



WHY CUSTOMERS ARE SWITCHING FROM MICROSOFT DYNAMICS GP TO THE CLOUD TO DRIVE GROWTH

Executive Summary

Why Customers Are Switching From Microsoft Dynamics GP to the Cloud to Drive Growth

Overview

To discover how cloud-based ERP systems support and accelerate growing organizations, NetSuite's Vishrut Parikh and Anand Misra engaged senior IT executives in discussions on the topic. These executives shared case studies of why they switched from on-premise to cloud-based systems, how the implementation process occurred, benefits they have experienced, and lessons learned.

A prevailing theme is that the marketplace is changing faster than ever and competitive pressures are greater than ever. To keep pace in this dynamic environment and to lay the foundation for growth, firms are realizing that their historical processes and on-premise systems are not adequate. They need to modernize their IT infrastructure to provide the visibility and scalability for growth.

These discussions underscored how cloud-based ERP systems enable businesses to respond to market dynamics through rapid scalability, access for distributed workforces, and real-time visibility into the organization from anywhere. They 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.

In every industry, organizations face significant pressures. Competitors are introducing new products, customers are demanding improved service and greater speed, and companies are launching new offerings and expanding to new geographies. Achieving ambitious growth and expansion goals requires operating differently. It requires breaking silos, having "one version of the truth" with real-time visibility to make fast, informed decisions. Companies need speed, visibility, and scalability as never before. This requires a modern IT infrastructure that supports the need to operate differently. For most organizations, the on-premise systems of the past don't meet the business needs of the present and future.

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 becoming a necessity. Industry research and analysts suggest that the cloud has become the de facto standard for doing business:

- IDC estimates the cloud has grown four times faster than the IT market.
- Gartner says the cloud is the #1 technology affecting IT today.
- Forrester found that over 50% of companies plan to increase their cloud spend over the next 12 months.
- In the Future of Cloud Computing Survey, 92% of respondents said cloud initiatives were a priority for their organization over the next 18 months.

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"Our financial, executive, and fundraising teams have picked up the report writing ball and run with it in NetSuite. It's great because they know what information they need to track. IT is very rarely pulled in to answer a question."

– John David Felt

- A survey by the Cloud Accounting Institute revealed that on-premise software is no longer dominant in accounting, and cloud has gained in popularity. About 75% of respondents used a cloud solution in 2013, compared to 52% in 2012, and 82% intend to use cloud or SaaS for accounting solutions in the future.



Figure 1
Cloud Momentum Accelerates

Source: Worldwide and Regional Public IT Cloud Services 2011-2015 Forecast, IDC, June 2011; Reimagining IT: The Gartner 2011 CIO Survey, Gartner, January 2011; and The ROI Of Cloud Apps, Forrester, June 2011.

On-premise systems are costly compared to cloud solutions.

One reason for the growing popularity of cloud solutions is their cost compared to on-premise systems. For on-premise tools:

- **High implementation costs means it takes longer to realize the ROI.** Forrester analyzed the hidden costs of on-premise ERP systems and concluded that implementation costs could be as much as five times the cost of software licenses. Hardware, middleware, database licenses, and implementation fees cause significant expenditures.
- **On-premise ERP systems hinder the finance function.** The Aberdeen Group reports that two thirds of organizations are running old versions of financials, due to the daunting and expensive task of upgrading on-premise systems. In most cases, companies are four to five versions behind. Many organizations are using on-premise solutions designed for business requirements of a decade ago.

Typical IT Budget Allocation

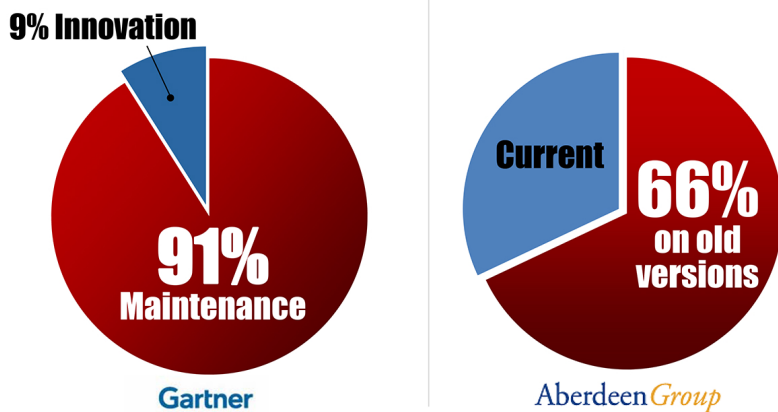


Figure 2
Why On-premise Solutions Hold Businesses Back

Source: ERP in SME, Aug 2010

“Organizations are still using on-premise solutions designed to meet business requirements from a decade ago. We’re no longer in 1993. How can you manage your business with tools you picked before the internet was even invented.”

