Vendor Rating: Salesforce

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By Analysts Jason Wong, Adam Woodyer, Nadine LeBlanc, Mark O’Neill, Julian Sun, Kimberly Harris-Ferrante, Kyle Davis, Noah Elkin, Jo Liversidge

Initiatives: Sourcing, Procurement and Vendor Management Leaders; Applications and Software Engineering Leaders; Software Engineering Technologies

Salesforce has executed very strongly during the COVID-19 pandemic, and continued to reshape its business beyond the CRM software market through acquisitions and new offerings. IT leaders should assess its merits as a strategic partner for the delivery of customer, partner and employee experiences.

Overall Rating

Overall Rating: Strong
Salesforce's overall rating remains Strong. It is Strong in three of the six individual rating categories, and Positive in three.

Salesforce has so far made the most of a tough global pandemic situation by capitalizing on accelerating digital business drivers, particularly for customer service, marketing and commerce technologies. Additionally, it has capitalized on the sudden shift to remote working and other workplace disruptions by introducing new Work.com products and elevating its position in the government space with contact tracing and vaccine management solutions, particularly in the U.S. Building on the trend for remote and distributed working, in November 2020 Salesforce announced its intention to acquire Slack (the deal is expected to close in its second fiscal quarter). Salesforce also announced the beginnings of a wholesale platform shift to a new cloud architecture called Hyperforce to enable more flexible public cloud infrastructure deployment.

Recommendations for prospective and existing Salesforce customers:

- To bring together your customer data using Salesforce Customer 360 tools, start with specific use cases and define what is needed for your business. In particular, assess the level of effort required to
implement a “single source of the truth” when using Salesforce technologies with existing enterprise systems.

- Determine whether a Salesforce industry cloud’s prebuilt data models, domain-specific features and preintegrated multiproduct capabilities provide sufficient time to value or are more than your organization currently needs.

- Assess the security, compliance, data protection and residency benefits of Hyperforce for your industry and regional needs.

- Monitor the pending Slack acquisition to assess the impact on CRM application user experiences and workflows, especially if you are not already a Slack customer.

- Reassess your use of Salesforce at least two years before your contract is due for renewal to determine if any product implementations need to be unwound or changed to another vendor.

### Detailed Rating

**Product/Service: Strong**

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Salesforce maintains a Strong rating for Product/Service. Salesforce continues to expand its CRM product portfolio, which accounts for the largest share in the overall CRM market (more than 20%). MuleSoft and Tableau also continue to perform strongly in their respective markets. Additionally, in the past year, Salesforce expanded into digital workplace applications with the release of Work.com to address employee experience needs. Salesforce products have been covered in 15 product markets covered by Magic Quadrants in the past 12 months (see Figure 2).

### Areas of Improvement and Advancement

- **CRM innovations:** Salesforce was one of the more innovative digital commerce vendors in responding to COVID-19. It introduced an accelerated commerce solution with payments and implementation for a single price with a one-year contract broken down into 12 monthly payments. It launched Service Cloud Voice to give customers the option to use preintegrated voice services through Amazon Connect. It also introduced Customer 360 Audiences CDP to provide customer profile management and identity resolution functionality. Salesforce benefits from a shift in preference among marketers away from best-of-breed marketing technology toward integrated suites.

- **Employee experience expansion:** Salesforce shifted product resources internally in order to bring a new suite of digital workplace products to market under the Work.com brand (unassociated with the Rypple acquisition of 2011). The focus of these products was initially to support return-to-work needs,
but the suite is expanding to incorporate other employee-facing applications such as those used for IT service management (in partnership with Tanium).

- **Key product acquisitions**: Salesforce acquired Mobify in September 2020 to bolster Salesforce Commerce Cloud’s storefront capabilities, progressive web app and mobile user experience (UX). Salesforce’s acquisition of Slack (expected to close in its second fiscal quarter) should significantly impact collaboration and UX capabilities across its product portfolio. (For more on the impact of Slack, see the Strategy section below).

- **Industry solutions**: Salesforce strengthened its industry cloud strategy with the acquisition of Vlocity in early 2020. It currently offers 12 industry clouds, some of which contain subindustry solutions (see the Additional Analyst Insights section below).

