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Why Fast-Growing Retailers are Adopting Cloud Financials to Accelerate Growth

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Introduction

Over the years, small and midsize businesses have pieced together a patchwork of applications to run their operations. From accounting to order fulfilment, to sales and marketing, a venerable hairball of applications exists, an infrastructure that restricts successful growth.

Piecing together various applications to effectively run your business is inadequate. This approach lacks many of the capabilities that growing businesses need and provides minimal real-time visibility into essential business information.

Unfortunately, this strategy results in companies trying to grow by adding even more systems or applications for specific purposes – which often aren't integrated with each other – and may revise or attempt to automate certain business processes. This application hairball results in a level of complexity that's rife with manual tasks and bottlenecks, increases risks and errors, and can hurt the customer experience. In fact, it hinders growth – and in some cases, it can result in the death of a once vibrant company.

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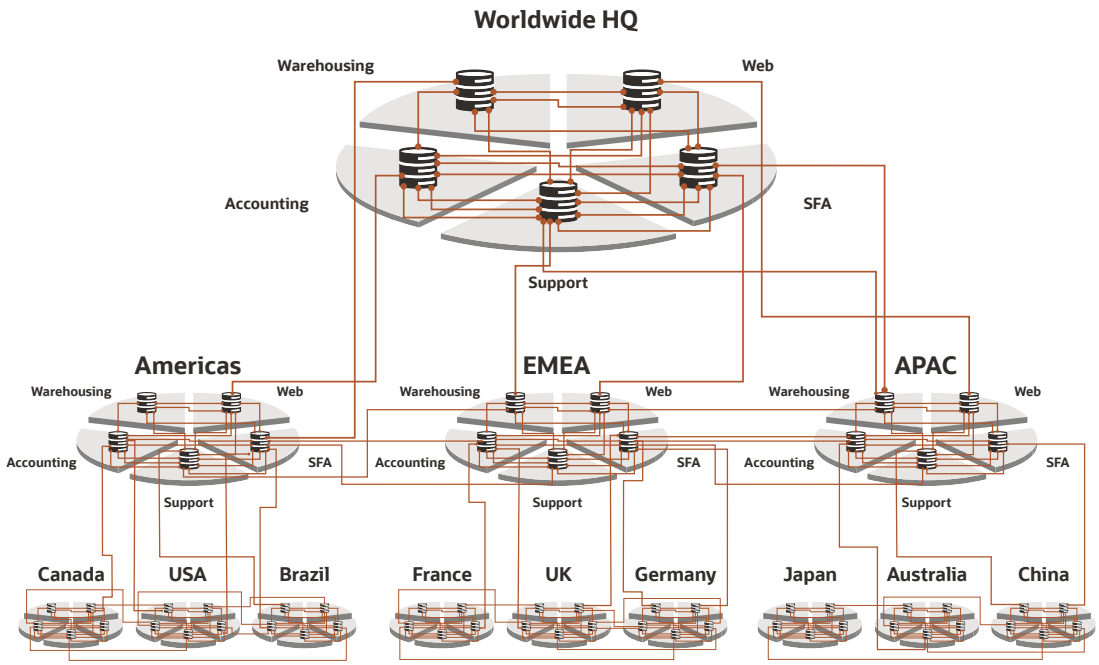

For years, NetSuite has worked with growing businesses across all industries and geographies, and with thousands of finance and IT professionals, guiding their companies through different phases of development. While these businesses are diverse, they experience similar challenges in dealing with traditional, on-premise systems.

If you are leading a growing business, and are concerned that the pain and complexity imposed by an application hairball is limiting your business, read on to discover that you are not alone – and that there is a better way!

"We have a much better understanding of our budgeting process and nuts-and-bolts accounting. NetSuite gives us a sustainable platform to move forward and grow."

Drew Williams, COO, Point6

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Five triggers that indicate systems and applications are failing our business.

Running complex business processes across areas such as financial management, revenue management, fixed assets, procurement, order management, billing, inventory management, services delivery and more is not possible with disparate systems and applications. A seamless solution is essential to support a growing company with multiple business processes.

Moving to a single, integrated cloud-based system is a better solution, but companies may not recognise signs that an application hairball is limiting growth through manual process, errors and lack of real-time data and visibility to make important business decisions.

