



NETSUITE PARTNERSHIP PROVIDES CN GROUP WITH “LONG TAIL REVENUE STREAM”

The CN Group (Viatek Technology) is a privately owned Australian IT services company headquartered in Northern Sydney. Originally established in 2000 with just three staff members and one office, CN Group initially concentrated on the small to medium enterprise market. Today, CN Group delivers solutions to over 200 customers in the medium and large enterprise markets. The company has over 80 personnel operating from offices in Sydney, Central Coast, Newcastle, Gold Coast and Brisbane. From those locations, the company delivers a broad range of IT solutions and services, primarily focusing on two industry sectors: professional services (accounting, legal and engineering firms) and pubs and clubs (bars and restaurant facilities). It is also supporting start-up businesses in the mining industry.

“With NetSuite, we discovered a 100% cloud solution that was both a credible and superior option for our customers who were interested in leveraging the cloud to operate and grow their businesses.”

Brian Pereira, CEO, CN Group



“NetSuite’s partner business model provides CN Group with a long tail revenue stream. The NetSuite Solution Provider Partner Programme is designed to deliver sustainable value to partners over a long period of time.” **Brian Pereira**, CEO, CN Group

Challenge

From its founding, the firm has dedicated itself to making its clients’ businesses stronger, more responsive and more competitive through the use of leading edge technology. It has focused its activities on IT, infrastructure and business applications consulting, implementation and support. More recently, CN Group saw that the cloud was transforming the IT industry, increasingly becoming the dominant platform. The firm was determined to position itself in the vanguard of that transformation. Its challenge was to identify the most effective strategy to become a cloud computing leader.

Solution

The CN Group’s first foray into cloud computing was with an existing well-known ERP vendor, primarily recognised for its premises-based solution, typically implemented in very large organisations. Recognising the importance of the cloud, this vendor attempted to offer a cloud-based version of its legacy solution. However, after a trial, the CN Group determined the new offering was not a true cloud ERP solution and began exploring other options in the ERP/accounting space. After a complete review of solutions, the CN Group concluded that NetSuite was the only vendor that wasn’t simply offering a premises-based solution “with a veneer of cloud,” said Brian Pereira, CEO of CN Group.

“We also realised that many of these older, traditional solutions were not able to run on or integrate well with the growing number of mobile devices appearing in most organisations,” Pereira said. “With NetSuite, however, we discovered a 100 percent cloud solution that was both a credible and superior option for our customers. Of course, we put NetSuite through its paces and found it to be a solid, proven and comprehensive business management suite that enabled organisations to run their entire businesses in the cloud.”

CN Group decided to add NetSuite to its solutions portfolio and become a NetSuite Solution Provider Partner.

Results

The CN Group’s partnership with NetSuite has proven to be a roaring success.

- NetSuite has enabled CN Group to meet client and prospect business requirements and expectations regarding their anticipated benefits of moving to the cloud.
- As the world’s #1 Cloud ERP solution, NetSuite has enabled CN Group to quickly establish itself as a major cloud solutions firm in its marketplace.
- CN Group’s NetSuite practice has become the firm’s fastest-growing and most profitable division, producing more than a quarter of the firm’s pre-tax earnings.

“NetSuite is tightly integrated into our business. NetSuite employees work in our offices. They participate in sales calls with us. It’s very clear that NetSuite is dedicated to our success.” **Brian Pereira, CEO, CN Group**

- Approximately 60 CN Group clients are running NetSuite. The firm expects that number to grow to about 150 clients and to double year-on-year thereafter.

Further evidence of the value of CN’s NetSuite partnership was revealed when the CN Group was acquired by Viatek, an Australian Xerox Dealer in Print Managed Services that wanted to boost its cloud offerings and expand IT managed services.

As the acquiring company performed its due diligence and came to understand the NetSuite partner revenue model and the revenues it was producing and would continue to produce in the future, the conversations about CN Group’s valuation took a decidedly upward turn. “Typically in an acquisition like this,” Pereira said, “a firm like ours would have been offered a 3 or 4 times multiple of book value. However, because of the unique NetSuite recurring revenue partner compensation model, CN Group’s valuation was exponentially higher. For any firm seeking to build a business with a goal of selling it or just to build a business with consistent, predictable, sustainable cash flow and value, NetSuite offers a truly remarkable opportunity.”

Advantages to Partnering with NetSuite

- **Enables CN Group to offer clients a true, 100% cloud-based business management solution** – CN Group clients were increasingly seeking a pure cloud-based, complete business management solution on which they could run their businesses efficiently, cost-effectively and in a way that would support business growth—both

financially and geographically—without having to incur the costs inherent in the implementation of traditional premises-based solutions. “In meetings with customers today,” Pereira said, “clients expect you to have cloud solutions that meet their business requirements. That expectation comes up in virtually every conversation.” In its evaluation of NetSuite, CN Group found that NetSuite delivered the functionality it claimed and performed as advertised. Most importantly, NetSuite enabled CN Group to meet its clients’ business requirements and cloud computing expectations.

- **The NetSuite partner model is profitable and has a “long tail”** – For partnership agreements to work for both vendor and partner, they need to be profitable for partners. Unlike many vendor partnerships that are merely “paper partnerships” that only allow the partner to resell a product or are simply “won and done” partnerships where there is no long-term value for either party, NetSuite’s Solution Provider Programme is instead designed to produce unparalleled, recurring revenue for partners. Beyond the revenue partners receive from the initial solution sale, they also receive recurring, annuity revenue each year as clients renew their NetSuite subscriptions. “NetSuite’s partner business model provides CN Group with a long tail revenue stream,” Pereira explained. “In addition, as clients expand their use of the broad range of functionality NetSuite ERP provides, CN Group has ongoing

opportunities to add revenue through services engagements. The NetSuite Solution Provider Partner Programme is designed to deliver sustainable value to partners over a long period of time.”

- **NetSuite’s cloud solution speeds the sale process** – The sales process for traditional, premises-based solutions falls into the category of capital expenditure. “The approval process for capital expenditures tends to be lengthier and more difficult than the approval process for operational expenditures, which makes NetSuite sales, which are not capital expenditures, less complicated and less time consuming,” Pereira said.
- **Extraordinary partner support** – CN Group receives highly enthusiastic and effective support through NetSuite’s channel organisation. From ongoing product training; to marketing support in the form of marketing materials, sales leads and coop funds; to pre-sales, sales and implementation support, NetSuite works side-by-side with CN Group. In fact, in the case of CN Group, Pereira said, “they’re tightly integrated into our business. We have NetSuite employees who work in our offices. They participate in sales calls with us, and the channel organisation is very effective in managing the partner programmes to avoid channel conflict between partners, which is important and not generally handled very well by a lot of vendors. All of this makes it very clear that NetSuite is dedicated to our success.”

To find out how an Oracle NetSuite partnership can benefit your organisation, email SolutionProviders@netsuite.com.



Company Snapshot

Company: CN Group

Industry: IT Services

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