

WHITE PAPER

IT Executives Express Need for True Cloud ERP

See Why Companies Are Switching From Epicor to NetSuite to Drive Growth



ORACLE
NETSUITE

 onecloudx

Australia
netsuite.com.au



Grab a seat and enjoy.
Read Time: 12 minutes

IT Executives Express Need for True Cloud ERP

See Why Companies Are Switching From Epicor to NetSuite to Drive Growth

Overview

There is perhaps no better advocate for how cloud-based ERP systems can support and help organizations to continue their growth than those who have been through it themselves. In this white paper, we consolidated feedback from senior IT executives on why they switched from various Epicor systems to NetSuite's true cloud-based ERP, highlighting the pitfalls of fake cloud and on-premise deployments and how these challenges impacted their business.

Throughout these interviews, participants commented on a prevailing theme: Epicor's product line is often confusing and there is no clear product path for companies anticipating growth. With the marketplace changing faster than ever before, and competitive pressures continuing to mount, companies are realizing that their historical processes

and solutions may not be adequate. They need to modernize their IT infrastructure to true cloud solutions to provide the visibility and scalability necessary for sustained growth.

These discussions underscored how true cloud ERP systems enable businesses to respond to market dynamics better than fake cloud or on-premise solutions through rapid scalability, access for distributed workforces and real-time visibility into the organization from anywhere. Unlike fake cloud and on-premise systems, true cloud solutions provide a full view of the customer, which equips employees at all levels with real-time information to support intelligent decision-making. Since cloud infrastructures flex with growth, the IT team is freed from the complex integrations and upgrades that can prevent businesses from outrunning the competition.

Why Organizations Are Moving to Cloud Financials

Businesses in All Industries Are Under Pressure to Modernize

IT decision makers face mounting pressure to modernize their legacy applications. To modernize or not is no longer the question. The real question pertains to the “how” of modernization. Modernization is essential to reducing costs, improving security and optimizing outcomes. The rapidly changing macroeconomic, business and consumer environment is only intensifying the pressure, as well as dramatically increasing customer expectations.

There are exciting opportunities for organizations today to grow and innovate. That could mean going into new markets, launching new products and services, or coming up with new business models. There are always ways to expand your business. There are also challenges to that growth.

Yet, many businesses are relying on disparate, aging software architected before the internet existed. This ‘hairball’ of disconnected, legacy systems hinders visibility across the organization. Business systems don’t talk to each other. Data is locked away in siloes in the organization. It’s not real-time, it’s not accessible, you can’t always analyze it. Compliance and regulations are growing ever more complex, country by country. On top of all that, there are always new competitors entering the market.

Achieving ambitious growth and expansion goals requires operating differently. Having a unified cloud business system is key to tackling these challenges. A true cloud-based, mobile-enabled business system can free the modern business from antiquated, legacy systems. As the business changes, so can the business system. Scale up, spin off, adopt new business models, launch new products, expand to different countries—a modern cloud platform’s flexibility lets you do it all, quickly and easily. Version-lock is a thing of the past. With every upgrade, configurations and customizations migrate seamlessly. Also, the platform must support complete application customization which an average end user can configure and customize. Real-time analytics are built into the user interface. Users know what they should be doing and how

“In the past, we utilized information silos in supply chain, IT, manufacturing and sales. With NetSuite, everyone now has easy access to data and it has made us a better company.” **Bailey Hydraulics**

they're helping the business, with easily accessible reports and key performance indicators. Vital business data is analyzed and displayed from right within the system. Digital commerce should be a key part in every business' growth whether B2B or B2C. It enables businesses to manage relationships with business partners, customers and prospects whether they are buying, selling and/or supporting a product or a service.

