

WHITE PAPER

The Value of a True Cloud ERP Platform

NetSuite Perspectives





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NetSuite Perspectives

Our Experience

Today, cloud computing enables companies to adapt to changing business models, both strategically and operationally.

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 a cloud platform reduces complexity and total cost of ownership and increases reliability, enabling faster development processes and decreasing risk. Companies that take an ad hoc approach miss out on many of cloud's 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.

NetSuite Value Proposition

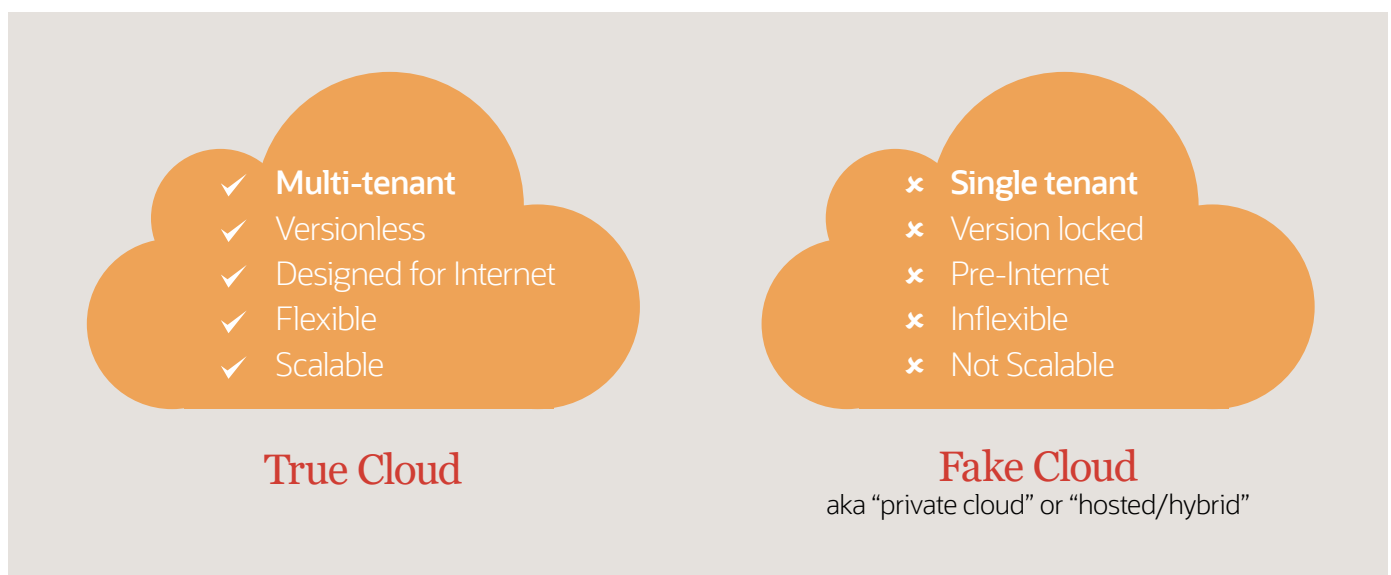
As a leading cloud ERP company, NetSuite has championed the cause to deliver not only a true cloud platform but also strives continuously to develop a truly integrated suite for our growing global customer base of more than 22,000.

Further, the SuiteSuccess customer engagement model is helping thousands of new 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.

“While many still invest in antiquated on-premise systems, the most technology-driven businesses have turned their focus to SaaS and cloud-enabled software. This focus has been driven by the need for flexible and agile business applications that are relatively easy to implement, configure and update.” IDC¹

In this document, we hope to provide the tools to analyze for yourself how our various platform offerings help you meet your organization

objectives today, adapt to the industry disruptions of tomorrow and realize savings of more than 20%-50% in TCO alone².



