Business Value of Building Apps on the Salesforce Lightning Platform

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Business Value Highlights

545%
five-year ROI

6 months
to payback

Almost 6X
more line-of-business-developed features

29%
higher productivity, IT application developers

72%
fewer releases with errors

83%
less unplanned downtime

57%
faster IT development lifecycle

$3.74 million
higher revenue per organization per year

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EXECUTIVE SUMMARY

As cloud technology matures, cloud adoption is growing to meet accelerating demand for applications, or apps, to help enterprises build a better experience for users consuming modern cloud services like machine learning, Internet of Things (IoT), and analytics. Cloud platforms help developers manage the application life cycle with a completely abstracted underlying infrastructure and a toolset that helps developers compose applications with a point-and-click interface. With limited IT budgets and efficiencies gained when utilizing cloud services, expectations on cloud benefits are high among technology leaders.

IDC interviewed organizations using the Salesforce Lightning Platform (Lightning Platform) to understand its impact on their application development activities, including application development by line-of-business (LOB) users. These Salesforce customers are creating significant value by enabling delivery of timely and highly relevant new applications and features to the business. IDC's analysis shows that study participants will realize value worth an average of $181,900 per 100 internal users of applications developed on the Lightning Platform ($13.67 million per organization) by:

» Enabling line-of-business users to deliver enhancements and new features

» Accelerating development life cycles for IT developers, thereby helping organizations better address business opportunities

» Improving the quality and functionality of new applications and features, which bolster employee productivity levels

» Requiring less IT staff time for management and support, freeing up IT resources for other business-critical initiatives

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Situation Overview

Newcomers and innovators in every industry segment are disrupting traditional enterprises by crafting business processes that are completely automated and digitized. Traditional enterprises are saddled with inefficient processes, creating urgency for IT organizations to respond to emerging challenges with modern development tools while maintaining systems built decades ago. Professional developers are in short supply as highly skilled computer science graduates prefer to work for digital-native companies, leaving enterprises with a challenge to fulfill business needs with their existing workforce. To help enterprises meet these needs, a new approach to application development with a low-code/no-code platform has been gaining popularity. Built on a common model that can be changed to meet needs and tools that are completely hosted, the low-code/no-code approach significantly reduces the effort to build new applications while embedding essential elements like security in the architecture. Applications can be built with a point-and-click interface leveraging multiple application and data sources that are accessible through mobile and web presentation layers as well as API interfaces.

Enterprises are drawn to cloud-powered solutions that accelerate solving business challenges, and the low-code/no-code approach addresses major issues facing IT development managers as well as business users.

Salesforce Lightning Platform

The Salesforce cloud portfolio is a combination of application and platform capabilities delivered as subscription services abstracting the complexity from users. The collection of software applications delivered as services — including sales, marketing, ecommerce, and service — are important to conducting core business activities, and organizations extend the application's capabilities using the Salesforce Platform. To fulfill this need, the Salesforce Platform securely abstracts development tasks catering to business needs by combining analytics, integration, and IoT services into applications that help enterprises differentiate themselves from competitors with unique capabilities.

The primary developer need is to easily build core applications and extensions with built-in security supported by analytics and integration. The following capabilities of the Salesforce Lightning Platform are essential to developers meeting business demand for applications:

» **Composing applications:** The Lightning Platform has a point-and-click interface to build business logic as well as access professional developer-built code. Custom objects that can be shared across the organization promote reuse as well as the ability to connect across sales, marketing, ecommerce, and service applications.

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High benefits can be obtained in applications by digitizing processes. Lightning Flow enables declarative process automation and supports a wide range of components embedded in flows that are available out of the box and from partners. The ability to embed components in flows speeds process automation for customers, and industry templates from partners, in the form of Lightning Bolts, can serve as solution accelerators.

» **User experience:** Interaction with processes through applications depends on a good interface provided to end users, and the Lightning Platform provides desktop and mobile app interfaces with a "design once use anywhere" paradigm. Mobile interfaces bring a new level of efficiency in accelerating business processes due to the ability to take immediate action in response to steps in a workflow.