- **Democratization of tools**: The Tableau Viz Lightning Web Component offers a low-code experience to simplify the task of integrating Tableau visualizations into Salesforce. Einstein Discovery in Tableau is a new integrated product designed to bring the predictions and recommendations capabilities of the former Einstein Analytics product into the Tableau platform. MuleSoft Composer for Salesforce adds template-driven capabilities to MuleSoft, making it into more of a low-code offering for nondevelopers.

### Areas to Monitor and Evaluate More Deeply

- **Tableau**: Tableau’s integration is still a work in progress across several products. Tableau’s business was built on on-premises installations, which makes integration challenging. Ongoing efforts include alignment with Salesforce cloud architecture, integration of analytics and BI capabilities to allow customers to take advantage of the former Einstein Analytics product.

- **Customer 360 Privacy Center and Identity**: Two key products were launched to support Customer 360. Customer 360 Privacy Center offers unified policy rules in the Salesforce platform to manage retention, deletion, anonymization and customer data transfer. Customer 360 Identity provides a single customer identity tied to the Customer 360 customer profile with seamless authentication. These work with the previously released Customer 360 Data Manager.

- **Experience Cloud**: In 2020, Salesforce rebranded its Community Cloud as Experience Cloud to provide stronger alignment with the digital experience platform (DXP) market. The underlying content management capabilities (enabled by the homegrown Salesforce CMS) remain weak, compared with best-of-breed web content management (WCM) systems and DXPs. The product is applicable mainly to clients with existing large investments in the Salesforce portfolio.

### Key Take-Aways

- **Product agility**: Salesforce has demonstrated during the pandemic that it has the platform and product organization agility to meet customer needs in novel circumstances. This bodes well for customers investing in its products, particularly multiproduct solutions.
Portfolio integration and complexity: Salesforce continues to offer a CRM product portfolio with very wide functionality to enable a “Customer 360” view. However, buying into Salesforce’s expansive offering and Customer 360 vision often requires the customer to overcome complex data and integration challenges. Importantly, companies also need to invest in dedicated Salesforce skill sets and resources to derive maximum value from its products.

Industry cloud upgrades: Gartner has been seeing more proposals for industry cloud solutions — either as upsales or new deals. Existing Salesforce customers need to understand the level of effort needed to move to an industry cloud, as they each come from different solution architectures (see the Additional Analyst Insights section below). New customers should work with a strong delivery partner that has specific domain expertise, such as in using the specific industry’s data models (for example, a patient data model for Salesforce Health Cloud).

Figure 2: Major Salesforce Products Covered in Magic Quadrants

Major Salesforce Products Covered in Magic Quadrants

- **Marketing**
  - Multichannel Marketing Hub (Marketing Cloud)
  - Personalization Engine (Marketing Cloud – formerly Evergage)
  - CRM Lead Management (Pardot)

- **Commerce**
  - Digital Commerce (Commerce Cloud)

- **Sales**
  - Sales Force Automation (Sales Cloud)
  - Configure, Price and Quote Application Suite (CPQ and Industries CPQ)

- **Service**
  - CRM Customer Engagement Center (Service Cloud)
  - Field Service Management (Field Service)

Data Analytics & AI
- Analytics & Business Intelligence (Tableau)
- Cloud AI Developer Services (Einstein AI Services)

Platform
- Low-Code Application Platform (Lighting Platform)
- Multixperience Development Platform (Salesforce Platform)
- Digital Experience Platform (Experience Cloud – formerly Community Cloud)

Integration
- Enterprise iPaaS (MuleSoft)
- Full Lifecycle API Management (MuleSoft)

Source: Gartner (May 2021)
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Support/Account Management: Positive

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Salesforce maintains a Positive rating for support/account management. More so than for many other vendors, Gartner has spoken to CRM customers, in dire financial situations due to the pandemic, whom Salesforce helped by, for example, adjusting payment terms and frequency. Support for enablement training is strong, and Salesforce's partner programs and go-to-market resources are improving. Although its account management can be perceived as too aggressive because of attempts to upsell, Salesforce has improved in this area. Communications and support could be improved, specifically in relation to challenges regarding Tableau and Einstein Analytics technical support and to customers seeking to upgrade to an industry cloud.

