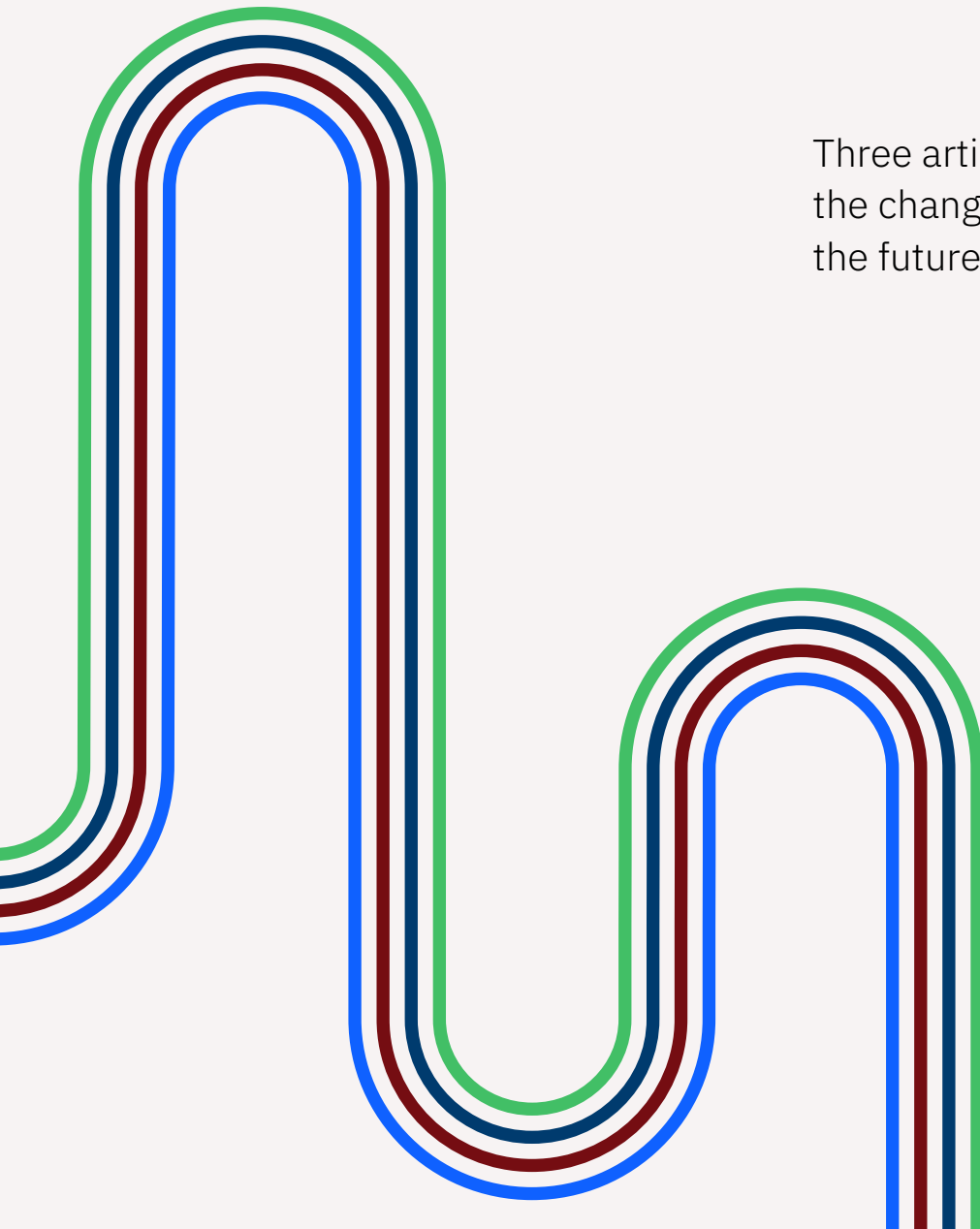


2021–2022

The State of Salesforce

Future of Business

Three articles that look forward into
the changing state of Salesforce and
the future of business.



10th annual edition The State of Salesforce

Looking ahead

The mandate for change, accelerated by the pandemic, has offered us a chance to reimagine and expand The State of Salesforce. Our commitment to reflecting on “how the best companies use Salesforce” remains—but starting this year, we will also look forward, offering a view of how IBM and C-level leaders around the globe see Salesforce, and their expanding portfolio, reshaping every industry.

From the battle for tomorrow’s critical skills to redesigning your business with intelligence, the rules for engagement and competing have already changed—and every business must modernize to survive and innovate to emerge stronger.

In our look ahead, we’ve uncovered three major needs that enterprises must address to stay relevant and competitive: redesigning work for the digital-first era, reimagining operations with AI and revolutionizing their go-to-market. The entire business landscape has leaped forward, and this year’s The State of Salesforce: Future of Business maps out why and what businesses will need to do to keep up.

There’s no question that Salesforce’s portfolio, aided by some farsighted acquisitions, is shaping the future of business. And together, IBM and Salesforce help companies not only accelerate but also act differently—purposefully, strategically, and with empathy. We are helping enterprises tap into an increasingly connected ecosystem of employees, partners and stakeholders to lead their markets and get ahead of their customers’ evolving needs.



Al Jenkins

Managing Partner and Global Leader
IBM Global Business Services

Learn more about IBM’s Salesforce
consulting capabilities



Workforce of the future

Redesigning how work gets
done in the digital-first era.

COVID-19 has pushed businesses to adopt alternative environments, processes and technologies that allow greater flexibility, autonomy and collaboration. But while the pandemic has accelerated digital transformation, it also rode the wave of larger generational and employee changes related to how, where and why people work—and for whom. The pandemic sped up these changes, but it didn't create them; employee needs and expectations (and the balance of power) were already shifting toward digital, ethical, equitable and upwardly mobile environments.

