



NetSuite was founded in 1998 and has grown to become the #1 cloud enterprise resource planning (ERP) vendor in the world. It recently posted another year of impressive growth numbers: it has grown by more than 30% in each of the last 14 quarters, and now has some 5,000 employees. Its 2015 fiscal year revenue was a reported \$741 million (USD).

NetSuite's cloud solutions are used by more than 30,000 organizations in more than 160 countries worldwide. The ink barely dries on the company's press releases before they require an update. The company has added more than 650 new clients in the last quarter, and more than 40 of the recent Wall Street initial public offerings (IPOs) run NetSuite. Nearly every major ERP vendor and all the upstart players are trying to replicate NetSuite's success.

Throughout its history, NetSuite has focused on supporting key industry verticals such as software, wholesale distribution, manufacturing, services, retail, and other enterprise customers. The services vertical has always been one of its key target markets. By some estimations, in the US, services industries now account for more than two-thirds of the country's gross domestic product (GDP). There are many different service industry segments, and NetSuite has chosen to focus on a few, including information technology (IT), value-added resellers (VARs), advertising, computer and IT services, consulting, and media and publishing.

This report looks specifically at how NetSuite's cloud offering addresses the needs of all services organizations. The capabilities delivered by NetSuite cover the complete end-to-end business processes, along with deep functionality, for services organizations. NetSuite puts a services spin on ERP software by delivering a platform focused on the services industry termed services resource planning (SRP). NetSuite continues to build on its successful support of the entire SRP life cycle, from bid to bill.

## End-to-End Support for the Bid-to-Bill Process

For services organizations, the bid-to-bill process begins with taking information from the initial sales lead and subsequent opportunity stages and then generating the initial project proposal. The project must be properly staffed and managed to perform the appropriate billing needed to recognize revenues. To accurately bill the customer and recognize revenues, services organizations need to track staffing and resources. Services organizations that sell via a subscription model face additional challenges recognizing revenue (current and future) in accordance with new revenue recognition standards.

Figure 1 depicts the key functional processes needed for a services organization to run effectively. Unfortunately, many services organizations operate multiple systems to manage all these processes. For example, client management is done in a customer relationship management (CRM) system, project and resource management is done in a separate standalone package, and billing and revenue recognition is handled in yet another financial system. On top of this, companies will often have separate time and expense systems because they were easy and simple to set up, and got staff to start entering timesheets.

The separate systems may be integrated to different degrees, but this type of setup inevitably causes problems for the business. In the best-case scenario, there is enough integration between the systems that the company is able to pull data together (with significant double-entry or spreadsheet efforts) for reporting. But it is more than likely that an organization with disparate systems for different processes has significant problems. For example, the quoted project in the sales system doesn't square up with—or, in accounting terms, “tie out” to—the invoices being produced to the customer because the project was changed after the initial sale, which wasn't communicated back to the customer. Projects go over budget because the project manager manually updates project budgets only to find out that the incorrect time and rate was logged by a staff member in the timesheet entry program. Worse, the finance team spends days reconciling the period ending reports on spreadsheets, and usually ends up absorbing losses due to the errors that accumulated from all the disconnected systems.

In the recent [TEC Services Buyer's Guide](#), TEC surveyed its user community to find out how users classified their installed software landscape. The choices given to the users ranged from a “single, unified ERP system” to a “patchwork of loosely integrated solutions.” The results showed that there was a fairly even split between organizations that had more unified systems and those that viewed their landscape as a patchwork of loosely integrated solutions. This is not surprising, as many organizations start with a patchwork of solutions that are adopted by individual departments to meet their existing business needs. Unfortunately, as a company grows, attempting to maintain this potpourri of systems is less than desirable. At some stage, companies look for a single integrated solution that can handle all the critical business functions.