Areas of Improvement and Advancement

- **Assurance Services**: Salesforce has introduced its Assurance Services Platform Bundle, designed to provide “success with guidance” oversight throughout a client’s Salesforce implementation journey. This offering, formerly called Salesforce Advisory, adds technical and strategic consulting advice from experts with deep knowledge across disciplines and industries. This offering may be in response to slightly lower-than-average ratings for delivery of expected CRM capabilities upon implementation.

- **Industry alignment**: Go-to-market resources in industries and industry products increased significantly. The majority of Salesforce’s go-to-market resources are industry-aligned. Salesforce acquired a popular delivery partner, Acumen Solutions, in December 2020 to further grow its industry expertise and delivery resources.

- **Training**: Salesforce continues to provide strong enablement training. This is for MuleSoft in particular, which benefits from a well-defined “center for enablement” implementation and training process.

- **Partner programs**: In March 2020, Salesforce announced the launch of a new partnership model for independent software vendor, consulting and agency partners. The Salesforce Partner Program retired the use of metal tiers as the way for partners to distinguish themselves in the marketplace. Instead, customers can find appropriate partners based on Partner Navigator guidelines that allow partners to demonstrate capabilities within a solution area. For example, consulting partners can differentiate their business based on customer-validated industry experience, Salesforce product and industry knowledge, and customer success.

Areas to Monitor and Evaluate More Deeply

- **Success plans**: In February 2021, Salesforce renamed and rebundled some of these plans (for example, it combined Premier and Premier Plus) and introduced Signature Success. Still, Gartner has heard from some customers who have seen little value in the success plan they purchased. This is
typically associated with issues related to the turnover of success managers, which affects relationships.

- **Third-party service providers:** Gartner has observed, through client interactions and Magic Quadrant evaluations, inconsistent capabilities among third-party Salesforce service providers, and a lack of deep industry-specific process skills. This leads to troubled implementations and loss of agility in terms of deployment speed. The updated Partner Program model could help address these issues.

- **Move to industry clouds:** Salesforce does not provide clear guidance for current clients planning to move from horizontal clouds to industry clouds, or on how to clearly differentiate them during the sales process (that is, when to buy one as opposed to another). However, the acquisition of Acumen Solutions and the deeper integration of Vlocity resources could improve methodologies and frameworks for clients.

- **Complex accounts:** The combination of Tableau and MuleSoft with CRM products makes Salesforce account teams more complex to deal with. Existing Tableau clients might find it more difficult to receive support because accounts have been rearranged by industry and size of company.

- **Upselling tactics:** Gartner continues to encounter occasional overselling of products, which results in IT teams trying to make products work effectively. Gartner has heard from clients about MuleSoft account teams continuing to show this behavior, particularly with MuleSoft being sold for the first time by Salesforce account teams who are not MuleSoft specialists or familiar with MuleSoft pricing.

**Key Take-Aways**

- **Use account team strategically:** Accelerated by the pandemic, several Salesforce customers are making Salesforce a strategic vendor and platform across their business. Use your account team to help uncover services and tools to maximize your ROI. Salesforce offers comprehensive account management, but acquisitions can lead to account support inconsistencies.

- **Evaluate special services:** Salesforce offers several advisory or consulting programs for clients seeking to use its platform strategically. Salesforce Illuminate, Ignite and Business Value Services help companies understand how to transform, what is possible and why it matters to their business.

- **Implementation services:** To mitigate risks, aim for a competitive, balanced bid and evaluate multiple service providers. Generally, Salesforce services are at the higher end of the cost spectrum, so as to not underbid their partners. Salesforce is also transforming its implementation offerings to meet changing client needs by instilling clear outcomes and repeatable value into its delivery process. Salesforce’s recent methodologies cater more to specific client requirements, being design-led with a measurable, phased focus and more flexible packaging. This appears to be a response to client feedback that Salesforce’s model has historically been “one size fits all,” with little room to negotiate any benefits.

