

ORACLE+NETSUITE ERP PREPARES WHOLESALERS DISTRIBUTORS FOR EVERY NEXT

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TEC SPOTLIGHT REPORT

TEC Spotlight Reports give you an in-depth look at leading vendors' products, initiatives, and market position from an analyst's point of view.

Oracle+NetSuite ERP Prepares Wholesale Distributors for Every Next

Wholesale distribution has never been an easy business and it isn't getting any easier. Most wholesaler distribution businesses run on razor-thin profit margins. These margins are continually being put under pressure by the product producers and consumers. On top of this, globalization of product markets and growth of the internet giants Amazon and Alibaba have forced the wholesale distribution business to reimagine ways of doing business. [A recent Deloitte report](#) states that "the next three to five years will see a marked bifurcation in the industry between those visionary distributors who chart a new course for their businesses (distributors of the future) and those who are constrained by orthodoxies and whose businesses face inexorable decline."

NetSuite, now an independent business unit (IBU) of Oracle Corporation, is the leading cloud enterprise resource planning (ERP) for mid-market wholesale distributors. NetSuite's ERP solution is built in the cloud and has been developed to support the needs of wholesale distributors for a complete suite of enterprise application systems—including financials, customer relationship management (CRM), human capital management (HR), omnichannel commerce, order processing, and inventory management. Wholesale distribution has always been a key vertical for NetSuite, and the vendor continues to add capabilities that are critical to helping this industry meet whatever comes next.

NetSuite's ERP solution is used by more than 40,000 enterprises in more than 100 countries. This experience is brought to bear in helping meet the ever-changing business environment at wholesale distributors. The next product might need to be kitted in different warehouses using a different bill of material (BOM), the next customer might be in another county, the next big sale might hinge on being able to give a special warranty service, and the next technology may be just around the corner.

When the internet was in its infancy and before people had ever heard of the cloud, NetSuite has been a market leader since 1998 with the launch of its financials solution, NetLedger. Even though every next is different, NetSuite's goal is to make sure that its customers are ready for whatever might come next, be it the next order, next product, next service, next employee, next regulation, next competitor, next technology, next market, and even the next business model (figure 1).



Figure 1. NetSuite aims to be ready for every next

Getting to Next Quickly with NetSuite and SuiteSuccess

NetSuite's solutions are 100% cloud solutions. That means all a user needs is an internet browser on any device and a network connection to run NetSuite solutions. The power of running enterprise solutions from only a browser is transformational to businesses. Implementing a system no longer entails setting up server infrastructure, databases, and application software needed to support the business. Nor does a business have to worry about system maintenance, or ensuring compliance to security standards such as Statement on Standards for Attestation Engagements No. 16 (SSAE 16), Payment Card Industry Data Security Standard (PCI-DSS), or the US-EU Safe Harbor framework. The vendor has taken care of all these compliance standards, leaving the business free to focus on actually running the business.

Of course, taking away the burden of managing infrastructure, security, and associated support is only one part of what's required to have an ERP system that is set up to meet an organization's unique requirements. ERP systems still need to be configured to work for a particular vertical such as wholesale distribution and then for the specific organization's unique business processes. This is where NetSuite's SuiteSuccess comes in. It is a methodology and a set of tools to help NetSuite customers get up and running fast and have a clear path for enhanced business digitization. The methodology focuses on four key areas:

- Continuous Customer Lifecycle Engagement: Leverages NetSuite's deep understanding of the wholesale distribution business to ensure success through a consultative approach that spans the entire customer lifecycle, from sales to implementation to support.

- Leading Practices in Wholesale Distribution: SuiteSuccess brings best practices, tools, and templates to bear, speeding implementations.
- Intelligent Phased Implementation: An implementation broken down into a set of phased steps. The steps are developed as an agile process and built from over two decades of experience from thousands of wholesale distribution deployments.
- Business Intelligence: One of the biggest problems with ERP solutions is not getting data in but getting data out. SuiteSuccess solves this problem by delivering hundreds of prebuilt reports and valuable dashboards that are developed for personnel with similar roles in the industry.

