Zoho One

Zoho Corporation

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TEC SPOTLIGHT REPORT

TEC Spotlight Reports give you an in-depth look at leading vendors' products, initiatives, and market position from an analyst's point of view.

Zoho One, an Enterprise Software Suite You Never Knew You Needed (and the Last One You Might Ever Need)

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What's The Matter Here?

These days of digital transformation, omnichannel customer experience (CX), the "platform economy," the "API economy," and various other phenomena, companies of all sizes need to grapple with a plethora of enterprise software solutions to run their business. They need software for back-office functions, such as accounting, inventory management, and workforce management. They also need front-office solutions—not just for CX, but for e-commerce, content management, productivity, and unified communications and collaboration via email, chat, and video.

In other words, even smaller and midsize companies need to handle dozens of mostly new cloud software solutions and old legacy solutions—all on disparate data models, databases, and infrastructures. That mishmash of diverse solutions needs to be connected via a number of application programming interfaces (APIs), where a single sign on (SSO) situation is not easily achieved. A separate account for each cloud software vendor has become the norm, and unifying those diverse accounts means bringing in yet another vendor.

In addition, those solutions or apps need to be periodically synchronized with new releases and updates issued by the vendor. To form a single version of the truth, the relevant data from all those apps needs to be exported to a central data lake or warehouse and further handled and manipulated in order to gain some useful insights. This process is unlikely to happen in anywhere near real time.

Companies of every size are naturally asking whether there are any solution suites on the market that natively cover a majority of the above functional needs. By having a unified data model connected to all of those solutions, organizations could get closer to the coveted "360-degree customer view," achieving a holistic customer profile and coherent data at the center of their businesses. Still, as no software vendor can possibly be all things to all people, such an enterprise suite must ensure open and intuitive integration to some best-of-breed third-party solutions.

Another important question is whether such an infrastructure can be made affordable. It will become an even more crucial issue post-pandemic, as companies look to rightsize their information technology (IT) spend. There is a push to bring any vendor's "value-based" (read cheaper, much more affordable) solutions to the forefront during these times.

Enter Zoho One

One innovative technology company that is working toward offering such an enterprise solution suite is Zoho, which currently has 8,000 employees worldwide. Zoho's many solutions (more than 45 applications at this stage) are currently sold in 180 countries and used by more than 50 million people. Zoho has 12 offices in 10 countries as well as 10 of its own data centers. The vendor plans to open three more in the Middle East in 2020 and one in Canada in 2021. All of the data centers are green powered except for one that is hydro powered (which is still a cleaner energy than fossil fuels).

After years of selling a variety of individual apps, in mid-2017 Zoho launched what it refers to as "the operating system (OS) for business"—Zoho One. This is a cloud-based, comprehensive enterprise suite with a unified data model and unified file system, where all existing and newly added apps are contextually aware of each other. This awareness is possible because Zoho has to date made no acquisitions of products on disparate technology and data schemas. This holistic package features a refreshingly affordable and transparent price and an ease of doing business, without having binding long-term contracts.

