



STOCK RATING:

BUY

Target Range: \$320 -- \$330
Current Share price: \$325.26



Analysts

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Company Information

Company: Salesforce Inc.
Sector: Software
Industry: Technology
Exchange: NASDAQ [CRM]

Investment Thesis

We recommend a **BUY** rating for Salesforce Inc. with a price range of \$355 - \$355. We expect Salesforce to experience exponential growth throughout future years, driven by the continued adoption of cloud computing, CRM solutions, and AI-powered tools across industries. We believe the stock offers a potential return of 10 - 15% by the end of 2033, driven by solid earnings growth and expanding market opportunities.

Drivers of Thesis:

Mature growth company: As a well-established leader in the CRM and cloud computing space, Salesforce has a proven track record of innovation, customer retention, and financial stability. The company's maturity allows it to effectively capitalize on the growing demand for cloud-based solutions and is expected to remain strong as businesses increasingly rely on digital transformation.

Profit margins: Strategically positioned to benefit from the long-term trend toward AI integration and automation, with its Einstein platform at the forefront of enhancing customer engagement and decision-making. This combination of established market presence and the ability to leverage emerging trends makes Salesforce well-positioned for continued growth and value creation over the long term.

Risks to Thesis:

Vulnerability to Government Contracts: Salesforce's reliance on government contracts introduces a potential risk, as changes in government spending, regulatory requirements, or contract renewals can impact its revenue stream.

Competitive Landscape: The highly competitive nature of the cloud computing and CRM market poses a risk to Salesforce's growth. Rival companies continuously push for market share through technological innovations, aggressive pricing models, and strategic contract wins. This constant competition may pressure Salesforce's pricing power, profit margins, or market positioning, potentially impacting its ability to sustain growth.

Financial Snapshot

Model Price Projections

DCF / EP: \$324.63
DDM: \$172.15
Relative Valuation: \$239.85

Price Data

Current Price: \$325.26
52-Week Range: \$320 - \$330
YTD Performance: + 0.49%

Key Statistics

Shares Outstanding: 999,060
2024 EPS: \$4.25
2025E EPS: \$1.63
P/E: \$239.85
1Y Forward P/E: \$79.33
Dividend Yield: 0.00%
Market Capitalization: \$326.13B
Beta: 1.20
WACC: 7.63%
2024 Revenue: \$34.857B

Company Overview

Salesforce Inc. is a leading global provider of cloud-based software solutions, specializing in customer relationship management (CRM). Founded in 1999 and headquartered in San Francisco, California, Salesforce empowers businesses of all sizes to connect with their customers through innovative tools for sales, customer service, marketing, analytics, and application development.

5-Year Stock Performance vs. S&P500



Company Overview

Salesforce Inc., a global leader in cloud-based customer relationship management (CRM) software, is recognized for its innovative solutions and strong focus on helping businesses improve customer engagement. Known for its pioneering approach to cloud computing and enterprise software, Salesforce continues to drive digital transformation across industries with a suite of tools designed to streamline sales, service, marketing, and analytics.

While Salesforce generates revenue from various channels, its primary source of income comes from its subscription-based services. With a strong focus on providing customized CRM solutions, Salesforce has developed a robust ecosystem that supports customers across a wide range of industries, from healthcare to financial services. Additionally, the company generates income through professional services, product integrations, and expanding its global presence, maintaining a strong financial position and continuing to lead the way in the cloud-based enterprise software space.

Revenue Decomposition and Analysis

Subscription and support: Revenue from subscription and support is derived from customers subscribing to Salesforce's enterprise cloud computing services. This includes fees for accessing cloud-based platforms, as well as software license revenues from the sale of both term and perpetual licenses. Additionally, this category encompasses support revenues generated from providing updates and premium services that go beyond the basic subscription or are related to the sale of software licenses.

Professional services and other: Professional services revenue primarily reflects costs associated with providing specialized services, such as employee-related expenses, stock-based compensation, subcontractor fees, third-party charges, and allocated overhead. These revenues are linked to the delivery of consulting and other related services.

SWOT Analysis

Strengths

Market Leadership: Salesforce dominates the CRM market with a significant global presence, providing services to over 150,000 businesses. Its comprehensive ecosystem, including AppExchange and strategic acquisitions, strengthens its platform.

Comprehensive Product Suite: The company offers a wide range of products beyond CRM, such as Sales Cloud, Service Cloud, and Marketing Cloud, which cater to diverse customer needs.

Strong Customer-Centric Approach: Salesforce has built a reputation for exceptional customer service and maintaining strong relationships, which helps with retention and customer loyalty.

Weaknesses

High Costs: Salesforce's subscription fees are relatively high, making it less accessible to smaller businesses.

Complexity of Implementation: The extensive features and customization options can be overwhelming, requiring significant time and resources to implement effectively.

Dependence on the U.S. Market: A large portion of Salesforce's revenue comes from the U.S., making it vulnerable to downturns in the American economy.

Opportunities

Expansion into Emerging Markets: There is significant potential for Salesforce to grow in regions like Asia and Africa, where CRM adoption is still developing.

AI and Automation: With increasing investment in AI technologies, Salesforce can enhance its automation and analytics capabilities, improving customer experience.

Mergers and Acquisitions: Salesforce continues to acquire smaller companies to enhance its product offerings, which could further strengthen its position in the market.

Threats

Intense Competition: The CRM market is highly competitive, with strong rivals like Microsoft Dynamics 365, Oracle, and SAP. These competitors pose a continuous challenge to Salesforce's market dominance.

Economic Uncertainty: A global economic downturn could reduce corporate spending on software, affecting Salesforce's growth prospects.

Cybersecurity Risks: Being a cloud-based provider, Salesforce faces potential cybersecurity threats that could harm its reputation and business if not managed properly.

Industry Analysis

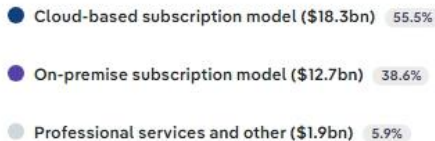
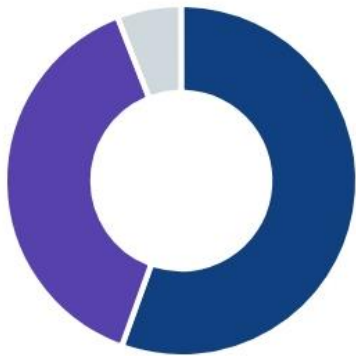
Industry Overview

Salesforce operates within the cloud computing and software industry. Companies in this industry provide cloud-based solutions for customer relationship

management (CRM), sales, marketing, and service operations. Salesforce offers a diverse product suite, including subscription-based access to its cloud platforms such as Sales Cloud, Service Cloud, Marketing Cloud, and various other enterprise solutions. The company generates revenue primarily through subscription and support fees, with additional income from professional services, consulting, and software licenses.

The business intelligence software sector is heavily reliant on recurring revenue from subscriptions, with a growing focus on expanding cloud offerings and integrating artificial intelligence (AI) to enhance service delivery and customer experiences. Companies like Salesforce also capitalize on acquisitions to broaden their service offerings and extend their market reach. The sector includes a wide range of businesses, from CRM providers like Salesforce to companies offering cloud infrastructure, business analytics, and AI-driven software solutions.

Products and Services >



Comparison of Industry Competitors

The BI industry is dominated by several major players that hold significant market shares and are known for their continuous innovation and growth. Leading companies in the sector include Salesforce, Amazon, Microsoft, and Oracle. Looking ahead, Salesforce is well-positioned to capitalize on the growth of the BI industry. Their innovation, particularly in AI and analytics, makes it a key player in the future of BI, with its continued investments in integrating CRM with advanced data analytics.

Major Players >



Porter's 5 Forces

Industry Rivalry: High

Salesforce faces intense competition from Microsoft Dynamics, SAP, Oracle, and niche providers like HubSpot for SMBs. Large players aggressively innovate and price competitively, intensifying rivalry. Salesforce's brand, comprehensive product suite, and customer support give it a competitive edge. However, competitors are narrowing the gap in these areas. The CRM market is growing, but competitive pressures remain high as players expand into untapped geographies and verticals.

Bargaining Power of Buyers: Moderate to High

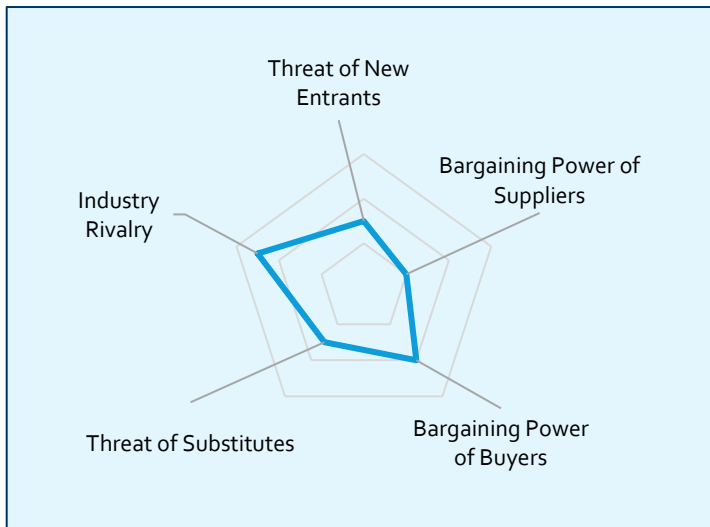
Big clients can negotiate discounts and customizations due to their revenue contribution. Switching costs are moderate but decreasing as competitors simplify data migration tools. Smaller customers have limited bargaining power due to standardized pricing models. Buyers are sensitive to pricing, ease of use, and integration capabilities.

