

Preparing NetSuite Financials for PE Due Diligence

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Executive Summary

Preparing for a [private equity \(PE\) exit](#) demands “**exit-ready**” **financials** that can withstand intense buyer scrutiny. If a company’s books are incomplete, miscategorized, or reliant on ad-hoc spreadsheets, the transaction value can erode rapidly. In fact, G-Squared CFO partners emphasize that founders often don’t fail on exit due to product or strategy, but rather “lose [deals] in diligence when acquirers...find problems the seller didn’t know were there” (Source: [www.gsquaredcfo.com](#)). Recent surveys echo this risk: 97% of PE sponsors expect their portfolio CFOs to be “*always exit-ready*,” yet only 20% of CFOs report acting that way (Source: [www.accordion.com](#)). Such misalignment can literally cost **turns of valuation**. This report examines how finance leaders can tune their NetSuite ERP system to avoid those pitfalls.

Exit readiness in NetSuite means accurate, **auditable financial data and processes** that are maintained continually – not patched together at the last minute. It entails clean consolidations, up-to-date records, and automated controls so that financial statements can be generated and defended on demand. As RSM points out, any “*fragmented, disconnected*” *ERP environment* creates “avoidable deal friction, valuation pressure and timeline risk” in an M&A process (Source: [rsmus.com](#)). By contrast, a unified, cloud-based ERP like NetSuite gives “a single source of truth” that drives trust (Source: [www.randgroup.com](#)). Well-prepared companies can present [consolidated P&Ls](#), balance sheets, and KPIs directly from their system, often closing financial audits without any material exceptions (Source: [continuousscale.com](#)) (Source: [bridgepointconsulting.com](#)). In one case, a PE-owned software firm [implemented NetSuite](#) across all newly acquired entities in just 90 days and could immediately “present consolidated financials...straight from their ERP” rather than scrambling in spreadsheets (Source: [bridgepointconsulting.com](#)).

This in-depth report covers multiple perspectives — PE sponsor expectations, CFO responsibilities, NetSuite’s technical role, and real-world examples — to delineate a **roadmap to exit-ready NetSuite financials**. We draw on industry surveys (e.g. the 2025 Accordion and EY exit-readiness studies (Source: [www.accordion.com](#)) (Source: [www.ey.com](#)), expert commentary, and case studies to document:

- **Why exit readiness matters:** How misaligned expectations (from both CFOs and investors) can slash valuation and stall deals (Source: [www.accordion.com](#)) (Source: [www.ey.com](#)).
- **Key challenges:** Common ERP and process gaps — data silos, spreadsheet workarounds, chart-of-accounts inconsistencies, and lax controls — that slow diligence (Source: [rsmus.com](#)) (Source: [epiqinfo.com](#)).

- **NetSuite advantages:** Features (OneWorld consolidation, automated workflows, [audit trails](#), real-time reporting, AI tools) that help build robust, consistent financial data (Source: [www.randgroup.com](#)) (Source: [www.randgroup.com](#)).
- **Preparation steps:** Specific tasks to perform in NetSuite (chart-of-accounts cleanup, [closing routines](#), data migration, role-adjustments, [revenue recognition setup](#), etc.) so that the system is “audit-ready” (Source: [epiqinfo.com](#)) (Source: [www.phoenixstrategygroup.com](#)).
- **Case studies:** Examples of companies (e.g. a biotech startup, a SaaS firm, a Global 500 portfolio company) whose NetSuite overhauls enabled error-free audits and accelerated acquisitions (Source: [www.bakertilly.com](#)) (Source: [continuouscale.com](#)).
- **Metrics & evidence:** Data on deal outcomes and common pitfalls (e.g. CFO surveys, studies on data quality, exit multiples) to underscore each recommendation.

By continuously embedding exit readiness into the finance organization and fully leveraging NetSuite’s capabilities, companies can pass due diligence scrutiny confidently. A well-aligned ERP eliminates the dreaded “we still live in Excel” syndrome (Source: [www.linkedin.com](#)) and positions the seller to negotiate from strength. In sum, rigorous preparation in NetSuite converts **exit readiness from a gamble into an assurance**.

Introduction and Background

In today’s PE-driven markets, **exit readiness** is a discipline that must be in place well before a deal. Whether the planned exit is a sale to a sponsor, a strategic acquirer, or an IPO, investors examine past financials with a fine-tooth comb. The due diligence process dives into three years (or more) of books to validate revenue, costs, working capital, debts, and more. As G-Squared Partners notes, this scrutiny is “*audit level*” – far higher than the routine accounting used to operate day-to-day (Source: [www.gsquaredcfo.com](#)). Any discrepancies or incomplete information give buyers leverage to renegotiate price or even abandon the deal.

A raft of recent studies confirms how critical this stage is. For example, Accordion’s 2025 PE exit readiness survey found a **stark misalignment** between sponsors and CFOs. Nearly all PE sponsors (97%) expect portfolio companies to be continuously exit-ready, but only 20% of CFOs say they operate that way (Source: [www.accordion.com](#)). In practice, most CFOs admit they only start cramming for diligence when a sale is imminent (Source: [www.accordion.com](#)). According to Accordion, 72% of sponsors report that *CFOs fall short on exit readiness* – a gap they estimate could cost 1–3 turns of company valuation (Source: [www.accordion.com](#)). Similarly, EY’s 2025 Exit Readiness study showed that 65% of PE firms have held assets beyond their expected horizon, forcing them to focus sharply on documentation and compliance to maximize exit value (Source: [www.ey.com](#)). Both studies highlight that thorough, early prep (12–24 months ahead) is needed.

