ISG Provider Lens™

Salesforce Ecosystem Partners

A research report comparing provider strengths, challenges and competitive differentiators

Customized report courtesy of:

brillio

QUADRANT REPORT | MARCH 2024 | U.S.

Table of Contents

Report Author: Rainer Suletzki

Salesforce implementations demand optimization services and innovative solutions such as GenAI

Long-term growth and resulting implementation capacity demand

Since its founding in 1999, Salesforce has demonstrated impressive growth over many years and is now one of the leading providers of cloud-based application systems in the form of Software-as-a-Service (SaaS). While growth rates ranged between 24 and 29 percent from 2018 to 2022, in 2023, they slowed to between 10 and 15 percent. Whether this is a temporary phenomenon or whether, given the considerable size of the company by now, the plateaued growth should be seen more as a normalization, cannot yet be conclusively determined. However, all signs indicate that Salesforce is likely to continue growing significantly in the coming years.

The substantial growth over the aforementioned period has also led to a growing demand for services around the Salesforce platform, primarily for implementation support, but also increasingly for support in operating the ongoing applications. The limited availability of qualified employees with Salesforce expertise is a factor that constrains the number of implementations that can be completed, although recent market developments have partially relaxed this situation. Consequently, ISG has observed considerable consolidation pressure the market for corresponding services, with major system integrators continuously seeking opportunities to expand their capacity by acquiring other providers.

In addition to acquisitions, which ultimately do not generate additional capacities in the market, many providers also focus on increased recruiting. On the one hand, young talents are hired and trained as Salesforce consultants through suitable qualification measures. On the other hand, within some companies, experienced consultants from other areas

Flattened market growth and the upcoming **GenAI innovations** characterize the current Salesforce market.

are certified or recertified in Salesforce. While partnering with such companies, Salesforce significantly contributes to additional implementation capacities. Salesforce has also contributed to consolidation pressure, especially in the U.S., by acquiring well-known midsized providers, such as Acumen and Traction on Demand. However, it seems unlikely that Salesforce will enter the system integrator market on a large scale in this manner; instead, these acquired capacities will be used for further platform development to support market introductions.

Customer structure

The U.S. is Salesforce's home market, and as such, the company holds an exceptionally high market share. Owing to the market size, the customer structure in the U.S. is highly diverse.

- First, there is a group of globally operating large corporations with complex IT support requirements. These corporations often require global rollouts of a largely standardized core system, which may need to be supplemented with region-specific functions in respective countries. Such extensions frequently involve regulations regarding billing and tax determination. For these globally operating companies, large system integrators, given their global presence, are primary candidates for support in Salesforce implementation and operations. These providers usually follow a global delivery model with significant nearshore and offshore components. Nearshore components are often provided from Mexico or countries in South America.
- Second, midsize companies also play a significant role in the U.S., both in their number and business volume. These companies often prioritize the North American region, with additionally limited business interests overseas, such as in Europe or Asia. Consequently, their IT support requirements have fewer regional aspects to consider and are often less complex than those of large corporations. Therefore, Salesforce implementations for these companies are often largely standardized, with only industry-specific requirements potentially leading to extensions. These companies often rely on implementation services from midsize providers based in the U.S., typically with a staff size of 100 – 500 employees. Integration aspects are also less significant for these companies. Ongoing operational support mainly involves support for upgrades and possibly necessary developments. Service delivery is conducted within the U.S., although there is an increasing use of nearshore offerings, mainly from Central or South America.
- Lastly, there is another significant segment of the market comprised of many smaller companies that, like midsize companies, predominantly obtain their implementation services from local or regional providers operating primarily from U.S. locations.

Provider structures and technologies

In the 12 months since the release of the last IPL study on this subject, the provider structure in the market for Salesforce implementation services has not structurally changed beyond the mentioned general consolidation trend.

The Hybrid Agile model remains the preferred implementation method for deployments at globally operating customers that need to integrate Salesforce into complex system landscapes. This model typically combines Agile approaches for implementation, with phased approaches for strategy, design, and rollout. Presently, most providers offer this method. A purely Agile methodology is still suitable for the isolated implementation of a Salesforce instance. This strategy is more common among midsize customers with limited integration requirements and no need for a global rollout.

The MuleSoft platform continues to be the preferred tool to integrate Salesforce with other applications. Thus, comprehensive MuleSoft competency has become a prerequisite to survive in the Salesforce implementation provider market. Major system integrators primarily operate a dedicated area or department of considerable size where relevant capacities are consolidated.

