



Strategic Thinking

New Business Models for Tech Success

Trust.Salesforce.Com Sets Standard for Service Provider Transparency & Accountability

Salesforce.Com Website Gives Customers Unique Visibility Into the Availability and Quality of Its Services

Opening Thoughts

THINKstrategies' research has found many potential Software-as-a-Service (SaaS) customers continue to be concerned about the prospect of a service disruption limiting their ability to fully utilize an important on-demand application. Of course, the irony is that many organizations have a poor record of keeping their own corporate networks and applications up and running.

Nonetheless, SaaS vendors are making concerted efforts to address these concerns. Many SaaS vendors and hosting partners are obtaining Statement on Auditing Standards (SaS) No. 70 Type II certifications, developed by the American Institute of Certified Public Accountants (AICPA). The SAS 70 Type II audit verifies that the SaaS provider's service delivery infrastructure and operating procedures comply with industry best practices to minimize the risk of a service disruption and ensure the security of sensitive data.

While SaS 70 Type II certification is important, it doesn't require that a SaaS vendor publicly report its performance levels. Individual customers can request a report, but there is no requirement that these reports be made public. Just as SaaS vendors are learning lessons about usability from the consumer web, they must also learn from successful companies, like eBay, how to provide users greater transparency about their service availability and performance.

THINKstrategies believes that in a world in which vendor accountability and 'transparency' are becoming increasingly important, visibility into the quality of service (QoS) delivered by SaaS vendors is becoming increasingly important.

In February of 2006, Salesforce.com launched the site, called trust.salesforce.com, to establish a new benchmark for service level reporting, accountability and transparency in the SaaS and broader business services market.

Salesforce.com's trust.salesforce.com Service Status Site

During a three-month period from December 2005 to February 2006, Salesforce.com experienced service disruptions which limited customer access to the company's online solutions and renewed the debate about the reliability of SaaS in general. In acknowledging the problems, Salesforce.com's founder and CEO, Marc Benioff, made a public commitment to work toward achieving 100% service availability and setting a new standard for service level accountability in the process.

In addition to making significant investments to fortify its data center and service delivery infrastructure capabilities, Salesforce.com also took the bold step of establishing a public website, called trust.salesforce.com, to continuously report its service availability and performance levels.

The site provides a dashboard listing of the systems status of Salesforce.com's data centers worldwide. The dashboard uses a simple green, yellow and red code to indicate instance availability, performance issues and service disruption respectively. There are two main sections

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**It is
Salesforce.com's
multi-tenant
platform and
sophisticated
data center
management
systems which
makes
trust.salesforce.
com possible
and unique.**

of the trust page, real-time performance indicators and a historical trend section. The real-time indicators monitor how fast pages in the online application are being rendered. If the pages take longer than 30 seconds to render, a yellow indicator appears. If it fails to render, a red indicator appears until service is restored. For historical measurements, an indicator turns yellow if issues last longer than 10 minutes, and will be red for disruptions that last longer than 30 minutes. Even incidents of less than 10 minutes include company information regarding the service issue. This dashboard created a new standard for reporting application performance and availability.

The dashboard shows the average service transaction speed for Salesforce.com on-site page load and application program interface (APIs) transaction times. The site also provides customers and partners information regarding software updates, incident reports and maintenance schedules across all Salesforce.com's key system components.

The trust.salesforce.com site is supported by a service delivery monitoring system built on a combination leading third party tools with custom built intellectual property. The Salesforce.com system engineering team has developed system monitoring as a key component at every level of the architecture, giving Salesforce.com unique visibility into system performance and availability.

As of January 31, 2007, Salesforce.com reported that its customer base had grown to approximately 29,800 companies and approximately 646,000 paying subscriptions, up from approximately 20,500 corporate customers and approximately 393,000 paying subscriptions at the same time a year ago. During the same one year period, total number of transactions per quarter handled by Salesforce.com's data centers more than doubled, jumping from approximately 2 billion to approximately 4.25 billion, or about 70 million per day, over 55% of which were web service API transactions. At the same time, the average page response time dropped from over 600 milliseconds to slightly more than 200 milliseconds. No other SaaS vendor supports this number of transactions, or has experienced this rapid pace of growth.

Since Salesforce.com introduced its trust.salesforce.com, no other SaaS vendor or service provider in another sector of the IT/telecommunications industry has attempted to imitate this innovation. The failure of others to follow Salesforce.com's lead is a testament to the complexities and risks associated with launching this type of public reporting mechanism. It is Salesforce.com's multi-tenant platform and sophisticated data center management systems which makes trust.salesforce.com possible and unique.

Strategic Thoughts

Leading companies often gain the greatest respect when they rebound from problems with a heightened commitment to service quality that leads to a new innovation.

The most widely recognized example of this phenomenon is Johnson & Johnson's rapid response in 1982 to a series of deaths caused by tainted bottles of its Tylenol product. Rather than debate the source the problems, Johnson & Johnson quickly removed the product from store shelves and redesigned its bottles to create a new level of protection for consumers. The result was a safer, more valuable product and a new level of confidence in Johnson & Johnson.

Salesforce.com has accomplished the same feat with its trust.salesforce.com reporting site. It not only responded to its service delivery issues by reinforcing its data centers and infrastructure architectures, it has also raised the bar for the rest of the on-demand, SaaS industry by establishing a public reporting mechanism to assure customers of the reliability and performance of its online solutions. More importantly, the trust.salesforce.com site ensures customers can benefit from the high availability and performance expected from today's on-demand applications.

About THINKstrategies, Inc.

THINKstrategies® is a strategic consulting services firm that helps enterprise IT decision-makers with their sourcing strategies, IT solutions providers with their marketing strategies, and venture capitalists with their investment strategies. This profile is published for THINKstrategies' over 6000 clients and key contacts. For more information, visit www.thinkstrategies.com, or contact Jeff Kaplan, Managing Director, at 781-431-2690 or jkaplan@thinkstrategies.com.