The Lightning Platform comes in multiple flavors of mobile app delivery. First is the standard mobile app edition that can run on iOS and Android; it basically runs Salesforce on your mobile phone through a container with no extra effort. The second is a premium edition called mySalesforce that introduces custom branding capabilities and is suited for employee engagement. The third is the availability of a rich SDK that allows developers to build hybrid or native apps with rich flexibility, which is ideally suited for B2E apps.

» **Security:** Enterprises prefer security restrictions in a platform to prevent developers from following a path that results in applications not meeting compliance guidelines when released into production. All Salesforce services come with standard security that includes end-to-end encryption of data transmissions and modifiable password policies, including the two-factor authentication feature. Salesforce Shield provides three additional core services, namely, Platform Encryption, Event Monitoring, and Field Audit Trail, and it is preferred by customers to handle data protection and compliance needs.

» **Integration:** Connecting internal and external applications with multiple data sources is a necessity to help build an intelligent application while adding the ability to respond in real time to events. Salesforce's MuleSoft acquisition helps expand the Salesforce Connect products with connectivity through an API network to a wide range of systems including point-of-sale and ERP systems without the need for multiple copies of data stored in different locations. The transition to an event-driven architecture with Platform Events allows for more real-time engagement through a streaming event hub architecture with publish and subscribe services. External Services allow external service registrations with API connections without any code for configuration that, when combined

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with Lightning Flows, can be used to build an end-to-end process that reacts in real time to incoming events. Salesforce IoT is built on top of the integration products and enables connections from sensors and devices to get a better view of customer and asset interactions.

» **Analytics:** Collecting data with integration capabilities delivers little value without getting insight from that data. Salesforce has a supporting Einstein Platform to bring AI to non–data scientists, helping them customize data value for their business. One such capability that can be leveraged in the Lightning Platform is Einstein Prediction Builder that can be used to foresee business outcomes by analysis of fields and objects. For example, it could be used to determine the next best action in a customer service scenario. Additional Einstein Platform capabilities include bots, vision, language, and discovery.

The Lightning Platform has a diverse set of capabilities and, while easy to use, customers moving from an end user to "citizen" line-of-business developer role need hands-on training to gain experience in building applications. Salesforce has a free Trailhead offering that consists of learning paths broken up into modules and caters to different roles that a developer plays in his/her organization. The annual Salesforce TrailheaDX event targeted at developers is popular and has seen significant growth since its inception in 2016.

Business Value of Salesforce Lightning Platform

Interviewed organizations reported achieving strong value with the Lightning Platform by enabling development efforts across their organizations. Importantly, they have deployed the Lightning Platform to support both IT development teams and "citizen" line-of-business developers. The result has been increased productivity levels for IT developers, as well as timely and robust access to applications and features that more closely track business demand and user needs for business users.

Firmographics of Study Participants

IDC interviewed seven organizations with an average employee size of 18,866 (median, 6,250) to understand the impact of using the Lightning Platform to develop and deliver new applications and features to the business. These Salesforce customers had average revenue of more than $5 billion per year and a median of $2.2 billion per year (ranging from no revenue for the nonprofit organization to $27 billion) and represented experiences from various vertical industries (see Table 1).

Interviewed organizations reported achieving strong value with the Lightning Platform by enabling development efforts across their organizations to support both IT development teams and "citizen" line-of-business developers.

All interviewed organizations are using the Lightning Platform for classic IT–driven application development, and about half of the organizations are using it to enable development by line-of-business users.

All interviewed organizations are using the Lightning Platform for classic IT–driven application development, and about half of the organizations are using it to enable development by line-of-business users. On average, study participants have developed 54 unique business applications on the Lightning Platform used by 7,500+ employees. Every interviewed Salesforce customer is using Flows, Process Builder, and AppExchange, and most are using Trailhead. These organizations reported significant integration of the Lightning Platform with their CRM, ERP, and point-of-sale systems and characterized this integration as an important benefit of developing with Salesforce.

