

The Complete Guide to Switching from Basic to Advanced Accounting Software



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Chapter 1

Signs You Are Outgrowing Your Basic Accounting System



*Is it really time to switch software?
Understand the signs.*

Understand the signs to see if it's time for you to move from your basic system to something that can better handle your needs.

Sign #1 - Work-arounds are the norm

You are spending more time 'tricking' your system than simply working with it. Set aside one whole week where you consciously keep track of how much time you or your staff spends manipulating your software to handle the way you need to enter or analyze your data. Are functions such as invoice entry or inventory tracking taking you three to four steps when they should really only take one or two? If so, you and your staff could save significant time by moving to a system that can handle your needs.

Sign #2 - You need better customization

You cannot customize the system to operate in a way that's meaningful to your business. The longer you are in business, the more you realize that your business has its own unique set of needs. For example, you want to show a special field on your invoice, or you want to start tracking information by sales category or by project. With a basic accounting software package, there is limited ability to customize, and therefore, you must make due with a system that is made for the masses. Advanced accounting packages recognize that your business develops its own specific needs over time as it grows, and therefore, allows for customization.



Sign #3 - Data limit capacity is being reached

You are reaching your data limits. This is a major difference between basic and advanced accounting software packages. A basic system will only allow for a finite number of things like inventory items, concurrent users, transactions, accounts, etc. Often this is the main reason for needing to upgrade to a more advanced system. When your business starts to require additional data, an advanced system can really make your life easier.

Sign #4 - Reporting is limited

Again, for the sake of ease of use, basic accounting programs provide a limited set of reports for you to run. Yet, your business may really need to see the data in your own way. For example, perhaps you want to include a line that shows the subtotal per item with tax. A more advanced program will allow for revisions to be made, and the reports can then be saved for later use, so you can view the information in a way that is more helpful to you and your accountant.

Sign #5 - There is a lack of support

As with any product available today, a result of paying too little means your service will be less as well. Many basic accounting programs will defray service expenses by outsourcing their service to an overseas call center. More advanced programs provide more complete support services, with a variety of contact methods, and technicians with years of experience.

If your product is no longer supported at all, you will not be able to get your questions answered and you will be left to handle questions and problems on your own. Updating to something newer, will allow you to ask questions and get help when you need it.



Chapter 2

Accounting Software Check List



A check list of accounting software features to help organize what you really need. Fill in and present to vendors so you get a true picture of whether they can meet your needs.

System Features

Feature	Enter Your Needs
Asset Management (Asset Depreciation)	
Budgeting and Forecasting	
Import/Export	
Job Costing	
Loan Tracking	
Multi-language	
Multiple Currency	
Number of Companies	
Number of Users	
Project Tracking	
Security	
Years of History	

General Ledger Features

Feature	Enter Your Needs
Account Classes	
Account Code Change	
Account Split	
Accounts, Sub-accounts, and Profit Centers	
Audit Trail	
Bank Deposit	
Bank Reconciliation	

Reports

Feature	Enter Your Needs
Consolidated Reporting	
Customizable Reports	
Standard Reports	

Customer Payments

Feature	Enter Your Needs
Credit Cards	
Overpayments/Deposits	
Payment Editing	
Payment Selection	

Sales Commission

Feature	Enter Your Needs
Commission Calculations	
Sales Category or Salesperson	

Customer Invoices & Sales Orders

Feature	Enter Your Needs
Backorders	
Credit Cards	
Credit Hold	
Customer Code Changes	
Customer Grouping	
Discount Calculations	
Foreign Address	
Line Item Discounts	
Packing Slips	
Pick Tickets	
Pricing Levels	
Purchase Order From Sales Order	
Quotes/Work Orders	
Recurring Invoices	
Taxable/Non-taxable by Line Item	

Inventory

Feature	Enter Your Needs
Assemblies	
Costing Method	
Item Alias	
Item Image	
Multiple Units of Measure	
Multiple Warehouses	
Physical Inventory Count	
Pricing Method	
Service Items	
Supplier Item Information	
Track Item Weight	
Transfers	

Ordering Products & Paying Invoices

Feature	Enter Your Needs
1099 Management	
ACH Payments	
Drop Shipment	
Order Suggestion	
Partial Order Receipt	
Vendor Part Number	



Chapter 3

Who Else at Your Company Should Be Included in Your Accounting Software Search?



Leaving key people out of the accounting software search can lead to disastrous results. Get ideas about who to include, and what to ask them.

