READINESS GUIDE FOR SALESFORCE AND NETSUITE INTEGRATION

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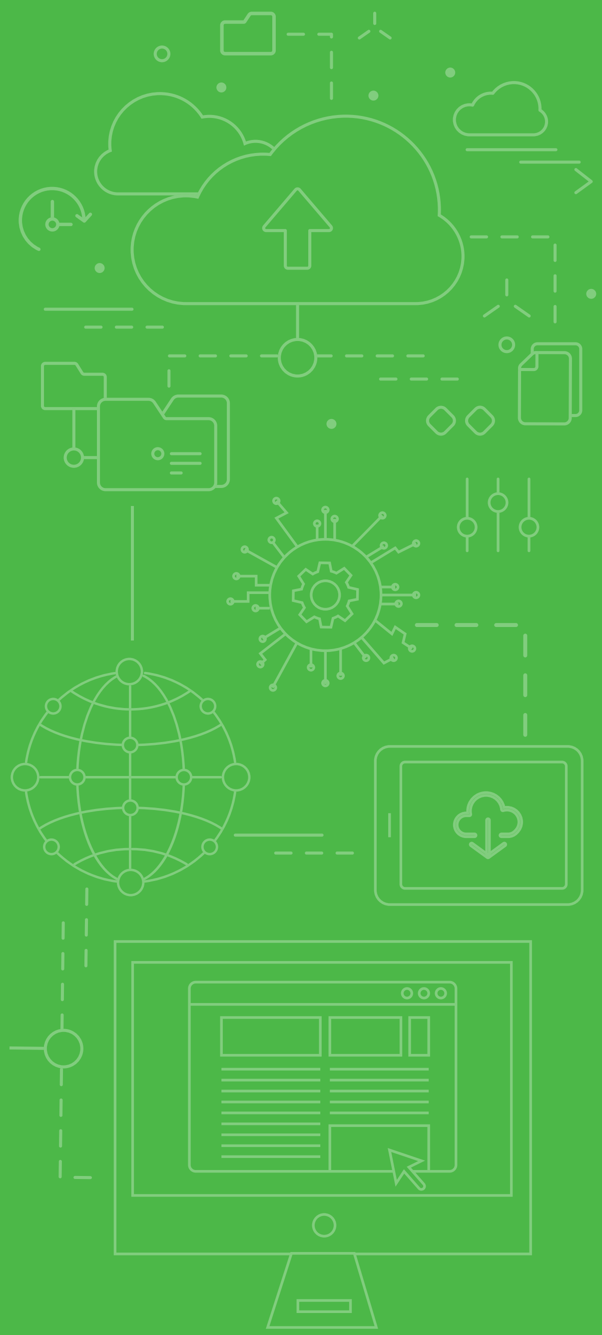


When selecting and implementing key applications for your front- and back-office solutions, understanding and following best practices will help your organization minimize disruption, gain short-term wins and create a foundation for future growth. In this guide, we cover the benefits of integrating customer relationship management (CRM) and enterprise resource planning (ERP) systems. We highlight readiness indicators for implementation, and steps you can take to create overall success in your sales, operations and finance functions.

❶ A BRIEF INTRODUCTION

CRM and ERP are well-established software segments that are critical in supporting fast growth, particularly for small to midsize businesses looking to expand into the middle market or beyond. CRM software focuses on managing relationships and interactions with prospects, customers and sales partners, and encompasses marketing, sales and customer service. ERP software automates and manages all core business processes, including operations, accounting and resource management.

Together, these technologies support the bulk of a company's front- and back-office processes and are key to a larger overall process often referred to as quote to cash (QTC), lead to cash, or lead to revenue recognition. For simplicity, this guide refers to QTC and focuses on the role of CRM-ERP solutions in that process.

