

# German software giant SAP trims outlook on virus woes

October 26 2020

---



The Walldorf-based group SAP, which offers both traditional software and cloud computing services, where companies pay a subscription fee to store their data on remote servers, said it had benefitted from firms doing more work online

German software giant SAP on Sunday downgraded its outlook for 2020, saying a resurgence in coronavirus cases would weigh on demand from "hard hit" customers.

The Walldorf-based group, which offers both traditional [software](#) and cloud computing services, where companies pay a [subscription fee](#) to store their data on remote servers, said it had benefitted from firms doing more work online.

But at the same time, SAP said its customers, "particularly those in hard hit industries, continue to be impacted by the economic consequences of the Covid-19 pandemic".

In an ad hoc release, SAP said group revenues fell four percent year-on-year in the third quarter to 6.5 billion euros (\$7.7 billion)—measured using non-IFRS standards, which exclude some costs.

The drop was led by a fall in income from software licenses, even as cloud sales climbed 10 percent.

Adjusted operating profit fell one percent to 2.1 billion euros, the statement said.

Looking ahead, SAP said the recent resurgence in coronavirus infections had forced it to readjust expectations that economies would reopen and demand would bounce back in the final months of the year.

"Lockdowns have been re-introduced in some regions, recovery is uneven and companies are facing more business uncertainty. Consequently, there is greater scrutiny of larger projects," it said.

The group now expects full-year revenue of between 27.2 and 27.8 billion euros, compared with an earlier estimate of 27.8 to 28.5 billion.

Adjusted operating profits are expected to come in between 8.1 and 8.5 billion euros, down from the 8.1 to 8.7 billion previously forecast.

© 2020 AFP

Citation: German software giant SAP trims outlook on virus woes (2020, October 26) retrieved 20 April 2024 from <https://techxplore.com/news/2020-10-german-software-giant-sap-trims.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.