Do You Have the Right Accounting Software?
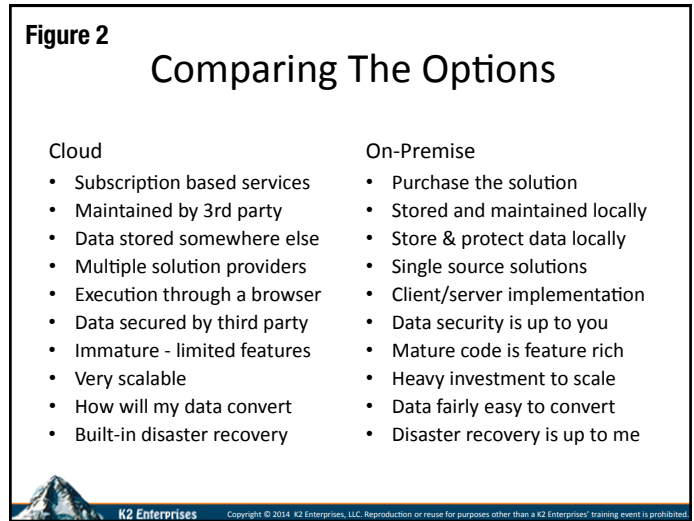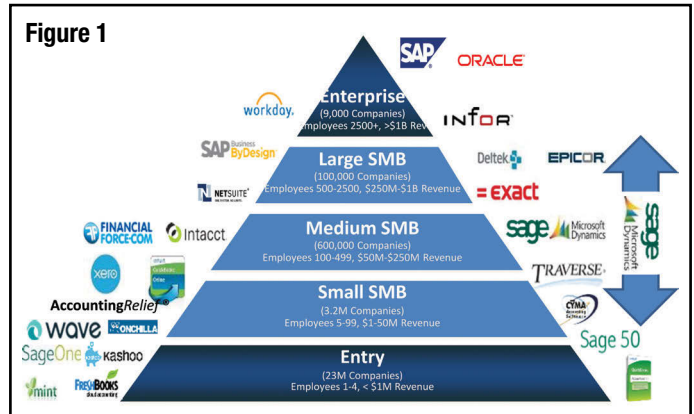
By Randy Johnston, Guest Columnist

Accounting software helps manage businesses from small to large. Is your organization running the right software? Is the pain of change so great, you'll stay on an older version or the wrong size and type of software? Are your people frequently entering or reentering data? Do the reports you receive lack the information needed? Are you constrained by when and how you upgrade your accounting software and the supporting products?

If you answered "yes" to any of these questions, you may not be on the right software system. You may need to upgrade to a current version, or you may need and want to replace the software with a product that is a better fit for the organization. It is important to go through a selection process like that outlined at the K2 CPE site for accounting software: accountingsoftwareworld.com/articles-white-papers/selection-steps. Rarely is it in the organization's best interest to enter the sales process too early. Take the time to analyze your needs, and determine potential product solutions before any contact is made with a publisher or software partner. Most vendor websites are sophisticated enough to obtain your contact information and identify you as a prospect without your permission.

Take a long-term view of your organization's needs. Most accounting software systems are kept 10 years or more, and you should work on the assumption that picking the right system will cost or save money for a very long time. Consider the size of the business you need to support. There are different levels of software to support different levels of business, as depicted in Figure 1. Over or under buying software can cost more during the period of ownership by requiring additional manual procedures in simple products or by adding unnecessary complexity in products that are too big for the need.

From our analysis and understanding of the accounting software market, accounting software is far from one size fits all. There are a few general products that are well known and are recommended and used broadly. Examples of these products include: Intuit QuickBooks, Sage 100 (formerly known as MAS 90), Microsoft Dynamics GP (formerly known as Great Plains) and SAP All-In-One. Each of these products has good core functionality, an add-on ecosystem of third-party solutions that address many of the features not included in the base product and are deeply understood by consultants.

A consultant on one product will rarely know more than the product in which he/she specializes. If your needs are complex, you'll likely need to consider consulting expertise during the selection process. However, it will be a challenge to find experts who have expertise in more than one product OR who aren't biased by a product they are selling. We would prefer to hear from you if any part of the selection process is unclear or if you are having trouble locating an acceptable consultant.