This ongoing evolution means that modern businesses will need to engage in a complete talent, process and cultural transformation to support a dynamic and diverse workforce. Salesforce understands this and has built an ecosystem that combines digital-first technology with new skills and talent development paths. They even acquired the digital communications giant Slack for \$27.7 billion—their largest acquisition to date—during the peak of the pandemic. It's a further indication that they believe it's time for businesses to modernize how people collaborate and innovate.

To enable the workforce of the future, business leaders need to embrace cloud portfolios like Salesforce to implement systems that are smarter, flexible and more intuitive. Organizations must build human-centered, virtual solutions to meet the work requirements of the digital-first era, but also evolve culturally to support the increased demand for employee well-being, productivity and advancement, from anywhere.



Evolution of work spurs reskilling economy

Technology can support and enhance all aspects of the human experience. But to fully realize technology's potential, there's an emerging talent imperative creating a demand for new roles and skills that can't be met through hiring alone. To meet that demand and attract and retain top talent, businesses will need to design professional development opportunities and employee operations that support rapid growth. Future-looking business leaders will create a mix of in-house expertise and a network of strategic partners with specialized skills.

Working remotely during the pandemic has fundamentally changed business operations. Every company is now a technology company, and employees need digital tools and systems to do their jobs. When evaluating a technology solution, businesses need to consider not just the platform's capabilities but what training and enablement their employees will need to be successful.

In our 2020 [The State of Salesforce: COVID-19 Special Edition Report](#), we explored why alignment between IT and the business is crucial for digital transformation. In this next workforce evolution, businesses will need to foster a deep partnership with HR and IT to design virtual and hybrid offices and learning opportunities that support a diverse, digital-first workforce. Leaders will need to bring their stakeholders together from across the organization to identify opportunities for team development and digital transformation.

Thanks to the shift to remote and hybrid workplaces, employees are no longer constrained by geography when it comes to advancing their careers. Developing a culture in which people want to work requires investing in digital-first employee experiences, workforce skilling and operating efficiency. Businesses in the future will have to juggle these new needs with their core business initiatives to remain competitive in the ongoing war for talent. Some organizations are already turning to partners like Salesforce and IBM to reshape their employee training, engagement and operations—and more will follow.



“What’s next is all about skills—how we grow, how we reskill, how we develop, how we build careers. You can’t hire your way into reshaping the workforce. You’ve got to upskill, cross-skill and reskill the people who work for you.”

Tina Marron-Partridge
Managing Partner of Talent Transformation IBM Global Business Services

Seven questions C-level leaders will need to answer to upskill and evolve their workforce

01

How has our business changed, and why should people choose to work for us?

02

What skill requirements do we have today and over the next decade?

03

What work and processes can be automated, and how does that free our employees to focus on higher-value tasks?

04

What are the new roles we need to create?

05

Do we need to hire new employees, and where can we cross-train existing ones?

06

What training products, resources and programs are available to meet our needs?

07

What specialized technology needs do we have, and who can we partner with to help us meet them?

The Salesforce ecosystem will be a talent magnet

Every company's technology and processes impact the opportunities and day-to-day experiences employees have. One key question prospective employees are asking is: "What technologies do you use?"

People care about the systems they use. Companies that embrace modern cloud-based applications that employees are familiar with are more attractive because it means more clarity, less training, higher productivity and better collaboration. Salesforce, in particular, sees itself as a job creator and has built a suite of scalable, transferrable skills to help people develop their careers.

Salesforce is now a platform of choice for employee productivity and enablement. And as Salesforce becomes more widespread, the network effect will ramp up—new solutions, applications and users make the platform incredibly valuable to companies that use it. Consequently, employees with Salesforce experience and certifications will be more attractive and highly sought after in the talent market. Businesses that want to stay competitive will need to invest in the ecosystem to tap into this growing talent pool.

4.2 million

"By 2024, Salesforce and its ecosystem are expected to enable the creation of 4.2 million jobs worldwide." - IDC¹

"The tech skills gap will become a major roadblock for economic growth if we don't empower everyone—regardless of class, race or gender—to skill up for the Fourth Industrial Revolution."

Sarah Franklin

Chief Marketing Officer, Salesforce

IBM is helping organizations build and train the modern workforce of the future.



The shift of power to employees will advance cultural transformation

Thanks to the intense demand for talent and skills shortages, employees have leverage and are pressuring companies to become more people-centric. The pandemic has also given many people new clarity around what they want and need from work, and employees haven't been shy about leaving companies that don't adequately support them.

The search for better jobs that are aligned with people's values is part of what is expected to help fuel the "great resignation" where four in 10 people are considering quitting their current jobs.² Employees are increasingly vocal about their needs, and it's up to leaders to listen and redesign work to be more empathetic, flexible and collaborative. There's no returning to the rigid structures and policies of the past. As companies continue to shift between remote or hybrid workplaces, it will be critical to guard against overwork, burnout and an "always-on" digital culture.

Ultimately, people will choose to work for companies that support them on multiple levels—from well-being to career growth to their core values. Ongoing uncertainty regarding the pandemic—along with urgent social, economic and environmental concerns—requires trust between leaders and employees. It will be crucial to growth and stability. To earn employees' trust, organizations will need to transform operations; this means investing in digital technology, processes and policies that promote transparency, insight and well-being across the enterprise.

"The workplace of the future is being engineered by employees as we speak. By embracing flexibility, we give employees the power to work where, when and how they can to make the most impact—and unlock better balance and productivity in the process."

Brent Hyder

President and Chief People Officer, Salesforce

"Despite a massive global economic crisis, **1 in 5 employees voluntarily changed employers** in 2020."

