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BUSINESS GUIDE

Cloud ERP Powers High-Growth Software Developers and High-Tech Firms

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Cloud ERP Powers High-Growth Software Developers and High-Tech Firms

Working together, NetSuite and Zenardy support fast moves and quick decision-making for software developers and other high-tech firms.

Technology has powered global economic growth over the last few years, with innovative software developers and high-tech firms providing goods and services to support that expansion. According to CompTIA, as the largest tech market in the world, the United States will represent 33% of that approximately \$1.8 trillion total market value in 2022.¹

Cumulatively, US tech firms have driven more than half of the IT market's growth since 2015.¹

The direct economic impact—that is, the dollar value of goods and services produced during a given year—of the IT industry is substantial. It comprises 10.5% of total US economic value, or more than \$2.0 trillion. Indirect impacts, such as IT services and custom software development, lead to an estimated 4.8 additional jobs, per CompTIA.¹

The driving forces behind these impressive statistics are companies developing, delivering, and implementing software and other high-tech products and services for a wide range of customers. Most tech firms with revenues ranging from \$10 million to over \$1 billion are using artificial intelligence (AI), machine learning (ML), analytics, big data, and other technologies to make their products more intelligent and their own businesses more efficient.

This business guide explores key technology and industry challenges high-growth software companies are facing and explains the value that NetSuite, supported by an implementation partner that understands the tech sector and its nuances, delivers for these organizations.

¹ [IT Industry Outlook 2022](#)



Table of Contents

Overview	1 Putting the Wheels in Motion	2 Managing Accounting Complexities
Page 2	Page 4	Page 5
3 Enhancing NetSuite's Native Functionalities	4 A System and Partner That Will Stick With You	
Page 7	Page 8	

Putting the Wheels in Motion

Behind the scenes, newer software and high-tech companies often rely on basic solutions or even spreadsheets to run their businesses.

“They want to go with a lighter, less-expensive accounting system right out of the gate, so they often choose QuickBooks,” said Vijay Avadhan, founder and manager partner at Zenardy, a NetSuite Alliance Partner. “At some point, they hit a wall with that application and need a more sophisticated solution.”

More established companies may be using legacy on-premises solutions like those from Sage or Microsoft. These organizations often add on various disparate applications to accommodate growth or manage new requirements. The result: a plethora of disconnected systems. This lack of integration creates inefficiencies, requires manual intervention, and leads to high error rates.

Legacy applications also lack features found in new software, such as mobile capabilities and connectors with other solutions, while demanding high maintenance fees and very often providing low levels of support for users.

“The cost of ownership is way too high in exchange for what customers are getting when it comes to legacy systems,” said Avadhan, who works with a number of tech-oriented firms that want to migrate to NetSuite’s cloud ERP.

“Software and high-tech firms that are evaluating the new options on the market want to bring everything onto one system. That’s where NetSuite really fits the bill.”

Vijay Avadhan, Founder and Managing Partner, Zenardy

Managing Accounting Complexities

As the software market evolves, more companies are moving away from the traditional approach of selling licenses and/or products to a subscription model. This evolution started years ago, and the COVID-19 pandemic further accelerating the trend as companies moved systems into the cloud to support their remote workforces.

Once they start offering monthly subscriptions, pay-as-you-go models or both, software companies begin to realize recurring revenue. Accounting for these revenues can be complex and time-consuming when done manually, but a unified Enterprise Resources Planning (ERP) platform can automate the process and manage it in accordance with the latest revenue recognition standards.

“The whole idea of revenue management becomes critical when companies start offering SaaS options,” said Venky Gurunathan, Zenardy’s Chief Customer Success Officer.

The Financial Accounting Standards Board’s ASC 606 accounting standards update, for example, standardizes revenue recognition practices across both public and private companies and dictates when a business can count revenue. For organizations with global operations, the International Financial Reporting Standards (IFRS) requires reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows from customer contracts.²

This is just one facet of financial reporting that software and high-tech companies must consider.

“There are new changes coming out all the time, and these shifts present challenges for companies using systems that don’t have out-of-the-box reporting capabilities and compliance features,” said Gurunathan.

