WHY
TRAVEL AND TRANSPORTATION COMPANIES
BELONG IN THE CLOUD

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Has there been a more exciting time to be at the forefront of business? It's unlikely. According to a NetSuite/Frost & Sullivan survey[1] of IT decision makers and business leaders, three-quarters of organizations across Europe anticipate the pace of organizational transformation will be faster than ever before.

Acceleration brings great challenges, of course, but it also means unprecedented opportunity to shape the future. As in other sectors, change in the travel and transport industry is the new normal. Just think of the changes that have taken place around

logistics, booking taxis, checking in to flights or travelling on urban transport networks in recent years. Yet change can only happen if the underlying technology can support it, allowing business to flourish and providing a platform for innovation at speed.

The Cloud is that underlying technology platform. Cloud liberates and enables. It liberates travel and transport organizations by streamlining and automating back-end processes and it enables transformation through its inherent scalability and flexibility—and its ability to support core business applications.

[1] The Role of Cloud in European Business Transformation, Frost & Sullivan/NetSuite, 2016

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THE CLOUD – CHARACTERISTICS AND BENEFITS

Cloud computing allows organizations to store and access data remotely—across the internet—without the need to invest in dedicated server, storage and networking equipment. Moreover, the cloud provides a platform on which businesses can run core applications and services that would have previously sat in-house or in a dedicated space within a data center. Two-thirds[2] of organizations in the Frost & Sullivan survey believe they have obtained competitive advantage through cloud computing. There are several reasons for this.

The Cloud is affordable and cost-effective
Traditionally, organizations needed to buy multiple servers from which they would run applications and services. It proved an expensive, upfront commitment and required that they purchased enough storage for peak usage, as well as an experienced IT team to manage and maintain it. By contrast, the Cloud offers a pay-as-you-go service— use what you need, when you need it. A manageable, operational-only model has replaced an expensive capital-first model.
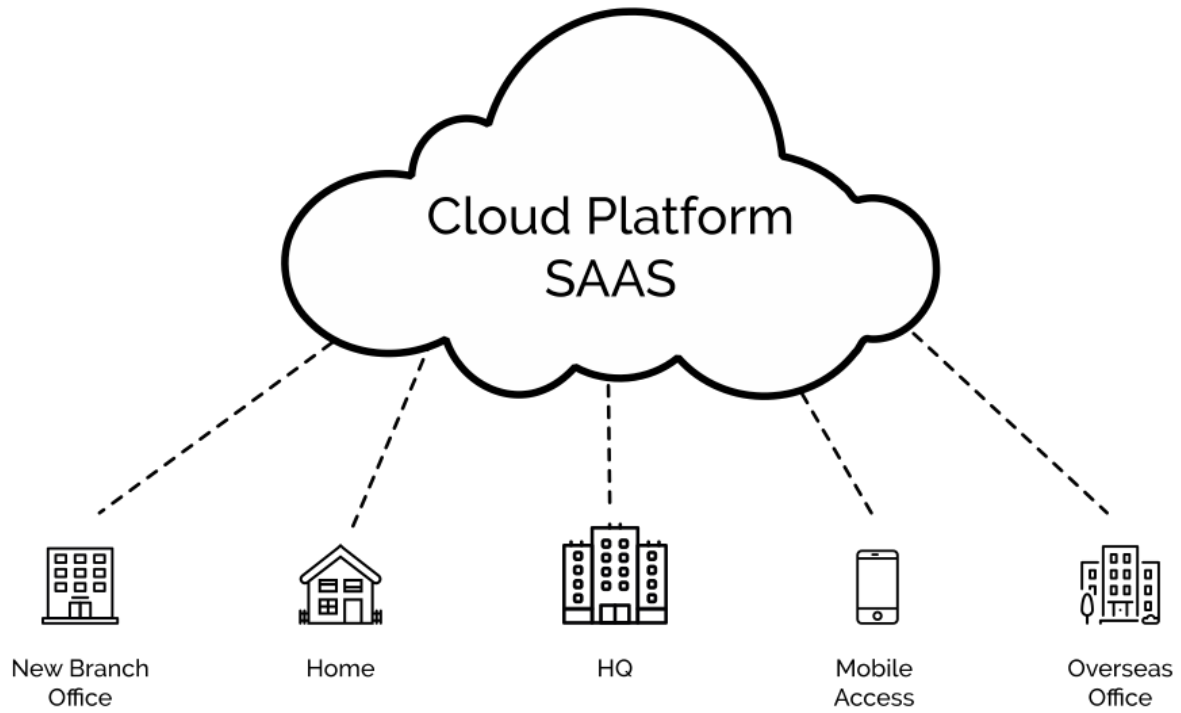
The Cloud is flexible and scalable
An operational model also means there's no in-house infrastructure deployment. Therefore, cloud installations can be up and running in a fraction of the time traditional IT projects take. Flexibility also means organizations can scale up and scale down access and capacity as required. The ability to quickly adjust computing capability is useful for systems in travel and transport that deal with peaks of demand, such as a city rush hour, or when handling the increasing volume of sensors that will be integrated as part of the Internet of Things.

