



NetSuite SuiteWorld 2015 – Rapid change and growth, the expansion of business solutions and an openness to strategic partnerships, position the industry leader in professional services for high growth and continued service industry success

AT NETSUITE, CHANGE IS HERE AND CHANGE IS CONSTANT

NetSuite CEO Zach Nelson's keynote emphasized that not only is the technology landscape changing rapidly, but so is business. Whether the 7,500-plus conference attendees agreed with him or not, it is apparent to SPI that the technology world, which impacts all aspects of business, is changing at a pace faster than we have ever seen before.

Part of the NetSuite leadership discussion focused on how application design now begins with mobile, and then migrates to laptops and desktop PCs. This philosophy is good for the professional services market, where employees continually travel and rarely work out of one single location. In PS, mobile is king.

Zach and the other NetSuite leaders also discussed how commerce is changing. Most organizations, regardless of their primary focus, will ultimately sell both products and services. In fact, the delineation between products and services is blurring. Product companies need services to help deploy and manage change, leading to product adoption. Likewise, many service companies need products to help differentiate their service offerings and to improve operational performance. The worlds of products and services are converging, putting NetSuite's Service Resource Planning (SRP) in an advantaged position to bridge this confluence.

No one at the conference really needed to discuss the importance of the cloud going forward – that point was driven home long ago. But what is

changing is complete front office and back office integration with business solutions enabling all employees to gain visibility and understanding of the impact of the work they do. Actionable insight and metrics drive business performance.

NetSuite also announced plans for a new data center in Europe, highlighting its global expansion and enabling organizations around the world greater and faster access to their information. This expansion will make NetSuite more appealing to organizations in countries where data security and finances are closely regulated.

ERP-E-COMMERCE RULES

A majority of the conference focused on NetSuite's new retail ecommerce capabilities. There was an undercurrent of how traditional ERP now extends all the way to the customer. SPI's interest in this evolution is that now, more than ever, professional services organizations will have a more collaborative framework from which to work with clients and partners alike, regardless of location.

PARTNERSHIPS RULE

SPI Research felt the major announcement in this conference was NetSuite's new partnership with Microsoft. This partnership cannot be understated as for years in the information technology sector there have been strong walls built between different providers, much to the chagrin of the user community. NetSuite's partnership with Microsoft will extend Office 365 integration with NetSuite solutions.

In the Professional Services sector, organizations use Microsoft Outlook, Word, Excel, Project and PowerPoint every day. Office 365, built on the Azure cloud platform, is the de facto standard for personal productivity in knowledge-based businesses.

NetSuite's partnership with Microsoft will provide the consulting workforce with a platform that enables them to run the business and improve personal productivity all within tightly integrated solutions. The integration will be rolled out over the next several months. NetSuite also announced the integration of NetSuite's cloud solution with Azure

Active Directory, which enables single sign-on and eliminates the need for multiple passwords.

Another interesting partnership for the PS market is that of NetSuite with American Express Global Business Travel. This partnership and integration will enable mobile employees to book and account for travel and other related business expenses within NetSuite, reducing administrative time by up to an hour a week.

OMNI-CHANNEL

A main focus of the conference was the rapid change of information systems and enterprise business models. Goods and services are sold through multiple channels, but the goal is to provide an omni-channel experience, which enables different devices and applications to interoperate seamlessly. The fact is that businesses must continue to become more agile, and take a more global view of their customers, clients and competitors. NetSuite's goal is to provide the technology that enables greater communication, collaboration and commerce between all.