This misalignment isn’t surprising when one considers the **culture gap**. Many startups and scale-ups run irregularly auditable accounting. As one advisor notes, CEOs often treat QuickBooks and spreadsheets as “fine” for fundraising and operations, but “*exits can’t*” (Source: [www.fsuite.co](#)). In fact, a CFO blog warns bluntly: “Systems scale, spreadsheets don’t...If your financial stack can’t produce GAAP-ready statements...you’re already behind” (Source: [www.fsuite.co](#)). The message: finance data created ad hoc will break under diligence.

What do buyers look for? Understanding that drives our checklist. During sell-side due diligence, buyers and their accountants examine virtually every financial aspect. They look for surprises in revenue recognition, one-off adjustments, related-party transactions, unusual accruals, tax positions, and more (Source: [www.gsquaredcfo.com](#)). They test declared EBITDA and projected forecasts, and they try to stress-test assumptions. Importantly, buyers check data consistency: Do balance sheets match bank statements? Are all invoices accounted? Are customer contracts documented? As CFOProAnalytics notes, savvy buyers aren’t just verifying numbers – they’re sniffing for “*red flags that justify price reductions or deal termination*”. One case study saw a forecast \$15M exit shrink to \$11M because the seller’s books had inconsistent revenue policies and lacked backup documents for key calculations (Source: [cfoproanalytics.com](#)).

Why NetSuite? This report focuses on companies using NetSuite (Oracle’s cloud ERP) for financials, as it’s popular among growth companies and PE-backed firms. By its nature NetSuite is designed to scale: it supports multiple legal entities, multicurrency, multi-book accounting, intercompany eliminations, and integrates modules (finance, CRM, inventory, projects, etc.) all in one system. For a PE-backed company, a well-implemented NetSuite can become a **single system of record** across the portfolio (Source: [www.randgroup.com](#)). Crucially, NetSuite has robust native capabilities – real-time dashboards, automated workflows, built-in audit trails, strong access controls – that if leveraged, directly address many diligence pain points (Source: [epiqinfo.com](#)) (Source: [www.randgroup.com](#)). Recent enhancements even add AI-driven insights for forecasting and anomaly detection (Source: [www.houseblend.io](#)).

However, merely having NetSuite installed is not enough. Like any ERP, its value depends on configuration and discipline. A poorly implemented NetSuite – with disorganized Chart of Accounts, unleashed customizations, or unchecked user access – can leave just as much chaos as legacy systems. Indeed, Bridgepoint Consulting reported one PE-owned SaaS firm’s painful start: they ripped out QuickBooks and spent \$300K on NetSuite, yet a frustrated CFO still found the “*team living in Excel*” (Source: [www.linkedin.com](#)). The CFO lament echoed a common theme: you need to tie the ERP to the business processes.

This report surveys the entire landscape of **exit-ready NetSuite financials**. We begin with a broad look at exit readiness from multiple angles (PE sponsors, CFOs, auditors). Then we drill into NetSuite itself: what features and practices are most relevant, and what steps finance teams must take. We include detailed data (survey stats, industry benchmarks) and specific checklists (access controls, closing procedures, data hygiene). Finally, we present real-world examples of companies that turned messy systems into clean books in time for sale. (Source: [continuouscale.com](https://www.continuouscale.com)) (Source: [bridgepointconsulting.com](https://www.bridgepointconsulting.com)). Throughout, every recommendation is backed by expert advice or research to ensure credibility.

Exit Readiness Challenges: CFOs vs. Sponsors

A recurring theme from industry research is that **misaligned expectations** between PE sponsors and portfolio CFOs can sabotage exits. PE investors want a frictionless, fast closing; CFOs often scramble as diligence begins. Insights from an Accordion/Spendent survey (2025) underscore this gap. Sponsors overwhelmingly believe in an “always on” mindset: **97%** expect their CFOs to *always* keep the company sale-ready (Source: www.accordion.com). In reality, only **20%** of CFOs say they maintain that posture – most (61%) only jump into “exit mode” when they see the sale window (Source: www.accordion.com). This workout-and-sprint mentality clearly irks sponsors. As Accordion’s CEO Nick Leopard comments, “Sponsors are training for a marathon, but too many CFOs are preparing for a sprint. That gap puts real value at risk” (Source: www.accordion.com).

Why does this misalignment matter? Because diligence is essentially a valuation stress test. The longer the finance team takes to produce clean numbers, the more buyers sniff for risk. Sponsors report that being caught unprepared “can reduce valuation by 1–3 turns of exit multiple” (Source: www.accordion.com). In dollars, that is often millions. CFOProAnalytics similarly notes that “most business owners don’t start preparing their financials for due diligence until they have a buyer interested. By then, it’s too late to fix the structural issues that destroy valuations” (Source: [cfoproanalytics.com](https://www.cfoproanalytics.com)). In practice, an owner might see a 40% haircut on price simply because revenue policies or accounting controls were weak.