IBM Institute for Business Value³

In the coming future, C-level leaders will want more support in the following areas⁴

Employee health, safety and well-being

51%

Human-centered, conversational ways of working

51%

Leadership guided by a clear mission and values

42%

Modern work will require new modes of communication and collaboration

When Arvind Krishna became IBM's CEO at the beginning of 2020, he was unable to visit IBM's offices around the globe due to the pandemic. Instead, he created a dedicated Slack channel where he could meet employees, share ideas, tell stories and listen. Everyone could speak with him and react to what others said, no matter their role or tenure. He used this unique digital environment to flatten the org chart and open up direct lines of communication, shaking up the decades-old model of top-down company letters and emails.

This is just one example of how a business leader is using technology to redesign communication to fit how people want to work and engage. Flexible work arrangements are the future, and companies will need better ways to keep employees connected, whether they're in the office, out in the field or working from home.

Businesses need to adopt conversational apps like Slack that flow back and forth like a face-to-face discussion to enable fluid communication from anywhere. Slack's success in the market is due in part to its ability to bring the way people prefer to communicate (mobile-ready, real-time messages and updates, emojis and reactions, threads and replies and 1:1 or 1:many conversations) into the digital office—while keeping the stream of project information moving and documented across teams and departments.

Businesses operating ahead of the curve are embedding AI and automation directly into these conversational workspaces. The goal is to enhance productivity and collaboration. Using natural language processing, intelligent systems can execute workflows and recommend actions based on actual conversations rather than a separate command or code. In addition to Slack, Salesforce Experience Cloud can augment collaboration and information-sharing across systems of record (both cloud-based and on-premises) through custom user communities.

The future of collaboration is about not only designing new ways for employees to communicate but connecting experiences and data to amplify and share employees' expertise and capabilities across the entire organization. But when it comes to collaborating and sharing information, disconnected silos are still a huge challenge for businesses—and they know it. In the coming future, the biggest area of growth in AI and process automation will be collaboration and creating intelligent workflows.

The future of work is collaborative, open and data-driven—to realize that potential, companies need to redesign how they communicate with and enable employees in the new digital office. This calls for an AI-powered employee engagement layer that connects their systems of record across sales, marketing, service—and more.

Salesforce is making a big push with Slack, Work.com, and Experience Cloud to fill that space. Leading organizations will use Salesforce's growing portfolio of apps and integrations to bring together teams, tools and resources into a single intelligent engagement layer to enhance communication and collaboration, sidestepping email and other disconnected apps.

+81%

While sales, marketing and service still lead the way for developments in AI overall, there's an 81% increase in organizations prioritizing AI and automation to enhance collaboration.⁵

Salesforce enables collaborative employee workflows using Slack, Work.com and Experience Cloud



Personalized journeys

Salesforce Experience Cloud applies AI to employee data to serve up the next best action, or series of actions, to other employees via Slack.



Employee onboarding

Hiring managers can use Work.com and Slack as a “welcome bridge” before new hires are officially onboarded. An intelligent welcome workflow can add them to relevant channels and groups.



Incident management

When a crisis or opportunity arises, teams need to be able to work together quickly, from anywhere. Salesforce ecosystem apps like Pager Duty can instantly alert the right team members and kick off relevant workflows in Slack.



“The reality is there is hybrid collaboration just like there is hybrid cloud. Every organization has their own unique needs and enterprise personality type, and leaders need to find the right mix of collaboration tools and communication processes that work best for their distinct teams and culture.”

Konrad Lagarde

Director of Productivity and Tooling, IBM



“Employees need the best tools to collaborate, innovate and succeed, and they need that anywhere. And companies like Salesforce can help with that significantly.”

Tina Marron Partridge

Managing Partner of Talent Transformation
IBM Global Business Services

What's next?

Building a tech-savvy, flexible digital workforce and workplace will continue to be a top challenge—and opportunity—for businesses in 2022 and beyond. Companies that prioritize skills development and innovative collaboration models, and invest in their team's overall well-being, will come out ahead against competitors that try to dial back to the pre-pandemic status quo. Business leaders will need to put employees at the center. They must re-design their systems to transform their talent operations and business culture to align with values important to employees (ethics, sustainability, inclusion) and support how people want to work.

Salesforce continues to build out its connected cloud portfolio with both employees and customers in mind. The platform's deep ecosystem and exponential network effects make it an increasingly attractive one-stop shop for modern businesses that want to embrace new ways of working in the digital era.

The leading companies of the future should

01

Close the skills gap

Companies need to invest in reskilling and upskilling employees to keep up with the speed of innovation and growth of the knowledge economy. Salesforce and IBM are providing the skills and building the training tools, systems and infrastructure to support new levels of employee development.

02

Modernize communication and collaboration

People do not want to talk through digital walls and silos—they want communication at work to mirror how they communicate everywhere else. Applications like Slack, Work.com and Experience Cloud will help businesses modernize how their teams collaborate with their intelligent systems and with each other.

03

Redesign work to meet new employee expectations

The future of work is digital. With increasing employee demands for work-life balance, wellness, sustainability, equity, productivity and career advancement, the only organizations that will be able to meet these new requirements are virtual enterprises. Businesses will need to invest in digital transformation: redesigning their operations to meet their employees' mental, emotional and physical needs (and keep up with their competitors).

Intelligence with intention

Reimagining operations and experience across the enterprise with AI

Businesses have spent the last five to 10 years optimizing customer-facing channels and the front office, moving processes to Salesforce and the cloud. But these transformations have often ignored the more complex work of modernizing legacy mid- and back-office processes—adding automation and intelligence to make them more flexible. The pandemic forced business operations to change swiftly on a massive scale, and many industries experienced a decade of progress in weeks. Scott Galloway, NYU marketing professor noted in his latest book, *Post Corona*, “This theme, decades in weeks is playing out in most sectors and facets of life... We registered a decade of eCommerce growth in eight weeks.”⁶ As part of that rapid modernization, technological advances such as AI are making front, middle, and back-office divisions obsolete.

