



FROM STARTUP TO GLOBAL ENTERPRISE: Unlocking Your Software Company's Full Potential

ORACLE® + NETSUITE

Software and technology companies operate in one of the most rapidly evolving industries of all, with seismic shifts in development, infrastructure, customer expectations and business models. Companies can go from startup to IPO to global enterprise to acquisition in just a few years. Finding a business system that can keep up with this change presents a tremendous challenge.

For these companies at any stage of growth, NetSuite is the first and last business system they will ever need. NetSuite has already been through each phase of the software life cycle, from startup to IPO to global enterprise. As NetSuite founder and chairman Evan Goldberg says, “We get software companies.”

As the leading global cloud ERP, NetSuite enables companies to grow and scale, and most importantly, its platform enables businesses to transform themselves through each stage of that growth. In fact, NetSuite has tremendous software industry expertise. Over 1,500 software companies, from startup to enterprise, use NetSuite, making it the leading cloud ERP for the software industry. NetSuite has more than 300 pre-built reports and dashboards targeted specifically for software and internet-based companies, with 15 pre-defined roles.

THE SOFTWARE COMPANY LIFE CYCLE

Software companies follow a predictable life cycle, with different challenges at each stage. The life cycle stages can be defined as startup, midmarket, up-market and enterprise.

Stages and challenges include:

- **Startup:** Startups have an idea and vision (a “North Star”), a focus on bringing a solution to market, and a need to attract and satisfy early customers. They

need initial capital, must pivot based on early experiences and grow rapidly to ensure success.

- **Midmarket:** These companies have demonstrated proof of concept and are focused on growth, scaling and globalizing, and may need additional funding.
- **Up-market:** These companies have successfully scaled and are becoming mature businesses. They are engaging in M&A, may have a liquidity event and need to continue innovating while putting systems and processes in place to operate as a large global company.
- **Enterprise:** Companies at this stage face the challenge of continuing to be entrepreneurial and innovative while complying with regulations, demonstrating good governance and satisfying a large number of external stakeholders.

“Our vision is to help you transform your business vision by being able to transform your systems in real-time.” **Evan Goldberg** Founder, CTO, Chairman, NetSuite

NETSUITE: THE FIRST AND LAST BUSINESS SYSTEM A TECH COMPANY WILL EVER NEED

NetSuite's North Star has always been building an internet-based system that enables a company to run its business. It started with accounting and has expanded to build an entire suite. NetSuite is:

- **Purpose-built with specific capabilities for software/internet companies.** Software companies have always been a core focus.
- **A global cloud ERP.** Every software company wants the opportunity to reach a global customer base. NetSuite makes this possible with multi-language, multi-currency, multi-subsidiary capabilities and built-in compliance for local tax and regulatory requirements.
- **A solution that scales with each customer's growth.** As a company, NetSuite uses its own solutions and has more than 5,000 employees logging in to the system each day.

- **An extensible platform.** This platform allows companies to future-proof their business, with a single system that meets the needs of today and will adapt to meet the needs of tomorrow.

SUCCESSFUL STARTUPS

The life cycle begins as a startup. After establishing a vision and a North Star, successful startups develop a foundation to enable growth. The first steps typically include funding and securing the capital needed for initial growth. Proving the model is also a key first step as many startups are pulled in different directions. Once the model is proven and the first round of funding is spent, the second round of funding is not far behind as the business prepares to scale. Even early on, companies need to think about how they will continue to scale not only their business but also their infrastructure. An integral part of moving from one stage to the next is the visibility the business is able to provide to investors. Having dashboards and prebuilt reports that can quickly and easily convey critical business data is extremely important. Finally, once a company has secured funding, proven the business model, begun to scale, and can give

visibility to investors, it must establish a system of record. Companies should plan early to adopt systems that enable growth.

DASHBOARDS

Even at a company's earliest stages, company leaders want to track performance and give visibility to others. The metrics software companies rely on are both monthly and annual and span recurring revenue, year-to-date revenue, average selling price, cost to acquire a customer, churn rate, lifetime customer value and more.

NetSuite provides dashboards that are easily customizable to provide company leaders and investors visibility into company performance.

The data on dashboards needs to be actionable. Dashboards are reference points for evaluating performance and taking action.

SUCCESSFUL MIDMARKET COMPANIES

Midmarket companies have advanced beyond the startup stage because they have figured out their basic product and business model, and have proven their concept. As a startup, the focus was innovation. Now, it is putting in place repeatable processes and controls to be able to scale. As these companies begin to expand globally, legal and jurisdictional challenges, as well as reporting and tax issues are main points of focus. When NetSuite expanded globally, it was able to leverage the OneWorld platform.

