13-Oct-2020

salesforce.com, inc. (CRM)

Cowen & Co. Conference

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J. Derrick Wood
Analyst, Cowen & Co. LLC

MANAGEMENT DISCUSSION SECTION

J. Derrick Wood
Analyst, Cowen & Co. LLC

Okay. Thanks, everyone. We're going to get started and thanks for joining us today. I'm Derrick Wood, the senior research analyst at Cowen covering the software sector. And with us today we have Brian Millham, COO of Global Distribution and President of Customer Success. We're going to have a fireside chat for the next hour. I will try and field some questions from the audience if we have time but what you have to do is e-mail me at derrick.wood, D-E-R-R-I-C-K.wood@cowen.com and I'll do the best that I can to field some of those questions.

So, with that, Brian, thanks for joining.

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

Sure. Thanks for having me today. Really appreciate it.

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QUESTION AND ANSWER SECTION

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

It's special to be able to talk to you. You've been at Salesforce for a long time so it would be great to get some perspective on – give us some background on your tenure at Salesforce and how your roles have evolved and what you do today.

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah, absolutely. Joined the company back in September of 1999 as the 13th employee, took a flyer on a startup in San Francisco that worked out fairly well, and have been in roles primarily on the sales side through most of my tenure at Salesforce.

I ran an account management team, then I ran our commercial business in the US, then I ran global commercial sales. And then when we went to a more regional model, I ran all the Americas for a couple years, took a small hiatus, took a six-month sabbatical, and then came back in a very different role around our Customer Success Group. I have a passion for making sure that we stay close to our customers and that they're getting value from our technology.

And when I came back into the business, Mark and a few others convinced me that this would be a good spot for me to be in. So I run CSG, we call it, which includes our Professional Services organization, our Support organization, our Success teams, and our renewal organization. And then recently picked up the role of COO supporting our entire distribution organization which CSG falls underneath but primarily it's supporting Gavin Patterson, who's our new CRO, and that really is about strategy and operation, driving efficiencies for the organization, ensuring that we are set up to meet the market opportunity ahead of us as we think about our go-to-market strategies.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

So you have a unique perspective and you've been able to see how Salesforce has evolved and it's a bit of a loaded question. But from a high level perspective, what would you say are some of the key things that you'd call out and how maybe the company has evolved over the last 10 years and then maybe the direction as you look over the next 10 years?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yes. To your question, as I look back 10 years ago, it's sort of hard to remember what we looked like. The profile of the company obviously today is very different than it was 10 years ago. Some of the things are very, very much the same, in fact, exactly the same.

We're a much bigger company. We've moved upmarket, I think, very effectively into the enterprise. We had moved internationally more aggressively than what we would have looked like from a profile perspective 10 years ago. And we have a very clear industry strategy that would be somewhat new, I think, to us. Back in those days,

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we just – I didn't even know if we started 10 years ago if we really had an industry view of our business but it's absolutely part of who we are today.

Derrick, you've been around the business long enough. We have a much bigger product portfolio today than we did back then. I think 10 years ago, we're really about sales and service and some platform underlying it and now, obviously with the C360, a very different profile of our entire portfolio.

I would say that our customers are far more dependent on us today as we think about pitching the C360 and a new data model, a single source of truth. I think digital transformation is landing primarily in the front office, and I think we are helping to facilitate a lot of that. We feel very good about our positioning and how we can help customers today.

But I'd also tell you that a lot of the values that drive our business are exactly the same, in fact, they're identical. Trust, customer success, innovation, and quality are still the foundation for how we run our business. It's how we think about everything. When we set up our new organizations every year, we debate it. We go through our values and we end up exactly where we've been. It's worked fairly well for us over the years.

The next 10 years, hard to predict it, honestly, but those values will remain. We're going to build trust with our customers, focus on customer success, ensuring we're helping them to grow and innovate as our customers. And obviously, quality is a steel thread to everything that we're doing right now and I think we'll continue to lean on the strategies that have gotten us here and have really accelerated our business over the last couple years. Industries, international, serving all segments of the market, continuing to innovate from a product portfolio perspective, those are all things that I think will continue to drive us forward as we look to next year and many years beyond.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Do you – I mean, you started as an application software company. The portfolio has obviously expanded quite a bit. Do you – I mean, do you view yourself still as – I mean, a kind of a core application software or you're obviously now much bigger and broader platform and you have analytics and you've got application development and integration. I guess that puts you in a much larger market but still, applications at the core, or do you see kind of moving outside into other areas beyond apps?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

No, I think applications still remain our main focus and specifically in the CRM space. When you think about our core applications, sales and service and marketing, a platform underlies it. Ecommerce, a lot of that is still core. Now, we want to connect to lots of other systems in an enterprise. We had a great acquisition in MuleSoft. It really allows us to bring in data from all different sources but all around the customer interactions.

