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Salesforce

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Business Value Highlights

508%

five-year ROI

6 months

payback period

56%

more productive application development teams

2x

more applications released annually

68%

reduction in application development life cycle

63%

more new features released per year

\$5.7 million

additional new revenue generated per year

89%

reduced unplanned downtime

63%

more efficient application management teams

The Business Value of Salesforce Platform for Application Development

EXECUTIVE SUMMARY

Customer expectations change rapidly leading to enterprises finding an urgency to gain speed in staying relevant in the market. Digital transformation powered by technology is suddenly front and center in both CEO and CIO priorities. Enterprises strive for business efficiencies by automating processes while reducing costs with the goal to improve customer experience. Employees need tools to collaboratively work from anywhere that is made possible by a unique application experience. The digital transformation journey to better business agility requires building new applications as well as enhancing capabilities of existing applications through modernization. To be change ready, organizations need to gain insights from data to make rapid decisions, and analytics becomes an essential function of a platform. As a result, most enterprises choose a “platform for change,” giving developers and business users a path to reduce the time taken from when requests are made from line of business (LOB) to functionality being delivered.

Today’s enterprise information technology (IT) departments must continually deal with the challenge of developing and updating their application development infrastructure to accommodate progressively faster delivery cycles. Developer tools that can enhance this process and bolster productivity are becoming critically important to anticipate the more than 500 million new applications projected to be created by 2023. One market solution being offered to address and alleviate these challenges is Salesforce Platform (formerly known as Salesforce Customer 360 Platform), a platform-as-a-service (PaaS) solution designed to help developers build and deploy cloud-based applications. Salesforce Platform provides tools and services that can automate business processes and integrate external applications. To determine how well this solution was performing in the marketplace, IDC interviewed eight organizations that were using it. The survey data obtained and applied to IDC’s Business Value model showed that interviewed organizations are realizing significant value with the offering. IDC calculates that these companies will achieve average annual benefits of \$7.55 million per organization, which would result in a five-year return on investment (ROI) of 508% by:

- Increasing the efficiency of application development teams and shortening the span of development life cycles
- Increasing the number of applications and the number of features developed annually while improving application quality
- Ensuring high levels of application reliability to minimize the effects of unplanned downtime, thereby contributing to greater productivity for business end users
- Optimizing the access, adoption, and use of business-critical applications, leading to better customer satisfaction, improved business results, and greater revenue

SITUATION OVERVIEW

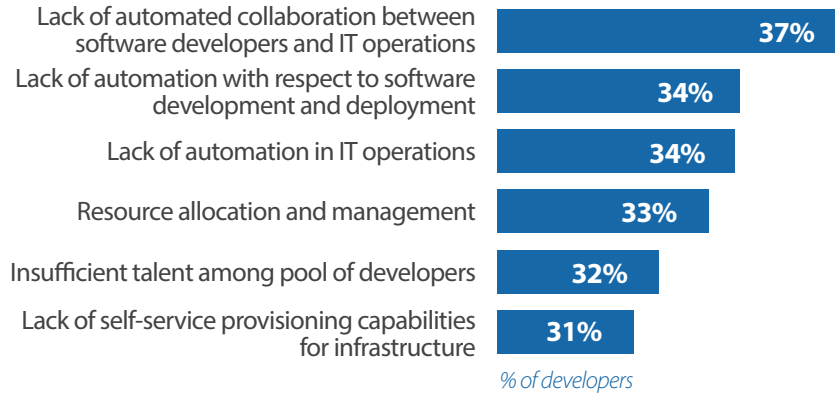
Businesses are exploring platforms consisting of application development components that enable a faster path to digital innovation that has gained urgency in response to changing customer expectations. Customer interactions are increasingly digital, increasing the need for mobile access via a variety of channels. Remote working requires reworking of employee and customer communications using modern collaborative tools.

