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Making Enterprise Business Systems Pay Dividends

ZOHO: A TECH COMPANY LIKE NO OTHER

CORE VALUES STRENGTHEN A SOLID PRODUCT OFFERING

Zoho at a Glance

Founded in 1996, Zoho has now been around for 25 years. Self-funding, profitable and privately held, Zoho has never raised capital. Born in the cloud, the company owns all the servers on which its customers' data resides. With 9,000+ employees and 50+ apps, it supports over 60 million users and 540,000 paying customers in 180+ countries.

Zoho One is an integrated suite of applications, all built with a common data model, all on the same technology stack, serving the needs of marketing, sales, support (the front office), and finance, HR, and operations (the back office). Zoho also offers productivity apps, collaboration, communication, analytics, AI and more - all for $1/day/employee.

Zoho offers apps individually and combined as suites. There is also a free version of every app it offers.

Zoho is a software company that sees its technology as a key differentiator in a crowded field. However, while it does offer an impressive portfolio of technology-enabled enterprise applications, Mint Jutras would argue that what really sets it apart from its competitors are the core values upon which the company operates. Those core values include a pledge to stay private with a "never exit" strategy, and a commitment of continuous innovation to create differentiating technology that addresses real business issues. Zoho is also dedicated to preserving customer data privacy and promises never to monetize that data for marketing purposes. But perhaps most importantly, it is the belief that running a business should be about more than just profits that gives Zoho its mission and true purpose.

That said, technology and a strong portfolio of products are indeed the life blood of the company. Those products are the instrument by which it engages with prospects that become customers. And so, Zoho is never willing to sacrifice independence, control or performance and data privacy for the sake of expediency. And as a privately held, self-funded and profitable company, it truly controls its own destiny.

But, as with any living organism, it is the heart that keeps that lifeblood pumping vigorously. And it is this set of core values that gives the company its "heart," as well as its mission and purpose. That purpose is to create opportunity for people that don't (already) have it. Values and philosophy are often viewed as far removed from business. But by deeply rooting those values into the business, Zoho has found a way to actually address the social inequality that (still) plagues our world. Not only does it operate [Zoho Schools for Learning](#), teaching relevant skills for real software careers (for free!), it also opens offices across the world in rural communities where opportunities are otherwise limited. Leadership views know-how, culture and capabilities as the true capital of the company. And it has been consistently building that capital for the past 25 years.

Unlike many other software as a service (SaaS) companies that seem content to report operating losses for years, Zoho is profitable and self-funding, plowing much of its profit back into the product. But Zoho measures its own success, not by financial valuation and sterile numbers, but by the impact it has. Here we explore some of this impact, not only on products and technology, but on employees, customers, community and the industry at large.

WHY PHILOSOPHY AND PHILANTHROPY MATTERS

Zoho's core values, along with its philosophy, define the company's mission and give it purpose. That purpose is to create opportunity for those who do not have it. So, of course, this philosophy includes humanitarian efforts and philanthropy, which in of itself is not unique in the corporate world. However, Zoho's approach is quite unique. Other companies talk about social equality, promote volunteerism and donate software. They might even make donations of essential products and cash to worthy causes. Zoho does some of this as well. When the recent global pandemic hit, Zoho made Remotely, a Remote Work Suite including chat, video conferencing, office apps and more, available to small businesses for free. It served over 10,000 meals made in its own kitchens (with produce from its own gardens) to neighboring communities. But this is just the tip of the iceberg. Zoho goes much further.

At a time when many companies around the world decry a shortage of skills, the Zoho leadership firmly believes there is no lack of raw talent, just lack of exposure. They recognize there is a tremendous amount of latent talent waiting for an opportunity, and much of this talent lives in small towns and rural villages across the globe. And so, instead of opening offices in the traditional technology meccas around the world, Zoho seeks these more rural locations. And Zoho not only provides jobs, but it also provides the education needed to qualify for those jobs. This focus on rural jobs is localism at its best.

To that end, it operates Zoho Schools of Learning for the express purpose of giving young people a chance at a higher level of education. Candidates for the schools are between the ages of 17 and 20 and have no schooling beyond a secondary education. In India that is described as those that "do not have any academic qualification higher than Class 12 or 10+3 diploma."

