customers, Partners, and Individuals

SAP is evolving relationships and aligning many ecosystem resources and initiatives to help all stakeholders best capitalize on these new opportunities. SAP's unique ecosystem approach has two key goals:

- Facilitate diverse initiatives and resources to best address customers' needs
- Capitalize on expert, industry-specific business process insights to deliver the greatest value to customers in the shortest period of time

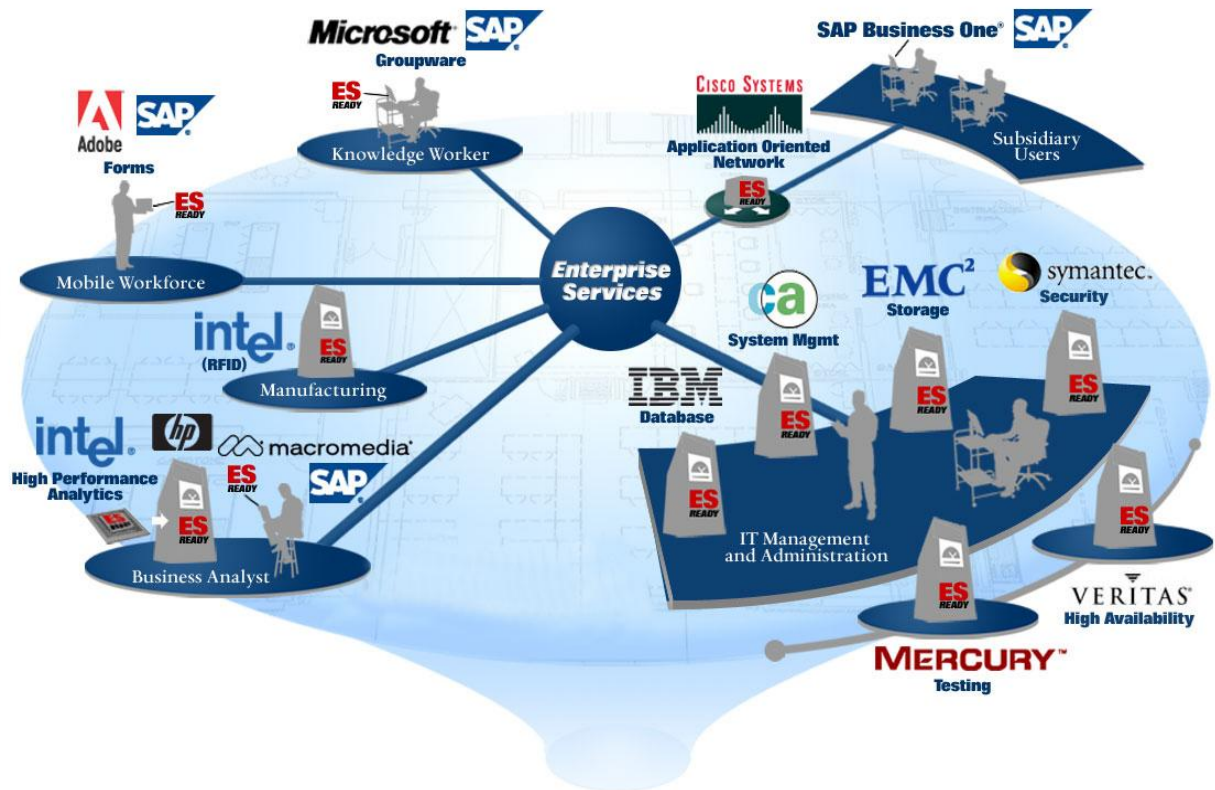
To foster an ideal environment for ongoing innovation and value creation, SAP has developed a comprehensive holistic approach with three pillars:

- **Trusted, targeted partner solutions and services** – Some customer pain points can be addressed rapidly and effectively through SAP partner solutions and services. SAP's initiatives cultivate the most valuable and relevant offerings, qualify their interoperability, pre-integration, and capabilities – making it easy for customers to discover and capitalize on them.
- **Ecosystem communities** – Customers may have unique or emerging innovation needs that aren't met by an existing solution. Bringing customers, partners, and individuals together to foster collaboration around these needs ensures ongoing innovation. SAP's unique communities of innovation encompass customers, partners, and individuals working together to share critical business needs, ideas, and technical and business expertise and experiences to co-innovate solutions.
- **Co-innovations for your business process platform** – Application functionality through enterprise services, a model-driven composition environment, and integration opportunities for your company's business process platform provide SAP ecosystem participants with an opportunity for collaboration. SAP actively engages our ecosystem through technology co-innovations, collaborative definition of new enterprise services, and industry standards.

6 SAP has the most comprehensive Life Sciences partner ecosystem (Continued)

SAP Ecosystem

SAP's partner ecosystem includes over 450 Powered by NetWeaver solutions and over 1,200 Certified for SAP NetWeaver solutions. And industry leaders continue to endorse SAP's strategy to lower risk and improve customer capabilities.



6 SAP has the most comprehensive Life Sciences partner ecosystem (Continued)

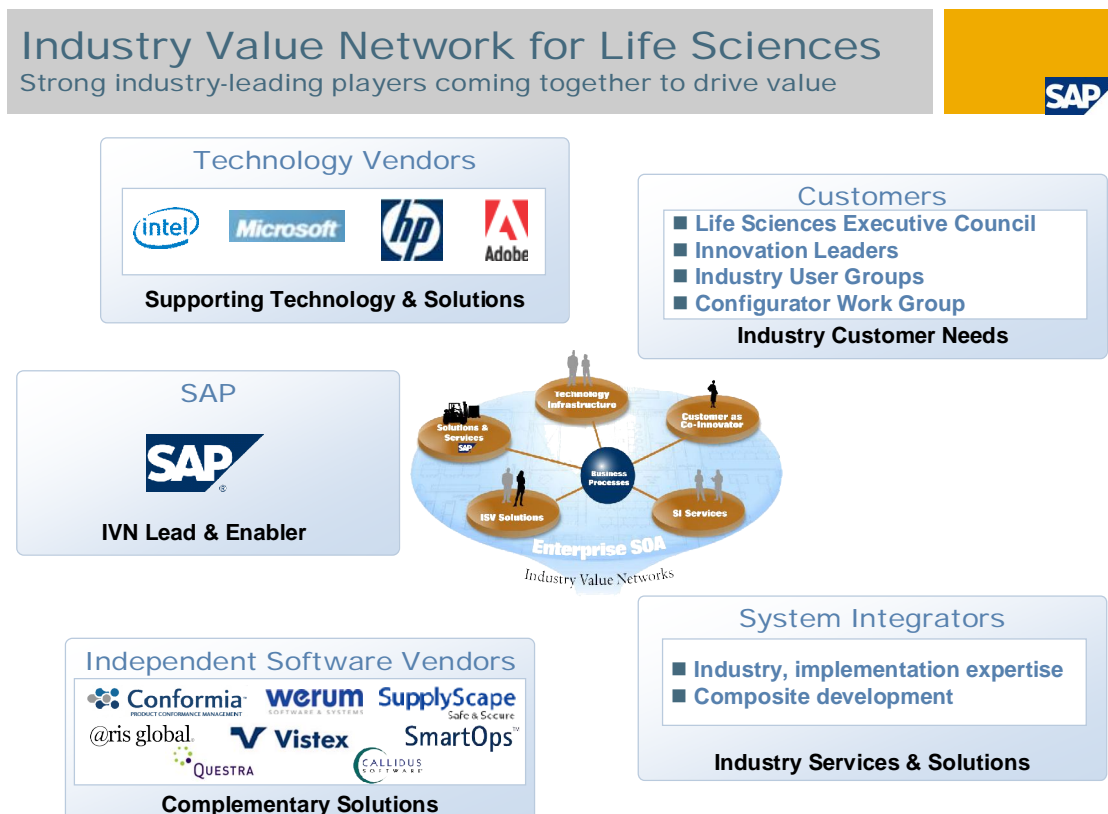
Life Sciences Industry Value Network

The Life Sciences Industry Value Network (IVN) is not a program or user group, but an initiative supporting a process that brings together industry-leading customers, partners and SAP in an industry-specific network. It is not a point – to – point relationship with the partners, but a multi-vendor ecosystem, including not only ISV partners, but also SI partners, technology partners and customers. IVN goes beyond the traditional one-on-one relationships with ISVs and with SIs, to bring together the domain expertise, knowledge and capabilities of these members in an industry-specific network, focusing together on solving the priority, high value business needs of the customers.

The input of the customers on their needs (input from customer meetings, user groups, advisory councils, market research, the field teams and the IBUs) helps us identify the focus areas of an IVN. In these areas the customer asks SAP to work together with the different vendors in the market to enable the customer to put in place innovative, seamless business processes.

IVNs are about close, strong relationships and collaboration between the members to drive co-innovation and end-to-end solutions. Through this collaboration and sharing expertise, knowledge and information in the network, IVN can deliver accelerated business innovation. By bringing together the solutions and services of the members and through strong development and business collaboration, we can offer seamless, end-to-end, integrated industry solutions.

All solutions resulting out of IVN and the existing partner solutions included into IVN will leverage SAP Netweaver. This leads to an extended solution offering using one common platform and integrated with the SAP solutions, lowering the investments and investment risk of the customers.

