IT EXECUTIVES EXPRESS NEED FOR TRUE CLOUD ERP

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Overview

To discover how cloud-based ERP systems support and accelerate growing organizations, NetSuite engaged senior IT executives in discussions on their technology evaluations. These executives shared insights on why they switched from on-premise to cloud-based systems, how the implementation process occurred, benefits they have experienced and lessons learned.

Throughout these interviews, participants commented on a prevailing theme: the marketplace is changing faster than ever before, and competitive pressures continue to mount. To keep pace in this dynamic environment and to lay the foundation for growth, firms are realizing that their historical processes and on-premise systems are not adequate. They need to modernize their IT infrastructure to provide the visibility and scalability necessary for growth.

These discussions underscored how cloud-based ERP systems enable businesses to respond to market dynamics through rapid scalability, access for distributed workforces and real-time visibility into the organization from anywhere. They provide a full view of the customer, which equips employees at all levels with real-time information to support intelligent decision making. Since cloud infrastructures flex with growth, the IT team is freed from the complex integrations and upgrades that can prevent businesses from outrunning the competition.

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WHY ORGANIZATIONS ARE MOVING TO CLOUD FINANCIALS

"We had an application patchwork that was an IT nightmare—NetSuite completely changed that. For the first time, we have a complete 360-degree view of our customers and our business. NetSuite is our system of record and it's fantastic." – **CallidusCloud**

Businesses in all industries are under pressure to modernize

In every industry, organizations face significant pressures. Competitors are introducing new products, customers are demanding improved service and greater speed, and companies are launching new offerings and expanding to new geographies. Achieving ambitious growth and expansion goals requires operating differently. It requires breaking silos, having "one version of the truth" with real-time visibility to make fast, informed decisions. Companies need speed, visibility and scalability as never before. This requires a modern IT infrastructure that supports the need to operate differently. For most organizations, the on-premise systems of the past don't meet the business needs of the present and future. Modern multi-tenant SaaS systems enable companies to have a unified data model that dramatically improves decision-making.

The cloud has become the de facto standard for modern businesses

In today's tough economic environment, business leaders must deliver outcomes more quickly, with fewer resources. For businesses of all sizes, the cloud represents a tremendous opportunity, which is now a necessity. Industry research and analysts suggest that the cloud has become the de facto standard for doing business:

- Forrester shows that in 2018 we will cross the 50% adoption milestone for cloud technology

- A recent Mint Jutras Survey showcases that SaaS is the predominant deployment choice

- Gartner says the cloud is the number one technology affecting IT today.

- By 2019, more than 30 percent of the 100 largest vendors' new software investments will have shifted from cloud-first to cloud-only.

- By 2020, anything other than a cloud-only strategy for new IT initiatives will require justification at more than 30% of large-enterprise organizations.

- By 2021, more than half of global enterprises already using cloud today will adopt an all-in cloud strategy.

Companies with a cloud-first strategy have learned that the cloud's real value comes with being able to delegate the Service Level Agreement (SLA) of an entire solution, from infrastructure to application, instead of components. It is also widely recognized that integrated suites reduce complexity, increase reliability and cost less—now with cloud, the suite includes hardware, security and operations. Most agree that the cloud paradigm has cost and convenience benefits: availability, speed, agility and TCO, enabling faster development processes and providing higher reliability and lower risk. Companies that take an ad hoc approach miss out on many of cloud's benefits and experience a variety of pitfalls.

In the current state of the market, not all cloud providers can step up to the challenge of providing an integrated offering, and that forces companies to manage more than they want to.

"NetSuite is our backbone. Our Business Model demands total focus on our Core Business. NetSuite is the best option for us to manage our resources without carrying the cost of an in-house IT department." **Noortech**

TRUE CLOUD VS. FAKE CLOUD

How to tell a true cloud solution from a fake one and why it matters

Not all hosted software offerings marketed as "cloud" are true cloud solutions. Recognizing a lucrative chance to create an additional revenue stream, many on-premise vendors are trying to pull the cloud over your eyes by "cloud-washing" their applications.