Legacy applications are stifling the ability of enterprises to rapidly deliver value to end users. Older applications use proprietary technology and are built in silos, limiting the ability to extend value to customers and partners. To fast-track the modernization process, organizations are eager to reuse application components, whenever possible, so that fewer applications need to be developed from scratch. Another aspect that slows modernization is that application development skills are in a continuous state of short supply. To speed up application development, enterprises recruit employees from outside the IT domain to develop and deliver new functionality.

IDC's *PaaSView for the Developer Survey* showed that developers view lack of automation as the principal impediment to developer productivity while also highlighting insufficient talent among the pool of developers (see Figure 1). One-third of developers cite resource allocation and management being an impediment preventing attention to software development and drawing attention to the ability of the platform to manage scale.

FIGURE 1 Lack of Automation Inhibiting Productivity

Q. Which of the following prevents you from doing more of the software development work that you would like to do?



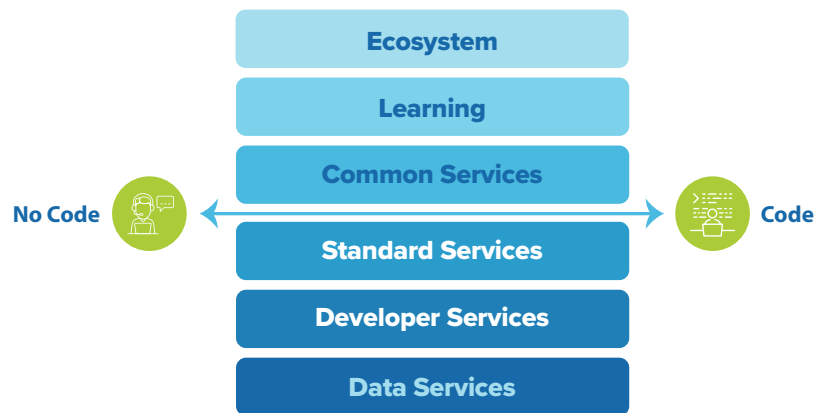
n = 1,062 Source: IDC's PaaSView for the Developer Survey, May 2020

The key to speeding up digital innovation is to improve developer productivity through automation of standard tasks. Preferred platforms consist of abstracted developer functions that automate the entire path from writing code to application deployment.

SALESFORCE PLATFORM OVERVIEW

The Salesforce Platform consists of a series of capabilities packaged to work together required by developers to rapidly deliver new functionality and enhance existing applications. Figure 2 lists the services and capabilities available.

FIGURE 2 Salesforce Platform Services and Capabilities



Source: Salesforce, 2020

Salesforce Platform services and capabilities are as follows:

- **Ecosystem:** The Salesforce ecosystem consists of an app marketplace, AppExchange, with varied types of partners combined with developers familiar with the platform delivering value to customers.
- **Learning:** Salesforce Trailhead provides a path to gain skills and earn credentials while connecting participants to available opportunities.
- **Common services:** These services consist of capabilities that are used across many of Salesforce's products and accelerate app development; examples include artificial intelligence (AI), mobile, reports, and dashboards.
- **Standard services:** These services are adopted by all Salesforce products and are universal, providing a consistent foundation; these services include identity services, accessibility, and security.
- **Developer services:** Low-code/no-code environments contain a common data model and automation features combined with a user interface framework that include mobile capabilities. Professional developer services from Heroku include DevOps services built on containers, a CI/CD pipeline combined with popular data services such as PostgreSQL, and support for a wide variety of languages, all with the highest level of security built in.
- **Data services:** Master data management brings a single source of truth through data synchronization and federated search, while Salesforce Einstein helps developers quickly build AI-powered apps with machine learning, natural language processing, and computer vision.

