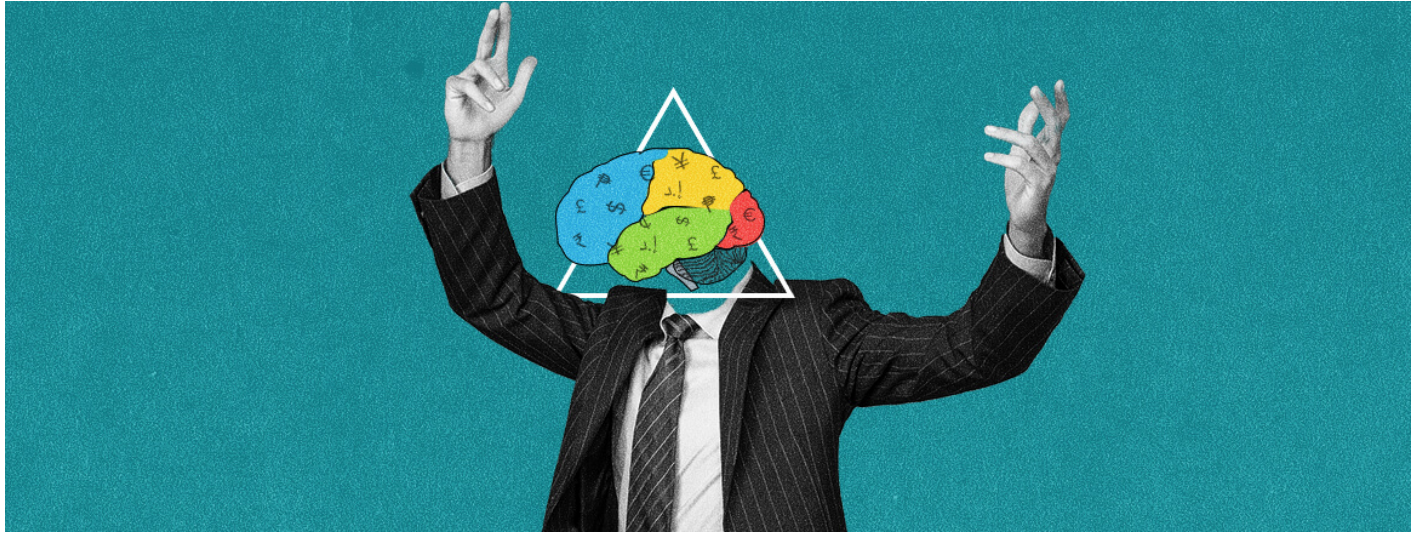


On dollars and sense



There's no such thing as easy money. There shouldn't be easy spending, either. And that's one of the big problems in today's tech company culture.

The way VCs throw money around, there's no reason you have to know the value of a dollar. **But at Zoho, a company that has never taken a dime of funding and that actually prides itself on being profitable, we understand that success comes from a combination of hard work and prudent spending.**

This commitment to financial responsibility informs every decision we make: from how we invest our money, to how we market to our customers, and to why we would rather reinvest in the product than in sales.

And what does this look like, in practice?

First, we don't spend like it's somebody else's money: We spend like it's ours. This simple discipline prevents us from laying out more than we earn. Surprisingly, this is a radical idea in Silicon Valley.

In fact, most cloud software vendors—many of them, our competitors—run consistently in the red. This has always made us wonder: Why would you trust your business to a vendor that can't keep their own finances in the black?

So, for more than 20 years, we've been bootstrapped and profitable. We save a great deal of money by politely declining to engage in marketing, using other people's money (and that might be one reason why we've flown under the radar for so long). Rather, we believe that if you build products with real value, your customers take care of the sales and marketing for you. This is why

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>

we don't push our salespeople to constantly upsell to you, and why we never advertise within products.

We hold fast to the idea that the sales and marketing budget of a tech company shouldn't outpace its allocation for research and development. So we put 60% of our revenue back into R&D. Most cloud companies routinely spend close to that on sales and marketing. Which raises deeper questions: Are you a software company, or a marketing company that happens to sell software? Should we spend money marketing to you, or should we spend it on building products for you?

This outlook has crafted our strategy and driven our earliest decisions. We'll admit it: When we started out twenty years ago, we ran Salesforce. And then we got the monthly bill. We realized that we could build software that could do the same thing for a lot less: Zoho CRM was born.

When we got tired of wasting money (and time) on Microsoft Exchange, we created Zoho Mail. It was next the turn of accounting systems that failed to serve our business across our different customer geographies. The list goes on.

We also save by relentlessly in-sourcing. When given the choice between using AWS (Amazon Web Services) or having our own data centers in the long term, we did the math and invested in our own. Isn't that exactly what Amazon itself did? An unexpected side effect was that we gained deep knowledge about the domain that translated into ways we could optimize our products for better performance. It also allows us to control our own destiny.

But because we know the value of a dollar, we don't skimp on the cents that actually make it up. The depth and breadth of our suite wouldn't be possible if we did. We pride ourselves on creating great products that give customers unquestionable return. And apart from offering software for every budget, we offer richly-featured free editions of everything we sell. Sometimes leaving money on the table now is the right thing for the long term.

In retrospect, we were lucky to have not taken on investors. That made us acutely aware that it is the customer who actually signs our paychecks. It's a lesson we learned early that we never forget.