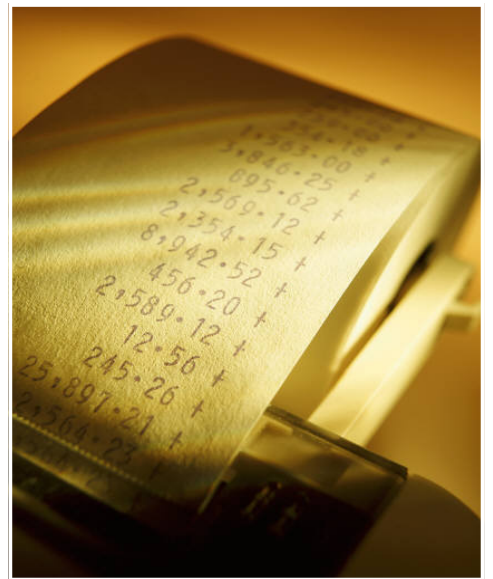


How to Choose a DCAA Compliant Accounting System



Innovative technology solutions for your business processes

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Defense Contract Audit Agency (DCAA) Compliance is crucial for any company wanting to win government contracts. Furthermore, there is a misconception about what DCAA software is and how to make yours compliant.

The myth that software developers submit their solution to DCAA for approval before they sell it to the public is simply not true. Software systems don't get a gold star or appear on the DCAA 'list of approved software systems' because such a process or list does not exist.

The truth is that your accounting system will be reviewed by DCAA, usually before they award you the contract, and throughout the entire engagement. During these reviews they will determine the adequacy and suitability of your accounting process for accumulating costs. These processes can be integrated and automated by your accounting system or they can be manual. What DCAA wants to see is do you have these processes in place and are they reliable?

The choices available on the market today for 'DCAA compliant software' are minimal and cost exorbitant amounts of money. SystemLink is here to let you know that there is a cost effective solution available that will automate your process and make your system DCAA compliant.

Having a compliant solution that sufficiently records cost, tracking, allocation, billing mechanisms and internal controls will provide DCAA auditors with a sense of confidence in the record keeping and capabilities of the contractor. As a result of their level of confidence in your records and system, it is likely that the review will be nothing more than a cursory audit. On the other hand, if your software solution and record keeping abilities lack consistency and neglect adequate reporting of required information, a much more thorough audit may ensue, costing your organization further time, money and stress.

Additionally, employing a software provider who understands the auditing practices of the DCAA should be

key in your search for a new accounting solution. Their expertise will help you create the processes you need in order to be compliant.

At SystemLink, we realize how important the right information can be when making informed and intelligent decisions. We look forward to helping you succeed in choosing the best accounting and e-business software solution for your organization.

The Link to DCAA Compliance

Leverage Your System—Unless you have implemented an error free project planning system that is DCAA compliant, it is likely that you could quickly see diminishing revenues with the cost of an unplanned, unexpected audit. Using an automated software solution that is customized to include the DCAA compliant processes provides the leverage needed to confidently request government contracts as well as back up the data when reviewed.

Integrate Processes— When DCAA conduct reviews, they almost always start with the software. If the software is set up to be compliant the review typically goes smoothly. If the software is able, but not programmed to be complaint, then a detailed review of the manual system will be necessary. Integrating your manual systems with your accounting software will ensure that during each step of the award your data is ready to be looked at and free from human error.

Never Be Caught Off Guard—Contractors are expected to be prepared for any one of the many audits which can be pre-award or post award and with or without notice. If a contractors internal processes such as poor recordkeeping or improper recording of employee time are found significant penalties can be issued.

Know the Requirements—Using an expert to guide your system set-up will ensure that your process is compliant, ready to be reviewed and will not hold you back from growing your business with the government.

What's the secret to a DCAA Compliant Accounting System?

Project and Job Costing Software

Use Project and Job Costing software in concert with General Ledger, U.S. or Canadian Payroll, Purchase Orders, and Accounts Receivable, to provide the DCAA compliant accounting backbone of every single project you manage. This module makes the estimating, tracking, costing, and billing of projects easy and manageable—simplifying cost control and planning.

Project and Job Costing is most suitable for project managers in construction, job service, and other professional industries that require a time-and-material system.

