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BEST PRACTICES

AWARDS

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2020 PRACTICES

AWARD

ORACLE
NETSUITE

**2020 NORTH AMERICAN
CLOUD ERP FOR MANUFACTURING
PRODUCT LEADERSHIP AWARD**

Contents

Background and Company Performance

Industry Challenges

Historically, companies in product-based industries have been fundamentally transaction oriented: they make a product, ship it, and recognize the revenue. But over the years more and more companies started looking for ways to add value. A lot of manufacturing companies focused their efforts on the design, sales, and marketing stages of the value chain, but they would sub-contract manufacturing, fulfillment, and distribution.

Also, companies that used to operate vertically, meaning a company and its employees are based in the same location and sell within that particular geography, generally are now selling products and doing business operationally all around the world. So what used to be a simple process is now very fragmented and distributed, which has led to many complexities in how people run their business.

In addition to adapting to diverse compliance, sustainability, and competitive pressures that have resulted from increasing globalization, companies now have to keep up with Industry 4.0 initiatives as well as with the rapid pace of innovation in products and services. This is because Industry 4.0, digital capabilities, and the pace of innovation are driving new business models and creative services intended to increase both revenue and customer satisfaction. The usage-based model, subscription-based model, and as-a-service-model that were prevalent in services-based industries are now migrating into traditional product-based industries.

Companies are therefore establishing solid digital strategies, and they want a true cloud solution that will serve three main purposes: support the way in which they are doing business today, enable them to be agile, and stay aligned with a rapidly evolving business environment to best take advantage of new growth opportunities.

Frost & Sullivan notes that existing traditional, rigid, cumbersome, and financially focused enterprise resource planning (ERP) systems that lack wide-ranging functionality do not suffice and cannot meet the evolving needs of today's product-based industries. Under such circumstances, vendors that can offer an ERP system designed for today's constantly changing world and fitted to support both product industry and business process evolution are expected to secure leadership positions in the market.

Product Family Attributes and Business Impact

Match to Needs

Strongly committed to maximizing the value proposition for its customers, Oracle NetSuite (NetSuite) offers an end-to-end ERP suite that meets the needs of all of its customers, large and small. NetSuite effectively matches its cloud-based ERP capabilities, gained over 20 years, to address diverse industry needs (e.g., manufacturing, wholesale distribution, retail, services, software, advertising, media & publishing, and nonprofit) through a unified cloud platform with a complete suite of applications. The distinctive combination of end-to-end capabilities differentiates NetSuite ERP from its industry peers.

Unified Cloud Platform: NetSuite ERP is built on the Oracle stack and takes advantage of Oracle's robust technology. It is a 100% cloud product (multi-tenant) and built around a cloud philosophy, making it a consumer-oriented product that anyone can pick up and use on any device over any network. NetSuite ERP is technologically structured so that it does not matter where people are performing transactions, which is very different from existing systems that are not structured to support a high transaction environment. NetSuite automates all complex transactions and allows its customers to excel operationally and financially. Therefore, one of the reasons NetSuite enjoys high global business growth is that a single enterprise can easily have global operational reach: employees entering orders from various regions (Asia, Australia, South America, North America, and Europe) all operate from the one-instance solution design.

In addition, all applications are housed on the same unified data model, and therefore a user, whether working on HCM data, commerce data, point of sale data, order data, CRM data, manufacturing data, or distribution data, can view everything from one place to analyze and manage business effectively. What further differentiates NetSuite is that 100% percent of its customers are on the same current release. The company issues 2 releases a year to every customer. Therefore, at any given time every single NetSuite customer is on exactly the same version of the product; so, they get constant access to new features and are positioned to enjoy maximum ROI.

SuiteCloud Platform: Rendering an enriched user and ownership experience, the SuiteCloud platform supports every type of user need (including non-technical), from a simple personalized setup through to heavy-duty customization. Using this built-in development platform with no version lock and its easy-to-navigate features (e.g., point-and-click customization, powerful scripting, and visual workflow builder) each user— business analyst, developer, administrator, CFO, and partners—can personalize their environment to look and operate as they want, all within the boundaries the company has set for them. For instance, a business analyst can configure business rules or add fields, tables, and screens; a developer has access to a full development environment with plug-ins to Eclipse; an administrator can manage new releases, customizations, roles, and security; and a CFO can look after governance, risk, and compliance.