On the flip side, CFOs and controllers face enormous pressure during exits. They must reconcile far more granular schedules, field countless buyer questions, and revise historical numbers to meet GAAP or buy-side requirements. One CFO recounts that in diligence, “a trusted controller is your unsung hero...they keep the data room up to date, chase down documentation, and flag gaps before a buyer does” (Source: www.fsuite.co). In other words, the finance team must essentially reinvent “audit-ready” processes on the fly. Without preparation, this leads to panic and tactical firefighting.

Key Survey Findings (PE & CFO Perspectives): In addition to the Accordion study, the EY 2025 Exit Readiness study highlights specific pain points in finance. Respondents (mostly deal professionals and operating partners) identified the “robust set of data and KPIs to support historical and forecast trends” as the top missing piece to exit readiness (72% cited this) (Source: www.ey.com). Nearly as many (63%) pointed to the lack of a CFO with prior exit experience (Source: www.ey.com). Notably, **48%** flagged “controls, systems and processes” as a key weakness (Source: www.ey.com). In the context of our focus, that means about half of companies need to shore up their ERP and internal process discipline well before going to market.

In sum, the **data** tell us that exit readiness is not just good housekeeping – it’s critical for valuation. CFOs should shift from reactive to proactive. Instead of shoring up issues in a mad 90-day sprint, companies should “build a baseline of operational discipline now so you’re not defending the business from a weak foundation later” (Source: www.fsuite.co). NetSuite can be a powerful ally in this “discipline”, but only if it is configured and used correctly.

Why ERP Readiness Matters (Buyer’s View)

From the buyer or investor perspective, the state of the seller’s ERP system is a bellwether for future risk and integration effort. As RSM Consulting (2024) emphasizes, “**the condition of a portfolio company’s ERP environment can directly influence the valuation, buyer confidence and deal speed**” (Source: [rsmus.com](https://www.rsmus.com)). In essence, modern day M&A due diligence often begins inside the financial system. Loosely managed ERPs force buyers to doubt the numbers. RSM distills this into four key takeaways for exit readiness:

- **ERP gaps delay diligence and lower valuation.** If data are fragmented or inconsistent, buyers will spend weeks reconciling before even discussing price. RSM notes “fragmented, disconnected ERP environments can create avoidable deal friction” (Source: [rsmus.com](https://www.rsmus.com)). For example, if each subsidiary has its own chart of accounts, a buyer will demand a normalization as a precondition. This often yields late-stage “true-ups” or earnout adjustments.
- **Buyers want scalable, reliable reporting platforms.** Strategic acquirers assume a target’s financial system needs to scale to future growth. RSM reports that buyers “want scalable, reliable reporting platforms” (Source: [rsmus.com](https://www.rsmus.com)) that can handle additional volumes or entities post-acquisition. If the current system can only limp along, that is a negotiation lever.

- **Manual workarounds erode data trust.** Spreadsheets pasted from the ERP, offline adjustments, Excel macros... RSM explicitly warns that “*manual workarounds...erode data trust*” (Source: rsmus.com). In practice, if a material is traced to a spreadsheet, buyers discount it aggressively. So a key lesson is to push as much reporting and calculation into NetSuite itself as possible, minimizing external edits.
- **Standardized ERP speeds close.** Conversely, a clean, standardized system “*supports faster deal close*” (Source: rsmus.com). When valuation and legal terms are agreed, buyers want to review clean auditable output immediately. If that output (financial statements, schedules) is at their fingertips from NetSuite dashboards, diligence can proceed in days instead of months.

These points echo what sophisticated dealmakers observe. For instance, in tech M&A, an R&D acquirer was burned by clunky legacy ERP and insisted the next target fully modernize first. Having an up-to-date ERP/integration platform is increasingly a bid condition. One Houseblend report notes that Tailwind Capital’s Core BTS portfolio company initially struggled with “outdated ERP made integration slow and painful” until it migrated to NetSuite (Source: www.houseblend.io). Once on NetSuite, Core BTS could onboard **three additional acquisitions in just a few years** (Source: www.houseblend.io) – illustrating how system readiness creates flexibility and value.

Finally, buyers explicitly assess **governance and controls** during diligence. They will probe whether the target enforces segregation of duties, approvals, and record-keeping. Oracle’s White Paper on NetSuite Audit Enablement describes many built-in control features, but from a buyer’s lens the question is “are they actually being used?” A seller who cannot produce an audit trail for every transaction risks instant discounts: “*If you can’t trace a transaction through all its stages... auditors will raise red flags,*” as an Epiq analysis bluntly puts it (Source: epiqinfo.com). In practice, this means the seller should have documented workflows for approvals and well-logged changes in their ERP (NetSuite’s System Notes and bundled **SuiteFlow** workflow engines can help achieve this).

In summary, for a seller to maximize proceeds, it must view its ERP not as back-office toil but as a **due diligence enabler**. Everything in NetSuite – from the chart of accounts to intercompany transactions – should be setup to give buyers confidence, not suspicion.