There were 35 Zoho apps when the suite launched in 2017, and there are plans to have more than 50 apps available in 2020. All of these apps are under a single user login, with a uniform look and feel, and with transparent pricing of about $30 per employee per month with an annual subscription (for "all you can eat" features, with no obligation to use any unneeded modules). The suite pricing changes depending on whether it's for a dedicated user versus all employees and whether it's based on an annual subscription or month-by-month. For a named user, the price is $75 per month with an annual subscription.
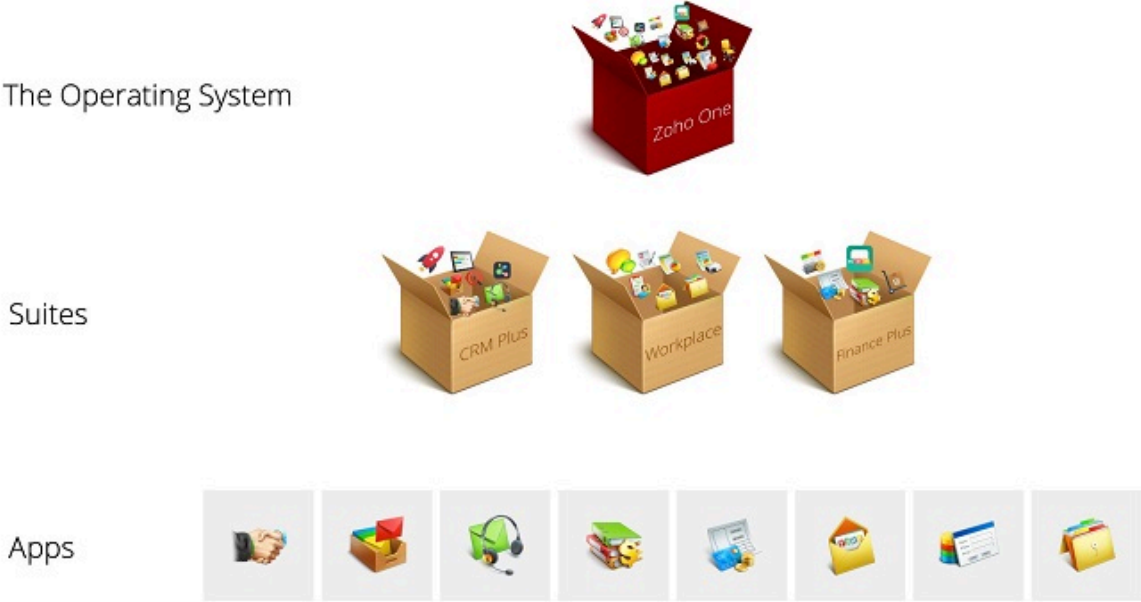

Figure 1. Current Zoho One Apps

As figure 1 shows, Zoho One "OS for Business" offers several dozen individual apps, which can be grouped into various suites whose names are self-explanatory, such as Zoho CRM Plus, Zoho People Plus, and Zoho Finance Plus. Some of the individual Zoho applications most frequently used by Zoho One customers are CRM (Customer Relationship Management), Analytics, Books, Desk, Expense, Invoice, People, Social, and Inventory.

Currently, Zoho One is being used by 24,000 corporate customers in 160 countries. The average Zoho One customer enables nearly 19 applications, often replacing software solutions from different vendors. Some of the vendors or solutions that are frequently displaced when customers adopt Zoho One include Salesforce, SugarCRM, Facebook Workplace, Survey Monkey, Google, Microsoft (both the Office365 productivity and Dynamics enterprise solutions), and Zoom. A large Indian bank, IIFL, is currently the largest Zoho One customer, with 28,000 employees and 44 Zoho apps in use. More large enterprises are likely to join the pool of customers, as Zoho's appeal has begun to spread beyond the original base of smaller companies up to and including organizations with over a thousand employees. Few vendors have enjoyed this rate of upward market mobility in the time Zoho has earned it.

Zoho Full Stack—The Zoho One Enabler

Needless to say, Zoho has made a tremendous effort to get the "plumbing" right in terms of integration and scalability, so that all of its solutions (apps) can simply work together, including those Zoho will add in the future. Reportedly, a move from just a few Zoho apps to a broader Zoho One suite has been smooth for Zoho users. The transition usually works in a matter of days.

A major aspect of Zoho One's smooth operation is that the company owns (i.e., it has painstakingly built) its own full technology stack in-house and is constantly improving every purpose-built layer with controlled performance and scalability in mind. Its powerful, aforementioned competitors tend to build out stacks based on partnerships and acquisitions, which results in greater research and development (R&D) speed and market share, along with an aura of growth and innovation in the market. But acquisitions—and the resulting technology patchworks—come with the drawbacks of varying user experiences across the solutions, overtaxing integration and maintenance, and higher costs.

