NETSUITE

The Benefits of Integrated Business Management Software for Wholesale Distributors
Overcoming the Barriers of Standalone Business Applications

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Introduction

Wholesale distributors (WD) are the lifeblood of the economy in all regions of the world. Often small and mid-size businesses (SMBs), many wholesale distributors have grown rapidly and, as a result, require an operational boost to drive revenue, expand into new markets, cultivate stronger customer relationships and improve business agility and speed.

The problem is that many expanding wholesale distributors have hit the ceiling of their legacy business tools. As they grew, most wholesale distributors automated various parts of their business—sometimes through manila folders and filing cabinets, in other cases by buying and installing standalone business software for finance and accounting, warehouse and inventory management, ecommerce, customer relationship management (CRM) and more.

Growth and complexity inevitably outstrip the capabilities of standalone applications and ad hoc IT personnel. These disjointed, siloed systems turn into a proverbial "hairball" that is costly, brittle (due to jury-rigged point-to-point connections) and complex to use and manage. The result of this "growth by accident" typically includes:

- Lost productivity from manual data re-entry and reconciliation
- Costly mistakes in business execution from error-prone data entry
- Inability to scale to business demands with legacy tools
- Poor visibility into business information needed to make decisions.

Financial packages running on a standalone PC are likely to be the first to cause problems as they cannot accommodate growth in the number of transactions or users and are usually disconnected from other applications. The impact of unintegration tends to cascade across the business and invariably compromises the wholesale distributor's business performance and ability to grow revenue.

Ironically, the wholesale distributor ends up trapped by the limits of the very technology that was intended to help the company grow and thrive.

The Advantages of an Integrated Suite for Wholesale Distributors

SMB wholesale distributors may be smaller and employ fewer people than large corporations, but they have equally demanding and complex business processes and face the same challenges—tight budgets and IT resources, competitive pressures, low tolerance for risk, and the need to improve efficiency and profitability to survive and thrive.

Addressing the "hairball" of disconnected applications is an essential first step for wholesale distributors to tighten control over operations, improve business speed and efficiency and capitalize on new customer and market opportunities. A single, integrated, industry-appropriate enterprise resource planning (ERP) suite can accommodate the wholesale distributor's breadth of business processes while providing flexibility to tailor the solution to its specific business needs.

Wholesale distributors recognize the value of an integrated suite that supports the range of WD business processes. A NetSuite survey of WD leaders in North America in 2010 found that support for all business processes was the most important characteristic in considering WD business software[1].

Figure 1. Which is the most important software requirement to run your business?

The best business solutions will provide strong out-of-the-box functionality expressly engineered for wholesale distributors. Modularity and customizability will enable the wholesale distributor to use any or all of the functionality its business needs, including:

- Automated order management
- Integrated shipping and fulfillment.
- Demand-based inventory replenishment
- Warehouse and logistics management
- Ecommerce storefront with front- and back-office integration

- Customer relationship management (CRM)
- Web-based customer self-service
- General ledger/financial accounting
- Invoicing and cash collection
- Management dashboard reporting and metrics.

[1] NetSuite, *The State of Wholesale Distribution*, August 2010.

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Key Characteristics of Wholesale Distribution ERP

Compared to standalone applications, integration of these processes slashes manual labor, reduces errors, improves customer satisfaction and allows managers to focus on growing the business. Streamlined workflow enables WD companies to manage customer orders, inventory, order shipment process, invoicing, cash collection, and more. The best ERP solutions take a step beyond basic processes to enable wholesale distributors' profitable growth through integrated financials, reporting, management, inventory tracking, and asset utilization.

Ideally, an integrated solution will incorporate industry best practices and enable the WD company to build on those to meet its own strategic objectives. It will also promote a 360-degree view of the customer and ensure that customer orders and buying patterns are intelligently propagated throughout the business, including inventory management, pricing and promotions. Finally, the very best ERP will ensure clear alignment between strategy and execution, with continuous monitoring and measurement of performance. The solution should enable and/or deliver:

1. **Scalability for growth.** Legacy, standalone tools generally "top out" without transition paths to other solutions, leaving you to start over from scratch. An integrated suite is designed to scale with your WD company by allowing flexibility to add users and modules, support more numerous and complex transactions and expand into new markets either domestically or internationally (with multi-currency support).

