



## White Paper

# The Salesforce Economy: Enabling 1.9 Million New Jobs and \$389 Billion in New Revenue Over the Next Five Years

Sponsored by: Salesforce

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## IN THIS WHITE PAPER

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This White Paper forecasts the economic contribution of Salesforce and its ecosystem of partners and customers to local economies in terms of jobs and gross domestic product (GDP) impact.

The study relies on IDC's forecasts of job creation from organizational use of cloud computing, IDC's understanding of Salesforce's market share, IDC's published research on the number of ancillary products and services that accompany cloud computing implementations, IDC's understanding of how Salesforce partners and developers are building applications and services on top of the Salesforce platform, surveys of cloud computing customers, and a custom economic model that estimates the size of the Salesforce ecosystem.

## EXECUTIVE SUMMARY

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- Worldwide, Salesforce and its ecosystem will enable the creation of 1.9 million jobs within the Salesforce customer base from the use of cloud computing between the end of 2015 and the end of 2020.
- During this same time frame, Salesforce and its ecosystem will enable the creation of more than 2.8 million indirect jobs, or those jobs created in the supply and distribution chains serving Salesforce customers, as well as from new company employees spending money in the general economy.
- Over the same period, the benefits of cloud computing accruing to Salesforce customers will add \$389 billion in new business revenue, or GDP impact, to their local economies.
- Cloud computing generates these benefits primarily by permitting an increase in IT innovation, which in turn supports business innovation that leads to accelerated development schedules, faster project completion, shorter time to market for new products, and lower operational costs.
- The Salesforce ecosystem revenue is three to four times bigger than Salesforce itself because organizations that spend on cloud computing subscriptions also spend on ancillary products and services, from additional cloud subscription and professional services to additional software applications, hardware, and managed services. IDC predicts that by 2020, for every dollar Salesforce makes, the company's ecosystem will achieve \$4.14.
- If Salesforce merely grows at the rate of cloud computing adoption, that means that the ecosystem as a whole will pull in more than \$100 billion in new revenue from 2015 through 2020. The United States, because of its large share of cloud computing implementations and of Salesforce's global revenue, will generate about two-thirds of the world's financial gain from the Salesforce customer set, but about two-thirds of the jobs will be created in emerging markets where labor costs are low.

- In an IDC survey of 1,142 cloud-using organizations in eight countries conducted in 2015, Salesforce customers said, on average, they have experienced payback from their Salesforce technology investments in 13 months or less. Over four years, aggregate worldwide investments by Salesforce customers in cloud computing should yield three to five times the financial benefits compared with costs.

## ECONOMIC BENEFIT SUMMARY

Table 1 shows the summary of the impact of Salesforce as well as its ecosystem of partners and its customers in the regions studied. Detailed definitions are provided in the Appendix.

**TABLE 1**

### Local Economic Benefits Summary

Country	Business Revenue Created (\$M), YE2015–YE2020	Direct Jobs Created, YE2015–YE2020	Indirect/ Induced Jobs Created, YE2015–YE2020	Ecosystem Revenue/ Salesforce Revenue, 2015	Ecosystem Revenue/ Salesforce Revenue, 2020
United Kingdom	35,857	86,210	149,284	2.42	3.89
France	6,480	26,177	74,943	3.23	4.57
Germany	5,032	18,181	27,923	2.57	4.06
Netherlands	1,477	7,322	11,133	2.61	4.11
Rest of Western Europe	10,390	34,444	52,891	2.57	4.08
Western Europe total	59,235	172,334	316,174	2.56	4.03
United States	269,318	323,194	426,784	2.90	4.16
Canada	1,640	18,344	28,445	2.76	4.35
Australia	6,990	16,015	31,905	2.66	4.06
Japan	20,443	109,710	130,678	2.67	4.12
Singapore	1,778	2,863	5,323	2.88	4.22
Worldwide	389,026	1,871,275	2,856,109	2.82	4.14

Source: IDC's Salesforce Economic Impact Model, 2016

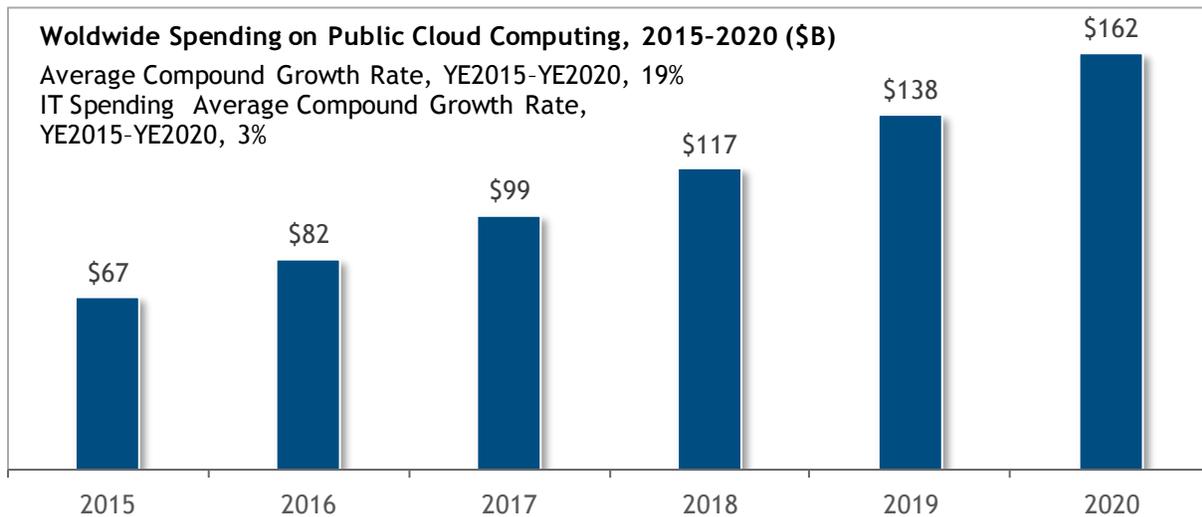
## CLOUD COMPUTING: A SOFTWARE ENGINE FOR IT GROWTH