Lead management	Opportunity management	Customer management	Operations management	Performance management	Financial reporting

Critical functions

Sales and sales operations				Customer success		Professional services		Finance and accounting			
Customer acquisition (net new, cross-sells)	Channel partner management (if applicable)	Pipeline management /bookings to backlog	Deal management (new and renewals)	Renewals and strategic account management	Entitlements and install base management	Service delivery	Resource and utilization management	Revenue and billing credits/ AR cash collection	FP&A and management reporting	Accounting and financial reporting (GL/ME)	Significant event management

CRM solutions like Salesforce include a breadth of applications, such as marketing automation (Marketing Cloud), sales automation (Sales Cloud), partner relationship management (PRM), customer service (Service Cloud) and quoting (Salesforce CPQ). ERP solutions like NetSuite offer many capabilities, including some CRM functions, order management, billing and revenue recognition.

While a CRM-ERP integration can yield quick and valuable gains, its overall value can increase significantly when aligned to a larger QTC vision and road map.

Point integration or QTC vision?

A point integration, such as integrating CRM and ERP, can deliver short-term value quickly. However, optimizing the overall QTC process provides incredible efficiency and scalability benefits, including:

- **Faster deal closing.** Automation streamlines the sales process, from lead to opportunity to quote to e-signature. In addition, integration of data with back-office processes provides information critical for the sales process, such as inventory levels, delivery times, customer payment status, pricing and product details.
- **Faster payment.** When quote information clearly matches the sales order and the invoice, the customer is less likely to have questions that can delay payment. Offering customers their preferred payment options also eases the payment process. And automating payment reminders and late-payment notifications can significantly decrease accounts receivable aging.

❶ A BRIEF INTRODUCTION

- **Better customer service.** Architecting for a single source of truth (SSOT) has many downstream benefits. As a simple example, a customer who wants their invoices to be sent to a new address may interact with a sales representative, customer service agent, field technician, or billing and finance employee to change the address, each potentially using a different system. A well-designed SSOT architecture can enable these systems to interact seamlessly without overwriting each other's information. In the long term, this foundation may enable customers to manage that information through a self-service portal, reducing confusion and increasing customer satisfaction.
- **Greater internal efficiency.** The front and back offices need to be coordinated and automated for scale. For example, when a customer initiates a subscription change, it can affect their account entitlements and invoices, as well as revenue recognition. Subscription changes can be extremely complex, often involving term length, cancellation, add-ons, edition upgrades, volume discounting, or revisions to terms and conditions. Automating the quoting and execution of changes for the most common situations can significantly increase sales productivity.
- **Improved decision making.** Establishing an SSOT for customer data is critical for optimal decision making. For example, access to payment history enables an understanding of credit risk when a customer asks for a discount. Understanding a customer's assets, entitlements, usage patterns, service tickets and more can provide valuable early indicators of churn potential.
- **More revenue.** Establishing and scaling sales channels creates more revenue opportunities. For example, automating the subscription renewal process can ensure customers receive timely reminders, increasing conversion rates and reducing revenue leakage. Automating deal registration can ensure sales partners receive timely and critical information and lead to greater revenue from partner deals.

Benefits of Salesforce-NetSuite integration

- Faster quote to close
- Faster payment
- Increased efficiency
- Decreased human error
- Better customer support resolution
- Better visibility and data analytics

Challenges to change

Assessing and optimizing your QTC process is critical for future growth. A company will have a hard time capturing market share when its sales, customer service, back-office operations and finance teams are not working together harmoniously. Technology investment is often key in improving the QTC process. Questions to consider before making that investment include:

- What is our current state from an objective standpoint?
- Given the pace of change in technology, how far ahead should we envision and plan?
- How do we promote future growth while addressing today's challenges?
- What technology decisions and investments do we need to make, and when?

❶ A BRIEF INTRODUCTION

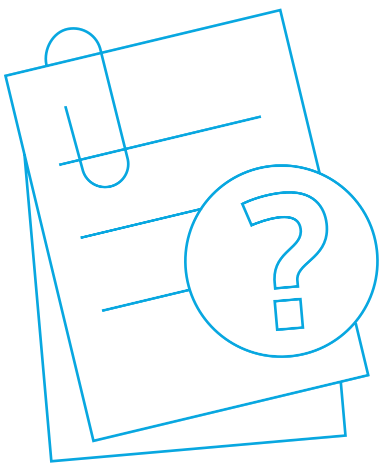
Overcoming perceived barriers to technology investment can mean the difference between enabling massive growth and hampering the company and customer experience. Barriers include:

