

Moving Beyond Off-The-Shelf Accounting Applications: *Taking the Next Step*

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Introduction

Most companies start managing their financial lives using an off-the-shelf accounting application like QuickBooks or Peachtree in the US and similar applications in other parts of the world. That works well initially but there comes a point when it is time to move beyond packaged accounting applications and find the right business management solution that will position your company for long-term growth. Taking that next step, however, can be daunting. Sometimes it can be hard to tell when to take the next step. And when you do, it will require a significant investment of both time and money to ensure that you find the right product and partners to help you meet the business challenges that lie ahead.

We have written this paper to help you take that next step so that you can find the solution that is best suited to your business needs. To that end, we've developed six strategies to make your transition to a business management system both seamless and successful. We also have included a list of warning signs that suggest it may be time for an upgrade.

The Right Time To Upgrade

A key question for a growing company is when is the right time to consider upgrading your existing accounting application? The simple answer is whenever you start noticing that your existing system has become a drag on your ability to grow your business. There are several tell-tale indicators that will help you to determine how serious this drag is. For example, you may have a large number of customer records or transaction volumes that overwhelm your database and slowdown the system. Or you may need to add more users but be unable to do so because of your current system's inherent limitations. Or perhaps you need specific functionality like the ability to track parts via serial number or the functionality to handle multiple locations, which off-the-shelf systems are typically unable to do.

As your business grows and becomes more complex, better data management becomes increasingly critical for the continued growth and profitability of your company. A delay in action can seriously threaten the health of your business. Having the right business management solution in place is critical – it will help you streamline your operations, gain instant access to complete information and accelerate profitable growth.

Six Strategies For Success When It Is Time To Upgrade

If you know that it is time to upgrade or are preparing for the day when you will upgrade your system, then we have six strategies that will make your efforts more successful. These strategies for success are derived from what we have learned from several sources. The

Signs That It May Be Time To Upgrade Your Accounting System

- You find your accounting system is running more slowly.
- You have duplicate databases with overlapping information in more than one place.
- You are or will be assembling products.
- You will be adding multiple locations (new warehouses, offices, or manufacturing facilities).
- You need to establish an online presence to accommodate new services like e-commerce.
- You need more sophisticated functionality to run your business (which may include lot or serial number tracking, managing multiple warehouses or maintaining customer specific pricing).
- You simply need to add more users who will use the system (most off-the-shelf applications top out at six concurrent users).
- You need functionality that is unique to your industry or business and which is provided by a 3rd party application, which needs to integrate with your main business management solution.

first source is the Insight Community, a network of experts who've contributed their experience in managing accounting system strategies spanning different business sectors. The second source is SAP's deployments at more than 20,000 small companies around the world that rely on SAP Business One, a single integrated solution for managing one's entire business. SAP has 35 years of experience providing business management software to the world's leading organizations and brings that experience to bear on behalf of its small business customers.

Six Strategies For Success

1. Start Early, Plan For The Medium Term And Focus On Value
2. Define Your Goals; Set Up The Search And Selection Process
3. Seek The Right Solution For Your Company, Industry And Corporate Culture
4. Think Globally; Prepare To Do Business Online
5. Find A Complete System That Is Flexible
6. Develop A Sound Partner Strategy

1) Start Early, Plan For The Medium Term and Focus On Value

Begin planning the change well before you have to do so. Most companies generally wait too long to upgrade from out-of-the-box software such as QuickBooks to a more robust and integrated business management system. You want to make the change when your business is running smoothly, before your accounting system starts holding you back. You do not want to be in the position of installing new software and streamlining your business processes at the same time.

Assume that the system you will be buying will be in place for at least five to seven years. When planning and determining your needs, try to anticipate how your business is likely to grow and evolve during that period of time.

- What changes is the business likely to see as it matures?
- What are the key challenges that the business is likely to face during this period?
- How will your customer base change?
- Is it likely that you will be selling to larger companies in this time frame?
- Will you add new stores or business locations?
- Will you sell to customers in foreign countries?
- Will you sell products or services via the Internet?
- Will your business purchases expand to include goods or services from foreign countries?

If the answer to any of these questions is yes, then you need to ensure that the solution you settle on will be able to handle these changes to your business.

When making a purchase such as this, cost is always an important consideration. However, when pricing various alternatives and options, the focus should not be on just the up-front cost, but rather on the total cost of ownership. This will include the cost of hardware, software, implementation services and maintenance contracts, among others.

2) Define Your Goals; Set Up The Search And Selection Process

The decision to implement new business management software is likely to impact a wide variety of people and departments throughout the company. So, it is important to identify and include all of the stakeholders at the beginning of the decision making process. It might seem that the inclusion of all key stakeholders at the beginning of the process will slow down the decision and review process. However, working with key stakeholders early in the process is likely to pay dividends later on during the implementation phase, because everyone will have already identified the areas of concern most relevant for them.

Once you have identified and brought together the key stakeholders, it is important to set your goals and objectives. You also will need to establish a clear-cut decision making process and lay out a timeline with concrete milestones. Many times, in the software buying process, people tend to be influenced by features and functionalities, many of which look great when the salesperson is giving the demo but which may be less useful for your specific business needs.

A more successful approach is to prioritize the specific needs of your company. Determine which features are essential and which should be classified as nice to have. When considering a system, don't just think about the minimum requirements that will allow you to cover your base needs. Try to determine how a new system will empower you to grow and make your business thrive. It also is important to take into account benefits that may be difficult to quantify, so do not forget to take stock of these when setting your priorities.

