

Becoming a force to be reckoned with: lessons learnt from Salesforce

 By [Bruce von Maltitz](#)

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A few months ago, Marc Benioff, the CEO of Salesforce.com invited the founders of Rypple, a start-up he had hoped to buy, for lunch. Soon thereafter, Salesforce bought Rypple for USD60 million - turning down a much larger offer from a company with mega-vendor backing. The decision, as one of the founders said, was made "not because of deal terms, but corporate culture".

There are many things that make cloud service providers successful - cutting-edge technology is part of it, but it's not necessarily the most important factor. The episode with Rypple is a demonstration of a hands-on, collaborative corporate culture that trickles throughout the organisation as a whole - and it's indicative of one of the critical success factors that any cloud provider should look at: the personal touch. It's something that we have learnt early on, and that stood us in good stead.

It's called software as a service for a reason

It's a clichéd expression, but people buy their technology from people. Salesforce did what a lot of companies fail to do: they listened to customers. They then follow this up with ongoing support and customer service. A popular slogan within the company is "it's called software as a service, not software sold in a box".

Cloud technology is still fairly new in South Africa and recent improvements in connectivity - coupled with the effects of the global recessions - have attracted the attention numerous software companies hoping to compete for a slice of the market. On the surface, most of the companies offer the same basic model: phones, PCs, and Internet gateway. But many prove to be little more than (what we refer to as) "box droppers". They drop the minimal on-site equipment off at their clients, with minimal instruction, and then disappear behind a shared-call service number.

The real draw card of the cloud is that it's affordable and easy - but it doesn't deliver on its promise of ease and affordability in the hands of the wrong provider. As with any technology, things do go wrong. And aside from technical hiccups, businesses and their needs and processes change - probably faster today than ever before - which means that their systems need to adapt as quickly and seamlessly as possible.

We realised early on that the service aspect of "Software-as-a-service" is crucial to our (and our clients') success. Unless you are able to sit down with a client and take the time to weave the system you are selling into their unique business processes and goals, it's bound to be a frustrating experience for both parties. Being the single point of contact for your client is not easy - in our industry in particular, call centre managers do not keep standard nine-to-five hours and it's not

unheard of to get a phone call at 3am. Taking that call, however, is what makes them keep coming back to you.

Size doesn't matter

Although Salesforce is a multi-billion dollar corporation in its own right, it is dwarfed when compared to the software giants like SAP or Oracle in terms of market share, size or revenue. Yet, it was the first enterprise cloud computing company to exceed USD2 billion in annual revenue run rate, have 100 000 customers worldwide (including the Japanese government) and have been named the fourth-fastest-growing company in the world.

It's not to say that the mega-vendors aren't producing excellent products. They are. But the cloud provides companies with the agility to produce a model that is fundamentally simpler, cheaper and more flexible than that of the mega-vendors, who sell pricey enterprise software that, in turn, requires their customers not only to invest in expensive subscription fees, but also an in-house IT department to assist with the complex installation, maintenance and upgrading work needed.

Like many cloud companies, my partner and I started off working in a corporate environment before founding 1Stream in 2006. Although the hosted model hadn't arrived in South Africa, it was taking off internationally and it was apparently that it would soon become the standard way of running your contact centre. Unfortunately, we soon realised that many large corporates' operational models were not well-suited to hosting, particularly since the foundation of many large companies lies in heavy capex investments. To build a hosted model, various services have to be bought from various divisions (such as LAN, security, licensing, trunking, VoIP, etc) and each division adds its own margin. When margins are added to margins, a simple installation becomes highly expensive. We realised that the market was ready for the product we wanted to sell, but that we had to move away from the restrictive corporate way of doing business.

Although we didn't quite move to a garage, we had to start small and build our business from the ground up. Our motto was that we wouldn't strive to become the biggest, but rather the best. This meant taking the time to develop the technology and become experts in the field. As a result, without focusing on growth, we grew - quickly. We've consistently taken business away from large corporates because our focus has been on niche, specialised skills - rather than drastic expansion.

Born and raised in the cloud

"We achieved our market position by being born cloud," Benioff wrote in his biography. He went on to explain that their constant "rebirth" is rooted in their experience - building on fundamentals they've mastered from the start.

We tend to play fast and loose with the term "innovation" today - the term is slapped on every new gadget that enters the market. But a true innovation has more to do with transforming the way we do business (or live our lives) and less to do with cosmetic changes to existing technology.

Part of the reason we integrated with Salesforce is because there is something to be said for companies who were "born in the cloud" - like we were. I've seen it time and time again: the providers that are weathering the storm of rapid cloud tech adoption are the ones who are able to provide a well-rounded perspective, the ones who are engaged with the industry and able to broker a solution to their customers' problems easily, because they've been there. In fact, very few providers have the experience needed when it comes to understanding a customer's needs or foreseeing the potential pitfalls of adopting various services.

The providers that will remain competitive after the initial rush to the cloud has dissipated will be the ones who can offer the true service capabilities - and that comes from being born and raised in the cloud, rather than merely milking it.

Conclusion

There is no generic recipe for success when it comes to any business, but there are certain principles and fundamentals that hold true. I believe that as long as an entrepreneurial company retains its ability to listen and consult with clients, and as long as it keeps growing its depth of knowledge rather than chasing numbers, it will succeed.

ABOUT BRUCE VON MALTITZ

Bruce von Maltitz is currently the MD of 1Stream, a cloud-based contact centre technology provider. He has over 20 years experience in the service industry focusing specifically on contact centres for the last twelve years. He has a detailed understanding of how to design, build and operate contact centres having worked in the industry in SA, Africa and abroad.

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