Reference: HBR – The CIO’s Guide to Cloud Computing

¹IDC MarketScape: Worldwide SaaS and Cloud-Enabled Manufacturing ERP Applications 2019 Vendor Assessment”, Reid Paquin, June 2019

² Hurwitz & Associates – The compelling TCO case for cloud computing in SMB, mid-market enterprises

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CHAPTER 1

NetSuite: The Value of a True Cloud Platform – Key Differentiators

Software-as-a-Service (SaaS) and Multi-Tenant Architecture



Software-as-a-Service (SaaS)

NetSuite is offered as Software-as-a-Service (SaaS). The applications are accessible via a web browser or mobile app.

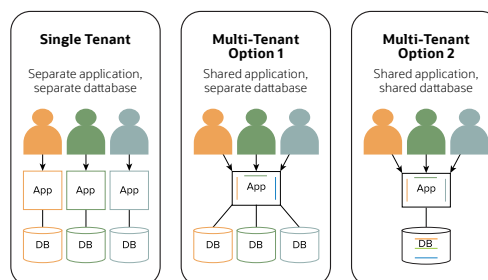
Unlike on-premise software, NetSuite customers do not have to be involved with managing the underlying cloud infrastructure including network, servers, operating systems, storage and application upgrades.

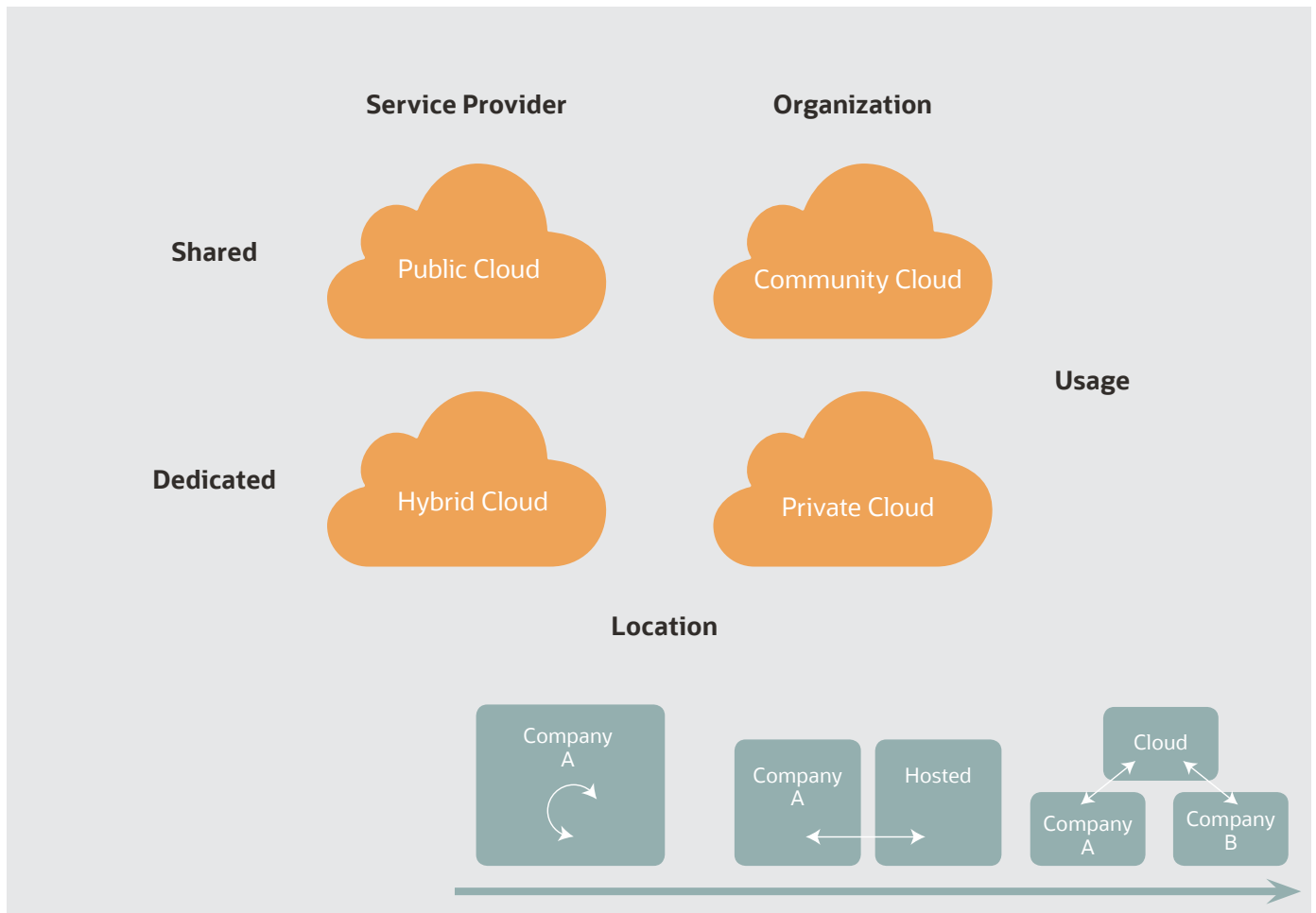


Multi-Tenant Architecture

NetSuite has a single instance of the application. Each tenant can make customizations and configurations that are rendered to their dashboard.

Despite what fake cloud vendors will tell you, multi-tenancy matters. For example, with a true cloud provider, all customers typically access the same solution from the same cloud. This gives customers continuous and instantaneous access to the latest product upgrades.





	On-premises	Hosted	Cloud-based
License Costs (One-time)	Medium	Low-Medium	Low
Software Maintenance Costs (Operational Costs/Year)	High	Medium	Low
Subscription Costs (Operational Costs/Year)	Medium	Low-Medium	Low
Overall Capital Costs	High	Medium	Low
IT Resources (Admin/Dev)	High	Medium-High	Low
Hardware/Storage	High	Medium	Medium
Upgrade Costs	High	Medium	Low
Implementation Timelines	12-36 Months	9-18 Months	4-8 Months

Preserving Your IT Investments



Public Cloud

NetSuite is offered as a public cloud deployment and has a single instance of the application. This is aligned with our strategy to offer SaaS and a multi-tenant architecture that allows our customers of all sizes to be on the same version of the application globally, allowing them to reap benefits from economies of scale, less capacity planning, increased agility, scalability and lower IT costs.