So how can you tell a true cloud solution from a fake one? And, more importantly, why should you care? Fake cloud solutions are more expensive, inefficient and not nearly as scalable.

Delayed and painful product upgrades

When your on-premise solution is hosted by others, you have to suffer through the same potentially arduous (and expensive) upgrades every time the software vendor releases a new version. You are also at that hosting vendor's mercy regarding when they choose to roll out the newest solution. Because the vendor will need to upgrade each customer one by one, including transporting past customizations over to the new software, it could take months or even years to get updated and by then, the next version of the product may be around the corner, which is no different from being with an on-premise vendor after all.

Costly, unstable integrations and customizations

Integrating a hosted solution with your other applications causes considerable hassle and expense and can be unstable because the on-premise product was not initially built for hosting and therefore not intended to be integrated while being hosted. You also will likely have to pay extra to customize the solution to meet your specific needs.

Too much downtime and inadequate security and support

Given their limited headcount and resources, most VARs and service providers simply cannot achieve the same levels of security, privacy and uptime as true cloud providers can. A simple way to determine this is to ask them about their uptime performance, contractual uptime guarantees, and security and privacy certifications such as PCI-DSS security compliance, SOC 1, and EU-US Privacy Shield framework, NIST 800-30 and ISO 27000 standards.

Need to overbuy/overprovision capacity

If you're uncertain of how much capacity you'll need, you'll probably have to over-buy the number of software licenses to ensure you're not caught short; or, worse yet, you under-provision and can't live up to your SLAs with your customers because you "failed" to plan ahead.

"We quickly realized just how deep NetSuite's functionality is, and how much we would benefit from the cloud-based delivery. NetSuite is powerful enough for us to enhance, refine and grow with it."

The Chefs Toolbox

BENEFITS OF SWITCHING FROM MICROSOFT DYNAMICS TO NETSUITE

"NetSuite has given us the ability to choose our growth path. We're able to make better decisions on how and where to drive growth using real-time data." – **Jeffrey Smith**, SVP Operations and Strategy, Golden Star Technology

Traditional ERP systems are part of a fragmented, complex IT infrastructure that delivers disruption rather than efficiency.

Traditional ERP systems like Microsoft Dynamics are just one part of an organization's business system. Companies usually deploy other systems to automate support, sales, warehousing, ecommerce, professional services and other functions. With different processes running on many different systems, it is difficult or impossible to:

- Obtain a clear picture of bookings, billings and backlogs.

- Decrease spreadsheet-based accounting.

- Scale up to support growth.

- Provide visibility to everyone in the organization.

- Reconcile different versions of data.

- Integrate front- and back-office processes.

- Have a clear audit trail and understand the business in real-time.

Although business processes are automated with the best of intentions, separate applications for each silo in the organization create disruption. Multiple point solutions create a "legacy applications hairball" that is burdened with manual tasks and bottlenecks. Over time, this infrastructure translates into more money, more resources and more integrations.

After investing in technology, organizations should be able to run the business more efficiently and gain the insights needed to make decisions. With on-premise systems, the result is just the opposite.

Cloud platforms like NetSuite simplify business processes and IT
There are many compelling reasons why companies move from older on-premise applications like Microsoft Dynamics to modern cloud-based solutions, such as NetSuite. These include:

- Reduced IT infrastructure investment and lower total cost of ownership. Compared to on-premise systems, cloud-based ERP costs are much lower. Organizations simply access cloud systems via an internet connection.

"NetSuite is a perfect balance of broad functionality and ease of use. It is by far the easiest ERP system I've used." – Ecoark Holdings Inc.

With true cloud solutions, the cloud provider hosts and maintains the IT infrastructure, ensures that the system is always up and running, maintains system security, and rolls out product enhancements seamlessly without breaking customer customizations. Cloud ERP systems also offer a predictable pay-as-you-go subscription model that makes cash flow planning much easier.

