

NETSUITE

MANUFACTURING SOFTWARE REVIEW BY SHELDON NEEDLE



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NetSuite Manufacturing

NetSuite has been well known for its cloud-based financial accounting and ERP solution for a number of years. It also supported light manufacturing with assembly to stock or order of single-level bills of materials.

In 2010, it began to beef up its manufacturing offering and now it supports not only light manufacturing but more complex operations as well. This can involve multi-level bills of materials and demand planning for more repetitive type operations. They can also support recipe based process manufacturers providing manufacturing is done in batches. NetSuite currently targets discrete manufacturing. It is not really suitable for engineer to order manufacturing.

NetSuite currently offers three flavors of its manufacturing solutions:

Light Manufacturing

Light Manufacturing includes assemble to order and kitting. The system lets you create work orders and pick lists then back flushes inventory when the order is completed through a build process. The native NetSuite financial accounting product handles this by itself without any special additions.

The work order can have multiple subassemblies.

NetSuite also supports reorder point planning, and computing the optimal level to maintain based on past history as part of the Advanced Inventory option.

Standard Manufacturing

Standard Manufacturing adds MRP engine to the Light Manufacturing. However users report MRP is very light and forecasting does not really work well including forecasts and multiple planning methods. It also handles engineering changes.

Advanced Manufacturing

Advanced Manufacturing adds routings, resource tracking and infinite capacity scheduling with a drag and drop scheduling board. Generally it is best suited for make to order and make to stock manufacturing and can handle engineer to order as long as it's not the major method of manufacture. Integration with ARENA Software, a 3rd party product, adds the ability to track product life cycle data and is often used for CAD integration. Typically users who will need 25+ seats should consider Advanced Manufacturing.

Only about 5% of NetSuite Manufacturing users have Advanced Manufacturing.

NetSuite Manufacturing works with some job shop customers but the vast majority of users are make to stock or make to order discrete manufacturers.

Thorough pre installation planning

Thorough pre installation planning Implementation is typically done with a fixed price statement of work. This is accomplished through a discovery call, tailored demonstration, an internal knowledge transfer and then a scoping call with project managers. This leads to an accelerated implementation methodology utilizing best practices methodologies. (But be alert to the experience of the project manager assigned. They



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can be very inexperienced and not really know manufacturing that well.)

Pricing can vary based on the exact requirements and users needed. Users can expect to spend about \$25K per year for 10 user system seat licensing in addition to the initial implementation and training costs. User can also expect to spend between \$15 and 26K for implementation and training. There is a 5 user seat minimum.

NetSuite really works best when the buyer wants a full ERP solution to include CRM, warehouse management, inventory control, sales orders, portal access (for customers, vendors, partners and employees), business intelligence, robust accounting and, possibly, ecommerce. It is not generally a good fit for a company that just wants the manufacturing component.

NetSuite CRM is much more than just customer contacts and email tracking and includes full sales pipeline tracking, campaign management, case management and realtime sales tracking. The webstore is a great feature for manufacturers whose customers do catalog ordering.

Unlike most systems Financials are real-time with transactions updated as soon as they are entered with drill-down capability to see the G/L Impact at any time.

As a cloud solution, NetSuite is attractive in a contract manufacturing environment since the contract manufacturer or vendor can come online and use the vendor portal for purposes of managing the supply chain to coordinate purchases and inventory shipments.

Features

Features Advanced bins, lot and serial tracking, pick, pack and ship. The One World application supports multicurrency. It also supports all Canadian taxes and, Spanish, French, Chinese, Japanese, languages.

Advanced Manufacturing supports life cycle tracking, BOM management, multi-plant, operations, average costing, lot and serial control (but not to the subassembly level), FIFO , LIFO, standard costing, and warehouse management.

The OneWorld version of NetSuite with Advanced Manufacturing supports multi-warehouses, multiplant in a single database and will do infinite capacity planning and scheduling.

The company states that is has been successful selling to some larger manufacturers.

For repetitive manufacturing it offers Sales forecasting to create a Master Production Schedule (MPS) and then MRP. Its Advanced Manufacturing offering includes: routings, MRP, editable work orders, and capacity planning.

Users should know that customization is often required to meet all user requirements. However, the NetSuite platform is designed to allow customizations to seamlessly flow to future releases.

