

THE ORDEALS OF A SALESMAN

Back in the days of Death of a Salesman, customer relationship management (CRM) was not yet a three letter word. Now, CRM software in general and Salesforce.com in particular are changing the sales landscape



The life of a sales rep is not one of pleasant monotony. Here is what an average day can be made of: find sales contacts, develop leads (contacts that seem interested), follow-through with leads (involving phone calls, emails, face to face meetings), send out proposals, revise in-process proposals, send contracts out, sign contracts. So that average day could consist of dozens of calls, a dozen proposals, a few meetings and a couple of contracts. Not to mention status updates. And some of these days are spent on the road.

Managing a team of agents is no easier. The team leader has to monitor the stages in the life cycle process for all his agents – contacts, leads, proposals, contracts multiplied many times over. And the leader has to analyse success (so as to spread useful techniques) as well as failure (so as to compete on deals better in the future).

It is to help manage these processes that Customer Relation Management (CRM) software has been developed and gained traction in the last decade. As an example of a company trying to better manage its customer relations,

take Ocimum Biosolutions, a global life sciences research and development enabling company, headquartered in Hyderabad with operations in United States and the Netherlands, and sales offices and distributors throughout the world.

“I wanted a one-click mechanism to have true insights about my top customers,” says Anuradha Acharya, CEO Ocimum Biosolutions, “I needed to know -- who ordered and when, when was the shipment made, when was it delivered, when was the invoice sent, when was payment received, how many open cases did the customer have, who was

fixing the problem, what was the customer’s feedback – in short a true CRM (Customer Relationship Management) system. What I instead had was tons of data coming from disparate applications, which we then had to manually shift through to make sense!”

In addition to having to struggle with different locations, another big hurdle was that of employee mobility. “The field staff had to constantly update the senior management. They had to come back to the office to enter data or log calls or mail back and forth. This disjointed process prevented them from accessing

and updating vital information in a timely fashion,” explains Vinay Kumar, Vice President, Ocimum.

A CRM system solves many of these problems. Sales executives can access the system in the field and update their reports instantly using their mobile phones or laptops. Managers can closely track the latest status of leads, sales territories, target status of a particular representative and then assign work accordingly. It’s also very important to be able to hand out the best leads to the best rep’s. This often does not happen because managers don’t have the latest data at hand, and usually one ends up assigning

leads in a round-robin fashion. With CRM systems managers get up to the minute data and so they can assign and re-assign leads depending on the reps core strength, thus increasing the success rate considerably.

Another important use is streamlining the sales work flow for the sales agents. In a regular work environment these get recorded in different places and on different media. For example a field agent might not know what a tele-agent has discussed with the client, therefore he ends up wasting a lot of time locating information and not getting the updates regularly. A CRM

system allows users to go to one place to find the most up-to-date information.

After having tried their hand with many diverse solutions to handle different modules of CRM lifecycle, Ocimum finally settled on one of the main players in CRM software, Salesforce.com. Subash Lingareddy, Chief Financial Officer and President of Ocimum summarises the benefits as follows: “Real time, accurate information is available and can be accessed anytime. Therefore we get by-the-minute updates on lead pipelines which can be quickly applied to our sales forecasts without sifting through reams of data.”

CRM modules

Salesforce.com comes with modules for marketing teams that provide quick visibility into which campaigns are performing and which ones are not, so that marketing dollars and resources can be better focused. Genesys Conferencing, a company that enables videoconferencing used Salesforce.com for their marketing modules. Challenged