- **Time.** Fast-growing companies have a window in which to capture market share, and the time it takes to implement technology solutions is a critical factor. Getting the technology right the first time means scalable execution can begin faster. Getting it wrong can mean rework, inefficiency and erosion of customer trust.
- **Cost.** While the benefits of technology improvements often far outweigh the cost, the return on investment occurs over time. Upfront costs are a risk. A solid plan can establish a road map that aligns with long-term goals, and a phased implementation approach creates incremental improvements with fewer upfront costs.
- **Lack of expertise.** A company needs to be an expert in the market it serves, but not necessarily in the front- and back-end processes and technology that support it. Sales, service, operations and finance expertise can be critical in assessing an organization's current state and designing a best practice road map. Having the right experience helps establish a good path forward that provides strategic and tactical benefits. Similarly, the implementation and maintenance team should be evaluated for experience, expertise and availability.

Are you ready?

Salesforce and NetSuite, respective leaders in CRM and ERP, are often implemented early in a company's growth. These technologies scale well as a company enters, and grows beyond, the middle market. The right technology vision is certainly critical to a successful IT infrastructure—however, what is most important is alignment with the business needs.

Any process or technology change requires commitment and the right conditions for success. Start by assessing your current state and take stock of your people, process and technology. Below are some factors to consider when deciding whether to invest in CRM-ERP integration, with larger implications for the entire QTC process.



❷ COMMON INDICATORS FOR CRM–ERP INTEGRATION

Almost every organization has some form of CRM and ERP. A company may start out using Excel spreadsheets but quickly move to QuickBooks, HubSpot or Zendesk to centralize and scale process and data. Most companies, as they move from startup mode to greater size and complexity, will consider migrating to Salesforce, Microsoft, NetSuite, Sage Intacct and similar solutions. As companies grow, so does their need to harmonize processes and systems. Here are common indicators of a need for change:

'Swivel chairing'

The manual process of logging into several systems to access the information needed to accomplish a task is often called swivel chairing. Some examples include:

- Sales support logging into an ERP system for inventory availability information and pricing and then logging into a CRM (or CPQ) solution to generate a quote
- Sales operations closing a deal in CRM, rekeying the information to create the order, and then rekeying similar information plus usage data to create the invoice
- A technical support agent or account manager logging into CRM to see the latest relationship activity and then logging into ERP to check shipping information
- An accounts receivable representative logging into ERP and CRM to change a customer's address

Swivel chairing is inefficient—first, it increases license costs, and second, it creates the potential for human error due to manual interpretation and rekeying of information.

Top indicators for change

- "Swivel chairing," or use of multiple disconnected applications
- Lack of visibility and transparency due to siloed systems and data
- Lack of speed and responsiveness due to manual operations and inconsistent data access
- Inability to support complex business needs with outdated IT infrastructure

Lack of visibility and transparency

Critical information about a customer, such as entitlements, usage data, support tickets, escalations and payment history, are often located in different siloed systems and may be inaccessible to the workers who need it.

Thus, a request for an accounts receivable balance may require a manual communication. And answering a question like "Which customers have a potential for churn so that our account management team can provide hand-holding during their renewals?" may require collating key information from multiple systems. Has a customer been calling for support often? What kind of escalations have they had? Does usage data show poor adoption? Have they been slow to pay? Retaining an existing customer is multiple times less costly than acquiring a new customer, so changing this process from reactive to proactive can create significant retention and revenue gains.

If your company stores data in multiple locations and/or viewing it requires the use of spreadsheets, improvements are needed to enhance visibility and transparency.

❷ COMMON INDICATORS FOR CRM-ERP INTEGRATION

Lack of speed and responsiveness

The time it takes to perform critical tasks can make a huge difference in customer engagement and retention. For example, the ability to generate a quote in minutes rather than days or weeks can increase close rates.

Automating processes, such as turning a "closed won" deal into an order, can dramatically decrease the time it takes to ship an order and recognize revenue. Automation can also lead to better sales forecasting, enabling more accurate alignment of production with expected orders.