The Cloud enables international expansion
The Cloud is an engine for growth because of this ability to deploy services on a pay-as-you-go basis. Where overseas expansion was once exclusively for capital-rich multinationals reliant on on-the-ground infrastructure, today all businesses have the opportunity to compete in international markets. This is particularly true of sectors such as aviation and logistics that do large parts of their business across international

[2] The Role of Cloud in European Business Transformation, Frost & Sullivan/NetSuite, 2016

borders. The cloud is the reason why today's transport start-ups, such as ride sharing platforms Lyft and Uber, can compete globally from day one.

SAAS – CHARACTERISTICS AND BENEFITS

There is little doubt that cloud computing has inherent benefits but it is only when organizations use it to run their main business applications, like ERP, that true value is realized. Today, according to the NetSuite/Frost & Sullivan survey[3], 59 per cent of European companies deploy such applications in the Cloud. As a point of contrast, that figure was less than 40 per cent two years ago.

Before discussing the potential advantages of cloud-based software, it is important to make clear the distinction between true cloud applications—a class known as Software-as-a-Service (SaaS)—and cloud hosting, application management or application outsourcing. Where SaaS represents a material change from traditional, on-premise IT, the other options offer merely incremental change, sharing many of the disadvantages of traditional IT such as relying on dedicated hardware and software, slow implementation, disruptive upgrades, and costly management and maintenance.

SaaS is clearly having an impact on the travel and transport sector, with research by KPMG finding that 47 per cent of transport/logistics companies expect to increase their investment in SaaS in the next 1-3 years—more than other types of cloud services[4].

SaaS applications are built on two key principles—self-service and multi-tenancy. Self-service underlines the autonomy of the SaaS model—use what's required, customize at will and pay for what you use. A multi-tenancy approach, meanwhile, provides a single instance of a software solution, virtualized across several machines, that serves multiple customers.

Multi-tenancy offers a number of advantages including fast deployment, seamless upgrades and economies of scale. Single-tenancy, by contrast, is expensive, inefficient and lacks scalability. For travel and transport businesses, the common need for services to scale and respond quickly, while also being cost effective, means the multi-tenancy approach works well.

[3] The Role of Cloud in European Business Transformation, Frost & Sullivan/NetSuite, 2016

[4] Harvey Nash/KPMG CIO Survey 2016

Speed of deployment

Implementing SaaS applications is quicker than an on-premise alternative because cloud-based software, such as cloud ERP, requires no additional hardware. That means there's no need to procure and install dedicated IT infrastructure. As a result, a business can roll out to regional offices just as easily as it can to its headquarters—a capability that suits businesses in transport and travel with many nodes around the world. For example, on-premise ERP typically takes a year to deploy[5]. By contrast, cloud ERP deployment, customized to match business need, usually takes 3-6 months.

Seamless upgrades

According to one study[6], two-thirds of midsized companies are running outdated versions of their ERP software. This is often because customizations tie organizations to an existing version for fear of losing all those changes when product updates are introduced. That's the dilemma for those who manage software in-house. There are no such problems with the SaaS model where customizations can be abstracted from the underlying application and infrastructure. NetSuite supports managed customizations such as custom reports and scripts, workflows, and schema changes.

Uptime and continuity guarantees

Cloud is designed to handle spikes in demand and ensure continuity of service—both of which are crucial capabilities in the travel and transport space, where congestion and scarcity are key considerations, and uptime is often a matter of public safety, meaning services are truly mission-critical.

Benefits of Cloud and SaaS

Flexibility and scalability
- Applications up and running in a fraction of the time
- Pay for what you use, not for what you might use
- Scale up and scale down as required
- Add services as required

Affordability
- No upfront costs
- No unnecessary IT maintenance staff
- Improved cash flow management
- Shared infrastructure and support

Rapid growth
- No barriers to international expansion
- Faster deployment
- Test and iterate new products and services
- Highly configurable applications to suit changing needs

Security and compliance
- Latest certification including PCI Data and SAS 70 Type II, automatically updated
- EU-Safe Harbour and other data sovereignty and compliance needs, automatically updated
- Single code base allows for faster, unified security upgrades
- More security experts working on SaaS application than in-house equivalent

Security and compliance
- Seamless upgrades
- Continuity guarantees
- Customizations preserved post-upgrade
- Continual service improvements to prevent performance bottlenecks
- Uptime, continuity and systems performance managed by the SaaS vendors

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[5] How cloud ERP compares to on-premise ERP

[6] "Why Cloud Computing Matters to Finance," Ron Gill, CMA, CFM: Strategic Finance, January 2011.

