

Salesforce AppExchange "A Gateway to Success"



Annual Research Report BY CEPTES

CEPTES PDO | Annual Report | 1st Publication, FY22

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salesforce

Preface

Background

At CEPTES, we conduct regular analysis and research on the Salesforce AppExchange partnership and its benefits. The report is based on our independent research and survey that we run every year to check the overall performance of AppExchange. We also review other reports published by major PDO players who conduct similar research. This report should give insights to new ISVs planning to onboard to AppExchange and help them take the right decision for their journey to AppExchange. We will continue refining our survey and methods to bring the most impactful data for ISV partners to understand the AppExchange ecosystem trends and overall performance.

In our research, we have used various publications, surveys, insights shared by Salesforce Partner Portal, Sentiments shared by CEPTES Product customers, and other customer surveys. We have also reviewed insights from Crunchbase, including Microsoft AppSource, Google Cloud, and Shopify App Store ecosystems, to compare where Salesforce AppExchange stand among peers.

In our 1st Public Report, we aimed to focus on below major areas.

- Overall AppExchange Partner Growth
- Overall Salesforce Growth Matrices
- Sectors and Industry Focus
- Key Partner Benefits and sentiments
- Investments
- Acquisitions



Introduction

An enterprise cloud is a unified IT operating environment that melds private cloud, public cloud, and distributed cloud, providing a single point of control for managing infrastructure and applications in any cloud. The Enterprise cloud is more than a computing model where your business can access virtual IT services from public or private cloud providers. It's a strategy for maximizing your cloud services and deployments. And it's a game-changer for enterprises that need flexibility and scalability including data virtualization.

Salesforce AppExchange is the leading enterprise cloud marketplace. It is a marketplace offering solutions, such as apps, components, and consulting services. Salesforce Platform is an enterprise platform-as-a-service (PaaS) solution that allows developers to build, test and resolve defects in cloud applications before deployment. It is an app development platform that makes building apps faster, easier, and more fun. It empowers the next generation of app creators in every corner of the business to join forces with IT and turn their ideas into working apps that transform business.

Any Enterprise SaaS Product company can build their application /solution/product on the Salesforce platform using Salesforce technologies. Their journey starts from ideation to listing on Salesforce AppExchange and make it available globally.

AppExchange has remained far and away the largest and most successful marketplace of its kind. AppExchange popularized the idea of creating an open platform that other companies built apps for and businesses around.