In contrast, Zoho owns its data centers (DCs) powered by its own solar farms, and all the other layers of a full stack (see figure 2). In fact, Zoho is a technology company à la Microsoft, Google, IBM, Oracle, and others, with a much broader scope than being only a consumer apps and enterprise software company.
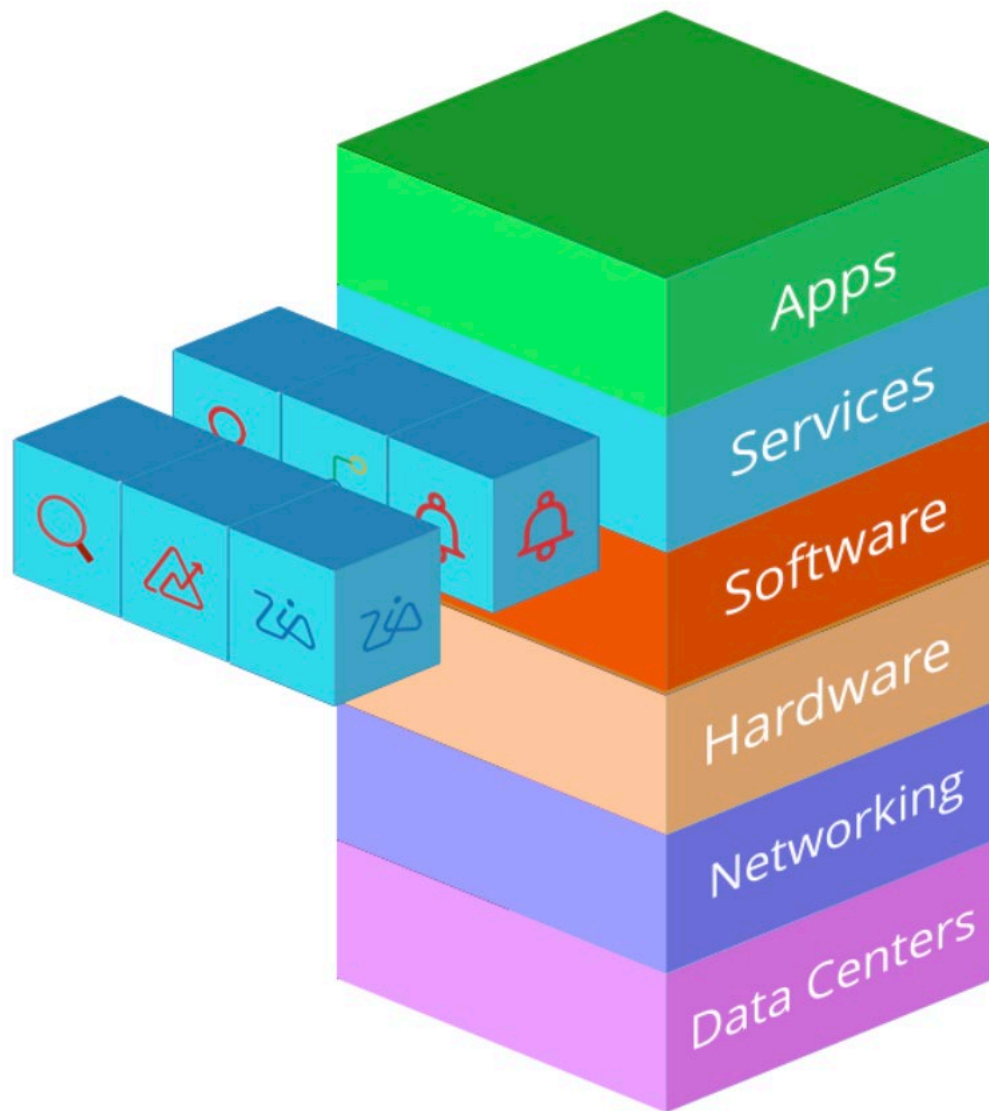
Figure 2. Zoho's Full Technology Stack

Built-in Services Layer

The services layer within Zoho's full stack is especially crucial and impressive, as its runs throughout all Zoho apps. Some of these pervasive services are artificial intelligence (AI), business intelligence (BI)/analytics, messaging, search, telephony, identity & SSO, and central provisioning.

Zoho's AI toolset is at least equivalent to Salesforce's much-promoted Einstein or IBM's equally publicized Watson, as well as to SAP Leonardo, OpenText Magellan, Amazon AWS Cloud Cognitive Services, and Microsoft Azure Cognitive Services. But, in contrast to these AI frameworks, Zoho has been developing its own AI solutions (built in-house) over the past 10 years without using any proprietary or open source third-party tools such as TensorFlow.