The combined value of services depicted in Figure 2 delivers application development productivity across the board in enterprises as follows:

- High-value apps augmented with artificial intelligence and connectivity to internal and external resources
- An underlying platform that has built-in security and scalability
- Low-code/no-code capability that expands the number of employees who can contribute to the enterprise effort toward gaining business agility; delivering the ability for employees to gain new skills and stay relevant in dynamic business conditions

THE BUSINESS VALUE OF SALESFORCE PLATFORM

Study Demographics

IDC conducted research that explored the value and benefits of using Salesforce Platform to improve application development. The project included eight interviews with organizations that were using this solution and had experience with or knowledge about its benefits and costs. During the interviews, companies were asked a variety of quantitative and qualitative questions about its impact on their IT and application development operations, core businesses, and costs.

Table 1 presents study demographics and profiles of the organizations IDC interviewed for this study. The organizations interviewed had an average base of 36,992 employees but a median of 6,750 employees, indicating the involvement of several large and small companies. This workforce was supported by an IT staff of 345, managing 71 business applications on behalf of 35,086 internal users and 2.50 million external users. It should be noted that a substantial number of IT staff were engaged in application development (196).

These employees are supporting an average annual revenue across all companies of about \$18.2 billion. Most study participants were based in the United States, with one situated in Spain. In terms of vertical markets covered, these organizations represented the nonprofit, retail, healthcare, information technology, manufacturing, and real estate sectors. (Note: All numbers cited represent averages.)

TABLE 1 Firmographics of Interviewed Organizations

Firmographics	Average	Median	Range
Number of employees	36,992	6,750	12–180,000
Number of IT staff	345	113	1–1,700
Number of developers	196	33	1–800
Number of IT users	35,086	6,750	12–180,000
Number of external users	2.50 million	4,500	200–20,000
Number of business applications	71	28	6–275
Organizational revenue	\$18.0 billion	\$1.01 billion	\$1.4 million–115 billion
Industries	Nonprofit (2), retail (2), healthcare, information technology, manufacturing, and real estate		
Countries	United States (7) and Spain		

Source: IDC, 2020

Choice and Use of Salesforce Platform

The companies that IDC surveyed described usage patterns for Salesforce Platform and provided relevant data about their IT operations and business environments. They also discussed the rationale behind their choice of the solution. Interviewed customers cited a number of factors including the ability to improve growth opportunities and foster better integration with customer data. Study participants also appreciated how the solution afforded better productivity for application development teams while providing improved application integration. They elaborated on these benefits:

- **Reduced the need for additional application developers:** *“Our organization does a lot of low-code/no-code customization ... We also didn't want to maintain a lot of complex code and wanted to build things on the Salesforce Platform that we could build and manage ourselves.”*
- **Helped with application integration:** *“We have a large number of applications that we plug in to Salesforce. Salesforce Platform integrates our applications for us. If we didn't have it, we'd have to write more code and do the integration ourselves.”*
- **Increased revenue growth opportunities:** *“We looked at other options when our contract was up for renewal, but we always stayed with Salesforce Platform. Salesforce is just the easiest to implement. It also allowed for growth potential in a much easier way than the other systems out there.”*
- **Improved integration with customer data:** *“We were using a database system that required all data entry to be manual. It really slowed us down because it was a bottleneck for data entry. Reporting was also a problem; it was convoluted and not flexible. We really wanted to integrate with a bunch of web forms that were siloed and not feeding into our customer database. We wanted to hook those up, so we started looking for new solutions. As a nonprofit, there's a lot of things that make Salesforce attractive.”*

Table 2 describes the IT and application development environments associated with use of Salesforce Platform in surveyed organizations. Across all companies, there was a substantial Salesforce Platform usage footprint with 14 applications on the platform used by 2,092 internal users and 400 external users and/or customers. It should be noted that a significant degree of company revenue (43%) was supported by Salesforce Platform.