Since accounting software affects many different departments in your business, it is wise to include anyone using the system during your search, to some degree. When applicable to your company, include these departments and use the features listed to start a conversation about their needs in the new system.

Accounting

- ✓ Account classes
- ✓ Account codes
- ✓ Audit trail
- ✓ Bank deposits
- ✓ Bank reconciliation
- ✓ Budgeting
- ✓ Credit cards
- ✓ Customer grouping
- ✓ Discounts
- ✓ Finance charges
- ✓ Forecasting
- ✓ Foreign addresses
- ✓ Inventory
- ✓ Job costing
- ✓ Pricing levels
- ✓ Project tracking
- ✓ Quotes
- ✓ Security
- ✓ System setup
- ✓ Tax management
- ✓ Terms codes



Shipping

- ✓ Backorders
- ✓ Inventory processes
- ✓ Packing slips
- ✓ Pick tickets
- ✓ Purchase orders

Marketing

- ✓ Customer information
- ✓ Reports

Sales

- ✓ Commission calculation
- ✓ Customer information
- ✓ Order entry
- ✓ Pricing
- ✓ Quotes
- ✓ Reports

Information Technology ("IT")

- ✓ Bandwidth requirements
- ✓ Hardware requirements
- ✓ Security
- ✓ System requirements



Chapter 4

Deciding Between On-Premise Software and Software as a Service ('SAAS')



Learn more about the differences between on-premise software and SAAS systems, so you can make the best decision for your business.

Which option is best for your business?

On-Premise Software

On-premise Software is software you install on your own computer, or on the network at your company. Using on-premise software typically offers the benefit of more control. Pricing for on-premise software typically has a lower long-term cost, with a higher up-front cost.

Licensing options for on-premise software are typically offered in two main formats: perpetual or subscription, with perpetual being the most common. A perpetual license means you purchase and own the software, and can use it indefinitely. With a subscription license, you pay an ongoing fee to use the software.

With on-premise software, you are responsible for creating and testing your own backups. Installing updates and upgrades is also up to you. Maintaining current hardware is also required for your software to run optimally.



Software as a Service

Software as a Service or SAAS is the practice of using software that is accessible via the internet. The software resides on the provider's server, and you access it with your own sign-in name(s) and password(s). The main benefits of using SAAS are low maintenance requirements, better accessibility, and lower up-front costs. SAAS offers lower maintenance requirements, since there is no need to perform updates or upgrades, or, in fact, perform any software maintenance. This is all done by the provider. Better accessibility may be achieved with SAAS, since it is available anywhere you have the ability to access the internet; and there are typically lower up-front costs, because many providers offer monthly, quarterly, and yearly pricing.

Licensing options for SAAS are typically offered in a subscription format, where you pay an ongoing fee to use the software.

Using software as a service has its risks. Your information may be more vulnerable, since information is stored and transmitted via the internet. If something goes wrong with the company hosting your data, you should be sure your data is safe and accessible. When your data is hosted elsewhere, there is somebody else besides you in control of backing up your data, so be sure to check into how they are handling that. Make sure you are comfortable with the frequency with which they back up your data, and also the procedures they use. Minimize risk by carefully reviewing the company you choose, and by making sure they are a trusted partner, rather than an unfamiliar vendor.

Really, the decision whether to use SAAS or On-Premise Software depends on how much control you need, your IT resources available, and your budget.





Chapter 5

Best Web Sites for Your Accounting Software Search



*The most helpful web resources available for
free, to help you narrow down to a short list
of vendors.*

Here are some of the most useful web sites for narrowing down your software search, so you take a huge step in the right direction and save considerable hours of frustration!

FindAccountingSoftware.com

This is an excellent web site for your accounting software search. You can go in and browse software by application (general ledger, accounts receivable, etc.) or by industry. You can also fill in a quick, three-step questionnaire and/or call to speak with a software specialist to have vendors receive your information and contact you. This service is free to software searchers. They do a thorough job of asking the right questions and finding you appropriate products that fit your budget and requirements.



Find Accounting Software
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Capterra.com

This is an excellent web site for finding all varieties of business software. First, you select the type of software you are seeking, and then you narrow down your search by checking criteria specific to that software. You can also narrow your search by location, revenue, number of employees and your budget. Capterra has put great care into making their site user-friendly and practical for any business software search, including accounting and payroll software. For those of you who prefer to submit your requirements, you can fill in a form and submit it, and have software vendors submit their quotes to you—at no cost to you.



