

The 8 Key Phases of the Accounting Software Lifecycle

White Paper



Welcome

Thank you for downloading this invaluable industry white paper.

It summarises the many years of experience we've had in providing independent help and objective advice to businesses of all sizes and industries who are selecting new business software systems.

Although we've focussed on accounting systems, the principles outlined apply to almost any business software selection project that affects a large number of users with different interests and priorities.

In the pages that follow, you'll find details about what's involved in each phase, issues to consider, and useful information about how to avoid the pitfalls.

We encourage you to share this white paper with your colleagues and pass it on to anyone you know who may be thinking about selecting some new business software.

By understanding the issues involved, you'll be prepared and ready to deal with these as they arise. That will make your selection process so much easier, and you could save an awful lot of time and money!

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Learn from the mistakes of others. You won't live long enough to make them all yourself!

-- Martin Vanbee

We do not sell any accounting software, and do not accept any commissions or other payments from accounting system vendors.

As such, we act in your best interests and our advice is completely independent.

-- Jeff Robson, Mailbarrow

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Not all accounting packages are equal!

The term “accounting software” really is a misnomer once you move beyond low-end packages such as MYOB and Quickbooks because mid/high end accounting software packages can do so much more than just manage your debits and credits!

In medium-large companies, accounting software usually forms the core information system that is responsible for managing the entire company’s key information.

Financial data is just one component of a system that may include customer contact and relationship management, sales force management, resource scheduling, document management, workflow, supplier portals, web-based shopping carts, service schedules, quality assurance monitoring and much more.

By integrating all your islands of information, the right accounting system makes a significant positive contribution to your bottom line by providing a substantial competitive advantage. **It is literally the platform that takes your business to the next level!**

Conversely, if you select an accounting system that just doesn’t work in your business, it can cost tens or even hundreds of thousands of dollars in lost time, productivity, and additional software costs.

Since accounting software is such a major investment and such an important business platform, it’s worth spending a little time and money to go through the proper processes and avoid any costly mistakes.

If you don’t have information that is accurate, reliable, complete, and timely, how can you and your staff make the best decisions for your business?

The most meaningful way to differentiate your company from your competition is to do an outstanding job with information.

-- Bill Gates

The greatest businesspeople I’ve met are determined to get it right no matter what the cost.

-- Michael E Gerber

The 8 Key Phases of the Accounting Software Lifecycle

Introduction

Because your business is constantly changing, there is a need to periodically assess how the key business systems are coping with the current requirements.

This applies to all businesses - particularly those that are growing rapidly. A system that worked well when your turnover was \$5m may be totally unmanageable now that turnover is \$50m.

One of the core business systems is the accounting software.

What typically happens is that staff and management satisfaction with the existing software declines over a period of time for various reasons that may be related to the business itself, the software vendor, the local representative or some combination of these factors.

Eventually, the business reaches the point where it decides a change is required.

In-house or Consultant?

At this time, many businesses that begin the process on their own are overwhelmed by the range of choices available.

You're deciding what software will run your business for the next 5 years or more so you really want to make the best decision possible!

Yet great decisions don't happen by accident! They take some time and research to consider and analyse all the available, relevant information.

We initially decided not to use a consultant when upgrading our accounting system, but quickly found that the huge range of different packages was a totally overwhelming.

We had one supplier telling us we needed their system, while another was telling us we needed theirs which cost more than 10 times as much as the first!

Mailbarrow were incredibly useful in sorting everything out for us. We now have a great system - and one that is the right fit!

-- Retail/Wholesale client

So unless a business has staff in-house who are experienced in accounting software selection, it often engages a specialist consultant to provide assistance.

If this is not the case, the use of a suitably experienced consultant has a number of advantages:

- The Consultant has been through the process many times before and you can leverage this experience in your business.
- Because the Consultant doesn't have any other roles within your company, he/she can cut across divisional borders, focus solely on the project, and ensure that it is completed to your requirements.
- Projects that are allocated to staff who already have many other responsibilities will often take much longer than expected. Using a consultant is a useful way to make sure the work gets done as quickly as possible.
- It's unfortunate, but often the recommendations of a Consultant are taken more seriously by senior management than those of internal managers. You can use this to your advantage however by having the Consultant involve senior management in the project and make recommendations to them.

Figure 1: The Accounting Software Cycle on page 7 below shows the common phases that companies go through with respect to their accounting software, and where the Consultant can assist in these processes.

Plans fail for lack of counsel, but with many advisers they succeed.

-- Proverbs

I really like the fact that you've been with us all the way through our selection and implementation process.

It's been incredibly helpful to have someone independent to talk to as the different issues have come up.

I really appreciate your help on this one. Thank you.