Source: IDC, 2020

TABLE 2 Organizational Usage of Salesforce Platform

Salesforce Platform Application Environment	Average	Median
Number of applications on Salesforce Platform	14	30
Number of users of applications on Salesforce Platform	2,092	900
Number of external users/customers of applications on Salesforce Platform	400	0
Percentage of revenue being supported on Salesforce Platform	43	50

Source: IDC, 2020

Business Value and Quantified Benefits

IDC's Business Value model expresses the benefits for organizations in using Salesforce Platform to support their application development and business operations. Survey data obtained from Salesforce customers was applied to this model to arrive at an array of quantified post-deployment benefits. Using this methodology, IDC found that surveyed customers realized significant value for their IT infrastructure and business operations.

The use of Salesforce Platform enabled more productive IT operations by increasing the efficiency of application development teams while shortening the span of development life cycles. It also increased the number of applications and features developed while improving application quality and reliability. The latter served to minimize the effects of unplanned downtime, thereby contributing to greater productivity for business end users and ultimately improving business results and revenue. Salesforce users also pointed out how learning experience platforms such as Salesforce Trailhead helped them onboard to Salesforce Platform quickly and comfortably. Study participants described the most significant benefits:

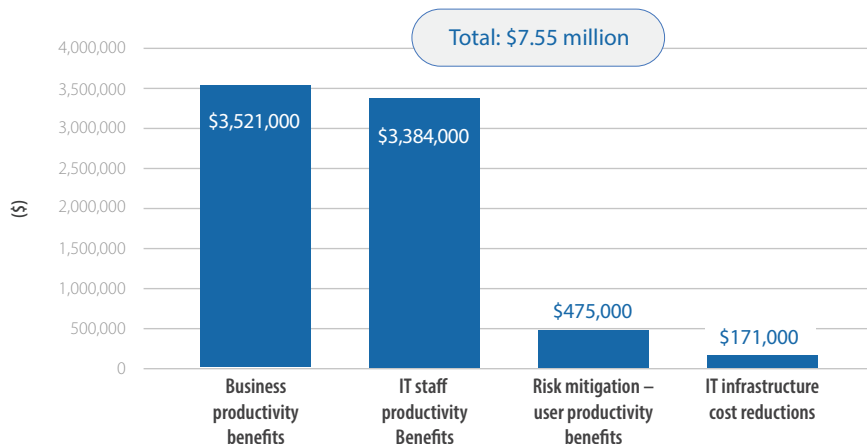
- Provides flexibility and customization:** *"Flexibility and customization are the biggest benefits of Salesforce Platform. If we can think it, we can build it. We also see ease of use as a benefit. Finally, we have an amazing community that supports us. That great support network makes learning that much easier."*
- Better application agility and ease of use:** *"There are two big benefits of Salesforce Platform. One, the quickness ... we're able to develop and implement projects more easily. And then the fact that the features are all in the same place, they all look similar, and they all function in the same way. The other benefit is that there is less training for end users needed. I'd say that end users are each saving one to two days a year."*
- Easier for users to develop projects themselves:** *"It's easier to do things with Salesforce Platform. We can do the work ourselves. This is important because we don't have to contract out most development needs. This actually was the goal in purchasing the platform."*

- **Improved business outcomes:** *“We’ve been able to increase revenue because of the agility that Salesforce Platform is enabling. We also have improved analytics with it. We can make faster decisions based on the information the platform now provides us.”*

As shown in Figure 3, IDC projects that the total value that Salesforce Platform customers are realizing will be worth an annual average of \$7.55 million per organization in the following key areas:

- **Business productivity benefits:** Line-of-business units are able to benefit by getting more robust applications more quickly and with greater levels of quality. This improves business results and results in higher revenue. For this benefit, IDC calculates average annual value worth \$3.52 million per organization.
- **IT staff productivity benefits:** With Salesforce Platform, IT and application development teams increase their overall effectiveness with respect to core projects and activities. IDC calculates the average annual value of these staff time savings and efficiencies at \$3.38 million per organization.
- **Risk mitigation — user productivity benefits:** Improving the reliability of applications reduces the frequency of outages affecting end users and customers and enhances line-of-business productivity. IDC quantifies the value of higher productivity and revenue at an annual average of \$475,000 per organization.
- **IT infrastructure cost reductions:** Salesforce Platform provides a more cost-effective approach to application development by moderating onsite development staffing levels and shifting certain application functions to end users. IDC calculates that this will result in average annual savings of \$171,000 per organization.