Providing all knowledge workers with access to critical information and processes results in greater responsiveness and customer satisfaction. For example, enabling a customer service agent to answer a billing question increases the first call resolution rate—and, more importantly, increases the customer's perception of your organization as highly capable and responsive.

Inability to support complex business needs with outdated IT infrastructure

Process and technology infrastructure tend to evolve over time, but the lack of a cohesive technical vision and strategy can result in fragmented, disconnected systems and data, with the following effects:

- **Increased technical debt.** This debt can hamper application and system growth and limit IT's ability to support future business needs. Technical debt can increase as applications proliferate, and with labor-intensive practices such as writing custom code to address technical issues.
- **Unreliable data.** Customer information like account names, contacts and addresses can be duplicated across or disconnected from systems, resulting in miscommunications and inefficiencies—or, worse, outdated, incorrect and untrustworthy data. Unfortunately, poor data architecture only worsens as data and its storage structures proliferate.
- **Poor application management.** With cloud solutions, adding an application is simple but creates an additional silo. Mergers and acquisitions often result in additional, duplicative applications.

As a business responds to market opportunities, its business processes become more complex—and so do its technology needs. It may be time to modernize your CRM-ERP infrastructure to keep up. Areas in which business complexity typically outpaces technology capabilities include:

- **Quoting (and requoting).** The possible quote configurations are numerous and varied. At a minimum, a quote process must ensure valid quotes, and at best it should provide upsell opportunities. The ability to requote quickly based on customer feedback also improves sales responsiveness.
- **Contract amendments.** Changing a contract can be extremely complex. For example, many companies have subscription models, and changing term lengths, upgrading editions or adding on features can create downstream effects on entitlements, billing, revenue recognition schedules and more.
- **Revenue recognition compliance.** As companies mature, they need to adhere to revenue recognition rules such as Accounting Standards Codification (ASC) Topic 606.

Performing these complex tasks manually is error-prone and costly. Outdated IT infrastructure significantly hampers responsiveness and resiliency. Consolidation of applications and data can create a beneficial reset and create a platform for future growth.

❸ PREPARING FOR A CRM-ERP INTEGRATION

Prioritize planning

Process and system changes take time, resources and dollars. Any change increases risk and implementing significant changes without a plan or vision increases the likelihood of rework. Taking the wrong approach can set an organization back months, or even years. Do you have a clear goal in mind, and a plan to achieve it?

Assess objectively

Considering the "art of the possible" is exciting, but successful CRM-ERP integration starts with an honest assessment of the current state of your technology and data. Does your staff have the time to devote to this change, or will responsibilities that are more core to your business compete for their attention? Do they have the necessary skills and experience to objectively analyze the current state and establish a road map that leverages industry best practices and capitalizes on the unique strengths of your business?

Carefully consider all areas of the business that will be affected by an integration, including marketing, sales operations, partner management, customer service, supply chain, financial, security and revenue recognition compliance (e.g., ASC 606). For example, requoting and amending an existing contract can affect invoicing and revenue recognition. Improving each siloed system in isolation (e.g., quoting in Salesforce CPQ) without considering the whole picture can compound data inaccuracies, inefficiencies, technical debt and rework requirements—and affect responsiveness, visibility, security and compliance.

Identifying or establishing the correct SSOT is also crucial. Data is often created and modified in multiple systems at different times by different people. As mentioned earlier, something as simple as the bill-to address might be updated by people on multiple teams, affecting accuracy and efficiency. Proper infrastructure design and data flow optimization are critical for data integrity and long-term scalability.

Clarify goals

When implementation teams are aligned on the same goals, the chances for long-term success are much greater. When goals are unclear and differ among team members, the resulting confusion creates inefficiency that can increase cost and risk. Clear process and technology goals should be defined and align with the company's mission.

Don't just automate your current state. Defining an operating model that aligns strategy with process can drive key technology decisions that support your business goals.

Create an actionable plan

The path to achieving the desired objectives varies. Some companies opt for a large-scale digital transformation initiative while others take a more incremental, phased approach. Whatever the plan, it needs to account for potential changes in business goals and focus over time. Speed, flexibility and resiliency are critical when responding to inevitable shifts in priorities.

