Hello, we're Salesforce.

We help make your customers love you.

Hello, we're Salesforce.

We help make **more** customers **need** you.

What makes "tomorrow's customers" a certainty?
- Demographics
  - Rapidly rising dependency ratios
- Transactics
  - Falling costs→"gig economy"
- Robotics & algorithmics
  - Entire classes of job will vanish
- Energetics & Environmentics
  - Changing models and priorities
- **Connectics**
  - Quantity and character of data

Is "Big Data" a Thing? Oh, Yeah

Health Care

"We estimate that the value from data in the sector could be more than $300 billion every year...reducing US expenditures by about 8%"

Profit Sector

"A retailer has the potential to increase its operating margin by more than 60%."

Public Sector

"In the developed economies of Europe, we estimate that government could save more than $149 billion in operational efficiency improvements alone – not including reduction of fraud, error, and tax gaps."

- McKinsey Global Institute, May 2011

$600 to buy a disk drive that can store all of the world's music

5 billion mobile phones in use in 2010

30 billion pieces of content shared on Facebook every month

40% projected growth in global data generated per year vs. 5% growth in global IT spending

235 terabytes data collected by the US Library of Congress in April 2011

MCKINSEY GLOBAL INSTITUTE CELEBRATING 20 YEARS OF INSIGHT

15 out of 17 sectors in the United States have more data stored per company than the US Library of Congress

Is "Big" the Most Important Word?

Walter Wriston on velocity:

"Increased velocity of money gives you a difference in kind – not just degree. It's like a piece of lead: you put it on your desk, it's a paperweight; put it in a gun, it's a bullet. Same piece of lead. Big difference."

450 pounds of lead is a barrier

12 pounds is a feat of strength

8 grams is a weapon...

...if well-aimed

WIRED

He was the most powerful banker in the world. So why is he talking like a cypherpunk?

Walter Wriston on the future of money The Wired Interview

Big Data Goes to Work
Liberating Latent Value in a Connected World

Peter Coffee
VP for Strategic Research
Salesforce

Forbes
The World's Most
Innovative Companies
2011 · 2012 · 2013 · 2014 · 2015

#5
MIT
Technology
Review
50 SMARTEST
COMPANIES

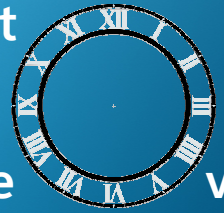## Forward-Looking Statements

Statement under the Private Securities Litigation Reform Act of 1995:

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The risks and uncertainties referred to above include – but are not limited to – risks associated with developing and delivering new functionality for our service, new products and services, our new business model, our past operating losses, possible fluctuations in our operating results and rate of growth, interruptions or delays in our Web hosting, breach of our security measures, the outcome of any litigation, risks associated with completed and any possible mergers and acquisitions, the immature market in which we operate, our relatively limited operating history, our ability to expand, retain, and motivate our employees and manage our growth, new releases of our service and successful customer deployment, our limited history reselling non-salesforce.com products, and utilization and selling to larger enterprise customers. Further information on potential factors that could affect the financial results of salesforce.com, inc. is included in our annual report on Form 10-K for the most recent fiscal year and in our quarterly report on Form 10-Q for the most recent fiscal quarter. These documents and others containing important disclosures are available on the SEC Filings section of the Investor Information section of our Web site.
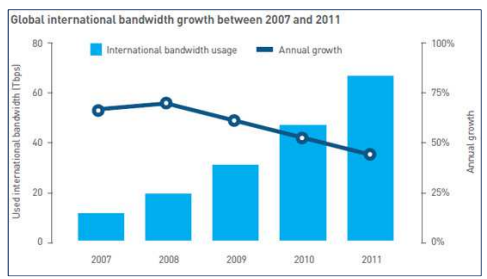
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i. Environment
ii. Strategies
iii. Examples
iiii. Experience   v. Next?

It Took a While...But We Are Connecting the Planet

Global international bandwidth growth between 2007 and 2011

Slide 1:

Conn...