With global expansion, companies are often looking for additional funding and drawing more scrutiny from investors and auditors who want more visibility into

financials and operations, which requires more mature financial processes and controls. In order to provide that visibility, there must be deliberate, thoughtful processes and controls put in place that are scalable, but don't hinder agility. Companies must balance the need for innovation and with the need for strong controls.

SUITEBILLING

As software and internet companies scale, they need the flexibility to bill and invoice however they want and take advantage of new business models. NetSuite SuiteBilling provides the framework for

companies to experience that growth while maintaining billing accounts and charges. Because SuiteBilling is integrated with other systems, it automatically receives data about orders and usage. It is a simple, elegant billing solution, producing user-friendly invoices that use advanced PDFs.

CUSTOMER EXPERIENCE



DocuSign is transitioning from a startup to a midsize company, and is experiencing hyper-growth. Currently 235,000 companies have adopted DocuSign, with 85 million unique users and 85,000 new users each day. DocuSign has a quantifiable value proposition that boosts companies' top lines and decreases expenses. It delivers an improved customer experience, reduces risk, and improves security and compliance.

DocuSign CEO Keith Krach sees four keys in going from a startup to a midsize company:

- A strong leadership team
- Systems like NetSuite
- Partners
- Predictability

Since 2013, DocuSign has used NetSuite, and NetSuite uses DocuSign.

SUCCESSFUL UP-MARKET COMPANIES

As software companies mature beyond midmarket status, they become “up-market” and must deal with additional challenges and complexities. At this point, maturity is necessary to again focus on innovation. Up-market companies are scaling in multiple locations and need a model for doing so. Key focuses are consistent operational processes and controls, opening new subsidiaries and broad visibility. Companies at this stage will also use M&A to access innovation and/or drive growth and will hope to do so without hurting operations or visibility.

Companies at this stage usually run on a public company stewardship model, with sophisticated reporting and control requirements. They must balance the need for flexibility, agility and innovation with increasingly rigid demands for controls, reporting and auditing. The functionality and processes in NetSuite provide controls, but the flexibility of the platform allows for innovation and growth.

REVENUE MANAGEMENT SYSTEM

While midmarket companies need a flexible billing

system to help drive growth, up-market companies also need a bulletproof revenue management system to ensure compliance. NetSuite’s Revenue Management System allows merging multiple activities (like two subscriptions) into one revenue arrangement. NetSuite enables revenue to be allocated, using fair value. Also, the associated revenue for each element is going to be amortized over the appropriate service period. Other tasks the system performs include determining how much of the revenue is deferred.

CUSTOMER EXPERIENCE



Commvault is an enterprise multi-national data protection and information management software company operating in 35 countries. The \$2.5 billion market-cap company went live on NetSuite OneWorld in less than six months, replacing 12 packaged and homegrown applications.

NetSuite enabled Commvault to simplify billing, revenue recognition and international transactions, and to eliminate up to six hours a day spent populating a multi-dimensional database.

Commvault turned to NetSuite's cloud solution as the platform that could dramatically reduce complexity and provide much-needed agility.

With NetSuite as the centerpiece of its IT modernization initiative, Commvault's newfound agility and beefed-up capabilities are generating constant improvements across the business. And having consolidated the

finances of its 35 international subsidiaries using NetSuite OneWorld, Commvault is positioned for continued overseas growth.

SUCCESSFUL GLOBAL ENTERPRISES

As companies become global enterprises, they face an entirely new set of challenges they must address. First, they must preserve the culture of innovation that made the company great, while preserving the energy, retaining key employees and attracting talent. Once they are able to preserve that culture, they need to manage and unlock subsidiary growth. During the period of growth, M&A is also key in attacking new markets and is important in acquiring expertise.

At this stage, enterprises are focused on risk and want solutions to help identify and manage those risks. External stakeholders are also continuing to diversify. They include auditors, new types of investors and the board. These stakeholders all demand visibility into the business.

AUDITS

Large companies segregate duties using roles and permissions. In NetSuite, levels include people, roles and permissions. There is also the concept of “permissible components”. This is determining what permission a person or role is given access to—what records, actions, pages, reports and etc.

The next generation of roles and permissions adds two levels, shown below:

- Permission groups
- Permissible components.

Permission groups make it easier to manage roles and permissions by assigning people to a group. In the future, permissible components will allow customization which will make permissions much more granular.

“This is going to give you that next level of control, next level of ability to perform those segregation of duties audits in a much cleaner and more efficient way.”