Chapter 6

The Most Effective Way to Evaluate an Accounting System



*Learn how to make the most of your time
and reach the best decision.*

There are several ways to test out your new system. Being aware of what is available will help you choose the right method for you and your business.

View product videos

Watching a video about your potential software is a good way to get to know the system and in general, what it has to offer, including some of its features and the user interface. The downside of product videos is that you can't search for the features you are seeking, or see how the product works. It is a great way to get a general feel for the system, which can be extremely helpful.



Attend a live demonstration

Some software companies offer potential users the opportunity to join a demonstration of their software, whether it's via the internet or in person. This can be a beneficial use of your time, since you can watch an expert navigate through the system, with the ability to ask questions along the way. After all, who is better at showing you the system than a system expert? Attending a demonstration is a must-do for the purchase of any software system!

A fully functioning trial software version

Some software vendors offer a trial version of their software for you to try out. Some software trials are fully functioning versions of the software, and others are more limited. The advantage to using a software trial version is that you can really get a feel for how the system works. However, without some training or at least familiarity with a software system, it's nearly impossible to get a true picture of how the software really works.



In a perfect world, you would have the option to use all three of the above to make your decision. First, view a product video at the start of your software search, in order to gain familiarity with the system. After that, attend a live demonstration to get an idea if that system (how it works and its feature set) is an appropriate option for you and your business. Using these two options together can be enough to make your decision, but if you still have questions after that, installing the trial software version can really help. Just be sure that when you are in the trial version working, there is somebody at the software vendor company who is willing to help you along the way and answer any questions that may arise during your evaluation.



Chapter 7

Factors that Affect the Cost of Accounting Software



Get an idea of how much accounting systems cost, and what variables typically affect the cost of accounting software programs.

Accounting software can range from 'free' to \$100,000+ in price. Well, much like the price you paid for the vehicle you drive, business accounting software prices vary for a wide variety of reasons. Here are some of the major components impacting the price tag.

Functionality

Business accounting software ranges greatly in its functionality. The free and least expensive programs offer the most basic of features, like the ability to add customers, vendors, accounts and basic business information. Small businesses and those just starting up should be able to enter their basic accounts payable and accounts receivable information into the system and also pull out basic standard financial reports. The smallest of systems will usually place limits on the number of companies, customers, users, and other data. More complex functions such as multiple warehouse management, customizable reports, serial number tracking and much more are available in mid-market systems, a great option for those who are outgrowing basic systems. Larger companies will typically opt for programs where the source code is available, meaning the actual software code itself (not just its features) are customizable.



Customization

There are two types of customization when it comes to business accounting software. One type is more basic and allows you to customize components within the software. As systems become more robust, more customization is offered within the system. The other is, as mentioned above, 'open source code' which allows you (actually, a programmer) to customize the program to meet your needs. The more customization, the more expensive the software becomes. This is because more resources are needed to plan for and implement custom programming for your system. The ongoing support of customized software takes more time and resources, thus the more your support will cost.

Support

How do you feel as a customer of the software you use? When you contact the company for help, do you feel important? Or do you feel lost in a sea of other customers, trying to get your voice heard? Your business accounting software is only as good as its support team. Maybe you need help setting up your system, trying to find the most efficient way to do something, or solving a problem that seems to be taking you a long time on your own. Your software support team should be able to help you with any of these issues and more. If you have to spend time waiting and hoping for somebody to call you back, only to realize they are not experienced enough to help you, that is wasted time and lost dollars. Opt for support that is experienced and available within a reasonable amount of time. Yes the price tag may be more, but in the end you will save money and keep things running smoothly.

As with any important purchase you make, many factors should be considered when purchasing accounting software. Every detail and feature costs money to develop, distribute, support and maintain. Instead of focusing on price, be sure that the software you choose can handle your business needs and help run your business for years to come.



Chapter 8

Tips on Transferring Your Data to a New System



Transferring data from your old system to your new one may help you get up and running faster. Learn about ways to improve the data transfer process and get the data you need to start out.

