



ZOHO SUPPORTS THREE FUNDAMENTAL GROWTH ENGINES:

- OPERATIONAL EXCELLENCE
- A POSITIVE CUSTOMER EXPERIENCE AND
- CONTINUOUS INNOVATION

ZOHO'S VERTICALLY AND HORIZONTALLY UNIFIED PLATFORM PROVIDES EXCEPTIONAL VALUE TO HELP START-UPS TO MID-MARKET AND A GROWING ROSTER OF LARGE ENTERPRISES, GENERATE GROWTH AT LOWER COST



CX-Create

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THE BUSINESS CONTEXT FOR ZOHOS INTEGRATED PLATFORMS

KEY BUSINESS DRIVERS

There is no doubt that the Covid-19 pandemic has reinforced the need for enterprises, large and small, to adapt to unforeseen change. The imperative to adapt is not new, but the pandemic has created a greater sense of urgency. Many industries have had to adapt to remote working, Zoom meetings, and other digital collaboration forms. Customers and suppliers have also been impacted, forcing businesses to adapt or risk oblivion.

Digital transformation plans have been torn up and rewritten. The unforeseen crisis has exposed operational weaknesses, outdated practices, fragmented data shortcomings, siloed business applications, and hard-wired processes built for more predictable times.

A year on from the first wave of the pandemic and the promise of digital has never been more welcome. Streamlining operations, greater flexibility, agility, and the means to sense, respond, and adapt quickly. However, the transformation challenge goes way beyond IT to each business's culture, values, and collective purpose. It calls for a holistic, enterprise-wide view removing barriers to operational excellence and a symbiotic customer experience and the ability to innovate continuously to compete and stay relevant.

This is a tall order for many vendors, but one that Zoho is exceptionally well-positioned to address through Zoho One, Zoho CRM Plus, Zoho Commerce, and the low-code application development platform Zoho Creator, and a serverless pro-development platform, Catalyst.

This report examines Zoho's values, capabilities, and ability to help businesses thrive in volatile, uncertain, increasingly complex, and ambiguous market environments.

CX-CREATE'S VIEWPOINT ON WHAT IT TAKES TO THRIVE

We live in an environment of extreme Darwinism, where survival and growth depend on the ability to sense, anticipate, respond and adapt faster than ever.

The dependencies underlying an ability to react fast are now more apparent:

- A clear sense of purpose and ambition focused on systematically delivering the value that customers seek to generate growth.
- An engaged and unshackled workforce that lives and breathes the common purpose supported by systems and data to deliver their best.
- Organizational coherence to displace departmental silos and accelerate the fulfillment of customers' desires.
- Operational excellence manifests in frictionless, optimized, and adaptive end-to-end processes that are always fit for purpose.
- A channel-agnostic, connected, and relevant customer experience that consistently delivers on the brand promise no matter how customers choose to engage.
- The ability to innovate continuously to ensure enduring relevance and exploit emerging opportunities that accelerated change inevitably brings.

Businesses that succeed develop highly connected and adaptive digital platforms to support these dependencies. They connect systems, processes, data, AI, and communications technologies, and they move fast.

Irrespective of technology, the underlying barrier to progress is often a lack of strategic and holistic thinking and a transactional culture.

Cloud environments provide flexibility and development speed, but rapid progress depends on selecting modern platforms where constituent parts are designed and optimized to work

together—everything from the cloud plumbing up to contextual orchestration of the customer experience throughout all journeys.

Very few vendors excel in more than a few areas, and most rely on third parties for cloud infrastructure or as partners in an ecosystem. Zoho is that rare breed of vendor that owns and optimizes the entire platform stack.

KEY OBSERVATIONS

- Zoho's vision and cultural values give it a development edge and price advantage
- Zoho supports the three value disciplines essential for growth
- AI-driven automation is all the rage, but Zoho has been quietly working on it for over a decade
- Zoho exhibits three remarkable attributes that should resonate with any enterprise seeking growth

GUIDANCE

Guidance for enterprises

No matter the company's size, growth depends on a solid but flexible operational foundation, the delivery of a positive and relevant customer experience, and the ability to keep ahead of competitors through continuous innovation.

These attributes must be approached holistically and not tackled in isolation. Digital automation can support all three when integrated, and Zoho provides a combination of vertical and horizontally integrated applications and technologies. This creates a highly connected environment that helps businesses streamline their operations, improve the customer experience, and enhance their innovation capabilities through low-code application development.

Avoid piecemeal approaches to automation, one department at a time. This is not only more expensive in the long run but also increases complexity and operational friction.