3) Seek The Right Solution For Your Company, Industry And Corporate Culture

Every company is unique and even companies of the same size in the same industry can transact their business in very different ways. So, when shopping for a business management system it is very important to find a solution that best fits the way your company does business. Identify the special needs and priorities of your company and any particular business processes that are unique to your situation, and then factor those needs and priorities into your decision making process. If the business management software does not fully address all your specific industry requirements, then does it have additional 3rd party add-ons that can fill that gap? Most established vendors have published software development kits (SDKs) that allow independent software solution partners (ISVs) to create products that work with the core business management application.

Knowledge of the unique attributes of your company will help you to differentiate the features you must have from the features that would be nice to have. Understand what the software can do and what it cannot do. If you use tools from the Microsoft Office Suite, make sure that the system you choose can fully leverage this software. Is it easy to create business reports and manage data using Excel? Will your solution synchronize with Outlook so that you can seamlessly create quotes, enter orders, track sales and initiate marketing campaigns while working from within the Outlook program? These are the types of issues you will want to explore to ensure that you get the system that is right for your company.

4) Think Globally; Prepare To Do Business Online

The spread of globalization and the rapid advancement of the Internet mean that more and more companies are transacting business across borders and online earlier in their life cycles. It is likely that you will need a business management solution that allows you to extend your business internationally as well as to the Web, if you have not done so already.

Conducting business internationally will require you to buy and sell goods and services globally and perhaps even manage employees in a different country. This means you might have to transact business in multiple currencies and promote and sell your goods and services in multiple languages. Also, if this is the case, you will need to comply with legal regulations in multiple countries. So, you need a system that can handle issues such as these.

Look for a business management system that will make it easier for you to move online even if this is not a current business requirement or goal today. You want a system that will

support both business to business (B2B) and business to customer (B2C) transactions online. The system should let employees share data via Intranet portals, allow for the creation of applications that can be run in a browser, and be capable of supporting employees both wirelessly and via mobile devices.

System security also will become more important as you grow the business and become more geographically dispersed. As your company expands, you will increasingly be required to restrict access to different people based on different privileges. As your business grows in size and complexity, your reporting requirements also are likely to become more complex. If you need certain data extracted from your system and distributed to your staff automatically or to be formatted in a certain way, you want to be certain that your system will have those capabilities.

5) *Find A Complete System That Is Flexible*

You need a system that will comprehensively cover all of your business management functions including financials, sales, customers, e-commerce, inventory and operations. It should integrate well with your business processes and be easy to use. Additionally, you may need to integrate another industry-specific product with your main business management application, so you will want a solution that will serve you well not only today but that also is extensible so that it can work with your changing needs.



Overtime, your business processes are likely to change. This might occur as the result of new government regulations or you might change your processes to become more efficient. Alternatively, as you grow in size and scale, the size and scale of your customers may grow as well. For example, you might land a new large customer that requires you to conduct business in a certain way. So, you need to ensure that your solution will be able to handle requirements such as these.

One good question to ask your software vendor is if there is a defined upgrade path that will allow your business management solution to grow as your company evolves rather than having to start from scratch. Another good way to address this issue is to inquire if the system has a published SDK that allows you to make the necessary modifications to the product as your needs change, in addition to helping you better manage your industry-specific requirements.

6) *Develop A Sound Partner Strategy*

Finding the right business and technology partner is critical. There are two key players here: (a) The vendor who publishes the software that you will buy and use and (b) the reseller who will sell you the software and do the actual project implementation. You need to work with a vendor who not only offers the right product to meet your needs but one who is continuing to invest and build that product and will be in the market for the long-term. The business

landscape is constantly changing, so you cannot afford to be tied down to a product that does not evolve. Additionally, while some companies have the internal expertise and resources to implement a new business management system by themselves, the vast majority opt for working with an external consultant or Value-Added Reseller (VARs).

Most of the larger vendors typically distribute their products through such resellers, and it is vital that you find a VAR who understands your business and your unique user needs. You need to ensure that the consultant has adequate experience both implementing and supporting the solution you choose and can give you ample references to back their claims. Bear in mind that approximately half of the total cost of purchasing a business management solution is the cost incurred during the implementation phase of the project, so you need to ensure that you choose a partner who can deliver as promised.

The consultant will be an important partner in helping you to select, buy, install and possibly in the maintenance of your system, so it is critical that you are comfortable with their style of conducting business. It is important to determine that the reseller will provide ongoing value as a partner as opposed to being only interested in closing a sale and moving on. And, before you select a consultant, determine who will be doing the actual implementation once the initial sales pitch is over.

The Right System Can Pay Big Dividends

Choosing the right business management system for your company can be a daunting task, but it should be thought of as an investment in the future. To succeed, you will need to manage a selection process that will require buy-in from many different constituencies within your company. You will have to try to anticipate how your company and your customer base will grow over the medium-term, while taking into account the requirements of your industry and the unique manner in which you conduct your business. If you are not doing so already, you will have to prepare for the day when your business expands internationally or moves online. You also probably will have work with a Value Added Reseller who will help you select, buy and install your business management system. But with careful planning and attention to detail, this investment can pay huge dividends. It can give you the tools you need to drive faster growth and greater profitability as you take your business to the next level.

Learn More

Available today in more than 20 languages and in over 40 countries, SAP Business One is a single business management solution that integrates your entire business across financials, sales, customer relationships, e-commerce, inventory and operations. It is delivered by a worldwide network of business partners that leverage SAP's global knowledge to provide local service and support. For information on how the power and simplicity of SAP Business One is the best fit for your business, visit <http://www.sap.com/smallbusiness>

About This Publication

This publication was produced by joint efforts of Insights Community and SAP. The opinions presented herein are drawn from Floor64's Insight Community, and learnings from deployments at more than 20,000 small companies around the world that rely on SAP Business One to manage their business.

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