Global Consumers' Purchase Behavior Influencers
% of respondents
March 2014

- Friends' post/pins about items purchased — 59%
- Friends' post/pins about retailers shopped — 57%
- Retailers' emailed sales announcements — 52%
- Retailers' sales announcements via social — 51%
- Retailers' recommendations on own website — 44%
- Retailers' recommendation on social sites — 41%

MC MARKETINGCHARTS.COM

Source: IBM Institute for Business Value

Slide 2:

Connection Creates the New Context

Connections Counter

As of today, **July 5, 2015**, there are:

16,290,321,5...15

People, processes, data and things connected to the Internet.

By 2020, the Internet of Everything has the potential to connect 50 billion.

cisco

- In 2013, global mobile M2M traffic was 20,736 Tbytes/month
- It is projected to grow to 907,472 terabytes per month in 2018

– www.statista.com/statistics/267310/data-volume-of-non-internet-ip-traffic-by-category/

Slide 3:

Why Do Connected Products Matter?

- People are slow and unreliable reporters of incomplete and inaccurate memories

FaxSync

CrystalDecisions.CrystalReports.Engine.LoadSaveReportException: Load report failed.
[error stack trace]

OK

Slide 4:

Why Do Connected Products Matter?

- People are slow and unreliable reporters of incomplete and inaccurate memories
- People are passengers, not test pilots: they're not thinking about indicators of trouble until the trouble is already there

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Why Do Connected Products Matter?

- People are slow and unreliable reporters of incomplete and inaccurate memories
- People are passengers, not test pilots: they're not thinking about indicators of trouble until the trouble is already there
- Statistical significance emerges much sooner with accurate, timely collection at global scale
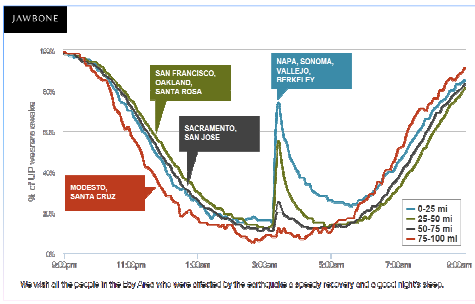
The (Richter) Magnitude of Change

"What we're doing here is on 40,000 people: it is just unprecedented in scale, and this is only the first example we're sharing about the type of work we're doing."

- Andrew Rosenthal
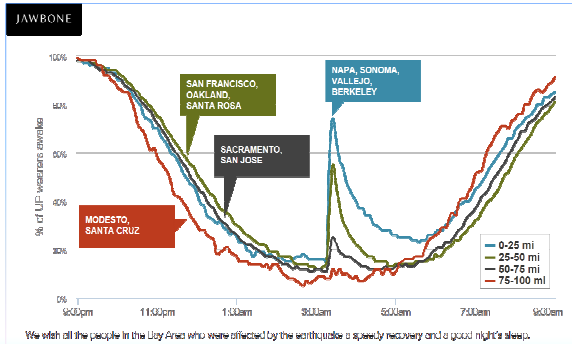
Even Today's Hottest Devices Are Tomorrow's Legacies
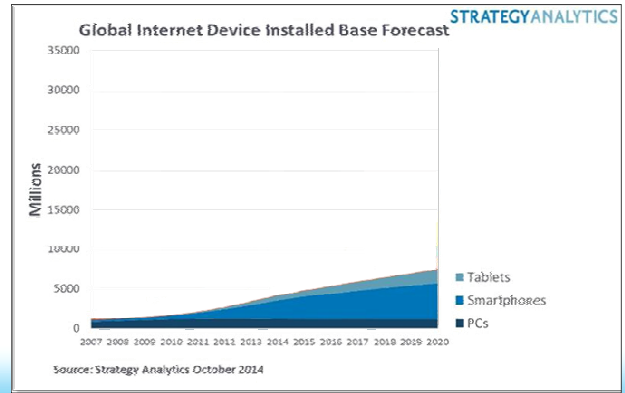
Even Today's Hottest Devices Are Tomorrow's Legacies

Wearables Already Entering 2nd Generation

"The demand for basic wearables, those that do not run third party apps, has been absolutely astounding. Vendors like Fitbit and Xiaomi have helped propel the market with sub-$100 bands."