John Peacock Product Manager, Software Vertical, NetSuite

INTERCOMPANY TRANSACTIONS

OneWorld is being reimagined to enhance the ability to conduct intercompany transactions. Today, to conduct an intercompany transaction involves creating a customer on one side and a vendor on the other. Going forward, NetSuite will automatically enable all subsidiaries to be trading partners with each other, meaning time saved and accurate data being seen throughout the entire system.

The intercompany framework can also be used to bill and settle intercompany charges, with the capability to roll all charges up into one vendor bill and one customer invoice per month, if desired. The intent is to make the process of settling and reconciling intercompany charges much easier.

CUSTOMER EXPERIENCE



Genesys is a global contact center software company providing software for more than 25 years. The company has over 5,000 customers in 170 countries,

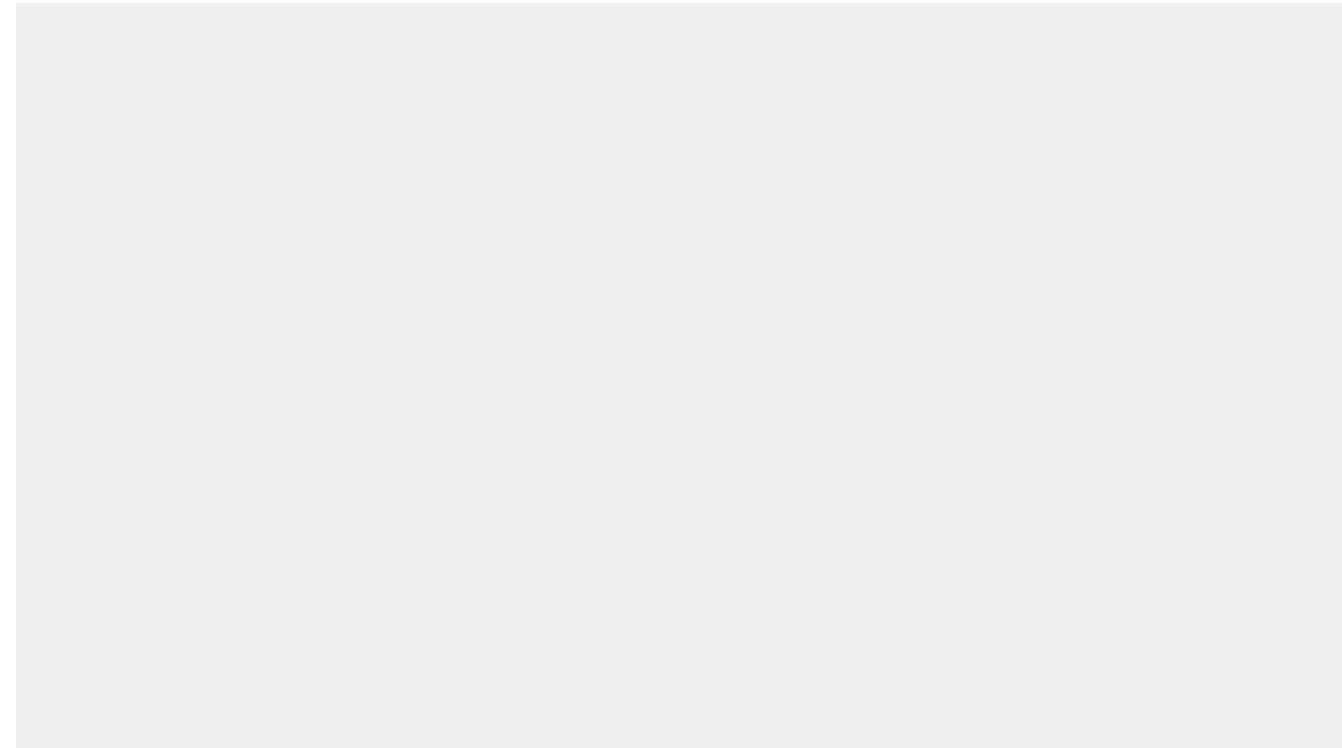
with 52 subsidiaries and operations involving up to 12 currencies. It was already a large company when it began using NetSuite.

Genesys was spun off from Alcatel-Lucent in 2012, which had been using SAP as its ERP. When Genesys spun off, management decided to move to the cloud for all IT applications. The company liked NetSuite because of OneWorld's ability to put all subsidiaries on one GL and one chart of accounts. The entire company

could use the same system with the same processes, and one consolidated view.