Two-tier ERP Strategy

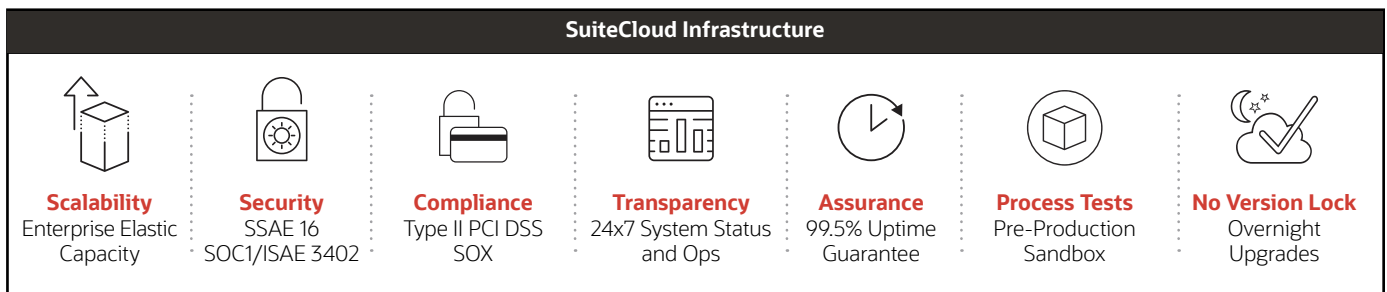
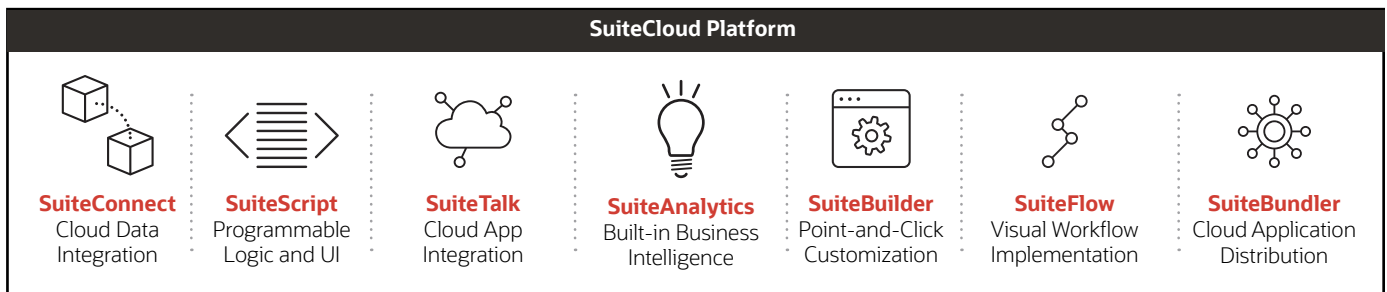
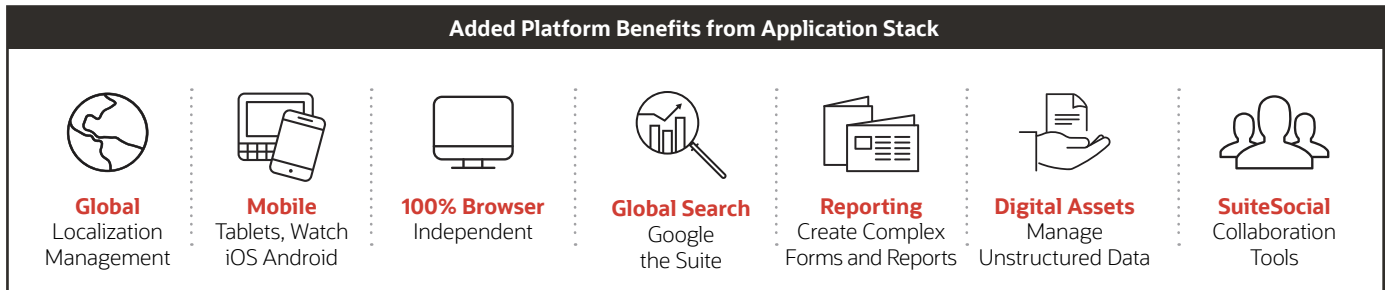
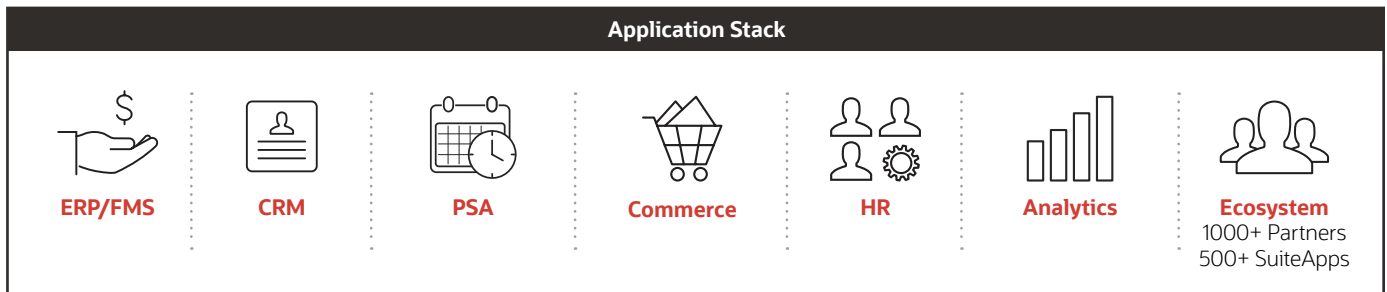
Two-tier ERP is a business and technology strategy that enables manufacturing organizations to keep their investment in existing ERP systems, i.e. SAP or Oracle, while deploying cloud-based ERP, i.e. NetSuite, at newer subsidiaries.