Salesforce's verticalization strategy and its implications

Several years ago, Salesforce began developing and offering products with industry-specific features, in addition to products focused more on functional aspects, such as the Sales Cloud and Service Cloud. Among the pioneering products in this category were the Financial Cloud and Health Cloud. Since then, a range of additional products have been added, naturally exhibiting different maturity levels owing to their distinct introduction times. Verticalizing the product portfolio has now become an explicit strategy for Salesforce. This strategy was significantly accelerated by the acquisition of Vlocity in 2020. Traditionally, Vlocity was a strategic Salesforce independent software vendor (ISV) developing industry-specific applications on the Salesforce platform. Following the acquisition, Vlocity's capabilities contributed to strengthening Salesforce's industry-specific products. Vlocity's products are a significant core of Salesforce's verticalization strategy.

Salesforce's approach presents a series of opportunities for additional revenues and poses some challenges for service providers. The new products offer an opportunity for providers that have technological expertise and domain knowledge in specific industries attract additional customers. On the customer side, the new strategy requires a detailed examination of the new possibilities and the preparation for a decision regarding potential deployment. However, according to ISG, potential additional licensing costs are viewed critically, as Salesforce license costs have become a considerable factor for many companies. Moreover, the type of transition models that Salesforce will offer to customers that have already invested in functional clouds is unclear. Thus, enterprises initially hesitate to undergo the transition to industry-specific clouds. Service providers need to develop corresponding consulting offerings for efficient license management, and Salesforce needs to adjust its pricing models to overcome new challenges.

Generally, many client companies find it challenging to keep up with the innovation pace of software providers, including Salesforce, and to swiftly leverage the new opportunities. Strategic developments such as the described verticalization strategy are often perceived as disruptive and can lead to client companies to initially resist new developments. Here again, service providers are required to support their respective clients by offering competent consulting services to evaluate changes and make necessary selection decisions.

Partnerships

A significant demand persists for addressing requirements beyond the standardized functionality of Salesforce products through additional products from ISVs. These are typically offered with separate licensing through the AppExchange Store portal that Salesforce operates. Salesforce ensures that individual apps meet basic software quality requirements such as bug fixes, maintenance cycles and compatibility with Salesforce products. For all providers, whether they are system integrators or Salesforce-specialized providers (known as boutique providers), strong partnerships with ISVs within the Salesforce ecosystem remain crucial. This aspect applies not only to implementation but also to the subsequent ongoing operational support.

Furthermore, several providers benefit from close partnerships with Salesforce. Occasionally, these development partnerships, which may culminate in a potential joint product launch. In some cases, partnerships with Salesforce are established for joint implementations with service providers. This step enables these providers to access additional opportunities and also increases their dependence on Salesforce.

Current technological developments

The use of generative AI (GenAI) is undoubtedly a key topic in IT innovation. Since the emergence and success of OpenAI's ChatGPT, such advancements have been at the forefront of technological development for all software product providers, including Salesforce. In mid-2023 Salesforce announced the integration of OpenAI's products into its offering and labeled it as Einstein GPT. In this context, Salesforce's Data Cloud has also significantly expanded as a central platform for data management, because Einstein GPT increasingly relies on its usage. Service providers play a pivotal role as key partners to help their clients to evaluate these new opportunities and their productive utilization.

Furthermore, many service providers also offer expertise in integration with OpenAI or other products currently in their introductory phase, such as those from Microsoft or Google. Promising initial approaches and successful implementations already exist. However, such projects are mainly in their early and experimental phases. Due to the limited experience with these technologies, it is currently not feasible to provide sufficiently reliable forecast about further developments. The long-term market dominance of specific products remains unclear. Nevertheless, these technologies and their utilization will remain essential to shaping development in the coming years.

Closing remarks on leading service providers in this study:

- Leading providers offer technological expertise and combine it convincingly with process knowledge to ensure the effective implementation of Salesforce.
- Leading providers maintain close partnerships with Salesforce and other technology providers and ISVs.
- Leading providers can support customers in utilizing Salesforce as a platform for continuous innovation. GenAI will be the focal point in the upcoming years.
- Leading providers assist customers to efficiently manage their operational processes and achieve optimized utilization of their licenses and related cost management.

Despite recent flattening growth rates in the market, all indicators point to continued Salesforce expansion in the upcoming years. The Salesforce implementation market is increasingly influenced by Salesforce's verticalization strategy and the GenAI revolution, which underscores a shift toward more data-oriented approaches.