"We expect smart wearables, those capable of running third party apps, to take the lead in 2016. The transition from basic to smart wearables opens up a slew of opportunities for vendors, app developers, and accessory makers."
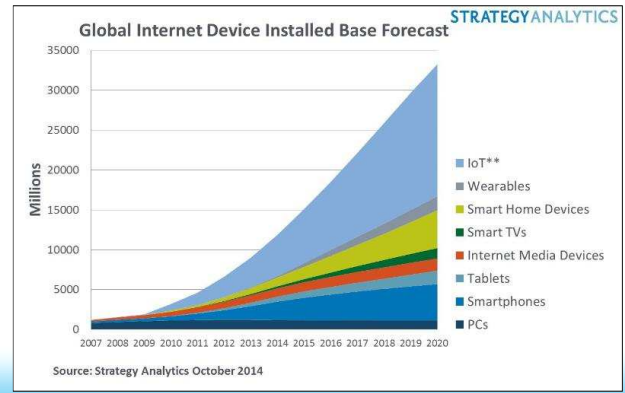
www.idc.com/getdoc.jsp?containerId=prUS25696715

Reconceiving Your 'Product': Perhaps It's a Data Collector?

Processing
Free alignment and variant processing

Storage
FREE
1 FREE TB
1 Terabyte Storage for Illumina data
PLUS ONE
+1 TB
+1 Terabyte Storage $250 USD/Month or $2,000 USD/Year
PLUS TEN
+ 10 TB

Apps
Integrated applications, App priced set by vendor.

Illumina Launches BaseSpace Cloud Platform for MiSeq

"The addition of BaseSpace eliminates the need for expensive IT infrastructure, simplifying the process of adopting a personal sequencer for labs of any size and experience," commented Illumina CEO Jay Flatley.

Bio-IT World
Next-Gen Technology • Big Data • Personalized Medicine

Hello, we're Salesforce.

We're ready to liberate value on devices that don't (yet) exist.

Leader in connecting next-gen tech to business value
- iPhone ('07); Watch ('15)
- Salesforce Wear Developer Pack: iOS, Android, Samsung Gear, Pebble, Jawbone...
- Mobile Admin app
- SalesforceIQ: breakthrough relationship intelligence
- *MIT Tech Review* honors: "crucial to incorporating data from Internet of things."

1. Connect
Remote Sites and Equipment on Widely Deployed Solutions

2. Control
Manage Health and Connectivity of Devices at Customer Locations in Real-Time

3. Engage
Send Proactive Alerts to Customers and Engage Channel in New Ways

DEVICE CLOUD by QETHEROS

SOCIAL MACHINE

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Slide 1 (ATEK Products)

ATEK Business Value

- New **recurring revenue** stream
- **Preventative maintenance** model
- **Safer** solution

ROI (estimated)

- $100K **new revenue** in year 1
- $50K **ROI** in year 1
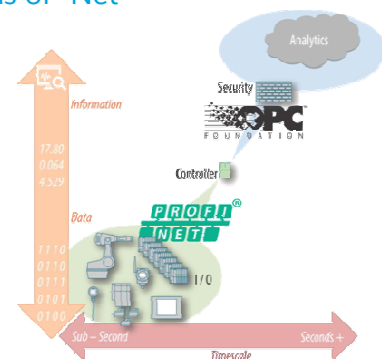- $250K **profit** expected in year 2

Slide 2

Many Kinds of Data; Many Kinds of "Net"

There are at least four kinds of "thing" data

- Status
- Location
- Automation
- Actionable data

They present different tradeoffs of

- Update interval
- Accuracy
- Downside risk
- Post-collection complexity

David Friedman, CEO, Ayla Networks
readwrite.com/2015/08/13/five-types-data-internet-of-things

www.automationworld.com/industrial-internet-things/standards-and-protocols-industrial-internet-things

Slide 3

Introducing:
Salesforce IoT Cloud

Powered by Thunder

Listen to the world @ IoT Scale
Connect billions of events from every device & app
Digest into 360 Customer & Device profiles

Trigger Actions with real time rules
Use data and insights to take smarter personalized actions

Engage Proactively and 1:1
Use Salesforce to reach every customer and employee

Slide 4

"IoT Cloud helps us react to events before they become problems"

