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Feb. 15, 2024

Hosts Randy Johnston and Brian Tankersley, CPA, offer a report on the 2024 Oracle NetSuite Influencer conference. The event, held in Austin, Texas, gave attendees an inside look at tech developments the vendor is making, as well as the opportunity to speak one-on-one with developers.

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Transcript (Note: There may be typos due to automated transcription errors.)

SPEAKERS

Brian F. Tankersley, CPA.CITP, CGMA, Randy Johnston

Randy Johnston 00:04

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that I worked with in the 90s and beyond. Now, Brian, what do our listeners need to know about

Brian F. Tankersley, CPA.CITP, CGMA 00:52

Oracle, NetSuite. Oracle, NetSuite is one of the more sophisticated mid market ERP platforms out there, we kind of consider it to be a tier two tier three platform where SAP is into your one and QuickBooks is in tier five. So it will handle some very sophisticated businesses. It offers integrated customer relationship management or CRM, accounting, any commerce used by 37,000 organizations, which is up from 30,000 in the previous year, with over 324,000 entities, that's legal entities with subsidiaries, and so forth. And it's in 219 countries. They also said that this is something that you can pull out of Oracle's Oracle's SEC filings is that NetSuite makes up more than $3 billion in revenue. Now, it does run entirely on Oracle Cloud infrastructure around the world, we'll talk about that more here in a minute. There is only one version of the of the application. So they work very hard to make to get everybody on NetSuite on the latest version of the solution. They make huge efforts to make sure that that their update platform and the methodology they have for creating updates, that that when they do updates, it doesn't break customizations and add ons. And so that simplifies things for both the customer as well as the as well as NetSuite, because they only have to support one version of it.

Randy Johnston 02:18

In fact, they required their software development network partners, to be ready to go on every one of the upgrades. Plus, they have rollback features, if needed. So this is radical management to try to get everybody into that same version. And it's not like they have other people on old versions, it is truly everybody on the same version, which is stunning in terms of capability. Further, many of the updates can be done without taking the system down whatsoever. A lot of the technical people claimed

that they were doing to maintenance windows a year, but they're down for about an

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and I have thought said for years that the most expensive thing you ever bought was cheap accounting software. But pricing for a full user is 200 to 250 a month per user. However, they've come out with some new lower costs, CRM and warehouse management system, read only licensing so that it can be more affordable for you know, so than ever more people can use the system. Yeah.

Randy Johnston 03:48

And in fact, they really very specific about this, you could also expect licensing in other categories. But like competitors, axiomatic or Zoho, or others that want everybody on the system, they want everybody on the system now, Brian, fix me if I'm wrong, but I think they said they had 13,000 NetSuite employees and everybody on the system. But in this case, they want all their customers to have everybody on the system. So they're trying to figure out what they can do to segment their licensing by roles to reduce the per user cost. And that's the first time I've ever seen this vendor talk in that style. Now, many vendors do have full users, partial users reporting users, but that's kind of a new thing here with NetSuite. So I'm very anxious to see the pricing on the new read only licensing. Yeah,

Brian F. Tankersley, CPA.CITP, CGMA 04:43

that should be interesting. It'll be interesting to see what we have. Like we mentioned it does scale well. One customer has 1600 subsidiaries and another runs 160 countries. Randy heard 13,000 I you know, 13 1000s probably With the right number now that he says it, but they got a lot of people on it, okay, and you know, 11,000 users in an ERP CRM is a lot 60% of the high tech IPOs over the last five years, run NetSuite. Now one thing they do that's a little bit different is instead of marketing to the company's direct to mid market companies directly, they quite often market to the, to the private equity groups. And one of the reasons they do this is they can do divisional regional carve outs, where you take a subsidiary or a

division and pull it out of your ERP and put it into a separate instance of NetSuite for

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promote that even further. And they've been to this private equity pursuit for 10 plus years. So they're heavily embedded in that they gave percentages which they said were confidential, so we can't report them to you in terms of how that strategy has worked for them.

