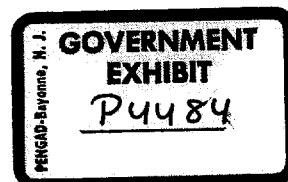


Sales Briefing

**JDE Edwards-PeopleSoft-Oracle-
Acquisition Events**
Competitive Market Intelligence (CMI) & Global Marketing
June 2003



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Confidential

Sales Briefing Document Objective

To provide a brief background on the recent merger activities of PeopleSoft, J.D. Edwards and Oracle, while identifying immediate selling opportunities SAP can leverage to drive share and stop our competitors' strategies.

JDE Edwards-PeopleSoft-Oracle

On June 2, 2003, PeopleSoft and J.D. Edwards & Company announced a definitive agreement for PeopleSoft to acquire J.D. Edwards. On Friday June 6, 2003, Oracle launched a \$5.1 billion unsolicited cash offer to acquire PeopleSoft.

PeopleSoft Chief Executive, Craig Conway, said in an interview on Saturday he could not imagine recommending acceptance of an unsolicited takeover bid by Oracle. PeopleSoft did say it would consider the offer, as required by law, and advised its shareholders to wait before taking any action.

Impact to J.D. Edwards & PeopleSoft Customers

Oracle announced in its tender offer that it would extend the life of PeopleSoft 7 support (it's slated to end support at the end of the calendar year). Oracle will provide a "for free" product swap to PeopleSoft 7 customers upgrading to 11i. This offer would not be extended to PeopleSoft 8 customers. Oracle indicated that no additional license fee would be charged to PeopleSoft 7 customers if they migrate to an Oracle suite, but these customers would still be responsible for the implementation costs associated with such a migration.

Oracle believes they can "automate" the upgrade from PS 7.0 to Oracle 11i. We believe this is a flawed assumption as there will be substantial implementation and consulting costs associated with this migration onto a new technology platform.

Oracle indicated some interest in JDE, only after acquiring PeopleSoft. We believe that Oracle will drop JDE if successful in acquiring PS. This leaves JDE customers in the "lurch" as they now face the uncertainty of the PeopleSoft acquisition as well as the tactics of Oracle. All of which does not bode well for JDE customers looking to position their business to take advantage of a possible economic upturn.

SAP Perspective

In short, we feel that Oracle can no longer grow share. Therefore, the acquisition route is the only route available. We also believe the Oracle offer is a disruptive tactic in an attempt to slow the merger process between PeopleSoft and JDE.

These recent events create significant selling opportunities into both J.D. Edward's and PeopleSoft's installed bases. In addition to SAP direct sales, this will open up significant selling opportunities for SAP to capture channel partners from J.D. Edwards and solidify SAP's strength in the SMB business segment.

Key Questions

Should I be concerned by all this acquisition activity?

Any time large or well-positioned competitors consolidate in our industry, we should be concerned. Here are some potential threats SAP might face as outcomes of this merger:

Threat # 1: Larger Competitor J.D. Edwards-PeopleSoft

If the combination of J.D. Edwards and PeopleSoft moves ahead, and Oracle does not acquire PeopleSoft, then the JDE-PeopleSoft merger will create the 2nd largest business software applications company in the world, overtaking Oracle. In terms of combining two companies that complement each other, there probably is no better fit than JDE and PeopleSoft:

- Little "market" overlap due to the concentration on different industries and markets
- Combined sales force could give the new company strength, particularly in Europe, Asia-Pacific, and other overseas markets.
- Similar corporate cultures
- JDE focuses on the mid-market of SMB, with a strong focus on vertical industries. PeopleSoft also has a renewed interest in the mid-market; in fact, it has acquired more than 700 new mid-market customers in the past 18 months. PeopleSoft competes with horizontal "packages that are modular in nature." There is some overlap between the two companies at the higher end of the mid-market (\$50-\$500M in revenue).