Key DCAA Features

- Allocations are posted to Contracts and are available in standard reports.
- Allocations can be processed at any time and as often as desired.
- Project Allocation to General Ledger reconciliation reporting.
- Use standard PJC Timecards to enter direct / indirect labor hours / costs.
- One time setup and simple one button click to process allocations.
- Automatically create customer invoices from project information using form 1034 and 1035.

Features Contract Maintenance

- Assign staff, material, subcontractors, equipment, miscellaneous items, and overhead to each project within the contract.
- Add a new project category or resource at any time.
- Capture contact information for each contract.
- Manage contracts or jobs to three levels—contract (job), project (phase), and category.
- Change contract, project, and category names to match industry-specific terminology.
- Use as many as five segments in your contract numbers to represent types of contracts and divisions.
- Specify a default style for projects in a contract.
- Capture unique contract information using optional fields.



Project Maintenance

- Maintain multiple projects or phases within each contract and track multiple categories within each project.
- Maintain multiple contracts or jobs per customer.
- Choose from three different project types—time and materials, cost plus, and fixed price.
- Specify whether to generate item or summary invoices for fixed price projects that use a billings and costs or accrual-basis accounting method.
- Mix and match the project types and accounting methods for very complex or simple projects.
- Define your own fields to store additional project-related data.

Estimates

- Set up complex estimates by specifying the quantity (e.g., hours), unit cost, and billing rate (for time-and-materials projects) for each staff member, material (inventory item), subcontractor, equipment, miscellaneous item, and overhead expense allocated to the project.
- Assign cost categories and automatically calculate cost and revenue estimates per cost category, or simply define the cost and revenue estimates for each project category.
- Update revenue and cost estimates at any time with a full audit of the changes.
- Clear revised estimates in Clear History.

Costs

- Specify the cost account to be used in cost transactions for each category.

- Assign each category to one of six cost types (labor, material, equipment, miscellaneous, overhead, and subcontractor) to track costs at a level necessary for your company.
- Allocate overhead and labor burden to each category.
- Enter miscellaneous costs for any category or resource category in a contract.
- Take control of labor costs using Payroll and Project and Job Costing integration.
- Use optional fields to create unique cost tracking for your projects.
- Select the default cost and billing rate (if applicable) to use for Timecard transactions.
- Track committed and actual quantities and costs through integration with the Purchase Order module.
- Automatically override General Ledger revenue account segments for each project and cost account segments for each category.
- Transfer inventory items to a contract, project, and category and bill the customer for the inventory used.
- Return inventory items not used in the project to inventory for availability on other projects.
- As equipment is used within a project, record the cost and billing rate (for time-and-material projects) of the equipment so you can bill the customer for usage.
- Record miscellaneous charges such as service fees.

Revenue

- Select the accounting method (revenue recognition method) for each project within the contract. Choose from total cost percentage complete, category cost percentage complete, labor hours percentage complete, billings and costs, project percentage complete, completed project, or accrual-basis.
- Track unprofitable cost plus projects either by entering a negative cost plus percentage or by setting up a project where estimated revenue is less than estimated cost.
- Choose when to recognize revenue, based on GAAP requirements and your business needs.
- Specify whether each transaction is billable, non-billable, or no charge.
- Track, calculate, and automatically retain a portion



of an invoice to handle common billing practices in the construction industry.

Inquiries

- Review the current state of each of the projects through the centralized inquiry capabilities. Review the project status, profitability, and estimate-to-actual comparisons.
- Easily navigate through the projects and categories within the contract using the optional tree view.
- Drill down to the originating transactions.

Status

- Assign as many as seven progress status categories to each contract and project. Choose from estimate, approved, open, on hold, inactive, complete, and closed.
- Close a project to billings and /or costs at any time.

Taxes

- Specify a default tax group for a contract.
- Change the tax group and customer tax classes for individual projects.
- View taxes calculated on retain age payables from within the project.

Billing

- Specify the invoice type for each project.
- Create billing invoices by customer, contract, or project.
- Define details to be used when creating billing invoices in Accounts Receivable.
- Enable employees to manage their time and billing records from any location (on-site or at the office) by entering timecards, using an Internet browser.

- Approve employee timecards and expenses before updating U.S. or Canadian Payroll.
- Update customer receipt balances when a refund is issued to the customer.

