



SUPPORTING THE SWITCH:

Why IT Executives are Choosing a True Cloud
ERP Solution To Drive Business Growth



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Overview

To discover how cloud-based ERP systems support and accelerate growing organisations, 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 occurred, 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 realising that their historical processes and on-premise systems are not adequate. They need to modernise 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 organisation 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 ORGANISATIONS ARE MOVING TO CLOUD FINANCIALS

Businesses in all industries are under pressure to modernise

In every industry, organisations 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 organisations, 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:

- 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.
- Cloud computing will firmly establish itself as the foundation of tomorrow's enterprise application platforms—it's the best way to create the compelling software experiences that modern customers demand says Forrester.
- By 2020, anything other than a cloud-only strategy for new IT initiatives will require justification at more than 30% of large-enterprise organisations.
- 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 recognised 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 TCO, enabling faster development processes and providing higher reliability and lower 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.



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.

Recognising 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, inefficient 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 customisations 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 customisations

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 customise 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.

Chapter 3

BENEFITS OF SWITCHING TO NETSUITE

“NetSuite is a great platform that’s helping us accelerate our transformation from a mail-order company to multi-channel retail operations. NetSuite enables us to literally guide the business in real-time. We’re more proactive and can see inventory fluctuate throughout the day. NetSuite has improved our understanding of our customers and gives everyone in the company, all the way up to our CEO, real-time visibility into sales operations. ” – **Hanover Direct**

Traditional ERP systems are part of a fragmented, complex IT infrastructure that delivers disruption rather than efficiency.

Traditional ERP systems are just one part of an organisation’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 organisation.

- 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 organisation 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, organisations 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.

"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.**

Cloud platforms like NetSuite simplify business processes and IT

There are many compelling reasons why companies move from older on-premise applications 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. Organisations simply access cloud systems via an internet connection. 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 seamlessly without breaking customer customisations. 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 organisations 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 organisation.
- **Better real-time financial and operational visibility, including multi-subsidiary management.** Consolidating multi-subsidiary and multinational financials with other ERP solutions can be time-consuming and expensive. Organisations must either conduct the exercise across a multitude of spreadsheets or invest in separate accounts for every subsidiary and international division and in 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 centre 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 organisations 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, organisations are no longer version locked. Since NetSuite hosts its own applications, upgrades are managed seamlessly without breaking customers' customisations and third-party integrations. Organisations 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 organisations meet the growing demands of consumers and 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 other ERP 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 realise value within their organisation 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 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 productised 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.



Transavia emerged from humble beginnings as a charter service launched in the Netherlands in 1965. Its maiden flight traveled from Amsterdam to Naples and back, carrying the Dutch Ballet Orchestra and the Dutch Dance Theatre. The company took off when it was acquired as a joint venture of KLM and Air France and began providing low-cost airfare to countries across Europe filling an emerging demand.

Challenges:

- As Transavia expanded its footprint, it soon realised that an aging AS 400 system based in its office in the Netherlands and an Infor system in France would not be able to scale with its ambitious plans for growth.
- Transavia needed a system from its mission-critical business processes across Europe including financials, financial consolidation, multi-subsidiary management, procure-to-pay, reporting, and support for multi-language, multi-currency and multi-country tax compliance.

Solution:

- A single cloud solution with a broad range of capabilities needed to run complex and mission-critical business processes across its head offices in Holland and France and its subsidiaries, as the airline expands into new markets in Europe.
- Real-time global financial consolidation with real-time visibility across all of Transavia's operations with one single

unified financial system of record and consolidated financial reporting across the entire enterprise, while also offering multi-book accounting capabilities.

- The agility, scalability and flexibility needed to help enter new markets, expand operations and grow revenue.
- A powerful development platform that offers robust integration capabilities to tie NetSuite OneWorld's financial system to Transavia's reservation system and Airpas, an airline-specific cost management solution.

Customer Successes:

- NetSuite's cloud infrastructure aligns with Transavia's goals of reducing costs and increasing efficiency by removing the need to support and maintain on-premise software while presenting a greater opportunity to make use of shared services such as outsourced accounting.
- NetSuite's multi-currency and multi-language capabilities and ability to manage multiple subsidiaries on a single instance proved to be the right solution for Transavia.
- With NetSuite, the 21,000 invoices that were once hand copied into the system are now automated, while learnings from the implementation have enabled Transavia to introduce more structure and efficiencies while spending more time on analysis.



“As a subsidiary of the Air France/KLM Group, serving more than 100 destinations in Europe and North Africa, Transavia has ambitious plans for growth throughout Europe, becoming one of the leading low cost airlines in Europe. Having NetSuite OneWorld as our financial and procurement backbone enables us to easily scale up with that planned growth, where our previous cumbersome manual and Excel-based processes that were time intensive and prone to errors will become history. NetSuite OneWorld offers a modern, global-ready system that helps us to achieve the goals of Transavia Netherlands and Transavia France, by fully aligning and further simplifying our business processes.”



“NetSuite has given us dramatically better data access and reporting and has been instrumental in our lean manufacturing initiative, helping us reduce cost and waste while achieving double-digit growth.” – **Adam Harper**, Director of Administration, CMP Corporation

Running the world’s largest independent manufacturer of aftermarket compressor parts for refrigeration and HVAC units from Oklahoma City exposed CMP Corp. to pricing competition from abroad. When two brothers took over the family business, they decided to focus on quality and eliminate waste through lean manufacturing and automation. That meant overhauling the business systems to increase efficiencies and take out manual processes.

Challenges:

- CMP Corp’s on-premise Infor Visual Manufacturing application was costly and outdated, and lacked the flexibility and reporting features they needed.
- Had the challenge of maintaining ten servers and getting leaner while strengthening disaster tolerance for incidents like a 2003 tornado that decimated its facility.

Solution:

- CMP Corp turned to cloud and NetSuite’s Manufacturing Edition, SuiteCommerce Advanced and Inventory solutions.

Customer Successes:

- With lean manufacturing supported by NetSuite, CMP Corp. has slashed crankshaft production lead time from 85 to ten days while reducing costs 25%, and netted a 26% increase in revenue while growing the business across 95 countries.
- NetSuite’s flexibility and breadth allows CMP Corp. to continue to grow like it did in creating a unique “Compressor Configurator”, enabling customers to complete entire orders online with automated order processing while enabling CMP Corp. to broaden business reach and speed cash flow.

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