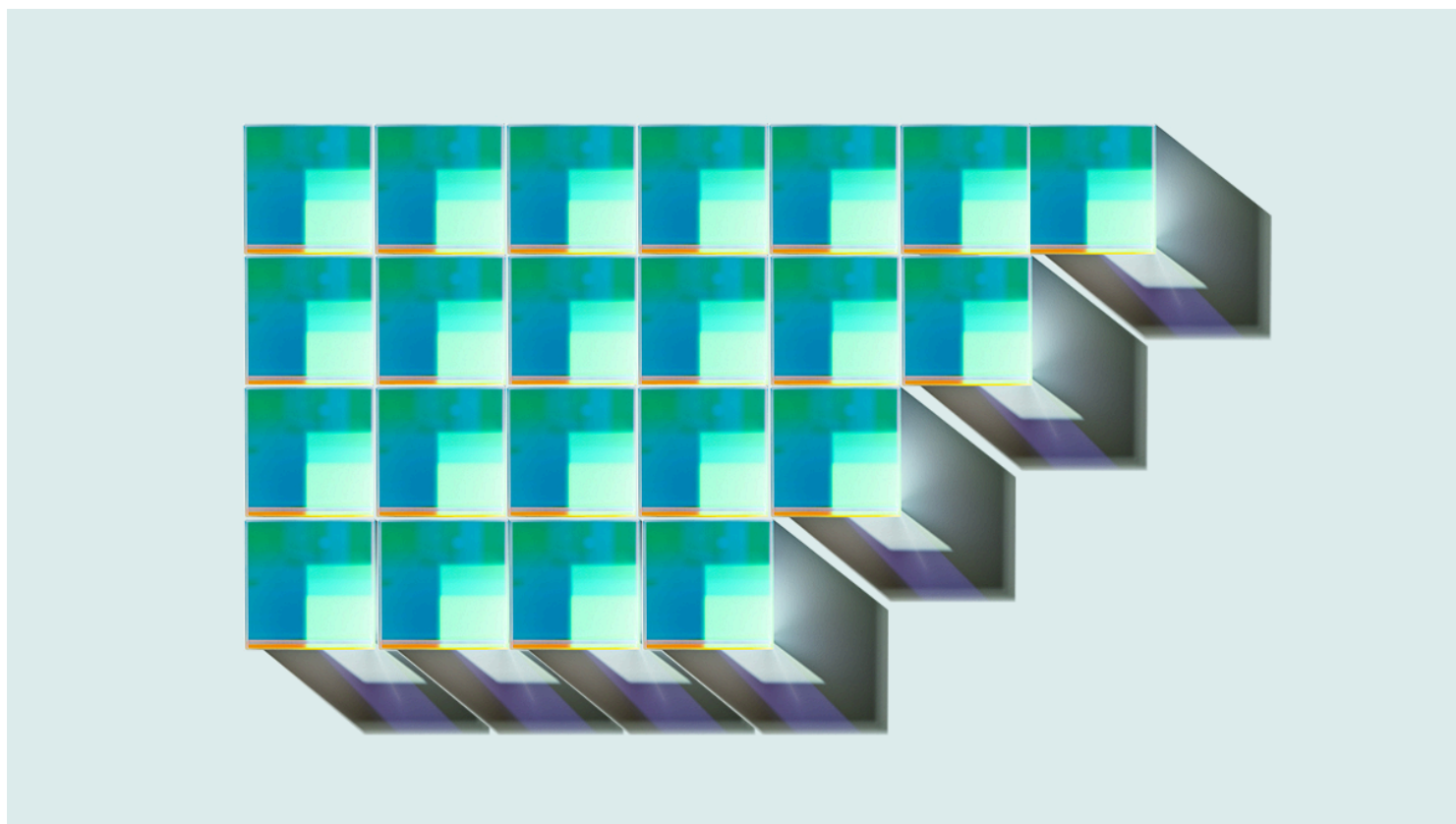


Sales

How One Company Used AI to Broaden Its Customer Base

by Sunil Gupta and Frank V. Cespedes

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Summary. The software company SAP successfully leveraged AI tools to begin selling to the small and medium enterprises (SMEs) market, which had

previously been uneconomical for its in-person sales approach. By mapping the customer journey and deploying over 40 AI... [more](#)

Companies have invested billions in generative AI (gen AI) and large language models (LLMs). Some now have chief AI officers. But despite the money and buzz, driving business impact clearly remains a challenge. Last May, a [McKinsey article](#) argued that “the honeymoon phase of generative AI is over.” In August, [Gartner reported](#) that generative AI was advancing through the firm’s “Hype Cycle for Emerging Technologies” and was declining rapidly into the “Trough of Disillusionment.” In January, a [Deloitte survey](#) of 2,770 executives in 14 countries showed that organizations were still struggling to demonstrate the value of gen AI efforts. And in February, the [Financial Times](#) asked: “Generative AI is impressive, but can it be profitable?”