Thus, Zoho has a number of available AI solutions that it embeds into its CRM, accounting, procurement, talent management, and other enterprise software apps (see figure 3). Currently available AI solutions for CRM/customer experience (CX) include a recommendation engine, prediction builder, marketing attribution, voice of customer (VOC) surveys, customer segmentation, and personalization.

Handwriting Recognition	Anomalous Behavior	Grammar Correction
Anomalous Behavior	Phishing	Language Predictor
Trend Detection	Malicious URL Detectors	Sentiment Analysis
Seasonality Detection	Log Analysis	Parsers
Forecast	Data Cleaning	Keyword Extration
Outage Prediction	Face Recognition	Product Recommenders
Root Cause Analysis	Object Detection	Classifiers
Icon Recommendation	OCR	...

Figure 3. Zoho AI Solutions

As for the underlying BI capabilities, Zoho already offers more than 1,500 out-of-the-box reports and dashboards (see figure 4), including ones blended with third-party apps in the Zoho MarketPlace. Indeed, while offering a treasure trove of its own solutions, Zoho is aware that customer choice is of the utmost importance, and thus they offer easy integration with other popular solutions on the market. The vendor is extending Zoho SSO to third-party apps out-of-the-box with a multi-factor authentication. Central provisioning is also extended beyond Zoho apps throughout the Zoho Marketplace.

Moreover, Zoho currently handles about 16 million intelligent search requests per day across the entire business operating system and performs about 150 million indexing jobs per day. The amount of processing Zoho does for Zia Search (Zia stands for "Zoho Intelligent Assistant") is immense. *Ask Zia* is an intelligent assistant that uses natural language processing (NLP) to conduct queries and produce reports in Zoho Analytics. In addition, Zia can learn and even glean some insights that users may not have even realized they need.
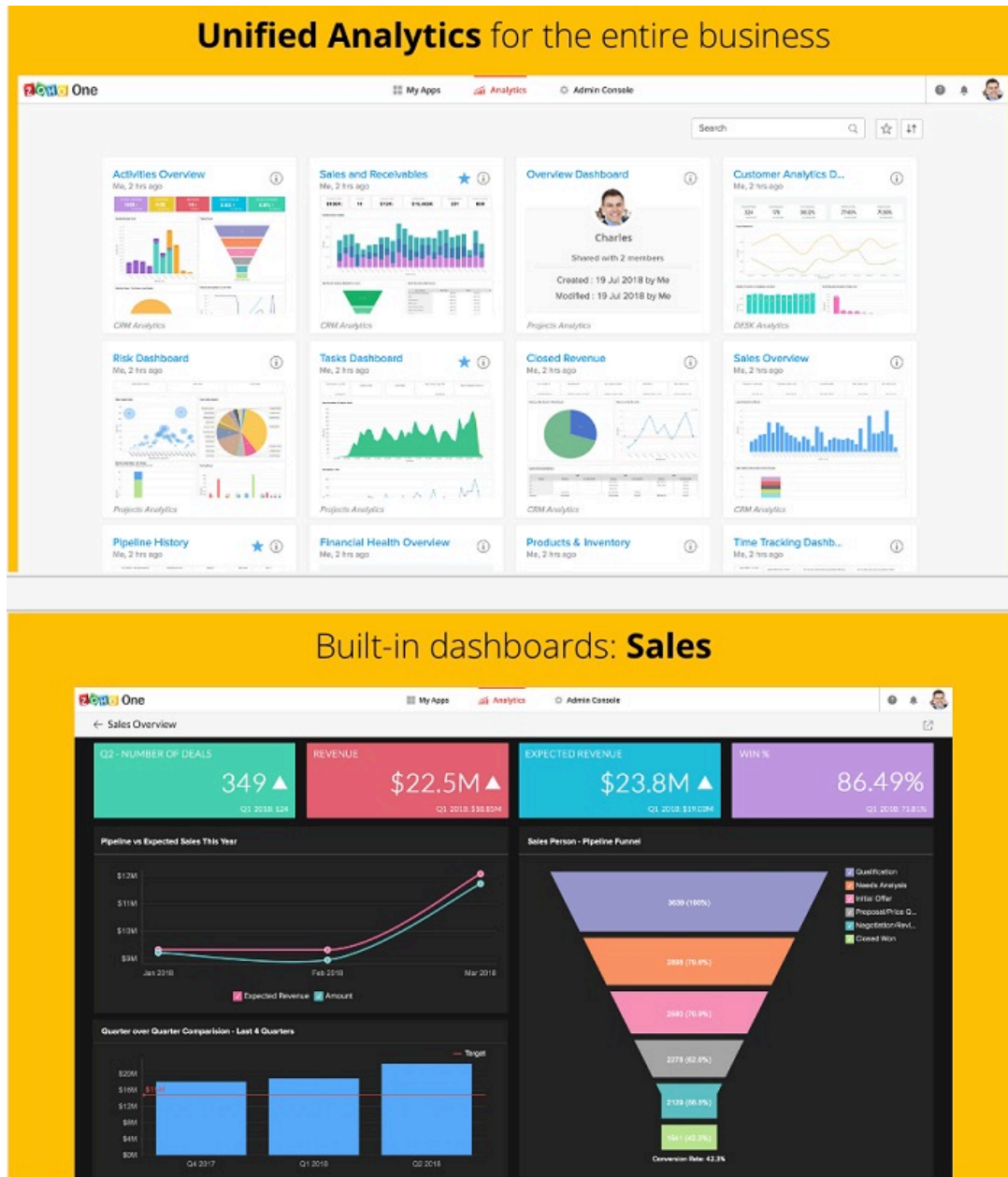

