

**UNIVERSIDAD ESAN**



# **STRATEGY FIELD STUDY REPORT**

**In collaboration with:**



Schulich School of Business, Canada

Master of Business Administration (MBA)

**Advisor Prof. David Johnston, Prof. Ingo Holzinger**

**Research work presented in partial satisfaction of the requirements to obtain the degree of  
*Magíster en Administración* by:**

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« Schulich School of Business and Universidad ESAN do not express approval or disapproval concerning the opinions given in this paper which are the sole responsibility of the author. »

This research work

## **Strategy Field Study Report**

has been approved.

A handwritten signature in black ink, consisting of a large loop and a series of smaller strokes, positioned above a horizontal dotted line.

Diego Carlos Cueto Saco (Jury)

ESAN University

2022



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# FINAL REPORT

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Brightmark Inc. (Team 21F081)



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Toronto, March 22<sup>nd</sup>, 2022

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## Glossary

<b><u>Term</u></b>	<b><u>Definition</u></b>
<i>CRM</i>	Customer Relationship Management
<i>AE</i>	Account Executives
<i>BFSI</i>	Banking, Financial Services, and Insurance
Mid-size BFSI companies	BFSI Company with 100-499 employees
<i>Consultant</i>	Person who provides professional or expert advice in a particular field of science or business to either an organization or individual
<i>Contractor</i>	Professionals who provide skills or services to companies for a set period
<i>Discounted Cashflow Analysis</i>	Valuation method used to estimate the value of an investment based on its expected future cash flows
<i>Free Cash Flow</i>	The cash a company generates after taking into consideration cash outflows that support its operations and maintain its capital assets
<i>FTE</i>	Full-time Employees
<i>Junior</i>	Job title indicating a person's professional seniority
<i>Senior</i>	Job title indicating a person's professional seniority
<i>WLB</i>	Work-Life Balance
<i>CEBA</i>	Canada Emergency Business Account
<i>HASCAP</i>	Highly Affected Sectors Credit Availability Program



## **Dieter Sebastian Krefft Braedt**

Peruvian-German professional with University studies abroad and more than three years of experience on product management in the automotive industry. Oriented to generate value with my extensive knowledge regarding the configurations of premium vehicles, I seek to continue developing professionally and personally. In addition to my persistence to obtain the desired results with a high level of flexibility and adaptation, I am focused on overcoming any cultural barrier as I master three languages, both spoken and written.

### **PROFESSIONAL EXPERIENCE**

#### **Divemotor**

Peruvian company with more than 26 years of experience in the automotive industry that sells cars, buses and trucks, as well as provides support and after-sales services nationwide. The company belongs to the Kaufmann group, which has more than 60 years of experience in the Chilean automotive market and also owns the Mercedes-Benz representations in Nicaragua, Panama and Costa Rica.

#### **Mercedes-Benz Automobile Product Analyst**

**November 2017 - February 2020**

Analyze and manage the products offered by the factory according to market demand and the procedures established by the company, to propose those that should be marketed by the car division in Peru. All of this with the aim of providing support to the commercial area to achieve the sales, participation and profitability objectives.

- Negotiate with Daimler AG better conditions to import the vehicles to increase the profit of the business by at least 5%.
- Increase sales of SUVs in the product portfolio, specifically the GLA model by 64% and the GLC model by 11% in one year.
- Assemble the configurations of stock orders (around 1,200 units per year) and direct orders (around 20 units per year) with 0% incidents to improve market share and business utility.
- Organize product trainings in 5 branches nationwide to improve customer profiling with greater knowledge of the product.

#### **Euromotors**

Peruvian company with more than 25 years of experience in the automotive industry that sells motorcycles, cars, buses and trucks of different brands and provides support and after-sales service.

#### **Volkswagen Commercial Vehicle Product Analyst**

**January 2017 - October 2017**

Carry out the planning of the product configuration process by comparing market prices and provide administrative support in the stock, sales and training plan according to the established procedures and deadlines, with the aim of contributing to the fulfillment of goals and client satisfaction.

- Create the configurations of approximately 600 vehicles to import without incident.
- Conduct product training for sales teams, each with approximately 4 people, in 7 different branches in Lima.

#### **Divemotor**

#### **Pre professional and professional practitioner**

**January 2011 - March 2013**

Rotation through different areas of the company as part of the job training program of the Alexander von Humboldt Private Higher Education Institute.

- Get to know the operation of a large company with more than 1,500 employees transversally.

## HIGHER VOCATIONAL TRAINING

Schulich School of Business (Canada) Master of Business Administration (MBA)	September 2021 – June 2022
ESAN Graduate School of Business (Peru) Magíster en Administración	May 2020 – November 2022*
University of Bayreuth (Germany) Bachelor of Science, Business Administration	October 2013 - November 2016
Private Higher Technological Institute BBZ A. v. H. (Peru) Wholesale and Foreign Trade Management Assistant	March 2011 - December 2012
German School Alexander von Humboldt (Peru) High School, including the Abitur Certificate	1997 – 2010

## OTHER STUDIES

TOEFL iBT Test Taker Score Report with a score of 113 out of 120	February 2021
Official GMAT Score Report with a score of 610	January 2021
Participation on international product trainings:	
- <i>Global Training Experience</i> in Dresden, Germany	August 2019
- <i>G-Class Experience</i> in Graz, Austria	September 2018
- <i>Global Training Experience</i> in Ibiza, Spain	February 2018
- <i>AMG Latina Experience</i> in Codegua, Chile	January 2018
Goethe-Institut: <i>Deutsch für den Beruf B2</i> Certificate	December 2012
London Chamber of Commerce and Industry: <i>English for Business C1</i> Certificate	June 2012

## Executive Summary

Brightmark has reached a point where it needs to **decide how to grow** in a commoditized industry wherein all the players are offering similar services. The company's primary challenge is to **grow annual revenue to \$5 million while maintaining a profit margin of 20% in the next 3-4 years**. However, Brightmark needs to clear the following hurdles to achieve this target: mismatch between aspirational client size & current capabilities, influence of Salesforce AE at the top of the sales funnel, underutilized training vertical, and short-term ROI-based thinking limiting brands salience.

Based on the external and internal analysis, we believe that it will be difficult to achieve this growth organically. Hence, we suggest that Brightmark should **position itself to be acquired** by a potential suitor in the next-three years, with a checkpoint at 12-month to assess the impact of our recommendation on revenue trend. As the valuation in this industry is primarily based on **Revenue Multiple**, it is pertinent for Brightmark to work on increasing its top line in this three-year period.

To increase their revenue, Brightmark should continue to **serve small and medium sized businesses** in the BFSI industry. This will give Brightmark access to more implementation projects in the short-term helping them to increase the flow of revenue. Further, they need to invest in Omnichannel Marketing activities (digital marketing, partnering with Fintech incubators, and participating in trade shows) and partnering with B2B lead generation agency to **reduce their dependence on Salesforce AEs** and bring-in independent business. Meanwhile, they should **use their training vertical to generate more revenue** for the firm by opening it to broader audience – people interested in becoming Salesforce consultants.

Based on our conservative estimates, implementing the above recommendations would help Brightmark earn more than \$3 million revenue and negotiate for a higher revenue multiple. This valuation provides sufficient ROI to all the shareholders and position them to invest their energy other profitable ventures.

## CRM Industry Outlook

### CRM History: Past to Present Day

Kate Kestnbaum and Robert Shaw introduced concepts and approaches, spanning from consumer lifetime value to channel management. After these concepts gained popularity, many followers developed Enterprise Resource Planning Systems and soon the market became competitive. By the mid-1990s, the market skyrocketed with plethora of product offerings, which are today known as CRM systems.

The market for CRM products does not appear to have achieved saturation just yet. Existing vendors have modified their licensing structures to give cloud alternatives to traditional site licenses, while new businesses continue to come to market with cloud solutions. The most recent shift being the emergence of social data and the necessity to communicate with clients on numerous social platforms. (The Complete History of CRM, 2022)

### Future Technology Trends Shaping CRM Industry

The industry is continuously evolving. A few key trends to lookout for in the coming years are:

1. **AI integration:** AI is already being integrated in most CRMs. It can aid in predicting consumer behaviour, help in creating targeted content and can make lead generation more effective. Many industries are continuously exploring the use of AI in their business to make their activities more productive and accurately targeted.
2. **Social CRM:** Integration of social media platforms into CRM is called social CRM. It helps companies effectively (Apps Run The World, 2021) integrate their client support across social media platforms and helps them to respond to comments quickly and holistically and build stronger relationships with consumers.
3. **IOT Technologies:** “From smart home devices to wearable health monitors and cybersecurity scanners, there are expected to be more than 64 billion IoT devices worldwide by 2025” (Petrov,

n.d.). IoT and CRM work together to improve efficiency and visibility, allowing businesses to respond to consumers more quickly and efficiently.

4. **Vertical Markets and Customizable CRM:** Some of the highly regularized industries such as finance, manufacturing and healthcare might soon be able to pick from an eclectic collection of CRM platforms. These will automatically be equipped with in-built functionalities to meet the future of industry standards.

Salesforce is already ahead of the curve and has made timely acquisitions to incorporate IOT, AI and social CRM into their solution offerings.

#### **Client Demands from their CRM System**

These days clients expect the CRM system to support the full customer lifecycle from discovery to engagement to retention. The players are continuously updating their offerings to cater to the ever-growing client needs. The key client requirements from an effective CRM are Contact management, Client interaction tracking, Database management, Marketing and campaign management, Lead management, Sales automation, Workflow automation and employee engagement, Business intelligence and reporting, Knowledge management, Mobile support, Functional requirements, Deployment Environment and Security. The consumer needs vary as per the size of their business. Most CRMs cater to all the client requirements; however, the packages and prices may differ. Most consumers look for flexible pricing to fully exploit their investment into CRM by using only those features that are required for business growth.

#### **Leading Industries Adopting CRM Solution**

Industry reports highlight **Manufacturing industry** as one of the key areas for CRM adoption. (Adobe Experience cloud, 2021). Apart from Manufacturing, **Healthcare industry** is also an emerging sector due to the increased transformation effort being caused by the pandemic. The CRM players in this sector facilitate the creation of a single profile of customers across departments so that the healthcare provider

has the complete picture of the patient. The industry is witnessing an increase in collaboration between the dominant players to leverage combined resources and capabilities, including Salesforce partnership with IBM Watson to provide better enterprise solutions to the client. The financial service industry in which Brightmark operates accounts for 8.8% by revenues for Salesforce customers, closely behind manufacturing and professional services. The focus of the financial institutions is now on the full customer lifecycle: marketing, sales, personalization, and cloud connect. There has been **continuously increased adoption of CRM in the financial service industry**. The industry is transitioning towards digitization and there is an increased focus on creating a structured and comprehensive customer data system. This increasing trend towards digitalization is expected to continue in the coming years and will force businesses to adopt CRM technology to manage their customer data and help different functions to share data and improve customer experience.

## Salesforce: A Dominant Player in the CRM Industry

### Salesforce Evolution

Salesforce, incorporated in 1999, became a publicly listed company in 2004 and the first cloud computing company to breach the billion-dollar revenue mark (in 2008). To continue on its growth path, Salesforce pursued both organic and in-organic growth strategy between 2011 and 2017 to cater to the evolving trends in the CRM industry. During this period, it acquired Radian6 and Demandware to expand its social enterprise and ecommerce capabilities. Meanwhile, it launched IoT Cloud and Einstein platform making cloud and AI easily accessible to everyone. However, lately the company is relying more on M&A to continue their growth - Tableau (in 2019) followed by Slack (in 2021). Also, it now providing on demand content for every role, industry, and line of business to help them grow (The History of Salesforce, 2022).

### Salesforce to Maintain Dominance in Near Future

**Salesforce is the market leader in the field and will continue to dominate the industry in the next five years.** The global CRM industry is pegged at USD 43.7 billion and is expected to grow at a CAGR of 10.6% between 2021-2028. Salesforce is the leading player in the CRM industry enjoying 20% of the market share (Vailshery, 2022). The total share of Salesforce is more than the cumulative share (17.4%) of the next four biggest competitors – SAP, Oracle, Microsoft, Adobe. More than 70% of the salesforce customers struggle with integrating the Salesforce software within their internal and external ecosystem. To tackle these issues, Salesforce partners with different consulting agencies to help the clients integrate the solution into their ecosystem (Vailshery, 2022).

Based on the secondary research and interviews with Brightmark executives, we see that Salesforce is a giant in the CRM market. **The company easily outpaces other competitors both in terms of overall revenue and year-over-year growth.** The key consideration for clients to opt for a non-salesforce solution is the small size of the organization and budgetary constraints. These challenges are also difficult

for other leading industry players to bypass; hence, we see a large fragmentation in the remaining ~60% of the market. The small companies playing in this category have made their products customizable to suit the needs of small and medium businesses. To tackle this, Salesforce launched a 30-day free trial of the basic plan. This allows the companies to test the solution for their organization. The basic salesforce plan comes at only 25\$ a month for 10 users, making it a great fit for SMEs. This creates a great opportunity for consultants to penetrate the relatively untouched market of SMEs and increase their customer base. (Hale, 2022)

Given the current landscape, Salesforce will continue dominate the market and will survive the test of time by continuously evolving their product portfolio through organic and in-organic growth.

#### Could Salesforce be Acquired – Potential Contenders

In future if Salesforce is acquired then Amazon, Microsoft, and Google will be considered the front-runners. Microsoft is also a big player in CRM industry and to gain the market share, they might merge with or acquire Salesforce. However, they lost their chance when Salesforce approached them for a potential deal in 2016, at a time when Salesforce was struggling to grow. However, since then it has focussed on acquiring technologies that directly compete with Microsoft's offerings. The company would be less inclined to do a deal with Microsoft given their history (Streitfeld, 2020).

Meanwhile, there were rumours in 2020 that Google might acquire Salesforce, but there is no concrete evidence. Google has sufficient capital to invest in a CRM company and might in future look to acquire Salesforce. It is believed that Salesforce acquisition would help Google expand its cloud program. In addition, they will be able to leverage Salesforce offerings to improve their products. Further, it would also allow Salesforce to develop new products using the customer data available with Google. A partnership in future presents a big win-win scenario for both the companies (Singhal, 2020).



Lastly, Amazon competes with Google and Microsoft primarily in the cloud market and potential acquisition of Salesforce would provide them with the necessary power required to propel their cloud business even further. On these lines, Amazon partnered with Salesforce in 2021 to take on Microsoft and Google in the cloud space. This partnership removed the complexity to link data stored on AWS and presented on Salesforce platform. These trends indicate that Amazon is the frontrunner when it comes to potential acquisition of Salesforce (Vanian, 2021).

### Salesforce Competitive Environment – Why Other Platforms are Gaining Traction

Salesforce is the market leader in the CRM industry with over 20% market share, followed by Adobe, Oracle, SAP, and Microsoft. Despite being the market leader, it has been observed that Salesforce is also the most replaced CRM software among small and medium business enterprises due to it being highly sophisticated and heavily priced. Most importantly, buyers are not very well informed on how their actual needs are satisfied by a particular CRM solution (Columbus, 2018). Since Salesforce package comes with plethora of features buyers need to be well informed of their uses and capabilities. To address the issue, Salesforce has recently launched its ‘essentials plan’ to cater to the needs of the SMEs (Hale, 2022).



Figure 1: Top CRM players (Columbus, 2018)

Many consultancies, including Brightmark, offer continuous training to fully exploit the Salesforce features and it is predicted that the buyer's fickle mindedness is expected to change with the training and information available (Basu, 2018). Also, many competitors are emerging that offer viable replacements at a more affordable price. A few competitors of Salesforce are mentioned below:

- **Microsoft Dynamics 365:** Both Microsoft and Salesforce are comparable rivals and are often pitted against each other since they have similar features and have target business group. One feature that separates Microsoft is that in addition to cloud deployment, Microsoft even offers on-premises deployment for businesses, but this comes at a higher cost than a salesforce software. Microsoft's CRM comes at a flexible cost with price ranges varying as per consumer requirements. It offers seamless integration with a wide variety of apps to build a low code custom solution for the client. It is secure to use and can easily adopt AI features to unify work processes by drilling down through data to obtain the required insights (Sirk, 2022).
- **SAP CRM:** SAP is a well-known name in business software, offering solutions for computing, inventory management, ERP, process integration, transportation management, and business analytics, among other things. Some of SAP's CRM modules have an advantage over Salesforce's sole emphasis due to its diversified experience. It falls short in compared to other CRM-specific criteria. SAP's multiple suites all work together flawlessly, making it an excellent solution for major companies who already use or wish to utilise SAP business software. Where some companies may prefer Salesforce owing to it being better in BI, planned Enhancements, email utilities, knowledge creation workflows etc., others may prefer SAP owing to it having an edge over salesforce in Online case management, Custom reports, Industry business process Support, Integration with social media etc. (Adair, 2022).

Overall, each CRM solution comes with their own set of pros and cons. Apart from the ones discussed above there are many other solutions like Oracle, Zoho, Adobe, HubSpot, NetSuite etc. Business may choose products based on their specific needs and demands. Salesforce, being the market leader and being consistently innovative does not suffer from the threat of being completely replaced and is only expected to grow in the coming few years (Adair, 2022).

#### [Influence of Salesforce Account Executive in Consulting Partner Selection](#)

When a company shows interest to implement a salesforces solution, they are assigned a salesforce account executive who after complete analysis of the client requirements, provides them with a list of consulting partner companies, suited for their individual needs. The client then does its due diligence to find the consultant that they want to proceed with. Alternatively, consulting partners can get independent clients for Salesforce via effective marketing strategies and by building their reputations as holistic CRM solution providers.

## **CRM in Banking, Financial Service & Insurance (BFSI) Industry**

BFSI is the main industry where Brightmark is currently operating and CRM is progressively becoming more prominent in the financial services sector to achieve the industry's mission of gaining "a competitive advantage by identifying, attracting, and retaining profitable clients" (Harito, 2016). The top challenges that institutions face figuring out ways to obtain a 360-degree customer view that is consistent across all contact points within the company are the high consumer expectations, the increasing competition, and the regulatory pressure (Harito, 2016).

### **Compliance to Data Regulations in the Industry**

There exist different regulatory agencies at various levels across geographies and these regulations must be considered by the compliance departments of all financial institutions and evaluate all sources of risks while keeping the company's financial goals in mind. Therefore, financial companies invest a significant amount of time and money towards data regulations and compliance since that is a key factor to their credibility and success in the industry (NEXJ Systems, 2018).

Unlike earlier days, when compliance departments of the financial institutions worked in silos, they now follow an integrated approach where compliance management is the responsibility of every department. This integrated approach has resulted in an increased compliance effectiveness, reduced costs, and has enabled financial organisations to take a cross functional, as well as a coordinated approach to risk management. For that reason, well-designed CRM systems offer products that provide better data security and help meeting the industry regulations and standards (NEXJ Systems, 2018).

### **Current Growth/Adoption of Salesforce as CRM Vendor**

To cater to the needs of the financial services industry, Salesforce launched its financial services cloud in August 2015. It was designed to meet the unique needs of wealth management firms, insurance companies and banks. The Salesforce Shield helps to address the regulatory compliance requirements by offering an

extra layer of security to the client data. In the future, Salesforce hopes to bring revolutionary changes and optimizations in financial advising, portfolio optimization and private equity fund optimization with the incorporation of AI and IOT in their products and services.

#### Key Salesforce Consulting Partners in Canadian Market

The main players (close competitors to Brightmark) in the Canadian market are:

- **Plative:** <https://www.plative.com/>
- **Cloud Junction:** <https://www.cloudjunction.cloud/>
- **Nubik:** <https://www.nubik.ca/>
- **Traction on Demand:** <https://www.tractionondemand.com/>

Further, Brightmark's niche expertise and experience in Financial Services cloud implementation gives the company an edge over its competitors, instilling confidence in the clients and according to Jessica, it also helps in onboarding them (Mackay & Quek, 2021). However, it is a competitive industry and the key differentiators between these consultants are the following attributes:

Consultants Attributes	Brightmark	Plative	Cloud Junction	Nubik	Traction on Demand
<b>Years active</b>	6	8	5	12	15
<b>Salesforce Certification</b>	None	Silver	Gold	Platinum	None
<b>Certified Experts</b>	16	50 +	15 +	49	216
<b>Implementations</b>	200+	2000 +	Unknown	1000+	3000+
<b>Industries Served</b>	Financial Services	Multiple	Financial Services	Multiple	Multiple
<b>Geographies</b>	Canada	India, Canada, US	North America	North America, South America, Europe	US, Canada, India, Slovakia, France, Australia
<b>CRM/Technology Supported</b>	Salesforce	Salesforce, Oracle Netsuite, AWS	Salesforce	Salesforce	Salesforce
<b>Website Features</b>					
<b>Instant Customer Support</b>	None	Yes	Yes	Yes	Yes
<b>Web Interface Appeal</b>	Low	Average	Low	Average	High

Figure 2: Analysis of Key Players in BFSI Industry

### **Client Profile: Brightmark**

Brightmark Inc., founded by Calvin Quek in May 2016, is a Salesforce consulting service provider based at Markham, Ontario, Canada. Calvin saw an opportunity to serve smaller business requiring Salesforce integration support as these companies could not pay the requested minimum engagement fee and hence, were not catered to by bigger companies (Quek, 2021). They are a small team of Salesforce-certified consultants & analysts that specialize in implementing, customizing, and supporting Salesforce products in the BFSI industry. Consequently, their current focus has been on acquiring clients such as wealth and asset management companies, private equity businesses, insurance, and mortgage firms (Brightmark, n.d.). To date, the company has served over 200 clients (among those 109 FS clients) and has done over 230 Salesforce implementations (Quek, 2021).

#### **Key Shareholders**

Matthew Maingot (ex-CEO) & Nathan Yung (Fractional COO) each owns 10.1% of shares, and the remaining 79.8% of shares are owned by the founder Calvin Quek (Coles & Quek, 2021).

Calvin Quek is a seasoned entrepreneur and has worked as a Salesforce AE for 4 years. After leaving Salesforce in 2009, he co-founded Shift CRM in February 2010 (in which he sold his stake), Brightmark in May 2016 and Lumishield in June 2021 (Quek, LinkedIn, 2022).

#### **Company Structure**

Brightmark is a relatively flat organization with around 15-20 FTEs (bottom-heavy) and is divided by function into four core departments: Sales, Human Resources (HR), Operations, and Finance (Coles & Quek, 2021). Further, they have an offshore team in India that handles software development and integration work. They recently started a new managed services team under Leslie to provide on-going customer support and help with on-the-go solutions (Coles & Quek, 2021).

## Current Service Offerings

Brightmark's service offering can be divided into the following four categories (Brightmark Inc., 2021):

### **Customized Salesforce solutions for Financial Service Clients**

Brightmark's largest source of revenue enables its client to optimize the Salesforce platform by matching their needs to the appropriate product from the complicated suite of products and customizing it.

### **Managed Service**

Brightmark provides its clients the option to avail its expertise on an ad-hoc basis to manage their Salesforce-integrated components. It can also serve customers that integrated Salesforce on their own.

### **Backup & Security**

Since there are regulations around the storage of sensitive customer information, Brightmark provides this service to clients who need it by leveraging its prior experience in serving financial service clients.

### **Training**

This is the most recent offering from Brightmark, and it consists in providing Salesforce administrator & Pardot training to the client through comprehensive workshops for "real-life" scenarios such as modifying workflow, adding automation, changing data models, and reporting structures. Currently, the company pitches a 5-day training program to the client to train their internal team to become Salesforce account administrator. The company is designing a one-year training program as a standalone service to train people at the client organization as well as new hires on how to effectively implement Salesforce solution.

## Assessing Brightmark's Current State

### Value Chain Analysis

Brightmark uses for their value chain a hybrid project management methodology which combines the best of both industry standards, Waterfall and Agile, to have a structured, sequential but at the same time agile and adaptable process (Yung & Quek, 2021). Moreover, the company's operations go from the initial business discovery on projects to the actual built, configuration and customizing of Salesforce as a platform, as well as performing the Quality Assurance (QA), managing the different User Acceptance Test (UAT) phases of the projects, and ultimately delivering the corresponding training (Yung & Quek, 2021). In summary, Brightmark's value chain can be illustrated as follows:

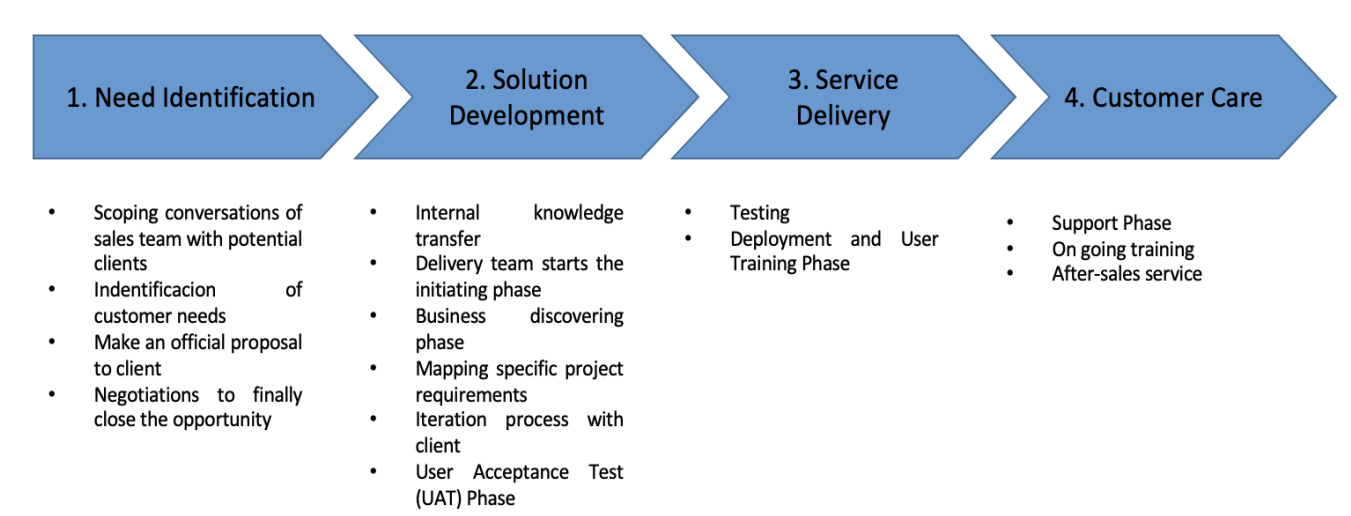


Figure 3: Brightmark's Value Chain based on Yung & Quek (2021)

As a comparison, the industry value chain looks this way:

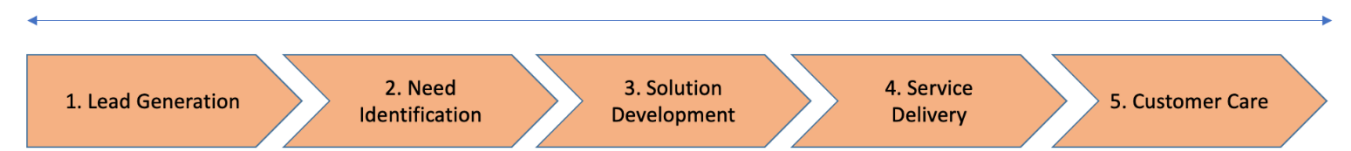


Figure 4: Industry Value Chain based on Romanowski (2014)

Brightmark's value chain is similar to the industry and at best, can allow the company to compete effectively. However, the fact that Brightmark places little emphasis on lead generation points to the fact



that they are lagging other industry players in creating value. This does not provide an opportunity for the company to achieve a sustainable competitive advantage and Brightmark should try to be at least at par with the industry standard.

