

WHITE PAPER

The Value of a True Cloud ERP Platform

NetSuite Perspectives



ORACLE
NETSUITE

Australia
netsuite.com.au

Hong Kong
netsuite.com.hk

India
netsuite.com/in

Singapore
netsuite.com.sg



Grab a seat and enjoy.
Read Time: 18 minutes

The Value Of a True Cloud ERP Platform

NetSuite Perspectives

Our Experience

Today, cloud computing is at the forefront of the shift to the digital business and enabling companies to adapt to these changing 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 recognised 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

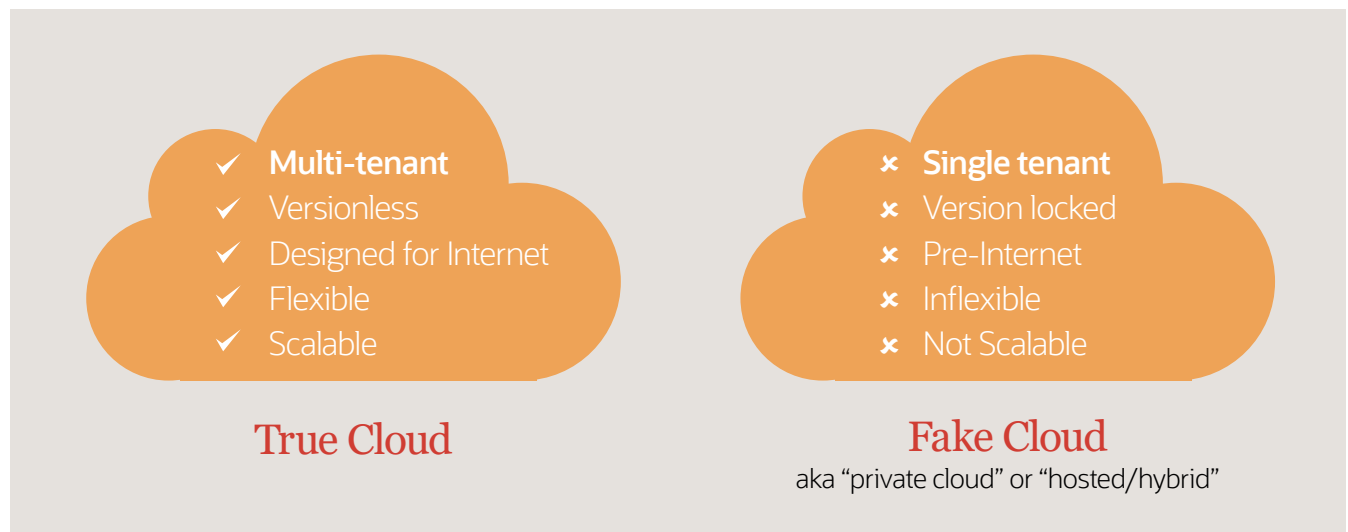
As a leading cloud ERP company, NetSuite has championed the cause to deliver not only a true cloud platform but also strives continuously to develop a truly integrated suite for our growing global customer base of more than 22,000.

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 realise value within their organisation much sooner than traditional approaches.

“While many manufacturers 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 you our perspective when evaluating a true cloud solution, and give you the tools to analyse for yourself how our various platform offerings help

you meet your organisation objectives today, adapt to the industry disruptions of tomorrow and realise savings of more than 20%-50% in TCO alone².



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

¹ IDC 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

The diagram shows a grid of four presentation slides. The first slide is titled 'Executive Summary' and is labeled 'Page 2'. The second slide is titled '1 NetSuite: The Value of a True Cloud Platform – Key Differentiators' and is labeled 'Page 5'. The third slide is titled '2 Assessment Scorecard' and is labeled 'Page 11'. The fourth slide is titled '3 SuiteSuccess – Zero to Cloud' and is labeled 'Page 18'. The fifth slide is titled '4 Next Steps' and is labeled 'Page 19'. The slides are arranged in a 2x2 grid, with the first slide in the top-left, the second in the top-right, the third in the bottom-left, and the fourth in the bottom-right.

Executive Summary Page 2	1 NetSuite: The Value of a True Cloud Platform – Key Differentiators Page 5	2 Assessment Scorecard Page 11
3 SuiteSuccess – Zero to Cloud Page 18	4 Next Steps Page 19	

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.

