# Salesforce, Inc.

NYSE: CRM | Cloud software, customer relationship management and AI agents | 2 November 2026 | Initial coverage

| | | | |
|---|---|---|---|
| **Verdict** | Watchlist (initial coverage) | **Price (30 Oct close)** | $229.17 |
| **Weighted fair value** | $259 (+12.8%) | **Base case** | $271 |
| **Interesting at** | $200-210 | **Clean FY27 EPS (our calc.)** | $14.16 |
| **Technical read (chart only)** | Neutral | **Investment Score** | 65.0 / 100 |

## A Cash Machine Buying Its Growth

Salesforce closed at $229.17 on 30 October, 57% above its 22 June low of $146.32 and 15% below its December 2025 high of $269.11. The rebound came from a second quarter that beat on revenue, a raised full-year guide, and an AI partnership with Anthropic unveiled on the day of the results; the stock rose about 21% on 27 August. Since then it has drifted lower, losing 2% on 20 October when it agreed to buy Braze for $5.66bn in cash and 4.6% on 29 October when ServiceNow's results hit software stocks. The business throws off about $15bn of free cash flow a year. The question for a buyer is what it costs to keep growing: organic revenue growth is about 7%, and the company has now agreed four acquisitions in five months.

**Verdict: Watchlist, from fundamentals. Technical read (chart only): Neutral. The chart is a pullback within an uptrend, holding well above a rising 200-day average near $198, which neither supports nor argues against the rating; watch whether a decline toward $200-210 holds that average.** The weighted fair value is $259, 12.8% above the price, a return that does not pay enough for the risk that AI agents erode seat-based pricing. The name becomes interesting at $200 to $210, about 13 times our fiscal 2028 base EPS. The High item in this report is the acquisition program, led by Braze.

## 1. The last reported quarter

| Q2 fiscal 2027 (to 31 Jul) | Actual | Note |
|---|---|---|
| Revenue | $11.35bn, +11% | About $11.32bn expected; Informatica added $456m |
| Subscription and support | $10.82bn, +12% | +11% in constant currency |
| Current RPO / total RPO | $33.5bn / $66.3bn | cRPO +14% in constant currency |
| Non-GAAP / GAAP operating margin | 34.1% / 20.5% | Non-GAAP down 0.2 points |
| Non-GAAP diluted EPS | $5.90 | Includes $2.53 of gains on strategic investments |
| Free cash flow | $1.10bn (Q2), $7.65bn (half year) | Seasonally small quarter |
| Agentforce and Data 360 ARR | Nearly $3.9bn, +210% | Agentforce alone above $1.5bn |
| Cash and securities / debt | $11.4bn / $39.3bn | Net debt about $27.9bn after a $25bn debt-funded buyback |
| Q3 fiscal 2027 guide | $11.42-11.50bn, +11-12% | Non-GAAP EPS $3.42-3.44; Informatica slightly above 4 points |
| Fiscal 2027 guide | $46.1-46.4bn | Non-GAAP EPS $16.67-16.71; margin 34.3%; FCF +4-5% |

*Salesforce Q2 fiscal 2027 results release, 26 Aug 2026; consensus as reported at the release.*

The headline EPS needs cleaning. Non-GAAP EPS of $5.90 includes $2.61bn of net gains on strategic investments, worth $2.53 a share. Excluding them, the quarter earned about $3.37. The same gains explain most of the jump in the full-year guide, from $14.06-14.12 to $16.67-16.71; on our calculation the guide excluding the gains is about $14.16, and that is the figure used for valuation here. The revenue line is cleaner but mostly bought: Informatica contributes a little over four points of the 11-12% growth guided for the third quarter, which leaves organic growth near 7% (our calculation). The company points to a second-half organic reacceleration, and the $100m organic raise to the guide is the first evidence of it.

## 2. Company developments

Items from May to 2 November 2026 that bear on what Salesforce earns or how it competes. The High item is the acquisition program.