### **Sales & Marketing Activities**

Analysing the lead funnel and the marketing communication of Brightmark, following were the observations:

#### **High Reliance on Salesforce AEs**

Brightmark's top funnel is completely dependent on the ability of the Salesforce Account Executives to pass leads to the team. Currently, on average 10 leads are passed on a month-on-month basis out of which only 2-3 have conversion rate of more than 50% with the remaining leads not getting converted.

Brightmark currently engages the Account Executives by inviting them for business lunches and get-togethers to be present high on their consideration set as a Salesforce partner. The issue with the current setup is the high dependence on only one source of lead generation (Quek & Mackay, Marketing & Sales Interview, 2021).

#### **Absence of Sustained Marketing Communication Channels**

Currently Brightmark is using its market equity as an expert in the financial services sector for engaging customers in the mid funnel stage. The current team of consultants are playing a significant role in pushing the prospects from the middle of the funnel to the lower end considering their rich experience in the financial services industry.

Brightmark is not using any marketing promotions to influence the decision making of the customers. Hence for clients with a high time gap in conversion, they might lose interest if constant communication is not established with them in a sustainable manner. This opens an opportunity to establish a marketing communication program to ensure sustained communication with the prospects in all hot, cold, and warm

stages of the sales funnel. This will increase the share of the mind of the prospects, therefore increasing the possibility of conversion.

### Financial Analysis

The company runs its fiscal year from May-to-April each year and uses private company audit practices. This does mean that there are deviations from accepted accounting principles and hence acceptance of the numbers is up to understanding the various discretionary calls made by the management in terms of income recognition, asset depreciation, recording of expenses, etc. The company has tried to ensure that the accounting is more in line with generally accepted standards by hiring a full-time accountant who has overseen the preparation of financial statements since fiscal year 2020-21, and this standardization will help in comparison with other acquisition targets.

The company saw a dip in revenues of around 15% explained by changes in the income recognition process of the company, resulting in a sales figure of \$1.8 million for the fiscal year 2020-21. The company wants to achieve a sales target of \$3 million for the current fiscal year, a figure that it is not on target to achieve as it has recorded only \$0.76 million in the first five months of the current fiscal year. These sales have been achieved with a negative net income and a significant increase in accounts receivable. These trends point towards diminishing value of the firm as the industry uses revenue multiples for valuation.

The firm has seen a drastic shift in its financing, with a large amount of its equity being taken out of the company in the form of dividends over the past two years, being replaced by government issue loans in the form of the CEBA loan for \$0.06 million in financial year 2020-21 and a HASCAP loan of \$1 million, which was disbursed in the first five months of the current financial year, the utilization of which has yet to be finalized, and is currently being held in the form of short-term investments. The firm has also taken financial aid from the government in the form of the Canada Emergency Wage Subsidy (CEWS), and Canada Emergency Rent Subsidy (CERS).

In terms of its overall Balance Sheet size, the firm nearly halved the balance sheet size from Financial Year 2018-19 to Financial Year 2020-21. This was done by reducing cash in hand to pay off accrued liabilities, investing in parties such as the Calvin Quek Family Trust, and the lowering of equity in the balance sheet. However, the balance sheet size has almost tripled due to the injection of the HASCAP loan, which has thus far been used to acquire stake in Lumishield and increase available cash in hand.

### **Current Company Valuation**

In the current administration, Calvin Quek has experience with selling a CRM implementation firm in the past and has asked us to look at what is the possible valuation of the firm, what are the drivers of valuation, are there other negotiating issues that he can look at while dealing with the number of parties that are approaching him with merger and acquisition requests.

During our initial evaluation, we had estimated based on a Discounted Cash Flow Approach, that the firm was worth \$6.3 million. However, Calvin has stated that he sold a portion of his previous business based on 1x Yearly Revenue model. During the current fiscal year, sales have been lagging expectations and have been achieved with overall losses, and it would provide the business a valuation of somewhere closer to \$2 million with a 1x Revenue multiple.

The range of Revenue Multiples in the cloud and managed IT service company space that are considered for the purpose of acquisition is between 1x-3x (ridge, 2018). We must remember that this is usually followed for businesses that do not have stable profits, or may even be operating at a loss, as Brightmark is in the current fiscal year (Sarath, 2021). They provide quick and easily understood benchmarks to promoters looking to purchase or offload shares in their company. However, these multiples are subject to move within the range depending on many factors, as mentioned below (ridge, 2018):

- **Amount of Revenue:** Brightmark is currently on target to make around \$2 million in revenue for the year and is not expected to benefit on this criterion.

- **Margin of the Revenue:** Brightmark is currently incurring losses based on the financials provided for the current year and will not gain a premium on this criterion.
- **Recurring vs. Non-Recurring Revenue:** Brightmark might be able garner higher multiples based on the overall repeat business available to firms in CRM implementation.
- **Composition of Revenue:** Brightmark specializes in the implementation of Salesforce in the BFSI sector and can provide specialized expertise for the same (ridge, 2018). This is in addition to the fact that 2021 and 2022 have seen a rise in Merger and Acquisition activity within the sector (Moore, 2021), which should lead to slightly higher being offered to the acquired firms. However, due to the way Salesforce allocates contracts and the number of similar firms in the firm, Brightmark Inc. will find it difficult to distinguish itself from similar acquisition targets.
- **Growth of Revenue:** Brightmark has unpredictable revenues, which is a detriment to any growth figures that may be suggested by the management of the business. In combination with other factors, this would leave Brightmark Inc. at the bottom of the reference range, even if they are to find a profitable way to market their incomes from Managed services.
- **IP (Intellectual Property):** Brightmark is designing training packages keeping in mind other Salesforce consulting players in the industry. This is a valuable resource, as seen by the fact that a large amount of value can be unlocked through training curriculum in an industry with scarce qualified labor.

### Human Resources

Brightmark must constantly deal with the potential departure of their employees for superior paying positions because they usually cannot match the pay scale of larger firms in the highly competitive market (Coles & Quek, 2021). Subsequently, Brightmark relies on contractors to fill the experience gap caused by departure of consultants (Coles & Quek, 2021). This affects Brightmark's overall performance as they

had their biggest loss last year competing against their direct competitor Nubik, where the number of certified salesforce FTEs played a critical role (MacKay, 2022). Although a recent employee survey that was conducted in Brightmark found it to have unfavorable Work-Life Balance (WLB) (Coles & Quek, 2021), we were able to confirm that it was a false perception by doing our independent Employee Profile Survey to compare Brightmark’s situation with the industry standard.

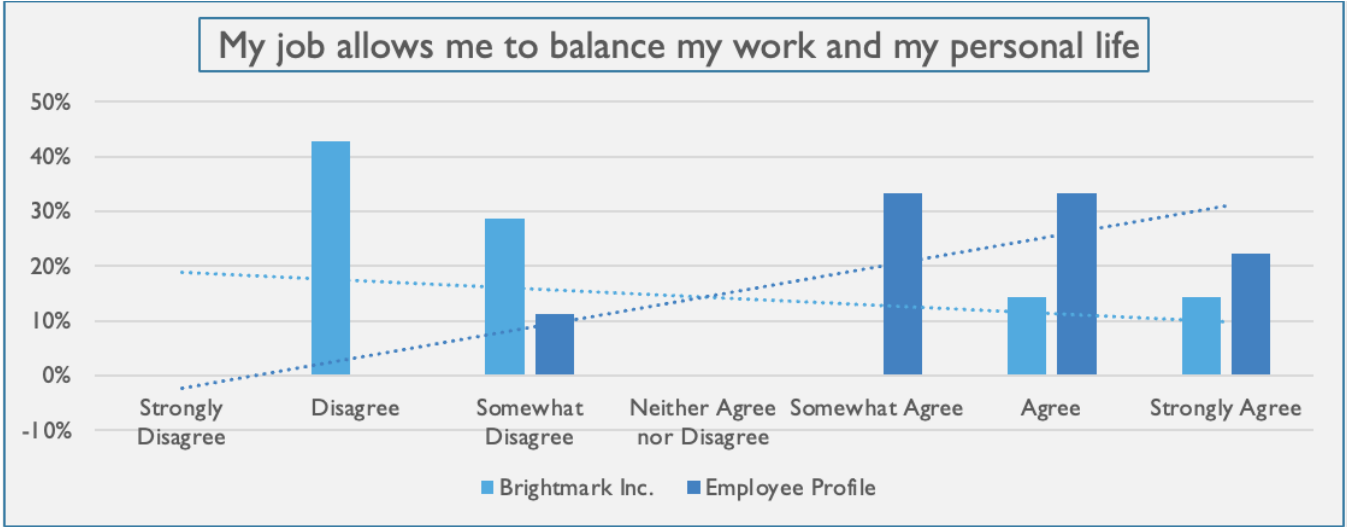


Figure 5: Employee Profile Survey Results

We found that even though the average Salesforce Consultants in Canada work more weekly hours and do more weekly overtime hours, they still claim to have a better WLB than Brightmark’s employees. Therefore, it is better for Brightmark to focus on performance-based compensation & bonuses rather than WLB to improve employee retention rate.

## Strategic Direction

### Current Business Strategy

Brightmark is currently attempting a differentiation strategy. It is positioning itself as a boutique Salesforce consulting partner staffed with former Salesforce employees who have expertise in serving financial service companies. In the recent past, it has expanded its offering from integration to offering managed services & training. Since Salesforce account executives are a significant source of high-quality leads, Brightmark consultants share their domain expertise with them to establish good rapport.

Recently, Brightmark has hired a fractional CMO to revamp the company's promotional content (such as case study and testimonials on website & client pitch decks) and guide the relaunch of their salesforce admin training program as an independent service offering for a wider audience (rather than their current salesforce integration customers).

### Key Business Challenge

Brightmark's primary challenge is to grow annual revenue to \$5 million in the next 3-4 years in a growing yet competitive market. However, given the current market conditions & their position in it, they are also exploring alternative options such as selling or merging.

### Strategic Issues creating a Hurdle

#### 1. **Mismatch between Brightmark's aspirational client size & current operational capabilities:**

Brightmark is currently attempting to compete with larger competitors such as Nubik (110 employees) for mid-market BFSI companies without having similar resources at their disposal. This mismatch can lead to a higher drop off from potential clients in the evaluation stage of the sales funnel because they want to pick a consultant company that has enough capability to manage their implementation.

2. **Greater polarisation of revenue among Salesforce Consulting Partners Companies:** Since most clients (approx. 80%) approach Salesforce AE for selecting Consultants, the AEs hold significant power in swaying business towards one consultant over the other. Therefore, while Salesforce & the Salesforce consultant market in the BFSI sector is growing rapidly, the larger-sized consultants are in a better position to capture the growing demands. This has provided them with 2 benefits - boost in revenue and develop experience and trust with Salesforce AE. The higher trust and experience lead to even more referrals from AEs and creates a flywheel effect.
3. **Underutilization of training vertical:** Currently, the training vertical is exclusively viewed as a source of additional topline revenue from corporate customers. By not offering a Salesforce training service for students & professionals looking to pivot into Salesforce-certified analyst positions, it is limiting potential to earn additional revenue. Furthermore, it could potentially be an effective way to source Salesforce Certified FTEs which can be inducted into its workforce. While these tactics come with their own challenges, the training vertical requires fewer resources to build content and training modules.
4. **Short-term ROI-based thinking limiting lead generation capabilities:** Since Brightmark decides its marketing spend based on immediate ROI in sales and leads, it has missed opportunities to grow its brand - which has known to provide more sales over the long term (Schaick, 2019). Also, it is missing out on some of the low-hanging fruits to acquire customer attention such as being listed on Salesforce AppExchange. Since there are limited opportunities for potential customers to come across Brightmark (apart from referrals from Salesforce Account Executives), there are limited chances for Brightmark sales staff to convert prospective customers.

As a result of the above-stated issues, Brightmark has experienced limited topline growth over the past few years.

## Potential Solutions

Brightmark has reached a point where it needs to decide how to position itself in a commoditized industry wherein all the players are offering similar services – continue to grow independently or merge with other players to gain synergies. We evaluated different pathways for the company under both avenues and below we provide our key findings from the analysis.

### Route 1: Independent Growth

#### **Geographic Expansion**

Expanding their business to the US or UK as a Salesforce financial service consultants presents a viable option for the firm to expand its scope of customers. Our research has pointed to increase in demand of CRM in BFSI industry for both these geographies.

However, to expand into new geographies Brightmark would need some local partner to help maneuver the national laws related to protection of information. In addition, it would need extensively invest in marketing activities to establish its presence in the new market and gain business from local players. While it continues to invest in these initiatives, it increases its competition base to include local firms from respective markets. This creates the biggest hurdle for Brightmark because the local players are already known to the business owners, and they are aware about the legal hurdles about handling financial data in their local market. As Brightmark would need to investment significant amount of time and money to gain similar recognition and expertise to compete in new geography, taking this approach might present more challenges than solution to current problems.

#### **Service-line Expansion**

As highlighted in our analysis, Healthcare and Manufacturing are some of the growing sectors that are increasing their use of CRM. Potential growth in these sectors rely on improved workflows and use of AI/ML to improve the process and better satisfy end consumer.



However, these industries, especially Healthcare, requires significant expertise. The number of firms catering to these industries is also large and any potential effort by Brightmark to enter these sectors would be met with significant regulatory barrier as well as high competition. Brightmark would remain a small fish in the ocean of pre-existing companies and would spend time and resources to prove its capabilities to the players. Further, to grow its business, it would need to hire employees with expertise in these new industries. At a time when the firm is finding it hard to satisfy and cater to the needs of BFSI firms through its workforce, expanding into new segment by recruiting new employees is difficult. Hence, it does not represent a potential path to grow in near future.

## **Route 2: Pursue M&A**

Pursuing inorganic growth strategy opens a wide playing field for Brightmark as the business risk is transferred/shared with the partner as well as get access to the resources for growing in the BFSI sector.

The biggest drawback for Brightmark is the declining revenue trend observed till September 2021. This has led to reduction in the overall valuation of the firm and does not provide the shareholders good return on their investment. Hence, as in all M&A deals, it is important from Brightmark to decide when to sell as the valuation keeps on changing and as identified in our research, it depends primarily on the revenue multiple. Therefore, before Brightmark could consider this approach, it needs to increase its revenue so that any deal made in future provides significant profit (in terms of present value) compared with the current value of the firm.

## **Spread of Potential Buyers for Brightmark**

For Brightmark, a potential acquirer could be:

### **Salesforce Consulting Firm with Expertise in BFSI industry**

These firms already have the necessary expertise in the BFSI industry but are primarily looking for talent to increase their workforce as well as a distinguishing factor to improve their positioning in the market.

The primary source of synergy between the companies will be of access to more workforce to service larger businesses. To attract suitors from this industry, Brightmark would need to increase its employee base as well as expand the training vertical to create a continuous revenue stream for the organization.

#### [Salesforce Consulting Firm looking to enter BFSI industry](#)

These clients have expertise in Salesforce business but want to expand into another business unit. For them, it is important for them to gain new clients as well as the expertise in the financial service industry. Both companies can benefit from other's expertise in the sector as well as capitalize on the value-added services provided by each firm. To attract suitors in this segment, Brightmark would need to increase its employee base to show their services could attract both small and large clients for implementation and managed services projects.

#### [Consulting Firm looking to enter Salesforce Consulting](#)

These clients are new to the Salesforce consulting environment and need a guide that could introduce them to this domain as well as continue to provide the necessary revenue to keep the investment reaping profit. Further, they also have potential client or clients asking about Salesforce implementation support. Brightmark will gain access to new clients looking to implement Salesforce solution while providing the other company with the relevant expertise to traverse the competitive landscape in the Salesforce consulting world. To attract bidders from this industry, Brightmark would need to increase its workforce to take on new opportunities provided by these clients as well as develop their brand in the BFSI sector so that the new company could leverage these assets to grow themselves.

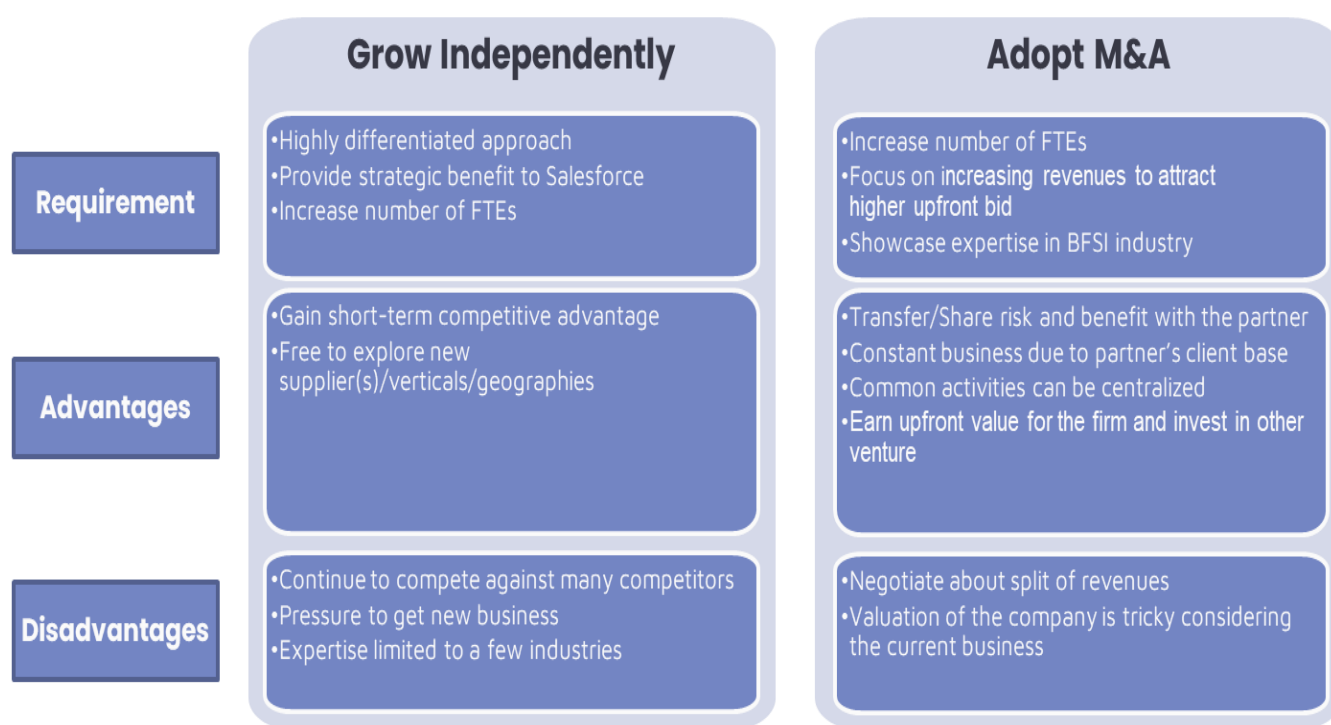
#### [Salesforce](#)

Salesforce is always in an acquisition mode looks for companies that could help them reduce their future costs as well as bring in new source of revenue. With their new focus on small size business, Salesforce is looking to expand its reach and penetrate further into the market. Brightmark could help Salesforce

achieve effective penetration by targeting these small-sized businesses. If over the years, Brightmark could bring new clients to Salesforce (reverse the client account cycle) then it will show that the firm is worth investing in and Salesforce could capitalize on Brightmark's expertise to directly acquire more small businesses.

Therefore, to be acquired by any suitor, it is important for Brightmark to increase its penetration in the BFSI industry as well as grow its employee base, which it can achieve through our recommendation.

The figure below summarizes the growth options available for Brightmark:



*Figure 6: Growth options for Brightmark*

## Final Recommendation

Based on the current state analysis of Brightmark and the CRM industry, we recommend that Brightmark should aim to position itself as a potential acquisition target within the next three years. It is important to get the timing of the merger correct; hence, we propose to have a checkpoint at the end of next fiscal year. If the company merges too soon, it will receive lower valuation based on its current financial position. Meanwhile, if merging is delayed for too long, it would take time to grow, and any similar-sized competitor would potentially grow faster by merging with another player.

### Path to Merger

To become more lucrative to potential buyer, we recommend that Brightmark should rethink their marketing activities, increase certified-employee pool, and expanding their training vertical. To achieve these objectives, it is important for the firm to grow its presence in the financial service industry by focussing on small and small-medium sized businesses (~42,000 small and medium scale employers in BFSI industry (Government of Canada, 2022)). This path to merger will have a checkpoint after 12 months.

### Develop Training Vertical

The internal and external analysis points to the fact that Brightmark has a strong training solution that can be leveraged over the short-term to cater to the demand for talent as well as earn revenue. Brightmark's training program has become a key qualifying criterion in their approach to acquire new clients. The prospective clients have consistently rated Brightmark's post-implementation training program as better than those offered by its peers. This creates an opportunity for the firm to leverage this vertical to increase its revenue as well as employee base. To achieve more ROI from the development efforts put in the program Brightmark should expand the scope of the program to include people apart current employees and clients.

### **Accelerate Certification of Current Employees**

The training program will help new employees achieve Salesforce certifications faster which will help Brightmark increase their number of certified experts. However, for internal training the program should be structured in a way to provide training through case studies as well as live projects to ensure that the employees are able to implement their learnings and Brightmark gets the relevant ROI.

### **Partner with Universities**

Brightmark should make a move to provide Salesforce implementation training to people currently in universities or those looking to enter the Salesforce consulting business. With the universities, Brightmark would work by providing discounted program to the students. These programs would last for one-term and help students learn the basic skill required to enter a Salesforce consulting business. At the end of the term, Brightmark would evaluate the success of the program through assignments that could involve students working on real-time projects. This would give them an opportunity to assess the students and cherry-pick top performers for working in the firm. This would create a potential pipeline of entry-level employees for Brightmark. Further, this approach will make Brightmark's name known to students, professors and university staff and will help build brand recognition.

### **Sub-Contract to Competitors**

Alongside universities, Brightmark should target comparable size Salesforce consulting firms and should pitch their training service to them. The competitors could use the training material to either upgrade the skills of internal employees or sub-contract client work to Brightmark (like it is in real-estate industry, where a big company would get the contract and would outsource different functions to smaller firms that are more apt at doing them). For this initiative, Brightmark should position itself as Training partner for Salesforce consultants and provide competitors a training program that costs less time and money than an in-house training program.

To achieve these objectives Brightmark would need to make the following investments:

- **Prepare Pre-recorded Training Material:** The training team should work with creating some pre-recorded lectures that could be used in conjunction with in-person training to reduce the overall utilization of the resources for this activity. This one-time activity would require some initial investment but would save the recurring cost and time associated with always using a resource of in-person training session.
- **Invest in Promoting Training Business:** Along with promoting its services, Brightmark would need to promote its Training vertical across all fronts. It would need to pitch this as a separate solution that can be used independently or in combination with its implementation service. For universities, efforts would need to be made to get the program accredited by colleges providing certificate or diplomas in applied sciences and financial services. Lastly, to achieve an even greater impact, Brightmark needs to partner with or get its program approved by Salesforce by showing that it is better and cost effective than Salesforce's own training program and will benefit Salesforce by raising awareness about its platform as well as getting the future employees ready to embark on their Salesforce consulting journey.

### Rethink Marketing Activities

To improve and grow its revenues, Brightmark needs to utilize its \$10,000 marketing budget to promote its services. Brightmark should take a two-pronged approach for reducing their dependability on the Salesforce AEs as their sole source of lead generation and improve the engagement avenues with the potential clients, to increase their top of funnel lead conversion in addition to effectively engaging the leads which have a longer conversion cycle. The solutions have been recommended keeping in mind that Brightmark has not been mandated by Salesforce to share the pricing exclusively via Salesforce AEs. This provides Brightmark with the freedom to open new lead avenues for themselves.

Brightmark needs to source more customers independently for reducing their dependency on the Salesforce executives. This can be achieved through the following proposed recommendations:

### **Omnichannel Marketing Strategy**

#### Digital Marketing

Considering Brightmark needs to acquire more small and medium- size businesses, it needs to pursue cost-effective digital marketing strategy, which can deliver attractive ROI for the campaign. The marketing plan needs to leverage a mix of social media platforms like LinkedIn, Twitter, and Facebook, which rates high on B2B marketing potential (Morrison, 2021). It can also be observed that Salesforce, which is reaching a similar audience, is utilizing these social media platforms effectively, with a follower base of 3.5M followers on LinkedIn. Additionally, due to the long lead conversion timelines standards of the industry, Brightmark also needs to plan and execute a holistic email marketing strategy to engage the potential customers during all the stages of the lead funnel.

#### Partner with Fintech Incubators

Canada has approximately 700 Fintech start-ups and the supporting ecosystem inducing Incubators. Brightmark can partner with the Fintech Incubators and provide free/discounted consulting services to acquire their future business. Considering the partnership will be established at the foundation stage of the business, it will open avenues for high engagement and lead conversion rates. (Accenture, 2021)

#### Participate in Trade Shows

Trade shows can be leveraged as an effective medium for not only generating potential business leads but also as a source of increasing brand awareness in the local market areas. Brightmark can participate in BFSI specific trade shows to reach out to potential financial services clients in Canada. The average cost of acquiring B2B leads from these vary in the range of approx. \$800 (Hollinger, 2022).