Zoho Schools teaches hands-on software engineering, relevant English communication skills, and helpful mathematical concepts - skills relevant for real software careers. There is more of an emphasis on skillsets and abilities rather than paper credentials. Students are not charged any fees; in fact they are paid a stipend - starting at Rs 10,000 per month - throughout the course of study. After the successful completion of the course, students automatically become employees of Zoho.

This approach is reminiscent of a quote from the 12th century philosopher, Maimonides: "Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime." While other companies might provide hand-outs, Zoho provides a hand up. In the words of Zoho CEO Sridhar Vembu, "We help them take the first step on the ladder. They figure it out from there. I wish we could do it all over the world." Today Zoho runs two schools in India but accepts applications from all over the country. And no one who knows Zoho would be surprised to eventually see more in other locations around the world.

This is just one example of Zoho's core values making an impact when put into practice. Another example, which speaks volumes, is its overall response to the COVID-19 crisis.

COVID-19 RESPONSE

While Zoho Schools has the biggest impact on employees, actions taken because of the global pandemic impact not only employees, but also customers and the community, including partners.

At the very beginning, even before the full impact of this devastating crisis was clearly understood, Zoho made a promise to its employees that there would be no layoffs as a result of the pandemic. The company pledged that should things worsen, executive and management level employees' pay would be cut first, before touching salaries of the rank and file.

Also, in the interest of employee safety, it instituted a work from home policy a full month before any lockdowns were placed into effect. This was certainly facilitated by the fact that Zoho runs on Zoho, in the cloud, and had already been supporting work from remote locations. Each one of its apps is also a mobile app, and even as teams became remote, collaboration was enabled.

At the same time the company made Remotely, a Remote Work Suite including chat, video conferencing, office apps and more, available to small businesses for free. It also made Zoho Classes available free to schools with less than 100 students. This app allows students to join classes, remotely. Through Zoho Classes, schools can host courses, send assignments, run live sessions, collect fees, and more. Zoho also powered COVID call centers in India with free software.

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And for those small businesses whose operations were negatively impacted by the shutdown, Zoho waived subscription fees for six months. Yet, during that time, it continued to pay commissions to partners. And it has offered free product training for all products, in all regions. For those customers and partners that kept employees on while experiencing a slowdown in business, this created the perfect opportunity to take that time to learn.

Zoho was able to do all this because the company was in good shape and had built in reserves for emergencies such as this, although nobody could have predicted a crisis of this scale. However, Zoho has continued to grow, although at a somewhat reduced rate, throughout the pandemic. And this has allowed the company to continue to innovate, reinvesting income at almost the same (impressive) percentage as prior years.

And so, this brings us back to the technology and applications we alluded to earlier as the lifeblood of the company.

THE "FULL STACK" APPROACH TO TECHNOLOGY

Zoho takes a "full stack" approach to developing its software in order to provide a seamless, superior customer experience. This means Zoho owns (and controls) all core aspects of the technology stack. That stack includes everything from the applications themselves, the services, and middleware software, to the hardware, infrastructure, network, and data centers. While (a very few) other enterprise application solution providers might claim to offer an equally broad portfolio, typically this is as a result of partnerships (think Amazon, Microsoft, Salesforce, etc.) and/or acquisitions. Zoho does not.

A year ago, Mint Jutras wrote about The Pros and Cons of the "Full Stack" Approach, asking the question: Are control, independence, data privacy (and more) worth the cost?

From that report a year ago:

"This full stack approach comes at a time when most other native Software as a Service (SaaS) solution providers are choosing to leverage tools and technology from public cloud providers like Microsoft (Azure), Amazon (AWS) and Google, in order to focus their efforts on their core competency, which is the application itself. Some do create their own development platforms, while others turn to giants in the industry like Salesforce and its Force.com platform. They do organically develop new features, functions and new products. But they also plug gaps in functionality and expand into new markets through acquisition and partnerships. And in doing so, they also sacrifice a level of independence, control and sometimes performance and data privacy.

