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## TECHNOLOGY

# Mid-Range Accounting Done Right

Column: From the Trenches

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*From the Sept. 2007 Issue*

The opening months of 2007 have seen more interest in mid-range accounting than we have seen in some years. Perhaps it is a Y2K bounce. It could be that spending has been held as long as possible. Perhaps firms have looked at the transition caused by Microsoft technology changes with Vista and Office 2007 as well as the coming hardware changes, and the business managers have decided that they have waited long enough to be sure about the general technology direction they think is right. Most likely, the interest is caused by business managers who just want to control their businesses more effectively and efficiently with improved and more highly integrated technology to serve their customers better. One thing they know for sure, mid-market accounting has become stronger and is a better value for larger businesses scaling down.

All mid-market accounting software vendors have updated their products significantly over the last year. They have tried to improve the products by making them more componentized, and have enabled more web-like features by using .NET and other technical strategies. The market and the response of products to this market is quite different than 10 years ago, even though many of the players are the same.

Based on market share in the U.S. market, there are two major mid-market general accounting competitors: Sage and Microsoft. The Sage family of products has breadth and depth with products like MAS 90, MAS 500, Accpac, Timberline, and many others. Microsoft's products include Dynamics GP, Dynamics NAV, Dynamics SL and Dynamics AX, and they are admirable competitors. Key competitors in the mid-market like SAP Business One, Open Systems with TRAVERSE or OSAS, and SYSPRO have also released good updates that have improved their competitive position. Another large competitor in the mid-market space includes the specialty competitor of Infor, which has acquired a broad range of products primarily in manufacturing and distribution, as has Exact with products like Macola ES or JobBOSS. The large-scale vendors like SAP and Oracle continue to penetrate the mid-market accounting market with their offerings, and we expect much from the new SAP A1S. And, of course, the bottom of the mid-market has products like CYMA, Peachtree Quantum by Sage and Intuit QuickBooks Enterprise, which are all working their way up market.

Most users of accounting software have now been on automated products for 15 to 20 years or longer. They have typically purchased two or three different systems over this period of time, and have a clearer view of what they expect a mid-range accounting product to do. Even though the products are getting more sophisticated, most products are still missing key features and reports that would be helpful, as well as having other issues. In other words, you aren't going to find a single silver bullet that fits all and solves all business problems. The selection of an accounting product largely dictates the processes that a business will have to follow. Some business managers understand that they have to change their processes to fit the product they select, while others are adamant about maintaining their existing processes and end up fighting their new system almost every step of the way. Understanding the business needs and processes are the keys to properly implementing an accounting software product.

I'm not sure when requirements definition and needs analysis left the technology industry or the accounting software selection process, but these steps should never be skipped. A complete set of selection steps is available at [www.accountingsoftwareworld.com](http://www.accountingsoftwareworld.com). A consultant may be able to help you through the process, and you can contact me for reputable referrals, although many are listed on this site. In our consulting practice, we help at least one company per month with accounting software selection in addition to our paperless selection, technology assessment and technology planning practices. Firms make a number of errors in the selection process today. For example, no time is spent on identifying the key needs,

problems to solve, etc. As soon as the sales cycle begins, remember that it is the salesperson's job to get a signed contract and check. It will become your job to manage the implementation process to a successful completion.

### **Frequent errors made in selection of software today include the following:**

- Emotional buying with little or no needs analysis
- Lack of preparation before beginning the buying process.
- Focusing too little on features ;X micro management, ignoring the importance of the installation team.
- Focusing too much on features ;X not keeping the big picture of needs.
- Buying only on brand.
- Buying an unproven product.
- Making a technology decision instead of a business decision.
- Buying too large a product ;X training, maintenance, complexity all become issues.
- Buying too small a product ;X trying to save too much will cause more cost with inefficiencies and renegade/supplemental systems like Excel reporting.
- Trying to save money by limiting the number of users. We want more users on a good system to leverage everyone's efforts.

Understand that these common errors are guidelines of mistakes made. You have to have the initiative to think through your needs and not be sold on the sizzle of a demonstration, but rather on the fit of the product and the installer/partner/VAR that will do the installation. For example, you may take the chance and potentially make a risky decision on a product with no track record. We understand that there have to be some customers who take the risk on a new product or there would be no innovation. However, most of you don't get the opportunity to be one of the first 100 customers of a product. Look at reference sites like [www.accountingsoftwareworld.com](http://www.accountingsoftwareworld.com), and contact the editor if a product you are considering is not listed on the site. Chances are that the editors will know of the product, and there may be reasons the product is not listed.

If you have not been to recent CPE classes on accounting software, please consider this type of training. K2 Enterprises will be producing accounting software symposiums as well as technology conferences throughout the fall sponsored by state CPA societies. The symposiums will be one of your best opportunities to see many mid-market products in action at the same time. And as an added benefit, I may get to meet you there.

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