

Reference 1

Net Suite Nightmares

J Carter

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Fresh off an IPO that raised \$185 million NetSuite seems poised for big things, but there is some growing discontent in the customer ranks. The problem NetSuite customers are having can be summed up as follows. First, NetSuite sells like Oracle sells...truth be damned, just say whatever it takes to close the deal. Second, after buying into the perception of the lower cost of SAAS, customers are running into a lot of hidden costs.

They mis-represent the ROI. They do so by not talking about the hidden costs of their system, but also by inflating costs for competitive solutions in an ROI comparison. For example, the Microsoft Dynamics column in one of their comparisons will always include a big line item for a hardware purchase. Every 10 user Dynamics deal requires a new \$30-50K server, right?

They discount aggressively. Discounts as high as 70% are not unheard of. But that comes back to get the customer. Help your prospect remember, they are not buying the software. They don't own it. They are committing to pay an annual fee to use it. After the initial contract term expires, that 70% discount is gone. This is not like getting hit with a maintenance/support fee (though NetSuite will be happy to collect that on top of your software fee), this means the entire cost of your solution goes up. Think about it. If you get a 70% discount on a \$100,000 system and pay \$30,000 a year, when the discount expires it's like facing a 133% price increase.

And that's just one little way in which the costs come back to get you. Another way is when features/modules that are priced as part of your current offering get pulled out and priced as separate functionality.

And the hidden costs can just keep adding up. How about storage? Most SaaS products, including NetSuite, give you a certain amount of storage in the base package, then start charging you a monthly fee when your database gets bigger. The same holds true for transaction volumes.

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Reference 2

Never Lose to Net Suite

J Carter

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It seems that if you are a NetSuite customer, NetSuite owns your data....completely. It's expensive and near impossible to get usable local backup. I guess that's one way to fight high customer churn. NetSuite owns your data, and there is no clear means of getting a usable local backup. Even getting a fairly useless one costs \$4,000 plus consulting fees.

If it is this hard to get your data out of the system it would mean that going to another ERP/CRM solution is like starting over again with a clean slate. That's painful, and makes it even more remarkable that NetSuite is suffering from such high rates of churn.

NetSuite sales reps are the ones that make some crazy claims concerning TCO and ROI of their system. Word on the street is that they don't always let things like the truth stand in the way of a good sales pitch. But let's just say for a moment that the NetSuite sales rep is in the neighborhood of the truth with his/her ROI comparison and that they do indeed come in a little lower. How much is it worth to your prospect to own their own data and have free access to it? Conversely, how much do you need to save on your initial investment in order to justify letting NetSuite own and control you data?

Oh, and by the way, unless their second data center is now online, they own and control your data in a single data center that sits on top of one of the most active fault lines in the world. Now how much is that local backup worth to you?

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Reference 3

Never Lose to Net Suite, Pt.2

J Carter

July 2008

I wonder who owns your data if you cannot get access to it? One thing I learned from [my experience with NetSuite is that he who owns the data, or access to the data, basically owns you.

The first big problem I had with NetSuite was their business practices. Once that was resolved, we had a huge problem getting access to our data. We hired an "expert" who said he had NetSuite experience, and he was not able to get a full extract of our data in one shot after six-plus months.

As I was doing the research for this post, I decided that before I condemn NetSuite for their data-access and backup policies, I should see what some of the other CRM vendors do for data backup.

NetSuite gives you a "Full CSV Export." This is pretty much useless, as it contains no relational data and is basically a collection of your reports in a .csv format. I have not verified this, but according to Ray Tetlow of Skytek, the relational option for NS is \$4,000, and you may have to purchase the ODBC option as well. I just tried to do a Full CSV Export three times now on our current NetSuite account, and it threw an error once, and then it quit at the part where I had to download the file. Like I said -- useless.

I tried to look up "data export," "data backup," and "export all data" in the NetSuite online help system, and received zero (0) relevant results. In fact, the only information I could find was under a search called "full csv export." And it contains this somewhat humorous and ironic subtitle: "The Full CSV Export option in NetSuite does not currently export ALL data as CSV files. The name of this option will soon be changed to CSV Export."

As far as I can tell, NetSuite wants to hold on to ALL of YOUR data, while the others give your free or cheap instant access to ALL of YOUR data. Also, NetSuite seems to have a problem with understanding what the word "full" means.

NetSuite gives you no out-of-the box relational export, and they make it extremely hard to get your data out of the system through other means. A reasonable person could conclude that NetSuite uses these "features" as sales tactics to lock the user into their system. The other online CRM vendors I have direct experience with seem to have a much more reasonable approach to "your" data.

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