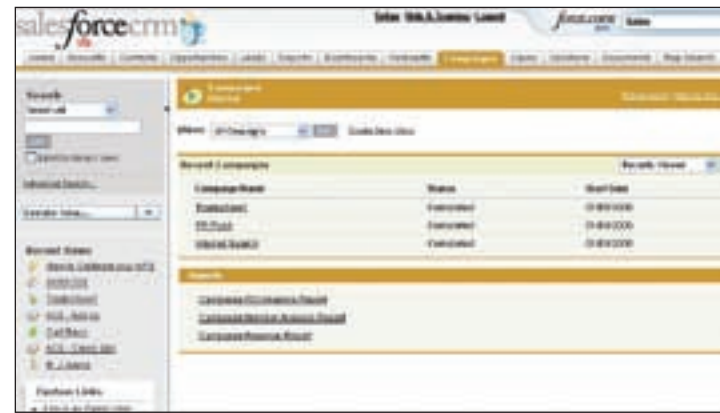
with a fragmented view of its customers, Genesys deployed Salesforce to 570 professionals worldwide to create a single, comprehensive view of more than 18,000 customers.

“Our account teams now share sales opportunities worldwide,” says Marcus Johansson, MIS Project Leader, CRM. “If we identify a conferencing opportunity from a major financial services prospect in Hong Kong, for instance, our account teams in London can share this information and simultaneously examine local opportunities there. By facilitating global collaboration, we can work together to close more deals, more quickly.”

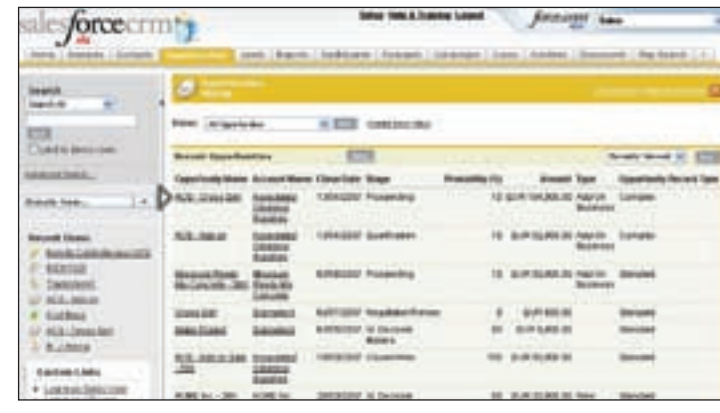
The sales teams and managers can also analyse their sales pipelines, perform win-loss analyses, and keep abreast of competitive trends. Genesys now has instant drill-down access to detailed sales information at a global, regional, and country level. The United States-based global sales director, for instance, has a dashboard view of the performance of individual sales



One can configure the home screen to give a snapshot of current activities. So say you are a sales rep, you can have your home screen display your current customer pipeline, target status, customer contact details and meeting planner all on one page.



Campaigns: Salesforce integrates a complete campaign analysis tool into its CRM software, that gives you complex analytical charts such as ROI per campaign in a single click, additionally there is also an option to create drill down reports that give you in-depth view of every campaigns status currently running in your company.



Trying to capture cross selling to already existing customers forms an important part of CRM strategy. However to be able to do this one needs to have a one stop shop for all customer data at various locations of the company. Salesforce gives you such a feature with the opportunities tab. Here you can see if your company has signed up a client at Singapore so you can tap the same companies local office in India.



Dashboard is an interesting concept where you get a bird’s eye view of the entire CRM system at one click. So whether you are looking for your company’s current lead status, customer assignments or the recent campaign ROI you can customise the system to give you the whole picture at a glance.

managers in specific countries and the leads they are generating. The integrated sales, marketing, and service system was quick and easy to deploy says Genesys. "There's no software to integrate, and we did the data mapping, data migration, and sales training in only 10 days," says Johansson.

One of the most important uses of Salesforce.com, however, is for the sales representatives who have a place to keep all of their information and status on sales so information is never lost if an employee leaves. It allows managers and executives to quickly and easily see what their pipeline looks like, and understand the health of their business. Tracking campaigns and finding out which ones are the most successful normally involves a lot of number crunching and data analysis. Since Salesforce allows you to integrate all kinds of campaign data including type of campaigns (web, email, trade show, PR push or internet search), and the number of opportunities generated, into a chart or dashboard view it

becomes easier to decide which campaigns need to be pulled out and which ones need to be funded more heavily. So say for instance you realise that you are spending about 40% of your marketing budget on trade shows which bring in only 10% of the leads, whereas you spend only 5% on internet searches such as Google ad-words which brings 15% of your leads, you can quickly decide to increase your spend on internet search campaigns.