FIGURE 3 Average Annual Benefits per Organization



Source: IDC, 2020

Improvements in Application Development Operations

IT departments are constantly dealing with the challenge of developing and updating their application development resources to meet business demands. Developer tools that can enhance productivity are becoming crucially important, given that IDC expects more than 500 million new applications to be created by 2023.

Salesforce Platform is a platform-as-a-service solution designed to address these challenges by helping developers build and deploy cloud-based applications. The solution provides built-in governance tools and services that can automate business processes and integrate external applications. Study participants spoke to IDC about Salesforce Platform's benefits, citing the solution's ability to improve integration across different toolsets, speed up the development of Salesforce applications, and provide line-of-business users with more DIY capabilities. Study participants commented on these and related benefits:

- **Faster application deployment:** *"We're more productive and agile because it's easier to do things. If the business needs a change made, it's no longer six months before we can do something. We can react and implement much more quickly. So instead of six months, depending on the complexity, we could do something in a week now."*
- **Line-of-business users having more capabilities:** *"As a developer, I've seen that LOB users are now designing their own pages. They can now restructure pages they manage on their own. This allows them to translate their ideas into reality. For some users, I'm still taking their ideas and doing the development. Also, being able to develop their own reports is a big deal. This has allowed users to be much better informed about the data structures that underlie the apps they build or that I might build for them."*
- **Improved application integration:** *"The integration layer of Salesforce Platform is the biggest application development benefit for us. Using this platform allows us to improve our integration across different tools for both customer-facing and back-end data management functions."*
- **Faster time to market:** *"The benefit of Salesforce Platform for our application developers is time to market. They can produce something on Salesforce three times as fast as any other platform ... including on-premises solutions."*

Because Salesforce Platform provides tools and services that automate business processes and is designed to easily integrate with external applications, it can enhance application developer productivity. Study participants confirmed that their application developers were more

productive with Salesforce Platform because of the ease of use it provided. As a result, they could more quickly and easily roll out new applications and features.

Table 3 quantifies the aforementioned benefits. There was a very significant increase in the number of applications that could be developed annually (111%). In addition, 63% more new features were able to be developed. Additional metrics are presented in Table 3.

TABLE 3 Application Development Impact

	Before Salesforce Platform	With Salesforce Platform	Difference	Benefit (%)
Developer, productivity impact	32.1	50.2	18.1	56
Equivalent value of staff time per organization per year	\$3.21 million	\$5.02 million	\$1.81 million	56
New applications, new logic				
Number per year	1.6	3.3	1.8	111
Development life cycle (weeks)	7.9	2.5	5.3	68
New features				
Number per year	35.8	58.4	22.6	63
Development life cycle (weeks)	3.8	0.5	3.4	87

Source: IDC, 2020

Users get access to new applications sooner with Salesforce Platform, and the applications themselves also enable better adoption rates. Table 4 quantifies these benefits by evaluating several application development KPIs. User adoption rates scaled up from 43% to 84%, a 95% improvement. In addition, the frequency of release cycles showed a 34% improvement.

TABLE 4 Application Development KPIs

	Before Salesforce Platform	With Salesforce Platform	Difference	Benefit (%)
User adoption rates	43%	84%	41%	95
Frequency of release cycles (months)	4	2.6	1.4	34

Source: IDC, 2020

IDC found that deployment of Salesforce Platform also improved the quality of applications for interviewed companies. Study participants reported fewer errors with applications developed. Use of the platform also made it easier to correct any errors that did occur, which means that the effect on users' experience with these applications had decreased significantly. As shown in Table 5, the percentage of application releases with errors was reduced and showed a 31% improvement. In addition, the staff time needed to address errors was reduced from 10.2 hours to 3.8 hours, representing an improvement of 63%.

