



## Breaking The Mold: Zoho's Support for Heterogeneity and Customer Success

An Enterprise Applications Consulting Focus Report

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*This is the second in a series of reports on the different ways in which Zoho breaks the mold in the enterprise software space and how that benefits its customers. This first report looked at Zoho's customer-friendly licensing and pricing model. This second report explores how Zoho supports its customers' heterogeneous software environments.*

### Introduction: Vendor Myopia and Optimism Meet Reality

Most software vendors have a myopically optimistic view of the enterprise software market. The myopia stems from the misperception that their products – and only their products – are exactly what customers want and need for their business requirements. The optimism, misguided, in most cases, stems from the assumption that every one of their customers will agree and license the vendor's software accordingly.

Reality is a lot more complicated. Enterprise software buyers and users don't always choose the "best" software for the job, no matter how much a vendor may insist that their products are superior to the competition. Even when presented with a genuinely better product, many software users prefer to stick with the products they know and have invested their time and energy in learning to use. In the case of enterprise software, familiarity often breeds *contentment*, not contempt.

That's where Zoho's avid support for customers using Zoho software alongside non-Zoho software works to the advantage of all. Rather than try to cajole or coerce customers into using Zoho's suite of products exclusively, the company takes a different approach, according to Raju Vegesna, Chief Evangelist at Zoho. The foundation of that approach is a strong culture of integrating to non-Zoho

products, even those of its competitors, in order to support the innate heterogeneity of customers' IT systems.

"Integration is the default," Raju explained. "The assumption is that we have to play in a heterogeneous environment."

It's an assumption that bears out in the real world on a regular basis, according to Vegesna. But at face value, this avid support of integration to third-party applications would seem counter-productive to a company that sells a highly competitive suite of over 45 front office, back office, and productivity apps. Sales of that product suite, Zoho One, have been accelerating in recent years, bolstered by a customer-friendly pricing policy of \$37 per user per month for the entire suite, provided a company buys licenses for its entire staff. (See [Breaking The Mold: Zoho Changes the Game for Enterprise Software and its Customers](#))

But in reality the suite is used by at most 15 percent of the company's customers, and even among companies that license Zoho One there are frequently other third-party apps in use – the pricing is so advantageous that customers can afford the redundancy. So while Zoho One continues to be a success for the company, the reality is that the vast majority of its customers will need to connect their Zoho products to other applications to get their day-to-day jobs done. A fact that, instead of hiding from or ignoring, Zoho chooses to embrace.

### Heterogeneity in the Real World: Zoho's Many to Many Approach

Internal Zoho data show that the company's customers integrate or connect an average of 10 third-party applications to their Zoho systems. (See Figure 1 for an indication of some of the third-party applications customers are using regularly.) So it's no surprise that its flagship CRM application has over 100 different third-party applications and services with which it can integrate. These points of integration exist despite the existence of a competing Zoho app: Integration with Zendesk, for example, is a popular option of Zoho's customers, even though that product competes directly with Zoho Desk, Vegesna pointed out. Other leading third-party applications that Zoho customers routinely integrate to their Zoho systems include Salesforce.com, SAP ERP, Microsoft Office, Google Suite, QuickBooks, Slack, and Zoom, all of which compete with individual apps or sets of apps within the Zoho portfolio.

Importantly, Zoho's work building a fully integrated suite of applications was an ideal starting point for an efficient and cost-effective mean of integrating non-Zoho products. The same approach to the internal integration of Zoho One allowed the company to efficiently provide a similar level of integration to third-party apps. "We take a centralized approach to integration by integrating at the framework level," Vegesna explained. The Zoho One integration framework allows apps to integrate with one another by integrating with a meta-layer, the framework, as opposed to setting up a complex matrix of one-to-one integrations that then must be managed and maintained individually instead of from a central point.

Figure 1: Zoho Third Party Integrations: Front Office, Back Office, Productivity Tools



Source: Zoho

“That framework is by default integrated with all Zoho apps. It’s easier and quicker that way,” Vegesna said. “The wrong way is for each product to integrate separately.”