NetSuite for Private Equity: Key Benefits

Given the high stakes described above, it is no surprise that NetSuite has become a *de facto* ERP choice for many PE-backed companies. Oracle NetSuite OneWorld is explicitly designed to support global, multi-entity operations – a common scenario as PE firms use “buy-and-build” strategies. The *Rand Group* (a PE-focused NetSuite implementer) notes that NetSuite gives PE companies “*the operational visibility, control, and scalability required to meet investor expectations*” (Source: www.randgroup.com). In particular, NetSuite provides:

- **Unified data and faster reporting.** NetSuite can be the **single source of truth** for all financial and operational data. Rand Group explains that NetSuite “provides a single source of truth for all operational and financial data” and “*standardizes processes for faster reporting*” (Source: www.randgroup.com). This means that rather than reconciling multiple ledgers, a company can generate consolidated P&Ls and balance sheets in real-time. A clean chart of accounts (COA) and standardized item lists enable straightforward roll-ups. Automation of recurring journal entries and intercompany eliminations means fewer manual fixes are needed at close.
- **Scalability across acquisitions.** Private equity portfolios often add new subsidiaries rapidly. NetSuite OneWorld allows “*new entities [to] be brought into the organization quickly, ensuring seamless alignment with existing processes and policies*” (Source: www.randgroup.com). This built-in flexibility is crucial for diligence: the buyer wants to see how easily the firm can bolt on new deals. In one success story, a high-growth SaaS client used NetSuite to integrate three acquired businesses within weeks, which laid the groundwork for its next round of acquisitions (Source: bridgepointconsulting.com).
- **Real-time visibility.** A significant advantage is **real time reporting**. Executives and investors alike can log in to see up-to-date financial statements and KPIs. Rand Group highlights that NetSuite delivers “*real-time financial insights*” – P&Ls, balance sheets, cash flow – through a unified dashboard (Source: www.randgroup.com). This transparency means issues (e.g. overdue receivables or budget overruns) are caught early, not uncovered in year-end clean-up. For diligence, this translates to fewer last-minute adjustments.
- **Built-in compliance and audit trail.** NetSuite has robust audit-enablement features. It enforces **role-based permissions** and **approval workflows** out of the box, so that no transaction can chug through without logging. Recent White Papers (e.g. from Oracle) emphasize that NetSuite’s architecture “*lets you manage financial process controls in a single system*”. For example, the Epiq report shows how NetSuite provides a “*unified ledger, integrated modules (orders, payables, receivables, inventory, etc.)...giving one source of truth*” (Source: epiqinfo.com) and “*role-based permissions...approval workflows*” (Source: epiqinfo.com) that fortify controls. These features create a permanent audit trail: any entry shows who entered it, who approved it, and where it updated downstream. In diligence, sellers can thus quickly furnish documentation for any book entry.

- **Analytics and automation (AI-enabled).** Beyond the basics, NetSuite has been investing in analytics and AI. As of 2024, Oracle embedded 200+ AI-driven features in NetSuite across finance and operations (Source: www.houseblend.io). These include intelligent invoice matching, anomaly detection, and predictive forecasting. Such tools can **streamline the month-end close** and highlight outliers for review, directly addressing buyer concerns about manual errors (Source: epiginfo.com). Early users report that these capabilities “*promise to accelerate due diligence, streamline integrations and reporting*” (Source: www.houseblend.io). In short, NetSuite not only serves as a ledger but increasingly as an analytics platform.
- **Audit and regulatory support.** NetSuite supports multi-standards: e.g. modern Multi-Book accounting allows companies to maintain parallel books (e.g. local GAAP vs. IFRS or US GAAP) (Source: continuouscale.com). This is essential for cross-border deals or prior acquisitions in different jurisdictions. Similarly, NetSuite’s native revenue recognition engine (ASC 606 / IFRS 15 compliant) helps ensure that subscription or long-term contract revenue is recorded consistently. Sellers facing PE diligence will appreciate that complex revenue math is already captured by NetSuite’s automation, rather than needing caveat-filled spreadsheets.

In summary, NetSuite as an ERP platform **scales with PE requirements**. It formalizes repeatable finance routines (closing, forecasting, reporting) and exposes them in a single platform. For exit preparation, this means the focus shifts from copying data in and out to simply operating NetSuite itself. As Rand Group concludes, a well-configured NetSuite system enables companies to “maintain detailed audit trails, enforce strong internal controls, and ensure consistency across reporting periods” – all of which “*supports exit readiness*” and enhances confidence (Source: www.randgroup.com). When used fully, NetSuite becomes more than just software—it becomes a strategic asset that can *shorten diligence cycles and improve valuation multiples* (Source: rsmus.com) (Source: www.randgroup.com).

Preparing Your NetSuite: Practical Steps

With the why established, we now outline **how** finance teams can prepare their NetSuite environment for PE due diligence. The following aspects are critical:

1. Clean and Standardize Master Data

Chart of Accounts (COA): Begin by harmonizing and simplifying your chart of accounts. An inconsistent or overly granular COA can confuse acquirers. For example, if different subsidiaries’ ledgers use different account codes for the same expense category, consolidating figures becomes error-prone. Best practice is a ONEWORLD control account structure: set up subsidiaries (or “locations” in NetSuite) so each rolls up to a parent COA mapping. Remove any obsolete or redundant account codes, and ensure account names clearly reflect their use. Tools like NetSuite’s Account Tree can help visualize structures. Each balance should roll to a parent account for easy summary.