**Pricing Structure: Positive**
Salesforce maintains a Positive rating for pricing structure. In general, Salesforce is transparent with its pricing, and pricing flexibility has improved — both of which already stood out in comparison with most competitors. Gartner hears fewer complaints from Salesforce customers about price increases at renewal, which reflects a change in behavior by Salesforce and represents a differentiator from Salesforce's competitors, which typically do increase unit pricing at renewal. However, Gartner does hear that high prices cause Salesforce to be dropped from shortlists. Salesforce is also more open than in the past to allowing product swaps during a contract. However, high pricing for products outside the core offerings, such as Marketing Cloud, Tableau and MuleSoft, leads some organizations to choose cheaper alternatives.

Areas of Improvement and Advancement

- **Pricing stability:** Salesforce has kept pricing flat for its core products, such as Service Cloud, Salesforce Platform and Experience Cloud (formerly Community Cloud), at renewal time in line with its Pledge promise of no uplifts on renewal (assuming flat renewal). The inclusion of some Einstein capabilities out of the box with core cloud lines is an improvement.

- **Licensing model changes:** Salesforce is incentivizing existing Tableau customers to move to role-based subscription pricing, away from perpetual licensing, to take advantage of recent innovations like Tableau Prep. Furthermore, Salesforce has told customers that it will no longer sell perpetual Tableau licenses after May 2021 to simplify product licensing. Tableau has also ended purchasing minimums, for customers looking to start small.

- **Lower MuleSoft price point:** The new MuleSoft Composer product has lower pricing, which is better suited to the typical Salesforce administrator roles than MuleSoft Anypoint, which targets IT roles. MuleSoft Composer pricing is based on connectors and “tasks” (records processed), rather than the core-based pricing used by MuleSoft Anypoint.

Areas to Monitor and Evaluate More Deeply

- **Tableau cost:** When compared to some of the cloud offerings that are increasingly present in this market, Tableau is expensive. Tableau CRM for a list price of up to $150 per user per month could increase customers’ concerns when considering scaling their augmented analytics deployments or adding functions. Tableau Viewer, which serves for reporting, is also considered expensive, compared with Microsoft Power BI, its major competitor in the market.

- **MuleSoft pricing model:** Pricing for the MuleSoft Anypoint Platform has been problematic for many customers who view the core-based pricing as outdated in the new world of microservices and containers. MuleSoft says it will add usage-based pricing, which it calls “action-based pricing.” However, a lack of MuleSoft pricing visibility continues to be a complaint from customers.
Key Take-Aways

- **Marketing Cloud add-ons**: Pricing varies very widely, even among comparable Marketing Cloud SKUs/packages, and without clear reasons for discrepancies. The broad selection of add-on modules that Salesforce offers within Marketing Cloud could make determining the right solution set challenging.

- **Additional costs**: Lightning users encounter high unexpected costs because of many add-ons (such as encryption, sandboxes and Success plans) or exceeded limits (for API calls, storage, contacts, for example). Sandboxes are priced at up to 30% of net subscription fees and represent some of the highest-cost sandboxes across all SaaS providers.

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## Technology/Methodology: Positive

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Salesforce maintains a Positive rating for technology/methodology. Salesforce has shown strong CRM industry leadership in unifying, managing and analyzing customer data, particularly to support marketing, such as through Datorama. Salesforce has an ambitious strategy to make Slack the new Customer 360 interface, once the deal closes. However, mixed results from similar ambitions for Chatter and Quip mean the company must prove it can succeed with employee experience technologies. Additionally, it has announced two major technology initiatives in Salesforce Hyperforce and Einstein Automate.

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## Areas of Improvement and Advancement

- **Hyperforce**: This is Salesforce’s next-generation public cloud-native architecture to support public cloud providers, starting with Amazon Web Services (AWS) and then Microsoft Azure, Google Cloud Platform (GCP) and Alibaba Cloud. It enables customers to keep data in a particular geographic location to support compliance with requirements for local data storage and with privacy regulations. Customer 360 Audiences is the first product to be built on Hyperforce, and Sales Cloud, Service Cloud
and core platform products will be the first to run on Hyperforce. Still, Hyperforce won’t have a meaningful distribution across the globe until 2022.

