

## Salesforce.com Adds to Wave of Web Services

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[Salesforce.com](http://Salesforce.com) Inc. has begun operating a marketplace for online software with partners that include [Adobe Systems](http://Adobe Systems) Inc. and Internet telephone service Skype Technologies.

Efforts such as this are the latest in a trend to address business needs by offering Web services rather than by providing programs that companies install on their own computers. The concept has forced strategy changes on software giants such as [Microsoft](http://Microsoft) Corp. and has spurred online services from both big companies and start-ups.

Salesforce.com, based in San Francisco, helped popularize the idea with a Web service that lets companies manage chores such as sales and marketing. In 2003, the company expanded by broaching the idea of letting others use Salesforce.com's computing infrastructure to offer services of their own.

The effort, called AppExchange, required a substantial upgrade of the company's software and computing facilities. Salesforce.com says it has now attracted more than 150 applications that will be sold or offered free of charge by partners on its new online marketplace.

Some of the new services were created by software developers, and some by customers that had originally developed offerings for their internal use. Others were created by Salesforce.com programmers.

"It's like an iTunes Music Store of enterprise applications," says Marc Benioff, the company's chief executive.

Adobe is adding a service to AppExchange for converting documents into Adobe's popular PDF format for online viewing. The San Jose, Calif., company now sells \$299 software for that purpose and has an online conversion service for \$99 a year. Tom Hale, an Adobe senior vice president, said the company expects to charge users around \$80 annually for the service as part of AppExchange, where it will be closely integrated with other Salesforce.com applications.

Skype, now part of [eBay](http://eBay) Inc., plans to make it easier to make calls with its Internet phone technology while using AppExchange services. The service is free when connecting to

other Skype users; Skype charges per-minute fees when connecting to conventional landline phones.

Salesforce.com doesn't plan to take a cut of any fees generated by AppExchange partners. But it expects to benefit by expanded use of its original service, which typically costs \$65 per user per month and is required to make use of AppExchange.

Jeff Kaplan, managing director of ThinkStrategies, a Wellesley, Mass., consulting firm, praised Salesforce.com's approach, although he noted that it is limited to the company's customers. His firm plans to offer an online directory to showcase a broader array of Web services. "There is a wide world of solutions out there that go far beyond what Salesforce.com is doing," he said.

NetSuite Inc., a Salesforce.com competitor, has announced an effort called NetFlex to help customers enhance its services. Zach Nelson, NetSuite's chief executive officer, said he believes Salesforce.com will remain a "niche" player because it doesn't provide transaction services that generate the most important customer data. NetSuite does, he said.

But Salesforce.com's success so far is hard to dispute. Its stock, which traded below \$17 a share at the beginning of 2005, yesterday was trading at \$38.13, down 12 cents, as of 4 p.m. in New York Stock Exchange composite trading.