

How to Choose an Accounting System



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How to Choose an Accounting System

Welcome to *How to Choose an Accounting System*. Selecting the best accounting software for your organization is one of the most critical business decisions you face. We created this guide to provide you with the essential information you need to make the best decision possible.

You may be wondering, “Why would Sage distribute a booklet that doesn’t promote its own products?” We know how important great information is to making great decisions. What’s more, we’re confident that the more people know about accounting software, the more likely they are to seriously consider—and ultimately choose—Sage accounting and e-business software solutions. In other words, our software solutions stand up to the most stringent selection criteria.

We look forward to helping you succeed in choosing the best accounting and e-business software solution for your organization.


Why Change at All?

Who should consider choosing a new accounting system? Do any of these describe you and your organization?

- You want the freedom to choose among multiple operating systems, databases, and applications as your business expands or changes.
- You are a fast-growing company and need a system that can grow with you.
- You have international requirements that aren’t being properly met.
- Your company has outgrown your current system.
- Your processes have changed the way you do business.
- You want an e-business solution with an integrated financial backend.
- You’re using DOS software.
- You’re using a PC-based spreadsheet (for example, Lotus or Microsoft Excel) or an introductory accounting package (for example, QuickBooks).
- You’ve got a legacy system—some “old iron” customized for your organization—which people may not necessarily like, but they understand and can use without much effort.

Many organizations stay with their current accounting system too long. It’s comfortable to use something that’s known and understood. There’s usually fear involved (or at least a strong apprehension) with switching to something new and unknown. Plus, there are significant time and resource issues, including the cost to change and the time needed to learn the new system.

But comfortable doesn’t always cut it—especially when it comes to the financial health and long-term success of your business.



In order for a system to meet your business needs, it should mesh with your existing business practices and adapt to technological innovations. Ideally, you want software that's simple, intuitive, and closely matched to how you already do business. Be sure the system can:

- Embrace industry-standard technology quickly and easily.
- Customize easily to fit the special needs of your business.
- Deploy flexibly to new IT paradigms such as application hosting.
- Scale to the changing size of your business.

What a good system delivers

Properly installed and implemented accounting software can contribute many benefits to your organization, including:

- **Better decision-making capabilities**

Sound accounting software can provide both a snapshot-in-time look at your organization, as well as the detailed reports and other data necessary for long-term strategic planning.

- **Improved cash flow**

Cash management is essential for all businesses. Integrated billing, inventory, accounts receivable, and accounts payable allow you to manage that valuable cash more easily and efficiently. Better cash management provides your organization with more options for revenue-generating campaigns and long-term growth.

- **More accurate information**

With fully integrated accounting software, you'll not only have more information at your fingertips, you'll have more accurate information. Unlike a manual accounting system, where a great deal of time is spent cross-checking figures recorded in different ledgers (and where the potential for errors dramatically increases)—in a good computerized accounting system, information is entered only once and is used throughout the system.

- **More control**

Integrated accounting software provides real-time access to your organization's critical financial information. This provides you with greater control and the ability to more efficiently manage the components of your business.

- **A foundation for growth**

The right accounting software can help you as your organization grows: expanding as your business expands, allowing for additional users, and offering the kinds of reports and other business intelligence data required.

Do more now

The challenges to successfully choosing, installing, and implementing new accounting software are many. But so are the opportunities—to gain greater control of your organization's financial affairs, to make better decisions, and to improve cash flow, among others.

The remainder of this guide describes the six steps to successfully selecting accounting software:

1. Involve the right people.
2. Define the challenge.
3. Choose a consultant.
4. Evaluate application performance.
5. Choose a software vendor.
6. Implement the system.

1. Involve the right people

Your accounting software generates information used throughout most of your organization. That's why choosing new software shouldn't be delegated to a single department or manager. Participation across functional groups will help you select, implement, and use the best possible financial software solution.

There are, in general, five groups of people who should be involved in the selection process:



Multiple groups should have input into the software selection process.

Five Mistakes People Make When Selecting Accounting Software

Mistake 1: Not doing enough homework

Analyzing and then selecting accounting software takes time and effort. Information is critical to selecting the most appropriate system for your organization. You are already a step ahead of most people because you're reading this booklet.

Mistake 2: Misunderstanding the benefits of automation

Automating accounting and related functions can save your organization considerable time and effort. However, computers can never replace human intelligence, judgment, or hard work.

Mistake 3: Ignoring hard-to-quantify benefits

It's difficult to calculate possible future gains in terms of increased productivity, better decisionmaking, and other factors after a new system has been successfully implemented. The results following the time-consuming selection and implementation of the best accounting solution can dramatically increase your bottom line.

Mistake 4: Passing the buck

Top management and other key personnel within the organization must be involved in the selection and implementation process. Never rely solely on a consultant's recommendations or input.

