

# SALESFORCE RECEIVES THE 2023 PRODUCT LEADERSHIP AWARD

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*Identified as best in class in the global CPQ software industry*

## Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Salesforce excels in many of the criteria in the CPQ software space.

AWARD CRITERIA	
<i>Product Portfolio Attributes</i>	<i>Business Impact</i>
Match to Needs	Financial Performance
Reliability and Quality	Customer Acquisition
Product/Service Value	Operational Efficiency
Positioning	Growth Potential
Design	Human Capital

### **Building Efficient and Accurate Customer Quotes**

Founded in 1999 and headquartered in San Francisco, California, United States, Salesforce is a cloud-based software developer that focuses on providing customer relationship management software and

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**- Lara Forlino**  
**Industry Analyst**

applications. A global enterprise, the company holds offices in 30 countries on six continents, with an employee base of nearly 80,000. Over the years, Salesforce has enhanced its Revenue Cloud portfolio, upgrading, and enhancing it with new and innovative features. One of its core pillars is its Configure, Price, Quote (CPQ) software, the foundation of the product-to-cash solution. The Revenue Cloud portfolio also includes billing, contract lifecycle management, and subscription management capabilities. A pioneer and transformational leader, Salesforce’s corporate culture

revolves around using purpose to drive innovation. Its product roadmap (i.e., planning, development, and implementation strategies) incorporates client feedback, ensuring its offerings align with customers’ dynamic needs.

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**- Valentina Barcia**  
**Best Practices Research Analyst**

platform. The company increases flexibility and agility by adding multiple capabilities within CPQ products via application programming interfaces and Salesforce composable architecture. Highlights of this cornerstone product are its ability to streamline product configuration by allowing sales teams to customize products according to customer needs efficiently. It ensures the selection of valid combinations of product options, minimizing errors and guaranteeing accurate configurations. Additionally, the CPQ software empowers businesses to establish pricing rules that automatically determine costs based on various factors such as quantity, discounts, and special offers.

The ease of use and simplicity of Salesforce's CPQ software have earned clients' praise, making it one of

its standout features and driving adoption. The company expands its self-service capabilities to product managers, pricing analysts, and billing specialists to extend the usability of its software. For example, Salesforce is introducing a Dynamic Fulfillment and Orchestration (DFO) tool. This innovation emerged from realizing that an increasing number of customers combine products and services in their quotations, which requires streamlined coordination across various fulfillment tools. In addition, the company aims to automate most of the customer journey to remove friction and improve efficiencies (e.g., including artificial intelligence [AI] capabilities to transform customer quotes in contracts). Therefore, the integration to Revenue Cloud becomes more seamless and straightforward and increases the likelihood of customers acquiring other cloud services due to the compelling advantages. Salesforce's purpose-built CPQ software sets it apart from its competitors, with superior reliability and quality as its central pillars. In a challenging landscape and slowdown economy, the company's strategy to include value-added features to its Revenue Cloud's flagship product positions it as a leader in the CPQ space.

### **Enhancing User Experience Through Remarkable Design**

Salesforce acknowledges user experience constitutes a fundamental cornerstone of its strategic guidelines. Hence, it emphasizes the design of its CPQ software to strengthen its product value. With a declarative approach, the company develops its software with low code, no code, and lightning web components, enabling customers to implement its CPQ solution through a point-and-click interface quickly. For instance, the platform incorporates drag-and-drop capabilities, allowing product managers to create products based on templates efficiently. Likewise, the company has enhanced its CPQ



functionalities to include bundle creation, giving users a clear visual representation of the bundle's structure. Within this intuitive framework, clients can easily navigate through specific sections, click on them, and define rules.

Conventional solutions focus CPQ products on complex equipment and enterprise-level needs, primarily due to the high cost of acquiring, implementing, and maintaining this software. Salesforce strategically chose to democratize CPQ, making it more user-friendly and shifting the focus towards "as-a-service" models. This strategy allowed for broader application across various industries (e.g., healthcare, financial services, high tech, media, energy, and manufacturing), particularly within small and mid-sized enterprises, as an increasing number of companies are transitioning to a recurring revenue model, encompassing not only physical products but also digital services. Leading by example, the company included self-service subscription management and DocGen capabilities to facilitate clients' product catalog managers' responsibilities, increasing universal adoption of its CPQ solution. Furthermore, Salesforce embeds data analytics and AI to provide valuable insights that reduce incompatible quotes and overlapping, ensuring efficient and optimized client operations.

Salesforce's ability to provide standardized services across all regions and offer value-added services has long been its key advantage over competitors. Highlights of this strategy include its three auto-upgrade CPQ software yearly at no additional cost. These upgrades do not necessitate any technical team intervention. As a result, clients can quickly adopt the latest features, leading to improved adoption rates and a notable reduction in attrition for Salesforce's CPQ. Overall, its comprehensive portfolio with several applications demonstrates the company's ability to catalyze competitive strategies based on market trends and consumer needs, continuously expanding its CPQ capabilities.