Milan Kocic, Director Innovation, Hexagon Metrology

HEXAGON METROLOGY

salesforce IoT cloud

Hexagon Metrology Enables Real-Time Factory Monitoring With IoT

Global manufacturing company headquartered in London builds precision measurement equipment

Monitoring real-time data feeds from quality laboratory and production metrology machines in Salesforce IoT Cloud for catastrophic events (vibration, drastic temperature change, crash)

Combine IoT data with real time on-duty manager information and notify manager when event occurs; shows real-time machine status in Platform built Dashboard running on Salesforce App Cloud

Data + Direction := ++Performance
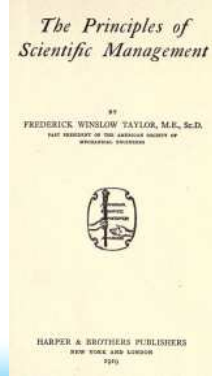
One hundred years ago, Frederick Taylor measured workers' behavior – and found that effective use of data improved both their performance and their health.
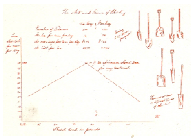
He noticed that workers used the same shovel for all materials. He determined that **the most effective load was 21½ lb**, and found or designed shovels that for each material would scoop up that amount.

en.wikipedia.org/wiki/Frederick_Winslow_Taylor

It's About Optimizing Capability in Context

McLaren Applied Technologies works on evidence-based systems to maximize human efficiency. Internally the company has been exploring how to get its Formula One teams to recover from jet lag most effectively.

"Our teams are travelling around the world a lot. Some of them have to change wheels in the pit stop and be alert and fit, while others have to look at reams of data and need to be cognitively alert," explains Duncan Bradley, Head of High-Performance Design.

**By plotting data relating to travel schedules with heart rate variability monitors and tests to monitor cognitive alertness, the company was able to reorganize journey times and teams to suit the way different individuals coped with jet lag and stress.**
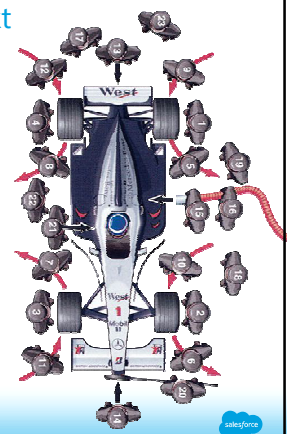
http://www.bloomberg.com/news/articles/2015-08-12/wearable-biosensors-bring-tracking-tech-into-the-workplace

Are We Prepared to Address The Concerns?

"A lot of the web services allow unauthenticated or unencrypted communication between the devices, so we're able to alter the info that gets fed into the medical record ... so you would get misdiagnosis or get prescriptions wrong."

"The physician is taught to rely on medical records ... [but] we could alter the data that was feeding from these systems, due to the vulnerabilities we found."

Value from Mobile Apps and Wearable Devices Poses Challenges of Science – Wrapped in Compliance

hubaisms.com/2013/08/08/data-scientist-big-data/

Slide 1

Value from Mobile Apps and Wearable Devices
Poses Challenges of Science – Wrapped in Compliance

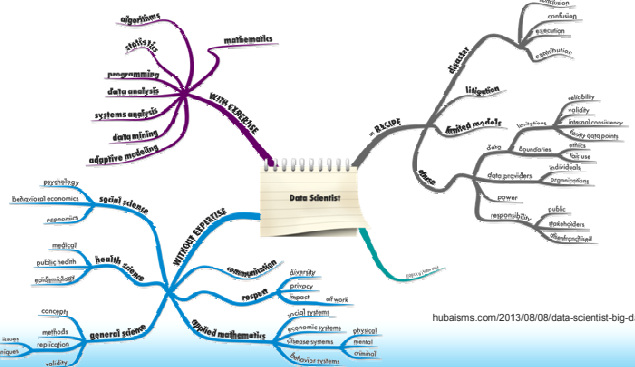- "People making calls or sending text messages originating at the Kericho tower were making **16 times more trips away from the area** than the regional average. What's more, they were **three times more likely to visit a region** northeast of Lake Victoria that records from the health ministry **identified as a malaria hot spot**. The tower's signal radius thus covered a significant waypoint for transmission."
- "This is **the future of epidemiology**. If we are to eradicate malaria, this is how we will do it."