Just as customers expect an effortless, consistent brand experience no matter how and where they’re served, employees expect greater levels of transparency, collaboration and information access across every system and department to create a seamless working environment. And as intelligence flows and employees’ jobs become more productive and efficient, those benefits rush downstream to directly impact the partner and customer experience.

Business leaders are starting to invest in intelligent operations. They’re modernizing their technical infrastructure to connect, analyze and share data so employees can make smarter, faster business decisions. This creates flexible, agile organizations that deliver impact quickly, at scale.

The promise of intelligent operations is real, but most companies today aren’t organized in a way to orchestrate and redesign processes across their entire business. Salesforce is quickly becoming a central application layer that uses AI and automation to enable end-to-end workflow transformation. It does this by integrating AI-powered workflows across business units and systems to make operations more modern and intelligent.

What’s emerging is a new kind of interconnected employee and customer experience. Hybrid, multi-cloud technology and workflows that are enhanced and automated at the right moments can empower employees and transform the end-to-end customer experience. Businesses that want to create connected customer journeys and reap the benefits of the cloud will need to approach the challenge thoughtfully, considering not just the technical requirements, but the strategy, ethics and design needed to implement full-scale intelligent operations using Salesforce.

Intelligent workflow integration will amplify customer experience

Intelligent workflows began as a way to optimize single functions via systems integration, automation and AI augmentation. Today, leading businesses are connecting multiple workflows to form a complex, multi-layered network that reimagines and connects experiences across an entire lifecycle—think marketing, purchase (commerce and sales) and service workflows.

These workflows are the two sides of experience—customer and employee—connected across finance, supply chains, product development and more. They pull together and act on data embedded in systems across the enterprise, eliminating the divides between the front-, middle- and back-office, and combining automation and data insights to optimize human work end-to-end.

Effective workflow design helps ensure the right information is exposed at the right time to the right employee; at the same time, it enables automation or machine-made decisions and actions where appropriate. To create these interconnected, intelligent layers, businesses will need to use a wide ecosystem of tools such as Salesforce Tableau CRM and integrate them to build workflows within and among their core cloud and on-premises systems.

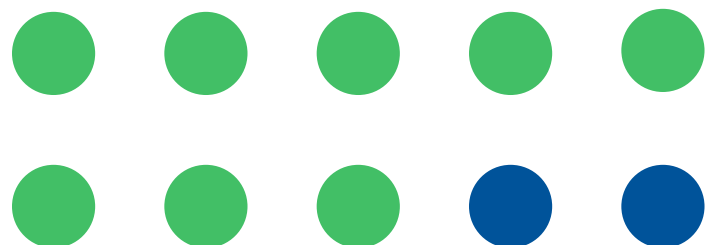
8 out of 10 C-suite Salesforce customers see Salesforce as important for delivering AI and process automation across the enterprise.⁷



“Look at an overall process and how many different paths it can go down and find where things go wrong. And look at it to understand how you can add automation and intelligence into this process to take the pain points out of it and reimagine how it’s done.”

Cathy Reese

Senior Partner - Analytics Practice Leader
IBM Global Business Services



46%

46% of organizations cite ‘technology-infused workflows’ as one of the most important competitive advantages for them in the next three years.⁸

Determining what needs a human touch versus what can move along a fully automated workflow (for example, query → chatbot → self-service solution) can alleviate lower-level business tasks (often repetitive), speed up customer and employee interactions and deliver cost savings and growth. And as businesses look back at the emergency measures taken

during the height of the pandemic, they have an opportunity to evaluate their efficiency to design a more intentional and innovative way to operate.

Intelligent workflows have an impact on individual business units, but when those workflows are integrated across the entire organization, the impact is exponential, improving expected outcomes by up to 90%. From the Institute of Business Value’s Virtual Enterprise Report: “The more we extend the scope of a workflow and the greater the end-to-end connectivity is among the workflow’s customers and contributing participants, the greater the business outcomes will be.” Businesses that connect multiple workflows to optimize the customer experience across the entire enterprise will improve customer acquisition, growth and care—from the first marketing touchpoint through sales, service and beyond.

Two sides of the same experience

Salesforce workflows

Marketing Cloud

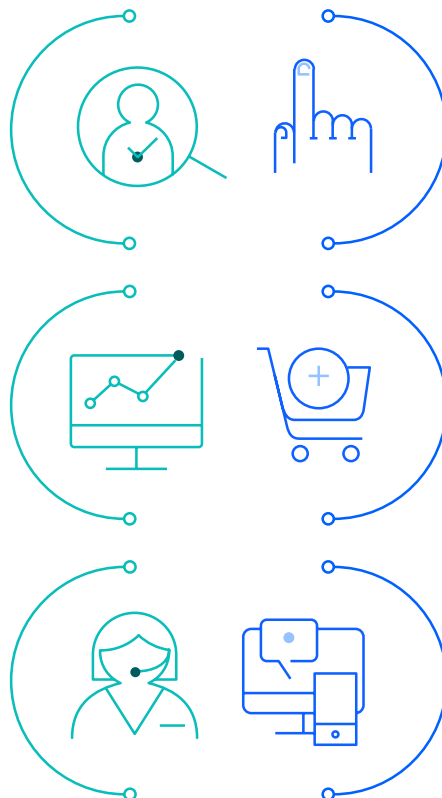
- Engage target audience
- Lead acquisition
- Campaign management

Sales & Commerce Cloud

- Personalized recommendations
- Connect to inventory and fulfillment
- Secure environment with fraud detection

Service Cloud

- Retain and grow relationships
- Route queries with virtual agents
- Manage customer feedback



Customer journey

Discover

- View an ad
- Sign up for emails
- Engage with content

Engage

- Fill a cart
- Secure checkout
- Subscribe
- Onboarding

Advocate

- Use self-service options
- Connect with an agent
- Provide experience feedback

Data must guide business intelligence strategy

Business leaders are looking for cloud solutions that can integrate seamlessly with their existing systems architecture. They want to boost innovation that produces new understanding about the business and creates seamless employee and customer experiences. To achieve this, many continue to turn to and expand their use of Salesforce.