Think organically about your enterprise. Not as an industrial-age linear series of departments but as a living system of value creation and delivery. Supported by a connected nervous system of data and AI feeding applications and equipping employees to give their best in pursuit of a collective purpose.

Guidance for Zoho

Continue on the values-driven path that has served Zoho, its customers, employees, and communities, so well.

While Zoho has a foundation that supports the three value disciplines outlined in this report, it could expand horizontally to include supply chain and logistics. It must also expand its partner network to include more industry-focused ISVs building out capabilities on Zoho's development platform.

KEY OBSERVATIONS IN DETAIL

Zoho's vision and cultural values give it a development edge, and price advantage

FIERCELY INDEPENDENT, VALUES-DRIVEN AND GROWING FAST

Zoho recently celebrated its 25th anniversary, and unlike most tech companies, it has eschewed the charms of venture capitalists and investor demands for explosive growth.

Instead, Zoho remains a self-reliant, privately owned company that has always been profitable. Zoho takes the long view and its unique perspective on responsible capitalism, Zohonomics, benefits employees, local, often rural communities and Zoho.

The company serves customers in over 180 countries, supporting 60M users, and has grown at 28% each year over the last five. Over the years, Zoho has learned much in serving small businesses that require simplicity and low costs. Zoho has applied the same principles of simplicity to mid-market and large enterprise customers.

Zoho's ethical stance has also benefitted Zoho customers. To quote co-founder and CEO, Sridhar Vembu:

'Our business code is that our customers should not find us to be a costly input.'

Profits are plowed back into product development rather than expensive marketing or city-scape headquarters or as payback to investors. But Zoho's ethical stance on capitalism goes much deeper than that.

Zoho's vertically integrated technology approach drives costs down

The company, under Vembu's leadership, sees cloud technology as an enabler of rural revival. The decades of city migration in many poorer countries of the world have stripped rural economies of their workforce. Cloud technologies and greater broadband access can reverse the trend.

Most public cloud services from the hyperscalers are still not affordable for smaller businesses. Zoho, which sees itself as a technology company, not a software vendor, has developed its data centers as part of a deliberate strategy to own and manage the entire tech stack. This allows it to optimize each technology layer – cloud infrastructure and communications, services, and applications. Similar to Apple's vertically integrated strategy, this ensures that each element combines seamlessly, increasing throughput speeds and minimizing storage space. Zoho's ten data centers in Asia, Australia, China, EU, India, and the US, keep costs down and reduce carbon emissions.

THE HUB AND SPOKE OFFICES APPROACH OUTSIDE CITIES KEEPS COSTS DOWN AND BRINGS JOBS, TRAINING, AND PURPOSE TO RURAL COMMUNITIES

Pioneered in India and now Zoho's standard hub-and-spoke model across the world, Zoho continues to open new offices in rural areas connected to regional hubs. This brings work to economically distressed areas and reinforces a highly collaborative culture that has proved its value throughout the pandemic. Since 2004, Zoho has provided practical education at its university in India. Initially without fees and later, even paying and feeding students while they studied. Graduates are guaranteed a job at Zoho, which ensures a steady supply of talent and reinvigorates the students' home communities.

Zoho's vertically integrated strategy, ethical and symbiotic capitalism, hub-and-spoke office investments, and talent development give Zoho a development edge and price advantage over most of its competitors. Zohonomics works.

Zoho supports the three value disciplines essential for growth

Three integrated value disciplines - engines of growth

In our blog: [New value disciplines must be mastered for the digital age](#) we argued that the three value disciplines covered in Fred Wiersema and Michael Treacy's *The Discipline of Market Leaders*, 1997 needed a refresh. They maintained that any business must choose to be excellent at one of three critical disciplines:

- Operational excellence
- Customer intimacy
- Product leadership

Their advice was to pick one of them rather than try to excel at all three.

Operational excellence would help to drive down costs and improve predictability and product quality. Excelling at customer intimacy meant getting a deeper understanding of customers' wants and needs and increasing the brand's attractiveness. The final option was to out-innovate competitors to shift the goalposts in favor of the innovator.

At the tail end of the industrial age, focusing on just one of the three value disciplines made sense. Change happened at a slower rate than today. However, since the explosive level of connectivity afforded by the internet, cloud computing, social media, mobile, web, etc., and the extreme Darwinian digital age we now inhabit, this advice is no longer so relevant.

Technologies have dramatically changed the competitive equation in favor of businesses that can sense, respond, anticipate and adapt at a breathtaking pace. Technology laggards or those who take a piecemeal approach will inevitably lose out.