As large enterprises expand and restructure through mergers and acquisitions into larger companies, one of the strategies to preserve their existing ERP investments is to adopt a so-called hub and spoke approach to ERP.

There are three hub and spoke models:

1. All business units (headquarters and subsidiaries) use a single application instance.
2. Enterprise hub and business unit spoke use same application—but may have more than one instance.
3. Business units choose from an approved list of spoke solutions which allows the subsidiaries to pick a solution that best suits their requirements. For example, localized business units often need to address specific customer billing and payments practices, and local regulatory requirements.

“NetSuite is our single source of truth. Our people are very happy with NetSuite and are always looking for different ways to optimize the solution.” **Dent Wizard**



“NetSuite OneWorld has the flexibility to let us build financial controls over the way we do business, instead of trying to mold our processes to inflexible software.” Bankrate

An Integrated Business Application Suite



Integrated Suite

Companies in virtually every industry are using business software to manage their organization, but many are still struggling to manage costs effectively due to multiple systems causing process bottlenecks and employee productivity issues.

Integrated business software suites are transforming how companies run, giving them the real-time visibility and flexibility they need to see what's going on with the business anytime, anywhere.




























In an ROI study by independent analyst firm Nucleus Research, customers using NetSuite's integrated cloud business suite accelerated their financial close times by up to 50%, improved sales productivity by 12.5% and increased inventory turns by 50%, amongst other efficiencies.






Cloud IT application assessment scorecard – TCO savings of 20%-50%³

	On-Premise	Cloud Developments	
		Multi-Tenancy	Hybrid
Total Cost of Ownership	License costs (one-time)	\$\$	N/A
	Software Maintenance Costs (Operational Costs/Year)	\$\$\$	N/A
	Subscription Costs (Operational Costs/Year)	N/A	\$\$
	IT Resources (Admin/Dev)	👤👤👤👤👤	👤👤👤
	Hardware/Storage	\$\$\$	\$\$
	Upgrade Costs	\$\$\$	NA
	Implementation	\$\$\$	\$
	Security	\$\$\$	\$

³ Hurwitz & Associates – The compelling TCO case for cloud computing in SMB and Mid-Market Enterprises

Cloud business application assessment scorecard – hidden costs of \$64k-\$242k annually⁴

		Cloud	On-Premise	Hosted/Hybrid
Business Agility	The ability to quickly deploy new business models and products, transact M&A and complete divestitures.	0K 	26K 	20K 
Scalability	The capability to handle growth, create new instance, launch internationally.	13K 	25K 	19K 
Flexibility	Ability to adopt to potential changes in requirements.	0K 	12K 	12K 
Versioning	The ability to remain current on latest software version from the software vendor.	0K 	48K 	36K 
Configuration	Allow business users to re-configure out of the box workflows.	19K 	38K 	38K 
Customization	Develop new functionality not available from the software vendor.	24K 	24K 	30K 
Risks	Security	8K 	25K 	19K 
	Availability	99.97%	99.97%	99.97%
	Performance			
Time-to-value	Time to realize business value.	0K 	44K 	44K 
Potential additional investments for a \$10M company		\$64K	\$242K	\$218K

 Comprehensive functionality
  Good functionality
  Average functionality
  Limited functionality
  No functionality

⁴ NetSuite example analysis for a \$10M revenue company

Assessment Scorecard

Small businesses, mid-market companies and large enterprises alike need business solutions that help them manage day-to-day operations and processes more efficiently. At the same time, they want insight and intelligence to successfully adapt to a fluid business environment and ensure compliance with regulatory requirements. It is no surprise that some of the strategic business leaders that we engage with evaluate their cloud computing platforms not only on TCO criteria alone, but also engage their line of business operational leads to actively participate in the selection process to determine the true return on their investment that is aligned with their business strategy and objectives.