#### Establish Inside Sales Team

It is proposed that Brightmark should establish a small inside sales team to generate a potential lead pipeline for the company. Developing an internal team will not only hedge the risks associated with the high dependency of Salesforce AE's but will also act as a source of rich learnings for the organization. In addition to generating new leads by telemarketing, this inside sales team can also be used to nurture the leads with a larger lead time. This new team will have to be equipped with industry databases like ZoomInfo, which can be used to identify relevant contact persons at potential organizations.

Assumptions		Scenario 1- Revenue 5 Million \$				Scenario 2- Revenue 3.5 Million \$			
		Revenue Projections(Million Dollars)				Revenue Projections(Million Dollars)			
Avg. implementation cost	50000	Source Split	2022-23	2023-24	2024-25	Source Split	2022-23	2023-24	2024-25
Cost per lead(\$)	60	Total	2.52	3.528	4.9392	Total	2.25	2.8125	3.515625
Conversion rate	1%	Salesforce	80%	70%	60%	Salesforce	80%	70%	60%
Conversion Lead time	2 months	BrightMark	20%	30%	40%	BrightMark	20%	30%	40%
		Salesforce	2.016	2.4696	2.96352	Salesforce	1.8	1.96875	2.109375
		BrightMark	0.504	1.0584	1.97568	BrightMark	0.45	0.84375	1.40625
		Channel	2022-23	2023-24	2024-25	Channel	2022-23	2023-24	2024-25
		Budget/month	5000	10000	20000	Budget/month	4000	7000	10000
		Digital Marketing				Digital Marketing			
		Leads Generated/month	83	167	333	Leads Generated/month	67	117	167
		Leads Converted/month	1	2	3	Leads Converted/month	1	1	2
		Lead Converted/year	5	10	20	Lead Converted/year	4	7	10
		Revenue Projection(million)	0.25	0.50	1.00	Revenue Projection(million)	0.20	0.35	0.50
		Incubator Partnership				Incubator Partnership			
		Revenue Projection(million)	0.1	0.2	0.3	Revenue Projection(million)	0.1	0.2	0.3
		Trade Shows				Trade Shows			
		Revenue Projection(million)	0.1	0.2	0.3	Revenue Projection(million)	0.1	0.2	0.3
		Training				Training			
		Revenue Projection(million)	0.05	0.1	0.3	Revenue Projection(million)	0.05	0.1	0.3
		Total				Total			
		Revenue Projection(million)	0.50	1.00	1.90	Revenue Projection(million)	0.45	0.85	1.40

Figure 7: Scenario Analysis of Omnichannel Marketing Strategy

## Onboarding B2B Marketing Agency for Lead Sourcing

Being cognizant of the fact that Brightmark has little experience in running digital marketing campaigns internally, it can explore hiring result-driven B2B lead generation agencies and evaluate both fixed cost and commission-based models for sourcing potential leads from them. The average cost of onboarding these agencies ranges between 3.5K USD to 5K USD/month (Divakaran, 2022), which fits well in Brightmark's budget of spending 10KUSD on marketing initiatives. Considering this model will not require Brightmark to invest and manage an in-house team of inside sales representatives, it can prove to be cost-effective and easier to manage.

B2B lead generation agencies like Callbox operate in multiple industries and this can be leveraged by Brightmark to conduct pilots if they intend to enter industries in addition to Financial Services.



Hiring such agencies will increase the top of the lead funnel for Brightmark, by reaching a wider audience at a faster pace, which would be a limitation if it establishes an inside sales model. Brightmark should pilot with at least 2 such agencies to establish the success and the limitations of this model.

### **Improving Client Engagement Avenues**

Website redesign and ensuring customer engagement throughout the lead funnel are two key areas, which would play pivotal role in supporting the marketing initiatives.

#### Website Redesign

Brightmark's current website interface and content do not match the quality standards of its direct competitors like Traction on Demand and Plative to name a few. Considering the past success record of the implementation partner is an important criterion in finalizing the business partner, it needs to ensure that the client success stories are well covered here. Brightmark needs to redesign its website to convey their expertise as well as show that they are well-versed to understand and provide solution to client's business need. This can be achieved by adding leadership blogs or whitepapers to show that they understand the current and future landscape of the use of CRM in the BFSI industry. The website also does not host any video content currently, which can potentially impact the engagement rate of the consumers with the information present on the website.

#### Create Communication Touchpoints and Brand Collaterals

Brightmark needs to develop communication templates for engaging customers at different stages of the lead funnel. Engaging potential leads throughout the journey can have a direct impact on increasing the conversion ratios at every stage of the funnel. It also needs to develop brand collaterals like customer testimonial booklets, successful case studies etc. which can be used for establishing its credentials. Brightmark's competitors like Plative have done strong work on this front which helps in establishing its credential as a trusted partner.

Brightmark is aware of these areas of improvement and is already working on them.

### Increase Employee Base

With the increase in inflow of business due to above suggested measures, Brightmark would need to also increase its FTEs to continue to this increasing demand. Although contractual employees could be a solution in a short-run, Brightmark would need to improve its HR practices to attract and retain high performing certified employees. One way to achieve this is to Accelerate Promotions.

At a time when the company is looking to hire trained consultants, it could improve its internal promotion checklist so that more ingrown talent can receive promotions. Brightmark could select high performing employees every six months and train them for the next 3-6 months to prepare them for the next level. This would involve giving employees a flavour of next level by asking them to handle all the activities pertinent to that role. After the end of training period, Brightmark could ascertain which employees are ready to handle the next level and promote them. Although more efficient at selecting the right candidates for promotion, this method involves a considerable risk of turnover if an employee is not selected for the training or is not promoted after the training program. To effectively implement this, Brightmark would need to ensure that it maintains a competitive pay for the next position compared with industry standards.

### 12-month Checkpoint

The role of the checkpoint is to determine whether Brightmark should wait for another 20 months before selling the firm or should sell it immediately. The key ask at this point is to review the total revenue as well as the performance of the suggested solutions. If we see a positive trend with the revenues, we should continue to grow the business for another 20 months. However, if the revenue continues to show a downward trend, we should expedite the M&A process and should immediately start looking out for potential buyers.

## Conclusion

Time is of essence to Brightmark to improve its topline numbers and position itself to be acquired at a reasonable valuation i.e., at least \$3 million by the end of company's financial year 2025. Hence, it needs to implement these solutions in parallel. The company has already taken the first step in improving customer touchpoints and has also hired a part-time CMO to oversee the external marketing activities. Meanwhile, it has also started to develop the content for the one-year training program that is to be provided to new hires and clients.

Now, Brightmark needs to capitalize on this momentum by further expanding its marketing activities and training program to increase awareness about the firm in the market. This would help the firm in reducing its dependence on Salesforce AE and creating a potential talent pipeline that could be absorbed to work on new projects.

The combined effect of increase in projects and enlarged employee count will help Brightmark to achieve the desired top-line performance. Consequently, they will be able to negotiate for a better revenue multiplier to increase the final value of the firm, thereby providing significant ROI for all the stakeholders.

## Appendix

### Evolution of CRM

#### History of CRM

CRM is not a new concept that emerged at the end of the twentieth century. Whenever you consider trade, accounting always comes along with it. In the twentieth century, many forms of record keeping were used until the advent of commercial computers. <sup>1</sup>



Automation eventually became visible in other areas of the business, particularly sales, and CRM, in its digital version, evolved in a matter of years.

CRM as we know it now had its roots in the 1980s. Robert and Kate Kestnbaum were database marketing pioneers. Which was a type of direct marketing that used statistical analysis of a customer database to determine which consumers were most likely to respond to a marketing campaign. The idea caught on, and Kestnbaum and Robert Shaw introduced us to new concepts and approaches, spanning from consumer lifetime value to channel management. After the concept gained popularity, there were many early followers who developed Enterprise Resource Planning Systems and soon the market became competitive. By the mid-1990s, the market

skyrocketed into a plethora of product offerings, which are today known as CRM systems. Customers had a lot of options, albeit rapid acquisitions made it hard to predict who will be your supplier in a year's time.



When Salesforce started in 1999, it was not a great hit since the world was not used to cloud computing and considered it a fad. However, when the world woke up to the migration of consumers to cloud, Salesforce became the largest vendor of CRM.<sup>1</sup>

The market for new CRM products does not appear to have achieved saturation just yet. Existing vendors have modified their licensing structures to give cloud alternatives to traditional site licenses, while new businesses continue to come to market with cloud solutions. The most recent shift being the emergence of social data and the necessity to communicate with clients on numerous social platforms.<sup>1</sup>



## Future of CRM

The industry is continuously evolving. The focus of business is now on reducing customer silos so that the entire organization could work together to create a 'single source of truth' with the customer data. The software is expected to help organizations to understand consumer behavior by using AI/ML technology to analyze customer data from social media and IoT devices. This will help organizations to further customize their offerings to cater to the core requirements of their consumer. This would also entail a shift from reactive offering to a more proactive approach, wherein CRM software would help anticipate the needs of the consumer and suggest measure to retain the customers. Some of the key trends to look for include:

- **AI integration:** AI is already being integrated in most CRMs. It can aid in predicting consumer behaviour, help in creating targeted content and can make lead generation more effective. Many industries are continuously exploring the use of AI in their business to make their activities more productive and accurately targeted.
- **Social CRM:** Integration of social media platforms into CRM is called social CRM. It helps companies effectively integrate their client support across social media platforms and helps them to respond to comments quickly and holistically and build stronger relationships with consumers.
- **IOT Technologies:** "From smart home devices to wearable health monitors and cybersecurity scanners, there are expected to be more than 64 billion IoT devices worldwide by 2025"-Techjury Using IOT, Companies can serve their clients in ways that were previously never thought of.
- **Vertical Markets and Customizable CRM:** Some of the highly regularized industries such as finance manufacturing and healthcare might soon be able to pick from an eclectic collection of CRM platforms. These will automatically be equipped with in-built functionalities to meet the future of industry standards.

1. The Future of CRM: Reduce Silos to Increase Customer Satisfaction (Salesforce) - <https://www.salesforce.com/ca/resources/articles/future-of-crm/>

### **What Is the Future of CRM?**

The best CRM technology today uses cloud-based, mobile-friendly, and AI-optimized software. These features are increasingly the norm, not the future. CRM already gives companies the ability to provide a personalized customer experience.

The future of customer relationship management can be seen in a number of ways, including increased adoption of CRM technology across enterprises, deeper insights fueled by expanding artificial intelligence, and more robust customer data integration. Companies that invest in CRM will benefit from having a single source of customer truth, as well as a way to uniformly support the entirety of the customer lifecycle.

### **A CRM System as a Single Source of Truth**

For companies, the future of CRM platforms will increasingly be its use as a single source of truth (SSOT), which according to [MuleSoft](#), “is the practice of aggregating the data from many systems within an organization to a single location.” A company that uses a CRM platform as a single source of truth allows it to connect employees, teams, departments, and even partners around providing a cohesive customer experience.

2. Future Trends In CRM (ZoomInfo) - <https://pipeline.zoominfo.com/marketing/future-crm-trends>
  - Personalization
  - Use of AI
  - Integrate self-servicing into existing channels
  - Invest in mobile CRM
  - Embrace social CRMs with your social media channels
3. CRM Trends – What to expect in 2021? (ZoomInfo) - <https://focusonforce.com/crm/crm-trends-what-to-expect-in-2021/>
  - Integration with IoT
  - Vertical Markets and Customizable CRM: Some of the highly regularized industries such as finance manufacturing and healthcare might soon be able to pick from an eclectic collection of CRM platforms. These will automatically be equipped with in-built functionalities to meet the future of industry standards
4. Global AI Market for CRM Expected to Grow Over USD 123.28 Billion by 2024 (Zion Market Research) - <https://www.globenewswire.com/news-release/2018/10/12/1620559/0/en/Global-AI-Market-for-CRM-Expected-to-Grow-Over-USD-123-28-Billion-by-2024-Zion-Market-Research.html>

North America held the largest revenue share of the global AI market for CRM market. The key factors driving the growth of the market are high technology adoption rate paired with increasing demand from BFSI end-user sector. The U.S. and Canada emerged as lucrative markets for AI for CRM in the North America market. Presence of key technology innovators also predicts to support the growth of AI market in CRM in near future.

European AI market for CRM is mainly driven by government initiatives and fundings to promote AI is a major influencing factor for the growth of the market's development in the coming years. Germany and the UK accounted for the major market share to AI market for CRM. The government of UK has offered a massive funding to develop machine learning at universities. Heavy investments by tech giants are also predicted to flourish the growth of market significantly in near future.

5. Artificial Intelligence Trends Across CRM Platforms (Alphavima) - <https://alphavima.com/artificial-intelligence-trends-across-crm-platforms-salesforce-microsoft-oracle-sap/>

The five major Customer Relationship Management (CRM) vendors in the market Salesforce, Microsoft, SAP, Oracle and Adobe systems make up almost half of the entire CRM Market. All of them have been heavily investing on the development of Artificial Intelligence and machine learning.



## Industry Positioning

### Purpose & Scope of the Research

Brightmark is one of the many salesforce partners offering implementation support to the clients who are facing difficulty in integrating the Salesforce product in their current business environment. To assess how the company is positioned in the industry, it is important to:

- Understand the positioning of Salesforce in the CRM industry.
- Identify industry trends related to Salesforce partners for financial industry: reliance on big players vs. boutique vendors
- Discuss the growth of CRM adoption in financial service sector and identify other leading industry for salesforce products.

### Methodology & Sources

- Secondary research through online databases, company documents and open web to
  - Assess the current positioning of Salesforce within the CRM industry to ascertain the how the company and its product are being perceived in the market
  - Assess different segments for their potential growth in terms of CRM adoption rate
  - Sources: Gartner, Market Research Reports, Salesforce Annual Report, Statistia, Industry publications, MarketLine
- Primary research with Brightmark executives to affirms the facts observed during secondary research and fill data gaps
  - Their view of the competitive environment and potential edge they have over other players.
  - Functional requirement from operational perspective to expand their services and the challenges faced in current settings.
  - Brightmark's sales team: Calvin, Jessica (sales), Nathan (ops) and Mathew (CEO)

### Findings & Strategic Implications

#### *Positioning of Salesforce in CRM Industry*

**Salesforce is the market leader in the field and will continue to dominate the industry in the next five years.**

The global CRM industry is pegged at USD 43.7 billion and is expected to grow at a CAGR of 10.6% between 2021-2028.(6) Salesforce is the leading player in the CRM industry enjoying 20% of the market share. The total share of Salesforce is more than the cumulative share (17.4%) of next four biggest competitors – SAP, Oracle, Microsoft, Adobe.(2,10) However, even with a strong market presence, more than 70% of the customers struggle with integrating the Salesforce software within their internal and external ecosystem. To tackle these issues, Salesforce partners with different consulting agencies help the clients integrate the solution into their ecosystem.

Based on the secondary research and interviews with Brightmark executives, we see that Salesforce is a giant in the CRM market.(3) **The company easily outpaces other competitors both in terms of overall revenue and year-over-year growth.**(4,6,7,8) The key consideration for clients to opt for a non-salesforce solution is the small size of the organization and budgetary constraints. These challenges are also difficult for other leading industry players to bypass; hence, we see a large fragmentation in the remaining ~60% of the market. The small companies playing in this category have made their products customizable to suit the needs of small and medium businesses.

Meanwhile, among the top 5 players, Microsoft, Adobe, and SAP have initiated an open data initiative to create a “single source of truth” about the customers.(11) This will allow enterprises to share data across the three platforms to improve their customer experience. Although the initiative starts with a great focus and traction, industry experts

believe that it will be a little difficult to implement the project at-scale and create a single customer hub within an organization.

Given the current industry landscape, Salesforce will continue to be a dominating player in the market and will survive the test of time with their focus on continuously evolving their product portfolio primarily through in-organic growth. (9,12-18)

If we consider a slight chance that Salesforce would lose its market share and be acquired by another big player, the key acquisition candidates include Amazon, Apple, Microsoft, and Google. Of these players, Microsoft is not in contention as the company lost their chance in 2016 when they were approached by Salesforce for potential acquisition talks. Since then, Salesforce has continued to evolve and launch products that directly compete with Microsoft's offerings. Meanwhile, there were rumors in 2020 that Google might acquire Salesforce, but there has not been any concrete evidence. It is believed that Salesforce acquisition would help Google expand their cloud program. In addition, they will be able to leverage Salesforce offerings to improve their products. Further, it would also allow Salesforce to develop new products using the customer data available with Google. A partnership in future presents a big win-win scenario for both the companies. Amazon and Apple compete with Google and Microsoft primarily in the cloud market and potential acquisition of Salesforce would provide them with the necessary power required to propel their cloud business even further. In 2021, Amazon partnered with Salesforce to take on Microsoft and Google in the cloud space. This partnership removed the complexity to link data stored on AWS and presented on Salesforce platform. These trends indicate that Amazon is the frontrunner when it comes to potential acquisition of Salesforce.

#### *Trends related to Salesforce in financial services sector*

**The financial service consulting industry presents a strong area of focus for Salesforce; however, there is significant competition at both local and global level.** Currently, the financial service industry accounts for 8.8% for Salesforce customers, closely behind manufacturing and professional services. The focus of the financial institutions is now on the full customer lifecycle: marketing, sales, personalization, and cloud connect.(26) Companies are willing to invest in technology that will help them navigate the current environment and satisfy their customers. There are currently 178 customizable apps within the Salesforce environment for financial services.(20) On the Salesforce AppExchange there are 195 financial service consultants globally, of which 69 compete in the Canadian market (63 in Ontario). In the Canadian market, ~48% of the partners are small size (less than 50 certified experts), while only 10 partners have more than 1,000 Salesforce certified employees. These large firms are primarily consulting firms (Deloitte, Accenture, PwC) or technology players (IBM, Wipro, Infosys). However, 6 of the 10 firms are Expert partners.

In terms of small size players, the core competition group for Brightmark, only 6 of the 31 companies are Level II or Expert. Most of the players are of small size and balance the playing field for Brightmark. This implies that within Canada, Brightmark has sufficient opportunities to expand and generate more workflow. However, when it comes to expanding into the US, it would come at the expense of increase in the number of competitors. Given the current industry scenario, Brightmark could continue to increase their focus on the Canadian market and try to generate more business by acquiring new logos and increasing their engagement with the current clients.(21)

The research shows that there has been **continuously increased adoption of CRM in the financial service industry.** The industry is transitioning towards digitization and there is an increased focus in creating a structured and comprehensive customer data system. This increasing trend towards digitalization is expected to continue for the coming years and will force businesses to adopt CRM technology to manage their customer data and help different functions to share the data and improve customer experience. (23,24,25) For Brightmark, this is a positive sign as the company can expect a steady stream of business from the financial service market.

### Identification of other profitable sectors

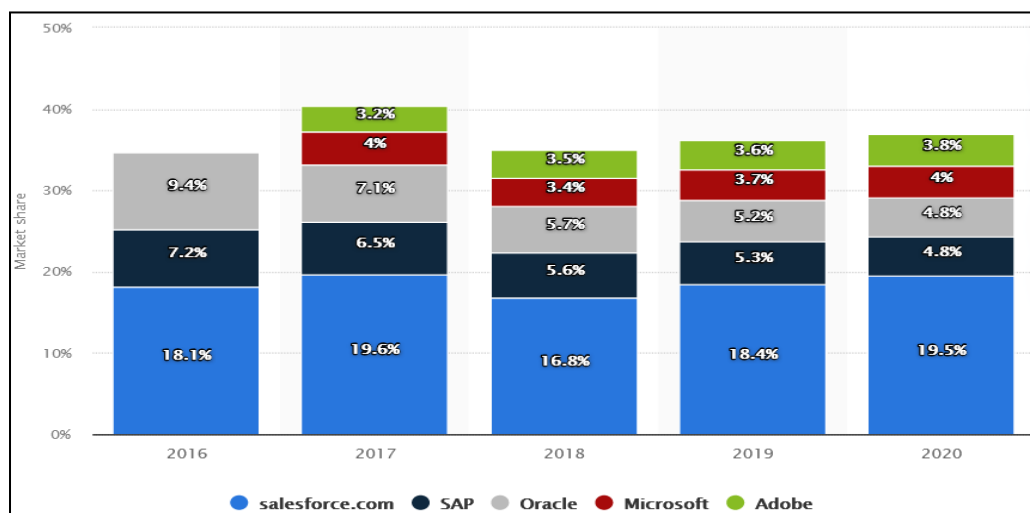
Meanwhile, the research also supports the expansion of business to other industries. As per Salesforce split, Manufacturing and Retail are the other key industries that are utilizing Salesforce CRM software. (28-30) This is also corroborated by industry reports that highlight **Manufacturing industry** as one of the key areas for CRM adoption. Apart from Manufacturing, **Healthcare industry** is also an emerging sector due to the increased transformation effort being caused by the pandemic. (31-35) The CRM players in this sector are looking to create a single profile of the customer across departments so that the healthcare provider has the complete picture of the patient. The industry is witnessing an increase in collaboration between the dominant players to leverage combined resources and capabilities, including Salesforce partnership with IBM Watson to provide better enterprise solutions to the client.(36,37) As the financial service sector will continue to witness increased CRM adoption, Brightmark could look to diversify its services and cater to at least one additional industry to spread its risk and increase the flow of business.

### Positioning of Salesforce in CRM Industry

1. Customer Relationship Management Market Size, Share & Trends Analysis Report By Solution (Customer Service, Customer Experience Management), By Deployment, By Enterprise Size, By End Use, And Segment Forecasts, 2021 – 2028 (Grand View Research) - <https://www.grandviewresearch.com/industry-analysis/customer-relationship-management-crm-market>

The global customer relationship management market size was valued at USD 43.7 billion in 2020 and is expected to expand at a compound annual growth rate (CAGR) of 10.6% from 2021 to 2028. One of the key trends in the industry is the growing demand for deploying Customer Relationship Management (CRM) suites and solutions via the Software as a Service (SaaS) model. Rising demand for automated engagement with customers, improving the scope of digital operations, and improving customer experience and services are the factors driving the demand for CRM solutions across various industries globally. Moreover, developments in cloud computing technology, the emergence of serverless computing and hybrid cloud computing, and the availability of various service models such as SaaS, Infrastructure as a Service (IaaS), and Platform as a Service (PaaS) are projected to drive the CRM market growth over the forecast period.

2. Leading vendor market revenue share of customer relationship management (CRM) applications market worldwide from 2016 to 2020 (Statista 2022) - <https://www.statista.com/statistics/972598/crm-applications-vendors-market-share-worldwide/>



3. Canada Customer Relationship Management Market Size, Share & Trends Analysis Report By Solution, By Deployment, By Enterprise Size, By End Use, And Segment Forecasts, 2021 – 2028

(Grand View Research) -  
<http://www.marketresearch.com/feed/factiva/display.asp?productid=30474684>

The Canada customer relationship management market is expected to reach USD 5.3 billion by 2028, expanding at a CAGR of 12.2% from 2021 to 2028, according to a new study by Grand View Research, Inc. The rising demand for advanced technologies such as Artificial Intelligence (AI), cloud computing, and the Internet of Things (IoT) is promoting the adoption of connected devices as well as data-rich and analytics solutions across businesses and enterprises. These solutions enable the integration of intelligence capabilities into business operations and practices to facilitate improved and effective customer engagements while driving operational optimization.

4. Salesforce becomes a 'success from anywhere' company with record year (Yahoo Finance) - <https://ca.finance.yahoo.com/news/salesforce-q-4-earnings-results-and-future-of-work-191112659.html>

Salesforce delivered full-year fiscal 2021 revenue of \$21.25 billion, up 24% year-over-year, and a new record. The customer resource management (CRM) provider expects full-year fiscal 2022 revenue to be in a range of \$25.65 to \$25.75 billion. Shares of Salesforce fell 4% on Friday on the slower pace of growth.

5. Canada Information Technology Report | Q1 2022 (Fitch Solutions Country Risk & Industry Research) - [https://app.fitchconnect.com/article/BMI\\_53F45283-F0C3-417B-8DDC-88C5E0067789](https://app.fitchconnect.com/article/BMI_53F45283-F0C3-417B-8DDC-88C5E0067789) (pg 36)

#### Salesforce Canada

**Salesforce** is the leading global cloud-based customer relationship management (CRM) system vendor and is the market leaders in Canada along with SAP, Oracle and Microsoft. It has a headcount of 1,400 in Canada across sites in Toronto, Fredericton and Vancouver. In 2018, Salesforce founder Mark Benioff announced that the company would invest USD2bn in Canada over a period of five years, with the investment earmarked for expansion of office space and the workforce, as well as increasing data centre capacity. The venture capital division of Salesforce – Salesforce Ventures – has invested in seven Canadian companies since 2011, and then in May 2018 announced the Canada Trailblazer Fund, which was financed with USD100mn to invest in start-ups and fund cloud innovation through early-stage companies. The Trailblazer Fund's first four investments were Toronto-based capital markets CRM start-up **Tier1CRM**, British Columbia-based guest experience vendor **Traction Guest**, integration company **OSF Commerce**, and retail-worker-app provider **Tulip**.

