The Great Debate

One Integrated System vs. Siloed Applications

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As fast-growing companies achieve greater market penetration, gain more customers and their organisation grows, they often run in to a wall where internal processes struggle to keep up with continued demand. The key challenge to supporting that growth is laying the groundwork to scale the business effectively and efficiently while maintaining customer service and support.

When starting out, most companies solve problems in the quickest, cheapest ways possible, which over time, leads them toward one of the biggest pitfalls for growing organisations—using multiple standalone business applications for varying departmental functions in an ad hoc manner. As the business and its complexity grow, these disparate systems create operational inefficiencies that can

be detrimental to the bottom line, damage the customer experience, and impede the company's ability to reach its full potential.

This white paper covers the types of inefficiencies caused by running disparate business solutions and systems for different departments and how a software platform that unifies critical business processes helps companies grow more rapidly and profitably.

This paper reviews numerous case studies of companies that switched from disparate software systems to an integrated software suite and also covers analysis by independent industry expert, Nucleus Research, of customers' ROI from using an integrated software suite.

Table of Contents

Inefficiencies of a Standalone System Architecture

Businesses that select their systems over time can find themselves with a poorly planned architecture that handles short-term tactical needs sub-optimally while holding the company back from scaling efficiently over the long term. These inefficiencies can become so severe that they cripple growth. There are four primary issues that hinder growth when running a business on multiple siloed systems.

Wasted Employee Productivity: If your employees are bogged down with inefficient and disjointed processes, it increases errors and takes time away from their more important core duties. Important processes such as order processing, invoicing, expense approvals and fulfilment, can take a lot longer to get completed if too much manual effort is required and are often erroneous. For instance, your employees may be spending hours re-entering order information into the accounting and invoicing system, while other employees pull that same information from your CRM system for their order fulfilment processes and to calculate sales commissions. If any orders are canceled in the meantime, your employees have to sift through mounds of data to reconcile this information again. Such labor-intensive and manual tasks steal away time that could be otherwise spent on helping the company grow and innovate.

Lack of Real-time Visibility: When software systems are not integrated, you have multiple overlapping databases and cannot easily get a view of business performance in a timely fashion. Reports showing performance across finance, sales, marketing, service and fulfilment

By choosing the cloud over on-premise, P3 Medical, global medical device manufacturer, saved £75,000, plus £25,000 yearly on administration, IT costs and maintenance. Process efficiencies abound—month-end close has been reduced from three weeks to two days and manufacturing costs are down £100,000 annually.

departments are crucial to giving an integrated view of a company's operations. Most companies simply give up on acquiring this information on a regular basis because of the amount of time it takes to source, extract and analyse this data. For those that do, countless hours are wasted trying to tie unrelated, errorprone and out-of-date information together. Consequently, businesses end up making critical decisions slowly based on inaccurate information, or they make hasty and risky decisions off of gut instinct.

Integration Complexity and Cost: With so many siloed applications, IT wastes an enormous amount of time and money on integrating, maintaining, upgrading, and acquiring new versions of these applications. Once new versions are purchased, even more integration and maintenance needs to be performed for all the different versions of software to work together. Consequently, valuable IT time that could be used to make the business more productive is wasted, while maintenance costs skyrocket.

With this in mind, its not a surprise that the leading analyst firm, Gartner, reports that 91% of IT staff time is spent on software maintenance rather than on innovation.

Increased Customer Churn: Customer acquisition and revenue growth are key pillars to your company's continued success. With fierce competition, it is essential that your company provide an exceptional customer experience or risk having customers take their business elsewhere. When customers are unable to quickly get order status information, can't get issues resolved easily, have poor product fulfilment experiences, customer satisfaction is damaged, the likelihood of re-purchase decreased, and the risk of negative word-of-mouth increased. An integrated software system ensures that customers have the right information and customer experience they demand, by providing customers with a real-time self-service portal, and by giving all your customer-facing employees instantaneous access to all the customer interaction and transaction information they need to service and sell.

