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Salesforce.com to add 25,000 subscribers at Dell
By Daisuke Wakabayashi

Salesforce.com said Wednesday that personal computer maker Dell plans to more than double its subscriptions of Web-delivered software, to 40,000 from 15,000.

Salesforce also announced that Japan's post office, which is also the world's biggest savings bank, added 40,000 Web-delivered software subscriptions, its largest-ever order.

Salesforce included about 80 percent of the new Japan Post subscriptions in its most recent quarterly filing without disclosing the customer's identity, but Salesforce said the Dell expansion plan was not included.

Japan Post's addition of customer service and compliance software puts its total deployment at more than 45,000 seats.

Salesforce and other "on-demand" software providers sell subscriptions for software delivered over the Internet instead of a model favored by traditional software firms to sell licenses for applications loaded onto a computer's hard drive.

The ability for Salesforce to strengthen its foothold with major corporate customers is crucial at a time when it must fend off increased competition from larger, more established companies like Microsoft and SAP in this growing segment of the software industry.

Salesforce Chief Executive Marc Benioff disclosed the two expansions in an embargoed briefing ahead of his presentation at Citigroup's global technology conference.

"It's a landmark transaction," Benioff told Reuters. "You really get the feeling that Japan is poised to become the second huge market for on-demand computing."

Salesforce said it had also deployed its software in Japan at financial institutions including Mizuho Financial Group and Sompo Japan Insurance Inc.

Research firm Gartner forecast global revenue from large organizations deploying Web-delivered software to more than double by 2011 to \$11.5 billion from an estimated \$5.1 billion in 2007.

Salesforce said it had worked with Hitachi Software Engineering Co to develop a custom application for Japan Post, which has large banking and insurance businesses in addition to its mail and parcel delivery operations.

Japan Post, with some \$3 trillion in assets, decided to adopt Web-delivered software before the start of a 10-year privatization process in October.

Last month, San Francisco-based Salesforce said it had added 80,000 subscribers to raise its total subscriber base to more than 800,000 during the three months ended July 31, but it did not reveal the customers who increased their deployments.

Microsoft, the world's largest software maker, is set to introduce its own version of Web-delivered business software this quarter. SAP is also preparing a Web-delivered service to offer customers instead of its normal software installations.

Other big Salesforce customers include 30,000 subscribers at Cisco Systems Inc, 25,000 at Merrill Lynch and 20,000 at Sprint Nextel Corp, the company says.