

Research Study: Cloud-Based Business Solutions Suite Delivers Key Performance Improvements



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Introduction

In a world of pervasive digitization, real-time demands and global competition, businesses of all types must run as efficiently and effectively as possible. Despite that common objective, it may seem that organizations in different industry sectors have few things in common. Do the operational challenges faced by an online retailer compare to those faced by a software developer? Do those of a small nonprofit organization relate to those of a multinational manufacturer?

As it turns out, even widely disparate companies have many similar operational challenges and needs. Among the requirements they share are the following:

- **Financial management:** All companies need to manage their finances in ways that ensure accuracy, speed and efficiency.
- **Business visibility:** They need complete visibility into the full range of their operations, both in real time to seize opportunities or counter threats, and over time to identify positive and negative trends.
- **IT management:** They need IT operations—either internally or cloud-based—that are flexible, always available and closely aligned with business requirements.

Beyond these and other common traits, virtually all organizations also share one overarching requirement: the need to measure—and to improve—the effectiveness of their core operations.

Actually performing these measurements is easier said than done for many companies. A significant portion of companies haven't even identified the key performance indicators

that are most meaningful to their operations, to say nothing of actually tracking and improving them.

Often, this opaqueness results from a company's dependence on disparate and poorly integrated IT systems and databases. If an organization's systems are fragmented, and its data is inconsistent and unreliable, it can be virtually impossible to get a good handle on the efficiency and effectiveness of the company's critical operations. This shortcoming can have dire consequences, especially if business events push the company and its existing systems and processes into unfamiliar terrain.

To address the issue of KPI visibility and operational effectiveness, growing numbers of companies across all industry sectors are turning to integrated business solutions suites. These multifunction suites replace discrete, and often dated, applications and systems, and provide a common platform and consistent, shared data on which to run—and measure—their core operations.

Cloud-based business solutions suites are proving especially popular at many companies. In addition to their integrated design, these software-as-a-service offerings deliver a variety of other benefits, ranging from rapid deployment to predictable costs to “built-in” backup and disaster-recovery functionality.

To assess how a cloud-based business solutions suite can help organizations both measure and improve their core operations, SL Associates interviewed dozens of companies across six industry sectors. All of the companies have deployed the NetSuite solutions suite, and each reported a variety of benefits realized through the use of this integrated cloud service.

Business Solutions Must Match Evolving Business Needs

Many companies have been caught off guard by the pace of change and the increasing demands common in a world running on a real-time digital foundation. Old operational methods and tools—be they Excel spreadsheets for managing financial operations, or aging and non-integrated applications for other core business operations—can drag down a company's efficiency and its long-term prospects.

The limits of poorly integrated, restricted-functionality and outdated tools and processes can quickly become serious threats should business events stress their capabilities to the breaking point. Among the business event triggers cited by many NetSuite customers were:

- Rapid company growth
- Expansion into a new product or business line
- International expansion
- Mergers and acquisitions
- Going public

These and other business challenges can overwhelm an organization's existing operational systems. Such challenges can introduce errors, slow or halt critical processes, and cause the organization's systems to fail to deliver the functionality and business visibility required.

In many cases reported by the NetSuite customers we interviewed, the combination of aging business tools and new business challenges—both foreseen and unexpected—led them to deploy a NetSuite business suite solution.

The cloud-based NetSuite service offers organizations a variety of integrated functional modules that share common interfaces, data and programming methodologies. In addition to sophisticated enterprise resource planning (ERP) and customer relationship management (CRM) applications, other NetSuite modules include ecommerce, analytics, financial planning and budgeting, point-of-sale and professional services management, in addition to other functional building blocks. Customers can easily customize their deployments with NetSuite's workflow and scripting tools, and multinational corporations can get multicurrency conversions, local tax compliance and other functions with the NetSuite OneWorld offering.

General Business KPIs That Matter

The KPIs most relevant to any company are a mixture of those that measure general business operations along with metrics that are specific to the organization's industry sector and its individual processes and concerns. For example, while a professional services company must track its efficiencies in assigning consulting resources to a succession of projects, an ecommerce retailer worries more about cart abandonment rates and successful customer loyalty programs.

In surveying a wide range of companies across many industry sectors, however, SL Associates found much consistency in the types of general business benefits that NetSuite customers are realizing. As illustrated in Figure 1, many of these KPI improvements fall into three broad categories: improved business visibility, more efficient financial management, and reduced IT costs and management overhead.