Here are five triggers that serve as red flags:

An integrated cloud based system overcomes business limitations, both known and unknown.

1

It's difficult to find out what's really happening across the business in real time.

Most systems are designed for an era when companies could wait until the end of the month to get the data they need. That's not the case today: consolidated views and up-to-the-minute reporting can make the difference between thriving and barely surviving.

Small teams at a single location can sometimes get by without a fully automated system because they are close enough to the action. But as a company begins to grow or take on new locations, the information that has to be exchanged increases exponentially.

Additionally, the data needed for timely and accurate business decision is buried within disparate systems for sales force automation, inventory management and customer service.

Here are several symptoms that your management reporting isn't meeting the organisation's needs:

- Team members waste time playing "Hunt the Spreadsheet". Growing businesses inevitably reach a stage where employees rely on spreadsheets to fill the information gap, since data lives in so many disparate systems. People end up spending more time hunting for data than actually analysing it and making decisions.
- Management reports are error-prone and out of date. As businesses grow, they may use multiple manual processes to augment a less than optimum infrastructure. They may retype sales orders into their financial system, reconcile customer information manually or manage SKUs across multiple systems. Reporting errors are inevitable and decisions are often made based on out-of-date, incomplete or inaccurate information.
- Reports take too long to run. With disparate systems, it's easy to hit performance bottlenecks, but solving them is more difficult. When reports take too long to run, it's a sign that the amount of data the business has amassed has grown too large for a patchwork of applications to report on it.
- It is impossible to get a comprehensive view across all business units. As businesses grow over time, they usually have one set of financials in a standalone ledger system, while financial data for newer geographic locations or divisions ends up in other installations or financial products. Moving data between systems is usually manual and can result in errors. Additionally, management teams lack insight into how the business is performing on a holistic level.

2

Manual processes are used for entering and reconciling data across systems.

In today's "need it now" networked world, it is frustrating for suppliers, customers and business managers to wait for answers while information is manually transferred between systems. Incompatibilities between systems and imperfect integration have left employees copying data between systems. These symptoms are a sign that it may be time for your business to transition to a next-ready single-platform cloud solution like NetSuite.

- Sales orders, order entry and invoicing are paper-based. Your employees may spend hours every week manually entering order information into the invoicing system, while someone else copies invoice details into a sales compensation spreadsheet. Data-entry errors lead to invoice queries that must be resolved, and month-end crises are on the rise.
- Bad customer information results in unhappy customers. When some customer information resides in sales spreadsheets, while other information is stored in standalone financial systems and other applications, there is no way to know which data is most current, accurate and reliable. Bills may be sent to the wrong customer address, or contact information may be out of date.
- Approval processes are slow and disjointed. When people have to pass paperwork around or match it up to information stored in separate software applications, simple processes like expense claim approvals or routine contract signatures can take days or weeks to finalise.

- Financial consolidation takes ages. Cross-posting transactional data between systems is time consuming and the finance team works late every month to consolidate financial reports. Yet as hard as they work, managers are still unhappy because their weekly and monthly reports are delayed.
- Sales forecasting and budgeting processes rely on guesswork, rather than facts. Since it is difficult to get historic information in the right format in a timely manner to do trend analysis, employees put figures in spreadsheets based on guesswork. Even though the actual data exists somewhere, it's too hard to find and extract.

3

Sales are lost because employees can't get information to where it is needed fast enough.

Ecommerce has set the standard for customers these days. They expect to see real-time stock levels, confirm delivery schedules at the same time they place their order, and call customer service minutes after placing an order to add an extra line item. But this level of real-time responsiveness is impossible with limited or disparate systems. Growing businesses can't expect to creak along while others fly at on-demand speed.