When Salesforce released its first product in 2000, cloud computing was in its infancy, an unproven computing technique. In fact, cloud computing didn't surpass 1% of IT spending until 2009. Even today, public cloud computing accounts for less than 5% of spending on IT and 15% of spending on software.

But despite its small share of the \$2 trillion IT market, cloud computing has been a major contributor to *growth* in IT spending, growing at 4.5 times the rate of IT spending since 2009 and expected to grow at better than 6 times the rate of IT spending from 2015 through 2020 (see Figure 1).

**FIGURE 1**

### The Rapid Growth of Cloud Computing, 2015-2020



Source: IDC, 2016

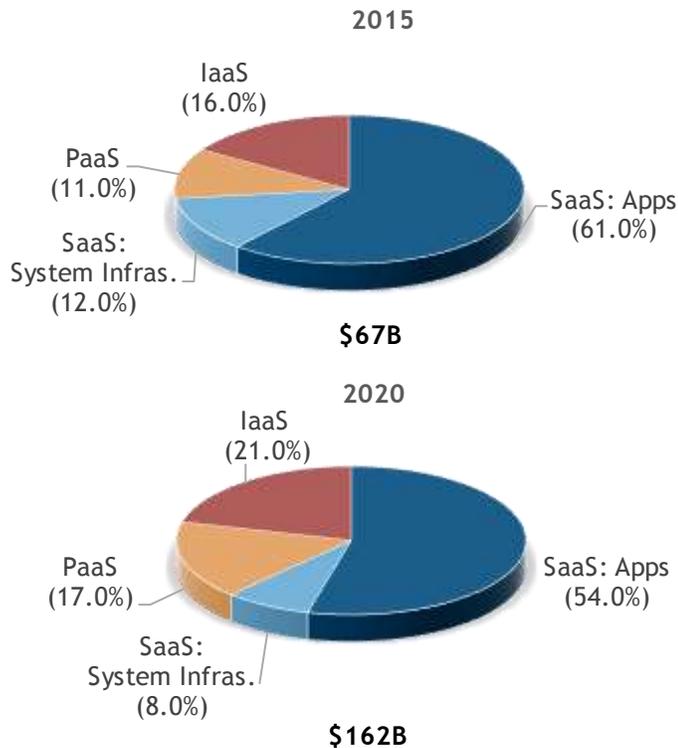
The services offered through cloud computing are traditionally split into the following types:

- **Software as a service (SaaS) – applications**, which support collaboration, enterprise resource management, and customer relationship management (Salesforce's cloud solutions fit into this category, including sales cloud, service cloud, and marketing cloud.)
- **SaaS – system infrastructure**, which provides systems management, security, and other background software operations or system infrastructure software such as security or systems management
- **Platform as a service (PaaS)**, which delivers application development tools and development platforms (The Salesforce App Cloud falls into this category.)
- **Infrastructure as a service (IaaS)**, which is the delivery of information storage, processing, bandwidth, or other utility computing services (IaaS typically replaces on-premises hardware.)

While Figures 1 and 2 relate to "public" cloud computing, there are also "private" cloud solutions that offer shared solutions within a company. These can be provided by internal IT organizations or managed or hosted by third parties. For the purpose of this White Paper, IDC considered all forms of cloud computing in the analysis and forecasts of economic impact.

## FIGURE 2

### Software Services Drive Cloud Computing, 2015 and 2020 Worldwide Spending on Public Cloud Computing by Type (\$B)



Source: IDC, 2016

## HOW SALESFORCE CLOUD OFFERINGS DRIVE BENEFITS

IDC has been tracking and predicting the impact of cloud computing on local economies since 2009. That research, along with research by other academics, shows that cloud computing's economic impact is much larger than just the efficiencies it can bring to an IT organization.

The leverage from cloud computing comes from the fact that so much of traditional IT is tied up with maintenance of legacy systems and routine upgrades – in fact, 71% of IT spending in a survey conducted by IDC in 2015.

By moving routine tasks and even traditional on-premises applications to the cloud, organizations can shift budget and personnel to innovation to support new business opportunities, which in turn drives new business revenue.<sup>1</sup> In fact, IDC estimates that for 2015, cloud computing accounted for more than half a trillion dollars of business revenue – in a global economy of \$175 trillion in revenue.

