



Forward-Looking Statements

salesforce

Safe harbor statement under the Private Securities Litigation Reform Act of 1995:

This presentation contains forward-looking statements about our financial results, which may include expected GAAP and non-GAAP financial and other operating and non-operating results, including revenue, net income, diluted earnings per share, operating cash flow growth, operating margin improvement, deferred revenue growth, expected revenue run rate, expected tax rates, stock-based compensation expenses, amortization of purchased intangibles, amortization of debt discount and shares outstanding. The achievement or success of the matters covered by such forward-looking statements involves risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, the company's results could differ materially from the results expressed or implied by the forward-looking statements we make.

The risks and uncertainties referred to above include -- but are not limited to -- risks associated with possible fluctuations in the company's financial and operating results; the company's rate of growth and anticipated revenue run rate, including the company's ability to convert deferred revenue and unbilled deferred revenue into revenue and cash flow, and ability to maintain continued growth of deferred revenue and unbilled deferred revenue; foreign currency exchange rates; errors, interruptions or delays in the company's services or the company's Web hosting; breaches of the company's security measures; domestic and international regulatory developments, including the adoption of new privacy laws; the financial and other impact of any previous and future acquisitions; the nature of the company's business model, including risks related to government contracts; the company's ability to continue to release, gain customer acceptance of, and provide support for new and improved versions of the company's services; successful customer deployment and utilization of the company's existing and future services; changes in the company's sales cycle; competition; various financial aspects of the company's subscription model; unexpected increases in attrition or decreases in new business; the company's ability to realize benefits from strategic partnerships and strategic investments; the emerging markets in which the company operates; unique aspects of entering or expanding in international markets, including the compliance with United States export control laws, the company's ability to hire, retain and motivate employees and manage the company's growth; changes in the company's customer base; technological developments; litigation and any related claims, negotiations and settlements, including with respect to intellectual property matters or industry-specific regulations; unanticipated changes in the company's effective tax rate; factors affecting the company's outstanding convertible notes, term loan, and revolving credit facility; fluctuations in the number of company shares outstanding and the price of such shares; collection of receivables; interest rates; factors affecting the company's deferred tax assets and ability to value and utilize them; the potential negative impact of indirect tax exposure; the risks and expenses associated with the company's real estate and office facilities space; and general developments in the economy, financial markets, credit markets, and the impact of current and future accounting pronouncements and other financial reporting standards.

Further information on these and other factors that could affect the company's financial results is included in the reports on Forms 10-K, 10-Q and 8-K and in other filings we make with the Securities and Exchange Commission from time to time. These documents are available on the SEC Filings section of the Investor Information section of the company's website at www.salesforce.com/investor.

Durable Growth on the Trail to \$20 Billion

November 7, 2017





salesforce

Durable Growth

Mark Hawkins

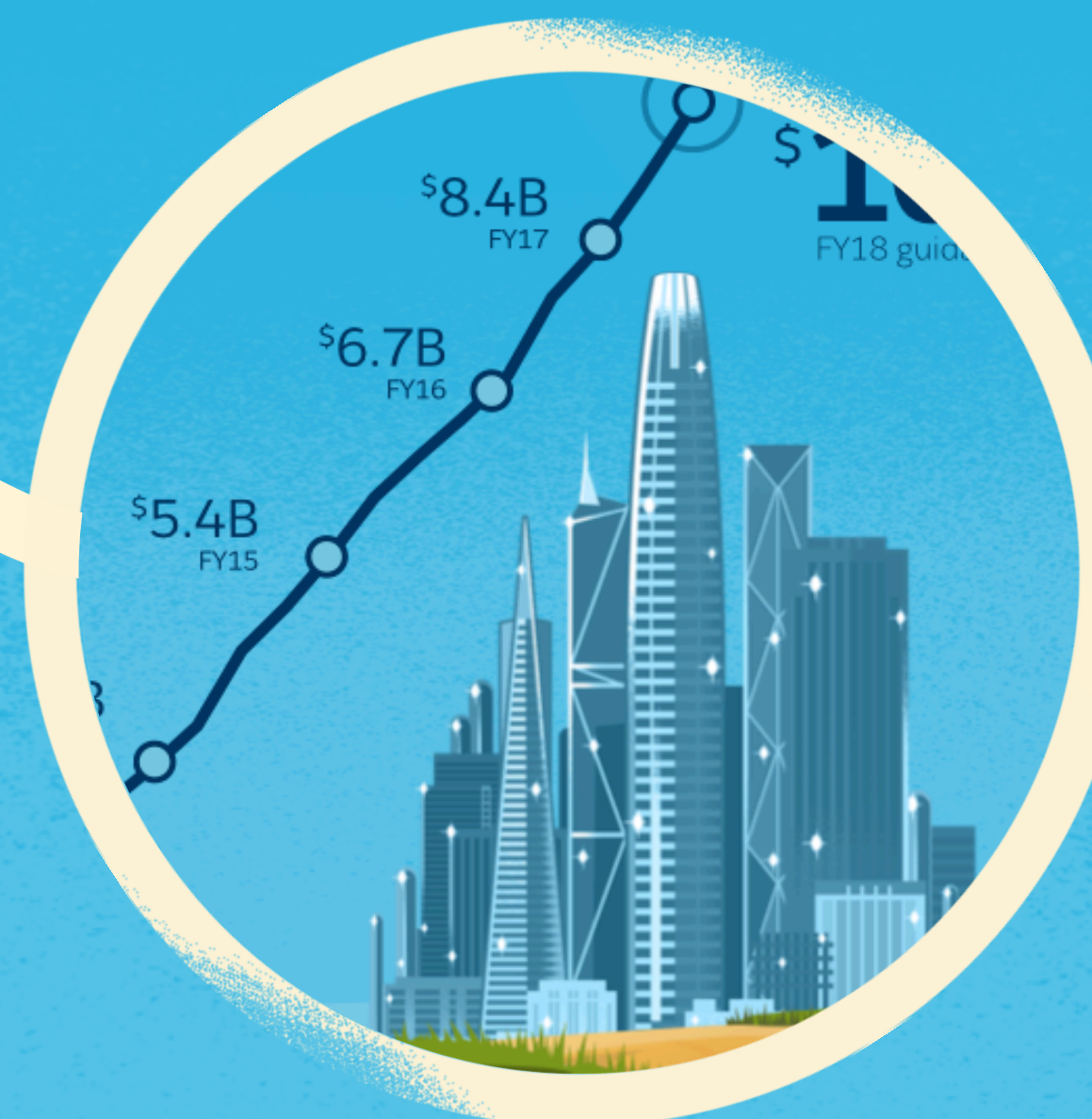
President & CFO



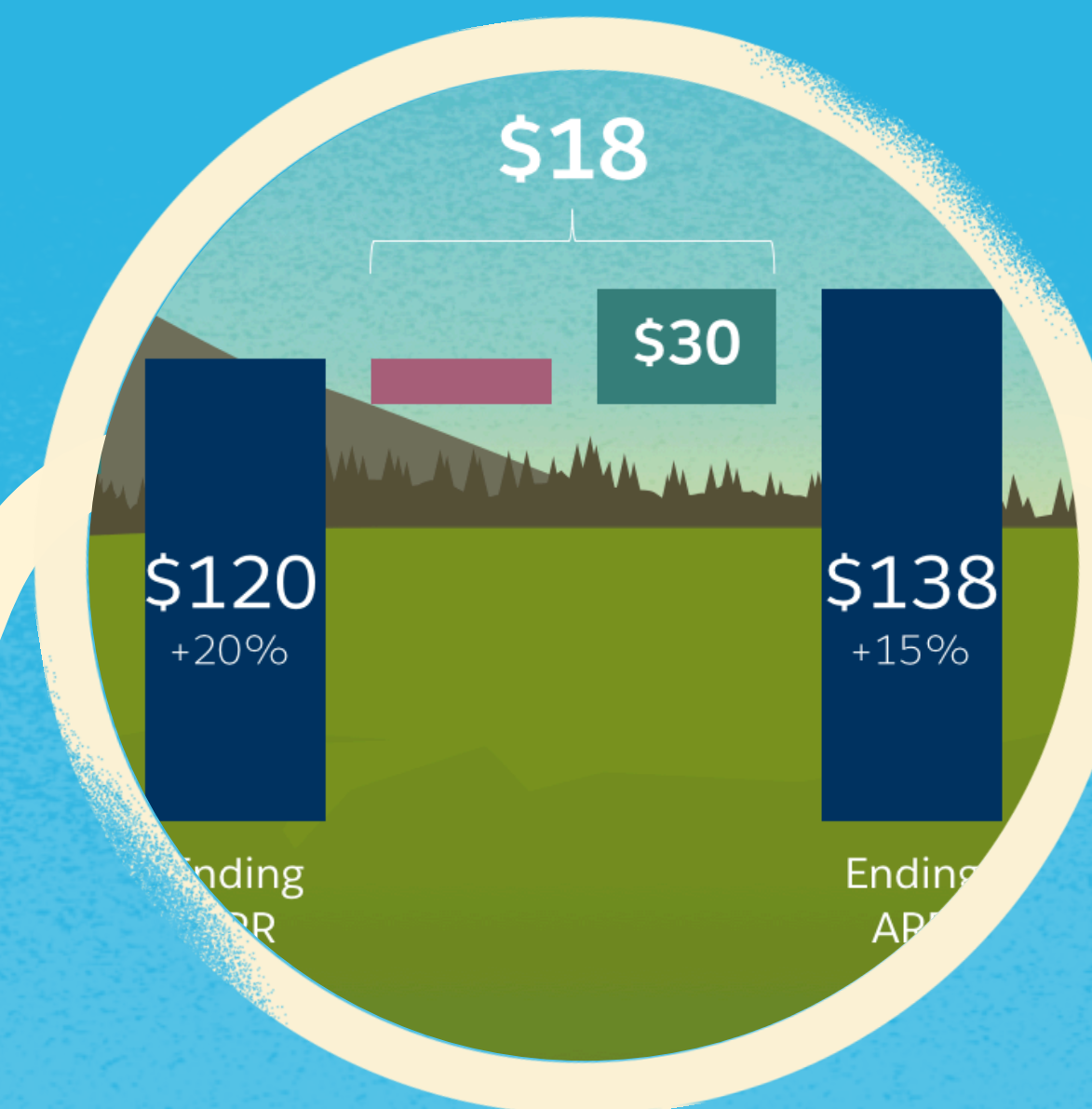
Our Financial Priorities

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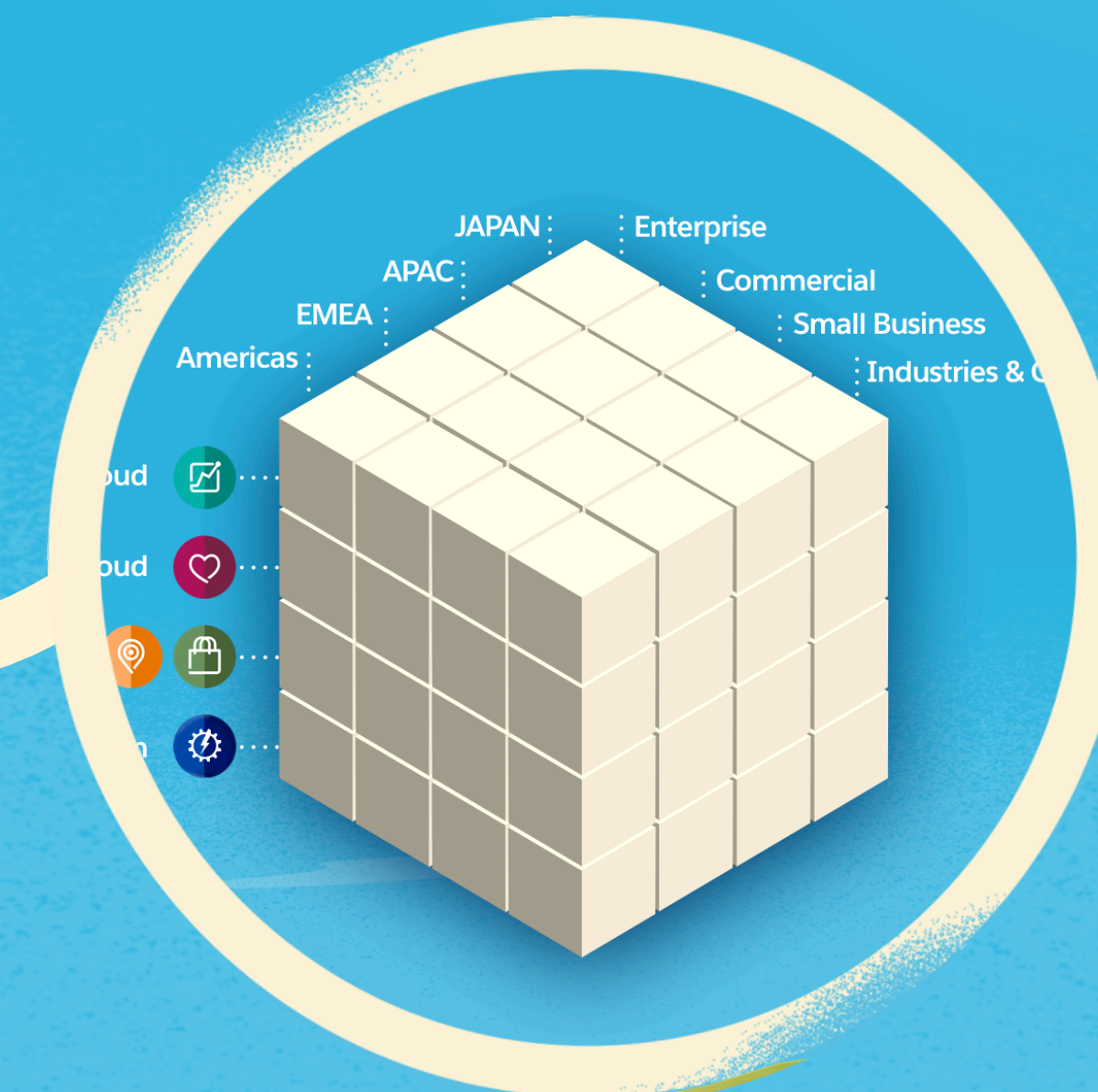
Managing for the long-term, delivering improvement yearly



Durable Growth
Execution



Durable Growth
Leverage



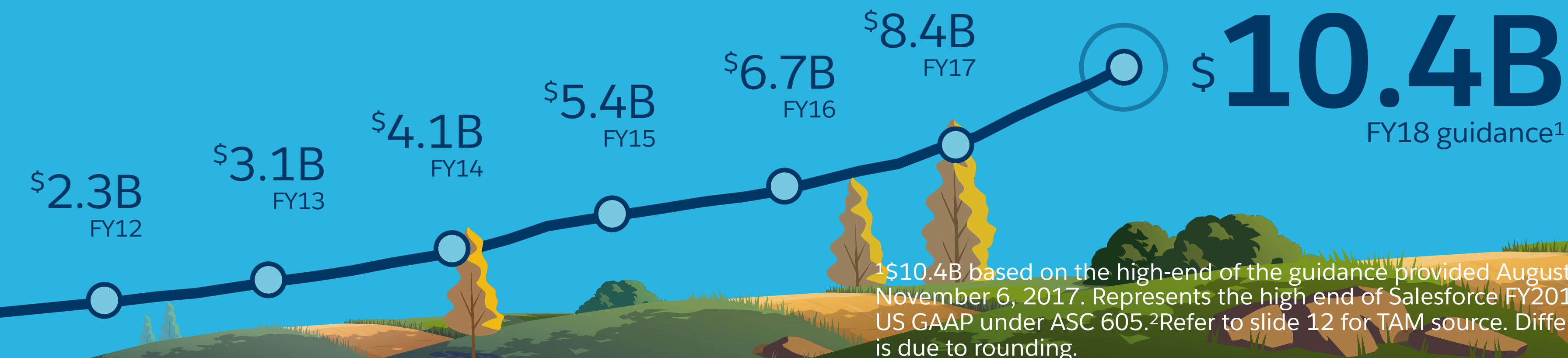
Durable Growth
Economics

Where We've Been...