– Vishrut Parikh

“One of the biggest benefits of NetSuite is the ability to get up-to-date, accurate information wherever employees are. They can access reports and enter service delivery notes from anywhere—from a laptop at a coffee shop or back at home base.”

– Kevin Harding

- **High maintenance costs means innovation falls by the wayside.** According to Gartner, 91% of budgets allocated to on-premise systems are spent on maintenance and administration; only 9% are spent on innovation.

To learn more: download the whitepaper [How TCO Benefits Make Cloud Computing a No-Brainer for Many SMBs and Mid-Market Enterprises.](#)

Traditional ERP systems are part of a fragmented, complex IT infrastructure that delivers disruption rather than efficiency.

Traditional ERP systems like Great Plains are just one part of an organization’s business system. Companies usually deploy other systems to automate support, sales, warehousing, e-commerce, professional services, and other functions. With different processes running on many different systems, it is difficult or impossible to:

- Obtain a clear picture of bookings, billings, and backlogs
- Decrease spreadsheet-based accounting
- Scale up to support growth
- Provide visibility to everyone in the organization
- Reconcile different versions of data
- Integrate front- and back-office processes

Although business processes are automated with the best of intentions, separate applications for each silo in the organization create disruption. Multiple point solutions create a “legacy applications hairball” that is burdened with manual tasks and bottlenecks. Over time this infrastructure translates into more money, more resources, and more integrations.

Cloud platforms like NetSuite simplify business processes and IT.

There are many compelling reasons why companies move from older on-premise applications like Great Plains to modern cloud-based solutions, such as NetSuite. These include:

1. **Reduced IT infrastructure investment and lower total cost of ownership.** Compared to on-premise systems, cloud-based ERP costs are much lower. Organizations simply access cloud systems via an Internet connection. The cloud provider hosts and maintains the IT infrastructure, ensures that the system is always up and running, maintains system security, and rolls out product enhancements seamlessly without breaking customer customizations. Cloud ERP systems also offer a predictable pay-as-you-go subscription model that makes cash flow planning much easier.
2. **Increased business agility.** Cloud solutions take maintenance and upgrade concerns off the table. Companies can focus on their core competencies and on running the business.

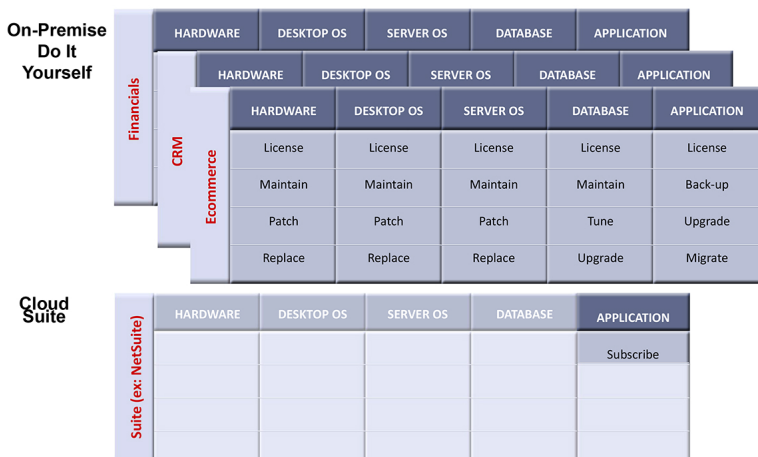


Figure 3
Cloud Suites Simplify Business Processes and IT.

“After investing in technology, organizations should be able to run the business more efficiently and gain the insights needed to make decisions. With on-premise systems, the result is just the opposite.”

– Anand Misra

“With NetSuite, we have access to our data in real time, which we never had before. We can look at how much time we’re spending on particular programs and quickly see where we are over and under spent.”

– John David Felt

3. **Reduced spreadsheet-based accounting.** When organizations have multiple on-premise systems, separate islands of data result. To bridge the gaps, employees often use “spreadsheet-based accounting.” An integrated, cloud-based suite eliminates the need for this type of workaround.
4. **Integration of front- and back-office processes results in reconciliation of data across the organization.** When business data is spread across different systems, the organization lacks real-time visibility into the key metrics needed to optimize business operations. This problem can be solved with a cloud platform.
5. **Better real-time financial and operational visibility, including multi-subsidiary management.** Consolidating multi-subsidiary and multi-national financials with Great Plains is time-consuming and expensive. Organizations must either conduct the exercise across a multitude of spreadsheets or invest in separate Great Plains accounts for every subsidiary and international division and in additional external reporting tools.