But implementing Salesforce and then migrating data en masse to the cloud is difficult at best and counterproductive at worst. When the goal of a cloud transformation is data migration, businesses expect that action alone to make an impact. But this isn't enough. It has to start with a thoughtful approach to data architecture paired with the right intelligence tools to extract valuable insights.

50%

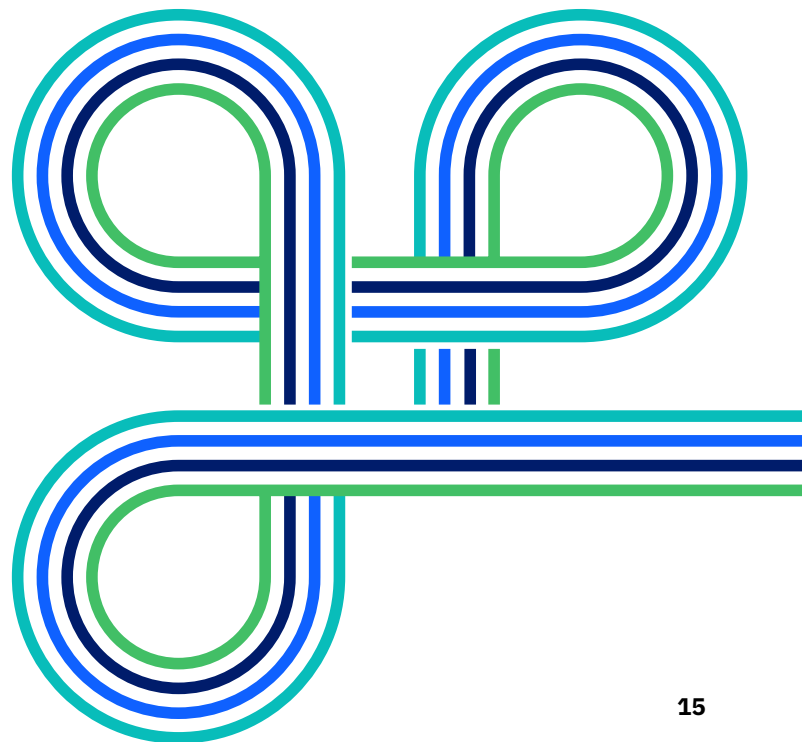
of executives cite external data availability, operational data quality and operational trust as key challenges in using data to drive new business models.⁹



“Taking all the data you have and dumping it into Salesforce, and expecting a different outcome, isn't the right solution. Businesses need to understand where their data is today and decide where the best place and solution is to run analytics against that data—and ultimately how to get a shared view of data and the insights to the business. Leaders need to formalize a data strategy and then put it into action.”

Cathy Reese

Senior Partner - Analytics Practice Leader
IBM Global Business Services



Companies should ask themselves four essential questions to guide their data strategy

01

What information do we need to make decisions?

02

How and where is that data best stored? (In the cloud, on premises, etc.)

03

Who has, or who should have, access to the data?

04

What business outcomes will that data deliver, and where?

Answering these questions will enable employees to understand what actions they are empowered to take with company data.



Frito-Lay has transformed its B2B and consumer experience with IBM and Salesforce by reimagining its data strategy, including how it shares insights with its global delivery employee network.

Discover their story →



“Data is complex. It’s about accessing data at the right time for whatever intelligent workflow is needed. Using IBM’s Cloud Pak for Data and Salesforce Tableau, businesses can analyze targeted customer data sets to create shared insights for orchestrated action and outcomes.”

Luq Niazi

Global Managing Director, Consumer Industries, IBM

AI ethics—why businesses should embrace transparency and accountability

Customers, employees and businesses want to understand AI, and concerns about data privacy, security and ethics are important. As businesses begin to rely more heavily on autonomous, intelligent systems, they'll need a secure system of checks and balances designed with ethical principles at the core to combat data bias and protect private, proprietary information.

While technologies like blockchain, encryption and tokens can address security and privacy concerns, often the biggest question to ask is: "Who in my organization is responsible for designing ethical, trustworthy intelligent applications and experiences?"

Over the last several years, many AI leaders have begun advocating for companies to create their own AI ethics boards to guide AI innovation across all business units and functions. As companies work to build an orchestrated top layer of business intelligence to manage their operations, the AI ethics board must work towards transparency and explainability for all data and intelligence initiatives across the enterprise.

As AI platforms grow, any bias existing at the roots could affect the system over time on an ever-greater scale.¹⁰ Businesses need expert partners who can help reduce and eliminate bias inside their intelligent applications. AI platforms like Salesforce Einstein and IBM Watson have built-in flags and tools that call attention to fields and configurations at higher risk for bias.

81%

According to an IBM Institute of Business Value study conducted in April 2020, 81% of consumers say they became more concerned over the prior year with how companies use their data.

75%

are now less likely to trust organizations with their personal information.¹¹

Ultimately, building ethical, trustworthy AI systems rests on human shoulders. Business leaders should take a far-reaching look at intention, impact and accountability. To build trust with customers and employees, they should work towards full transparency in how they're using their data to power AI, which starts with design. [IBM](#) and [Salesforce](#) each have practices for AI design that can help businesses hold themselves accountable for using intelligence ethically across their organizations.

When it comes to AI, according to IBM's State of Salesforce 2021 survey, C-suite leaders' top concerns aren't about business profit but focus instead on human engagement.

Primary AI concerns surveyed businesses are considering¹²

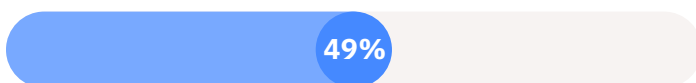
Transparency / ethical use of data



User trust



Data bias



IBM best practices strategies for designing ethical AI applications¹³



Accountability

Every person involved in building AI solutions must consider the system's impact on the target community and the world.



