

BUSINESS GUIDE

Five Signs That It's Time for a New ERP

Best Practices for Manufacturers
Embracing the Cloud



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Introduction

Over the years, small to mid-sized manufacturing companies have pieced together multiple applications to run their operations from accounting to order fulfillment, to sales and marketing. This infrastructure lacks many of the capabilities that companies need, provides limited visibility into essential business information and will not enable companies to adapt to changing market conditions and new business models.

Unfortunately, this piecemeal approach results in companies trying to grow by adding even more systems or niche applications—which often aren't integrated with each other. This application complexity results in manual tasks and bottlenecks, and increasing risks and errors.

For years, NetSuite has worked with manufacturing businesses of all sizes across all geographies. While these businesses are diverse, they experience similar challenges in dealing with systems that are outdated or they've outgrown.

What follows is a summary of many of the issues that manufacturers typically face, and why so many have decided to move to NetSuite—the #1 cloud ERP for manufacturing companies. Here, NetSuite customers describe why their companies made the decision, how they've implemented NetSuite and the benefits they're experiencing.

If you are concerned that your current systems are holding your business back, know that you are not alone—and that there is a better way.

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Five Triggers That Indicate Your Current Systems Are Failing Your 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 separate systems.

Moving to a single, integrated cloud platform is a better solution, but companies may not recognise the signs that their current systems are limiting the business. Manual processes, lack of real-time data, errors and poor visibility all hinder the ability to make important business decisions. Here are five triggers that serve as red flags:

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 continues to grow, opens new locations or allows employees to work remotely, the information that has to be exchanged increases exponentially.

Additionally, the data needed for timely and accurate business decisions is buried within multiple systems.

Here are several ways to tell that your reporting capabilities aren't meeting the organisation's needs:

- **Team members waste time playing “*Hunt for the Spreadsheet*”.** Growing businesses inevitably reach a stage where employees rely on spreadsheets to fill the information gap since data lives in so many separate systems. Employees end up spending more time searching for data than actually analysing it and making decisions.
- **Reports are error-prone and out-of-date.** Businesses using manual processes may need to rekey sales orders into their financial system, reconcile customer information manually or manage SKUs across multiple applications. 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 its systems to report on it.
- **It is impossible to get a comprehensive view across all business units.** As businesses grow, they usually have one set of financials in a standalone ledger system, with financial data for newer locations divisions or subsidiaries ending up in other systems. Moving data among them is usually manual and can result in errors. Additionally, management teams lack insight into how the business is performing.

2. Manual processes are used to enter and reconcile data across systems.

Today, it's frustrating for suppliers, customers and business managers to wait for answers while information is manually transferred between systems. Incompatibilities between systems and imperfect integrations have left employees copying data between systems.

These symptoms are a sign that it may be time for your business to transition to a cloud platform 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 and month-end crises that must be resolved.
- **Bad customer information results in unhappy customers.** When some customer information resides in sales spreadsheets, while others are stored in separate 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 employees have to pass paperwork around or reconcile data, simple processes like expense claim approvals or routine contract signatures can take days or weeks to finalise.
- **Financial consolidation takes ages.** Manually entering data in multiple 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, 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's needed fast enough.

Customers expect to see real-time stock levels, confirm delivery schedules at the same time they place their order, and call customer service minutes after their purchase to add an extra line item. But this level of real-time responsiveness is impossible with limited or disparate systems, inhibiting your competitive edge in the market.



Here are some warning signs that reliance on separate 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, real-time 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 24x7 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 to clear the excess products.

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

Standalone financial systems are designed to automate a limited set of core accounting functions.

As a result, it hinders how companies can run their operations. As businesses grow, companies are forced to adapt their processes to fit the application, rather than the other way around. It is easy to run out of headroom when companies have more customers, vendors or inventory items than many standalone financial systems can handle.

The key to business 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 applications and constantly engineer short-term quick fixes. Standalone financial systems simply can't handle stronger financial controls, better SKU management or 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 finance needs have become more complex, the gaps have been filled with other software packages—Excel spreadsheets or home-grown applications. When the finance staff needs to pay attention to as many as half a dozen different applications, a risk environment proliferates and requires a constant lookout for errors.
- **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.

- **It is impossible to adapt quickly enough to changing business conditions.** Many companies want to upgrade operations and react to market opportunities and competitive threats. Specialised or industry-specific requirements like contracts and prepayments, or inventory and warehouse management can only be handled in standalone external packages that have little or no integration with your 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, the first cloud ERP, is real-time and always current. Its 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 best technology, giving companies the tools needed to stay ahead of the competition and to seize new opportunities.



When Is It Time to Consider Cloud Business Management?

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

- **System upgrades and improvements are pushed to the back burner, due to the associated cost and disruption.** Many manufacturers' current business systems fall short of what they need. 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, ultimately preventing 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. 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. It often feels safer to make do with existing systems and processes, even if employees know that they are holding the organisation back.