salesforce

TAM: \$37B
Employees: 13K

TAM: \$72B²
Employees: 30K



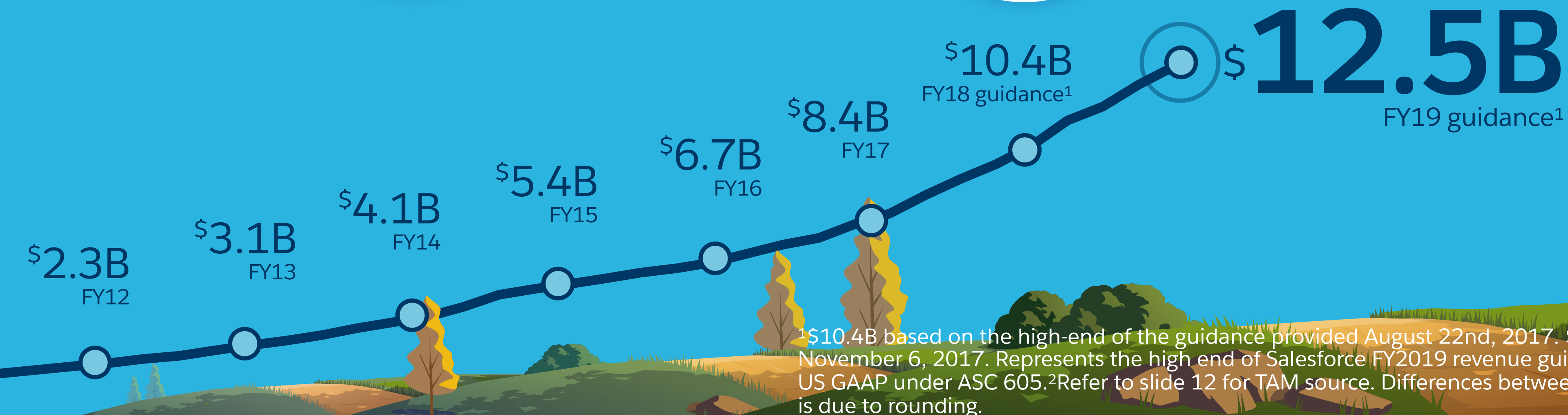
¹\$10.4B based on the high-end of the guidance provided August 22nd, 2017. \$12.5B based on the guidance provided November 6, 2017. Represents the high end of Salesforce FY2019 revenue guidance of \$12.45B to \$12.5B based on current US GAAP under ASC 605.²Refer to slide 12 for TAM source. Differences between information disclosed on subsequent slides is due to rounding.

...and Where We're Going...

salesforce

TAM: \$37B
Employees: 13K

TAM: \$72B²
Employees: 30K



...Consistent Organic Growth to \$20 Billion Plus

salesforce

TAM: \$37B
Employees: 13K



FY14

TAM: \$72B²
Employees: 30K



FY18

\$20B-\$22B
FY22 target



FY22

TAM: \$120B²
Employees: >45K



\$2.3B
FY12

\$3.1B
FY13

\$4.1B
FY14

\$5.4B
FY15

\$6.7B
FY16

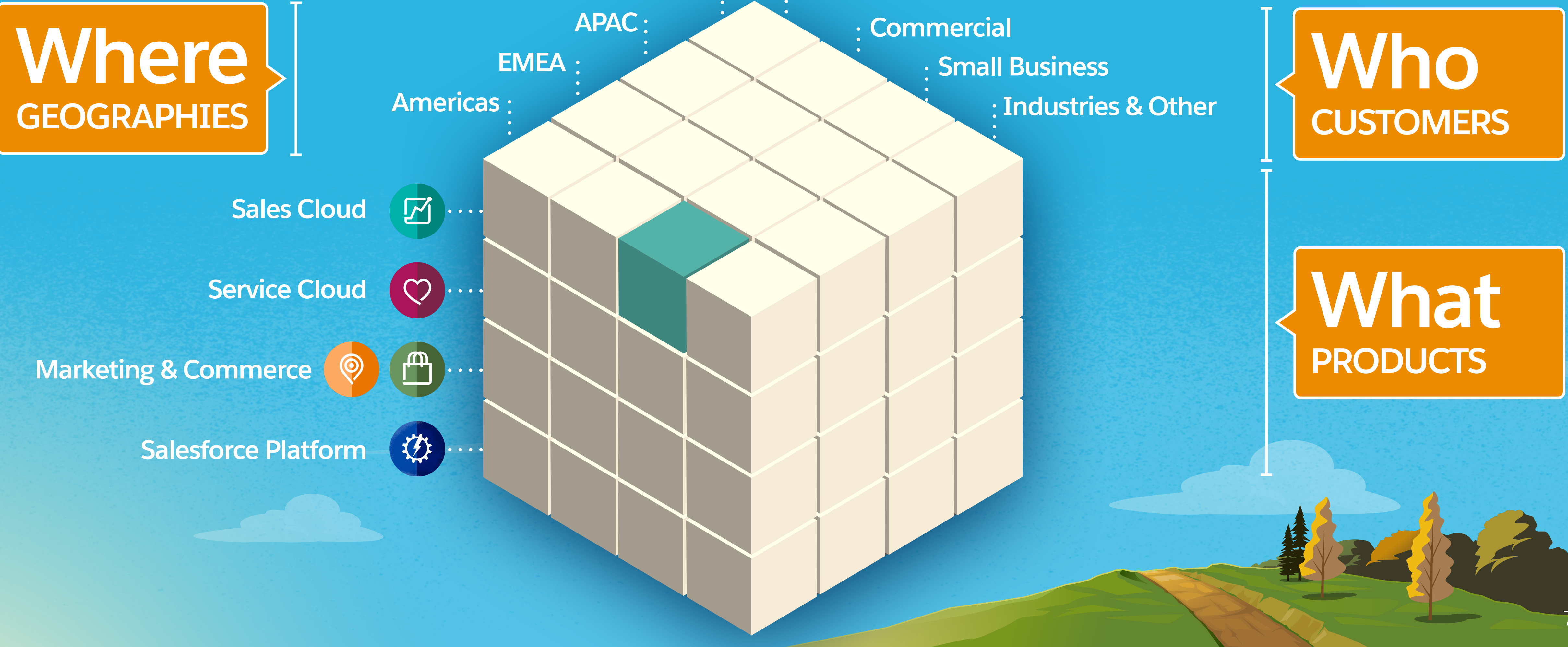
\$8.4B
FY17

\$10.4B
FY18 guidance¹

\$12.5B
FY19 guidance¹

¹\$10.4B based on the high-end of the guidance provided August 22nd, 2017. \$12.5B based on the guidance provided November 6, 2017. Represents the high end of Salesforce FY2019 revenue guidance of \$12.45B to \$12.5B based on current US GAAP under ASC 605.²Refer to slide 12 for TAM source. Differences between information disclosed on subsequent slides is due to rounding.

Multiple Opportunities for Durable Growth



What We Sell

The Only Complete Cloud CRM Platform

No other company is better positioned to drive digital transformation

salesforce



TRAILHEAD



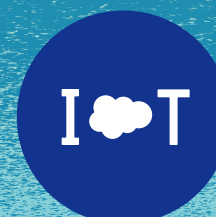
EINSTEIN



LIGHTNING



IoT



HEROKU



ANALYTICS APPEXCHANGE

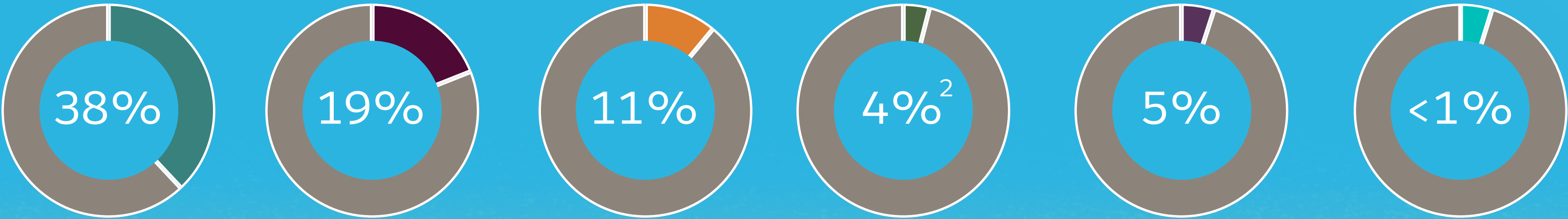


SALESFORCE PLATFORM

\$72 Billion Market Opportunity Today...



CY16 Market Share¹



CY16 TAM³



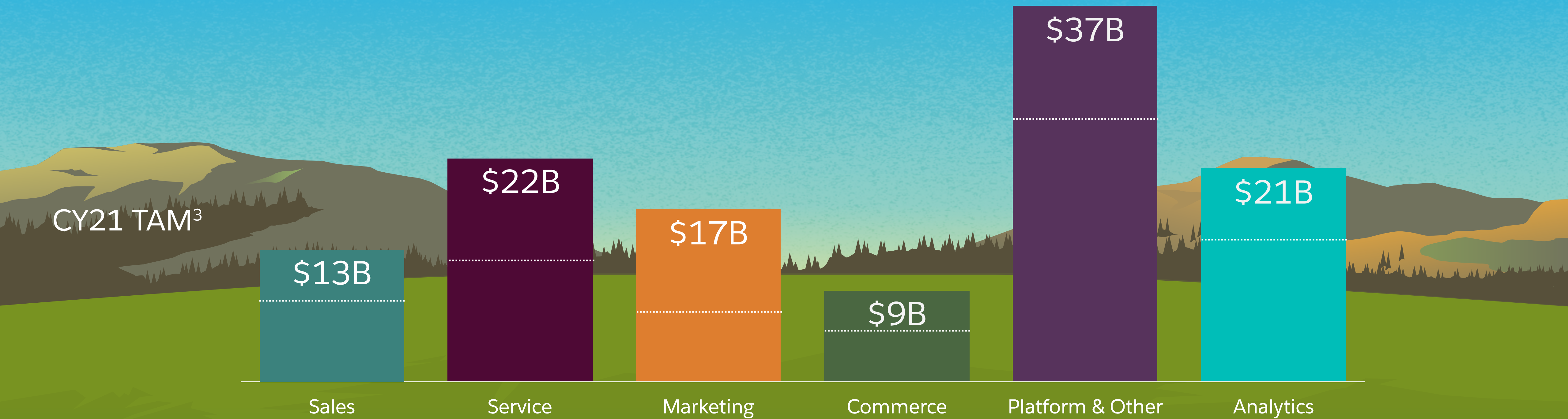
Calculations performed by Salesforce and graphics created by Salesforce based on Gartner research. ¹Source: Sales, Service, Marketing, and Commerce per Gartner, Market Share All Software Markets, Worldwide, 2016, 4.14.17. Platform & other and Analytics market share calculated by Salesforce using the definitions below. ²Salesforce acquired Demandware on July 11, 2016. Market share includes Demandware's 2016 commerce contribution of \$115.8M. ³Source: Gartner Total Enterprise Software Revenue for All Software Segments and Regions, 2014-2021. Platform & Other market defined as Application Platform Software, Application Platform Software as a Service (aPaaS), Other AD, Data Integration Tools, Business Process Management Suites, Identity Governance and Administration, Mobile Application Development Platforms, Testing, Full Life Cycle API Management, Web Access Management. Analytics market defined as Modern BI Platforms, Traditional BI Platforms, Data Science Platforms, Analytic Applications. ⁴Salesforce revenue growth represents Q2 FY18 year-over-year growth. ⁵Represents Commerce Cloud GMV growth as of Q2 FY18.

...Growing to \$120 Billion in 2021



Salesforce Revenue Growth (Q2'18) ⁴	17%	21%	36%	32% ⁵	32%	NOT DISCLOSED
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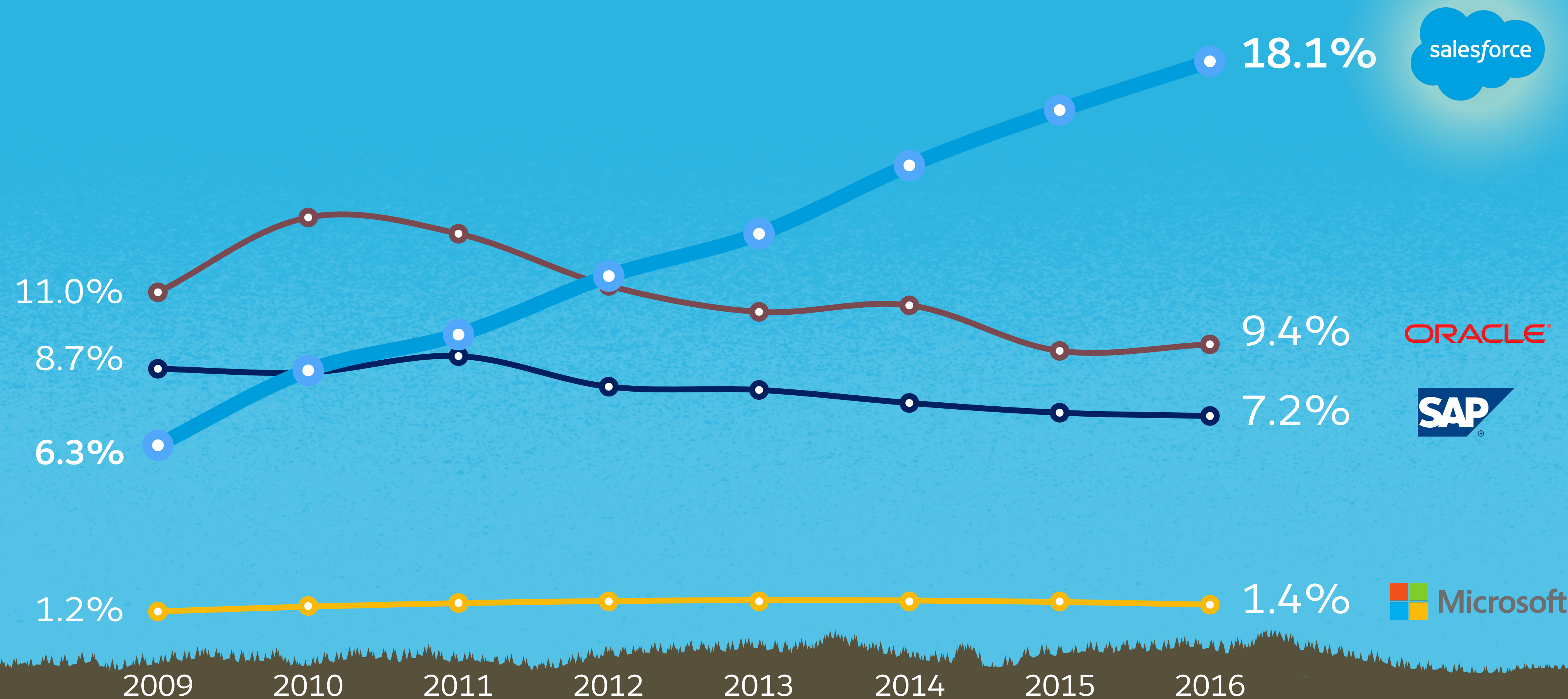
Market Growth (CAGR 16-21) ³	11%	13%	18%	15%	7%	8%
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Calculations performed by Salesforce and graphics created by Salesforce based on Gartner research. ¹Source: Sales, Service, Marketing, and Commerce per Gartner, Market Share All Software Markets, Worldwide, 2016, 4.14.17. Platform & other and Analytics market share calculated by Salesforce using the definitions below. ²Salesforce acquired Demandware on July 11, 2016. Market share includes Demandware's 2016 commerce contribution of \$115.8M. ³Source: Gartner Total Enterprise Software Revenue for All Software Segments and Regions, 2014-2021. Platform & Other market defined as Application Platform Software, Application Platform Software as a Service (aPaaS), Other AD, Data Integration Tools, Business Process Management Suites, Identity Governance and Administration, Mobile Application Development Platforms, Testing, Full Life Cycle API Management, Web Access Management. Analytics market defined as Modern BI Platforms, Traditional BI Platforms, Data Science Platforms, Analytic Applications. ⁴Salesforce revenue growth represents Q2 FY18 year-over-year growth. ⁵Represents Commerce Cloud GMV growth as of Q2 FY18.