New value disciplines for the digitally connected age

Today customers expect a joined-up experience, no matter how they interact with a business or what channels they use to achieve their purpose. Of the three disciplines promoted by Treacy and Wiersema, operational excellence is now a foundational necessity. Dr. Jeanne Ross of MIT refers to this as the operational backbone of the business – (see *Designed for Digital: How to Architect Your Business for Sustained Success* (MIT Press 2019. Ross et al.).

Customer intimacy has been superseded by Customer Experience. It is now possible to trigger a relevant response in the context of the customer's journey and implied or explicit intent, especially if the business has a customer engagement platform such as Zoho CRM Plus that transcends departmental silos. And product leadership should be replaced by continuous innovation, a broader remit that might be in the form of new products/services, new business models, or novel customer experiences. Good quality data and insight are essential to feed all three of the value disciplines.

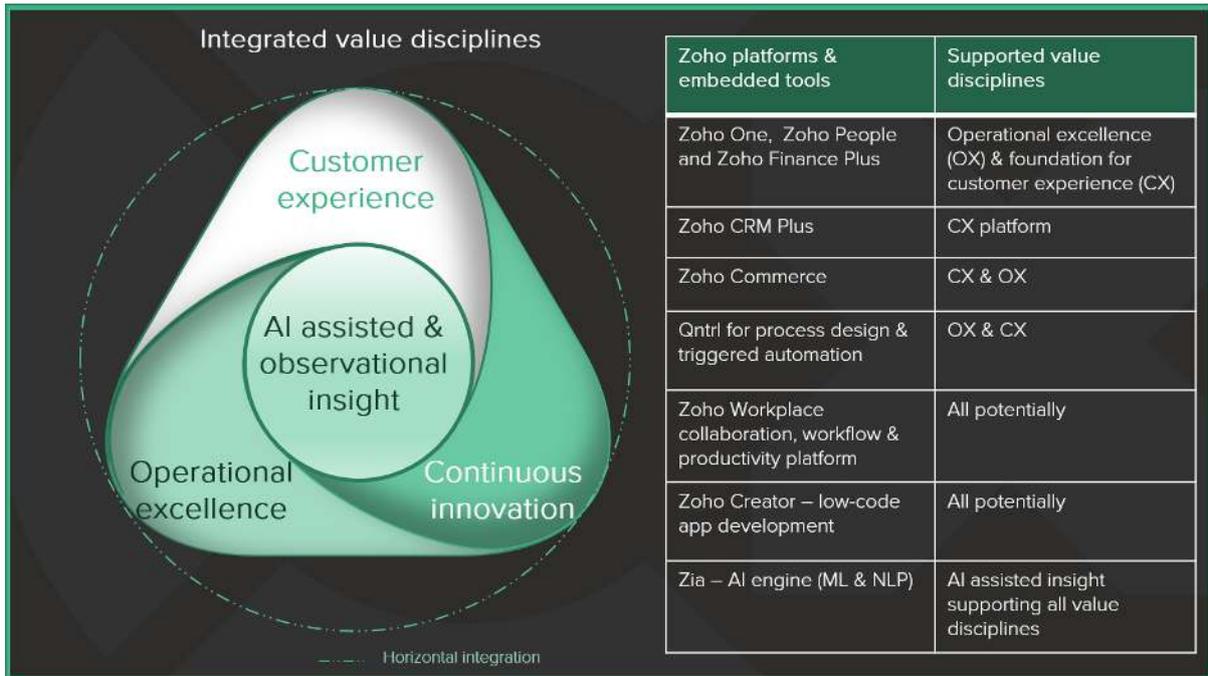


FIGURE 1: SOURCE: CX-CREATE: ZOHO PLATFORMS SUPPORTING THE THREE CRITICAL VALUE DISCIPLINES FOR GROWTH.

Figure 1 outlines the three replacement (and integrated) value disciplines - operational excellence (OX), customer experience (CX), and continuous innovation (CI). They all rely on good data and are united through observational and real-time AI-assisted insight and automation.

Operational excellence today must go beyond sourcing, production, and eventual selling of products or services. It forms the foundation of reliability that customers expect. Therefore it must be connected to any primary systems that directly impact the customer experience, such as marketing, e-commerce, sales, and service. The reverse is also true.

Far too many businesses make the same mistake when developing their customer experience support capabilities, completely ignoring the back-office operational foundations responsible for the actual delivery of the brand or business's promise. Equally, continuous innovation only has value where it reinforces relationships with customers by helping them achieve their specific aims.