- **Einstein Automate**: Salesforce has announced Einstein Automate, which brings together automation technologies across Salesforce’s platform, MuleSoft, Vlocity and AppExchange. Einstein Automate helps compose intelligent workflows with AI-infused bots and flows. Under this technology umbrella is a library of over 700 best practices (mostly from Vlocity), bots, templates, and RPA partner solutions. Einstein Automate is not yet a distinct product offering, but Salesforce’s vision is to have it deliver a complete end-to-end workflow solution for guiding employees and customers’ experiences.

- **Analytics**: Progress has been made in combining Tableau, Einstein and Datorama. Marketing Cloud analytics offers several new dashboards powered by Datorama. Media planning, pacing and optimization features have been added to the platform, making them usable by a wider audience. Tableau Business Science, enabled by Einstein Analytics, brings the powerful capabilities of data science into the hands of business people.

- **Patents**: Salesforce shows growth in innovation based on patents granted in 2020. Salesforce ranked at 94 in the total number of patents granted in the U.S., with an increase of 45% in patents from 2019. ²

**Areas to Monitor and Evaluate More Deeply**

- **Architectural complexity**: Salesforce maintains multiple technology stacks for products, which Hyperforce is intended to address. For example, Marketing Cloud currently has three parallel data stores (legacy ExactTarget, Evergage and Customer 360 Audiences). Customers should anticipate that the next several years will entail a transition from Marketing Cloud’s legacy architectures to new modules built natively on Hyperforce. Additionally, the industry clouds come from different architectural lineages and vary in maturity. They are all built on the core Salesforce Platform, but some have prebuilt integration with noncore platform products, such as Marketing Cloud. This adds complexity for customers, in contrast to other competitors that do not raise concerns about heterogeneous architecture.

- **Customer 360**: The Customer 360 roadmap is still not well-understood by most clients. Gartner sees interest primarily from B2C marketing and commerce customers. The acquisition of Evergage and launch of Customer 360 Audiences and Salesforce Loyalty Management show promise but need more time to mature. Gartner has seen other customer data platform (CDP) competitors win deals despite the clients being big Salesforce customers. This is largely because they wanted to be less reliant on Salesforce and could implement a third-party CDP more quickly and at lower cost.

- **Delivering edge cases**: The diversity of Salesforce customers can push platform limits, leading to the implementation of “edge cases” with very complex systems often supporting emerging products or new capabilities. These complex initiatives involve extensive integrations, at times among multiple divisions and organizations. These edge cases typically have wide variances in cost and delivery schedule.
Key Take-Aways

- **Slack as Customer 360 UX:** Salesforce seems intent on integrating deeply with Slack, to make it the new interface for communications and collaboration across all its products. This is an ambitious proposition after similar efforts with Chatter and Quip, and most recently with the Slack-like Salesforce Anywhere capabilities. Customers should monitor how Salesforce will compete in the general workplace collaboration tool market and the potential for significant technology changes involving Slack.

**Strategy: Strong**

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Salesforce maintains a Strong rating for strategy. It continues to expand into new addressable markets with acquisitions and new products and with expansion of existing products. Partnerships and a growing presence in South America and Asia contribute to this rating. Salesforce has built trust with clients, but its expanded focus on other, non-CRM markets may lead to opportunities for competitors, especially ones with best-of-breed products at lower price points.

**Areas of Improvement and Advancement**

- **Acquisition strategy:** Salesforce has shown an overall strong track record with the acquisitions it has made both to grow its addressable markets and complement existing offerings. Evergage, Vlocity, Mobify and Acumen Solutions were fairly safe bets to complement existing parts of the business. On the other hand, Slack will be its largest and most ambitious acquisition to enhance existing product value and capture new revenue streams.

- **Culture:** Salesforce has a very strong culture, and this has been an advantage during the COVID-19 pandemic. In February 2021, it announced a “Work From Anywhere” policy offering employees three options for how they will work in future: flexible, fully remote and office-based.

- **Leadership:** Salesforce has a reputation for having a high impact on society. It has a strong executive leadership team filled with former CEOs and multinational business leaders. The roster of regional
and country CEOs and general managers to run the business also add stability and local input to its overall strategy.

