



Zoho One sets out its stall as the operating system for businesses

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Omdia view

Summary

Zoho Corporation, founded in 1996, launched Zoho One in July 2017 as a unified platform for businesses covering a broad portfolio of integrated modular applications to meet the needs of small and medium-sized organizations. The vendor has added more than another ten apps since the launch to enhance the platform, most notably improving AI and BI capabilities, adding workflow, and process development to fulfill its promise of an operating system for business. The portfolio now exceeds 45 modular applications that are invoked as required to suit the needs of individual companies. Remarkably, customers can consume additional applications within the existing subscription pricing options of \$30 per employee or \$75 for named users.

Zoho's approach is unique within the industry in several respects (outlined in this report) and which have proved attractive to the 20,000 plus customers, (including several large enterprises), that have bought into the Zoho vision as the operating system for businesses.

A bold vision, a unified platform on a common code base and a modular approach

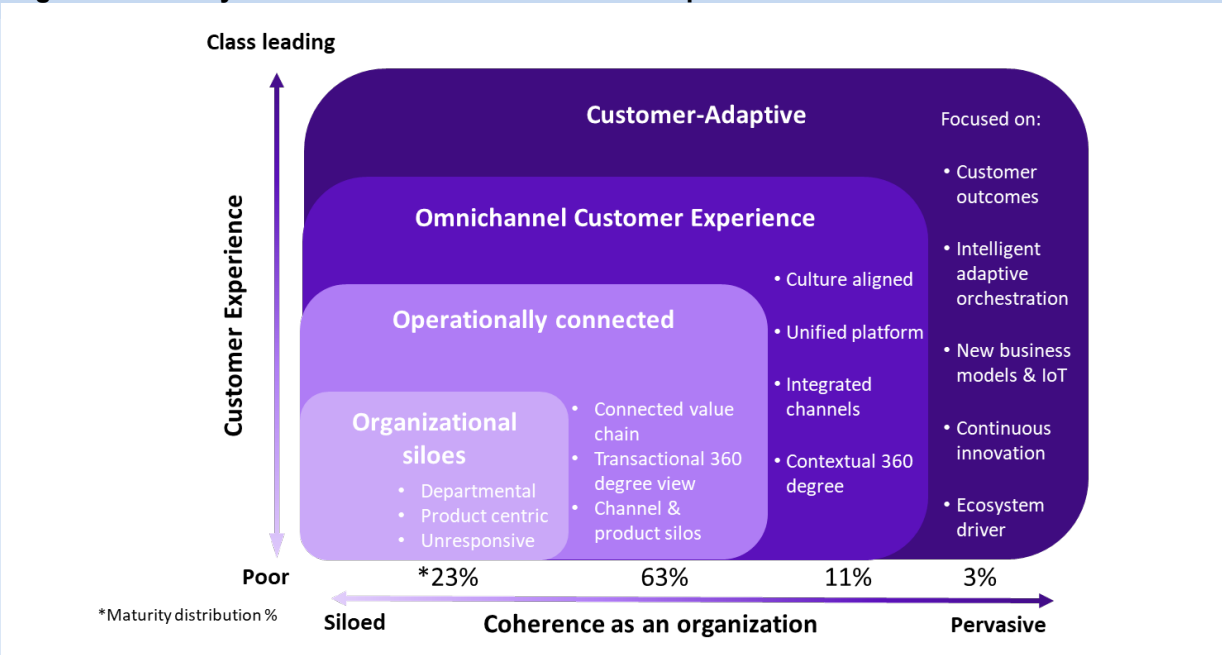
Sridhar Vembu, the founder and CEO of Zoho Corporation, is behind the bold vision

Sridhar Vembu, the founder and CEO of Zoho Corporation, has a bold vision to make Zoho One the operating system for businesses by providing a low cost, easy to consume, and modular portfolio of applications running on a unified platform with a common code base. Unlike many vendors in the enterprise applications space, Zoho has developed all of its software in-house. The privately held company is profitable and reinvests its profits into the development of its applications and platform.

The idea of being an operating system for businesses addresses the common requirement of all companies to act and operate in a coherent and aligned manner. Operational, departmental, and data silos are a common barrier to business success, and particularly meeting customers' ever-rising expectations. Size does not pre-determine success but having the ability to anticipate and adapt to change at the right speed, offers greater cause for optimism.