NETSUITE'S PHILOSOPHY

NetSuite's development philosophy is that business intelligence (BI) is at the center of all business solutions. While every enterprise software vendor has their own perspective from which to develop solutions, it appears NetSuite focuses on business intelligence, or putting the necessary information into the hands of key decision-makers. It is an interesting philosophy and approach to solution development, but does make sense in the fact that all departments within the organization (services,

human resources, manufacturing, finance and operations, sales and marketing, etc.) collect valuable information, which helps them run their respective departments. But the true benefit of an integrated enterprise is that the information can be used seamlessly to analyze all

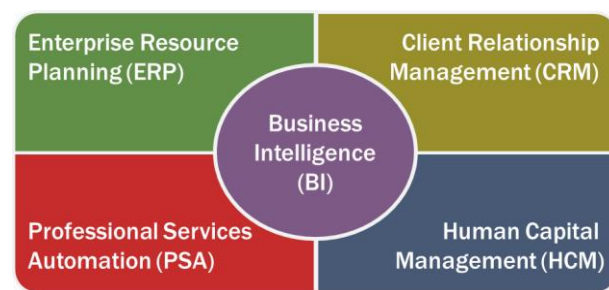
aspects of the organization to make real-time decisions, both strategic and tactical.

NetSuite is the champion of the two-tier architecture, in which large organizations that utilize legacy solutions can deploy NetSuite for subsidiaries and departmental solutions. This strategy enables PSOs in divisions or practice areas to be more flexible and nimble without the need of an expensive IT staff.

PS INDUSTRY UPDATES

SuiteWorld 2015 was not focused on the professional services market, but there were still many updates and upgrades worthy of discussion. Microsoft Office 365 integration will be a boon for PSOs, which heavily depend on Outlook and office to make their workers more productive.

Figure 1: BI at the core of NetSuite business apps



Source: Service Performance Insight, May 2015

NETSUITE SERVICE RESOURCE PLANNING (SRP)

NetSuite SRP continues its upward trajectory in the professional services market with over 100 new clients. Every day it seems the vendor closes deals with larger and larger PSOs.

NetSuite SRP has moved beyond the core PS market

(embedded PS within product companies, IT and management consultancies, etc.) with new customers in other talent-based markets such as Advertising, Marketing and Public Relations. More high tech firms have moved to SRP due to the complexities of changing revenue recognition regulations. Many of the SRP companies are

preparing for an Initial Public Offering (IPO), and require more sophisticated accounting. Many have revenue coming from both products and services, and are expanding operations overseas rapidly. Change continues for these organizations at an accelerated rate.

NetSuite SRP has expanded its capabilities in the areas of:

- △ Extended revenue recognition
- △ Enhanced billing
- △ Enhanced workflow
- △ Improved reporting
- △ Project-centric dashboard

NetSuite SRP also continues to add NetSuite Open Air functionality, but built from the ground up on the powerful NetSuite ERP platform. Investment

continues in both OpenAir and SRP but with different development organizations.

NETSUITE OPENAIR

NetSuite made no major announcements to its OpenAir Professional Services Automation (PSA) solution, but did disclose a number of new features and partnerships that will continue to keep OpenAir

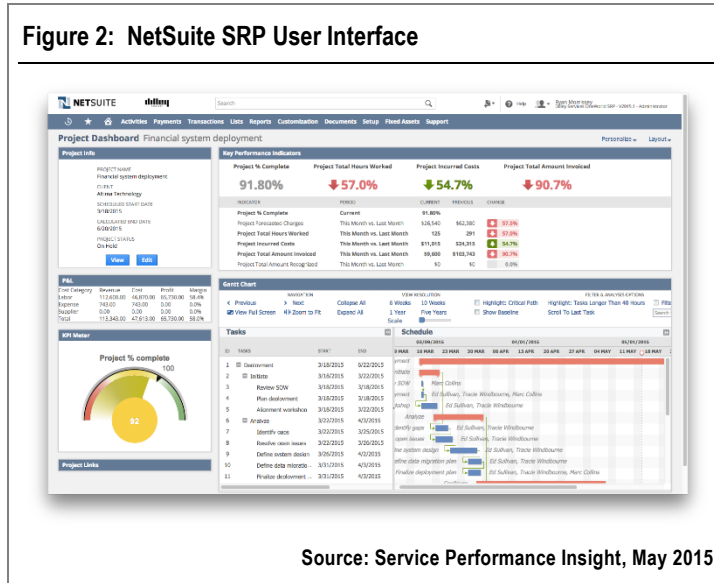
as the leading PSA solution. Some of these additions include:

- △ Project budgeting additions to enable PSOs to include greater detail around labor, and other expenses associated with projects.
- △ Resource management with a quick view for planning.
- △ Interactive calendar planning, with color coding to better

understand details of specific projects. This functionality will be enhanced once the integration with Office 365 is complete.