2. **Improved productivity.** The lack of integration among standalone applications means that connections must be hand-coded by IT personnel at substantial time and cost, or personnel simply re-enter data into multiple systems with sizable risk of error. An integrated suite provides easy access to a common, reliable data set, automates key processes and enables WD managers to focus on growth—not grunt work.

3. **Company-wide performance visibility.** As WD companies grow, so grows the need to monitor metrics on financial and operational performance, as well as sales, customers and suppliers. Data scattered among disconnected applications is difficult to consolidate, prone to misinterpretation and problematic if, for instance, a customer is called "IBM" in one application and "International Business Machines" in another. An integrated suite supplies a single version of the truth that can be tracked via key performance indicators (KPIs) in a visual dashboard and explored with analytic tools.

4. **Business process customization and automation.** Wholesale distribution personnel spend countless hours customizing and executing business processes that could be automated (for instance, replenishing inventory and arranging FedEx or UPS shipments). An integrated suite provides automated workflow across the entire business—not just fragments of it—with user-friendly tools to customize the solution to meet unique business needs.

5. **Single-vendor management and support.** Managing a plethora of vendors with multiple 800 numbers for customer service is not easy. An integrated suite gives you one solution supplier to work with. The ability to access affordable service and support is also critical. It is easier to support an integrated ERP environment than a hodgepodge of different applications.

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The Emergence of Cloud Computing for Wholesale Distribution

Years ago, a wholesale distributor that decided to upgrade from standalone applications to an integrated suite faced a significant IT challenge. The implementation of an on-premise ERP software solution meant a large up-front capital investment for software licensing, servers, backup systems and specialized IT developers and architects. Deployment times could extend more than a year, and operational risk was substantial.

And once the solution was deployed, the WD company faced the high cost of employing IT professionals to manage, patch and maintain both infrastructure and desktop applications—without disrupting critical business processes.

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>
> *—AMI-Partners*

That's changed. The emergence of cloud computing solutions for wholesale distribution has given WD companies a compelling option to fast track their growth versus an expensive on-premise system overengineered with excess functionality the distributor will never use. Also called Software as a Service (SaaS), cloud computing allows businesses to subscribe to a service rather than purchase, install and maintain in-house software. The SaaS model is growing rapidly among SMBs in a range of industries as companies embrace the affordability and flexibility that it offers. With SaaS, you use as much as you need, pay for what you use, focus on business and let the SaaS vendor worry about managing the infrastructure.

The adoption of SaaS among WD companies is transforming the industry. The analyst firm Gartner predicts that SaaS solutions will grow at a 17.7% compound annual rate through 2013[2], the fastest-growing area of enterprise software spend. Another study by AMI-Partners puts the compound growth rate at 13%, with worldwide SaaS spending among SMBs increasing from $52 billion in 2009 to $95 billion in 2014[3]. As AMI put it, "Cloud services are well positioned as a cost-effective strategy that not only reduces costs, but also enables greater SMB agility."

The lack of up-front capital investment and lower total cost of ownership (TCO) are proving attractive to SMBs that want to channel their resources into new markets and customer acquisition rather than unproductive and complex on-premise software installation. A study by Hurwitz & Associates found that TCO of NetSuite for SMBs was 50% lower over four years than a comparable on-premise implementation of Microsoft Dynamics GP/CRM[4].

WD companies exploring SaaS options and TCO should recognize that TCO can be complex and may be comprised of recurring costs and savings other than licensing, for instance:

- The time and of expense of IT staff to integrate, patch and upgrade components in an on-premise solution
- Optional costs of data backup, high availability and/or disaster recovery with on-premise solutions
- The risk of costly disruption or downtime from an in-house systems failure or during application maintenance.

[2]Gartner, *Market Trends: Software as a Service, Worldwide*, 2008-2013, November 2009.

[3]AMI-Partners, *Cloud Services Momentum on Track among SMBs*, August 2010.

[4]Hurwitz & Associates, *The Compelling TCO Case for Cloud Computing in SMB and Mid-Market Enterprises*, 2009.