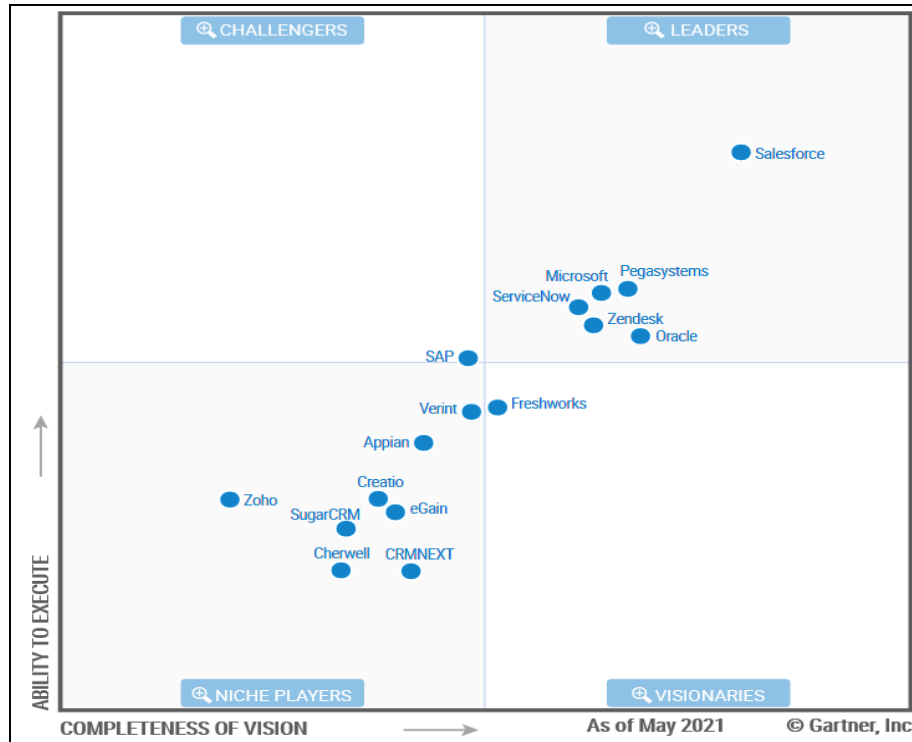
6. Market Share Analysis: Customer Experience and Relationship Management Software, Worldwide, 2020 (Gartner Research) -  
<https://www.gartner.com/document/4002644?ref=solrResearch&refval=293014648>



7. Magic Quadrant for the CRM Customer Engagement Center (Gartner Research) - <https://www.gartner.com/document/4002572?ref=solrResearch&refval=311631716>

The \$22.9 billion CRM CSS software market, of which the CEC market is part, will grow at a five-year compound annual growth rate of 10.3% in U.S. dollars through 2024 and remain the largest subsegment of the customer experience/CRM market (CSS's proportion of the CRM market was about 34% in 2019). Although forecast growth rates in 2020 dropped from about 17% (2018 to 2019) to 5% (2019 to 2020), in common with other CRM subsegments, CSS revenue is somewhat protected as organizations prioritize CSS technology. Moving into 2021, growth rates are expected to improve to 12%. (Source: Forecast Analysis: CRM Customer Service and Support Software, Worldwide)





8. Top 10 CRM Software Vendors, Market Size and Market Forecast 2020-2025 (Apps Run The World) - <https://www.appsruntheworld.com/top-10-crm-software-vendors-and-market-forecast/?cn-reloaded=1>

Through our forecast period, the CRM applications market size is expected to reach \$49.6 billion by 2025, compared with \$45.67 billion in 2020 at a compound annual growth rate of 1.7%.

Rank	Vendor	YoY Growth	Recent Developments
1	<a href="https://www.salesforce.com">Salesforce.com</a>	14.00%	In 2021, much of the company's focus was on Slack's integration into Salesforce Customer 360, making its way across the Salesforce stack. Most notably was the Slack Connect feature that allows salespeople running Sales Cloud to generate conversations with colleagues on Slack for best practices.
2	<a href="https://www.adobe.com">Adobe</a>	13.30%	Adobe Sensei, Adobe's AI and machine learning (ML) technology, powers intelligent services that can easily be applied across the organization to deliver great customer experiences. Today, over 80% of Adobe Experience Cloud customers are relying on Adobe Sensei to drive their digital modernization including: NVIDIA, Esri, Pitney Bowes, Under Armour, and others.
3	<a href="https://www.oracle.com">Oracle</a>	2.40%	In FY21, Oracle Data Cloud and Oracle Cloud CX recently joined forces as Oracle Advertising and Customer Experience (CX) with a goal of connecting all business data across advertising, marketing, sales, commerce, and service. Furthermore, Oracle double down on its CX applications by marrying digital advertising, lead-generation, and lead-qualification into a fully integrated online selling system named Fusion Marketing. Oracle has about 8,000 Oracle Advertising and Customer Experience Cloud (CX) customers, including 3,500 that it picked up from acquisitions of Eloqua (1,000), Responsys (500), RightNow (2,000) and a string of smaller ones like Bluekai, Vitruve and Grapeshot since 2012.
4	<a href="https://www.sap.com">SAP</a>	1.10%	The 2021 acquisition of Emarsys will enhance the SAP Customer Experience portfolio by creating a new paradigm for how commerce is managed digitally as it will deliver hyper-personalized, omnichannel engagements in real-time, helping organizations ensure every engagement is relevant and impactful. More than 10,000 customers are using either the entire SAP CX suite or key modules for customer experience management, and Emarsys will be adding 1,500 customers worldwide to deliver hyper-personalized, omnichannel engagements in real-time, helping organizations ensure every engagement is relevant and impactful.
5	<a href="https://www.microsoft.com">Microsoft</a>	8.90%	Microsoft is counting on big data to boost its CRM business. Azure Synapse, for example, combines data integration, big data, and data warehouses into a single service, enabling Microsoft Dynamics CRM users to generate insights from massive amounts of structured and unstructured data about their customers.
6	<a href="https://www.genesys.com">Genesys Telecommunications Laboratories</a>	5.60%	Genesys launched Genesys DX, the company's new standalone digital customer engagement offering. Genesys DX leverages the company's CX expertise and Genesys AI, predictive engagement to enhance the conversational AI and dynamic knowledge base capabilities from the Bold360 acquisition. Genesys DX enables companies to move the customer experience beyond the transactional chat interactions that are common today to deliver intuitive conversations that customers welcome. With each customer engagement, Genesys DX will get smarter about how to improve their experiences throughout the relationship lifecycle based on dialogue, responses, and preferences. Genesys and Google bolster multi-year partnership to include running Genesys Multicloud CX on Google Kubernetes Engine.
7	<a href="https://www.zendesk.com">Zendesk</a>	26.10%	Zendesk to acquire Momentive And Its Iconic SurveyMonkey Platform. The companies' respective sizable customer bases and complementary capabilities are expected to provide significant opportunities for joint product adoption and increase Momentive's enterprise traction. Zendesk will reinvest savings from scale efficiencies into compelling growth opportunities to support the combination. Zendesk has 173,600 paid customer accounts, including approximately 88,100 paid customer accounts on Support, approximately 46,600 paid customer accounts on Chat, and approximately 39,000 paid customer accounts on other products.
8	<a href="https://www.hubspot.com">HubSpot</a>	24.10%	HubSpot, the customer relationship management (CRM) platform for scaling companies, has surpassed 128,000 paying customers and has reached \$1 billion in annual recurring revenue, marking two important milestones in the company's nearly 15-year history.
9	<a href="https://www.pegasystems.com">Pegasystems</a>	11.30%	In April 2021, Pegasystems launched Pega Process AI – a new set of Pega Platform capabilities that help organizations optimize their business and customer operations in real-time. By infusing self-optimizing AI and decision management into its low-code process automation software, Pega offers the only solution that can intelligently triage millions of incoming customer requests, transactions, and other events at an enterprise scale. This enables fast and effective event resolutions while helping to lower operating costs and simplify employee and customer experiences.
10	<a href="https://www.nice.com">Nice Systems</a>	14.80%	NICE serves over 25,000 organizations in the enterprise, financial and security sectors. With over 2,000 call center deployments, inContact is used by 155,000 agents globally. It manages 6 billion interactions per year.

9. Salesforce

SWOT

<https://www.gartner.com/document/4001685?ref=solrResearch&refval=311632981>,  
[https://advantage.marketline.com/Company/Profile/salesforcecom\\_inc?swot](https://advantage.marketline.com/Company/Profile/salesforcecom_inc?swot),

a. Strengths

- b. Strong marketing strategy and understanding: Agility in responding to market needs: Response to the pandemic was swift in addressing client needs to transform and adapt to the new digital customer and workforce
- c. Salesforce technology expertise: Salesforce's Success 360 is a structured methodology to align Salesforce client goals, build a path to success, and measure and illustrate progress along the way
- d. Focus on innovation improves sales and services: Salesforce has significant focus on innovation operations. Increased focus on innovation helps the company to remain competitive in the marketplace with significant offerings
- e. Strong financial performance helps the company to maintain its stand in the market: Strong financial performance increases the company's ability to allocate adequate funds for its future growth prospect.
- f. Strategic acquisitions help the company expand its business operations: Strategic acquisition could help Salesforce to expand its business operations

g. Weakness

- h. Learning curve of complexity: Due to its focus on its software platforms, Salesforce has insight to options and configurations with complex tools, making it harder for the clients to understand and orchestrate the overall solution
- i. Dependence on the Americas for majority of revenue amplifies business risk: Although Salesforce has expanded to other international regions, it still depends on the Americas market for majority of its revenue
- j. But Salesforce is big – much too big for many SMBs that just want a great CRM
- k. Expensive compared with competitors

l. Opportunities

- m. Emphasis on product development could further enhance Salesforce's product portfolio: In the recent past, Salesforce has been focusing on new product launches for better growth opportunities. As part of this strategy, In December 2021, the company's Mulesoft introduced a new universal API management capability to enable IT teams to securely create, manage, and govern any API across any environment and technology

n. Threats

- o. Narrow focus on Salesforce technology: Salesforce continues to advance and invest in its own platform with large deals like Acumen Solutions and Vlocity, which is good news for current clients aligned and committed to its platform. However, for clients embedded with major ERP platforms requiring complex integrations who do not use MuleSoft, this internal technology focus can increase total cost of ownership and cross-system process mapping
- p. High price point: Due to limited resources compared with its service partners and a single technology focus, Salesforce rates are expensive, and it may not be a good fit for CRM/CX implementations that are complex and have highly integrated, non-Salesforce technologies or environments
- q. Growing competition in cloud market: Salesforce.com operates in the CRM solutions market, which is highly competitive, rapidly evolving and fragmented.

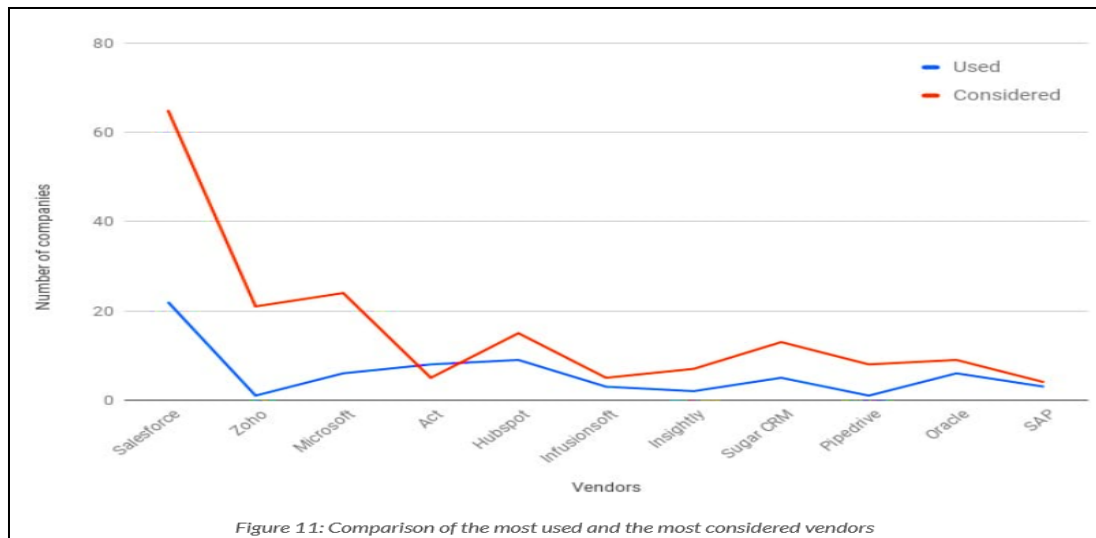
- r. The company primarily competes with vendors of packaged business software as well as companies offering enterprise apps, including CRM, collaboration, and business intelligence software.
- s. Salesforce.com also faces competition from internally developed applications, enterprise software vendors, and online service providers who develop toolsets and products that allow customers to build new apps that run on the customers' current infrastructure or as hosted services.
- t. The major competitors of the company include Callidus Software, Microsoft, Oracle, and SAP, among others. Also, the company faces competition from fast growing companies like NetSuite (a subsidiary of Oracle), Sugar CRM and Zoho. The three vendors – Adobe, Microsoft, and SAP - hope Open Data Initiative (ODI) will give customers and partners the impetus they need to continue to make non-Salesforce CRM decisions, and to extend their use of the vendors' core technologies.
- u. Few of the company's competitors possess greater name recognition, longer operating histories and larger marketing budgets, as well as substantially greater financial, technical, and other resources. Many of the company's current and potential competitors have established marketing relationships and access to larger customer bases, and have major distribution agreements with consultants, system integrators and resellers. Growing competition introduces pricing pressures in the cloud market. It further negatively impacts market share and financial position of the company.
- v. Increasing Privacy Concerns: The increasing privacy concerns may reduce the effectiveness of the company's solutions. Regulation related to the provision of services on the Internet is increasing, as federal, state, and foreign governments continue to adopt new laws and regulations addressing data privacy and the collection, processing, storage and use of personal information.

*Industry-specific regulation and other requirements and standards are evolving and unfavorable industry-specific laws, regulations, interpretive positions or standards could harm our business.*

Our customers and potential customers conduct business in a variety of industries, including financial services, the public sector, healthcare and telecommunications. Regulators in certain industries have adopted and may in the future adopt regulations or interpretive positions regarding the use of cloud computing and other outsourced services. The costs of compliance with, and other burdens imposed by, industry-specific laws, regulations and interpretive positions may limit our customers' use and adoption of our services and reduce overall demand for our services. Compliance with these regulations may also require us to devote greater resources to support certain customers, which may increase costs and lengthen sales cycles. For example, some financial services regulators have imposed guidelines for use of cloud computing services that mandate specific controls or require financial services enterprises to obtain regulatory approval prior to outsourcing certain functions. If we are unable to comply with these guidelines or controls, or if our customers are unable to obtain regulatory approval to use our services where required, our business may be harmed. In addition, an inability to satisfy the standards of certain voluntary third-party certification bodies that our customers may expect, such as an attestation of compliance with the Payment Card Industry ("PCI") Data Security Standards, may have an adverse impact on our business and results. If in the future we are unable to achieve or maintain industry-specific certifications or other requirements or standards relevant to our customers, it may harm our business and adversely affect our results.

10. The Ultimate CRM Software Market Guide (SelectHub) - <https://www.selecthub.com/customer-relationship-management/crm-software-buying-trends/>





11. Adobe, Microsoft, and SAP's Open Data Initiative - <https://www.destinationcrm.com/Articles/Web-Exclusives/Viewpoints/Is-Adobe-Microsoft-and-SAPs-Open-Data-Initiative-a-New-Generation-of-Customer-Experience-or-a-Nice-Fantasy-128276.aspx>, <https://digitizingpolaris.com/where-is-salesforce-microsoft-adobe-and-sap-team-on-open-data-initiative-eb29c5ec3dee>

#### The Problem: Three Things to Think About

The problem, unfortunately, is this thing called "the real world." Here are three things to think about when evaluating whether ODI could support and enhance an effective digital customer experience strategy for your organization:

- Customer data is permeable, dynamic, and resides throughout your organization. It would be great if a set of defined application such as Adobe CEP or Microsoft Dynamics 365 held all your customer data—but of course it never does. Over 15 years of covering CRM and through hundreds of client interactions on CRM challenges, I have never (not once) seen all customer data kept in a single application, or even two or three. The reality is that multiple applications—SaaS and on-premises applications from vendors, home-grown solutions, legacy applications, and, of course, gigs of data—reside across every Global 1000 organization, including yours. It's enough of a challenge to get the people in sales to talk to the people in marketing, or the people in the customer contact center to talk to product management. Getting ALL your customer data in a single data model? Not likely.
- Different application requirements leverage different types of data. Marketing applications may leverage SEM data, customer profile information volunteered by the customer, and sales transactional data from prior purchases. A B2B sales application may leverage customer contact information, data from a marketing campaign, possibly data from the customer's installed base of equipment. Developing a single data model that can accommodate the needs of three specific vendors and vendor applications is possible. Developing a single data model that can interoperate with multiple CRM, ERP, digital commerce, order management, warehousing, and supply chain applications, for multiple customer and partner and supplier use cases, serving the needs of multiple internal constituent users? Consider the sheer breadth of ODI's claims to enable behavioral, transactional, financial, and operational data with one data model; the challenge becomes exponential.
- Finally, there is history. The El Dorado of a single, 360-view of the customer that spans all data sources and eliminates silos of customer data has been discussed since the Neolithic Age of Siebel and Scopus. Fifteen years later, we are still discussing the same challenge, and vendors are still offering up solutions. I'm not saying that it can't be done, but consider history.

#### Future of Salesforce

12. Where Will Salesforce Be in 5 Years? (The Motley Fool) - <https://www.fool.com/investing/2021/01/12/where-will-salesforce-be-in-5-years/>

Salesforce's four closest rivals -- **SAP, Oracle, Microsoft, and Adobe** -- held a combined share of just 17.8% in the first half of 2020. It's doubtful those rivals will catch up to Salesforce within the next five years.

In marketing and commerce, Salesforce expects the accelerating growth of the [e-commerce and fintech markets](#) to drive demand for its services. For its main platform, it expects automation and simpler coding systems to support its long-term growth. In analytics and integration, it expects more businesses to crunch cloud-based data to make data-driven business decisions.

Salesforce's earnings growth could remain bumpy over the next five years as it prioritizes revenue growth and the expansion of its ecosystem over its short-term margins. However, that's a smart strategy for a growing cloud services company, and could help it maintain its lead in the CRM market while expanding the reach of its marketing, e-commerce, and analytics services.

### **Where will Salesforce be in five years?**

Salesforce's stock remains cheap relative to its growth, and it's riding high on several secular growth trends. I believe Salesforce's stock could double or triple within the next five years as more businesses deploy its services to streamline their operations, tether more [services to the cloud](#), automate repetitive tasks, and reduce their overall dependence on human employees. Salesforce might not be as exciting as some younger tech stocks, but it should deliver much more reliable returns.

13. Is Salesforce a Buy Following Disappointing Outlook? Analyst Weighs In (Tip Ranks) - <https://finance.yahoo.com/news/salesforce-buy-following-disappointing-outlook-090800811.html>

Overall, while Zelnick applauds a “solid” quarter, the analyst notes it was not quite as spectacular as F2Q’s “blowout” performance. However, Zelnick’s positive thesis for CRM remains intact and the 5-star analyst recommends investors load up on shares “on any pullback.”

More than that, with the digital transformation well and truly underway and considering Salesforce’s positioning in an industry with an “enormous” \$248 billion TAM, Zelnick thinks the market “underappreciates the long-term opportunity in front office applications, Salesforce’s leadership of the category, and the scale at which it is succeeding.”

14. Is Salesforce Stock A Buy? Software Growth Stocks Under Pressure (Investor’s Business Daily) - <https://www.investors.com/news/technology/crm-stock-buy-now/>

### Is Salesforce Stock A Buy?

In cloud computing, Salesforce has partnered with Google for data analytics. In addition, Salesforce has [expanded its venture capital investing](#).

According to [IBD Stock Checkup](#), CRM stock currently has a [Relative Strength Rating](#) of 36 out of a best-possible 99. The best stocks tend to have ratings of 80 and above.

CRM stock holds an IBD Composite Rating of 59 out of a best possible 99.

IBD's Composite Rating combines five separate proprietary ratings into one easy-to-use rating. The best growth stocks have a Composite Rating of 90 or better.

In addition, CRM stock has an [Accumulation/Distribution Rating](#) of D. The rating analyzes price and volume changes in a stock over the past 13 weeks of trading. The rating, on an A+ to E scale, measures institutional buying and selling in a stock. A+ signifies heavy institutional buying; E means heavy selling. Think of the C grade as neutral.

As of Jan. 13, CRM stock trades well below a [cup-and-handle entry point](#) of 284.60, according to [IBD MarketSmith analysis](#). It likely needs to form a new base to be actionable.

15. Cloud Stocks Tumble After Salesforce Projects Slowing Growth (Barron's) - <https://www.barrons.com/articles/cloud-stocks-salesforce-projects-slowing-growth-51638390459>

The disappointing results from the sector's biggest player is weighing on overall sentiment regarding cloud stocks, a group that tends to be both fast growing and expensive by most valuation metrics. Exchange-traded funds that track the cloud sector are suffering sharp losses: The Global X Cloud Computing ETF (CLOU) was down 3.2% and the Wisdom Tree Cloud Computing Fund (WCLD) fell by 4.6%.

16. How investors should think about Salesforce's mixed guidance (CNBC) - <https://www.cnbc.com/2021/11/30/investing-club-how-investors-should-think-about-salesforces-mixed-guidance.html>

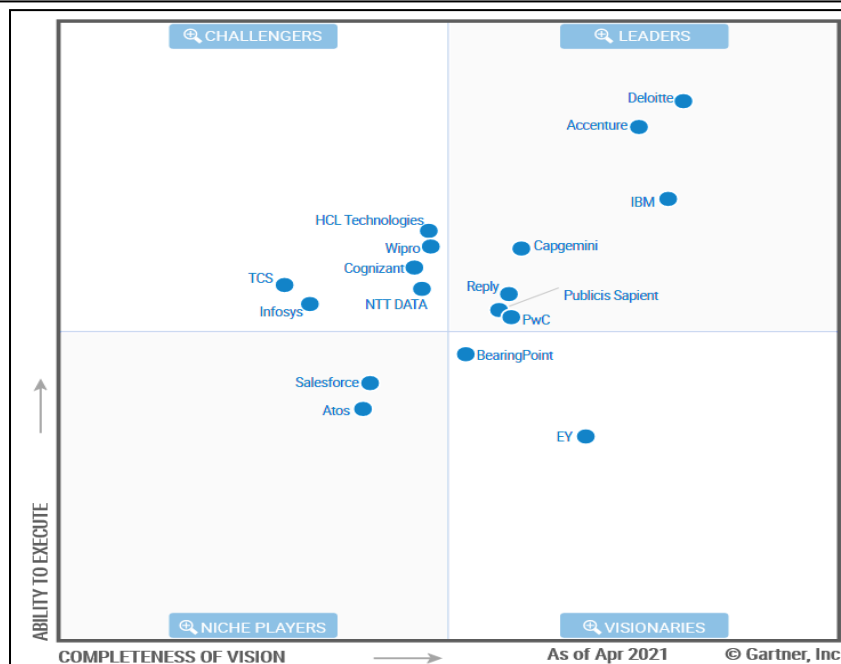
All in, while the market may choose to focus on the mixed guidance in the near-term, we believe the results ultimately speak to strong underlying fundamentals and continued secular growth bolstered by the digital transformation that was accelerated by the COVID-19 pandemic. Salesforce's move to acquire Slack could not come at a better time as companies in every industry are rushing to adapt to the new work-from-anywhere world – or risk losing talent, something Taylor touched on briefly, commenting “you know what happens when [companies mandate a return to office]? Their employees leave and go to the company next door.”

So, how do we think members need to approach the stock given the strong report and continued secular growth that was offset by mixed guidance? Let the sellers shake out. The current quarter's weak earnings guide coupled with the subsequent quarter's below consensus sales guide means that there is no rush to step in first thing tomorrow. Instead, wait for shares to settle and consolidate, allow the market to digest today's [commentary](#) from Federal Reserve Chair Jerome Powell and at that point, remember that Salesforce is proving to be a backbone of worker productivity (and therefore their customers' own success) and then step into pick up some shares.

*Industry trends related to Salesforce partners for financial industry*

17. Magic Quadrant for CRM and Customer Experience Implementation Services (Gartner Research) - <https://www.gartner.com/document/4001685?ref=solrResearch&refval=311632981>

Salesforce is positioned in the Niche quadrant. It is headquartered in San Francisco, California. Gartner estimates that Salesforce has approximately 10,000 full-time CRM and CX resources worldwide, including in the U.S., the U.K., France, Brazil and Japan. Industry focus for Salesforce is financial services, retail consumer goods, communications, media and technology. Salesforce maintains focus on its own product platform and tools for implementation services but is expanding its integration reach to non-Salesforce technologies. Gartner estimates Salesforce revenue from CRM and CX implementation services grew roughly 21% from last year through clients seeking a breadth of solutions relevant to their business yet within the structure of industry best practices.





18. Through AppExchange, Salesforce is going deeper into financial services (Tearsheet) - <https://tearsheet.co/payments/bringing-fintech-to-salesforce/>

Fintech companies have helped turn Salesforce into a platform with broad financial capabilities. There are countless apps and companies specializing in bringing finance to Salesforce. Just check out the Salesforce AppExchange, which currently has 178 specific apps under the finance tag.

Salesforce has its own suite of services for financial firms. The Salesforce Financial Services Cloud was launched in August 2015, providing tools for advisors at wealth managers, insurers, and banks. The firm has also started to rollout in-house payment processing with its \$2.8 billion acquisition of Demandware, an ecommerce service provider, earlier this year. At the 2016 Dreamforce conference, the company was rebranded as Commerce Cloud.

19. Why financial firms bank on Salesforce DevOps (Gearset) - <https://gearset.com/blog/why-financial-firms-bank-on-salesforce-devops/>

Among financial services companies, reliance on the Salesforce platform is becoming increasingly widespread, with solutions covering ever more functions and departments. Many financial firms, for example, are looking to modernize their back-office systems by implementing cloud-based enterprise resource planning (ERP) solutions that link seamlessly with their CRM and front-office operations.

But it's not just ongoing digital transformation that's driving Salesforce teams to improve their delivery processes. Financial institutions, like large companies in many other sectors, need to react more quickly to new opportunities and changing market environments. In turn, this puts pressure on Salesforce teams to become more agile.

20. Find a Consulting Partner With the Expertise You Need (Salesforce) - <https://appexchange.salesforce.com/appxContentListingDetail?listingId=a0N3A00000FMYeUUAH>

- **Level I Specialist:** Partners who have earned a Level I Specialist status have proven to Salesforce that they possess the knowledge to deliver customer success in a product or industry vertical.
- **Level II Specialist:** Partners who have earned a Level II Specialist status have proven to Salesforce that they have the knowledge and experience to deliver on more complex projects in a product or industry vertical, while maintaining high levels of customer success.
- **Expert:** Partners who have earned an Expert status have proven to Salesforce that they are thought leaders in a cloud or industry vertical. They can handle the largest and most complex projects and achieve the highest standards of customer success.

21. Salesforce-SAP Showdown: SAP Exits Mainstream CRM for 'Focused' Segments (Acceleration Economy) - <https://accelerationeconomy.com/cloud/salesforce-sap-showdown-sap-exits-mainstream-crm-for-focused-segments/>

And so in spite of all the declarations about how vital the CRM market is to SAP, the truth is that Mucic was telling the world that SAP has *zero* intention of taking Salesforce head-on, and will instead focus its attentions and energies and resources elsewhere.

So in this Cloud Wars battle, I'd score this one a huge win for Salesforce but also at least a partial win for SAP because, outside the realm of CRM, SAP has some huge opportunities that will now receive more of the company's focus, resources, and love.