Comparing the Suite to a Standalone System

When companies first start growing, they have several options to implement the front- and back-office systems needed. From accounting to CRM to order management and beyond, applications can be implemented in a piecemeal, staged process or in a process that takes into account how these various systems will interact with each other and what level of integration they require.

As company and revenue growth accelerates, it becomes increasingly essential to integrate business software applications and standardise across a single database and business process. The advantages of designing software systems in this manner tremendously improves business productivity, visibility across the organisation and IT cost savings. Let us examine some of the key areas in which fast-growing companies can benefit from implementing a software suite.

Process Efficiency Across the Organisation

The key to avoiding manual, duplicative work is to ensure that your core business processes are seamlessly integrated from the front office to the back office. Automating such processes enables you to minimise employee time spent on activities that would otherwise be required to manage these processes, and redeploy staff to higher-value activities to help your business innovate and grow. Quantifiable benefits can be realised in critical processes such as quote-to-cash, procure-to-pay, accounts payable, and payroll, expense and incentive management.

Quote-to-Cash: When a company converts a prospect into an order and converts them in to a customer, they often do so by re-entering the same customer data from the CRM system into the order management system and then in to accounting packages, which operate in multiple distinct silos. Without front-to-back-office integration, valuable time is wasted with manual data entry processes, paper-based processes, and back and forth communications regarding order status and monthly revenue recognition and the customer experience suffers because of these delays. Once an order has been placed into the order management system, companies need to ensure that customers provide payment in time and that the time taken to fulfil an order doesn't get to a point where it results in order cancellations or customer dissatisfaction.

"We can now easily sell and ship internationally. We keep the profile of a large company but operate like a lean, small one."

Richard Contreas, Director, Harvey Maria

Procure-to-Pay: To fuel growth, businesses need to purchase equipment or raw materials. The procure-to-pay process that starts with acquiring raw materials and culminates with paying stakeholders, is a complicated one that involves several touch points within purchasing, receiving and accounts payables functions. Each of these functions deal with siloed software that needs to work together to enable the purchasing of equipment or raw materials, and then eventually pay the vendors providing these deliverables.

An integrated suite ensures that the procure-to-pay process is streamlined. It automates the entire process and eliminates manual errors by employees. When employees can track the status of purchase requisitions and orders through self-service functionality that eliminates paper-based forms and errors, it frees up your staff for higher-value activities, while simultaneously trimming the bottom line.

A further benefit of an integrated suite is ensuring that purchase orders are automatically generated once reorder points have been reached for certain goods or raw materials. This means that instead of having to pull staff off projects to look up previously completed purchase orders and order quantities, and to generate a new purchase order, the purchase orders are now automatically generated.

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With real-time access to order and inventory information, customer satisfaction levels have soared. Sales have grown consistently at 40 percent year-over-year since 2009, and cloud-based software saved €165,000 in staff costs annually.

Accounts Payable: Once purchase orders have been generated, vendors that provide goods or services to the company need to get paid. The finance staff will then need to confirm whether the services or goods were delivered as promised and only then authorise accounts payable to release payment to the vendor. All these activities consume valuable cycles that employees could instead spend on the core business. An integrated system like NetSuite will ensure payments are made on a timely basis and the process is automated to a great extent.

An independent analysis by industry experts, Nucleus Research, of customers using NetSuite found that they reported inventory carrying cost.

> *"When I arrived, not long after an acquisition, we had three finance systems, two or three of everything. We wanted to consolidate everything into a single business. NetSuite lets us do that."* Matt Tate, CTO, CLEAN

Payroll, Expense and Incentive Management:

As a company grows, so does the number of employees. Operating siloed software systems for payroll, expense management and incentive compensation can result in a spreadsheet nightmare. Calculating parameters such as salary, withholdings, deductions, and sick and vacation day accruals can consume several hours each week and consist of manual, error-prone processes executed primarily on these spreadsheets or duplicated across disparate software applications.