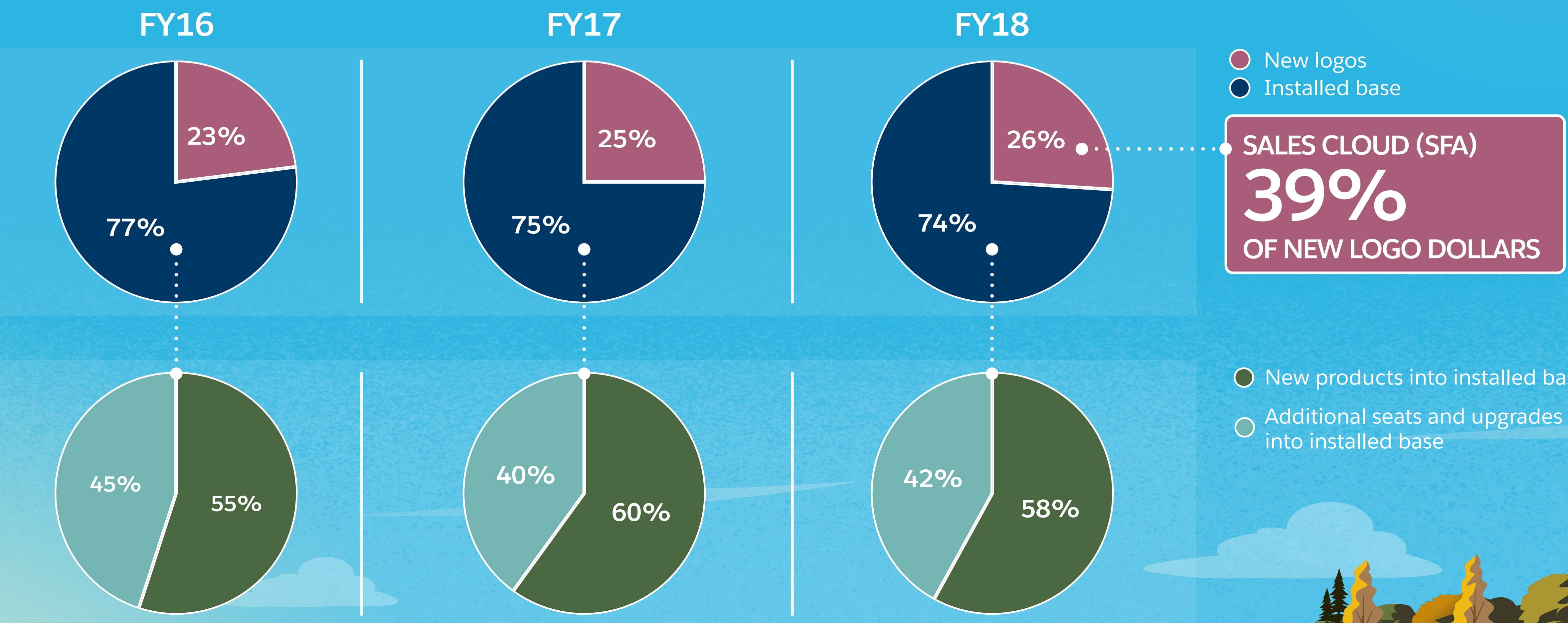
Extending Our CRM Market Leadership

Taking share in the most important enterprise software market



Land and Expand

Benefitting from a broader product portfolio



Note: Proportions based on sales during the trailing twelve months ended July 31 (fiscal Q2) as of the fiscal years noted.

Our Product Suite is Growing

Add-on products provide incremental new business opportunity



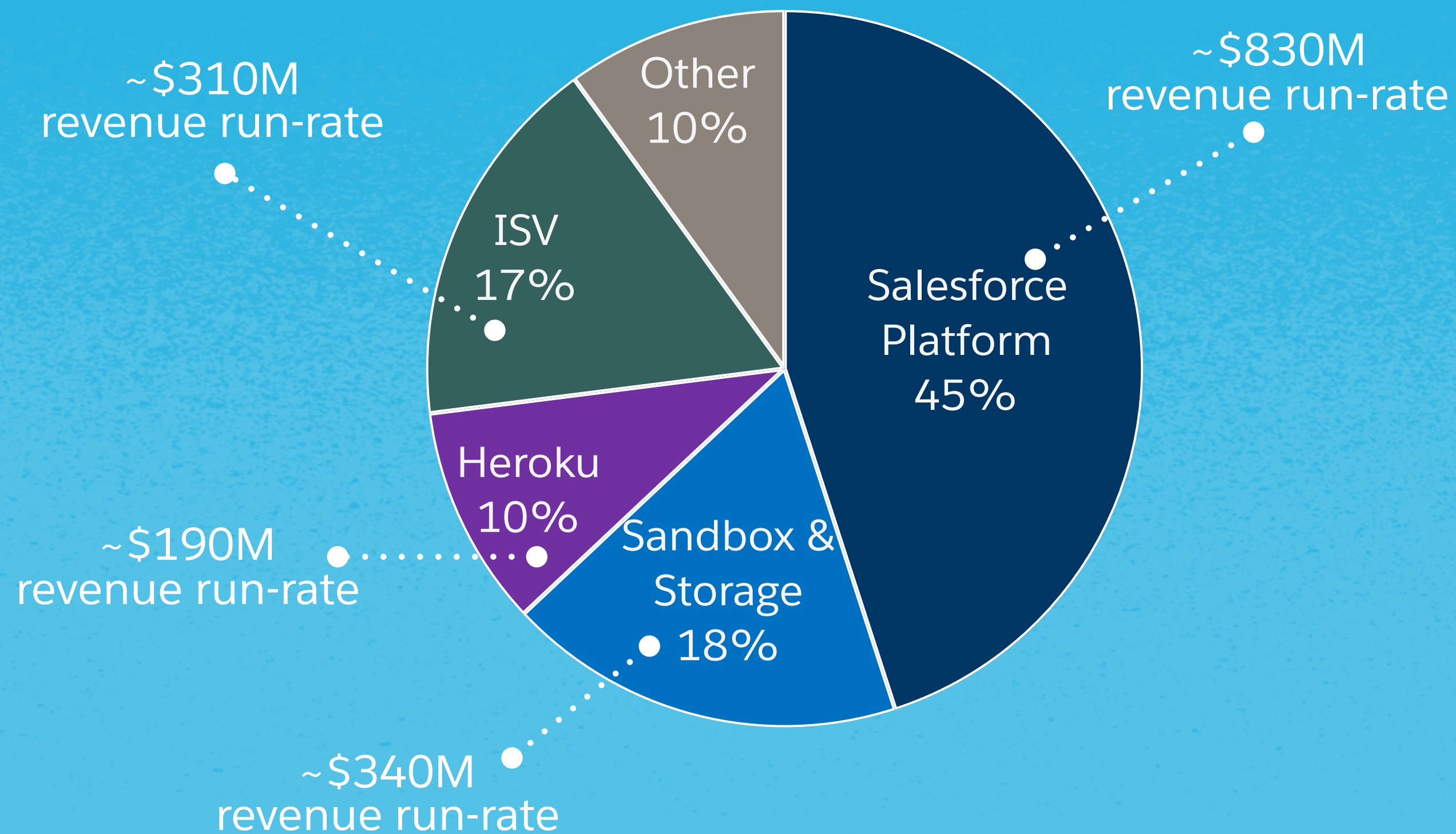
Note: Proportions based on sales during the trailing twelve months ended Q2 FY18

Salesforce Platform is a Full Portfolio

Ecosystem sustains growth and expands reach

salesforce

Platform & Other Revenue¹



salesforce appexchange²

Solutions	4k
Installs	5.1M
ISVs with \$5M+ annual revenue	11

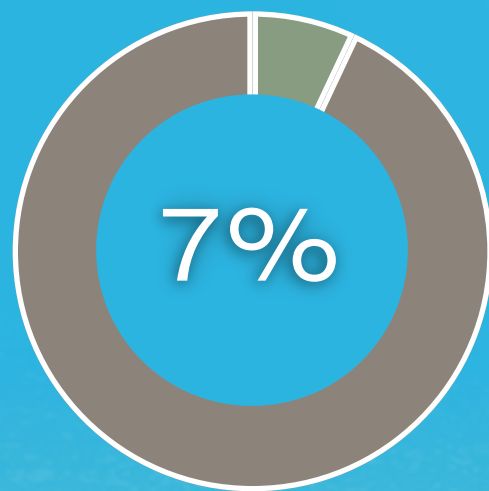
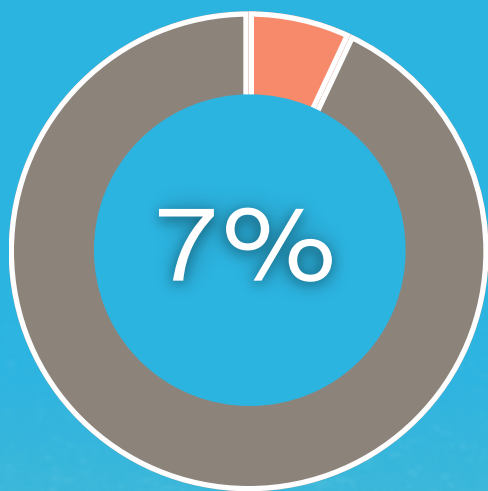
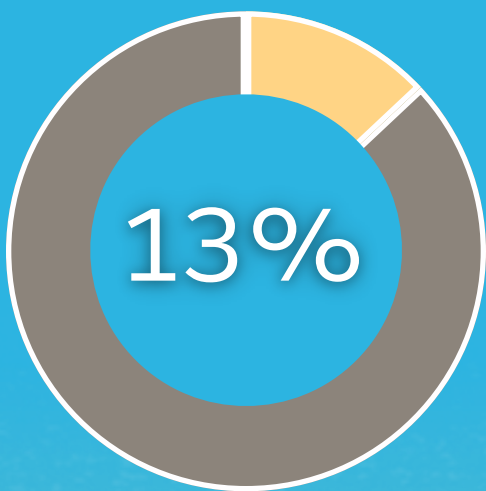
¹Platform & Other revenue proportions and run-rates based on reported financials for Q2 FY18. Run-rate is calculated by multiplying Q2 FY18 revenue by four. ²Solutions and Installs as of 11/2/17. ISV annual revenue as of Q2 FY18.

Where We Sell

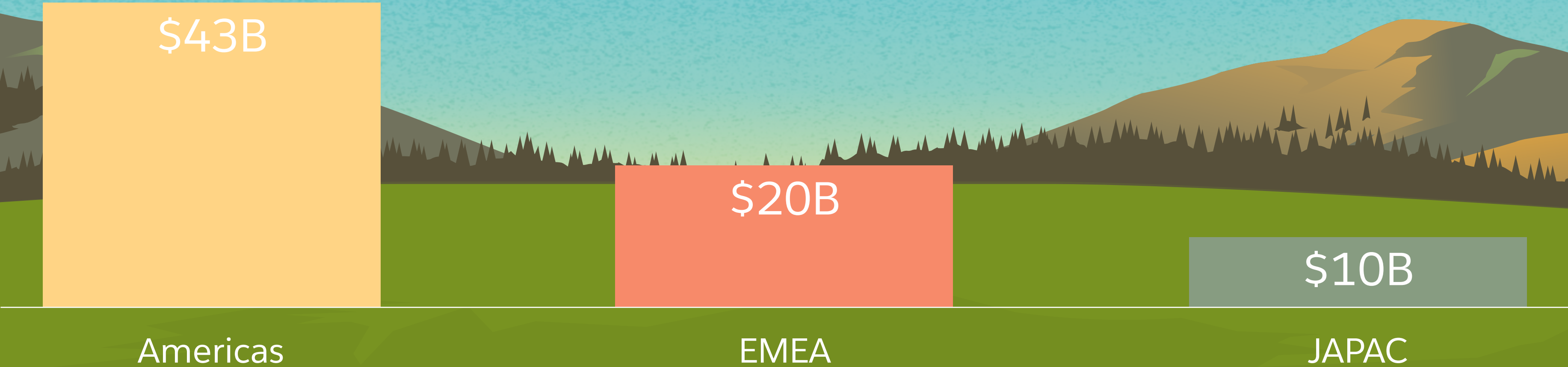
Gaining Share Internationally...

International markets add to our long-term growth opportunity

CY16 Market Share¹



CY16 TAM²

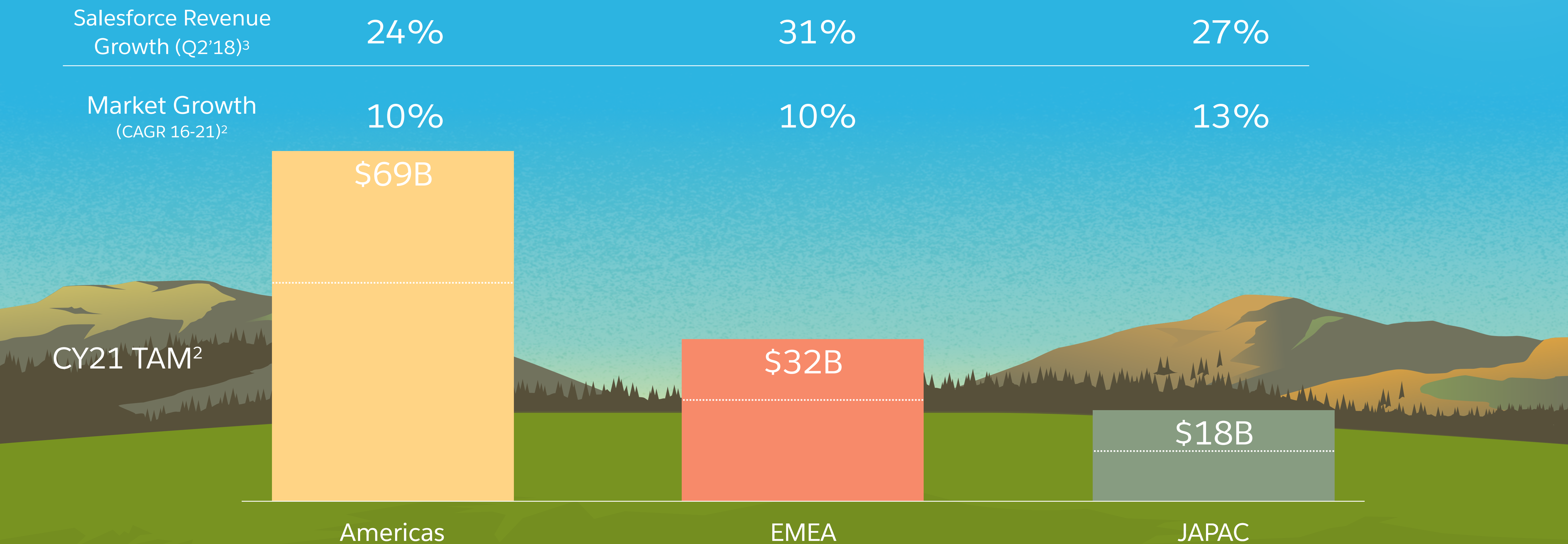


Calculations performed by Salesforce and graphics created by Salesforce based on Gartner research. ¹Market share source: Gartner, Market Share All Software Markets, Worldwide, 2016, 4.14.17. Note: Salesforce acquired Demandware on July 11, 2016. Market share includes Demandware's 2016 commerce contribution of \$115.8M. ²Source: Gartner Total Enterprise Software Revenue for All Software Segments and Regions, 2014-2021. Includes Platform & Other market defined as Application Platform Software, Application Platform Software as a Service (aPaaS), Other AD, Data Integration Tools, Business Process Management Suites, Identity Governance and Administration, Mobile Application Development Platforms, Testing, Full Life Cycle API Management, Web Access Management. Analytics market defined as Modern BI Platforms, Traditional BI Platforms, Data Science Platforms, Analytic Applications. ³Salesforce revenue growth represents Q2 FY18 year-over-year growth.