TABLE 1

Demographics of Interviewed Organizations and Lightning Platform Use	Average	Median	Range
Number of employees	18,866	6,250	8 to 82,000
Number of IT staff	1,031	275	1 to 5,660
Number of business applications	484	48	2 to 3,500
Revenue per year	$5.4 billion	$2.2 billion	NA to $27 billion
Business applications developed on Lightning Platform	54	12	1 to 320
Number of internal users of applications developed on Lightning Platform	7,519	1,900	8 to 34,650
Industries	Defense, financial services, healthcare (2), manufacturing (2), nonprofit, professional services		

n = 7
Source: IDC, 2018

Study participants expressed common themes in explaining their choice of the Lightning Platform. In particular, they noted the ability of non-IT developers to not only use but also create value with the platform, as well as the impact of having an agile and cost-effective cloud-based development platform:

» **Support for nontechnical developers:** *"We needed to have a solution that would allow more nontechnical developers to build business applications. That was really the sweet spot where we started with the Lightning Platform."*

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"We wanted a cloud-based and more configuration-than-code development platform that would let us not have to hire a bunch of developers and let us still come up with a bunch of solutions for our business."

» **Agility of platform:** *"We chose the Lightning Platform because of the inherent ability to work in an agile fashion. Since we moved to Salesforce, we've been able to build out and iterate on applications very quickly."*

» **Efficient, cloud-based development platform:** *"We wanted a cloud-based and more configuration-than-code development platform that would let us not have to hire a bunch of developers and let us still come up with a bunch of solutions for our business."*
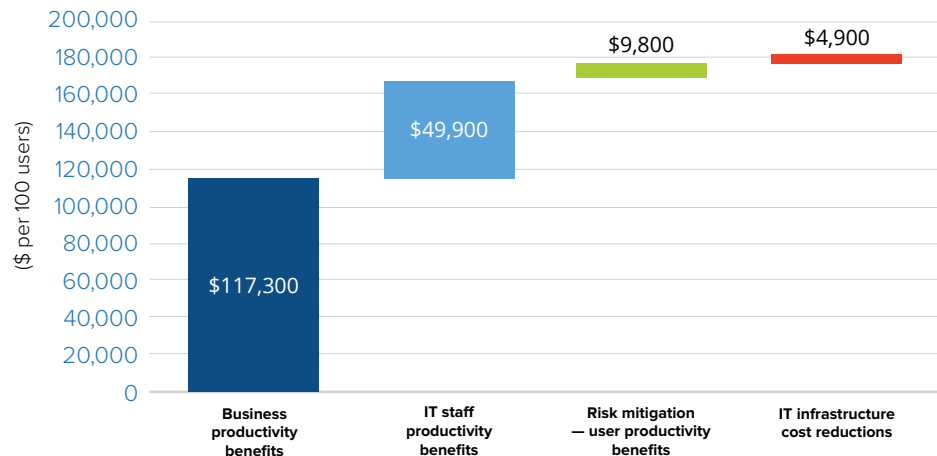
Quantifying the Value of the Salesforce Lightning Platform

Interviewed Salesforce customers reported achieving strong value with the Lightning Platform by enabling application development efforts, delivering more timely and functional applications and features, and reducing the time needed to manage and support these applications. Based on their experiences, IDC quantifies the value they will achieve on an annual basis over five years at $181,900 per 100 users ($13.67 million per organization) in the following areas (see Figure 1):

» **Business productivity benefits.** Line-of-business users gain productivity from more timely and functional applications and features, including through citizen development efforts. Meanwhile, more robust development helps organizations better address business opportunities. IDC puts the value of higher user productivity and revenue at an average of $117,300 per 100 users per year ($8.82 million per organization).

» **IT staff productivity benefits.** IT development teams create more value for the businesses they support by delivering new applications and features more frequently and reducing development life cycles. IDC calculates the value of IT development productivity gains and other IT staff efficiencies at an average of $49,900 per 100 users per year ($3.75 million per organization).