22. Salesforce: Strong Cloud Ecosystem With Red Flags All Over It (SeekingAlpha) - <https://seekingalpha.com/article/4395497-salesforce-strong-cloud-ecosystem-red-flags-all-over>

On the contrary, risks and controversies around this strategy are also piling up. Too aggressive, and sometimes incoherent, promotional content aimed at potential investors, extreme valuation multiples relative to other high-growth peers, risk of worse than predicted long-term sales growth, razor thin margins combined with uncertainty around long-term profitability, aggressive dilution practices, insider selling activity and a growing reliance on even more expensive acquisitions all make the list of red flags that investors should be aware of.

23. Will Salesforce.com Be a Trillion-Dollar Stock by 2030? (The Motley Fool) - <https://www.fool.com/investing/2022/01/24/will-salesforcecom-be-a-trillion-dollar-stock-by-2/>

#### **It's Salesforce.com's game to lose**

Analysts call it the "Salesforce economy," which they estimate will create 9.3 million jobs and generate \$1.6 trillion in new business revenue by 2026 as CRM software spending by the industry runs at double-digit annual growth rates through at least the middle of the decade.

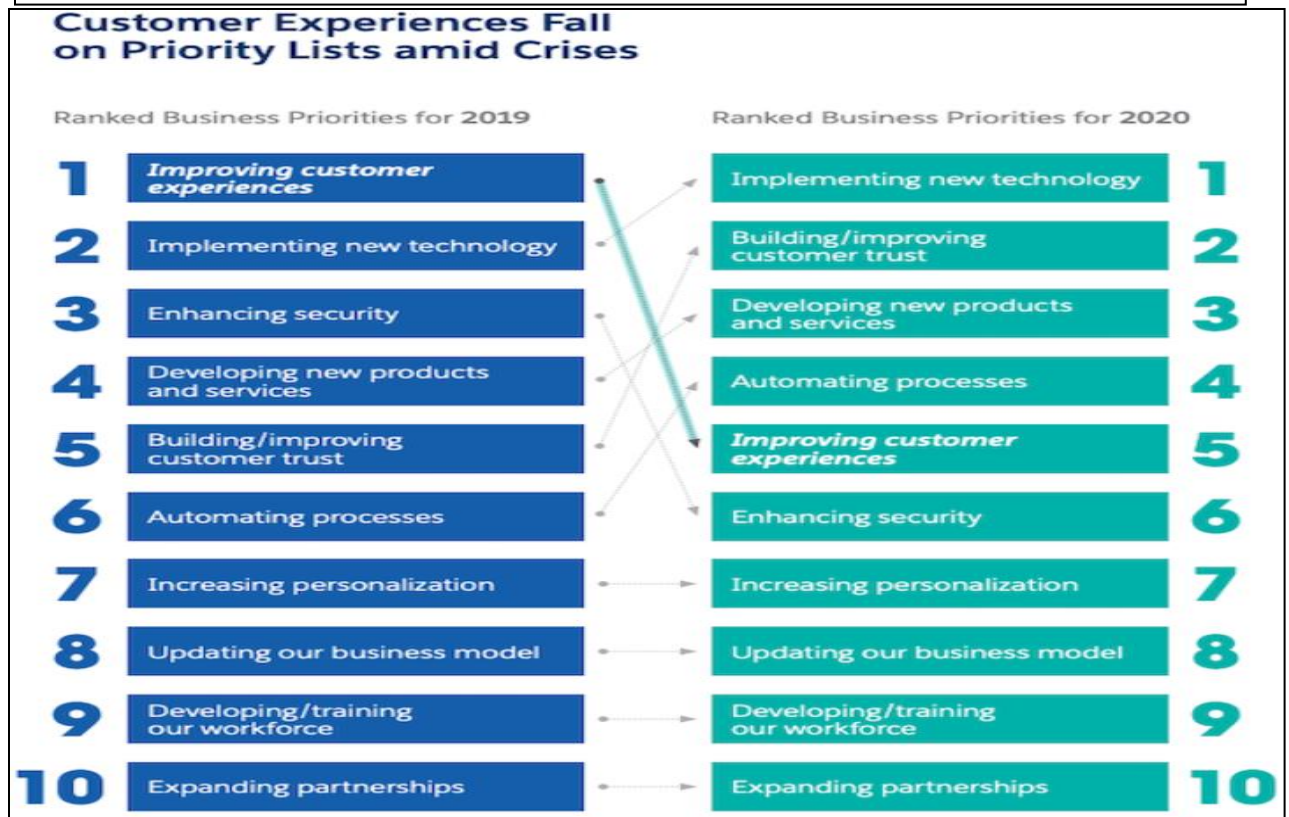
#### *Adoption of CRM in financial services sector and Identification of other sectors*

24. Salesforce Annual Report 2021 (Salesforce) - [https://s23.q4cdn.com/574569502/files/doc\\_financials/2021/ar/Salesforce-FY-2021-Annual-Report.pdf](https://s23.q4cdn.com/574569502/files/doc_financials/2021/ar/Salesforce-FY-2021-Annual-Report.pdf)

**Expanding into new categories and verticals.** As part of our growth strategy, we are delivering innovative solutions in new categories driven by our existing and potential customers' needs, including analytics, e-commerce, collaboration, integration and workforce management, and expect to continue this type of category expansion in the future. For example, in fiscal 2021, we introduced Work.com in response to the COVID-19 pandemic. Work.com offers new technology solutions and resources to help business and community leaders around the world reopen safely, re-skill employees and respond efficiently on the heels of the pandemic. Work.com also offers employee experience solutions to keep employees engaged and productive with easy-to-use apps. In addition, to better meet the needs of our customers, we provide solutions specifically built for customers in certain industries, such as financial services, healthcare and life sciences and education and non-profit. These solutions help to expand our potential customer base and help to attract new customers.

25. How the Financial Services Industry Is Closing the CX Gap (Salesforce) - <https://www.salesforce.com/eu/blog/2021/11/financial-services-industry.html>

According to the findings in the resulting report - **Trends in Financial Services** (registration required) - 68% of financial services institutions (FSI) customers say that the COVID-19 crisis has elevated their expectations of their providers digital capabilities.



26. Five key insights from the 2021 Financial Services & Insurance (FSI) Trends Report (Adobe) - <https://business.adobe.com/nz/resources/reports/digital-trends-2021-in-financial-services.html>

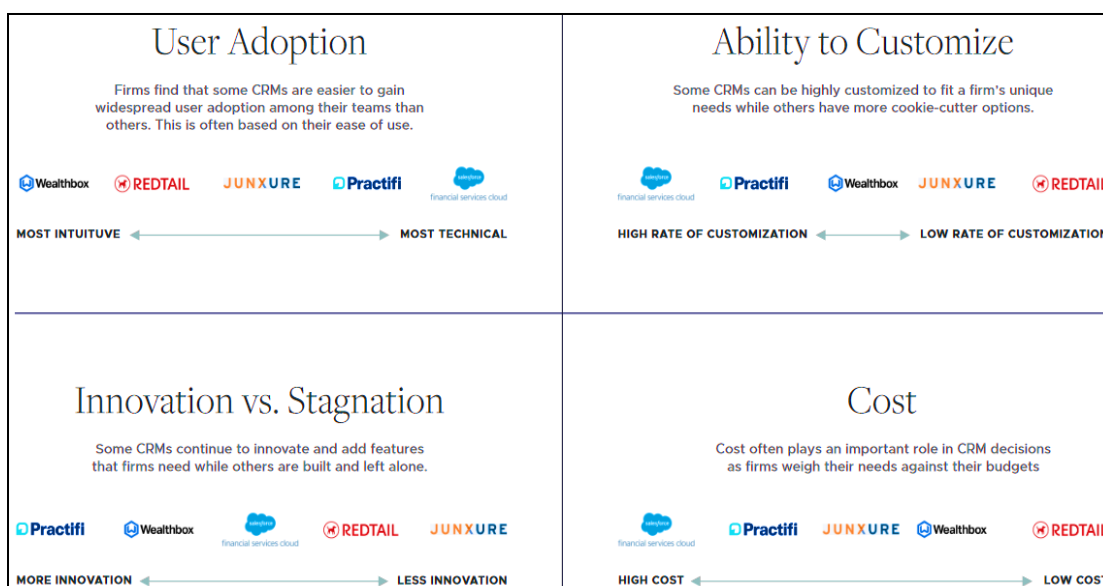
### Prioritise the data.

The key to future success in initiatives such as automation or integrated technologies comes down to data. In the *2021 FSI Trends Report*, just 25% of companies believed that lack of customer insights was holding back their marketing and customer experience efforts. At the same time, only 27% said they have significant insight into the customer journey. This could reveal a blindspot for many FSI organisations, indicating that they are undervaluing the future potential in this area. Delving further, we asked financial services and insurance firms about the type of data they are gathering. 66% are using data from website analytics and 64% are using CRM systems to craft connected, personalised customer experiences. However, when it comes to off-line experiences, only 38% are integrating records from off-line interactions such as branches or call centres. Even more revealing, less than half of the firms we spoke to viewed these as critically important.

#### Our top recommendation for 2021:

Data is the key to future success. FSI firms should focus on integrating both online and off-line data to deliver more personalised customer experiences.

27. The Wealth Management CRM Landscape, Ranked (F2 Strategy) - <https://www.f2strategy.com/insight/the-wealth-management-crm-landscape-ranked>



28. Next-Era Wealth Management CRM: Technologies to Acquire and Engage (Aite) - [https://www.nexj.com/wp-content/uploads/dlm\\_uploads/2017/06/Aite-Group-Next-Era-Wealth-Management-CRM-Report.pdf](https://www.nexj.com/wp-content/uploads/dlm_uploads/2017/06/Aite-Group-Next-Era-Wealth-Management-CRM-Report.pdf)

**Table B: Top CRM Vendor Solutions**

Category	Horizontal players	Vertical players
Functionality	Pegasystems, Microsoft, Salesforce	NexJ, Satuit, Maximizer
Technology	Microsoft, Salesforce, Pegasystems	Ebix, Junxure, NexJ
Customer Support	Microsoft, Pegasystems, GoldMine	Satuit, Grendel, Redtail Technology

Source: Aite Group

The top vendors in the functionality category support an extensive list of CRM-related functionalities, including document management, analytics, integration to financial planning and investment management tools, marketing and service automation, and social media. Within the technology area, these vendors provide functionality support for online and mobile channels, integration to multiple systems (custodians, account aggregation, reporting, and account opening, among others), configuration tools, and the ability to customize dashboards, reporting, and custom forms according to client needs. As per customer support, these vendors offer client support tools, such as client portals, chat, and extensive training programs, for advisors to get the most out of the offering. Detailed vendor strengths are highlighted in the vendor profile section that follows, and many of the specific vendor functionalities are analyzed in the vendor comparison section of this report.

29. Why CRM Should Be Part Of Every Financial Institution's Pandemic Recovery Plan (Forbes) - <https://www.forbes.com/sites/forbescommunicationscouncil/2020/12/10/why-crm-should-be-part-of-every-financial-institutions-pandemic-recovery-plan/?sh=400b5f104623>



Traditional financial institutions may be reluctant to adopt a true CRM approach because they view it as a complete digital transformation requiring a huge lift and a lot of work. But the reality is that, with perhaps the exception of the healthcare industry, the financial services industry has the most data and technology at their disposal. And when all of that data is leveraged in mini silos or micro journeys, its reach is much too limited.

### **Data-Driven, Seamless Experience**

Whereas other industries may be able to work in departmental silos and still make a big impact, this just isn't possible in the financial services industry, where growth depends on empowering everyone at an organization to be able to upsell and cross-sell with a complete view of each customer. Banks utilizing CRM with strong system architecture that makes customer data visible to all departments are able to offer an adaptive, intuitive experience that's a win-win for each customer and the bank itself.

The ultimate goal of CRM is to make it possible for financial institutions to grow while creating a seamless experience for both employees and members/customers. Breaking down silos and enabling a seamless employee experience allows the whole to be greater than the sum of its parts. Digital transformation through true CRM is no longer just a nice way to track metrics like NPS and CSAT; in order for banks to offer a competitive customer experience today, CRM is necessary to collect and orchestrate data so it can be acted upon in a way that's meaningful to each customer.

30. Embracing A CRM Initiative In The BFSI (Mint Blog) - <https://za.mintgroup.net/blog/crm/embracing-a-crm-initiative-in-the-bfsi/>

## **Leveraging CRM for Unprecedented Customer Visibility**

The aim of CRM is to help businesses use technology to gain insight into the behaviour of customers and the subsequent value of those customers. If it works as planned, a BFSI provider can: provide better customer service, make call centres more efficient, cross-sell financial products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and, ultimately, increase customer revenue.

31. Embrace CRM software and address challenges in BFSI industry (Salesfokuz) - <https://salesfokuz.com/embrace-crm-software-and-address-challenges-in-bfsi-industry>

#### How does CRM in the banking sector help address challenges

Best CRM for banks ensures that your sales pipeline is active and there are no hindrances that remain for a long time as unresolved. It can act as a virtual platform for coordinating sales managers and field sales executives to eliminate miscommunications and delays in business processes.

- ☐ Banking CRM software stores all business details at a single location which is retrievable at any time from anywhere.
- ☐ CRM in the banking sector enables you to design personalized services for the customers, and it makes major marks in the sustainability of businesses.
- ☐ CRM helps manage time, cost, and human efforts systematizing the sales pipeline. View end-to-end sales cycle in real-time and track sales activities to keep connected throughout the sales journey.
- ☐ Sales managers can track field employees in regular intervals and monitor their activities to streamline sales processes. Share business updates, product details and automate repetitive business tasks to manage the sales pipeline.

32. The Rise of Intelligent CRM in Banking (The Financial Brand) - <https://thefinancialbrand.com/reports/crm-banking-report/?internal-link>

The report, “**The Rise of Intelligent CRM in Banking**,” illustrates the importance of using data, analytics, automation and digital technology, it also found significant performance gaps in delivering the experiences consumers desire. The report also illustrates the large variance in deliverability between small and large financial institutions.

One of the primary reasons for the disparity in being able to understand and communicate effectively to customers is that most firms don't have an enterprise CRM system. Making matters worse, the percentage of smaller financial institutions having an enterprise-wide CRM is significantly below their larger peers.

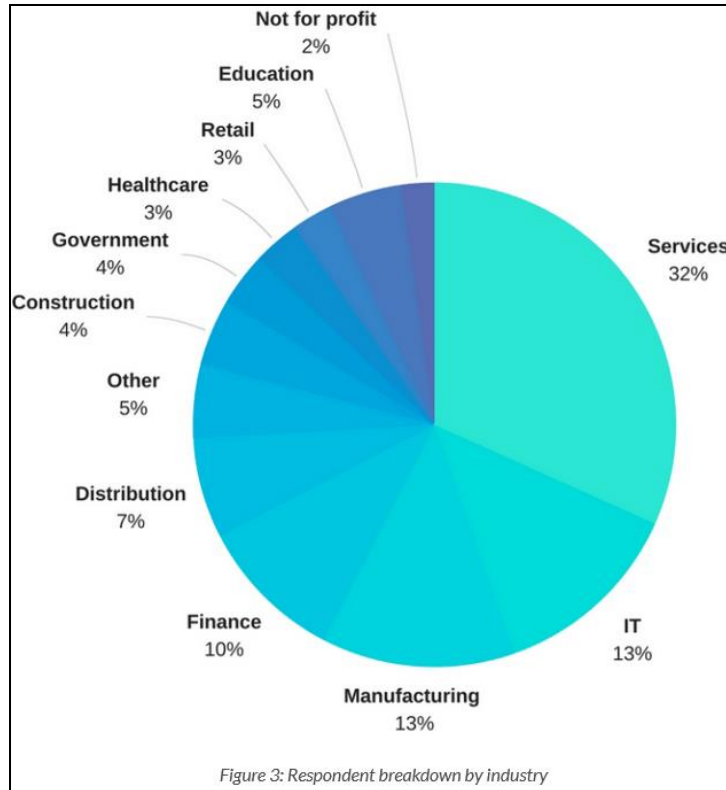
The impact of not having a robust CRM tool impacts both the confidence in data and recommendations, but also the speed to market for time-sensitive opportunities. The lack of both scalable solutions, and ability to deploy across multiple channels, places those firms without a sophisticated CRM system at a tremendous disadvantage from both a cost and revenue perspective.

33. Embrace CRM software and address challenges in BFSI industry (Salesfokuz) - <https://salesfokuz.com/blog-crm-bfsi-sector>

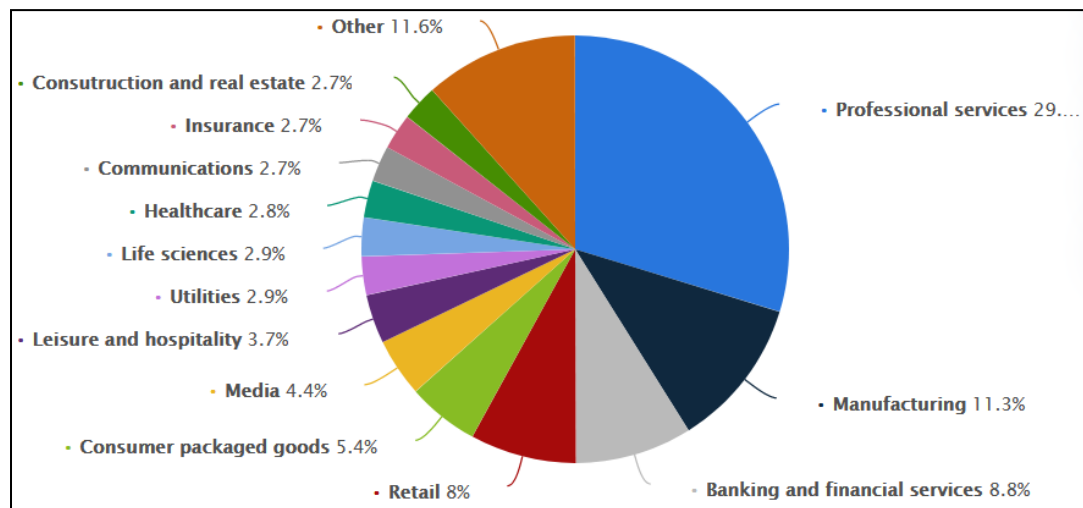
Data security and the integration with existing systems are the most emerged challenges while adopting CRM in banking sector. The banking industry is very sensitive to data and needs an extra level of security for data transfers. Cyber-attacks and malicious activities in the financial sector are comparatively higher than in any other industry. Modern cloud-based solutions that include Bankfokuz ensure complete protection for the data in the banking sector. Cloud-based sales CRM software stores data at the central database that can be assessable at any time. Also, it promotes secured data transfers across multiple channels for securely completing business tasks at the earliest.

Integration of new solutions to the existing IT infrastructure without system failure and data loss is another serious complication. Bankfokuz can help you solve this problem by seamlessly integrating the CRM system into your company's existing operational system.

34. The Ultimate CRM Software Market Guide (SelectHub) - <https://www.selecthub.com/customer-relationship-management/crm-software-buying-trends/>



35. Breakdown of Salesforce CRM customers worldwide in 2021, by industry (Statista) - <https://www.statista.com/statistics/1251110/salesforce-crm-customers-by-industry/>



36. CRM Market Size, Share & COVID-19 Impact Analysis (Fortune Business Insights) - <https://www.fortunebusinessinsights.com/customer-relationship-management-crm-market-103418>

#### ***Digital Shift in BFSI to Boost This Segment's Growth***

Based on verticals, the market is categorized into banking, financial services, and insurance (BFSI), manufacturing, IT and telecommunications, retail and consumer goods, healthcare, transportation, logistics, and others.

The BFSI vertical is likely to experience exponential growth in the market. The BFSI industry is witnessing a rapid shift towards digitalization and thus requires customer-specific software. The growing online banking services are also likely to fuel the demand for software to gain and maintain loyal customers.

The services provider industry such as IT and [telecommunication](#) is also adopting CRM software to manage its massive client base. The industry is implementing the software to understand the client requirement and general market trends.

Retail and consumer goods are expected to gain significant growth during the forecast period. The growing online shopping platforms and mobile application is offering huge customer data to the companies. These retail companies are shifting towards customer relationship software to understand the business growth, market trend, customer requirement, and experience.

The healthcare industry is expected to showcase a steady growth in the adoption of CRM software. The industry deals with massive, private, and confidential data sets of its customers requiring this software for its management and monitoring. The increasing use of connected medical devices is expected to surge the demand for the software. Also, real-time support helps healthcare providers access the data quickly and reduces the chances of casualties.

37. Healthcare Adoption of Salesforce Grew 35% Over Last 3 Years; More Growth to Come (Everest Group) - <https://www.everestgrp.com/2021-04-https-www-everestgrp-com-2021-04-healthcare-adoption-of-salesforce-grew-35-over-last-3-years-more-growth-to-come-press-release-html-.html>

According to Everest Group, healthcare adoption of Salesforce has grown approximate 35% since 2018, driven by the industry's focus on implementing better care strategies, producing greater value, and refining patient and member experiences. Salesforce services for healthcare generated US\$700 million in 2020. (This data is derived from Everest Group research and is not provided by Salesforce.)

38. Healthcare CRM Market - Global Outlook 2021 to 2026: Integration of IoT, AI and ML Acting as Growth Inducing Factors (ResearchAndMarkets.com) - <https://ca.finance.yahoo.com/news/healthcare-crm-market-global-outlook-090800797.html>

The global healthcare CRM market reached a value of US\$ 10 Billion in 2020. Looking forward, the publisher expects the market to grow at a CAGR of 13.8% during 2021-2026.

Additionally, various technological advancements, such as the integration of the Internet of Things (IoT), artificial intelligence (AI), machine learning (ML) and cloud-computing solutions with the HCRM platforms, are acting as other growth-inducing factors. These solutions provide high-quality virtual care, home care and remote disease monitoring services to the patient through chatbots and real-time interactions.

39. Healthcare CRM Market to Expand at a Healthy CAGR of 14.1% through 2030 (Allied Market Research) - [https://www.einnews.com/pr\\_news/560538502/healthcare-crm-market-to-expand-at-a-healthy-cagr-of-14-1-through-2030](https://www.einnews.com/pr_news/560538502/healthcare-crm-market-to-expand-at-a-healthy-cagr-of-14-1-through-2030)



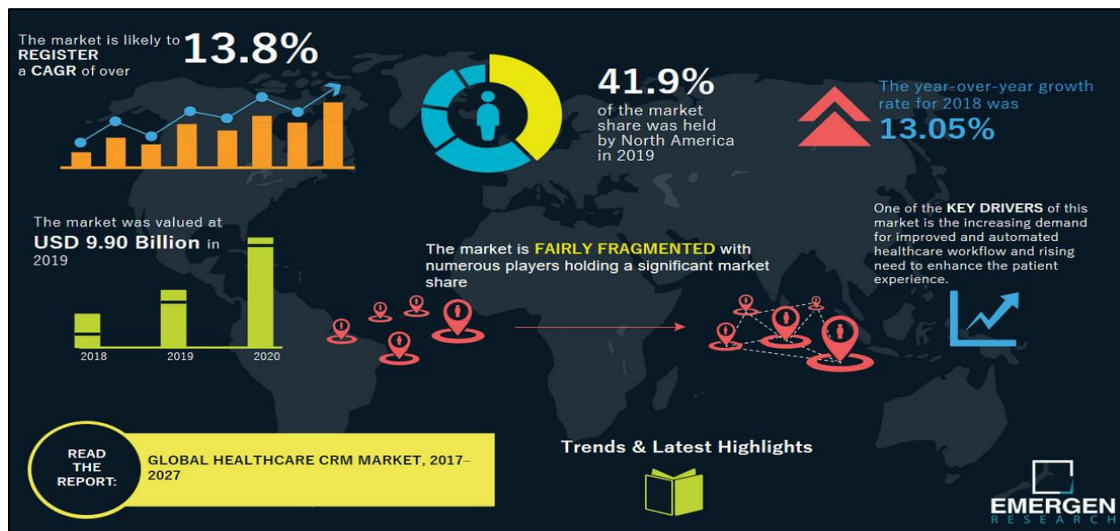
NE WIN SIVERS DRIVE, PORTLAND, UNITED STATES, January 13, 2022 /EINPresswire.com/ -- According to the report published by Allied Market Research, the **global healthcare CRM market** generated \$9.71 billion in 2020, and is projected to reach \$37.62 billion by 2030, witnessing a CAGR of 14.1% from 2021 to 2030.

40. Healthcare CRM Market Size Worth \$17.8 Billion By 2025 | CAGR: 9.1% (Grand View Research, Inc.) - <https://www.grandviewresearch.com/press-release/global-healthcare-crm-customer-relationship-management-market>

Few of the players in this market are IBM, salesforce.com, Siemens Healthineers, SAP, Accenture, Oracle, Microsoft, Amdocs Ltd., Anthelio Healthcare Solutions, AllScripts Healthcare Solutions Inc., NetSuite, Cerner

A common trend observed is the rising partnerships among market players for innovation by leveraging each other competencies. For instance, Salesforce expanded its presence in IT through the launch of cloud, with collaboration of major industry partner such as Centura Health, Philips, Deloitte Digital and Accenture.

41. Healthcare CRM Market By Component (Services, Software), By Deployment (Cloud-based, On-premises), By Solution (Analytical CRM, Operational CRM, Collaborative CRM), By Application (Patient Management, Report Module, Communication Module, Task Management), By End-use, and By Region, Forecasts to 2027 (Emergen Research) - <https://www.emergenresearch.com/industry-report/healthcare-crm-market>



42. IBM and Salesforce Strengthen Strategic Partnership (Salesforce) - <https://www.salesforce.com/news/press-releases/2018/01/19/ibm-and-salesforce-strengthen-strategic-partnership-3/>

Companies to deliver new solutions to enterprise customers leveraging IBM Cloud and Watson services with Salesforce Quip and Salesforce Service Cloud Einstein

Salesforce names IBM a preferred cloud services provider

IBM names Salesforce its preferred customer engagement platform for sales and service

43. The State of Salesforce: Industry Perspectives, 2020-2021 (IBM)  
- <https://www.ibm.com/downloads/cas/JX7K379W>

**Top industry sectors using  
Salesforce Industries**

**Communications and telco**

Communications Cloud embeds industry-specific functionality, best practices, and processes, such as commercial cataloging and contract lifecycle management, to increase revenue and speed up time to market.

**Banking and insurance**

Insurance companies using Salesforce Industries have access to a process library filled with pre-configured transactions that help them easily design and deploy solutions to expedite claims processing, increase renewals, and improve quote-to-bind ratios.