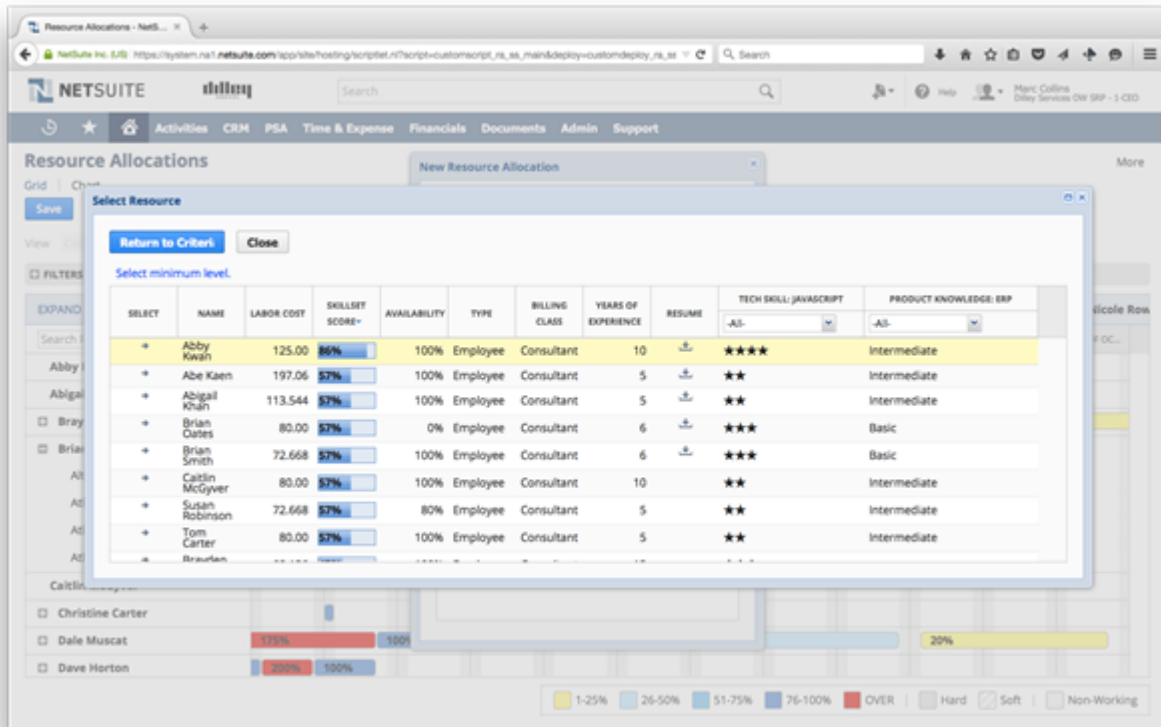
When evaluating ERP solutions, it is important to understand the functional components noted above in detail. Some vendors will say they support a given area, but a look under the covers reveals that the solutions fall short in either 1) deep capabilities in a given area of the system or 2) end-to-end support of the business processes. There are vendors on the market that call themselves ERP providers but do not support services organizations in the entire bid-to-bill cycle from both these angles.

As one example, some ERP vendors have completely ceded the front-end CRM functions

to other software providers. Other ERP vendors have spent large sums to acquire competitive solutions to integrate with their ERP packages, yet these integrations are not seamless. NetSuite's CRM+ solution is built to be a fully capable CRM solution. It is able to handle the lead and opportunity cycle of the business and all the client management functions. But unlike vendors that might have to integrate and synchronize master data with the CRM system, NetSuite's CRM+ and ERP solutions are part of a single integrated solution.

After an opportunity is identified, the next important step is to be able to produce a quote and bid on the customer project. With NetSuite, when a services firm creates a bid for a project, the bid can be built using real-time resource and staffing constraints in the system. This is one of the most crucial steps of the project cycle. However, many services companies will use a separate tool for developing a project bid. Again, managing all the project resources in a separate tool can create errors. In a large organization, for example, the project manager developing the sales bid will not know the schedules and skillset of all the resources needed for a project. A resource might have already been committed to another project or planned for time off unbeknownst to the person developing the bid. Either of these or other project initiation factors can cause the project bid to be unachievable—from day 1.

Figure 2 shows that a resource is chosen by searching based on skill set, experience, and availability. Of course, NetSuite supports multiple resource assignment options such as a project manager assigning a resource, or a matrix management model where a resource manager is responsible for assigning the resources to a project. And the solution supports the management of time and expenses for resources. Again, some ERP vendors only have light, if any, support for time and expense management, and leave a customer scrambling to fill this critical functionality from a third-party provider. In this way, NetSuite's SRP includes the value of a PSA (professional services automation) tool built into the core of the solution.