NetSuite recognises this and applies deep industry expertise to help organisations define, understand, and articulate industry-leading practices.

Best Practices for Embracing the Cloud

As businesses grow, it is clear that a better solution is 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-premises 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 companies to accelerate growth without needing to invest capital in technology or add resources.
- **Consider a suite.** Rather than perpetuating the mess of multiple systems, many companies decide to adopt an integrated product suite.
- **A single cloud-based platform eliminates data and integration issues.** 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 as needed—for example, new revenue management requirements, recurring billing, etc.
- **Take time to understand business needs and requirements.** Before selecting a cloud solution, be sure your organisation understands its business processes. Growing companies often believe they are saving money by not spending the time to understand and capture 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 to 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.



Conclusion and Case Studies

If your manufacturing organisation is experiencing any of the pains discussed above, your current technology could be limiting your business and it may be time to look at NetSuite to improve operational efficiency and enable employees to react to customer and business needs in real time.

Two growing manufacturing companies—Biopak and Speedmaster—share why their organisations transitioned to NetSuite, and how NetSuite has helped improve their business. To learn more about NetSuite for manufacturing companies, visit www.netsuite.com.au/manufacturing.





Biopak, Environmentally Friendly Packaging Manufacturer

BioPak's mission is to produce the most sustainable, environmentally-friendly packaging on the market. The company uses plant-based products—as opposed to oil-based—to produce compostable, hygienic and affordable food packaging, making it a hit with hospitality businesses around Australia, New Zealand and as far as the UK. With one integrated platform, NetSuite has helped BioPak drive operational efficiencies whilst pursuing growth.

- **From seedling to sprout.** Founded in 2006, BioPak launched Australia's first ever bioplastic takeaway cup and lid combination. The business' laser focus on ethical innovation saw it capitalise on the growing consumer trend of more conscious consumption. Within 10 short years, the business had expanded its footprint to New Zealand, Asia and Europe.
- **All silo, no grain.** Before NetSuite, BioPak staff would manually transfer data between spreadsheets for key competitive activities, while supplier communications occurred via siloed fax and email. The lack of a unified data source complicated order tracking and supply chain management.

- **The best of growth worlds.** Since deploying NetSuite OneWorld in 2011, BioPak has been able to manage its business efficiently enough to focus on driving innovation—including a B2B ecommerce solution, an industrial composting collection service and a bespoke NetSuite carbon calculator to help customers reduce their environmental footprint—offsetting more than 44,000 tonnes of CO2 in 2019 alone.
- **Life in the fast lane.** NetSuite's complete business management solution helps BioPak efficiently manage operations, supply chain and customer service while scaling the business to new heights—freeing the company to focus on its mission of making the world's hospitality businesses more environmentally friendly and sustainable.

“We run everything through NetSuite—from custom ordering portals, to manufacturing, freight, and automated analysis and monitoring—so we always have a complete view into our business.”

Gary Smith, CEO, BioPak



Speedmaster, Automotive Components Manufacturer

With more than 150,000 SKUs under management, Speedmaster's automotive components form an increasingly major part of automaker assemblies around the world. The business manufactures and sells its original parts out of distribution centres in Sydney, Los Angeles and Shanghai, with its 450 employees catering to B2B buyers via a range of online, offline and reseller channels.

- **Reving its growth engines.** With the company hoping to stock up to two million SKUs by the end of 2019, Speedmaster's finance and operations teams needed a way to centrally manage rising sales volumes across different countries and currencies with speed, accuracy and consistency.
- **Multi-country and -currency challenges.** Initial trials with other major accounting and web store platforms failed to deliver the desired level of functionality and user experience. Speedmaster encountered issues ranging from ease of adoption to inadequate support for its currencies and countries of operation.
- **Greater visibility into accounts and finances.** Speedmaster implemented NetSuite OneWorld to manage all accounts and financial transactions, giving the business new levels

of transparency into its balance sheets and financial performance. The business could now automatically track and reconcile transactions in different currencies and countries, as well as manage everything from work orders to electronic bank payments and performance reports through a single dashboard.

- **All systems go.** As the business continues to expand, Speedmaster plans to centralise its advanced manufacturing processes using NetSuite, which will give it greater control over manufacturing, inventory and distribution in the US and China. By integrating pan-Pacific supply chain operations, Speedmaster hopes to build a sustainable base for further growth.

“NetSuite's platforms have exceeded our expectations, and the calibre of customer service really makes them a delight to work with.”

Jason Kencevski, CEO, Speedmaster



ORACLE
NETSUITE

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

New Zealand
Phone: +64 9 977 2100

Singapore
Phone: +65 6263 1300
www.netsuite.com.sg

Hong Kong
Phone: +852 800 901 039
www.netsuite.com.hk

Japan
Phone: +81 3 6834 4888
www.netsuite.co.jp

Philippines
Phone: +632 8295 9022

India
Phone: +9180 4029 8789
Phone: +9180 4029 8809
www.netsuite.com/in



infoapac@netsuite.com