Threat of New Entrants: Moderate

High initial investment required to build a cloud infrastructure and develop robust CRM software. Salesforce benefits from economies of scale, making it difficult for smaller entrants to compete on cost and service breadth. Strong brand recognition and customer loyalty create a significant barrier. Cloud technology and open-source tools have lowered technical barriers for new startups. Niche players can focus on specific industries or customer segments, bypassing direct competition with Salesforce's broader offering.

Bargaining Power of Suppliers: Low to Moderate

Salesforce operates primarily in a cloud-based environment, relying on major data center providers (e.g., AWS, Google Cloud). The scale of these partnerships provides Salesforce with negotiation leverage. Rising costs for cloud hosting or changes in data regulation could increase dependency or costs. Integration with third-party tools (e.g., app developers on AppExchange) could create mild supplier influence if unique solutions gain traction.



Economic Analysis

Key Variables and Indicators

Economic growth, measured through GDP, is a critical driver for the technology sector, including Salesforce. As GDP increases, businesses typically invest more in technology solutions to improve productivity, customer relationship management (CRM), and data analytics.

We expect GDP growth of 2.8% over the next 12 months, supported by strong personal consumption (3.2%–3.5%) and an uptick in private domestic investment (0.0% to 1.2%). Lower inflation rates contribute to this forecast.

With positive GDP growth, the demand for enterprise software like Salesforce's CRM solutions is likely to rise. Companies typically increase technology investments during periods of economic expansion to enhance operational efficiency and customer engagement.

Fixed investment in IT spending is a key indicator of business confidence and demand for enterprise solutions, which directly impacts Salesforce's sales of cloud-based solutions, software, and customer relationship tools.

Investment in computer and peripheral equipment reached a record \$169.2 billion in Q2 2024, signaling strong demand for IT infrastructure.

The high level of fixed investment is a positive indicator for Salesforce. Increased IT spending often leads to higher demand for CRM systems, cloud platforms, and other enterprise software offerings. Salesforce stands to benefit from these trends, especially if businesses accelerate their digital transformation initiatives.

Consumer spending: Drives business profitability and, by extension, demand for technology solutions. Higher income and employment levels are typically linked to increased business spending on software and technology.

We expect consumer spending to remain steady, though the increase in unemployment (to 4.5%) could moderate growth in some sectors. However, personal income growth remains robust.

If consumer spending continues to rise, companies will likely invest more in tools that improve customer engagement and sales performance, such as Salesforce's CRM solutions.

However, if unemployment rises more than expected, it could lead to reduced business investments, potentially slowing growth for Salesforce.

Rising inflation: This can increase input costs for technology firms and compress profit margins. Conversely, a decrease in inflation can benefit the sector by reducing cost pressures and supporting price stability for technology products.

Inflation has decreased by 0.67% from March 2022 to September 2024, and with the Federal Reserve expected to reduce interest rates, inflationary pressures are likely to remain moderate.

As inflation slows, Salesforce can benefit from stable operating costs, particularly related to cloud infrastructure and employee compensation. Additionally, lower inflation helps maintain price competitiveness, making Salesforce's subscription-based pricing model more attractive to businesses.

The S&P 500 is a key barometer of market sentiment and business confidence, with technology stocks being particularly sensitive to fluctuations in investor sentiment. A rising S&P 500 generally reflects strong business investment, which can translate into higher demand for enterprise software solutions.

The S&P 500 technology sector has performed well, with a 5-year return of 23.82%. As leading technology companies like Apple, Microsoft, and NVIDIA continue to drive innovation, the broader tech sector remains poised for growth.

Positive performance in the S&P 500, particularly in the technology sector, suggests continued business investment in technology, including CRM systems. Salesforce benefits from the overall expansion of the tech sector and increasing demand for digital

transformation solutions across industries.

Historical Trends

GDP Growth and Technology Demand: Historically, the technology sector, including cloud and CRM software companies like Salesforce, tends to outperform during periods of economic growth. As companies seek to boost productivity and customer engagement, demand for Salesforce's solutions typically rises in tandem with economic expansion.

IT Investment Trends: Over the past several years, investments in IT infrastructure and enterprise software have shown steady growth, with spikes in spending aligning with periods of economic recovery. Salesforce has consistently seen strong growth in revenue from enterprises investing in CRM systems, data analytics, and cloud-based tools.

Consumer Spending: While consumer spending has been variable, strong periods of income growth and low unemployment have historically been correlated with higher demand for enterprise software. Salesforce's customer base, which includes businesses from a wide range of industries, is particularly sensitive to fluctuations in consumer spending, as many companies invest in CRM tools to drive revenue growth.

Inflation: Inflationary pressures have been more pronounced since the pandemic, but the sector has shown resilience. For Salesforce, lower inflation and interest rates are beneficial, as they help maintain demand for its subscription-based model and reduce operational cost increases related to wages and infrastructure.

Forecasts for Key Variables and Indicators

Projected GDP growth of 2.8% over the next year supports a favorable outlook for Salesforce. Economic expansion typically leads to increased IT spending, particularly in cloud services and CRM solutions, driving growth for Salesforce.

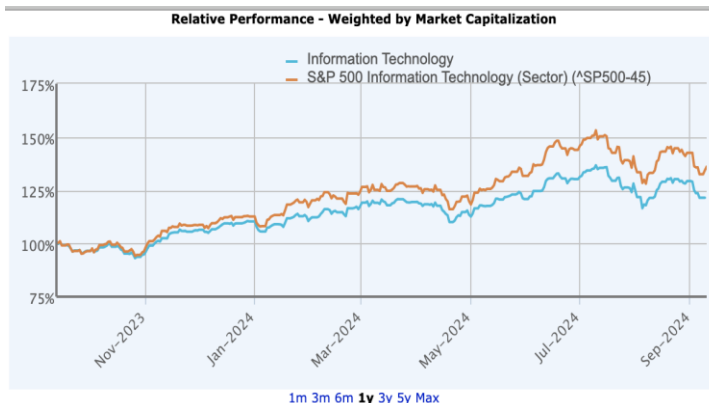
The record-high fixed investment in computers and peripheral equipment suggests robust demand for IT solutions. Salesforce is well-positioned to capitalize on this trend as businesses seek more efficient ways to manage customer data and automate sales processes.

While consumer spending is likely to remain stable, a slight increase in unemployment could slow business investments, which may have a minor impact on Salesforce's growth prospects. However, the continued rise in personal income should help offset potential headwinds.

With inflation expected to continue decreasing, Salesforce will benefit from stable pricing, allowing for predictable costs and steady demand for its services. Additionally, deflationary pressures in the tech sector can help reduce input costs, benefiting Salesforce's

bottom line.

Continued growth in the S&P 500 tech sector signals ongoing optimism about technology investments. As businesses continue to prioritize digital transformation, Salesforce's cloud-based CRM solutions are likely to remain in high demand.



Impact on Salesforce

The favorable economic indicators, including positive GDP growth, high IT investment, and stable inflation, suggest that Salesforce is positioned for continued growth in the coming year. The company is likely to see increased demand for its CRM software and cloud services as businesses continue to invest in digital transformation. However, potential challenges related to rising unemployment or market volatility may have a moderate impact on Salesforce's growth, particularly if businesses become more cautious in their spending.

In summary, Salesforce stands to benefit from a favorable economic environment, marked by steady GDP growth, high levels of IT investment, and a stable inflationary environment. While some caution is warranted with regard to potential increases in unemployment, Salesforce's strong market position and innovative product offerings should enable it to continue outperforming in the technology sector.

Valuation Analysis

Revenue:

As mentioned earlier, revenue is divided into two primary segments: subscription and support, and professional services and other. The subscription and support segment is further broken down into five subsegments: sales, service, platform, data, and other. We anticipate these subsegments will grow at average rates of 17.25%, 24.20%, 30.57%, 29.43%, and 3.22%, respectively, with the total subscription and support segment expected to grow at a steady rate of 25.62% through 2033. Meanwhile, professional services and other, the secondary revenue stream, is projected to grow at a consistent rate of 26.07% until 2033. This forecasted growth reflects our outlook for the overall sector and industry's development.

Cost of Revenues:

Without guidance provided by Salesforce for future cost of revenues, years through 2033 was forecasted using historical averages the most recent past three years.

R&D and SG&A:

Research and development (R&D) represents a key expense for Salesforce, particularly as the software and technology industries continue to evolve. To forecast R&D expenditures through 2033, we relied on the historical averages of the past three years, given the consistent growth observed in this area.

