



NUCLEUS
RESEARCH

GUIDEBOOK
SALESFORCE PLATFORM
FOR CPG

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THE BOTTOM LINE

Consumer packaged goods (CPG) companies face new opportunities – and challenges – in leveraging cloud, mobile, social, and analytics technologies to streamline and automate the front office. In examining the experiences of Salesforce CPG customers, Nucleus found they were able to take advantage of the agility and flexibility of the Salesforce platform as well as Salesforce’s organic and ecosystem capabilities to drive greater sales productivity and effectiveness, more rapidly respond to business needs, and gain greater visibility across the value chain. The single platform, which is inherently multichannel, enables rapid global development and localization.

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THE SITUATION

Increased global competition has increased the challenges for consumer goods companies. To compete and grow, they must improve interactions with customers across all channels, connect with shoppers and consumers, and deliver global consistency while making allowances for the needs and expectations of particular markets.

Secure on line and off line mobile access and effective analysis and reporting are table stakes for any global trade marketing, retail execution or distribution management platform. It also needs the agility to respond quickly to the changing demands of the business and the marketplace, and enable business users to adapt their strategies – and their technology – as needed to stay ahead of the competition.

THE SOLUTION

The Salesforce platform and ecosystem provides both a rich development environment and prebuilt capabilities for key sales, service, marketing, and analytics and reporting functions. Additionally, Salesforce Lightning Components and App Builder enables users to assemble applications based on prebuilt reusable components. These capabilities, combined with the mobile software developer kit (SDK), provide the ability for both citizen developers (business users), business analysts, and traditional developers to rapidly and iteratively build custom applications to support specific business functions (Nucleus Research *p132 – Salesforce Lightning released*, July 2015).

Although many vendors market “platforms” that claim to offer such capabilities, Nucleus has found that the single cloud platform model is a unique differentiator for Salesforce. For CPG firms moving from multiple platforms and applications seeking to provide a global standard with local flexibility, the Salesforce platform enables them to access one connected platform delivering best-of-breed capabilities for marketing, sales, service, and analytics that can be accessed across the complete value chain through secure communities. For global CPG brands, this enables them to:

- Support true omnichannel communication efforts with consistency.
- Leverage reusable components across both desktop, mobile, and tablet applications.
- Build globally and localize rapidly.
- Analyze data with global dashboards for reporting and decision making, and take actionable insight integrating analytics, process, and social collaboration.

It is also important to note that the Lightning Framework and Salesforce AppExchange ecosystem provides a broad marketplace of additional applications targeted for CPG customers, including trade promotion management, retail execution, merchandising, and planning. Additionally, IT consultancies such as Deloitte and Accenture are building their own front-office solutions for the CPG industry on the Salesforce platform.

Nucleus found customers were developing their solutions based on four key pillars:

- Optimise relationship with retailers, wholesalers, and distributors through digitized key account management, field sales management, and efficient route to market leveraging components including Sales and Service Cloud, custom applications, Community Cloud and Wave Analytics.
- Engage with end consumer through 1-1 journeys, optimised marketing processes, and fostered innovation, leveraging mainly Marketing Cloud, Service Cloud, and custom applications
- Drive agility on back-end systems by digitising operational processes such as supply chain, quality, and logistics and integrating with the front office through Service Cloud, custom applications, Wave analytics, and communities
- Empower employees through next-generation knowledge communities, employee applications, and digitized human resources (HR) processes across the complete employee lifecycle with custom applications, Service Cloud, communities, and Wave analytics

Additionally, customers were driving digital innovation across all four pillars to improve productivity, effectiveness, and engagement by exploiting the latest digital evolutions such as Internet of Things (IoT), predictive analytics, and artificial intelligence, as the Salesforce platform strategy evolves from a system of engagement to a system of intelligence.

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WHY SALESFORCE

Nucleus found Salesforce CPG customers selected the Salesforce platform over competitors for four main reasons: price, functionality and ecosystem capabilities, agility, and thought leadership.

AGILITY

Probably the most predominant factor driving customers to choose the Salesforce platform was agility. The availability of various options for iterative development by both business users and expert developers were seen as a way to move to a more agile development approach to rapidly meet new business needs, as was the pure cloud approach. Customers said:

- *"We wanted to be able to give more power to the business for them to develop changes in functionality without compromising the IT core."*
- *"We needed to be more agile in the way we develop – and instead of measuring projects in quarters or years, based on weeks."*
- *"The driver was about the agility and allowing us to respond to changes in business climate, and to be able to accelerate the development pace and respond to the demands of end users a lot faster."*
- *"We looked at Microsoft but it wasn't aligned with our strategic direction and didn't look like it was moving to cloud as we wanted."*

PRICE

Despite the need for some custom development, Nucleus found Salesforce's overall licensing and relatively low cost of development (compared to competitors such as SAP, for example) made it a very cost-competitive solution over time. Customers said:

- *"We are using SAP CRM and we looked at it, but it was way too expensive, and we had tried SAP for trade promotion management three or four years ago and it never ended, it was constant frustration. With HANA, it would be four more years of frustration plus a very high price."*
- *"We tried to continue with SAP but the costs associated with the needed upgrades made it not an option."*

FUNCTIONALITY AND ECOSYSTEM CAPABILITIES

Customers that compared Salesforce to Microsoft, SAP, Oracle, and other smaller solutions found that it had both the organic capabilities and bench strength of partner applications to meet their needs:

- *"It was the functionality itself as well as security – we wanted to be 100 percent certain it would be secure."*
- *"We wanted global capabilities – to be able to store the information we have and use it to make clear and prescriptive insights for every sales rep with apps that are very user friendly, and adaptable to each region or country."*

One customer in production today, for example, has built and deployed capabilities for salesforce automation, trade promotion management, customer service, e-commerce, field service, wholesaler management, key account management, and master data management – which are all inherently integrated and sharing a common data model while being localized at the edges. This has enabled the customer to achieve measurable improvements in sales productivity, retail execution, and call center efficiency while reducing mobile device costs by 34 percent and reducing development effort by 25 percent over its previous traditional approach.

