FinancialForce 2016

Dreamforce
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Service Performance Insight, LLC

Research Note

FinancialForce Makes a Big Impact at Dreamforce
THE POWER OF INTEGRATED ERP, CRM, PSA AND HCM

INTRODUCTION

Dreamforce 2016, the 14th annual celebration of Salesforce clients, prospects and partners, was a smashing success as over 170,000 people attended, with another 15 million tuning in over the Internet. The growth of Salesforce and its ecosystem has been nothing short of meteoric. At the same time, FinancialForce has become a rising star in the Salesforce ecosystem and a major force in cloud-based Financial Management, Professional Services Automation (PSA), and Human Capital Management(HCM) solutions.

FinancialForce, founded 7 years ago with funding from Salesforce Ventures, Technology Crossover Ventures, Advent International and Unit4, has grown revenues to a run-rate of approximately $100 million. FinancialForce has become a leading Cloud ERP vendor with applications built entirely on the Salesforce Platform.

Headquartered in San Francisco, FinancialForce now has over 1,200 customers located in thirty countries with the majority of revenues coming from North America. The company provides services-centric businesses with a platform that organizes sales, services, finance and HR around their customers.

Dreamforce was filled with big announcements. The following sections highlight some of the more significant to the professional services market.

THE SALESFORCE ECOSYSTEM

From a technology Professional Services point of view there is no denying that all roads lead to Salesforce. Not only is Salesforce the dominant CRM platform used by service providers but it has also created the fastest growing enterprise ecosystem. According to SPI's 2016 PS Maturity™ benchmark, Salesforce CRM is by far the most prevalent application used by 47% of 549 benchmark participants.

In a new report published by IDC, the Salesforce ecosystem is predicted to produce $389 Billion in GDP impact and generate almost 2 million new jobs by 2020. The AppExchange, combined with Salesforce's long-standing focus on growth through partnerships means that for every $1 generated by Salesforce, the ecosystem realizes almost $4. Even better, Salesforce partners reported average year-over-year revenue growth of 48 percent.

IT'S ALL ABOUT THE PLATFORM

Platforms do matter. Undoubtedly one of the many smart things that Salesforce has pioneered has been the emphasis on building out a robust development platform and partner ecosystem.

Today the Salesforce AppExchange provides over 3,000 applications and extensions making it 2nd only to Apple's iTunes in terms of impact and first in terms of enterprise software platforms. The Salesforce AppExchange is now the longest running and largest business application exchange with more than 4 million downloads.

Today Salesforce boasts not one, but six clouds – Sales, Service, Marketing, Community, Analytics and Applications. Each of these clouds is comprised of hundreds of applications and extensions, all built on

the powerful Salesforce application, network and infrastructure stack.

THE NEW STUFF

Salesforce unveiled a dizzying array of customer-centric applications, some home grown and some acquired, focused on how cloud, social, mobile, internet of things (IoT) and artificial intelligence (AI) technologies are transforming companies and enabling them to get closer to their customers.

A big announcement was the Lightning Application Development platform. Salesforce has completely redone their user interface with new drag and drop components. Salesforce Lightning is a modern framework that combines an intuitive user experience and component-based application builder. More than 100,000 customers have already deployed Lightning and are using the 1,000+ Lightning Components from the Salesforce ecosystem to customize their experiences.

Einstein – a data scientist at your desk. Salesforce is applying AI to lead scoring, case resolution, predictive analysis and more. With advanced AI capabilities for sales, service, marketing and commerce, Einstein will put the power of


Figure 1: Salesforce Cloud

Source: Salesforce, October 2016

artificial intelligence and machine learning into daily business activities. Einstein can leverage the data in Salesforce—customer data; activity data from Chatter, email, calendar and ecommerce; social data streams such as tweets and images; and even IoT signals—from participating customers to train predictive models.

WAVE ANALYTICS

To leverage all of the value within enterprise class solutions, reporting and analytics must be addressed. Salesforce launched Wave Analytics Cloud, providing pre-configured, easy-to-use analytics applications that deliver data-driven insights. FinancialForce Wave for PSA harnesses the power of Wave Analytics, enabling business users to gain critical information across the entire organization from billings forecasts to backlog visibility.