"Zoho is unwilling to sacrifice any of this, and is also committed to providing seamless integration and a single, unified data model. But that comes at a price. There are no shortcuts. Zoho must develop everything itself. While this might appear to be a serious constraint, its solution stretches well beyond the usual boundaries of enterprise applications to include productivity tools like Mail (think Outlook), Sheet (think Excel), Show (think PowerPoint), Writer (think Word), Meeting Bridge (think Microsoft Teams or Zoom), and much more, totalling 47 apps today and growing. Plus it continually innovates its products, embedding new technologies like natural language processing (NLP) and artificial intelligence (AI). And it somehow manages to deliver an average of five new products a year."

Indeed, this year there are more than 50 apps, even though we are still in the midst of a global pandemic. In answer to the question of whether it is worth it, we concluded:

While this would appear to be a high price to pay, Zoho is more than well-equipped to pay it. Zoho spends a very healthy percentage of its revenue on research and development. The result is an incredibly diverse range of

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applications, including both your traditional enterprise apps, and also a full complement of productivity apps, as well as a growing list of technical tools. Unlike some other cloud-native solution providers that still rely on capital investment even after many years, even decades, Zoho is profitable and self-funded.

Zoho is able to take this approach for two reasons. First of all, because it is privately held with no external investment (no venture capital, no private equity, no "Wall Street" stockholders), it is free to invest in what the company decides to invest in. Having no external shareholders demanding an immediate return allows Zoho to be patient, with more long-term vision. But it also forces the company to be prudent and not spend beyond its means. Which brings us to the second reason why it is able to be successful in this approach. Zoho has no debt. It has been profitable from day one. Cash is plowed back into the business and the products, to the benefit of customers, not external shareholders.

So how does Zoho decide what to invest in? First of all, the leadership is smart and not easily dazzled by glitz, glitter and elegant technology in search of a problem. But more importantly, it listens to its customers. Throughout the past year, even during a global pandemic, innovation continued as usual, with only a slight decline in the percentage of revenue reinvested. It redirected some of its marketing budget to maintain levels of R&D, but those humanitarian and philanthropic activities were not without cost. But because Zoho responds to real customer needs, **where** research and development directed its efforts was heavily influenced by the pandemic. Needs changed in 2020 and Zoho responded accordingly.
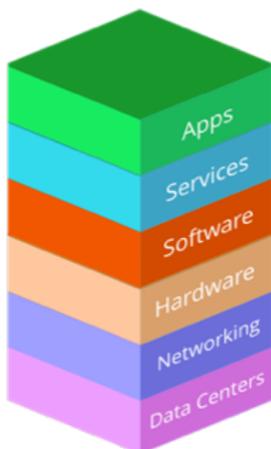
As a result, Zoho developed a new online event management application, Zoho Backstage. In the current climate where virtual events (still) predominantly replace in-person affairs, Backstage helps event organizers to plan and run conferences, meetups, and product launches efficiently. And Zoho further invested in its productivity and collaboration tools and released its new Collaboration Platform. Indeed there are a variety of apps that foster collaboration, products like Zoho Workplace and Zoho Connect.

Please refer back to last year's report to learn more about what is included in this "full stack."

DE-LAYERING THE "FULL" STACK OF TECHNOLOGY

In addition, you will now hear Zoho talking about "de-layering" its stack. When depicted in the figure to the left, layers seem to make a lot of sense. But what Zoho really means by this is the complete vertical integration of all the different elements. For the business user, it will be hard to tell where one app ends and another begins. But that's okay because everything simply just seems to work. Even though most of these different apps can be run stand-alone, they also can all work together as if they were a single app. If you need to call up a customer invoice, does that function reside in Zoho Books (finance

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Zoho's Full Stack

Source: Zoho

and accounting) or in CRM (customer relationship management)? The real answer should be, "Who cares?"

Because the different apps all share a single data model, this has really always been the case. But now Zoho is blending productivity and collaboration tools right in the apps. The real advantage to the business user will be clear when they need to do something that would typically require them to exit the application and go into a separate productivity app. Let's say an employee in accounts receivable calls up that customer invoice and has questions for the sales rep. He or she won't have to exit to go into a separate email app or fire up a messaging app to chat. Those functions are embedded directly into the accounting apps.

