

## Accounting Beyond QuickBooks

By Howard Kaplan Director of Business Development  
NexVue Corporation

Whether your company is large or small, keeping accurate accounting records is a critical business function that cannot be treated lightly. Accounting professionals understand this completely, but many business owners are not aware of the different products available today and the capabilities of these software packages.

For small businesses -- with revenues less than \$5 million, for instance -- there are a myriad of low-cost accounting software solutions that can meet immediate accounting requirements. These applications are typically designed for ease of use and include most of the basic features businesses need to create sales orders, invoice customers, track collections and keep good historical records of their business transactions.

However, problems start to surface when the business's needs grow beyond the capabilities of the accounting application. Consider a hypothetical start-up company with one or two employees and very few clients. Within a few years, the business evolves into a thriving 15-employee organization with a large client base. The owner, who was previously the salesperson, bookkeeper, consultant, and support staff, is now managing a staff of specialized workers. Issues regarding the current accounting system need to be addressed, and a number of key questions must be asked and answered. These include the following:

- Does the system provide adequate security?
- Can it support all of my users?
- Can it handle my increased transaction volumes?
- Does it provide the level of reporting I require?
- Does it meet my changing complex business needs?
- Will it meet GAAP (Generally Accepted Accounting Principals) standards if I decide to take the company public or bring in outside investors?

These and other important questions must be contemplated sooner rather than later, or the business may begin to suffer. Just as growing companies must seek larger office, manufacturing, or warehouse space, the same holds true with internal business systems. The issue with software applications is that problems are not always apparent until they begin to surface. This is a position business owners need not be in and something that knowledgeable professionals can help clients avoid.

A major consideration for many businesses when it comes to accounting applications is their cost. The QuickBooks program a business owner knows and loves only costs a few hundred dollars. Unfortunately, choices for upgraded packages can range from thousands to millions of dollars. The affordable solution is one that will not only be cost effective, but will also have the flexibility to grow with the business. Packages that permit incremental upgrading while maintaining the same (or similar) user interface, database and reporting tools are important to consider.

It is important that software users not look at short-term alternatives based on cost or other limiting factors. Every time a business needs to convert to a new computer system or software package, it generally loses valuable data and employee productivity. Though it is technically possible to migrate historical data from one system to another, the better resellers will wisely advise against such a project. Data migration is a costly process, requiring data analysis, cleansing, programming, testing, and vouching. In most cases, it is cheaper and more prudent to pay someone to manually key in your most critical data, such as vendor and customer records, and open payable/receivable balances. Nevertheless, the data that is left behind will likely include many out of date, unneeded or corrupted records.

Additionally, each migration requires employee resources for system design, business process re-engineering, extensive internal testing and retraining, not to mention the general agitation associated with significant change.

Therefore, the goal of any growing entity should be to find a solution that will carry the business through the next five to seven years. It is important to ask prospective resellers what their migration strategy is once the business begins to outgrow the system that is to be installed. Many vendors will proudly extol the virtues of their higher-end solutions, often hiding the fact that these applications are completely different products from the one that the business has just invested so much time and money in. Although packages may appear to be similar and share similar model numbers, they may in reality be very different and require significant investments of time and effort. In other words, when the time comes to upgrade, businesses may be facing that same dreaded cold start that proper planning and inquiry could have avoided.

The best solutions today for growing small and mid-size businesses are those that offer several license options for the same (or closely related) products. We at NexVue recommend that businesses, and the professionals who advise them, find products that offer several licensing tiers, such as light, standard, professional, and enterprise versions. Start with the highest-tier edition; compare its features and functionality to the current product (or system) and examine anticipated future business requirements. Once decision makers are confident the version being considered will meet current needs and future requirements for at least several years to come, the functional differences between each license tier and the associated costs should be examined.

In a perfect scenario, the "light" (and lowest cost) version will meet a business's current needs and those anticipated in the near future. As business needs subsequently dictate, upgrades through the same system's product family, with little or no loss of data and minimal disruption to employees, can be made. This is an important consideration, especially with companies experiencing rapid growth. Preventing confusion and down time can save thousands, if not millions, of dollars.

Implementing new business applications should always have a positive impact on an organization. With proper due diligence and an understanding of what applications are available, common and costly mistakes can be avoided. With a sound strategy in this area, a strong foundation can be built for logical and incremental growth of any dynamic enterprise.