And so we think ourselves as a CRM company, a CRM platform and we've made some strategic acquisitions that really allow us to bring data to be the single source of truth for our customers about their customers. And so I don't think there's a fundamental repositioning of the company at all.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

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Now, it's nice to talk to someone from the Customer Success Group, which I think a lot of investors don't really get a chance. Sometimes, we talk more with the sales side than the customer success side. So, it'd be helpful to hear what the strategy is on upsell, cross-sell, renewal, services, and then kind of what particular processes or maybe even technologies you use to help power the customer success engagement.

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah, it's interesting. A lot of people sort of don't know what's under the umbrella of customer success here at Salesforce, so maybe I can start by defining that.

The cross-sell and upsell is almost entirely handled by our direct sales teams. We've tried to separate that from our Success people so there's not any bias as we sort of focus on our customers getting value from our technology. Clear distinction between. Now, I do own the renewals team, which is all about protecting the existing spend of our customers and making sure that they're growing and getting a tremendous amount of value from what we deliver for them.

So under that umbrella, as I mentioned earlier, are our Services organization, our Success organization, and our Support organization. And you'd probably know this, because it's our core value but customer success has been how we – how I feel like we've differentiated for many, many years. From day one, it was our main focus.

We introduced a subscription model forced us to make sure we were renewing our customers and delivering value every single day. 10 years ago, if you had asked me the question of, hey, what does your team do in the success flow, I probably would have said, oh, we're driving adoption and success strategies and focused on renewal rates of our customers.

Today, that is still absolutely core to what we're doing and how we're measuring success for our teams, but customers are asking us for even more today. They're saying to us, hey, it's great that you guys are helping us with adoption strategies, but help me start to measure value. Help me measure what payback and return I'm getting from the investments that you're making – that I'm making in your technology.

They're really asking questions how to – what recommendations can you make to us based on your vast experience with many, many customers that will help us get better in leveraging the technology. And so sort of a little bit of a different mantra today than maybe years ago where a measure of success would be login rates and adoption. And today, customers saying, hey, help us get better in the use of the technology, make the recommendations that we need to get more from it.

And we do that through our services organization – Professional Services organization, which is mostly paid services. We do it through a growing professional – or sorry, a success team that really has deep expertise. The conversations have changed very much from show us how to use feature and function to things like operating models and how do we leverage the technology in new ways, what architecture should we be leveraging, how do we think about agile versus waterfall et cetera et cetera. And then, of course, we have a world-class global support organization that is helping to drive great success.

Recently, Derrick, we moved the Alliances & Channels organization under the umbrella of Customer Success. So much of what happens in the market is delivered by our ecosystem of partners and ISVs and we really felt like as we think about customer success as a core value that it was a nice place for this organization to sit, how do we invest in them to make sure they have the right skills and capabilities to drive the success we want to see for our customers. So hopefully, that gives you a little bit of a sense of the organization.

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When we talk about tools and some of the processes that we use, the majority of what we use today is homegrown. We're leveraging our own tools, something we call Net Adoption Score, an early warning system, a new methodology and product we call Compass. Compass Console that helps us allow our success managers to know more about what's going on with their customers.

We built tools that really allow sort of leveraging our Einstein capabilities, allow our success managers to know when adoption is trending the wrong way, automated alerts that come out to the success managers to make sure we're dealing with any risk associated with declining usage.

So we feel very good about the technology that we're leveraging, the insights we have around success for our customers and it's shown up in some of our attrition numbers.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Great. And you mentioned that you moved Channel & Alliances (sic) [Alliances & Channels] into the Customer Success team. What do you hope to – what's the benefit going to be from doing that and when did you do that?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

It happened this year, actually within the last couple months. And the benefits, we hope, are deeper alignment that we call it – we have a little plan that we're about to launch. We have a preview for you guys called Better Together and ensuring that we are riding shotgun with our partners and making sure that as they go through their deployments, we're providing the expertise they need to drive the right outcomes for their customers.

We have a very healthy ecosystem of partners. It's how we've helped scale Salesforce and they've scaled their businesses, leveraging our technology. And we want to make sure that when we are engaged with customers, some of our very largest customers, that we're providing the expertise that they need, that we're providing the training they need to know how to leverage technology.

I'll tell you, we've put a lot of new product out in the market either through acquisition or organically. We need to make sure we're staying close to our partners so that they know how to do the implementations, what the architectures look like, what our road maps are for future innovations so that they can deliver the best results for the customers.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

This customer success, if you look across customer segment, whether enterprise or mid-market or SMB, is there a different approach between those different segments? And is there – if you were to call out one or two product areas that are more influential by customer success engagements, are there a couple you'd highlight?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. At the end of the day, we have to create scaled programs sort of for our SMB world. It can't just be a body business. We have to get smarter about the way that people are leveraging technology.