Similarly, general and administrative (SG&A) expenses, along with marketing and sales (M&A), are critical for Salesforce, as its primary revenue driver stems from customer subscriptions and support. For forecasting SG&A and M&A expenses through 2033, we also utilized the historical averages from the past three years, reflecting the steady growth in these areas.

Cost of Equity:

Salesforce's cost of equity was computed using the capital asset pricing model (CAPM). With CAPM, a risk-free rate of 4.45% was used referenced from the U.S. 10-year treasury bond. As for the beta at 1.20 and equity risk premium at 2.49%, cost of equity was calculated at 7.43%.

Cost of Debt:

As discussed above, a risk-free rate of 4.45% was used referenced from the U.S. 10-year treasury bond. As for the implied default premium, 1.63% was used giving us a pre-tax cost of debt of 6.06%. With a computed pre-tax cost of debt and a marginal tax rate of 21%, the after-tax cost of debt was calculated at 4.79%.

Weighted Average Cost of Capital (WACC):

To calculate Salesforce's Weighted Average Cost of Capital (WACC), the cost of equity and the after-tax cost of debt, along with the market value weights of equity and total debt of 89.73% and 10.27% were used. The resulting computed WACC was 7.63%, which was utilized in our valuation models.

Valuation Models

Discounted Cash flows and Economic Profit:

To determine the intrinsic value of Salesforce, we employed the discounted cash flow (DCF) method, beginning with a projection of free cash flows for the next 9 years, along with the terminal value. Each forecasted cash flow was then discounted using the weighted average cost of capital (WACC) as previously discussed. The present values of these cash flows were aggregated to estimate the value of the company's operating assets. After adjusting for non-operating assets, we calculated the total equity value, which was

subsequently divided by Salesforce's outstanding shares in 2024, yielding a per-share DCF valuation of \$324.42.

In parallel, we applied the economic profit approach by forecasting economic profits for the same 9-year period, incorporating the terminal value. The present value of these profits was summed, and invested capital from the most recent fiscal year-end was added. We then made the necessary adjustments for non-operating assets, resulting in a similar per-share valuation of \$323. We consider these methodologies to provide the most accurate reflection of Salesforce's intrinsic value, based on its projected future performance.

Dividend Discount Model:

The Dividend Discount Model (DDM) is another valuation approach that estimates a company's stock price by calculating the present value of its anticipated future dividends. Using this model, we derived an implied stock price of \$171.61 for Salesforce. However, we believe this approach is not suitable for valuing Salesforce, as the company has never issued dividends to its shareholders. Instead, Salesforce consistently reinvests its earnings to fuel business growth and enhance its product and service offerings. As a result, the DDM would yield a substantially lower stock price compared to the company's true value, making it less relevant for this particular analysis.

Relative Valuation:

For our relative valuation, we analyzed Salesforce's position within the software by comparing it to several key peers, including (but not limited to) Microsoft, Alphabet Inc., and Oracle. We calculated the expected Price-to-Earnings (P/E) ratios for each peer based on their projected earnings per share (EPS) for 2024 and 2025. After averaging the P/E ratios of these companies, we applied the result to Salesforce's estimated EPS for the same periods. This approach yielded an implied relative value of \$239.85 for 2024 and \$79.33 for 2025. We consider this model to be valuable, as P/E ratios provide investors with insight into a company's market value relative to its earnings growth potential compared to its peers.

Sensitivity Analysis

WACC vs. Growth of NOPLAT

This table examines how changes in the Weighted Average Cost of Capital (WACC) affect the Net Operating Profit Less Adjusted Taxes (NOPLAT). A higher WACC generally reduces the present value of future cash flows, leading to a lower NOPLAT, while a lower WACC increases the valuation due to higher discounted future earnings.

		WACC							
		324.63	10.00%	9.00%	8.50%	8.00%	7.50%	7.00%	6.50%
Growth of NOPLAT	0.50%		234.94	261.59	277.72	296.22	317.57	342.42	371.60
	1.00%		236.99	264.06	280.45	299.24	320.94	346.18	375.82
	1.50%		239.04	266.53	283.18	302.26	324.30	349.94	380.04
	2.50%		243.14	271.48	288.63	308.31	331.02	357.45	388.47
	4.00%		249.29	278.90	296.82	317.38	341.11	368.72	401.13
	6.00%		257.49	288.79	307.74	329.47	354.55	383.74	418.01
	9.00%		269.79	303.62	324.11	347.60	374.72	406.28	443.32

Cost of Equity vs. Beta

Here, we analyze the relationship between the cost of equity and the company's beta. A higher beta, indicating increased volatility and risk, leads to a higher cost of equity, which in turn lowers the company's valuation. Conversely, a lower beta reduces the cost of equity, enhancing the valuation by lowering the required return.

		Cost of Equity							
		324.63	18.0%	12.0%	10.0%	7.4%	6.0%	4.0%	2.0%
Beta	0.30		547.60	525.27	517.77	508.10	502.70	495.11	487.50
	0.50		488.94	469.00	462.31	453.67	448.85	442.08	435.28
	0.85		409.35	392.65	387.05	379.82	375.78	370.11	364.42
	1.20		349.86	335.59	330.80	324.62	321.17	316.33	311.46
	1.50		309.79	297.16	292.92	287.45	284.39	280.10	275.79
	1.60		298.16	286.00	281.92	276.65	273.71	269.58	265.44
	1.80		277.02	265.72	261.93	257.04	254.30	250.47	246.62

Marginal Tax Rate vs. Risk-Free Rate

This table explores the sensitivity of the valuation to changes in the marginal tax rate and the risk-free rate. An increase in the marginal tax rate reduces the after-tax cash flows, which can decrease the overall valuation. Similarly, changes in the risk-free rate affect the discount rate applied to future cash flows, with a higher risk-free rate leading to a lower present value of future earnings.

		Marginal Tax Rate							
		324.63	3%	5%	8%	11%	18%	24%	30%
Risk Free Rate	1.00%		719.33	710.61	697.39	684.02	652.21	624.23	595.58
	2.00%		549.91	543.54	533.90	524.12	500.81	480.27	459.17
	3.00%		441.15	436.24	428.78	421.22	403.17	387.23	370.85
	4.45%		339.00	335.40	329.92	324.37	311.10	299.36	287.29
	7.00%		236.12	233.77	230.21	226.59	217.94	210.29	202.41
	8.00%		209.87	207.83	204.74	201.60	194.09	187.45	180.61
	9.00%		188.42	186.63	183.92	181.16	174.57	168.74	162.74

Equity Risk Premium vs. Normal Cash

This table explores the sensitivity of the valuation to changes in the marginal tax rate and the risk-free rate. An increase in the marginal tax rate reduces the after-tax cash flows, which can decrease the overall valuation. Similarly, changes in the risk-free rate affect the discount rate applied to future cash flows, with a higher risk-free rate leading to a lower present value of future earnings.

		Equity Risk Premium							
		324.63	1.0%	1.5%	2.0%	2.5%	3.5%	4.0%	5.0%
Normal Cash Est.	0.0%		454.70	403.04	361.10	327.05	272.55	251.28	216.65
	5.0%		448.15	396.66	354.89	321.00	266.80	245.66	211.30
	1.5%		452.73	401.13	359.23	325.24	270.83	249.59	215.05
	2.0%		452.08	400.49	358.61	324.63	270.25	249.03	214.51
	10.0%		441.60	390.29	348.68	314.94	261.04	240.05	205.95
	18.0%		431.13	380.09	338.74	305.25	251.83	231.06	197.39
	21.0%		427.20	376.26	335.01	301.62	248.38	227.69	194.18

ROIC vs. Pre-Tax Cost of Debt

Here, we analyze the relationship between the cost of equity and the company's beta. A higher beta, indicating increased volatility and risk, leads to a higher cost of equity, which in turn lowers the company's valuation. Conversely, a lower beta reduces the cost of equity, enhancing the valuation by lowering the required return.

		CV ROIC							
		324.63	-60.0%	-45.0%	-31.0%	-21.0%	-20.0%	-15.0%	-10.0%
Pre-Tax Cost of De	1.0%		306.67	309.36	314.22	321.65	322.80	330.87	347.00
	3.0%		311.76	314.51	319.48	327.08	328.26	336.52	353.02
	4.0%		314.36	317.14	322.17	329.87	331.06	339.41	356.11
	4.9%		316.74	319.55	324.63	332.41	333.61	342.05	358.92
	6.0%		319.69	322.54	327.69	335.56	336.78	345.33	362.42
	7.0%		322.42	325.30	330.51	338.48	339.72	348.36	365.66
	8.0%		325.19	328.11	333.38	341.45	342.70	351.45	368.95

Conclusion

In summary, we advise a BUY rating for Salesforce Inc. due to the company's promising growth prospects, largely driven by the accelerating advancements in CRM software. Salesforce's robust market presence, coupled with its strategic emphasis on cloud computing services, positions it to effectively leverage emerging opportunities within the software sector. Our analysis projects a potential return ranging from 5-10% through 2033, supported by several key growth catalysts.