Figure 1: Typical General Business KPI Improvements

Category	KPI	Results
Business Visibility	360° Visibility and Actionable Insights	Increased 55%–80%
	Reporting Time and Resources	Reduced 40%–55%
Financial Management	Time to Close Financial Books	Reduced 45%–70%
	Audit Completion and Support Time	Reduced 25%–40%
	Time Required to Support Compliance	Reduced 25%–45%
	Accounting Staff Productivity	Improved 25%–50%
	Collection Time for Accounts Receivable	Reduced 30%–50%
	Order Process Efficiency and Costs	Improved 40%–60%
	Billing Efficiency	Improved 15%–25%
IT Management and Resources	IT Support Resource Costs	Reduced 40%–65%
	Business Continuity/Disaster Recovery Costs	Reduced 45%–65%

Source: SL Associates, 2015

Representative NetSuite Customer Experiences

In its NetSuite customer interviews, SL Associates found that many customers initially sought their NetSuite solution following some type of business event trigger

that exposed shortcomings of their existing systems. Those triggers included the following (with customer industry sectors shown in parentheses).

Dealing with Rapid Growth

RevGen Partners (Professional Services)

A business and technology consulting company based in Centennial, CO, RevGen Partners provides business intelligence, process optimization, IT support and other services. The 100-plus-employee company grew rapidly following its 2008 founding, adding 38 new team members in 2013 alone—a year in which its revenues increased by 40%.

After its manually intensive QuickBooks-based financial operations proved too limiting, the company shifted to a combined NetSuite and NetSuite OpenAir solution. RevGen uses the NetSuite business solutions suite for its core financials and OpenAir for its projects' accounting. The cloud-based nature of the integrated solution was critical, according to the firm's, executive vice president for client services delivery. "Our consultants are on client location 90% of the time, so we needed a solution they could access anywhere," he said.

With its NetSuite-based operations, RevGen has been able to retain its five-day financial close period even as project volumes grew from 10 to 15 invoices per month to more than 100. Under its former processes, the company used both

QuickBooks and SharePoint to manually create each bill.

"We couldn't operate under that method with our current headcount and project load," the executive vice president said. "It would have required that we hire three or four additional people."

Billing accuracy is also "absolutely better," he continued. "As we got bigger, we knew the risk of missing hours and expenses was significant. We didn't want to have to go back and bill our clients for missed hours."

RevGen realizes these and other benefits without having an internal IT staff or maintaining any servers on site. And not all of the benefits the NetSuite solution delivers are internal. "It's very helpful to have a robust accounting package that allows us to not just manage the business, but also report out to our investors and our different stakeholders," the executive vice president said.

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— Executive Vice President, Client Services Delivery

Representative NetSuite Customer Experiences

Expanding into New Business

Lines or Products

That Fish Place – That Pet Place (Retail/Ecommerce)

Founded in 1973 as That Fish Place, this Lancaster, PA–based retailer of pets and pet supplies and services now operates under the name That Fish Place – That Pet Place (TFP-TPP). In 1998, the company added an ecommerce site to complement its 88,000-square-foot retail storefront. With about 135 employees, TFP-TPP currently generates about \$419 million in annual revenues.

After running its business for many years on an HP3000-based Ecometry retail software platform, and then on a ProfitCenter ERP and ecommerce solution, TFP-TPP found that the solution was inflexible and difficult to customize, and it had limited reporting and inventory management functionality. Those weaknesses became increasingly problematic as the company expanded its operations and its inventory. “We had to do a lot of workarounds and manual work for everything from forecasting to entering purchase orders,” said TFP-TPP’s chief operating officer.

After shifting its business operations and ecommerce site to the NetSuite business solutions suite, TFP-TPP achieved a range of operational and financial benefits. Topping the benefits list is the suite’s “superior” reporting capabilities, according to the COO. “We can generate reports much more quickly,” he said. “For me personally, I’d say there’s been at least a

30% reduction in the time I spend generating reports.”

The NetSuite solution has delivered other general business KPI improvements such as:

- A drop in the monthly financial close time from 30 days to 14 days
- About a 50% reduction in the time required to conduct audits
- A 19% reduction in inventory out-of-stocks as a result of the better, more granular forecasting that NetSuite provides

TFP-TPP has also seen “a noticeable improvement” in customer satisfaction, the COO said, thanks to NetSuite’s ability to help the store better manage its customer loyalty program, respond more quickly to email inquiries and—via workflow scripting—quickly direct customer service queries to the appropriate person.