Since 2012, Omdia has argued that to survive and thrive, any business must sense, anticipate, adapt and respond to customers' ever-changing needs, aspirations, and behaviors – in short, to be customer-adaptive. While simple in concept, the implications are profound as it requires the entire organization to act coherently and purposefully, and be able to interpret and act on often fuzzy external signals. Figure 1 outlines a maturity model from siloed to customer-adaptive and identifies common characteristics across the four stages of maturity.

Figure 1: Maturity model from siloed to customer-adaptive



Source: Omdia

Given the compressed timescales for adaptation as external change accelerates, organizational coherence is fundamental to success. As the Omdia annual global survey covering nearly 5,000 mid to large enterprises revealed, over half of all companies are still plagued by operational silos that are a common barrier to digital transformation progress. The Zoho One vision to become the operating system for businesses goes to the heart of this need for organizational coherence. While being an operational system for business is an aspiration today, the early signs are promising. According to Zoho, 25% of customers currently use more than half of Zoho One's applications, and 50% use more than 16, which is a strong indication of a desire for organizational coherence and buy-in to the Zoho vision.

Zoho One Platform is operating at scale at the Indian financial services company, IIFL

The financial services company, IIFL has dramatically simplified its operational capabilities by replacing applications for multiple vendors and consolidating on the Zoho One Platform with 28,000 of its 30,000 strong workforce using the applications. At IIFL, 300,000 workflows and 4.5 million API calls are triggered every day. Entire end-to-end customer journeys are handled on Zoho, and CRM data is now far more accurate and up-to-date, providing "one system of truth" for the bank. Teams now work more collaboratively, and can easily share information that is trusted. IIFL uses a mobile SDK and MDM to build and distribute their mobile apps to customers, enabling the bank to forge closer ties with its more than 4 million customers.

A unified platform on a common code-base aids transparency and operational excellence

Organizations locked away in silos are unable to react fast enough to change. Multiple disconnected applications developed on different code bases are a common IT inhibitor making interoperability very difficult. Rigid integration efforts create a highly sclerotic environment where data and information flows are concerned.

The Zoho One platform and each of the more than 45 applications has been developed on the same code base. As companies add more apps from the Zoho portfolio, they can be used immediately without any compatibility concerns. Data flows across the platform enabling a business to monitor its entire operations from the customer back to supply. Zoho, however, recognizes that its customers may use other applications, and the Zoho marketplace includes 890 integrations with apps that are outside Zoho's off-the-shelf app ecosystems. Close to 200 include integrations with other CRM and financial applications such as Salesforce and Xero. All are available to with Zoho One in paid and free versions.

Monolithic enterprise applications are less adaptable than modular applications

A third key element to the Zoho One Platform is that each of the apps is modular. None is provided or switched on by default. Each customer can select the applications that are best suited to its environment. This modular capability allows for faster adaptation than is generally the case with large monolithic applications. Smaller businesses, in particular, do not want to buy or consume complex applications where 80% or more of the functionality is irrelevant. While some of the major enterprise application vendors are moving towards a more modular approach, their focus is still heavily weighted towards large enterprises. While Zoho has large enterprise customers its greatest strength has been in focusing on the needs of smaller mid-market and small businesses. This helps to avoid the clutter and overheads often associated with large enterprise environments and monolithic legacy systems.

The Zoho One portfolio of applications covers a wide spectrum of business needs

Figure 2: Zoho One main applications



Source: Zoho Corporation

To support its vision of acting as the operating system for businesses, Zoho One offers a wide spectrum of integrated applications covering:

- Operations & human resources.
- Finance supports local tax rules and the use of AI helps reconcile payment with invoices automatically.
- Commerce, marketing, sales, and service in a unified channel-agnostic customer experience and engagement platform.
- Collaboration, agile sprint support, web-conferencing, and internal social networks
- Productivity applications for content, communications, documents, and presentations
- Process development, optimization, and embedded rules to ensure compliance.
- Analytics and AI support via Zia, its embedded AI information retrieval, sensing and alert mechanism to surface any operational or customer related issues. Zia includes handwriting recognition, object detection, sentiment analysis, NLP and ML capabilities. Zoho has put its decade of AI experience to good use throughout the platform to provide insight for users and the business.
- Developer tools to support extensions and adaptations.
- Unified communications with Cliq as its cornerstone support a broad array of voice, chat, email, web, and video conferencing capabilities supported by over 88 telephony partners. PhoneBridge integration enables telephony in Zoho apps like CRM and Recruit. It allows users to make calls from Zoho apps and provides contextual information giving users context for all incoming calls from Zoho CRM, Zoho Recruit, Zoho Mail, and over 20 apps.
- Security and compliance – support for GDPR and single sign-on and two factor authentication.