Important Disclaimer

This report was created by students enrolled in the Applied Equity Valuation class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of the students' skills, knowledge, and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

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Salesforce												
<i>Revenue Decomposition</i>												
Fiscal Years Ending Jan. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Sales	5,989,000	6,831,000	8,009,677	7,646,285	9,605,509	12,066,749	15,158,637	19,042,766	23,922,134	30,051,752	37,751,975	47,425,242
Revenue growth %	15.37%	14.06%	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%
Service	6,474,000	7,369,000	9,151,956	10,721,911	13,448,446	15,947,958	19,499,556	24,402,010	30,171,086	37,627,759	47,533,097	60,076,407
Revenue growth %	20.40%	13.82%	24.20%	24.20%	24.16%	22.80%	22.20%	22.11%	21.76%	21.60%	21.73%	21.86%
Platform and Other	4,509,000	5,967,000	7,790,816	13,544,563	17,015,114	21,374,932	26,851,876	33,732,188	42,375,457	53,233,409	66,873,516	84,008,657
Revenue growth %	-28.14%	32.34%	30.57%	30.57%	30.57%	30.57%	30.57%	30.57%	30.57%	30.57%	30.57%	30.57%
Marketing and Commerce	3,902,000	4,516,000	5,845,266	13,043,616	16,385,809	20,584,379	25,858,757	32,484,600	40,808,197	51,264,567	64,400,194	80,901,590
Revenue growth %	24.55%	15.74%	29.43%	29.43%	29.43%	29.43%	29.43%	29.43%	29.43%	29.43%	29.43%	29.43%
Data	3,783,000	4,338,000	4,477,542	1,425,464	1,790,714	2,249,552	2,825,960	3,550,061	4,459,701	5,602,419	7,037,939	8,841,284
Revenue growth %	14.28%	14.67%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%	3.22%
Total subscription and support revenues	24,657,000	29,021,000	35,275,257	44,313,910	55,668,555	69,932,625	87,851,608	110,362,008	138,640,296	#####	#####	274,852,141
Revenue growth %	23.43%	17.70%	21.55%	25.62%								
Professional services and other	1,835,000	2,331,000	2,320,000	2,924,917	3,687,561	4,649,057	5,861,253	7,389,518	9,316,262	11,745,387	14,807,882	18,668,893
Revenue growth %	43.81%	27.03%	-0.47%	26.07%								
Total revenues	26,492,000	31,352,000	34,857,000	47,238,827	59,356,116	74,581,682	93,712,861	117,751,526	147,956,559	185,909,776	233,598,776	293,521,034
Revenue growth %	24.66%	18.35%	11.18%	35.52%	25.65%	25.65%	25.65%	25.65%	25.65%	25.65%	25.65%	25.65%
Americas	17,983,000	21,250,000	23,289,000	28,998,886	36,108,693	44,961,650	55,985,132	69,711,299	86,802,782	108,084,672	134,584,355	167,581,103
% of Total Revenue	67.88%	67.78%	66.81%	61.39%	60.83%	60.29%	59.74%	59.20%	58.67%	58.14%	57.61%	57.09%
Revenue growth %	22.03%	18.17%	9.60%	24.52%	24.52%	24.52%	24.52%	24.52%	24.52%	24.52%	24.52%	24.52%
Europe	6,016,000	7,163,000	8,128,000	10,452,927	13,442,875	17,288,065	22,233,130	28,592,678	36,771,306	47,289,344	60,815,953	78,211,703
% of Total Revenue	22.71%	22.85%	23.32%	22.13%	22.65%	23.18%	23.72%	24.28%	24.85%	25.44%	26.03%	26.65%
Revenue growth %	33.66%	19.07%	13.47%	28.60%	28.60%	28.60%	28.60%	28.60%	28.60%	28.60%	28.60%	28.60%
Asia Pacific	2,493,000	2,939,000	3,440,000	4,189,270	5,157,358	6,358,933	7,893,675	9,730,509	11,973,287	14,671,074	17,931,332	21,877,119
% of Total Revenue	9.41%	9.37%	9.87%	8.87%	8.69%	8.53%	8.42%	8.26%	8.09%	7.89%	7.68%	7.45%
Revenue growth %	23.72%	17.89%	17.05%	21.78%	23.11%	23.30%	24.14%	23.27%	23.05%	22.53%	22.22%	22.00%
Total revenues	26,492,000	31,352,000	34,857,000	43,641,083	54,708,926	68,608,648	86,111,937	108,034,486	135,547,375	170,045,090	213,331,640	267,669,925
Revenue growth %	24.66%	18.35%	11.18%	24.93%	24.15%	23.44%	23.38%	23.16%	23.00%	22.66%	22.11%	21.91%

Salesforce												
Income Statement (in thousands)												
Fiscal Years Ending Jan. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Subscription and support	24,657,000	29,021,000	32,537,000	44,313,910	55,668,555	69,932,625	87,851,608	110,362,008	138,640,296	174,164,389	218,790,893	274,852,141
Professional services and other	1,835,000	2,331,000	2,320,000	2,924,917	3,687,561	4,649,057	5,861,253	7,389,518	9,316,262	11,745,387	14,807,882	18,668,893
Total revenues	26,492,000	31,352,000	34,857,000	47,238,827	59,356,116	74,581,682	93,712,861	117,751,526	147,956,559	185,909,776	233,598,776	293,521,034
Cost of revenues												
Subscription and support	5,059,000	5,821,000	6,177,000	8,180,924	10,277,140	12,910,473	16,218,550	20,374,263	25,594,803	32,153,013	40,391,646	50,741,282
Professional services and other	1,967,000	2,539,000	2,364,000	217,470	274,173	345,661	435,789	549,417	692,672	873,279	1,100,978	1,388,047
Total cost of revenues	7,026,000	8,360,000	8,541,000	8,398,394	10,551,313	13,256,134	16,654,339	20,923,680	26,287,474	33,026,292	41,492,624	52,129,329
Depreciation & amortization	3,298,000	3,786,000	3,959,000	1,026,832	534,360	178,968	(77,501)	(262,582)	(396,146)	(492,532)	(562,090)	(612,286)
Total cost of revenues (net of depreciation)	3,728,000	4,574,000	4,582,000	7,371,563	10,016,953	13,077,166	16,731,840	21,186,262	26,683,620	33,518,824	42,054,714	52,741,615
Gross profit	19,466,000	22,992,000	26,316,000	38,840,433	48,804,803	61,325,548	77,058,522	96,827,847	121,669,084	152,883,484	192,106,151	#####
Operating expenses												
Research and development	4,465,000	5,055,000	4,906,000	7,408,964	9,309,446	11,697,432	14,697,977	18,468,214	23,205,588	29,158,192	36,637,761	46,036,001
Marketing and sales	11,855,000	13,526,000	12,877,000	22,748,874	28,584,216	35,916,415	45,129,446	56,705,782	71,251,666	89,528,855	112,494,519	#####
General and administrative	2,598,000	2,553,000	2,534,000	3,971,125	4,989,763	6,269,698	7,877,958	9,898,765	12,437,947	15,628,479	19,637,448	24,674,804
Restructuring	-	828,000	988,000	-	-	-	-	-	-	-	-	-
Total operating expenses	18,918,000	21,962,000	21,305,000	34,128,963	42,883,425	53,883,545	67,705,381	85,072,762	106,895,201	134,315,525	168,769,728	212,062,178
Amortization	-	-	-	1,605,000	1,363,000	996,000	619,000	486,000	209,000	209,000	209,000	209,000
Income from operations	548,000	1,030,000	5,011,000	3,106,470	4,558,378	6,446,003	8,734,141	11,269,084	14,564,883	18,358,958	23,127,423	29,120,527
Other expenses												
Investment income	227,000	131,000	216,000	891,166	1,364,878	1,242,194	1,641,911	2,215,276	2,922,225	3,810,119	4,970,736	6,456,905
Interest expense	227,000	131,000	216,000	411,068	883,062	534,920	566,550	609,245	667,727	748,274	853,783	989,738
Gains (losses) on strategic investments, net	1,211,000	239,000	277,000	-	-	-	-	-	-	-	-	-
Gain on sales of land an building improvement	-	-	-	-	-	-	-	-	-	-	-	-
Taxes												
Income before provision for income taxes	1,532,000	660,000	4,950,000	1,804,236	2,310,438	4,668,889	6,525,680	8,444,564	10,974,931	13,800,566	17,302,905	21,673,883
Provision for income taxes	88,000	452,000	814,000	198,466	254,148	513,578	717,825	928,902	1,207,242	1,518,062	1,903,320	2,384,127
Net income	1,444,000	208,000	4,136,000	1,605,770	2,056,290	4,155,311	5,807,855	7,515,662	9,767,688	12,282,504	15,399,585	19,289,756
Shares outstanding												
Basic net income per share	1.51	0.21	4.25	1.63	2.04	4.05	5.56	7.08	9.04	11.18	13.79	17.00
Year end shares outstanding	989,000	981,000	971,000	999,060	1,017,121	1,035,181	1,053,241	1,071,302	1,089,362	1,107,422	1,125,483	1,143,543
Weighted average shares outstanding basic	955,000	992,000	974,000	985,030	1,008,090	1,026,151	1,044,211	1,062,271	1,080,332	1,098,392	1,116,452	1,134,513