❸ PREPARING FOR A CRM-ERP INTEGRATION

Evaluate readiness

In addition to assessing staff skills, experience and availability, an organization must evaluate its overall ability to effect change. Factors to consider include:

- How are decisions made in the organization—efficiently, or do they take too much time? Can decisions be made with incomplete information? A RACI (responsible, accountable, consulted, informed) chart can help all stakeholders understand how the solution will be defined and executed.
- Is executive leadership sufficiently committed to change?
- Is the organization ready to effect change?
- Do you have a product champion or product owner with the time and organizational skill to realistically lead change?
- Are key team members such as project managers, end users, testers, trainers, and deployment and help desk staff truly capable of supporting the change process?

Analyze impact

Change always creates operational impact, with variable costs. Few companies have unlimited budget and time, which leads to hard decisions, including:

- **Buy versus build.** This choice can affect an organization's ability to keep pace with market conditions and respond to future change. The costs and risks differ significantly. The speed and convenience of buy needs to be weighed against the complete control and costs of build. "Buy" generally delivers value faster but comes with configuration and license costs. Software vendors continue to improve their offerings and can deliver best practice improvements that benefit you as long as their road maps match your business needs.

  "Buy" options may include point connector apps available on the Salesforce AppExchange, workflow automation tools with pre-built connectors, and middleware technology (e.g., iPaaS) that interfaces with application programming interfaces (APIs). "Build" provides customizability but comes at a cost of development and ongoing maintenance. The right choice depends on current-state assessment and short- and long-term business goals.
- **Consolidation versus stand-alone solutions.** Consolidating applications and data can save on license and support costs while creating a foundation for ongoing improvements. For instance, migrating from a stand-alone point solution to consolidation on a platform you already use can minimize the number of vendors you must manage and subject matter experts you must employ. Weigh this against the cost of migration and having a best-of-breed stand-alone versus an integrated suite of applications. For instance, migrating from Zendesk to Salesforce Service Cloud enables CRM to operate seamlessly from an SSOT, and an integration with NetSuite can provide customer support agents with critical information to better service customers. Assess the cost of doing nothing against the cost of progress.

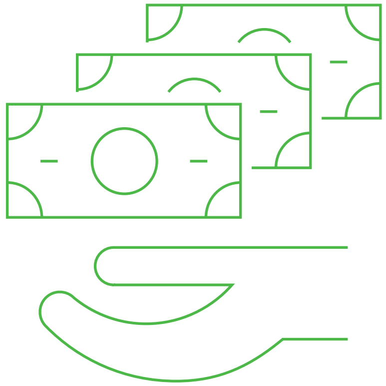
- **The need for access to historical data.** Migrating all historical data is always beneficial, but there are real costs to ensuring it migrates accurately. Storage costs are also a factor. For instance, replicating NetSuite historical transaction data in Salesforce can affect data migration costs and storage costs in Salesforce. Some organizations migrate only the last one to two years of data, knowing they rarely need older data and can obtain it manually as needed, through a data warehouse, business intelligence or mobile device management solution.
- **Tolerance for downtime.** When an old system is turned off, the new system needs to be fully ready to go. The cost of performing the final data migration and pointing all dependent applications to the new application varies, depending on whether downtime is involved. Understanding the options and trade-offs can help you make the most cost-effective business decision.

Budget wisely

Business decisions have a downstream impact on costs. IT projects have people, process and technology costs and associated risks that can increase budget if not mitigated properly. An organization should consider the cost of assessing the current state, defining goals and creating a strong plan if it wants to get a project right the first time and ensure it can leverage best practices and innovate on the uniqueness of the business. Consider the cost of internal and external help, as well as the cost to maintain the system going forward, which can sometimes be much greater than the initial cost of change.