Yet, it is possible for gen AI to add value to companies. This article provides a framework for deploying AI in the sales function, using a case study of SAP, a leader in enterprise resource planning (ERP) software. Our goal is to demonstrate that thoughtful scaling of AI has the potential to add billions of dollars in revenue to large businesses.

Understand Market Trends

In business, value is created or destroyed in the marketplace with customers. Instead of starting with an “AI strategy,” first you must clarify what problems you want to solve or opportunities you want to capture to grow the business. Only then should you think about how AI, or any other tool, can help. When a new technology becomes popular, companies often feel pressure to adopt it, and this leads them to invert the process, hunting for use cases to justify the investment.

SAP started by examining the impact of market trends on its business. As customers moved from “on premise” software to the cloud, SAP had to evolve its business to a subscription model and launched its first cloud-based SaaS solution in 2007. By 2024, SAP generated more than half of its revenue from cloud services.

The move to the cloud also opened an opportunity to reach 30–40 million small and medium enterprises (SMEs). A subscription model reduced upfront costs for SMEs and

offered flexibility and scalability. And cloud services offered more opportunities for SAP to customize and distribute its software. However, SAP still faced brand and cost barriers in its go-to-market for these customers. Many SME customers saw SAP as a big-company solution. And SAP's in-person consultative sales approach to enterprise customers was too expensive and the 12–18 month selling cycle too long for small order sizes in the fragmented SME market. SAP needed an efficient approach to sell to smaller companies.

Map Business Processes

Once a firm recognizes its changing business needs, it should map the process of conducting business in this new environment. Start with the customer journey, because that will affect cost-to-serve, operations, and other aspects of a business. This mapping is also essential for prioritizing scalable investments, including where AI or other technologies may play a role.

SAP mapped the customer journey into five steps: how SME customers **discover** SAP's solutions, **select** a solution, **adopt** it in their organization, **derive** value from it, and **extend** their relationship with SAP. The company knew its in-person sales model would be economically infeasible for smaller

customers making lower-ticket purchases, so the company sought ways to use AI tools to help customers at each stage. SAP now uses 40+ AI tools that it calls *digital modalities* to help SMEs throughout their customer journey.

- **Discover:** The goal here is to encourage SMEs to explore SAP's solutions for their business needs. *Digital Launchpad*, an AI tool, connects to a database to create personalized, industry-specific, and immersive customer outreach activities in minutes. *Prospecting Assistant* uploads lists from various sources and analyzes lead quality. A sentiment analysis AI-tool identifies the preferences of these prospects, such as how they prefer to interact. A campaign automation tool then takes this information and creates tailored messages to prospects in the tone, format, and style they prefer—a LinkedIn message, email, or a video message with a real executive's human avatar that speaks multiple languages.
- **Select:** For prospects with interest, the next stage is to build a business case. Using prospect input and SAP's database, AI tools create a *Value One-Pager* for each prospect to highlight the key benefits of a possible

solution. Another AI tool creates personalized demos and guided tours for prospects to experience the solution and visualize the value. Yet another AI tool then supports the “quote to cash” process by automating tasks such as deal structuring, contracting, compliance, booking and collection. Remarkably, a signed contract is often the first time many SMEs meet SAP account managers in person.

- **Adopt:** ERP software requires integration with business processes of customers, and SAP uses channel partners for installation. But installation is just the beginning of the customer relationship: in a subscription model, customers who don't get value from the product won't renew, creating churn. To help customers find value, SAP uses an AI tool that creates training videos with avatars to highlight the features and benefits of the solution. Another enables users to upload documentation and use LLM capabilities for interactive Q&A, and yet another tool uses internal data to help employees generate content for their emails, meetings, and presentations.
- **Derive:** To help clients drive continuous improvement, an AI-enabled customer success platform consolidates customer data from multiple sources to create customized

landing pages with all relevant information accessible in one location. Another tool then provides tailored suggestions to improve performance.

- **Extend:** To strengthen and grow the customer relationship, the *Digital Launchpad* identifies new SAP products that may be relevant, and the *Value One-Pager* then makes a business case for their benefits, while an AI tool helps SAP solution advisors respond quickly to questions.

With AI tools, Digital Hubs conduct 90% of the buying journey virtually. That is a big boost in sales productivity, and because it allows SAP to sell to an entirely new set of small-business customers, it increases the Total Addressable Market (TAM).

Incubate-Pilot-Scale

Without AI tools, SAP saw SMEs as a fragmented market that was uneconomical to reach; with AI tools, it became approachable and profitable. But which AI tools to choose from hundreds of options available in the market is a non-trivial task.

The process of landing on 40+ AI tools required a systematic process of incubation, piloting, and scaling. Over two years SAP developed hundreds of ideas via an internal innovation challenge open to 25,000 people.

The next phase was to pilot promising ideas, identify problems or opportunities for improvement, and test to understand and quantify the value of these tools. SAP came up with over 1,250 GPT prompts that were documented into a playbook, categorized by over 50 use case categories including objection handling, elevator pitches, and product insights. In its pilots, SAP found that AI tools, on average, reduced its time to complete many activities by over 60%.