...and Growing Faster Than the Market

International markets add to our long-term growth opportunity



Calculations performed by Salesforce and graphics created by Salesforce based on Gartner research. ¹Market share source: Gartner, Market Share All Software Markets, Worldwide, 2016, 4.14.17. Note: Salesforce acquired Demandware on July 11, 2016. Market share includes Demandware's 2016 commerce contribution of \$115.8M. ²Source: Gartner Total Enterprise Software Revenue for All Software Segments and Regions, 2014-2021. Includes Platform & Other market defined as Application Platform Software, Application Platform Software as a Service (aPaaS), Other AD, Data Integration Tools, Business Process Management Suites, Identity Governance and Administration, Mobile Application Development Platforms, Testing, Full Life Cycle API Management, Web Access Management. Analytics market defined as Modern BI Platforms, Traditional BI Platforms, Data Science Platforms, Analytic Applications. ³Salesforce revenue growth represents Q2 FY18 year-over-year growth.

Top Nine Countries are 80% of our Global TAM



Expanding market coverage in top cities around the world

Top Countries



Top Cities

Rank	Metro	Rank	Metro
1	New York	14	Philadelphia
2	London	15	Melbourne
3	Paris	16	Atlanta
4	San Francisco	17	Seattle
5	Los Angeles	18	Amsterdam
6	Tokyo	19	Munich
7	Chicago	20	Miami
8	Boston	21	Minneapolis
9	Sydney	22	Zurich
10	Houston	23	Madrid
11	Washington DC	24	Milan
12	Dallas	25	Phoenix
13	Toronto		

Source: Salesforce estimates based on internal research and industry analysts. Top countries and top cities based on the size of the market opportunity.

Evolving Our Coverage Model

Local empowerment makes us fast and agile

Centralized



Regional



Cities



Closer to Customer

International Headcount

29%

CAGR FY14 to FY18

Empowered

Regions

EMEA
APAC
JAPAN

Specialized

ProServ Investments



Fast & Agile

International Datacenter

Locations

6



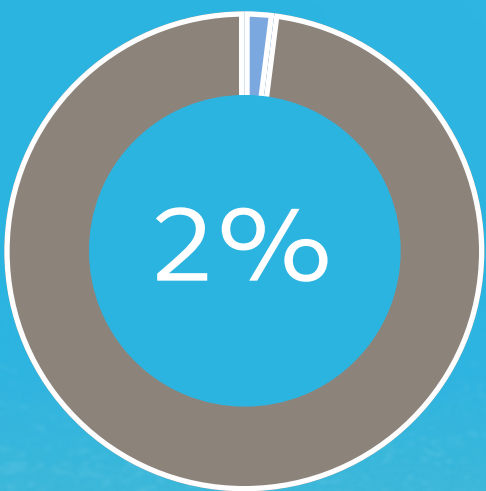
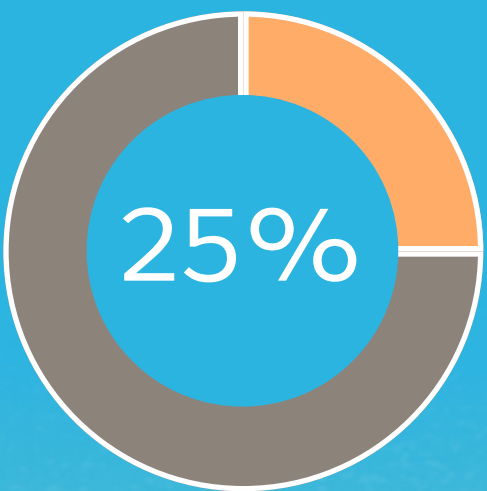
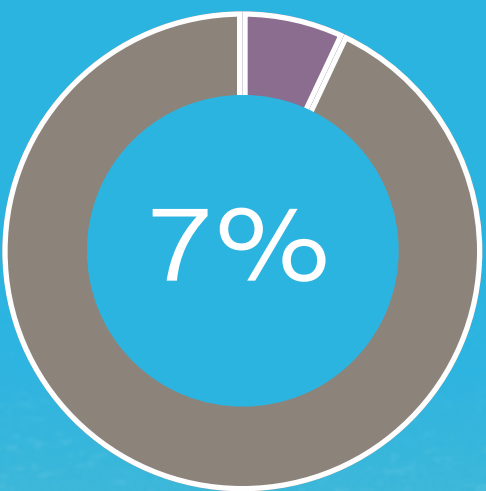
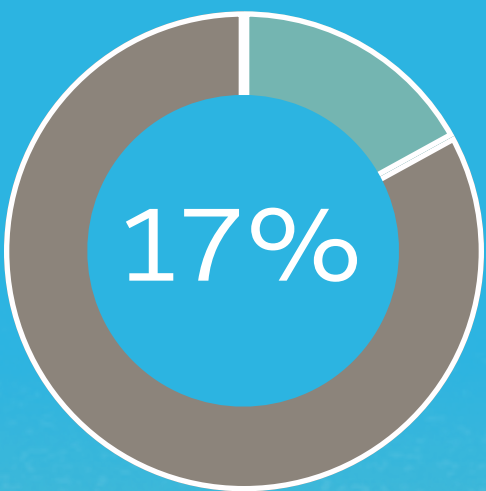
Note: International headcount growth from Q2 FY14 through Q2 FY18.

Who We Sell To

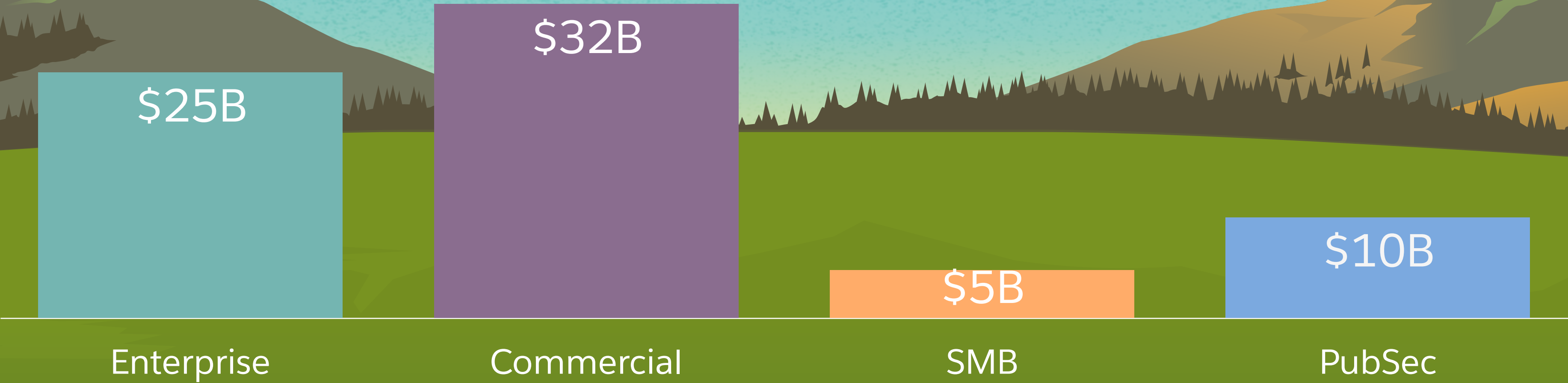
Portfolio Provides Solutions for All Customers

Enterprise and commercial represent ~80% of the market opportunity

CY16 Market Share



CY16 TAM



Portfolio Provides Solutions for All Customers

Enterprise and commercial represent ~80% of the market opportunity

Market Growth
(CAGR 16-21)

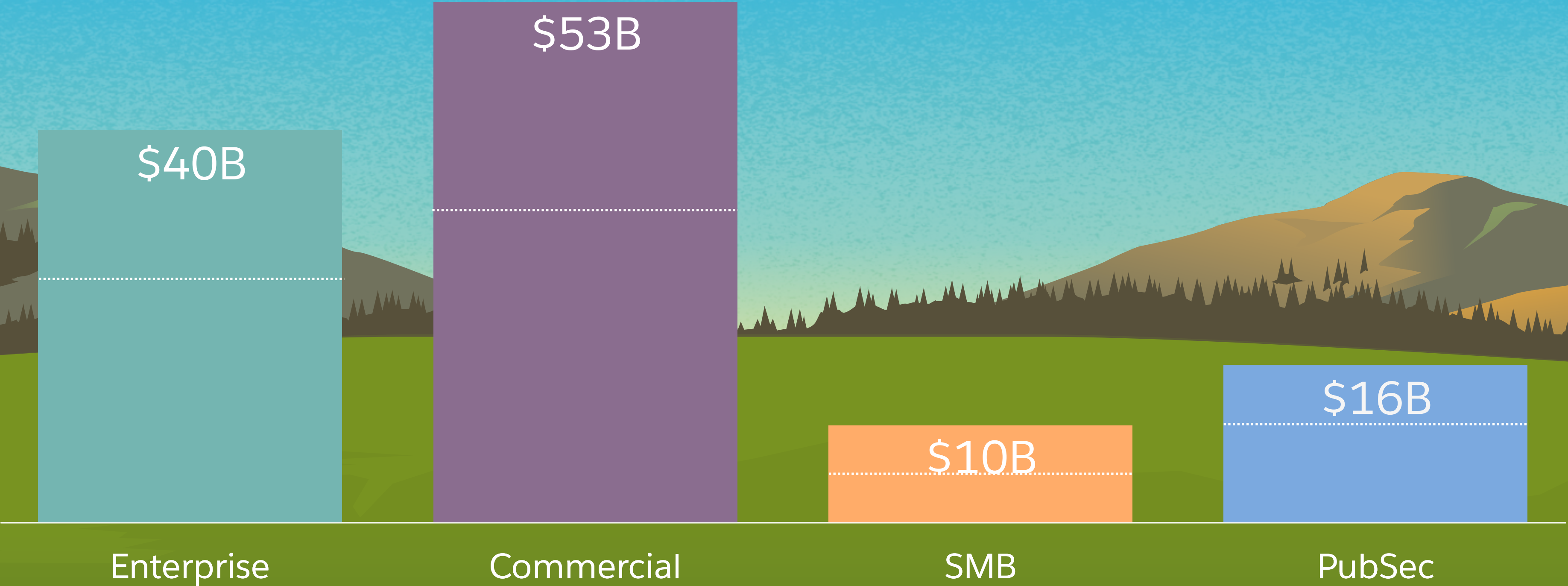
10%

11%

15%

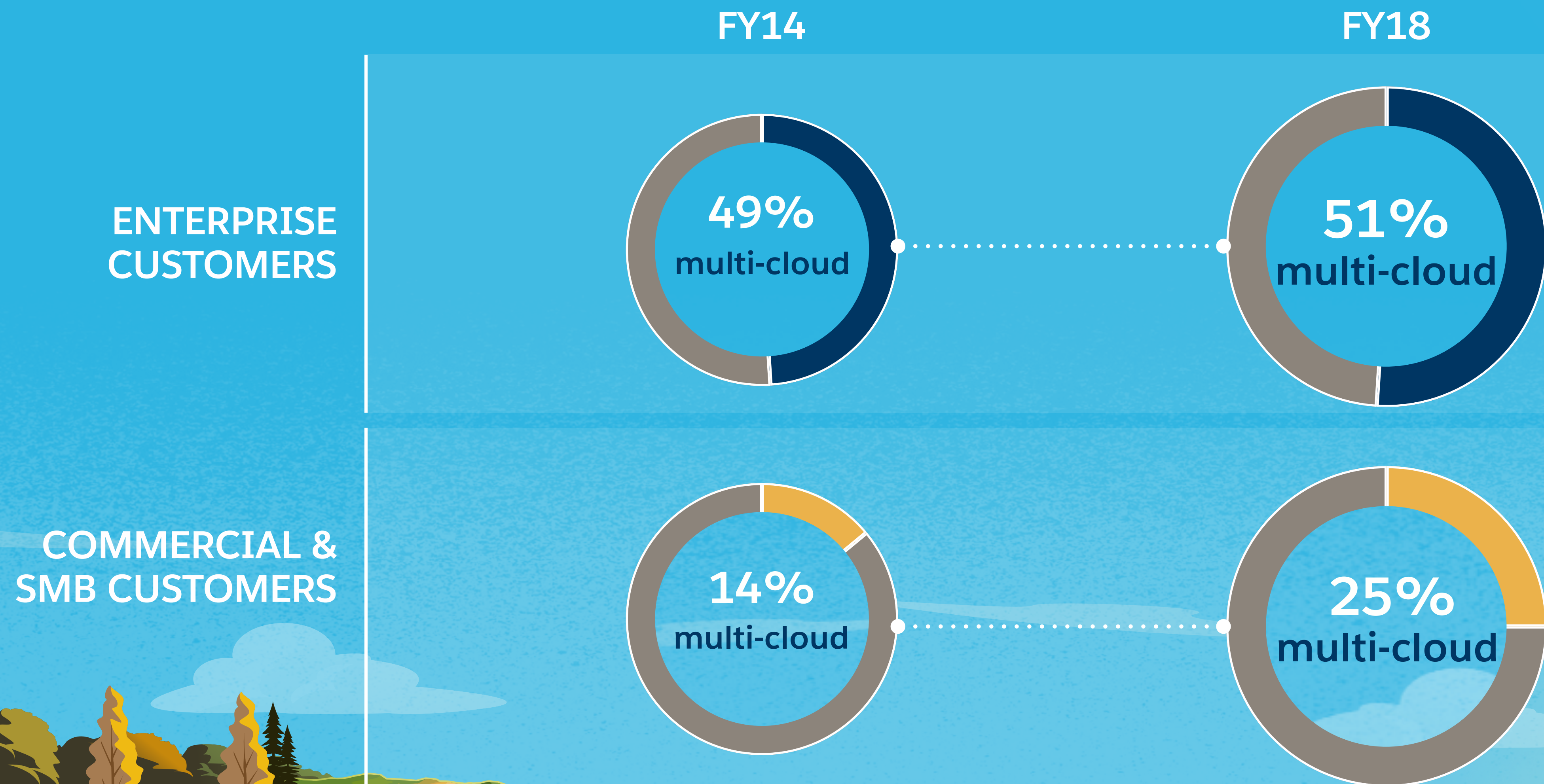
9%

CY21 TAM



Multi-Cloud Remains a Large Opportunity

Our portfolio of products addresses all key markets

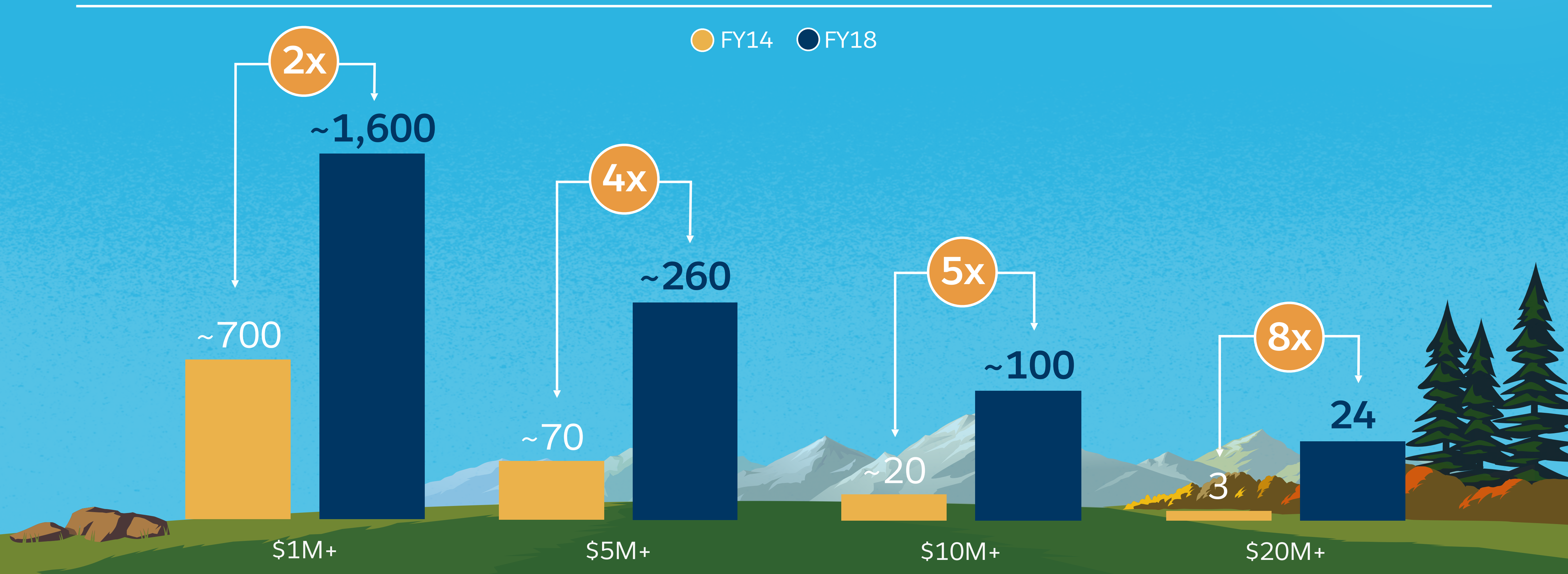


Note: Proportions as of Q2 for the fiscal years noted. "Multi-cloud" defined as customers who are using two or more clouds.