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We have great scale programs that we run within our organization under the Success team but also leveraging tools like Trailhead and ensuring that we are providing the training in a scaled way so our customers can get up to speed very quickly and learn how they can leverage the technology. It can't all be on us to make sure that people are using the technology the right way.

And so we've got scale programs at the sort of bottom end of the market. We're constantly giving feedback to our [indiscernible] (14:25) organization about how things can be easier for our customers, making investments in areas that will drive better adoption. And as you go upmarket, you do get capabilities from our teams with human beings engaging with our customers. There's no doubt about it. We want to surround our largest customers from a success perspective to make sure that we are driving the outcomes that they want, again, back to this this value equation that we're trying to drive.

And so it's a continuing evolving strategy for us. There's no doubt about it. We want to make sure that we're staying close to our customers, particularly when they're using mission critical applications. And I don't want to degrade any of our products out there, but some are slightly more mission critical than others and we will provide higher levels of success around those products, as an example, ecommerce. Your ecommerce engine needs to be running 24/7, 365 and you need to make sure that you've got a proactive view into those products that you're – you know exactly what's going on with them, you're watching loads on systems, et cetera.

And so there are differences in the way that we will approach some of the product capabilities that we have within the C360, no doubt about it.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Okay and you mentioned Trailhead. I've always thought that that is an interesting approach to try to drive more viral adoption within a couch and to do it in a scalable way. Can you talk about the – I don't remember exactly when Trailhead came out, but it's certainly better number of years now. Just talk about the importance of Trailhead and how you think it's had an impact on the business and on the ability to expand with their customers.

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. It's interesting. Actually, just saw a tweet about an hour ago from the person that sort of launched it, Sarah Franklin, and it's its sixth birthday today. So, six years ago today, we launched Trailhead and so it's been an incredibly important strategy for us. As I mentioned earlier, this is how we think about creating scale from a success perspective, knowledge in the market, how do we create more and more expertise in the ecosystem and in our customer base that understand how to leverage the technology.

We think this is a growth strategy, honestly. The more you know about our technology, the better deployments that you have, the more innovation that's happening within the accounts. It also allows us to take some of our own strategies around adoption and driving value for customers and package them up and put them out in the hands of our admins, for example. I love the idea that we have different levels of skill sets out there, people becoming Rangers and using that in their resumes to find new jobs. And so this is clearly a strategy for us to drive better success via Trailhead and we want to continue to invest in this area.

We're also, as you know probably, Derrick, that we are selling this product. And so as customers think about leveraging their own training internally, may not even be on Salesforce, frankly. They may be using for other products, that they build their own Trailhead for their customer and their deployments, so IT departments buying Trailheads as a leverage point and a scaled platform to go train their people. And finally, just on Trailhead, we do

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think there is a need for an increased focus on reskilling in the markets today and from that perspective, we really think Trailhead can help in a broader way in the global economy to help people learn new skills and make sure that they can stay employed in the new world of technology and innovation.

So, it's become a critical strategy for us. From where I sit, I'm thrilled that Sarah launched it because I get to leverage it to drive better adoption, more success for the customers in a scaled way. So, we love the technology and we'll be doing more and more on it.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Right. And you guys are growing at pretty incredible scale for the size that you're at and M&A has been certainly a part of the growth strategy. And I'm curious from a customer success standpoint, especially from some of the bigger acquisitions you've done, what's the approach to absorbing, embracing, integrating acquired companies and how instrumental is customer success teams and driving synergies with acquired company?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. It's a great question. We have many strategies around the way that we integrate companies based on their size and whether it's a product integration or whether it's a tuck-in. But I would tell you, we have learned a lot from the way that others are running their success organizations and so there's a lot of cross-pollination. Most of those acquisitions have leads that sit on my calls on a weekly basis and we talk about different strategies that we're running, a lot of learning in those areas. And there is, over the long-term, a clear strategy to bring those teams together so that we can support the customers that they want to – how they want to be supported.

When we talk about the Customer 360, it's not about the Customer 180. We want to sell all the products and we want to support the customers in the way they want to be supported, not multiple teams. And so when we think about our strategy in the short-term, we work very closely with those teams to make sure we show up as one team, fully integrated with clear strategies to go run those plays. And as I said, we're pretty aligned as an organization. Many of them have learned from us over the years as sort of a leader in the success world, replicated a lot of the plays that we would run naturally. But then they've innovated in the ways that we are learning from as well. And so that's been a fun learning for us on the success side.

And on the sales side, as you can imagine, we're constantly looking for ways to make sure that we are bringing these customers into all of our accounts that we are cross-pollinating, cross-sell, upsell as much as we possibly can. We build a lot of plans and sales plays to make sure that we know where to target.