This study addresses the key focus areas for **Salesforce Ecosystem Partners 2024.**

- **Multicloud Implementation and Integration Services for Large Enterprises**
- **Implementation Services for Core Clouds — Midmarket**
- **Implementation Services for Marketing Automation**
- **Managed Application Services for Large Enterprises**
- **Managed Application Services for Midmarket**
- **Implementation Services for Industry Clouds**

Simplified Illustration; Source: ISG 2024

Definition

The Salesforce Ecosystem study examines various offerings of the Salesforce platform, which has been categorized into implementation services (the change business) and managed application services focusing on operational support for productive applications (the Run Business). These segments have been further categorized based on the clients they serve into large enterprise clients and the midmarket due to the significant need for Salesforce integration into the complex application landscape for large enterprise clients. Furthermore, these clients primarily have globally operating businesses that require corresponding delivery capabilities from service providers.

Expanding on the segmentation outlined above, the study also includes quadrants examining focused offerings, which are the sweet spot for pools of participants within the ecosystem and are sought after by clients.

As a yearly investigation, running for the 6th consecutive year, the study is constantly refreshed to examine the focus of innovation by Salesforce during the past period. This sometimes results in adjustments to existing quadrants or replacing a quadrant and introducing a new and more relevant topic, such as introducing the quadrant Implementation Services for Industry Clouds last year. The study refresh can also adapt our examination of existing quadrants to incorporate innovation that Salesforce introduces that improves all of its Cloud offerings, as in this year's Salesforce invigorated focus on Data, Generative AI and Trust across its entire portfolio.

Sweet Spot

Brillio

Overview

Brillio is based in San Ramon, U.S., and provides digital transformation services. The company has been a Salesforce partner since its inception and offers implementations and managed application services on the Salesforce platform for enterprise clients. It is also engaged in solution development based on the Salesforce platform for ISVs and other enterprises.

Key Provider Capabilities

Extensive industry specialization: Brillio has significant expertise in various Salesforce core clouds, particularly the Sales, Service, Marketing, Experience, Revenue (including Billing), Data and AI clouds. The company's knowledge of these products is complemented by its deep domain expertise across key industries, including high technology and communications, healthcare, financial services, and retail.

Wide range of accelerators: Brillio offers a library of reusable Lightning Web Components with high reusability. With a unified test platform that can be integrated into a client's existing environment, project teams can conduct accelerated test activities with prebuilt components.

Well-structured managed services portfolio: Brillio's managed application services follow a detailed model that covers dimension improvement, operation and automation, and outcome definition. The offering includes powerful tools that enable continuous SLA and service performance monitoring and comprehensive service performance reporting for clients.

Powerful tool support for optimizing Salesforce instances: With the Force Clinic tool, Brillio offers a comprehensive predefined solution for the health assessment and optimization of Salesforce instances. The underlying assessment relies on criteria that include performance, code quality, data quality and security. The results are detailed reports with recommendations for improving business processes, customization, data quality and data volume. Brillio also offers an as-a-service quality assurance solution for productive Salesforce instances.

Well-defined governance model: Brillio employs a dedicated governance model to define its collaboration with clients. The model includes appropriate planning and project execution in the implementation phases and continuous improvements in the post-deployment phases.

Benefits Delivered

Brillio has conducted many Salesforce multicloud implementations with a focus on large enterprise customers. The implementations include process transformations to achieve real business value. As part of the transformation programs, complex integrations between Salesforce and ERP/back-office systems are essential.

Brillio

Sweet Spot

The sweet spot of Brillio is the capability to offer comprehensive services to large enterprises without having the complexity of a large system integrator. The company has remarkable expertise across the entire Salesforce product portfolio and can conduct multicloud implementation projects for large enterprises at scale. The integration of Salesforce with the sophisticated application landscapes that are typical for large enterprises is well covered by the large MuleSoft practice of Brillio.

The portfolio includes several powerful proprietary products to enhance the basic functionalities of Salesforce for use in specific industries. The Quick Start solution for hi-tech customers to leverage Salesforce B2B/B2C commerce with Salesforce Revenue Cloud/CPQ and the Connected Dealership Portal for the automotive industry are compelling examples of such products.

The requirements of large enterprises for the highest possible efficiency in the implementation and operation of Salesforce applications are covered by a variety of solutions focusing on automation. The Brillio Smart Test multichannel automation framework can be applied to implementation projects as well as in managed application services. The Force Clinic solution for the continuous health assessment and optimization of Salesforce instances is another example of Brillio's deep understanding of the requirements that are typical for large enterprise clients.

Brillio convincingly considers the latest trends regarding Data Cloud and the use of GenAI. The company offers Salesforce AI and Data Cloud services to allow businesses to leverage data from various sources to enhance customer relationship management (CRM) and marketing efforts. This can help enterprise clients achieve a unified view of their customers and generate real-time insights and actions to achieve measurable business results.

Future roadmap

Brillio's strategic objective is to grow its Salesforce practice, targeting a revenue exceeding $150 million within the next three years, representing 15%–20% of Brillio's total revenue. The company aims at expanding its footprint across industries such as high technology, private equity PortCos, commercial ventures, healthcare and life sciences, and banking and finance.