Utilities/Other

- Automatically post General Ledger journal entry batches created from Project and Job Costing.
- Automatically post Accounts Receivable invoice batches created from Project and Job Costing for billings.
- Check all or part of your data with data integrity routines.

Key Reports

- AIA Report
- Committed Costs Audit Report
- Stored Material Audit Report
- Aged Work in Progress
- Over/Under Billings

Why Change at All?

Who should consider choosing a new accounting system? To answer that question, ask yourself the following:

- Do you want the freedom to choose among multiple operating systems, databases, and applications as your business expands or changes?
- Is your company growing quickly and in need of a system that can grow with you?
- Do you have international requirements that aren't being properly met?
- Has your company outgrown your current system?
- Have your processes changed the way you do business?
- Do you want an e-business solution with an integrated financial backend?
- Are you using DOS software?
- Are you using a PC-based spreadsheet (for example, Lotus or Microsoft Excel) or an introductory accounting package? (QuickBooks)
- Do you have a legacy system? (An "old iron" system that was customized for your organization a long time ago—which people may not necessarily like, but they understand and can use without much effort.)

Many organizations stay with their current accounting system too long. It's comfortable to use something



that's known and understood. There's usually fear involved (or at least a strong apprehension) with switching to something new and unknown. Plus, there are significant time and resource issues, including the cost of changing and the time needed to learn the new system. But comfortable doesn't always cut it—especially when it comes to the financial health and long-term success of your business.

In order for a system to meet your business needs, it should mesh with your existing business practices and adapt to technological innovations. Ideally, you want software that's simple, intuitive, and closely matched to how you already do business. Be sure the system can:

- Embrace industry-standard technology quickly and easily.
- Customize easily to fit the special needs of your business.
- Deploy flexibly to new IT paradigms such as application hosting.
- Scale to the changing size of your business.

What Good Systems Deliver

Properly installed and implemented accounting software can contribute many benefits to your organization, including:

▪ Better Decision Making Capabilities

Sound accounting software can provide both a snapshot-in time look at your organization, as well as the detailed reports and other data necessary for long-term strategic planning.

Improved Cash Flow

Cash management is essential for all businesses. Integrated billing, inventory, accounts receivable, and accounts payable allow you to manage that valuable cash more efficiently. Better cash management provides your organization with more options for revenue-generating campaigns and long-term growth.

▪ More Accurate Information

With fully integrated accounting software, you'll not only have more information at your fingertips, you'll have more accurate information. Unlike a manual accounting system, where a great deal of time is spent cross-checking figures recorded in different ledgers (and where the potential for errors dramatically increases)—in a good computerized accounting system, information is entered only once and data can be referenced throughout the system.

▪ More Control

Integrated accounting software provides real-time access to your organization's critical financial information. This provides you with greater control and the ability to more efficiently manage the components of your business.

▪ A Foundation for Growth

The right accounting software can help you as your organization grows: allowing for additional users and offering the kinds of reports and other business intelligence data required.

However, there are also many benefits—to gain greater control of your organization's financial affairs,

to make better decisions, and improve cash flow.

In this guide, you'll find six steps that will assist you in successfully selecting new accounting software.

1. Involve the Right People

Your accounting software generates information used throughout most of your organization. That's why choosing new software shouldn't be delegated to a single department or manager. Participation between personnel throughout your company will help you select, implement, and use the best possible financial software solution.

There are, in general, five groups of people who should be involved in the selection process:

System Users

These are the people who will use the software daily. They need the software to be user friendly, logical, and efficient.

System Managers

Managers supervise the system users. These system managers must understand the financial information and reporting needs required by upper management, and then direct system users about how to effectively use the system.

System Customers

Financial information customers can be found throughout the organization, in every department and at any level. These people rely on the reports, summaries, and other data generated by the accounting system to make decisions and otherwise manage their particular group or

Five mistakes people make when selecting accounting software

Mistake 1: Not doing enough homework

Analyzing and selecting accounting software takes time and effort. Information is critical to selecting the most appropriate system for your organization. By reading this booklet, you are already a step ahead of most.

Mistake 2: Misunderstanding the benefits of automation

Automating accounting and related functions can save your organization a lot of time and effort. However, computers can't replace human intelligence, good judgment, and hard work.