The stepped approach to system implementation is shown in figure 2, appropriately titled the NetSuite Stairway. The stairway takes a business through a phased journey from initial system remediation where the core financials, order management, inventory management, the customer relationship management (CRM), and operational business intelligence are established. The next managed phases will help a company to expand, innovate, and enhance business operations as needed. The final stage sets up the business to be truly transformational, with the use of best practices in marketing automation and price or margin management. The methodology is flexible and allows an organization to advance through the phases using an agile approach.

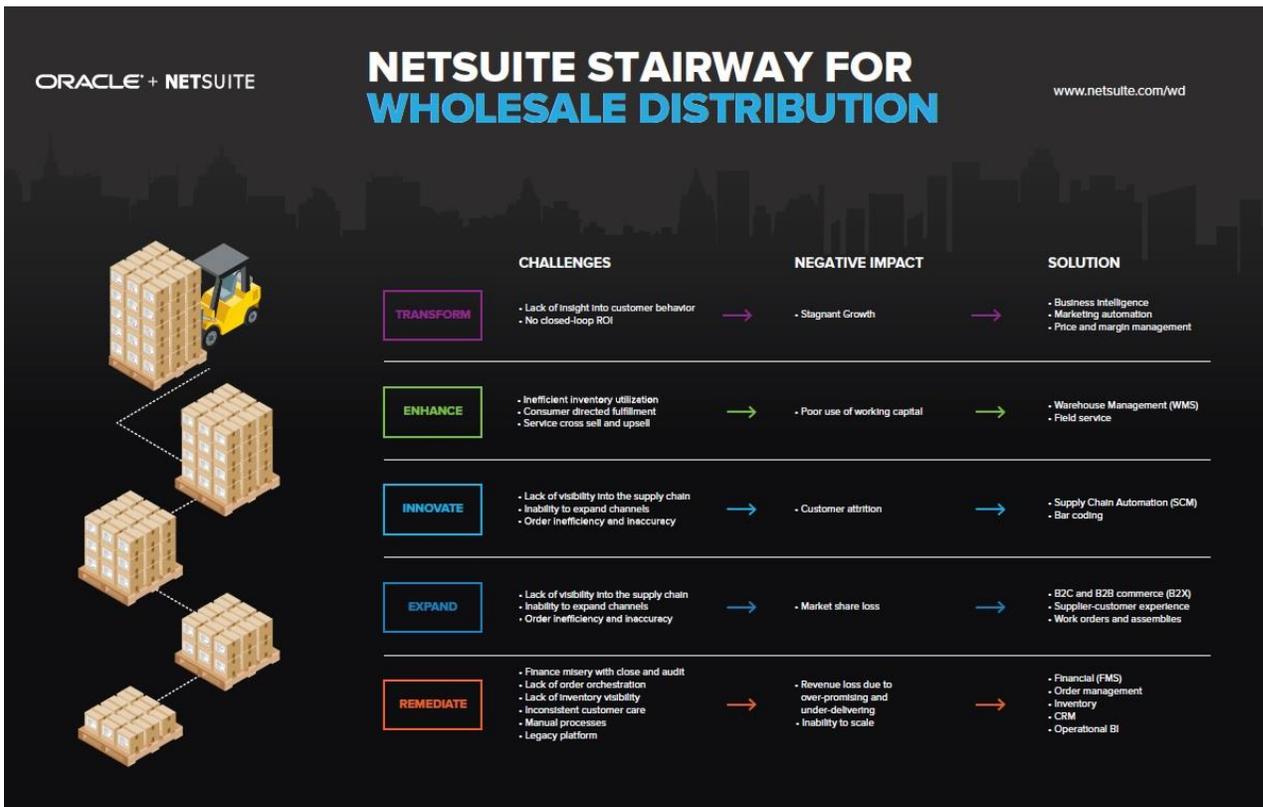


Figure 2. NetSuite SuiteSuccess stairway for wholesale distribution

SUITESUCCESS – DELIVERING MORE SUITESUCCESS EDITIONS FOR MORE INDUSTRIES & PARTNERS

- **8 Industries**
 - Advertising, media, publishing
 - General Business
 - Manufacturing
 - Nonprofit
 - Retail
 - Service-based businesses
 - Software/Internet
 - Wholesale distribution
- **14+ Editions**
 - Apparel, Footwear & Accessories
 - Campus Book Stores
 - Commerce
 - Financials First
 - Install Base
 - Manufacturing
 - Nonprofit
 - Retail
 - Services
 - IT VAR
 - Solution Provider
 - Software
 - SuiteCommerce InStore
 - SuitePeople
 - Wholesale & Distribution
- **JAPAC Solutions**
 - ANZ Financials First
 - SGP Financials First
 - ANZ/SGP Services
 - ANZ Wholesale & Distribution
- **EMEA Solutions**
 - UK/IRE Financials First
 - UK/IRE Wholesale & Distribution
 - UK/IRE Services
 - Addendums by sub-region
 - Benelux
 - Nordics
- **Introducing SuiteSuccess to NetSuite's Partners**
 - Alliance Partners
 - Solution Providers
 - SDN Partners

Figure 3. What's next for SuiteSuccess

This phased approach to implementation is different from other standard ERP industry practices. Most ERP implementations take more of a big-bang approach to the implementation. The big-bang approach attempts to implement all the parts of a larger ERP system at once. The problem is that all these additional ERP components, such as advanced supply chain management and field service automation, can't be properly undertaken until the core processes are in place and understood. Only after having a handle on the core operations can a company know which of these additional enhanced modules are needed. For example, a company may be certain that it needs to put in place a sophisticated warehouse management system (WMS) with the latest pick-to-light add-on to speed the operations. However, after putting in place proper operational core systems, the company realizes that it can reduce the number of stock keeping units (SKUs) in half, and eliminate the need for the more complex and pricey WMS.