### ***Thought Leadership for Effective Customer Acquisition***

With its product-led customer-focused strategy, Salesforce consistently brings to market best-in-class solutions. The company stands out in the CPQ space by helping prominent clients succeed in their creation of customer quotes with an integrated and automated solution. By integrating several sales roles (e.g., product, pricing, quotes, orders, contracts, invoices, and payments) in a single platform, Salesforce CPQ enhances clients' productivity and revenue. For instance, Cisco recorded an estimated 20% increase in reported seller productivity after implementing Salesforce CPQ software.<sup>1</sup> Similarly, Valpak, a global marketing company, streamlined their quoting and billing process with Salesforce CPQ and achieved a 73% reduction in time -to-quote, along with \$12 million saved through automation for renewals and an impressive 250% boost in response rates.<sup>2</sup>

*"CPQ for us was a no-brainer. It is all the automation that you can do that makes a big difference. It has really streamlined the quoting process for us massively and being able to do custom things for our industry that we could not do before".*

- Rudi Khoury, Executive Vice President of Marketing & Digital Transformation, Fisher & Paykel<sup>3</sup>

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<sup>1</sup> Frost & Sullivan Interview with Salesforce.

<sup>2</sup> Ibid.

<sup>3</sup> <https://www.salesforce.com/products/cpq/>. Accessed October 2023.

At the same time, the company incorporates client feedback into its product roadmap to maximize short-term growth opportunities while providing a path to future revenues. As a recognized top customer relationship management provider, Salesforce participates in regular thought leadership opportunities. In September 2023, the company hosted Dreamforce, its annual technology conference, converging vendors, clients, and partners to exchange ideas and propel the company's innovation. In addition, Salesforce continuously executes World Tour events, product advisory councils, and one-on-one customer meetings. These practices demonstrate the value of Salesforce's products and services.

Salesforce acquires new customers through its comprehensive Revenue Cloud product suite acting as a single platform, allowing clients to simplify their management of the entire sales operations. Salesforce CPQ users witness substantial returns on their investments, as highlighted by Politico's case study, which reported a 17% average revenue contribution and Mitsubishi's impressive 50% increase in return on investment for the quote-to-cash process.<sup>4</sup> According to Salesforce's research, clients who implement its CPQ software demonstrate a greater propensity to purchase additional Salesforce cloud services compared to Salesforce clients who do not employ the company's CPQ. Moreover, in 2023, Salesforce conducted a study highlighting that 94% of its CPQ customers saw benefits across control, speed of sales, accuracy, and productivity.<sup>5</sup>

While evolving from a technology standpoint, Salesforce never loses sight of its clients' perspectives. Its brand maintains its global presence while meeting customer-specific needs. Given today's landscape, Frost & Sullivan believes the company is in a prime position to increase its market share in the CPQ software industry.

### ***Robust Financial Performance Fuels Growth***

Salesforce demonstrates solid growth potential with a compelling product roadmap. In 2023, the company improved its self-service and indirect channel capabilities and integrated AI across the CPQ customer journey. Salesforce delivers enhanced functionality, including new tools such as DFO (to improve the fulfillment of orders in a dynamic and automated manner), attribute-driven catalogs, and pricing functionalities.

Salesforce has shown a robust financial performance over the years. In fiscal year 2023, the company generated \$31.4 billion in revenue, an 18% increase from 2022.<sup>6</sup> The company's revenue has been consistently increasing, and it has a promising growth plan for the future. Frost & Sullivan applauds Salesforce's impressive development momentum and trajectory. Its continuous product innovation positions the company in a leadership spot.

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<sup>4</sup> <https://www.salesforce.com/products/cpq/resources/what-is-salesforce-cpq/>. Accessed October 2023.

<sup>5</sup> Frost & Sullivan Interview with Salesforce.

<sup>6</sup> <https://investor.salesforce.com/press-releases/press-release-details/2023/Salesforce-Announces-Strong-Fourth-Quarter-and-Full-Fiscal-2023-Results/default.aspx>. Accessed October 2023.

## Conclusion

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To be a product leader, a company needs to understand the market's needs and deliver a solid solution designed and embedded with high-quality and reliable performance. Frost & Sullivan finds that Salesforce embodies this concept and exemplifies it with best practice implementation. Its Configure, Price, Quote (CPQ) software is a testament to constant endeavor on product development based on innovation and automation capabilities. Salesforce CPQ facilitates clients' process of creating valuable and customized customer quotes, integrating various sales roles in one single robust platform. With seamless integration to the company's Revenue Cloud and significant customer success stories, CPQ drives the adoption of other Salesforce solutions. Frost & Sullivan's research analysts recognize Salesforce's strong brand image and reputation for reliable, secure, and best-in-class services continue to win new customers.

With its strong overall performance, Salesforce earns Frost & Sullivan's 2023 Global Product Leadership Award in the CPQ software industry.

## What You Need to Know about the Product Leadership Recognition

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Frost & Sullivan's Product Leadership Award recognizes the company that offers a product or solution with attributes that deliver the best quality, reliability, and performance in the industry.

### Best Practices Award Analysis

For the Product Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

#### *Product Portfolio Attributes*

**Match to Needs:** Customer needs directly influence and inspire the product portfolio's design and positioning

**Reliability and Quality:** Products consistently meet or exceed customer expectations for performance and length of service

**Product/Service Value:** Products or services offer the best value for the price compared to similar market offerings

**Positioning:** Products serve a unique, unmet need that competitors cannot easily replicate

**Design:** Products feature innovative designs, enhancing both visual appeal and ease of use

#### *Business Impact*

**Financial Performance:** Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

**Customer Acquisition:** Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

**Operational Efficiency:** Company staff performs assigned tasks productively, quickly, and to a high-quality standard

**Growth Potential:** Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

**Human Capital:** Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

## About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

## The Growth Pipeline Engine™

Frost & Sullivan’s proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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### Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



## The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

### Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