We use intelligence in our own products, in Einstein to say, hey, where's the best target for companies like Tableau or Mule? Mule has been an incredible acquisition for us. This really allowed us to drive a digital transformation, bringing data into Salesforce in sort of the heart of some of the digital transformations we've driven. But Tableau is another example of we have great analytics in our existing core technology but we get to go talk to customers about leveraging your data across the entire enterprise with Tableau. And so a great opportunity for us to run sales plays on both sides. Tableau running them on our core technology and we're running it on their Tableau offerings.

And so we do these acquisitions for a reason, and we want to make sure we're continuing to grow and accelerate our business. And we do that both on the sales side and on the support side and success side.

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J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Is there anything you can shed some light around the Tableau integration strategy? And I know that because of some things that happened last year, maybe there were some delays in the ability to do integration and then this year, you've had COVID. And so, I don't know, if you kind of look at the canvas of like a multi-year perspective on bringing Tableau into the fold, what is that – do you operate it separately for a while and then absorb it more a year or two down the road? Anything you could shed light on from the Tableau perspective?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. I mean, I think I would just say it has gone remarkably well after the delay. Glad you guys know about that. It was a little painful getting it done, but we got it done and it's been – it's gone incredibly well. I think the product synergies are incredible, great leadership, and Adam Selipsky, Dan Miller, so many great people over there that are very aligned to our culture and our values as well. So, that's made the integration go extremely well.

And I just want to run wall-to-wall analytics for our customers. It's an incredible product. We haven't seen it. A visualization of the data that they provide our customers is just phenomenal. It's just every time I see their dashboards, I'm totally blown away. So, it's gone remarkably well and as I said, we're doing a lot to make sure that our sales teams understand the technology, running sales plays and incentives out there to make sure you're bringing the right people in. So, we feel like we're very pleased not only with results that we've seen from a growth perspective but also from a integration perspective. It's gone incredibly well.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Great. Shifting gears a little bit towards kind of this year and how – the impact from COVID and what you guys have had to do to navigate, I guess from your organization standpoint, how have you navigated? Have you had to shift priorities? Have you had to shift head count, shift the messaging or strategy, anything you'd call out that you guys have done to evolve in this environment?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. I mean, I think we're all learning a lot as we are dealing with this very strange world that we're living in right now. Very pleased with the fact that we have technology that we leverage to run our business every single day. That allowed us to sort of pick up and work from home in a very timely fashion and literally, I left the office on March 13 and haven't been back since and really focused on ensuring that we're continuing to support our customers.

And we shared stories with our customers all the time about the fact they were able to do the same thing based on the products that they have and that they're leveraging. Many call centers overnight picked up and worked from home. All the sales teams were able to do that, work from their home office.

And so, yes, there's certainly been a shift and it's a little unique to be working from home and selling from home and supporting from home. But we shifted the way we executed slightly because of the work from home, but our strategy has not shifted and we feel like we really haven't missed a beat in our execution. It's a different way of working. There's no doubt about it. I certainly had concerns when we started this around productivity, but it has been an awakening for me about how well we've been able to execute in this work-from-home model.

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And again, Derrick, I'll go back to the things – that sort of steel thread of how we operate this business. Focus on the values, focus on your customers, make sure you're delivering success and continue to innovate. We did have a sort of a – during this process, we – Mark and others led us through a sort of what's our new V2MOM. And for those who've been around our business, it's how we define our operating model, what are the things that we're going to go do, what's the strategic direction for the company. And when they all went down, we sort of retrenched and say, hey, what changes in our business, what are the new operating models and how do we go execute?

And I think we've done a phenomenal job to do that. We stayed super connected to our employees in new ways that we didn't think we had to but now, everyone's working from home. We want to make sure they feel very connected to our strategies, where we're going as a business, including doing all-hands calls weekly and doing some other things.

So, yeah, the execution is slightly different, but the strategies remain exactly the same. So we feel good about where we are and how we're driving the business.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

I'm curious, you generally hear that it's been a little tougher to generate new customers in this environment and there's been maybe a little bit more relative strength out of working more closely with your existing customers and helping them adopt more technologies and transform digitally in a quicker fashion. I mean has there been more onus on your group to drive growth or I guess the installed base more of a focus?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. It's a natural question to ask, I think, Derrick, but we have not really seen a downtick in sort of the new logo activity. It's been a great mix and sort of a consistent mix is probably the best way to say it pre-pandemic. We've seen our ability to still go out and execute, still go out and build pipeline with new logos.

And so I think you saw probably on the last earnings call, we're very pleased to have a very well-rounded quarter where we didn't get out of whack in terms of the way that we were delivering the bookings. And so while the anticipation may have been there, it does not shoot up that way and we've not seen a lot of changes in new logos.