Figure 2: FinancialForce Wave for PSA
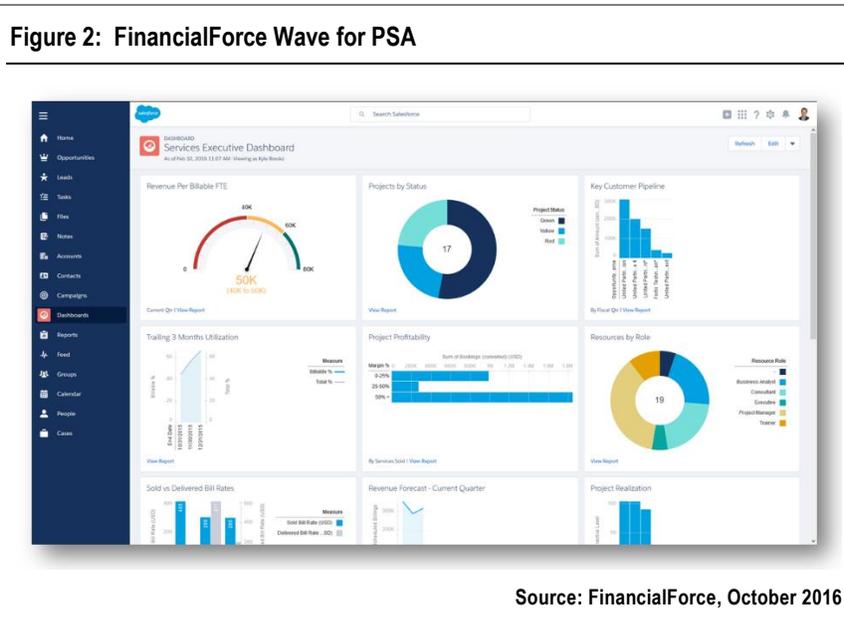
Source: FinancialForce, October 2016

FinancialForce Wave for PSA allow PSOs to make critical decisions in an informed and predictable manner. The application creates personalized dashboards with multiple perspectives by customer, region,

practice, and group. With Wave for PSA, seamless views from a single project to the entire portfolio, make it easy to view, analyze and take smarter

actions using business insight.

Traditional business analytics tools are often disconnected from business processes and present data in static outdated reports that require an army of experts to create. Wave applications seamlessly integrate with Salesforce data and provide users with an intuitive, self-service way to drill into the most up-to-date data, uncover insights, collaborate and take instant action, from any device.

FINANCIALFORCE PEOPLECASTING™

SPI has written and discussed the growing talent shortage in the people-centric services business for years. Just as CRM applications have transformed business applications to focus on the customer, we believe that a convergence of Financial, Professional Service Automation and Human Capital Management applications is on the horizon, putting people at the center of workforce management. A handful of solution providers are starting to marry employee information with financial and professional service automation applications, eliminating the need for overworked consultants to maintain two or more HR and skills profiles. Nirvana from a consultant's point of view would be to easily manage assignments, time off, expenses, skills profiles and schedules all from unified applications on their smart phones.

FinancialForce PeopleCasting™ bridges the visibility gap between sales, services, HR and finance, giving

businesses the power of insight for resource forecasting, strategic hiring and predicting future spending. FinancialForce PeopleCasting™ improves the employee experience because all applications are seamlessly connected on the Salesforce Platform.

With data centralized in one location, organizations can quickly connect the dots between what's in the sales pipeline, who they need to hire and when to hire them. Managers not only have all employee data in one place, but are now able to map skillsets to projects, plan training schedules, track performance and goals, manage schedules and vacation—all from a single system.