In short, we could be facing a well-focused sales force selling at both the high-end and mid-markets with increased market coverage, while cross leveraging each company's solutions strengths.

Threat # 2: SMB Market JDE-PeopleSoft-

This combination of companies could be a major challenge to SAP's push into the mid-market and potentially slow our momentum in this space if we're not careful. With JDE's strong selling channels into the SMB space, coupled with PeopleSoft's marketing muscle, we would expect to see an aggressive assault by the new company into the SMB space. However, the current analyst assessment has been that PeopleSoft is gaining momentum in the mid-market and JDE has lost its way somewhat. A majority of the JDE customer base is on AS400 – a very different platform base than PeopleSoft.

Threat # 3: Oracle & PeopleSoft # 2 global applications provider

A combined Oracle-PeopleSoft would have about 25% of the global applications market, compared with SAP's 54% share. Buying PeopleSoft would help Oracle expand and improve its applications business as well as provide Oracle with leading market share in the U.S. market. There is acknowledgement inside Oracle that (1) its database business can no longer grow because of market saturation and (2) its applications business is stale. Acquisition is the only way we see for Oracle to grow their business.

These threats will only be realized if we do not capitalize on the opportunities now before us.

How will the J.D. Edwards, PeopleSoft and Oracle events play out?

Obviously, they can play out many ways; however, there are two likely possibilities:

- PeopleSoft acquires J.D. Edwards
- Oracle acquires PeopleSoft

1. PeopleSoft Acquires JDE

Realistically, we do not expect to see any major integration between the companies' products in the short-term.

- Due to the fact that both companies' solution suites target different market segments, we do not see any need for immediate integration on applications or technology platforms.
- We expect both companies' products will continue to be supported on their existing platforms.
- We expect that most of the short-term value will be achieved through the operational integration of company marketing, sales and administration areas.

- We expect to see increased marketing of J.D. Edwards' solutions in the mid-market and expect to see J.D. Edwards' manufacturing solutions positioned in the PeopleSoft installed base.

2. Oracle Acquires PeopleSoft

Oracle's short-term strategy is to disrupt the PeopleSoft acquisition of J.D. Edwards. This will be challenging as Oracle must overcome PeopleSoft's "Poison Pill" provisions, pass antitrust regulations in the U.S. and most likely pay substantially more than the original offer tendered.

If Oracle does eventually acquire PeopleSoft, they will become the world's second largest global IT applications provider – #1 market share in the U.S. and the clear #2 to SAP globally. In addition, they will most likely forego any J.D. Edwards acquisition and pressure PeopleSoft customers to migrate towards Oracle 11i.

PeopleSoft meanwhile will face slowed sales and a weakening pipeline going into the 2nd half of 2003, as uncertainty creeps into its sales process and prospects' mindsets. It will be our job to accelerate this perception.

What are SAP's selling opportunities as a result of these events?

Opportunity # 1: Any current or prospective customer of J.D. Edwards and PeopleSoft

It is a priority for SAP to have a conversation with any J.D. Edwards and/or PeopleSoft customer who is currently contemplating additional investment into either company's solution platform, and any recently lost deals to either JDE or PeopleSoft. In short, the timing is ripe to plant the "seeds of doubt" around this customer target.

PeopleSoft 8 Installed Base Customers

These customers are in a particularly vulnerable position as Oracle has stated its support for migration to Oracle 11i for PeopleSoft 7 customers and not PeopleSoft 8 customers. This leaves PeopleSoft 8 customers facing an uncertain future, long integration times and huge migration costs if this acquisition moves ahead.

J.D. Edwards Installed Base Customers

These customers are faced with the reality that the IT market is consolidating, and they're stuck with a niche vendor that will be forever vulnerable to merger and acquisition activity. The message for this group is to play to their concerns of growing their business by stepping up to a major global IT solutions company like SAP, and having a stable road map for the future.