The Cloud Has Become the De Facto Standard for Modern Businesses

In today's tough economic environment, business leaders must deliver outcomes more quickly, with fewer resources. For businesses of all sizes, the cloud represents a tremendous opportunity, which is now a necessity. Industry research and analysts suggest that the cloud has become the de facto standard for doing business:

- A recent Mint Jutras Survey showcases that SaaS is the predominant deployment choice.
- Gartner says the cloud is the number one technology affecting IT today.
- According to Forrester¹:
 - "In 2012, public cloud subscriptions represented \$21 billion in revenues; in 2020, we estimate it will account for \$170 billion."
 - "Cloud app spending will reach \$226.9 billion in 2022."
 - "Due to usability challenges with legacy systems and an increasing appetite for SaaS, we now see one-third of new spend in financial management going toward SaaS."

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. Integrated suites reduce complexity, increase reliability and cost less—now with cloud, the suite includes hardware, security and operations. The cloud paradigm has cost and convenience benefits: availability, speed, agility and lower total cost of ownership, enabling faster development processes and providing higher reliability and lower 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.

"The way we've been able to customize NetSuite and integrate it into our internal and field operations, it has become a significant part of our secret sauce along with our outstanding employees and valued customers. All of these ingredients will help fuel our business growth."

Kitchen Art of South Florida, LLC

¹"The Global SaaS Landscape, 2019 To 2022: Some Categories Grow, While Some Reach Saturation." Forrester Research Inc., December 30, 2019.

True Cloud vs. Fake Cloud vs. On-Premise

Understanding Your Options

Organizations are under increasing pressure to modernize their legacy systems and applications. And while some progress has been made in moving to basic cloud applications, to truly transform, they must look beyond a bits and pieces approach to leverage the cloud's true potential to deliver entirely new business capabilities. In partnership with Mint Jutras research, we've looked at the different software deployment options that have been considered over the last six years. Today, SaaS (Software-as-a-Service) is the most likely deployment option to be considered, while willingness to consider traditional on-premise solutions dropped off dramatically between 2011 and 2013 and has not recovered since.

You might be wondering how SaaS compares to cloud and why the distinction matters. Cloud refers to access to computing, software and storage of data over a network (generally the internet). You may have purchased a license for the software and installed it on your own computers, but your access is through the internet and therefore through the "cloud."

SaaS is exactly what is implied by the acronym. Software is delivered only as a service. It is generally paid for on a subscription basis and does not reside on your computers at all.

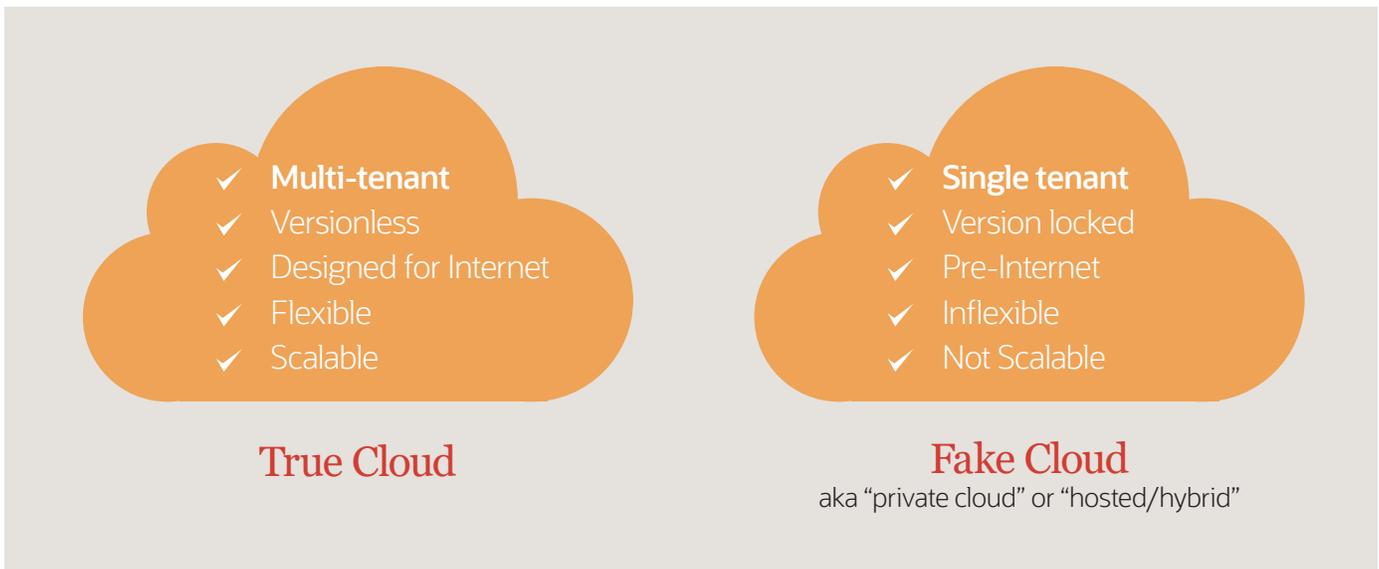
SaaS reduces "time to value" significantly. The implementation time for a SaaS project is a fraction of the time it takes for large on-premise software to go