Complete Suite of Applications: These are built on the platform, including ERP and financials, sophisticated billing and revenue recognition, professional services automation (PSA), CRM, HCM, and omnichannel commerce.

OneWorld: OneWorld capabilities enable businesses to run anywhere around the world and support every aspect of international business, such as multi-language, multi-currency, multi-country tax compliance, and master data management (MDM) as 99% of NetSuite customers transact in multiple currencies. To this end, NetSuite has every single piece of localization needed for more than 24 countries; in fact, NetSuite has one customer that operates in 150 countries.

Intelligence and Analytics: NetSuite has long trusted that intelligence is a core part of the suite and not a separate module, application, or technology that a customer buys as an

add-on. NetSuite is building powerful artificial intelligence and machine learning-based capabilities within its suite to deliver the insight, interaction and automation customers need to grow their business.

Key Performance Indicators (KPIs) and real-time dashboards are part of NetSuite. SuiteAnalytics offers users the ability to create saved searches and reports. SuiteAnalytics Workbook provides expanded analytical capabilities and is designed so that even inexperienced users can perform complex data analytics tasks. With Workbook, users can easily and securely explore their data, and create sophisticated criteria filters with real-time visualizations. Data can be further analyzed using the Workbook pivot and chart capabilities, with intuitive drag and drop interactions.

Stand-alone legacy solutions intended to address each business need no longer work, whereas NetSuite has one of the broadest end-to-end suites available for product-based industries, especially pertinent when traditional product-based businesses are becoming as-a-service or hybrid businesses. Frost & Sullivan appreciates NetSuite for enabling companies to move from older solutions to a modern solution and finds that the company's ERP truly supports product-based and services-based businesses. As hybrid businesses emerge, NetSuite is incredibly well positioned to take advantage of that trend.

Positioning & Design

NetSuite takes its product to market via SuiteSuccess wherein it has re-engineered the entire way it builds, sells, implements, and continually optimizes the product. NetSuite has designed SuiteSuccess based on its four key pillars: build, engage, consume, and optimize.

SuiteSuccess positions NetSuite to scale massively and retain high customer satisfaction. This is because SuiteSuccess simplifies and streamlines the cloud ERP software implementation process and increases business efficiency and flexibility. Every vertical has a SuiteSuccess edition, and as bundled implementations, SuiteSuccess is focused on the needs and related best practices of eleven industries. Each SuiteSuccess edition includes 3 levels: starter, standard, and premium, which is chosen based on the size and sophistication of the company. In addition, NetSuite has built SuiteSuccess with all the functionality needed for a particular vertical.

Therefore, SuiteSuccess is designed with dedicated process flows, KPIs, over 250 pre-built reports, dashboards (preconfigured by role), business intelligence, turnkey setup, and training, and it is designed for a number of pre-defined user roles (such as CFO, CEO, finance executive, sales executive, IT manager, administrator, warehouse manager and marketing executive). A starter edition, for instance, will have 6 dashboards and 10 KPIs whereas a premium edition will have more than 10 dashboards and 15 KPIs. The pre-built reports and dashboards were developed and used in real-world business scenarios. The workflows, KPIs, reports, dashboards, and metrics not only come preconfigured by role and by each industry, but also are user configurable. This vertical-oriented cloud ERP software solution meets customers' requirements and reduces the need for customization.

 "We Accelerate Growth"

Frost & Sullivan appreciates that NetSuite's preconfigured implementation approach built with proven strategies and industry-specific recommended practices encourages companies to adopt a cloud ERP system. This is because SuiteSuccess ensures rapid adoption and speed of implementation in an efficient and budget-friendly way designed to help customers realize their business vision, eliminating the waiting time to get started and the challenges associated with conventional software implementations.

With SuiteSuccess, NetSuite's customers now go live 60% faster and implementation costs 23% less. SuiteSuccess is also unique for its customer-centric methodology—beginning from the initial sales contact and spanning the entire customer lifecycle, from sales to services to support.