| Development | Status and date | What is known | What is forecast (and by whom) | Impact |
|---|---|---|---|---|
| Braze acquisition | Agreed 20 Oct; needs Braze holder and regulatory approval | $47.50 a share in cash, $5.66bn enterprise value; real-time engagement for Marketing Cloud. Reported: about $0.91bn of revenue growing about 26% | Close date not given; full-year guide unchanged | High |
| Contentful and Fin | Fin agreed 15 Jun, closed 10 Sep; Contentful expected to close in fiscal Q3 | Included in the raised revenue guide ($200m of the raise) | Management guidance | High |
| Informatica | Closed | Added $456m of revenue in Q2 | Slightly above 4 points of Q3 growth (management) | Medium |
| Claudeforce and AIforce | Unveiled 26-27 Aug; Dreamforce, Sep | Claude works across Salesforce data and agents through a jointly built layer; AIforce connects outside AI tools to Salesforce data and permissions | Reported: customers face new fees to use Claude inside Salesforce apps | Medium |
| Agentforce | Shipping; Hunter agent GA in November | Agentforce ARR above $1.5bn; agentic work units +97% on the quarter | None quantified | Medium |
| $25bn accelerated buyback | Funded March with $25bn of notes; final settlement October | $27.3bn repurchased in the half year; $50bn total authorization | Diluted shares 827m in Q3 before the final settlement | Medium |
| Rune Technologies | Agreed 30 Oct | Small acquisition; terms not disclosed | None | Low |
| Fiscal Q3 2027 results | Expected early December, not yet announced | Last year's equivalent was 3 December | Guide as above | Medium |

*Salesforce results release (26 Aug 2026), 8-K and Braze announcement (20 Oct 2026), notes offering (12 Mar 2026), Dreamforce coverage (Sep 2026), The Information (22 Oct 2026).*

### 2a. High item: the acquisition program

**What is known.** Announced fact: Salesforce closed Informatica, agreed to buy Contentful and Fin in June (Fin closed on 10 September), and on 20 October agreed to buy Braze for $47.50 a share in cash, an enterprise value of $5.66bn. Braze needs its shareholders' and regulators' approval, and no close date was given. The full-year guide already includes $200m from Contentful and Fin and was not changed for Braze. Reported: Braze has about $0.91bn of annual revenue growing about 26%, so the price is about 6 times revenue. This comes after a $25bn buyback funded with $25bn of new notes in March, which took total debt to $39.3bn.

**Why it matters.** Braze alone costs about 38% of a year's free cash flow, and the four deals together are what lift reported growth from about 7% to 11-12%. A company buying growth at this pace is telling investors something about its organic engine. **What success and failure look like.** Success is organic growth (excluding acquisitions) rising toward 9-10% in the second half as the company says it will, Marketing Cloud growth accelerating once Braze is in, and free cash flow growing despite the deals. Failure is more deals, organic growth stuck near 7%, and margin dilution. The first hard data come with the third-quarter results in early December, and the Braze close.

**Economics and precedent.** On our assumptions (cash at 4%, Braze near breakeven on an operating basis) Braze costs about $0.22 of EPS a year in forgone interest and adds about 1.8% to fiscal 2028 revenue. Salesforce's own record is mixed: Slack and Tableau were bought at high prices and took years to integrate, and activist pressure in 2023 pushed the

company to stop large deals for a time. Adobe, the closest rival in marketing software, has kept buying too; the market has not rewarded either for it.

| Input | Value | Basis |
|---|---|---|
| Fiscal 2027 EPS excluding investment gains | $14.16 | Our calculation: guide midpoint less $2.53 |
| Fiscal 2028 base revenue / margin | $50.9bn / 34.5% | Our estimate: +10%, of which about 3 points acquired |
| Net interest and other / tax rate | -$1.3bn / 21% | Our assumptions |
| Diluted shares fiscal 2028 | 805m | Our assumption after the final buyback settlement |
| Braze: EPS cost / revenue added | $-0.22 / 1.8% | Our calculation |
| Weighted value with / without the deals | $259 / $259 | Our calculation; without them base growth 8.5% |

*Inputs for the sizing; assumptions are this report's.*

**What the price assumes, and the effect on this report.** The market took the Braze news as a cost: the stock fell 2% that day while software peers rose. The earnings effect is close to nil on our assumptions: the acquired revenue roughly offsets the forgone interest, so the weighted value is about $259 with the deals and $259 without them. The effect shows in the multiple and the scores instead: the program holds Management at 6 and Growth Potential at 5, because reported growth now depends on buying it, and holds Financial Strength at 6 because debt is rising while the deals are paid in cash. The verdict is Watchlist with or without the item. **Still unknown.** Braze's close date, the Contentful and Fin terms, and whether more deals follow.