We've Become Mission Critical

Approximately 1,600 customers pay us more than \$1 million annually

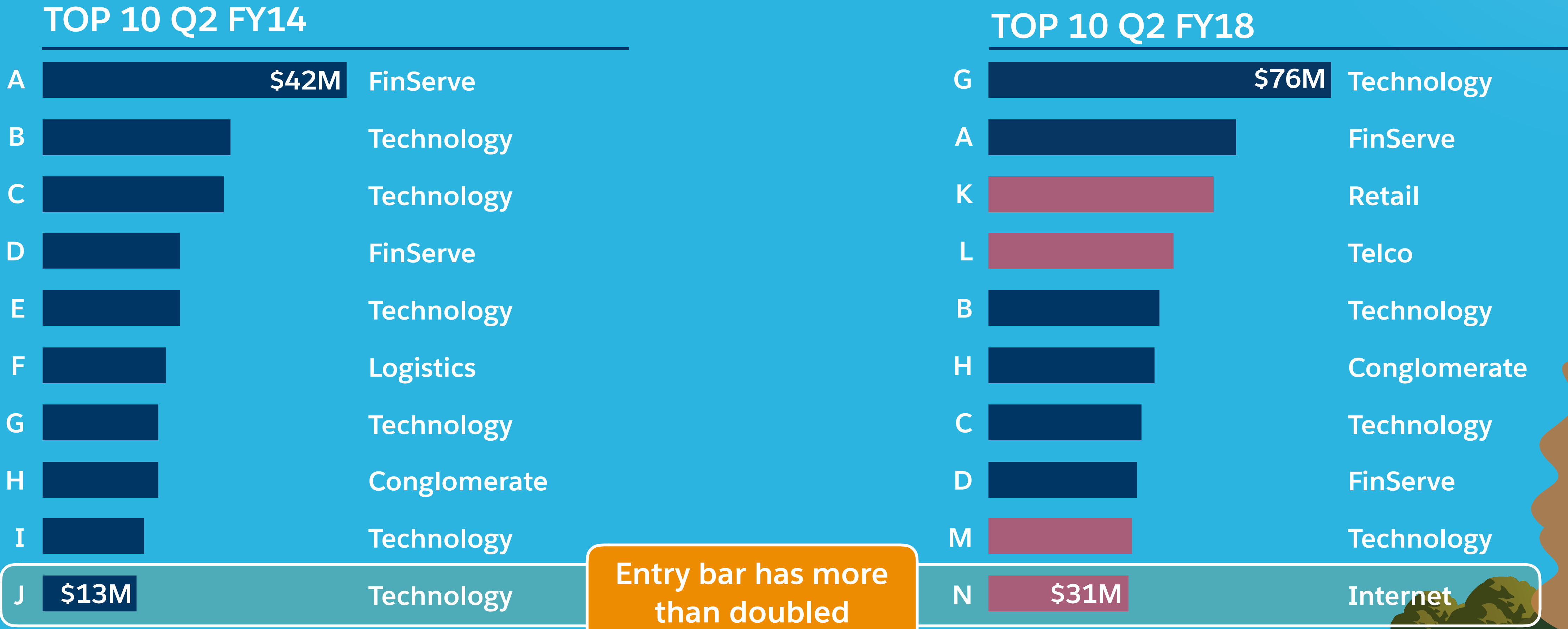
CUSTOMER COUNT BY ANNUAL REVENUE



Note: Customer count as of Q2 for the fiscal years noted.

Expanding With Our Top Customers

Increasing our relationships and reach across multiple industries

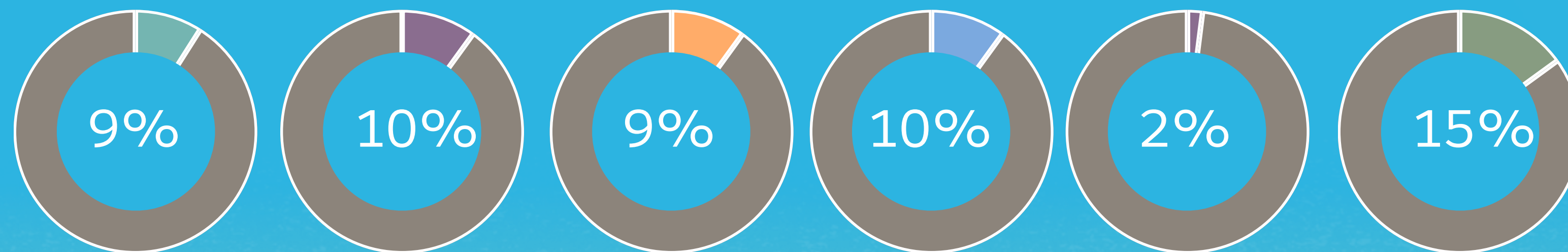


Note: Represents annualized revenue as of Q2 for the fiscal years noted.

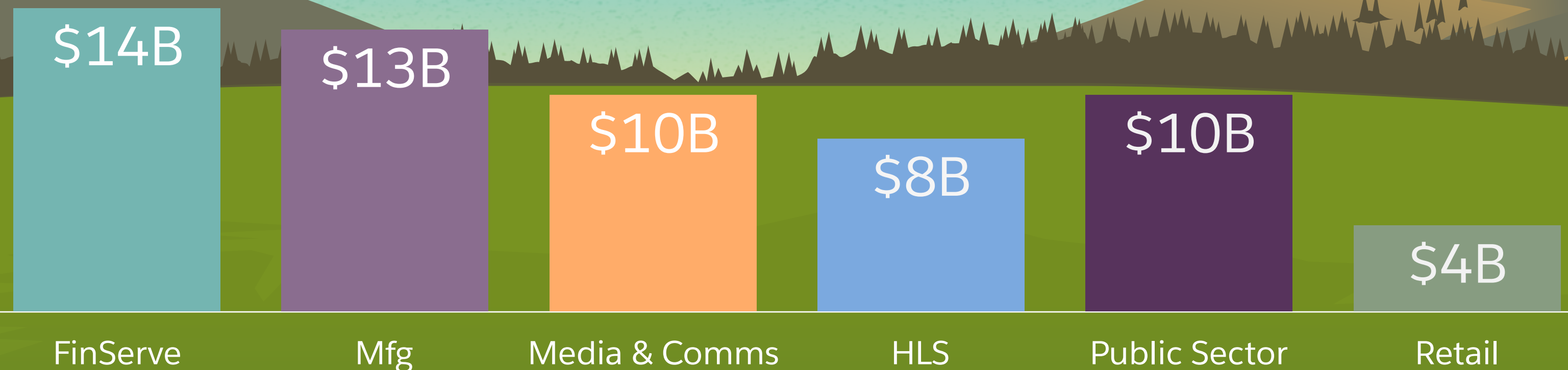
Industries Strategy Drives TAM Penetration

Top six industries represent ~80% of the market opportunity

CY16 Market
Share



CY16 TAM



Industries Strategy Drives TAM Penetration

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Top six industries represent ~80% of the market opportunity

Market
Growth
(CAGR 16-21)

11%

10%

12%

11%

9%

10%

CY21 TAM

\$24B

\$20B

\$17B

\$13B

\$16B

\$6B

FinServe

Mfg

Media & Comms

HLS

Public Sector

Retail

Traction in Target Industries

40% of account executives are aligned by industry

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Financial Services

17 OF 20

Top U.S. & European
Banks¹

HLS

15 OF 20

Top Global
Pharmaceutical Companies

Retail

10 OF 20

Top Global
Retailers

Travel, Transport & Hospitality

7 OF 10

Top Hospitality
Companies

Manufacturing

8 OF 10

Top Discrete
Manufacturers

Communications & Media

7 OF 10

Top Global
Telecom Companies

Consumer Goods

11 OF 15

Top CPG
Companies

High Tech

8 OF 10

Top Tech
Companies



57% of customers
who buy vertical
products are net
new to Salesforce².



¹Represents top 10 U.S. banks and top 10 European banks. ²Vertical products include Financial Services Wealth Management, Financial Services Retail Banking, and Health Cloud.

Top SIs are Investing in Salesforce

Salesforce is the highest growth practice for top system integrators

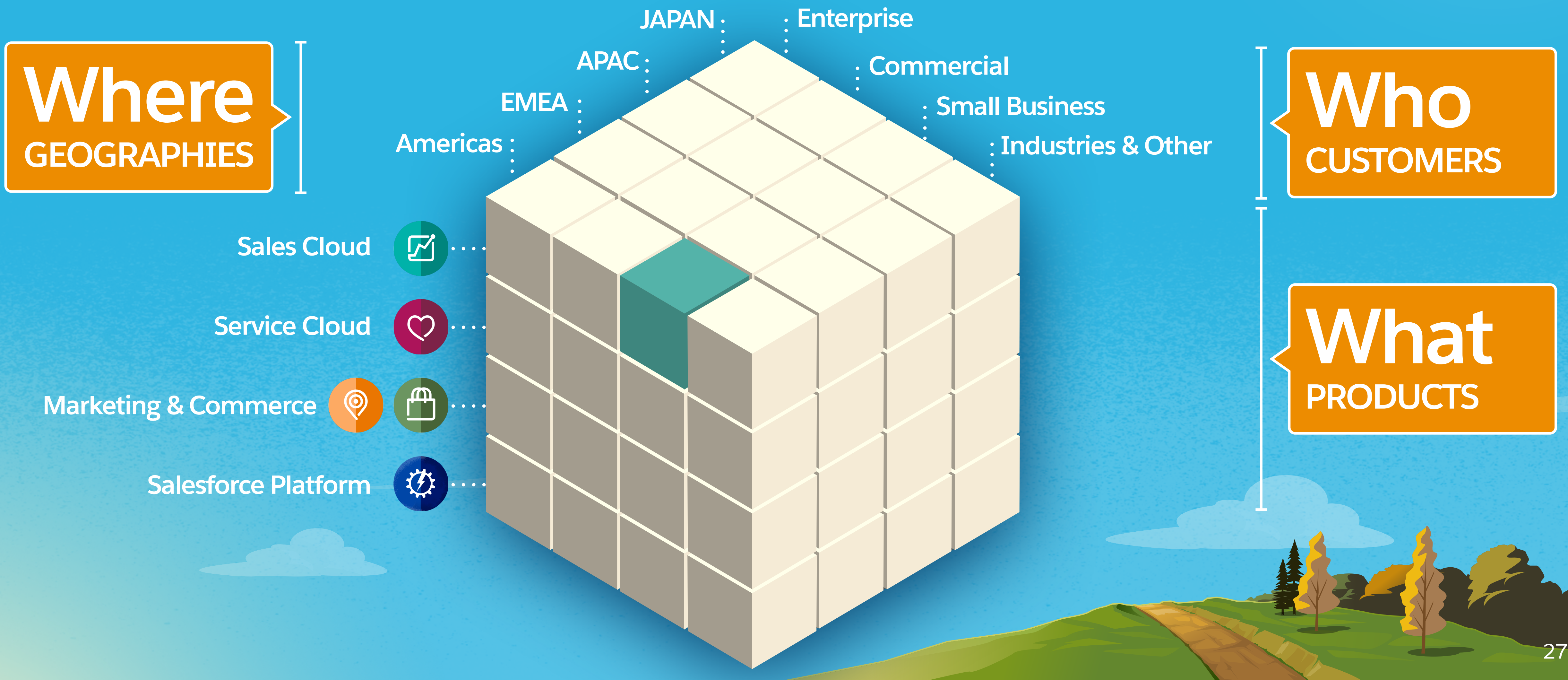
EVERY TOP SI RUNS ON SALESFORCE	CERTIFIED PROFESSIONAL GROWTH (FY14-FY18) ¹
	20x
	6x
	12x
	225x
	7x

50%
OF NEW BUSINESS
IS GENERATED
WITH PARTNERS²

¹Change in certified professionals as of Q2 FY14 through Q2 FY18. ²Based on new business over the first half of FY18 (Q1 & Q2).

