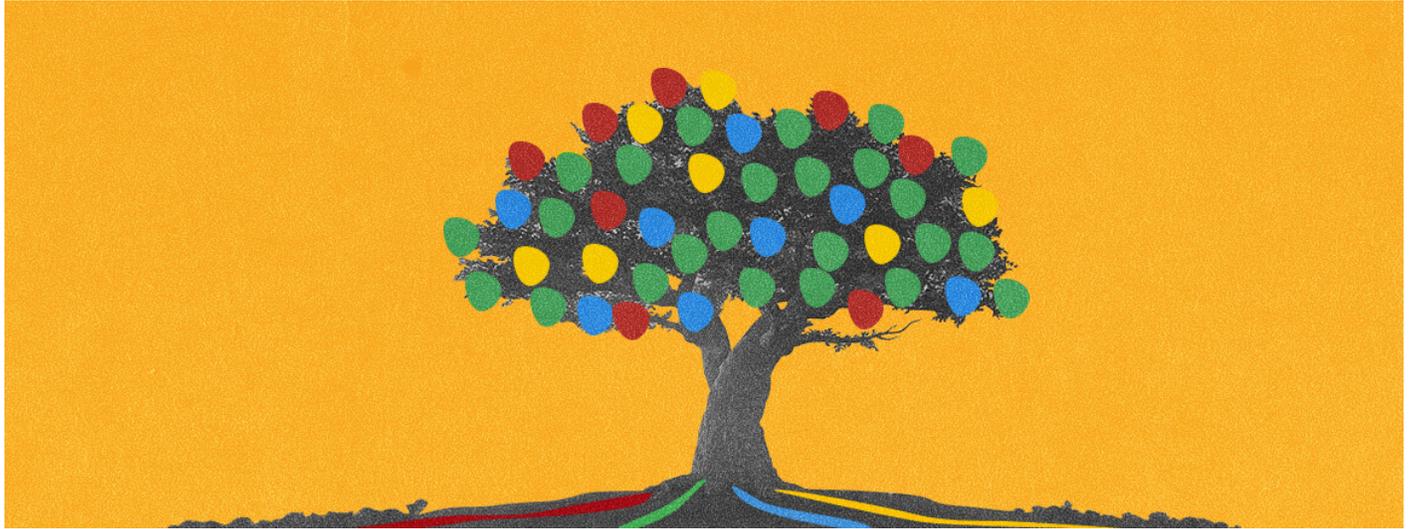


## Building a business for the long term



About Zoho's company culture, and how it influences the ways we treat customers, employees and spend money. We are in it for the long run.

Sitting in the Bay Area, Zoho has never done things the Silicon Valley way. We've been private, bootstrapped, and profitable for more than 20 years. We would attribute much of our success to a pretty simple idea: Do everything as if you are in it for the long term.

And so we have. This long-term perspective informs the way we think about the four pillars of our business—our customers, our products, our employees, and our culture.

### Customers

We always figured that keeping customers around for the long run was more important than squeezing as much value out of them as quickly as possible. It's why we offer free versions of our products, that remain forever free. We've observed that as users enjoy the value from our free products, they inevitably try out other products in our suite and become paying customers as they grow. They are happy to pay us. We just need to be patient enough to wait for them.

Putting customers before profits inspired our decision to not ever sell advertising inside our products. We've never felt the need to scan your email or content so that we could send targeted advertising your way. We'll leave that to the "tech giants". And we feel fine about leaving money on the table if that ensures the privacy that makes our customers really trust us.

We don't trap customers into multi-year contracts just to secure our future payments. We'll earn that through customer satisfaction. We don't lock them in with fees or hold their data hostage. We'd rather have a free happy customer, than an angry paying one.

## **Zoho Perspectives: An inside look at the values that drive us.**

Zoho Perspectives gives you an inside look at the values and principles that have brought us success.

<https://www.zoho.com/perspectives>

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So how do we attract and retain customers? We offer them real value for their money. We don't have a sales team constantly working the up-sell. We aren't looking to nickle-and-dime you, and we are transparent with our pricing. Customers appreciate this and keep coming back.

This might sound like a pretty radical way of doing business.

## **Products**

Products get better through R&D, not through marketing. So, we put more money into R&D than into sales and marketing. Three times as much, actually.

The truth is that good software is never really finished. It is a work of continuous refinement: features, capabilities, simplicity, and the overall user experience. Excellence can only come with years of diligence and patient effort.

We have the time to develop products. Most of our engineers have been at it for a decade or more. They still seek to refine. Easy capital has allowed companies to grow by acquiring their competitors, cobbling together bundles of products built by teams that have never ever spoken to one another. This comes at a huge cost for the customer—who ultimately pays for these bloated valuations and is left with products that are “seamlessly integrated” in marketing brochures.

Zoho has grown organically, building our bundles (CRM Plus, Workplace, and Finance Plus are some) from the ground up, instead of patching product holes through acquisition. And we continue to iterate and refine, building even more products and solving even bigger customer problems.

Our very first cloud product was Zoho Writer, our wordprocessor. More than a decade later, the same team is still at it and has completely reinvented the product—a few times, actually—undeterred by competition from two of the largest technology companies on the planet. We're in it for the long term and that persistence and patience drives innovation.

## **Employees**

The "it's a marathon, not a sprint" mantra influences our hiring practices, too. People aren't constrained by the roles they are hired into. We've had developers become content writers, support folks go into product management, and product specialists turn into brand evangelists. Failure is an option. It makes people find their true spots on the second, or even third try. Should an employee not work out, our natural tendency is to first examine where we might have gone wrong.

In an era where job descriptions demand buzzwords and years of experience, we're proud to say that Zoho's employees are unconstrained by prior experience. We rarely pour through resumes and certainly don't exclude people from roles, based purely on lack of prior experience.

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A long-term approach underscores our hiring and employee training. Best embodied by Zoho University—a program based at our campus in Chennai, India—we bring high-school students into 9-12 months of training that emphasizes English, Math, and Programming. Many entrants have never touched a computer before, often for lack of opportunity. By the end of their training, successful graduates have the opportunity to join various Zoho product teams.

This apprenticeship-style model serves the company and employee both; people are given the opportunity to find the job that best suits them, while the company gets employees who have self-selected into their roles and so are better at them. ZU marked its tenth year in 2016 and now more than 15% of our workforce is drawn from its grads.

Over the last few years, we've brought on a cadre of humanists and writers to help us better tell our story. By introducing the perspective of the arts and humanities (turning STEM into STEAM) at Zoho, we hope to find better strategies for communicating with customers, and with each other.

## **Culture**

So, after two decades of acting like we're in it for the long run, it's safe to say that we actually are. We've been profitable since Day 1 and reinvesting since Day 2. It's how we've managed to run this race without taking on any debt or venture capital. It's easy to spend money when it doesn't belong to you. And yes, we've been approached multiple times.

We're large enough to be public, but have opted to remain private. Public markets are punishing. Obsessing over the next quarter, they make companies and managers myopic. We back our investments even in the face of losses—sometimes for years on end—knowing from our own history that these kinds of choices pay off in the long run.

Through this long journey, we've learned a number of lessons. One is that software is craft, an art form that requires diligent study, innovation, and constant refinement. Another is that we'd rather worry about creating value for customers than working for shareholders. After all, that's what we think business should really be about. It's this mentality that's kept Zoho around for so long. And we're confident it's what will keep us around down the line, too.