<sup>1</sup> For a deeper discussion, see the 2015 study on the Salesforce economy at [www.salesforce.com/assets/pdf/misc/The-Salesforce-Economy-White-Paper.pdf](http://www.salesforce.com/assets/pdf/misc/The-Salesforce-Economy-White-Paper.pdf).

Because Salesforce represents nearly 10% of the aggregate public cloud services market, and its ecosystem a multiple of even more, a substantial share of all that revenue will accrue to Salesforce customers.

In fact, IDC estimates that from the end of 2015 to the end of 2020, the use of cloud computing will add \$389 billion in revenue to Salesforce customers' ongoing revenue streams – nearly \$80 billion a year (see Figure 3).

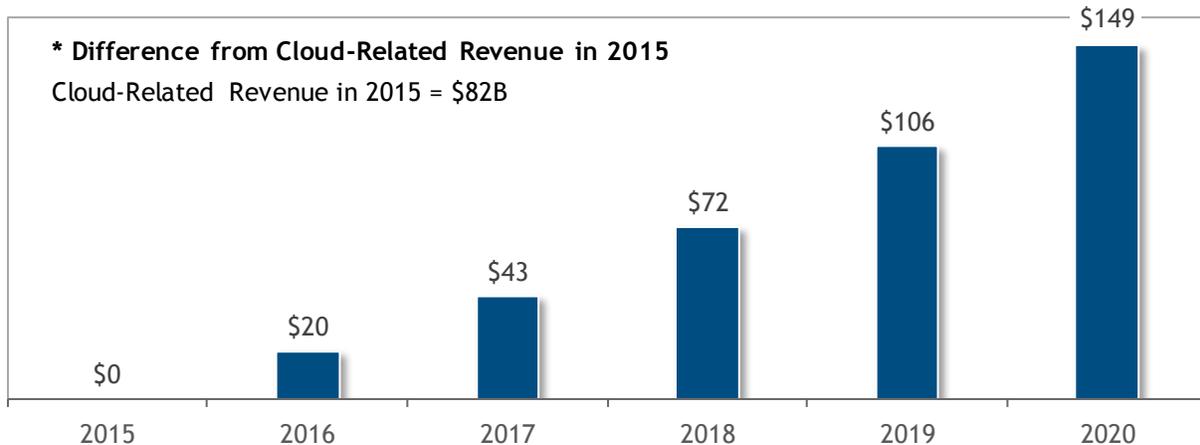
That revenue, in turn, generates employment – people to design, market, sell, produce, and service the products and services driving that revenue.

IDC estimates a net increase of 1.9 million jobs produced in this "Salesforce economy" between the end of 2015 and the end of 2020 (see Figure 4).

There are also additional jobs created in the supply and distribution chains serving those Salesforce customers, as well as from new company employees spending money in the general economy. IDC estimates that 2.9 million of these jobs, called *indirect* or *induced* jobs, will be created by the 1.9 million jobs depicted in Figure 4. (Refer back to Table 1 for the indirect/induced job figures.)

### FIGURE 3

#### \$389 Billion in Net-New\* Global Revenue from Cloud Computing by Salesforce Customers, 2015-2020

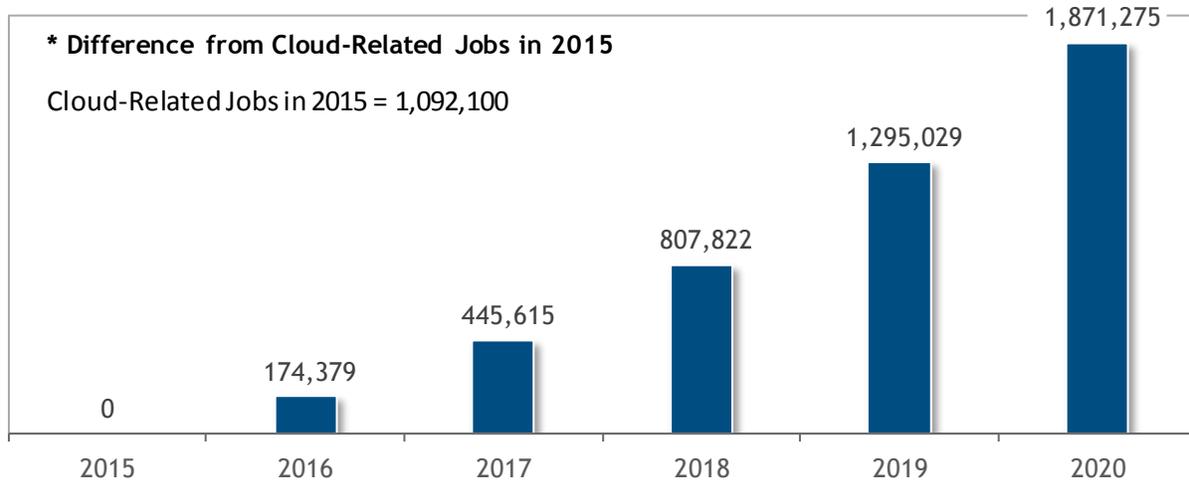


Note: Total does not equal \$389 billion because of rounding.