Salesforce												
<i>Balance Sheet (in thousands)</i>												
Current Assets	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Cash & cash equivalents	5,464,000	7,016,000	8,472,000	18,099,388	14,960,100	22,959,004	34,642,959	49,154,731	67,505,027	91,653,654	122,728,068	162,990,226
Marketable securities	5,073,000	5,492,000	5,722,000	5,989,790	6,270,112	6,563,553	6,870,727	7,192,277	7,528,876	7,881,227	8,250,069	8,636,172
Accounts receivable, gross	9,739,000	10,755,000	11,414,000	16,346,412	20,539,450	25,808,069	32,428,176	40,746,459	51,198,537	64,331,778	80,833,967	101,569,323
Costs capitalized to obtain revenue contracts, net	1,454,000	1,776,000	1,905,000	2,616,771	3,288,002	4,131,414	5,191,176	6,522,785	8,195,978	10,298,377	12,940,084	16,259,447
Prepaid expenses & other current assets	1,120,000	1,356,000	1,561,000	2,051,908	2,578,246	3,239,597	4,070,597	5,114,762	6,426,775	8,075,345	10,146,808	12,749,645
Total current assets	22,850,000	26,395,000	29,074,000	45,104,269	47,635,909	62,701,637	83,203,635	108,731,014	140,855,192	182,240,381	234,898,996	302,204,813
Noncurrent Assets												
Property & equipment, net	2,815,000	3,702,000	3,689,000	1,919,744	642,960	(278,431)	(943,354)	(1,423,196)	(1,769,474)	(2,019,366)	(2,199,700)	(2,329,838)
Operating lease right-of-use assets, net	2,880,000	2,890,000	2,366,000	1,231,259	412,373	(178,577)	(605,035)	(912,790)	(1,134,881)	(1,295,153)	(1,410,813)	(1,494,280)
Noncurrent costs capitalized to obtain revenue contracts, net	2,342,000	2,697,000	2,515,000	3,882,704	3,933,614	3,073,345	1,491,226	(116,473)	(1,276,673)	(2,113,935)	(2,718,149)	(3,154,183)
Strategic investments	4,784,000	4,672,000	4,848,000	5,074,886	5,312,391	5,561,011	5,821,266	6,093,702	6,378,887	6,677,419	6,989,922	7,317,050
Goodwill	47,937,000	48,568,000	48,620,000	48,620,000	48,620,000	48,620,000	48,620,000	48,620,000	48,620,000	48,620,000	48,620,000	48,620,000
Intangible assets acquired through business combinations, net	8,978,000	7,125,000	5,278,000	3,673,000	2,310,000	1,314,000	695,000	209,000	-	(209,000)	(418,000)	(627,000)
Deferred tax assets & other assets, net	2,623,000	2,800,000	3,433,000	3,457,728	3,489,393	3,553,381	3,642,817	3,758,552	3,908,966	4,098,106	4,335,247	4,632,293
Total assets	95,209,000	98,849,000	99,823,000	112,963,590	112,356,641	124,366,366	141,925,554	164,959,809	195,582,017	235,998,453	288,097,503	355,168,855
Current Liabilities												
Accounts payable, accrued expenses & other liabilities	5,474,000	6,743,000	6,111,000	9,400,821	11,661,430	14,190,111	18,296,949	22,842,736	28,580,201	36,091,406	45,262,967	56,851,489
Operating lease liabilities, current	686,000	590,000	518,000	271,403	90,898	(39,363)	(133,366)	(201,204)	(250,159)	(285,487)	(310,982)	(329,380)
Unearned revenue	15,628,000	17,376,000	19,003,000	24,953,269	31,347,097	39,379,230	49,469,452	62,145,113	78,068,684	98,072,386	123,201,679	154,769,902
Debt, current	-	1,182,000	999,000	10,000,000	1,788,744	2,175,597	2,658,316	3,261,334	4,015,346	4,958,912	6,140,478	7,620,906
Total current liabilities	21,788,000	25,891,000	26,631,000	44,625,493	44,888,169	55,705,574	70,291,351	88,047,979	110,414,072	138,837,218	174,294,141	218,912,917
Noncurrent Liabilities												
Noncurrent debt	10,592,000	9,419,000	8,427,000	10,249,079	10,477,257	10,815,692	11,311,982	12,049,988	13,142,971	14,618,776	16,554,740	19,053,658
Noncurrent operating lease liabilities	2,703,000	2,897,000	2,644,000	1,169,636	391,734	(169,639)	(574,754)	(867,105)	(1,078,081)	(1,230,332)	(1,340,203)	(1,419,492)
Other noncurrent liabilities	1,995,000	2,283,000	2,475,000	2,655,781	2,849,767	3,057,922	3,281,281	3,520,955	3,778,135	4,054,101	4,350,224	4,667,977
Total liabilities	37,078,000	40,490,000	40,177,000	58,699,989	58,606,927	69,409,549	84,309,860	102,751,816	126,257,097	156,279,763	193,858,902	241,215,059
Equity												
Common equity	50,920,000	55,048,000	59,842,000	60,035,245	60,228,491	60,421,736	60,614,982	60,808,227	61,001,473	61,194,718	61,387,964	61,581,209
Treasury stock, at cost	-	(4,000,000)	(11,692,000)	(17,502,000)	(23,312,000)	(29,122,000)	(34,932,000)	(40,742,000)	(46,552,000)	(52,362,000)	(58,172,000)	(63,982,000)
Accumulated other comprehensive income (loss)	(166,000)	(274,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)	(225,000)
Retained earnings (accumulated deficit)	7,377,000	7,585,000	11,721,000	15,857,000	17,462,770	19,519,060	23,674,371	29,482,226	36,997,888	46,765,576	59,048,080	74,447,665
Total stockholders' equity	58,131,000	58,359,000	59,646,000	58,165,245	54,154,261	50,593,796	49,132,352	49,323,453	51,222,360	55,373,294	62,039,043	71,821,874
Total Liabilities and stockholders Equity	95,209,000	98,849,000	99,823,000	116,865,234	112,761,188	120,003,345	133,442,212	152,075,269	177,479,457	211,653,058	255,897,945	313,036,933

