

#### **4. Salesforce.com**

##### a) Target customer

- Large organizations with dispersed offices benefit better from this offering. The new product (FEEDBCK application) will be useful in developing proper marketing strategies and customer relations by using the feedbacks from field. Even though sales people of the companies will be the active users this offering, they are not the decision-makers of purchasing. Business managers/executives will consider using on-demand software offering “feedback and ideas” in order to follow up the on-going sales and to develop proper strategies according to feedbacks. Existing customers might be the main target in order to get more from their wallets. They are also assumed to be experienced with the Salesforce.com’s services so training is not a major necessity-no additional training costs. This product could be offered as a value-addition to existing customers’ subscriptions with an additional fee, i.e. an upgrade on the existing on-demand service subscription. It is more suitable to be placed between “professional edition” and “enterprise edition”, two existing services of salesforce.com, due to the similarity of its capabilities and service offering between those two services.

##### b) Positioning/Value proposition

For those companies who are looking to gain a competitive advantage by innovating products and services through the use of advanced technology, Salesforce.com with its new offering of FEEDBCK application is the best partner to help you get on-time feedback and ideas from your own sales field by increasing the communication and

benefit between your sales force, so you can capture and maintain the leadership in your industry.

c) Go-to-market plan

What to Sell

- On-demand service with feedback and ideas tool for the use of sales force.

Who to Sell

- Large companies with dispersed offices (nationwide or globally).
- Existing “professional edition” or “enterprise edition” subscribers

How to Sell

Price determination

Total subscription costs in 2008: \$31M (from financial statement)

Total number of subscribers (from internet research): 1.1 M

Variable Cost =  $\$31 \text{ M} / 1.1 \text{ M} = \$28/\text{subscriber}/\text{year}$

R&D Cost: \$24 M (from financial statement)

Marketing and Sales Cost: \$130 M (from financial statement)

General Administrative Cost: \$38 M (from financial statement)

Total Fixed Cost: \$192 M

Total Cost = \$223 M

Cost/subscriber =  $\$223 \text{ M} / 1.1 \text{ M} = \$202/\text{year} = \$17/\text{month}$

Price to Yield %50 Margin =  $\$25.5/\text{subscriber}/\text{month}$

- Price for prospective subscribers:

Professional Edition \$780/user/year + \$ for FEEDBCK application/year

$\$718 + \$25.5 \times 12 = \underline{\$1,024/\text{user}/\text{year}}$

Enterprise Edition \$1,500/user/year + \$ for FEEDBCK application/year

$\$1,500 + \$25.5 \times 12 = \underline{\$1,806/\text{user}/\text{year}}$

- Price for existing subscribers (as an upgrade):

Additional monthly \$ fee for FEEDBCK application = \$25.5/user/month