Figure 4. Zoho Analytics

Ask Zia, which uses methods such as fuzzy search, user-level indexing, analyzing signals, NLP, optical character recognition (OCR), object detection, proximity, handwriting recognition, and more, reportedly took six years of R&D efforts to create. Zoho recently calculated that, if it were to run Zia Search on the AWS cloud infrastructure, it would cost about $10 million per year. This is typically a premium service, but it is included free in Zoho One.

Zoho Development Platforms

Regardless of this broad functional scope, Zoho is aware that it needs to integrate with popular third-party solutions. Moreover, they know customers need to occasionally customize their solutions and develop some extensions on their own. Thus, Zoho offers a plethora of development tools—pro-code, low-code, and no-code. These tools tackle integration, process, and extension creation capabilities, as well as serverless services.

For non-developers and low-code customizations, there are several tools, such as Zoho Creator, Zoho Orchestly, Zoho Sigma, and Zoho Flow. Zoho Catalyst allows developers to build, extend, and do in-product development. Zoho Catalyst is a serverless platform, currently supporting Java and Node.js, with other languages being slated to be added down the track. It is a microservices orchestration platform comparable to AWS Lambda, Progress Kinvey, or the recently unveiled Salesforce Evergreen. As an example, Zoho Catalyst can be used to develop new AI solutions, such as for lead scoring and qualifying.

Native integration telephony service is another possible differentiator. It's facilitated through a bevy of domestic and international carriers as part of the Zoho PhoneBridge tool. The company has built its own computer telephone integration (CTI) with a bridge to more than 50 telecom operators in the services layer. When it comes to unified communications and messaging services, a chat bar offers continuity and context across the entire Zoho One platform.

The ease of doing business with Zoho doesn't trap customers into long-term binding contracts. Moreover, Zoho offers full migration support, training for its customers' teams, and integration with any existing apps that customers might have.

What Are Zoho One Customers Saying?

Amanda Dolan, Manager, CRM Integration at Purolite, a chemical manufacturing company with more than 1,000 employees in over 40 countries, said the following:

> Four months after deploying Zoho One, we achieved an impressive 271 percent ROI through the modernization of the company's analytics, reporting, expense management, business processes, and sales capabilities. The Zoho One platform saved us more than 800 administration hours per year by eliminating manual reporting, and the company's sales team experienced an average of 5 to 10 percent increases in productivity. Zoho created a company-wide intranet that allows for sharing of information and collaboration, and with great results. Specifically, our users have loved Cliq and Connect to enhance company integration and communicate effectively across all of our offices. Zoho One was deemed a success for our company and we will continue to explore new additions to the platform.