Once the proof of concept is clear, you need to scale for significant business impact. SAP used a platform approach because it provided a single place to introduce and update tools and integrate third-party suppliers. It also allowed SAP to integrate AI tools with the existing infrastructure of the company. There were roadblocks along the way: the platform did not initially integrate well with CRM systems and the pricing model. So, the digital team worked with the development group to integrate various processes. This

required commitment, support of top leadership and a change management process.

Buy, Build, or Partner for Speed

The field of AI is moving at an exponential pace, so even companies with deep technical skills often seek to partner with third-party applications to move more quickly.

SAP's digital team recognized this necessity, but the company's heritage and pride in engineering quality led to significant internal debate about partnering versus building these tools itself. Once again, this required cultural change within the company. Eventually, SAP's digital platform used a combination of its internal and external AI tools.

Integration of third-party tools into the internal systems posed another challenge that the company had to overcome.

Measure and Quantify the Impact

One of the most challenging tasks is to isolate, measure and quantify the business impact of AI investments, especially in a large organization. The benefit may come in the form of efficiencies and cost savings or the ability to capture new opportunities. Precision is less important than a reasonable evidence-backed approximation.

SAP created a baseline by monitoring how much time its teams spent to do a task such as reaching 1,000 prospects. Next, it tracked the time taken to reach the same number of prospects by using AI tools. While there was no significant difference in the conversion rate of these two approaches, sales teams saved almost 40% time by using digital modalities for prospecting.

Digital Hubs reduced the sales cycle from 12–18 months to 3–6 months on average and supported more than 22,000 new customer opportunities in 2024, doubling SAP’s pipeline and becoming the largest source of demand for its core cloud product.

Adapt to Your Context

Many aspects of SAP’s approach apply in most business contexts: starting with market opportunities, mapping the customer journey, building or partnering for appropriate tools, piloting and scaling those tools, and measuring their impact—all are essential for turning a promising technology into business reality. But other aspects must be adapted to your context.

Here are three areas to consider in crafting your AI initiatives:

Customer Selection

This is at the heart of strategy and determines which buying journeys you need to map, influence, and manage with tech tools. Customers differ not only in their preferences for products and services—the basis for market segmentation—but also in how they respond to tech-enabled interactions. Adoption of new technology varies dramatically by customers—a good case in point is the newspaper industry which still generates a large percent of its revenue from print.

Product

In a business-to-business market, a customer often requires detailed information about how the product fits existing processes. This affected how SAP selected and deployed AI tools across the SME buying journey. But the tasks and information to be leveraged via AI will differ by industry, product category, and the buying journey.

For example, after Adobe moved to a cloud-based subscription model, it also mapped its customer journey into

five steps: discover, try, buy, use, and renew. However, unlike SAP, Adobe did not need to customize its products for individual consumers. Instead, subscription model allowed Adobe to use a freemium pricing model to offer a trial version to millions of consumers for free, something SAP could not do due to the complexity of its software and the need for integration with clients' processes. Free trial gave Adobe valuable insights of where consumers need help that led to development of scores of videos and tutorials. Product teams could now continuously improve their software based on actual usage of consumers instead of building features based on their own judgment. At each stage AI tools could be used to make the process efficient and effective.

Without good understanding of your product category and how customers make decisions, you will not know where AI capabilities can make a difference for your company in customer interactions, or where those capabilities can effectively substitute for advertising, current sales channels, or another activity. That understanding is a management, not a technology issue but, without it, AI can easily become a tool looking for a solution or just another cost of doing business.

Change Management

A big change in business development activities usually faces internal resistance. Change is a process, not a single event or CEO speech, and that process depends upon your organization's history and culture.

For example, SAP used a federated model to develop buy-in from long-established units with distinct pockets of expertise. Centralizing AI capabilities would likely have been a faster way to deploy the technology but would not alleviate (and might increase) resistance from the many stakeholders used to managing their business areas with much autonomy. Digital Hubs report to the regional business leaders with a dotted line to the global digital organization.

But other companies, with different market positions, will find the window of opportunity created by AI can close quickly and need a different approach to change management. In this respect, AI technology is new but not its challenge and choices. In his memoir *Who Says Elephants Can't Dance?*, Louis Gerstner, reflecting on his experience at IBM in the 1990s, put it well: "I came to see that culture isn't just one aspect of the game—it is the game. In the end, an organization is nothing more than the collective capacity of its people to create value."

SG

Sunil Gupta is the Edward W. Carter Professor of Business Administration at Harvard Business School and the author of *[Driving Digital Strategy](#)* (Harvard Business Review Press, 2018).



Frank V. Cespedes is a senior lecturer at Harvard Business School and the author of *[Sales Management That Works: How to Sell in a World That Never Stops Changing](#)* (Harvard Business Review Press, 2021).



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