Sub-entities & Classes: Ensure that subsidiary, department, class, or location tags are consistently and correctly applied to every transaction. This allows multi-subsidiary consolidation and segment reporting. In NetSuite, check that one-level vs. two-level class fields are used consistently if applicable. Data discipline here means that any P&L report can be sliced by legal entity or business unit on demand – a big help in answering buyer questions.

Multi-Book/GAAP Configuration: If your company maintains separate accounting standards (e.g. local GAAP vs. US GAAP or IFRS), verify that NetSuite’s Multi-Book feature is configured properly. Check that each financial transaction posts to all relevant books and that any differences (like currency translation or re-class adjustments) are documented. As Wizeline’s case shows, complex multi-currency consolidation can break if Multi-Book is misset (Source: continuouscale.com). Re-run consolidation tests in NetSuite to ensure trial balances produce the expected results under each standard.

Third-Party Integrations: Identify any external data feeds (e.g. bank feeds, payroll imports, eCommerce channels) and confirm they are up to date. Disconnected systems that batch-upload data to NetSuite can miss individual audit trails. Ideally, set up NetSuite’s native connectors (for banks or payment gateways) so that transactions enter NetSuite with minimal manual intervention. This not only reduces errors but also helps auditors trace each cash flow directly to the source.

Reference: A unified ERP eliminates silos by linking orders, payables, inventory, etc., into one ledger (Source: epiginfo.com) – the first step is to standardize how each module feeds into that ledger.

2. Finalize Period-End Processes

Complete Financial Close: Before entering diligence, close the most recent financial period comprehensively. That means recording all cut-off adjustments (e.g. accruals, bad debt provisions), reconciling every balance sheet account, and posting depreciation. In NetSuite, run subsidiary-specific and consolidated trial balances to spot any out-of-balance ledgers. Any outstanding bank reconciliations should be resolved – a bank feed or CSV upload followed by NetSuite’s reconcile tool can help clear mismatches. Confirm that balance sheet accounts (e.g. intercompany loans, suspense accounts) have no material open items that lack explanation.

Revenue Recognition: If you sell subscriptions or long-term services, ensure the Revenue Recognition schedules are fully up to date. In NetSuite, generate the Deferred Revenue Schedule report and the Revenue Recognition Register to check for any straggling invoices or mismatches. Inconsistencies here are a common “gotcha” buyers look for. All recognized revenue should correctly match the underlying contracts (NetSuite’s RevRec module supports ASC606 natively). Provide reconciliations of total revenue per the ledger vs the RevRec report – this cross-check reassures buyers of accuracy.

Intercompany and Consolidation: If you have trading between subsidiaries, finish intercompany reconciliations. NetSuite’s Intercompany Journal feature (or manual JV matching) should be used so that payables in one company match receivables in another. Run NetSuite’s Consolidated Financial Statements to verify that intercompany eliminations are zeroing out internal trades. A clean consolidation (no lingering £1 differences) is a positive diligence signal.

Sub-ledgers and Detailing: Prepare aged receivables and payables reports from NetSuite to show payment status by customer/vendor. Ensure subsidiary general ledger sub-reports match the summary. If fixed assets are material, run the Fixed Assets Register to reconcile net book values to the GL. All such supporting schedules should be exportable via NetSuite (saved searches / reports) and stored for reviewers.

Reference: Automating processes in ERP “fewer manual errors, faster close cycles, and more consistency” (Source: epiqinfo.com) – a goal to strive for even before diligence begins.

3. Strengthen Controls and Audit Trails

Role-Based Permissions: Review NetSuite user roles and permissions. Remove any *unnecessary* power users and ensure critical accounts (cash, revenue, equity) can only be modified by appropriate roles. NetSuite’s SuiteAnalytics Workbook can be used to list out role permissions for audits. CFOProAnalytics points out that weak processes often stem from uncontrolled changes (Source: cfoproanalytics.com). So, enforce segregation of duties: e.g., the person entering invoices shouldn’t be able to approve themselves. Where needed, create approval workflows (SuiteFlow) for key transactions (e.g. all large expense reports >\$X require CFO sign-off).

System Notes and Audit Logs: Turn on System Notes (if not already) and familiarize the team with them. This ensures every edit, addition or deletion of a transaction record is timestamped and attributed. Train the accounting staff that any critical change (adjusting a historical invoice, reclassifying a sale) should include a clear comment why it was done. During diligence, auditors love to see evidence in the system itself for any journal entry – NetSuite’s record-level notes serve this.

Access Controls Review: Remove any ex-employees or external consultants from NetSuite. Ensure IP restrictions or two-factor authentication is set up for all users (NetSuite supports 2FA and trusted devices). How? Check Company > Enable Features > Security. Also, audit the list of “partners” or integration users – each should be justified. Excessive login history or unfamiliar API integrations can be worrying.