Futuristic Product Development: NetSuite's product enhancements are prioritized with the customer in mind. It stays abreast of the latest requirements and trends and incorporates additional functionalities, such as revenue recognition regulations and other changing accounting standards so that its cloud ERP software functionality is on par with industry requirements and technological advancements. To this end, NetSuite has more than 2,000 global product development employees who have put in 20 million hours in areas such as analytics, intelligence, and experience so that its overall value proposition in cloud ERP remains enhanced. The company's intelligence suite (Intelligence Insights, Intelligent Automation, and Intelligent Interaction) is incorporating ML and AI engines to cover the prescriptive and predictive aspects of intelligence.

Customer Acquisition & Growth Potential

NetSuite focuses on a series of industries: heavy services-based industries such as advertising, media, publishing, and software through to heavy product-based industries such as manufacturing, retail, and distribution (including a number of sub-verticals). The company has more than 20,000 customers in over 200 countries and territories and NetSuite acquired 4,500 new logos in the last 12 months, which highlights its tremendous growth. In addition, Oracle continues to make significant investment in NetSuite to grow the business, drive differentiation, and expand internationally. In fact, its product development team grew by 25% YoY.

Some of the company's leading customers include GoPro, Corkcicle, Ring.com and Shaw Industries. Companies find NetSuite appealing as its ERP is scalable both horizontally and vertically and is flexible enough to support any size, scope, or type of business in every part of the world. With respect to expansion into more target accounts, NetSuite works in concert with a global ecosystem of partners.

Based on a staged approach/consumption model, smaller companies, which previously have found adopting a cloud ERP solution an extremely complex proposition, can now quickly migrate or upgrade to cloud ERP software. To this end, numerous companies are now operating in many different countries whereby without a product like NetSuite ERP, it would have been impossible for them to administratively and operationally run their business. NetSuite ERP has proven itself as an eminently scalable (both upwards and outwards) and successful solution. On average, 10 tera byte of data is persisted, and more than 1 billion HTTP requests and 30 billion queries are processed every day.

NetSuite regularly communicates with its customers to ensure that they are up to date (i.e., new feature releases, best practices, and other advances, as well as updates/additions to its product suite) and to further optimize adoption. The company's agile, intelligent, and staged approach provides customers with a multitude of options and the flexibility to choose and consume the capabilities and technologies that best fit their current needs. In addition, customers are given the freedom to add more capabilities based on future business needs that align with their business' growth. SuiteSuccess, based on the four key pillars (build, engage, consume, and optimize), positions NetSuite customers to scale easily, grow quickly, and update their model as their businesses evolve in tandem with market trends, as opposed to being held back by vendor lock-in implementations.

Conclusion

Today's companies need an ERP system that will help them keep up with the rapid pace of innovation, Industry 4.0, new business models, and globalization. NetSuite's end-to-end cloud ERP with proven success at scale is designed for today's constantly changing manufacturing world and successfully addresses this need. NetSuite provides its customers the ability to react quickly to any industry disruption, helping product-based businesses become service-based or hybrid businesses if that's their goal.

NetSuite renders unmatched customer value through SuiteSuccess, a program that ensures rapid adoption and speed of implementation. Frost & Sullivan sees SuiteSuccess as unique for its outcomes-focused customer engagement approach to cloud ERP implementation and optimization that delivers better business outcomes faster. Constant customer-centric product developments further enhance the company's value proposition. For its strong overall performance, NetSuite has earned Frost & Sullivan's 2020 Product Leadership Award.

Significance of Product Leadership

Ultimately, growth in any organization depends on customers purchasing from a company and then making the decision to return time and again. A comprehensive product line filled with high-quality, value-driven options is the key to building an engaged customer base. To achieve and maintain product excellence, an organization must strive to be best in class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

- Acquire competitors' customers
- Increase renewal rates
- Increase upsell rates
- Build a reputation for value
- Increase market penetration

- Earn customer loyalty
- Foster strong corporate identity
- Improve brand recall
- Inspire customers
- Build a reputation for creativity

DEMAND

BRAND

Product Leadership

COMPETITIVE POSITIONING

- Stake out a unique market position
- Promise superior value to customers
- Implement strategy successfully
- Deliver on the promised value proposition
- Balance price and value

Understanding Product Leadership

Demand forecasting, branding, and differentiating all play critical roles in finding growth opportunities for your product line. This three-fold focus, however, must be complemented by an equally rigorous focus on pursuing those opportunities to a best-in-class standard. Customer communication, customer feedback, pricing, and competitor actions must all be managed and monitored for ongoing success. If an organization can successfully parlay product excellence into positive business impact, market share will inevitably increase.