- **Geographic expansion:** More than half of Salesforce's revenue now comes from outside North America. In 2020, it made inroads into India and Brazil. The Asia/Pacific region is also a big area of growth. However, the announced exclusive partnership with Alibaba in China still lacks a launch date.

- **Salesforce Ventures:** Since 2009, Salesforce Ventures has invested in more than 400 companies in 24 countries. In 2020, Salesforce Ventures welcomed 47 new companies to the portfolio, with 50% of those outside the U.S. This has a multiplier effect on the Salesforce ecosystem, as well as on platform innovations.

### Areas to Monitor and Evaluate More Deeply

- **Internet of Things (IoT):** As Salesforce expands more into product-oriented business, whether for consumer or industrial companies, IoT capabilities will play a more strategic role. Salesforce has not presented a specific and comprehensive roadmap for IoT capabilities since the folding of IoT Cloud into various products and industry clouds.

- **Small and midsize business (SMB) customers:** Gartner considers that Salesforce Essentials has not done enough to address the needs of SMBs. The licensing is too limited (up to 10 users) and the jump to Professional or Enterprise edition licensing is steep. More nimble, best-of-breed vendors across CRM, integration and analytics tend to target this market opportunity.

- **Employee experience investments:** Salesforce's investments in Work.com are significant, despite it being on the market for only just over a year. It is not getting into back-office application functions (except through partners), but it does give Salesforce an entry point into more digital workplace offerings to improve employee engagement and experiences. At this stage, customizations are usually required for these products, but Salesforce could grow to be a strategic provider in this space.

### Key Take-Aways

- **Track changes from acquisitions:** Over the past three years, Salesforce's growth strategy has relied heavily on acquisitions. Although the postacquisition execution has been solid, integration often takes time and it leaves Salesforce open to opportunistic competitors. Customers should carefully evaluate the integration roadmap and any pricing changes after the Slack acquisition closes. In particular, since Salesforce and Slack have about 90% overlap in terms of customers, these customers should track the results closely.

- **Value and cost optimization:** Exacerbated by the pandemic, IT leaders are looking to do more with less. Although Salesforce is a strategic partner for a large portion of its customers, IT leaders still look for ways to optimize cost, especially when there are acquired products signed under different contracts. Customers should extract value through better use of technologies, and optimize costs where they can.
Corporate Viability: Strong

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Salesforce maintains a Strong rating for corporate viability. The key reason for this is the company's rapid growth at scale, which is atypical of companies with over $20 billion in revenue. This growth is in an increasingly large addressable market spanning enterprise applications, integration technologies, analytics and BI, collaboration, and application platform segments. In each of these markets, Salesforce is taking market share.

Importantly, the company's business is diversified across industries, geographic regions, buyer personas, technology horizontals, as well as each of the portfolio solutions that contribute to its overall revenue. Salesforce's revenue is supported by an increasingly efficient operating model. Reinvestment in new markets and solution categories continues, even as the company has improved its cost ratios and improved its profit margins. Supporting all of this is the sustainability of the subscription-based model, with current remaining performance obligations (cRPO) of roughly $18 billion as of its fiscal year-end 2021. This degree of visibility is quite strong and is a hallmark of the SaaS model.

Notably, in late 2020, Salesforce became one of the 30 companies listed in the Dow Jones Industrial Average. Salesforce has a long-term revenue target of $50 billion by 2026, which includes Slack revenue. This implies greater than 20% growth for the next five years. Given current solutions and addressable market opportunities, this plan needs to encompass successful acquisition activity to complement organic growth. It will be important to monitor this activity. The company does have a history of growth, operational improvements and successful market entry via acquisitions, which bodes well for progress toward its 2026 goal.

Financial: Positive

Gartner gives Salesforce a financial rating of Positive. This rating is based on Gartner's Financial Statement Scorecard methodology, which measures growth, financial strength, liquidity and profitability (see Note 1 and Figure 3). This scoring measures Salesforce as of its fiscal year-end on 31 January 2021, and accounts for a trailing 12-month period. Salesforce continues to generate above-average revenue growth, posting 24.3% for this period. Further details:

- Growth in revenue was broad-based across its solutions, geographies and customers.
- Growth continues to be supported by increases in cRPO, which secure visibility into future revenue growth.
- cRPO growth in fiscal 2021 was up 20%.