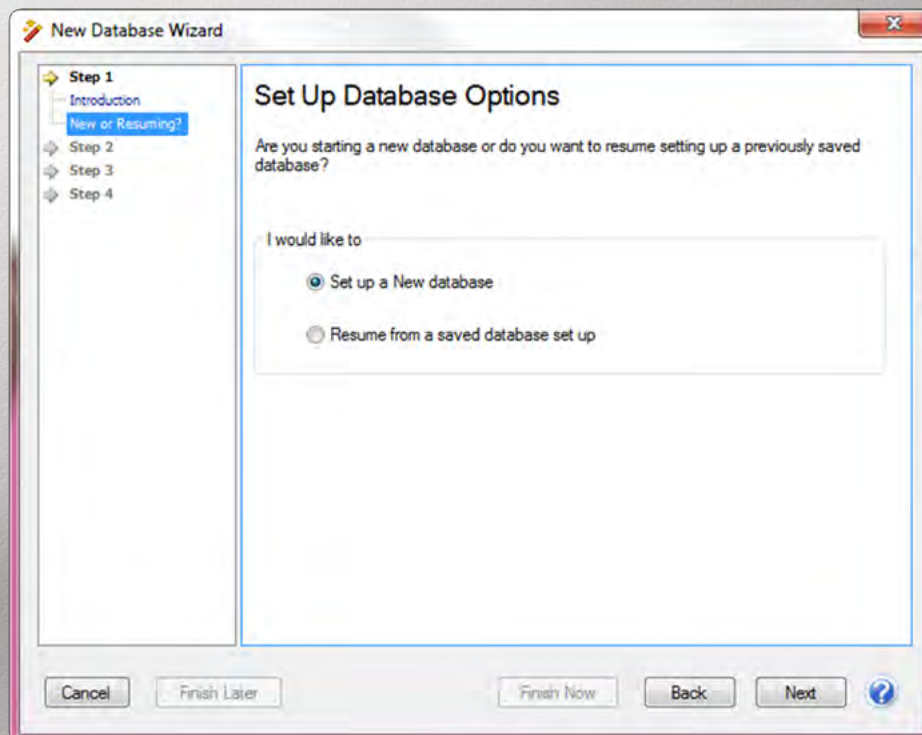
If you are thinking about transferring your data or 'migrating' to a new software system, here are some of the main things to consider.

Which information transfers to the new system

Which information you can bring from your old system to the new one depends on what you are able to get out of the old system, and also depends on how (and IF) that data will fit into your new system. Also, what tools and/or services are available in the new system for you to pull in the data?

Most accounting systems will allow you to pull out a standard set of master information such as account codes, customer information, vendor information, and inventory items. Keep in mind that you will likely NOT be able to transfer over any of your history when you are moving to a new program. You may be able to bring in beginning balances, or you may have to enter that information by hand. Again, this depends on the capacity of your old and new systems.

Many new systems will provide you with an import wizard, which guides you along the process of bringing in the master information from your old system. Before starting the wizard, you will need to be prepared with your data file, and have it saved somewhere accessible, in the format your new system requires. This is why it is important to research your export and import options well ahead of time.



Transfer data, or start over

After many years of using an accounting system, you may find that it would be more helpful to manually enter your information into the new accounting system, rather than importing it. Entering the data by hand is time-consuming, but it also allows you to reconsider how you have things set up, and you can make improvements based on past experience. These improvements can be beneficial to you and your business for years to come. So before you decide to import your data, take a closer look at the way you have your system set up, and see if there's room for improvement. If so, you should consider starting in the new system from scratch.

Transfer yourself, or get help from a professional

Some software companies will offer assistance in bringing in your data to the new system. (Of course, you will still need to provide your data to them.) Those who can help you with this service are familiar with their system and can provide expertise and experience you do not have. Therefore it is highly recommended that you use a professional service to help you bring in your data. If there are any issues along the way, a professional is much more likely to troubleshoot and fix it quickly.





Chapter 9

How Do You Know You are Making the Right Decision?



***Ask these questions to help ensure you are
choosing the right system – one that can handle
the needs of your business for years to come.***

When your search is done and you and your team are ready to make the purchase, answer these questions.

- ✓ Did we do a good job of finding out which accounting systems are available?
- ✓ Did we include everyone at the company, to the extent they need to be involved?
- ✓ Did we create and use a detailed list of the features needed in an accounting system?
- ✓ Did we get a demo and test the software sufficiently?
- ✓ Does this system provide strong value for the money we are paying?
- ✓ Does the company provide excellent customer support?

If you answered 'yes' to all of the above questions, you should feel confident in making the decision to purchase the new system.





Free Demo



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Basic Accounting Software.

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Sharon, Chase City Tastee-Freez

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