No incremental like, hey, Brian, you've got to get all your Success people out there selling. We haven't had to do that. Certainly, there's continued demand on the support – on the Success teams to go drive the value that our customers need. That hasn't gone away but the mix has not really shifted too much for us, honestly, as we've run the business.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Got it. Okay. Good to hear. So what are – you mentioned verticals in the beginning of our conversation, and that's certainly been a key focus for the company over the last many years. And so, I wanted to touch on – I mean, financial services and healthcare are both pretty strategic areas for you. Government seems to be emerging. You released a new Manufacturing Cloud. Maybe – I mean, actually, I'd love to hear the government side of things, because I think Benioff last quarter called out a couple really large government transactions, and it seems like it's still relatively small but it's something that could become a bigger part of the strategy. So, maybe we start there and – I mean, you could start with the broader vertical strategy and then dig into what you're doing on the government side.

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Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. Maybe I can just start with the verticals all in. This is – we sort of dipped our toe in the water 10, 8 years ago of, hey, how do we show up differently and speak the customers' language with our sales teams, and we saw great results from that. And then, we had some leadership who really felt strongly about, hey, how do we go and make sure that we're investing heavily in industry from a product perspective, how do we back up the – speak the customers' language with product that really fits these industries, and you saw us leaning heavily to financial services and healthcare as two early areas where we really felt like we needed to verticalize our industry solutions to go win that market. We've been very successful selling horizontally for years and the flexibility of our platform allowed us to do that, but as an accelerator, we felt like we could go into new markets. Manufacturing was an effort that we started a couple of years ago. We've seen great results there.

And then, we had this great opportunity to bring in David Schmaier and the Vlocity team as sort of an exclamation point on our strategy for growing our industries. We see this is as a big growth driver for our business going forward. It seems – it allows us to really take on sort of more of the TAM in these markets. We feel very good about where that strategy is going. Aligning the resources in that direction allows us to go deeper. I think our deals tend to be bigger. Our retention rates tend to be higher as we go into this market, and that's very true in governments.

It's an area of our business that we see a lot of upside in, some low-hanging fruit there in terms of how we're going to go after that market. We have a great leader who runs that business for us, really understands it, and candidly, there's no better place to go drive some digital transformation than government agencies, federal, state and local. There's a big opportunity for us there and you saw some of that happen in our second quarter as we announced it.

Everyone is trying to figure out how to deal with this pandemic if you're in a local government, state, local or federal, and we've had the opportunity to pivot with Work.com to go address some of the needs of some of the state governments and some of the federal governments. We just launched a vaccine tracking app as part of Work.com as well. And so, we're leaning into that vertical in a big way. We think there's good opportunity there. And by the way, we tend to talk about it in the in the US market, but internationally, also plenty of opportunity for us to run in those markets. We're very excited about the opportunity in public sector and we'll continue to invest in that area to see the growth.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Okay. I'm going to try to weave in some questions from the audience as we keep talking. And there's one around – really about what kind of – what's your biggest challenge that you see and what do you think that you guys could do better at?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

The biggest challenges we have right now, is that what you're saying?

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Yeah.

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Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. We're a bit of a marketing machine, as you guys probably know. We run a lot of events globally, and we've had a shift and it has not been a problem for us. But how do we stay as connected to our customers as possible through this pandemic is something that works very much top of mind for us. We want to make sure that we're doing everything we can to continue to support our customers and continue to build pipeline. We feel great about the direction we're headed right now. Surprisingly strong in terms of our engagement with customers, including, oddly, and that shouldn't be a surprise but was to us, that we have better access to executives than we've ever had before.

And so, an interesting pivot for us was, hey, we can get to C levels in ways that maybe previously is too busy on the road, traveling too much. They freed up time to talk about it. I also think the strategy of digital transformation is on the agenda of most CEOs right now. How do I automate and transform my business, how do I leverage technology in new ways, think about new business models. We're more squarely on the agenda in the executives today. And so, new models certainly and the way that we go to market. So while that was a concern, we've certainly addressed it and we're feeling pretty good about where we sit today.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Okay. Shifting over to Customer 360, it's kind of a product that's common concept, that's kind of a strategy. Like how do you describe Customer 360? I mean, that's a big mantra that you guys are pushing right now. And for investors, like what is Customer 360 when you bring it to market?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. The way we think about Customer 360 is we want our customers to be able to manage and track every interaction they're having with their customers to have a single source of truth about every interaction they're having, whether that's across sales, across service, across marketing, across commerce, across their community's products, any platform engagement, any backend systems that they have. We want a single source of truth, a master data record of a customer, and that's what we're trying to provide is the C360.

And there's no better use case of the C360 than AT&T. It's a story we told, I believe, on our Q2 earnings report. That really was about AT&T recognizing that they had disparate systems. They had information about their customers in many locations. The story actually started with Marc Benioff trying to buy a phone in a retail store and they didn't know who he was. And when he went and spoke to the CEO, Jeff McElfresh, of their – of AT&T, he's very clear to Jeff that they had a problem, that they didn't know who their customers were.

