NETSUITE
ONE SYSTEM. NO LIMITS.

Hostopia
www.hostopia.com

At A Glance:

- **Company:**
  Hostopia (TSX: H) is a $27 million growing provider of Web services for SMBs and telecom companies

- **Location:** Ft. Lauderdale, FL (and offices in Canada)

- **Industry:** Computer Software; Telecommunications

- **Challenges:**
  - To track separate U.S. and Canadian subsidiaries within a single system, consolidating general ledgers and handling multiple currencies
  - To integrate proprietary billing system with new accounting platform — automating an invoicing process that had been manual, timely, and prone to error
  - To be able to quickly generate a wide variety of reports

- **Software switched from:**
  QuickBooks

- **Results with NetSuite OneWorld:**
  - Multiple subsidiaries automatically consolidated into a single general ledger — saving significant time compared to manually inputting data into spreadsheets
  - Time needed for monthly customer invoicing reduced from two days to 30 minutes
  - Time savings NetSuite brings allows staff to work on tasks that would previously have been put on hold — further improving efficiency and competitiveness

- **NetSuite Partner:**
  Enabled Success

"When we had the six GLs it would take us an entire morning to prepare an analysis of the expenses of just one department. Now with one click, NetSuite gives us the exact report we want."

— Philip Argent, Director of Revenue Accounting
Hostopia

The Results:

Since it started using NetSuite OneWorld in early 2008, Hostopia has seen the sort of efficiencies that growing businesses don't just need, but demand. For a company that saw its revenue soar by almost 24 percent in its recent fiscal year — to $27.8 million — the improvements didn't come a minute too soon. And with business lines in both the U.S. and Canada, Hostopia is able to run — thanks to OneWorld's ability to handle multiple subsidiaries and currencies — like a true multinational corporation.

With NetSuite, technology facilitates Hostopia's growth — not hinders it. No longer does the company need to run six general ledgers to track different revenue lines, then manually integrate them using an Excel spreadsheet. With NetSuite, it requires only two GLs, one for U.S. and one for Canada, which are consolidated automatically. "It's much quicker and cuts down on the work we had to do to get the consolidation balanced," says Philip Argent, Hostopia's director of Revenue Accounting. "The time we save using NetSuite's more automated process for accounting and reporting can be invested into running our business. There are probably 10 to 15 things we do each day now that previously would have been something we'd have to put on hold. That translates to a real competitive advantage for us."

In just a few months, NetSuite OneWorld has become an important part — and partner — in Hostopia's growth. "We're finding new ways to use it every day," says Argent. "We love that it saves us so much time and is so easy to work with. We couldn't be happier with it."

The Challenges:

Growing a business should mean growing profits — not problems. But at Hostopia, a leading provider of private-label Web hosting and email services, success came at a price. Its booming sales — especially in its core business selling wholesale Web services to telecommunications companies, who then resell them under their own brand to customers — was great for its bottom line, but hard on its financial reporting, particularly after it went public in November 2006. The technology that worked well for a small company, Hostopia discovered, was proving inadequate for a bigger public one.

With both a wholesale and a retail business (the latter selling direct to end users) and customers in Canada and the U.S., Hostopia needed to track different revenue separately — yet, in the end, roll them up into one general ledger. To do this in QuickBooks, Hostopia

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needed to set up six different companies, run six separate GLs, and then hand them off to the company's chief financial officer, who would have them all inputted into a single Excel spreadsheet. It was a very time-consuming process. "We had to build in a lot of checks to make sure we got the right answers," says Argent. "It worked but it was time consuming."

Hostopia already had some experience with NetSuite; for two years, its sales and marketing team had been using NetSuite's CRM capabilities to work with sales leads and prospects. "We knew it made sense to get everything in one place," says Argent. "But what we really needed were some pretty unique, hard-to-find features that were worlds apart from CRM tools. We have a wholesale business based in the U.S. and Canada and a retail business that's based primarily in Canada but also had some U.S. retail customers. So from an accounting perspective, things were complicated. We needed a system that let us set up subsidiaries and divisions that could be easily consolidated for public company disclosure purposes. On top of that, we needed a multicurrency capability. We hadn't seen any package that gave us all that at a reasonable price."

But then Hostopia met with Enabled Success, an Ottawa-based NetSuite Solution Provider. "They told us about NetSuite OneWorld, which was able to do just the things we were looking for, and do them well," says Argent. "Multicurrency, for example, is very simple with OneWorld, and that's very big for us."

Just to make sure they hadn't overlooked any other software, Argent and his colleagues visited an accounting software tradeshow in Toronto in November 2007. "We looked at every booth, but when we saw the NetSuite demo and how easy the package was to use, we were just blown away. We could consolidate general ledgers, we could track departmental expenses. With just one click we could get any kind of report we wanted — something that would take us an entire morning to do when we were working with six different GLs. After that, we knew we didn't have to look anymore."

The Solution:

Working with Enabled Success, Hostopia was able to implement NetSuite OneWorld in just six weeks. "They helped us tremendously," says Argent. "First of all, they calmed us down. They set everything up, and came in as required to walk us through the system and how to do everything."

One of the first benefits Hostopia saw after NetSuite went live in March 2008 was the end of the CFO's time consuming Excel consolidation spreadsheet. "Instead of creating six general ledgers and the time it took to get them integrated right, by hand, we now work with two subsidiaries — U.S. and Canadian — and run a consolidated GL, automatically, in NetSuite," says Argent. "It's much quicker, it cuts down on the time necessary to make sure everything balances. It's just way more efficient as we don't need all those time-consuming checks to make sure we keyed in all the data correctly."

Another way NetSuite boosts efficiency at Hostopia is in the way it integrate — thanks to NetSuite SuiteFlex Web services — with the company's proprietary billing system. "Previously it would take two full days to generate invoices," says Argent. "Now we get one report from our billing database, format it, and import it into NetSuite, which then automatically gener- ates all the invoices. And it's all done in about a half hour. That's a huge savings."

Because NetSuite is Web-based, Hostopia no longer has to worry about system maintenance or back-ups: that's all handled by NetSuite. And employees can work from any location where there is a PC and Internet access. "By letting us do our full job when we're working from home or traveling, NetSuite isn't just a boon to our business," says Argent. "It's priceless."

Find out more: contact NetSuite, Inc. at 1 877 NETSUITE or visit www.netsuite.com

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