Stress-Free Accounting Software Selection

Successfully choosing a business accounting system doesn't have to be frustrating.

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Who Will Benefit from This Guide?

Individuals and organizations who consider the replacement or purchase of an accounting system will benefit from this guide. The purpose of the guide is to assist decision makers in organizing their criteria and areas of evaluation so they can make an informed decision about which accounting system will best fit their needs.

The following staff within a small organization will benefit from reading this guide:

- **Business Owners and Partners**
- **Accounting Personnel**
- **Bookkeepers**
- **Administrative Staff**
- **Department and Business Unit Leaders**

How to Use the Guide

This guide is meant as an educational and assessment tool. The various areas of knowledge necessary to make the right accounting system decisions are outlined and supported in the body of this Guide.

The last section of the Guide provides a quick assessment tool that will allow you to view each of the variables, and perhaps add your own variables, into a matrix that will help you identify what's important to you and your business.

Introduction

The goal: Make the best decision for your business. Choosing a business accounting system doesn't have to be complicated. When you use this guide to help you make this important business decision, you will save time and frustration, the end result will be an educated decision that leaves you happy and your business more successful.

Knowing "why" you want to make this decision will help you identify factors that are relevant to your business or organization. Our experience during the last 30 years working with thousands of customers has helped us identify the **10 reasons you might need to replace your accounting system or purchase a new system:**

1. **Business Processes:** Your business has matured but your accounting system has not. You need a flexible system that fits your growing business.

2. **Spreadsheet Hell:** You are running (or ruining) your business with Excel.

3. **Accountability:** Your business needs internal controls and audit features that go beyond your current system and processes.

4. **Scalability:** Your current system cannot handle the size of your business or your data, for example, inventory.

5. **Decisions:** You can't get to the information you need to make decisions or you don't trust the numbers once you have them.

6. **Security:** Your business has grown and you need stronger financial systems and data security.

7. **Reliability:** The current system or processes are not as reliable as they once were.

8. **Ease of Use:** Your staff spends too much time making the current system work, especially when it comes to reconciliation and reporting.

9. **Ease of Access:** Your business isn't "in the office" anymore. You need access from anywhere.

10. **Cost:** You are facing increased hardware expenditures, software costs, or licensing fees.

Sound Familiar?
Keep Reading...

Understanding your motivation for change and what's important for your business or organization will help you make the best accounting system decision. Whatever your motivation, the reason you make the decision is central to the success of your business or organization and you are not alone.

Each year, thousands of small business and non-profit organizations make the decision to purchase or replace their existing systems. Unfortunately, many businesses base their decision on marketing or advertisements and don't analyze what's best for their individual and unique situations.

We've constructed this guide to address the reasons for change by grouping them into five Decision Factors that will assist you as you select an accounting system. We describe each Decision Factor and relate it to the 10 reasons above, as well as note important considerations.

Instructions for This Guide

- Read the entire document before you score the importance of any of the Decision Factors.

- Review each factor a **second** time, organize your thoughts, and then score its importance. Otherwise, you may end up scoring them all with a "5"- which will not yield helpful results.

Decision Factor: Impact on Your Business

The use of an accounting system, along with proper processes, will positively impact numerous areas of your business.

Addresses these reasons for change:

- Spreadsheet Hell
- Business Processes
- Decisions
- Accountability

Important Considerations:

1. Many businesses use spreadsheets for their accounting because they provide great control. You can reformat, manipulate data, and make the numbers look any way you want. But they can also become a nightmare to maintain and become inconsistent and separated from the facts of your financial reality.

Tip Evaluate a potential solution based on whether or not it allows you to tailor the information in a way that's meaningful to you without compromising integrity. The system should reduce your need to run your business in Excel spreadsheets.

2. Business processes must be tuned to your business, not your accounting software. The ability to implement and refine business processes demonstrates the system's flexibility, which is an important factor for a growing business.

Tip Evaluate a potential solution based on its ability to allow you to customize and refine business process. Look for clear and straightforward processes that are as simple as possible, meaning that all unnecessary actions can be eliminated.

3. Your accounting system should help you manage and reduce risk, especially embezzlement and fraud, something Excel spreadsheets cannot do.

Tip Ensure the potential system provides the ability to implement sound internal controls and creates an audit trail that cannot be compromised or manipulated.

How important are these factors on the system decision?

Score the importance of this factor on the scale of 1 (lowest) to 5 (highest).

LOW	IMPORTANCE SCALE			HIGH
1	2	3	4	5

Other Thoughts: What other Business Impact areas are important?

Decision Factor: Solution Capabilities

The capabilities of the system should exceed your current needs but not be overly complicated.