In this section, we present both a typical business need evaluation scorecard and a Total Cost of Ownership scorecard that can assist, at least at a high level, in aligning business and IT requirements, eliminate siloed platforms and solutions, and justify the need for an integrated platform that is aligned to your business objectives, which can drive business process improvements and preserve your company valuations.

“The ROI of cloud ERP can be achieved relatively quickly and this delivery model brings IT cost reductions and increased employee productivity to the broad range of the companies using it. Small and medium businesses can also achieve other important benefits from ERP in the cloud, such as increased inventory accuracy, better customer satisfaction and increased sales.”

Nucleus Research

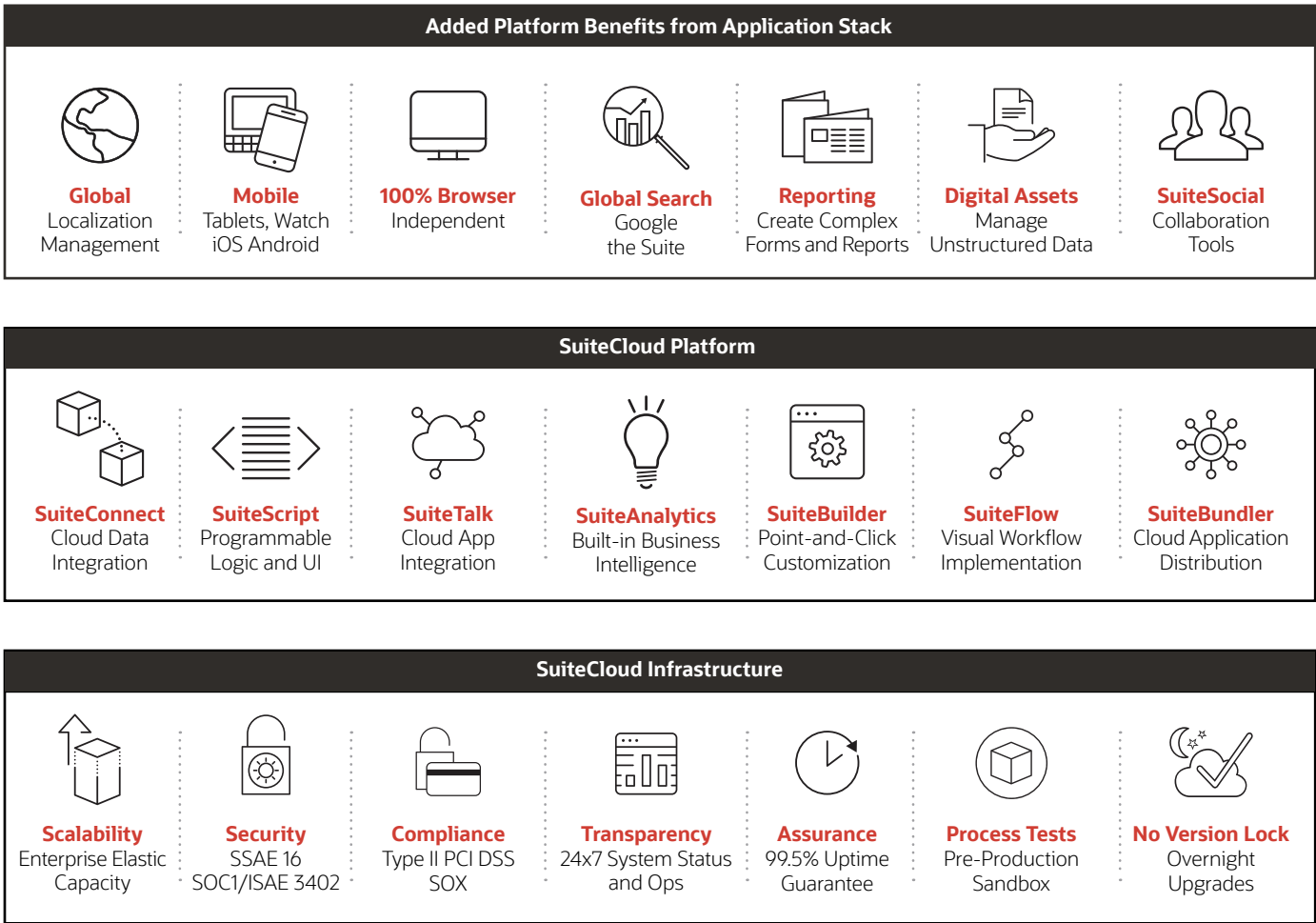
Enabling Business Agility and Scalability