Mistake 5: Thinking accounting software is only for accountants

Accounting software will deliver results in the form of critical need-to-know information to every manager in the company. Don't select a system that won't provide detailed reporting and other company-wide information.

System users

These are the people who will use the software daily. They need the software to be user-friendly, logical, and efficient.

System managers

Managers supervise the system users. These system managers must understand the financial information and reporting needs required by upper management, and then direct system users about how to effectively use the system.

System customers

Financial information customers can be found throughout the organization, in every department and at any level. These people rely on the reports, summaries, and other data generated by the accounting system to make decisions and otherwise manage their particular group or department. System customers may not necessarily understand accounting fundamentals, but they do require the information supplied by the software.

System sign-offs

These are the people who must give final approval to acquire the system. Typically this group includes representatives from Information Systems (IS), accounting, and the executive management team. The company president or CEO may play a prominent role in selecting the system, or may delegate this task downward.

IS staff

Representatives from the organization's IS staff should be closely involved in the accounting software selection process and typically play key roles in the software's installation and ongoing upkeep.

Suggested Planning Schedule

The following is a simple five-step process to successfully analyzing, selecting, implementing, and using a new accounting system.

Step 1: Preplanning

This includes a review of your current system's capabilities, strengths, and weaknesses, as well as the initial list of what you want to do with your new system but are unable to do with your old system.

Step 2: Intelligence gathering

Information is critical to sound decisionmaking. The more and better information you can obtain now about the various systems being considered will help you in the long run.

Step 3: Analysis

Careful review of the information gathered is necessary to make sound decisions. Please note that this step may include actual software demonstrations, visiting organizations with the software already installed, and perhaps even a visit to the software publisher's headquarters.

Step 4: Implementation

Once a software solution has been chosen, implementation should begin. This may last weeks or months, and include data conversion, user training, and other elements.

Step 5: Post-implementation review

This step includes the ongoing monitoring and review of the system. Is it performing as expected? What elements need to be modified, changed, or customized? What optional elements can be added to further enhance system performance?



Suggested Planning Schedule												
Months (Approximate)	1	2	3	4	5	6	7	8	9	10	11	12
1. Pre-planning												
2. Intelligence gathering												
3. Analysis												
4. Implementation												
5. Post-implementation review												

2. Define the challenge

Understanding your business’s financial information capabilities and weaknesses is critical to selecting the appropriate accounting software solution. The more you know about the challenges you expect the software to solve, the more informed decisions you’ll make.

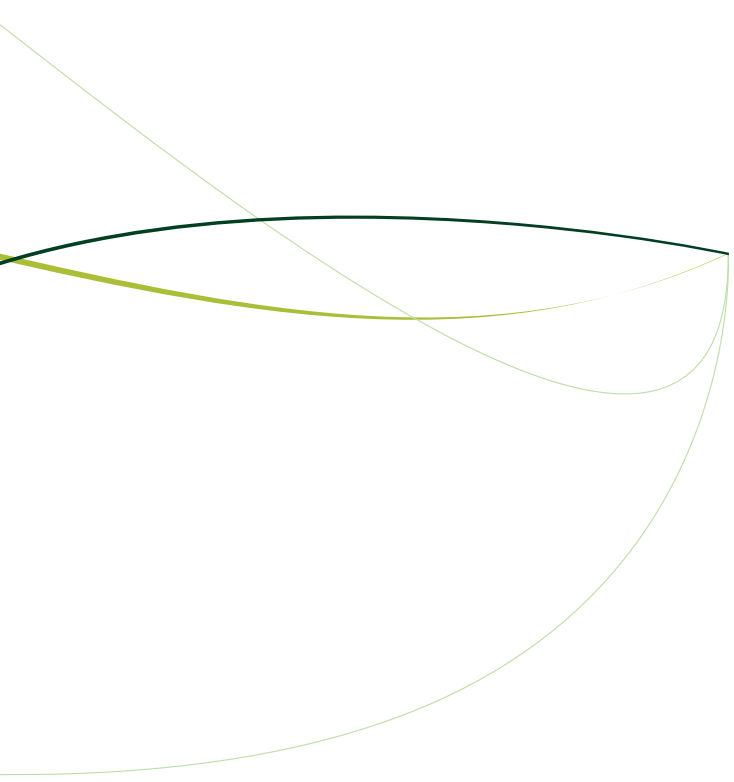
Questions to ask

What are some of the challenges your organization is currently experiencing with its accounting system?

Questions you might consider include:

- Which manual tasks would benefit the organization by becoming automated?
- Where in the accounting cycle are you experiencing the highest productivity loss and the highest number of errors?
- How are inaccuracies negatively impacting your organization?
- What information/reports are being requested that currently cannot be created/delivered?
- How could your accounting solution integrate with your e-business initiatives?





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