Mistake 3: Ignoring hard-to-quantify benefits

It's difficult to calculate possible future gains in terms of increased productivity, better decision making, and other factors once a new system is successfully implemented. However, the results following the selection and implementation of the best accounting solution can dramatically increase your bottom line.

Mistake 4: Passing the buck

Top management and key personnel within your organization must be involved in the selection and implementation process. Never rely solely on a consultant's input.

Mistake 5: Thinking accounting software is only for accountants

Accounting software will deliver results in the form of critical need-to-know information to every manager in the company. Don't select a system unless it provides detailed reporting and other company wide information.

Suggested Planning Schedule

The following is a simple five-step process to successfully analyzing, selecting, implementing, and using a new accounting system.

Step 1: Preplanning

This includes a review of your current system's capabilities, strengths, and weaknesses, as well as the initial list of what you want to do with your accounting system but are unable to.

Step 2: Intelligence gathering

Information is critical to sound decision making. The more information you obtain about the various systems being considered will help you in the long run.

Step 3: Analysis

Careful review of the information gathered is necessary to make sound decisions. Please note that this step may include actual software demonstrations, visiting organizations with the software already installed, and perhaps even a visit to the software publisher's headquarters.

Step 4: Implementation

Once a software solution has been chosen, implementation should begin. This may last weeks or months, and include data conversion, user training, and other elements.

Step 5: Post-implementation review

This step includes the ongoing monitoring and review of the system. Is it performing as expected? What elements need to be modified, changed, or customized? What optional elements can be added to further enhance system performance?

department. System customers may not necessarily understand accounting fundamentals, but they do require the information supplied by the software.

System Sign-Offs

These are the people who must give final approval to acquire the system. Typically this group includes representatives from Information Systems (IS), Accounting, and the Executive Management Team. The company president or CEO may play a prominent role in selecting the system, or they may choose to delegate it to another.

IS Staff

Representatives from your organization's IS department should be closely involved in the accounting software selection process and typically play key roles in the software's installation and ongoing systems maintenance.

2. Define the Challenge

Understanding the financial information capabilities and weaknesses of your business is critical to selecting the appropriate accounting software solution. The more you know about the challenges you wish to solve, the better decisions you'll make when it comes to choosing the right software for your organization.

Questions to Ask

What are some of the challenges your organization is experiencing with its current accounting system? Questions you might consider include:

- Which manual tasks would benefit the organization by

becoming automated?

- Where in the accounting cycle are you experiencing the highest productivity loss and the highest number of errors?
- How are inaccuracies negatively impacting your organization?
- What information / reports are being requested that currently cannot be created / delivered?
- How could your accounting solution integrate with your e-business initiatives?

Make a list of the challenges you are currently experiencing, then create a second list of what you'd like to do but are unable to. This information should become your core list of requirements when evaluating new accounting software.

Prioritizing Your Automation

Most organizations automate their business in the following order:

1. Word Processing
2. Billing, Accounts Receivable
3. Accounts Payable
4. Inventory Control
5. General Ledger
6. Sales Order Entry
7. Payroll
8. Purchase Orders
9. Desktop Publishing
10. Spreadsheets, Forecasting
11. Custom-Management Reports

Five years after automating, companies were asked to rank applications from most to least beneficial. Here's what they reported:

1. Information for decision-making (spreadsheets, custom reports)
2. Information for cash flow planning / forecasting (sales orders, purchase orders)
3. Billing and Accounts Receivable

4. Inventory Control
5. General Ledger
6. Payroll
7. Word Processing

Notice that those that were previously thought to be least important, became most important and vice versa.

Other Questions to Ask
What data do I need to make strategic decisions?

The data you may want to research prior to implementation might include current gross profit by product, customer, or salesperson. You will probably want to predict which customers and products are growing and which are declining. You may also want to use financial ratios to measure your company's performance against competitors. Your general ledger can show key profit and cost centre performance against your budget to help you evaluate each group's effectiveness.

What do I need to forecast and control my cash flow?

Because cash is the lifeblood of a business, forecasting cash flow should be a key element of your accounting system. Sales order and purchase order tracking will also be invaluable, since they provide advanced information about future cash inflow and outflow. Other elements that affect cash, which must be accurately monitored, include manufacturing workflow, shipping, receiving, and the movement of materials.

