WHITE PAPER

Why Fast-Growing Companies Leave Sage and Adopt Cloud Financials to Accelerate Growth

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Why Fast-Growing Companies Leave Sage and Adopt Cloud Financials to Accelerate Growth

Over the years, Sage has become the de facto standard financial software for small businesses using it. Sage is a good fit for many businesses on day one, but is it the right choice to enable rapidly growing businesses to sustain and accelerate growth?

In many instances, Sage is inadequate. Their solutions lack many of the capabilities that growing businesses need and provides limited real-time visibility into essential business information. Because of Sage's limitations, many companies are often forced to grow by adding more systems or applications for specific purposes—which often aren't integrated with each other—and may revise or attempt to automate certain business processes. This can result in a complex applications "hairball" that's rife with manual tasks and bottlenecks, increases the risks of errors, can hurt the customer experience, and can limit growth.

For years NetSuite has worked with growing businesses in all industries and geographies, and with thousands of finance and IT professionals who are guiding their companies through different phases of development. While these businesses are diverse, their challenges in dealing with reaching the limits of Sage are often similar.

Following is a summary of many of the issues that growing companies using Sage typically face, and why so many have decided to move to NetSuite—a modern, integrated, cloud-based solution that enables accelerated business growth.

If you lead a growing business that is currently using Sage, and are concerned that the pain and complexity imposed by Sage is limiting your business, read on to discover that you are not alone—and that there is a better way.

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CHAPTER 1

Five Triggers that Indicate Sage Is Failing Your Business

Running complex business processes across areas such as financial management, revenue management, fixed assets, procurement, order management, billing, inventory management, services delivery, CRM, ecommerce and more is not possible with Sage, as most of their solutions are simple general ledger solutions that can't support your entire company and business processes. Moving to a single, integrated cloud-based system is a better solution, but companies may not recognize the issues that Sage creates within the business. Here are five triggers that serve as red flags:

It's difficult to find out what's really happening across the business in real-time

Sage was designed for an era when companies could wait until the end of the month to get the data they need. That's not the case today—consolidated views and up-to-the minute reporting can make the difference between thriving and barely surviving.

Small teams at a single location can sometimes get by without a fully automated system because they are close enough to the action. But as soon as a company expands or takes on new locations, the information that has to be exchanged quickly increases out of control. In addition, data is buried in Sage, as well as in other places like the sales force automation system, inventory management applications, and customer service systems.

Here are several symptoms that your Sage management reporting isn't meeting the organization's needs:

- Team members waste time playing "Hunt for the Spreadsheet." Growing businesses that run Sage inevitably reach a stage where employees rely on spreadsheets to fill the information gap, since data lives in so many disparate systems. People end up spending more time hunting for data than actually analysing it and making decisions.
- Management reports are error prone and out of date. As businesses grow, they have to use multiple manual processes to augment Sage. They may rekey sales orders into Sage, reconcile customer information manually or manage SKUs across multiple systems. Errors in reporting are almost inevitable and decisions are often made based on out-of-date, incomplete or inaccurate information.
- Sage reports take too long to run. With Sage, it's easy to hit performance bottlenecks, but solving them is more difficult. When reports take too long to run in Sage, it's a sign that the amount of data the business has amassed has grown too large for Sage to report on it.

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"In the past, we counted on the finance team to share quarterly reports, but now we've got daily, accurate information whenever and how we need it. We're much better organised internally and more efficient—something a growing tech company should be." Nidal Othman, Managing Director, StarLink

- It is impossible to get a comprehensive view across all business units. As businesses grow over time, they usually have one set of financials in Sage, while financial data for newer geographic locations or divisions ends up in other installations or financial products. Moving data between systems is usually manual and can result in errors. In addition, management teams lack insight into how the business is performing holistically.

Manual processes are used to enter and reconcile data across systems

In today's networked world, it is frustrating for suppliers, customers and business managers to wait for answers while information is manually transferred between systems. Incompatibilities between systems and imperfect integration have left employees copying data between systems. These symptoms are a sign that it may be time for your business to transition away from Sage:

- Sales orders, order entry and invoicing are paper-based. Your employees may spend hours every week manually entering order information into the invoicing system, while someone else copies invoice details into a sales compensation spreadsheet. Data entry errors lead to invoice queries that must be resolved and month-end crises are on the rise.
- Incorrect customer information results in customer dissatisfaction. When some customer information resides in sales spreadsheets, while some is stored in Sage and other systems, there is no way to know which data is most current, accurate and reliable. Bills may be sent to the wrong customer address or contact information may be out of date.
- Approval processes are slow and disjointed. When people have to pass paperwork around or match it up to information stored in separate software applications, simple processes like expense claim approvals or routine contract signatures can take days or weeks to finalize. Employees may spend time hunting for lost documents or late approvals, since no single record exists with the stage that processes have reached.
- Financial consolidation takes ages. Cross-posting transactional data between systems is time-consuming and the finance team works late every month to consolidate financial reports. Yet as hard as they work, managers are still unhappy because their weekly and monthly reports are delayed.
- Sales forecasting and budgeting processes rely on guesswork, rather than facts. Since it is difficult to get historic information in the right format in a timely manner to do trend analysis, employees put figures in spreadsheets based on guesswork. Even though the actual data exists somewhere, it's too hard to find and extract.