That could mean changing processes to enhance the customer experience or remove operational friction, or adding e-commerce capabilities so that despite the pandemic, customers can still enjoy the benefits of the products/services they wish to buy. It could also mean developing unique applications to differentiate the business and smooth the path of the customer's journey. IoT and product or service digitization is a growing trend, and being able to monitor product usage and anticipate component failures before they happen, prevents unwanted surprises and disappointed customers.

ZOHO FITS WELL WITH THESE NEW DIGITAL VALUE DISCIPLINES

The leading Zoho platforms and some of the essential embedded tools are also highlighted in Figure 1.

- **Zoho One** – provides a unified platform and bundle of integrated applications that support operational excellence and CX.

- **Zoho People and Zoho Finance Plus** - provide essential to drive operational excellence.
- **Zoho CRM Plus** – the unified customer experience platform. This supports omnichannel customer engagement, including real-time event triggers, across marketing, sales + CPQ, customer and field service, and subject to a subscription, Zoho Commerce.
- **Zoho Commerce** – e-commerce capabilities, a lifesaver for many businesses that had relied on in-store shoppers before the pandemic.
- **Qntrl**, Zoho's intuitive process design, and automation tool, allows businesses to create triggers and automate processes based on specific events occurring such as a job or project change. This eliminates the need for tedious manual interventions and promotes consistent execution quality.
- **Zoho Workplace** – Zoho's enterprise collaboration and productivity platform enables cross-enterprise collaboration without switching systems or applications. It also provides productivity tools supported by contextual AI.
- **Zoho Creator**– a low-code environment for citizen developers to create new applications that help the business and its customers. This is complemented by Zoho Catalyst, a serverless platform for professional developers to tackle more complex challenges.
- **Zia** provides the AI capabilities that support all Zoho platforms and applications.

While this list highlights the most valuable platforms and embedded tools to help businesses improve their operations, deliver a positive customer experience and continuously innovate, Zoho provides over fifty applications, some of which are bundled into the platforms without charge.

ZOHO'S HORIZONTALLY INTEGRATED APPLICATIONS BREAK DOWN ORGANIZATIONAL BARRIERS

In addition to its vertically integrated and optimized technology stack, Zoho provides horizontal integration of all applications across the portfolio of platforms. Each application is built on the same SaaS framework, ensuring that each of the fifty-plus applications works together. This is vital to cross-organizational workflows and critically important in the CX arena. They are also governed by the same privacy and security built into the framework.

Many large enterprises suffer because they lack cross-departmental collaboration capabilities, which Zoho's integrated platform provides.

Mid-sized and large enterprises seeking more simplified processes spanning multiple departments, functions, and applications can use Qntrl to get a bird's-eye view of the end-to-end process and automate the entire network of workflows. Once the ideal process has been defined, it can be monitored for consistency or identifying any bottlenecks that might have a negative impact on the customer, for example.

Zoho is also developing an AI-assisted dynamic orchestration capability where responses across the customer journey are automatically triggered based on the individual customer's context. Currently, Qntrl provides a rules-based automation capability, so this AI-supported customer journey management capability represents a significant enhancement.

AI-DRIVEN AUTOMATION IS ALL THE RAGE, BUT ZOHO HAS BEEN QUIETLY WORKING ON IT FOR OVER A DECADE

Over the last few years, barely a vendor has not trumpeted the arrival of AI and automation within their portfolios of software applications. Zoho has been working with AI for over a decade. Zia is the brand name for its AI engine, but under the covers, it supports a wide range of machine learning (ML) and natural language understanding (NLU) techniques, outlined in Figure 2.

AI has become an essential component within all applications. The first wave of AI-assisted applications helped make recommendations to aid the application user or product recommendations to online customers based on their known characteristics, past purchases, and what others with similar profiles had found of interest.

As AI has become more connected and sophisticated, real-time automation of responses is becoming more autonomous. Customer journeys are often chaotic and not necessarily linear. Customers may start their journey on one device, such as a smartphone, and then pause their journey, returning later on another device, perhaps a tablet, or decide to visit a store to complete their journey.