Here are some warning signs that reliance on disparate systems may be costing you sales:

- Customer service fails because agents don't have up-to-date information. When customers call to place orders or check order status, it is frustrating to be kept on hold or called back with an answer. This often happens when information has to be retrieved from someone in another department or location. Customers may not file direct complaints, but churn and abandonment figures rise as customers find other vendors that don't waste their time.
- Stock levels are never where customers want them. Common symptoms are running out of stock at some outlets, while the same SKU sits on shelves elsewhere. It is impossible to pre-empt outages because it takes too long to update and consolidate point-of-sales data. In addition, realtime access to trend analysis by SKU and outlet isn't available.
- Customers and vendors don't have access to self-service information on your website. Customers have asked for the ability to look up stock, place orders and check status on the web, but you can't justify the required investment of time and money. In addition, your current business system wasn't designed to operate 24/7 and it's not clear it could be kept secure against online threats.
- Customer information can't be easily collected or filtered for sales campaigns. Even though the company is sending out regular email campaigns, the sales team has no information about responses when they call prospects and conversion rates are low. Unsold inventory is a problem because there just isn't time to organise a sales push or mailshot to clear the excess products.

4

More accounting is done outside the financial system than in it.

Standalone financial systems are designed to automate a limited set of core accounting functions. As a result, it limits how companies can run their operations. As businesses grow, companies must adapt their processes to fit the application, rather than having a system that is scalable and will accommodate growth. It is easy to run out of headroom when companies have more customers, vendors or inventory items than many standalone financial systems can practically handle.

The key to business growth and success is greater transaction volumes and speed, but it's hard for many financial systems to handle this kind of pressure. Full audit trails, rich business planning and reporting or automated processes mean having to add systems and constantly engineer short-term quick fixes. Standalone financial systems simply can't handle stronger financial controls, better SKU management or support for more complex financial processes, such as recurring billing and invoicing.

Here are some signals that an organisation has reached its financial system's limits:

- Finance staff members must use several different applications to do their jobs. As the firm's finance needs have become more complex, the gaps have been filled with other software packages: spreadsheets or home-grown applications. When the finance staff need to pay attention to as many as half a dozen different applications, a risk environment proliferates and requires constant lookout for errors – especially when relying on custom-built spreadsheets and software.
- It is too difficult to add new sales channels, product lines or locations. Every time there is a change in the business, staff must work overtime to figure out workarounds to accommodate it. Standalone financial systems do not have built in support for everyday functions like making simple changes across matrix SKUs, adding new sales tax rates or handing bills of materials, kits and assemblies for manufacturing inventory. Processes that cry out for automation have to be done manually or from spreadsheets.
- It is impossible to adapt quickly enough to changing business conditions. Many companies want to modernise operations and react to market opportunities and competitive threats. Unfortunately, a lack of advanced and specialised functions holds them back. Specialised or industry-specific requirements like contracts and prepayments, manufacturing inventory, or warehouse distribution can only be handled in standalone external packages that have little or no integration back to the financial system.

5

The business spends too much time worrying about technology instead of focusing on business results.

Every time a company adds a new layer of business software, the underlying systems infrastructure becomes more complicated and inflexible. Earlier investments in hardware and software are costly to maintain and fail to keep pace with technological innovation.

NetSuite is an always-current, cloud-based business solution; the newer, younger model of business management systems. NetSuite's native flexibility and agility is all-encompassing, and the overhead of maintaining an underlying technology layer is non-existent. NetSuite is designed to stay up to date with the state of the art in business automation, giving companies the tools needed to stay ahead of the competition and to seize new opportunities as they emerge and grow.

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Stay connected to your data anytime, anywhere on any device.

When is it time to consider cloud financial management?

Here are a few signs that indicate that a business is ready to switch to a cloud-based system like NetSuite:

- System upgrades and improvements are pushed to the back burner, due to the associated cost and disruption. Many companies' current business systems fall short of what they need to accelerate growth. However, because upgrading to newer versions or adding new users is disruptive and expensive, companies downplay its value. Furthermore, many businesses lack the adequate resources to implement and manage new technology and ultimately prevent their employees and customers from accessing required and desired business information.
- Backups, server failures, malware and data security are constant worries. It is a major business risk when financial data is concentrated in a single standalone system, while ancillary information is scattered around in other software systems and spreadsheets. Business continuity would be disrupted if one of the machines suffered a serious failure or if there was a fire or natural disaster. The company is overly reliant on fallible backup routines.

Other major concerns are malware attacks and data theft. A sobering question lingers: how quickly could your business recover if a server went down and the company had to revert to a backup?

- A major deterrent to investing in new technology is the time required to see a return on investment. Funding new applications or technology upgrades requires significant working capital, and it can be months before the organisation sees a return. Even then, there is no guarantee that the new technology will deliver the expected results. When this is the situation, it often feels safer to just muddle along with existing systems and processes, even if everyone recognises that they are holding the organisation back.