Key Benchmarking Criteria

For the Product Leadership Award, Frost & Sullivan analysts independently evaluated 2 key factors—Product Family Attributes and Business Impact—according to the criteria identified below.

Product Family Attributes

Criterion 1: Match to Needs
Criterion 2: Reliability and Quality
Criterion 3: Product/Service Value
Criterion 4: Positioning
Criterion 5: Design

Business Impact

Criterion 1: Financial Performance
Criterion 2: Customer Acquisition
Criterion 3: Operational Efficiency
Criterion 4: Growth Potential
Criterion 5: Human Capital

Best Practices Award Analysis for NetSuite

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows research and consulting teams to objectively analyze performance according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES

1–3 Poor
4–6 Fair
7–8 Good
9–10 Excellent
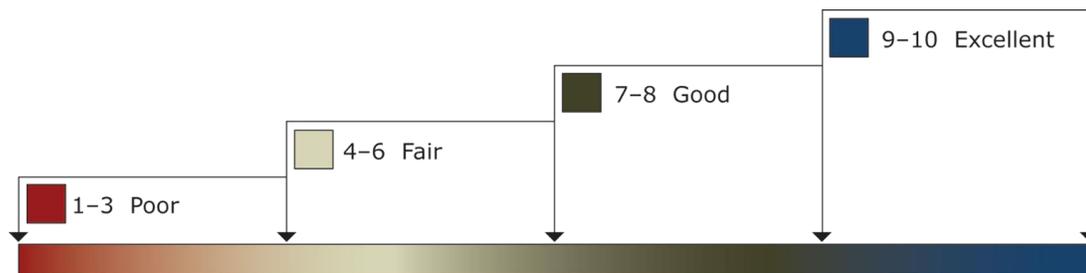
The Decision Support Scorecard considers Product Family Attributes and Business Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, Frost & Sullivan has chosen to refer to the other key participants as Competitor 1 and Competitor 2.

Measurement of 1–10 (1 = poor; 10 = excellent)			
Product Leadership	Product Family Attributes	Business Impact	**Average Rating**
NetSuite	**9.0**	**9.0**	**9.0**
Competitor 1	8.0	8.0	8.0
Competitor 2	7.0	7.0	7.0

Product Family Attributes

Criterion 1: Match to Needs
Requirement: Customer needs directly influence and inspire the design and positioning of the product family.

Criterion 2: Reliability and Quality
Requirement: Products consistently meet or exceed customer expectations for performance and length of service.

Criterion 3: Product/Service Value
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 4: Positioning
Requirement: Products or services address unique, unmet needs that competitors cannot easily replicate or replace.

Criterion 5: Design
Requirement: The product features an innovative design, enhancing both visual appeal and ease of use.

Business Impact

Criterion 1: Financial Performance
Requirement: Overall financial performance is strong in terms of revenue, revenue growth, operating margin, and other key financial metrics.

Criterion 2: Customer Acquisition
Requirement: Product strength enables acquisition of new customers, even as it enhances retention of current customers.

Criterion 3: Operational Efficiency
Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard.

**Criterion 4: Growth Potential**

Requirements: Product quality strengthens brand, reinforces customer loyalty, and enhances growth potential.

Criterion 5: Human Capital

Requirement: Company culture is characterized by a strong commitment to product quality and customer impact, which in turn enhances employee morale and retention.