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Key Benefits of Cloud Computing to WD SMBs

Ultimately, SaaS is increasingly recognized as better suited to enabling companies to more closely manage and forecast costs, and eliminate high internal IT support costs. Web-based delivery of business solutions proves the most economical in the long run as business needs grow and change. The Hurwitz & Associates study identified the following cloud computing features and benefits for SMBs:

Feature	SaaS/Cloud Benefits
No up-front capital costs	• SMBs access solutions through the web • Pay for usage on per month or user basis
Faster deployment and productivity	• Up and running weeks or months faster than on-premise solutions • Anywhere, anytime web access to solutions
Ease of management and use	• Vendor manages and upgrades infrastructure and applications • SMBs focus on strategic growth, not IT maintenance
Modular flexibility	• Low barrier to entry—start small and scale to demands • Add or remove solutions or users as needs dictates
Better reliability and performance	• Enterprise-class IT infrastructure affordable for SMBs • Vendor provides backup, high availability, and support

The NetSuite Wholesale Distribution Edition

The NetSuite Wholesale Distribution Edition is the first and leading on-demand cloud-based business management suite that allows wholesale distributors to manage all front- and back-office operations in one single system. It includes everything from inventory and warehouse management to shipping automation, accounting, CRM, sales force automation, customer support, ecommerce, employee productivity tools, and much more. (See Figure 2).

Using NetSuite, every element of your WD business is integrated, accessible, and directly relevant to your business success—accounting, sales management, customer service, employee and partner management, ecommerce and more— so you can improve productivity by streamlining operations and automating processes across the company. And because NetSuite is an on-demand solution, available only as SaaS-based application, you have no costly hardware or software fees, no expensive integration of standalone products and no difficult upgrades to contend with.

Some of the key benefits you can gain from NetSuite are:

1. **Flexibility for Fast-Growing SMB Wholesale Distributors**
   Wholesale distributors need software functionality for different stages in their lifecycle. NetSuite supplies you with all the base functionality you need, along with capabilities for more advanced demand-based inventory replenishment, complete ecommerce and back-end integration, managing multi-location and multi-ship environments, light manufacturing, multi-currency global transactions, and more.

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2. Greater Productivity with Unified Business Processes

With a single, integrated platform for CRM, accounting/ERP and ecommerce, you can automate key business functions across all departments, including sales, marketing, service, finance, inventory, order fulfillment, purchasing, and employee management. Your employees no longer have to re-enter data in different systems, rectify inconsistent or inaccurate data, or wait for batch updates. Instead, all your employees view and share accurate data in real time, leading to greater collaboration among departments and increased productivity across your business.

3. Seamless Ecommerce with Front- and Back-Office Integration

NetSuite supplies all the tools you need to build, manage and extend a robust ecommerce storefront and extend it to customers, suppliers and partners. NetSuite ecommerce systems integrate fully with front- and back-office systems for accounting, fulfillment, CRM and more, helping your WD company to improve operational efficiencies while driving web-based business.

4. Increased Visibility for Better Decision-Making

Customizable dashboards offer real-time access to key performance metrics, supporting intelligent, timely business decisions. NetSuite allows you to manage by exception and be proactive in your decision-making with dashboard metrics and alerting tools. In addition, full visibility into unified customer records results in more efficient and highly personalized sales, fulfillment, and service processes. NetSuite dashboards are role-based, providing "out-of-the-box" relevance to employees' individual job functions.
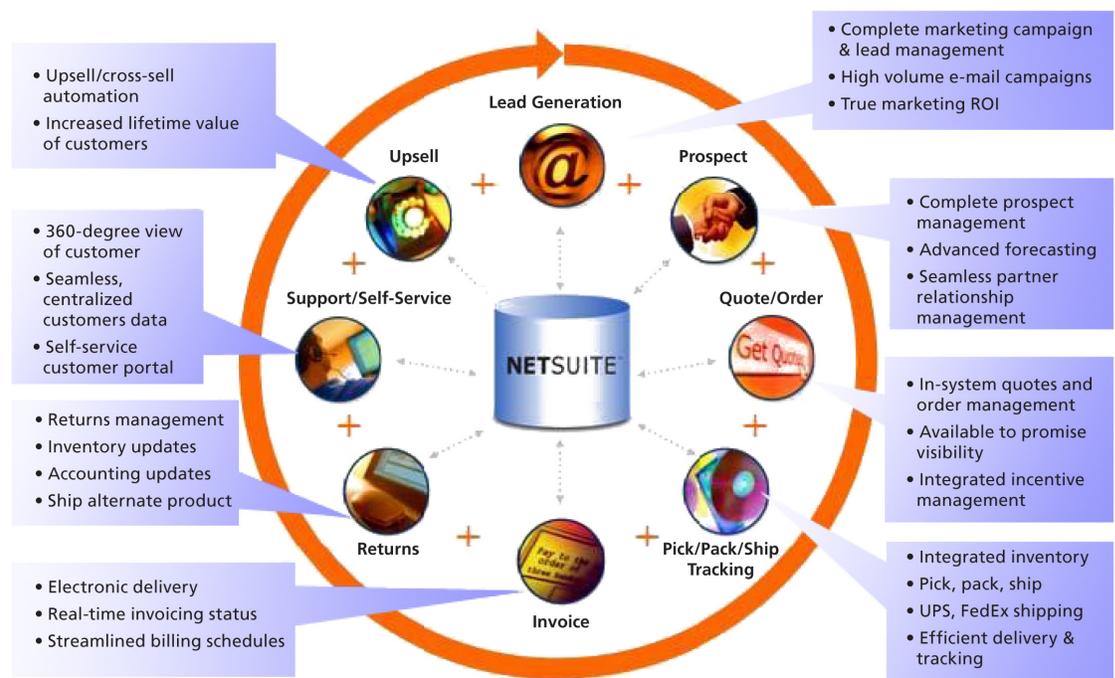