Figure 3: FinancialForce PeopleCasting™

Source: FinancialForce, October 2016
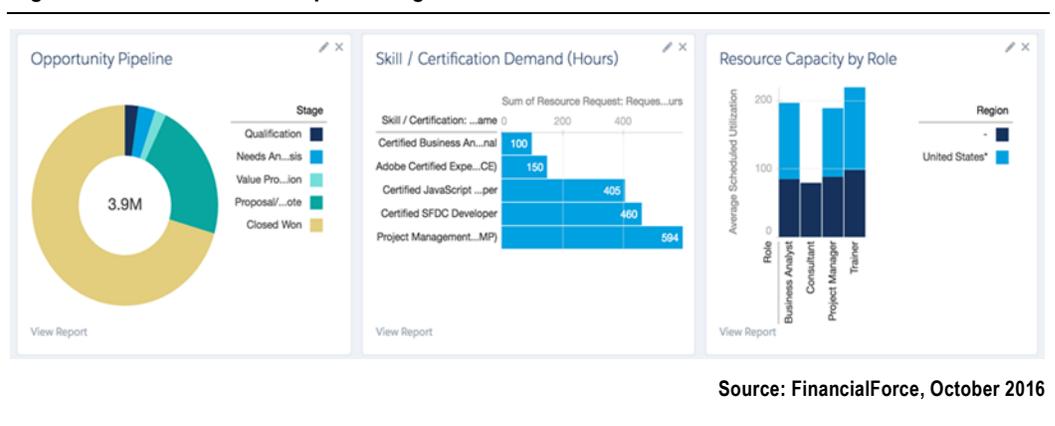
EVERYTHING-AS-A-SERVICE BILLING

FinancialForce Billing Central, unifies billing, revenue management and accounting operations on the Salesforce Platform, building seamless processes and providing end-to-end visibility across the customer lifecycle.

Modern businesses are increasingly shifting from product and single transaction sales to service and subscription models. The shift to services and the importance of subscription renewals have placed an even greater emphasis on the need for flexible billing models to drive overall business growth and profitability.

Billing Central enables businesses to benefit from a single cloud platform strategy and manage customer billing on the same platform that sales, services, customer support and customer success staff are using – for complete customer lifecycle visibility, from opportunity through to renewal.

With Billing Central, FinancialForce customers are now able to consolidate billing sources across multiple customer contract types; support tiered and volume-based pricing and visualize the entire customer lifecycle - from opportunity to renewal.

CONCLUSIONS

FinancialForce is on a roll, riding the wave of the Salesforce Ecosystem to a dominant position in the service industries. FinancialForce PSA, first developed as a powerful application to manage the Salesforce Professional Services organization, has grown into the platform of choice for services businesses who already rely on Salesforce CRM to power their sales and marketing organizations.

The company has the right financial backing and focus to develop native cloud-based solutions for finance, HR and Professional Services on the Salesforce platform. Its efforts are paying off. FinancialForce is now growing its PSA base by adding financials and human capital management as more firms look to move their operations to the cloud, with one integrated platform supporting sales, financials, services and talent.

FinancialForce understands that today's organizations are fundamentally people-centric. By putting people at the center of operations, dynamic organizations are empowering growth and decision-making.

FinancialForce is one of a handful of cloud-based vendors focused on the specialized needs of the Professional Services market. It has uniquely built out its core Professional Services Automation functionality by taking advantage of new Salesforce innovations in analytics, reporting and collaboration.

Service Performance Insight has had the opportunity to meet with dozens of FinancialForce clients over the past year who are reaping the benefits of aligning sales, service, HR and finance on the Salesforce platform. No other vendor provides as deep a level of out-of-the-box integration between Salesforce CRM and FinancialForce PSA. This alignment provides both sales and service a 360 degree view of opportunities, clients, contracts, resources and projects. Our benchmarks show this tight integration drives superlative performance in terms of growth and profit.

By sticking with the Salesforce Platform and ecosystem, FinancialForce has been able to avoid the complexity, overlaps and intricacies of competing enterprise-class application suppliers who spend more time trying to make disparate acquired products work than on developing new ones. Having all of its solutions built on the industry-leading Salesforce platform makes FinancialForce a desirable choice for professional services organizations that look to achieve greater alignment between sales, service, finance and HR while enhancing visibility and performance as they grow.

Service Performance Insight invites you to participate in our industry-leading 2017 PS Maturity™ benchmark survey.