Source: IDC's Salesforce Economic Impact Model, 2016

**FIGURE 4**

**1.9 Million in Net-New\* Jobs from Cloud Computing by Salesforce Customers, 2015-2020**



Source: IDC's Salesforce Economic Impact Model, 2016

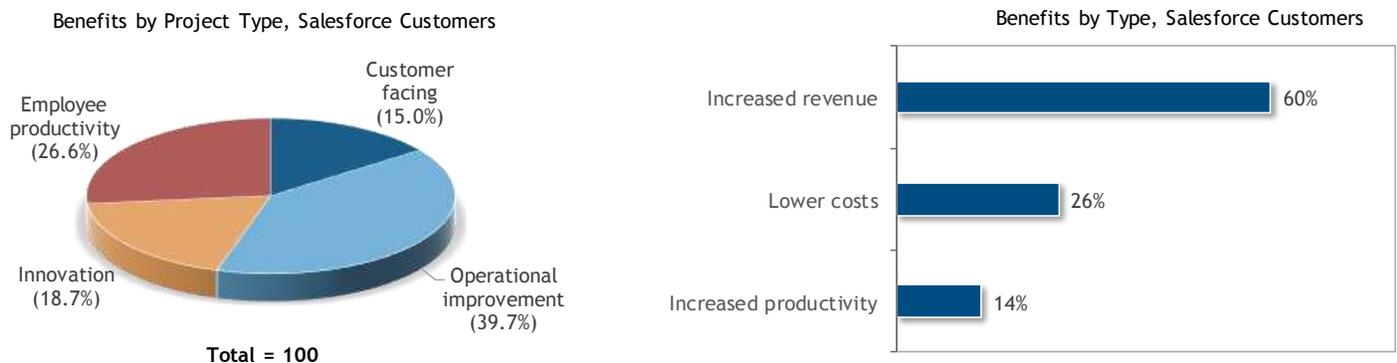
**WHERE SALESFORCE CLOUD OFFERINGS DRIVE BENEFITS**

Respondents to the 2015 survey conducted by IDC reported that their average payback for a Salesforce cloud investment was 13 months or less. And the IDC Salesforce Economic Impact Model (EIM) shows that over a four-year period, the return from those investments can be four to five times the original investment.

Figure 5 shows the various benefit vectors that IDC expects will be achieved by Salesforce customers over the next four years. It also shows that, although most benefits come from internally facing projects, such as operational productivity improvements, more benefits come in the form of increased revenue than lower costs.

**FIGURE 5**

**Where Cloud Computing Delivers Its Returns**



n = 1,142

Source: IDC's Cloud Economic Impact Survey, 2015

By region, the benefits of cloud computing – at least in revenue generation – generally match the distribution of spending on cloud computing, which in turn is more or less similar to the distribution of Salesforce revenue.

Table 2 compares the regional breakdown of spending on public cloud computing with that for the business revenue IDC estimates was created in 2015 from the Salesforce economy.

**TABLE 2**

**Salesforce Customers' Business Revenue Using Cloud Computing Versus Spending on Cloud Computing, 2015 (%)**

	United States	Western Europe	Japan	ROW
Business revenue	65	11	6	18
Spending on cloud computing	62	17	4	18

Source: IDC's Salesforce Economic Impact Model, 2016

**THE SALESFORCE ECOSYSTEM**

IDC's research shows that, for the most part, every cloud subscription sold is accompanied by other products and services. These can include additional cloud-based subscriptions (say for storage or security), additional applications to increase productivity, (say for digital signature or administration), or even hardware or networking.

In the 2015 survey referenced previously, IDC found all manner of additional services and products accompanying cloud subscriptions, including:

- Additional cloud subscriptions, such as storage, security, or other applications
- Additional cloud applications, such as digital signature, cloud-based ERP, integrated voice, and analytics
- Business consulting, such as planning, vendor management, and needs assessment
- IT consulting to support migration, integration, and data preparation
- On-premises hardware or software, such as additional servers, upgraded end-user computers, and new or upgraded mobile devices
- Additional bandwidth, VPN upgrades, and remote access services
- End-user or IT training
- Other

Figure 6 shows the prevalence of these additional expenditures as reported by the respondents to IDC's *Cloud Economic Impact Survey, 2015*.

While Figure 6 shows the percentage of respondents spending on additional products and services to make their implementations complete, it doesn't show the actual expenditures.

However, using market research on ratios of software to services spending and to hardware and networking, including spending on the basic Salesforce subscription, IDC estimates that in 2015, the ecosystem generated \$18 billion in revenue worldwide.