live. Companies want to avoid long term financial commitments and the cash requirements of large upfront license and implementation costs required by on-premise software. SaaS allows customers to scale their costs to the needs of the business quickly as business conditions change.

SaaS solutions are inherently flexible, standards-based, extensible and customizable for specific business needs, combining the systems of records into systems of engagement or systems of intelligence.

Therefore, all SaaS is cloud computing, but not all cloud computing is SaaS. Confusing, right?

Cloud computing that is not SaaS is what we call "fake cloud." Recognizing a lucrative chance to create an additional revenue stream, many traditional on-premise vendors like Epicor are trying to "cloud-wash" their existing on-premise offerings to give them the look and feel of SaaS solutions. The resulting hosted or hybrid solutions may be disguised as cloud on the surface, but simply do not achieve the benefits of a true SaaS environment.



So how can you tell a true cloud solution from a fake one? And, more importantly, why should you care?

A true cloud solution was built in the cloud and only in the cloud.

Certain characteristics make true cloud solutions unique, as compared to fake cloud.

It's software multi-tenancy that separates fake cloud solutions from true cloud solutions and makes the above benefits possible. A true multi-tenant cloud SaaS solution ensures that all customers are on the same version of the product thus enabling them to not only consume the latest and greatest features and innovation, but also ensuring less disruptive and more seamless upgrades. While your business has personalized processes and data security, shared hardware among others running the platform offers economies of scale and incredible cost savings that single-tenant systems cannot.

Companies who unknowingly select a fake cloud architecture, or rely on traditional on-premise solutions inevitably struggle with the following issues:

Delayed and painful product upgrades

When running hosted/hybrid solutions, these companies suffer through the same potentially arduous (and expensive) upgrades every time the software vendor releases a new version. They are also at that hosting vendor's mercy regarding when they choose to roll out the newest solution. Because the vendor will need to upgrade each customer one by one, including transporting past customizations over to the new software, it could take months or even years to get updated and by then, the next version of the product may be around the corner. This is the chief pitfall of on-premise solutions as well.

Costly, unstable integrations and customizations

Customizing an on-premise ERP means re-implementing and testing those custom schema changes, integrations, workflows and reports every time a new version of the software is released. Similarly, with a hosted solution, integrating it with other applications or customizing it causes considerable hassle and expense and can be unstable because the on-premise product was not initially built for hosting.

Too much downtime and inadequate security and support

Given their limited headcount and resources, most value-added resellers (VARs) and service providers simply cannot achieve the same levels of security, privacy and uptime as true cloud providers can. A simple way to determine this is to ask them about their uptime performance, contractual uptime guarantees, and security and privacy certifications such as PCI-DSS security compliance, SOC 1, and EU-US Privacy Shield framework, NIST 800-30 and ISO 27000 standards.

Need to overbuy/overprovision capacity

Companies uncertain of how much capacity they need will probably have to over-buy the number of software licenses to ensure they're not caught short, or, worse yet, they under-provision and can't live up to the SLAs with customers because they "failed" to plan ahead.

Expensive, open-ended implementations

On-premise systems are notorious for having laborious, expensive and time-consuming implementations. Fake cloud solutions are just the same. They may boast about speed and agility, but after the contract is signed, they come back with a very traditional looking implementation plan—a block of estimated consulting hours and a rough "blueprint" to get live.