The Foundation of Durable Growth

Expanded TAM from \$700M in 1999 to \$120B in 2021

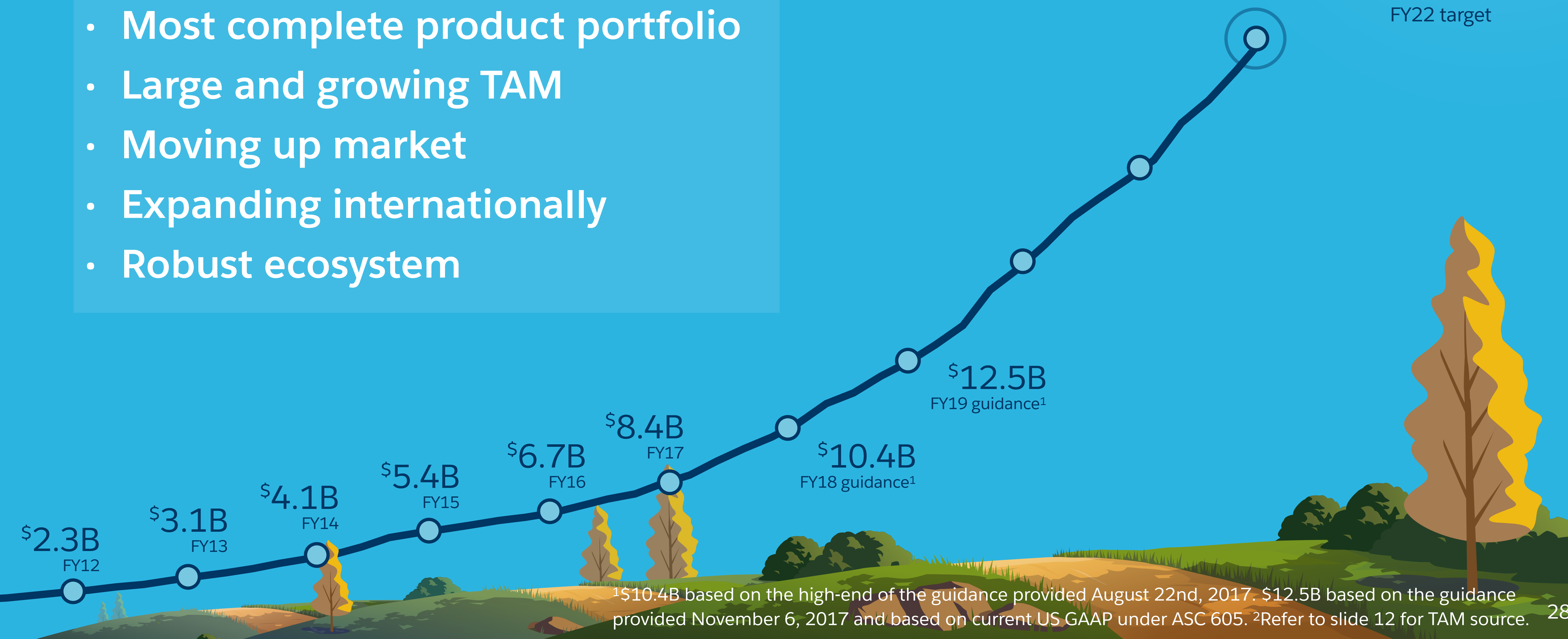


Drivers for Durable Growth

Rewriting enterprise software history

- Most complete product portfolio
- Large and growing TAM
- Moving up market
- Expanding internationally
- Robust ecosystem

\$20B-\$22B
FY22 target





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Durable Growth Leverage & Economics

David Havlek

EVP, Deputy CFO

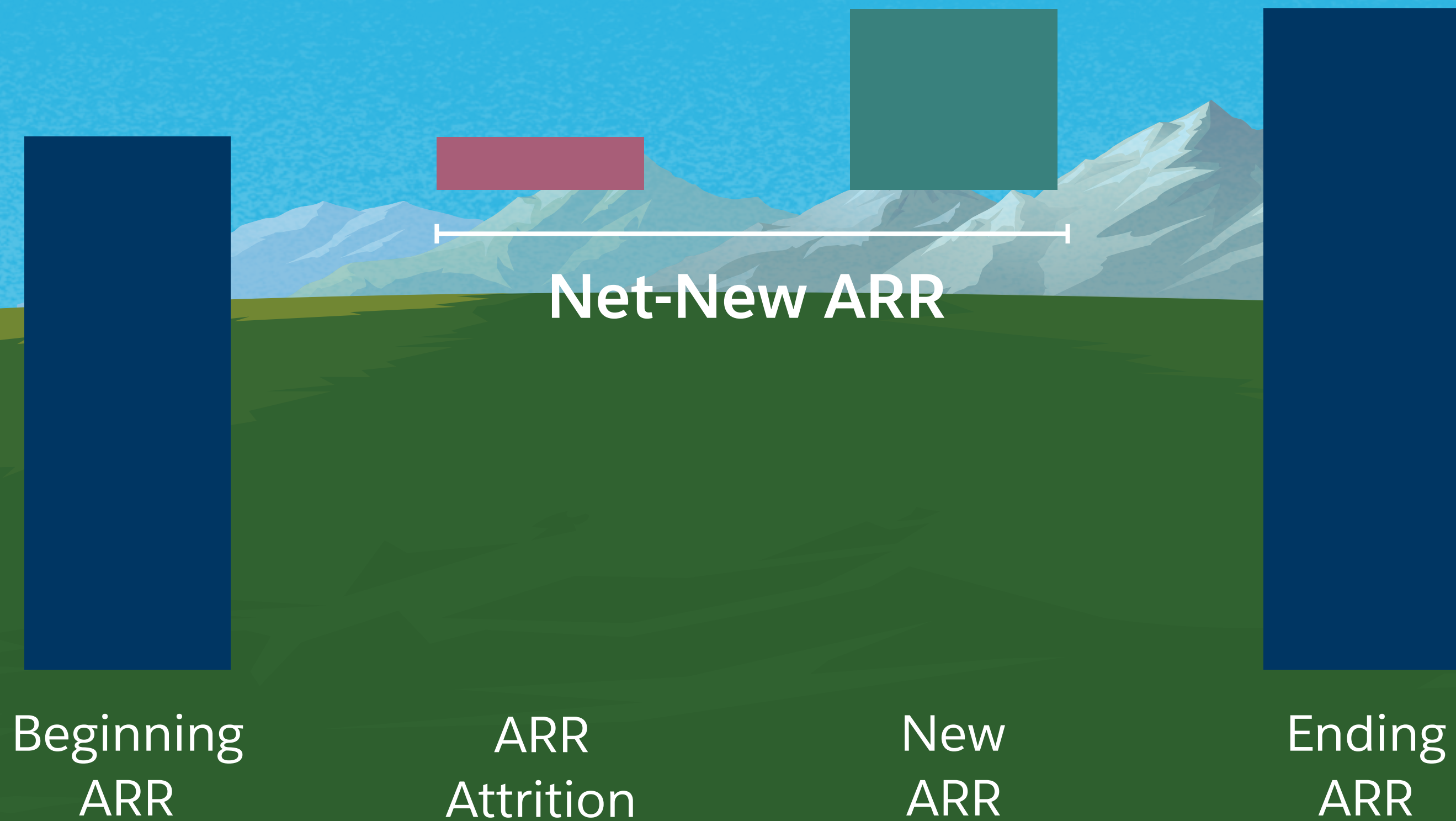


The SaaS Model: A Simple Formula

The foundation for understanding growth and leverage

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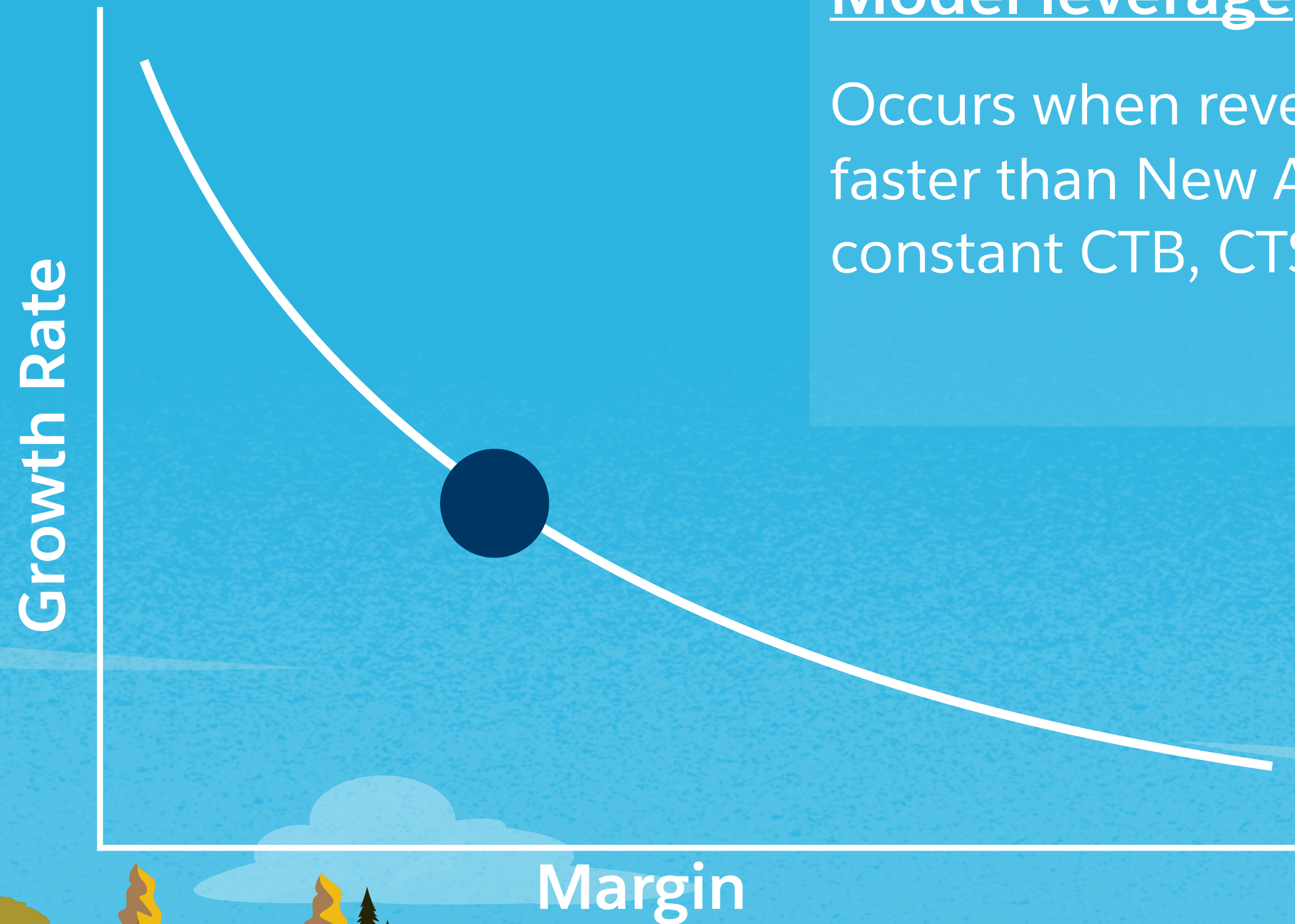
$$A - B + C = D$$



Two Types of Leverage in a Subscription Model

Model leverage

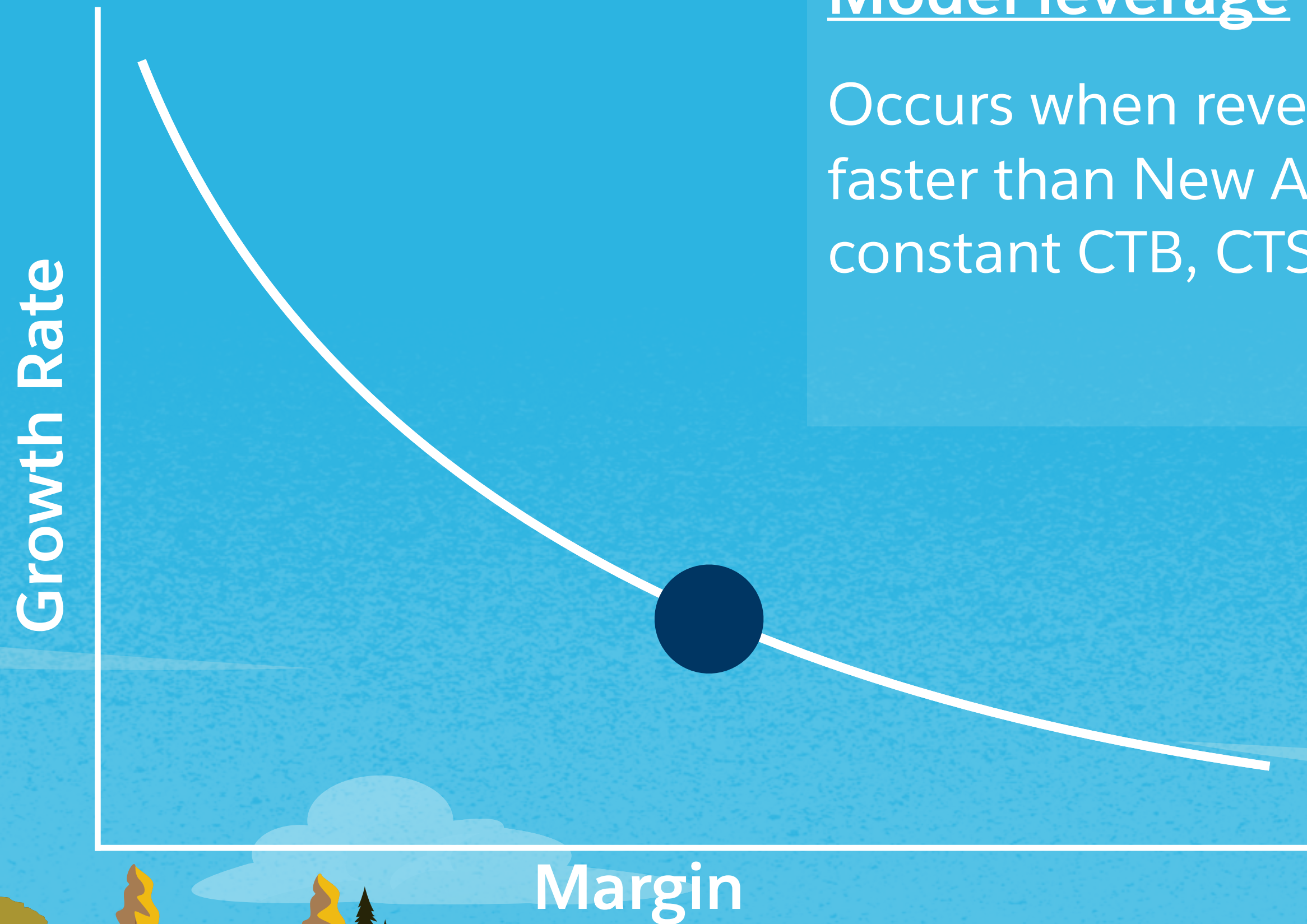
Occurs when revenue growth is faster than New ARR growth at constant CTB, CTS, and attrition



Two Types of Leverage in a Subscription Model

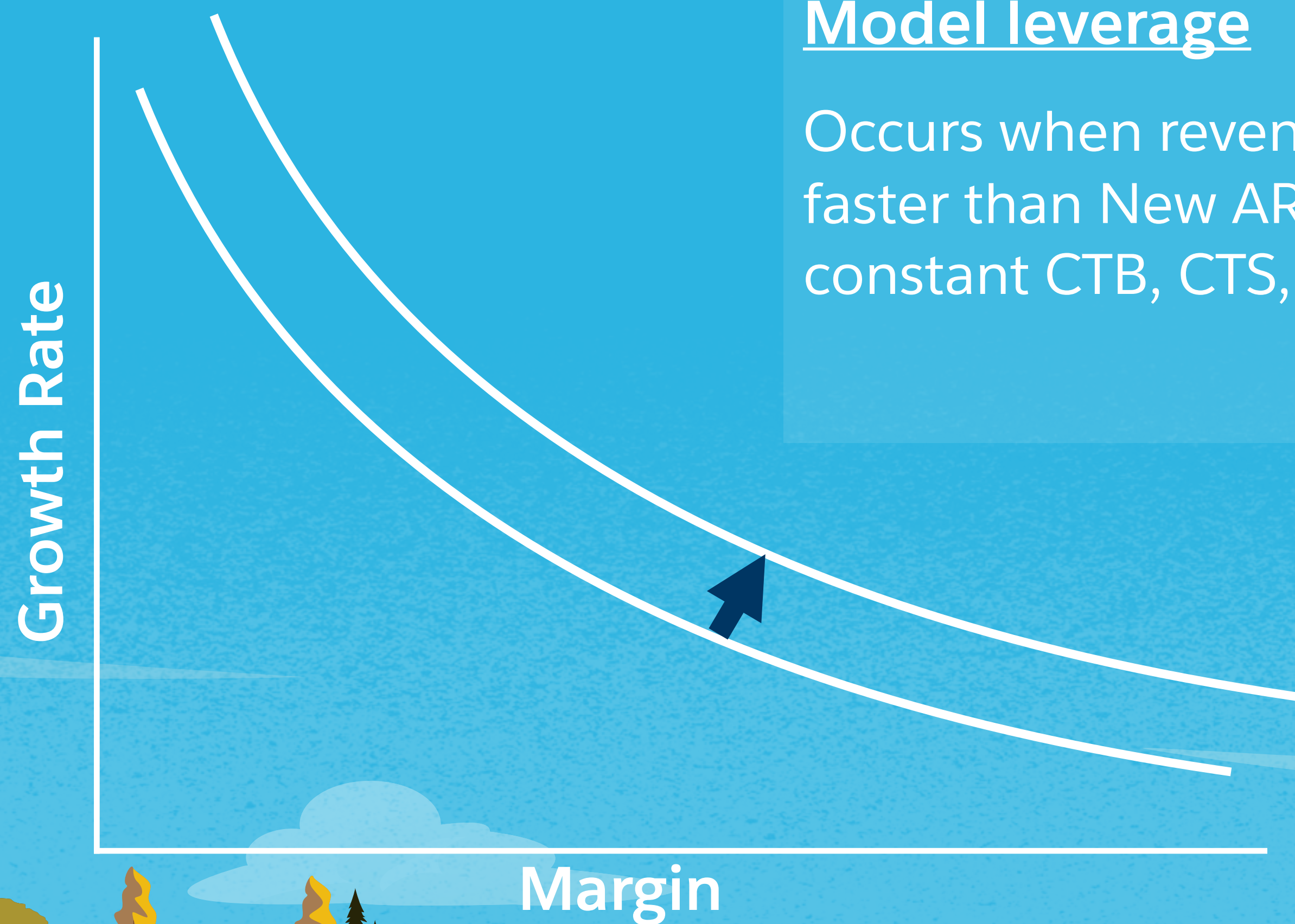
Model leverage

Occurs when revenue growth is faster than New ARR growth at constant CTB, CTS, and attrition