Business Agility
\$26,250 – \$131,250*

Increase revenue by 1% on 75%
of revenue (\$7.5M).

Enable your business strategy to expand into new markets and channels.



* Example analysis of hidden costs for a \$10M revenue company, with 35% gross margins. The lower box, details other assumptions used for calculating the hidden costs.



Scalability

\$25,000 – \$50,000

Increase gross margins
from 35% to 36%-37%.

Increase your revenues without the limitations of an on-premise ERP capacity planning holding you back.

Service Tier	Users	File Storage (GB)	Monthly Transaction Lines ⁶
Standard	100	100	200,000
Premium	1,000	1,000	2,000,000
Enterprise	2,000	2,000	10,000,000
Ultimate	4,000	4,000	50,000,000

¹ Total transaction lines per month across all transaction types, averaged over the most recent six months.

⁶ Confidential – © 2020 Oracle

Enabling Business Flexibility and Eliminating Version Lock



Business Flexibility
\$12,000 – \$18,000

Reduction in time to add new capabilities. 160 hours per capability at \$75/hour.

Enable your business strategy to expand into new markets and channels.

SuiteBuilder <ul style="list-style-type: none">• Custom fields and records• Centers• Rollers• Point and click	•	SuiteFlow <ul style="list-style-type: none">• Custom workflow• Decision trees• Extend with SuiteScript• Point and click
SuiteScript <ul style="list-style-type: none">• Custom back-end logic• Custom UI• Industry-standard JavaScript programming	•	SuiteTalk <ul style="list-style-type: none">• Application integration• Token-based authentication• Support for customizations• SOAP-based web services• SuiteScript REST
SuiteAnalytics <ul style="list-style-type: none">• Real-time analytics• Report builder• Dashboards• Saved searches• SuiteScript and WS APIs• SuiteAnalytics Connect: ODBC/JDBC integration	•	SuiteBundler <ul style="list-style-type: none">• Easy application packaging• Rapid deployment• Business template replication• Managed releases



Zero Lock Versioning
\$48,000

320 hours at \$75/hour per upgrade. Two upgrades/year done by NetSuite.

NetSuite’s patented “phased release” process ensures that 100% of our customers are on the same version. NetSuite plans for two major upgrades per year and ongoing minor upgrades throughout the year. Customers also have an option to get access to a release preview. Certified customizations carry forward and customer use cases are incorporated in QA testing.

“We can do twice as many transactions in the same amount of time.” Epec Engineered Technologies

“NetSuite is designed for life, just like my Sactionals. They’re both built to last and infinitely adaptable.” Lovesac