– Caroline Buckee

Slide 2

Value from Mobile Apps and Wearable Devices
Poses Challenges of Science – Wrapped in Compliance

hubaisms.com/2013/08/08/data-scientist-big-data/

Slide 3
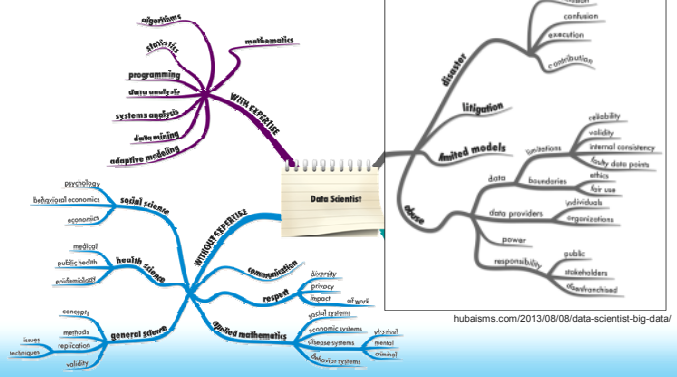
Do Not Let 'Big Data' be 'Dumb Data'

Unless it is trusted, it will not be a basis for action

"Don't be silly, it won't rain until almost morning."

Slide 4

Hello, we're Salesforce.

We keep your data safer than most governments wish they kept theirs.

Trust is our #1 Value

- Industry leader in transparency: **trust.salesforce.com**
- Precise privilege controls
- Unrivaled audit capability
- Leader in key certifications
- Continual test & improvement
- Salesforce Shield: monitor, audit, encrypt at rest

Slide 1: Acceleration is a Vector

"Faster" in the wrong direction may not actually be a "positive" change

We often speak of "the pace of change" as if it were a speed: a scalar quantity, "more" being unambiguously...more

Improvement metrics are conventionally stated as %'age improvement per unit time

"Better, faster, cheaper" at the **wrong thing**...
...**is the wrong thing**

$\Delta v = v_2 - v_1$
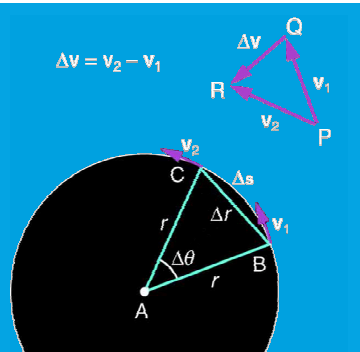
Slide 2: Disciplines of Discovery – Not Query

"By combing through 7.2 million of our electronic medical records, we have created a disease network to help illustrate relationships between various conditions and how common those connections are. Take a look by condition or condition category and gender to uncover interesting associations."

DATA VISUALIZATION – visualization.geblogs.com/visualization/network/
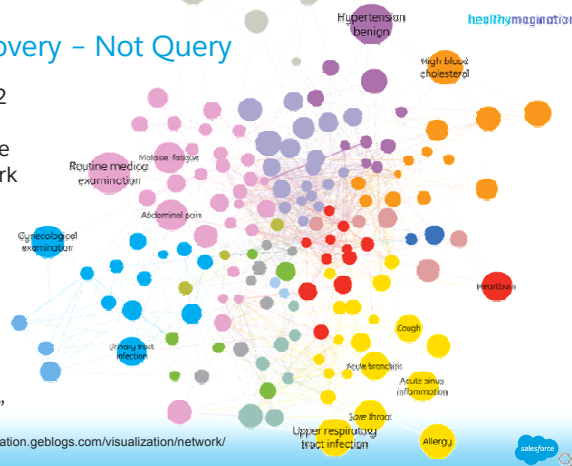
Slide 3: You'll Solve the Problem That You Are Trained to See

"Whereas Britain still used linguists to break codes, the Poles had understood that it was necessary to use mathematics to look for patterns.

"They had then taken a further step by building electro-mechanical machines to search for solutions.