» **Risk mitigation benefits.** Higher-quality applications and fewer release errors mean less lost productivity for users and fewer business interruptions. IDC quantifies the value of lower productivity and revenue losses at an average annual value of $9,800 per 100 users ($737,900 per organization).

» **IT infrastructure cost reductions.** Retiring legacy development platforms and solutions and moving to a cloud-based development platform generate cost savings. IDC quantifies these cost savings to be worth $4,900 per 100 users per year ($365,700 per organization).

FIGURE 1

Average Annual Benefits per 100 Users

Source: IDC, 2018

Application Development Enablement

Study participants have leveraged the Lightning Platform to enable development efforts across their business operations. IT developers benefit from having a robust and highly functional platform, and several Salesforce customers have effectively extended development capabilities to line-of-business users. For interviewed organizations, the result is a substantial enhancement in their ability to deliver new applications and features to users and customers, much more compressed development life cycles, and more frequent releases. IDC quantifies these development-related efficiencies in terms of:

» **Line-of-business developers, who leverage the no-code functionality of the Lightning Platform to handle development themselves for new applications and features they require.** Lightning Platform increases LOB developers' productivity, which means less work for IT developers. IDC puts the value of these efficiencies, which are quantified as business productivity benefits, at an annual average of $19,900 per 100 users ($1.50 million per organization).

» **IT developers, who benefit from having an integrated and highly agile and functional development platform.** IT developers also deliver more value to their organizations through faster development life cycles and more frequent releases of new applications and features. IDC values these efficiencies, which are quantified as IT staff productivity benefits, at an annual average of $34,700 per 100 users ($2.60 million per organization).

"The democratization of development is the most significant benefit of using the Lightning Platform. It's given us the ability to solve business problems that may not have justified using the IT development team's time in the old model, which was a real need for certain groups of employees."

"Process Builder and Flow with the Lightning Platform allow LOB users to do complex things without having to write any code. They can create records or triggers, which would traditionally have to be done with code. But now, with the Lightning Platform, anyone can click around and do it. It's awesome."

Enabling Line-of-Business Development

Several interviewed organizations described their ability to have line-of-business users develop on the Lightning Platform as a value differentiator. In particular, they noted that providing employees with the ability to develop on a no-code development platform enables them to build applications and features they need in less time and without involving IT development teams. One study participant commented: *"The democratization of development is the most significant benefit of using the Lightning Platform. It's given us the ability to solve business problems that may not have justified using the IT development team's time in the old model, which was a real need for certain groups of employees."*

For interviewed Salesforce customers, the result of offering enhanced development capabilities to line-of-business users has been substantial. Most importantly, these teams can easily add functionality to existing applications, reflected in metrics such as delivering almost seven times more new features per year in 63% less time on average. Further, as shown in Table 2, they are able to bring entire new applications online with greater frequency (158% more applications) and timeliness (71% faster life cycle). For these organizations, this ability to offer line-of-business users a platform that allows them to not only develop but to do it well is invaluable; it provides flexibility and can completely remove the need to involve IT development teams in solving business needs as they arise. Interviewed study participants also cited the following benefits in explaining the impact of line-of-business development on the Lightning Platform:

» **Faster cycles, move work from development teams:** *"Having tools with the Lightning Platform allows us to create custom objects with line-of-business teams through a configuration-based approach that has shortened our development time. Also, it allows better user development resources, so we don't have to rely on developers to do everything."*

» **Ease of developing without code:** *"Process Builder and Flow with the Lightning Platform allow LOB users to do complex things without having to write any code. They can create records or triggers, which would traditionally have to be done with code. But now, with the Lightning Platform, anyone can click around and do it. It's awesome."*

» **High-quality functionality from nondevelopers:** *"The Lightning Platform enables line-of-business development because you don't have to be a pure developer to build great reports and dashboards. It's all drag-and-drop, point-and-click type development. That's the major benefit of Salesforce as a platform. You don't have to know what's going on under the covers."*

