



## Zoho Analyst Day – Hot Company, Cold Brand

August 02, 2022

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### IDC's Quick Take

Zoho held its annual Analyst Day in Austin TX July 25-27. The company announced it grew revenue by 38% and now has more than 80 million users and more than 500,000 active accounts, 55 business apps running on its Zoho One platform and a burgeoning partner marketplace. However, Zoho has yet to establish a strong brand identity and presence in the US, despite having the unique cultural and ESG philosophy needed to become a brand like Patagonia with the tech chops needed to grow like a SaaS market leader.

### Event Highlights

Zoho's business performance continues to impress:

- 38% revenue growth, 80 million users, and more than 500,00 accounts
- 55 business apps available on its Zoho One platform
- Massive shifts to multi-app accounts (more than 40% of 50,000 surveyed customers use more than 20 Zoho apps.)
- Growing partner Marketplace (more than 500,000 users engage with more than 1,600 apps)
- Big investments in AI and CX

### IDC's Point of View

Zoho continues to quietly deliver stellar success at all levels of its business. It is one of a few SaaS companies that built its infrastructure from the bottom up rather than from the task automation layer down. That means the now more than 50 business apps that run on its platform share data and analytics to provide continuous monitoring and improvement of business performance and customer experience. It is the architecture of the future that few major providers have built entirely inhouse, but it provides greater operational and economic efficiencies than “platform by acquisition” models especially for small and medium sized businesses that lack extensive IT resources. The company is making big investments in AI security and operations, customer journey discovery and orchestration, as well as its partner marketplace.

Despite all the impressive progress on the business and technology fronts, the highlight of any Zoho event is always the CEO's keynote. It is unlike any keynote address that will ever be given by a US tech CEO. Rather than parading on stage to raucous music and garish light shows and gloating about shareholder value and nine figure donations to already well-funded institutions, Sridhar Vembu describes the mission of the company in a simple black and white Powerpoint deck peppered with phrases like “creating high paying jobs where they are scarce.” This uniquely humanitarian idea of how the digital economy can raise the least among us is deeply ingrained in Zoho's company culture. The philosophy is backed by programs for rural schools and a tech university, organic farming, and business investments in places like Sri Lanka that are all but forgotten by the digital economy. The discipline to remain true to humble beginnings and not give in to the trappings of extreme wealth demonstrates rare

depth of character that is essential to Vembu's ability to be a role model. He hates the billionaire label because of the arrogance it typically connotes and hero worshipping it typically invokes.

Fundamentally, Zoho does not think of its customer relationships as a means to drive shareholder value, instead, it sees itself as a means to invest in the success of millions of small and mid-sized business owners and who are more than happy do the gloating. Customers that presented at the event talked about rapidly growing their businesses, dramatically cutting IT costs, and raved about the level of personalized service and support they get from Zoho. Admittedly, Zoho's freedom is a luxury of being privately held and having never taken outside investment, but it is a very expensive luxury as the company could sell to public markets or private equity for many billions of dollars. This might seem like an anathema to American entrepreneurs eager to join the billionaire class, and it should because it puts in stark contrast the ideas of capitalism driven by self-interest versus capitalism driven by serving the greater good. It turns out both models produce billionaires, just with different legacies.

However, the company has not found a way to build a brand around its highly differentiated culture and market philosophy. Zoho has the potential to be the Patagonia of the tech industry - a highly successful brand most famous for the values of its leadership and corporate culture. Of course, Zoho has proved it can do very well without a great brand investment. That the company is now worth tens of billions of dollars with such a weak brand is a testament to the strength of its formidable tech platform, portfolio of apps, growing dev community and intensely loyal customers. It makes Zoho one of the most intriguing brand challenges in the SaaS industry. It is a lump of clay ready to be sculpted into a work of art.

Zoho executives should reframe the mission of their marketing from selling more software, to creating a platform to promote the Zoho way. It is just as important to promote the Zoho way as it is to lead it - you're not a leader if you don't have followers. Salesforce's 1/1/1 program to donate 1% of tech, time, and profit to charitable causes is a great example as they have convinced other companies to adopt similar programs. The Zoho way goes much deeper. This is not to suggest that Zoho is in anyway a soft competitor, it is as fiercely committed to its technology and business success as it is to the power of the tech dream to drive economic revitalism in the most desperate of places. Imagine how different the world would be if every billionaire tech or otherwise built rural schools and organic farms instead of rockets that might lift a few dozen people into sub-orbit for a few minutes at a cost of \$100Ms. That's a lot of schools and farms, the two things that can most effectively improve the fortunes of the world's most desperate. Billionaires would be no less wealthy, but perhaps more authentically admired for their contributions to humanity. Would the Zoho brand be more well known if Zembu built a rocket, of course, but it would also be a mockery of everything it stands for. So, while Zoho's leadership has driven performance, in the popular vernacular of meme stocks, "to the moon", thank you Sridhar for purposefully not building a rocket.

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