**Healthcare and government**

COVID-19 continues to strain public health and human services organizations. Organizations using Salesforce Industries Public Sector Solutions can centralize management of licenses and permits, inspections, and emergency programs in the cloud to serve constituents faster and more effectively.

## Competitor Analysis

### Purpose & Scope of the Research

Brightmark, as a Salesforce partner, targets companies requiring support with implementing Salesforce products primarily in financial institutions. There are both small and large firms that offer salesforce solution implementation services. Therefore, to understand how Brightmark is different from its competitors it is important to identify:

- Understand competitive landscape at Salesforce level- Advantages and disadvantages of Salesforce over other CRM players
- Identify direct and Indirect competitors offering similar solution
- Assess and map the services offered by the competitors and how they differentiate from those of Brightmark
- Ascertain Brightmark's competitive advantage

### Methodology & Sources

- Identify the key competitors by using Salesforce key partner list and other available web resources.
- List down the services provided by each competitor by visiting competitor websites and list down the services provided by each competitor
- Benchmark Brightmark with competitors by mapping and comparing the competitor services with those of Brightmark. Analyse the services provided by each and list down the differentiators that:
  - Give Brightmark an edge over its competitors
  - Give the competitors an advantage over Brightmark

### Brightmark's Competitors

#### **Plative:** <https://www.plative.com/>

Founded in 2014, they operate in India, Canada and United States. They are silver certified salesforce consultants and offer consultancy in Oracle NetSuite and AWS. They have showcased 150% YOY growth<sup>2</sup>. According to Brightmark's internal source, they have poached 2 of its resources. The team of 50+ certified professionals offer wide range of services including Financial service cloud, Salesforce CPU, marketing cloud etc. among many others. They have a highly interactive website which has featured reviews from its satisfied customers. Beyond this, the website features chatbot to assist consumers with their queries instantly.

#### **Cloud Junction:** <https://www.cloudjunction.cloud/>

It was founded in 2017 by a salesforce Regional Vice President and offers services in financial cloud. They offer services in the whole of North America and have their head office in Toronto. They are a relatively new player in the market and currently offer services only in the financial sector. Their website also features satisfied customer reviews and has an AI enabled chatbot.

#### **Nubik:** <https://www.nubik.ca/>

It is a Montreal based salesforce platinum certified consultancy firm that was founded in 2010. It offers CRM solutions across industries like Manufacturing & distribution, Professional services, High Tech, Financial services as well as for healthcare. It has its clients spread across North America, South America, and parts of Europe. Their website also features the list of client testimonials.

#### **Traction on Demand:** <https://www.tractionondemand.com/>

It is a Vancouver based consultancy with over 3000 employees. Its Services<sup>3</sup> are spread across Australia, France, India, Slovakia, United States and Canada and offers salesforce services across various Industries. It has a highly advanced website that features blogs, podcasts and consumer stories and has latest information on everything about the industry.

**Moyers & Stark:** <https://moyersandstark.ca/>

They are holistic salesforce consultants that help firms with salesforce Implementation, Optimization as well as support. They are a relatively new firm and currently have 6 certified experts.

**Incapsulate:** <https://www.incapsulate.com/>

Incapsulate helps organizations achieve true digital transformation. They help firms across whole of North America as well as in parts of Asia. Apart from being platinum salesforce partners, they specialize in digital analytics and mobile solutions as well.

**Bubblebox:** <https://www.bubblebox.cloud/>

Bubblebox is a core salesforce consulting partner that offers services in various industries like retail, Financial Services, Communication and Media, Travel, and hospitality etc. They offer services in a wide range of geographies and have served in around 14 states in the USA, 5 Provinces in Canada as well as in UK and Ireland.

### **Brightmark's edge over its competitors**

They have a niche in Financial Services implementation. They have a VP of financial services in the team<sup>4</sup>. This gives the client a security and according to Jessica helps in onboarding the Client. They also offer Training courses. The client can come back to them for additional training. However, this advantage is not unique to Brightmark and is offered by its competitors as well.

### **Observations:**

Most of Brightmark's competitors offer either diversified services or operate in multiple geographies. Brightmark is currently looking to expand into more regions in North America. Since Brightmark's niche is in offering Consultancy in Financial Services sector, the geographical expansion can be investigated as a way of expanding Brightmark's business. The website can also be improved to feature client testimonials and consumer support features like chatbot. This will help in increasing organic leads for the company.

### **Salesforce's Competitors**

Salesforce is the market leader in the CRM industry with over 32.2% market share, followed by Adobe, Oracle, SAP and Microsoft. Despite being the market leader, it has been observed that salesforce is also the most replaced CRM software due to it being highly feature packed and heavily priced. Most importantly, buyers are not very well informed on how their actual needs are satisfied by a particular CRM solution. Since salesforce package comes with plethora of features buyers need to be well informed of their uses and capabilities. Many consultancies including Brightmark offer continuous training to fully exploit the Salesforce features and it is predicted that the Buyer's fickle mindedness is expected to change with the training and information available.<sup>6</sup> Also, many competitors are emerging that offer viable replacements at a relatively more affordable pricing. A few competitors of salesforce are mentioned below:





Source<sup>5</sup>

**Microsoft:** Both Microsoft and Salesforce are comparable rivals and are often pitted against each other since they have similar features and have target business group. One feature that separates Microsoft is that in addition to cloud deployment, Microsoft even offers on-premises deployment for business that require the same, but this comes at a higher cost than a salesforce software.

Microsoft's CRM comes at a flexible cost with price ranges varying as per consumer requirements. It offers seamless integration with a wide variety of apps to build a low code custom solution for the client. It is secure to use and can easily adopt AI features to unify work processes by drilling down through data to obtain the required insights.<sup>7</sup>

**SAP:** SAP is a well-known name in business software, offering solutions for computing, inventory management, ERP, process integration, transportation management, and business analytics, among other things. Some of SAP's CRM modules have an advantage over Salesforce's sole emphasis due to its diversified experience. It falls short in compared to other CRM-specific criteria. SAP's multiple suites all work together flawlessly, making it an excellent solution for major companies who already use or wish to utilise SAP business software. Where some companies may prefer salesforce owing to it being better in BI, planned Enhancements, email utilities, knowledge creation workflows etc, others may prefer SAP owing to it having an edge over salesforce in Online case management, Custom reports, Industry business process Support, Integration with social media etc.

All in all, each CRM solution comes with their own set of pros and cons. Apart from the ones discussed above there are many other solutions like Oracle, Zoho, Adobe, Hubspot, Netsuite etc. Business may choose out of any based on their specific needs and demands. Salesforce, being the market leader and being consistently innovative does not suffer from the threat of being completely replaced and is only expected to grow in the coming few years.<sup>8</sup>

- 1- <https://www.salesforce.com/ap/hub/crm/the-complete-crm-history/>
- 2- <https://crm.consulting/company/plative/>
- 3- <https://crm.consulting/company/tractionondemand/>
- 4- Primary research interviews done with Calvin (Founder) and Jessica (Sales Leadership) at Brightmark
- 5- <https://www.forbes.com/sites/louiscolumbus/2018/09/30/10-insights-from-salesforces-2018-investor-day/?sh=4d78368d6e9a>
- 6- <https://www.selecthub.com/customer-relationship-management/crm-features-functionality-list/#survey>
- 7- <https://crm.org/crmland/microsoft-dynamics-vs-salesforce>
- 8- <https://www.selecthub.com/customer-relationship-management/salesforce-vs-sap/>

## Go-To-Market Strategy

### Purpose & Scope of the Research

One of the primary objectives for the project is to identify the new logo acquisition strategy for Brightmark. The Go-to market strategy for Brightmark is being developed keeping in consideration the same. Mentioned below is the context, the purpose and methodology for the research for achieving this objective.

**Background:** Brightmark is primarily reliant on Salesforce for acquiring new logos. Under the current business model, Salesforce Account Executives pass leads to Brightmark for implementing salesforce products at new and existing clients. In order to reduce this dependency and acquire new business, Brightmark is looking to attract more clients by implementing their own marketing strategy by using an independent agency. In addition, they have established back-up/recovery and training services to reduce the effect of cyclical work influx. To ascertain how these different efforts work in tandem, it is imperative to:

- Understand at what stage of maturity is the lead passed by Salesforce to Brightmark
- Dissect the new marketing plan and the performance metrics being used to ascertain its success
- If a Salesforce client is facing any difficulty, how can Brightmark attract the client directly?

### Methodology & Sources

- Dissect the current sales funnel to achieve the following:
  - Understand the stages in the current lead flow process
  - Identify the potential leakage and bottleneck areas for each stage of the funnel
  - Analyzing the conversion rates and the rationale behind these rates.
- Conduct product/service market fit research for Brightmark's offering:
  - Map the current customer segments
  - Identify the motivations of the current segments for selecting Brightmark
  - Understanding the current weak areas identified by Brightmark
- Leveraging the competitor assessment for developing the value propositions and mapping them against the targeted personas.

### Findings & Strategic Implications

#### *Understanding Brightmark's Lead Funnel*

##### **Top Funnel:**

Brightmark's top funnel is completely dependent on the ability of the Salesforce Account Executives to pass leads to the team. Currently, on average 10 leads are passed on a month-on-month basis out of which only 2-3 have conversion rate of more than 50%.

Brightmark currently engages the Account Executives by inviting them for business lunches and get-togethers to be present high on their consideration set as a Salesforce partner. The issue with the current setup is the high dependence on only one source of lead generation. Although Brightmark has involved marketing agencies in the past, they yielded no beneficial results.

This opens the possibility of developing strategies in the following areas for broadening the top of the funnel:

- **Setting a team of Business Development Executives:** This is a standard practice in the technology industry, where BDEs through cold calling generate prospects, which are actively engaged for conversions.
- **Scouting a high performing marketing agency:** Considering managing an in-house BDE team is a recurring expenditure, fresh marketing agencies can be hired on the success rate model where their commissions can be paid on a per conversion basis.

- **Identifying more avenues for engaging Account Executives:** Since Account Executives will continue to be a major influence in this stage of the funnel, new engagement areas can be explored in addition to the conventional business lunches being rolled out today.

### **Middle and Lower End Funnel:**

Currently Brightmark is using its market equity as an expert in the financial services sector for engaging customer in the middle funnel stage. The current team of consultants are playing a significant role in pushing the prospects from the mid of the funnel to the lower end considering their rich experience in the financial services industry. Brightmark is not using any marketing promotions to influence the decision making of the customers in this space. Hence for clients where there is a higher time gap in conversion, they might lose interest if constant communication is not established with them in a sustainable manner.

This opens an opportunity to establish a marketing communication program to ensure sustained communication with the prospects in all hot, cold, and warm stages of the sales funnel. This will increase the share of the mind of the prospects, therefore increasing the possibility of conversion. (1)

### *Understanding the Product/Service Market Fit*

#### **Customer segments catered by Brightmark:**

Brightmark is currently catering primarily to the financial services industry considering its expertise in the domain. The consultants in the organization not only have rich experience in Salesforce implementation in this industry but are also well experienced regarding the overall dynamics in financial services.

Following are the key sub segments in financial services being catered by Brightmark(2):

- Wealth and Asset Management
- Private Equity
- Insurance
- Mortgage and Lending
- Fund wholesale
- Financial Technology

### *Identifying the key motivators for selecting Salesforce Implementation Partners*



Choosing the right Salesforce consulting partner is extremely critical. Close to 63% of the CRM projects are subject to failure because of issues related to data migration, inefficient project management and hidden costs. (3)

The following 5 criteria are typically considered by the businesses before selecting their Salesforce implementation partner (4):

- Alignment with the vision of the Salesforce partner
- Industry expertise
- Solution expertise
- Level of partnership
- Salesforce certification

#### *Current Weak Areas at Brightmark*

- Talent retention due to high salaries from the US players and other large competitors
- Lack of resources for internal training at Brightmark

The above two weaknesses have a direct influence on the criteria discussed above, which can impact the partner selection process. Hence these two areas need to be addressed as a part of the solution building.

**Source:** Primary research interviews done with Calvin (Founder) and Jessica (Sales Leadership) at BrightMark

#### *Categories of Salesforce partners*

The Salesforce partner ecosystem platform consists of the listing of the partners on the basis of their expertise. Following is the categorization:

- Expert
- Level 2 specialist
- Level 1 specialist

In Ontario alone there are 63 Salesforce partners, which have expertise in the financial services industry as listed on the Salesforce platform and all of them pose a direct competition to Brightmark.

Hence, we need to focus on a specific segment of this category to keep Brightmark's energies focused and have a sharper positioning.

Considering that Level 1 specialist partners are in comparison to Brightmark's capabilities and resources, Brightmark value propositions and competitive advantage should be communicated keeping this segment in mind. (5)

1- Primary research interviews done with Calvin (Founder) and Jessica (Sales Leadership) at Brightmark

2- <https://www.brightmark.ca/salesforce-financial-services/>

3- <https://upcity.com/experts/how-to-choose-the-best-salesforce-consulting-partner-for-your-project/>

4- <https://www.grazitti.com/blog/steps-to-choose-the-right-salesforce-partner/>

5- <https://appexchange.salesforce.com/consulting>

## Financial Analysis

### Purpose & Scope of the Research

To value Brightmark as a going concern for stakeholders to take a decision on its future Merger & Acquisition options and what other input that may help them to ensure they are able to maximize value.

### Methodology & Sources

- Evaluate various sources of data and find the most appropriate pricing strategy for Brightmark Inc.
- Construct various scenarios under high, average, and low growth to facilitate creation of a range of valuations for the firm
- Consult Brightmark with regards to break-up of services and other data which would help us get a better understanding of growth rates based on a top-down approach
- Consult Brightmark and other industry analysts to see if a premium or discount should be applied to the pricing

### Findings & Strategic Implications

#### *Evaluating Discounted Cash Flow and Firm Value*

- Process flow of Calculation of Intrinsic Valuation of Firm

**Intrinsic Valuation (aka Standalone Valuation) of a firm is defined as a notional value based on:**

- **rate of return required by investors**
- **given economic and business conditions existing at the valuation date, and**
- **Without consideration of any possible synergistic benefits that might be attained by any purchaser.**

**Value of Firm** – projects free cash flows to the firm before debt payments, and discounts at cost of capital (WACC)

= After tax operating cash flows minus investments in working capital minus investments in capital assets.

### Discounted Cash Flow for Value of Firm

**VALUE OF FIRM = Operating Value + Redundant Assets**

**where Operating Value =**

$$V_w = \sum_{t=1}^T \frac{FreeCashFlow_t}{(1+WACC)^t} + \frac{1}{(1+WACC)^T} CV$$

and

$$CV = \frac{FCF_{T+1}}{WACC - g}$$

CV = Constant Value (a.k.a. Terminal Value)

g = Terminal growth rate

- Spending on software as a service (SaaS) will reach approximately \$42 billion and represent 75% of total customer relationship management (CRM) software spend, continuing the rapid decline of on-premises deployments.

<https://www.superoffice.com/blog/crm-software-statistics/>,

<https://www.fortunebusinessinsights.com/toc/customer-relationship-management-crm-market-103418#>,

[http://people.stern.nyu.edu/adamodar/New\\_Home\\_Page/data.html](http://people.stern.nyu.edu/adamodar/New_Home_Page/data.html),

[http://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/ctryprem.html](http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html),

[http://pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/Betas.html](http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/Betas.html)

- For Capital Asset Pricing Model (CAPM) Testing, we would seek to take Unlevered Beta from the industry and lever it using Brightmark's current Debt/Equity Ratio to derive cost of equity. This, along with the marginal tax rate recognized from Brightmark's financial statements, and the interest cost of the Highly Affected Sectors Credit Availability Program (HASCAP) loan at 4%, will allow us to get the WACC.

Source: <https://www.infrontanalytics.com/fe-EN/36083NU/salesforce-com-inc-/Beta>

- For Levered and Unlevered Beta of Salesforce companies. We can get another estimate of Cost of Equity by taking Salesforce as a comparable firm.

<https://seekingalpha.com/symbol/CRM/no-dividends/hypothetical>

<https://finbox.com/NYSE:CRM/explorer/beta>

<https://www.zacks.com/stock/chart/CRM/fundamental/beta>

- History of Beta of Salesforce.

<https://backlinko.com/salesforce-stats>

- Understanding the effects of Balance Sheet Bloat towards profitability

When cumulative net operating income (accounting value-added) outstrips cumulative free cash flow (cash value-added), subsequent earnings growth is weak. If investors with limited attention focus on accounting profitability, and neglect information about cash profitability, then net operating assets, the cumulative difference between operating income and free cash flow, measures the extent to which reporting outcomes provoke over-optimism. During the 1964–2002 sample period, net operating assets scaled by total assets is a strong negative predictor of long-run stock returns. Predictability is robust with respect to an extensive set of controls and testing methods.

Hirshleifer, David, et al. "Do Investors Overvalue Firms with Bloated Balance Sheets?" Journal of Accounting and Economics, vol. 38, Dec. 2004, pp. 297–331. DOI.org (Crossref), <https://doi.org/10.1016/j.jacceco.2004.10.002>.



- We need to build a top-down model of expected growth in the industry. Thus, we need to estimate growth of Brightmark using region-, segment-wise, and product-/service-wise data.

- Region (North America)  
The Americas contribute **\$14.74 billion (69.34%)** of total annual Salesforce revenue. Revenue from North and South American customers has increased by **22.32%** over the past year, growing at a slower rate than the global average of 29.04%.

Fiscal year	Revenue
2001	<b>\$5.31 million</b>
2002	<b>\$20.3 million</b>
2003	<b>\$43.85 million</b>
2004	<b>\$78.96 million</b>
2005	<b>\$140.87 million</b>
2006	<b>\$247 million</b>
2007	<b>\$387.57 million</b>
2008	<b>\$557.98 million</b>
2009	<b>\$776.5 million</b>
2010	<b>\$923.82 million</b>
2011	<b>\$1.13 billion</b>
2012	<b>\$1.54 billion</b>
2013	<b>\$2.12 billion</b>
2014	<b>\$2.9 billion</b>
2015	<b>\$3.87 billion</b>
2016	<b>\$4.91 billion</b>
2017	<b>\$6.22 billion</b>
2018	<b>\$7.62 billion</b>
2019	<b>\$9.44 billion</b>
2020	<b>\$12.05 billion</b>
2021	<b>\$14.74 billion</b>

- Segment:

#### **Subscription and support revenues**

The subscription and support segment accounts for **93.99%** of Salesforce's total revenue, which comes to **\$19.98 billion**. That's an increase of **24.51%** over the 2020 financial year.

Fiscal year	Revenue
2001	<b>\$5.02 million</b>
2002	<b>\$21.51 million</b>
2003	<b>\$47.66 million</b>
2004	<b>\$85.8 million</b>
2005	<b>\$157.98 million</b>
2006	<b>\$280.64 million</b>
2007	<b>\$451.66 million</b>
2008	<b>\$680.58 million</b>
2009	<b>\$984.57 million</b>
2010	<b>\$1.2 billion</b>
2011	<b>\$1.55 billion</b>
2012	<b>\$2.13 billion</b>
2013	<b>\$2.87 billion</b>
2014	<b>\$3.82 billion</b>



2015	<b>\$5.01 billion</b>
2016	<b>\$6.2 billion</b>
2017	<b>\$7.76 billion</b>
2018	<b>\$9.71 billion</b>
2019	<b>\$12.41 billion</b>
2020	<b>\$16.04 billion</b>
2021	<b>\$19.98 billion</b>

#### **Professional services and other revenue**

**6.01%** of total Salesforce revenue came from this segment in 2021. The **\$1.28 billion** generated from professional services and other revenues represents an annual **increase of 21.9%**. Growth was smaller than in the core Salesforce business (24.51%).

<b>Fiscal year</b>	<b>Revenue</b>
2001	<b>\$413 thousand</b>
2002	<b>\$896 thousand</b>
2003	<b>\$3.33 million</b>
2004	<b>\$10.23 million</b>
2005	<b>\$18.4 million</b>
2006	<b>\$29.22 million</b>
2007	<b>\$45.44 million</b>
2008	<b>\$68.12 million</b>
2009	<b>\$92.2 million</b>
2010	<b>\$96.11 million</b>
2011	<b>\$105.99 million</b>
2012	<b>\$140.31 million</b>
2013	<b>\$181.39 million</b>
2014	<b>\$246.46 million</b>
2015	<b>\$359.82 million</b>
2016	<b>\$461.62 million</b>
2017	<b>\$635.78 million</b>
2018	<b>\$769.47 million</b>
2019	<b>\$869 million</b>
2020	<b>\$1.05 billion</b>
2021	<b>\$1.28 billion</b>

- Product/Service-wise:
  - Sales Cloud - Salesforce brings in **\$5.19 billion** per year in fees related to Sales Cloud. That's **25.97%** of total subscription and support revenues. And **24.42%** of total annual revenue.
  - Service Cloud – Salesforce generated **\$5.38 billion** from revenue related to Service Cloud in the 2021 fiscal year. That's an increase of **20.36%** over 2020.
  - Platform (and Other) - Combined, these products and services generate **\$6.27 billion** in annual revenue. That's **31.38%** of the subscription and support segment and **29.51%** of total company revenue. Making it the most valuable area of the company.
  - Marketing and Commerce - Salesforce generates **\$3.13 billion** per year in revenue related to the Marketing and Commerce sector. That's an increase of **25.2%** over the previous year.

To understand the difference between the two pricing figures, we must understand key aspects of the valuation methodologies, and see what best suits the equity holders when they are looking to negotiate a price for Brightmark Inc. (is the revenue multiple approach more beneficial for the acquirer?).

In a Discounted Cash Flow analysis, the value of the firm is dependent on the Free Cash Flows to the Firm, i.e., represents the total amount of cash flow from operations, which can then be used for distribution after accounting for depreciation, taxes, working capital and investments. As the firm is not heavy on fixed assets and is currently not investing in their creation (fixed assets are less than 8% of the total assets as per the firm's latest available financial data), there are no major outlays from the operating incomes generated. As such, this is key to the larger figure indicated by this approach.

In the Revenue Multiple Approach that is more standard in the industry based upon which any offers for Mergers and Acquisitions are most likely to be received by the firm, the calculation is far simpler, but there are several factors that come into determining what can be negotiated for from the parties looking to buy companies within the sector. For example, ShiftCRM, the promoters' first venture, was sold for a 1x multiple at the time that he left the company.

The range of Revenue Multiples in the cloud and managed IT service company space that are considered for the purpose of acquisition is between 1x-3x of Revenue (Harbor Ridge Capital, 2018). We must remember that this is usually followed for business that do not have stable profits, or may even be operating at a loss, as Brightmark Inc. is in the current financial year (Sarath, 2021). They provide quick and easily understood benchmarks to promoters looking to purchase or offload shares in their company. However, these multiples are subject to move within the range depending on many factors, as mentioned below (Harbor Ridge Capital, 2018):

- **Amount of Revenue:** The premium of the company goes up as the firm increases overall revenue.

There is a glass ceiling in effect, in that it is usually hard for a company to reach a valuable level

of scale of operations. The value that is associated with lower to middle market companies for an increase in premium is usually around the \$10 million dollar revenue mark, either in actual sales or forecasted sales based on current year trends (Harbor Ridge Capital, 2018).

- **Margin of the Revenue:** If there is a high degree of profitability associated with the firm and their operating structure, the firm can look to negotiate for higher revenue multiples. The margin must also be observed over an extended period to test their sustainability. Moreover, sophisticated investors may look to further dissect the performance of individual business verticals, such as project and managed services, and may look to offer lower multiples for the less profitable business verticals (Harbor Ridge Capital, 2018).
- **Recurring vs. Non-Recurring Revenue:** Recurring revenue will receive a higher value than one-time or project-based revenue. This is affected by factors such as churn. For example, looking at two businesses, both with \$10 million of recurring revenue, one may be receiving a 3x multiple and the other 1.5x. The key difference may be the churn of one being 5% per month with the other being 0.5% per month. High churn rates negate the stable nature and value of recurring revenue. While project-based businesses are inherently less desirable, some IT services are experiencing rapid growth, such as ERP cloud consulting (CRM, SAP, Oracle). Moreover, being able to establish multiple products with existing customers is also a great indicator of being able to generate repeat/ recurring sales. They are seeing strong multiples, due to the robust performance and large market opportunities. Another example where project-based revenue receives strong values is if they have repeat revenue substantiated year over year, as well as with multi-year contracts. These types of companies have been valued in the 2-3x range of late (Harbor Ridge Capital, 2018).

- Composition of Revenue:** To quantify, let us look at a horizontal player and a vertical player. Naturally, the horizontal player will be less specialized than the vertical player, therefore require less specialized solutions, personnel, and be priced lower. The horizontal player has greater market opportunities and competition. The vertical player requires more specialization and will thus charge more for their solutions. This provider will have a naturally strong barrier to entry, and thus less competition. While the vertical player may have a smaller potential market, the likelihood of being dominant is far more. Further, with larger entities exploring offering more solutions, the acquisition of smaller specialized players makes a lot of sense as opposed to another competitive, smaller horizontal player. Based on the above, Brightmark Inc. is specializing in the implementation of Salesforce in participants in the financial services sector and can provide specialized expertise for the same (Harbor Ridge Capital, 2018). This is in addition to the fact that 2021 and 2022 have seen a rise in Merger and Acquisition activity within the sector (SearchITChannel, 2021), which should lead to slightly higher being offered to the acquired firms.
- Growth of Revenue:** This is the most critical factor to influence the revenue multiple to the top end of the range. Companies seeing 30-50% growth, where it is sustainable and predictable within a large market, is the most attractive and will generate the highest multiples. To receive a strong multiple, IT/cloud service companies who are bootstrapped, expect to see growth in the ~25% range, while maintaining healthy gross and EBITDA margins, around ~50% and ~20% respectively. The key here is to identify which buckets of revenue will generate the most long-term value, to strategically position the company for the same. For example, clubbing resale revenue together with managed services, which may reduce overall revenue and growth, yet increases the margin and customer penetration/stickiness, which drives overall value (Harbor Ridge Capital, 2018).

- **IP (Intellectual Property):** Those who develop, and own IP should see an increase in value, even over and above the 3x figure. Whether it is around management optimization, to enhance the solution for the customer, or to automate the process/workflow for the vendor, it should lead to scalability and increased margins over time, and thus create higher value. It is important to note that this solution should fit the criteria of a resource that would lead to sustainable competitive advantage. The vendor should also be actively using this as an integral component of delivering their solutions as opposed to a customized solution for one customer (Harbor Ridge Capital, 2018).