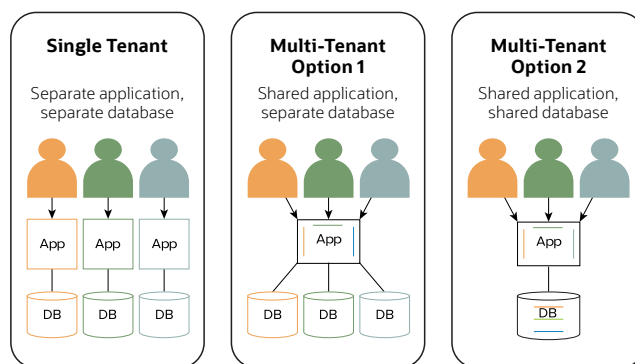
Unlike on-premises software, NetSuite customers do not have to be involved with managing the underlying cloud infrastructure including network, servers, operating systems, storage and application upgrades.

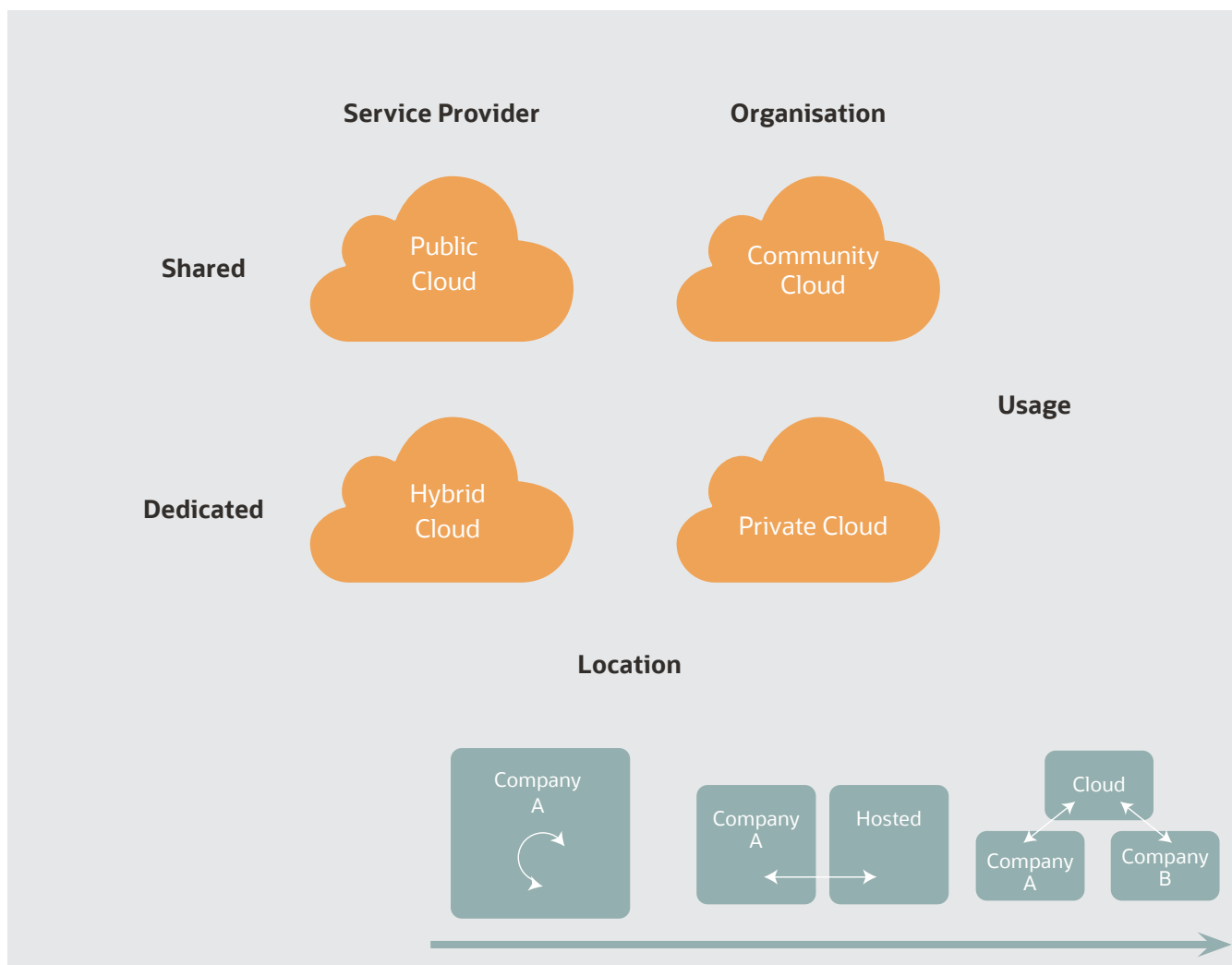


Multi-Tenant Architecture

NetSuite has a single instance of the application. Each tenant can make customisations and configurations that are rendered to the views 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 