Two Types of Leverage in a Subscription Model

salesforce



Model leverage

Occurs when revenue growth is faster than New ARR growth at constant CTB, CTS, and attrition

Operating leverage

Occurs when CTB, CTS or attrition improve

Meet Three Companies

Company’s growth strategy defines the leverage opportunity

The Camper

The Explorer

The Trailblazer



New ARR:
Constant Dollar Adds

Net-New ARR:
Constant Dollar Adds
(net of attrition)

Net-New ARR:
Constant Growth Rate
(net of attrition)

Camper: Constant *New ARR Dollars*

Model leverage high: revenue growth far exceeds new ARR growth

10%
Attrition

0%
New ARR CAGR

(10%)
Net ARR CAGR

14%
Revenue CAGR



Explorer: Constant *Net-New ARR Dollars*

Model leverage moderate: revenue growth exceeds new ARR growth



Trailblazer: Constant *Net-New ARR Growth Rate*

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No model leverage: revenue growth equal to new ARR growth

10%
Attrition

20%
New ARR CAGR

20%
Net ARR CAGR

20%
Revenue CAGR



Growth Strategy Impacts Leverage Opportunity



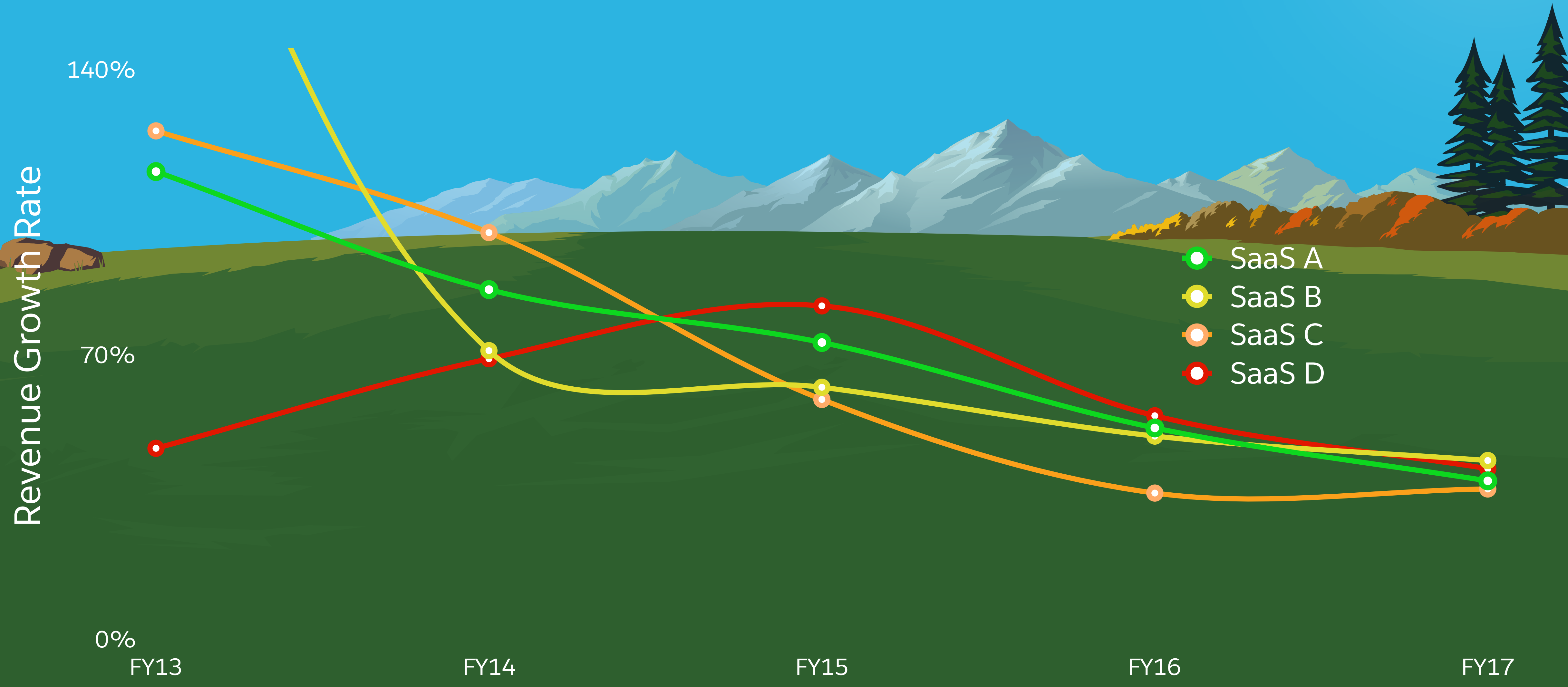
	CAMPER	EXPLORER	TRAILBLAZER
GROWTH STRATEGY	New ARR: Constant Dollar Addition	Net-New ARR: Constant Dollar Addition	Net-New ARR: Constant Growth Rate
REVENUE GROWTH	Decelerate until 0%	Decelerating to approach 0%	Flat growth in perpetuity
SUSTAINABILITY OF REV GROWTH	No	No	Yes
MODEL LEVERAGE	High	Moderate	Low
OPERATING LEVERAGE (CTB/CTS)	High	Moderate	Low
RISK OF UNDERINVESTMENT	High	Moderate	Low



Function of
growth

Function of
efficiency

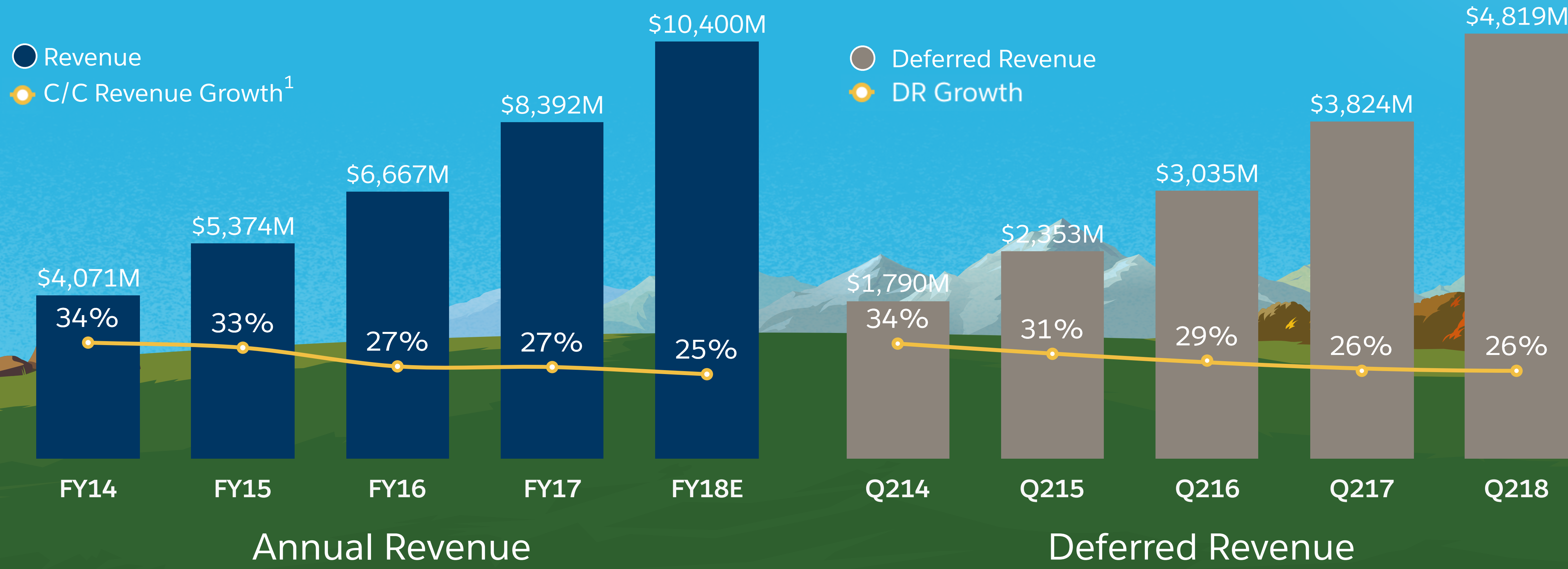
Decelerating Growth Drives Model Leverage



Note: Data represents subscription and support revenue for each company as of their most recently completed fiscal years. Market capitalization as of November 3, 2017.

Proven Durable Growth

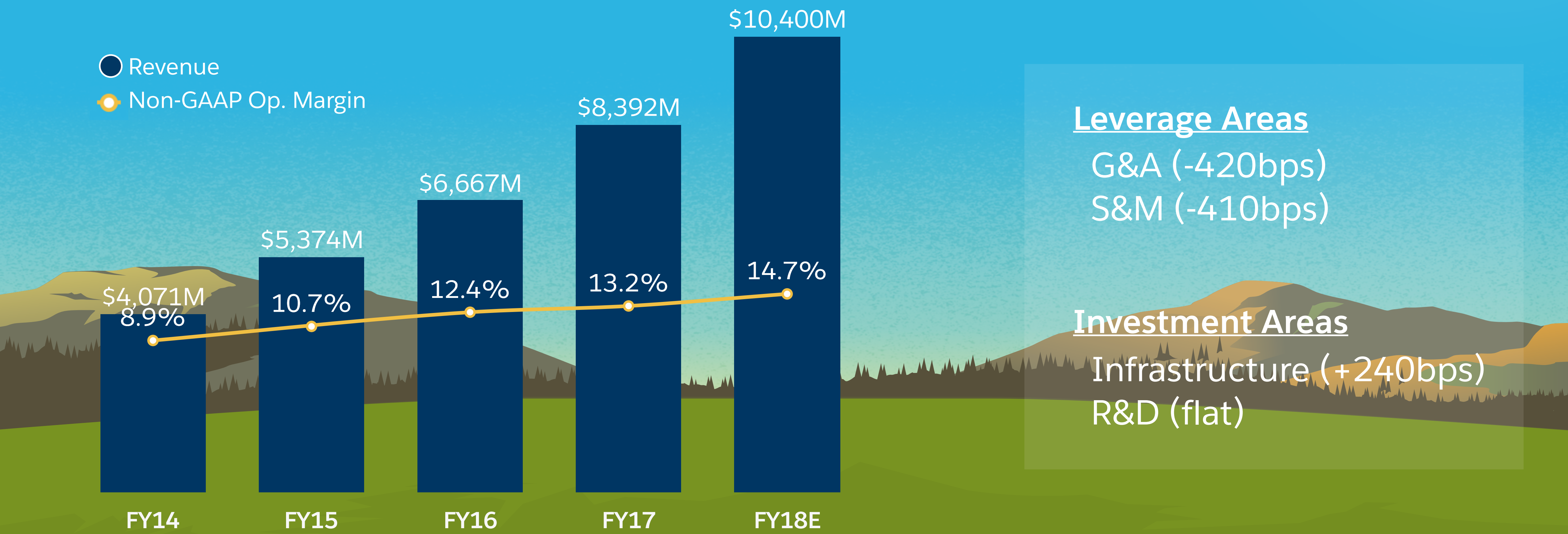
Salesforce's consistent growth profile is unique



¹FY18 constant currency growth rate represents the constant currency growth for the first half of fiscal 2018. Non-GAAP revenue constant currency growth rates as compared to the comparable prior period. We present constant currency information for revenue to provide a framework for assessing how our underlying business performed excluding the effects of foreign currency rate fluctuations. To present constant currency revenue, current and comparative prior period results for entities reporting in currencies other than the United States dollars are converted into United States dollars at the weighted average exchange rate for the quarter being compared to for growth rate calculations presented, rather than the actual exchange rates in effect during that period.

Delivering Consistent Margin Improvement

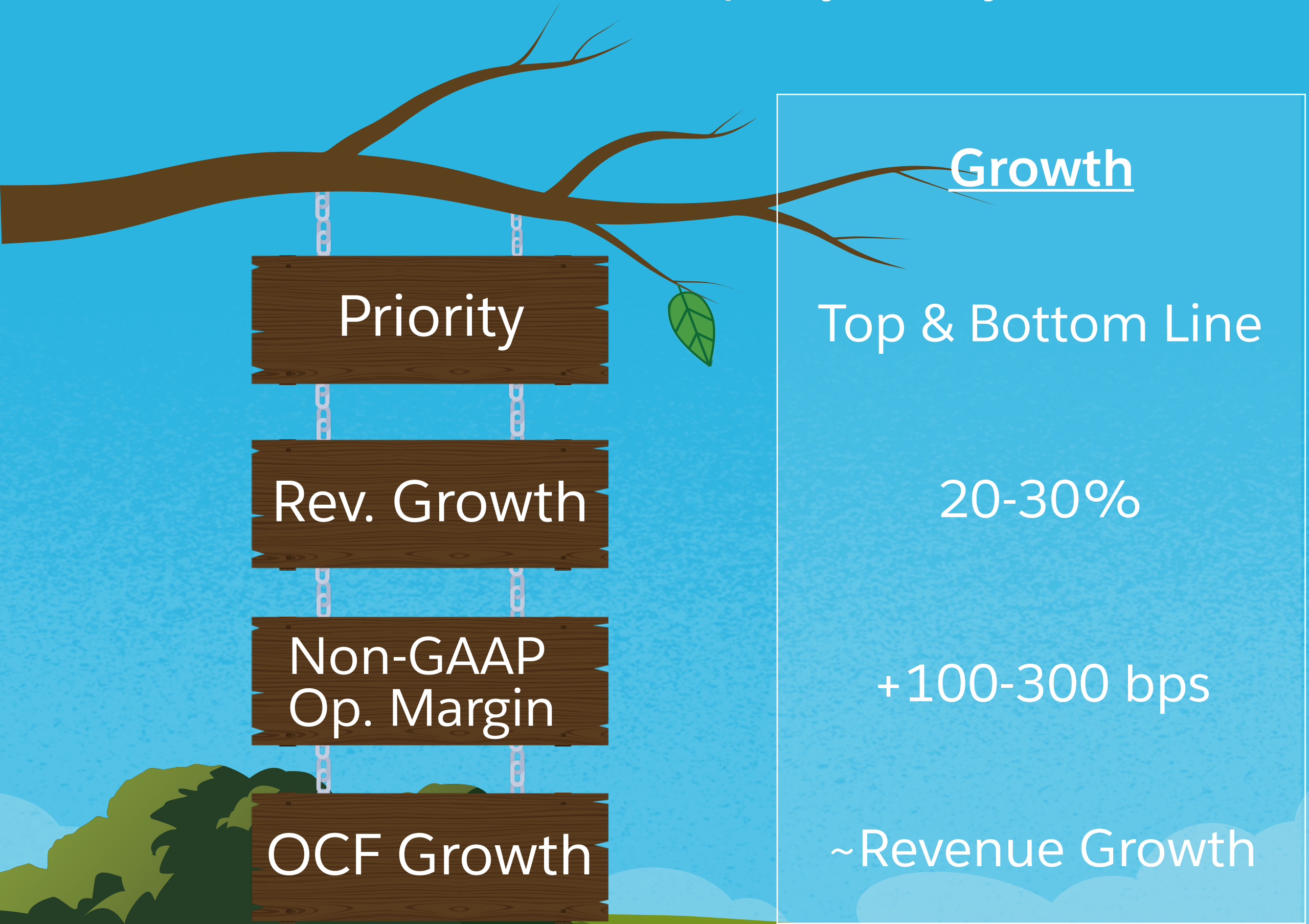
Profitability driven by both operating leverage and model leverage



Note: FY18 estimates represent guidance ranges provided August 22, 2017. Non-GAAP operating margin excludes the effects of stock-based compensation, amortization of purchased intangibles, and lease termination resulting from purchase of office building. A complete reconciliation of GAAP to non-GAAP measures can be found in the Appendix and at www.salesforce.com.