TABLE 2

Line-of-Business Application Development Impact

	Before/Without Lightning Platform	With Lightning Platform	Difference	Benefit
Application developer productivity				
Productivity level in terms of FTEs per organization	23.3	38.2	15.0	64%
Equivalent value of application developers per organization per year	$2.33 million	$3.82 million	$1.50 million	39%
Application development metrics, new applications				
Number of new applications per year	8.0	20.7	12.9	158%
Development life cycle, new applications (weeks)	12.3	3.6	8.7	71%
Application feature development metrics				
Number of new application features per year	92.0	623.0	531.0	580%
Development life cycle, new application features (weeks)	4.1	1.5	2.6	63%

Source: IDC, 2018

Generating More Value with IT Development Teams

IT development teams have also captured efficiencies in development with the Lightning Platform. Not only do IT developers gain by having line-of-business users take on certain development responsibilities, but they also benefit from having an integrated, agile, and user-friendly application development platform. According to study participants, an average of 90 IT developers work on the Lightning Platform, delivering an average of 17 new applications and nearly 300 new features per year. With the Lightning Platform, these IT development teams can develop more nimbly and address requests for new functionality in a more timely fashion. The positive results on their work are evident: on average, these teams deliver more than two times (120%) more new applications per year in less than half the time (57% faster development life cycle) and almost four times (288%) as many new features in much less time (61% faster development life cycle) (see Table 3).

Study participants provided numerous examples of how the Lightning Platform has enabled their IT development teams to deliver with greater frequency and in a more timely manner:

» **Faster development life cycles:** *"With the Lightning Platform, we've reduced new application development time from 10 months to 3 months, and new feature development from 3 months to 1 month. Also, the speed at which developers can learn the tool, because of Trailhead and the training that's available, is incredibly valuable. I've been able to bring on people and have them doing significant development in months."*

» **Enabling higher developer productivity:** *"We have hundreds of developers who were in the weeds Java coders, and they are around 20% more productive with the Lightning Platform. We don't have to have the red tape around releases, and we have more speed when it comes to just getting something up and running… Our developers are able to build something that solves most of the problem a lot quicker and get that out there, getting the time to value down."*

> "With the Lightning Platform, we've reduced new application development time from 10 months to 3 months and new feature development from 3 months to 1 month."

> "We have hundreds of developers who were in the weeds Java coders, and they are around 20% more productive with the Lightning Platform. We don't have to have the red tape around releases, and we have more speed when it comes to just getting something up and running."

TABLE 3

IT Application Development Impact

	Before/Without Lightning Platform	With Lightning Platform	Difference	Benefit
Application developer productivity				
Productivity level in terms of FTEs per organization	90.2	116.2	26.1	29%
Equivalent value of application developers per organization per year	$9.02 million	$11.62 million	$2.60 million	22%
Application development metrics, new applications				
Number of new applications per year	7.6	16.7	9.1	120%
Development life cycle, new applications (weeks)	17.3	7.4	9.9	57%
Application feature development metrics				
Number of new application features per year	73.0	284.0	211.0	288%
Development life cycle, new application features (weeks)	3.3	1.3	2.0	61%

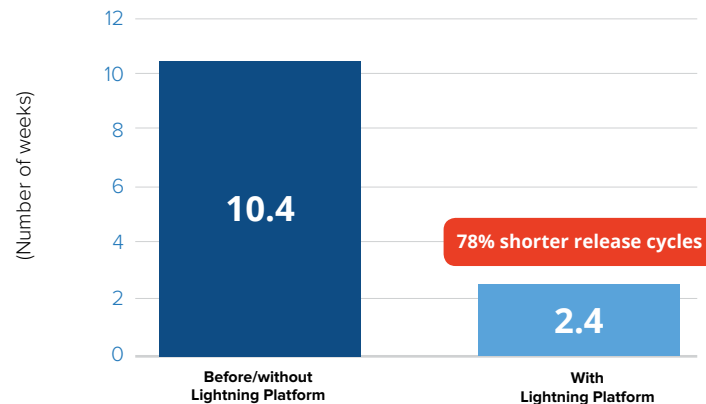Source: IDC, 2018

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Business Operational Efficiencies and Revenue Gains

The ability to bring line-of-business users into the development process and make organization-wide development efforts more efficient and timely positively impacts study participants in terms of their business operations. In particular, internal users of applications are more productive with timely, functional, and high-quality applications and features, and customers respond positively to faster time to market for new services and features, bolstering revenue.