both our enterprise as well as small business customers 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

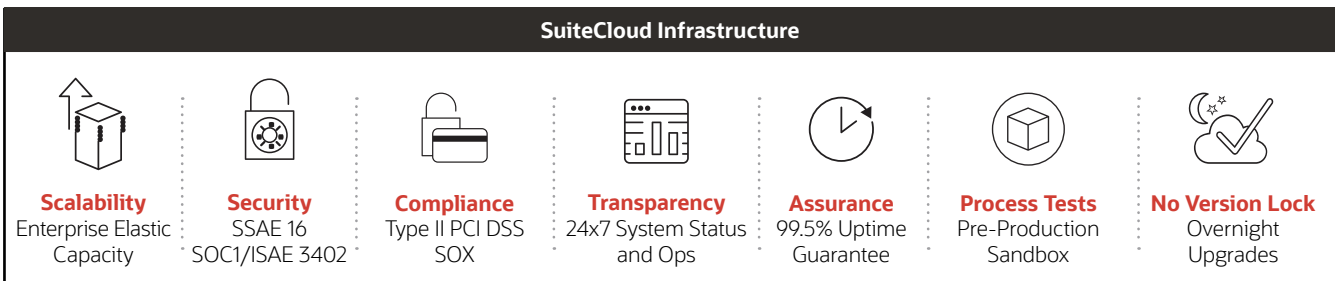
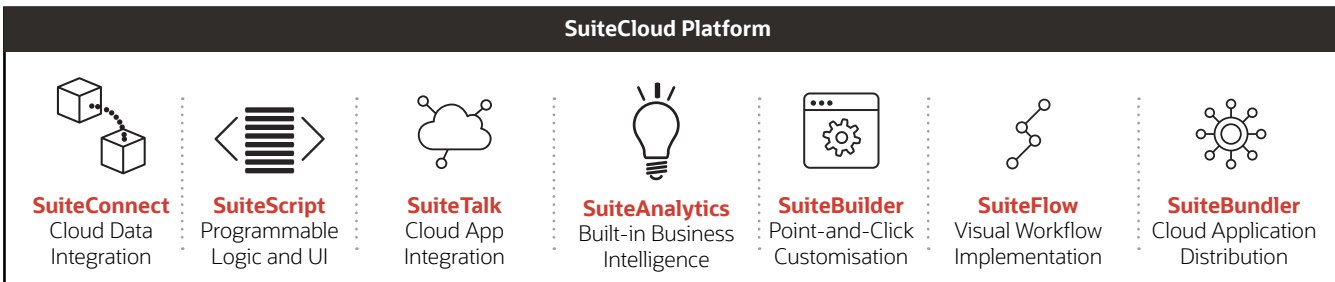
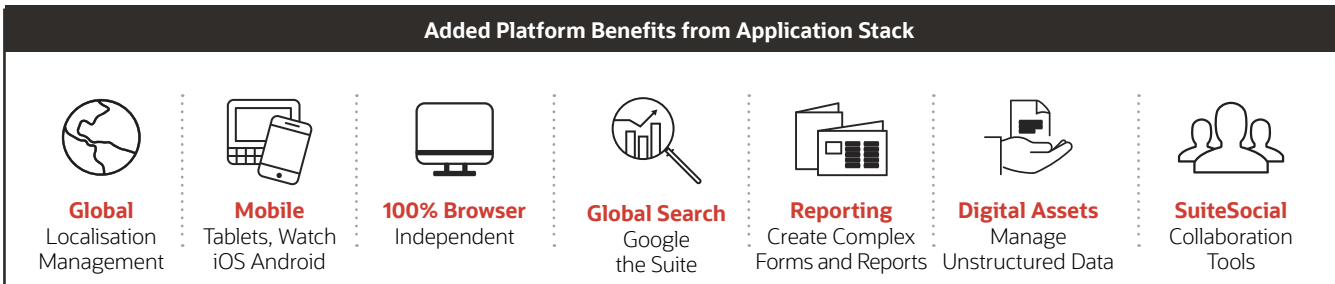
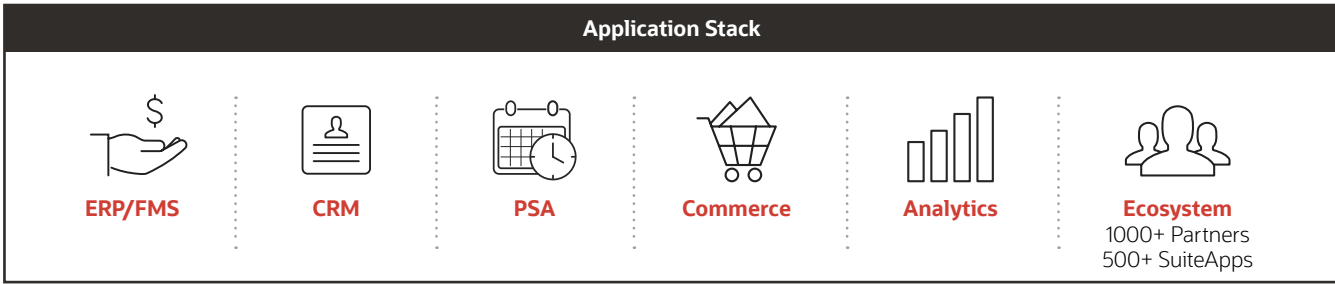
Two-tier ERP is a business and technology strategy that enables manufacturing organisations to keep their investment in existing ERP systems, i.e. SAP or Oracle, while deploying cloud-based ERP, i.e. NetSuite, at newer subsidiaries.