Historical Growth-Margin Framework

We are a different company today than in FY12



Past and Future:

Durable growth
Consistent operating leverage
Modest model leverage

	FY12	FY18	FY22
Revenue	\$2.3B	\$10.4B ¹	\$20-\$22B
TAM	\$26B	\$72B	\$120B
Clouds	3	8	?
Employees	8k	30K	>45K

¹Represents the high-end of Salesforce's FY18 revenue guidance provided August 22, 2017.

Durable Growth Economics

Balancing Near- and Long-Term Goals

Subscription economics guide our execution

Where

Who

One P&L

Enables speed and agility at scale

What

Subscription Economics (CTB/CTS/Attrition)

Vary by product, geo and customer size



Optimization Model:

Near-term:

Durable growth with leverage

Long-term:

Strong unit economics and lifetime value

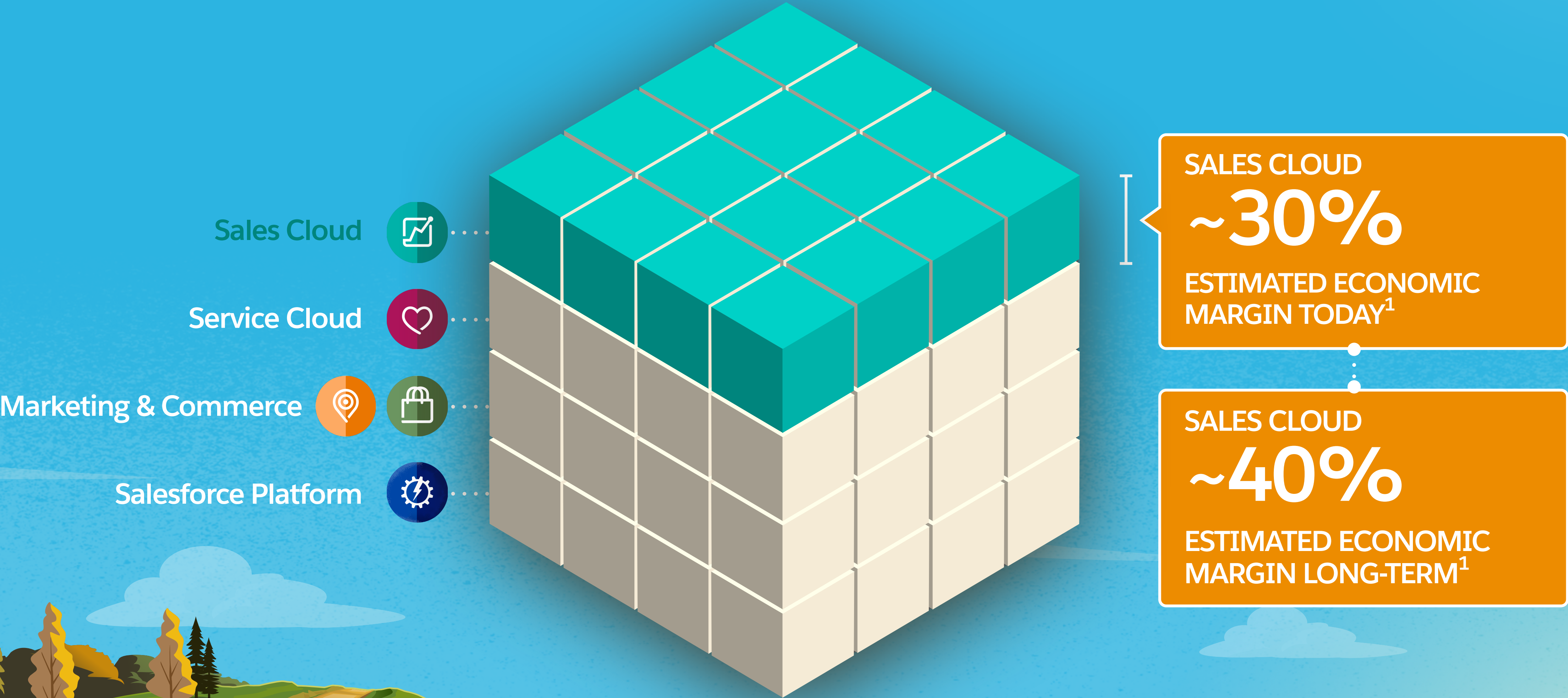
Key inputs:

Operating margin
Hiring capacity



Subscription Economics Vary by Cloud

Sales Cloud delivering mature margin today

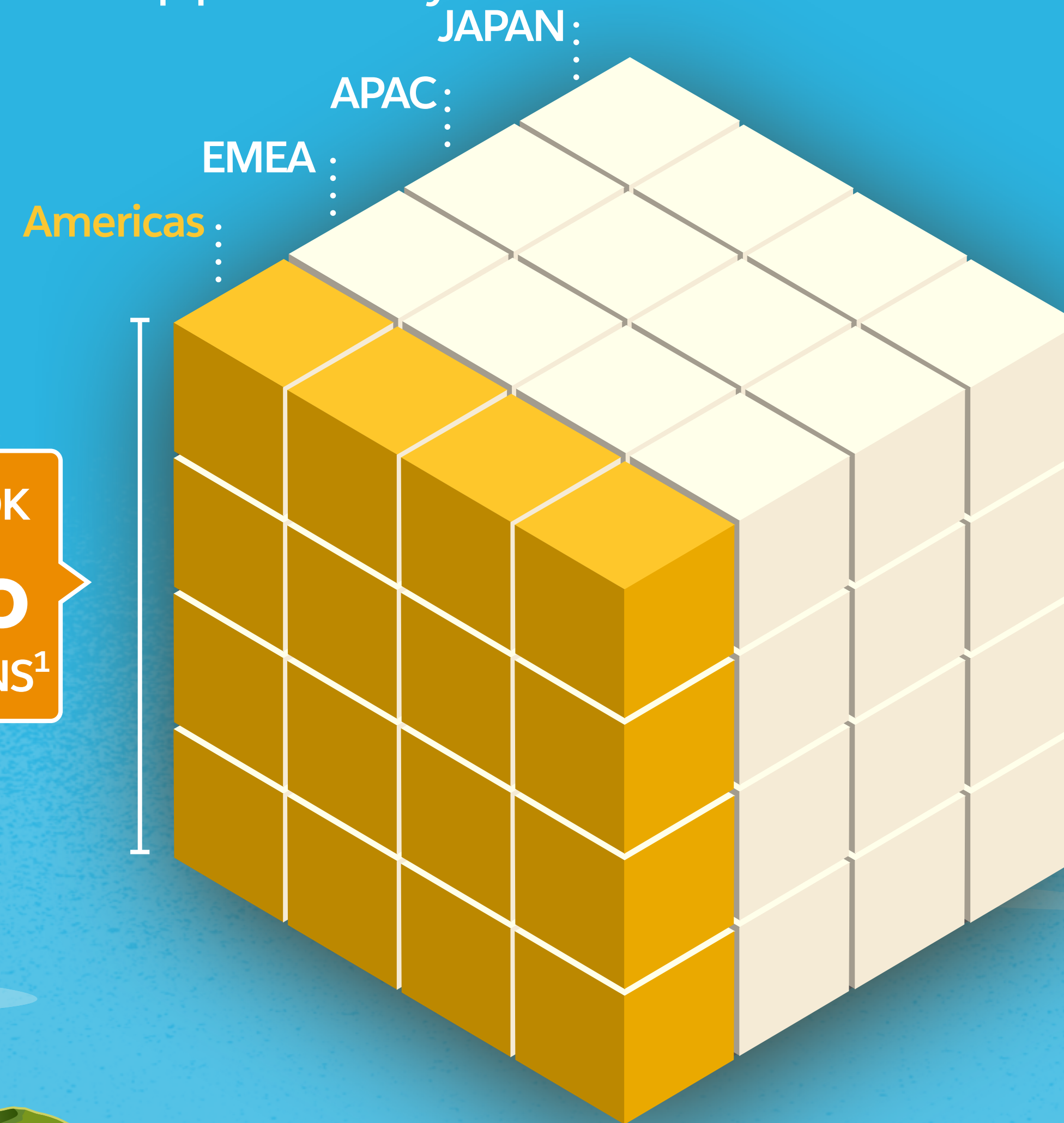


¹Economic margin calculations based on assumptions regarding unit lifetime revenue and subscription economics, including cost to book, cost to serve, and attrition dynamics. Economic margin is not an operating margin. The Company maintains one consolidated statement of operations. The “long-term margin” considers a low-single-digit growth rate, and the “current margin” is based off of FY17 reported Sales Cloud revenue growth rates.

Subscription Economics Vary by Region

salesforce

International scale creates opportunity



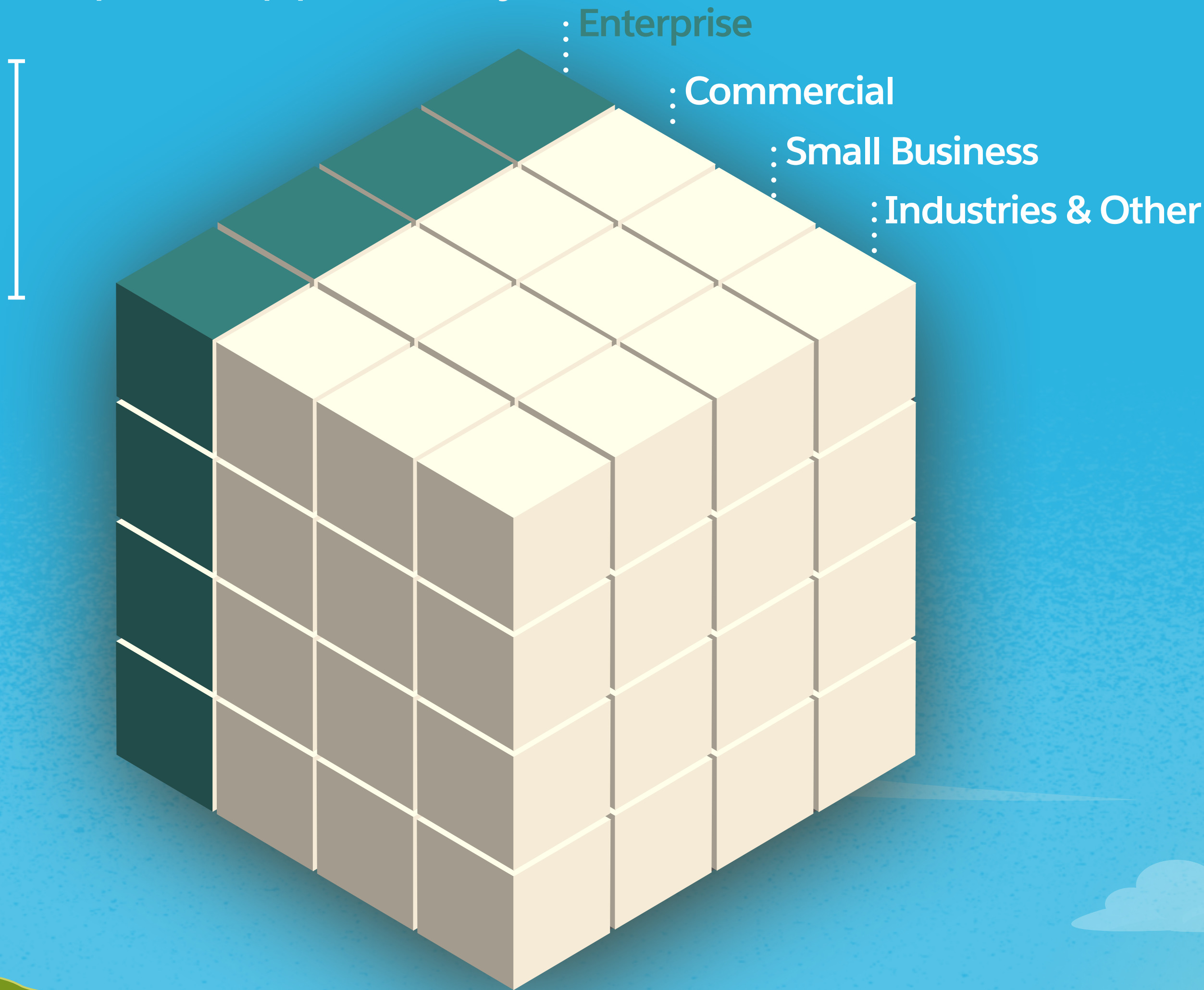
AMERICAS' COST TO BOOK
15%-30%
LOWER THAN OTHER REGIONS¹

¹Cost to book calculations based on assumptions regarding unit lifetime revenue and subscription economics, including cost to book, cost to serve, and attrition dynamics

Subscription Economics Vary by Market

Investing in long-term enterprise opportunity

ENTERPRISE
~40%
ESTIMATED ECONOMIC
MARGIN LONG-TERM¹



¹Economic margin calculations based on assumptions regarding unit lifetime revenue and subscription economics, including cost to book, cost to serve, and attrition dynamics. Economic margin is not an operating margin. The Company maintains one consolidated statement of operations. The “long-term margin” considers a low-single-digit growth rate.

Subscription Economics Guide Our Path

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Subscription Economics

Lifetime Revenue \$1/ Attrition

Less

Cost to Book S&M / Est. New ARR

Cost to Serve (Subs. COGS + R&D + G&A) / Subs. Rev

Margin at Maturity

>35%

ESTIMATED ECONOMIC
MARGIN LONG-TERM

Economic Margin

60%

Growth Rate

salesforce

0%

0%

Margin

40%

THANK YOU



Appendix

GAAP to Non-GAAP Reconciliation

(in 000's)

Non-GAAP income from operations	1H FY18	FY17	FY16	FY15	FY14
GAAP income (loss) from operations	\$41,911	\$64,228	\$114,923	(\$145,633)	(\$286,074)
Plus:					
Amortization of purchased intangibles	148,276	225,277	158,070	154,973	146,535
Stock-based expenses	508,054	820,367	593,628	564,765	503,280
Less:					
Operating lease termination resulting from purchase of 50 Fremont	0	0	(36,617)	0	0
Non-GAAP income from operations	\$698,241	\$1,109,872	\$830,004	\$574,105	\$363,741

As Margin %

Total revenues	\$4,949,168	\$8,391,984	\$6,667,216	\$5,373,586	\$4,071,003
Non-GAAP operating margin	14.1%	13.2%	12.4%	10.7%	8.9%