NetSuite recognises this and applies deep industry subject-matter expertise to help organisations define, understand and articulate the business value of the NetSuite solution.

“NetSuite’s unified platform serves as our single record of the truth and has helped us to deliver a highly personalised customer experience to our customers. Being able to connect all customer, order, inventory and financial information has given us a more holistic view of the business down to the smallest details. This level of visibility was just not possible with our previous systems.”

Colin Hunter
CEO and Cofounder
Alton Lane

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Let the transition be your opportunity, not your obstacle.

Best practices for embracing the cloud.

As small businesses grow, it is clear that alternatives to the hairball are needed, but the path forward isn't always well-defined. Here are several best practices that can smooth the path to the cloud:

- Reduce the burden on limited IT resources. Growing companies typically have limited IT resources. Cloud solutions eliminate the need to maintain on-premise hardware and software. The cloud also enables mobility, since workers can access the application anytime, anywhere and from any device. Cloud solutions are also highly scalable, allowing growing companies to accelerate growth without needing to invest capital in technology or add additional resources.
- Consider a suite. Rather than perpetuating the "applications hairball", many companies decide to adopt an integrated product suite. A single cloud-based platform eliminates the need to piece together different solutions. An integrated suite makes managing data much easier. Dual data entry is eliminated, since all information is stored in a single, centralised data repository. A suite solution enables companies to start with the basics and add functionality over time, or immediately if the market dictates it. Examples might be new revenue management requirements or recurring billing.
- Take time to understand the business needs and key business requirements. Before selecting a cloud solution, be sure the organisation understands its business and key business processes. Growing companies often believe they are saving money by not spending the time needed to understand and capture the business requirements. Unfortunately, this can lead to selecting the wrong solution.
- Hire a partner to help with data migration. Regardless of what platform a company adopts, it can be helpful to find a suitable partner who can help migrate data and perform checks and balances before the system goes live. This approach will ensure that the transition to a new system is consistent with business processes and objectives.

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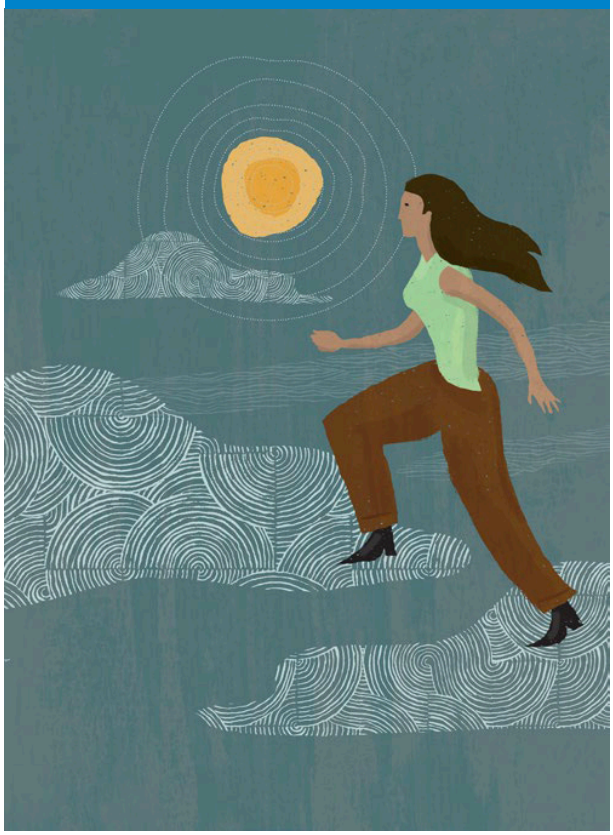
Conclusion

If your growing enterprise is experiencing any of the pains where a standalone financial application may be limiting your business growth, it may be time to consider the cloud-based products and services that NetSuite offers. Moving your company to NetSuite allows for more efficient and effective business operations – essential for growing an organisation and enabling employees to react to client and organisational needs in real time.

To learn more about NetSuite and how to integrate cloud ERP into your business, visit:

kinspeed.com/netsuite/netsuite-erp

Your optimal business solution rests in the cloud.



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