For companies with global customers, there are additional complexities. Take constantly changing tax requirements, for example. India’s Goods and Services Tax (GST) is levied in the state where goods and services are consumed, versus where they are made, making it a “destination-based tax.” Currently 17%, the GST is charged at every point of sale and is included in the price that someone pays for a product or service. The GST’s four-tier rate structure is 5%, 12%, 18% or 28%.³

Gurunathan also points to the value-added tax (VAT) used by Middle Eastern and some European countries as another complexity hurdle that companies must jump through to remain compliant in those respective regions.

“There’s always a lot going on with taxation from a global perspective,” he said. “It’s something that companies have to be aware of and comply with.”

Managing intra-company transactions is another pain point for high-growth software and tech companies that have global operations. When funds are transferred across different entities, for example, the transactions must comply with the specific country’s legal standards. Only some funds and transactions can be routed outside of the United States via certain entities, from a legal compliance perspective.

Cumulatively, these and other requirements dictate the need for accounting software that can keep complex, global and growing businesses compliant. With NetSuite, companies can use multi-book accounting to create books for specific regions and ensure that those transactions are kept separate from those taking place at the company’s US headquarters.

² [IFRS 15 Revenue from Contracts with Customers](#)

³ [What Is GST? 5 Things You Need To Know](#)



“NetSuite makes intra-company transactions seamless and compliant and allows companies to build their own rules and route transaction funds based on certain legal rules that the overall organization has set up from the internal audit perspective.”

Venky Gurunathan, Chief Customer Success Officer,
Zenardy

CHAPTER 3

Enhancing NetSuite's Native Functionalities

SuiteSuccess gets customers live on NetSuite in 100 days or less. Zenardy customizes this framework by adding its own expertise and consulting experience to the equation. Its average implementation times range from four weeks for a startup to five to eight months for a large enterprise, with Zenardy using the SuiteSuccess implementation framework as a foundation.

“Our approach, or our methodology, uses SuiteSuccess, but it also includes tailor-made changes,” Gurunathan said. Using a series of “business design workshops,” for instance, Zenardy shows customers how its product is built as part of the implementation process and adds its own proprietary methodologies to its approach. Knowing that software companies manage a high

degree of intra-company transactions, it enhances NetSuite’s capabilities in this area, plus those around expense allocation.

“We built proprietary solutions that allow companies to allocate expenses based on different cost centers and cost objects,” said Gurunathan. “These are some of the features that global high-tech companies want.”

Zenardy also built solutions to help companies manage fixed assets using various depreciation methods and an allocation solution for managing expense allocations and the related reporting requirements from an intra-company standpoint.



A System and Partner That Will Stick With You

With NetSuite plus Zenardy's proprietary customizations in place, software and tech companies can immediately begin moving faster and making better decisions in an industry that demands both.

For example, one maker of intelligent pole bases that are used to house technological components, such as EV chargers or security cameras, was a startup when it approached Zenardy for help moving to a unified cloud ERP. At the time, the company was managing most of its operations on Excel spreadsheets.

"The company's two founding members wanted to use NetSuite," said Gurunathan. "They were live on the system within four weeks."

Once in place, NetSuite gave the company the speed and agility it needed to compete in its market, automated its previously manual systems, reduced the number of errors on shared Excel spreadsheets, and gave the company the tools to manage global transactions.

Across all Zenardy's customers, common "wins" include improved operational efficiency and better continuity of operations. Having worked with numerous organizations that were on the road to an initial public offering (IPO), Zenardy also provides leading practices, helps companies comply with Sarbanes-Oxley (SOX) requirements like segregation of duties, and gives those organizations high levels of visibility into their global operations.

"If a company wants to go public three or four years down the line, we're working now to prepare them for that IPO," said Avadhan. "When they choose NetSuite, organizations start building those leading practices on Day 1."

This mindset falls under Zenardy's overall mission to support its customers for the long haul and not just for a single implementation.

"We continue to support them long after they've gone live," he said. "We work around the clock to resolve problems for a fast-moving sector that needs to be able to make quick, educated decisions in order to stay ahead of the competition."

Whether they're starting from the ground-up, already at the mid-market stage, or operating a large enterprise that's stuck on legacy systems, high-growth software and tech-oriented companies can benefit from NetSuite.

With Zenardy as a partner, these companies are shedding their aging, legacy, and manual systems in favor of a unified ERP that not only meets their current needs but will scale up with them as they grow to achieve future goals.

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