And so, cross-sell and upsell opportunities were not as readily available to them, that they weren't supporting their customers in the right way, that they had not sort of recognized that Marc Benioff wasn't just an individual. He actually ran a large software company and they're one of his largest customers, et cetera, et cetera. And so, we want to provide master data record for all interactions around customers to allow customers to better understand who they're selling to, how they're supporting their customers across any channel, across any selling line, across any support line, and that's what the C360 is all about, how do we allow our customers to know more about their own customers to continue to scale and grow.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

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And can you talk about that AT&T deal? I think it was originally signed in Q1. I mean, like do you know how long the sales cycle of that was to actually get to that point. And yeah, I mean, it certainly sounded like a large transaction. But what are they doing exactly to embrace Customer 360 from a product and process deployment?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. I don't want to go too deep on this, but on the sales side, Marc is an incredible salesperson. He led the sales transaction there, which was great. And I don't know how long from start to finish. AT&T had been a longtime customer of ours. So, it wasn't like a brand new sale for us. They knew who we were and they knew how we operated. But a big chunk of that transaction, Derrick, was MuleSoft. And back to this comment earlier about MuleSoft being a critical factor in digital transformation for them, all these disparate systems needed to come together in a single source, and we want that to be Salesforce. We want that to be the platform.

And so, when we talked to them about it, a big effort there was making sure that we could bring that data together, go access through that incredible API platform all the data that exists around customers, and it's many channels. As you know, from AT&T, it's retail stores, it's online, it's the people that show up at your house on and on. And so, we're really excited about the opportunity. And you're right, it was a big transaction for us and it has gone very well thus far. We have a long way to go, but we feel very good about that partnership, very good about the alignment at the top of that organization, and driving a big transformation in partnership with AT&T to go drive the results we're looking for.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

So, is that – do you think that actually is a marquee customer win for Customer 360 and should we kind of expect these larger engagements, or is that the focus going forward maybe looking at the Fortune 500 and going a lot deeper. And with this Customer 360 concept, is it something that could start to hit kind of a new level of adoption?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Well, we certainly hope so. We are – we have a platform to go do it. We think digital transformation is an imperative right now. But as you know, we are a – we saw all segments of the market, from small to mid-sized to large, and we're going to continue that playbook of a diversified strategy of making sure we're hitting every segment of the market.

We would hope that the deals get bigger. There's no doubt about it. And we saw some of that happen in the second quarter. You saw the deals are getting larger. I think people are relying more and more on us to go help them drive the transformation within their organizations, and we believe that is our future. Now, that does not mean that we're not going to – we're going to ignore the SMB business, sort of the mid-market business. It's where my roots are and I want to make sure that we stay focused on that. And so, we have a clear playbook to serve every market. And certainly, the AT&Ts of the world are the marquee ones but we want to make sure we're focused in all segments and all markets.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

And you're talking about a lot of large deals last quarter. I think it was 63% year-over-year growth and seven-figure deals, which is obviously pretty amazing in this environment. What do you – if you could shed some light on, like what do you think some of the core drivers are that's helping that larger activity?

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Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.
A

Yeah. It's interesting. It was a great quarter for us, as you saw. I think it's a reinforcement of the importance of Salesforce, the importance of digital transformation. I also think it's a little bit of the broad portfolio that we have today, our ability to sell more technology to customers. It's an incredible C360 offering. And if you're talking to a customer or a CIO or an executive and you're able to hit sales organization, support organization, commerce, an entire marketing organization, both B2C and B2B, commerce on B2B and B2C, the deals are going to get larger. And we believe that customers, through our trust that we've driven over the years, the success that we've driven over the years, they want to rely more on us to help them transform their businesses, and that's really our strategy.

J. Derrick Wood
Analyst, Cowen & Co. LLC
Q

Okay. Another question from the audience, and I suspect that this was going to be coming, but Twilio made an announcement acquiring the CDP company Segment, who I think's a pretty decent partner of yours, and you do have a CDP product yourself. So, do you – is it a coopetition with Segment. How would you compare Segment's business in CDP and what you're trying to do in CDP? And maybe even stepping back as Twilio and what they're doing with customer engagement, do you view them as a partner or more of an emerging competitor. Yeah. That's the question.

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.
A

I didn't see that actual announcement. So, that's news to me. You're more up-to-date than I am. I've been too busy. When was it announced?

J. Derrick Wood
Analyst, Cowen & Co. LLC
Q

Yesterday.

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.
A

Yesterday?

J. Derrick Wood
Analyst, Cowen & Co. LLC
Q

For $3.2 billion.

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.
A

Wow. Good for them, good for them. Twilio is a great partner of ours, a lot of people who are former Salesforce employees over there. We have a great relationship with them. We leverage some of their technology, of course, and I don't have the specific details on the acquisition. I think coopetition is – would be the worst case. I think we're very friendly with them and love what they've been able to do for us. They're a big customer of ours as well. And so, I think we'll continue to partner and figure out ways to work together. Since this news, I think I'll [indiscernible] (41:31) a little bit. But I think it is a great validation of the Customer 360 strategy and we want to continue to work with all parties in this area.