Salesforce												
<i>Historical Cash Flow Statement (in thousands)</i>												
Fiscal Years Ending Jan. 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net income	(270,445)	(232,175)	(262,688)	(47,426)	179,632	127,478	1,110,000	126,000	4,072,000	1,444,000	208,000	4,136,000
Depreciation & amortization	216,795	369,423	448,296	525,750	632,245	752,600	962,000	2,135,000	2,846,000	3,298,000	3,786,000	3,959,000
Amortization of costs capitalized to obtain revenue contracts, net	-	-	-	-	-	-	737,000	876,000	1,058,000	1,348,000	1,668,000	1,925,000
Stock-based compensation expense	-	-	-	-	-	-	1,283,000	1,785,000	2,190,000	2,779,000	3,279,000	2,787,000
(Gains) losses from acquisitions of strategic investments	-	-	-	-	(13,697)	-	(542,000)	(427,000)	(2,170,000)	(1,211,000)	239,000	277,000
Accounts receivable, net	(183,242)	(424,702)	(544,610)	(582,425)	(628,477)	(720,019)	(923,000)	(1,000,000)	(1,556,000)	(1,824,000)	(995,000)	(659,000)
Costs capitalized to obtain revenue contracts, net	-	-	-	-	-	-	(981,000)	(1,130,000)	(1,645,000)	(2,283,000)	(2,345,000)	(1,872,000)
Prepaid expenses & other current assets & other assets	-	105,218	45,819	50,772	(28,850)	24,140	(58,000)	(119,000)	(133,000)	114,000	(302,000)	(843,000)
Accounts payable, accrued expenses & other liabilities	-	(29,043)	159,973	253,986	49,953	308,225	-	-	1,100,000	507,000	528,000	(478,000)
Operating lease liabilities	-	-	-	-	-	-	-	(728,000)	(830,000)	(801,000)	(699,000)	(621,000)
Unearned revenue	479,419	612,343	798,830	969,686	1,210,973	1,551,904	1,503,000	1,665,000	1,872,000	2,629,000	1,744,000	1,623,000
Net cash provided by operating activities	736,897	875,469	1,173,714	1,612,585	2,162,198	2,737,965	3,398,000	4,331,000	4,801,000	6,000,000	7,111,000	10,234,000
Business combinations, net of cash acquired	(579,745)	(2,617,302)	38,071	(58,680)	(3,192,739)	(25,391)	(5,115,000)	(369,000)	(1,281,000)	(14,876,000)	(439,000)	(82,000)
Purchases of strategic investments	(9,695)	(31,160)	(93,725)	(366,519)	(29,987)	(216,438)	(362,000)	(768,000)	(1,069,000)	(1,718,000)	(550,000)	(496,000)
Sales of strategic investments	-	-	-	-	-	130,732	260,000	434,000	1,051,000	2,201,000	355,000	108,000
Purchases of marketable securities	(1,021,287)	(558,703)	(780,540)	(1,139,267)	(1,070,412)	(2,003,115)	(1,068,000)	(3,857,000)	(4,833,000)	(5,674,000)	(4,777,000)	(3,761,000)
Sales of marketable securities	706,893	1,038,284	243,845	500,264	2,005,301	558,614	1,426,000	1,444,000	1,836,000	4,179,000	1,771,000	1,511,000
Maturities of marketable securities	144,623	36,436	87,638	37,811	67,454	79,123	146,000	779,000	1,035,000	2,069,000	2,449,000	2,129,000
Capital expenditures	(175,601)	(299,110)	(290,454)	(284,476)	(463,958)	(534,027)	(595,000)	(643,000)	(710,000)	(717,000)	(798,000)	(736,000)
Net cash used in investing activities	(938,918)	(2,431,555)	(698,360)	(1,487,878)	(2,684,341)	(2,010,502)	(5,308,000)	(2,980,000)	(3,971,000)	(14,536,000)	(1,989,000)	(1,327,000)
Proceeds from issuance of debt, net of issuance costs	-	-	-	-	-	-	2,966,000	-	(20,000)	7,906,000	-	-
Repayments of Slack convertible notes, net of capitalized interest	-	-	-	-	-	-	-	-	-	(1,197,000)	-	-
Repurchases of common stock	-	-	-	-	-	-	-	-	-	-	(4,000,000)	(7,620,000)
Proceeds from employee stock plans	351,366	289,931	308,989	455,482	401,481	650,300	704,000	840,000	1,321,000	1,289,000	861,000	1,954,000
Principal payments on financing obligations	(3,174)	(70,663)	(82,330)	(98,157)	(98,000)	(106,000)	(131,000)	(173,000)	(103,000)	(156,000)	(419,000)	(629,000)
Repayments of debt	-	-	-	-	-	-	(1,529,000)	(503,000)	(4,000)	(4,000)	(4,000)	(1,182,000)
Net cash flows from financing activities	334,545	1,598,234	(310,481)	132,648	997,698	221,225	2,010,000	164,000	1,194,000	7,838,000	(3,562,000)	(7,477,000)
Effect of exchange rate changes	7,437	(7,758)	(38,391)	(7,109)	(27,369)	(11,753)	26,000	(39,000)	26,000	(33,000)	(8,000)	26,000
Net increase (decrease) in cash & cash equivalents	139,961	34,390	126,482	250,246	448,186	936,935	126,000	1,476,000	2,050,000	(731,000)	1,552,000	1,456,000
Cash & cash equivalents, beginning of period	607,284	747,245	781,635	908,117	1,158,363	1,606,549	2,543,000	2,669,000	4,145,000	6,195,000	5,464,000	7,016,000
Cash & cash equivalents, end of period	747,245	781,635	908,117	1,158,363	1,606,549	2,543,484	2,669,000	4,145,000	6,195,000	5,464,000	7,016,000	8,472,000

Salesforce

Forecasted Cash Flow Statement

Fiscal Years Ending Jan. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net income	1,605,770	2,056,290	4,155,311	5,807,855	7,515,662	9,767,688	12,282,504	15,399,585	19,289,756
Depreciation & amortization	1,026,832	534,360	178,968	(77,501)	(262,582)	(396,146)	(492,532)	(562,090)	(612,286)
Change in accounts receivable, net	(4,932,412)	(4,193,038)	(5,268,619)	(6,620,108)	(8,318,283)	(10,452,078)	(13,133,241)	(16,502,189)	(20,735,356)
Change in costs capitalized to obtain revenue contracts, net	(4,521,771)	671,231	843,412	1,059,762	1,331,610	1,673,192	2,102,399	2,641,708	3,319,363
Change in prepaid expenses & other current assets	(490,908)	(526,338)	(661,351)	(830,999)	(1,044,165)	(1,312,013)	(1,648,570)	(2,071,463)	(2,602,837)
Change in deferred tax assets & other assets, net	(24,728)	(31,665)	(63,988)	(89,436)	(115,735)	(150,414)	(189,140)	(237,141)	(297,046)
Change in accounts payable, accrued expenses & other liabilities	3,289,821	2,260,608	2,528,681	4,106,839	4,545,787	5,737,464	7,511,206	9,171,561	11,588,522
Change in unearned revenue	5,950,269	6,393,828	8,032,132	10,090,222	12,675,661	15,923,572	20,003,702	25,129,292	31,568,223
Change in intangible assets acquired through business combinations	1,605,000	1,363,000	996,000	619,000	486,000	209,000	209,000	209,000	209,000
Change in net cash flows from operating activities	3,507,874	8,528,277	10,740,546	14,065,634	16,813,954	21,000,266	26,645,326	33,178,264	41,727,339
Change in operating lease right-of-use assets, net	1,134,741	818,886	590,950	426,459	307,754	222,091	160,272	115,660	83,466
Change in marketable securities	(267,790)	(280,322)	(293,441)	(307,174)	(321,550)	(336,599)	(352,351)	(368,841)	(386,103)
Change in property & equipment, net	1,769,256	1,276,784	921,392	664,923	479,842	346,278	249,892	180,334	130,138
Change in noncurrent costs capitalized to obtain revenue contracts	(1,367,704)	(50,910)	860,270	1,582,119	1,607,698	1,160,200	837,262	604,214	436,034
Change in strategic investments	(226,886)	(237,505)	(248,620)	(260,255)	(272,435)	(285,185)	(298,532)	(312,503)	(327,128)
Change in goodwill	-	-	-	-	-	-	-	-	-
Change in net cash flows from investing activities	1,041,616	1,526,933	1,830,550	2,106,071	1,801,309	1,106,785	596,543	218,864	(63,593)
Change in other noncurrent liabilities	180,781	193,986	208,155	223,359	239,674	257,180	275,966	296,123	317,753
Change in operating lease liabilities, current	(246,597)	(180,505)	(130,261)	(94,003)	(67,837)	(48,955)	(35,328)	(25,495)	(18,398)
Change in noncurrent debt	1,822,079	228,179	338,435	496,290	738,006	1,092,983	1,475,805	1,935,964	2,498,918
Change in noncurrent operating lease liabilities	(1,474,364)	(777,902)	(561,373)	(405,115)	(292,351)	(210,976)	(152,251)	(109,872)	(79,289)
Change in common stock	-	-	-	-	-	-	-	-	-
Change in treasury stock, at cost	(5,810,000)	(5,810,000)	(5,810,000)	(5,810,000)	(5,810,000)	(5,810,000)	(5,810,000)	(5,810,000)	(5,810,000)
Change in additional paid-in capital	1,605,000.00	#####	996,000.00	619,000.00	486,000.00	209,000.00	209,000.00	209,000.00	209,000.00
Change in accumulated other comprehensive income (loss)	-	-	-	-	-	-	-	-	-
Change in debt, current	9,001,000	(8,211,256)	386,853	482,719	603,018	754,012	943,566	1,181,565	1,480,428
Change in net cash flows from financing activities	5,077,898	(13,194,498)	(4,572,192)	(4,487,751)	(4,103,491)	(3,756,755)	(3,093,241)	(2,322,714)	(1,401,588)
Net increase (decrease) in cash & cash equivalents	9,627,388	(3,139,288)	7,998,904	11,683,954	14,511,772	18,350,296	24,148,628	31,074,414	40,262,157
Cash & cash equivalents, beginning of period	8,472,000	18,099,388	14,960,100	22,959,004	34,642,959	49,154,731	67,505,027	91,653,654	122,728,068
Cash & cash equivalents, end of period	18,099,388	14,960,100	22,959,004	34,642,959	49,154,731	67,505,027	91,653,654	122,728,068	162,990,226