Documented Procedures: Prepare (or update) a formal Accounting Policy Manual if one doesn’t exist. This should outline month-end steps (closing the books), revenue recognition policies, expense approval thresholds, and any accounting estimates policies. While these are not NetSuite configurations, they ensure consistency and can be provided to buyers to show discipline. For example, if a buyer questions how backlog adjustments are done, you can point to a written Excel – or better, SuiteFlow – process that was followed.

Reference: Strong access controls and segregation are essential. RSM and Epiq both highlight that ERP controls and clear audit logs transform a risky system into a seller’s asset (Source: epiqinfo.com) (Source: www.randgroup.com). In exit-readiness terms, a “clear audit trail [in NetSuite] simplifies both internal and external audits” (Source: www.randgroup.com).

4. Eliminate Spreadsheets and Offline Journals

A common Achilles' heel is reliance on spreadsheets for crucial adjustments. As FSuite CFO Briggs notes, trailing into a sale with heroic spreadsheets is a recipe for trouble – “*exits can't*” run on them (Source: www.fsuite.co). Now is the time to migrate any last manual sheet into NetSuite if possible. For example:

- **Expense allocations:** Instead of allocating costs by hand off-system, consider using NetSuite Journal Entries with attached memos. If allocations are complex, use the “Allocation” feature or create a custom saved search to drive a JE batch.
- **Accruals:** Record accrual JEs (insurance, bonuses) directly. If the amounts were once in Excel, at least post them in NetSuite and tie them to the correct period. Always attach a brief explanation in the memo field referencing the formula (e.g. “Manual accrual for Q4 sales commission 20% of sales”).
- **Revenue/Recurring Schedules:** Move any manual amortization schedules into NetSuite's revenue schedule or amortization schedule modules. This way the system will handle future posts and show history.

The goal is to have **the general ledger in NetSuite reflect all material activity**. If buyers see a significant entry that originated outside the system (e.g. an add-back in an Escrow schedule built in Excel), they will demand documentation. By contrast, entries done in NetSuite with an attached vendor bill or invoice speak for themselves.

Reference: Excessive spreadsheet use is cited by RSM as a risk: “*teams rely on spreadsheets and offline extracts, which may conflict with data in the ERP*” (Source: rsmus.com). Reducing this reliance greatly improves data trust.

5. Prepare Reporting Packages and KPIs

With clean data in NetSuite, next build the reports buyers will want:

- **Standard Financials:** Ensure your audited (or reviewed) income statement, balance sheet, and cash flow are readily produced from NetSuite for the past 3–5 years. Check that these roll up properly (especially if using OneWorld). If monthly P&Ls have changed COAs over time, group any obsolete account activity into a “catch-all” so past months align with current account structure.
- **Management Narrative:** Create a “diligence folder” of key disclosures. This might include detailed breakdowns (e.g. revenue by product line, gross margin by SKU) that the PE sponsor demanded historically. NetSuite's Saved Searches and Workbook reports can generate these. For example, a saved search by Company to list Top 10 customers by revenue, or Gross Profit by Department. These should be exportable to PDFs or Excel for the data room.
- **Key Operating Metrics:** For SaaS or subscription businesses, include metrics like MRR/ARR and churn rate. Integrate such metrics if possible into NetSuite by using SuiteScript or custom fields. PE investors often look at these as much as GAAP numbers. If NetSuite is integrated with a CRM or billing system, ensure MRR figures tie to the GL revenue.
- **Forecasts and Budgets:** Have your latest forecasts and budgets declared. In NetSuite, the Planning module or Excel uploads can capture this. During diligence, buyers will compare forecasts to actuals, so be prepared with variance analyses. Even a simple “Budget vs Actual” Excel generated from a NetSuite financial report is helpful.
- **Variance Explanations:** Identify any large year-to-year changes and prepare explanations. For instance, if an acquisition caused a sudden revenue jump, have the customer/contracts list and the acquisition date handy. If exchange rates caused distortions, be ready with FX reports. The idea is to answer buyer queries promptly.

Reference: Recall that 72% of executives said that “*robust data and KPIs to support historical and forecast trends*” is the biggest gap in exit readiness (Source: www.ey.com). Building quality reports in NetSuite directly addresses this.

6. Review Audit and Tax Positions

Because financial due diligence often overlaps with tax and legal review, use NetSuite to gather supporting info for tax liabilities, litigation reserves, leases, and contingent liabilities. For example, NetSuite's Fixed Asset schedules can inform tax depreciation vs book depreciation reconciliations. Ensure all tax-related journals are summarized (e.g. income tax accruals by jurisdiction). If the company has any valuation allowances, confirm they are documented in NetSuite notes.

Also, align NetSuite's data with the audited financial statements or 10-K/10-Q (if applicable). If there are any audit adjustments from the last audit cycle, double-check those have been posted. In short, make sure NetSuite and ultimate statutory filings reconcile.

Reference: CFO consultants stress that **GAAP compliance** and consistency is paramount. As Godick puts it, diligence will involve heavy vetting of accounting policies – so being audit-ready (i.e. having all policies followed and documented) is non-negotiable (Source: www.gsquaredcfo.com) (Source: www.gsquaredcfo.com).

7. Conduct a Pre-Diligence Health Check

Finally, simulate the diligence process internally. Many companies under PE will actually do a “mock diligence” engagement. This might involve an internal or external audit team pulling a representative subset of data out of NetSuite to see what questions arise.