It supports electronics ordering, except for substitute parts. Project management accounting is a strong feature of the system which is used to track both design and manufacturing costs to a contract.

Targeted verticals

- Electronics
- PC boards Ecommerce
- retail Distribution
- Mfg/wholesaler
- Healthcare
- Sporting good
- High tech electronics
- Nutraceutical distribution
- Contract manufacturing
- Recipe batch Food industry
- FDA compliance

Customization

Most users have some amount of customization which they can easily configure themselves often by adding a custom record or field. For example, warranty tracking is accomplished by having a serial tracking number loaded into a warranty repair record. There are many third parties that customize Netsuite for a manufacturing environment. But a lot of custom changes is always a red flag. It means the software is not really designed for your operation.

Upgrades

NetSuite has 2 major new releases per year and the upgrades are done transparently to the user. Upgrades typically have a preview period before the upgrade commences. Custom changes are upward compatible with few exceptions As a SaaS application, NetSuite lowers the total cost of ownership (TCO) by eliminating costs for on-premise servers and license fees as well as expenses for site-to-site IT support. TCO is generally low for the first 5 years, then exceeds an on-premise solution. NetSuite's open architecture enables easy system integration with the company supply chain. Being a SaaS application, it also enhances mobile productivity for further cost savings.

NetSuite Manufacturing Key Capabilities

Demand Planning

- Forecasting accuracy to customer demand by taking into account both sales order and forecasted demands
- Rapidly boost profitability with improved days on-hand (DOH) inventory reporting.

Product History Tracking

- Maintain a complete history within NetSuite for each product assembly and kit so that your warehouses can more efficiently track component levels and manage raw materials, WIP and finished product inventories
- View final products as individual units or with all components listed and serialized
- Tear down builds and reuse components if needed.

Manufacturing Requirements Planning (MRP)

- The NetSuite MRP engine uses industry-proven algorithms and will proceed level-by-level through the bill of materials (BOM) starting with the top level, reviewing demand and safety stock requirements and netting out the inventory and firm (or greater) supplies
- The review process also covers first suggested reschedules for firm (or greater) supplies and then creates planned supplies as appropriate.

Project Control

- Enhance your P/L variance with NetSuite's deep analytics and tracking controls, which help you understand planned vs. actuals in ways that drive business success
- NetSuite's Project Control capability also enables inventory control tracking as well as planning and costing of items
- Plan, cost and track by "item within a project" in discrete manufacturing operations where all planning, costing and tracking is based on "item numbers."

- Backflush at workcenter for first and last operation only
- Notable shortcoming is the lack of bar coding for labor and inventory (except for Advanced Manufacturing) however the capture of real time shop labor and production can be done through a PC data entry screen on the shop floor.
- No QA application and no configurator except through a 3rd party
- Work in process tracking is weak.

Multi-Division and Multisite

- Extend manufacturing efficiencies to multiple plants in different locations—even throughout the world with OneWorld.
- Support multiple companies, even if they have multiple divisions with multiple manufacturing sites
- Support division-level MRP and inter-site requirements planning with costs processes managed and tracked within divisions
- Vary planning policies and inventory policies by division, allowing you to manage your manufacturing business as either centralized or decentralized.

Summary and user feedback

Netsuite claims a lot of capability as a manufacturing solution. After researching this with a number of consultants and end users, the consensus is that Netsuite is early in its development as a manufacturing solution and is mostly thought of as distribution software with a light manufacturing capability.

Pros

- Full ERP solution including integrated ecommerce Good for make to order or repetitive
- Good for light manufacturing with a significant distribution operation

Cons

- Doesn't support ETO (but ok if it's a small part of biz and rest is MTO)

About Sheldon Needle



A former CFO, consultant and software designer, Sheldon Needle has authored or co-authored more than 20 books on software selection and has contributed articles to major publications, including the Journal of Accountancy and Nation's Business. CTSGuides.com has the distinction of being the very first company to do hands-on, independent evaluations of software for the middle market.

Sheldon speaks with business owners and managers every day about software selection and makes personalized recommendations based on their needs and budget. He is widely known and respected throughout the business software community for his independence, integrity and expertise.

As part of registering for our free software selection kit, you receive a 15-minute consult with Sheldon. Sheldon understands financial and business issues and speaks your language.

He knows the leading software companies—how they compare, their strengths and weaknesses, where they fit into the market and which ones would be suitable for your business.