THE FULL STACK'S IMPACT ON CUSTOMERS

If you recall, Zoho measures its own success, not only by financial metrics, but on its impact on employees, customers, community and industry. The actions taken in Zoho's COVID-19 response (free software and subscription waivers) had a direct impact on customers. But this full stack approach is what gave many customers a leg up in facing very significant challenges as the world was plunged into a global crisis of epic proportions. These customers are not likely to describe Zoho's full stack approach as the reason they survived and thrived. But they will point to the ability to address new requirements quickly and seamlessly, the ability to support processes that were never a part of their business before. They will point to the ability to customize, integrate and deploy new apps quickly and easily. These benefits are all a direct result of this full stack approach.

Take for example Purolite, a Zoho One customer. As a world leader in resin-based separation, purification and extraction technology used in many industries including public drinking water supplies, Purolite was deemed an "essential" business, and therefore has remained fully operational during the pandemic. While production staff continued to report to their facilities, sales and administrative employees transitioned to working from home.

While Zoho's Software as a Service (SaaS) offering paved the way for remote workers, according to Amanda Dolan-Riddle, CRM Integration Manager for Purolite, "The most important thing in the transition to remote work was smoothing out any roadblocks in the software so employees could just focus on their work. This required automating and centralizing processes and making it as easy as possible for employees to stay connected and up to date."

This actually meant introducing new systems that simply weren't on Purolite's radar prior to the pandemic. Suddenly though, issues like collecting employee information, expenses, and HR became much harder when administrators were also remote. Without the ability to simply walk down the hall and ask a friend (or IT or HR), any new software introduced had to be easy to learn and as automated as possible. Fortunately, as a result of this full stack approach,

"The ease of customization, integration and deployment of Zoho apps has made the transition to remote operation as seamless as possible. And while, like so many others, we look forward to the reopening and recovery from this pandemic, we're happy to feel supported by our people and processes in the mean time."

Amanda Dolan-Riddle, CRM Integration Manager, **Purolite**

Zoho One also offers a variety of productivity tools not typically offered by a CRM or Human Resources (HR) software vendor. For example…

May and June are a busy time for Purolite's HR department. Open enrollment for its healthcare benefits plans usually involve one-on-one meetings with employees and group sessions to help employees learn about the various plan options. This year the HR team is using Zoho Meeting for benefits webinars. HR has also started using Zoho Bookings to allow employees to sign-up for remote HR discussions using Zoho Meeting. This offers employees a way to communicate with HR in a private, secure setting remotely. And for those production workers on site, the company also set up two computer stations, monitored by Zoho Assist so that the HR team can offer live assistance to employees who are signing up for plans.

In light of new health and safety protocols, Purolite has also implemented new procedures to ensure a clean and safe work environment for its production staff. The need to purchase supplies related to personal protection (PPE) and disinfection for Covid-19 required that it add new categories to its accounting ledgers. Zoho Expense made it easy to add the new accounts and categories so that employees can be reimbursed for these important supplies.

In addition to providing PPE, and in order to keep track of employee health, Purolite had to start collecting employee temperatures. It is now using Zoho Forms as a way for employees to log their temperature each day when reporting to work. The form is easily deployed on mobile phones so that employees can record their temperature with no disruption.

Employees also needed new ways to stay connected to each other and to continue learning. To help employees stay in touch, Purolite's marketing team has used Zoho Campaigns to distribute a daily newsletter called The Exchange. Each day they include a different topic, sometimes business related, or Covid-19 related as well as an employee spotlight segment. Purolite has also begun using Zoho Showtime to launch an educational series.

As a result of Zoho's approach, all these productivity and collaboration tools were easily added to Purolite's deployed stack of technology.

C.A.R.S. Protection Plus is another Zoho One customer that has transitioned quite easily to having employees work from home. Like Zoho itself, C.A.R.S. cares deeply about making sure employees' needs are being met across the board—this includes access to the right data, information, technology, and even hardware to make sure their home environment is as conducive to productivity as their work environment.

"One of the biggest pitfalls of remote work is that people tend to start feeling like they're not on a team," said Rick Tudor, Director of Operations. "The best way to combat that is to ramp up communication, even to the point where you may feel like you're over-including folks." Zoho Cliq, a team communication tool, has been essential for bringing everyone together. "Cliq

"It has been lovely to learn new details and see how my fellow employees are managing all the changes and challenges of working from home. They often share fun details about their home life and even delicious recipes."