10,000 + Listed Apps



Home to many \$Bn Apps



10 M + Installations



Used by Fortune 100 Companies

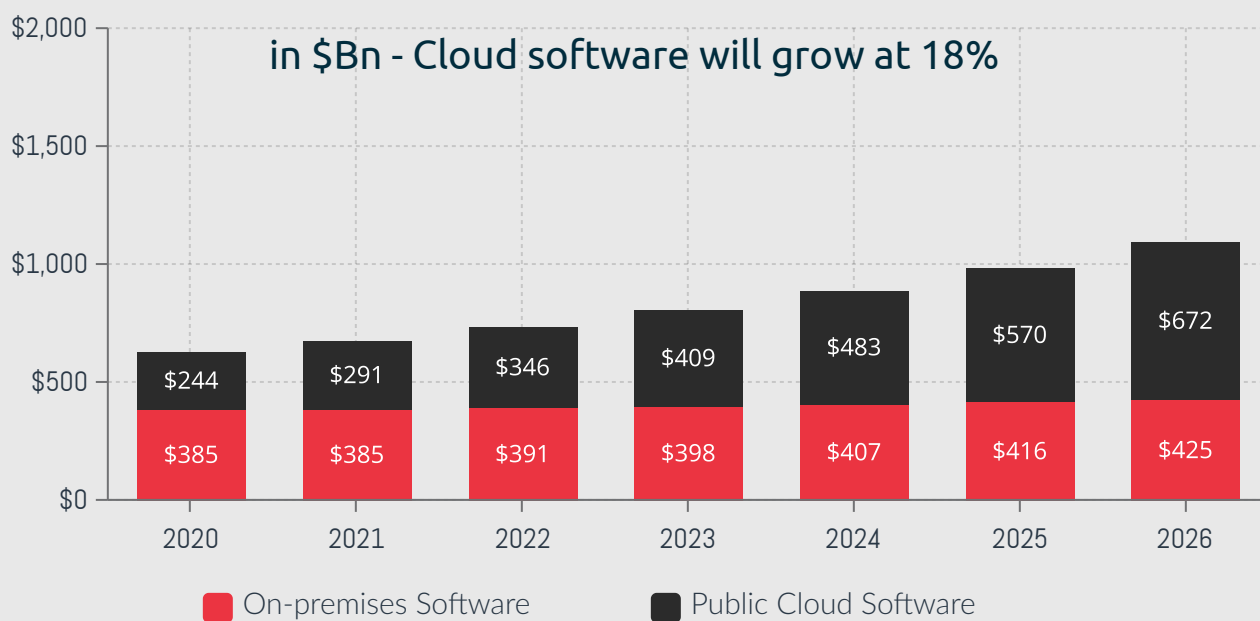
Salesforce Growth Matrices

In a nutshell, Salesforce AppExchange is a marketplace that leverages the power of apps to help solve many real-life business challenges and bottlenecks. The AppExchange App functionality extends across various dimensions – business, finance, sales, marketing, human resource, operations, and much more.

With the release of the latest [IDC white paper](#), Woodson Martin, EVP and GM of the AppExchange showcased the latest estimations of the impact of the Salesforce economy.

By 2026:

- 9 Million new jobs will be created
- \$1.6 Trillion in new business revenues for customers
- The Partner ecosystem will make \$5.80 for every dollar Salesforce earns
- The Salesforce ecosystem will be 6X larger than Salesforce



Salesforce Global Reach



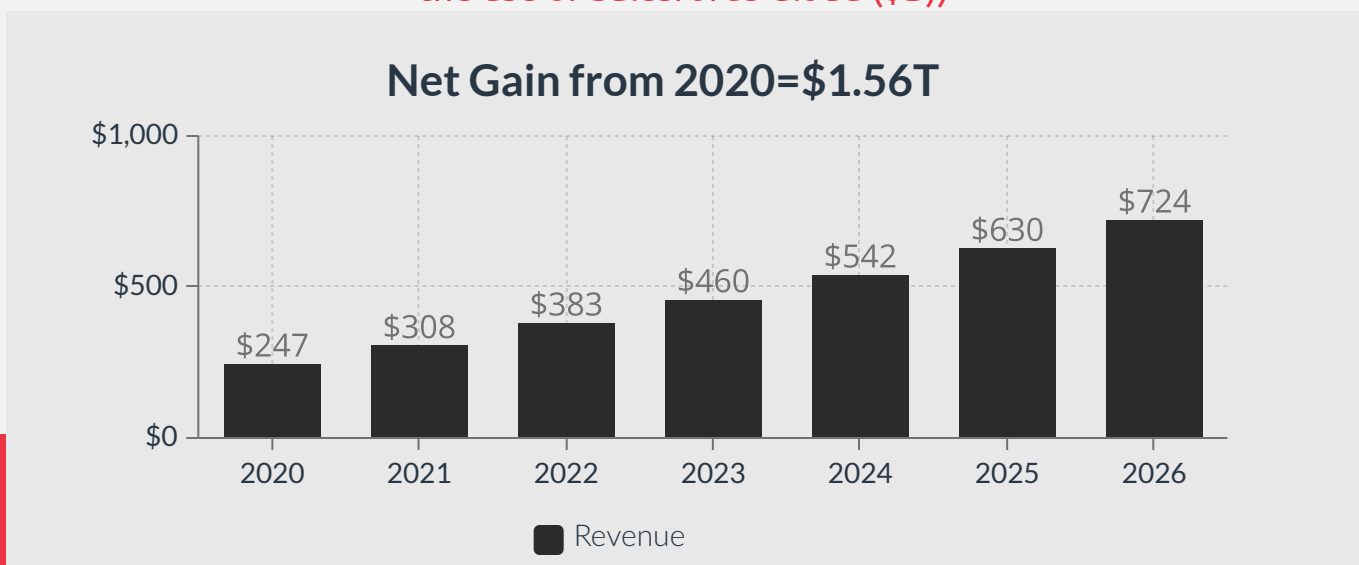
- Salesforce is the global leader in CRM in term of market share and has more than 1,50,000 Customers globally for all its cloud services