-- Manufacturing client

The Accounting Software Cycle

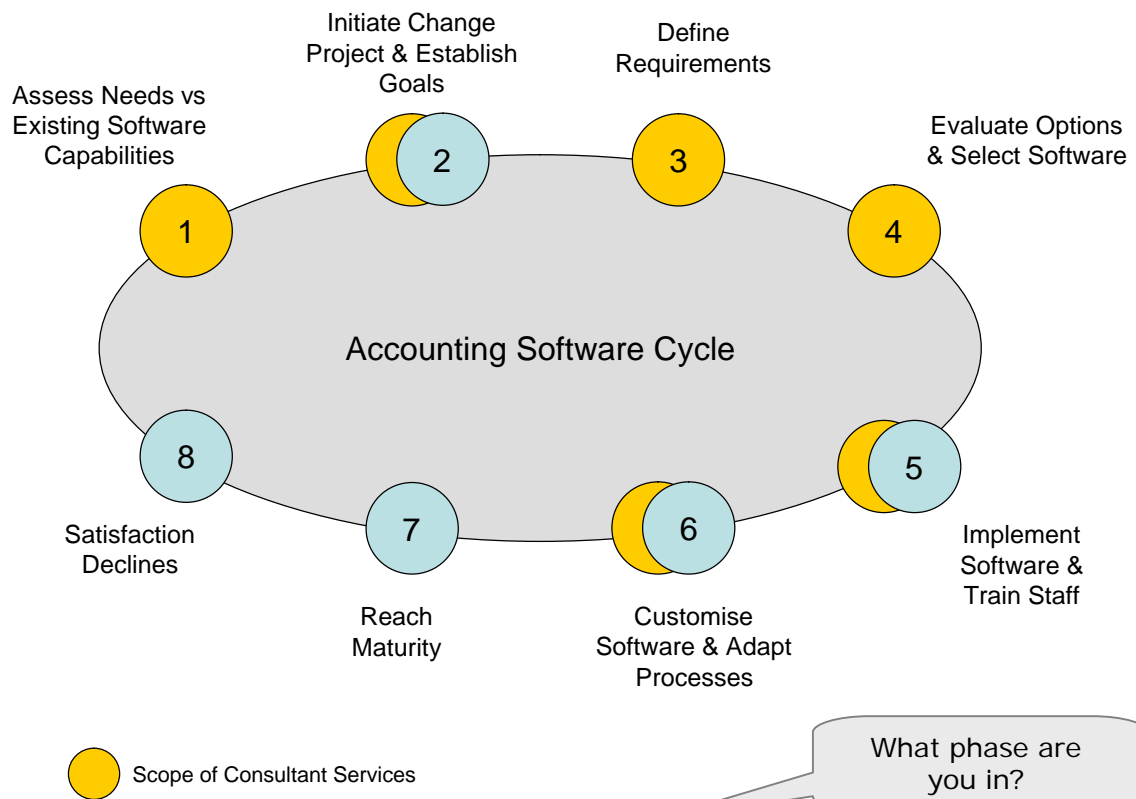


Figure 1: The Accounting Software Cycle

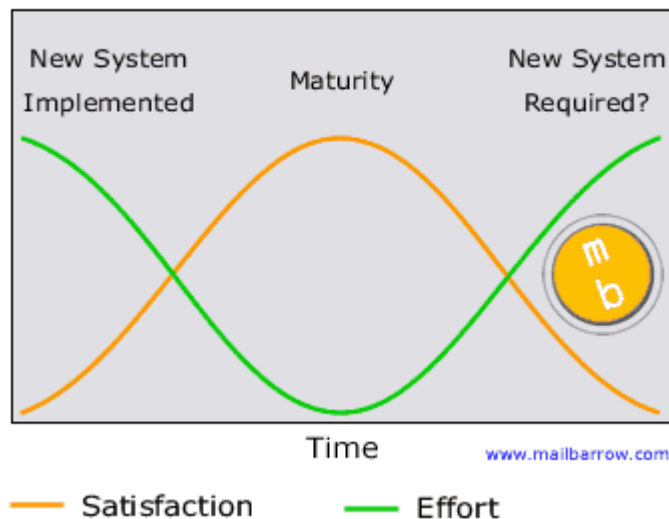
Phase	How the Consultant can Help
<p>1. Assess Existing Software A detailed review of what the company's needs are versus what the existing software is capable of.</p> <p>Can changes to work processes and/or the way the software is used properly support the business?</p> <p>Can issues be rectified through additional software or technology?</p> <p>Or is new software required?</p>	<p>The Consultant can provide an independent assessment of the state of existing systems by conducting structured interviews with key users or user group representatives.</p> <p>The Consultant can then analyse the results of the interviews, summarise the conclusions, and provide recommendations about what will be the best course of action for your business.</p>

