IT EXECUTIVES
EXPRESS NEED FOR TRUE CLOUD ERP

See Why Customers are Switching from Microsoft Dynamics to NetSuite to Drive Growth

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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 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, 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 plan to integrate all of our core processes within NetSuite, which can give our employees access to the valuable real-time customer data and history they need." – **CartridgesDirect**

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 crossed 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.

- According to Gartner*:

  - 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 total cost of ownership (TCO), enabling faster development processes and providing higher reliability and lower risk. Companies that take an ad hoc approach miss out on many cloud 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.

"We never would have been able to achieve the growth we've seen without NetSuite, not without adding significant resources." – **Barcoding, Inc.**

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

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, less efficient 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.

"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."

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International Spices

BENEFITS OF SWITCHING FROM MICROSOFT DYNAMICS TO NETSUITE

"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**

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 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-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 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 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 increasing 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 18,000 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.

NetSuite Customers who Switched from Microsoft Dynamics

"NetSuite's flexible platform has transformed our company into a data-driven results organization. A far cry from Microsoft Great Plains, where it was impossible to get a comprehensive view of sales, inventory and marketing. 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**

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 OneWorld gives us the power we need to run our large and growing business, increase our labor efficiencies and simplify our processes." – **ClearChoice Management**

ClearChoice Dental Implant Centers are a network of dental treatment centers providing innovative and quality dental implant care to patients across the United States.

Challenges:
- Complex subsidiary structure of over 120 entities, including dental practices, limited liability companies and holding companies.

- Poor multi-subsidiary support required more than 90 charts of accounts.

- Some reports required several cumbersome spreadsheets. Even simple reports took hours to complete due to complicated software burden.

- Rapid growth made continuing with 92 separate instances of Microsoft Dynamics GP infeasible.

Solution:
- NetSuite OneWorld generates consistent and consolidated financial reports across ClearChoice's complex web of over 120 subsidiaries.

- Flexible and scalable NetSuite OneWorld solution positions ClearChoice for continued rapid growth.

- Easy-to-use reporting system provides financial transparency to ClearChoice investors and practitioners.

- Consistent NetSuite interface and consolidated subsidiary rollup reinforces confidence in ClearChoice financial data.

- Unlike previous systems, NetSuite OneWorld provides comprehensive drill-down into all aspects of ClearChoice's multi-subsidiary operation from a single database.

Customer Successes:
- Consolidated 92 separate instances of Microsoft Dynamics GP on NetSuite OneWorld.

- Implemented multi-subsidiary NetSuite OneWorld solution in just three months.

- Eliminated software version lock issues.

- Automated email alerts for reports and payments improved relationships with vendors and stakeholders.

- Improved quality of financial reporting.

- Reduced financial closing time by 80 percent.

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