#### *Life-time value of client*

Brightmark Inc. is now looking to use the goodwill and standing it has developed with Salesforce and the sites where it has performed implementations over the last several years to make recurring profits.

This can be calculated as the excess of Customer Lifetime Value (CLV) over Customer Acquisition Cost (CAC). CAC is defined as being equal to Sum of all Sales and Marketing Expenses over Number of New Customers. CLV is the Average Monthly Revenue from an Account multiplied by the total number of months of the lifetime of the account.

As Brightmark Inc. is still growing its portfolio of customers, these metrics are still being developed. Therefore, we must concentrate on a few strategies that will help to develop the same. Brightmark Inc. must look at reaching out with communication, most likely through emails, that reiterates their value to their customers. This can be done by providing figures on the additional sales or reduction in costs in a periodic manner. This lets the customer know the benefits of their interaction with Brightmark Inc. and would be more receptive to future implementations and advice.

Another aspect we noticed is that Brightmark Inc. does not have a chatbot while its competitors do. This lack of immediate response is something that is usually as critical in retaining customers, as customers

like to be acknowledged immediately, though the reply to their issue may take a little bit longer (SuperOffice, n.d.).

A Knowledge Base is an important part of support where access to self-service articles, tutorials, video guides, and other supporting documentation can be provided (Riserbato, 2020). While putting one together will take some time, effort, and money, it will be cost-effective in the long run. A knowledge base will also take pressure off the support team. For example, a customer can be automatically redirected to a relevant article or tutorial when they submit a request using automated prompts. This might keep said customer happy by offering them a quick solution or answer, while allowing a support team to work on more urgent support tickets.

Usage of Customer Success Software is a prevailing practice that helps to generate customer relationship health scores that help to gauge whether customers are more or less strongly connected with an enterprise (Mehta, n.d.). These are in addition to regular CRM Software and can help sales teams prioritize the health of important relationships. Customer success data makes it easier to avoid getting blindsided during interactions, as it tracks data such as how often they contacted support, what their main frustrations are, what issues they encountered when trying to renew their subscription, etc. The data also highlights the “healthiest” clients, letting executives know how to structure their feedback collection mechanisms. Some examples of this software are Gainsight, Totango, Natero, and Salesmachine.

The Billing Cycle also plays a part in increasing customer retention (Binary Stream, 2020). Monthly Billing cycles means that customers have to make payments more often, and this also serves as a load on the customer’s cash flows. By switching to Quarterly Billing, by at first through discounts and phasing them out over time, can lead to customers being more comfortable with their payment structures. Since every time a bill is due for payment there is a possibility of customer needing to evaluate the benefits of the relationship, we also can get a longer period over which we can showcase our value to the firm.

*Financial Statements*

[https://yuoffice.sharepoint.com/:x:/s/YORK-BrightmarkIncStrategyFieldStudy/EV9Xa-UNJW9FmbFp\\_OXMBjEBwdjxveG9LctgQX2Zw98qNQ?e=A8u8rM](https://yuoffice.sharepoint.com/:x:/s/YORK-BrightmarkIncStrategyFieldStudy/EV9Xa-UNJW9FmbFp_OXMBjEBwdjxveG9LctgQX2Zw98qNQ?e=A8u8rM)

## Operational Assessment

### Purpose & Scope of the Research

Brightmark faces operational challenges such as managing resource bottlenecks, hiring on-demand staffing, and consequently, balancing contractors and employee headcount to ensure high utilization without spending exorbitantly to acquire them.

### Methodology & Sources

- Primary research with Interview with Calvin, Nathan (part-time Head of operations), Vanessa (HR Head), Jessica (Sales).
- Research library databases on how competitors and service-based companies in other industries utilize employee downtime/bench time between projects.
- Study about instances of optimal knowledge sharing implemented across/within a team and its impact through articles from business publications such as Harvard Business Review, Bloomberg.

### Current Operation

The interviews with Nathan (Head of Operations) and Calvin (Founder) indicated that while sufficient client involvement and input was taken before commencing the project, every project required a Consultant-level employee leading the engagement once the sales team have acquired the customer. This meant that Brightmark either has to ensure a steady stream of projects to justify hiring a consultant full-time or contract one in short notice of 4 weeks leading upto the start of the project. While contracting gives flexibility and an opportunity to detect fit & competency, it also means that the same Consultant might not be available on-contract for every project. Another drawback of hiring a Consultant on contract basis is the high cost due to high demand by larger Salesforce CRM Consultancy firms.

Salesforce Consultants are experienced professionals that have overseen and delivered multiple complex Salesforce integration projects. Hence, it would take a while for internal junior employees to qualify for such a position.

### Findings & Strategic Implications – EOR & PEO

Brightmark can use EOR (Employer Of Record) & PEO (Professional Employer Organizations) to reduce some of the admin cost and resources required to find & manage consultants. These organisations can help Brightmark help expand employee base in Canada and abroad.

A PEO (Appendix 1) is an organization that enters into a joint-employment relationship with an employer such as Brightmark by leasing employees to the employer, thereby allowing the PEO to share and manage many employee-related responsibilities and liabilities. Since PEOs require the employer to own their own legal entity in a country, it makes sense to use PEOs to hire Consultants in Canada.

An EOR (Appendix 2), also known as an international PEO, enables an employer such as Brightmark to quickly hire and onboard employees without having to take on the cost and risk of establishing a local entity in the country of the employee. This would help Brightmark to convert independent contractors (outside Canada) to full-time employees without going through the hassle of opening a legal entity outside Canada.

### Findings & Strategic Implications – Disruptive Hiring Approaches

According to a Gartner report, to address talent gaps in the short term caused by higher base pay offers in the industry, we need to follow the following strategies (Appendix 3):

1. Pay to Play (via Compensation & Benefits)
2. Pay to Play (via Time)



3. Bet Heavily on Your Own People
4. Radically Expand Your Talent Pool

While Pay to Play such as substantial signing bonus and lucrative lock-in compensation can bring immediate results in attracting talent, they can be expensive to implement. On the other hand, by introducing apprenticeships, probationary employment or trial employment, the potential talent pool can be radically expanded. This would also reduce the risk in hiring employee from different locations/countries.

1. How to Convert Your Independent Contractor to a Full Time Employee -

<https://www.usemultiplier.com/blog/how-to-convert-your-independent-contractor-to-a-full-time-employee>

### **How do I convert my independent contractor to a full-time employee?**

To hire any full-time employee, you must have a legal presence or entity in the country where your soon-to-be full-time employee resides. If you do have a company entity present, you can simply follow the labor laws and employment requirements when it comes to full-time hires.

However, because many startups hire independent contractors from around the world, setting up an entity in multiple countries will be an exceptionally costly endeavor. The finances, legalities, and local groundwork required is also extremely stressful and might not be worth it in the long run.

### **Is there an easier way to convert my independent contractor to a full-time employee?**

Yes, there is an easier way to convert your contractor to a full-time employee, and it is called a [Professional Employer Organization \(PEO\)](#). What PEOs do is they essentially act as the entity in the country of your full-time employee, making it possible for you to hire them legally and without the stress and hassle.

2. Does your business need an EOR or a PEO? - <https://remote.com/blog/eor-peo-differences>

Though some use the terms interchangeably, PEOs and EORs have a few important distinctions. PEOs mostly handle HR functions for businesses, while EORs go one step further to employ workers on behalf of their client companies. If you do not own an entity in the country where you want to employ someone, you need an employer of record, not a PEO.

Your employer of record handles the legal employment of your workers in other countries via a service agreement. On paper, the EOR is the employer. In reality, the EOR simply facilitates the paperwork for the sake of compliance. You continue to work with your employees under the EOR the same way you work with all your other employees. In this way, an EOR allows you to employ full-time workers in countries where you do not own a legal entity.

3. Disruptive Strategies to Attract and Retain Talent When Confronted With Higher Base Pay Offers - <https://www.gartner.com/document/4007141>

Strategy	Options	Upfront Cost to Execute	Time to Implement	Benefits
Pay to Play (Compensation/ Benefits)	1. Provide substantial signing bonus	High	Low	<ul style="list-style-type: none"> <li>•Directly addresses/ competes with offers of signing bonuses.</li> <li>•Provides a clear and tangible employment branding message</li> <li>•Quick ROI for roles that must be filled immediately</li> </ul>
	2. Increase base pay	High	Low	<ul style="list-style-type: none"> <li>•Directly addresses/ competes with offers of higher base pay.</li> <li>•Provides a clear and tangible employment branding message</li> <li>•Quick ROI for roles that must be filled immediately</li> </ul>
	3. Provide lucrative lock-in comp or benefits (e.g., tuition and books, large cash bonus that pays out over multiple years) to new hires	High	Low	<ul style="list-style-type: none"> <li>•Provides a clear employment branding message</li> <li>•Quick ROI for roles that must be filled immediately</li> <li>•Signals long-term commitment to employees</li> <li>•Depending on the benefit offered, could provide a lasting, highly differentiated position in the market</li> </ul>
	4. Decouple pay and location	High	Med.	<ul style="list-style-type: none"> <li>•Improves the organization's competitive position in areas with a lower cost of living</li> <li>•Attractive to employees interested in moving out of high-cost areas</li> </ul>

Strategy	Options	Upfront Cost to Execute	Time to Implement	Benefits
Radically Expand Your Talent Pool	11. Rethink the definition of "qualified" talent and predictors of long-term success. Reduce or eliminate: •Education requirements •Experience requirements •Location requirements	Med.	Low	<ul style="list-style-type: none"> <li>•Expands the talent pool</li> <li>•Diversifies the talent pool</li> <li>•Benefits can extend beyond immediate talent shortage</li> </ul>
	12. Eliminate tech-based pre-screening	Med.	High	<ul style="list-style-type: none"> <li>•Captures qualified talent that may be overlooked/rejected by automated filters (e.g., parents returning to the workforce after extended time away)</li> </ul>
	13. Implement/expand use of apprenticeships or probationary employment, trial employment, etc. (possibly in combination with #4)	Low	Med.	<ul style="list-style-type: none"> <li>•Expands the talent pool</li> <li>•Diversifies the talent pool</li> <li>•Reduces risk of failed hire.</li> <li>•Provides managers with an opportunity to try out staff in alternate working models before committing long-term.</li> </ul>

## Internal Organizational Assessment

### Purpose & Scope of the Research

Brightmark faces a critical challenge of employees leaving the organization for better paying jobs. The management believes that the employee is currently not adept to take on more responsibilities and hence, limits the further. Furthermore, it is difficult for them to match the pay scale of larger firms. However, they claim to offer a better work-life balance. Therefore, to continue to attract and retain talent, it is necessary to map the following and compare it to the industry standard afterwards:

- Map the current hiring process employed by the organization
- Understand the employee contract and the offerings to the employee
- Learn about the actions taken after 1-on-1 leadership meeting for the continuous development of employees
- Analyze the potential implementation of a recognition policy.

### Methodology & Sources

- Primary research with Brightmark's Human Resources (HR) department so that we can explore the most important HR metrics within the company.
- Find the industry standard of HR Metrics with secondary research and compare those to the ones we found within the company to identify where there is more improvement potential.
- Do an internal anonymous survey to understand an employee's current satisfaction and potential improvements from their personal perspective as well.
- With all the interviews conducted, get to know Brightmark's culture better and identify potential improvements with additional secondary research of the industry's best practices.

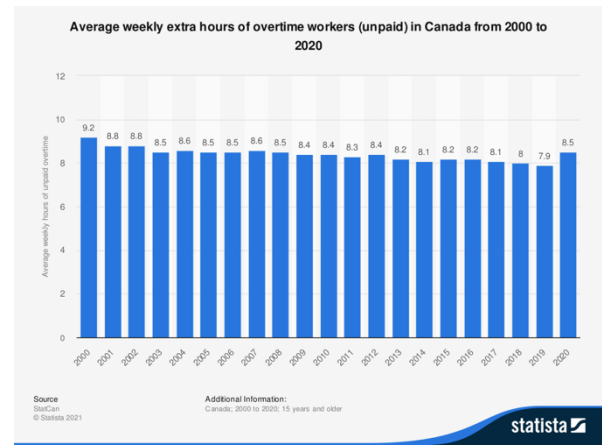
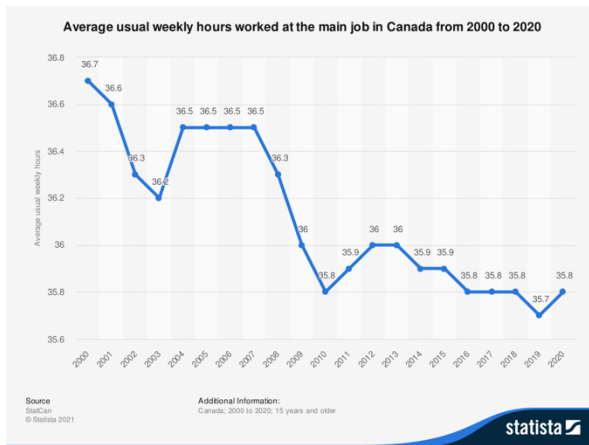
### Findings

Brightmark Inc. must constantly deal with the potential departure of their employees for superior paying positions because they usually cannot match the pay scale of larger firms in the highly competitive market in which they are currently active. One of their worst-case scenarios was the departure of a senior consultant going to the US for a salary offering of US\$ 180,000 (Quek & Coles, 2021). However, it appears that this might be an exception since the average salaries in the USA are lower than that (see Appendix 1.1 for the average salary comparison details). This situation also makes the hiring of trained consultants a real challenge. Furthermore, since many of the present workers within Brightmark are still juniors, they are usually not yet capable of taking on more responsibilities to fill the vacancy the leaving employee has left in the company. Although a recent employee survey (Brightmark Inc., 2021) that was conducted in Brightmark states a very unfavorable Work-Life Balance (WLB), the management still claims that their company offers a better WLB than in other companies of the industry (Quek & Coles, 2021). Therefore, in the interest of continuing to attract and retain talent, it is necessary to approach the mentioned issues from the following two perspectives:

### Reality Check

As a starting point, our aim is to work on the perception gap that exists between Brightmark's employees and the company's management with real industry data. That way, it will be possible to see if the recent employee survey results are justified by these facts or not and reveal how the potential perception gap can be closed. This is important because the success of any initiatives of WLB will also depend on the

employee's perceptions of how fair those initiatives are from their point of view (Beauregard, 2014). Moreover, the average usual weekly hours worked at the main job in Canada in 2020 were 35.8 hours together with an average of 8.5 additional weekly overtime hours that remained unpaid:



Additionally, in order to build an employee profile in this industry and be able to do a proper comparison, the 6 most unfavorable questions in the recent employee survey together with 2 more questions regarding the weekly average hours worked and the weekly average overtime were put together in a survey (Link to the used survey: <https://de.surveymonkey.com/r/2Y3383R>) that was then shared with 50 Salesforce Consultants that work in Canada via LinkedIn. Over a period of four weeks, 9 people have responded to our survey (response rate of 18%) and in summary, one can say that the average salesforce consultant working in Canada agrees more than the average Brightmark employee to having a good WLB, to being satisfied with their compensation and to not feeling overly stressed with their work. However, the average weekly work hours of the employee profile are 43 hours, which is approximately 7 hours more than the average for all jobs in Canada; in comparison, the average weekly work hours in Brightmark are 40 hours and that is 3 hours less than the 43 hours of the employee profile. Finally, the obtained average weekly overtime of the employee profile is around 4 hours below the Canadian average and comparing this to Brightmark, there are on average no weekly overtime hours. The detailed results can be seen in the Appendix 1.2.

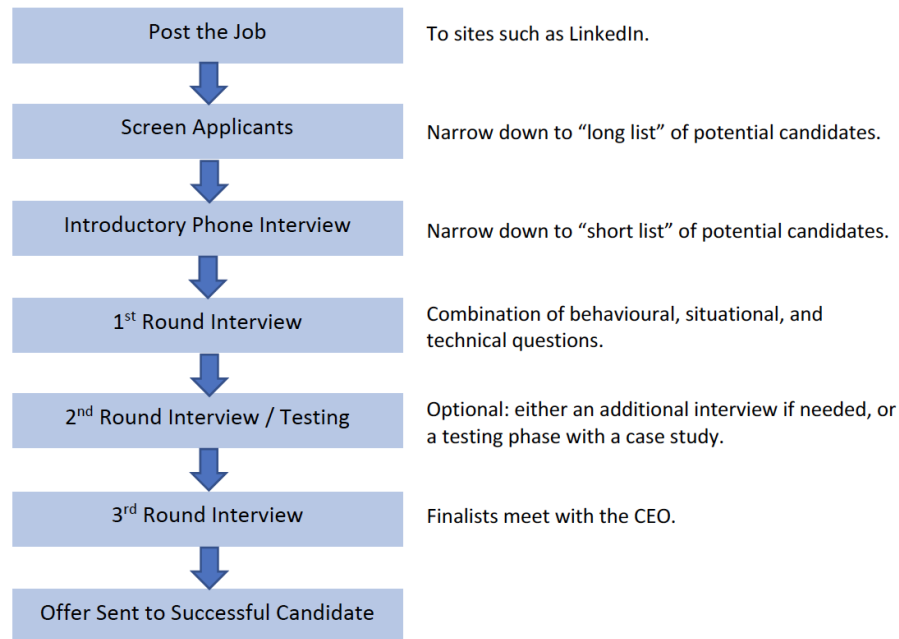
### *Brightmark's Internal Structure*

On the other hand, we intend to map the current internal structure of Brightmark's HR department so that we can evaluate if there exist potential improvements that can be made to enhance the hiring and the retention of talent within the company. Due to a positive correlation between job autonomy and supervisor support with WLB (Haar, J., Sunyer, A., Russo, M. & Ollier-Malaterre, A., 2019), we will also focus on these factors in this part. Therefore, we conducted primary research with the company's management and head of HR to evaluate these mentioned points.

Beginning with the hiring process, Brightmark's current process is as follows:



### Recruitment Workflow



Source: (Quek & Coles, 2021)

The organization mostly outsources when hiring their junior positions using the lead agency Cleverly and relies on LinkedIn with personalized messages for their senior positions (Quek & Coles, 2021). Moreover, to have the correct balance between their sales capacity and deliver capacity, the company differentiates between full-time employees with whom they aim to have at least an 80% utilization rate and contractors (Quek & Coles, 2021). Working with contractors gives Brightmark the benefit of having a smaller payroll at the end of each month but also bears the risk that the required skillset for a specific project is not available when needed. A detailed organization chart of the company can be seen in Appendix 1.4.

Moving on to the offerings to the employee, the company offers the following benefits and perks: A social standard benefit package (dental, disabilities, etc.); give sick, care, volunteer and learning days off, as well as vacations; supply a cellphone and provide an environment for an accelerated learning where the employee can make a bigger impact due to being a smaller company (Quek & Coles, 2021). Furthermore, Brightmark claims that their WLB is better than the average and they are currently evaluating to also engage gift cards and recognition prizes between colleagues.

Additionally, the CEO Matthew Maingot focuses on continuous feedback for the development of their employees and as such, he conducts informal 1-1 meetings with the employees at least once a month to know how they are doing. Twice a year, in Q2 and Q4, the company also conducts formal feedback where

topics like salaries and promotions are discussed (Quek & Coles, 2021). Finally, Brightmark also runs a review after every quarter for determining their employees' bonuses and are currently assessing how to adapt this process to make it a more formal one but without making it as formal as their Q2/Q4 format (Quek & Coles, 2021).

### Strategic Implications

As a result of our research, we can say that Brightmark already was able to build a solid internal HR structure but knowing that the average Salesforce consultant in Canada states to have a better WLB than Brightmark's employees could be an issue. Moreover, this finding can further affect Brightmark's overall performance on how well they can satisfy their customer requirements as their full-time employees may feel unfairly treated and this will not help the company to retain their talent on the long-term or attracting new ones. The organization already made their biggest loss last year against their direct competitor Nubik, where the number of certified salesforce employees played a critical role to secure the job (MacKay, 2022).

Brightmark's management must be aware of this situation and, even if talent retention and attraction is a common problem, they should try to mitigate it as far as possible to avoid operational shortcomings and to not fall into a toxic corporate culture which is currently one of the top attrition reasons (Sull, D., Sull, C. & Zweig, B., 2022). Having a good recognition culture within the organization helps to substantially improve retention and is not very expensive or complex to implement (Bersin, 2012). Therefore, we highly recommend Brightmark to execute as soon as possible an internal recognition program with prizes and gift cards, among others, between their employees. Moreover, another good alternative can be to expand their income flow of talent and not only focus on LinkedIn; for example, look for recruitment in Veterans Affairs (VA), coding for veterans or ScotiaRISE. Also, trying to convert their best senior contractors to full-time employees of Brightmark should be considered.

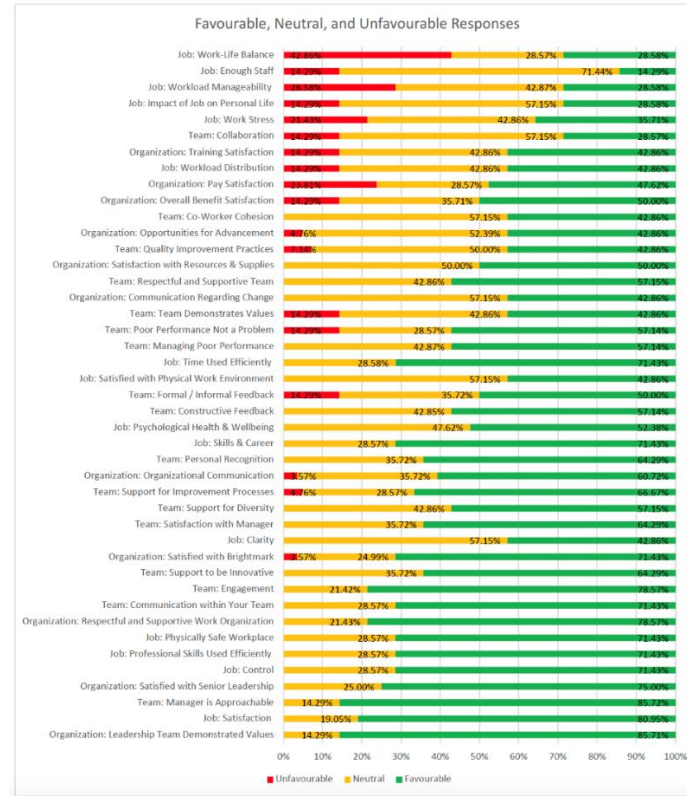
Finally, in many cases sharing the ownership of the company also helps to retain and attract employees to it and in the case of Brightmark, the ownership is shared between 3 key people of the organization: Matthew Maingot (10.1%), Nathan Yung (10.1%) and Calvin Quek (79.8%). Even though this is different to how the share ownership happens in most of the companies in the tech industry, including Salesforce, where most offer Employee Stock Purchase Plans (ESPPs), it is important to keep in mind here the sizes of those companies as well. For further details can be seen in Appendix 1.3.

Beauregard, A. (2014, March 3<sup>rd</sup>). *Fairness Perceptions of Work-Life Balance Initiatives: Effects on Counterproductive Work Behaviour*. Retrieved from Wiley Online Library: <https://onlinelibrary.wiley.com/doi/full/10.1111/1467-8551.12052>

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Quek, C. & Coles, V. (2021, October 8<sup>th</sup>). *Human Resources Interview*. (D. Balhara, D. Krefft, N. Manocha & S. Mehrotra, Interviewers)

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StatCan (2021, January). *Average weekly extra hours of overtime workers (unpaid) in Canada from 2000 to 2020*. Retrieved from Statista: <https://www.statista.com/statistics/441759/average-overtime-hours-canada/>

Sull, D., Sull, C. & Zweig, B. (2022, January 11<sup>th</sup>). *Toxic Culture Is Driving the Great Resignation*. Retrieved from MITSloan: <https://sloanreview.mit.edu/article/toxic-culture-is-driving-the-great-resignation/>



1.1 Average Salesforce Project Manager Salaries Comparison

<https://www.salesforceben.com/salesforce-consultant-salary/>

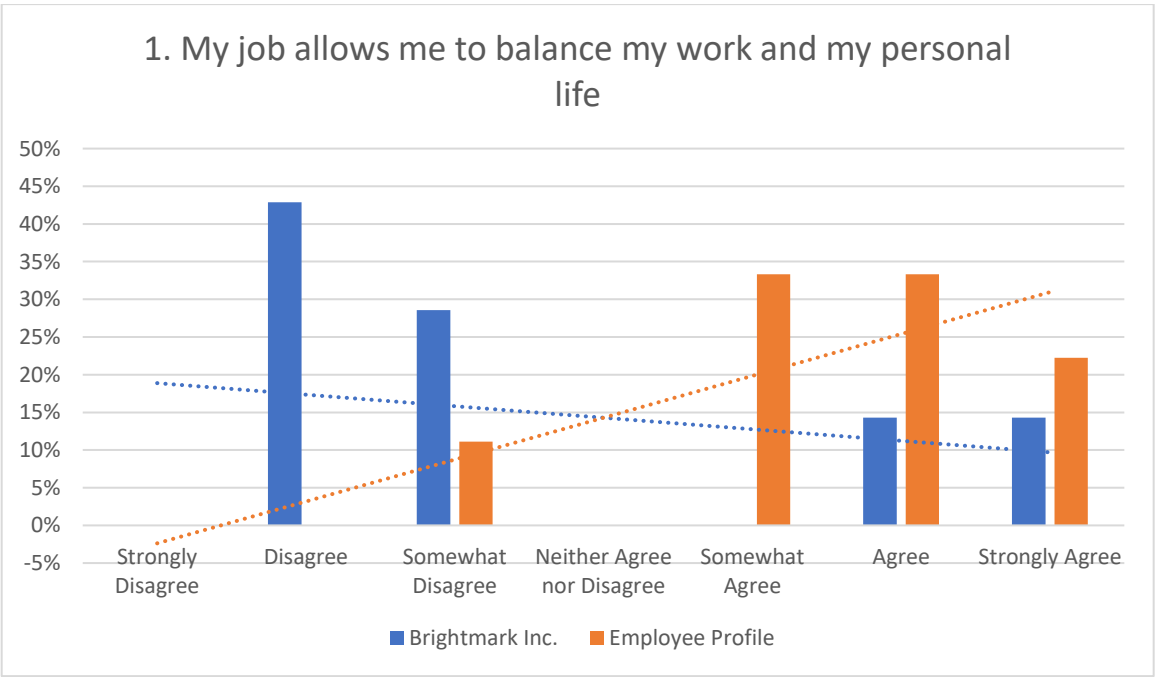
Salesforce Project Manager Salaries

The data in this section is from the [Mason Frank Salary Survey](#), based on self-reported information from 2,500+ Salesforce professionals, spanning a range of job titles, industries, and geographic locations.