## 3. Business and financials

Salesforce sells customer relationship software by subscription: sales, service, marketing and commerce applications, the Slack collaboration tool, Tableau analytics, the MuleSoft and Informatica data layer, and now Agentforce AI agents on top. Most revenue comes from per-seat licences under multi-year contracts, which is both the strength (95% of revenue recurring, about $15bn of free cash flow a year) and the exposure (if AI agents let customers do the same work with fewer people, seats shrink). In fiscal 2026 revenue was $41.53bn, up 10%, and free cash flow was $14.4bn. The fiscal 2027 guide calls for $46.1-46.4bn of revenue, a 34.3% non-GAAP operating margin and free cash flow up 4-5%. The balance sheet changed this year: a $25bn buyback funded with debt left net debt of about $28bn before the pending deals, against free cash flow of about $15bn. That is manageable, but it removes the net cash cushion the company used to have.

## 4. Industry and competitors

Enterprise software has spent 2026 arguing about whether AI agents expand or shrink the market for seat-based applications. Salesforce fell 27% in the first half on that worry before the Anthropic partnership and the second quarter turned sentiment. The sector remains fragile: ServiceNow guided bookings growth lower on 28 October and fell 17% after hours, and Salesforce lost 4.6% the next day. Its competitors are Microsoft (Dynamics and Copilot, bundled with Office), Oracle and SAP in back-office systems, HubSpot in the mid-market, Adobe in marketing, and ServiceNow in service workflows.

| Company | Latest data point | Position |
|---|---|---|
| Salesforce | Revenue +11%, organic about 7%; 34.1% non-GAAP margin (Q2 FY27) | Largest CRM platform; Agentforce ARR above $1.5bn |
| ServiceNow | cRPO growth guided to 18.5% (Q3, 28 Oct) | Faster growth, higher multiple; sold off on the guide |
| Microsoft | Dynamics and Copilot bundled with Office | Biggest threat on price and distribution |
| Adobe | Marketing software rival | Competes with Marketing Cloud and Braze |
| HubSpot | Mid-market CRM | Competes on price and simplicity |

*Company disclosures to 30 Oct 2026.*

## 5. Management

Marc Benioff has run Salesforce since 1999 and returned to deal-making after the activist pause of 2023. Execution on margins has been good: non-GAAP operating margin has moved from 22.5% in fiscal 2023 to a guided 34.3%. The record on capital allocation is weaker. In one year the company has borrowed $25bn to buy back stock and agreed four acquisitions for cash, and its full-year EPS guide now leans on investment gains. Guidance accuracy on revenue has been reliable, with small beats. Officers and directors filed stock sales in September and October.

## 6. Growth drivers

| Driver | Status | Likelihood | Impact |
|---|---|---|---|
| Agentforce and Data 360 monetisation | ARR nearly $3.9bn, +210% | High | Medium |
| Claudeforce / AIforce as an AI interface layer | Unveiled Aug-Sep; pricing reported but not confirmed | Medium | Medium |
| Acquired growth: Informatica, Contentful, Fin, Braze | One closed, three pending | High | Medium |
| Second-half organic reacceleration | Guided by management; $100m organic raise | Medium | Medium |
| Lower share count after the $25bn buyback | Final settlement in October | High | Medium |

*Company disclosures to 2 Nov 2026; likelihood and impact are this report's assessments.*

## 7. Valuation at $229.17

| Case | FY2028 EPS | P/E | Value | vs price |
|---|---|---|---|---|
| Bull | $16.88 | 20x | $338 | +47.5% |
| Base | $15.95 | 17x | $271 | +18.3% |
| Bear | $14.51 | 12x | $174 | -24.1% |

*Our calculation. Fiscal 2028 ends in January 2028. The price is 16.2x fiscal 2027 EPS excluding investment gains and 14.4x our base fiscal 2028 EPS.*

Earnings and free cash flow are the right base for a mature, cash-generative software company; we use fiscal 2028 EPS because fiscal 2027 is distorted by investment gains. The base case grows revenue 10% to $50.9bn, about 3 points of it acquired, holds the non-GAAP margin at 34.5%, deducts higher interest on the new debt, and spreads earnings over 805m shares. That gives EPS of $15.95. It pays 17 times: below the 20-plus times the stock averaged before 2026, because organic growth has slowed to about 7% and the AI threat to seats is unresolved, but above the 12 to 14 times of April and June. The result is $271. The bull case pays 20 times EPS of $16.88 if Agentforce and the Anthropic partnership lift organic growth back to double digits. The bear case pays 12 times EPS of $14.51 if AI agents start to shrink seat counts at renewal. The weighted value is $259. At the price, the free cash flow yield is about 8% on the equity, which supports the base case but is offset by net debt of about $28bn.