Importantly, study participants reported leveraging the agility of the Lightning Platform to reduce the time between development releases significantly (78%, going from a release every 10.4 weeks to every 2.4 weeks, see Figure 2), which means that new applications, features, and functionality are much more timely in reaching users and customers.

FIGURE 2

Length of Application Development Release Cycles

Source: IDC, 2018

Internal users of applications developed on the Lightning Platform also benefit from improved functionality and having the ability to better tailor features to their needs. Interviewed organizations provided a number of examples:

» One organization explained how it has extended access to more mobile users: *"Before the Lightning Platform, we had to carry out a specific build to provide mobile access to applications, so we've gone from 500 to 3,000 employees who have access to applications on mobile devices."*

"Before the Lightning Platform, we had to carry out a specific build to provide mobile access to applications, so we've gone from 500 to 3,000 employees who have access to applications on mobile devices."

"Because of the Lightning Platform, we can manage our marketing campaigns better and feed data back to our marketing team, which contributes to a substantial increase in revenue related to marketing."

» Another Salesforce customer described how users have a more substantial role in development: *"Users get new applications and features faster than they would otherwise would with the Lightning Platform. And that impacts them because it lets them know that, with the Lightning Platform, we are able to move a lot quicker and it gives them higher-quality applications because they are in control."*

As shown in Table 4, the result for study participants is significant operational efficiency in the form of higher employee productivity. On average, more than 3,000 employees at these organizations enjoy higher productivity as a result of having access to higher-performing and more relevant applications and features.

Study participants also explained that they have leveraged the Lightning Platform to win new business and increase revenue. On average, they attributed $49,700 of additional revenue per year per 100 users ($3.74 million per organization) to enhanced development on the Lightning Platform. One study participant commented on its ability to better leverage data: *"Because of visibility into our data with applications developed on the Lightning Platform, we've improved our margins and profitability. I did a quick analysis and we had a [substantial] margin increase over the period when we deployed."* Another noted how its marketing team now performs better with applications developed on the Lightning Platform, which results in higher revenue: *"Because of the Lightning Platform, we can manage our marketing campaigns better and feed data back to our marketing team, which contributes to a substantial increase in revenue related to marketing."*

TABLE 4

Business Productivity Benefits

|	Per Organization	Per 100 users
User productivity impact		
Number of users impacted	3,030	40
Equivalent FTE gain in higher productivity	96.7	1.3
Recognized value of higher productivity — IDC model*	$6.77 million	$90,000
Revenue impact, better addressing business opportunities		
Additional revenue per year	$3.74 million	$49,700
Recognized revenue per year — IDC model*	$560,800	$7,500

* IDC model assumes a 15% operating margin for all additional revenue.
Source: IDC, 2018

Improved Application Reliability

Study participants also benefit from higher-quality applications with the Lightning Platform. This is reflected in both the decreasing frequency of release errors and the unplanned outages affecting applications. As Figure 3 shows, these organizations are seeing far fewer errors associated with releases, going from a 42% error rate to only 12% with the Lightning Platform. Not only does this mean each error requires less staff time to address and resolve, but it also means a better experience for users and customers who benefit from enhanced functionality and new features.