Salesforce												
<i>Common Size Income Statement</i>												
Fiscal Years Ending Jan. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Subscription and support	93.07%	92.57%	93.34%	93.81%	93.79%	93.77%	93.75%	93.72%	93.70%	93.68%	93.66%	93.64%
Professional services and other	6.93%	7.43%	6.66%	6.19%	6.21%	6.23%	6.25%	6.28%	6.30%	6.32%	6.34%	6.36%
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of revenues												
Subscription and support	19.10%	18.57%	17.72%	17.32%	17.31%	17.31%	17.31%	17.30%	17.30%	17.29%	17.29%	17.29%
Professional services and other	7.42%	8.10%	6.78%	0.46%	0.46%	0.46%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%
Total cost of revenues	26.52%	26.66%	24.50%	17.78%	17.78%	17.77%	17.77%	17.77%	17.77%	17.76%	17.76%	17.76%
Depreciation & amortization	12.45%	12.08%	11.36%	2.17%	0.90%	0.24%	-0.08%	-0.22%	-0.27%	-0.26%	-0.24%	-0.21%
Total cost of revenues (net of depreciation)	14.07%	14.59%	13.15%	15.60%	16.88%	17.53%	17.85%	17.99%	18.03%	18.03%	18.00%	17.97%
Gross profit	73.48%	73.34%	75.50%	82.22%	82.22%	82.23%	82.23%	82.23%	82.23%	82.24%	82.24%	82.24%
Operating expenses												
Research and development	16.85%	16.12%	14.07%	15.68%	15.68%	15.68%	15.68%	15.68%	15.68%	15.68%	15.68%	15.68%
Marketing and sales	44.75%	43.14%	36.94%	48.16%	48.16%	48.16%	48.16%	48.16%	48.16%	48.16%	48.16%	48.16%
General and administrative	9.81%	8.14%	7.27%	48.16%	48.16%	48.16%	48.16%	48.16%	48.16%	48.16%	48.16%	48.16%
Restructuring	0.00%	2.64%	2.83%	8.41%	8.41%	8.41%	8.41%	8.41%	8.41%	8.41%	8.41%	8.41%
Total operating expenses	71.41%	70.05%	61.12%	2.17%	0.90%	0.24%	-0.08%	72.25%	72.25%	72.25%	72.25%	72.25%
Amortization	-	-	-	3.40%	2.30%	1.34%	0.66%	0.41%	0.14%	0.11%	0.09%	0.07%
Income from operations	2.07%	3.29%	14.38%	6.58%	7.68%	8.64%	9.32%	9.57%	9.84%	9.88%	9.90%	9.92%
Other expenses												
Investment income	0.86%	0.42%	0.62%	1.89%	2.30%	1.67%	1.75%	1.88%	1.98%	2.05%	2.13%	2.20%
Interest expense	0.86%	0.42%	0.62%	61.74%	44.72%	47.04%	50.51%	53.03%	55.02%	57.13%	59.06%	60.96%
Gains (losses) on strategic investments, net	4.57%	0.76%	0.79%	0.87%	1.49%	0.72%	0.60%	0.52%	0.45%	0.40%	0.37%	0.34%
Gain on sales of land an building improvements	0.00%	0.00%	0.00%	42.87%	20.67%	17.42%	14.91%	13.00%	11.60%	10.53%	9.72%	9.09%
Taxes												
Income before benefit from (provision for) income	5.78%	2.11%	14.20%	3.82%	3.89%	6.26%	6.96%	7.17%	7.42%	7.42%	7.41%	7.38%
Total provision (benefit) for income taxes	0.33%	1.44%	2.34%	0.42%	0.43%	0.69%	0.77%	0.79%	0.82%	0.82%	0.81%	0.81%
Net income (loss)	5.45%	0.66%	11.87%	3.82%	3.89%	6.26%	6.96%	7.17%	7.42%	7.42%	7.41%	7.38%

Salesforce													
<i>Common Size Balance Sheet</i>													
Current Assets	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	
Cash & cash equivalents	20.63%	22.38%	24.31%	38.31%	25.20%	30.78%	36.97%	41.74%	45.62%	49.30%	52.54%	55.53%	
Marketable securities	19.15%	17.52%	16.42%	12.68%	10.56%	8.80%	7.33%	6.11%	5.09%	4.24%	3.53%	2.94%	
Accounts receivable, net	36.76%	34.30%	32.75%	34.60%	34.60%	34.60%	34.60%	34.60%	34.60%	34.60%	34.60%	34.60%	
Costs capitalized to obtain revenue contracts, net	5.49%	5.66%	5.47%	5.54%	5.54%	5.54%	5.54%	5.54%	5.54%	5.54%	5.54%	5.54%	
Prepaid expenses & other current assets	4.23%	4.33%	4.48%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	
Total current assets	86.25%	84.19%	83.41%	95.48%	80.25%	84.07%	88.79%	92.34%	95.20%	98.03%	100.56%	102.96%	
Noncurrent Assets													
Property & equipment, net	10.63%	11.81%	10.58%	12.91%	9.02%	6.19%	4.13%	2.66%	1.61%	0.88%	0.39%	0.05%	
Operating lease right-of-use assets, net	10.87%	9.22%	6.79%	8.85%	7.94%	6.56%	5.14%	3.87%	2.81%	1.97%	1.33%	0.85%	
Noncurrent costs capitalized to obtain revenue contr	8.84%	8.60%	7.22%	4.06%	1.08%	-0.37%	-1.01%	-1.21%	-1.20%	-1.09%	-0.94%	-0.79%	
Strategic investments	18.06%	14.90%	13.91%	2.61%	0.69%	-0.24%	-0.65%	-0.78%	-0.77%	-0.70%	-0.60%	-0.51%	
Goodwill	180.95%	154.91%	139.48%	8.22%	6.63%	4.12%	1.59%	-0.10%	-0.86%	-1.14%	-1.16%	-1.07%	
Intangible assets acquired through business comb	33.89%	22.73%	15.14%	10.74%	8.95%	7.46%	6.21%	5.18%	4.31%	3.59%	2.99%	2.49%	
Deferred tax assets & other assets, net	9.90%	8.93%	9.85%	102.92%	81.91%	65.19%	51.88%	41.29%	32.86%	26.15%	20.81%	16.56%	
Total assets	359.39%	315.29%	286.38%	7.78%	3.89%	1.76%	0.74%	0.18%	0.00%	-0.11%	-0.18%	-0.21%	
Current Liabilities													
Accounts payable, accrued expenses & other liabilit	20.66%	21.51%	17.53%	19.90%	19.65%	19.03%	19.52%	19.40%	19.32%	19.41%	19.38%	19.37%	
Operating lease liabilities, current	2.59%	1.88%	1.49%	239.13%	189.29%	166.75%	151.45%	140.09%	132.19%	159.51%	123.33%	121.00%	
Unearned revenue	58.99%	55.42%	54.52%	52.82%	52.81%	52.80%	52.79%	52.78%	52.76%	52.75%	52.74%	52.73%	
Debt, current	0.00%	3.77%	2.87%	21.17%	3.01%	2.92%	2.84%	2.77%	2.71%	2.67%	2.63%	2.60%	
Total current liabilities	82.24%	82.58%	76.40%	19.90%	19.65%	19.03%	19.52%	19.40%	19.32%	24.39%	19.38%	19.37%	
Noncurrent Liabilities													
Noncurrent debt	39.98%	30.04%	24.18%	52.82%	52.81%	52.80%	52.79%	52.78%	52.76%	66.28%	52.74%	52.73%	
Noncurrent operating lease liabilities	10.20%	9.24%	7.59%	21.17%	3.01%	2.92%	2.84%	2.77%	2.71%	3.35%	2.63%	2.60%	
Other noncurrent liabilities	7.53%	7.28%	7.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Total liabilities	139.96%	129.15%	115.26%	94.47%	75.63%	74.69%	75.01%	74.77%	74.63%	93.84%	74.61%	74.58%	
Equity													
Common equity	192.21%	175.58%	171.68%	127.09%	101.47%	81.01%	64.68%	51.64%	41.23%	32.92%	26.28%	20.98%	
Treasury stock, at cost	0.00%	-12.76%	-33.54%	2.48%	0.66%	-0.23%	-0.61%	-0.74%	-0.73%	-0.83%	-0.57%	-0.48%	
Additional paid-in capital	192.21%	175.58%	171.68%	5.62%	4.80%	4.10%	3.50%	2.99%	2.55%	2.74%	1.86%	1.59%	
Accumulated other comprehensive income (loss)	-0.63%	-0.87%	-0.65%	124.26%	98.74%	93.07%	89.97%	87.26%	85.33%	105.63%	82.99%	82.18%	
Retained earnings (accumulated deficit)	27.85%	24.19%	33.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Total stockholders' equity	219.43%	186.14%	171.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Total Liabilities and stockholders Equity	359.39%	315.29%	286.38%	130.08%	105.82%	85.55%	68.75%	55.12%	44.01%	44.15%	28.06%	22.40%	