“NetSuite has been invaluable in helping us scale. Strategically, NetSuite is essential to our operations and its adaptability and flexibility are both refreshing and valuable.” Venafi



Benefits of Switching From Epicor to NetSuite

Providers like Epicor have a long history in the ERP market and have built up a large portfolio of products through acquisitions. These companies now face a difficult transition from a legacy on-premise architecture to the cloud. The result is evident in their offerings, which are complex and fragmented, ultimately delivering disruption rather than efficiency. Managing many different products lines—the Epicor portfolio now includes over 15 separate products—means the time and budget for product development is split amongst those products. This is very different from NetSuite’s product development, which is focused on the development of a single platform. Companies running Epicor products are hindered by a variety of challenges, depending on the product line:

Prophet21

Prophet21 came to Epicor in a 2011 merger with Activant. The product itself is over 30 years old and was designed to leverage the on-premise deployments of that time. Epicor has tried to bring Prophet21 into the cloud by providing a subscription pricing model coupled with public cloud hosting through providers such as Azure and Amazon. Epicor boasts that its Prophet21 product may be deployed as either an on-premise or cloud solution, but what this really means is that it is a fake cloud solution—a traditional legacy software system that is being reverse engineered for the cloud. As a result, system

upgrades are not automatic, and customers often wait for 18 months or more to leverage new product functionality. Additionally, any customizations made to the solution may not carry forward upon upgrade and often come at an additional cost.

Eclipse

Like Prophet 21, Eclipse came to Epicor through the Activant merger, and is also a vintage on-premise software product dating back to the 1990s. Eclipse is focused on the niche plumbing and HVAC distribution industries and was designed to meet needs of those industries in the 1990s. Eclipse is an on-premise solution that does not offer any cloud capabilities. While this model may seem safe to companies in the plumbing and HVAC space, these customers find themselves missing the value of consistent automatic upgrades, lower capital expenses for IT infrastructure, the potential for re-allocation of resources to more valuable projects, and anywhere/anytime access to real-time data reporting.