Salesforce also has modules for customer service, which are aimed at recording all customer communication and are used to ensure customers have a good experience with their vendors. Canon Marketing Japan Incorporated started making extensive use of these modules of Salesforce from 2005. "With over 36 million customers using our multi-function machines, our company needs to keep enormous amount of data," says Hiroaki Sasaki, business solutions administration director, and project manager for Canon MJ's business solutions

THE FORCE BEHIND SALESFORCE

Marc Benioff started Salesforce in a tiny apartment in San Francisco in 1999 and now heads a \$750 million dollar company. Here is a brief history of how it all began.

Salesforce.com was born back in 1999 in a small apartment in San Francisco (CA), when 37 year old entrepreneur, Marc Benioff, left his Oracle career to chase a dream. He founded salesforce.com with a handful of software developers, some of the money he'd earned at Oracle, and a \$2 million investment from his friend and former boss, Larry Ellison. The other initial investors included Halsey Minor, Magdalena Yesil and Igor Sill, Geneva Venture Partners.

Benioff's choice of focusing on customer relationship management roots back into his Oracle days. During his thirteen year long stint at Oracle Benioff played a variety of roles most of which dealt with the sales wing of the company. This is where the idea for salesforce.com germinated. He wanted to create software that streamlined the chaos of sales processes by giving them a quick one-click access and portable environment. He also bet that the best way of selling the software would be as a service over the Internet.

Almost 10 years later salesforce.com surely is close to the top in the CRM space, especially in the Software-as-a-Service area with more than 1.1 million subscribers at 51,800 companies using their applications for CRM. Revenue wise too, the company seems to be climbing the ladder steadily, with revenues of \$749 million 2008, up 50% over 2007.

Part of Benioff's strategy has been to turn Salesforce into a platform, something like Microsoft's Windows operating system – a product so popular and so essential that an entire ecosystem of software developers and users has formed around it. This led to the creation of the AppExchange marketplace in 2006. After its launch the marketplace has already gathered an army of hundreds of developers that are thriving on the Salesforce platform. It's basically a symbiotic relationship, where developers customise software for Salesforce and benefit from while the company gains innovative ways of adding applications. In short, the iPod is to the iTunes Music Store what AppExchange is to the Salesforce.com platform.

Additionally the company is also looking at capturing and forking relationships with all the major players in the space of cloud computing, where the term cloud refers to the Internet and software runs as a service. They already have tied up with websites such as Google Apps, Twitter, Facebook and more to move forward on this path. "In the software industry," says Benioff "the only companies that really make it big move from being a killer app to being a platform." And so that is where Salesforce is aiming to head.

Last but not least, Salesforce is also known to have established the '1/1/1 model,' whereby the company contributes one percent of profits, one percent of equity, and one percent of employee hours back to the communities it serves. "This is our way of giving back to the community" says the founder. California strikes again. ■

CUSTOMISATION

Thanks to the flexibility of easily customisable modules, Salesforce customers have managed to fine-tune their employees' tools. Here are two examples of such novel uses.

It's a given that every industry has its own problems. And since the problems are so diverse it is impossible to have a common software module that will do justice to all problems. For instance the problems that a casino might face while dealing with its customers are definitely not the same as those faced by a real-estate company. Now while it might not make sense for the CRM system to add detailed modules as per business, if the individual companies were given easy tools to create specific modules it would make a huge difference to the productivity of the business.

This is exactly what happened with Harrah's casino chain in Las Vegas (USA) where developers came up with modules to help the personal sales representatives working with high spending customers. What they have done is to create automatic templates that generate special websites for the frequent customers. This lets the customers directly communicate with specific reps about planning details of their upcoming trips. So customers can simply warn when they will be arriving, where they would like to eat, and what shows they would like to see. This gives the casino's sales reps great insight into the times and dates of the customers arrival and plan. So in addition to making the stay pleasurable for the customer themselves, they can also figure out perspective cross selling of services, shows and such.