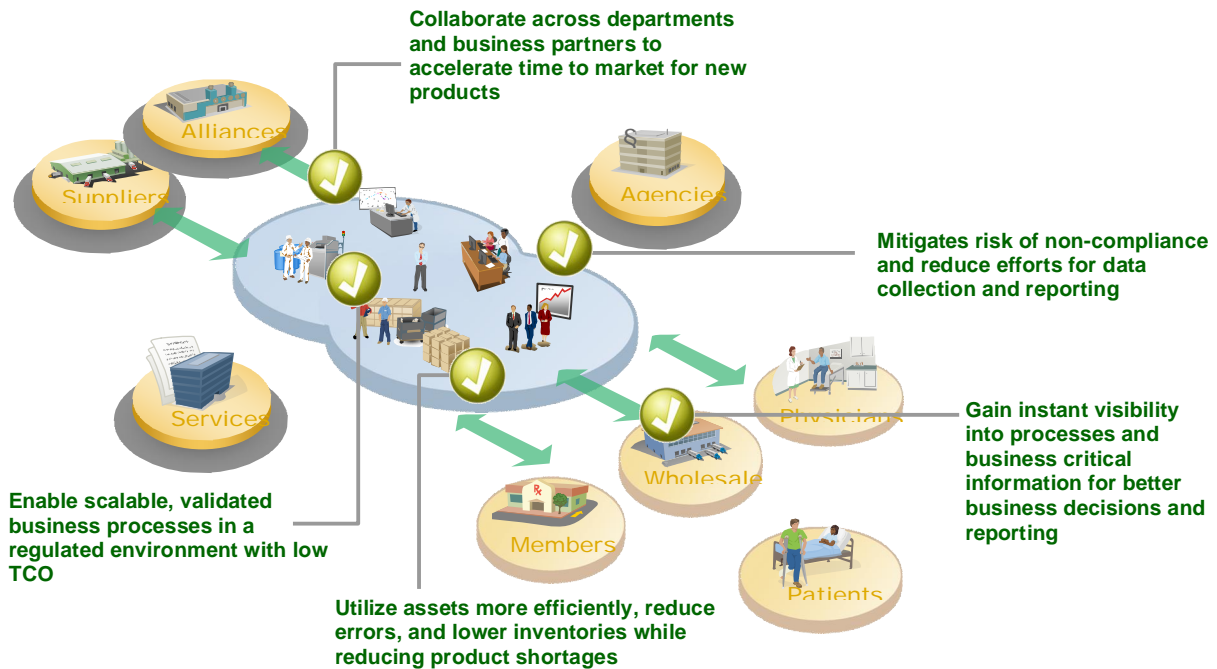


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SAP HAS THE LIFE SCIENCES INDUSTRY'S MOST EFFICIENT USER COMMUNITY

SAP for Life Sciences

SAP enables Life Science companies to accelerate time to market, mitigate compliance risk, and control costs across seamlessly connected business processes on a single platform.



SAP enables mid-size Life Sciences organizations to solve their fundamental business and IT issues at once. SAP can be implemented quickly as a fixed price and fixed scope project. This allows SAP customers to streamline business processes, increase efficiency, and achieve a fast time-to-benefit with minimal disruption to their business.

The SAP All-in-One for Life Sciences solution combines SAP software, business process design, configuration, and accelerators to provide an affordable, flexible, and predictable business management solution. The solution reflects SAP's years of experience in working with mid-sized Life Sciences enterprises. It can be deployed in a phased approach, enabling companies to address their core business processes immediately, and add as their business needs change and grow.

7

SAP has the Life Sciences industry's most efficient user community

(Continued)

Customer Success

The chart below highlights some of the success our emerging Life Sciences customers have achieved by enabling their business with SAP. Additional success stories and information can also be found via the following link: <http://www.sap.com/usa/industries/lifesciences/index.epx>.

Company	
 Pioneer Surgical	<ul style="list-style-type: none"> ▪ Size: \$27M and 220 employees ▪ ERP Implementation Time: 5 Months ▪ Improved production area efficiency by 30% ▪ Reduced planned-order-to-purchase-order cycle by 90% ▪ Significantly rationalized master data by reducing ledger accounts, parts by 50%, and suppliers by 280