- **Increased business agility.** Cloud solutions take maintenance and upgrade concerns off the table. Companies can focus on their core competencies and on running the business.

- **Reduced spreadsheet-based accounting.** When organizations have multiple on-premise systems, separate islands of data result. To bridge the gaps, employees often use "spreadsheet-based accounting." An integrated, cloud-based suite eliminates the need for this type of workaround.

- **Integration of front- and back-office processes** results in reconciliation of data across the organization.

- **Better real-time financial and operational visibility, including multi-subsidiary management.** Consolidating multi-subsidiary and multinational financials with Dynamics is time-consuming and expensive. Organizations must either conduct the exercise across a multitude of spreadsheets or invest in separate Dynamics accounts for every subsidiary and international division and in additional external reporting tools.

A modern cloud-based management system like NetSuite helps a company unify their business processes, departments and divisions. Every application uses the same data repository, so all users have access to the same information. Additional NetSuite benefits include:

- **A true cloud solution.** Many software vendors run old, on-premise software in a data center and call it cloud-based. In contrast, NetSuite was built from the ground up as a multi-tenant, true cloud solution.

- **Self-service and mobility.** The workforce today is much different from 10 years ago. NetSuite provides real-time access to information anywhere and anytime, including access to data and dashboards in a self-service way from mobile devices.

- **Global deployment.** NetSuite enables global organizations to manage multiple subsidiaries, business units and legal entities. It seamlessly handles different currencies, taxation rules and reporting requirements from a single platform.

- **Easy, predictable upgrades and lower cost of ownership.** With NetSuite, organizations are no longer version locked. Since NetSuite hosts its own applications, upgrades are managed seamlessly without breaking customers' customizations and third-party integrations. Organizations no longer have to worry about maintenance of their IT infrastructure.

CONCLUSION & CASE STUDIES

Building and maintaining a successful company in today's business environment requires modern tools and technology. No longer can organizations meet the growing demands of consumers and competition by relying on legacy on-premise systems or "fake cloud" solutions offered by traditional vendors that are expensive, inefficient and not scalable.

With a true cloud solution, businesses are transformed through increased agility, better integration of front- and back office processes, improved visibility and consolidation, and lower total cost of ownership. Unlike Microsoft Dynamics users, NetSuite clients get a true cloud solution that provides an integrated suite for our growing global customer base of more than 40,000 organizations.

In addition to the inherent benefits of a cloud solution, NetSuite's SuiteSuccess model helps our customers deploy the platform faster and leverage leading business process practices to both create and realize value within their organization much sooner than traditional approaches.

SuiteSuccess is engineered to solve unique industry challenges that historically have limited a company's ability to grow, scale and adapt to change. Most traditional ERP vendors like Microsoft Dynamics have tried to solve the industry solution problem with templates, rapid implementation methodologies and custom code.

NetSuite, however, took a holistic approach to the problem and productized domain knowledge, leading practices, KPIs and an agile approach to product adoption. This allows for faster time to value, increased business efficiency, flexibility and ultimately, greater success for our customers.

[a·mo·bee]

"NetSuite OneWorld runs everything at Amobee—order-to-cash, procure-to-pay, our entire financials, consolidation and financial planning—all on a single unified cloud instance. We knew we couldn't achieve our plans of growing to 1,000 employees in 30 locations and becoming a multi-billion-dollar company by running on Microsoft Dynamics AX and disparate systems." – **Amobee**

As the self-styled 'one-stop shop to CMOs,' Amobee seeks to rapidly expand its global presence from 600+ staff in 20 offices around the world to become a multi-billion-dollar company employing 1,000+ staff in 30 locations.

Challenges:

- Multiple systems—financials from Microsoft Dynamics AX, CRM from Salesforce.com, and separate campaign and client services management systems—lacked bi-directional integration, limiting visibility and insight into customer lifecycles, preventing the business from scaling.

