

Hyperion Asset Management

Company Profile **Salesforce.com, Inc.**

Main Business Activities

Salesforce.com, Inc. (Salesforce) provides modern, Software-as-a-Service-based (SaaS-based) Customer Relationship Management (CRM) software to enterprises, commercial businesses and small to medium sized enterprises (SMEs) to help them improve the efficiency of their front-office operations. Its key products are Sales Cloud (which manages sales function) and Service Cloud (which manages multi-channel customer support), supported by solutions for marketing, commerce, analytics and data integration. All of these separate products will be linked to a single user interface, where the enterprise can access the 'single source of truth' and provides a 360 degree view of each customer.

Key Value Proposition to Customers

Salesforce's products provide market-leading functionality, and the extra benefit of deeper integration between the modules exists between all of Salesforce's suite, allowing enterprises to maintain one view of each individual customer across sales, customer support, marketing, online shopping, etc. which is critical in today's world that has lots of data but difficulty managing it effectively. Salesforce Platform also improves the company's value proposition and client stickiness as customers and partners build directly on the platform. Using Salesforce increases productivity, lowers IT costs, increases customer satisfaction, increases marketing return on investment (ROI) and increases revenue.

Sustainable Competitive Advantages and Outlook

Salesforce's competitive advantage relies on its product leadership and broad product suite with integration between cloud products. This depth and breadth of functionality is difficult to replicate and provides a significant barrier to entry. It also benefits from economies of scale in research and development (R&D) with a significant R&D budget, and the size and reach of its sales and marketing team.

Overall Company Growth Options

Salesforce has significant organic growth opportunities in its core markets of Sales Cloud and Services Cloud, but also an ability to upsell customers to adjacent products in its broad suite. The company's total addressable market has increased significantly in recent years as it has made acquisitions and expanded functionality. Despite its consistent revenue growth over time, Salesforce will continue to benefit from the structural shift of global enterprises from on-premises software to cloud-based software which remains in its early stages. The COVID-19 pandemic has highlighted the need for enterprises to have modern, flexible, cloud-based software solutions to support their businesses.

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