In contrast, a modern cloud-based management system like NetSuite helps a company unify their business processes, departments, and divisions. Every application uses the same data repository, so all users have access to the same information. Additional NetSuite benefits include:

- **A true cloud solution.** Many software vendors run old, on-premise software in a data center and call it cloud based. In contrast, NetSuite was built from the ground up as a multi-tenant, true cloud solution.
- **Self-service and mobility.** The workforce today is much different from 10 years ago. NetSuite provides real-time access to information anywhere and anytime, including access to data and dashboards in a self-service way from mobile devices.
- **Global deployment.** NetSuite enables global organizations to manage multiple subsidiaries, business units, and legal entities. It seamlessly handles different currencies, taxation rules, and reporting requirements from a single platform.
- **Easy, predictable upgrades and lower cost of ownership.** With NetSuite, organizations are no longer version locked. Since NetSuite hosts its own applications, upgrades are managed seamlessly without breaking customers’ customizations and third-party integrations. Organizations no longer have to worry about maintenance of their IT infrastructure.

Case Studies

Two not-for-profit organizations, Imagine! and the Advocacy Center of Louisiana, described challenges they faced, their process and decision in selecting NetSuite to assist them, and how NetSuite has helped improve their effectiveness and efficiency. These case studies are on the following pages.

Conclusion

With traditional on-premise ERP systems, organizations face significant challenges due to the fragmented and complicated IT infrastructure. Rather than focusing on the strategic needs of the business, IT teams get bogged down with integrations, maintenance, and upgrades.

Organizations that want to be more nimble in the face of market changes, and that want to grow and expand, need a more modernized IT infrastructure. Cloud-based ERP systems like NetSuite are the answer. These robust, reliable, cost-effective solutions help enable and accelerate the growth of businesses.

“We can get accurate financial information very quickly to our board of directors and funding sources through NetSuite. Those sorts of things were surprise benefits that we weren’t expecting when we moved to the cloud.”

– John David Felt

“Not having the IT infrastructure on our side has been great. Now that we implemented NetSuite, I’m decommissioning servers, rather than adding them.”

– Kevin Harding

CASE STUDY: Imagine!**Imagine!**

Imagine! is a Colorado-based not-for-profit that supports people with intellectual and developmental disabilities. Each year, Imagine!'s 528 employees and 180 service providers serve almost 3,000 people and their families.

Imagine! began using NetSuite's CRM system in 2002 in parallel with Great Plains financials. But Imagine! encountered several problems with this approach:

- **No real-time reporting.** Imagine! used third-party reporting software for monthly financial and budgetary rollups for supervisors. Since the data was 45 to 60 days out of date, decision makers never knew where they stood with budgets.
- **Unreliable HR information.** Managers weren't able to get dependable HR information out of Great Plains.
- **Lack of mobile access.** Field employees made notes in Excel and Word, rather than entering information directly into a centralized system via mobile devices.
- **Cost of Great Plains customizations.** As a healthcare provider, Imagine! had heavily customized Great Plains at significant cost.
- **Time-consuming manual processes.** Imagine! staff had to re-enter several hundred invoices in Great Plains that were generated in a different system.

Imagine! recognized that cloud computing was becoming the standard for modern information systems, so they decided to unify the financial, social work, and CRM systems on the NetSuite platform. Kevin Harding made the following observations about Imagine!'s experience with NetSuite:

- **NetSuite was a cost-effective solution.** As a not-for-profit, Imagine! is very cost conscious. The organization has 7% overhead, so 93 cents of every dollar goes back to the community. NetSuite was attractive because the SaaS model eliminated the need to maintain servers in-house. As a result, Harding was able to shift the focus of IT activities to decommissioning servers, rather than buying new ones. In addition, Imagine! has been able to do 99% of their customizations in-house.
- **NetSuite had a strong reputation.** Imagine! liked NetSuite's philosophy of expandability and customizability. The company's reputation was a clear selling point.
- **Timeframes for all key processes have been shortened.** Month end closes faster and supervisors can get real-time information at any time.
- **Information is now accessible in real time anywhere.** For Imagine!, one of NetSuite's greatest benefits is the ability to view up-to-date, accurate information anywhere. No matter where employees are, they can access the reports they need, as well as input information. With Great Plains, Imagine!'s staff had to wait for the business office to close the books and then send reports out. Now supervisors can run reports themselves anytime and from anywhere.
- **Upgrades are painless.** Previously, upgrading Microsoft Dynamics took the Imagine! team all weekend. That has changed dramatically with NetSuite. Imagine! simply does preliminary sandbox testing when a NetSuite upgrade comes out. The past few upgrades have been problem free.

