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THE

EVOLUTION OF

A BUSINESS

SYSTEM HAIRBALL

AND HOW TO AVOID IT

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Read Time: 6 minutes

THE EVOLUTION OF A BUSINESS SYSTEM HAIRBALL

And How to Avoid It

As businesses grow and evolve, they add software and systems to manage departments, automate processes and provide insights into operations. It's an iterative process that evolves on a timeline dependent on growth, industry competition and other factors.

It's rarely, however, done holistically, with long range goals in mind. Occasionally, there might be one system that can handle a number of functions or some software packages might come with pre-built integrations for certain industries. However, the end result is frequently

a "hairball" of disparate systems, loosely connected with brittle integrations that demand attention with every upgrade or tweak.

The emergence of cloud-based applications and Software-as-a-Service hasn't eliminated the hairball, it's just moved it to the cloud. In fact, the cloud's low upfront costs that facilitate departmental purchases without oversight from IT or costly hardware investments sometimes makes it worse.

It doesn't have to be that way.

How did I get in this mess in the first place?

Most small businesses start with an idea. Sure, many want to become the next giant enterprise, but the immediate needs are to focus on developing the idea of the business before getting into the harsh realities of actually starting one.

Eventually, they get to the point where they need to make the real investments in starting the business. We all know the phrase “cash is king”, and for most businesses buying a financials application to manage their money is usually the first business software investment they make. So, they buy **QuickBooks** or whatever the flavor of the month is for small businesses/start-ups. Then things begin to get complicated.

A business can't survive without sales, but sales people are infamous for their reluctance to input data and submit forms. They just want to sell, sell, sell and have someone else track their activity and enter orders. But at some point, the business needs to try and get them under control, so it invests in a CRM system. Management jumps online, googles CRM and they end up with **Salesforce/SugarCRM** or something similar.

For manufacturers, distributors and retailers, there's another complication. Having the right product on hand, in the right location, at the right time is critical—so they wind up investing in an inventory management solution

like **FishBowl or MiSys**, etc. The inventory management system is then integrated to the financials system but it's not “embedded”, so every so often staff has to re-sync or bring in a QuickBooks consultant to help figure out what went wrong.

Once things really start to take off, management needs the sales team to provide monthly forecasts to predict how much inventory the company needs to meet demand. They quickly realize that all forecasts are wrong by nature, so they invest in an **S&Op/planning** solution to analyze historical sales, look for trends, apply multiple algorithms concurrently and come up with a better guess than the sales team can provide.

Ultimately, the company starts to get overwhelmed with after-sales support calls and return requests from customers. Since QuickBooks doesn't have an embedded **customer support system**, the business turns to another plug-in to handle the requests as well as keep customers informed about the process and the status of their request.

This leads to an evaluation of the quality management procedures which management is shocked to learn is being managed in Excel. This creates the demand for a standalone **quality management system** that will define tests, acceptable parameters and inspection profiles, and will automatically tell the company when to inspect items, what tests to

perform and will help the disposition of non-conforming inventory. The new QMS needs to talk to both the inventory management system and QuickBooks, so another consultant creates another **integration**.

Then, a key employee suggests the company manage warranties the way he did at a previous company. Because they are an expert in **Microsoft Access**, this one will at least be a minimal investment.

As the sales team steadily grows, the previous, manual approach to calculating commissions by the finance team is no longer tenable. Key reps are asking for formal plans and statements so they can make sure they are getting paid for everything they sell so you invest in a cloud-based **commission tracking system**. Sure, you need to do manual CSV dumps and uploads but it's better than nothing.

The next step in the growth of your business requires the ability to sell online. At the same time, marketing wants to run promotions both online and during events, so the company bites the bullet and invests in both an **ecommerce package** and a separate **marketing automation** package. Unfortunately, there isn't a native integration between the systems you've selected so you need to add another **third party connector**.

As the company grows, unfamiliar faces are walking the halls and finding, hiring, onboarding and training new employees becomes even more daunting for staff, so the company buys a **human resources** system.

The shipping/receiving department can't keep up with the volumes. They used to manually enter transactions in the inventory management system, but they are making more and more mistakes—shipping the wrong items and quantities on orders, etc.—so the business invests in a **warehouse management system**. That then needs to integrate with the inventory management system and QuickBooks.

As the business seeks to make its products more personalized for the end customer, the design team works to make the product more modular. They come up with some really cool concepts, but the order entry team is struggling with all the combinations—so the business invests in a **product configurator** to ease the pain.

With so many internal teams working on projects, nobody has time to do anything else. The company hires a project manager to try and keep everything on track and remove some of the admin from other employees. They recommend buying a copy of **Microsoft Project**.