As the bulk of Zoho's customers are small and mid-market businesses, simplicity is a significant focus for the applications, allowing business and non-technical employees to develop capabilities with simple drag and drop approaches. This simplicity is also appealing to larger enterprise business users who appreciate the ease with which the applications work, compared with legacy systems that often overlooked the user experience. Development tools for the more sophisticated developer are also available.

Support for end-to-end process development and compliance is provided by Orchestly

A common issue in many businesses is the proliferation of departmental process silos allied to inconsistent process execution. This negatively impacts productivity and may also lead to hidden costs and poor customer experience. The Business Workflow tool Orchestly makes it easy for business people to define their processes, especially end-to-end that span multiple departments. Orchestly makes it easy to determine the ideal process and it also enables process automation so that each stage of a process can be monitored for compliance or completion within a prescribed time limit. Orchestly exemplifies this practical approach to common business requirements. Surveys can also be launched through the Survey app so that the impact of changes to processes can be assessed and the feedback used for further refinement and optimization.

Concierge support and a network of partners support businesses of any size

Zoho offers a concierge service allowing prospective customers to discuss their needs before making a commitment to the platform. Zoho also has its own Enterprise Business Services (EBS) organization to help larger businesses onboard successfully. Zoho has a flourishing partner network, including consulting, platform, and technology partners in every region in the world.

Zoho One is offered exclusively from Zoho's data centers and Zoho controls the entire technology stack

Unusually for an enterprise application vendor, Zoho only uses its own data centers. It has integration capabilities via APIs to other vendor applications running on other cloud providers such as AWS, Google Cloud, and Microsoft Azure. Zoho One Analytics enables customers to import data from third-party applications, synthesize all the data within the platform, and create enterprise-wide dashboards.

Zoho is above all a technology, not a software company, and to ensure the best possible, frictionless experience for its business customers, it controls, tightly integrates, and evolves the entire technology stack.

- **Data Centers:** This includes 10 data centers around the world, including Asia (China and India, two each), Australia, Europe, and the US.
- **Networking:** Zoho has 110 points of presence exchanges (PoPs) to connect internet, commerce, and communications traffic.
- **Hardware:** Zoho manages the hardware infrastructure, including energy-efficient and carbon-neutral footprint within the data centers.
- **Software:** Software infrastructure
- **Services:** This includes an extensive range of AI services from object detection to ML and NLP, language translation, and voice analytics. Search, analytics, single sign-on, and messaging.
- **Apps:** Zoho has developed the 45+ modular applications within the Zoho One Platform portfolio.

By owning the entire technology stack, Zoho can control security and the privacy of its customers' data assets.

Zoho takes privacy and data security extremely seriously

Zoho has pledged never to use its customer data for advertising or to share that data with any third party search or social network vendor. None of its data center or web properties allows third party surveillance companies to track users.

Zoho is no longer just for small businesses

By controlling the entire technology stack and developing deep insights into how each part contributes to the whole platform. Zoho has acquired considerable know-how, which lends weight to its aspiration to be the operating system for business. A common reaction from customers is a surprise at how easy the applications are to use compared with their previous legacy systems. The ease of use lessons learned by helping small businesses has been welcomed by its large enterprise customers, such as IIFL, and several well-known brands in the US. An increasing number of large enterprises that may not have considered Zoho in the past are turning to the Zoho One Platform. These larger companies

often have developer teams, and Zoho's low-code approach to development allows them to extend the applications or add new ones from the Zoho Marketplace. We expect Zoho to make further inroads into the large enterprise environment in 2020 and beyond.

Appendix

Further reading

2020 Trends to Watch: Customer Engagement Platforms, INT001-000166 (December 2019)

A Customer-Adaptive Architectural Approach for Digital Business Transformation, INT001-000040 (April 2018)

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