Practice Advisor

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New Channel Offerings Attracting Rival VARs to NetSuite

NetSuite, Inc., a provider of on-demand business management software, has announced that a number of Microsoft resellers representing products such as Great Plains, Navision and Solomon, have become NetSuite solution providers, reselling the vendor's on-demand applications.

Jan. 01, 2006

SAN MATEO, Calif. -— NetSuite, Inc., a provider of on-demand business management software, has announced that a number of Microsoft resellers representing products such as Great Plains, Navision and Solomon, have become NetSuite solution providers, reselling the vendor's on-demand applications. The resellers joining NetSuite come from across the US and Europe, including Fleet, Hampshire (UK); Marlborough, Mass.; Baton Rouge, La.; Salt Lake City; and Beaverton, Ore.

Additionally, NetSuite announced discounts on internal system usage, free training and higher margins for qualified Microsoft resellers who need to add an on-demand offering to complement Microsoft's legacy client/server application offerings. More information about the discount offerings and the NetSuite Channel Program are available at the company's website at www.netsuite.com/msftswitch.

Software as a Service (SaaS) offerings are by far the fastest-growing segment of the business application market. While research firm IDC projects traditional client/server applications' compound annual growth rate (CAGR) at 6.3 percent between 2003 and 2008, it projects on-demand to grow to \$5.1 billion in 2009, representing 26 percent CAGR. Of all on-demand market segments, Enterprise

Resource Planning (ERP) is projected to have the most robust growth at 46 percent CAGR.

NetSuite has led the on-demand ERP, CRM and Ecommerce markets, with a growth rate of over 100 percent per year. In contrast, according to Microsoft's financial reporting for 2005 that vendor's business application offerings, which are based on a variety of non-integrated, client/server ERP and CRM applications, grew only six percent in its fiscal year 2005 with an operating loss of \$210 million dollars (Source: Microsoft 10-K, June 30, 2005).

NetSuite said in a statement that, "While Microsoft is talking about building a next-generation integrated suite originally called 'Project Green' and now named 'Dynamics' and moving to an on-demand delivery model, there is little product to back up its assertions." NetSuite is currently on the 11th version of its next-generation on-demand business suite and has thousands of large and small business customers worldwide.

As a part of NetSuite's announcement, the vendor is offering additional benefits to potential resellers by offering existing qualified Microsoft resellers a 35 percent margin; a 50 percent discount on systems for internal use; and free sales training for up to five staff members.

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