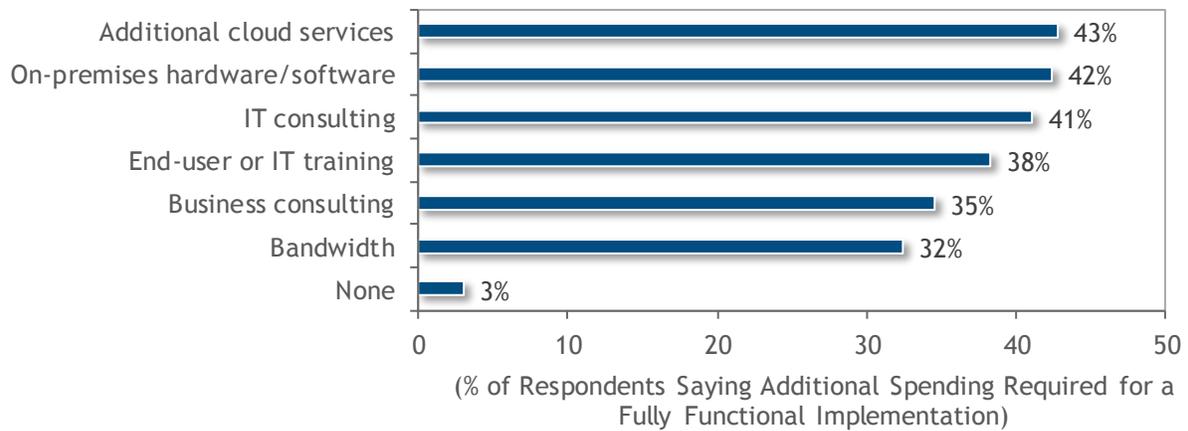
Based on IDC's forecasts on spending on cloud computing, and assuming that Salesforce can grow at least at the same rate as spending on cloud computing, by 2020, that revenue figure is expected to be \$73 billion.

Figure 7 shows the source of that revenue by product or service category.

## FIGURE 6

### Additional Respondent Spending Beyond Original Cloud Subscription

#### % saying Additional Spending Required for a Fully Functional Implementation

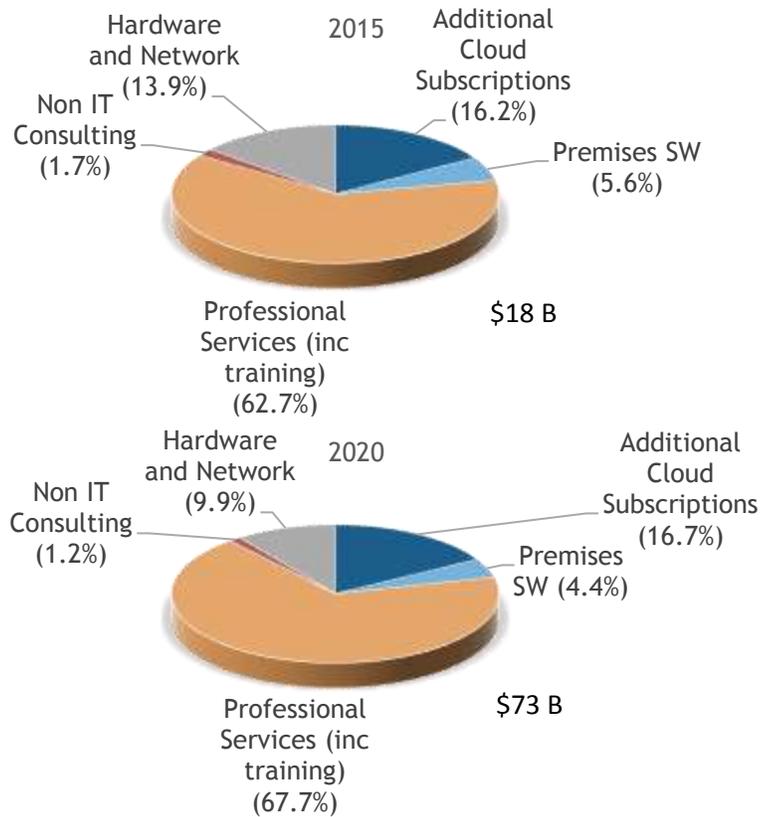


n = 1,142

Source: IDC's *Cloud Economic Impact Survey*, 2015

## FIGURE 7

### The Salesforce Ecosystem Size and Makeup, 2015 and 2020



Source: IDC's Salesforce Economic Impact Model, 2016

As a result of these additional products and services, the ecosystem that surrounds Salesforce implementations is larger than Salesforce itself – in fact, in 2015, for every dollar Salesforce made, the ecosystem made \$2.82. And by 2020, for every dollar Salesforce makes, the ecosystem is projected to make \$4.14.

IDC predicts that this ecosystem will grow even faster than Salesforce in the coming years – a function of the expected growth of the Salesforce ecosystem and the expected growth of ancillary products and services needed by customers as their implementations become more complex and mission critical.

Table 3 shows the ratio of Salesforce revenue to the revenue of its ecosystem from 2015 to 2020.

**TABLE 3**

**The Growing Salesforce Ecosystem, 2015-2020**

	2015	2016	2017	2018	2019	2020
Ecosystem	2.82	3.07	3.32	3.59	3.86	4.14

Source: IDC's Salesforce Economic Impact Model, 2016

This growing ratio and the growth of Salesforce itself mean that ecosystem revenue will grow handsomely, from under \$20 billion in 2015 to more than \$70 billion in 2020.