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J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

And I mean, I guess if you could touch on your own CDP strategy and what CDP is. Is that tie-in with Customer 360 at a synergistic way? I'm sure it does. Obviously, you're collecting – CDP is about collecting first-party data and getting to know more and more about your customer, more about your online and interaction activity than your transactional activity. But where – I think that product came out, I don't know if that was a year or 18 months ago, it's probably still pretty early, but anything to comment on your strategy with CDP?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. I think I'd – if I had Bret Taylor with me or Patrick Stokes with me today, I'd probably let them answer that question. It is absolutely part of our strategy going forward and an important part of our C360 effort. We are – as you said, it's – a year would be, I think, on the outside. I think it's probably been – maybe we announced at Dreamforce last year would probably be my guess is when we announced CDP. It's complex, by the way. And so, these are not easy technologies to deploy.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Right.

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

And so, we are very excited about what's happened so far and more to come on that as we're – as we roll into the last part of our fiscal year. Yeah.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Okay. Okay. Another question from the audience on – it's kind of M&A oriented, but it's just on – are customers asking for – wanting you to have more of the stack and wanting more technology and more product from you. And obviously, as you get bigger, you'll, of course, expand the portfolio. But is M&A still going to be a strategy and what kinds of technologies do you think that would be interesting to add to the portfolio?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

I have my ideas, but I'll let John Somorjai and his M&A team and Marc and Bret Taylor make those decisions around M&A. I try to stay away from those conversations. I think you've seen our proven track record of success there, though. I think if you look at our track record of ExactTarget, if you look at our track record with MuleSoft, Tableau, the big acquisitions that we've done, it's been an incredible driver for us to drive customer success and our own growth. So, I'm going to leave those answers up to them. But really, really pleased with the work that we've done on the M&A side to round out our product portfolio and drive success for our customers.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Yeah. It makes sense. So, I wanted to dig in on the Service Cloud, if we could go there a little bit, because that seems – the call centers, especially like big B2C call centers, seems like it's just such an area ripe for disruption, and COVID has probably been a big accelerant. And the idea of everyone huddling in to a centralized call center

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environment, obviously, I think then is going to be rethought. And so, what is Salesforce's strategy to capitalize on what's likely to be big transformation in this part of the market. And yeah, I'll leave it there.

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

You've probably seen in our numbers that we've had a tremendous growth in Service Cloud. It's an incredible product for us. And I agree with you, Derrick. There is a ton of transformation in this area. It's a big focus for us, a big investment area for us from a product perspective to make sure that we're delivering for our customers. We've also done some big partnering in this area as well and we will continue to do that.

I think every part of the business can go through digital transformation. Service is probably at the front of the line there. Even as these companies think about working from home, they still have to provide amazing service across any channel. And so, we're seeing continued strength in our Service Cloud offerings.

And one of those areas that is showing strength is our Field Service offering. We made an acquisition of Click, which has been a great acquisition for us as we deepen our technology to go deliver for our customers. As you probably know, a significant amount of the service that gets delivered in the market happens in the field. And so, in a post-COVID world, it's probably even more important that customers are able to deploy service professionals and do it in a very safe and effective way, some new challenges that we're facing certainly in the field service areas, as we think about making sure everybody's safe as we go out and put those field service professionals in the market.

I mentioned a little bit about partnerships. We're excited about Service Cloud Voice. The idea of bringing voice together with digital conversations and recommendations for our agents as they take calls, sort of bring intelligence into a single console in real-time is a big opportunity for us to drive better productivity of those agents. And I think there's a huge need for customers to leverage automation, bot technology in these call centers as well. And so, Service Cloud remains a huge part of our strategy, a huge growth driver for us, and we're really excited about the direction the product is going in right now.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Can you – Work.com has been a new strategy that's been pretty interesting that's probably kind of illuminated the power of Salesforce's platform by being able to build applications pretty quickly and workflow and help address certain needs pretty quickly. But how should we think about Work.com? And I don't think you're trying to monetize it too much. It's probably more of a – maybe a lead gen or something just to help out your customers. But what's the strategy with Work.com?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

I think you just hit it, which is there is no better way to showcase the power of our platform, the speed at which you can deploy applications than Work.com. Built-in workflow, I think it almost gets lost in all of the clouds, sales and service marketing. Underlying those core technologies is this incredible platform. And it's a little bit of a reminder for our customers of the speed at which they can deploy their own products on our platform. And so, we're thrilled with the reception of Work.com. We've seen a ton of customer uptake in it as customers trying to think about how do they get back to work, how do they manage shift within their organizations. And we feel great about sort of showcasing the technology through a product that we released in an incredibly short amount of time. It's sort of unbelievable that we're able to get this out.