Configure and Customize and Carry Them Forward

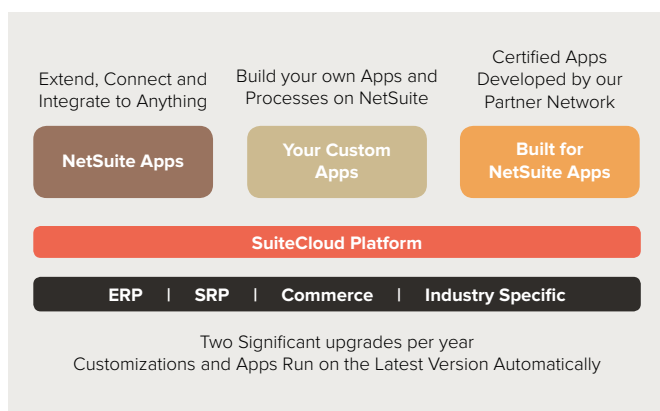


SuiteCloud

\$24,000 – \$36,000

160 hours at \$75/hour per customization. Faster execution and elimination on customizations.

With SuiteCloud you get the best of both worlds—centralization in a suite for core business function, data and analytics to avoid unnecessary hairballs plus the most flexible system for customization, extension, integration and development in cloud ERP—making “smart integrations” easy and putting the business processes that give you competitive advantage right in your system of record.



Built-In Security and Redundancy



Security

\$25,000 – \$50,000

Analysis assumes 1% customer churn due to security issues (500 customers and \$20k revenue/customer).

NetSuite employs stringent round-the-clock monitoring tools, controls and policies, and a dedicated tenured security team to ensure that it provides the strongest security (Application, Network and Data) for its customers.

This results in benefits to our customers by getting stringent security certifications for their business applications and lets them enjoy security controls such as fully guarded premises and physical access management that are economically unachievable with typical in-house, on-premise deployments.





Availability

\$0

Benefit analysis assumes that customer evaluates this SLA for all platforms it may be considering.

NetSuite maximizes application availability by operating multiple geographically separated data centers. Its data center redundancy includes data mirroring, disaster recovery and failover. NetSuite has achieved a historical uptime track record of 99.96% over more than the past five years and guaranteed uptime of 99.5% backed by transparent Service Level Commitment. To add to its commitment, NetSuite's SLC is backed by a service credit if availability commitment isn't met. System status is displayed at all times at <http://status.netsuite.com>.

Performance to Boost Productivity



Performance

\$0

Benefit analysis assumes that customer evaluates this SLA for all platforms it may be considering.

Application performance is key to NetSuite and our customers. NetSuite's built-in performance monitoring tools provide deep insights into the application's behavior and exposes granular details about performance metrics.



Typical Year

710 Bn +
Web Requests

3 PB +
Data Persisted



26 Bn +
Transaction Lines

1 Tn +
Searches Processed



SuiteSuccess – Zero To Cloud

SuiteSuccess – Time to Value

NetSuite packages the experience gained from tens of thousands of deployments worldwide over more than two decades into a set of leading practices. These practices pave a clear pathway to success and are proven to deliver rapid business value. Intelligent, staged implementation begins at sales contact and spans the entire customer life cycle so that there is seamless continuity from sales to services to support.

Most ERP vendors have tried to solve the industry solution problem with templates, rapid implementation methodologies and custom code. NetSuite took a holistic approach to the problem and productized domain knowledge, leading practices, KPIs and an agile approach to product adoption. The benefits of this are faster time to value, increased business efficiency, flexibility and greater customer success.

Within each industry offering, NetSuite has built unique micro-vertical solutions to address specific market needs. SuiteSuccess has over 7,000 customers and is expanding globally into more industries and current NetSuite customers than ever before.

“Our team at NetSuite has been nothing short of spectacular. They provided us with a smooth, on-time and rock solid delivery of our new ERP.” Lindemann Chimney

CHAPTER 4

Next Steps

Path Towards a Strategic Partnership

NetSuite is aligned and committed to your business initiatives. As a strategic partner, we will take this responsibility extremely seriously and are ready to bring our expertise and cloud solutions delivery experience to your organization.

Proposed Next Steps

- Plan and schedule a value assessment engagement to confirm and validate the value that can be realized with NetSuite.
- Establish a joint executive sponsorship to track and monitor our strategic partnership.

NetSuite Customers



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Notes

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