What information do I need to manage my assets?

Accounts receivable and inventory are often the principal financial assets of a business. Most of your company's cash is tied up in these assets, so small swings in the amount of either of these two can have a huge impact on your cash flow. The payback from exerting more control over your assets will be immediately apparent.

What should I automate to grow?

Many businesses automate for the wrong reasons, or computerize functions that offer little payback. First apply your resources to the areas with the most benefit to your bottom line. You can determine these areas through careful study and analysis of your accounting system.

How flexible can we be?

It makes sense to consider accounting software that has been created specifically for the general size of your business. Even following that general guideline, however, realize that few organizations use accounting software "as is." Most businesses customize one or more aspects of their accounting software. Those organizations that are most adaptable and attempt to integrate the most customization and flexibility will receive the most out of their accounting solution.

You shouldn't have to change the way you do business to suit your accounting solution; it should adjust to you and your business requirements.

Calculating Consulting Costs

Consulting fees vary greatly depending on the needs of the company, the expertise of the consultant, and a host of other factors. While it's impossible to estimate exactly how much you will spend with a consultant during the analysis, implementation, and training phases, the list below provides some common ranges for you to consider:

- Analysis of client needs: 4-20 hours
- Install network and applications: 5-20 hours
- Modify procedures for new system: 2-5 hours per module
- Design chart of accounts for customer files & vendor files: 10-20 hours
- Modify system reports: 10-25 hours
- Train clerical personnel: 10-20 hours
- Train system administrator: 10-25 hours
- Document modifications: 5-10 hours per module

You may have additional costs—and some savings—if your accounting system is already automated; data conversion could cost more, but analysis and training could cost less.

3. Choose a Consultant

It's possible that your organization has the internal staff to successfully implement your new accounting system. It's more likely, however, that you don't have the people, time, resources or expertise to devote to analyzing, purchasing, installing, and maintaining a system.

A software consultant can help considerably. Consultants have special expertise—they've been through the purchasing and implementing process many times. And while they charge fees, they can help your organization in three significant ways:

1. Evaluate and select the best accounting system for your organization.
2. Save you time and money during system installation and training.
3. Get the most out of your new system based on the system's capabilities and your organization's requirements.

Some of the best consultants are accounting software resellers. Most accounting software products are purchased through resellers. Therefore, they can focus their complete attention on helping you automate business systems. Software resellers have a valid stake in your organization's success, as they want to continue servicing your company in the future.

Finding a Consultant

There are many ways to find qualified accounting software consultants. Here are a few proven ideas:

- Ask your IS department.
- Ask colleagues.
- Attend an accounting industry tradeshow or seminar.
- Review accounting publications.
- Talk to business associates, particularly those in your industry.

The Ideal Consultant

The ideal consultant is someone who has reviewed and installed accounting systems at businesses similar in size and scope to yours. To learn what types of organizations a consultant has previously assisted, simply ask. Here are some questions to ask a prospective consultant or reseller.



Can the reseller provide references?

Ask for contact names and phone numbers, then call to learn as much as possible about the customers' working relationship with the reseller.

Can the consultant provide a complete service package?

Critical elements of any software implementation are product training, technical support, future maintenance and upgrades. Look for a reseller who wants to assist you not only with the immediate sale and installation, but also with long-term training and service.

Does the reseller listen effectively?

This question separates the true consultant from the person peddling a product. To make the best recommendations for your organization, a reseller must first learn about your organization—including its current capabilities and those missing (but required) items or functions. Has the reseller attempted to learn as much as possible about your organization? Has the reseller spoken to more than one person within your company?

Does the reseller communicate clearly?

Be wary of resellers who spend all their time discussing program features (what the program does). Your focus during discussions with a reseller should instead be directed toward what benefits the accounting software can bring to your organization specifically.

Do you think you can work with the reseller?

While purchasing accounting software is a business

transaction, you'll be working closely with the reseller over a period of days, weeks, maybe even months. Therefore it's important to find a consultant who you enjoy working with, and who is a good fit with your company's philosophy and culture, and who you feel will provide the necessary expertise and consultation that you require.

