



White Paper Series

NetSuite Offers Green Alternative to Traditional On-Premise ERP and CRM Solutions



GREENSPACE
GREENER BUILDINGS. HIGHER PERFORMANCE

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Executive Summary

Greenspace (www.greenspacesupply.com), Northbrook, Ill., a supplier of green operations and maintenance products and analytical solutions, performed a detailed analysis of NetSuite’s Software as a Service (SaaS) platform to measure cost savings, efficiency and green benefits.

Greenspace determined that:

- NetSuite operates in an energy-efficient manner, using the latest technologies to reduce its energy use.
- Green benefits resulting from NetSuite’s efficiency, and from its customers using NetSuite’s solution rather than operating their own servers, are significant and include energy use reduction, cost reduction and improved employee productivity. The aggregate reduction in electricity used by NetSuite and its customers is approximately 595 million kilowatt hours (kWh) per year—the equivalent of the annual electricity consumption of more than 56,000 homes. This results in a reduction of greenhouse gas emissions by more than 423,000 metric tons of carbon dioxide per year, the equivalent of:
 - CO2 emissions produced by the consumption of more than 48 million gallons of gasoline
 - CO2 emissions produced by the consumption of approximately 985,000 barrels of oil
 - And the yearly pollution caused by more than 77,000 automobiles.
- NetSuite’s SaaS platform enables customers to reduce overall server room electric consumption by more than 99 percent, representing a decrease in cost of more than \$10,300 per customer per year. This energy savings further improves the customer’s return on investment (ROI) and total cost of ownership (TCO) versus traditional on-premise IT solutions.
- The customer’s cost savings are in addition to the reduced software, hardware, maintenance, personnel and occupancy costs resulting from implementing NetSuite’s software as a service platform. Such reductions in upfront and ongoing costs can exceed \$100,000 per year.

By utilizing NetSuite’s platform, an organization can, to a material degree, reduce its IT and operating costs, improve employee productivity and morale, and make a positive impact on the environment. This fulfills all three aspects of the green triple-bottom-line: benefits for profits, people and the planet.

Server Rooms and Data Centers Can Account for 30 Percent of an IT Organization’s Budget

Server rooms and data centers need power to operate equipment and lighting, and to maintain a constant temperature for the equipment and the center’s staff. Oliver Wyman Consulting recently determined that taking into account all these factors, the cost of energy can account for as much as 30 percent of an organization’s IT budget when it operates its own data center.

Inefficient data centers consume even more power, especially if the capacity of its servers or data center exceeds the company’s needs. This can happen if a company builds excess capacity for future budgeted increases, or if it wants the capacity for peak usage that occurs only a few times a year.

A recent McKinsey & Co. study found that within one media company, almost one-third of the servers in operation had utilization rates of below 3 percent, and nearly two-thirds had utilization rates of below 10 percent. The study also determined that “for most service sectors, data centers are a business’s number-one source of greenhouse gas emissions” and concluded that “[T]he greenest data center is the one that you don’t have to build” (emphasis added). So it’s not surprising that in 2007, the Environmental Protection Agency (EPA) estimated that if then-current trends continued, energy consumption by data centers will almost double to more than 100 billion kWh per year by 2011.



Results of the Greenspace Study

NetSuite engaged Greenspace to study NetSuite's Software-as-a-Service (SaaS) platform to measure efficiency, cost savings and green benefits resulting from an organization utilizing NetSuite's platform (rather than operating its own servers) and from the operation of NetSuite's data center. Utilizing its EcoMetrics™ measuring system and data available from the U.S. EPA, Greenspace reached the following conclusions:

1. Based on the number of customers served by NetSuite during 2008, the aggregate reduction of electricity used by NetSuite and its customers is approximately 595 million kWh per year—the equivalent of the electricity consumption of more than 56,000 homes. The resulting environmental benefit is extremely significant:

Greenhouse gas emissions were reduced by more than 423,000 metric tons of carbon dioxide per year, the equivalent of:

– **CO2 emissions produced by the consumption of more than 48 million gallons of gasoline**

– **CO2 emissions produced by the consumption of approximately 985,000 barrels of oil**

– **And the yearly pollution caused by more than 77,000 automobiles.**

2. A NetSuite customer can materially reduce its power consumption by using NetSuite's platform. This power-use reduction results from not having to use power to operate equipment in a server room and from not having to use power for ancillary purposes, such as air conditioning. The reduction can amount to annual electricity savings of more than \$10,300 per year. This savings further improves the customer's ROI and reduces its TCO for NetSuite implementation.

Additional environmental benefits attributable to the use of NetSuite's platform are a reduction in e-waste, because customers do not have to dispose of servers at the end of their useful lives, discharged batteries used for back-up systems or worn out back-up media tape.