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Representative NetSuite Customer Experiences

International Expansion

Shaw Industries (Manufacturing)

Since its launch in 1971, Dalton, GA-based Shaw Industries has grown to become the world's largest manufacturer of carpets. Also a major supplier of hard-surface floor coverings, the company employs about 23,000 people and generated \$4.5 billion in revenues during its last fiscal year.

Shaw uses many proprietary applications as well as PeopleSoft/Oracle software in its domestic operations, but it turned to NetSuite OneWorld when it opened a new manufacturing facility in China in early 2013. "Our business partners didn't want us to deploy our legacy systems overseas," explains the manager of Shaw's IS Strategic Planning Group. Among other requirements, the China plant system needed to have a small footprint, couldn't require a large IT support staff, needed to support multiple languages and currencies, and had to be a solution that could be brought quickly online.

In addition, "it had to be repeatable," the strategic planning manager said, "because the new-plant solution will become our template for facilities in other countries."

After an extensive evaluation of all the major ERP and business suite solutions, Shaw determined NetSuite OneWorld best meets its needs. The company is currently using several NetSuite modules, including its ERP, SuiteAnalytics, financial planning and budgeting, workflow and scripting capabilities. The manufacturer has integrated the NetSuite solution with other services and applications including Salesforce.com and TIBCO's enterprise

service bus.

Because Shaw launched NetSuite in a new manufacturing facility, the company doesn't have "before and after" measurements for the KPIs it tracks. Still, according to the strategic planning manager, the relative efficiencies of NetSuite are apparent. "When we close our books on a legacy system, it takes our complete financial team the better part of a week each month," he said. "With NetSuite, it takes maybe a day."

Also, unlike Shaw's legacy systems, which typically process order invoices in a batch run overnight, "with NetSuite we can take a customer order, fulfill, ship and bill all in a single day."

"When we close our books on a legacy system, it takes our complete financial team the better part of a week each month. With NetSuite, it takes maybe a day."

— Manager, IS Strategic Planning Group

The NetSuite system for the China plant is tracking all of Shaw's financials for the Asia-Pacific region, which encompasses 11 subsidiary operations. And the cloud-based NetSuite solution has proven its merits right from the start. "We were very concerned about getting [the NetSuite system] in sync with the launch of the plant," the strategic planning manager said. "It came up so easily that we were actually waiting on the plant."

Representative NetSuite Customer Experiences

Mergers and Acquisitions

iAutomation

(Wholesale/Distribution)

A distributor of industrial automation equipment, iAutomation employs about 140 people and generates annual revenues of approximately \$70 million. Headquartered in North Attleboro, MA, the company formed after the merger and acquisition of seven smaller firms including Automation Solutions, Integrated Motion and Action Automation.

When independent, each firm used different financial and operational software, including everything from Peachtree and Profit 21 accounting packages to GoldMine CRM. One company used NetSuite, and iAutomation standardized its cross-company operations on that platform close to 10 years ago.

With NetSuite, iAutomation not only benefited from having a multifunction suite and common and consistent data, it also benefited from NetSuite's cloud-based delivery model. "We had no experience with the cloud prior to NetSuite," said iAutomation's vice president of manufacturing. "We have 20 salespeople working out of home offices from Maine to South Carolina, and it's been very beneficial that the people in the field get to see the same ERP data in real time."

The company was able to go from using more than 15 on-site servers to just one, which primarily handles CAD backup, the VP of manufacturing said. Furthermore, he estimated, "if not for the cloud model, we'd need two or three more people on staff." He said the built-in backup and business continuity characteristics of the NetSuite

cloud are also benefits.

iAutomation has found NetSuite to be easy to customize in order to address the company's exact requirements. It has created more than 200 scripts that it uses on an ongoing basis. One script, called the Consolidated Purchase Order, summarizes the entire company's purchasing in a single view. Rather than having different units make individual purchases, "we're able to consolidate our purchases and buy in volume to get the optimal pricing," according to the manufacturing VP.

Another NetSuite script that iAutomation built in-house helps the company determine lead times and launch dates for deliveries when a new order arrives. In the past, iAutomation would immediately launch work orders upon receipt of a new order, meaning it was purchasing and storing lots of inventory that it wouldn't need for weeks or months. By synchronizing purchases with the actual need, the manufacturing VP estimated "we're probably avoiding the untimely purchase of \$2 million in inventory, on average."

"If not for the cloud model, we'd need two or three more people on staff."