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.
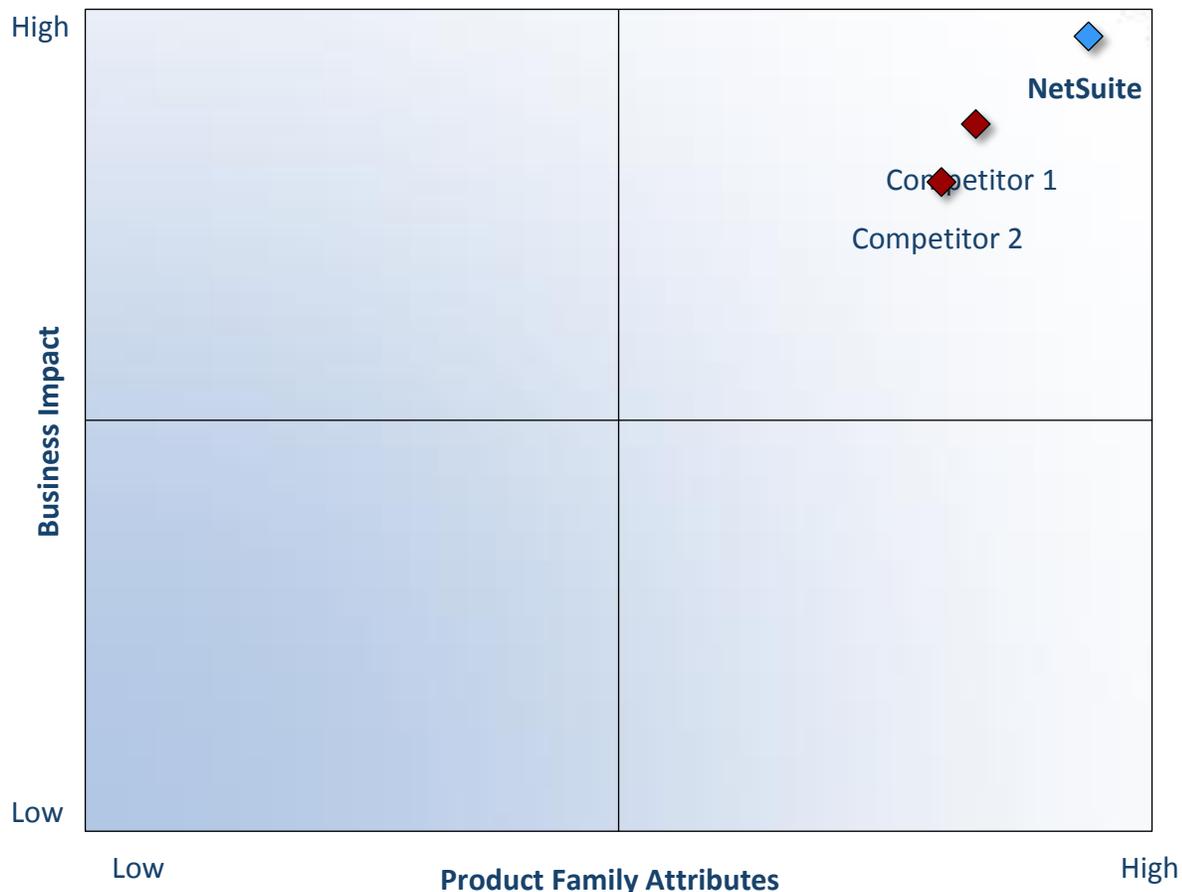
Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate award candidates and assess their fit with select best practices criteria. The reputation and integrity of the awards are based on close adherence to this process.

STEP		OBJECTIVE	KEY ACTIVITIES	OUTPUT
1	Monitor, target, and screen	Identify award recipient candidates from around the world	• Conduct in-depth industry research • Identify emerging industries • Scan multiple regions	Pipeline of candidates that potentially meet all best-practice criteria
2	Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best practices criteria • Rank all candidates	Matrix positioning of all candidates' performance relative to one another
3	Invite thought leadership in best practices	Perform in-depth examination of all candidates	• Confirm best practices criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4	Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best practices positioning paper
5	Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized award candidates
6	Conduct global industry review	Build consensus on award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible award candidates, representing success stories worldwide
7	Perform quality check	Develop official award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8	Reconnect with panel of industry experts	Finalize the selection of the best practices award recipient	• Review analysis with panel • Build consensus • Select recipient	Decision on which company performs best against all best practices criteria
9	Communicate recognition	Inform award recipient of recognition	• Present award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of award and plan for how recipient can use the award to enhance the brand
10	Take strategic action	Upon licensing, company is able to share award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess award's role in strategic planning	Widespread awareness of recipient's award status among investors, media personnel, and employees

"We Accelerate Growth"

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, resulting in errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, helps clients accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's growth team with disciplined research and best practices models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages nearly 60 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on 6 continents. To join Frost & Sullivan's Growth Partnership, visit http://www.frost.com.