

SELECTING NEW ACCOUNTING SOFTWARE FOR YOUR BUSINESS

THE RIGHT ACCOUNTING SOFTWARE CAN HELP YOU TO DRIVE BUSINESS IMPROVEMENT, GROW YOUR BUSINESS AND BETTER MANAGE CHALLENGES.

As with other key suppliers, it is good business practice to test whether the accounting software you are using is meeting your current and future needs, and compare it with competitor products every few years. While changing accounting software can be difficult, you may end up with software that better helps you improve your business. With developments in technology, you should give preference to cloud-based (online) accounting solutions over other options.

The following is a list of tips to help you select the right accounting software for your business:

Know your strategic direction

You should be investing in software systems that not only meet your current needs but can be adapted to meet the future needs of the business. It is therefore important to know where the business is heading over the next three to five years. For instance, does your strategic direction involve a possible merger or acquisition, disposal of parts of the business or expansion into new markets?

Map your business processes

It is important that you map your business processes so that you can determine what functionality you want from accounting software. Business process mapping will also assist to identify processes you may want to automate or eliminate.

Speak to everyone in your business to find out their needs and prioritise

While it is important to speak to directors and business owners about what they would like from an accounting system, it is also important to speak to other users throughout your business to discover what they want from such a system. You cannot, nor should not, seek to meet everyone's needs, so ask users to prioritise.

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Create a list of the functionality you require and compare that list to the functionality of different software packages

Depending on your requirements, you may wish to ask software vendors whether their accounting software:

- calculates all payroll requirements
- prepares information for compliance requirements
- tracks stock, work in progress, orders, jobs and other task management requirements
- handles multiple bank accounts and automatically imports and processes bank data
- handles foreign currency
- is able to produce separate financial reports for each business or department within the business
- easily integrates with other systems your are operating such as online payments, point of sale equipment, customer relationship management records, stock records and payroll software
- keeps detailed records on customers, including what they buy, how often they buy and when they buy
- produces reports such as 'dashboard' reports. Ask whether such reports can be configured to meet your requirements without impacting maintenance and support
- allows you to manage permissions so that users only have access to the parts of the system that is relevant to their work
- allows users to securely access data remotely (cloud computing)

Use standard functionality/avoid customisation

Customising software to match your business processes and the functionality you seek carries with it long-term risks, such as problems with maintaining, updating and upgrading software, costs of supporting customised software and higher training costs. It is usually better to rely on standard functionality, which may mean reconfiguring your business processes to match the software rather than customising the software.

Seek independent expert advice including from your external accountant

Your external accountant should be a good source of advice on accounting software. Ask if they support your preferred software. Speak with other businesses in your industry to see what software they are using and their thoughts on that software.

Play around with your preferred software using real data

Play around with your preferred software choices using real data from your business over a reasonable period of time, including covering a month end, before you make a decision. Consider whether it has the functionality you require and if it is easy to use. Does it produce the reports you and others want? Test how well the software integrates with other software you use.

The purchase of accounting software is an investment so do a cost benefit analysis

Identify all the costs of acquiring new software including on-costs and weigh those up against the benefits before making a decision. Cost should not be the sole factor in determining which system is best for your business.

Other considerations

- Seek information on the training and support available from software providers – upfront and on an ongoing basis – as well as costs involved for extra support
- Find out what applications can be added to the software and the cost of those additional applications. Don't choose a software package because it has the most 'bells and whistles' – only add applications you have identified as a priority need.
- Ask questions on migrating data to determine the ease of migration
- If the software is in the cloud, check the terms and conditions carefully to see the level of security offered, who owns the data in the cloud, where the data centres are physically located and the process

for retrieving data if you leave that provider. Also consider the quality of your internet connections, paying attention to both download and upload speeds

- Check the level of security the potential software offers
- Do some due diligence on the software provider as you want to avoid purchasing a package from a provider that becomes insolvent
- Ensure all key stakeholders support your software decision
- Do you need to redesign your chart of accounts?
- Some industries have specialised software you may want to consider purchasing however it may be expensive.

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