Note that the Salesforce ecosystem includes all companies that provide the products and services that surround a Salesforce implementation. Many, but not all, of these companies will be recognized Salesforce partners, such as Salesforce Consulting Partners or ISV Partners, with apps listed on the Salesforce AppExchange. The others may be brought into the project by partners or by the end-user organizations themselves. And any single Salesforce partner could well make a higher multiple of Salesforce than the aggregate ecosystem average.

What drives the partners? In addition to the chance to grow double their revenue over the next five years, 75 partners polled for this study reported significant returns from working with Salesforce:

- Using the Salesforce App Cloud development tools cut the Salesforce partners' development time by 31% compared with traditional development methods.
- Using the Salesforce App Cloud allowed the Salesforce partners to cut the cost of quality assurance by 34% and decreased time to market by 32%.
- Using the Salesforce AppExchange allowed the Salesforce partners to improve their sales closing rate by 15%.

Since joining the Salesforce partner program, the average partner respondent reported an annual revenue growth of 38%, and for the next three years, they expected annual revenue growth of 45%.

## CONCLUSION

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Even though cloud computing still represents a relatively small percentage of overall IT spending, it is growing at a much faster pace than IT as a whole. Further, because of the leveraged nature of cloud computing – freeing up IT resources to support business innovation – investments in cloud computing yield broad benefits for local economies, not to mention customers, partners, and cloud providers.

The key takeaways in this study for organizations utilizing, or interested in, cloud computing are the following:

- The payoff to the larger organization is much greater than just the impact on the IT organization. Cloud computing often underpins larger digital transformation projects at many enterprises.
- Successful implementations require concerted efforts on the part of customers, cloud providers, and providers of ancillary services and products. Salesforce, as a recognized market leader, helps bring all three to the table. The maturity model for cloud computing entails migration from ad hoc projects to a "cloud" approach. Organizations on this journey need suppliers that can support them all the way.
- The breadth and variety of cloud applications available today mean that the majority of key business processes and workflows – whether ERP, CRM, HCM, or other systems – can now be migrated to the cloud and integrated with existing cloud platforms.

IDC's forecasts show a significant payback from investments in cloud computing out to 2020. But even by then, spending on cloud computing will be little more than 15% of spending on IT. We are still on the ground floor of cloud computing, with lots of headroom for ever more success. Salesforce and its ecosystem are well positioned to take advantage of that headroom.

### The Impact of Brexit

The data and surveys used in the model for this White Paper were generated prior to the vote on June 23 by the citizens of the United Kingdom to leave the European Union (aka "Brexit"). This change in the status of the United Kingdom in the European market is expected to affect both the economy of the United Kingdom and that of other European countries. In fact, the Economist Intelligence Unit has already dropped its forecast for real GDP growth in the United Kingdom from an average of 1.8% to 0.6% per year from 2016 through 2020.

In August 2016, IDC updated its forecast for software spending in the United Kingdom and Western Europe – incorporating Brexit and related factors – which dropped the average compound growth rate from 6.2% to 5.0% for 2016-2020. For Western Europe, the number fell from 5.1% to 4.7%. IDC has not yet updated its forecast for spending on cloud computing related to Brexit, but it is possible that a slower economy could actually accelerate the migration to cloud computing as enterprises seek to lower up-front capital costs. Regardless, IDC advises readers that the data in this White Paper most likely represents the upper bound of forecasts for the United Kingdom and Western Europe at this time.

## APPENDIX: DETAILED BENEFITS DATA

### United States

Table 4 contains IDC's estimates of the impact of the Salesforce economy in the United States.

**TABLE 4**

#### Job Creation and Business Revenue for the Use of Cloud Computing and Salesforce Ecosystem Ratio – United States, 2015-2020

	2015	2016	2017	2018	2019	2020
Business revenue (\$M)	53,097	7,016	9,156	11,876	14,799	18,744
Direct jobs	174,631	48,842	62,771	80,097	98,404	122,366
Indirect/induced jobs	231,658	89,025	111,813	144,074	184,708	212,024
Ecosystem-to-Salesforce revenue ratio	2.90	3.14	3.38	3.65	3.90	4.16

Source: IDC's Salesforce Economic Impact Model, 2016

### Canada

Table 5 contains IDC's estimates of the impact of the Salesforce economy in Canada.

**TABLE 5**

#### Job Creation and Business Revenue from the Use of Cloud Computing and Salesforce Ecosystem Ratio – Canada, 2015-2020

	2015	2016	2017	2018	2019	2020
Business revenue (\$M)	1,476	1,490	1,656	1,864	1,944	2,068
Direct jobs	13,568	15,711	18,660	22,666	26,259	31,912
Indirect/induced jobs	20,696	24,976	29,141	35,802	43,103	49,141
Ecosystem-to-Salesforce revenue ratio	2.76	3.05	3.34	3.68	4.00	4.35

Source: IDC's Salesforce Economic Impact Model, 2016

## France

Table 6 contains IDC's estimates of the impact of the Salesforce economy in France.