Value alignment

Designers and developers need to take diverse value systems into account, rather than relying solely on their lived experiences.



Explainability

Ethical AI embraces transparency. The reasoning and rationality of AI should be easy for a human user to understand (and people should know when they're interacting with AI and not other humans).



Data rights

People want (and deserve) control over their data and how it's used. Companies need to comply with user data preferences and protect the data via encryption and access control methodologies.



Fairness

Humans design AI, so human bias can creep into the algorithms. Every team is responsible for minimizing bias through ongoing research and diverse data collection.

Design thinking will deliver innovation with speed and scale

One of the final considerations for companies embarking on full-scale business intelligence and transformation initiatives is the speed of innovation. The market moves so fast that it's difficult to create elastic, responsive solutions to keep up with disruption and innovation. The key to lasting and nimble solutions lies in their design. Organizations should come up with ideas quickly, pilot and test their functionality and then scale them into production using methods that manage risk.

Business leaders are embracing a new model for transformation that designs, implements and iterates innovation in a faster, more targeted way. They're integrating startup culture into their business units, using methodologies like [IBM Garage](#) to implement Salesforce to design solutions in shorter sprints. This feeds an ongoing loop of experimentation, evaluation and improvement.

Potential impact of IBM Design Thinking according to Forrester's Total Economic Impact Report models for a hypothetical organization¹⁴



2x

Faster to market

301%

Return on investment

75%

Increased team efficiency



“Businesses need to reimagine their processes end-to-end. When it comes to employee and customer experience, the lines dividing the back-, mid- and front-office are disappearing. Business leaders need to evaluate their entire system, identifying points of friction and applying AI and business intelligence strategically to create seamless, flexible experiences.”

Cathy Reese

Senior Partner - Analytics Practice Leader
IBM Global Business Services

What's next?

Future-focused companies are leaning into technology—but to bring their mission to life, they will need modern, intelligent workflows. As customers expect more and employee skills evolve, intelligent workflows will be the key to changing how we work. The modern intelligent enterprise is one that not only invests in AI but has a cohesive vision and framework to build cooperative, integrated intelligent workflows that connect every person and system.

The future of business belongs to the companies that can unlock their data and design intelligent processes to connect authentically with customers and empower employees to do the right work. To orchestrate the complex data, workflows and systems architecture required to reach this state, companies need a strategic partner to guide them from ideation and design through implementation, adoption and continuous evolution.



The leading companies of the future should

01

Capture the right data, not all data

Businesses can flounder in data swamps. Organizations may need to evolve their data strategy to pare down what data they capture, where they store it, and how they analyze it to create more efficient systems and solutions that can deliver useful insights.

02

Transform digital employee and customer experiences with intelligent workflows

People do not want to talk through digital walls and silos—they want communication at work to mirror how they communicate everywhere else. Applications like Slack, Work.com and Experience Cloud will help businesses modernize how their teams collaborate with their intelligent systems and with each other.

03

Design the future, now

To stay ahead of the curve, business leaders should translate their vision into actionable and flexible innovation. This means adopting design thinking methodologies and partnering with a leader in digital transformation to create end-to-end intelligent systems that keep pace with the speed of innovation.

Open tech and converging ecosystems

Revolutionizing how industries go to market

8 out of 10 C-level leaders believe Salesforce is useful in transforming business models. Half of those think it is essential.¹⁵

Salesforce transforms business models



Salesforce is essential



Customers don't necessarily care about your market cap, competitive pressures or legacy market dynamics—they're on a quest to find products and services that make their lives easier and provide the most value. Customer expectations for experiences that are personal, responsive, timely and intuitive are now table stakes. They've created new market pressures that require brands to serve diverse, ethically aligned, mission-driven purposes. The business requirements for innovation, speed and flexibility in this modern era will blur the lines separating competitors, partners, employees and customers.

The idea and practice of "coopetition"—sharing value, spreading risk, selective collaboration and competitive partnership—isn't new, but it's gaining significant traction, especially in complex global enterprises under constant pressure to grow and adapt. A competitor in one area of your business is becoming a customer in another, and possibly even a partner in yet another. As companies continue to push the boundaries of the customer experience, this trend will likely increase.

Most of the effort to reinvent the customer experience so far has focused on providing new channels to buy products and information and ensuring those experiences are consistent, seamless and personalized for the end user. This major undertaking requires real-time data and systems integration. As companies push to meet customers' needs, they will also reach outside to resolve historical barriers to seamless customer service—for example, to see third-party inventory in retail, run real-time availability and approvals in healthcare and execute compliance processes in finance. It's this quest to differentiate the customer offering that will lead to a meteoric rise in multi-party partnerships and industry platforms.

This new paradigm is where Salesforce has continually led, building an ecosystem of partners and talent since it began more than 20 years ago. The success of their product suite and the passion surrounding it have led Salesforce to become an increasingly popular base application and SaaS layer upon which companies—and entire industries—are transforming their go-to-market models and engagement with partners and customers. The success of the virtual enterprise will depend on how well business leaders pivot and reimagine their partnership and innovation strategies for a digital-first future.

‘Coopetition’ will become a primary driver of industry innovation

“Partnership has become an imperative for most organizations to find value, focusing on fewer, deeper ecosystem combinations to build out their growth agendas.” IBM Institute for Business Value¹⁶

No single company can (or should) keep up with the demand for innovation on its own. Companies will need to engage in ‘coopetition’ to bring speed and efficiency into their business while reducing costs and risk. These competitive partnerships also boost brand profiles, resulting in a widespread halo effect where large enterprises working together experience the collective benefits of higher brand awareness and enhanced reputations for innovation, progress and trust.