4. Evaluate Application Performance

Once you have selected a reseller or consultant to work with, take time to review specific software applications. Here is a secret most accounting software companies won't tell you: the vast majority of accounting programs perform basically the same functions. Naturally, how they do specific tasks varies greatly. Does this mean you can't go wrong when it comes to choosing accounting software? Not really. There are substantial differences among programs, what kinds of information they deliver, and the companies that create accounting software. Here are several of the key elements to consider when reviewing various accounting software solutions.

The Company

Are you familiar with the company that makes the software? Is it a respected name in the accounting software industry? How long has it been in business? What is its vision for the future, in terms of its own products and the accounting software industry as a whole? These questions are important because you obviously don't want a "here today, gone tomorrow" organization.

Scalability as a Product

Scalability is a fancy word for a simple concept: Can your software expand as your business grows?

There are two elements to a product's scalability. The first is scaling up—does the software manufacturer have a family of products that your organization can upgrade to over time in a logical, easy, and cost-effective manner? When considering future upgrades, ask these questions:

- How easily and quickly will existing data convert to the new version?
- Will the interface of the different software products remain the same? (The same interface significantly reduces the amount of training needed.)
- What price incentives, if any, are offered to current customers who want to upgrade?
- Will customized reports and other customized features run when the new software is installed, or will these be lost?

The second element to consider is whether the family of software allows for scalability out—can you add elements to enhance the existing software? The best software solutions allow scaling out by offering:

- Numerous optional modules in addition to core modules.
- Third-party products.
- Availability to customize functions, reports, etc.
- Web store and/or e-business capabilities and integration.

Speed of Installation

Installing new accounting software is a major undertaking. It is important

Business on the Internet

Nearly every business requires some interaction with the Internet. The current pace of technology adoption has increased dramatically. While it took more than 70 years for the telephone to reach 50 million users, it only took the Internet 5 years. In another ten, experts predict that Internet technologies used to expand the scope of business will be considered as common a tool as the telephone.

What does the Internet have to do with selecting accounting software? E-business encompasses the full range of activities a business undertakes using the Internet. This includes buying and selling, servicing customers, collaborating with business partners, and conducting electronic transactions. The most successful organizations will have their e-business software tightly integrated with their accounting software.

In addition to seamless integration of transactions and business processes, Web software should also have the following characteristics:

- Adaptability to existing business processes and customer expectations.
- Flexible deployment for ease of installation and scalability.
- Affordable solutions for each e-business initiative.

Explore with your consultant and/or software publisher the scope of e-business products and services they offer, and how closely these match the above points.

to understand how quickly and efficiently the new software can be installed. In general, the longer it takes to install the software, the more costly the installation process becomes, and the higher the likelihood is for errors or other interruptions to your core business. Ask your consultant or software vendor how long it takes for a standard installation, and what factors may increase or decrease the amount of time needed.

Ease of Use

Business in general, and accounting, in particular, can be complex; you want an accounting solution that's simple, logical, and easy to use. Consider these questions during your review process:

- How simple and easy to use is the software interface? (The primary screens where data is entered and/or managed.)
- How easily does navigation take place between different modules of the software?
- What type of software documentation and training will be provided?
- How strong are the software company's technical support and customer satisfaction departments?

What's Beneath the Iceberg?

Most accounting software solutions include basic components. Review carefully which components are included and which are not in your new software solution. Extra options, while nice to have, can also quickly become expensive. Attempt to discover what each program has "under the water." Are options such as multicurrency conversions, reporting capabilities, or invoicing features, included in the core program? Or, are they only available as an extra cost add-on?

Ask your reseller for help here. Develop a complete understanding of what each program contains and how much each optional function will cost.

Consider Application Hosting

One of the challenges of implementing an integrated business management system is that it requires a fairly large investment in hardware, software, and technical support. Another option is to utilize an Application Service Provider (ASP). This innovation allows you to reduce your initial costs by effectively "renting" hardware and software that reside off-site. An ASP option can deliver significant savings on both



the initial investment and ongoing maintenance and upgrade costs. Don't overlook the "lease vs. purchase" option if it is available. Using a hosting service has a wide range of financial benefits that include:

- Minimal upfront investment.
- Lower total cost of ownership.
- Faster implementation schedule.
- Predictable cost model.