Customers benefit from the scale of the service, which means hardware failure can be isolated rather than threaten day-to-day operations. NetSuite promises 99.5 per cent availability and boasts a 99.97 per cent average uptime performance[7] over the last 12 months.

Economies of scale

Size brings savings. NetSuite, for example, supports more than 40,000 customers in the cloud and each benefit from the others' presence. Not only do businesses avoid significant capital costs, the costs of maintenance, security, customization and upgrades are not borne by a single customer.

Security and compliance

Cloud software providers such as NetSuite make security their business by following rigorous disaster recovery and back-up procedures—and by ensuring up-to-date industry standard data security certification such as compliance with PCI DSS and SAS 70 standards. Once again, economies of scale come into play: a cloud application provider is able to devote resources to security beyond an organization hosting the same application locally. Finally, because SaaS applications typically run on a single code base, security upgrades are faster to install.

Anytime, anywhere access

SaaS applications mean access from anywhere—from headquarters, branch and regional offices, from home and on the road. Secure internet access provides peace of mind and, coupled with tablet and smartphone optimization, it makes real the promise of a truly mobile workforce.

[7] Based on uptime measures between May 2016 and April 2017 https://status.netsuite.com/#

Chapter **3**

ADOPTION CRITERIA

When contemplating a move to cloud-based applications, it is important to set the decision against business imperatives and against the cost and benefits of the current IT set up. Consider the following adoption criteria:

Adoption Criteria	Questions to ask the business	Questions to ask the SaaS supplier
Implementation, continuity and maintenance	• Does speed of implementation provide competitive advantage? • What will be the business downsides of slow deployment/customization? • How many man-days are currently lost each year to upgrade cycles and maintenance?	• What are your guaranteed implementation times? • What percentage contractually guaranteed uptime do you offer? • How many man-days are likely to be lost to upgrade cycles each year?
Growth	• Are you planning expansion into new markets in the next 12-24 months? • Does expansion include international growth? • Are you in the process of introducing new products and services in the next 12-24 months?	• How quickly can you spin up new cloud provision? • Do you provide multi-currency, multi-tax and multi-language services as standard?
Cost benefit	• How much did your existing server, storage and networking set up cost to install? • How much does it cost on a monthly basis to run, including staff costs?	• How much would it cost to support the current user base/usage rates? • How much would it cost if that user base/usage increased by 10, 50 or 150 per cent?
Access	• Would your business benefit from real-time access to applications and data? • Would your business benefit from 24/7 access to applications and data? • Would your business benefit from any place, anywhere access to applications and data?	• What restrictions do you place on access to your SaaS applications? • How do you ensure security of access?
Data security	• Do you have 100% visibility of your current security processes? • Do you have confidence in those processes? • Are you compliant with existing and forthcoming data protection laws e.g. GDPR?	• What security and data accreditation and compliance standards do you meet? • How often do you update accreditation and compliance? • How will you guarantee our data sovereignty needs? • Will you provide a full export of my data should I move SaaS provider?

INTRODUCING CLOUD ERP FROM NETSUITE

NetSuite's cloud enterprise resource planning (ERP) solution is used by more than 40,000 organizations across 200 countries in over 190 currencies.

Cloud ERP allows businesses to run all their key back-office operations and financial business processes. Capabilities include financial, order, production, supply chain and human capital management (HCM), as well as warehouse, fulfillment and procurement functionality. It supports all HR-related processes and integrates HCM, finance and back-office in a single cloud system. Meanwhile, commerce functionality reflects the wide-ranging remit of the modern CFO, who not only needs data for financial modelling but access to business performance metrics and real-time assessments of risk and regulation.

NetSuite Cloud ERP offers a **single view**—a single version of the truth—across the entire business. An integrated cloud ERP solution ensures that all business management is built around a single database containing all relevant data. In turn, that means business managers can examine every aspect of the business from a single business intelligence tool.

Moreover, cloud ERP **democratizes access**, allowing all employees to view the right sort of data, in the right place, at the right time. This global, real-time view of data lets travel and transport businesses make informed decisions that in turn drive improvements and provide the catalyst for change.

At NetSuite, we believe that the cloud really does underpin transformation and that Software-as-a-Service is the best way to deliver the applications that are key to business success.

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