- Staff had to effectively shut down the business one week a month to update transactions within the separate systems. Staff were forced to manually re-enter data from one system to another resulting in duplicate data entry and potential lost revenue generation opportunities.

- Time spent on transactions and systems maintenance left less time for improving engagement with customers, partners and suppliers.

- Amobee was also unable to source and then provide the performance data required by some of its customers.

Solution:

- Amobee chose NetSuite OneWorld over SAP Business All-in-One because it needed a single, unified global cloud-based business management suite, which could support its growth. Amobee also wanted to work with a company with cloud DNA with experience on the advertising vertical.

- Amobee transacts business in over a dozen currencies and simultaneously went live with a single global instance of NetSuite OneWorld for its APAC, EMEA and North America regions.

- Customization to support the spend models needed by a provider of digital marketing software and services to advertisers, publishers and operators is easy within NetSuite OneWorld.

- Today, integration into multiple in-house and external platforms enables real-time fulfilment of advertising services via NetSuite web services and through the cloud connectors provided by NetSuite partner Informatica.

Customer Successes:

- By moving from a mix of disparate systems to a single, unified cloud-based business management suite, the global digital marketing software and services provider now enjoys full transparency to view expenditures and revenue daily.

- With NetSuite OneWorld providing complete visibility into its business cycle, Amobee has been able to reduce its close cycle from an average of 10 days to three days.

- Amobee can now capture actual spend and the average rate of spend, reducing the number of defects or billing errors at the invoice level by 80%.

- Executives now have a 360-degree view of the business and can track the order-to-general ledger lifecycle. Amobee now has the requisite controls in place to support financial audits and has a repository of performance data which it can provide to customers on request.

- Amobee was able to achieve a fast time-to-value, going live with cloud-based NetSuite OneWorld in six months versus at least 12 to 18 months with legacy alternatives, which would also have incurred huge hardware and software support overheads.

- Freed from the burden of supporting disparate systems, manual processes and having to manage a data center, Amobee is focused on generating business value through more effective interactions between the people who work at the company, its customers and suppliers.

point6

"We're growing fast with NetSuite as a business application that allows us to deal much more effectively with customers and partners than we could with Microsoft Dynamics." – **Point6**

Challenges:

- Point6 experienced serious problems in its ability to efficiently access and report on data from Microsoft Dynamics GP.

- Third-party IT consultants were frequently engaged to troubleshoot issues with the Microsoft application and implement workarounds.

- Point6 needed a reliable, accessible system to eliminate high degrees of manual work and enable a focus on growing the business.

Solution:

- NetSuite met Point6's requirements for an integrated financials, CRM and inventory solution that could scale.

- Transition to a cloud environment gives Point6 personnel anywhere, anytime data access while eliminating in-house IT infrastructure.

Customer Successes:

- NetSuite supplies a single, integrated platform for growth at the maker of performance-oriented merino wool socks for hiking, running, cycling and other outdoor activities.

- Point6 has dramatically improved its visibility and efficiency since upgrading from a problematic Microsoft Dynamics on-premise system.

- NetSuite's flexible reporting on real-time data enables Point6 to drill into product sales by variations and customers for better business decisions.

- Point6 has streamlined transactions with retail partners at hundreds of U.S. locations, including Bass Pro Shops and L.L. Bean, as well as distribution partners operating in 17 countries.

- NetSuite enables real-time inventory visibility and efficient fulfillment of orders from retail partners as well as consumers through the www.point6.com ecommerce site.

- Point6 has a single view of B2B and B2C customers to improve sales and service and support targeted marketing campaigns based on purchase history and interests.

- NetSuite gives Point6 improved capabilities in working with partners who source merino wool from sheep as well as domestic contract manufacturers that produce Point6 socks.

- Point6 has reduced its total cost of ownership by moving to cloud ERP.

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