Recently lost SAP deals to J.D. Edwards and PeopleSoft:

These once lost customers may now be looking for an "out" from their current situation. Now is the time to take advantage of any recently lost deals to either JDE or PeopleSoft. If any customer has invested in either J.D. Edwards or PeopleSoft software, they are now facing long delays and uncertainty. Call these prospects now!

In general, both J.D. Edwards and PeopleSoft customers are faced with serious questions when considering continued investment:

- *Will my application vendor be focused on creating value for my business or on the merger?*
- *Will my application vendor be focusing on developing new products or enhancing existing ones or wait until the merger is settled?*
- *Will I be forced to upgrade to some new version of software that will require additional investment in technology platforms or integration costs?*
- *Will my current product be scrapped for another partner's offering?*
- *What is my road map for the future with these companies?*
- *Will there be advantages in this merger or more confusion and loss of focus as most technology mergers have shown in the past?*
- *What will the combined companies' technology vision be? Will they even have one by next year?*
- *How will employee layoffs and departmental integration across my vendor's business impact me? Will my vendor's employees remain committed to providing me the high level of service I've come to expect?*
- *Both companies were having their challenges as a result of the economy. Will this merger just combine two lead weights into one big lead weight?*
- *Will this vendor really be focused on creating value for me when the economy turns around?*

Opportunity #2: Turn J.D. Edwards channel partners into SAP SMB Channel Partners

- No matter what happens, it will be natural for J.D. Edwards channel partners to be concerned by all this merger activity due to the following reasons:
 - Loss of focus means less channel support in Marketing and Sales
 - Confusing messaging for current customers in technology vision, upgrade paths, support, etc.
 - New management directions

- Postponement of pipeline deals due to uncertainty
- Loss of business investment in developing JDE expertise if Oracle acquires JDE and shuts them down
- This concern will not last forever; we expect JDE & PeopleSoft to aggressively reassure their channel partners as soon as possible.

The window of opportunity is limited.

What should we do to capitalize on this opportunity?

Time is our enemy here. The longer we wait to act, the longer our competitors have to get their message and strategy figured out and assure their customers of their commitment.

Global Marketing Actions

On Thursday, June 12, 2003, Global Marketing will execute an overarching "Words of Comfort" advertising campaign in strategic markets. This campaign will position SAP as "safe haven" for J.D. Edwards and PeopleSoft customers. The advertisement will urge prospects to contact SAP for a business assessment to see how SAP is the best choice in these uncertain times.

SAP Migration Offer Framework for PeopleSoft & JD Edwards Customers

- SAP will offer to do a free business analysis to determine the value and benefits of migrating from PeopleSoft or JDE to SAP.
- SAP will create a customized "Migration Offer" for any interested prospect after the business analysis has been completed
- The customized trade in offer will be based on the following deal framework:
 - All PeopleSoft Customers: SAP will offer up to 100% of PeopleSoft license book value if the prospect agrees to migrate to ANY SAP Solution provided the SAP license value is greater than or equal to the PeopleSoft license book value
 - JDE Installed base:
 - All JDE Customers: SAP will offer up to 100% of JDE License Book value if the prospect agrees to migrate to ANY SAP Solution provided the SAP license value is greater than or equal to the JDE software license book value
- Logistics:
 - SAP PSO will execute any direct assessment and cover the costs associated with these assessments
 - SAP will not cover the costs of Channel partner assessments

Local business objectives and legal requirements will cause the offer to vary from market to market. Please make sure to have legal review the offer framework for your local market.

Please make sure to validate any offer with local sales management as offers may vary from country to country.

Suggested Local Sales Strategy

1. Work with your local Marketing department to define a list of prospective J.D. Edwards and PeopleSoft customers in your respective markets. ***Competitive Market Intelligence (CMI) has over 2000 PS and JDE customers. Please work with your local marketing team to have a list customized for your market.***
2. Leverage a strong local offer for lead generation
3. Contact your prospective customers to secure appointments to position SAP's vision, low risk nature, long-term commitment to our customers, and appropriate solutions, services and offers from SAP.
4. Work with your local Marketing team to identify a list of JDE channel partners in your market. Approach these partners and position SAP's SMB vision, commitment to SMB and solution offerings.