As companies adopt industry platforms like Salesforce Health Cloud or Commerce Cloud, they’re also entering into a cooperative and competitive relationship with others in their industry. In other words, if everyone innovates on the Salesforce Financial Services Platform, every new application and API integrator listed on the AppExchange expands everyone’s capabilities. Business leaders are taking advantage of the R&D of Salesforce and their industry and using it to build innovations that ultimately empower the customer experience. But as this practice of coopetition grows in the Salesforce ecosystem, organizations will need to move faster and differentiate their core business offerings to keep their competitive edge.

These new models of ecosystem development and partnership provide a unique technological, and possibly cultural advantage, for newer, digital-first companies competing against the strength of older enterprises. It also gives companies just beginning to engage in digital transformation the opportunity to catch up to more digitally mature organizations.

To achieve an industry solution, businesses used to build custom functionality. That has now given way to more mature products and an open standard approach for people to build on and add value. Companies that want to remain flexible and adaptable (and benefit from the collective advancements and expertise in their industry) will need to adopt an industry approach to innovation that also leaves room for customization.



“In this next-gen environment, we’re seeing Salesforce take on more of an ecosystem creation role. These newer technologies are going to radically change the way work gets done—by reinventing the way industries execute to improve the customer experience. The race is on within the industries themselves to say, ‘How could we reposition ourselves to be the first to harness these solutions?’”

Philip Payne

Senior Partner, Enterprise Strategy
IBM Global Business Services

As more and more businesses embrace digital transformation, what differentiates them is shifting from technological capabilities to how that technology is applied with business design—delivering standout experiences that customers and employees are looking for.

Business leaders evaluate their technology needs continually, deciding when they require bespoke customization and when an out-of-the-box tool can do the job and get them to market quickly. With its core platforms and newer industry clouds, Salesforce plays equally well in both scenarios, making it an attractive option for companies that want to stay nimble in the cloud while at the same time adopting an industry-focused approach.



56%

of CEOs emphasize the need to aggressively pursue operational agility and flexibility with a clear focus on business outcomes.¹⁷

30%

This comes on the heels of the realization that nearly 30% of innovation activities and ecosystem, workforce, and customer engagement will be virtualized by 2023.¹⁸

Market disruptions force sales and commerce strategies to evolve

The pandemic accelerated the “anywhere, everywhere” connection and fulfillment model as shutdowns and other safety measures necessitated dramatic changes to employee operations, supply chain management and the customer experience. The evolution and expansion of online, mobile and social selling will continue to upend traditional sales and fulfillment journeys, opening up new markets and creating fresh ways to engage with consumers.

Many companies are prioritizing direct relationships with their customers and cutting out legacy channels. They’re capitalizing on the fact that when purchases are digital, customers don’t necessarily care where the product or service comes from, just that it meets their needs and expectations (timely delivery, cost, value and service).

Businesses want more control over the entire customer experience. If they can cut out a step or two and interact directly with consumers, they will—and increasingly are. Stricter data regulations and consumer privacy protections are also fueling companies’ desire to build long-term customer relationships where they can own the communication and expand their wallet share.

C-Level leaders are focused on emerging business models and believe the following will continue to grow in importance in the future¹⁹

New payment options

89%

Direct to consumer (D2C)

88%

New customer segments

88%

New forms of monetization

87%

Business to business to consumer (B2B2C)

79%

New marketplaces

77%

The retail landscape, in particular, is shifting. The speed and convenience of digital commerce better supports specialty shops and boutiques over traditional big-box stores. People are no longer constrained by time and physical distance when shopping. The result: Spending has spread across more businesses (even as global clearinghouses continue to expand their reach). And as Gen Z and Millennials continue to push for environmental and social change, companies that differentiate themselves in terms of product offerings, brand experience and values are poised to gain a significant competitive advantage.

To keep up, companies in all industries will need to break down silos, ownership and back- versus front-office structures in favor of a flatter, collaborative approach to customer experience. Erasing those divisions will require a centralized, end-to-end process that integrates systems across the enterprise to create uninterrupted workflows for employees and partners. Many business leaders are embracing Salesforce as a mature, flexible alternative to legacy incumbents to provide superior customer experiences based on context and insight, rather than segmented by department or line of business.



TAG Heuer confronted COVID-19 market disruptions with a digital engagement engine and is revolutionizing the luxury commerce experience. Using a cross-cloud approach with IBM and Salesforce, TAG Heuer developed a boutique, bespoke online purchasing journey, resulting in more personalized services that drove 3x growth in 2020.

Read their transformation story →

Strategic partnerships accelerate cloud ecosystem and industry growth

Companies are establishing partnerships or acquiring businesses with unique technologies that complement and grow their own lines of business. To expand their foothold in the industry—and even across industries—businesses are pursuing partnerships outside their primary areas of expertise.

Salesforce itself is an example of how businesses are using partnerships and acquisitions to efficiently expand influence and gain market share. Salesforce has partnered with other major technology platforms like IBM and others to expand the capabilities and reach of their entire cloud ecosystem. These companies are simultaneously partners and competitors of Salesforce, and each relationship complements Salesforce's unique strengths, helping them bring new value to their employees and customers.

In addition to strategic partnerships where companies engage in the growing practice of coopetition, acquisitions play a major role in expanding the technological and business capabilities of global enterprises. Digital-first businesses that prove their value and potential in cloud ecosystems are increasingly snapped up by major technology players who are always looking for new competitive advantages.

With Salesforce's growing number of acquisitions and partnerships comes the ability to build a core platform that is open, flexible and easy to build on, and many businesses are turning to Salesforce as their platform of choice. The rising utility and popularity of open APIs, open-source development and data mobility to build collaborative innovation engines show that businesses understand the power and necessity of a diffuse network of creative partnerships. This type of community-sourced expertise and platform development means there will be more opportunity for the specialization of a company's own niche offerings in their larger industry.