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, localised business units often need to address specific customer billing and payments practices, and local regulatory requirements.

“NetSuite gives us the ability to integrate all our systems, throughout the world, to give us accurate and up-to-date financial numbers that I need to really make the right decisions for my business.” Steven Marks, Founder/CEO, Guzman y Gomez



“OneWorld gives us the confidence to sustain business growth by enabling us to be more efficient and make data-driven decisions on how to expand the business.” Ven Sio, President, Sanicare

An Integrated Business Application Suite



Integrated Suite

Companies in virtually every industry are using business software to manage their organisation, but many are still struggling to manage costs effectively due to multiple disparate 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-premises	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 US\$64k-US\$242k annually⁴

		Cloud	On-premises	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 
Customisation	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 realise business value.	0K 	44K 	44K 
Potential additional investments for a \$10M company		US\$64K	US\$242K	US\$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 then 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
US\$26,250 – US\$131,250*

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

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

Added Platform Benefits from Application Stack

Global Localisation Management	Mobile Tablets, Watch iOS Android	100% Browser Independent	Global Search Google the Suite	Reporting Create Complex Forms and Reports	Digital Assets Manage Unstructured Data	SuiteSocial Collaboration Tools

SuiteCloud Platform

SuiteConnect Cloud Data Integration	SuiteScript Programmable Logic and UI	SuiteTalk Cloud App Integration	SuiteAnalytics Built-in Business Intelligence	SuiteBuilder Point-and-Click Customisation	SuiteFlow Visual Workflow Implementation	SuiteBundler Cloud Application Distribution

SuiteCloud Infrastructure

Scalability Enterprise Elastic Capacity	Security SSAE 16 SOC1/ISAE 3402	Compliance Type II PCI DSS SOX	Transparency 24x7 System Status and Ops	Assurance 99.5% Uptime Guarantee	Process Tests Pre-Production Sandbox	No Version Lock Overnight Upgrades

* 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

US\$25,000 – US\$50,000

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

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

Service Tier	Users	File Storage (GB)	Monthly Transaction Lines ⁵
Standard	100	100	200,000
Premium	1,000	1,000	200,000
Enterprise	2,000	2,000	10,000,000
Ultimate	4,000	4,000	50,000,000

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

⁵ Confidential – © 2020 Oracle

Enabling Business Flexibility and Eliminating Version Lock



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

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

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



Zero Lock Versioning
US\$48,000

320 hours at US\$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 customisations carry forward and customer use cases are incorporated in QA testing.