Ideal practices include:

- **Data Room Prep:** Use a secure data room tool (e.g. Firmex, DealRoom). Upload all requested reports and backup schedules. In the NetSuite context, this could mean exporting .CSV or PDF files of general ledger journals, sub-ledger reports (AR aged, AP aged), KPI decks, etc.
- **Q&A Logging:** Assign someone (often the controller) to manage buyer Q&A. Using NetSuite's search and report exports, fetch answers. Keep track of any repeated question to proactively update documentation.
- **External Audit:** If not already done, consider an official audit or review by a Big Four or national firm **before** sales process. Many PE-backed companies write this cost off as smart budgeting, since a clean audit report is gold in diligence. NetSuite financials will then have an audit opinion behind them, greatly boosting buyer confidence.

A useful measure of readiness is “adjustments found in a mock audit vs actual diligence”. Wizeline's example shows success: after a November ERP overhaul, they “closed out [their] Big 4 audit... without errors or control deficiencies” (Source: continuousscale.com). That means when outside experts combed through, nothing material was wrong. The NetSuite fixes (multi-book correction, reconciliations) got them there just in time. It underscores that thorough prep plus professional oversight pays off.

Checklist:

AREA/TASK	WHY IT MATTERS	NETSUITE ACTIONS/FEATURES
Data Integrity (COA, Masters)	Prevents errors in consolidation; ensures coherent reporting.	Standardize Chart of Accounts; use Memorized transactions carefully; clean up old inactive accounts.
Multi-Entity Setup (Subsidiaries, OneWorld)	Enables complete consolidation; avoids unity/commingling issues.	Configure OneWorld properly; verify elimination intercompany JEs; use Locations/Classes for segments.
Closing Process (Accruals, Reconciliations)	Ensures books are complete; avoids surprise adjustments.	Close all subsidiaries; post accruals (depreciation, tax, bonuses) via recurring schedules; reconcile AR/AP using Saved Searches.
Audit Trails & Controls (Security)	Builds trust; deters fraud.	Enforce Role-based permissions , approval flows (SuiteFlow); use System Notes; activate 2FA and ownership history.
Documentation (Policies, Approvals)	Clarifies assumptions; aids diligence Q&A.	Attach documents/invoices to transactions in NetSuite; maintain written accounting policies in company files; store SOPs.
Automations (Pie in the Sky) (AI Tools)	Speeds closing and insights; future-proofs reporting.	Explore NetSuite AI-enhancements (Oracle 2025+); use workbooks + scripts for predictive forecasts; automate bank feeds.

Note: This table synthesizes best practices. Each company's actions should be tailored to its situation. Source data from RSM and Epiq highlight that standardizing data and eliminating spreadsheets (manual processes) significantly reduce risk (Source: epiqinfo.com) (Source: rsmus.com).

Case Studies and Examples

The following real-world examples illustrate how addressing ERP readiness in NetSuite translates into smoother exits:

- Life Sciences Startup (Baker Tilly, 2023):** A pre-revenue biotech firm with multiple subsidiaries struggled on a legacy system that *“did not provide consolidated financial reporting”* (Source: www.bakertilly.com). After implementing NetSuite's Advanced Financials, the company achieved *“improved processes and audit readiness”* (Source: www.bakertilly.com). In practice, NetSuite's consolidation and workflows replaced laborious spreadsheet consolidations. The result: when Deloitte came knocking for yearly audit, the finance team had clean books and could quickly lock each entity's results together. This case underscores that even earlier-stage companies benefit from systemization.
- Software Services (Wizeline, 2023):** Wizeline faced a dire situation: eight jurisdictions, eight currencies, and a broken NetSuite “Multi-Book” setup (Source: continuousscale.com). With a Big 4 audit looming, they engaged consultants to fix the system in under 3 months. The consultants rebuilt Wizeline's NetSuite books and reconciliations. By audit time, the results were spectacular – “Clean Audits Across the Board”: they *“closed out [their] US GAAP consolidated audit with a Big Four”* and all local audits **“without errors or control deficiencies”** (Source: continuousscale.com). CEO Gladun even noted it *“significantly advanced us towards full automation”* (Source: continuousscale.com). This dramatic turnaround shows that even when a project looks hopeless, focused NetSuite remediation (fixing currency rules, re-running consolidation, etc.) can untangle the mess.
- PE-Owned SaaS Company (Bridgepoint Consulting, 2024):** A San Francisco-based SaaS provider had been bought by a PE firm. The owners were instructed: migrate off QuickBooks by January. Bridgepoint Consulting implemented NetSuite OneWorld in only 3 months, including three newly acquired subsidiaries. By January 1st, **all entities were live** on NetSuite (Source: bridgepointconsulting.com). The consultant notes that **“the Client can now present consolidated financials to the PE firm straight from their ERP”** (Source: bridgepointconsulting.com). In other words, diligence questions about combined financials were met with immediate answers from NetSuite reports – a massive improvement from the prior manual process.
- Technology Services (Core BTS, Houseblend):** Tailwind Capital acquired Core BTS (an IT services firm) and rapidly made more acquisitions. Initially, Core BTS's old ERP was a bottleneck. After migrating to NetSuite (with OpenAir for services), the company *“onboarded three more acquisitions in just a couple of years”* (Source: www.houseblend.io). Post-implementation, finance teams could generate multi-company project profitability reports instantly. Buyers of Core BTS (ultimately sold for a premium) cited the clean integrated reporting as a key value driver. This example demonstrates how NetSuite's integration capability can turn serial acquirers into roll-up successes.
- Owner-Operator (LinkedIn Anecdote):** In a frank LinkedIn conversation, one CFO lamented: *“We spent \$300K on NetSuite... and my team still lives in Excel.”* (Source: www.linkedin.com) This painful quote reflects a common scenario: a company thinks buying NetSuite solves issues, but in reality, data still escapes into third-party spreadsheets. It underscores that implementation is only step one – data must *beard in hand*. Exit success comes not from the sticker price of software, but from disciplined usage.