Brian F. Tankersley, CPA.CITP, CGMA 06:29

Yeah, and they did say that their customers are growing significantly doing 20% more sales transactions in 23 versus 22. Like we mentioned earlier, this runs on the Oracle Cloud infrastructure, which is Oracle's data centers to compete with Microsoft Azure, and Amazon Web Services and other things like that. And so that gives NetSuite complete control of the platform. So as an example, for their field service technologies, they use Oracle maps instead of Google Maps so that they're not sharing location data that can be inferred into customer data, through the map calls that are made through those applications. They have 28 data centers in 13 regions, and on Black Friday, they had 9 billion application requests in 2.9 billion customer business. Yeah,

Randy Johnston 07:17

I want to call out something on the Oracle Cloud infrastructure. They run on a lot of their own hardware, they did disclose the redundancies and so forth. And the person who's in charge of that as Gavin, they were Brian Chesky. Now I've known Brian a long time, because he came to NetSuite, when it was still net Ledger in 1999. And he helped with a lot of the evolution of the product until he left to build his own deal for security in about 2002 or four, I don't remember the exact year there. But he sold that security platform to Hewlett Packard, after enjoying the proceeds of his work. He rejoined NetSuite in 2012, actually, Oracle in 2012, to build the Oracle Cloud infrastructure, this guy Gnosis security, he knows his performance, and he's technically competent. And those of you that know me know that I admire technical

competence. And I poured technical enactments Brian chest is smart dude. And he

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And I will tell you that I would echo Randy's praise for Brian chess. I was, I was, you know, we had about an hour and a half of a presentation from him. And it was amazing. The depth and the breadth of the things he covered. And, you know, I never heard that. You know, normally when I hear a presentation, I hear something every once in a while to go read sure that's right, that everything he said was right on. So it was he's really really sharp dude.

Randy Johnston 09:26

Yeah, it was cold home week for me because I got to see Evan Goldberg, which I had not seen in a while and I won't drop a bunch of other names. But I probably saw half a dozen people that I've worked with over 20 to 30 years or longer. And these are good people.

Brian F. Tankersley, CPA.CITP, CGMA 09:41

Now, NetSuite has a lot of capabilities for a single solution. You have Enterprise Performance Management or again, budgeting, budgeting forecasting, so forth. HR management payroll,

Randy Johnston 09:52

If I could interject something there. We'll talk more about Enterprise Performance Management in a moment. But the guy who manages EPM for NetSuite I've known for a long time coming from SAP. And he was in their division as well. And the two major announcements that we'll talk about towards the end of this podcast, the guy who's managing knows his stuff. So I just want to call that out. Because it's not, not your father's Oldsmobile, I guess, as the old phrase goes of Brian, because yes, you can use NetSuite with maybe Hyperion if you want to do that. But this new stuff that they built is pretty stunning. Yeah, it's

Brian F. Tankersley, CPA.CITP, CGMA 10:31

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clients net that your clients NetSuite instance, they also have a PPO program, which is kind of like a calves program. My impression of it is it tends to go further up market tends to be bigger businesses as opposed to smaller businesses, like some of the other mid market applications of targeted.

Randy Johnston 11:27

Yeah, and Brian, I still admire your thinking on this. You know, if we break it up a cast, we break client accounting services up to three layers, bookkeeping, controllership, outsourced CFO, this seems a lot more outsourced, CFO focused, but there were discussions around how to modify NetSuite to become cast centric, and the payroll evolutions are interesting, too. So I'm anxious to see our discussions as the year progresses.

Brian F. Tankersley, CPA.CITP, CGMA 11:55

Yeah, it's gonna be very interesting to see where they go. Yeah, they have a wide range of industries they cover. These are the verticals that they highlighted their sales materials. So I just wanted to put them in here, you can see it's a good combination of nonprofit manufacturing services, consult professional services, retail, restaurants, you know, Oracle owns Microsoft, Microsoft point of sale system, it's used by many of your friends, a squirrel system that are owned by many of your many used by many of your full service restaurants. And they've got a big push into government, which I thought was interesting. So you know, a lot of different industries in here. Yeah.