"This understanding allowed Alan Turing to develop his 'bombe' capable of breaking the more complex wartime Enigma codes. One new technique was the use of 'cribs' - assumed or known parts of the message - as a starting point." – BBC, July 2014

Math to find the vulnerability; **engineering** to scale the process; **domain knowledge** of user behavior to multiply the effectiveness of the solution

Slide 4: Data Science Revolution

It's not enough to answer questions faster: Data and algorithms must *suggest* them

Predictive Analytics

Machine Learning

Artificial Intelligence

90% of world's data created in last 12 months

Mandate for Forward Motion: Become Truly Data-Driven

Three Levels of Analytical Maturity

We classify organizational analytical maturity based on a company's ability to gain competitive advantage from analytics and its ability to use analytics to innovate. (See last year's report, *The Analytics Mandate*, for details.)

34%   54%   **12%**

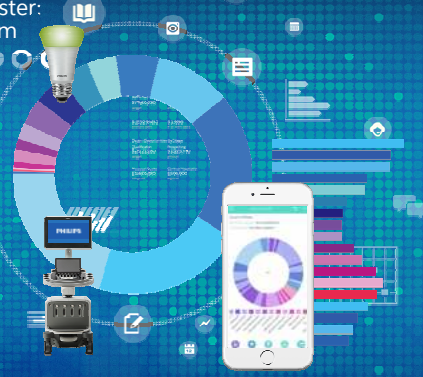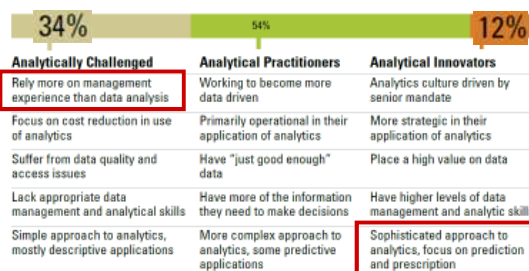| Analytically Challenged	Analytical Practitioners	Analytical Innovators
Rely more on management experience than data analysis	Working to become more data driven	Analytics culture driven by senior mandate
Focus on cost reduction in use of analytics	Primarily operational in their application of analytics	More strategic in their application of analytics
Suffer from data quality and access issues	Have "just good enough" data	Place a high value on data
Lack appropriate data management and analytical skills	Have more of the information they need to make decisions	Have higher levels of data management and analytic skills
Simple approach to analytics, mostly descriptive applications	More complex approach to analytics, some predictive applications	Sophisticated approach to analytics, focus on prediction and prescription

MITSloan RESEARCH REPORT
The Talent Dividend

salesforce

Analytics for the Rest of Us
Wave Platform powers the Salesforce Analytics Cloud

salesforce analytics cloud

Intuitive   Mobile   Collaborative   Open

Any Data   Search Based   Collaboration   Self Service   Build Analytic Apps   Governance & Trust

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So You Want to Be a Data Scientist

This Is *Not* an Utterly New Field of Expertise

"How do you become a data scientist? By behaving like a scientist while studying data."

Scientists Need to Have Good Lab Technique

Hiring typically seeks 5+ years of Java, Scala, Python, R, MapReduce etc.
Other traits? "Compulsive, with propulsive laziness, irritable determination and insensitivity to pain"

Don't Do This If You Need to Feel Popular

"I found a substitution effect in DoD research spending, instead of a multiplier effect: it was not what they wanted to hear" – Annie Flippo, edmunds.com

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So You Want to Be a Data Scientist? There's Certainly Demand

"There will be **a shortage of talent necessary for organizations to take advantage of big data**. By 2018, the United States alone could face a shortage of **140,000 to 190,000 people with deep analytical skills** as well as **1.5 million managers and analysts with the know-how to use the analysis** of big data to make effective decisions." – McKinsey Global Institute

Peter Coffee
@petercoffee

"*Everyone* is going to develop some set of skills around data sci., regardless of their 'job'" @GinniRometty #GartnerSYM

RETWEETS 6   LIKES 5

6:38 AM - 6 Oct 2015

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What Does This Mean To You?