These cases share lessons: (1) Implement NetSuite properly (or fix it), and (2) make sure it is *used*. In each example, the companies that succeeded put actual data and processes in NetSuite, then reaped the benefits when diligence came. Practically, this meant subsuming all financial feeds into the ERP and having it generate the key reports needed for valuation and closing.

Implications and Future Directions

Value Preservation: Well-prepared NetSuite processes help preserve value in two ways. First, they can **accelerate deal timelines**. PE firms value speed, and a company that can turn around data requests in days is likely to see faster LOI-to-close progression. Second, they improve **valuation multiples**. Buyers pay for certainty; problems found in diligence usually translate to price adjustments or escrow holdbacks. Accordion notes misalignment on readiness can cost *“up to 3 turns of valuation”* (Source: www.accordion.com). Every accounting gap left unchecked is therefore literally money off the table.

Governance and Integration: Tight NetSuite usage also facilitates post-close integration. If a PE firm owns the company, having all portfolio companies in the same or compatible systems allows it to deploy group-level metrics, shared services, and benchmarking. In future, as investors push for data-driven oversight, companies may even adopt AI-driven alerts within NetSuite for margin dips or project delays, enabling a form of continuous readiness.

Technology Evolution: Looking ahead, NetSuite will continue adding capabilities that make exit prep more efficient. The recent Oracle NetSuite 2025 and 2026 releases have heavily emphasized automation and analytics. AI features (natural-language query, anomaly detection, cash forecasting) will help finance teams spot issues before buyers do. CFOs should plan to leverage these – for example, automated bank reconciliation and invoice matching already reduce manual error (Source: epiqinfo.com). It is conceivable that in a few years, a PE shop's diligence team might simply query a NetSuite instance via secure API for each data point they need, rather than consuming static reports.

Case Law and Regulation: As regulatory scrutiny around M&A grows (e.g. antitrust, financial reporting), having a rock-solid ERP can also be a defense. In extreme cases (e.g. SPAC investor litigation), companies have been penalized for misstatements discovered post-exit. Maintaining **continuous audit readiness** in NetSuite, with strict change management, can serve as a bulwark.

Culture of Preparedness: Beyond technology, an important forward-looking implication is organizational. The research and cases all point to the need for a culture of preparedness. Some PE firms now *reward* CFOs for keeping a quarterly “diligence pack” rather than chastising them for it. Companies might institute quarterly or semi-annual internal diligence drills. Over time this raises the bar for financial operations maturity.

Conclusion

In closing, exit readiness is a journey, not an event. Companies that fish in NetSuite can turn their financial systems into enablers of value. We have seen through surveys, expert testimony, and case studies that inadequate preparation *will* impede deals: deals take longer, values drop, and negotiators cite data problems again and again. Conversely, companies that uphold tight processes in NetSuite – from precise COAs to automated workflows to real-time reporting – consistently command higher prices and faster closings. Gene Godick summarised it well: sellers who prepare their books “*well in advance*” of a sale tend to “*close faster, face fewer retrades, and capture more of the value they set out to achieve*” (Source: www.gsquaredcfo.com).

A practical takeaway checklist from this report includes: maintain a clean, consolidated ledger in NetSuite; enforce rigorous access and approval controls; eliminate spreadsheets; document all assumptions; and train a controller or team to run the data room process. The technology side means fully using NetSuite’s OneWorld, accounting features, dashboards, and audit logs. Crucially, everything we recommend has been backed by credible sources (industry surveys, accounting firms, NetSuite experts) to ensure these aren’t just theories but proven best practices.

The financial world is unforgiving at exit time. But with a proactive mind-set and a properly leveraged ERP, PE diligence need not be adversarial. It can simply be a quick verification of what you already know is true: your financial story. In that light, preparing NetSuite for PE due diligence is really about building that truthful, robust financial story now — so you and your investors can all share in its premium valuation later (Source: continuousscale.com) (Source: www.randgroup.com).

References: See inline citations (markers like (Source: www.gsquaredcfo.com) corresponding to finance and ERP publications, industry reports, and case studies mentioned throughout. Each cited source is a credible account (consulting firm insights, expert blog, or survey data) that substantiates the statements made above.

Tags: netsuite financials, exit readiness, private equity, due diligence, audit readiness, erp preparation, financial consolidation

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