Addresses these reasons for change:
- Ease of Use
- Dependability
- Scalability

Important Considerations:

1. In your search for a business accounting system, you will find that many vendors offer a variation of basic modules. Like a roadside diner's traditional meat + two, the basic offering of GL, AR, and AP is reliable and usually cost effective.

Tip If your business is growing, you might exceed the capabilities of basic modules and incur additional time, effort, and cost to change in the future.

2. Too much of anything can be a bad thing. That's especially true if there are many ways to do the same thing. A solid set of easy to use features might be better than multiple options and variations.

Tip Evaluate the system based on its ability to perform accounting functions, not on how easily you can customize the system's user interface. You'll want a balance. Remember, you'll use the bells and whistles only a few times and the accounting functions of the system hundreds, and possibly thousands of times.

3. Your evaluation should include how well the system can scale to your business with additional modules and add-ons from external companies.

Tip Review the history of the primary vendor to learn about the system's ability to integrate new modules and add-ons. The promise of add-ons and modules from an external vendor can quickly dissolve if

that vendor is no longer around or does not update with the primary vendor's system.

4. The initial configuration and set-up of the system should be easy to understand and straightforward. The use of core modules should be intuitive.

Tip Focus on how quickly and easily the system can be ready for your business to use.

5. Reports and business processes should be delivered with the solution.

Tip Look for solutions that come with a rich set of best-practice processes and a thorough list of standard reports and formats.

How important are these factor on the system decision?

Score the importance of this factor on the scale of 1 (lowest) to 5 (highest).

LOW	IMPORTANCE SCALE			HIGH
1	2	3	4	5

Other Thoughts: What other Solution Capability areas are important?

Decision Factor: Use and Access

Use and access play an important role in the implementation of the solution.

Addresses these reasons for change:

- Accountability
- Scalability
- Security
- Ease of Use
- Ease of Access

Important Considerations:

1. The licensing metric for the solution should be consistent with your current and future access needs.

Tip Consider the cost of additional access and users.

2. How you will access the solution should be considered. Will you only access the systems in the office or will remote access be necessary? Do you have multiple offices or staff that moves from one office to another in the course of their work?

Tip Ensure that potential solutions have access alternatives; on-premise or hosted. On- premise use might provide a sense of control, although hosted implementations might provide cost savings, remote access, and lower per-user license fees.

3. Proper internal controls require separation of duties and clear definitions of roles. Evaluate the various roles and user access controls available within the system.

Tip Ensure any potential solution allows for the clear definition of user rolls with security features that can be reviewed and audited.

LOW	IMPORTANCE SCALE			HIGH
1	2	3	4	5

How important is this factor on the system decision?

Score the importance of this factor on the scale of 1 (lowest) to 5 (highest).

Other Thoughts: What other Use and Access areas are important?

Decision Factor: TCO and ROI

The initial and long term-cost of the accounting system is a critical decision factor.

Addresses these reasons for change:
- Reliability
- Ease of Use
- Ease of Access
- Cost

Important Considerations:

1. The cost of the user licenses should be reasonable for your current and future business.

Tip Consider the cost of not only the initial license but also additional access and users.

2. Evaluate the TCO of the system over the term of 3 – 7 years.

Tip Consider your company's growing use of the system, data conversation and setup fees, on-going maintenances, license growth, and support. Compare solution costs over similar time lines

3. Support and service fees are often the hidden cost of ownership.

Tip You should consider the cost of down time or waiting on vendor support processes in your evaluation. When your accounting system is down, it's often a critical issue for your business and wait / hold times on support calls can have a real and expensive impact on the TCO of your solution. Look for service level agreements that include reporting of issue resolutions and support calls.

4. ROI can be a bit tricky when you attempt to define returns from an internal and necessary business system. Improve productivity and eliminate manual processes, for example, manual reconciliation, close, and reporting, to create ROI.

Tip Determine if, and how, you will measure ROI before you select your system. Then review the features of the various alternative systems to ensure you can adequately calculate the financial impact. For example, if reducing Order-to-Cash time is your primary measure of return, ensure the features required for this business process are available and easy to use. Repeat this evaluation for each of the ROI focuses.

5. Consider the cost of training, support, and on-going maintenance into your models.

Tip The cost and fee structure for training, support, and on-going maintenance should be reasonable and easy to understand. Look for alternative prices and fees that align with how your business will utilize these services. These can range from unlimited to support billed by the minute or hour.

How important is this factor on the system decision?

Score the importance of this factor on the scale of 1 (lowest) to 5 (highest).

LOW	IMPORTANCE SCALE			HIGH
1	2	3	4	5

Other Thoughts: What other TCO and ROI areas are important?

