SALESFORCE.COM: SOFTWARE-AS-A-SERVICE GOES MAINSTREAM

Q1: Software-as-a-service model has become considerably popular within the last decade. This new type of CRM solution is not leased over the Internet but instead bought and installed on machines locally. Leading the way in this new industry is a company named Salesforce.com. According to Salesforce.com founder Marc Benioff it is inevitable that this new model will lead to “the end of software” (Laudon, and Laudon 192). This new cloud computing model of software that is downloaded straight from the internet has many advantages and disadvantages that come along with it. One advantage of Salesforce.com is that it is an on-demand model of software. This model allows the process of obtaining and purchasing the software to be faster and cheaper. It eliminates the need to go through lengthy implementations on corporate computers of the system (Laudon, and Laudon 192). The company doesn’t need installed software because they can navigate Salesforce.com on any browser. The price discrepancy is also a huge advantage. It costs a large sum of upfront capital when purchasing other software from providers such as Microsoft, SAP, and Oracle. According to the article “Salesforce.com: Software-as-a-Service Goes Mainstream”, subscriptions start out as low as $9 a month (Laudon, and Laudon 192). This small amount could end up being millions of dollars less than the other large providers. In many cases small companies are not able to afford a large upfront payment, so Salesforce.com is perfect for them. Another advantage of Salesforce.com is that it is easy to
subscribe to, and there is no need for constant maintenance. There is no hardware for subscribers to purchase, scale, and maintain, no operating systems, database servers, or application servers to install, and no consultants or staff to deal with (Laudon, and Laudon 192). In the short article “The Realities of CRM SaaS: Advantages and Disadvantages” by Online-crm.com, it states that the “enablement of software utilization without extended implementation time frames, software modification without IT bottleneck, world class infrastructure without capital expenditures and 24 by 7 uptime without around the clock staffing are a few of the compelling advantages of SaaS” (online-crm.com). It is evident that the software-as-a-service model has many pluses when comparing it to the older design. These aspects of Salesforce.com save companies money, time, and effort that can be used for other features of their processes.

Although a company such as Salesforce.com has many advantages, the disadvantages of the software-as-a-service model are prevalent. One disadvantage is the lack of security. Salesforce.com has yet to reach the market of the largest companies, and one of the reasons is that they don’t believe it is secure enough. One aspect of this lack of security is that the data is not stored in a company’s own database. It is stored over the internet on an offsite database, which is unacceptable for companies who want to keep their information 100% private and secure. A second aspect of the lack of security is that it is fairly easy to log onto any account. All that is needed is an e-mail address or username and a password. There are more layers of security for the larger providers, which make them dependable for the big companies. Another disadvantage is that your ability to use this software is in the hands of the provider. There is no guarantee that Salesforce.com will not go down due to problems with their server. For a company timeliness is very important and if your server is down and you are at the will of your provider, then it may hurt your company’s ability to achieve its processes. A third disadvantage
of a software-as-a-service model is that it often doesn’t have all of the applications that are provided by non-software-as-a-service providers. In many cases these systems do not have all of the needed tools that are used by companies. A final disadvantage is discussed in the article “Advantages and Disadvantages of SaaS and PaaS” by Pravin Ganore. He states that there is a problem with the “integration with the rest of the systems applications” (Ganore). This means that the applications are often not compatible with other systems that are already used in a company. All of these disadvantages offer a strong case for companies to continue using the non-SaaS model. However, it is up to the individual company to weigh the positives and negatives and decided to stay classic or join this new innovative business model.