 Gen-Probe	<ul style="list-style-type: none"> ▪ Size: \$320M and 1,000+ employees ▪ ERP Implementation Time: 11 Months ▪ Total projected benefits of US\$13.5 million over 5 years; Project ROI of 63% ▪ Reduced inventory levels by 14% ▪ Improved shipping throughput by 51%
 Lannett	<ul style="list-style-type: none"> ▪ Size: \$64M and 175 employees ▪ ERP Implementation Time: 5 Months ▪ Provided solid platform for growth ▪ Reduced cost of compliance through operational efficiencies ▪ Greater quality assurance and forecasting accuracy
 Penwest	<ul style="list-style-type: none"> ▪ Size: \$3M and 75 employees ▪ ERP Implementation Time: 4 Months ▪ Built an enterprise wide, business solution for the Drug Delivery business ▪ Streamline current business processes ▪ Accurate and timely enterprise reporting
 Precimed	<ul style="list-style-type: none"> ▪ Size: \$10M and 425 employees ▪ ERP Implementation Time: 5 Months ▪ Single, comprehensive view of all critical business processes in a validated environment ▪ Streamlined product development, automated reporting processes, and established regulatory compliance
 Abiomed	<ul style="list-style-type: none"> ▪ Size: \$50M and 324 employees ▪ ERP Implementation Time: 5 Months – Global rollout ▪ Reduced time and expense payments processing by 90% ▪ Improved visibility into manufacturing operations, inventory turns, and scrap supplies ▪ Improved ability to perform root-cause analysis ▪ No additional IT headcount during or after project
 Endo Pharmaceuticals	<ul style="list-style-type: none"> ▪ Size: \$909M and 710 employees (~\$80M and 100 employees at implementation) ▪ ERP Implementation Time: 5 Months ▪ Greater operational efficiency from day one ▪ Pharmaceutical-specific functionality ▪ Flexibility to grow and change without requiring major IT overhaul projects ▪ Validation of QA system