Local Marketing Strategy

1. Syndicate global sales enablement material to your sales force immediately.
2. Develop prospect lists for J.D. Edwards and PeopleSoft installed base customers. ***Competitive Market Intelligence (CMI) has over 2000 PS and JDE customers. Please contact the Sales Response Line (SRL) to have a list customized for your country or contact Go-To-Market Team.***
3. Develop prospect lists for J.D. Edwards SMB channel partners
4. Develop direct marketing support material (Sales Letters & emails, Telesales scripts. **Global Marketing** will assist you in this and will be sending you additional material later this week.
5. Execute direct marketing programs into these prospect lists to solicit leads for sales. There is an existing competitive letter already on SMART ins support of the ERP program.
6. Target the CIO/IT and any pertinent line-of-business areas for messaging, People Soft 8 (Priority) and 7 prospects, and JDE Installed base customers.

Suggested Product Positioning Opportunities

1. J.D. Edwards Installed Base: mySAP All-in-One, mySAP ERP with SAP NetWeaver™ technology
2. PeopleSoft Installed base: mySAP ERP with SAP NetWeaver technology, mySAP Business Suite with SAP NetWeaver
3. J.D. Edwards Channel Partners: mySAP All-in-One

Messaging Strategies

- Sow the “*seeds of doubt*” in prospects’ minds (See Sales Opportunity # 1 and reference CMI Alerts for Nasty Questions to ask)
- Position SAP as the vendor of “safe haven.” SAP has been in business for the last 30 years and will be here creating value for you tomorrow
 - SAP’s acquisition policy has been to add technical expertise and know-how, not customer base or market share. This has been our policy, is our policy and will remain our policy.
 - SAP focus is on value creation for its customers, not company acquisitions.
 - SAP NetWeaver as the premier open integration platform that allows these customers to leverage existing investments as they move forward with our solutions, thereby lowering their TCO.
 - Best-in-class solutions (#1 in SCM, #1 in CRM, #1 business suite)
- Position SAP’s superior technology value:
 - Having an entire infrastructure is critical to today’s companies and only SAP offers the most advanced technology stack
 - Common data model reduces cost of integration and increases efficiency of applications.
 - Lower TCO through SAP NetWeaver technology
 - Open integration (investments in J.D. Edwards and PeopleSoft can still be leveraged) – this is crucial for mid-market companies to have the ability to be non-disruptive and start to move off of the old platform at their own pace.

What additional support is coming to me to help in capturing this opportunity?

- Please visit the J.D. Edwards-PeopleSoft- Attack Page on SapNet
- In the next weeks, you will have:
 - JDE Competitive Sales Kit
 - PeopleSoft Competitive Kit
 - Channel Partner Sales Kit
 - BAAN Competitive Kit

- Global Relationship Marketing will be providing several assets for immediate use including:
 - RM Strategy
 - Letter & email templates
 - Telesales scripts.
 - This will be available the week of 6/15/2003

- We suggest getting the latest mySAP ERP Sales Kit on SMART.

Where can I go for additional support?

- In CMI contact the following people for additional questions:
 - Thomas Zieman, VP CMI
 - Harld Pietrus, Director CMI
- In Global marketing contact the following people for additional questions
 - Wolfgang Runge, SVP Global Product Marketing
 - Mike Wipperfeld, VP SMB Marketing
 - R. Schneider, VP Product Marketing
 - C. Edward Brice, VP Go-To-Market
 - D. Flamborg VP Global Relationship Marketing
- In Global Sales Operations Contact the following People
 - Wolfgang Kemna, EVP GSO
 - Carol Burch, SVP GSO