

HD Over a Quarter of Australian Business Executives Believe Their Industry is Rapidly Changing

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NetSuite Study Reveals Australian Businesses Need to Respond Faster to Digitalisation, Disruptive Competitors, New Business Models and Servitisation to Remain Viable

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SYDNEY, Oct. 28, 2014 /PRNewswire/ -- NetSuite Inc. (NYSE: N), the industry's leading provider of cloud-based financials / ERP and omnichannel commerce software suites, today announced that the research sponsored by NetSuite titled: The 'Disrupt, Collapse, Transform' study conducted by Frost and Sullivan, has revealed that 26 percent of Australian executives believe their industry is rapidly changing, a significant increase from 13 percent in 2010. Despite this, executives are more complacent about the need to adapt their organisation than in other countries -- only 13 percent believe change needs to happen much faster than in the past, compared with 22 percent globally. The biggest trends driving industry change are digitalisation, new disruptive competitors, servitisation and new business models. Australian organisations are responding by adopting cloud computing for its greater adaptability to rapid industry transformation -- 63 percent of software-as-a-service (SaaS) users indicated that cloud has helped them react more effectively and 72 percent have gained competitive advantage.

The Frost & Sullivan study of 1,500 senior executives across multiple industry sectors in seven countries, including Australia, Singapore, U.S., U.K., Japan, **Hong Kong** and the Philippines, was carried out in October 2014 to examine what is driving disruption across all industries and how the modern business is responding -- 200 of the surveyed participants were from Australia.

"The pace of transformation in most, if not all, industry sectors in Australia is very high and appears to be accelerating," said Mark Dougan, managing director of Australia and New Zealand for Frost & Sullivan. "The introduction of new business models as a result of the digital revolution has helped accelerate cloud adoption. Coupled with shifting economic conditions, accelerated time to value and the need to innovate rapidly, businesses simply need to be more efficient and adapt at a much faster rate than ever before."

Digitalisation -- the leading factor driving industry transformation

According to the study, digitalisation -- the use of digital channels to do business, sell to customers, or transact with suppliers - was identified as the top trend driving change in Australia, particularly in the media, entertainment and retail sectors. Despite being the leading driver, only 30 percent of organisations on average allow customers to transact with them online. This does differ greatly by sector, however, with ICT (52 percent), manufacturing (48 percent) and retail (38 percent) leading online use, but adoption lags in many sectors, particularly financial services (20 percent).

Many organisations identify that one of their biggest threats is the entry of new, disruptive competitors with new business models, which are forcing change in the way that businesses interact with customers. This includes the emergence of competitors using low-cost models, for example, or those using online only distribution channels. However, only 22 percent of Australian businesses say that they are likely to change their distribution model in the next five years, by far the lowest of all countries surveyed.

While much less developed in Australia than elsewhere, servitisation is another significant driver of change worth noting. Many businesses are developing the capabilities they need to provide services and solutions that supplement their traditional product offerings. In Australia, less than 30 percent of manufacturers, for example, are servitised, compared to almost 60 percent in the U.S. and 50 percent in Singapore.

Need for greater adaptability driving cloud adoption

Frost & Sullivan believes that cloud computing is both a contributor to industry transformation, as well as a necessary response for organisations to survive. The study revealed that the main reasons for adopting software-as-a-service (SaaS) are evolving over time, with cost savings and ease of upgrading becoming less important than they were four years ago. Greater adaptability to industry change is now a main driver of SaaS adoption in Australia, according to 34 percent of surveyed organisations, which is a significant increase from 10 percent in 2010.

According to the study, 63 percent of SaaS users in Australia indicated that it has helped them respond more effectively to changing market conditions and 72 percent say that it has given them a source of competitive advantage. As well as lower costs, the main benefits achieved have been improved speed to market with new products or services (20 percent) and the ability to enter new global markets (20 percent).

"Given industries are changing so quickly in such an unpredictable way, companies need to have the ability to adapt extremely quickly to launch new products and services, come up with new revenue or business models and access new geographical markets," commented Mr Dougan. "That adaptability is being enabled by cloud computing -- it has become a necessary response to the rapid pace of transformation."

The study indicated that the highest adopters of SaaS are the Australian financial services, ICT and government sectors, with mining, healthcare and construction being the lowest. Forty percent of organisations overall are using SaaS for at least one of their main business applications, with CRM being the most widely accessed (50 percent), followed by e-commerce (48 percent) and finance and accounting (47 percent).

"The reality of fast-changing market conditions is that businesses need to stay ahead to generate future revenue and remain relevant," said Mark Troselj, managing director of APAC and Japan for NetSuite. "We have seen the biggest shift in cloud computing in Australia over the last two years, as businesses of all sizes have moved beyond initial adoption to using cloud solutions to drive real business transformation. Cloud provides greater flexibility, speed and agility for businesses to move quickly with the market as it changes, enabling them to easily achieve their broader growth strategies. This certainly can't be achieved with heavily customised and costly on-premise ERP solutions."

NetSuite cloud provides the valuable tools to enable businesses to adapt

NetSuite's cloud-based business management software solutions play a crucial role in helping businesses expand more easily and cost effectively, by giving them the agility, flexibility and speed to set up new business operations or change business models. Its leading solutions remove the hassle and weighty costs of traditional on-premise software that cramp growth. Customer relationships, ERP, financials, e-commerce, HR, manufacturing, inventory, distribution, supply chains and more can be managed from one NetSuite cloud-based business management solution. This provides deep, and up to the minute visibility of every interaction, **transaction** and relationship occurring within a business in every market, anywhere in the world.

Today, more than 20,000 companies and subsidiaries depend on NetSuite to run complex, mission-critical business processes globally in the cloud. Since its inception in 1998, NetSuite has established itself as the leading provider of enterprise-class cloud ERP suites for divisions of large enterprises and mid-sized organisations seeking to upgrade their antiquated client/server ERP systems. NetSuite excels at streamlining business operations, as demonstrated by a recent Gartner study naming NetSuite as the fastest growing top 10 financial management systems vendor in the world. NetSuite continues its success in delivering the best cloud ERP/financial suites to businesses around the world, enabling them to lower IT costs significantly while increasing productivity, as the global adoption of the cloud accelerates.

For more information about NetSuite please visit www.netsuite.com.au.

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This press release contains forward-looking statements relating to expectations, plans, and prospects including expectations relating to the future growth of the SaaS market. These forward-looking statements are based upon the current expectations and beliefs of NetSuite's management as of the date of this release, and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements including, without limitation, the risk of adverse and unpredictable macro-economic conditions. All forward-looking statements in this press release are based

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