Salesforce AppExchange partners benefit from Salesforce's Market Reach and its ability to expose partner solutions to its customer base

There has been a rebound to 65% of you citing increased revenue (whether somewhat or significantly) year to year from the participation in the Salesforce ISV program, up from 53% in 2020. The major factors AppExchange Partners choose and trust the Marketplace :

- Get to market quickly
- Security
- Scalability and Global reach
- Salesforce Credibility with Customers
- Gateway into the enterprise
- Access to install base
- Economics of using Salesforce Vs. Full in-house build
- Partner Ecosystem

How Salesforce Fuels the Economy (worldwide business revenues generated from the use of Salesforce Cloud (\$B))



Salesforce Services Market Outlook

The **global salesforce sales & services cloud market** is set to top **US\$ 13 Bn** in 2022, and is predicted to expand at a stupendous CAGR of **14.4%** to reach a valuation of **US\$ 33.5 Bn** by 2029.

Salesforce services currently account for 2% share in the global IT services market. Market growth is primarily being driven by increasing adoption of salesforce services in the BFSI industry.

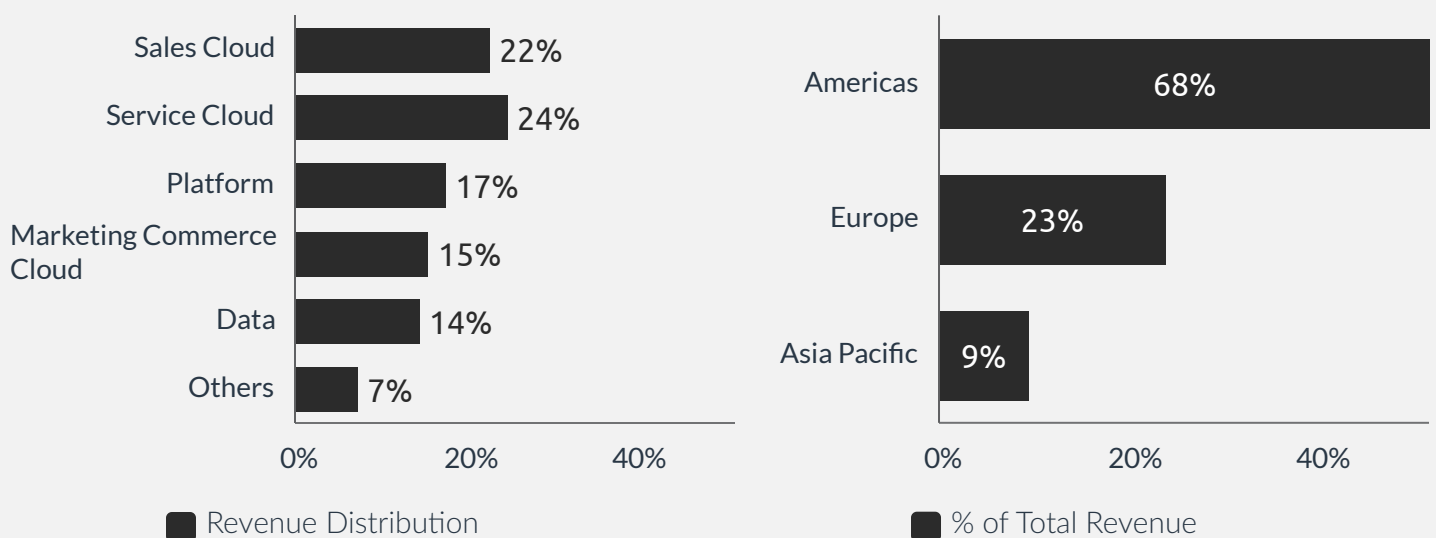
\$26.5 Bn Total Revenue in FY22, up 25% year over year