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And then, as we roll forward – that was Q2, roll forward to Q3, now, we have faxing management as a new product that's rolled out under the umbrella of Work.com. So, really a showcase for us about the power and agility of our platform, the flexibility and scale that we can deliver to our customers in a very short amount of time. And so, it's been fun. It's actually been a little bit of a reminder of how powerful the product is and how sort of characteristics of the cloud that may have been forgotten are certainly needed in times like this. And so, we're really excited at what we're seeing here.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

[indiscernible] (49:18). Is that something customers are paying for?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yes. We have customers who are absolutely paying for those products. Absolutely.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Okay. Since you mentioned alliances now and partners now in your organization, any way that we should be aware of in terms of strategy to embrace the partner channel, especially with like SIs or even ISVs? I mean, it's kind of amazing to see companies like Viva and nCino and their big market caps are built on your platform. So, any refresher around SI and ISV partner strategy would be helpful.

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. I think continued investment in all those areas. We're thrilled with nCino going public and the great success that they've had followed on the footsteps of Viva. I'd also say that there's another one that built an incredible product on our platform called Vlocity. And so, we're thrilled with that, of course.

We would like to really push more and more developers to build on our platform. We're really excited about the platform and want more ISVs rounding out our offerings. I love the strategy from a success perspective, by the way. More and more of our ISV partners surrounding our CRM systems leads to much better retention rates. So, it's a clear strategy for us to work closely with them to make sure they have the right visibility to customers, et cetera.

On the SI side, no change. The demand in the market has never been stronger for our technology. We need expertise in the market. We can't meet the demand on our own professional services organization for all the deployments that are out there and the success our customers are seeing. We have great relationships with the biggest in the world and all the way down to the regional SIs. We want to continue to invest in that area to drive success for our customers, and frankly, success for those businesses as well. We love the fact that ecosystem is growing and thriving and it really helps sort of propel us all forward when we make the investments in the partner channel.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

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You mentioned Vlocity and I think that was a great acquisition, and that gives you a little bit more carte blanche access to other verticals that you hadn't been focused on. So, any one or two verticals that that brings to the table that you're particularly excited about?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. I mean, we were – we're thrilled that they have 12 vertical products when we bought them. They're very focused on – two that I would call out right away is telco. They've built some great capabilities in the telco space that we're excited about. We obviously have a ton of great customers in that space. We think we have a little more depth now that we can go talk to those customers about our solutions and utilities. Utilities is a great opportunity, some complexity with how they support their customers. And so, they bring some capabilities there. But it almost feel like a short change in the rest of all the offerings that they have there because they have – they've built some great technology that we're really excited about. And as I said earlier, it's a fuel in our industry strategy that is kind of overnight rocket fuel that we get to go drop into our industry strategy. So, we're really excited about it.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Q

Right. Okay. I guess just the last question, I'll end it here, and it's around Dreamforce. And Dreamforce is one of those marquee events that's – the biggest event in software and it's something everyone looks forward to and I'm sure everyone's going to be missing, and obviously evolved into a virtual approach here. But I guess what are some of the things you're going to miss about physical Dreamforce and what are some of the things that you think will be opportunistic in being able to engage in a virtual way?

Brian Millham
President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

A

Yeah. Obviously, we miss bringing all of our customers and trailblazers and admins and partners together in a single location and celebrating. It's always like the greatest event of the year for us as a company. We get to show a lot of gratitude towards the community around us, and obviously, we miss it. We would not have it this year for obvious reasons. And so, we are – we're disappointed not to have it, but we're rethinking the ways that we engage with customers and really rely more heavily on our account executives to bring the messages around Dreamforce to every customer to personalize the experience for each of them so that they feel like they're connected to Salesforce.

That connectivity is super important to us. They know our strategies, where we're going, what our future is, some product announcements that we do every year. We're just going to have to do it more one-to-one than we have in the past, and we're going to have to rely on our army to go out and do that work. And so, we've got some plans in place. We're doing some training right now across the AE army to make sure that we're ready to go do that. It's going to be different. It's going to be virtual. We'll have – certainly have some events as well that are bigger, but more to come on that. We've got some really good ideas about how we're going to address the big void that is no Dreamforce this year.

J. Derrick Wood
Analyst, Cowen & Co. LLC

Okay. Well, Brian, you've been very generous with your time today. Thank you, and thank you to the audience for participating and listening, and we hope you have a great day.

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Brian Millham

President & Chief Customer Success Officer, and Chief Operating Officer, WW Distribution, salesforce.com, inc.

Derrick, thanks so much. Really appreciate the time and have a great day yourself. Talk soon.

J. Derrick Wood

Analyst, Cowen & Co. LLC

All right. Thanks.

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