Another interesting example is that of Maytas Properties' a Mumbai based Real Estate Company. Maytas was facing a major problem with its overall sales force management. In the past, sales personnel of Maytas Properties used spreadsheets to manage customer activity. And different spreadsheets were being used by different sales representatives to upload customer activity. This data later went into a centralised spreadsheet, but since all data came in manually there was no standardisation of format. This was why they switched over to Salesforce.com. But there was still room for improvement.

If you are in the business of selling property it is essential that you be aware of the frequently changing mortgage rates for different banks. Even a .01% rate difference can help you swing the deal with your clients. But there was no module that let Maytas salespeople pull the latest data from the bank site and integrate it into the loan module. This was when Maytas decided to add their own real-estate based modules to their Salesforce CRM. Now they have a particular module that pulls in mortgage data and integrates with the complex loan logic which is available on the mobile module of the sales reps. Customising has helped to close more deals. ■

company. "However, that data was used for billing and maintenance, and did not satisfy the demands of a shared group CRM/SFA system. Salesforce helped with modules which help ensure service level agreements are met, call centers are efficient, and customers get the best service possible."

So now when a customer contacts Canon—to buy a new product or report problems with an existing service, as examples—the first available, qualified representative attends to the case. They use the customer's account, contact, and case information—along with integrated knowledge management—to resolve the inquiry quickly and to a satisfying standard. Complex cases that are unresolved are automatically escalated. Even the global infrastructure support team uses Salesforce's customer service capabilities in a help desk environment to track and resolve staff technology inquiries. Similarly marketing uses Salesforce to segment targeted groups of customers based on geography, product interest, and more. The tele-sales teams then contact prospects with relevant, compelling sales messages. Qualified leads are routed seamlessly to the right sales teams for follow-up.

Create your own applications

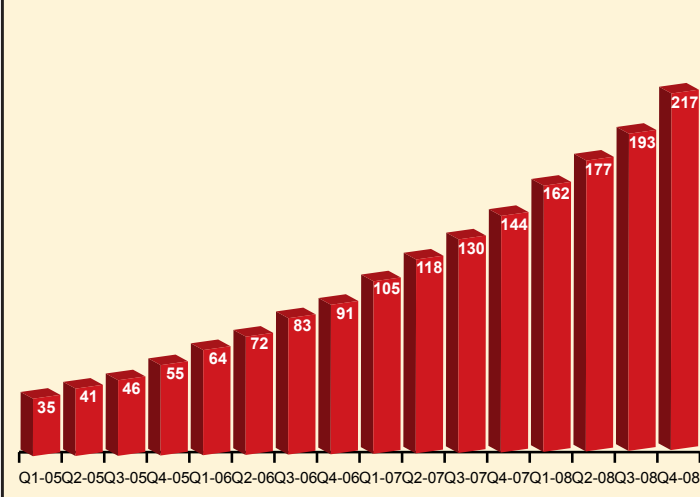
In addition to these standard features, Salesforce offers self-service with the Web 2.0-powered Salesforce Customer Portal. This is basically the customisation platform called

Force.com, that lets companies integrate various applications developed in-house directly into their CRM applications. So this gives customers the power to create and use their own applications on Salesforce's computers, mixing its systems with those from other developers. The point is to help companies develop internal systems, websites for the public and even applications to run on common applications like GoogleApps, Facebook or Twitter.

Genesys recently needed to add a custom object for salespeople to register a change of account ownership. Whereas customisation of the old system was approached with caution, Genesys actively encourages changes to Salesforce. "Force.com customisations take just a few mouse clicks," assures Marcus Johansson. "We simply created the object and linked it to an account. Now it automatically updates both Salesforce and our homegrown, back-office system. I'm not a technical expert but even I could do it with ease," says Johansson.