Epicor ERP

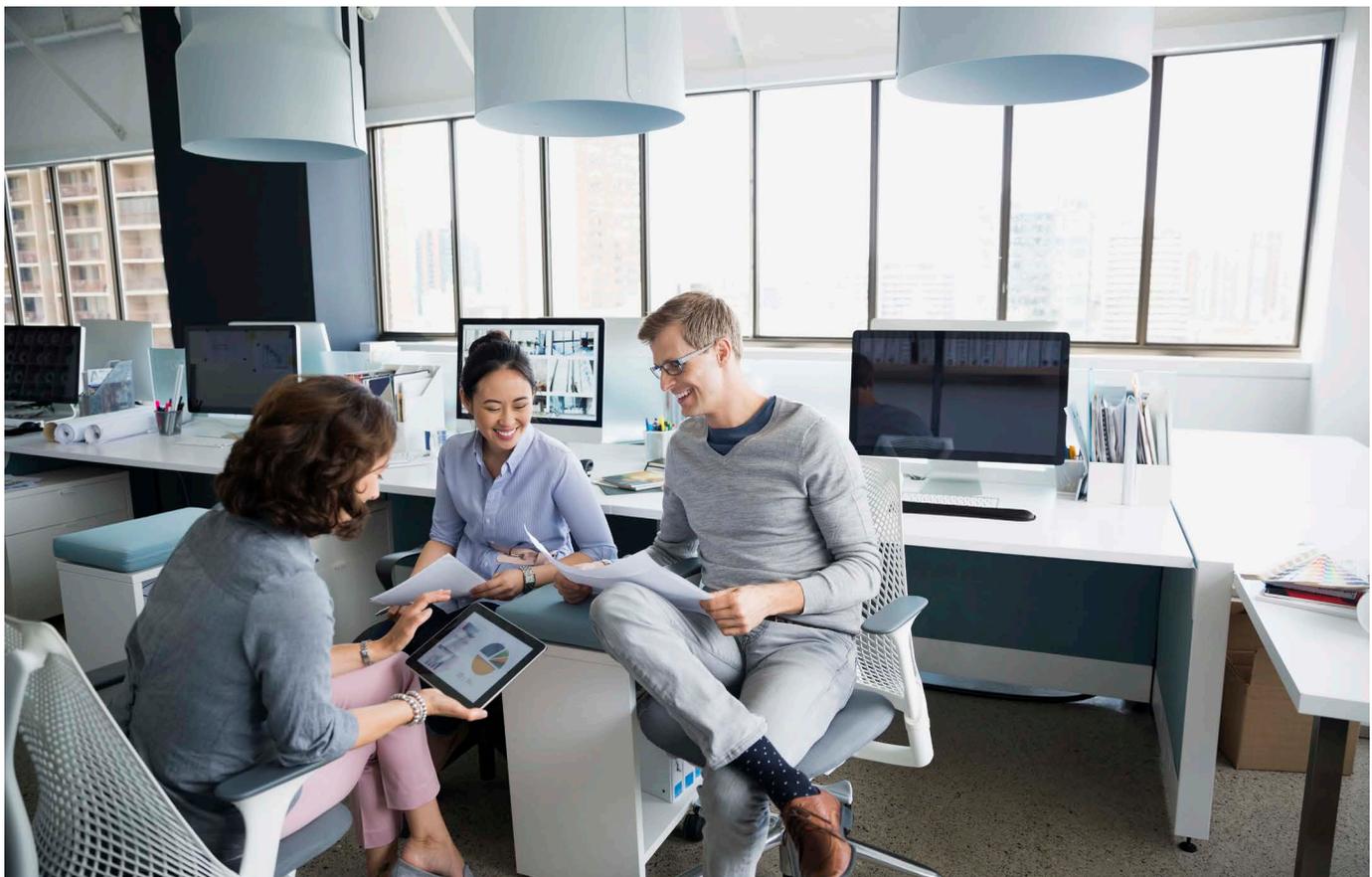
Epicor ERP is Epicor’s first attempt at a cloud-based ERP solution. First introduced to the marketplace as Version 9 in 2008, the product was not considered successful. As such, Epicor took an additional six years to launch Epicor ERP’s next major version—Version 10. In that same timeframe, NetSuite has

released 12 versions with no disruption. ERP 10 is offered as either a hosted solution, an on-premise solution or a hybrid of the two. As such, the product continues to rely on traditional software release schedules, which means no automatic updates, no reclaimed IT infrastructure costs and no industry leading practices for rapid implementation.

True Cloud Platforms like NetSuite Simplify Business Processes and IT

A true cloud platform offers several other compelling reasons why companies move from older on-premise applications like Epicor to modern cloud-based solutions, such as NetSuite.

- **Consumer-like experience** – Users can pick up and use the solution quickly and easily including on mobile devices.
- **Pure browser-based access** – The system can be accessed by any client, from anywhere, at any time.
- **Global reach and deployment** – Anyone around the world can access the system, across multiple languages and multiple time zones.
- **Everyone is on the latest version and release of the product**, allowing them to benefit from the latest and greatest features and innovation.
- **Completely flexible platform** – Users can personalize, customize, develop and integrate without worrying about upgrades.
- **Massive ecosystem of partners and products** are available to all customers as everyone is on the same product release.
- **Technology is replaced** with business value and agility.



Conclusion & Case Studies

Building and maintaining a successful company in today's business environment requires modern tools and technology. No longer can organizations meet the growing demands of consumers and competition by relying on legacy on-premise systems or "fake cloud" solutions offered by traditional vendors that are expensive, inefficient and not scalable.

With a true cloud solution, businesses are transformed through increased agility, better integration of front-and-back-office processes, improved visibility and consolidation, and lower total cost of ownership.

Unlike Epicor users, NetSuite customers get a true cloud solution that provides an integrated suite for our growing global customer base.

In addition to the inherent benefits of a cloud solution, NetSuite's SuiteSuccess model helps our customers deploy the platform faster and leverage leading business process practices to both create and realize value within their organizations much sooner than traditional approaches.