**TABLE 6**

### Job Creation and Business Revenue from the Use of Cloud Computing and Salesforce Ecosystem Ratio – France, 2015-2020

	2015	2016	2017	2018	2019	2020
Business revenue (\$M)	919	1,075	1,400	1,725	3,310	3,563
Direct jobs	9,160	11,996	15,310	19,430	28,460	35,337
Indirect/induced jobs	15,175	20,748	25,902	33,187	79,320	90,118
Ecosystem-to-Salesforce revenue ratio	3.23	3.49	3.75	4.03	4.29	4.57

Source: IDC's Salesforce Economic Impact Model, 2016

## Germany

Table 7 contains IDC's estimates of the impact of the Salesforce economy in Germany.

**TABLE 7**

### Job Creation and Business Revenue from the Use of Cloud Computing and Salesforce Ecosystem Ratio – Germany, 2015-2020

	2015	2016	2017	2018	2019	2020
Business revenue (\$M)	910	1,094	1,417	1,741	2,374	2,959
Direct jobs	7,742	10,046	12,875	16,384	20,759	25,923
Indirect/induced jobs	12,004	16,224	20,342	26,112	34,356	39,927
Ecosystem-to-Salesforce revenue ratio	2.57	2.84	3.11	3.41	3.72	4.06

Source: IDC's Salesforce Economic Impact Model, 2016

## Netherlands

Table 8 contains IDC's estimates of the impact of the Salesforce economy in the Netherlands.

**TABLE 8**

### Job Creation and Business Revenue from the Use of Cloud Computing and Salesforce Ecosystem Ratio – Netherlands, 2015-2020

	2015	2016	2017	2018	2019	2020
Business revenue (\$M)	359	360	478	597	793	1,042
Direct jobs	3,179	4,124	5,313	6,781	8,391	10,501
Indirect/induced jobs	4,871	6,565	8,291	10,666	13,674	16,004
Ecosystem-to-Salesforce revenue ratio	2.61	2.88	3.15	3.45	3.77	4.11

Source: IDC's Salesforce Economic Impact Model, 2016

## United Kingdom

Table 9 contains IDC's estimates of the impact of the Salesforce economy in the United Kingdom.

**TABLE 9**

### Job Creation and Business Revenue from the Use of Cloud Computing and Salesforce Ecosystem Ratio – United Kingdom, 2015-2020

	2015	2016	2017	2018	2019	2020
Business revenue (\$M)	5,147	7,016	9,156	11,876	14,799	18,744
Direct jobs	36,156	48,842	62,771	80,097	98,404	122,366
Indirect/induced jobs	62,740	89,025	111,813	144,074	184,708	212,024
Ecosystem-to-Salesforce revenue ratio	2.42	2.69	2.96	3.26	3.56	3.89

Source: IDC's Salesforce Economic Impact Model, 2016

## Rest of Western Europe

Table 10 contains IDC's estimates of the impact of the Salesforce economy in the rest of Western Europe.

**TABLE 10**

### Job Creation and Business Revenue from the Use of Cloud Computing and Salesforce Ecosystem Ratio – Rest of Western Europe, 2015-2020

	2015	2016	2017	2018	2019	2020
Business revenue (\$M)	2,013	2,471	3,243	4,071	4,485	6,184
Direct jobs	2,013	2,471	3,243	4,071	4,485	6,184
Indirect/induced jobs	30,290	37,634	44,851	55,305	69,196	83,181
Ecosystem-to-Salesforce revenue ratio	2.57	2.84	3.12	3.42	3.74	4.08

Source: IDC's Salesforce Economic Impact Model, 2016

## Australia

Table 11 contains IDC's estimates of the impact of the Salesforce economy in Australia.

**TABLE 11**

### Job Creation and Business Revenue from the Use of Cloud Computing and Salesforce Ecosystem Ratio – Australia, 2015-2020

	2015	2016	2017	2018	2019	2020
Business revenue (\$M)	1,453	1,828	2,256	2,781	3,351	4,041
Direct jobs	9,894	11,906	14,520	17,783	21,392	25,909
Indirect/induced jobs	19,561	24,948	29,652	36,803	46,558	51,466
Ecosystem-to-Salesforce revenue ratio	2.7	2.9	3.2	3.5	3.8	4.1

Source: IDC's Salesforce Economic Impact Model, 2016

## Japan

Table 12 contains IDC's estimates of the impact of the Salesforce economy in Japan.

**TABLE 12**

### Job Creation and Business Revenue from the Use of Cloud Computing and Salesforce Ecosystem Ratio – Japan, 2015-2020

	2015	2016	2017	2018	2019	2020
Business revenue (\$M)	4,510	5,836	7,132	8,438	9,824	11,762
Direct jobs	57,638	74,402	91,185	111,737	133,423	167,348
Indirect/induced jobs	68,925	92,020	110,883	136,817	168,303	199,603
Ecosystem-to-Salesforce revenue ratio	2.7	2.9	3.2	3.5	3.8	4.1

Source: IDC's Salesforce Economic Impact Model, 2016

## Singapore

Table 13 contains IDC's estimates of the impact of the Salesforce economy in Singapore.

