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By David Bradshaw

NetSuite Conquers German Tax Laws

NetSuite has announced that it has achieved certification of NetSuite OneWorld to German Auditing Standard PS 880. This means that organizations based wholly or in part in Germany can use NetSuite's service as part of their efforts to comply with German auditing processes. NetSuite says it has 40 existing customers either headquartered in Germany or operations there that can now take advantage of its services to prepare their accounts to German standards.

NetSuite is not the first SaaS vendor to be certified to German accounting rules. SAP says it gained PS 880 certification back in April 2009 for Business ByDesign (ByD) with Feature Pack 1.2. However, it did not issue a press release, presumably because it sees PS 880 certification as an obvious prerequisite to doing business in Germany.

What does this mean for NetSuite and SAP? For NetSuite, certification will clearly help adoption of the company's offerings in Germany. The certification is of NetSuite Financials, which can be used on its own, as part of a single-company NetSuite implementation, or in NetSuite OneWorld, which is used to manage multiple subsidiaries.

Germany is Western Europe's largest economy, and an attractive target market for multinational companies of all sizes and types, and this is one reason why NetSuite is blowing the trumpet for OneWorld in its announcement. Another reason is that it does not yet have a strong channel to market in Germany – just one local partner but no local office of its own. But with PS 880 certification, NetSuite is in a position to gain more presence in Germany.

SAP is enormously influential in Germany, it has a very high market share and it is the company that most German customer think of first when they need business management software. However, SAP's marketing effort with ByD is currently restricted due to the high cost of delivering ByD to customers. SAP says it will fix this problem in the not too distant future. Once that is done, we expect there to be a lot more publicity around and uptake of ByD in Germany.

Having SAP promoting ByD more strongly will not be all bad news for NetSuite, indeed it will draw attention to SaaS in business management software. If SAP prospective customers want to have two SaaS alternatives on their short-list, NetSuite will be an obvious candidate.

But is the German market really ready for SaaS? Recent IDC survey work showed that over 70% of German user organizations with 250 or more FTEs use SaaS in at

least one area, and just under 50% in two or more areas. So the answer appears that the users in Germany are indeed ready for SaaS.