Phase	How the Consultant can Help
<p>2. Initiate Project & Establish Goals If the decision is made to examine alternative software, the company will need to initiate a project and allocate appropriate resources.</p> <p>Depending on the size of the company, the project team could be one or two people working part-time, or could involve several full-time resources.</p> <p>The company should also work out what its primary goals are for the new software: what should the successful implementation look like? What should it achieve? Who will champion the project?</p>	<p>The Consultant can provide advice in the establishment of the project.</p> <p>The Consultant can also assist in benchmarking where the business is at presently and what would be realistic goals for the new system.</p> <p>These benchmarks are an excellent way of establishing a clear vision as well as measuring the success of the completed project.</p>
<p>3. Define Requirements A detailed list of the functionality the new system should provide.</p> <p>This is usually divided into mandatory and desirable functionality, and is normally spread over a number of phases.</p> <p>What functionality and modules are required now? What will be required in future? What's required? What's really just a "nice-to-have"?</p> <p>What differentiates the company's requirements from other businesses?</p> <p>The company must consider immediate needs and issues, as well as future plans.</p>	<p>The Consultant can provide a structured approach to interviewing key users and gather information about their requirements and processes.</p> <p>Normally, the Consultant will also review a number of other areas such as future plans, current technology platform and resources, and the existing organisation structure etc, and compile all this information into a "Request for Proposal" (RFP) document that can be submitted to vendors.</p> <p>This information provides details about the project's context.</p>
<p>4. Evaluate Software Who are the vendors most likely to provide software that meets the needs of the business?</p> <p>The software should provide the best fit for the business - software that is too big will be too difficult and over-complicated to implement and use.</p> <p>Conversely, software that is too small and simple won't provide adequate functionality.</p> <p>How closely does a particular system meet the company's detailed requirements? There are degrees of "yes"!</p> <p>Once the evaluations have been completed, the final decision must be made and the contract negotiated.</p>	<p>Using their expertise and experience, the Consultant assists in choosing appropriate vendors to receive the RFP.</p> <p>Once responses are received from the vendors, the Consultant assists in evaluating these, arranging demonstrations, evaluating demonstrations, and checking references.</p>

Phase	How the Consultant can Help
<p>5. Implement Software & Train Staff Installing new accounting software is a LOT more involved than updating Microsoft Office!</p> <p>The business needs to properly prepare itself by documenting its existing processes so the vendors understand how the business works.</p> <p>This is an excellent time to examine whether processes can be improved. You don't necessarily want to "pave the sheep trails"!</p> <p>There are many configuration options that must be carefully considered, as well as chart of accounts structures, report formats, data conversion issues, change management etc.</p> <p>Once the software is installed, staff must be properly trained, otherwise they won't use it correctly and the investment will be wasted.</p>	<p>Most of the work in this phase is performed by the selected system vendor.</p> <p>However, the Consultant can provide assistance in documenting your procedures, and may sit on the project steering committee to provide independent advice throughout the project.</p>
<p>6. Customise & Adapt Over time, you become more familiar with your new system.</p> <p>As this happens, users come up with new ways to improve their areas and may request additional features or customisations to assist in this.</p> <p>Gradually, the business benefits received begin to accelerate - perhaps even beyond what was originally expected.</p> <p>The company may also request additional modules to replace non-integrated systems.</p>	<p>The Consultant may be able to assist with customised applications that directly integrate with the accounting system and other data sources (eg spreadsheets, reporting tools, middleware, security).</p> <p>Examples include: financial reporting, management accounting reports, business models, sales analysis, budgets etc.</p>
<p>7. Maturity This occurs when the business has optimised many of its process, the software is "bedded down", and users are highly familiar with the software.</p>	

Phase	How the Consultant can Help
<p>8. Declining Satisfaction</p> <p>It is possible that after a period of time, the company's satisfaction with its software may start to wane.</p> <p>This may be due to a change in the business (eg new direction, new business lines, increased size, rapid growth etc), or a change in the software (eg purchased by another company, local support provider ceases operation, lack of new features etc).</p> <p>If these things occur, there may start to be gaps between what the business requires and what the software can provide.</p> <p>At this point, satisfaction may begin to decline and the process starts all over again.</p> <p>As satisfaction with the existing software starts to decline, it is imperative for the business to initiate a coordinated project to identify the next business software platform.</p> <p>If this does not occur, individual managers will begin to implement their own piecemeal solutions to suit their own requirements only.</p> <p>Whilst these satisfy individual managers' needs, they may be inefficient and inappropriate in the context of the business as a whole.</p> <p>This leads to wasted resources in time, money, and staff effort when the piecemeal solutions are eventually replaced by a business-wide system.</p>	

Accounting System Lifecycle



Where are you on the lifecycle?