Q2: Salesforce.com has experienced much success within the last few years in the software world. Its innovative business model has shaken up the industry and has caused many competitors to follow in their footsteps. Although Salesforce.com has experienced this success, there are still demanding challenges in its way for the future. The first challenge is the increased competition that they are now facing both from traditional industry leaders and new challengers (Laudon, and Laudon 192). Companies such as Microsoft, SAP, and Oracle have released subscription-based versions of their CRM products. This response is in direct result of Salesforce.com. The big problem with this challenge is that these big name companies have greater weight in the market. Microsoft and SAP both hold a bigger market share than that of Salesforce.com (Laudon, and Laudon 192). Previous customers of these companies will just simply choose their new versions on the basis of the brand name. Also Microsoft is planning to offer their product at half the price than that of Salesforce.com, which will sway many customers in their direction.
A second challenge is that Salesforce.com currently is used by mostly sales staff, which needs to keep track of leads and customer lists (Laudon, and Laudon 192). It is very important for Salesforce.com to expand its business model into other areas. According to the article “Salesforce.com Exposed- Advantages- Disadvantages”, it states that the “Marketing management functionality is extremely limited” (CRM Exposed). The inability of Salesforce.com to be useful for all functions of a company is what is holding them back. They are attempting to combat this problem, as well as the challenge of its increased competition, by partnering with Google (Laudon, and Laudon 192). By linking up with Google, more specifically Google Apps, they are providing additional functionality. They are combing its services with Gmail, Google Docs, Google Talk, and Google Calendar in order to allow customers to achieve more tasks over the web (Laudon, and Laudon 192). This partnership also presents a stronger front against Microsoft and the other competitors of Salesforce.com. Salesforce.com has also opened force.com, an application development platform, to other independent software developers as well as to AppExchange. This allows small businesses to download over 800 software applications that can be used along with Salesforce.com. Although this is popular with small businesses, many believe it will prove to be unattractive to larger companies.

A third challenge for Salesforce.com is availability. As previously discussed this software-as-a-service model often experiences problems with dependability. Salesforce.com has had occasional outages that have left customers rethinking their dependency on this model (Laudon, and Laudon 193). If a company is unable to complete its processes because of an outage, than they are losing money, which is unacceptable. Salesforce.com has attempted to combat this issue by providing tools to assure customers reliability. It also offers PC
applications that allow users to work offline (Laudon, and Laudon 193). All of these challenges are in the way of future success for Salesforce.com, and only time will tell if they will meet these challenges.

Q3: Salesforce.com has been attempting to attract all types of businesses into subscribing to their software. Although their attempt may be valiant, I believe that not all types of businesses can benefit from switching to Salesforce.com. Small businesses would receive the most benefit from switching to Salesforce.com. More specifically small businesses that need improvement in organization and communication. Salesforce.com is based on the new model of communication that is achieved over the web. As I looked through the website it reminded me of Facebook. The Chatter section was basically set up the same as what you would see on your Facebook wall, if people were to write on it. This fast moving and ever changing world has made communication faster and easier. In this Chatter function teams are able to collaborate and discuss topics at a more efficient rate. A company with prior communication problem could very easily integrate this aspect into their processes. Another important communication aspect of Salesforce.com is the contacts section. This section allows for an employee to keep contact information on all of his colleagues, and customers. It is easy to access and is able to sync with Microsoft Outlook. This tool along with the Chatter function allows companies to communicate more efficiently.

The second condition of a business that could benefit is organization. Salesforce.com has a number of features that allow a company to become more organized. There are separate tabs at the top of the page which sort different features provided. One tab is named Files, which allows an employee to upload, share, and follow files on Salesforce.com (Sales Force). The organization of these files, as well as the ability to collaborate provides many beneficial aspects for a
company. A second tab that benefits organization is call Leads. This tab allows users to import, and sort leads into different sections (Sales Force). It also allows users to create reports, such as “Lead Lifetime” and “Leads by Source” (Sales Force). The accounts and opportunities tabs also allow employees to upload, and file information. Both of these tabs continue to increase organization for subscribers. A tab called Reports is even more in-depth than the ones previously discussed. The tools that are provided in this tab allow users to create reports, analyze information, and use dashboards to make better decisions. All of these individual aspects of Salesforce.com help a company become more organized, which is why one that struggles with organization would benefit greatly.