— Vice President, Manufacturing

With NetSuite, iAutomation has written more than 2,000 custom scripts and has standardized on about 20 management reports. "Data mining is everything," according to the manufacturing VP. "You can get the information you want, and can get it quickly."

Representative NetSuite Customer Experiences

Taking a Company Public

Hortonworks (Software)

Founded in 2011, Hortonworks grew rapidly to more than 300 employees and annual revenues approaching \$100 million. The company, which sells big-data software solutions and services based on the Hadoop open source codebase, has operations in about 20 states and also has a presence in several countries. Hortonworks went public in December 2014, with an initial public offering that raised \$100 million and valued the company at \$1.1 billion.

The company's rapid growth and its international operations outpaced the capabilities of its former QuickBooks-based financials, leading Hortonworks to acquire a NetSuite OneWorld solution. According to Hortonworks' director of finance operations, the overarching benefit of the solution is its agility. "NetSuite is so scalable that it has been able to keep pace with our growth," she said. "And, with OneWorld, it gives us the international capabilities we need, such as managing exchange rates and consolidating financials."

At Hortonworks, the ability to do "effortless" consolidated rollup across its multiple countries and currencies enables the finance operations director to keep her department relatively small. To accomplish what NetSuite OneWorld does automatically, "we'd need to double or triple our accounting staff," she said.

The fact that the NetSuite solution is cloud-based has also helped the company on the IT front. "I have no internal IT resources, which is one of my favorite things about NetSuite," the finance operations director said.

"NetSuite is so scalable that it has been able to keep pace with our growth."

— Director, Finance Operations

Among the KPIs that the financial operations director tracks, "Our financial close has gone from about three weeks to three to four days," she said. "That time reduction is especially impressive given that the volume of our transactions has been doubling each quarter."

Invoicing is also much more efficient because Hortonworks has integrated NetSuite with the Salesforce.com CRM cloud service it also uses. "If everything upstream in Salesforce is done, we can send out an invoice using NetSuite in about two minutes," the finance operations director said. "That just couldn't have been done in QuickBooks at the volumes we're now handling."

Representative NetSuite Customer Experiences

Other Representative NetSuite Customers

The previously described examples of general business KPI improvements are just a few of the many such benefits NetSuite customers cited during their interviews with SL Associates. Other examples included:

- **SportsStop.com (Retail/Ecommerce):** This leading online retailer of lacrosse equipment has no IT staff, but it has been able to use NetSuite to make its inventory operations more efficient even as the number of product SKUs it carries has grown from 2,000–3,000 to more than 20,000.
- **The Institute of HeartMath (Nonprofit):** This research and education organization appreciates NetSuite's anytime/anywhere accessibility and said it would need two full-time people, rather than one, to handle its order processing if not for the business suite's automation.
- **CMP Corp. (Manufacturing):** The main facility of this leading HVAC and refrigeration parts manufacturer and distributor was leveled by a tornado in 2003. In addition to improving the efficiencies of many of CMP's operations, the NetSuite cloud solution provides great value to the company thanks to the business continuity the off-site service provides.
- **Cardinal Path (Professional Services):** This digital data analytics and marketing services firm was formed through the combination of three independent companies, each of which had its own legacy systems. With NetSuite, the company has a common platform for finances, CRM, professional services automation, workflows and scripting.
- **Red Star Traders (Wholesaler/Distributor):** This designer and distributor of outdoor furniture and other goods grew from \$11 million in revenues in 2010 to \$35 million in 2013, but it has been able to hold its operations staff headcount to just three people thanks to its 2011 deployment of its NetSuite solution.
- **Icon Enterprises (Software):** The parent company of two firms—a developer of government websites, and a provider of network consulting, design and installation services—this company has used NetSuite to replace a collection of discrete finance and business applications. In the process, it has dropped its monthly financial close from 25 days to 3.5 days and achieved other benefits, including the capture of \$100,000 in billings missed under its previous IT systems.

Cross-Industry Benefits from Integrated, Cloud-Based Solutions

Clearly, a wide variety of NetSuite business suite customers are realizing many general-business benefits from using this modular and integrated solution. Some of those benefits spring from having a common, multifunction platform, as well as from the consistent and current data that is shared by all of the solution's modules. Other benefits are rooted in the cloud-based delivery model that NetSuite utilizes.

In addition to the general business KPI benefits reported by NetSuite customers, all also cited benefits that were more specific to their particular industry sector or their individual operations and needs. All told, the NetSuite solution gave almost all of them the means to both track the KPIs most important to them and realize significant improvements in those KPIs.

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