Where to now?

Purchasing and installing a new accounting system isn't the same as installing Microsoft Office ... because an accounting system effectively underpins almost every aspect of your business, there are so many more issues to consider.

Selecting and implementing a new accounting system also takes a lot longer and costs much more!

If you're involved in an accounting systems selection project or even considering embarking on this process, make sure you get a copy of our invaluable free white paper **"The 6 Costly Mistakes that Managers Make When Selecting an Accounting Package and How to Avoid Them!"** by downloading from our website <http://www.mailbarrow.com/whitepapers.php> e-mailing consulting@mailbarrow.com or calling us on +61 8 9321 9355.

Given that it's such an important foundation of your business plus it consumes so many resources, it makes sense to spend some time in the planning phases to make sure you get the best possible solution for your business.

If you have suitably experienced staff in-house who also have sufficient time available to devote to the project, that's great.

If not, then an experienced Consultant may a better option.

A bad beginning makes a bad ending.

-- Euripides

We were looking for an industry specific solution and Mailbarrow were fantastic in supporting us through the process, asking the suppliers the hard questions, and making sure all the bases were covered.

Thanks guys!

-- Services client

Contact Mailbarrow

If you're considering the advantages of using independent, experienced Consultants to assist you select new accounting software, contact Jeff Robson and the team of Accounting Systems Specialists at Mailbarrow.

Mailbarrow have many years of experience in providing independent help and objective advice about accounting systems to businesses of all sizes and industries.

It's all about finding the package that's best for your unique situation – something that isn't too big and complex, yet still has sufficient functionality to allow you to run your business properly both today and in the future.

So why not use Mailbarrow's expertise and leverage their Consultants' experience to ensure you get the package that fits your business best.

Contact Jeff Robson to arrange a confidential discussion of your needs and transform your selection process!

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The first opinion that is formed of a ruler's intelligence is based on the quality of the men he has around him.

-- Niccolo Machiavelli

The best is the cheapest in the end.

-- Unknown

About the author

Jeff Robson

B.Comm (Accounting & Information Systems), CISA, AIMM, Excel Expert

Jeff Robson is the Principal Consultant of Mailbarrow, a Perth-based IT consulting company that specialises in helping clients select the best possible accounting system for their business.



- Jeff holds a Certified Information Systems Auditor qualification from the Information Systems Audit and Control Association.
- He has 10 years experience with financial systems development, 6 years experience in Information Systems Audit, and worked for 4 years in external financial auditing.
- He has been involved in many software selection projects for clients from a wide variety of industries.
- His skills encompass the full range of selection processes including software assessment, business analysis, requirements definition, business process review, establishment of key performance indicator systems and financial reporting.

About Mailbarrow

Mailbarrow provides IT Management Consulting services to help businesses gain a competitive advantage by applying the strengths of Information Technology.

mailbarrow IT management consulting			
roles	1. review (clarity & direction)		
	2. strategy (decision & planning)		
	3. implementation (action)		
products & services	management reporting & decision tools e.g. excel, access, business intelligence	new & replacement systems e.g. accounting & ERP/MRP, business software	risk management & assurance e.g. IS audit, risk management, IT review, litigation support

Our key skill is the ability to bridge the gap between business and information technology, thereby providing value through our understanding of both areas.

We translate complex technology issues into simple business terms, and business objectives into IT systems, procedures, and processes.

Additional resources

Here is some additional information that you may find useful as you consider selecting your new accounting software.

Area	Suggested Resources
Accounting Systems Selection Consulting	<p>We provide a comprehensive consulting service to companies considering a new accounting system, providing expert advice and assistance through each step of the process.</p> <p>To see how we could help with your accounting systems selection project, call us on +61 8 9321 9355, e-mail consulting@mailbarrow.com or visit http://www.mailbarrow.com/whitepapers.php</p>
Excel Consulting	<p>Spreadsheets are often a large part of a new accounting system eg reporting, budgeting, planning, analysis etc. We provide Excel consulting services to companies all over the world to help them get more out of Excel, improve their business systems, and save time and money in the process!</p> <p>To see how we could help with your Excel project, call us on +61 8 9321 9355, e-mail consulting@mailbarrow.com or visit http://www.mailbarrow.com/services_excel_web.php</p>
Excel & Microsoft Office Training	<p>Your staff may need additional skills in Excel and other Microsoft Office products in order to prepare for the transition or to fully utilise your new accounting system.</p> <p>Unlimited access to a complete online training library for one low annual fee. All the training you need, all in one place!</p> <ul style="list-style-type: none">• http://training.mailbarrow.com

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Mailbarrow is a registered trademark of Mailbarrow Pty Ltd.