**The macro variables that matter here.** The first is white-collar employment and enterprise IT budgets, because most revenue is priced per seat. The labour market is soft but not shedding jobs: September payrolls rose only 29,000 and unemployment reached 4.2%, while initial jobless claims were 194,000 in the week to 24 October. Slow hiring limits seat growth even without layoffs. The second is the discount rate on long-duration software cash flows. The Fed held at 3.75% to 4% on 28 October with two votes for a hike, core PCE inflation is 3.1%, and the ten-year yield ended the week at 4.94%. The new debt is fixed-rate notes, so higher rates weigh on the multiple rather than on interest cost.

## 8. Sentiment

| Indicator | Reading | Read |
|---|---|---|
| Broker actions, Oct | DBS Buy, $300 (from $240, 22 Oct); Oppenheimer Buy, $275; BMO Buy, $285; Cantor Overweight, $300; DA Davidson Neutral, $250 (from $225, 21 Oct); BofA Buy (26 Oct) | Positive; targets rising |
| Rating spread | After Q2: 38 of 55 at buy or outperform; mean target about $267 | Mostly positive |
| Insiders | Officer and director sales filed 16-23 Sep and 23 Oct | Neutral to negative |

| Indicator | Reading | Read |
|---|---|---|
| Trading | 20-day average volume 7.1m against a 50-day average of 11.7m | Interest fading after the August surge |

*Broker actions as published in Oct 2026; insider filings from SEC Form 4; trading data to 30 Oct.*

Brokers raised targets in October ahead of the third quarter, and none cut its rating. The read on recent news is neutral: positive broker flow against the Braze reaction and sector weakness. Most targets sit $45 to $70 above the price, which says the street sees value; it said the same in April, before the stock fell another 15%.

## 9. Risks

| Risk | Probability | Severity | Comment |
|---|---|---|---|
| AI agents shrink seat counts at renewal | Medium | High | The bear case; not yet visible in renewal rates. |
| Organic growth stuck near 7% | Medium | Medium | Acquisitions would carry reported growth while the multiple falls. |
| Acquisition integration and more deals | Medium | Medium | Four deals in five months; the record on large deals is mixed. |
| Microsoft bundling | Medium | Medium | Copilot and Dynamics priced into existing Office contracts. |
| Leverage | Low | Medium | Net debt about $28bn against about $15bn of free cash flow. |
| Sector sell-offs | High | Low-Medium | ServiceNow's guide cost Salesforce 4.6% in a day. |

*Probability and severity are this report's assessments.*

Risk scores 6 out of 10 on a scale where 10 is lowest risk. The list describes a moderate-risk business: recurring revenue and a large free cash flow make a collapse unlikely, while the AI threat to seats, the leverage and the deal-making add risk the company did not carry two years ago. The score agrees with it.

## 10. Scorecard

| Criterion | Score | | Weight | Change | Basis |
|---|---|---|---|---|---|
| **Business Quality** | | **8/10** | 15% | initial | 95% recurring revenue, a 34% non-GAAP margin and about $15bn of free cash flow; seat pricing is the exposure. |
| **Financial Strength** | | **6/10** | 15% | initial | Net debt about $28bn after a debt-funded $25bn buyback; cash deals pending; FCF covers it. |
| **Competitive Advantage** | | **7/10** | 15% | initial | Largest CRM installed base and data layer; Microsoft bundling and AI-native rivals press on price. |
| **Management** | | **6/10** | 10% | initial | Strong margin execution; leverage, four deals in five months and an EPS guide lifted by investment gains. |
| **Growth Potential** | | **5/10** | 15% | initial | Reported growth 11-12%, organic about 7%; Agentforce ARR $1.5bn is still small next to $46bn of revenue. |
| **Valuation** | | **7/10** | 20% | initial | 16.2x fiscal 2027 EPS excluding gains; weighted value 12.8% above the price. |
| **Risk (10 = lowest risk)** | | **6/10** | 10% | initial | Recurring cash flow limits the downside; AI seat risk, leverage and integration add to it. |

*Scored 1-10, where 10 is always best, including Risk. Investment Score 65.0 / 100 (weights 15/15/15/10/15/20/10). Initial coverage, so there is no previous score.*