Amanda Dolan-Riddle, CRM Integration Manager, **Purolite**, a Zoho Customer

"The work from home transition has gone incredibly well, shockingly well in fact."

Rick Tudor, Director of Operations, C.A.R.S. Protection Plus, a Zoho Customer

allows us to stay in constant contact with our staff, and we generally touch base daily at a supervisor-to-employee level," said Rick. "It allows remote workers to feel included, not on an island, and informed of what's going on company-wide." C.A.R.S. also conducts a stand-up call each morning via Zoho Meeting, which it has found to be critical for keeping everyone in the loop and reproducing some workplace normality.

While new "work from home" initiatives resulting from the global pandemic provide all sorts of proof that customers benefit from this full stack approach, Zoho has an even broader impact on customers. Agappe Diagnostics is the fastest growing company in the IVD (in-vitro diagnostic) industry in India with 30,000 customers across the country. Priding itself on providing customers with the best customer experience, Agappe's mission is to provide their customers with up-to-date, innovative, and high-quality services backed by promptness. To do this, it needed an account management system that could support both sales and service functions seamlessly, for both domestic (India) and international processes that needed geo-specific support.

Zoho CRM was implemented as the first step in the plan and remains at the heart of the transformation. Zoho CRM became Agappe's centralized application that would serve all their sales and service needs. A custom module was designed to capture its sales process automation. This included customer and product information along with the lead-to-order process details. Zoho CRM also serves as the single point for running field operations, capturing orders and leads and converting those leads into potential business orders. Zoho Desk, the customer service software from Zoho, serves as the back-end and the Zoho Desk and Zoho CRM integration ensures that all service-related processes can be handled from within Zoho CRM. The automation also triggers an SMS on service ticket creation and completion from within the CRM system. This gives the team at Agappe a complete view of the customer with all relevant information,

Agappe also uses Zoho Survey to obtain customer feedback, Zoho Analytics to get complete reporting and analytics on sales and service processes and Zoho Expense to manage employee travel. Employee attendance data is managed using Zoho People and recruitment is handled with Zoho Recruit. Zoho Cliq is used to manage internal communication and notifications. All these different apps are fully integrated with Zoho CRM. But it is not just Zoho-product integrations in play; Agappe continues to use Microsoft Dynamics Navision as its ERP software to manage all its financial billings. Data flows from the ERP system to Zoho CRM provide a complete 360° view for sales and service.

These are just a few examples of how Zoho's full stack approach impacts customers every day.

SUMMARY AND KEY TAKEAWAYS

Zoho's core values include a pledge to stay private with a "never exit" strategy, and a commitment to continuous innovation to create differentiating technology that addresses real business issues. This allows the company to take a "full stack" approach to technology with an uncompromising attitude. Unwilling to sacrifice independence, control, performance or data privacy, Zoho is also committed to providing seamless integration and a single, unified data model.

While all these core values are admirable, it is the belief that business should be about more than profits that truly sets Zoho apart and gives it a mission and purpose. That purpose is to create opportunity for those who don't have it.

While these core values are admirable, it is the belief that business should be about more than profits that truly sets it apart and gives it a mission and purpose. That purpose is to create opportunity for those who don't have it. While other companies talk about social inequality, Zoho takes steps to eliminate it.

Over the course of the last 25 years, Zoho has been building capital. But it defines capital, not in financial valuation, but in a culture based on know-how, skills and the ability to work together for a common cause. This culture has developed a deep root system, based on values. What will the next 25 years bring? The only certainty is that it will be very different from the last 25 years. To make the best of the future, Zoho is committed to de-layering the technology stack, addressing the social inequality through localism and supporting a distributed environment with remote tools, and continuing to develop a strong shared culture. Zoho is rooted and connected.

About the author: Cindy Jutras is a widely recognized expert in analyzing the impact of enterprise applications on business performance. Utilizing over 45 years of corporate experience and specific expertise in manufacturing, supply chain, customer service and business performance management, Cindy has spent the past 15 years benchmarking the performance of software solutions in the context of the business benefits of technology. In 2011 Cindy founded Mint Jutras (www.mintjutras.com), specializing in analyzing and communicating the business value enterprise applications bring to the enterprise.