

5 Steps to Select the Right Accounting Software

Let's face it; your accounting system is a mission-critical part of your business. Have you outgrown your accounting software? Is your accounting system a source of frustration in your business? Are you ready to implement the best possible accounting system customized and optimized for your business?

The right accounting system will enable your team to work smarter not harder. It is true that there are many business accounting systems, but most of them are wrong for your business. When you find the appropriate system, it can simplify your accounting and make your business more profitable.

It all begins with the proper accounting software evaluation strategy. Your strategy can help you discover, evaluate and buy the ideal solution for your business. You can't select the right accounting software without understanding the needs of your organization and the features each solution offers.

Step 1: Get People Involved

If you want your new accounting system to work for your company, you have to get people involved in the process. It is best to create an accounting system advisory (ASA) committee. The committee should include at least one member of each department, so the needs of every part of the organization are considered. Limit the size of the committee to no more than seven members. For larger organizations, you might have to create smaller sub-committees.

A common mistake is to give too much of a role to the IT department. No doubt that the IT department has a substantial supporting role in evaluating and implementing a new accounting system, but their input should be limited to the technology only.

Step 2: Identify Your Goals

One of the first assignments of each committee member is to create a needs analysis for their divisions. Each item on the list should be categorized as either a "mission-critical" or a "nice to have" feature. Mission critical features have a direct economic impact on the company.

Answer the following questions to create a needs analysis:

- What do you like and dislike about your current accounting system?
- What accounting transactions are performed?
- How is information shared between accounting and other departments?
- How many transactions are performed during each accounting period?
- What kind of reports are created and how many?

- What are the data retrieval and reporting requirements?
- What are the custom reporting requirements?
- How many users will use the system?
- What are the different user permission/security levels?
- How many users will have administrative access?
- What is the user-level experience within the company?

The needs analysis process is crucial to the overall success of your project. Selecting an accounting solution without a needs analysis is blindly making decisions.

Step 3: Evaluate Software

Your accounting software has an impact on virtually everything that happens in your company. If you fail to evaluate possible accounting solutions correctly, you could damage your business. In order to avoid a nightmare scenario, you must carefully evaluate possible solutions.

Start the evaluation by narrowing your choices to 3-5 possible accounting solutions. Three is best, but definitely, don't try to evaluate more than five.

Consider the following as you evaluate possible accounting solutions:

- Does the software meet your unique reporting needs?
- How is job and product costing handled?
- Is budgeting and forecasting handled according to your needs?
- Does the software integrate with core operations of your company?
- How does the software integrate with other applications? What are the integration costs?
- How much customization is required? What are the costs?
- See the software in action. Schedule vendor demos or webcasts. It is best to ask for a personalized demo.
- Read case studies and white papers.
- Ask vendors for references. Reach out to references with your list of questions and concerns.
- Connect through LinkedIn and reach out to your network with your questions.
- Understand ways you can customize the software for your company.

Step 4: Consider Costs

Before you can make a decision, you have to consider the total cost of ownership (TCO) of the accounting system you are evaluating. Comparing a traditional client/server system with a cloud accounting solution isn't simple. Most of your costs of cloud-based systems are covered by your monthly or annual subscription fee, while traditional accounting systems require additional hardware and support costs.

You can calculate the TCO by considering the following costs:

- Acquisition
- Implementation
- Support
- Maintenance

Step 5: Make Decision

Shopping for an accounting system is difficult. It is a big decision that could have an impact on every department within your company. Even though you have many options, you still have to do your homework. You can expect excellent results if your strategy involves careful planning, input from all departments, and proper evaluation.