### Improve the Processes That Need Improving, Keep the Ones Already Working Well

For Zoho customer CIMCO Refrigeration, the company’s use of Zoho CRM came with a huge boost in sales, according to David Fauser, director of sales at CIMCO, an industrial refrigeration contractor. But while the company saw important benefits from using Zoho for its sales and marketing efforts, managing and fulfilling customer orders still needed to take place in its SAP system. The relative ease with which Zoho CRM and the SAP system integrate allows CIMCO to use Zoho for key sales functions, including forecasting, while managing the accounting and finance side in SAP, Fauser told EAC.

“They make it pretty easy, it’s very flexible,” Fauser added.

Zoho’s support for SAP and other systems, like PandoDoc, which CIMCO uses for proposal creation and management, has helped propel further use of Zoho across the company. Toromont’s ability to upgrade its sales functions without having to disrupt how it runs the rest of the business made it easy to “sell” the use of Zoho in other parts of the organization, while still allowing Toromont to stick with its tried and true non-Zoho systems. “Zoho wants to make me happy instead of forcing me to buy products that require everyone to have a license, which is something that does not make sense,” Fauser said.

The focus on supporting customers’ use of third-party apps alongside Zoho has been a big boost for Purolite, Inc., a manufacturer and supplier of high-performance resins based in King of Prussia, PA, according to Amanda Dolan-Riddle, the CRM integration manager at Purolite. The company provides every employee with a Zoho account as part of its Zoho One license, but the suite’s functionality is often only part of how the company does the job of building, marketing, and selling products to its customers.

In some areas, like expense management, Zoho One replaced the use of SAP's Concur software, but the company still relies on a custom-built order entry system that is in the process of being integrated with Zoho One. Purolite's manufacturing team also uses shop floor systems from Siemens, so it was particularly important that Dolan-Riddle make sure their needs weren't compromised by the adoption of Zoho One.

"I know the people in manufacturing can't abandon their software," Dolan-Riddle said.

Like many Zoho customers, the integration between Zoho CRM and the ERP system at Purolite is highly customized so that order processing can be handled the way the company's users expect it, rather than how it was envisioned by the vendors of their out-of-the-box software systems. This custom integration allows Purolite to let the bespoke system act as the master order processing and invoicing application while tying these functions directly into Zoho CRM as needed. Zoho Analytics, on the other hand, supports the bulk of financial reporting for the company, taking sales and budget data from order processing and other systems and using that to run financial reports in Zoho Analytics, Dolan-Riddle explained.

The usability of Zoho Analytics provides an important point of integration at the data and reporting level for Purolite's heterogeneous systems, Dolan-Riddle added. "Pulling information from our internal systems isn't always easy. But by putting the data into Zoho Analytics I can make documents accessible to the people who need them."

### The True Meaning of Customer Success

While a lot of companies pay lip service to the concept of "partnering" with their customers in order to help them be successful, Zoho's open support of its customers' heterogeneity is one of the very few examples of a vendor willing to take the long view on heterogeneity and how it impacts Zoho's customers.

"The majority of our customers are using individual apps" like CRM, Vegesna acknowledges. "It's a fragmented market." But the suite approach is gaining traction across the enterprise software market as companies realize that many of their most valuable business processes don't fit neatly into a pre-determined silo like CRM or marketing. This shift favors a company like Zoho that has built integration into its product development process, as opposed to treating it as an afterthought.

"The market is clearly moving towards suites," Vegesna said. "A lot of our customers start with a single product, and over time they move to Zoho One."

It's unlikely that a majority of its customers will sign on to Zoho One to the exclusion of all other applications any time soon. A given vendor may have a dominant position at a given customer site, as the experience of Zoho at Toromont, Purolite, and other customers proves. But the mantra "my business is unique and unlike others in my industry" rings particularly true among Zoho customers. Most companies believe their strategic business processes are unique, and rightly so – indeed every Zoho customer interviewed for this series took pains to say so directly. The difference between Zoho customers and others is that the customers' uniqueness is directly supported by Zoho, even if it means ensuring that a competing software product takes a dominant role in those processes.

This is what real customer success looks like. Zoho is one of the few vendors to understand how important that perspective is, and how much it contributes to long-term success for the customer. And despite the common wisdom of the enterprise software industry, this perspective contributes to the long-term success of the vendor too.