The IT guy complains that he's struggling managing 30+ integrations and suggests a centralized **data integration system** like Dell Boomi/Jitterbit to make it easier to manage. The company gets one.

And there you have it, a good old-fashioned business system hairball: zero to 20+ systems in just a few years! And that's just the start. There's more:

- The IT group is maintaining multiple server and client configurations.
- Marketing prefers Apple products over Windows.
- There's a constant flow of consultants tweaking products.
- Integrations keep breaking and have become so complex that they take days or weeks to fix.

This isn't an on-premise vs. cloud discussion—even clouds have hairballs, and sometimes they can even grow faster than on-premise ones simply because there's no hardware to deploy and maintain.

Time for a change

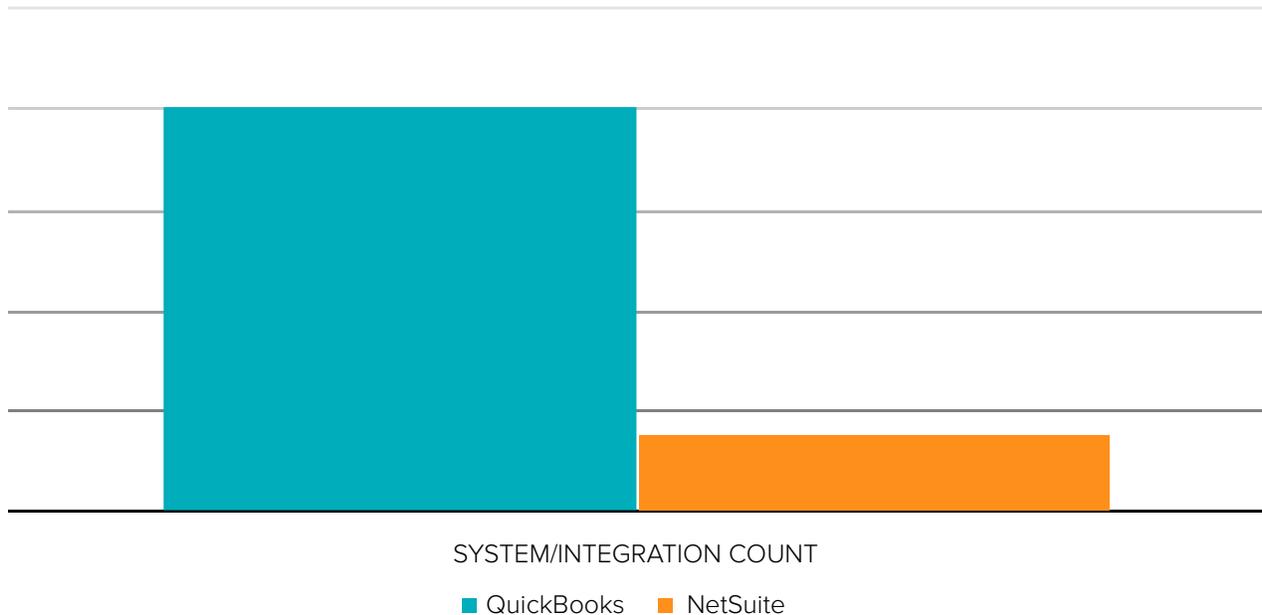
NetSuite was in its infancy when Bill Gates published the following in his 1999 book, *Business @ the Speed of Thought: Using a Digital Nervous System*:

To function in the digital age, we have developed a new digital infrastructure. It's like the human nervous system. Companies need to have that same kind of nervous system—the ability to run smoothly and efficiently, to respond quickly to emergencies and opportunities, to quickly get valuable information to the people in the company who need it, the ability to quickly make decisions and interact with customers.

So how do you know when it's time to switch to a more comprehensive ERP application? There are a few sure signs:

- Things are getting harder to keep track of.
 - Inventory, expenses, orders, RMA, contracts, projects, WIP, etc.
- There is no reporting, it takes a long time or is unreliable.
 - Financials, sales, inventory aren't really "connected", and you spend more time trying to fix inconsistencies than studying and learning from the data
- It takes multiple conversations to get to the 'truth'.
 - When things go wrong, you have limited understanding of what actually happened, why it happened and who was involved?

System/Integration Count



In contrast, let's see what happens if you were to start with NetSuite—an application designed to run your **entire** business, not just financials, as your business system.

Companies that choose a financials focused system such as QuickBooks often end up with 5X the number of systems and integrations than those who choose NetSuite.

We recognize that no system can do everything for everyone. However, we do believe that NetSuite can and should do more

than just balance your books – right from day one, the system was built on three pillars: financials, CRM and ecommerce.

NetSuite was built to run your entire business, regardless of what that business might be or where it's located. Are you sure that your current business system has the same focus?

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