The NetSuite Stairway is developed to reduce the time to value and get companies on a modern system in the most efficient way. Precision Disposables of Rocklin, a wholesale distributor from California, reported a time to go-live of just 59 days working with NetSuite Professional Services. The big-bang approach is much more time-consuming and risky to an organization. The SuiteSuccess approach is changing the way ERP is implemented, just like NetSuite's software has changed how the ERP software landscape has formed (figure 3).

NetSuite ERP Can Grow to Support the Next Business Need

The NetSuite ERP application includes a broad set of core ERP modules such as financial management, order management, purchasing management, warehouse and fulfillment, human resources (HR), and ecommerce. For companies requiring enhanced capabilities, NetSuite has been steadily building out advanced features across core areas of the ERP functionality spectrum.



Figure 4. NetSuite SuitePeople module overview

For example, a customer can start out with a lighter version of functionality and then later move onto an advanced version. A wholesale distributor may choose to implement the WMS Lite product during the initial implementation. After making a few shrewd business decisions and successfully catching the latest fashion trend, the distributor realizes that it needs to set up an additional warehouse with more sophisticated pick and putaway strategies. These are available in the NetSuite Advanced WMS solution and can be added in when needed. NetSuite has similarly built out advanced capabilities in procurement, manufacturing, and revenue management, and will continue to develop advanced capabilities where needed.

Another example of how NetSuite is continuing to strengthen the breadth of its ERP suite is the recent release of SuitePeople. SuitePeople brings global HR functions into NetSuite’s unified platform. Core HR capabilities include organization design, job and position management, and employee certifications and qualifications. Workforce management supports payroll (currently United States only), time tracking, expense management, and employee recognition. Compensation and benefits support manages employee compensation, benefits, and Affordable Care Act (ACA) reporting again for the US. SuitePeople is fully integrated into NetSuite to provide real-time visibility and reporting of the workforce in conjunction with all other business processes (figure 4).

When it comes to HR and payroll capabilities, many ERP vendors have chosen to support only the bare minimum. This forces a company to purchase another mixed bag of systems—e.g., time management, expense management, and payroll—to support HR functions that have to be integrated back into the core ERP system. This inadequate support from vendors is due to the fact that not only a few players dominate this space but also building out global HR features requires significant development and a commitment to keeping up with the latest regulations that affect this area. The differences in compensation and benefits for

employees across the globe are significant enough to keep the majority of the mid-market ERP vendors away from supporting HR. They simply do not have the resources to try to keep up with all the different rules and regulations in this area.

