Cloud ERP Supports Innovation and Growth in High-Tech Manufacturing

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A cloud enterprise resource planning solution supported by an experienced implementation partner can help manufacturers continue innovating and meeting their customers' needs.

High-tech manufacturers have very specialized technology requirements. Most of these companies are providing both physical products and Software-as-a-Service (SaaS) solutions to business-to-business (B2B) markets. Some of them are developing solutions that improve the mobility and livability of cities by reducing emissions, others are making air travel easier by automating the process of printing luggage tags and scanning passenger passports while others have created diagnostic imaging solutions to help automate healthcare processes.

Within their respective niches, high-tech manufacturers focus on creating relevant and useful hardware, devices and software for their clients. To achieve that goal and operate their multifaceted entities, high-tech manufacturers need robust, unified software solutions.

In an era where demand for new innovation is increasing and labor resources are constrained, high-tech manufacturers have found themselves in a tight spot. This business guide explores the continued growth of the high-tech manufacturing industry, discusses the inner workings of these organizations and explains how a unified, cloud Enterprise Resource Planning (ERP) solution supported by an experienced implementation partner can help manufacturers overcome their own technology hurdles and continue innovating.

The World's Largest Tech Market

In 2022, the technology industry will contribute over $5 trillion to the world economy, according to CompTIA. This includes goods and services, both of which are now expanding at a compound annual growth rate (CAGR) of 5%-6% year-over-year. As the largest tech market in the world, the US represents about 33% of that total or roughly $1.8 trillion for 2022.[1]

To manage their growing operations, many high-tech manufacturers rely on spreadsheets, proprietary/homegrown solutions and basic accounting systems that they've long outgrown. Some also use separate project management applications or Salesforce for customer relationship management (CRM) to focus on customer acquisition. Other disparate systems that high-tech manufacturers often use include vendor management, product lifecycle management (PLM), quality management, support/client case management and demand planning platforms. Over time, the focus generally shifts to the "back of the house" with companies placing a bigger emphasis on automating manufacturing, distribution and financial management.

Working with high-tech manufacturers with annual revenues ranging from $25 million to $100 million, Plative, a NetSuite Alliance Partner, helps high-tech manufacturers bring their disparate and manual systems onto a single, cloud-based ERP. This allows manufacturers to automate processes and free up valuable labor resources—similar to the benefits B2B customers realize when they put the high-tech manufacturer's own innovations in place.

Beating Them to the Punch

In most cases, high-tech manufacturers deal with specialized offerings and lengthy sales cycles that start with very detailed pricing and quoting. "It's not a simple sale," said Rob MacEwen, Director, NetSuite Practice at Plative. "Once they win the sale, the manufacturer then has to build and deliver the project, which in many cases is produced on a made-to-order basis."

Next, manufacturers deliver both the physical product and the related services to the customer site, enable the technology for use and activate the appropriate licenses for that customer. Managing these activities across various proprietary software systems, spreadsheets and manual processes adds time and complexity to the process, along with the potential for data errors.

High-tech manufacturers also have varying revenue streams and services being sold in different ways at different times (e.g. hard goods, services, recurring subscriptions, etc.), and must be able to track revenue against each of these revenue streams. "When these activities are managed in separate systems," said Jeff St. Louis, Senior Director at Plative, "it becomes a very laborious process, with sales reps forced to swivel between various systems and/or people just to get a single quote out the door."

[1] https://connect.comptia.org/content/research/it-industry-trends-analysis

"We take NetSuite's comprehensive suite and deploy it all for high-tech manufacturers, many of which need everything that the ERP has to offer."

Rob MacEwen, Director of NetSuite Practice, Plative

Plative solves this problem with a direct integration between a manufacturer's existing Salesforce CRM and NetSuite, effectively consolidating the two platforms. As a result, sales quotes go out the door faster, accuracy is higher and any guesswork is eliminated. This gives manufacturers a leg up when both winning the deal and delivering on it.

