WHITE PAPER

IT Executives Express Need for True Cloud ERP

See Why Customers Are Switching From Microsoft Dynamics to NetSuite

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Overview

To discover how cloud-based ERP systems support and accelerate organizations, NetSuite engaged senior IT executives in discussions on their technology evaluations. These executives shared insights on why they switched from on-premises to cloud-based systems, how the implementation process went, 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, businesses are realizing that their historical processes and on-premises systems are not adequate. They need to upgrade their IT infrastructure to provide necessary visibility and flexibility.

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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CHAPTER 1

Why Organizations Are Moving to Cloud Financials

Businesses in All Industries Are Under Pressure to Upgrade

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. This requires breaking silos, having "one version of the truth" with real-time visibility to make fast, informed decisions. Companies need speed and scalability as never before. For most organizations, on-premises systems don't meet business needs of the present and future. True cloud systems enable companies to have a unified data model that dramatically improves decision-making.

The Cloud has Become the De Facto Standard for Businesses

In today's 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:

"We knew we wanted to keep scaling and didn't want the complexity of servers to be a bottleneck. We didn't want the ERP system to hold us back."

Sugar Bowl Bakery

- According to Gartner*:
  - 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, including hardware, security, operations and application, instead of components.

*Forecast: Public Cloud Services, Worldwide, 2016-2022, 4Q18 Update, Predicts 2017: Cloud Computing Enters its Second Decade

It is also widely recognized that integrated suites reduce complexity, increase reliability and lower total cost of ownership (TCO), providing higher reliability and lower risk.

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 has had a profound impact on our capabilities. We're realizing efficiencies and visibility into things we could never see, and now it's becoming crystal clear with NetSuite." Jetline

CHAPTER 2

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-premises vendors are trying to "cloud-wash" 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, less efficient and not nearly as scalable.

Delayed and painful product upgrades

When your on-premises 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-premises 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-premises product was not initially built for hosting and 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.

> "I can't figure out why any midsize business wouldn't go with a cloud ERP model. It's one of the best decisions we've ever made."
>
> International Spices

CHAPTER 3

Benefits of Switching From Microsoft Dynamics to NetSuite

Traditional ERP systems are part of a fragmented, complex IT infrastructure that delivers disruption rather than efficiency. Systems like Microsoft Dynamics are just one piece 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.
- Provide visibility to everyone in the organization.
- Reconcile different versions of data.
- Have a clear audit trail and understand the business in real time.
- Integrate front- and back-office processes.
- Scale up to support growth.

Over time, this infrastructure of multiple applications translates into more money, more resources, more integrations and more IT time spent on maintaining and upgrading systems. These challenges are further amplified by the reality that Dynamics is still evolving and seeing significant changes in areas such as the development environment and customization methodologies. Such changes require meaningful retraining of the partner ecosystem that deliver and help maintain these systems.

"Everything went much smoother than our Microsoft implementation. I've had nothing but good comments from everyone involved and I'm so glad we switched." Sourcingpartner

Cloud Platforms like NetSuite Simplify Business Processes and IT

There are many compelling reasons why companies move from older on-premises applications like Microsoft Dynamics to cloud-based solutions, like NetSuite. These include:

- Reduced IT infrastructure investment and lower total cost of ownership. Compared to on-premises systems, cloud-based ERP costs are much lower. Organizations simply access cloud systems via an internet connection.
- 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 smoothly 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-premises 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.
- Better real-time financial and operational visibility, including multi-subsidiary management. Consolidating multi-subsidiary and multinational financials with Microsoft 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 add external reporting tools.
- Integration of front- and back-office processes results in reconciliation of data across the organization.

A 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-premises 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 via self-service on 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 customizations and third-party integrations. Organizations no longer have to worry about maintenance of their IT infrastructure.
- Robust, native functionality. NetSuite provides native functionality for payroll, revenue recognition and subscription billing. Microsoft will need a third party for these capabilities, increasing cost and complexity.

"It's much more dynamic, the access to cloud. It's much faster and the functionality is much better than Microsoft Great Plains." Neutrona Networks

Conclusion & Case Studies

Building and maintaining a successful company in today's business environment requires the right technology. No longer can organizations meet the growing demands of consumers and increasing competition by relying on legacy on-premise systems or "fake cloud" solutions 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 22,000 customers.

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.

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Sourcingpartner, Inc.

As a key distributor to some of the largest office supply businesses in the world, Sourcingpartner operations during the back-to-school season must be flawless. But as it added new product lines and international customers, it had outgrown the Microsoft NAV system managing its inventory and logistics. It needed new systems installed in time for the busiest part of the year—just a few months away.

From Microsoft to NetSuite

With the SuiteSuccess methodology, Sourcingpartner went live with NetSuite on time and under budget in 95 days in July 2016, implementing mobile inventory and logistics management for 32,000 parts in a 75,000-square-foot warehouse. Sourcingpartner chose NetSuite for its implementation speed, ease of use and customization capabilities.

Real-Time Data, Streamlined Processes

Executives can now easily monitor automated, mobile inventory management practices on prebuilt dashboards from day one of go-live to reduce errors and streamline processes. Customers access real-time order and account information through a secure, self-service portal.

Scalability for B2B Ecommerce

With solid back-end processes, Sourcingpartner is poised to expand customer-facing innovations, with plans to implement B2B ecommerce with SuiteCommerce. NetSuite's scalability empowers its growth aspirations as Sourcingpartner looks to acquire another company within the next year and continue to accelerate growth at 45%.

"NetSuite was the best option, with its capabilities, for where we want to go in the next five to 10 years."

Sourcingpartner, Inc.

Dale Pro Audio

Dale Pro Audio has been a distinguished leader in the broadcast, live sound, contracting and studio/post markets since 1956.

Challenges

- A fragmented environment of Microsoft Dynamics GP, a homegrown website and Crystal Reports slowed order processing and required time-consuming manual work.
- Shipping and order errors resulted from lack of visibility and control across inventory of more than 5,000 SKUs.
- Dale couldn't keep prices on its homegrown website updated because of frequent changes from 300 suppliers.
- The company lacked a single, comprehensive view of sales, customers, inventory and marketing.

Solution

- NetSuite supplied an integrated, scalable cloud solution that met Dale's strategic goals to grow the business with ecommerce.
- NetSuite partner Celigo helped build an automated pricing-update application and integrated order processing and confirmation integration with Amazon.

Customer Successes

- Native ecommerce and inventory management integration in NetSuite has helped fuel strong online sales growth.
- Integrated inventory management automatically updates the B2B/B2C website as products are sold and new goods arrive at warehouses.
- Record revenue growth in recent years prompted Dale to open a second store and warehouse in New York City.
- Inventory carrying costs have been reduced with on-demand views into current stock levels while replenishment has been streamlined.
- Visibility into real-time information has transformed the company into a data-driven, results-oriented business.
- Business productivity and insights have dramatically improved with NetSuite automation, reporting and analytics.

"NetSuite's flexible platform has transformed our company into a data-driven results organization. A far cry from Microsoft Great Plains, where simple reports were difficult to create and our staff was forced to "deal" with clunky procedures, repetitive data entry, and a database that was never consistent or organized." Dale Pro Audio

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