Harding offered advice to other organizations considering adopting NetSuite:

- **Start with financials and take it department by department.** Although Imagine! started with NetSuite CRM first, if Harding had to do it over, he would begin with financials. It's a good idea to implement one group at a time and to start with the business department.
- **Focus on low-hanging fruit first.** Get employees and vendors into the system first. It's easier to build out and expand from there.
- **Customize the NetSuite experience by role.** Setting up role-based dashboards makes it much easier for people to navigate the system.
- **Leverage NetSuite's training.** Many types of training are available, ranging from webinars to downloadable videos and in-person classes.

“Great Plains wasn't going to give us the service tracking we needed. NetSuite looked like the best way to go, and has been [the best]. The suite brings everything together, so we have complete service delivery, billing, payment, and reporting streamlined into one system.”

– Kevin Harding



CASE STUDY: Advocacy Center of Louisiana

Advocacy Center of Louisiana is a not-for-profit law firm that provides legal services to the elderly and people with disabilities in Louisiana. The statewide organization has offices in New Orleans, Baton Rouge, Shreveport, and Lafayette. Advocacy Center of Louisiana has a staff of 100 employees which includes 12 lawyers and a two-person IT team.

In 2005, Hurricane Katrina wiped out the organization's IT infrastructure. John David Felt realized from a business continuity perspective that cloud would be a better alternative to on-premise software. In addition to disaster recovery considerations, Advocacy Center had two other concerns related to its on-premise systems:

- **Upgrades were a challenge.** The organization was locked into a very old version of Microsoft Dynamics that would have been expensive and technically difficult to upgrade.
- **Siloed applications and processes were inefficient.** Time and expense procedures were done on Excel spreadsheets and then entered into Great Plains. This was time consuming and inefficient.

After moving email to the cloud, Advocacy Center looked at migrating away from its Great Plains ERP system. In addition to NetSuite, the team evaluated several different cloud vendors. Other offerings were seen as immature. Felt commented, "NetSuite was clearly a more robust solution and had been doing cloud-based ERP systems longer than anyone else."

Since moving to NetSuite ERP, Advocacy Center has recognized numerous benefits including:

- **Access to accurate, real-time information.** The team can easily look at spending for particular programs and see if they are over or under budget. Before NetSuite, employees had to wait for reports to be published, which were always outdated. In addition, it is now easy to quickly supply accurate financial information to the board and funders.
- **Employees create their own reports and dashboards.** The financial team, executives, and fundraising professionals all write their own reports and create their own dashboards in NetSuite. This is beneficial because employees know best what information they need to track and IT now has more time for more strategic activities.
- **The NetSuite platform enables the organization to streamline and automate more tasks.** Advocacy Center implemented NetSuite's fundraising package. Now there is an employee tracking potential funding sources and donors. Also, with NetSuite's e-commerce functionality, people can donate online through Advocacy Center's website.

Felt offered the following advice to organizations contemplating NetSuite:

1. **Consider the risks with on-premise systems.** Most organizations don't have the resources to adequately monitor, maintain, and upgrade on-premise systems. With NetSuite, however, NetSuite's whole team is focused on and dedicated to looking after the ERP infrastructure. Cloud-based solutions are much more secure than having financial information in an unsecured building, especially during a disaster.
2. **Take advantage of NetSuite's implementation team.** Advocacy Center felt that NetSuite's project management process contributed to the success of the implementation. The organization saw considerable value in the process, as well as the wisdom that NetSuite has gathered from other clients.

"With NetSuite, you have their entire staff looking after your ERP. If you can do it better yourself in-house, you are in a rarified place. Before Hurricane Katrina, we had nothing in the cloud. Now everything is there. NetSuite has been rock solid in terms of security and availability."

– John David Felt

About NetSuite

Founded in 1998, NetSuite Inc. (NYSE: N) is the leading provider of cloud computing business management software suites for growing and mid-size businesses. Thousands of customers globally use NetSuite to manage all key business operations—including ERP and finance, inventory, order fulfillment, customer relationship management, e-commerce and product assembly—in a single web-based system.