Salesforce												
Value Driver Estimation												
Fiscal Years Ending Jan. 31	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
NOPLAT:												
Revenue	26,492,000	31,352,000	34,857,000	47,238,827	59,356,116	74,581,682	93,712,861	117,751,526	147,956,559	185,909,776	233,598,776	293,521,034
(Cost of revenue)	(3,728,000)	(4,574,000)	(4,582,000)	(7,371,563)	(10,016,953)	(13,077,166)	(16,731,840)	(21,186,262)	(26,683,620)	(33,518,824)	(42,054,714)	(52,741,615)
(Research and development)	(4,465,000)	(5,055,000)	(4,906,000)	(7,408,964)	(9,309,446)	(11,697,432)	(14,697,977)	(18,468,214)	(23,205,588)	(29,158,192)	(36,637,761)	(46,036,001)
(Marketing and sales)	(11,855,000)	(13,526,000)	(12,877,000)	(22,748,874)	(28,584,216)	(35,916,415)	(45,129,446)	(56,705,782)	(71,251,666)	(89,528,855)	#####	#####
(General and administrative)	(2,598,000)	(2,553,000)	(2,534,000)	(3,971,125)	(4,989,763)	(6,269,698)	(7,877,958)	(9,898,765)	(12,437,947)	(15,628,479)	(19,637,448)	(24,674,804)
(Depreciation & amortization)	(3,298,000)	(3,786,000)	(3,959,000)	(1,026,832)	(534,360)	(178,968)	77,501	262,582	396,146	492,532	562,090	612,286
Implied interest on operating leases	141,120	141,610	115,934	60,332	20,206	(8,750)	(29,647)	(44,727)	(55,609)	(63,462)	(69,130)	(73,220)
EBITA	689,120	1,999,610	6,114,934	4,771,801	5,941,585	7,433,253	9,323,494	11,710,358	14,718,273	18,504,496	23,267,293	29,256,307
Provision for income taxes	88,000	452,000	814,000	198,466	254,148	513,578	717,825	928,902	1,207,242	1,518,062	1,903,320	2,384,127
Tax shield on operating lease interest	15,523	15,577	12,753	6,636	2,223	(963)	(3,261)	(4,920)	(6,117)	(6,981)	(7,604)	(8,054)
Tax shield on restructuring	-	91,080	108,680	-	-	-	-	-	-	-	-	-
Tax on investment income	(24,970)	(14,410)	(23,760)	(98,028)	(150,137)	(136,641)	(180,610)	(243,680)	(321,445)	(419,113)	(546,781)	(710,260)
Tax shield on interest expense	24,970	14,410	23,760	45,217	97,137	58,841	62,321	67,017	73,450	82,310	93,916	108,871
Tax shield on gains (losses) on strategic invest	133,210	26,290	30,470	-	-	-	-	-	-	-	-	-
Tax shield on gain on sales of land and building	-	-	-	-	-	-	-	-	-	-	-	-
Total adjusted taxes	236,733	584,947	965,903	152,292	203,371	434,815	596,274	747,319	953,131	1,174,278	1,442,850	1,774,685
Change in deferred taxes	(177,000)	(633,000)	(24,728)	(31,665)	(63,988)	(89,436)	(115,735)	(150,414)	(189,140)	(237,141)	(297,046)	-
NOPLAT:	275,387	781,663	5,124,304	4,587,844	5,674,225	6,909,001	8,611,485	10,812,625	13,576,003	17,093,077	21,527,397	27,481,622
Invested Capital (IC):												
Normal Cash	529,840	627,040	697,140	944,777	1,187,122	1,491,634	1,874,257	2,355,031	2,959,131	3,718,196	4,671,976	5,870,421
Accounts Receivable	9,739,000	10,755,000	11,414,000	16,346,412	20,539,450	25,808,069	32,428,176	40,746,459	51,198,537	64,331,778	80,833,967	101,569,323
Costs capitalized to obtain revenue contracts	1,454,000	1,776,000	1,905,000	2,616,771	3,288,002	4,131,414	5,191,176	6,522,785	8,195,978	10,298,377	12,940,084	16,259,447
Prepaid expenses & other current assets	1,120,000	1,356,000	1,561,000	2,051,908	2,578,246	3,239,597	4,070,597	5,114,762	6,426,775	8,075,345	10,146,808	12,749,645
Total:	12,842,840	14,514,040	15,577,140	21,959,867	27,592,820	34,670,714	43,564,206	54,739,037	68,780,421	86,423,696	108,592,834	136,448,836
Accounts payable	5,474,000	6,743,000	6,111,000	9,400,821	11,661,430	14,190,111	18,296,949	22,842,736	28,580,201	36,091,406	45,262,967	56,851,489
Unearned revenue	15,628,000	17,376,000	19,003,000	24,953,269	31,347,097	39,379,230	49,469,452	62,145,113	78,068,684	98,072,386	123,201,679	154,769,902
Total:	21,102,000	24,119,000	25,114,000	34,354,090	43,008,527	53,569,340	67,766,401	84,987,849	106,648,885	134,163,793	168,464,645	211,621,391
Net Operating WC:	(8,259,160)	(9,604,960)	(9,536,860)	(12,394,223)	(15,415,707)	(18,898,627)	(24,202,195)	(30,248,812)	(37,868,464)	(47,740,097)	(59,871,811)	(75,172,555)
PPE Book Value:												
Net PPE:	2,815,000	3,702,000	3,689,000	1,919,744	642,960	(278,431)	(943,354)	(1,423,196)	(1,769,474)	(2,019,366)	(2,199,700)	(2,329,838)
Operating lease assets	2,880,000	2,890,000	2,366,000	1,231,259	412,373	(178,577)	(605,035)	(912,790)	(1,134,881)	(1,295,153)	(1,410,813)	(1,494,280)
Intangible assets acquired through business	8,978,000	7,125,000	5,278,000	3,673,000	2,310,000	1,314,000	695,000	209,000	-	(209,000)	(418,000)	(627,000)
Noncurrent costs capitalized to obtain revenue	2,342,000	2,697,000	2,515,000	3,882,704	3,933,614	3,073,345	1,491,226	(116,473)	(1,276,673)	(2,113,935)	(2,718,149)	(3,154,183)
(Noncurrent debt)	(10,592,000)	(9,419,000)	(8,427,000)	(10,249,079)	(10,477,257)	(10,815,692)	(11,311,982)	(12,049,988)	(13,142,971)	(14,618,776)	(16,554,740)	(19,053,658)
(Other noncurrent liabilities)	(1,995,000)	(2,283,000)	(2,475,000)	(2,655,781)	(2,849,767)	(3,057,922)	(3,281,281)	(3,520,955)	(3,778,135)	(4,054,101)	(4,350,224)	(4,667,977)
Invested Capital (IC):	(3,831,160)	(4,892,960)	(6,590,860)	(14,592,375)	(21,443,784)	(28,841,904)	(38,157,622)	(48,063,213)	(58,970,598)	(72,050,428)	(87,523,438)	#####
Free Cash Flow (FCF):												
NOPLAT	275,387	781,663	5,124,304	4,587,844	5,674,225	6,909,001	8,611,485	10,812,625	13,576,003	17,093,077	21,527,397	27,481,622
Change in IC	(4,170,060)	(1,061,800)	(1,697,900)	(8,001,515)	(6,851,409)	(7,398,120)	(9,315,719)	(9,905,591)	(10,907,385)	(13,079,830)	(15,473,010)	(18,976,053)
FCF	4,445,447	1,843,463	6,822,204	12,589,359	12,525,634	14,307,122	17,927,204	20,718,216	24,483,387	30,172,907	37,000,407	46,457,676
Return on Invested Capital (ROIC):												
NOPLAT	275,387	781,663	5,124,304	4,587,844	5,674,225	6,909,001	8,611,485	10,812,625	13,576,003	17,093,077	21,527,397	27,481,622
Beginning IC	338,900	(3,831,160)	(4,892,960)	(6,590,860)	(14,592,375)	(21,443,784)	(28,841,904)	(38,157,622)	(48,063,213)	(58,970,598)	(72,050,428)	(87,523,438)
ROIC	81.26%	-20.40%	-104.73%	-69.61%	-38.88%	-32.22%	-29.86%	-28.34%	-28.25%	-28.99%	-29.88%	-31.00%
Economic Profit (EP):												
Beginning IC	338,900	(3,831,160)	(4,892,960)	(6,590,860)	(14,592,375)	(21,443,784)	(28,841,904)	(38,157,622)	(48,063,213)	(58,970,598)	(72,050,428)	(87,523,438)
x (ROIC - WACC)	81.26%	-20.40%	-104.73%	-69.61%	-38.88%	-32.22%	-29.86%	-28.34%	-28.25%	-28.99%	-29.88%	-31.00%
EP	275,387	781,663	5,124,304	4,587,844	5,674,225	6,909,001	8,611,485	10,812,625	13,576,003	17,093,077	21,527,397	27,132,266

Salesforce			
<i>Weighted Average Cost of Capital (WACC) Estimation</i>			
Cost of Equity:			ASSUMPTIONS:
Risk-Free Rate	4.45%		<i>Type risk-free rate assu</i>
Beta	1.20		<i>Type beta assumption l</i>
Equity Risk Premium	2.49%		<i>Type ERP assumption .</i>
Cost of Equity	7.43%		
Cost of Debt:			
Risk-Free Rate	4.45%		<i>Type risk-free rate assu</i>
Implied Default Premium	0.46%		
Pre-Tax Cost of Debt	4.90%		<i>Type assumption here</i>
Marginal Tax Rate	11%		
After-Tax Cost of Debt	4.36%		
Market Value of Common Equity:			MV Weights
Total Shares Outstanding	971,000		
Current Stock Price	\$325.26		
MV of Equity	315,827,460		106.52%
Market Value of Debt:			
Short-Term Debt	1182000		
Current Portion of LTD	-10000000		
Long-Term Debt	-10249078.67		
PV of Operating Leases	-271403.0177		
MV of Total Debt	(19,338,481.69)		-6.52%
Market Value of the Firm	296,488,978.31		100.00%
	Estimated WACC		7.63%