Other benefits include guaranteed uptime, regular data backups and maintenance, software upgrades, and customer support. The hosting model is particularly beneficial for businesses that need to conserve capital or need to get up and running quickly. However, keep in mind that all hosting services are not created equal. Know what services you are paying for before you commit to a provider. For the same fee, some providers may offer only the traditional sales force automation modules, while others may provide a more comprehensive system that is better suited to your organization's needs.

While using a hosted service will allow you to test the system and determine whether or not it meets your needs before making a large capital commitment, not all service providers offer their hosted systems as full systems. Likewise, not all full systems are offered as hosted versions. If you are in the market for a hosted system, be sure that you understand the migration path should you decide down the road to purchase and implement the system within your organization. Understand the fee schedule and how your data will or will not be affected by the migration.

E-Business Capabilities

Within the next ten years almost every company will do some form of business over the Web. With this in mind, it's important that your accounting software be robust and versatile enough to:

- Offer e-business capabilities.
- Integrate tightly with Web store software.

Building and running a Web store in particular is a huge challenge. So too, is maintaining a site that operates 24 hours a day, seven days a week, 365 days a year. The best accounting software solutions are those that link closely with Web store and other Internet software.

These solutions allow your organization to operate more efficiently and realize greater economies of scale. Again, ask your consultant for guidance. This long-term thinking is critical to choosing the best accounting software solution.

Globalization

With the emergence of the Web, almost all companies will become global companies, in that they will buy and/or sell products in countries around the world. Here are key questions to consider regarding how global the accounting company and software are:

- Are multicurrency options supported?
- Does the company sell and support products in the countries in which you do business?
- Is the software available in languages other than English?
- Can the software deal with the various taxation and reporting requirements of these countries?

Other Factors

Other elements to consider when reviewing accounting software solutions include the following:

▪ Capacity

This refers to the software's limiting characteristics. What is the maximum number of customers, vendors, or inventory items it can handle? How many line items can be included in a single invoice, sales or purchase order?

▪ Reporting Capabilities

Does the software already have the capability to

produce reports that your organization requires? If not, can customized reports be created with minimal time and effort?

▪ Ease of Input

You want a system in which information can be entered quickly and efficiently: full-screen editing, embedded help systems, clear prompts, etc. You want a system that does not require excessive mouse use, slowing down entry of information, continually forcing the user to switch between keyboard and mouse.

▪ Data Validation

Is the software able to prevent mistakes from being entered into the system? The program should test for errors (such as duplicate customers and vendors, incorrect item numbers, and unreasonable amounts or dates). A good system also notifies the operator of unusually high quantities or unit prices for certain types of items and offers valid choices along with the notification message.

▪ Error Handling

Find out how well each program prevents unbalanced transactions, and how users are stopped from deleting or otherwise losing important data previously in the system. Some systems provide detailed audit trails to check for errors to track who is making each change.

▪ Security

The degree to which sensitive functions and reports can be protected through passwords will affect how the program rates in security. Ideally, you should be able to specify which operations each user can perform at any given time. For example, a system with strong security would allow you to specify that your accounts payable clerk could only print checks on Thursday afternoons beginning June 1 and ending August 30. Some systems will even provide a report to verify when the check run was performed and by whom.



5. Choose a Software Vendor

Now that you've reviewed the various accounting software possibilities, it's time to choose. You're not only selecting an accounting system, but a company as well. Previously we touched on what to look for in a software company. Here is a more in-depth look at the factors to consider when choosing a software vendor.

No Technology Lock-In

Most major vendors who used to offer only accounting software are now also providing comprehensive applications, suites, and systems created for key vertical industries. The underlying technology market is also changing. For example, Linux is challenging Microsoft Windows for operating system market supremacy. In fact, Linux now accounts for more than 13% of the total share of the server operating system market and its unit shipments are growing at more than 50% per year.*

While you are exploring software applications, you should make sure that your selection does not leave you tied to a particular solution or vendor. Doing so can be risky and you may be spending a great deal of money on bells and whistles that you don't need and may never use. Worse yet, you may end up with obsolete technology that will cost you when it comes time to replace it.

Choosing a vendor that offers you the freedom to choose among multiple products like Linux and Windows, multiple databases, and multiple operating systems is the key to avoiding technology lock-in.

A Large Installed Base

How many organizations throughout North America are currently using the company's software? How many organizations around the world are using it? How many resellers does it have? If the company you're considering has a large installed base of current users, it's an obvious sign that it is probably doing something right. People and organizations vote with their checkbooks; a popular product is a good sign that a company is stable and customer-friendly.