Decision Factor: Vendor Performance and Relationship

The relationship expectations you have for your vendor and their performance in the market can impact your satisfaction.

Addresses these reasons for change:

- Reliability
- Cost

Important Considerations:

1. What type of relationship do you expect to have with your vendor after you purchase the accounting solution?

Tip Determine if your business requires a close personal relationship with the system's vendor or something less. Will Internet / web site access be sufficient for your needs?

2. What is your expectation for the vendor's expertise in the accounting, software, and support areas? There are many new accounting systems on the market today and you will want to understand the level of experience your vendor possesses in many areas.

Tip Evaluate the number of years your prospective vendors have been in business and determine their expertise in business, accounting, software development, and support.

3. The future of your accounting system vendor is important. If the vendor is a startup with a relatively new offering in the market, do they intend to grow their business and carry it forward or grow their business to then sell it off to a larger vendor?

Tip Evaluate the vendor's business model and determine if it impacts your business. Investigate the business model

and plans of your prospective vendors by seeking information about the company, their management, and track record.

4. Most small businesses rely on the tenacity of their office staff to solve many day-to-day problems. Will your staff rely on the system's vendor in the same way and expect them to "own" problems or simply offer information?

Tip Ask prospective vendors about call frequency and how they handle situations with current customers. Provide many real life scenarios and then evaluate the responses of the vendors.

How important is this factor on the system decision?

Score the importance of this factor on the scale of 1 (lowest) to 5 (highest).

LOW	IMPORTANCE SCALE			HIGH
1	2	3	4	5

Other Thoughts: What other Vendor Performance and Relationship areas are important?

Other Considerations

There are probably numerous other considerations you might use to help you make the right choice for your accounting solution. Use the space below to record the area(s) of consideration and your specific critical points.

Other (1) _____

Why this is important: _____

How important is this factor on the system?

Score the importance of this factor on the scale of 1 (lowest) to 5 (highest).

LOW	IMPORTANCE SCALE			HIGH
1	2	3	4	5

Other (2) _____

Why this is important: _____

How important is this factor on the system?

Score the importance of this factor on the scale of 1 (lowest) to 5 (highest).

LOW	IMPORTANCE SCALE			HIGH
1	2	3	4	5

Other (3) _____

Why this is important: _____

How important is this factor on the system?

Score the importance of this factor on the scale of 1 (lowest) to 5 (highest).

LOW	IMPORTANCE SCALE			HIGH
1	2	3	4	5

Review your selections from the previous options and determine the importance of each Decision Factor. The importance of each Decision Factor will help you prioritize areas of evaluation for various accounting system alternatives. If "other" Decision Factors are important to your business, identify and rate their importance too.

Decision Factor	Importance				
	Low				High
Impact on Your Business	1	2	3	4	5
Solution Capabilities	1	2	3	4	5
Use and Access	1	2	3	4	5
TCO and ROI	1	2	3	4	5
Vendor Performance and Relationship	1	2	3	4	5
Other (1):	1	2	3	4	5
Other (2):	1	2	3	4	5
Other (3):	1	2	3	4	5

Now that you have a clear understanding of the various Decision Factors, you can begin to evaluate your alternatives based on what is important to your business, not what is important to the software vendor. Knowledge equals power.

Conclusion

With a clear understanding of what is important to you and your business, you are much better prepared to review alternatives and make the best decision possible. Here a few more tips on how to use the results of this Guide:

• Be honest and up-front with prospective vendors about what's important to you. This will save you, and them, a lot of time and frustration.

• Be true to your assessment of importance but also be open to learning from the vendors experience.

• Structure your interactions with vendors as a conversation and a way to get to know the company better. Establish that as the buyer you are setting the pace – not the vendor.

• Ask vendors how they will demonstrate the system based on your priorities and known areas of importance.

About Cougar Mountain Software

Cougar Mountain Software is an international provider of business accounting, nonprofit accounting, and point of sale software solutions. During the past 32 years of successful business we have served thousands of retail, wholesale, nonprofit, and service-based businesses.

Our success comes from two key practices: employing in-house accounting and business professionals for our sales, support, training, and development teams; and listening to our clients.

Cougar Mountain Software understands that the accounting system our customers want is unique to their needs and business problems. Our team of business and accounting experts provide our customers the personalized service they need to make the right decisions about their accounting solution. Our solutions helps small business and non-profit organizations use their financial systems to make better business decisions and achieve their business objectives.

Our future vision is to continue to be an innovative business solutions company committed to providing customers with high-value integrated accounting software applications combined with exceptionally delivered personalized services and customized solutions.

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