## 11. Scenarios

| Case | Probability | FY2028 revenue | EPS x P/E | Value |
|---|---|---|---|---|
| **Bull**. Agentforce and the Anthropic layer lift organic growth back to double digits; the acquisitions integrate cleanly and margins expand; software re-rates. | 22% | about $52bn | $16.88 x 20 | $338 |
| **Base**. Organic growth recovers modestly to 7-8% with 3 points acquired; the acquisitions close and integrate at a small cost; margins hold. | 50% | about $51bn | $15.95 x 17 | $271 |
| **Bear**. AI agents begin to shrink seats at renewal and organic growth slips toward 4-5%; the acquisitions add revenue but not value; the multiple compresses. | 28% | about $49bn | $14.51 x 12 | $174 |
| **Weighted** | 100% | | | $259 |

*Our calculation; revenue and EPS are our estimates. Each case states the acquisition outcome it assumes.*

The bull case carries 22% because it needs organic reacceleration that the company has guided to but not yet shown, and a re-rating of software while ServiceNow's guide shows the sector can still disappoint. The base case carries 50%: the full-year guide was raised, cRPO grew 14% in constant currency, and AI ARR is growing fast from a small base. The bear case carries 28%, above an even split of the remainder, because organic growth is about 7%, hiring is slow, and the company is buying growth with borrowed and cash-funded money.

## 12. Recommendation

**Watchlist, initial coverage.** Salesforce is a high-quality cash generator, but at $229.17 the weighted value of $259 offers about 13% for a business with organic growth near 7%, rising debt and an unresolved AI question over its pricing. The name becomes interesting at **$200 to $210**, where it trades at about 13 times our base fiscal 2028 EPS and the base case pays about 30%; that range also sits near the 200-day average ($198). The verdict is the same with or without the acquisition program.

| What would change the view | Direction |
|---|---|
| The price falls to $200-210 with the base case intact | Better |
| Organic growth (excluding acquisitions) rises toward 9-10% in the Q3 or Q4 results | Better |
| Agentforce ARR grows fast enough to offset any seat pressure, with paid Claudeforce adoption disclosed | Better |
| Another large cash acquisition, or Braze integration costs that dilute the margin guide | Worse |
| Renewal data show customers cutting seats as they deploy agents | Worse |
| A sustained rise in white-collar layoffs alongside falling enterprise IT budgets | Worse |

*Conditions are this report's; none is a forecast.*

## 13. Technical read

**Chart as of 30 October 2026 close**

Verdict: Watchlist, from fundamentals. Technical read (chart only): Neutral. The chart is a pullback within an uptrend: the 50-day average is still rising, the price has not closed below the 200-day average in the last ten sessions, and no new 60-day closing low has printed. The stock sits 4.1% below the 50-day average and 15.6% above the 200-day. Watch whether a further decline holds the 200-day average near $198, which would bring the price into the $200-210 range of interest; a close back above the 50-day near $239 would restore the uptrend without changing the rating.

| Indicator | Value | Reading |
|---|---|---|
| Price of record | $229.17 | 30 Oct close |
| 20-day SMA / EMA | $237.39 / $238.39 | Price 3.5% / 3.9% below |
| 50-day SMA / EMA | $238.90 / $231.06 | Price 4.1% / 0.8% below |

| Indicator | Value | Reading |
|---|---|---|
| 100-day SMA / EMA | $206.37 / $218.60 | Price 11.0% / 4.8% above |
| 200-day SMA / EMA | $198.31 / $216.69 | Price 15.6% / 5.8% above |
| RSI(14) | 42.4 | Neutral |
| MACD (12,26,9) | 1.14, signal 2.52 | Positive, below signal |
| ATR(14) | $8.99 | 3.9% of price |
| Volume, 20-day vs 50-day | 7.1m vs 11.7m | Participation falling |
| Support / resistance | $220.29 (20-day low), $198 (200-day) / $252.42 (20-day high) | 52-week range $146.32-269.11 |

*Daily bars to 30 Oct 2026; indicators computed by this report.*

The Technical read looks only at the price chart. It does not change the verdict or the Investment Score, and only guides entry timing.

## 14. Final verdict

Not at $229.17. Salesforce is a durable franchise with about $15bn of free cash flow, but the price already reflects the August recovery, and the single biggest concern is that its growth is increasingly bought rather than earned: organic growth near 7%, four acquisitions in five months, and a debt-funded buyback. What must change: either the price falls to $200-210, or organic growth turns up in the next two quarters while seat counts hold. The acquisition program, the High item, shapes the scores rather than the verdict.

## Sources

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*This report is for informational use only and is not financial advice. Figures are as of 2 November 2026 unless stated.*