SuiteBuilder • Custom fields and records • Centers • Rollers • Point and click	⋮	SuiteFlow • Custom workflow • Decision trees • Extend with SuiteScript • Point and click
SuiteScript • Custom back-end logic • Custom UI • Industry-standard JavaScript programming	⋮	SuiteTalk • Application integration • Token-based authentication • Support for customisations • SOAP-based web services • SuiteScript REST
SuiteAnalytics • Real-time analytics • Report builder • Dashboards • Saved searches • SuiteScript and WS APIs • SuiteAnalytics Connect: ODBC/JDBC integration	⋮	SuiteBundler • Easy application packaging • Rapid deployment • Business template replication • Managed releases

“We’re a small team operating on a global scale and we wouldn’t be able to achieve that without NetSuite. From visibility of the entire operations to the flexibility of working from anywhere in the world, NetSuite has strengthened our capability to expand to new shores.”

Nathan Omodei, Director and CEO, The Leisure Collective

Configure and Customise and Carry Them Forward

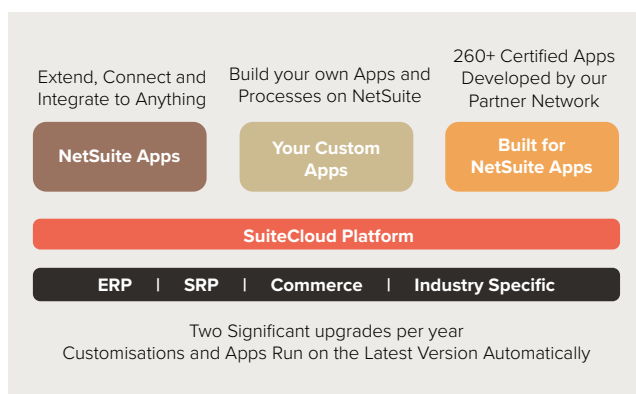


SuiteCloud

US\$24,000 – US\$36,000

160 hours at US\$75/hour per customisation.
Faster execution and elimination on customisations.

With SuiteCloud you get the best of both worlds—centralisation in a suite for core business function, data and analytics to avoid unnecessary hairballs plus the most flexible system for customisation, 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

US\$25,000 – US\$50,000

Analysis assumes 1% customer churn due to security issues (500 customers and US\$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-premises deployments.





Availability

\$0

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

NetSuite maximises 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 behaviour 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 productised 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 6,000 customers and is expanding globally into more industries and current NetSuite customers than ever before.

“SuiteSuccess is our secret tool for engineering the success of Indian farmers with visibility into inventory and financials to help them sell better.” Karan Hon, Co-founder, Farmpal Techlogi

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 organisation.

Proposed Next Steps

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

NetSuite Customers



This presentation and its contents constitute valuable confidential and proprietary property of Oracle NetSuite and/or its affiliates, or their vendors, as applicable. The specific combination of information set forth in this presentation constitutes confidential information, even if individual portions of this presentation may be considered non-proprietary. By reviewing and accessing this presentation (or portion thereof), you acknowledge that such access and use is subject to the terms of the existing mutual non-disclosure agreement between the parties. If no such agreement exists, each party agrees that, in consideration for the mutual exchange of confidential information during this presentation, your access and/or use of all or any part of the information in this presentation is subject to the terms and conditions in the Proposal Non-Disclosure Agreement located at www.netsuite.com/termservice and limited strictly to the uses specifically authorised therein.

This presentation cannot account for all risks and other factors that may affect results or performance, or for changes in your business practices or operating procedures that may be required to realise results or performance, that are projected or implied in this presentation.

This presentation is subject to change at NetSuite's sole discretion.

[illegible]



ORACLE NETSUITE

Australia
Phone: 1800 638 784
www.netsuite.com.au

New Zealand
Phone: +64 9 977 2100

Singapore
Phone: +65 6263 1300
www.netsuite.com.sg

Hong Kong
Phone: +852 800 901 039
www.netsuite.com.hk

Japan
Phone: +81 3 6834 4888
www.netsuite.co.jp

Philippines
Phone: +632 8295 9022

India
Phone: +9180 4029 8789
Phone: +9180 4029 8809
www.netsuite.com/in



infoapac@netsuite.com