Schumacher Group, an emergency medicine practice management company in the US, can serve as a further example. "We are building a portal to distribute information to the 2,700 physicians we work with. Included in that portal is a document management solution where users can upload documents. We've already started writing some hooks into the Google API for documents and architected a little system so that physicians can create a Google document directly from within the portal without having to launch a word processing

Salesforce.com Revenue Growth



CASE STUDY MARKETING



application. Once a physician has created a document, someone at Schumacher Group can then pull up that physician's account and see what other types of documents that person has created, such as best practices or presentations. This allows us to leverage the strengths of group knowledge and give all our sales exes the most updated information," says Douglas Menefee, CIO at Schumacher Group.

The ability to give independent companies and customers an option to create and integrate application builds customer satisfaction. But no serious company can rely only on applications developed by independent developers; therefore Salesforce.com has its own predictable and focused R & D plan, with a major theme release each year. This again makes large conservative buyers feel comfortable since they know exactly what to expect. And of course these new additions come bundled with each contract renewal for the year, thus the companies don't have to shell out special price for the new releases.

Software as a service

Salesforce.com has become a leading solutions provider in the space of CRM (customer relationship management) in a short span of close to 10 years with more than 50,000 customers and a million subscribers.

It has become that big not solely on the basis of superior software. Indeed, its offerings are comparable to the likes of Oracle, SAP and Microsoft who have been in the space for a long time. But a major differentiator is that Salesforce's customers don't pay hefty up-front license fees, as their rivals' customers do. Instead, they pay by the month to access the software over the web. In short with Salesforce you can rent your CRM on a monthly basis – this model has come to be called Software as a Service (SaaS).

This model has also become a part of the latest buzzword in the industry – cloud computing. Cloud is a metaphor for the Internet - cloud computing enables users to access computing services from the Internet. Salesforce.com users satisfy their sales management

needs using the Internet. And in today's times of tough economy -- where capital expenditure budgets are under severe pressure -- a pay-per-use solution has started becoming very alluring. "There really is no average price, but we have found that salesforce.com's model proves less expensive than traditional CRM. Basic CRM functionality from Salesforce starts at only \$10 per user per month," says Aaron Katz, Area Vice President (Corporate Sales, Asia Pacific).

This model permits companies to avoid the expense and headache of installing complex software packages that can require huge outlays of cash for hardware and software upgrades. It also presents an easy exit option in the form of subscription cancellation. "It's all about letting our customers pay attention to innovation and not infrastructure," says Katz. "Software as a service is about freeing them from having to hook up another computer in another data center to another database to another application server to another security server."

Rising competition in SaaS:

The success of the SaaS model has also given rise to a good amount of competition. On one hand there is competition from smaller companies like NetSuite and Zoho, which use the same leasing model to offer a full suite of applications, including billing, accounting and other critical business tools. These form the biggest part of lower-cost competitors. And now that SaaS is being increasingly accepted -- thanks, in part, to Salesforce's evangelical marketing -- smaller

competitors spending a tiny fraction of what Salesforce spends on marketing can undercut them.

And on the other hand, the subscription model's success has inspired larger software firms, including Microsoft, Oracle and SAP, the German business software giant, to offer subscription-based versions of their own products for CRM. Microsoft, for instance, has recently started selling Dynamics CRM Live, an on-demand version of Dynamics CRM, the shrink-wrapped software package the company has been selling for four years. At around the same time, SAP unveiled Business ByDesign, an online version of the company's array of business software, aimed at medium-size businesses.

That means Salesforce faces increased competition in its core market at a time when it is focusing on selling itself as a platform. But their strategy seems to be working as they continue forging new relationships using their platform. A few large companies, such as Google, Facebook, and Amazon, recently jumped on the bandwagon as partners. Salesforce's message seems clear to its customers, "We are at the center of an eco-system with big partners." This should give them an added edge especially with bigger customers.

CRM and SaaS are clearly two of the last decade's most striking innovations. And salesforce.com is one of the most striking success stories. ■

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