- △ Enhanced Gantt charts, offering drag-and-drop as well as right clicks to add more information about specific tasks
- △ The new partnership with American Express Global Business Travel should enhance expense management, allowing organizations to capture project related costs more easily and accurately.

Figure 2: NetSuite SRP User Interface



Source: Service Performance Insight, May 2015

HCM COMES TO NETSUITE

Over the past year NetSuite has “rounded out” its professional services solution portfolio with the purchase of TribeHR Human Capital Management (HCM). TribeHR was built for high-growth organizations. As HCM has become

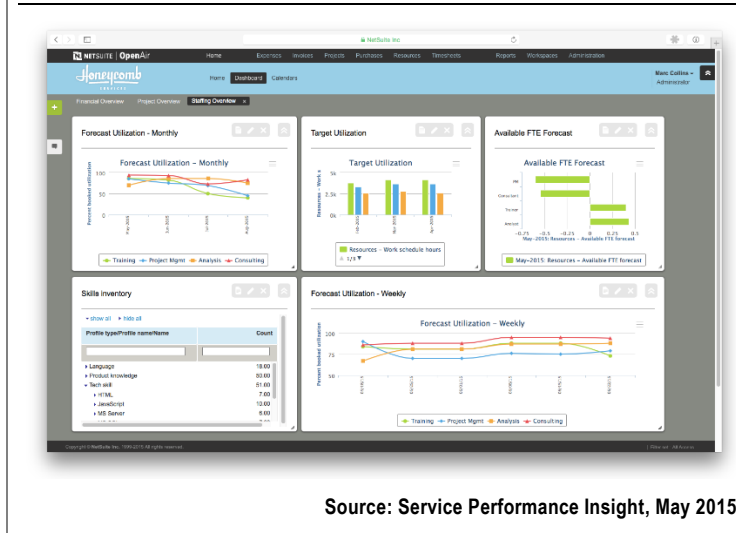
increasingly important in the professional services market, TribeHR offers HCM with a social interface, fostering greater collaboration. The functionality of TribeHR is being rewritten on the NetSuite platform, making it native to SRP, which will continue with the company’s philosophy on consistency in the look and feel of SRP.

Along with the purchase of TribeHR, over the last year NetSuite also announced partnerships to further its HCM capabilities. Those include:

- △ **Ultimate Software:** A leading provider of human resources, payroll, benefits, time and attendance, recruitment, and talent management applications.
- △ **Talentwise:** An integrated add-on to TribeHR for recruiting.

Human capital management has become increasingly important in the professional services market and SPI research expects NetSuite to further its development and partnerships over the next year in this critical area.

Figure 3: NetSuite OpenAir User Interface



Source: Service Performance Insight, May 2015

CONCLUSIONS

NetSuite drives to help small companies *act bigger*, with the business solutions typically found in larger enterprises, at a lower total cost of ownership. It also helps large companies *act smaller*, with nimble and flexible solutions that can rapidly adjust to changing market dynamics.

NetSuite continues to be the solution of choice for fast growing, highly dynamic organizations in a variety of industries, especially professional services. NetSuite brought ERP to the cloud, and has no desire to relinquish its leadership position in both integrated suites and best-of-breed PSA functionality. Obviously, there are many great competitors in the market, and therefore the company must continue to invest in research and development as well as partnerships, to ensure continued acceptance as both a professional services enterprise solution for small and midsize organizations, as well as a divisional solution for large enterprises.

Service Performance Insight (SPI Research) is a global research, consulting and training organization dedicated to helping professional service organizations (PSOs) make quantum improvements in productivity and profit. In 2007, SPI developed the PS Maturity Model™ as a strategic planning and management framework. It is now the industry-leading performance improvement tool used by over 10,000 service and project-oriented organizations to chart their course to service excellence.

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