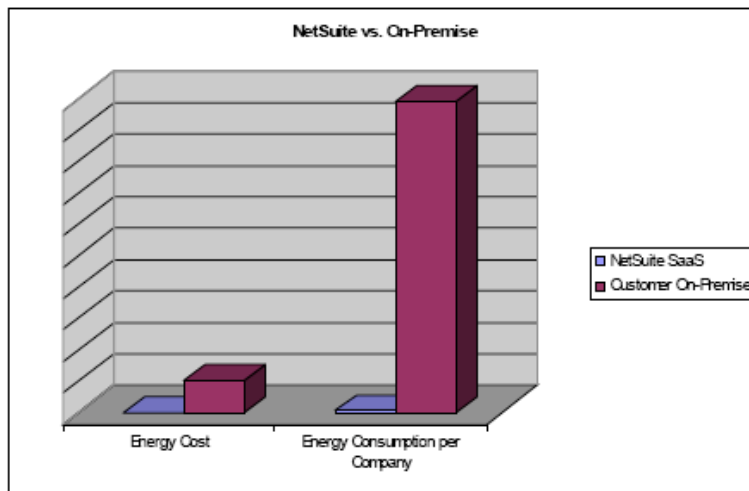
Total NetSuite Cost Savings Can Equal \$100,000 Annually

Furthermore, there are additional cost savings and employee productivity gains. A NetSuite customer has no equipment purchasing, maintenance or server depreciation costs. They do not require enterprise server licenses, web servers or databases, so they avoid paying up-front licenses and yearly maintenance fees. In addition, there are no ancillary costs to maintain these systems.

Further savings may result from decreased occupancy costs, because building space need not be devoted to an on-premises data center, and decreased personnel costs, because companies need fewer IT personnel to administer NetSuite compared to traditional on-premise solutions. According to NetSuite estimates, these savings, which in the aggregate can exceed \$100,000 per customer per year, compound the increase in the customer's ROI and TCO resulting from energy savings.



Comparison of Energy Cost and Usage of NetSuite Solution vs. Customer Hosted On-Premise Solution Energy



Employee Benefits

IT employees benefit from NetSuite as well. They save time because they don't have to perform maintenance tasks. They experience less downtime and stress due to equipment failure. Because the IT staff is free from maintenance obligations, they can focus on higher-value tasks and initiatives for the organization.

Therefore, by utilizing NetSuite's solution, an organization can reduce costs, improve employee productivity and morale, and make a positive impact on the environment, each to a material degree. As a result, the organization fulfills all three aspects of the green triple-bottom-line: benefits for profits, people and the planet.

Environmental Benefits

NetSuite's positive effect on the environment results not only from its SaaS solution for its customers, but also from the following factors:

- NetSuite's data center is a modern, state-of-the-art facility, enabling it to operate its servers in an energy-efficient manner, using the latest power-management technology to reduce its energy use.
- NetSuite's computer equipment, when outmoded, is disposed of by certified e-waste recycling companies.
- NetSuite's corporate headquarters are being surveyed by Greenspace to further expand its green building programs.
- NetSuite utilizes web meeting technology to host meetings with customers for sales and implementation of its services, thereby significantly reducing the amount of travel and corresponding natural resources required to serve its customers efficiently.
- NetSuite offers its professionals opportunities to work remotely from home, further reducing travel and also improving their work-life balance.
- NetSuite has a reduced-fee program and makes donations to not-for-profit organizations that are engaged in environmental initiatives, as well as start-up, green-focused businesses.

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NetSuite's SaaS Platform Creates Significant Economic, Employee and Environmental Benefits

Economic Benefits	Employee Benefits	Environmental Benefits
<ul style="list-style-type: none"> • Reduced total cost of ownership (TCO) • Increased return on investment (ROI) • Lower operating costs compared to on-premise solutions • Significant reduction in IT expenses • Significant reduction in energy and operating expense for server rooms, amounting to more than \$10,300 per year for a three-server configuration in an air-conditioned server room 	<ul style="list-style-type: none"> • Significant time savings • Ability to redeploy valuable IT resources to support the business and not the software, security and operating system of on-premise server equipment • Improved morale and productivity 	<ul style="list-style-type: none"> • Significant energy savings amounting to more than 99,000 kWh per customer per year • The total community of NetSuite customers has reduced overall energy usage by more than 595 million kWh per year, equating to a significant reduction in carbon dioxide emissions that would have been produced in generating this amount of electricity per year • Reduction in e-waste from servers, batteries and backup media

About NetSuite

NetSuite (NYSE: N) is a leading vendor of on-demand, integrated business management software suites for mid-market enterprises and divisions of large companies.

About Greenspace

Greenspace saves organisations money and increases their efficiency by developing cost-effective green purchasing, building operations and maintenance programs. It is a one-stop source for reasonably priced office, janitorial, energy and maintenance supplies that make facilities greener, healthier and more efficient. It measures and reports the success of its customers' green initiatives with its EcoMetrics™ scorecard system. Greenspace's programs, product recommendations and metrics are all developed under the supervision of its LEED® Accredited Professionals.

Greenspace is a NetSuite customer and utilises its SaaS platform to successfully deliver its products and solutions in a cost effective, efficient and environmentally conscious manner. For more information, www.greenspacesupply.com or call **CloudTamers on +44 (0) 1242 862203**.

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