Randy Johnston 12:36

Now, the other thing to keep in mind is they have worked on well brands words, again, digital plumbing, to connect their applications to NetSuite. And they are

trying to make those seamless where you click into turn it on, click Turn off, they're

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compete with the work that folks like Flo cast and others like that. So they actually have a new automated back bank reconciliation and tool for managing the tasks associated with your mundane clothes and your enclosed. They have AI based generation of parked descriptions and other routine items, which I thought was really cool, you could put in two or three attributes. And then it would generate the the description or the name, and it would use kind of a similar similar layout or schema to the ones that the that the other folks had. So that way things would be more consistent. They are going after healthcare and government, both in a pretty heavy duty way. And so they have a compliance manager that's gonna let them do HIPAA compliance into the financial part of the suite later in 2024. One of the things about that they said was that was that this tool would allow you basically to do the medical billing through NetSuite. I don't know if they've got I don't know if they plan to get everything hooked up to to all of the all of the different systems they'd have to to do that. But it's very clear that they want the compliance side to be ready to handle privacy regulation, which Randy doc both believe is

Randy Johnston 14:35

coming. Yeah. And it turns out that many of us listeners wouldn't know that I actually wrote papers, claims in healthcare and taught people about HIPAA when that first came out. So I've been around a healthcare a long time.

Brian F. Tankersley, CPA.CITP, CGMA 14:49

That's, that's why you're going back to the 80s or 270s. Wow. Okay. So as

Randy Johnston 14:53

it turned out, and I actually did some late night, late 60s as well, right. But it turns out out that they have interfaces into Cerner and into epic to the providers in the hospital world, and more to come. But they were very clear about staying all of the

encounter systems they didn't think they get to, but they can handle all the other

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that many of the many of the forward leap forward thinking countries are doing now is requiring you to do electronic invoicing. And so they've actually got a partnership with Abba Lera. To facilitate that, in those European countries and others that require there is an Oracle Business Network integration Starting with version 24.1. They seem to have had a kind of a realization that they want to have, they want to be involved somewhat in payments and invoice presentment and other things like that. So there, they've actually got that setup, that we talked about the licensing, there's also a big UI refresh going in, there's a thing called the Oracle red with design experience that is a standardized set of UIs that are very clean and easy to work with. They're consistent with the products that come from their parent, big Oracle, and that product fusion. And so this UI Refresh is a very big deal. Now because it's going to it's going to have everything in here now, where we're just since I mentioned fusion, I want to I want to contrast fusion versus NetSuite. First off, fusion is more like buying a Lego kit. And you can build anything you want with it, you really it's like when you buy an SAP a workday a, an Oracle Fusion, you're really buying a toolkit and a platform that you can use to build your enterprise architecture. with NetSuite. There are role based role based capabilities and role based customizations. But everybody has the same basic experience in it. And so that's a significant difference in that it is not as it's, it's more structured. And again, as you would expect, with a tier two, tier three, application.

Randy Johnston 17:37

Now, there's two more critical things I'd like you to know about this work, well read book design experience. And you know, I love going places to hang out with smart people, because I always learned something new. And here's two things that I think I learned from this. First, the design experience can provide multiple different UIs for users. And so if you think about accounting user versus a Sales User versus a warehouse user, that needs are different. And for decades, I've recommended a clean,

friendly UI. But everybody uses the same UI. That's not the way it works in Oracle

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areas. So the rollout strategy is smart. The UI is stunningly beautiful. And you know, we'll encourage you to listen to the Zoho, a podcast where we talk about their new stunningly beautiful UI too, because, frankly, I can't believe how impressed I was. And as an old school programmer, I actually concluded, I think I'm wrong on this UI experience and the Oracle Redwood design experience and the way that Zoho is approaching it. I think they got a leg up on their competitors in this particular area. So I don't want to be too much on this topic, but it's amazing and you heard me use the word study. And Brian knows how rare I use

