

Why is Modern Software Better?

an article by sme financial systems

wondering whether to upgrade?
advantages of modern accounting software

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The major differences between most modern software and that designed some time ago (when disk space was scarce) are the way the different parts of the packages co-operate and the way information is stored and accessed.

The software design either facilitates or hinders the way the user goes from one area of the package to another, accessing different information along the way.

Older packages require the user to press the ESC key a few times to go back to the main screen before going through some other menu options to get to information contained elsewhere. If this had to be done in the middle of data entry, the item being entered would often have to be rekeyed.

Modern software undertakes this movement using one or two mouse clicks. The original screen remains open, cascaded behind a number of others, whilst the movement between different parts of the package appears seamless to the user.

Postings and batches

With older packages the respective "ledgers" and customer or supplier details were not updated until a "batch" of data entry was "posted". So it was possible to contact a debtor requesting payment although the cheque had been received and data entered but not posted.

Whilst some modern packages offer a batch processing option, generally data is now updated on a real time basis.

Month ends

Older packages used have to "close off" a month before any data for the following month could be processed. Modern packages, although offering this as an option, generally permit postings across a variety of dates, with warnings if this may pose a problem.

Audit trails

Older packages also only kept minimal details of transactions once 'posted', referring the user to a

printed 'audit trail'. To find details of past transactions the user often had to use an on-screen supplied transaction number to look up volumes of printouts which themselves only contained limited information.

In contrast, modern packages contain a vast amount of easily accessible on-line information, printed on audit trail only for backup and security rather than for information.

Drill Down

Access or "drill down" to information already entered is crucial – the user has to be able to quickly go from one piece of information to what makes it up. Many larger systems are still of quite traditional design and provide poor access to the detail that makes up the totals.

Fortunately many, although not all, accounting packages are now of fairly modern design and of these many are good at "drilling down" to source information - or "going from the general to the particular".

Spreadsheets

Spreadsheets have a very useful role to play in business due to their flexibility, features and sheer computational power. Of course they can be used to analyse manual accounts, but ultimately they are best used in conjunction with, not instead of, accounting software.

Accounts packages, essentially being databases, are better at day to day financial management than spreadsheets. However, compared with accounts packages where 'what if' or 'sensitivity' analysis is limited to areas such as cashflow forecasting, there really are no limits to the use of a spreadsheet for sensitivity analysis.

Consequently many of the modern accounting packages export data in formats suitable for importing into spreadsheets. However, this generally is a task involving a number of steps and the data, once imported, often needs further work such as adding formulae before real analysis can be done.

As a result, some accounting packages now offer export to spreadsheet (or word processor) using a

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single mouse click with formulae such as column totals already set up.