\$43.7 Bn Remaining Performance Obligation up 21% year over year

\$6 billion Operating Cash Flow up 25% year over year

90% of the Fortune 500 are Salesforce customers 6 million+ Hours contributed to the community since inception

“36% YoY Growth in Platform Services - Highest among all Salesforce Services”



AppExchange Performance

ACCELERATED
SALES CYCLE



REDUCED SECURITY
& DUE DILIGENCE



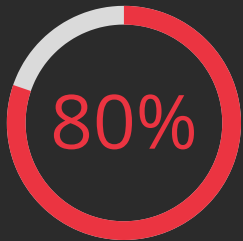
REDUCED
INFRASTRUCTURE
MANAGEMENT COST



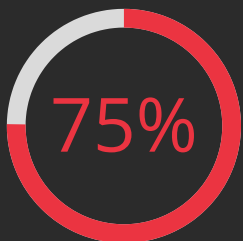
REDUCED MARKETING
RESOURCE
REQUIREMENT



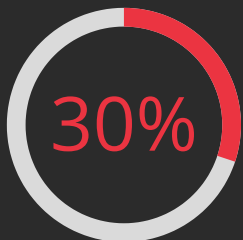
AppExchange Partnerships enable ISVs to accelerate sales by up to 20%



AppExchange Partners are able to reduce prospects' security and due diligence time by up to 80%



AppExchange Partners are able to reduce infrastructure management cost by up to 75%



AppExchange Partners can achieve greater marketing outcomes with 30% fewer marketing resources

