



Best Practices for Choosing the  
Right Accounting Software:

## **Achieving Best-in-Class Financial Management**

Get Started

## Introduction

It starts innocently enough. You need a report your current accounting system can't deliver, so you create a spreadsheet or hire a vendor to customize the code. A few months down the line, your company tries to capitalize on an opportunity by entering a new market or rolls out a new type of offering. Before long, you find that you are hiring consultants to build reports, add custom fields, and integrate new modules – and your staff is spending hours creating and updating spreadsheets that are out of date moments after they're created.

This happens over a long period so most organizations do not even realize how much time and money they are spending on extra modules, expert customization, and “spreadware.” And once support and maintenance are factored in, they are accumulating excess time and costs that would have been better spent adding strategic value to the business.

If this scenario sounds familiar, then your accounting software is holding you back. It may be time to trade in that aging, inflexible software package that was never designed for an always connected, rapidly changing world – and embrace a new breed of financial software solutions that harness the power of the cloud to provide instant access to financial data.

At Intacct, we understand that choosing to implement a new accounting system can be a challenging decision to make. That's why we've designed a five-step, best-practice-based process for selecting the right solution for your business.



# 1. Contemplating a Change

How does an organization know when it's time to reevaluate its accounting and financial software?

If you are experiencing more than a few of the following pains across the various levels of your business, it may be time for you to contemplate a change.

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## The business experiences:

- Increased costs and resource requirements associated with operating and maintaining on-premises hardware and software
- Overworked staff who are compensating for technology that cannot accommodate growth or business change
- Reduced productivity and user satisfaction
- Lack of real-time access to financial data
- Challenges integrating multiple locations, business units, or currencies due to growth and expansion

## The CFO experiences:

- Limited visibility to accurately manage cash and budget
- Increased manual effort to access critical financial information and reports
- Increased exposure to a breakdown in controls
- Reduced ability to provide strategic vision while bogged down in manual accounting tasks

## The user experiences:

- Increased usage of spreadsheets (a.k.a. spreadware) with limited functionality
- Limited ability to access financial data anywhere, anytime, from any device
- Limited integration between systems, causing manual data re-entry



## 2. Defining Your Functional Requirements

Before jumping into a decision on a new solution, it's important to define the functional requirements you will have for this software – particularly around its ability to support your organization's financial processes and deliver valuable business insights.

### Automated, Flexible Financial Processes

A modern general ledger (GL) lets you manage, analyze, and present your financial information the way you want, without adding complexity to your chart of accounts or requiring external reporting tools. Your system should enable you to manage these core financial and business processes:



**While the above list covers most traditional requirements, it's also important to consider more complex needs, including support for:**

- Multiple entities with drill down, organizational hierarchy, workflows and charts of accounts, and real-time consolidation of data
- Real-time GAAP, IFRS, FASB, SOX, and other regulatory and compliance reports
- Multiple ledgers (e.g., AR, AP, order management, project, and cash management) that can process transactions independently without degrading GL performance
- Simultaneously keeping books on an accrual and cash basis

## 2. Defining Your Functional Requirements

(continued)


### Real-Time, Valuable Business Insights

A modern accounting system should provide in-depth, real-time insight into the business, allowing you to capitalize on new opportunities or quickly recognize the need for corrective action. To gain greater insight, your system should deliver:



Multiple operating dimensions for all transactions that enable you to:

- Categorize transactions by customer, product, location, department, and more
- Quickly analyze results by operating unit, location, project, customer, and more
- Leverage built-in analytics capabilities to view financial and operational data the way you want, without external tools



A statistical book of measures, such as headcount, locations, and contracts, not captured in a standard ledger



Self-service reports and custom dashboards with real-time updates and drill-down capabilities

## 3. Defining Your Technical and Operational Requirements

Now it's time to start thinking about different application architectures, so you can discover which will be the best fit for your business. A cloud-based accounting system can help lower IT costs, reduce technology risks, and improve productivity.

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### On-Premises Model

- Upfront License Fees
- 18% Annual Maintenance Fee
- Customer Bears All IT Costs & Risk
- 18-24 Month Release Cycles
- Customer Bears All Upgrade Costs & Risk
- "Ship and Forget"

### Cloud Model

- Pay For What You Use
- Included
- Vendor's Problem
- Quarterly Innovation
- Vendor Handles
- Vendor Accountable

## 3. Defining Your Technical and Operational Requirements (continued)

Using the cloud also gives you flexibility to choose best-in-class solutions that easily integrate with other leading software solutions to meet your needs in each business area (unlike suites, which primarily focus on ensuring that applications within the suite are integrated).