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Sales are lost because employees can't get information where it is needed fast enough

Ecommerce has set the standard for customers these days. They expect to see real-time stock levels, confirm delivery schedules at the same time they place their order and call customer service minutes after placing an order to add an extra line item. But this level of real-time responsiveness is impossible with limited desktop systems like Sage. Growing businesses can't expect to creak along, while others fly at on-demand speed.

Here are some warning signs that reliance on Sage may be costing you sales:

- Customer service fails because sales staff don't have up-to-date information. When customers call to place orders or check order status, it is frustrating to be kept on hold or called back with an answer. This often happens when information has to be retrieved from someone in another department or location. Customers may not file direct complaints, but churn and abandonment figures rise as customers find other vendors that don't waste their time.
- Stock levels are never where customers want them. Common symptoms are running out of stock at some outlets, while the same SKU sits on shelves elsewhere. It is impossible to pre-empt outages because it takes too long to update and consolidate point-of-sales data. In addition, real-time access to trend analysis by SKU and outlet isn't available.
- Customers and suppliers don't have access to self-service information on your website. Customers have asked for the ability to look up stock, place orders and check status on the web, but you can't justify the required investment of time and money. In addition, your current business system wasn't designed to operate 24x7 and it's not clear it could be kept secure against online threats.
- Customer information can't be easily collected or filtered for sales campaigns. Even though the company is sending out regular email campaigns, the sales team has no information about responses when they call prospects, and conversion rates are low. Unsold inventory is a problem because there just isn't time to organize a sales push or mailshot to clear the excess products.

More accounting is done outside Sage than in it

Sage was designed to automate a limited set of core accounting functions. As a result, it limits how companies run operations. As businesses grow, companies must adapt their processes to fit the application, rather than vice versa. It is easy to run out of headroom when companies have more customers, suppliers or inventory items than Sage can practically handle.

"Before, we'd have to wait until two weeks after each month-end for financial reports to be shared with each country, relying previously on ten people. But now with NetSuite, we are able to generate and share reports instantaneously with lesser resources being invested in creating the reports."

Nauman A. Mian, CFO, Bayt.com Inc

The key to business growth and success is greater transaction volumes and speed, but it's hard for Sage to handle this kind of pressure. Full audit trails, rich business planning and reporting, or automated processes mean having to add systems and constantly engineer short-term quick fixes. Sage simply can't handle stronger financial controls, better SKU management or support for more complex financial processes, such as recurring billing and invoicing.

Here are some signals that your organization has reached the limits of Sage:

- Finance staff members must use several different applications to do their jobs. As your finance needs have become more complex, the gaps have been filled with other software packages, Excel spreadsheets or homegrown applications. The finance staff must pay attention to as many as half a dozen different applications and the risk exists for errors, especially when relying on custom-built spreadsheets and software.
- It is too difficult to add new sales channels, product lines or locations. Every time there is a change in the business, staff must work overtime or be added to figure out workarounds to accommodate it. Sage doesn't have built-in support for everyday functions like making simple changes across matrix SKUs, adding new sales tax rates, or handling bills of materials or kits and assemblies for manufacturing inventory. Processes that cry out for automation have to be done manually or from spreadsheets.
- It is impossible to adapt quickly enough to changing business conditions. Your company may want to modernize operations or react to market opportunities and competitive threats. However, the lack of advanced and specialized functions provided by Sage solutions is holding you back. Specialized or industry-specific requirements like contracts and prepayments, manufacturing inventory or warehouse distribution can only be handled in standalone external packages that have little or no integration back to Sage.

The business spends too much time worrying about technology instead of focusing on business results

Every time a company adds a new layer of business software, the underlying systems infrastructure becomes more complicated and inflexible. Earlier investments in hardware and software are costly to maintain and fail to keep pace with technology innovation.

The latest generation of cloud-based, on-demand business systems are built from the ground up for flexibility and agility, without the overhead of maintaining the underlying technology layer. These products are designed to stay up-to-date with the state of the art in business automation, giving companies the tools needed to stay ahead of the competition and to seize new opportunities as they emerge.