SAP ADHERES TO THE HIGHEST STANDARDS OF QUALITY

SAP = Quality

SAP was ISO 9001-certified in 1994. In 2002, a study by the U.S. National Institute for Standards and Technology estimated the cost of software bugs to U.S. businesses at US \$60 billion a year; in 2003, the Standish Group estimated that only 34% of software projects are on time and within budget. Yet SAP, understanding the negative impact of these slippages, has maintained world-class standards of quality and productivity for decades. The combination of this proven commitment and track record ensures that customers can rely on their SAP investments.

SAP has developed and implemented three quality management systems certified according to ISO 9001:2000:

- SAP Global Development – Ensures that SAP solutions meet the highest possible standards
- SAP Active Global Support – Provides tailored services to maintain the quality of installed solutions
- SAP IT – Ensures the stability and quality of SAP's internal IT infrastructure; SAP IT is certified according to the requirements specified in ISO 27001:2005

Each system defines standardized, certified processes for its domain. And use of a system enables employees to share and apply best practices within their domain.

These three quality management systems merge their common information (management review, document control, record control, audits, corrective and preventive action, and personnel development), thereby ensuring the consistent application of this information across SAP.

The current ISO certificates for SAP's three quality management systems are available online.

Pharmaceuticals Validation Group Audit

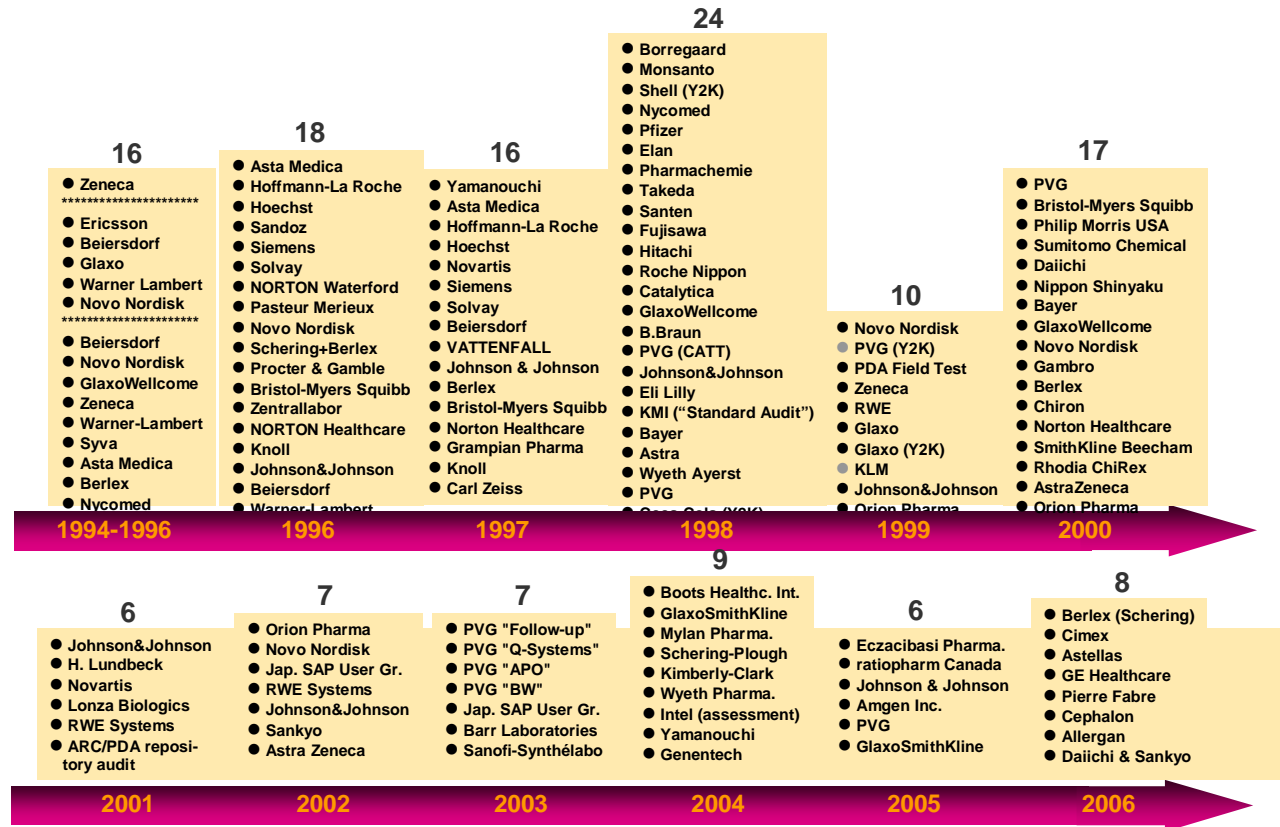
In December 2005, the Pharmaceuticals Validation Group conducted a full QMS Audit of SAP software – with no critical findings. The PVG-SAP is an interest group for the pharmaceuticals industry and medical-equipment vendors which aims to:

- make constructive and progressive contributions toward the further development of quality assurance measures and qualification of SAP software, based on mutual understanding between group members and SAP AG
- bundle requirements in the pharmaceuticals industry and forward them to SAP AG
- use mutual information exchange to develop procedures and sample documents for a systematic validation process
- devise functions and processes to promote standardization
- contribute toward cutting the validation costs of SAP applications in our own companies and
- develop a mutual understanding between the software vendor SAP and health authorities

8 SAP adheres to the highest standards of quality (Continued)

Customer Audits

Within the last 7+ years, over 140 Life Sciences customers have audited SAP Development process and Product Innovation Life Cycle (PIL) – with no critical findings.

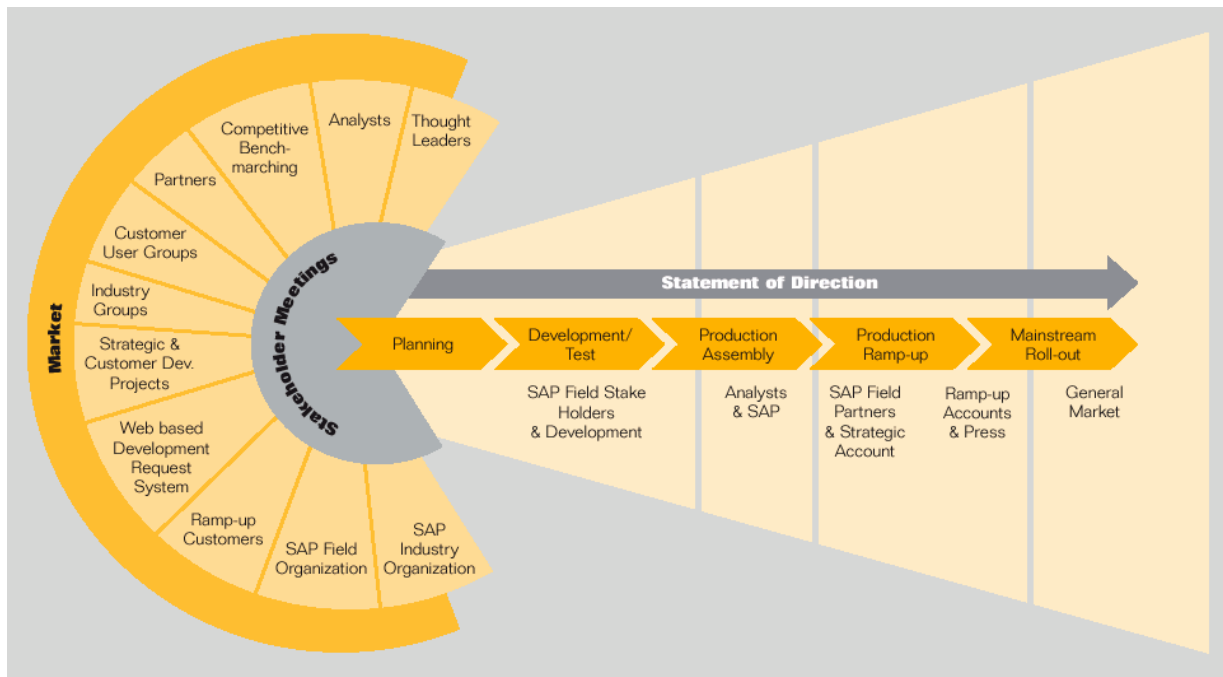


9

SAP OFFERS A ROADMAP TO COMPETITIVE ADVANTAGE

Best Run Business Strategy

SAP's ultimate goal and mission is to make every SAP customer a best-run business. In 2008, SAP will continue our strategy of organic growth based on our own innovation and co-innovation with customers and partners. As our customers' ability to innovate becomes increasingly dependent on IT, our ability to innovate faster than our competitors will become even more important, and we have proved that an organic growth strategy is the best way to sustain our first-mover advantage.



Since our founding, SAP has embraced a model of innovation through collaboration. We develop our solutions by listening closely to our customers to shape our roadmap. In addition, input from user groups, partners, analysts, and thought leaders are leveraged in the roadmap planning process. SAP publishes a clear Statement of Direction and Roadmap that customers can confidently know will be brought to market.

10

SAP IS THE SAFE CHOICE IN A CONSOLIDATING, REGULATED INDUSTRY

Regulatory Compliance

SAP has enjoyed over 30 years of partnership with the life sciences industry, including thousands of installations of SAP™ ERP software among pharmaceutical, medical diagnostics and devices, and biotechnology companies worldwide. Although the infrastructure and solutions provided by each of these installations are different, they have a common key business requirement: regulatory compliance. Given that