FIGURE 2: ZHO'S BROAD ARRAY OF AI CAPABILITIES AND TECHNIQUES -SOURCE: ZHO

Zia's AI capabilities cover several essential categories:

- Security and data protection
- Data Enrichment – essential for driving appropriate responses
- Sentiment analysis to alert employees to any customer dissatisfaction issues
- Issue resolution support through root cause analysis
- Forecasting and trend analysis

Zia also boosts productivity by determining the context and making recommendations to help employees complete their tasks. Businesses can develop additional AI capabilities through Zia's Prediction Builder and Recommendation Builder, using simple drag and drop combinations. Zia Vision helps users control and validate the images uploaded to CRM, crucial for many industries like the automobile and manufacturing sectors. Images of automobiles, sports equipment, mobile phones, etc., can be uploaded to train Zia in identifying objects. Customers can use pre-trained object classifiers provided by Zoho CRM Plus or images of their own for training purposes. Zia Vision also has an approval system for any undesired images uploaded to CRM.

AI IS NOT JUST FOR THE LARGEST DATA-RICH ENTERPRISES

To provide a relevant response, AI typically requires vast amounts of data to determine the patterns and provide valuable outputs. Large enterprises have this in their data lakes or data warehouses and tens of thousands or even millions of daily customer interactions from commerce systems or elsewhere.

Zoho recognizes the data disadvantage of much smaller companies. It uses ML techniques like transfer learning and self-supervised learning to circumvent the small data problem, enabling these smaller businesses to gain some of the automation advantages that larger organizations expect.

Zoho has been a small business champion throughout its 25 years of existence. While its appeal to larger organizations has increased through its integrated and low-cost applications platforms, CX-Create sees no signs whatsoever that Zoho has, like some of its competitors, transferred its investments and development efforts to big businesses at the expense of small and medium-sized enterprises.

Zoho exhibits three remarkable attributes that should resonate with any enterprise seeking growth

Zoho is a values-driven company that inspires trust

Zoho is a values-driven technology company – Zohonomics goes way beyond bland corporate social responsibility statements. Zoho invests in people at work and economically disadvantaged communities.

Zoho's ethical values are also reflected in its stance on customer data privacy. While most modern platforms meet regulatory requirements, behind-the-scenes user activity is often tracked in what is known as adjunct surveillance and shared with advertisers. Zoho's stance is that all customer data belongs to the customer, not Zoho. Zoho has expressed commitment in its forthright [Privacy Policy](#), never to use customer data for advertising purposes.

Why is this important?

Because values go to the heart of trustworthiness, Zoho's commitment to its customers' ownership of their data is also vital for businesses building trusting relationships with their customers. While Zoho has turned its back on adjunct surveillance and advertising revenues in the short term, it has always looked to the long term and the value of enduring customer relationships.

ZOHO OWNS AND DEVELOPS THE ENTIRE TECHNOLOGY STACK

Zoho is a technology company that owns and develops the entire technology stack.

Why does this matter?

It controls costs. This is reflected in lower subscription prices and ensures tight vertical integration of all components and technology layers. Its natural frugality acts to maintain lower costs which benefit its customers.

ZOHO PLATFORMS ARE HORIZONTALLY INTEGRATED

Zoho has developed its platforms and applications on the same SaaS framework.

Why is this important?

This ensures that data and applications work together flawlessly and without any latency associated with loosely coupled applications. It also means that as new applications are

developed, they can be added without any compatibility issues. It allows smaller businesses to create new capabilities as they grow without disruption. It also means that Zoho's tightly integrated platforms provide a coherent, connected environment for companies to:

- excel operationally.
- deliver a joined-up and contextually relevant customer experience.
- develop new applications to enhance their capabilities faster.

APPENDIX

ABOUT CX-CREATE

Jeremy Cox founded [CX-Create Limited](#) in January 2021, a former principal analyst at Omdia (formerly Ovum) focused on customer engagement strategies and platforms.

He is recognized by major CX vendors, clients, and former colleagues as a leading thinker in customer experience and engagement. Formative experiences in the 1990s at IBM convinced him of the critical importance of understanding the business world from the outside-in. These insights were put to practical use in his former roles as a principal CRM consultant at KPMG Consulting and as an independent consultant supporting public and private sector organizations.

CX-Create's mission is to help enterprises and the vendors that serve them remain relevant. The company's primary focus is to track and understand the constantly evolving customer experience world and share those insights with clients.

RECOMMENDED READING

- [Zoho celebrates 25 years with a vision of the future](#) – Jeremy Cox
- [New value disciplines must be mastered for the digital age](#) – Jeremy Cox
- [Designed for Digital: How to Architect Your Business for Sustained Success – Dr. Jeanne Ross, Cynthia M. Beath, and Martin Mocker](#)
- [The Customer Engagement Platform – part 2: Anatomy](#) – Jeremy Cox
- [Six principles behind a symbiotic Customer Experience](#) – Jeremy Cox