

# Selecting Accounting Software Suitable For Your Business

**an article by sme financial systems**

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a guide to selecting the best  
software for your business needs

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So if all accounting software is based on the same basic principles, why does it vary so widely? There are many reasons.

### Size and nature of business

The first main difference is the size and complexity of business for which the software was designed. Generally speaking, most software is either designed for large, medium to large or small to medium sized businesses.

### Suitability for your business

Appropriateness to business requirements is vital. The package must not only be good enough in the first place but must also be capable of being tailored to suit the particular needs of the business, current and future.

The package should be able to cope with a growing business - both in terms of business size and complexity.

### User dissatisfaction

Surveys suggest a high dissatisfaction level with accounting software and vendors with a majority of users stating they would never use the same package or vendor again.

Many businesses use software that is inappropriate for their needs, often too complex and sometimes too basic. Unfortunately all too frequently the reason for user dissatisfaction is that there was an insufficient understanding of the needs of the business before a package was recommended.

Even if the package is the correct one, if it is poorly installed and inadequately tailored it will not produce the desired results.

Yet an appropriate package well installed is of little use if the users can't use it! Appropriate user training, catering for the level of skills available and the peculiar needs of the business, is the final ingredient in a successful implementation.

Independent advice in identifying business needs and matching them to an appropriate package,

allied to expert tailoring, installation and training can prevent the business joining the statistics of dissatisfied users.

### Features

The initial stage of suitability of a package is whether its main features allow for the nature of business conducted by the user. Although there is more to an accounts package than just features, naturally they are important.

Not all businesses will need all of the features but in addition to the sales, purchases and nominal ledgers, other significant features to look for in an accounts package include:

- invoicing
- customer & supplier details
- sales and purchase ordering
- cheque payments and bank reconciliations
- stock control
- bill of materials
- budgeting
- credit control
- cashflow forecasting
- job costing
- quotations
- to do lists
- basic contact management
- import and export routines
- export of data to programs used by accountants for accounts preparation
- reporting and customisation of reports
- HTML reports for websites
- EU sales and purchases (for correct VAT treatment of intra-EU trade)
- prior year comparison
- integration with other packages including personal finance software

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- password protection
- backup facilities
- multi-user
- multi-currency, or at least dual currency to include the Euro

### **Ease of use**

However, what can't be seen from the feature lists is the way the package works, as it is this which really differentiates similarly featured software.

Many accounting packages claim to be easy to use, but in practice some are definitely easier than others. Like other software, online help, cue cards and wizards facilitate use and learning but are still not as commonplace in accounting software as they should be.

### **Screens - Look and Feel**

The menu driven approach of traditional packages is gradually being replaced or augmented by graphical images. These can facilitate the user's understanding of where to find the various functions. Sometimes the icons may even suggest the order in which the features might be used.

### **Getting Started**

Ease of installation is particularly important when the users are not accountants. An easy to use package doesn't mean it will be easy to install (and vice versa) and a poorly set up accounts package won't produce all the expected benefits.

Think out what you want the package to do and what information you will expect from the package before you attempt the installation of the software.

### **Design**

The better packages facilitate the user in going from one part of the system to another, during both data entry and information enquiry.

Less well designed packages (or older software that might have been modern in its day) can actually hinder the user undertaking the tasks required to efficiently administer an organisation's finances and assist the smooth-running of its business operations.

### **Access to information**

Where packages really differ is the way they offer the user access to the information already entered.

A good test of a package is whether it can easily display the source document such as a cheque or invoice, with the better systems taking only a few seconds to do so using a few clicks of the mouse.

Most packages claim to offer "drill down" from the summary total to the detailed information but in reality in many packages this facility is very superficial.

### **Reports**

One of the primary reasons for using accounting software is the level of management information available. Yet the reporting side of many packages leaves considerable room for improvement, often requiring third party analysis and report writing software.

Although it is desirable that reports and forms can be customised to the needs of the individual business, this should be in addition to a wide variety of standard reports.

### **Business type**

Service businesses may be satisfied more easily by many packages, although they may deal with the nuances of each service business differently, some well and some poorly.

### **Products businesses and Stock Control**

Computerised stock control not only records how many items of a certain type are in stock but can suggest orders based on supplied details such as minimum and maximum stock levels and lead times.

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By recording not only actual sales but also the actual amounts paid for the individual products, product profitability is computed by the package.

### **Sales Invoicing**

Businesses have to be able to invoice for their products and services. Not all accounting software offers invoicing facilities.

### **Sales and Purchase Order Processing**

The facility to place and receive orders is important for many businesses and unnecessary for others. Just because an accounts package offers invoicing doesn't mean it will offer order processing.

### **Multiple price lists and discounts**

The ability to categorise your customers into different price groupings can be useful as is the facility to offer customer specific discounts off the standard price list.

### **Security**

This doesn't just mean password protection for access by different users to various parts of the package, it means the controls built into the system to prevent errors and whether the data entry results in the correct bookkeeping.

### **Job Costing**

For the business which provides products, services or both, job costing allows the profitability of individual jobs or projects to be tracked and compared with budget.

### **MultiUser**

It is important that the MD can be reviewing reports whilst colleagues are data processing. Not all software allows more than one simultaneous user.

### **Contact Management**

Running a business efficiently involves not only good financial but also good customer and supplier management. There was a time when accounts packages didn't include non-financial reminders but now some of them do.

There is a downside, though of using your accounts package for contact management - there will be no excuse for not getting in touch with people when you say you will!!

### **Multicurrency and the Euro**

It is ironic that the advent of the European "single currency" focussed attention on "multiple currency" accounting software!

Prior to the introduction of the Euro, "Multicurrency" did not necessarily equate to "Euro" compliance because of "triangulation" rules for the interim three year period which expired at the end of December 2001.

Many "multi-currency" accounting packages had to be rewritten to allow for the peculiarities of the Euro.

Indeed many accounts packages are still "single currency", generally less than ideal for foreign trade.