Marc Fishman, Director of Sales and Marketing at ONE Business Solutions, Inc., a provider of answering services, call center solutions, and business consulting, with about 140 employees, said the following:

> Simply put, Zoho One is the operating system for every need our company has across the board. Our network of answering services, business process outsourcing, and contact centers requires us to work remotely to see our daily business operate at peak capacity. Zoho One was built to facilitate that need. We use the platform for everything—from Analytics to CRM to Desk—and it continues to impress us with new additions while staying at the same price point. When we first started using Zoho One, the suite instantly became an integral way of how we manage customer relationships and employee productivity. Zoho One is a complete and total game changer for nearly any business . . . especially ours.

"It just works" is a phrase mentioned by several customers when asked to describe their experience with Zoho applications. *Seamless functioning*, *certainty*, *simplicity*, *power*, *predictability* and *peace of mind* are others.

Concluding Remarks

Zoho has remained competitive in the SMB accounting market and has been winning customers from Quickbooks, Sage, and the former Intacct. The company has been quietly making progress moving upmarket and has seen mid-market companies between 500-2,000 employees run their operations on the Zoho Finance suite.

On the CRM software side, Zoho has been thriving as a replacement for Salesforce, ServiceNow, and Zendesk, which are all offerings for the largest enterprises and not yet as simple as Zoho. The vendor is also closely eyeing the enterprise segment this year as it ramps up its ERP offering to include support for supply chain management (SCM). Larger midsize and enterprise companies should check out Zoho Enterprise Business Solutions (EBS), a dedicated consulting, implementation, and project management service, to engage on more complex, enterprise-class implementation needs.

Zoho's goal has been for Zoho One to function as a true OS for business. To that end, it has taken the approach of owning the entire technology stack to ensure open and intuitive integration across existing legacy technologies. The main issue that complicates the picture is that IT and enterprise solutions are often still evaluated, bought, and deployed in silos—thus, the requirements and buying departments differ a lot, so the all-in-one message can get diluted. At some companies, the IT staffers want to work with solutions that are perceived as standard, and they also want "shadow IT" solutions for productivity and ad-hoc collaboration, such as Google Docs, Trello, Dropbox, and Slack. Even free releases of these solutions might give just enough functionality. But most organiztions see the benefits of cross-departmental insights that are missing with point solutions. For companies that commit to following a premeditated, cohesive technology roadmap that prioritizes their digital evolution, an all-in-one, platform-based approach like Zoho's is a natural winner.

TEC believes that Zoho's full-stack, OS-for-business approach makes sense and positions Zoho One as a strong contender for value-oriented buyers and large enterprises alike. To appeal to both groups is a challenging proposition. In addition to offering more tightly and contextually integrated apps than what enterprises are currently using (or building themselves), one needs to offer affordable and transparent pricing with no unpleasant surprises such as price creep or fine-print contract clauses. At the same time, it is also necessary to provide a platform that allows for full apps customization, integration, and extension by the customer. Zoho has accomplished this.

About the Author

Predrag (PJ) Jakovljevic focuses on the enterprise applications market. He has over 20 years of industrial experience within the discrete manufacturing sector, including the machinery and equipment, automotive, construction and engineering, and electronics industries.

Prior to joining TEC, Jakovljevic was a senior consultant in the package-based solutions (PBS) group of CAP Gemini in Houston, Texas (US), with Baan's Manufacturing and Logistics modules as his main field of expertise. At CAP Gemini, Jakovljevic was involved in system demonstrations, software gap analysis for prospective clients, and Baan implementation assignments.

Before CAP Gemini, Jakovljevic was employed as a senior consultant for Deloitte & Touche Consulting Group in Johannesburg (South Africa), where he specialized in Baan's Manufacturing and Logistics modules, and engaged in the processes of ERP package selections, as well as in proposal preparation. Jakovljevic served as a team lead for manufacturing, and for service and maintenance package system integration. As a consultant he has been involved in business requirements definition and software gap analysis, business process mapping to software functionality, software configuration and parameter setup, and key user training.

Jakovljevic holds a degree in mechanical engineering from the University of Belgrade in Serbia. He has also been certified in production and inventory management (CPIM) and integrated resources management (CIRM), and is an Association for Operations Management (APICS)-certified supply chain professional (CSCP).

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