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X Winery
www.xwinery.com

At A Glance:

- **Company:** X Winery

- **Location:** Napa Valley, CA

- **Industry:** Wholesale/Distribution; Electronic Commerce

- **Challenges:** Create a virtual winery, moving as many sales, financial, and CRM functions online as possible

- **Software switched from:** QuickBooks

- **Other software considered:** Microsoft Great Plains; Peachtree

- **Results with NetSuite:**
  - High-margin direct sales grow from under 1 percent of all sales to 10 percent in less than a year
  - Savings of approximately $74,000 a year in salary and overhead costs

"NetSuite enables us to keep all of our information in one place and have easy access to it no matter where we are. It really lets us create a virtual business — and run it more efficiently."

— *Reed Renaudin, CEO, X Winery*

The Results:

Using NetSuite, X Winery was able to get a Web store up and running while its competitors struggled to get online. The Web store not only gave X winery a competitive advantage but allowed it to grow its direct-to-consumer sales, which carry twice the profit margins as sales that go through wine distributors. "Our online direct orders went from less than 1 percent of our business to 10 percent since we've used NetSuite," says Reed Renaudin, the CEO of X Winery.

By integrating X Winery's financial, CRM, and order processing capabilities, and providing access to the system from any location, NetSuite allows the company to work more efficiently. "We can do more without having to add staff, which reduces our overall expenses," says Renaudin, who estimates that NetSuite saves X Winery at least $50,000 a year in staff salaries, and another $24,000 by streamlining operations.

Customized reporting and immediate access to sales and customer data has also paid off in ways that are harder to quantify, but just as significant. "With NetSuite, we're analyzing feedback from our distributors and adjusting prices, packaging, and products on a monthly basis, while our competitors do it yearly," says Renaudin. "That lets us not only keep up with our competition, but get ahead of them."

The Challenge:

Wine can take a while to produce, but wineries can take even longer to embrace technology. That's where X Winery, founded in October 2000, saw an opportunity. "In our industry, there's a lot of resistance to technology," says Renaudin. "By exploiting the virtual aspects of the business, we could react faster than our competition, and stay ahead of the curve as to what the customer wants and needs."

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The only problem was that X Winery's infrastructure wasn't quite up to the task. Even after it started selling wine in September 2002, it had no online store, and its back-end system, QuickBooks, was limited. "Starting a new brand requires a lot of face time with people, as the wine industry is very competitive," says Renaudin. "That means we travel a lot and need remote access to our system, so we can work from anywhere." But QuickBooks' online access was disappointing, Renaudin says: "The features were too streamlined and getting multiple users on it at the same time was a real issue. We were a growing business, and QuickBooks just couldn't keep up with us."

Renaudin looked at Microsoft Great Plains and Peachtree. Neither did the trick. "Great Plains was too expensive and too complex," he says. "Peachtree didn't have the features we needed." Then X Winery looked at NetSuite. "We liked the customization NetSuite allowed, but its real trump card was the way it enabled remote access," says Renaudin. "That was the biggest factor behind our decision to go with NetSuite. We can keep all of our information in one place and have easy access to it no matter where we were." With just five employees, that capability was vital, says Renaudin: "NetSuite really lets us create a virtual business—and run it more efficiently."

The Solution:

Yet soon after X Winery launched on NetSuite in mid-2003, it realized that remote access was just one of the ways NetSuite could boost the winery's efficiency. X Winery had no online store and less than 1 percent of all sales were direct to consumers. That was unfortunate, as direct sales meant higher margins. "Part of the problem of being a winery is that you're trapped with a three-tier distribution channel," says Renaudin. "We could double our margins by selling direct to consumers."

NetSuite enabled X Winery to build a Web store that integrated with NetSuite's financial and order-processing features. By the end of 2004, direct-to-consumer orders had grown to 10 percent of all sales. "A lot of wineries struggle to build online stores, trying to use legacy systems that don't integrate with e-commerce," says Renaudin. "NetSuite offered us an easy way to get the store running and integrate it into our business. Better yet, NetSuite enabled us to get online fast. It was a big advantage to be up before our competitors."

Soon X Winery was taking advantage of NetSuite's CRM features, as well. "Being able to keep, in one place, all transactions, notes, emails, calls, and contact information for the companies we're selling to, and having access to it from any location, was a tremendous help to us," says Renaudin. NetSuite's dashboards and its extensive, customizable reporting features, he adds, let the company hone in on sales data and better plan its marketing efforts.

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