CEO Needs
Innovative
Governable
Affordable

CIO Mandates
Productive
Reliable
Secure

Platform as a Service

A Portfolio of Clouds

Applications and
Platforms
as a Service

Peter Coffee
Director, Platform Research
salesforce.com

WTN MEDIA
FUSiON 2009
CEO-CIO Symposium

salesforce.com

Safe Harbor Statement…

…under the Private Securities Litigation Reform Act of 1995:

This presentation may contain forward-looking statements that involve risks, uncertainties, and assumptions. If any such uncertainties materialize or if any of the assumptions proves incorrect, the results of salesforce.com, inc. could differ materially from the results expressed or implied by the forward-looking statements we make. All statements other than statements of historical fact could be deemed forward-looking, including any projections of subscriber growth, earnings, revenues, or other financial items and any statements regarding strategies or plans of management for future operations, statements of belief, any statements concerning new, planned, or upgraded services or technology developments and customer contracts or use of our services.

The risks and uncertainties referred to above include – but are not limited to – risks associated with developing and delivering new functionality for our service, our new business model, our past operating losses, possible fluctuations in our operating results and rate of growth, interruptions or delays in our Web hosting, breach of our security measures, the immature market in which we operate, our relatively limited operating history, our ability to expand, retain, and motivate our employees and manage our growth, new releases of our service and successful customer deployment, and utilization and selling to larger enterprise customers. Further information on potential factors that could affect the financial results of salesforce.com, inc. is included in our most recent annual report, on the Form 10-K most recently filed, and in other filings with the Securities and Exchange Commission. These documents are available on the SEC Filings section of the Investor Information section of our Web site.

Any unreleased services or features referenced in this or other press releases or public statements are not currently available and may not be delivered on time or at all. Customers who purchase our services should make the purchase decisions based upon features that are currently available; salesforce.com, inc. assumes no obligation and does not intend to update these forward-looking statements.

salesforce.com

Why Clouds Drive Conversations

- What Cloud Computing and SaaS should represent:
  - Reduced up-front investment; reduced technology risk
  - Rapid time to value; superior visibility/measurement of adoption
  - Cost more predictable and more directly proportional to benefit
- Real problems, real results:
  - "The CMO lobbied against [SaaS]"; she wanted to tailor a custom system.
  - "I got permission to go ahead" while the CMO worked on the custom path.
  - **Two years later, the custom system is still in development.**

    Jonathan Earp, CIO, Informa PLC
- What Cloud Computing *should not* mean:
  - Well, that's why we're here

salesforce.com

What Constitutes a Cloud

- **C**ommon, **L**ocation-independent, **O**nline **U**tility on **D**emand*
  - **Common** implies multi-tenancy, not single or isolated tenancy
  - **Utility** implies pay-for-use pricing
  - **on Demand** implies ~infinite, ~immediate, ~invisible scalability

- Alternatively, a "Zero-One-Infinity" definition:**
  - **0**   On-premise infrastructure
       Acquisition cost
       Adoption cost
       Support cost
  - **1**   Coherent and resilient environment – not a brittle "software stack"
  - **∞**   Scalability in response to changing need
       Integratability/Interoperability with legacy assets and other services
       Customizability/Programmability from data, through logic, up into the
       user interface without compromising robust multi-tenancy

 * Joe Weinman, Vice President of Solutions Sales, AT&T, 3 Nov. 2008
** From The Jargon File: "Allow none of foo, one of foo, or any number of foo"

salesforce.com

Our Cloud Began with CRM

- **Fundamental ideas**
  - Enterprise software should be as accessible as the Web
  - Web-based systems should be designed for global scale
  - Everything that's not distinctive to a customer should be shared
  - Everything that's distinctive to a customer should be customizable
- **Logical implications**
  - Multi-tenant architecture
  - Metadata-based customization
  - Transparent upgrades
  - Ease of adoption enables focus on continued improvement
- **Results**
  - **Mainstream assimilation**
  - **Customer success:**
    - **92% "would recommend"**
    - **77% have already done so**

salesforce.com

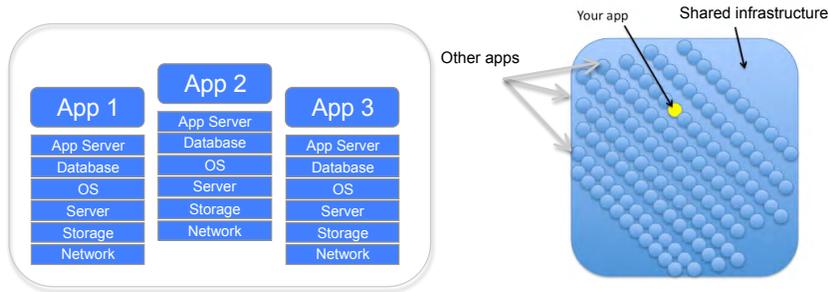## A Customer-Driven Platform

- **Customers wanted more**
  - More customization
  - More integration
  - More power to automate and extend
- **Clean-sheet architecture sped change**
  - 28 releases in ten years
  - All customers on current version
  - Web standards-based ecosystem
- **Results**
  - **Platform capability**
  - **New options for enterprise IT**