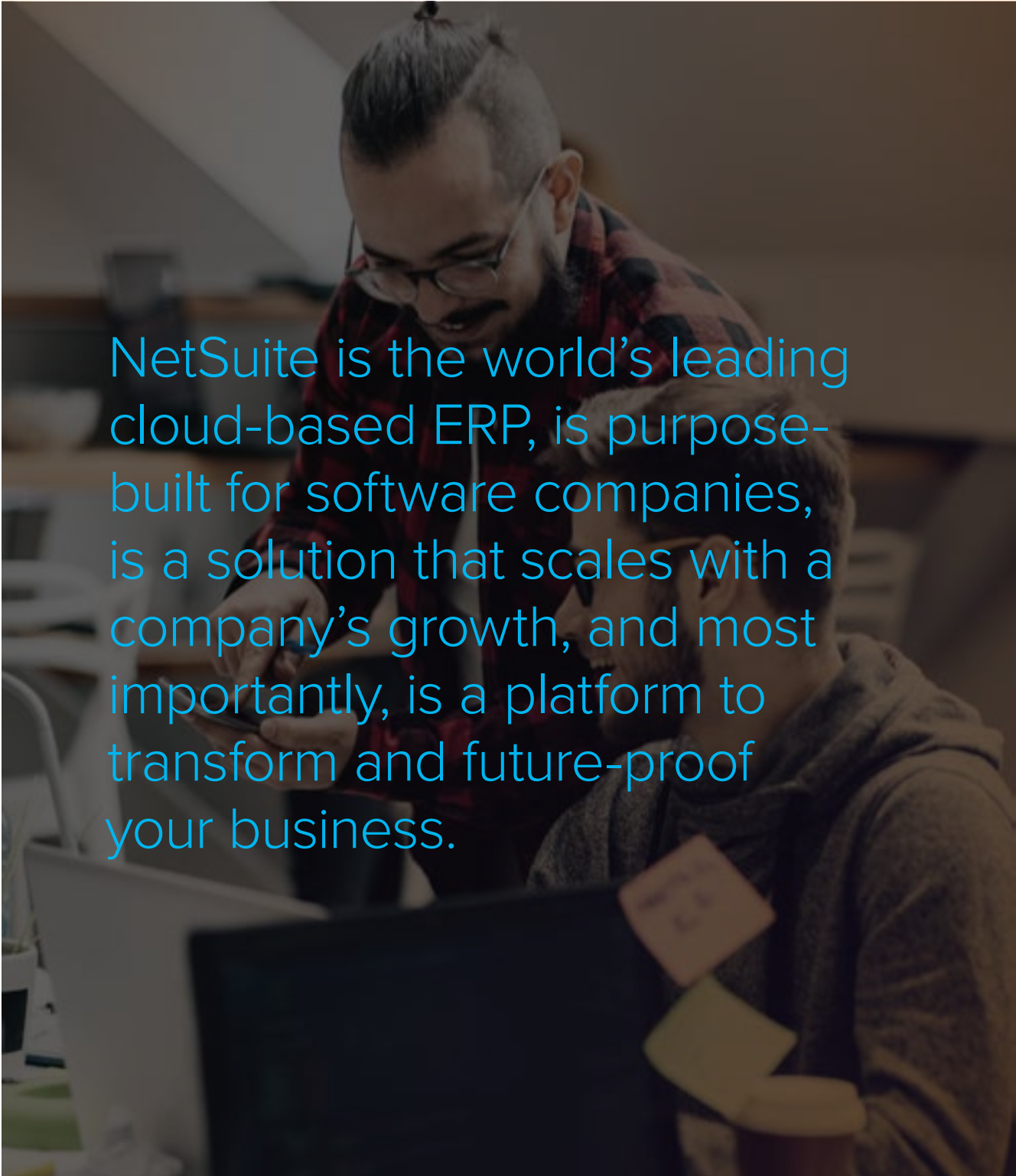
Over the past few years, Genesys has made 13 acquisitions. With NetSuite, Genesys had the advantage of being able to move the acquired company on to the NetSuite platform within 3-4 weeks, and all information is consolidated and integrated. That would have taken three to four months under the old SAP platform.

As a company owned by private equity investors, Genesys appreciates that NetSuite provides visibility and the ability to quickly answer questions about revenue forecasts, EBITDA and the impact of new Rev Rec standards.



CONCLUSION

Software companies at every stage of the software life cycle face unique challenges. NetSuite understands these challenges because NetSuite has gone through the entire software life cycle, from startup to midmarket to up-market to its current state as a global enterprise. NetSuite is the world's leading cloud-based ERP, is purpose-built for software companies, is a solution that scales with a company's growth, and most importantly, is a platform to transform and future-proof your business.



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