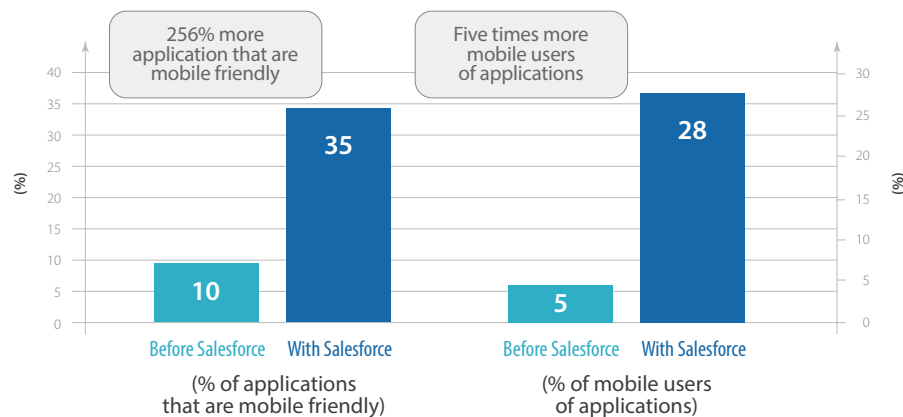
TABLE 5 Application Development Quality

	Before Salesforce Platform	With Salesforce Platform	Difference	Benefit (%)
Percentage of application releases with errors	21	14	6	31
Staff time needed to address errors (hours)	10.2	3.8	6.5	63

Source: IDC, 2020

IDC looked at how the use of Salesforce Platform affected the development of mobile applications. This is a critical area because the U.S. mobile worker population will grow at a steady rate over the next four years, and by 2024, IDC expects that mobile workers will account for nearly 60% of the total U.S. workforce. Study participants reported that their application development teams were able to develop more mobile-friendly applications and that these apps were increasingly adopted and utilized. As shown in Figure 4, 256% more mobile applications were developed through the use of Salesforce Platform. In addition, there were five times more users of those applications.

FIGURE 4 Mobile Application KPIs



Source: IDC, 2020

Application development typically involves a high degree of cooperation between IT infrastructure and application development teams. IDC found that Salesforce Platform made it easier for IT staff to manage and provide the requisite levels of support for their application development teams. These staff impacts are provided in Table 6. After deployment, there was a 63% increase in IT staff productivity. This translated into an annual business value of \$1.04 million.

TABLE 6 Application Environment Management Staff Impact

	Before Salesforce Platform	With Salesforce Platform	Difference	Benefit (%)
Application environment management productivity impact, FTE equivalent per organization per year	16.7	6.3	10.4	63
Equivalent value of staff time per organization per year	\$1.67 million	\$625,400	\$1.04 million	63

Source: IDC, 2020

The improved reliability of applications developed using Salesforce Platform coupled with fewer downtime incidents combined to mitigate the day-to-day pressures on help desk teams, allowing them to handle incoming calls and tickets more effectively. As shown in Table 7, help desk teams were able to resolve issues 32% faster. This resulted in a 67% bump in overall productivity and translated into an annual business value of \$849,700.