Oracle's Muscle Pushes the Next Big Things

The more than \$9 billion (USD) purchase of NetSuite by Oracle was closed a little over a year ago. There was some trepidation about the acquisition. Many feared that Oracle would absorb NetSuite into the Oracle corporate machine and put out the fire that made NetSuite what it was able to become as an independent company. At this time, all signs point to Oracle learning lessons from past acquisitions. Oracle is letting NetSuite continue to operate as a separate business unit and continue its mission of servicing mid-market organizations, while providing additional resources to support global growth and adding the extensive Oracle portfolio of products to support NetSuite's mission. As part of Oracle, NetSuite is now under less direct pressure to keep Wall Street and the investment community happy on a quarterly basis and can now look at fulfilling longer-term goals.

The acquisition by Oracle has enabled NetSuite to push into global markets much more aggressively than would have been possible on its own. The push is possible because Oracle already has a worldwide footprint with personnel, offices, and data centers across the globe. NetSuite explained that one of the bigger expansion problems it faced was not that the software couldn't be modified to support additional geographies and localizations—but having all the other resources in place to support customers in the additional regions.

NetSuite is also very excited about other Oracle technologies that it will be able to leverage. The Oracle portfolio is extremely broad and the problem is in deciding on which of these technologies to move ahead with first. Initially, NetSuite has announced plans to fully integrate the industry-leading Oracle Planning and Budgeting Cloud Service and Oracle Blockchain Cloud Service within NetSuite. NetSuite will also be able to access all the latest Oracle database and engineered systems, and other cutting-edge technologies such as the Oracle Internet of Things (IoT) and Oracle artificial intelligence solutions.

NetSuite Gets Wholesale and Distributors Ready for What's Next

The debate over whether to purchase software that runs in the cloud or runs on premise is basically over. The market dominance (and market capitalization) of players such as Salesforce for CRM and NetSuite for ERP shows that running software over the internet is the future of software. There are other ERP vendors that supported wholesale distribution that waited around for the past five or even ten years without making significant changes to the software. Perhaps these

vendors thought that they could simply milk customer maintenance licenses in perpetuity. However, many of these vendors are now too far behind the curve to ever catch up with software solutions such as NetSuite that were developed for the internet age.

NetSuite delivers 100% cloud solutions that are accessed over the internet. NetSuite's customers can access their systems on virtually any device with only an internet connection. Much like turning on the light, a NetSuite customer simply must turn on his/her phone to check the status of the latest sales or purchase order, or to update time and expense reports. This is the way people work now and they should expect no less from an ERP system provider.

With the SuiteSuccess methodology and tools, NetSuite can get a wholesale distributor up and running on the software on average in only 100 days. After that, the customer can then add other advanced ERP software modules to help it meet the next business challenges. Whether the next challenge is omnichannel commerce, automated multi-warehouse logistics operations, global expansion, or rapid growth, organizations can use NetSuite, a proven solution used by thousands of customers, to support their unique challenges.

About the Author

Ted Rohm is a research analyst at TEC focusing on ERP manufacturing solutions. He has over 20 years of experience in large-scale selection, design, development, and implementation projects, primarily in the biotech/pharma industry.

Prior to joining TEC, Rohm worked for a number of companies including Oracle, Syntex, and Genentech (now part of The Roche Group). Rohm worked with Genentech for 13 years, starting as a senior programmer analyst responsible for building custom applications using the Oracle Tool suite in support of sales and marketing and product distribution. He then became senior manager of commercial systems, where he directed the development, deployment, and operations of enterprise-wide applications for the sales and marketing departments. Rohm was the principal systems architect during his last few years at Genentech, focusing mainly on the implementation of SAP ERP and its integration with other systems.

Rohm holds a bachelor's degree in electrical engineering from Columbia University and a bachelor's degree in physics from Allegheny College.



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