What this means for businesses using Salesforce is that their technical capabilities will continue increasing alongside Salesforce's, enabling them to pursue their own digital partnerships and acquisition strategies to expand their core business operations.

97%

Outperforming C-level leaders report partnering for needed capabilities 97% more often than underperformers.²⁰

Executives are planning to collaborate through platforms, ecosystems and partner networks significantly more in the future²¹

Platform business models

+ 104%

Increase between 2018–2022

2018: +40%

2020: +75%

2022: +95%

Business ecosystems

+ 332%

Increase between 2018–2022

2018: +20%

2020: +45%

2022: +80%

Partner networks within industry

+ 338%

Increase between 2018–2022

2018: +20%

2020: +40%

2022: +70%

Partner networks outside industry

+ 338%

Increase between 2018–2022

2018: +15%

2020: +25%

2022: +60%

Focused on growth, C-level leaders are building out their partner ecosystem.²²

56%

Growing customer base

50%

Extending into new markets



“With the pandemic, the physical channel was shut off in many industries, and that led to an acceleration and a realization that market and channel expansion and new partnerships weren’t just things that needed to be tended to—but were survival requirements.”

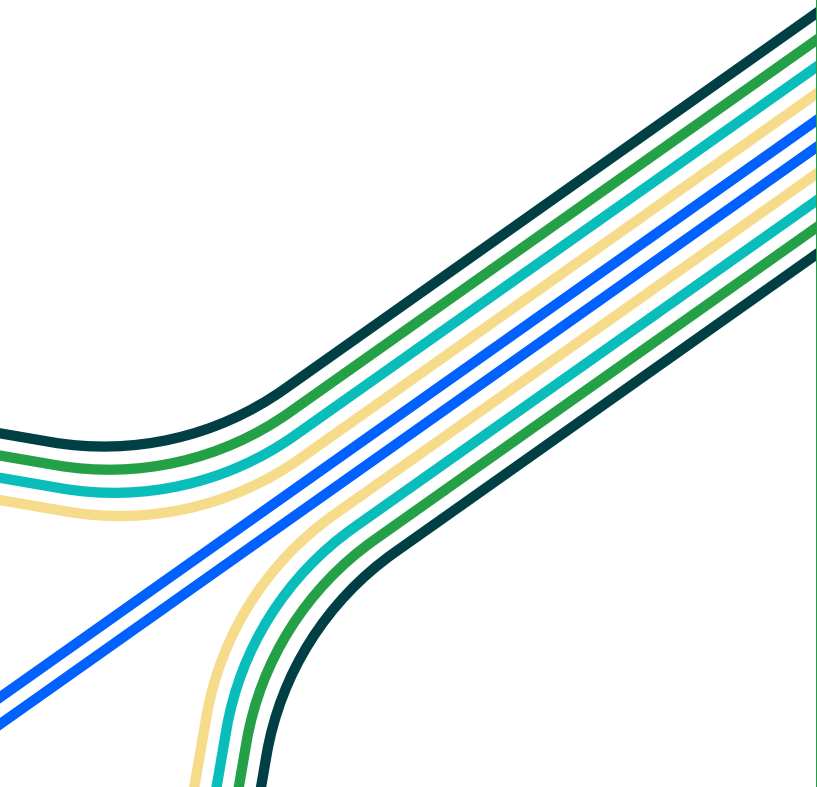
Philip Payne

Senior Partner, Enterprise Strategy
IBM Global Business Services

What’s next?

Today, industry-focused platform innovation and cooperative, yet competitive, partnerships are delivering more personalized, intelligent experiences. Salesforce is building an ecosystem on top of a suite of products that enables these marketplaces and partnerships to flow. As a result, more and more companies will be using Salesforce and working together to gain industry insights and innovate. **Organizations that invest in ecosystems gain a 40% growth premium over other tech adopters.**²³

To make their brand stand out, companies will need to actively manage and integrate platforms and apps across the organization to provide a seamless customer experience. But rather than solely looking inward to integrate technology, future-focused leaders will prioritize Salesforce ecosystem integration with a network of partners and competitors to build unique offerings and effective go-to-market models.



The leading companies of the future should

01

Participate in open-source industry innovation

As the Salesforce ecosystem grows, technology innovation as a collective, industry effort will only increase. Open, shared R&D will become a standard asset for companies using IBM and Salesforce—and will make core brand differentiation and value a new imperative for success.

02

Pivot to new markets and engagement models

The pandemic has disrupted markets and delivery models on a massive scale. This ongoing shake-up means businesses will continue to seek new ways to engage and acquire customers, abandoning traditional channels in favor of direct, digital-first relationships. To pivot effectively, businesses will need to connect their customer experience end-to-end, breaking down silos and integrating business units and systems using Salesforce.

03

Partner to expand reach and increase value

As technology advances, specialization will only increase. To keep up and provide relevant value to customers—and save time, money and effort—businesses will need to establish new partnerships with complementary (and sometimes competing) organizations. Companies that increase their engagement and transformation in the rapidly growing Salesforce ecosystem will be better positioned for digital partnership and co-competition, giving them an edge in this modern, relationship-driven era.

Report and survey methodology

The themes in all three articles are examined through a future-looking editorial lens, offering IBM's perspective on ongoing and upcoming developments in the Salesforce ecosystem. These key topic areas were driven by a primary thought-leader and a supporting group of industry and topical experts. Eleven IBM executive interviews, each approximately 60 minutes in length, were conducted between May and July 2021. The survey was fielded between June and July 2021. It consisted of 300+ responses from C-level leaders, with an equal mix of CEOs, CMOs, COOs and CIOs spanning North America, Europe and Asia.

IBM collaborated with Oxford Economics on the development and recruitment of the quantitative survey as well as in conducting the qualitative executive interviews.



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