

Michael Rich, Attaché Software Managing Director



Accounting software is vital

Many Australian businesses don't have adequate financial systems. **Michael Rich** discusses the most common questions around accounting software

More than 300,000 Australian and New Zealand businesses are using out-of-date accounting software, resulting in a deficiency of vital information that is needed to perform core business activities, according to Michael Rich, managing director, Attaché Software. This issue is particularly relevant considering we are moving from one financial year to another.

There are opportunities for resellers to advise their clients if their financial software is out-of-date and help them source an alternative solution. Rich explained that as the economy slows the risks increase so it is more essential than ever for businesses to update their accounting software.

This is to ensure business owners and managers are in better control of basic business procedures including vital business lifelines such as cash flow and stock control. Operational benefits typically include more flexible pricing and faster processing.

According to Rich, without such information businesses are flying blind and are ill-equipped to make strategic decisions that could impact on the viability of their enterprise.

Here are tell-tale signs of inadequate accounting software that businesses need to be aware of:

1. How do you recognise if accounting software is inadequate?

If your accounting software was installed around Y2K and the introduction of GST, your business has since doubled or tripled in revenue and your bank loan has increased accordingly, then you are more than likely relying on out-of-date software to operate your business.

2. What business risks are associated with this?

It is likely that financial reports are between four and six months old with inadequate stock and debtors control, poor system security, over-reliance on

spreadsheets and too many manual procedures. Accountants' auditing and banks relying on reports is also a potential danger.

Businesses with more than five staff often have managers who have never experienced a major downturn – this can make them complacent about their financial systems.

To make matters worse, some businesses are relying on outdated 16-bit DOS-based accounting software systems that could fail at any time.

3. Why is the risk of outdated accounting software so important?

In the late 1980s credit crunch, the main reason contributing to business failure was inadequate financial systems. Being complacent about accounting software in the current economic climate could also result in many businesses experiencing a downturn in their own activities.

4. How do you fix the problem?

MYOB and Quickbooks are suitable for very small business operators. However, if your business has doubled or tripled in revenue since Y2K or the introduction of GST, then it is likely that you are not receiving the most current business reports available and that your business has outgrown off-the-shelf packages such as MYOB, QuickBooks and old DOS-based software.

In the past, the only next step available to businesses was expensive SQL-based packages such as SAP B1, Microsoft Dynamics and Exonet. Mid-market accounting software packages – typically suited to businesses with three or more network users up to 100 network users – have resolved this gap and are recommended for growing small businesses to ensure access to current financial reports, including departmental accounting and prior month comparisons. Such information allows you to make informed business decisions on a daily basis.

“ Business operators have much better control of their cash flow ”

Without such vital and fundamental information, your business is potentially flying blind and is ill-equipped to make strategic decisions that could impact on the viability of your enterprise.

5. What are the advantages of having up-to-date software?

Business operators have much better control of their cash flow, payroll, sales, stock control, customer service and financial reporting.

Choosing the right system is vital if you are to be efficient, competitive and profitable. Look for an accounting software system that is powerful, yet easy to use. It also needs to accommodate both current and future business growth.

Benefits of new accounting software can include: improved staff productivity, faster order taking with fewer errors, better stock control and reporting and faster payments.

6. How expensive is it for a business to update its accounting software?

There are very affordable mid-market accounting packages available that operate on a monthly payment system. When you take into consideration the paper and time savings alone, the cost of the service virtually cancels out to nothing except that you also have the added benefit of an up-to-the-minute financial system that helps you run your business more efficiently.

7. What features should I be looking for in new software?

It is recommended you select a multi-user system that allows you to integrate your management, sales, administration and warehouse into one seamless and networked accounting solution. As a result, these key areas of your business will be able to share information instantly, and staff will be able to perform their tasks more quickly and efficiently. You can start with as many or few users as you wish and then add more as your business grows and your needs change. Look for a provider with

bullet-proof reliability, long-standing industry reputation, product reliability, effective customer support and a strong history in the marketplace.

8. How disruptive is the transition process for a business?

These days, the transition process for a business to update its accounting software is actually very simple and operations need not be affected during the installation period. In fact, there are systems available that can be installed in just days and which also run on most existing computer systems.

9. Once installed, does it need to be upgraded regularly?

It is important to check that the mid-market accounting package you select regularly upgrades its software to ensure it can accommodate future growth in your business as well as any changes in technology. It is also worth checking to make sure this upgrade is incorporated as part of your monthly payment.

10. Are there software packages compatible with PCs and Macs?

Windows-based PC network accounting software is the most popular format for accounting software packages.

11. What are the system requirements for configurations?

As with most software products, the more advanced your hardware and operating system configurations, the more efficiently your accounting software program will run. An example of the minimum system configuration required for a mid-market accounting software package is: all Windows platforms post Win2K, on computers with 1 GHz processor or better and 512 MB ram or better.

12. What are the network requirements?

Most businesses today either already have or are moving towards a LAN which

generally contains at least one server that stores the business database and programs, as well as several workstations where people carry out their work. Servers and server operating systems are therefore optimised for high-speed database access by several workstations simultaneously. While it is important to check specifics, here is an example of what might be recommended as one of the following systems for the server: all Windows-based server platforms including Terminal Server post Win2K. To maximise the server's security and reliability, it is generally recommended that you do not use the server as a workstation.

13. What technical support do you need to consider?

It is important to determine the level of support you will receive for the installation of your new accounting software as well as the after-sales service that you will be entitled to.

- Initially, you need to ensure that you select the right software which has been packaged accordingly or customised specifically to accommodate your individual business needs.
- Find out the timeframe for the installation and setup.
- Determine the training and assistance programs available and whether it includes both individual and on-site group training.
- Check that you can receive software system reviews to ensure you are always operating at peak performance levels.
- Ensure an emergency help and troubleshooting service is available by phone, remote access or onsite.
- Make sure your support and service agreement is tailored to suit your particular business needs – be mindful of your business requirements,

“ IT service providers have a duty of care ”

staff expertise levels and your software configuration.

14. How can I check that my new software is always current?

Check that your mid-market package includes access to resources and support information on your accounting software such as news and advice, user guides, training materials, tips and tricks and checklists.

15. Is today's accounting software more environmentally friendly?

An environmentally friendly accounting and payroll system is available that materially reduces the need for paper, accelerating the move towards a paperless office. This is an ideal way for small businesses to decrease their carbon footprint. Such steps are significant when you consider that greenhouse gas emissions from the ICT (information, communication technology) industry outstrip the aviation industry. In fact, there has been surging SME interest in 'Green IT' following the combined impact of the National Greenhouse & Energy Reporting Act – effective from 1 July 2008 for about 700 of Australia's largest businesses – and the Australian Emissions Trading Scheme, now fasttracked from 2012 to 2010.

16. Should I advise businesses if they have inadequate software?

IT service providers have a duty of care along with banks and accountants to ensure their clients are aware of the risks of inadequate financial systems and to suggest a review of their accounting software if they have any doubts.

Business owners concerned about having inadequate financial software should seek a complementary 'health check' to ensure their accounting software is up-to-date, efficient and suitable for their needs.

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