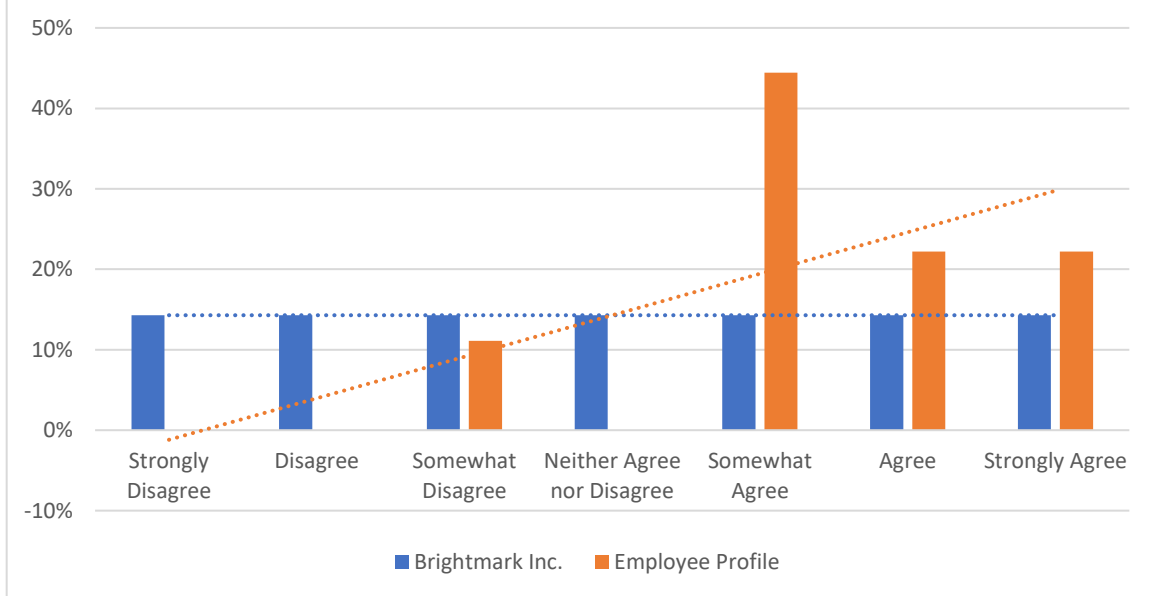
	US (\$)	Canada (C\$)	UK (£)	Ireland (€)
Junior	US\$120,450	C\$99,700	£69,900	€58,500
Senior	US\$141,400	C\$117,050	£87,000	€74,000
Contract	US\$118 p/h	C\$117.5 p/h	£743.5 p/d	€609.5 p/d

- \$120,450 is the average salary for junior Salesforce Project Management in the United States
- \$141,400 is the average salary for senior Salesforce Project Management in the United States
- \$118 p/h is the average salary for freelance Salesforce Project Management in the United States

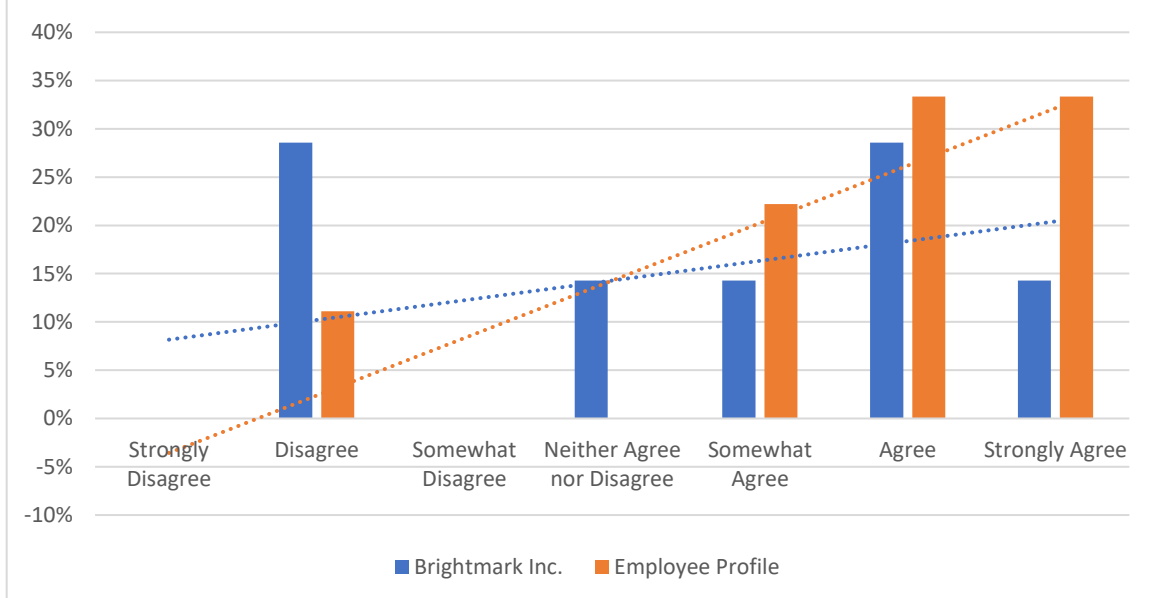
1.2 Comparison between Brightmark’s Employee Survey and our Employee Profile Survey



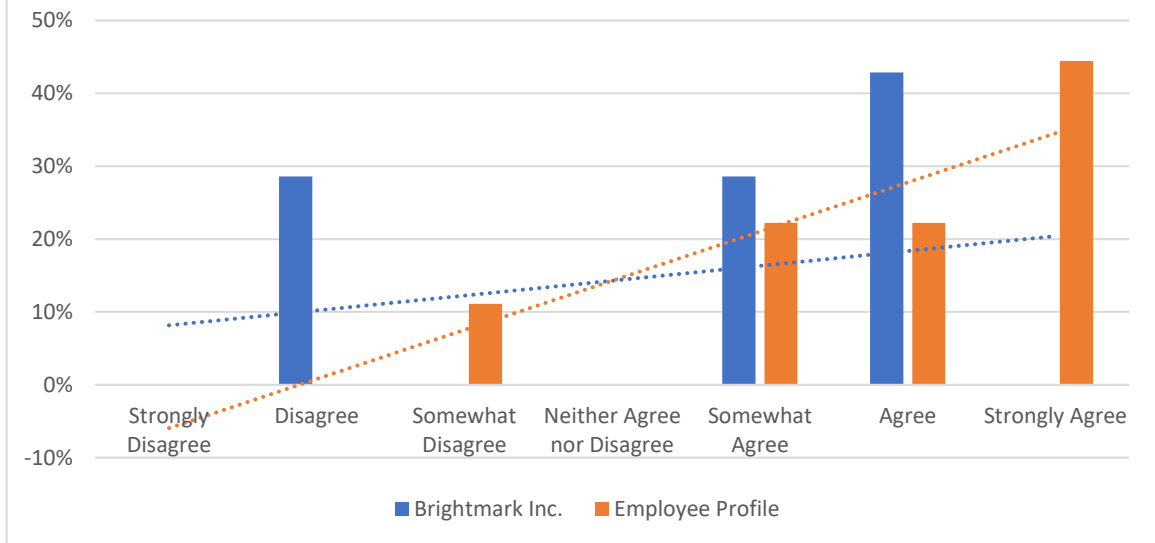
## 2. I have enough time to do my job adequately



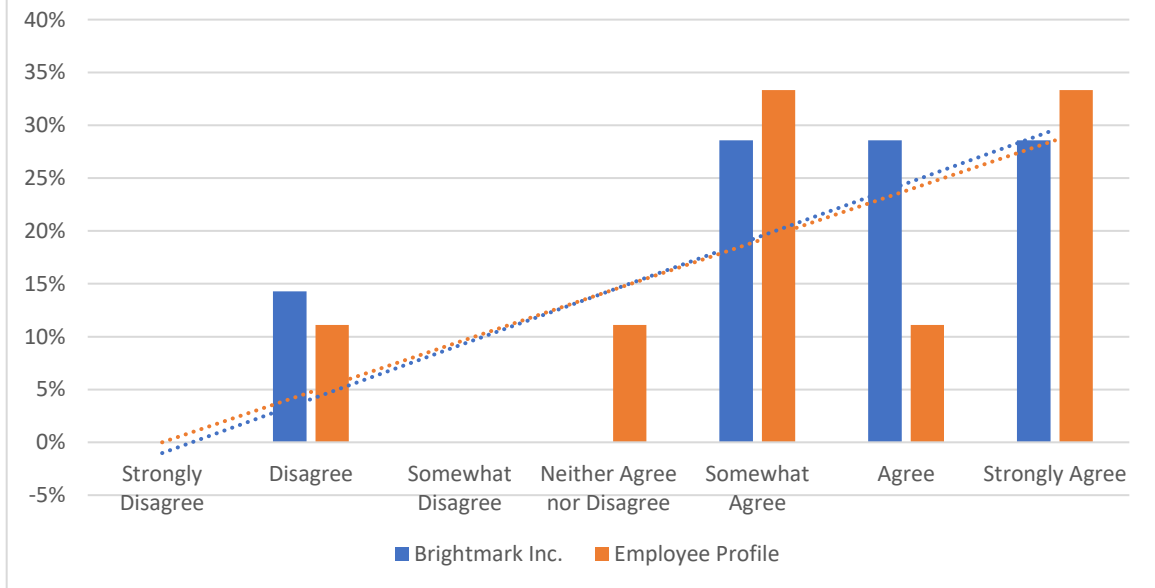
## 3. Overall, I am satisfied with my compensation



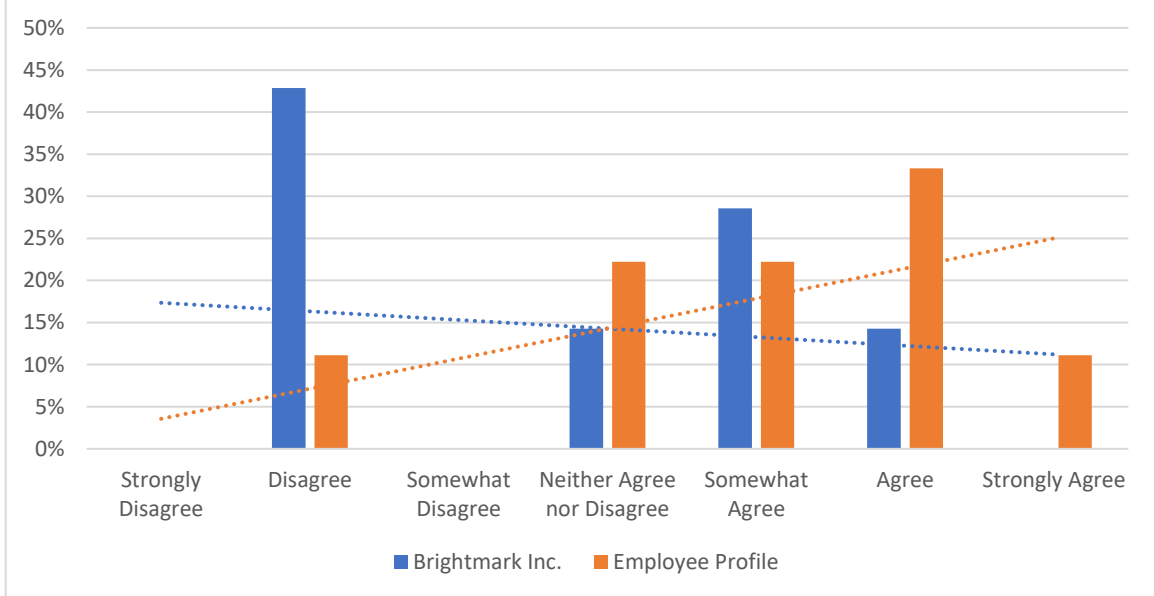
#### 4. My total compensation package is competitive (e.g., pay, bonus, benefits, etc.)



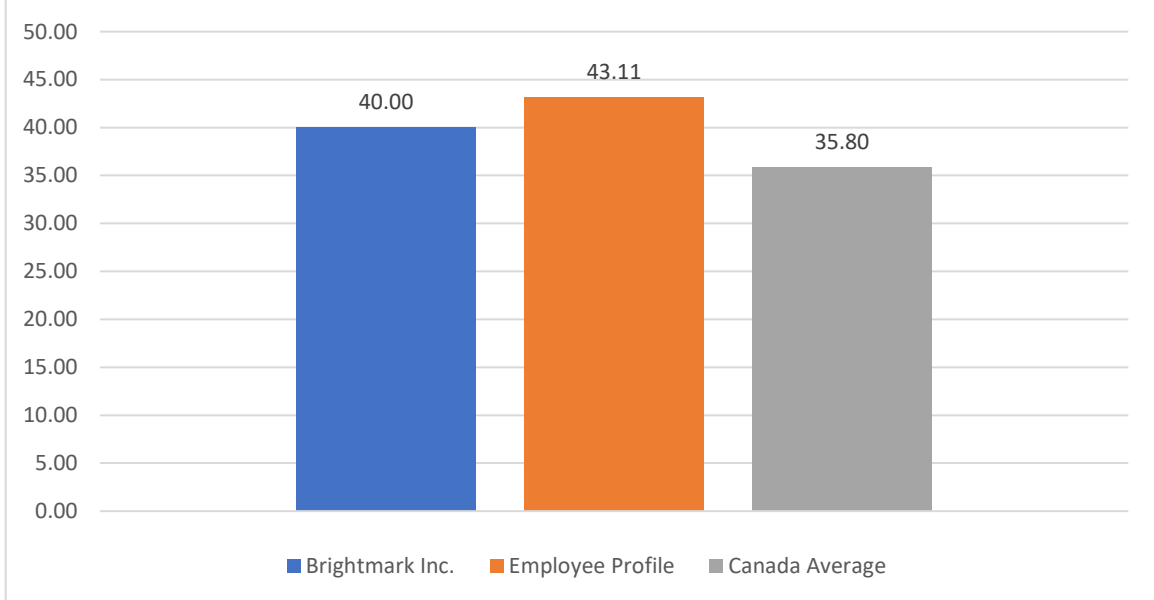
#### 5. The factors impacting my compensation are clear to me

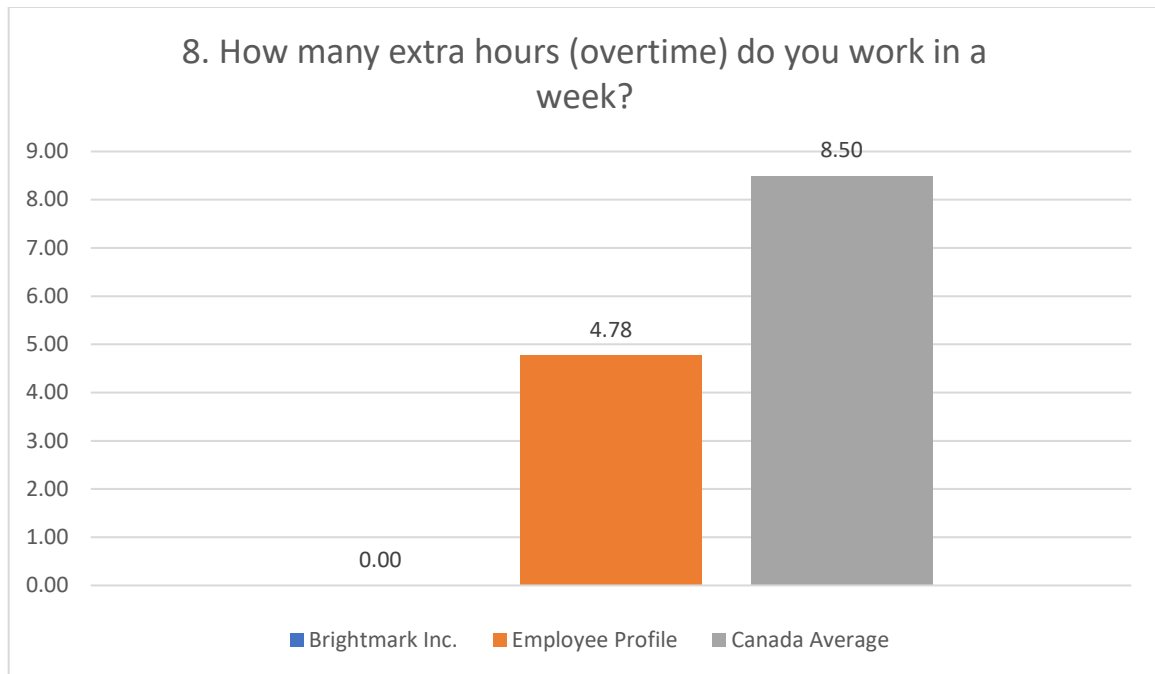


### 6. I do not feel overly stressed by my jobs demands



### 7. How many hours do you normally work in a week?





### 1.3 Sharing the ownership of Salesforce, a company in the tech industry

<https://www.equityftw.com/articles/salesforces-espp-is-worth-maxing-out>

## Salesforce's ESPP is Worth Maxing Out

Employee stock purchase plans (ESPPs) are a common employee benefit that companies offer to their employees. In fact, they are so common that we like to analyze company-specific ESPPs to determine how great (or not great) they are. The purpose of this article is to take a deep analytical dive into Salesforce's ESPP and share why we feel it's worth maxing out.

### Salesforce's ESPP Discount

The biggest reason to contribute to an ESPP is because there's usually a discount given for employees purchasing stock. Typically discounts in ESPPs range from 5% up to 15%.

The majority of tech companies offer the maximum discount here, and Salesforce does too.

Salesforce's ESPP offers a 15% discount.

This may not seem like that big of a deal, but the reality is that you can receive a value much greater than just that 15%.

## Salesforce's ESPP Contribution Limits

The IRS limits what you can contribute to an ESPP and that limit is \$25k per year. With the 15% discount that Salesforce gives, the real limit is actually \$21,250. If you want to learn more about the calculation, please read our [ESPP Basics article](#).

Employers will also limit how much of your salary you can contribute to the ESPP. Salesforce allows its employees to contribute between 2% and 15% of their salary.

Another limit here is that the max number of shares that can be purchased is based on the value at the beginning of the offering period. For example, if Salesforce's share price is \$250 at the beginning of an offering period, then the max amount of shares you'd be able to buy during the offering period is 100 shares of Salesforce (CRM) stock.

## Final Thoughts on Salesforce's ESPP

Participants in Salesforce's ESPP over the last 5 years plus have been rewarded handsomely for their contributions.

Who knows what the stock is going to do in the future, but if you work at Salesforce or are planning to work there someday, it makes a lot of sense to max out your ESPP as soon as you're able.

<https://www.equityftw.com/articles/espp-at-ipo>

*Employee Stock Purchase Plans* (aka ESPPs) are one of the best employee benefits companies offer to their employees. ESPPs are usually provided by companies that are traded on the stock market. In the tech industry, over 85% of companies offer ESPPs.

This means that if your company is about to IPO, it's very likely that your company will offer an ESPP to its employees starting from the moment your company IPOs.

<https://smallbusiness.chron.com/esop-agreements-71622.html>

### Reasons for ESOP Companies

NCEO estimates that, as of 2018, there are approximately 7,000 employee stock ownership plans that cover more than 14 million workers. Another estimated 9 million employees participate in profit-sharing and stock bonus plans that invest a significant amount in company stock.

According to NCEO, there are three main reasons for a company to be employee-owned. It could be because the original owner of a privately held company is leaving, so the organization buys those shares with tax-deductible contributions to the plan. An ESOP can also borrow money to buy shares of existing owners, after which it makes a tax-deductible contribution to the plan to repay the loan. Finally, a company might offer an ESOP solely to provide an additional benefit for its employees.

<https://www.mnp.ca/en/insights/directory/employee-share-ownership-plans-is-it-time-to-give-your-employees-a-piece-of-the-business>

Questions about the future often keep business owners up at night, wondering things like: how do I keep my best employees from going over to the competition, when is the right time to exit, and what will happen to my business when I step back or move on?

In B.C., concerns about maintaining key employees are particularly relevant as mega projects further increase the demand and competition for skilled labour. One way to secure key employees, while at the same time building long-term value for your business, is through an Employee Share Ownership Plan (ESOP).

[https://content.next.westlaw.com/4-503-4465?\\_lrTS=20210320162959020&transitionType=Default&contextData=\(sc.Default\)&firstPage=true](https://content.next.westlaw.com/4-503-4465?_lrTS=20210320162959020&transitionType=Default&contextData=(sc.Default)&firstPage=true)

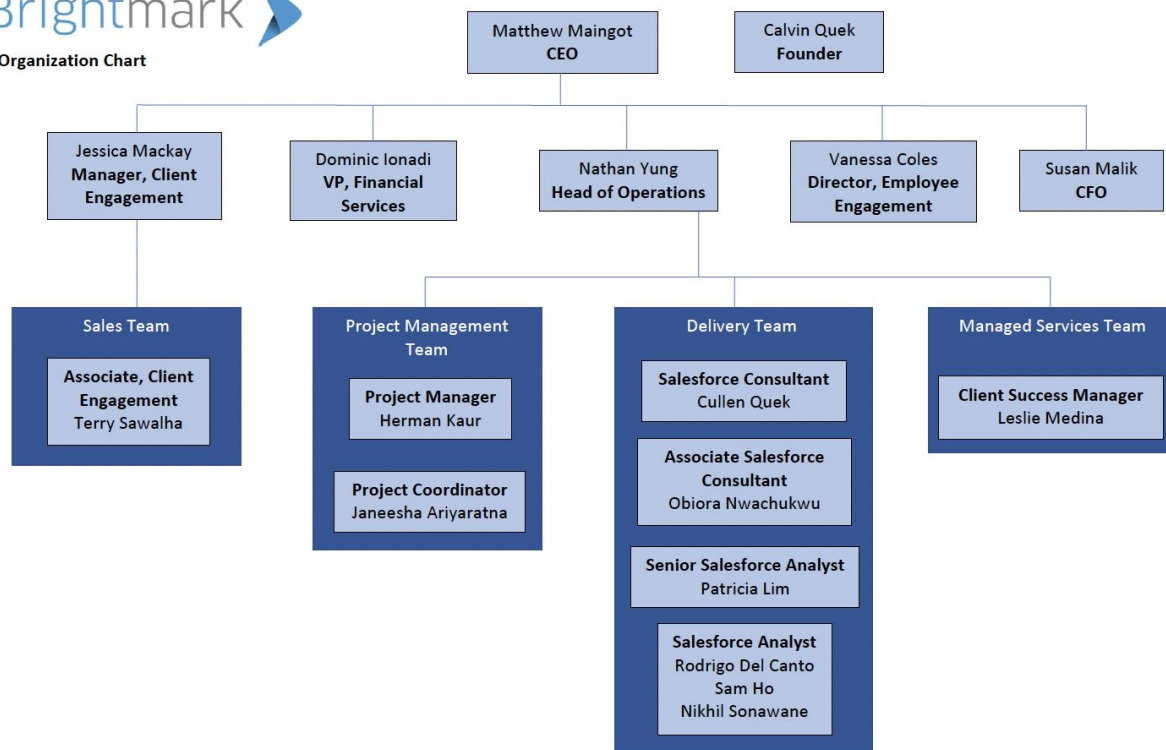
### Share acquisition or purchase plans

#### 10. What types of share acquisition or purchase plan are operated in your jurisdiction?

The following are some of the main types of share acquisition or purchase plans commonly utilised in Canada:

- Employee share purchase plan (ESPP).
- Free share plan.
- Restricted share plan (RSP).
- Performance share plan (PSP).
- Deferred share plan (DSP).

## 1.4 Brightmark's Organization Chart





## Glossary

- **Consultant:** “A person who provides professional or expert advice in a particular field of science or business to either an organization or individual.”  
(<https://www.consultancy.uk/career/what-is-a-consultant>)
- **Contractors:** “Are professionals who provide skills or services to companies for a set period.”  
(<https://www.chas.co.uk/blog/what-is-a-contractor/>)
- **Junior / Senior:** “Job title indicating a person’s professional seniority.”  
(<https://www.indeed.com/career-advice/career-development/seniority-level>)
- **Work-Life Balance (WLB):** “Involves looking at how working people manage time spent at and outside of work.” (<https://www.kumanu.com/defining-work-life-balance-its-history-and-future/>)
- **Salesforce partners:** Find a Consulting Partner With the Expertise You Need (Salesforce) -  
<https://appexchange.salesforce.com/appxContentListingDetail?listingId=a0N3A00000FMYeQUAH>

- **Level I Specialist:** Partners who have earned a Level I Specialist status have proven to Salesforce that they possess the knowledge to deliver customer success in a product or industry vertical.
- **Level II Specialist:** Partners who have earned a Level II Specialist status have proven to Salesforce that they have the knowledge and experience to deliver on more complex projects in a product or industry vertical, while maintaining high levels of customer success.
- **Expert:** Partners who have earned an Expert status have proven to Salesforce that they are thought leaders in a cloud or industry vertical. They can handle the largest and most complex projects and achieve the highest standards of customer success.

- **Weighted Average Cost of Capital-** the average rate that a business pays to finance its assets.
- **Discounted Cashflow analysis** - valuation method used to estimate the value of an investment based on its expected future cash flows.
- **Intrinsic Valuation** - Intrinsic or absolute valuation is a method of valuing a business based on the present value of its future cash flows.
- **Free Cash Flow** - the cash a company generates after taking into consideration cash outflows that support its operations and maintain its capital assets.
- **Terminal Value** - the value of a business, or project beyond the forecasted period when future cash flows can be estimated.
- **Software as a Service** - software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted.
- **Capital Asset Pricing Model** - describes the relationship between systematic risk and expected return for assets, particularly stocks.
- **Unlevered Beta** - measures the market risk of the company without the impact of debt.
- **Debt/Equity Ratio** - shows the proportion of equity and debt a company is using to finance its assets.

- **Highly Affected Sectors Credit Availability Program (HASCAP)** - loans for small and medium-sized businesses that have seen their revenues decrease by 50% or more due to COVID-19.
- **Beta** - measure of how an individual asset moves (on average) when the overall stock market increases or decreases.
- **Levered Beta** – Same as Beta.
- **Balance Sheet Bloat** - An accumulation of accounting earnings without a commensurate accumulation of free cash.
- **Canada Emergency Business Account (CEBA)** - Interest-free loans of up to \$40000 to Canadian small businesses.

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