Delivering success to 55,400 customers across the globe

salesforce.com

Single-Tenant vs. Multi-Tenant Architecture

App 2

App 1

App Server
Database
OS
Server
Storage
Network

App Server
Database
OS
Server
Storage
Network

App 3

App Server
Database
OS
Server
Storage
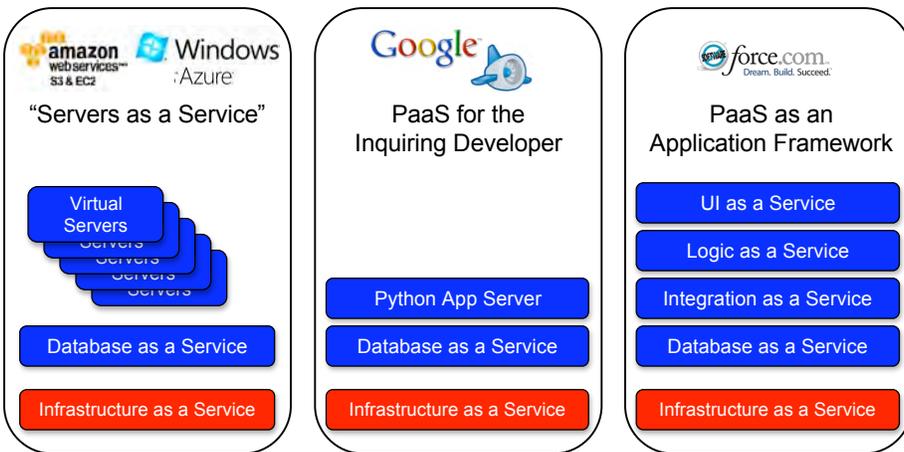Network

Other apps

Your app

Shared infrastructure

Single tenancy gives each customer a dedicated software stack – and each layer in each stack still requires configuration, monitoring, upgrades, security updates, patches, tuning and disaster recovery.

On a multi-tenant platform, all applications run in a single logical environment: faster, more secure, more available, automatically upgraded and maintained. Any improvement appears to all customers at once.

salesforce.com

PaaS Taxonomy: Proliferating Platforms

amazon webservices S3 & EC2   Windows Azure

"Servers as a Service"

Virtual Servers
Servers
Servers
Servers

Database as a Service

Infrastructure as a Service

~Familiar Developer Model
Rapid Scalability

Google

PaaS for the
Inquiring Developer

Python App Server

Database as a Service

Infrastructure as a Service

β Offering
Innovative Technology

force.com
Dream. Build. Succeed.

PaaS as an
Application Framework

UI as a Service

Logic as a Service

Integration as a Service

Database as a Service

Infrastructure as a Service

Supports Large-Scale SaaS
Deep-Dyed Multitenancy

salesforce.com

Force.com ⟺Amazon Web Services

Combine cloud infrastructure capability with application platform leverage

Develop in Java, Ruby on Rails, LAMP Stack

Access Mega Storage from Amazon S3

Burst a Force.com App to Amazon EC2

*sales**force*.com

Force.com ⟺Google App Engine

- Python library and test harness
- Access Force.com Web Services API from within Google App Engine applications

*sales**force*.com

Force.com ⟺ Facebook

Build enterprise applications with social network outreach

Provide a scalable, cloud-based infrastructure accessible by Facebook applications

---

The Cloud is a Services Supermarket

Combine platforms: Combine strengths

Leverage from *all* Assets: Integration as a Service

Mash-ups from AppExchange	Native ERP Connectors	Native Desktop Connectors	Integration Partner Ecosystem	Developer Toolkits
Google HOOVERS A D&B COMPANY	SAP ORACLE		CAST IRON PERVASIVE INFORMATICA	Java Microsoft .net

force.com
api

"Apex Connect provides a set of integration technologies that make it possible to bring together multi-tenant platforms, **reduce integration complexity, and improve time to value.**"
— Program Manager, Enterasys

sales*force*.com

What's In It for the Developer

SEER
by GALORATH

- 20-month study of Force.com productivity conducted by Galorath Inc. during 2007-2008