Brillio is also well positioned to expand its data and AI capabilities with over 1,000 professionals adept at helping clients drive value through AI and GenAI, data engineering and data management. Key investment areas for the coming years are:

- Sales and Revenue transformation
- Service transformation
- Data Cloud and AI
- Industry Clouds

Appendix

The ISG Provider Lens 2024 – Salesforce Ecosystem Partners study analyzes the relevant software vendors/service providers in the U.S. Market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

Study Sponsor:
Aman Munglani

Lead Author:
Rainer Suletzki

Editors:
Indrani Raha and John Burnell

Research Analyst:
Puranjeet Kumar

Data Analyst:
Ilamaran Magesh

Consultant Advisor:
Bill Huber

Project Manager:
Monika Pathak

Information Services Group Inc. is solely responsible for the content of this report. Unless otherwise cited, all content, including illustrations, research, conclusions, assertions and positions contained in this report were developed by, and are the sole property of Information Services Group Inc.

The research and analysis presented in this report includes research from the ISG Provider Lens program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of February 2024 , for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars ($US) unless noted.

The study was divided into the following steps:

1. Definition of Salesforce Ecosystem Partners market
2. Use of questionnaire-based surveys of service providers/ vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities & use cases
4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)
5. Use of Star of Excellence CX-Data
6. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.
7. Use of the following key evaluation criteria:
   * Strategy & vision
   * Tech Innovation
   * Brand awareness and presence in the market
   * Sales and partner landscape
   * Breadth and depth of portfolio of services offered
   * CX and Recommendation

Lead Author

Rainer Suletzki
Lead Analyst

Rainer Suletzki brings more than 30 years of experience in various IT Management functions within a global German Life Science corporation. His main areas of expertise comprise IT application management, IT architecture, data modelling as well as IT sourcing strategy and execution. Currently he acts as independent consultant in various projects at ISG with focus upon application management for SAP, specifically for SAP HANA, and for Salesforce. This includes ISG Provider Lens™ studies as well as various projects supporting companies in defining IT strategies and the corresponding sourcing decisions.

Enterprise Context and Global Overview Analyst

Puranjeet Kumar
Senior Research Analyst

Puranjeet Kumar is a senior research analyst at ISG and is responsible for supporting and co-authoring Provider Lens™ studies on Next-Gen ADM Solutions & Services and Salesforce Ecosystem. He supports the lead analysts in the research process and authors the global summary report, focal points and quadrants reports. Puranjeet also develops content from an enterprise perspective and collaborates with advisors and enterprise clients on ad-hoc research assignments. Prior to this role, he worked across several syndicated market research firms and has more than eight years of experience in research and consulting, with major areas of focus in collecting, analyzing, and presenting quantitative and qualitative data. His area of expertise lies across various technologies like application development, analytics, and salesforce ecosystem.

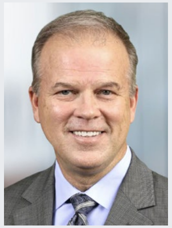
Study Sponsor

Aman Munglani

Director Ecosystem Studies,
Custom Research & Digital innovator series

A recognized thought leader and industry advisor with over 23 years of experience in emerging technologies, Emerging vendors and infrastructure, Aman Munglani has spent much of his professional life advising the C-suite of Global 2000 companies on digital strategies, start-up engagement, innovation, technology roadmaps and vendor management. Prior to ISG, Aman spent twelve plus years at Gartner guiding CIOs and IT managers across Asia Pacific and Europe on emerging technologies, their use cases and maturity, infrastructure trends and technologies, vendor comparisons, and RFP reviews. He also advised many global and Asia-Pacific vendor organizations on their go to market, product and pricing strategies and applicable competitive scenarios.

IPL Product Owner



Jan Erik Aase

Partner and Global Head – ISG Provider Lens™

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor.

Now as a research director, principal analyst and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

ISG Provider Lens™

The ISG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens™ research, please visit this webpage.

ISG Research™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research™ delivers guidance that helps businesses accelerate growth and create more value.

ISG offers research specifically about providers to state and local governments (including counties, cities) as well as higher education institutions. Visit: Public Sector.

For more information about ISG Research™ subscriptions, please email contact@isg-one.com, call +1.203.454.3900, or visit research.isg-one.com.

ISG

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 900 clients, including more than 75 of the world's top 100 enterprises, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including AI and automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis.

Founded in 2006, and based in Stamford, Conn., ISG employs 1,600 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data.

For more information, visit isg-one.com.

ISG Provider Lens™

MARCH, 2024

REPORT: SALESFORCE ECOSYSTEM PARTNERS