The size of the company is most important when discussing who would benefit most from Salesforce.com. As discussed in the disadvantages of a software-as-a-service model, the security and dependability are not up to par for large companies. These companies have thousands of customers, and do not trust placing their information into an off-site database. Also it is too easy to log into an account on Salesforce.com. This low level security repels the large companies from entering this new business model. Salesforce.com is more suitable for smaller businesses instead. One reason is the cost of the non-software-as-a-service providers. Small companies do not have the upfront capital needed to purchase this software. Salesforce.com has affordable monthly subscriptions that fit perfectly for small companies (Laudon, and Laudon 192). The communication, and organizational aspects also fit well in a small company. Most of the time these huge databases have hundreds of features which are most commonly unneeded for small businesses. They are able to operate on more basic applications and can put great use to Salesforce.com. In my own personal experience I have worked inside a small business. Over the last two summers I have worked at Beckett Gas Inc., where my father works as an engineer.
I was able to sit in on countless meetings, and learn how they went about their business, and how they achieve their processes. More often than not, problems occurred due to lack of communication and organization. In some cases schedules for production were wrong and in these cases communication between sales and management wasn’t reached properly. Another area that Salesforce.com could have helped, is lack of communication between sales and customers. Often customers would call engineers, or other employees questioning about certain products. The inability by the sales department to properly record customers, and communicate with them caused multiple problems throughout the company. Truthfully the operations at BGI were lacking organization in many cases from what I observed. Even with these problems BGI has been able to continue increasing profits and moving forward in the right direction. If BGI were to implement Salesforce.com, I believe that they could become even more successful. My experiences at BGI depict appropriately how a small business would be able to benefit from Salesforce.com.

Q4: There are a number of factors to take into account when deciding whether to use Salesforce.com for your business. The first factor would be the size of your company. If your company is very large than you most likely would stay away from Salesforce.com. The security provided by other companies such as Microsoft, SAP, and Oracle would be more suitable for large businesses. If security is not at the top of your agenda, and you believe that Salesforce.com is safe enough for your standards, than it could be a good option. Also it would be important to look at how much up front capital you are able to spend. If you don’t have the millions of dollars ready to use for implementation of non-SaaS providers, than Salesforce.com is suitable. Next I would look at my existing systems and processes, and see if Salesforce.com would be compatible. It would make no sense if you cannot use the tools for anything within your
company. It is important to make sure that all of your employees in your company have internet access as well, because Salesforce.com is used over the web. Another factor would be if Salesforce.com is advanced enough for your business. In some cases Salesforce.com did not have adequate features for what a company was trying to achieve. All of these factors are very important when deciding if you would want to implement Salesforce.com into your company.

MIS IN ACTION

Q1: One of the most popular applications on App Exchange is called Outlook Integration for Salesforce (Outlook 2010 and Windows 7 Supported). This application solves the biggest problem with Salesforce which is email (App Exchange). It is the easiest and most productive email integration available, and users are able to view Salesforce data directly in Outlook (App Exchange). A second popular application on App Exchange is Congo Composer. This application allows users to view proposals, account plans, contracts and related lists. It allows the use of Word, Excel, PPT or PDF forms to print, attach or email (App Exchange). This application also allows customizable output from Salesforce quotes. Another popular application on App Exchange is Dream Team Project Management. This application is the leading project and portfolio management application on App Exchange (App Exchange). It offers comprehensive projects and document management, resource management, collaborative calendars, time and expense, portfolio reporting and project workflow (App Exchange).

Q2: Salesforce.com allows a company to accomplish many processes needed to run a business. Although it has many uses, I don’t think that a company could run its entire business using Salesforce.com and App Exchange. Salesforce.com is designed more specifically for the sales department. It does not have that many features that would span across the entire company.
I believe that Salesforce.com has set a goal to provide services for the entire company, but has yet to reach it. The App Exchange has added new features that provide a broader use throughout the company. There are many applications offered such as Outlook Integration for Salesforce and Dream Project Management, which both provide uses throughout the company (App Exchange). These advancements have moved Salesforce.com in the right direction, but still have not put them over the top. Through my research I do not believe that a company can be run with the use of Salesforce.com and App Exchange.

Q3: The kinds of companies that are most likely to use App Exchange would once again be small businesses. Small businesses use Salesforce.com because it is affordable and can be implemented into their business easily. App Exchange is an extension of Salesforce.com and would be most likely be used by the same types of companies that would use Salesforce.com. Also companies that have more than just a sales department would use App Exchange. The applications bought on App Exchange help provide services that are useful throughout a company. Since Salesforce.com is designed for the sales department, it would make sense that a company would need to gain more features. App Exchange and Salesforce.com would most likely attract the same types of companies in general.
Work Cited