TABLE 7 Help Desk Impact

	Before Salesforce Platform	With Salesforce Platform	Difference	Benefit (%)
Time to resolve (hours)	3.6	2.5	1.1	32
Hours lost per user per year	15.7	5.1	10.6	67
Total FTE impact	12.6	4.1	8.5	67
Equivalent value of staff time per organization per year	\$1.26 million	\$413,000	\$849,700	67

Source: IDC, 2020

Improving Business Operations and Results

The staff and performance benefits that interviewed companies derived from the deployment of Salesforce Platform fostered better business results. These companies experienced higher revenue by better addressing business opportunities and enhancing business-critical applications delivery, adoption, and usage for LOB end users and customers. Study participants cited a range of benefits that included greater ease of use leading to a better customer experience, which increased customer satisfaction; enhanced productivity for end users, which helped them move into other areas beside data entry; and improved decision making. They commented on these and related benefits:

- More productive end users:** *“One of the biggest things has been time savings for our employees. They are now able to focus on customer service. We have gotten repeated reports about how people now have time to focus on other aspects of their job besides data entry. We’re now focusing on being more responsive and allowing more customer self-service because less time is being spent on data entry. As a result, we’re developing a case reporting capability to track improvements in customer service. This gives us a better understanding of our customer support capabilities.”*
- Improved decision making for business:** *“Salesforce Platform is helping to speed up daily work and tasks. But there’s also greater visibility and leveraging our existing data for making better business decisions.”*

End users benefited from having applications with better availability and reliability. Table 8 quantifies these benefits in several KPI categories. The annual frequency of outages was reduced from 6.2 to 1.9, a substantial improvement of 70%. Further, when outages did occur, they were addressed more quickly, with resolution time moving from 6.8 hours to 1.5 hours, a 78% improvement. These and other improvements shown in Table 8 resulted in users gaining back 89% of the time lost due to unavailable or poorly performing applications.

TABLE 8 Unplanned Downtime Impact

	Before Salesforce Platform	With Salesforce Platform	Difference	Benefit (%)
Frequency per year	6.2	1.9	4.3	70
Time to resolve (hours)	6.8	1.5	5.3	78
FTE impact, lost productivity due to unplanned outages	7.5	0.8	6.7	89
Hours lost per user	6.7	0.7	6	89
Value of lost productivity per year	\$525,400	\$55,900	\$469,500	89

Source: IDC, 2020

Because organizations have better application availability and the ability to roll out better and more business-responsive applications, they were able to benefit from new revenue streams. As one study participant explained, *“The applications are easier for customers to use. Most of the added revenue ... is because of this. Another factor that helped increase revenue is that we have the data for our marketing teams ... Now we have better ways of marketing to our members.”*

Table 9 quantifies the aforementioned benefits. IDC calculated total revenue from enhanced application performance at \$5,384,000. Additional revenue benefits related to unplanned downtime improvements were calculated at \$339,000.

TABLE 9 Revenue Impact

Per Organization	
Business impact – revenue from enhanced application performance	
Total additional revenue per year	\$5,384,000
Assumed operating margin	15%
Total recognized revenue per year — IDC model	\$808,000
Business impact — unplanned downtime	
Total additional revenue per year	\$339,000
Assumed operating margin	15%
Total recognized revenue per year — IDC model	\$50,900

Note: IDC applies a 15% operating margin assumption to calculate the revenue impact recognized for purposes of the ROI analysis.

Source: IDC, 2020

Given the end-user benefits discussed previously, LOB users were able to strongly increase their productivity by having access to more robust applications and, when appropriate, being able to develop their own sites and applications. These end-user impacts are quantified in Table 10. As noted, 82,010 productive hours were gained annually. IDC calculated the business value of end-user time gained through the use of Salesforce Platform at \$3.05 million.

TABLE 10 End-User Impact

Enhanced User Productivity	Per Organization
Number of users impacted	917
Average productivity gains	5%
Productive hours gained	82,010
End-user impact, FTE equivalent per organization per year	43.6
Value of end-user time	\$3.05 million

Source: IDC, 2020

ROI Summary

IDC's analysis of the financial and investment benefits related to study participants' use of Salesforce Platform is presented in Table 11. IDC calculates that, on a per-organization basis, interviewed organizations will achieve total discounted five-year benefits of \$26.7 million based on the increased productivity of IT and application development teams and end users, better business results, and cost savings. These benefits compare with projected total discounted investment costs over five years of \$4.39 million on a per-organization basis. At these levels of benefit and investment costs, IDC calculates that these organizations will achieve a five-year ROI of 508% and break even on their investment in six months.