For more information on how NetSuite helps organizations accelerate growth, visit www.netsuite.com/sage.

CHAPTER 2

When Is It Time to Consider Cloud Financial Management?

Here are a few signs that indicate that a business is ready to switch from Sage to a cloud-based, on-demand service like NetSuite:

- System upgrades and improvements are pushed to the back burner, due to the associated cost and disruption. All too often, companies realize that their current business systems fall short of what the organization desperately needs to accelerate growth, but no one can face the thought of the disruption and expense of upgrading to the latest versions or adding more people. The business may also be falling behind on giving employees and customers the ability to access information over the web and from mobile devices because there aren't adequate internal resources to implement and manage the required technology.
- Backups, server failures, malware and data security are constant worries. It is a major business risk when financial data is concentrated in a single Sage system, while ancillary information is scattered around in other software systems and spreadsheets. Business continuity would be disrupted if one of the machines suffered a serious failure or there were a fire or natural disaster. The company is overly reliant on fallible backup routines. Other major concerns are malware attacks and data theft. A sobering question is how quickly the business could recover if a server went down and the company had to revert to a backup.
- A major deterrent to investing in new technology is the time required to see a return on investment. Funding new applications or technology upgrades requires significant working capital, but it can be many months before the organization sees a return. Even then, there is no guarantee that the new technology will deliver the expected results. When this is the situation, it often feels safer to just muddle along with existing systems and processes, even if everyone recognizes that they are holding the organization back.

"NetSuite streamlines various departments—from finance and operations to sales and logistics—to monitor progress and get things done quickly. With lots of personalized dashboards, it's very visual and obvious what needs to be done to improve performance"

Kashif Rafiq, CEO, Al Sharqi Shipping

CHAPTER 3

Best Practices for Transitioning Away from Sage

As small businesses grow, it is clear that alternatives to Sage are needed but the path forward isn't always well-defined. Here are several best practices that can smooth the path to a better solution:

- Adopt a cloud-based solution. Cloud momentum is accelerating and the cloud is becoming ubiquitous in the consumer and business worlds. The cloud represents a tremendous opportunity because it enables business leaders to deliver outcomes faster, cheaper and with fewer resources. Cloud solutions are now the de facto standard for doing business:
  - Gartner reports that the cloud is the number one technology affecting IT.
  - Forrester has found that over 50% of companies plan to increase their cloud spending over the next 12 months.
  - The Cloud Accounting Institute conducted a national survey of financial and accounting professionals. It revealed that three quarters of respondents currently use cloud solutions, technologies or Software-as-a-Service (SaaS), and 82% intend to use cloud or SaaS for accounting solutions in the future.
  - A study by the Institute of Management Accountants (IMA) found that the most critical challenges faced by accounting and finance teams today are integrating disparate business systems, adding business intelligence software and replacing siloed business systems with a single business suite and database.

  Growing companies typically have limited IT resources. Cloud solutions eliminate the need to maintain on-premises hardware and software. Cloud systems also enable mobility, since workers can access the application from any computer or device with Internet access and a web browser. Cloud solutions are also highly scalable, enabling growing companies to accelerate growth without needing to invest capital in technology or add people.
- Consider a suite. Rather than perpetuating the "applications hairball" when replacing Sage, many companies decide to adopt an integrated product suite. A suite platform eliminates the need to piece together different solutions. An integrated suite makes managing data much easier. Dual data entry is eliminated, since all information is stored in a single, centralized data repository. A suite solution enables companies to start with the basics and add complexity over time.

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- Take time to understand the business needs and key business requirements. Before selecting a solution to replace Sage, be sure the organization understands its business and key business processes. Growing companies often believe they are saving money by not spending the time needed to understand and capture the business requirements. Unfortunately, this can lead to building the wrong solution.

- Hire a partner to help with data migration. Regardless of what platform a company adopts, it can be helpful to find a suitable partner who can help migrate data and perform checks and balances before the system goes live. This approach will ensure that the transition to a new system is consistent with business processes and objectives.

Conclusion

If your growing business is experiencing any of the pains discussed where Sage may be limiting your business growth, it may be time to consider the cloud-based products and services that NetSuite offers. Moving your company to NetSuite's integrated suite of cloud-based solutions allows for more efficient and effective business operations—essential for growing an organization and enabling employees to react to client and organizational needs in real-time.

About Oracle NetSuite

For more than 20 years, Oracle NetSuite has helped organizations grow, scale and adapt to change. NetSuite provides a suite of cloud-based applications, which includes financials/Enterprise Resource Planning (ERP), HR, professional services automation and omnichannel commerce, used by more than 19,000 customers in 203 countries and dependent territories.

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