A closely related aspect of payroll is incentive compensation for the sales force. Sales operations personnel have to spend countless hours on sales incentive plan construction, as well as research, and resolve sales disputes on how much commission is due. A software suite that includes incentive compensation allows sales operations and finance employees to save time by automatically calculating commissions based on sales orders processed, taking into account sophisticated sales commission rules based on quotas, sales, quantity and profitability. It integrates the incentive compensation system with payroll and accounting systems to streamline payment processing.

When it comes to expense management, a suite allows self-service features to be embedded

Implementing NetSuite for financials, customer service and purchase orders, CLEAN has streamlined operations, running leaner while being able to offer a customer portal that helps to automate the processing of roughly 8,000 invoices per month. With NetSuite, month-end close has gone from 11 days to four.

so that employees can enter expense reports and have them routed automatically to the appropriate managers, with all approvals being instantly captured in payroll and accounting.

Real-Time Visibility and a Unified Customer View

Getting an accurate view of a company's operations can be a challenge if there are multiple disconnected business systems. Data is fragmented and scattered across disparate systems and spreadsheets, often out-of-date, error-prone and hard to maintain. Efforts to tie together multiple sources of data can be time-consuming and incomplete. Traditional add-on analytics tools for these disparate applications are expensive to purchase and implement, and often lack the ease of use necessary to make them pervasive.

Financial reporting or revenue recognition can drag on for weeks as employees have to extract and sift through data from multiple divisions, geographies, subsidiaries and business units, each with its own set of order management, revenue and accounting packages.

So how does a software suite provide the key business intelligence components needed in order to have a holistic detailed view of your business operations? Because all critical functions and processes are in one central database, it can instantly deliver personalised insights of the company's performance tailored to each user's need—be it CFO, controller, CEO, sales manager, marketing manager or inventory manager. Because all reports and dashboards extract data from a single, centralised data repository, the multiple versions of the truth that your employees currently obtain from disparate systems and spreadsheets are eliminated.

Continued business growth often requires that companies maintain and enhance customer relationships. This is particularly challenging as a company employs more and more people, often in different departments, geographies and divisions using different processes and systems. By arming sales, service, operations and other customer facing staff with real-time access to all critical customer information, the team can more quickly and accurately handle the customer's requests. This complete view of each customer interaction and transaction history is also powerful for maximising upsell, cross-sell and renewal revenue and can be used to identify customer trends and patterns for strategic planning and marketing efforts.

Significant IT Time and Cost Savings

Companies with disparate software systems have to contend with several types of applications ranging from accounting to financial planning, order management, CRM, ecommerce and business intelligence tools. Multiple applications consume valuable IT time spent planning, deploying, managing, integrating, maintaining and upgrading various systems. Capital-intensive hardware infrastructure and software licences, combined with expensive, time-consuming upgrades, drive up expenses and can get out of control the faster a company grows.

Retailer, Lucy Locket, deployed NetSuite and it now has 50% of its revenue coming from ecommerce—and can easily handle peak demand of up to 15,000 orders per week in the holiday season. Sales productivity is up 25%.

In fact, as business systems age, functionality starts diminishing, but the disruption and expense of upgrading to the latest version makes it unfeasible to do so.

In a software suite, IT no longer has to procure, install and maintain multiple systems and the various integrations between them. Operational costs are significantly reduced while IT time can instead be spent on growing the business and improving the company's business operations.

Accelerated Growth and Expansion

Expansion to new geographies, markets, product lines and additional sales channels can be accomplished faster with an integrated system because of unified order and accounting management processes and data.

Conclusion

Today, companies in virtually every industry are using sophisticated business software to manage operations but many are still struggling to keep up with their growth and manage costs effectively because of a jumble of siloed software applications. This hairball is causing process bottlenecks and employee productivity issues. Integrated cloud business management software suites such as NetSuite are transforming companies and enabling them to transcend growing pains that previously were holding them back from taking their business to the next level of profitable growth.