TABLE 11 Five-Year ROI Analysis

Five-Year ROI Analysis	Per Organization	Per 100 Users	Per Salesforce Application
Benefit (discounted)	\$26.7 million	\$1.27 million	\$66,700
Investment (discounted)	\$4.39 million	\$209,800	\$10,900
Net present value (NPV)	\$22.3 million	\$1.06 million	\$55,700
ROI (NPV/investment)	508%	508%	508%
Payback period	6 months	6 months	6 months
Discount factor	12%	12%	12%

Source: IDC, 2020

CHALLENGES/OPPORTUNITIES

As enterprises embark on legacy application modernization, there is high interest in sharing code among developers to reduce the need to create solutions from scratch. IDC's PaaSView Survey shows that 90% of about 2,000 respondents are interested in deepening their experience for sharing and collaborating with peers. Salesforce marketplace delivers a collection of capabilities that is easy to assemble into a solution and has an opportunity to better articulate the collaborative value of the Salesforce Platform and reuse of components to developers.

As organizations face challenges in finding new sources of revenue, the Salesforce marketplace combined with integration and analytics capabilities can be the avenue to build and sell solutions. An untapped opportunity is where enterprises can combine domain knowledge of an industry or a process to deliver differentiating value to a new set of customers. Learning capabilities provided to Salesforce users can expand the number of skilled staff able to build new solutions.

CONCLUSION

Technology is shifting the dynamics of how enterprises are reducing the costs of doing business by digitizing end-to-end processes. Remote working requires all employees to be more collaborative and leverage technology that enables productivity in physically disconnected environments. This has encouraged business and IT to work together much more closely in partnerships to improve the results obtained at the end of transformative initiatives. Businesses are preparing for the future by providing appropriate resources for employees to be trained in new skills, while governments are taking appropriate actions to invest in human capital.

Applications are important in building and enhancing capabilities for the digital transformation journey. Enterprises choose different options to fulfil the need for application development varying from using a collection of developer tools that is quite complex to using a vendor platform that abstracts the complexity of building applications. Platforms vary from providing a low-code/no-code approach to packaging appropriate software tools and environments for professional developers. More enterprises are leaning toward using a low-code/no-code approach as it speeds up application development as well as gives line-of-business participants a seat at the table in guiding the entire application development process, reducing risk and improving value delivered to users. In the situations where unique functionality is needed, enterprises tend to use the services of professional developers to build applications on platforms like Salesforce Heroku.

Salesforce customers interviewed for this study showed significant benefits from the ability to combine development tools with integration and data management capabilities of the Salesforce Platform. While the 508% ROI calculated is an average, customers may find higher or lower benefits depending on the current architecture and approach used for application development. As enterprises prepare to maintain a constant state of business agility, a reliable and proven platform is a must-have capability to stay competitive in the market.

APPENDIX

Methodology

IDC's standard ROI methodology was utilized for this project. This methodology is based on gathering data from current users of Salesforce Platform as the foundation for the model. Based on interviews with organizations using it, IDC performed a three-step process to calculate the ROI and payback period:

- **Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of Salesforce Platform.** In this study, the benefits included staff time savings and productivity benefits and operational cost reductions.
- **Created a complete investment (five-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using Salesforce Platform and can include additional costs related to migrations, planning, consulting, and staff or user training.
- **Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of Salesforce Platform over a five-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

- Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and manager productivity savings. For purposes of this analysis, based on the geographic locations of the interviewed organizations, IDC has used assumptions of an average fully loaded salary of \$100,000 per year for IT staff members and an average fully loaded salary of \$70,000 for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).

- The net present value of the five-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.
- Because IT solutions require a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may not be exact due to rounding.

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