### Best-in-Class Versus Suite

	Best-in-Class	Suite
Description	Choose the best functionality for each department and integrate with existing applications	Leverage an all-in-one suite with less depth in specific functional areas
Purchase Process	Decentralized/functional autonomy	Centralized
Functionality, Innovation, Ongoing R+D	Deep	Variable and shallow
Integration	Pre-built and custom integrations with existing and other best-in-class apps	Limited integration, requiring replacement of existing apps
Cost/Growth	Buy modules as needed	Buy suite upfront/Pay for modules you don't need
Flexibility/Process	Adapt workflow to existing processes	Follow prescribed process

Once you've decided which approach works best for you, be aware that any cloud-based accounting system should provide the following operational and technical capabilities:

- On-demand scalability and performance
- Enterprise-class security, backup, disaster recovery, and performance monitoring
- Automatic software updates that reflect the latest accounting standards and software features
- Convenient, point-and-click integrations with commonly used applications, such as CRM, payroll, and time and expense
- Transparent service-level agreements (SLAs) around uptime and performance

## 4. Conducting a Thorough Evaluation

So you've listed your key requirements and learned about which software architecture will work best for your organization. Now it's time to actually evaluate which solution will provide the best fit. Kick-start your evaluation process by following the tips below.

✓ **Create an RFI/RFP that includes your unique requirements.**

Be as specific as you can be with your SLAs, and demand service-level transparency from vendors.

✓ **Prioritize “gotta have” capabilities over “nice to haves.”**

Don't get caught up in the shiny features you may never even use, and stay focused on what your business needs to run more efficiently.

✓ **Check references.**

Call existing customers and ask them pointed questions about the vendor, product, and service levels, and – most importantly – whether they'd make the same choice if they had to do it all again.

✓ **Look into cloud vendors' infrastructures and business practices.**

Make sure their security, performance, and availability capabilities are much greater than your own, and that you will own the data.

✓ **Research the vendor's reputation online.**

Leverage search engines, reviews, and social media sites to gauge how the vendor is perceived in the marketplace. Be sure to work with an organization that has:

- Industry heritage and an exclusive focus on accounting systems
- Proven longevity, sustained growth, and financial strength
- Systems and services focused on small and medium-sized organizations
- Recognition for excellence by leading industry associations, such as the AICPA



## 5. Identifying ROI Opportunities

Did you know that on average, cloud-based financial management and accounting systems achieve a 75% to 500% annual return on investment (ROI)?

Typically you will find value in three areas: **business visibility, revenue gains, and cost savings.**

### Increased finance productivity

With automated billing and revenue management, you could reduce processing errors and potentially eliminate one full-time equivalent (FTE) at

**\$120K in annual savings.**

### Reduced financial restatements

By simplifying compliance, you could experience as much as an 80-hour reduction in audit costs at

**\$200/hour for \$16K in total savings.**

### Accelerated closing of books

With more streamlined and automated processes, you could reduce your monthly close to three days for a

**20% productivity improvement.**

### Reduced revenue leakage

By eliminating order and invoice errors, you could more proactively manage renewals at 5% of \$10M/year for

**\$500K in annual savings.**

### Real-time reporting and visibility

With better financial and operational reporting driving improved decision making, you could gain as much as

**3% of incremental revenue.**

### Improved customer satisfaction

With more accurate and timely billing, you could reduce disputes, increase customer retention, and see a

**10% increase in captured, billable time for professional services.**

For more information about Intacct's best-practice approach to choosing the right accounting software for your business, visit [intacct.com/resource-library](https://intacct.com/resource-library).



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Intacct is the cloud financial management company. Bringing cloud computing to finance and accounting, Intacct's award-winning applications are the preferred financial applications for AICPA business solutions. Intacct's accounting software, in use by more than 6,000 organizations from startups to public companies, is designed to improve company performance and make finance more productive. Hundreds of leading CPA firms and Value Added

Resellers offer Intacct to their clients. The Intacct system includes applications for accounting, contract management, revenue recognition, project accounting, fund accounting, inventory management, purchasing management, vendor management, financial consolidation, and financial reporting, all delivered over the Internet via cloud computing.

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