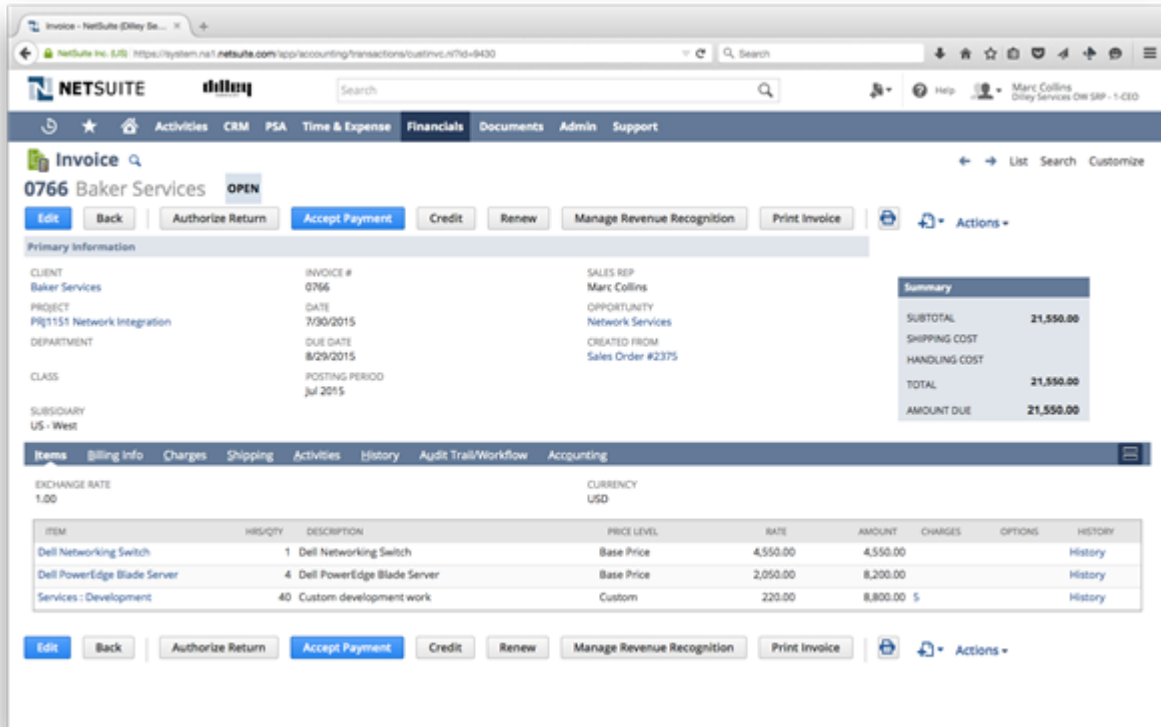
**Figure 2:** Resource availability with skill search

Projects, and for that matter all business activities within NetSuite, are managed via interactive, customizable dashboards. One of the strengths of the NetSuite application is these dashboards, which allow a user to visualize the information in the system in order to make informed business decisions. The project dashboard is one such dashboard that has been developed to support a project manager. This dashboard has sections displaying key project information: the key performance indicators for the project, a list of the current active project tasks, a set of project links for important functions, and other key project metrics—all on one screen. This and all other dashboards can be customized to meet the unique needs of the individual user.

## Catering to Complex, Hybrid Business Models

Services industries of all shapes sell bundled packages that can include a combination of products, services, and subscriptions. For example, a computer VAR will sell a bundle that might include a number of servers and network switches, a one-time services package for the installation, and an annual subscription that is billed monthly for services. Additional complexity is layered onto these bundles when part of the services contract is billed based on milestones, and additional billings may be agreed to on a fixed-fee basis. NetSuite recently built a solution that is capable of handling all the complexities involved in these

hybrid bundles of products, services, and subscriptions (see figure 3), leaving it well equipped to handle the hybrid business models of its clients.



## The Right Choice for Services Organizations

When looking for a solution that meets the needs of a services organization, one must consider all the business processes that support the organization. Frequently, the software used at a company has been put in place to solve the needs of only a part of the business. The finance department may have purchased the financial management system because the chief financial officer (CFO) liked the software package at his/her previous post. Or the time and expense system may have been picked up because it was easy and fit within the budget that was given to the IT group three years ago. Many growing services organizations typically purchase different software systems to support different processes, but sooner or later, the business grows to a point where it can no longer operate effectively on a set of disparate, disconnected systems. The business will need to look at the benefits of a single SRP system that includes CRM, PSA, and ERP financials capabilities designed for services industries such as NetSuite.

NetSuite's solution has the breadth needed to support the entire business process, from the front-end sales and marketing processes to the complex billing and revenue recognition processes. The solution has deep functional support for areas such as CRM, PSA, financials, and even human capital management (HCM), showing NetSuite's commitment to

the industries it serves.

Overall, NetSuite has developed significant capabilities within its system to support services industries. NetSuite focuses on a number of services vertical industries including software/internet companies, IT service providers, media and publishing, advertising and digital marketing, consulting, and professional services. NetSuite aligns its organization around these vertical industries—from the sales and marketing group, across research and development, to its own professional services arm. As a product organization that is dependent on service delivery itself, NetSuite is positioned well to accommodate the ever-changing landscape of hybrid business model needs.