A large installed base also has a second benefit: third-party software manufacturers will be more likely to



offer add-on software, worthwhile utilities, product training, and other benefits that you can utilize once you install the software.

Frequent Updates

Good software suppliers update their software frequently. They also make bug fixes available quickly and easily to resellers and customers. Before you make a purchase, find out if the software publisher has a maintenance program in place that gives you access to updates as they become available.

An Upgrade Path

A good software company invests heavily in engineering and developing new product features and enhancements regularly. It stays abreast of new technologies and makes sure that its customers do too, particularly those customers with a quickly growing business.

A software upgrade is where you move to a similar but more powerful product which can give your company flexibility as it grows. Software upgrades are also desirable as they often cost far less than the retail price of the full program. Imagine purchasing a new car a year ago, and then seeing this year's model and wanting some of the new features. You can't have those new features unless you purchase the new model! A good software manufacturer, however, will provide product upgrades at reasonable prices or as part of a yearly service agreement.

A Good Technical Support Team

Your consultant should be a good resource regarding technical questions or other issues that arise. But you

*Source: International Data Corp.

will still, almost certainly, rely on the vendor's technical support team as well. Questions to ask regarding the vendor's support team include the following:

- How many people are in technical support?
- How quickly do they take calls from customers?
- What are their hours of operation?
- What options are available for after-hours questions or concerns?

6. Implement the System

Once you have chosen the vendor and product, and purchased the software, it's time to install the solution. If you've done your homework, this is an exciting part of the process. Please note, however, it can also be a frustrating time as well! It will take time to adequately and safely install the new software without damaging or otherwise invalidating your existing system. Inevitably, there will also be a few kinks to work out.

What is the best way to make the implementation process a smooth and successful one?

Postpone Modifications

One of the most common mistakes companies make is requesting extensive changes to programs before installing or using them. Instead of trying to make a new system work the old way, wait until you understand how the new system works before you attempt to change or customize it.

Provide Good Training

Even the best software can be a nightmare to the organization if employees are not properly trained. People are the key to the success of any accounting software program. Good staff training is essential and provides the information, practice, and involvement needed to get the most out of the software. Please note that different people within your organization will have different skills and levels of experience with computers; one training class will probably not be right for every system user. Ask your consultant or software vendor for a training plan that will get everyone up to speed (at his or her own level) quickly.



Keep People Informed

Frequent review meetings to update your staff and management during implementation will instigate communication as well as help them to become more familiar with the new system.

Don't Go Too Fast

Rushing the implementation can cause mistakes and unnecessary tension. When you are ready to convert to the new system, attempt to do so during a weekend, to minimize business interruptions. You may even consider converting to the new system on a module-by-module basis or running in parallel with your existing system for verification purposes.

Reward Hard Work

The implementation process will almost certainly present one or more employees with a chance to perform exceptionally, or exceed what their role has been in the past. Extra work on evenings or weekends may also be required. Reward these efforts with a spot bonus and/or promotion.

Ongoing Review and Evaluation

Plan to frequently review and evaluate the system based on desired criteria, at timed intervals: one month, three months, and six months following implementation. Immediately inform your consultant and vendor of any challenges or questions. Document all changes and customizations made.

The SystemLink Advantage

Make us a part of your team...to ensure that your IT applications & solutions are giving you the best chance for success!

SystemLink builds tailored IT solutions for your business' unique needs... Accounting, Sales, Distribution, Reporting, Manufacturing, and many others.

- We develop innovative & flexible software & webware...just for your business.
- We install & support these advanced application solutions, and train your staff on how best to use them...to achieve optimum efficiency, productivity, and cost-savings.

Our approach will dramatically help your business:

- You'll benefit from significantly enhanced operations & efficiency...and increased profitability & success.
- You'll also have fewer IT problems & headaches.

Here's why SystemLink is your Clear Choice:

- We have extensive experience developing, installing, and supporting customized IT business management solutions.
- We have exceptional Operational Improvement Specialists, who can help you navigate the complexities of specialized IT applications.
- Most of our clients are long-term; and we want every client to be a "customer-for-life." We become a part of your team...helping your business to grow & succeed beyond your expectations.



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