FIGURE 3

Quality of Applications and Releases
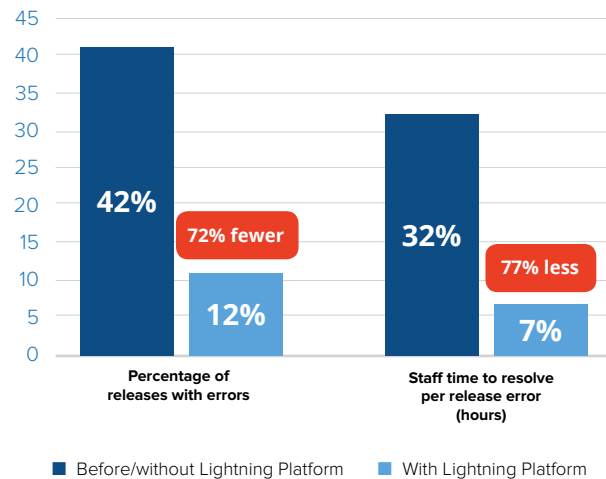
Source: IDC, 2018

Interviewed Salesforce customers are also experiencing fewer unplanned application outages that require less time to resolve with the Lightning Platform. The result is less productivity loss by users of these applications, thereby helping employees work closer to their potential maximum value. IDC calculates that on average these organizations have reduced the impact of lost productive time due to unplanned outages by 83% with the Lightning Platform (see Table 5).

TABLE 5

Impact on Unplanned Downtime on Productivity

	Before/Without Lightning Platform	With Lightning Platform	Difference	Change
Unplanned outages per year per organization	14.9	2.4	12.5	84%
MTTR (hours)	6.4	3.1	3.3	52%
Value of lost productive time per year per organization (FTEs)	12.6	2.2	10.4	83%
Value of lost productive time per year per organization	$884,900	$154,400	$730,500	83%

n=7, Source: IDC, 2018

> "All of last year, we had around 1,200 tickets related to Lightning Platform applications, which would be two times more without Salesforce … . Overall, with Salesforce, we've moved 15 IT team members to do different things."

Cost-Effective and Efficient Application Environments

Study participants further explained that they are running applications more efficiently and at a lower overall cost with the Lightning Platform. As shown in Table 6, applications developed and run on the Lightning Platform require less time to manage (62% less staff time) and support (79% less staff time). Salesforce customers traced these efficiencies to having a cloud-based platform that removed challenges associated with on-premises infrastructure and to having better performing applications. One study participant provided its experience with the Lightning Platform with regard to help desk tickets and the efficiencies it has gained across its IT organization: *"All of last year, we had around 1,200 tickets related to Lightning Platform applications, which would be two times more without Salesforce…Overall, with Salesforce, we've moved 15 IT team members to do different things."*

TABLE 6

Impact on IT Infrastructure and Help Desk Teams

	Before/Without Lightning Platform	With Lightning Platform	Difference	Efficiency
Productivity level in terms of FTEs per organization — IT infrastructure team	5.9	2.2	3.7	62%
Productivity level in terms of FTEs per organization — IT support team	9.8	2.0	7.8	79%

n=7, Source: IDC, 2018

Study participants also incur lower costs to run their applications developed on the Lightning Platform. They no longer need server infrastructure — either retiring or reusing an average of 10 servers per organization — and have been able to move away from other platforms. One study participant said: *"We got rid of 10 servers with Salesforce and the Lightning Platform because we need no hardware."* Another noted the overall cost-effectiveness of the Lightning Platform even as it improved the quality and maturity of its development activities: *"Cost is definitely one benefit of the Lightning Platform. We've been able to reduce staff time because we had people doing redundant things in different applications, so consolidating has helped. Overall, we've been able to make our application development life cycles more mature because we're on a consistent platform."*

ROI Analysis

IDC based its return on investment (ROI) analysis on interviews with organizations that are using the Salesforce Lightning Platform. Based on these interviews, IDC has calculated the benefits and costs to these organizations of deploying and using the Lightning Platform (see the Appendix for details of IDC's Business Value Methodology).