A significant reason for the Positive rating is improved net income margin. While cost ratios have been a focus, another driver has been increased gains from the company's financial investments over the
course of the past year. We do not view this as a necessary component of the company’s financial performance, and do not forecast it as being sustainable, but we do expect cost levers to continue to improve.

Salesforce has no current issues with its debt of just over $6 billion, as cash and equivalents reach approximately $12 billion. Operating cash as a percentage of revenue stands at 22.6%, and liquidity is high with a modified current ratio of 2.6. Ultimately, with strong revenue growth, improving margins and sufficient liquidity, we have no concerns about Salesforce’s financial viability or its ability to continue to invest for future growth.

Figure 3: Financial Statement Scorecard: Salesforce, March 2021

Financial Statement Scorecard: Salesforce

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<td>Modified Current Ratio</td>
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Source: Gartner, March 2021

Additional Analyst Insights

Salesforce Industry Clouds

Salesforce offers 12 major industry clouds (see Table 1). The year of launch gives an indication of the relative maturity of each cloud offering. Major customers and key partners demonstrate the uptake of these solutions in the market. The solution architecture shows the technology implementation practice lineage, which is either core Salesforce Platform (based on Sales Cloud and Service Cloud), Lightning Platform or Vlocity.
Table 1: Salesforce Industry Clouds

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<th>Major Industry</th>
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Evidence

1. Perpetual License End of Sale, Tableau.


Note 1: Gartner’s Financial Statement Scorecard for Public Companies

Gartner’s Vendor Financial Statement Scorecard methodology measures a combination of growth, profitability and liquidity, based on a company’s financial results from public financial statements according to GAAP.

Gartner uses a standard methodology to derive its vendor financial statement scorecard to provide a like-for-like view among a pool of more than 750 vendors using publicly available financial information.
The four basic criteria used are:

1. Revenue growth (trailing-12-month year-over-year revenue growth)

2. Profitability (trailing-12-month GAAP net profit margin) with net income as a percentage of revenue

3. Balance sheet liquidity (current ratio), calculated as current assets divided by modified current liabilities (which adjusts for the presence of deferred revenue)

4. Cash flow, based on the trailing 12 months of cash flow from operations as a percentage of the trailing 12 months of revenue

For companies with large amounts of net debt, a fifth criterion is incorporated:

5. Net debt divided by trailing-12-month cash flow from operations

Gartner’s policy is to use financials based on GAAP in calculating the ratios needed for the Vendor Financial Statement Scorecard (see Understanding the Methodology Behind Gartner’s Financial Statement Scorecard for Public Companies).

**Company Overview**

**Name:** Salesforce

**Headquarters:** San Francisco, California, U.S.

**Website:** www.salesforce.com

**Profile:** Salesforce is one of the world's largest providers of CRM applications, analytics, SaaS and platform technologies.