Figure 1

Figure 2

Comparing The Options

Cloud
- Subscription based services
- Maintained by 3rd party
- Data stored somewhere else
- Multiple solution providers
- Execution through a browser
- Data secured by third party
- Immature - limited features
- Very scalable
- How will my data convert
- Built-in disaster recovery

On-Premise
- Purchase the solution
- Stored and maintained locally
- Store & protect data locally
- Single source solutions
- Client/server implementation
- Data security is up to you
- Mature code is feature rich
- Heavy investment to scale
- Data fairly easy to convert
- Disaster recovery is up to me

Consider the Solutions

There are approximately 300 accounting software products sold in the U.S. market. Around 40 products sold are Software as a Service (SaaS noted in options below) that run completely in a web browser. As a rule, the SaaS products will have fewer features than the traditional products offered by publishers during the last 20-30 years. Most of the products that can be installed in-house are also offered in a hosted version today. Further, the pricing of these traditional on premise products is usually available in two forms: monthly subscription or purchase with annual maintenance.

Entry level products today include:
- Intuit QuickBooks and QuickBooks Online (SaaS) – both are U.S. market leaders in their respective categories.
- Sage 50 Pro, Premier and Quantum – Good inventory, costing, payroll and reporting capabilities make this product

an attractive choice for slightly larger organizations that need more users.

- CYMA – notable for the payroll and human resources capabilities and low cost of ownership.
- Wave (SaaS) – a free SaaS product with good accountant access and a payroll option.
- Accounting Power (SaaS) – a product offered through accounting firms that has good accounting capability, including payroll.

Small to Medium Business (SMB) products today include:

- Open Systems TRAVERSE – a product that has good personalization capabilities, and has specialties in a number of verticals, including nonprofit, services, distribution and flexible packaging.
- Sage 100, 300 and X3 – Sage has more installations in the U.S. market and globally than any other accounting software publisher. These products are frequently used in distribution and manufacturing, and have broad third-party support to fit many vertical markets.
- Microsoft Dynamics GP, SL, NAV and AX – Microsoft has four different offerings with unique capabilities in each of the product lines. Dynamics GP is well known for general accounting, costing and inventory. The NAV and AX lines have the most customization capability.
- NetSuite (SaaS) – This publicly held company has good CRM and eCommerce integration in its offering. It also handles international currencies.
- SAP Business ByDesign (SaaS) – This is a comprehensive, integrated financial and distribution product that offers a multi-perspective GL for unique reporting needs.
- Intacct (SaaS) – As promoted by the American Institute of CPAs' (AICPA's) CPA2Biz unit, this product has inventory, costing and third party integration, as well as entry-level accounting capability.

Enterprise (ERP) products today include:

- SAP All-in-One – This is one of the leading high-end systems globally. There are few business situations that SAP can't handle.
- Oracle Financials – Oracle has purchased a broad number of companies and integrated the functionality into their mainstream product. Much of Oracle's revenue comes from their robust database.
- Infor Lawson and FMS – Infor has been buying software companies that specialize in higher-end distribution and manufacturing.
- Workday (SaaS) – The product created by this company is a new generation Enterprise product that doesn't require a lot of infrastructure and could reasonably compete at the high end of the market.

These examples are not recommendations, because we believe you need a reasonable system selection process to fit a product to your needs. Some attributes to consider when buying SaaS/Cloud products vs. traditional on-premise products that can be installed in-house or hosted are listed in Figure 2.

> ## If a product is a good fit now, it will be a good fit later.

What to Do

If you determine your organization needs to replace accounting software, attend a CPE course on technology offered by the TSCPA CPE Foundation. Once you understand some of your options and the process, begin a needs analysis. Spend a few days in demonstrations of how the potential products fit your needs; then negotiate your contract, make the purchase and implement.

Vendors will do everything they can to shorten the sales cycle and get you to make a decision fast. This is to their advantage as a method to eliminate the competition. If a product is a good fit now, it will be a good fit later. Don't overanalyze, but the worst mistake of all is not spending enough time on determining needs and due diligence. Be thorough in your selection process! ∎

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