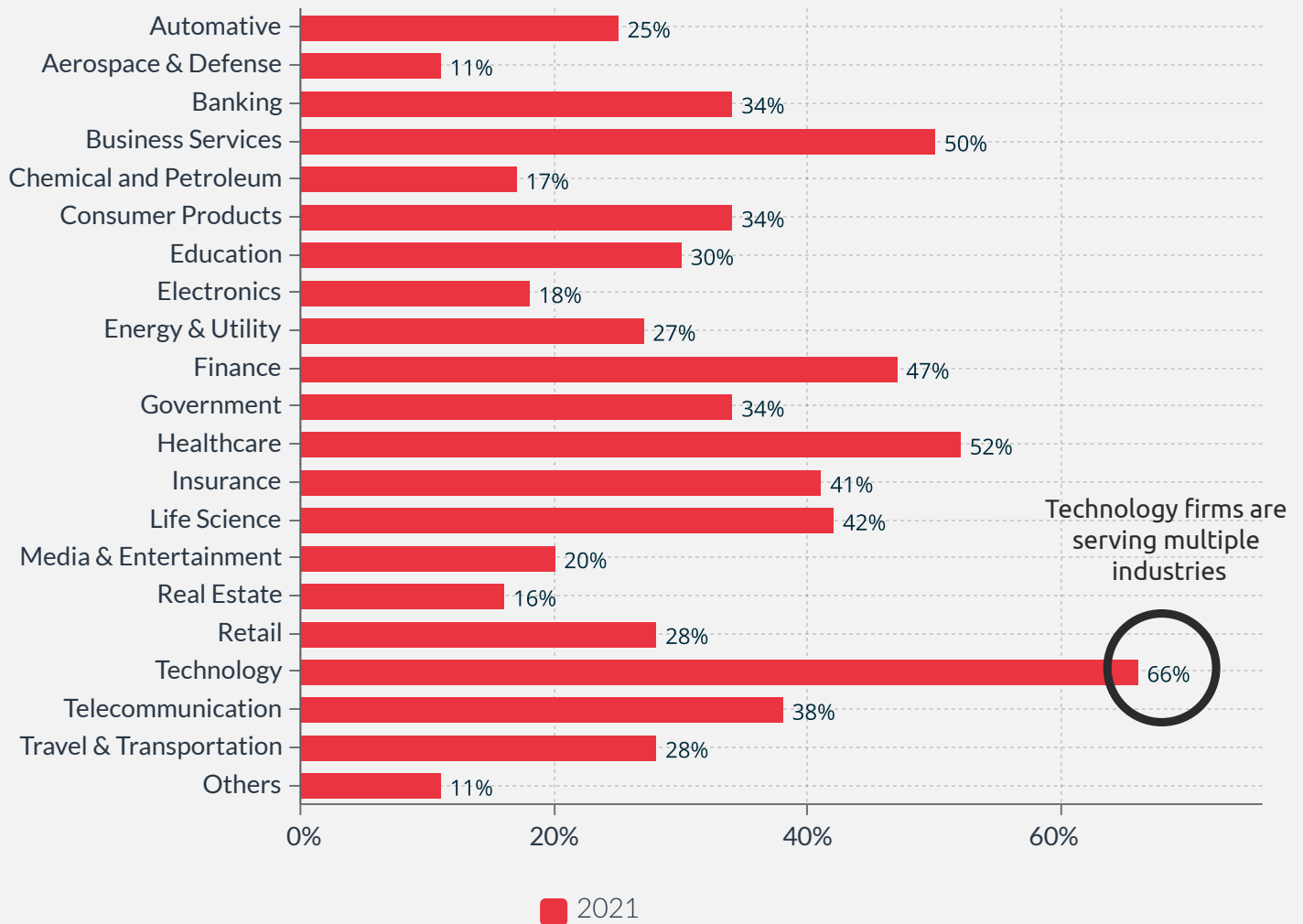


Looking ahead from a functional perspective, we can expect further integration of Tableau and Slack to be reflected in AppExchange, providing partners with more data and insights as well as greater opportunities for collaboration and leverage Salesforce to grow their businesses

Sectors & Industries

Industries that AppExchange products serves primarily

2021 Data



- Out of All AppExchange Apps 32% of apps are enterprise and up , 67% of apps are Lightning Ready , 8% of apps are 100% Salesforce-native
- There are 23% products that serves more than 10 Industries and there are 3% technology products that serves all sectors and industries
- The Industry distribution correlates with the success of the Salesforce Industry clouds i.e. Financial Services, Healthcare & Life Science, Retail
- Salesforce credibility with customers is perceived as the dominant factor for success in the marketplace followed by gateway to the enterprise, access to install base and partner ecosystem

Investment & Acquisitions

Funding has significantly increased in AppExchange companies in 2021, VC funding to those companies reached over \$10 billion, double the \$5.3 billion invested in 2020. Investment in late-stage rounds accounts for 77% of funding so far in 2021 and that shows the Investors are interested in Mature Companies who can demonstrate business traction.

The largest funding rounds in AppExchange companies in 2021 include:

- A \$800 million Series C extension, a cloud communications platform
- A \$750 million Series F for a robotic process automation company
- A \$600 million Series H round for a payment processing company

\$20 Bn

Around (\$20 Bn) Investment done in AppExchange Products in the last five years

The largest acquisition of an AppExchange company in 2021 was that of a healthcare technology company, Change Healthcare, acquired by Optum (already an AppExchange partner) for \$13 billion



Total 273 Acquisitions in last 5 Years

A total of 80 Companies got acquired in 2021 with \$66 Bn valuation

2021
11 AppExchange Companies went public (IPO) in 2021, among them experience management platform Qualtrics IPO'd in January with a valuation of \$15 billion



" Across four marketplace ecosystems there are 1951 companies in AppExchange, 115 companies in Google Cloud, 316 companies in Microsoft AppSource, and 85 companies in Shopify. Out of those companies, 1079 have received at least one round of venture funding. "

- Source Crunchbase Data

" 2021 year's survey suggests the ecosystem is quite positive regardless of the pandemic storm, with 87% reporting to be doing very well and adapting fairly well. Some have even reported thriving through it all. "

" The growth of the AppExchange is showing no signs of slowing down. The number of new ISV products per year continues to increase, with 2021 being on track to have the most apps ever launched in a calendar year "