Brian F. Tankersley, CPA.CITP, CGMA 19:55

words like that. Randy uses hyperbole, pay attention Okay, so they announced a couple of things in here, Randy, you want to go through, I'll

Randy Johnston 20:05

take these, Brian, because of the NetSuite planning and budgeting, you know the FPGA capabilities that are now being built into the product will encourage you to be more inside the systems now. Larry Ellis basically says, Look, we want every NetSuite user on our NetSuite planning and budgeting tool. And they're going to do that in part by the pricing position, the product comes to three different levels. But most people can get by with the entry level, which is $17,000. Sounds like a lot, but it comes with 50 users. And if you priced budgeting tools, you know that's bloody cheap. And the integration is unbelievable. Now, again, I've taught planning and budgeting for decades. You know, the forecaster Microsoft forecaster, in my mind was one of the best tools and he got bought and buried by Microsoft is like, what were you thinking boys. But inside here, they demonstrated rolling forecast, the ability to do annual budgets with backfills percentage drivers, the ability to let's say, create the cost of a flight to determine how many flights there are, and so forth. I mean, the

driver bases are good. They do, they can do bottom up budgets, they can do top down

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process, this thing, I think you could forecast a reasonable budget in a matter of a few hours. And it's $17,000. I can't imagine not purchasing the product. Now it's a little over the top statements. But we will be teaching this in our K two courses this year. And we are super happy to have this type of a planning and budgeting tool to expose. Now, the other thing that I want to mention is the NetSuite analytics warehouse. This particular product is very traditional extract, transform load type of technology, they use their whole data warehouse, but they have about 20 pre built connections and about eight prebuilt visualizations, don't quote me on those numbers, but that's about what's there. The ability to modify is amazing. And they have drill down capability everywhere. But the other thing that was like over the top Wow to me was they could read in legacy data from almost any other bit market system into the data warehouse. In effect it convert your old data as a safe deposit warehouse, safe deposit box. See, in the old days of doing this, what I recommended to most people who converted off mid market systems is that they created virtual machine and kept a permanent legacy copy of all this. And sometimes you had to pay for licensing all that. With this new technique. You can read the transaction late level data in even if you're remapping account numbers, and it can do comparative reporting over an extended period of time, let's say 20 years, it was amazing. And you know, when I think about reading it from different systems, most of the ones that you might consider would be available. And the question was raised, could you do proprietary systems? And the answer was yes. And, again, I I'm not easily impressed. This is a very impressive piece of technology. Well, Brian, I know that you and I just had a great day. I mean, you know you don't

Brian F. Tankersley, CPA.CITP, CGMA 24:27

anytime you get to go to Austin is a

Randy Johnston 24:29

good day. Well, it's a good day, but this was a great day because we get every

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know, I think I think you Have to remember the distance the 800 pound gorilla, okay? So this is the NetSuite is the is kind of the leader in the in the mid market space okay, now does it fit for everybody you got to remember we think about accounting software the same way we think about spouses, one person may want one thing and a spouse, you know, want to go run five miles a day, another person may like a spouse that likes to read a lot. You know, there's all kinds of all kinds of different things here. I think when you're looking at NetSuite, I think I think it's one of those products that must be considered, because it's such as such a market presence, and it is it kind of sets the standard for cloud accounting. So, you know, it may not be the right one for you. But you ought to at least see it and know what's there. If you're picking that market application.

Randy Johnston 25:50

Yeah, that's a good way to think about it, Brian, in fact, you know, we've had NetSuite in our top 10 SAS products since its inception. And my opinion, frankly, improved, notably, based on the developments over the last two to three years. I know you've been attending these events I've attended in the past too. But you know, this year was like, Wow, you guys are on steroids. And you're running fast and hard. You're really customer focused. You're doing a lot of smart and right things. It's worth that. So we appreciate you listening to us on the accounting Technology Lab. I hope you got an idea too about NetSuite. Have a great day.

– END –

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