Figure 2. The NetSuite Wholesale Distribution Edition integrates all front- and back-office functions.

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5. Self-Service for Customers, Suppliers and Partners

Given today's need to work closely with partners through an extended enterprise, NetSuite offers self-service portals that enhance business-to-business collaboration. In addition, proactive notification of partner-specific events accelerates process cycles and improves responsiveness, ensuring your position as a preferred partner. NetSuite self-service portals have helped hundreds of SMBs to reduce support costs and improve customer and supplier satisfaction.

6. Customization to Address Specific Business Needs

NetSuite is the world's most customizable SaaS application. "Click, not code" configuration and modular implementations jumpstart your business on NetSuite. Advanced customization with simple, industry-standard tools allows you to tailor business practices and processes to meet your specific company and industry requirements. Because our customization carries forward seamlessly with upgrades, we actually encourage you to highly customize NetSuite to create your one-of-a-kind software application.

7. Superior Value with an Affordable Solution

Built from the ground up for growing and midsize businesses, NetSuite offers affordable pricing, accelerated implementation and comprehensive support packages that result in unbeatable TCO. Plus, you eliminate the costly and time-consuming integration often associated with a patchwork of disconnected systems. NetSuite also provides leading-edge professional services and educational programs that ensure efficient implementation and continued, long-term success.

Cartridge World

Cartridge World

Global printer supplies distributor Cartridge World turned to NetSuite after outgrowing QuickBooks for accounting, and quickly took advantage of NetSuite's modularity to extend the solution to support other critical business processes as the company expanded to 1,650 stores in 60 countries.

"NetSuite allows us to think, act, and work as a single company worldwide," says Steven L. Yeffa, CFO. "It is certainly enabling the senior management team to have a consistent view of everything going on in our worldwide network." And with NetSuite, Cartridge World is saving about $200,000 a year in IT and administrative costs.

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Elcometer Excels with NetSuite

Elcometer, a maker and distributor of paint and surface inspection instruments, was bogged down with on-premise Microsoft Dynamics GP accounting software. "The problem was that Microsoft Great Plains wasn't integrated well with CRM and shipping systems," says Joe Walker, Elcometer VP of North America.

The Detroit-based Elcometer saved more than $130,000 by switching from Microsoft to NetSuite. "I want to more than double my business over the next five years, and the only cost-effective way to this is with NetSuite," Walker says.

Conclusion

If your wholesale distribution company is hitting the wall of its standalone applications, it's time to explore options of how an integrated business management suite can help you drive revenue, win new customers in new markets, and empower your personnel with data-driven tools for informed decision-making.

After a close examination of options, many savvy wholesale distributors have made the transition with a cloud-based solution that allowed them to avoid the high up-front costs of on-premise solution, as well as ongoing maintenance. Today's best SaaS solutions for wholesale distribution deliver a powerful range of industry-specific functionality and front- and back-office integration that can enable your business to scale, with an affordable and predictable cost of ownership.

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