"Beating competitors to the punch and being able to provide a simple engagement experience from customer acquisition onward are top priorities for many of the high-tech manufacturers we've worked with," said St. Louis. "They know exactly who they're competing against, so differentiating the customer engagement experience goes a long way."

All in One Place

With a multidisciplinary team that understands what goes into setting up a software company, manufacturing firm or services organization, Plative taps into its team's strength to bring together a long list of best practices for every new NetSuite implementation. High-tech manufacturers, for example, can manage manufacturing processes, sales, work orders, project management, CRM (or bring their own Salesforce platform for a direct integration) and their financials in one place.

The novel set of capabilities across the various platforms that Plative supports, and the differentiated services that it offers, sets the implementation partner apart from its competitors. Some of those services include the development of visionary solution roadmaps that address the customer's application landscape and feature functionality, ongoing managed services and a contract and license management module.

"If the high-tech manufacturer is managing its own software licenses, we can integrate NetSuite with a third-party license management tool," said MacEwen. Plative also offers contract management, dunning solutions and a "print any record" service that allows companies to print sophisticated contracts directly from NetSuite. This is especially useful for manufacturers whose quotes include complex terms and conditions. "These are just some of the tools that we can bring to bear on a project," MacEwen explained, "and easily deploy for a customer group that has some pretty specific needs."

Spinning Up Sales Channel

For its high-tech manufacturing clients, Plative also offers a warranty, service level agreement (SLA) and repair functionality that extends NetSuite's native capabilities. Companies that offer onsite and repair services to customers, for example, need specific details about those customers' processes and systems. By using NetSuite's case management tools, businesses can drive a successful repair and return process, help manage their tech's onsite activities, determine what inventory they're using and understand whether or not they've obtained the right customer sign-offs.

To better manage high-tech manufacturers' configuring, pricing, and quoting (CPQ), Plative either builds a CPQ natively within Salesforce or replicates this capability in NetSuite. "We have our own 'lite' CPQ native solution to NetSuite that we can leverage for clients that aren't using Salesforce on the front-end," said St. Louis. And because many high-tech manufacturers sell through resellers or partner channels, Plative also creates vendor portals for these companies.

"This allows customers to enable their partners or vendors to sell their products and then tie those transactions back into NetSuite," said St. Louis, "and effectively spin up partner portals to augment their sales capacity."

Mitigating Risk and Empowering Companies

Plative's typical NetSuite implementation in the high-tech manufacturing space spans about four to eight months, depending on customer requirements. In many cases, the implementations immediately begin helping companies avoid the added expense of having to hire more employees to support scale. "They're usually trying to automate as much as possible," said Steve Bradley, Senior Client Partner at Plative. "As a result of this automation, they usually cut the month-end close process and days sales outstanding (DSO) in half."

By replacing their existing disparate and manual systems with NetSuite, high-tech manufacturers also substantially reduce their own IT costs and avoid problems like crashed servers and lost data.

One recent Plative customer implemented NetSuite specifically to mitigate risk. "The manufacturer was using an old system that it didn't have proper control over and that was in danger of potentially crashing," MacEwen explained. "It was a continuity issue. Not only would a crash bring down production and interfere with sales, but the company didn't know if it would ever be able to bring the system back to life." By implementing NetSuite, the company was able to complete its data migration and get up and running on its new ERP before this kind of catastrophe could happen.

Attracting and Retaining Employees

The benefits of NetSuite for high-tech manufacturers go beyond tackling software challenges, closing month-end processes faster and avoid server crashes. With the current labor shortage still in full effect, upgrading to a cloud ERP can also help high-tech manufacturers attract a younger, tech-savvy workforce that doesn't want to pore over spreadsheets and piece together information across disparate, proprietary systems.

"Employees want to work where people have an advanced tech stack that doesn't require them to solve problems with more manual labor," said MacEwen. "High-tech manufacturers want to give their employees the best tools for serving their clients, versus messing around with siloed data and pulling together spreadsheets."

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