Most traditional ERP vendors like Epicor have tried to solve the industry solution problem with templates, rapid implementation methodologies, and custom code—trying to force a round peg into a square hole. NetSuite took a holistic approach to the problem ensuring every single aspect of the solution and delivery is oriented around the customer's industry and roles within that industry. It starts from the very first sales engagement and extends through acquisition, implementation and ongoing support.

There are four pillars to the solution.

1. **Build:** Develop a complete unified suite covering all elements required to run a business.
2. **Engage:** Leading practices for each industry including all capabilities, workflows, BI, reports and roles required for each industry. Allowing customers to understand the product and how it will support the business from the first sales engagement.
3. **Consume:** A re-imagined consumption model using NetSuite's industry stairways allows companies to consume capabilities based on their business needs.
4. **Optimize:** Continuous improvement of all aspects and consumption of the solution.

Editions are constructed for company size and for verticals such as advertising, media, publishing, financial services, manufacturing, nonprofit, retail, service-based businesses, technology and wholesale distribution, as well as more niche verticals such as apparel and footwear, food and beverage, IT VARs, and more.

Customers using SuiteSuccess go live 60 percent faster, implementations cost 18 percent less and 90 percent are referenceable immediately after go-live.



Epec Engineered Technologies Streamlines Global Electronics Design and Manufacturing with NetSuite

A leading designer and manufacturer of custom products for the electronics industry, Epec Engineered Technologies struggled with an Epicor Vantage on-premise solution that lacked deep customization capability and presented problems with needless manual work and remote access.

Challenges:

- Problems with employee remote access, limiting overall productivity.
- Difficulty integrating several manufacturing locations in Asia, preventing real-time data on order and production status.

Solution:

- Epec chose NetSuite over SAP and Microsoft Dynamics as a solution that could scale with their business.
- NetSuite met Epec's customization requirements, allowing them to create unique workflows and business processes for its production of custom-built electronic products while also supplying end-to-end design and manufacturing capabilities including bills of materials inquiries and MRP for greater control over production.

Customer Successes:

- NetSuite scaled with Epec as the company expanded its base of 5,000 customers around the world, including Philips, Raytheon and Northrop Grumman.
- NetSuite allowed Epec to easily onboard 10 acquired companies.
- Transition to a cloud environment gives Epec employees support for anywhere, anytime work.

“We run our entire business through NetSuite, from design to manufacturing to managing vendors in Asia.”

Epec Engineered Technologies



NetSuite Helps iAutomation Merge Disparate IT Silos Into One Unified Cloud Platform

A leader in innovative machine control solutions and services, iAutomation found that their aggressive acquisition strategy came at a cost: the company was saddled with siloed applications running in a fragmented IT environment that provided little visibility. iAutomation recognized the need to consolidate its IT infrastructure with the right technology partner for the future.

Challenges:

- Productivity suffered as staff had to manually access, import and export data across multiple systems.
- A lack of real-time client information was causing needless delays and lost opportunities for sales and customer service.

Solution:

- iAutomation chose NetSuite to help manage its business acquisition strategy, consolidating the organization's IT environment for improved visibility and control.
- iAutomation tapped into the NetSuite SuiteCloud Network to build extensive customizations supporting everything from transactions and pricing, to consolidated purchasing and work orders.

Customer Successes:

- NetSuite super-charged iAutomation's business, helping generate double-digit revenue growth and significant customer service improvements.
- iAutomation now enjoys real-time data access across 11 offices, a streamlined supply chain, optimized stocking, and an automated sales and purchase order processes.
- Through its successful NetSuite adoption, iAutomation was able to migrate an additional acquired company, Action Automation and Controls, to the platform.

“NetSuite has taken our business to the next level by giving us total integration across the platform and a tremendous ability to mine data.”

iAutomation



**ORACLE
NETSUITE**

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

New Zealand
Phone: +64 9 977 2100



infoapac_ww@oracle.com



OneCloudX Melbourne
20/644 Chapel Street
South Yarra Vic 3141
Phone: 1800 155 683
www.onecloudx.com.au



info@onecloudx.com.au