**TABLE 13**

### Job Creation and Business Revenue from the Use of Cloud Computing and Salesforce Ecosystem Ratio – Singapore, 2015-2020

	2015	2016	2017	2018	2019	2020
Business revenue (\$M)	545	637	739	869	1,028	1,233
Direct jobs	2,270	2,652	3,076	3,617	4,278	5,133
Indirect/induced jobs	4,170	5,145	5,821	6,941	8,632	9,493
Ecosystem-to-Salesforce revenue ratio	2.9	3.1	3.4	3.7	3.9	4.2

Source: IDC's Salesforce Economic Impact Model, 2016

## Worldwide

Table 14 contains IDC's estimates of the impact of the Salesforce economy worldwide.

**TABLE 14**

### **Job Creation and Business Revenue from the Use of Cloud Computing and Salesforce Ecosystem Ratio – Worldwide, 2015-2020**

	2015	2016	2017	2018	2019	2020
Business revenue (\$M)	81,663	101,181	124,670	153,396	187,555	230,538
Direct jobs	1,091,979	1,266,358	1,537,594	1,899,801	2,387,008	2,963,254
Indirect/induced jobs	1,663,805	2,007,155	2,382,572	2,970,170	3,915,811	4,519,914
Ecosystem-to-Salesforce revenue ratio	2.8	3.1	3.3	3.6	3.9	4.1

Source: IDC's Salesforce Economic Impact Model, 2016

## APPENDIX: METHODOLOGY

### The Benefits of Cloud Computing

Since 2002, IDC has maintained an internal tool called the IDC Salesforce Economic Impact Model, which takes inputs from IDC's market research on IT spending, exchange rates, and vendor market share, along with public inputs such as GDP, tax rates, and overall labor force from other sources. The output of the EIM is IT company and employee counts by geographic region.

In 2009, IDC added inputs for spending on cloud computing, percentage of IT resources available for innovation (the rest used on legacy system support and upgrades), and business revenue as a multiple of GDP per country.

Using research-driven algorithms that compare total IT spending with spending on cloud computing and IT budgets with business revenue; the degree to which IT innovation drives business innovation; and estimates of business benefits from accelerated development schedules, faster project completion, and shorter time to market for new products, the model generates job head counts and business revenue in the general economy because of the use of cloud computing to free up IT resources.

In short, increased IT innovation leads to increased business innovation, which leads to increased revenue, which creates new jobs. Outputs from the cloud-infused EIM have been published in various IDC research projects and are a critical input to the European Union's Digital Agenda for Europe.

## The Salesforce Economy

As a major vendor of cloud services, Salesforce accounts for a significant share of the benefits to the general economy from cloud computing. That share is enhanced by other contributions to the economy by companies that sell cloud services in concert with Salesforce cloud services, by professional services firms that help organizations migrate to cloud computing, and by companies that sell hardware, software, services, and networking to organizations to support cloud computing.

The Salesforce Economic Impact Model is an extension to IDC's IT Economic Impact Model. It estimates Salesforce's current and future share of the benefits to the general economy generated by cloud computing, and it also estimates the size of the ecosystem supporting Salesforce using IDC's market research on the ratio of spending on professional services to cloud subscriptions; the ratio of sales of hardware, software, and networking to spending on public and private cloud computing; and the ratio of spending on application development tools to applications developed.

Note that the ecosystem may include companies that are not formal business partners of Salesforce but that nevertheless sell products or services associated with the Salesforce implementations.

## Key Definitions in Support of Tables and Figures

The following contains definitions of terms used in tables and figures throughout this White Paper:

- **Direct jobs** are those created in the Salesforce and Salesforce ecosystem customer bases from the use of cloud computing.
- **Indirect/induced jobs** are those created by spending in the general economy by people filling the direct jobs.
- **Net gain** in jobs is the difference from year-end 2015 to year-end 2020. For revenue, it is the aggregate difference from each year to 2015.
- **Contribution to GDP** is business revenue created in the Salesforce and Salesforce ecosystem customer bases from the use of cloud computing.
- The **Salesforce revenue** forecast is based on Wall Street forecasts and internal IDC estimates. It is not for publication.
- The **Salesforce ecosystem** includes those selling the following in conjunction with Salesforce implementations:
  - Additional cloud subscriptions (e.g., storage and security)
  - Professional services and/or business consulting supporting implementation, integration, and training
  - Additional hardware, software, or networking in support of implementations, including integration with private clouds
- Many, **but not all**, Salesforce ecosystem companies are registered partners with Salesforce.
- Ecosystem revenue grows as a ratio to Salesforce revenue from growth of the **partner base** and growth in **selected product/service** categories.
- **Benefit vectors** show financial benefits by project type and benefit type and are based on survey results and the IDC Salesforce Economic Impact Model.

## Supporting Surveys

To support the analysis of the Salesforce economy in a study published in 2015, IDC conducted a survey in April 2015 of 1,142 respondents across eight countries. This survey focused on both Salesforce customers and noncustomers (Salesforce customers were limited to 25% of the sample by design) and asked questions about investment levels and returns by type of cloud project. The output helped finalize algorithms in the economic models as well as develop a clearer view of exactly how benefits from cloud computing are derived.

In the summer of 2016, IDC also conducted a survey of 75 Salesforce partners across English-speaking countries and a half dozen in-depth interviews. The interviews explored partner investments in various aspects of supporting Salesforce implementations, the revenue growth of partners, and the attitudes and opinions of partners regarding their relationship with Salesforce.

## About IDC

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