**Overall Rating Definitions**
## Document Revision History

**Vendor Rating: Salesforce** - 21 May 2020

**Vendor Rating: Salesforce** - 22 May 2019

**Vendor Rating: Salesforce** - 27 April 2018

**Vendor Rating: Salesforce** - 20 December 2016

**Vendor Rating: Salesforce** - 12 October 2015

**Vendor Rating: Salesforce.com** - 29 September 2014

**Vendor Rating: Salesforce.com** - 18 September 2013

**Vendor Rating: Salesforce.com** - 18 September 2012

**Vendor Rating: Salesforce.com** - 8 September 2011

**Vendor Rating: Salesforce.com** - 22 September 2010

### Enlarged table in Appendix

| Strong | Is viewed as a provider of strategic products, services or solutions.  
|        | Customers: Continue with planned investments.  
|        | Potential customers: Consider this vendor a strong choice for strategic investments. |
| Positive | Demonstrates strength in specific areas, but execution in one or more areas may still be developing or inconsistent with other areas of performance.  
|         | Customers: Continue planned investments.  
|         | Potential customers: Consider this vendor a viable choice for strategic or tactical investments, while planning for known limitations. |
| Variable | Shows potential in specific areas though still variable in more than one of the required categories.  
|          | Customers: Consider the short- and long-term impact of possible changes in status.  
|          | Potential customers: Plan for and be aware of issues and opportunities related to the evolution and maturity of this vendor. |
| Caution | Faces challenges in multiple required categories and execution is inconsistent.  
|         | Customers: Understand challenges in relevant areas, and develop contingency plans based on risk tolerance and possible business impact.  
|         | Potential customers: Account for the vendor's challenges as part of due diligence. |
| Weak | Has difficulty responding to problems in multiple areas.  
|      | Customers: Execute risk mitigation plans and contingency options.  
|      | Potential customers: Consider this vendor only for tactical investment with short-term, rapid payback. |
Recommended by the Authors

Salesforce Announces Intent to Acquire Slack to Broaden New Ways of Work Platform Play
Quick Answer: How Application Leaders Should Respond to Salesforce's Acquisition of Slack
Expert Insight Video: Four Tips to Navigate Your Next Salesforce Renewal Negotiation
Market Share: Customer Experience and Relationship Management, Worldwide, 2020

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<th><strong>Table 1: Salesforce Industry Clouds</strong></th>
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<td><strong>Major Customers ↓</strong></td>
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<td><strong>Communications Cloud</strong>&lt;br&gt;Launched 2014</td>
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<tr>
<td><strong>Government Cloud</strong>&lt;br&gt;Launched 2014&lt;br&gt;<strong>Government Cloud Plus</strong>&lt;br&gt;<strong>Government Solutions</strong></td>
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<td>Cloud Type</td>
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<td>Public Sector Cloud 2015</td>
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<td>Philanthropy Cloud 2018</td>
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<td><strong>Nonprofit Cloud</strong></td>
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<td>Launched 2018</td>
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<tr>
<th><strong>Education Cloud</strong></th>
<th><strong>Major Customers</strong></th>
<th><strong>Key Partners</strong></th>
<th><strong>Solution Architecture</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Launched 2018</td>
<td>Arizona State University, University of Kentucky, London School of Economics and Political Science (LSE), Clemson University, Oakland Unified School District, Denver Public Schools</td>
<td>AppExchange</td>
<td>Salesforce Platform</td>
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<tr>
<th><strong>Energy &amp; Utilities Cloud</strong></th>
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<td>CGI Utilities COVID-19 Cost Recovery Dashboard</td>
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<td>CGI COVID-19 Energy Assistance Case Management</td>
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<td>energyOrbit</td>
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<td>Bidgely Energy Analytics for Utilities</td>
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<tr>
<td>Launched 2019</td>
<td>MultiChoice Group, Sony Pictures, Foxtel, Sky Italy, Sky Germany, Sky Mexico</td>
<td>Accenture, Deloitte, IBM, Shift AppExchange</td>
<td>Capability added from Vlocity; built native on the Salesforce Platform</td>
</tr>
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<td><strong>Consumer Good Cloud</strong></td>
<td>AB InBev, Pepsico, CONA (Coke One North America), rmdy, Calavo Growers, Ventura Foods</td>
<td>PwC, Accenture, Capgemini, Deloitte, Groundswell, Peak &amp; Peak, Axsy, Pitcher</td>
<td>Lightning Platform</td>
</tr>
<tr>
<td><strong>Manufacturing Cloud</strong></td>
<td>Yanmar, Kawasaki Engines, GE Renewable Energy, Lippert, Honeywell, 3M, Ecolab, De Nora, TentCraft, Fike</td>
<td>Accenture, Acumen (now a Salesforce Company), Capgemini, Deloitte, Bluewolf-IBM, PwC, CGI, GearsCRM, Perficient, Simplus, Traction on Demand, West Monroe, 4C Consulting, Die-Interaktiven, ec4u, Fluido (by Infosys), NTT DATA, PARX, CGI, AppExchange</td>
<td>Lightning Platform</td>
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Source: Gartner (May 2021)
<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
<th>Customer Advice</th>
<th>Potential Customer Advice</th>
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<td>Weak</td>
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Customers: Execute risk mitigation plans and contingency options.

Potential customers: Consider this vendor only for tactical investment with short-term, rapid payback.