" Total 273 Acquisitions in last 5 Years with \$243 Bn Total Acquired price "

" AppExchange listing continues to be of primary importance for Salesforce-related lead sources, with Salesforce AEs coming in second and other Salesforce channels third. "

- Tableau and Slack garnered the most interest from companies with revenues of <\$1 million
- Companies between \$1 million and \$10 million exhibited interest in the broadest range of products with Marketing Cloud, Mulesoft, Slack, and Commerce receiving the most interest
- Tableau, Mulesoft, and Slack received the most interest among companies at >\$100 million

Performance of the Products developed & owned by CEPTES as ISV Partner

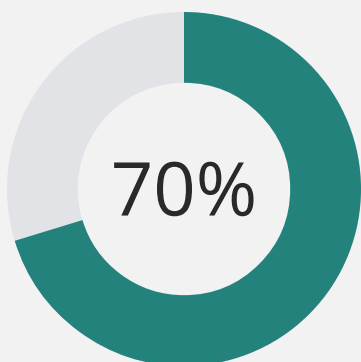
Statistics 2021

9 Core Technology Products. 2 New Products launched in 2021.

Real360 - Independent OEM product for Complete Real Estate Management Solution

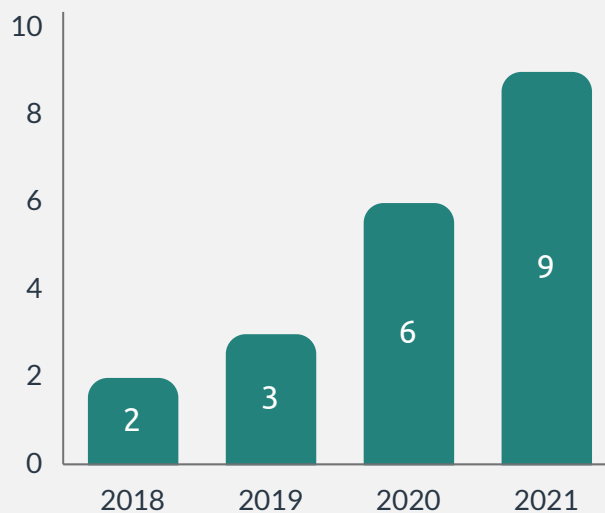
1000+ Global Customers





50% Fortune 500 Companies







70% YoY Growth in Rev with **51%** Growth in New Customers in 2021 across 5 Data products


- Avg. 2 new Products Launched / year
- **681%** Increase in AppExchange Traffic in 2021
- 40% Increase in Installations from AppExchange in 2021
- Covering 16 Industries and 5 Continents



 <p>files Pro</p> <p>External File Storage & Collaboration Solution</p>	 <p>DataArchiva™</p> <p>Native Data Archiving Solution using Big Object</p>	 <p>DataConnectiva</p> <p>Archive Salesforce Data Externally</p>	 <p>DataBackup</p> <p>Salesforce Data Backup Solution</p>
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 <p>Encryptik Cloud Data Encrypted</p> <p>Native Data Encryption Solution for Salesforce</p>	 <p>DOCUPRIME</p> <p>Native Document Generation Solution</p>	<p>200 K</p> <p>Light Weight Any Point Integration Connector</p>	 <p>RealE 360</p> <p>Complete Real Estate Solution</p>	 <p>Smart Dialer</p>
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Product
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Outsourcer

- Salesforce AppExchange Partner Portal - appexchange.salesforce.com
- An IDC White Paper - THE SALESFORCE ECONOMIC IMPACT - John F. Gantz Senior Vice President, IDC , Alan Webber Program Vice President, Customer Experience, IDC
- The 5th Annual State Of AppExchange Partners Report - By CodeScience
- The Value of Salesforce AppExchange for Partners - A Valoir Report, Aug 2022, www.valoir.com
- CEPTES's Whitepapers, Internal Reports & Customer Feedback
- Salesforce-FY-2022-Annual-Report
- Salesforce Services Market - fmi (future market insights) report forecast 2022-29