- Work product: calibration of the Galorath SEER cost estimation tool for budgeting of Force.com projects

- Performed under contract to BAE Systems plc to support BAE proposal to FAA

- **Conclusions** (vs. Java):

  – **Requirements definition time reduced 25%** due to rapid update cycle of metadata-defined applications

  – **Testing effort reduced by more than 10%** due to extensive re-use of already-proven code

  – **Development productivity of new code 5x greater**

  – **Overall project cost 30-40% less**

sales*force*.com

Real-World Results: Health Care

- CRC Health—the nation's largest provider of drug and alcohol treatment services—acquired the country's largest youth treatment provider. The combined organization required a platform to mange patient intake, track Web entities, and streamline operations to increase revenue.
- The company used ACT!, spreadsheets, and other proprietary systems to manage extensive patient data. Only one call center operator could open the spreadsheet at a time, making the process **inefficient, opaque, and unscalable**.
- The company developed a customized user interface on Force.com for 12 users. With help from salesforce.com partner Appirio, CRC Health extended the application to broadly leverage the platform.
- Security levels are matched to what's required to **comply with HIPAA** and other industry regulations. Open APIs enable **tight integration** with legacy tracking systems, Microsoft Outlook, eFax, and other third party apps. Web marketing **effectiveness tracking** within Salesforce CRM indicates to the dollar what is performing and what is not.

salesforce.com

Real-World Results: Manufacturing

- Vetrazzo, a leader in the rapidly growing market of recycled glass countertops, required an enterprise resource planning (ERP) system it could customize to handle its unique manufacturing processes. The eco-friendly small business **lacked the budget and personnel** required to purchase and implement a traditional on-premise ERP system.
- Without an IT department, executives wanted to avoid having to purchase and manage hardware infrastructure. The company **needed a Web-based solution** for its national staff that it could handle anticipated growth.
- With the help of salesforce.com partner The Claiborne Company, Vetrazzo **expanded on a prototype to build an ERP system** customized to fit its specific business processes. The company's custom apps include: Customer Service and Order Management; Finished Goods Inventory Management; Production Planning and Scheduling; Raw Materials Management; Shipping and Logistics; Document Management; Warranty Management.
- **Planned integration with Quickbooks** will tie in financials.

salesforce.com

Real-World Results: Professional Services

- Animators at Law, a leading provider of litigation graphics, litigation consulting & litigation technology for many of the largest law firms, pioneered a unique system for identifying the litigation activities of law firms and corporations and **wanted to make the data available to third parties** through a subscription-based service.

- In just a few months – with **no added development staff** – the team created LawProspector, the first comprehensive sales lead and litigation market intelligence tool. The application, built on the Force.com platform, integrates with Salesforce CRM Enterprise Edition and Salesforce CRM Partner Networks.

- LawProspector is integrated with applications from the Force.com AppExchange. **LinkedIn** for Salesforce, enables users to access LinkedIn information directly from Salesforce CRM contact and account records, and **Account News Feed powered by Google News** displays relevant news items from Google alongside Salesforce CRM records.

Linked in.

Google News

*Law*Prospector™

salesforce.com

SOFTWARE

The Cloud Puts IT Spending Back in Balance

- Conventional IT model front-loads capital spending on infrastructure
  - Debt service and depreciation charges persist despite business contractions
  - Future capacity must either be bought in advance, or added later at higher cost with substantial business disruption

- Cloud platforms invite preparation
  - New systems can be built and tested with minimal up-front investment
  - User-tested applications can be rapidly scaled to respond to improving conditions
  - "It has been our repeated experience that business uncertainty is **inevitably accompanied by opportunity**"
    (Jack Welch, Letter to GE Shareholders, 1997)

salesforce.com

SOFTWARE

Best Practices and Pitfalls

- Adopting the Cloud does *not* mean starting over
  - Retain what's working: **innovate and add value** at Web speed
  - Don't settle for the least unsatisfactory solution: treat the Cloud as **a supermarket of services**
- Preserving familiar pain is *not* a measure of success
  - Moving existing complexity into the Cloud avoids short-term pain
  - Mastering new developer models is **a high-return investment**
- *Don't* apologize for doing what made sense two years ago
  - Bandwidth has grown
  - Customizability has grown
  - Costs of doing things the old way are skyrocketing
- **Don't mistake the consumer Web for the enterprise cloud**
  - **Expect high availability and robust security**
  - **Spell out details of data ownership and protection**

salesforce.com

Thank you

pcoffee@salesforce.com

CEO Needs
Innovative
Governable
Affordable

CIO Mandates
Productive
Reliable
Secure

*Enterprise Cloud Computing:
Platform as a Service*

salesforce.com