almost all of these life sciences companies want to compete in the lucrative United States market, they all must then comply with U.S. FDA regulations – including those requirements that regulate the use of computerized systems that support good clinical, laboratory, and manufacturing practice (also known as predicate rules or GxPs). Another regulation, 21 CFR Part 11 Electronic Records; Electronic Signature; Final Rule, signaled FDA's awareness of the transition from paper-based, manual systems to computerized systems occurring within the life sciences industry.

Applying these requirements to the numerous computerized systems within life sciences companies translates into millions of dollars in project costs to validate these systems and significant annual costs to maintain them in a “validated state” for their productive lifetime.

Based upon the interpretation of the Part 11 rule and the functions and features discussed and detailed in the COMPLYING WITH U.S. FDA TITLE 21 CFR PART 11 FOR THE LIFE SCIENCES INDUSTRY white paper document, SAP AG believes that SAP ERP technically complies with the intent and requirements of 21 CFR Part 11 and several international good manufacturing practice (GMP) guidelines. SAP continues its long-standing partnership with the life sciences industry and provides technology, tools, and solutions to its pharmaceutical, medical diagnostics and devices, and biotechnology customers. SAP ERP provides a “win-win” opportunity for customers to promote FDA compliance while reducing their costs and maximizing their return on investment.

10 SAP is the safe choice in a consolidating, regulated industry *(Continued)*

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CONCLUSION

In facing the future, companies need to innovate in order to increase revenues. Such an emphasis on innovation requires that companies partner with IT firms that not only encourage, but insist on innovation in their own products and services. SAP is a customer's company, whose organization is designed for, and encouraging of, innovation in all its aspects – from product development to product delivery to product implementation. SAP will continue to grow organically by innovating internally and externally, taking the risks necessary to create the future that will provide a steady stream of solutions and ideas to help each and every customer become a “best-run business.”