Table 7 presents the results of IDC's ROI analysis. IDC calculates that these organizations will achieve discounted benefits worth an average of $643,000 per 100 users over five years ($48.34 million per organization) based on total discounted investment costs related to use of the Lightning Platform of $99,700 per 100 users ($7.49 million per organization). These levels of benefits and investment costs would result in a five-year ROI of 545%, with study participants breaking even on their investment in the Lightning Platform in an average of six months.

TABLE 7

ROI Analysis

	Five-Year Average per Organization	Five-Year Average per 100 Users
Benefit (discounted)	$48.34 million	$643,000
Investment (discounted)	$7.49 million	$99,700
Net present value (NPV)	$40.85 million	$543,300
Return on investment (ROI)	545%	545%
Payback period	6 months	6 months
Discount rate	12%	12%

Source: IDC, 2018

Challenges/Opportunities for Salesforce

While a low-code/no-code approach is popular among developers, some enterprises get concerned about getting locked in with a single vendor. Open source is becoming increasingly popular, and it would be useful for Salesforce to get more involved with open source products.

Salesforce has a multicloud strategy that includes back-end infrastructure from Amazon Web Services and Google Cloud Platform. Building strong links with both these solutions' vendors has been in process for a couple years, but a stronger integration using customer data from Google and ecommerce information from Amazon would help drive additional value to customers.

Conclusion

As the IT department justifies its investment into taking cloud adoption steps, businesses need examples of how this has helped customers in different situations. Various factors can change benefits gained in different situations, including existing application portfolio, types of business processes improved, and amount of additional revenue gained. Customers cannot expect a standard return on investment but should be ready to see variations based on their cloud adoption journey.

Overall, IDC calculates that the interviewed Salesforce customers will realize a five-year ROI of 545% by increasing developer productivity, delivering operational efficiencies in the form of higher user productivity levels through timely and higher functional applications, increased revenue, and reduced staff time requirements for running and supporting applications.

Appendix: Methodology

IDC calculates that the interviewed Salesforce customers will realize a five-year ROI of 545% by increasing developer productivity, delivering operational efficiencies in the form of higher user productivity levels through timely and higher functional applications, increased revenue, and reduced staff time requirements for running and supporting applications.

IDC used the following three-step method for conducting the ROI analysis:

1. **Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of using the Salesforce Lightning Platform for application development activities.** In this study, the benefits included application development productivity gains, IT staff efficiencies, higher revenue, increased user productivity, and lower costs.

2. **Created a complete investment (five-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using the Lightning Platform and can include additional costs related to migrations, planning, consulting, and staff or user training

3. **Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of the Lightning Platform over a five-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC's standard ROI methodology was utilized for this project. This methodology is based on gathering data from current users of the Lightning Platform to support their application development activities, as the foundation for the model. Based on interviews with seven organizations, IDC performed a three-step process to calculate the ROI and payback period:

» Measure the benefits from the use of Lightning Platform in terms of application developer efficiencies, IT staff time savings, and productivity gains; user productivity gains; and revenue gains.

» Ascertain the investment made in deploying the Lightning Platform and associated migration, training, and support costs.

» Project the costs and savings over a five-year period and calculate the ROI and payback for the Lightning Platform.

IDC bases the payback period and ROI calculations on assumptions that are summarized as follows:

» Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and productivity savings. IDC assumes a fully burdened salary of $100,000 per year for IT staff, including developers, and $70,000 for other employees, with an assumption of 1,880 hours worked per year.

» Downtime values are a product of the number of hours of downtime multiplied by the number of users affected.

» The impact of unplanned downtime is quantified in terms of impaired end-user productivity and lost revenue.

» Lost productivity is a product of downtime multiplied by burdened salary.

» The net present value of the five-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.

» Because every hour of downtime does not equate to a lost hour of productivity or revenue generation, IDC attributes only a fraction of the result to savings. As part of our assessment, we asked each company what fraction of downtime hours to use in calculating productivity savings and the reduction in lost revenue. IDC then taxes the revenue at that rate.

» Further, because IT solutions require a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may not be exact due to rounding.

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About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.