Media and Entertainment

Community-created content; on-demand views; multi-screen experiences: **What's still urgent?**

Manufacturing and Logistics

Big Data matches demand with free capacity; 3D printing redefines inventory – **What's worth owning?**

Health Care and Elder Care

Gatekeepers lose power; payment for results; elderly = growth market – **What differentiates?**

Financial Services

The asset-light don't borrow to buy big; the data-rich don't pay just to play – **What has value?**

Pacing the "Twelve-Quarter Year"

At Salesforce, we tell newly hired employees that "we run on a twelve-quarter year"

What this means is that we look at numbers, compare them to goals, and initiate corrective action at least three times more frequently than most companies

Why is this necessary, today, in every field? Because **the "half-life of facts"** (the time required for half of what you "know" to become untrue) **is shrinking**

Philippe Kruchten examined 1988 issues of *IEEE Software* and evaluated which ideas "are still important or at least recognizable." He estimated that the half-life of software engineering ideas is likely not much more than 5 years.

A working engineer needs ~7½ hours' study per week, 48 weeks/year, to stay as current as at time of first college degree.

spectrum.ieee.org/riskfactor/computing/it/an-engineering-career-only-a-young-persons-game

This Example Actually *Is* Rocket Science

A problem used to require **two weeks** of trial & error to get "good enough" solution

Changing anything meant starting over

Now it takes **two hours** to get a provably best possible answer; iterations are faster

You need a few hundred GBytes of memory to do it; you would have been crazy to suggest it when the work began

Abstract
"We introduce a new approach for global multiobjective optimization of trajectories in continuous nonlinear dynamical systems… Our method is the first that can reliably handle nonconvex nonlinear dynamical systems with substantial instabilities, such as the notoriously ill-behaved multi-body gravitational systems governing interplanetary space trajectories."

We're a long way from "indistinguishable"
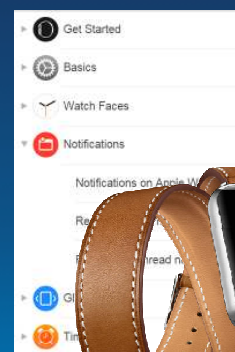
VS.

Solar powered
Radio-synchronized
200 meter depth tolerant
15 G acceleration resistant

"Any technology distinguishable from magic…

…is insufficiently advanced"

Gehm's Corollary to Clarke's Third Law

Slide 1

Innovating Like It's 1989?

"The typical large organization, twenty years hence, will be composed largely of specialists who direct and discipline their own performance through organized feedback from colleagues and customers."
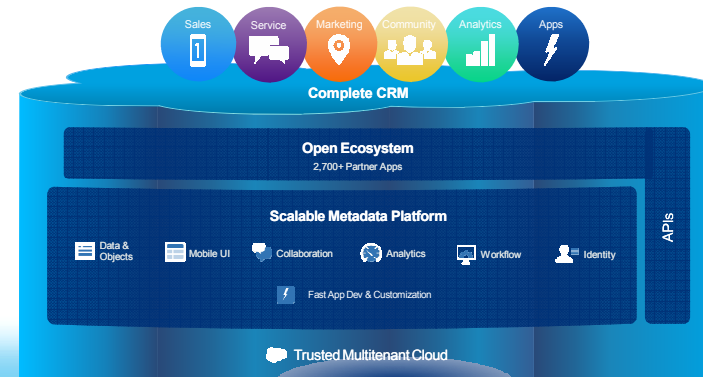
"It will be a knowledge-based organization."

Peter Drucker, in *The New Realities*…in 1989

In 2015, this should not sound innovative

Slide 2

A Connection Platform for Extreme Innovation
Not a Migration of Legacy Stacks – but Integration by Default

Sales Service Marketing Community Analytics Apps

Complete CRM

Open Ecosystem
2,700+ Partner Apps

Scalable Metadata Platform

Data & Objects   Mobile UI   Collaboration   Analytics   Workflow   Identity

APIs

Fast App Dev & Customization

Trusted Multitenant Cloud

Slide 3

6th Largest Software Company in the World Today

FORTUNE 500
2013 · 2014 · 2015

FORTUNE WORLD'S MOST ADMIRED COMPANIES
2008 · 2009 · 2010
2011 · 2012 · 2013
2014 · 2015

FORTUNE 100 BEST COMPANIES TO WORK FOR
2011 · 2012
2013 · 2014
2015

Forbes
Most innovative companies in the world

$1.6B
Q2 FY16 revenue

17K
Employees

Slide 4

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Thank you

Peter Coffee
VP for Strategic Research

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in/petercoffee

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