Readiness factors

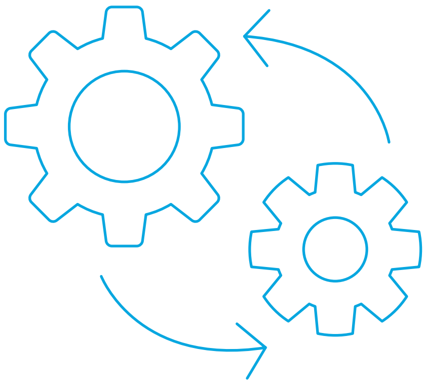
- Clear vision and goals
- Objective assessment of current state
- Process, technology and data road map
- Actionable plan with potential phased approach
- Budget and resource availability
- Project execution capabilities and domain expertise
- Change management skills



❹ INTEGRATION CAPABILITIES

Connecting Salesforce to NetSuite provides multiple benefits, including instantaneous processing time, elimination of user error, increased user efficiency, consolidation of data and functions, and access to better data. Every business has different goals, but common patterns emerge for companies integrating Salesforce and NetSuite. The most common use cases include:

- Presales
  - Retrieve product master from ERP for quoting in Salesforce CPQ
  - Retrieve price master from ERP for quoting in Salesforce CPQ
  - Check inventory (availability, stock level, etc.) through inventory management systems (IMS) for Salesforce opportunity management
  - Check ship date through IMS for Salesforce opportunity management
  - Views sales pipeline from CRM so that finance can perform forecasting and demand planning
- Closed won
  - Create new account in ERP (onboarding) from Salesforce closed won opportunity
  - Retrieve customer number from ERP so Salesforce users can service account
  - Create new order in ERP from e-signed deal in Salesforce closed won opportunity
  - Get order number from ERP so Salesforce users can service account
  - Retrieve contract from e-signature solution for contract management in Salesforce or ERP
- Amendments
  - Automatically requote and co-terminate existing order in Salesforce CPQ and ERP
  - Automatically adjust revenue schedules based on contract amendments
- Account management and support (so Salesforce users such as account managers, customer service agents, etc., along with Salesforce portals, can enable customer service)
  - Get shipping and delivery status from ERP
  - View (or auto-send alerts for) invoice, payment status and history in ERP
  - View credits, refunds and returns in ERP
  - Retrieve entitlements from ERP or entitlements database
  - View assets and serial number from ERP or asset management database
- Data synchronization (enable updating and synchronizing of customer contact information from different sources)
  - Account contact info synchronized
  - Bill-to and ship-to info synchronized
  - Payables contact info synchronized



❺ GETTING STARTED: FROM TRIAGE TO TRANSFORMATION

Organizations have different starting points, appetites for change, priorities and abilities to execute. There is no "one size fits all" approach to digital transformation. However, taking the following actions, either sequentially or simultaneously, can set you on a path to success:

Triage	Low-hanging fruit	Assessment	Target operating model	Road map	Digital transformation
Address the most urgent and costly items first to stop the bleed. These items take precedence over higher priority needs that are less urgent. Examples include processes that are generating incorrect data, creating immediate inefficiencies or compounding over time.	Address the quick wins—high-impact changes that require low effort. Tackle them promptly, as they deliver value quickly and, from a change management perspective, improve internal support and motivation.	Understanding your current state is critical to truly knowing your starting point. Assess people, process, technology and data in order to formulate and execute on a plan.	While you need to consider technology needs, business strategy and process goals should drive your desired future state. Defining the target operating model ensures alignment with business goals and provides clarity for downstream decisions.	A technology road map is a great communication tool that describes the path toward a defined destination. Without it, decisions are made without a common understanding. Effective road maps are high-level to provide a clear vision of architecture and data structure, but not so detailed as to be inflexible when change is inevitable. The path may be multiphase, depending on the budget, risk, skill and resource availability profile of the team.	While the first few steps may be incremental, they should align with your ultimate digital transformation goal. Reaching that goal may take as little as six months or as long as several years to achieve, depending on the business value to be delivered.

We hope this guide provides valuable information on how to approach CRM-ERP integrations, specifically within the larger context of optimizing QTC with digital transformation. RSM advises companies on the best approach to integration and can implement and maintain their solutions. No matter where you are on your journey, we are happy to provide guidance on what will deliver the largest business value.

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