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inherently integrated and sharing a common data model while being localized at the edges.

The single cloud approach – where connected clouds sharing a common data model enable global multichannel consistency with flexibility and agility at the edges – enable that customer and others to rapidly respond to new market demands or competitive threats.

THOUGHT LEADERSHIP

Nucleus found that the strategic partnership Salesforce had proposed to CPG clients, their ability to influence product roadmap developments, and the investments Salesforce was making across sales, marketing, and service, and the latest digital innovations such as IOT, predictive analytics, and e-commerce also made it an attractive choice:

- *"We were moving toward a cloud strategy, as we were convinced we didn't want to spend more time and effort on on-premise projects."*
- *"SAP was trying to sell us something that was pretty old, with HANA in the future, but there was no clarity of what the strategy was to move from our current platform into HANA and how that would happen."*
- *"Salesforce has brought a lot of new fresh energy and ideas to my internal team who are building with this new platform – they're innovating, trying things, addressing new internal challenges."*

KEY BENEFIT AREAS

Nucleus identified a number of benefits large CPG companies CPG companies have achieved by moving their trade marketing, promotion management, retail execution, and distribution management process to the Salesforce Platform, including increased productivity, increased effectiveness, improved visibility, and improved technology management.

INCREASED PRODUCTIVITY

Although some companies were still in relatively early phases of their complete migration to the Salesforce platform, they had already identified key areas where they were achieving significant benefit in terms of sales, contact center, and service staff productivity:

- *"We really increased driver visibility – need to see from the contact center standpoint who is where and when we can get the right person there as quickly as possible, so we can really reduce turnaround time and decrease drive time."*

- *"For our reps, we've already achieved a 10 percent increase in productivity."*
- *"We've increased calls per agent by 18 percent already and increased our hit rate by 7 percent."*

Nucleus found CPG customers moving to Salesforce could expect a productivity increase of 10 to 20 percent for sales people depending on current levels of integration and mobile access; some will likely experience more significant gains.

INCREASED EFFECTIVENESS

Beyond simply greater productivity for customer-facing staff, Nucleus found companies moving to Salesforce could take advantage of mobile capabilities, role-specific dashboards, and integrated cross-platform collaboration to accelerate decision making and increase the effectiveness of territory and channel planning:

- *"We've increased trade execution by 19 percent."*
- *"Historically, people in the field would have to boot up, access the virtual private network (VPN), find the appropriate documents – now they just turn their iPhone on."*

IMPROVED VISIBILITY

Greater access to real-time information in context for decision making enabled Salesforce CPG customers to have greater visibility across the entire value chain for more rapid action and better identification of areas of opportunity or improvement. Customers said:

- *"Our goal was to be able to put any business function with a customer facing component, any operational component that has contact with the customer, and have one integrated overall picture. With Salesforce we could achieve that and go beyond what we envisioned with new channels – portals, face time, online chat, all new channels that we've now enabled by moving to Salesforce."*
- *"Trade marketing strategy is very complex in terms of the amount of information you need to execute at the point of sales. With hundreds of different solutions that's not possible."*

IMPROVED TECHNOLOGY MANAGEMENT

Nucleus found that customers moving to a single platform such as Salesforce to support their front-office activities experienced improved technology management because of a number of factors including:

- Lower overall platform costs. Compared to SAP and some other competitors, Salesforce was able to support the global scalability and security needed at a lower annual licensing cost.
- Faster time to market. The support for rapid application development driven by Lightning, the Force.com platform, and Salesforce's suite of development tools and components enabled companies to build once and reuse or adapt as needed for specific markets, and more rapidly deliver on new business demands.
- The ability to take advantage of the ongoing investments Salesforce makes in platform and functionality innovations with three upgrade cycles a year, without the cost and disruption associated with upgrading traditional platforms that often require extensive testing, recoding, or reimplementation.

As one customer said, *"The cost-benefit is clear. Clearly we will have lower running costs and lower development costs. There is an advantage of simplifying the management of infrastructure."*

CONCLUSION

Global consumer goods companies seeking to be competitive must effectively management the four core pillars of operations – business-to-business, business-to-consumer, internal business efficiencies, and employee empowerment – with global consistency while enabling the flexibility to innovate on the edges. Nucleus has found that cloud applications deliver, on average, 2.1 times the return on investment of on-premise ones, not only because of lower initial costs and rapid time to value but because of the ability to expand the benefits of the application over time without the cost and disruption associated with traditional on-premise technology projects.

The Salesforce cloud platform model enables CPG companies to build quickly and maintain global standards while enabling developers at all levels to rapidly reuse and configure core capabilities across its clouds to meet emerging business needs. Nucleus found that customers adopting the Salesforce platform were able to take advantage of the connected cloud model to support omnichannel consistency while enabling local flexibility.