

A Guide to Selecting Accounting Software For Mid-market Companies

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Executive Summary

I know that I lose most readers after this first section. They either give up or jump to step 9. The problem is, if you skip the first 8 steps, you will do them over and over again with each reseller to whom you talk. If one of those resellers slows you down and takes you through a process that resembles this list, good for them! You've found a good one.

Otherwise, you'll likely find one that is going to take advantage of you. I've met with companies that have implemented as many as 6 systems in 10 years. Do it once by doing it right.

One tactic that works: Don't read this whole list. Go to step 1, read and follow the instructions in step 1. Go to step 2.... How do you eat an elephant? One bite at a time. All the steps are intimidating taken together. One at a time, they are quite manageable!

1. Form a selection committee of no more than seven members, gaining input from all areas of your company through the use of sub-committees and department meetings.
2. Of the committee members, select a project manager.
3. Educate your committee members with copies of this document and with printed information about software packages available from web sites.
4. Develop the primary strategic goals of what you want your software to achieve.
5. Identify the infrastructure for your system, selecting a central hardware and operating system platform.
6. Determine where your company fits in the software market segments to help you determine the software vendors with whom to work and your estimated budget.
7. Develop a timeframe that includes:
 - a. Two to six months to select the solution
 - b. One month for the reseller to schedule their team
 - c. Two to six months to complete a prototype
 - d. Two to six months for each phase
 - e. Then add contingency time of 20%
8. Prepare a budget including costs for hardware, hardware installation, software, software maintenance plans, software implementation, and support.
9. Prepare a listing of functional requirements using your company work paper, the information you downloaded from the web about software, and the information from your software and system vendors.
10. Send out a Request for Information, evaluate the responses then select a short list of Resellers with whom to meet.
11. Meet with your selected Resellers and reduce your list to a prioritized list of no more than three.

12. Using your Functional Requirements, request a Scripted Demonstration. Once you're finished with these, you should have a preferred Reseller and Software selected, with one or two alternatives as backup.
13. Check your Reseller's Customer References.
14. Engage your selected Reseller to prepare a Prototype.
15. Based on the success of the Prototype, the resulting project plan, statement of work, and accurate projected costs, purchase the software for implementation.

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Introduction

Many accounting software selection and implementation projects end in failure. I believe we can help small companies overcome failure, avoid common mistakes, and follow a successful process. We've provided a template document accompanying this process flow document to help you start your project.

This process flow document is written with major assumptions for small and mid-size businesses in order to overcome some of the most common problems that companies encounter when selecting business solution software. Many independent industry experts recommend that small and mid-size companies limit selection of systems to industry-standard horizontal business software solutions. This guide is focused on helping you select from industry-standard software.

If your company is considering a vertical or custom solution, this guide will not work for you. Prior to making this decision, read Appendix A – Move Away From Vertical Market Software.

Frequently, one or two key individuals from a company initiate contact with software vendors. We recommend that these champions start the process internally, first, drawing a selection committee together to prepare basic information prior to meeting with software vendors.

In all cases, we recommend preparation of a prototype to prove functionality before commitment of resources to non-refundable software costs.

Also, we recommend preparation of a detailed project plan derived from findings in a business process survey and the prototype in order to provide full disclosure of costs and develop a reasonable implementation timeframe.

Chapter 1 –Prepare

Step 1 – The Selection Committees

Form a Selection Committee limited in size so you can accomplish the project within a reasonable time period. This would be a common Selection Committee:

- CEO/President
- CFO/Controller/Accounting Manager
- Sales Manager
- Inventory Manager
- Purchasing Manager

It's important to have the CEO to provide executive steering, oversight, and endorsement. In my experience, half of system implementation failures are a result of the CEO not providing full commitment to the project.

Through the use of sub-committees and department meetings, gain input from the remainder of the company. It's important for every potential user of the system, including those who receive reports from the system, to have input. Here's a good example of the members of the Accounting Sub-committee

- Payables lead person
- Receivables lead person
- Payroll lead person
- General Ledger lead person

A common mistake is to include only accounting staff on the committees. Ultimately, the design of the system starts with the information reported out of it. Think of your accounting staff as the people who input the information and everyone else is their customer, receiving the product—the information from the system. The company can't ignore their customers, and the accounting staff shouldn't ignore their customers.

Step 2 – Select the Project Manager

Of the committee members, select a project manager. Free the project manager of part of their typical work load during the selection process. By the time you get to the prototype preparation and actual implementation, most of the project manager's typical work load should be shifted to a temporary employee.

Utilizing an employee already working full time, appointing them project manager without shifting their workload, is a common mistake. An implementation doubles their work load. From my experience, project managers that have not had their workload adjusted will burn out in an average of two weeks. That means they're useless for the other six to twelve months of the project.

Utilize another employee or hire a temp to take on the routine tasks of the project manager. Don't have a temp implement the system.

Step 3 – Educate Your Committee

To obtain information to educate your committee members:

- Ask your competitors or your employees who have worked with your competitor

- Ask your CPA
- Ask your board of directors
- Ask your banker for references from companies that provide him with financial statements that he considers good
- Thumb through industry trade magazines
- Go to a trade show and collect information
- Talk to your network engineer, vendors, and customers
- Go to <https://solutionfinder.microsoft.com/>
- Go to <http://www.accountingsoftwareadvisor.com/>
- Google it!

Step 4 – Develop Your Primary Strategic Goals

Center on what you are trying to achieve and how you are going enhance your company's profitably, productivity, and ability to compete. Here are good sample strategic goals, but this is a key area for your company to uniquely define. Implement an integrated accounting and web-accessible system:

- Capable of facilitating the company's growth over the next decade,
- That reduces and eliminates double-entry of data into non-integrated systems,
- That provides accurate and timely financial and management reports,
- That allows us to better track inventory and helps us to reduce our inventory on hand, and
- That allows us to convert quotes into orders, and orders into invoices, so we can facilitate our sales process and be more professional with our customers.

Step 5 – Identify Your Central Platform

Identify the components of your system, selecting a central platform. This will help you identify from which software products you should select.

The mid-market has shaken out in the last decade to 3 probable central platforms for business systems:

- Microsoft server and Microsoft SQL database
- Novell server and LINUX database
- Various servers with an Oracle database at the high end of the mid-market

Only large companies will have two of the above. It takes a different technical department or contractor to support each central platform. If you have two central platforms, you've just doubled your IT costs.

Step 6 – Identify Your Market Segment

Software developers have segmented the market by size of company:

Entry Level < 10 Computers	Mid-Market 10 to 1,000 Desktop Computers 25 to 2,500 Employees \$5,000,000 to \$500,000,000 Gross Revenue	Enterprise >1,000 Computers
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If your company has less than 10 computers, less than 10 employees, revenues of less than \$5,000,000, or a growth rate less than inflation, use QuickBooks until it hurts. When it starts to hurt, come back to this document.

Chapter 2 – Plan

Step 7 – Develop a Timeframe

Your timeframe consists of several components:

- The time you'll need to select your solution
- One to two months for the reseller to schedule their implementation team
- Business Process Analysis and Prototype time
- Implementation time

Your estimate for implementation time may change after your prototype. Implement at your slack time of the year. Setup a sinking fund during your busy season so you have the funds to implement during the slack season. Implement before your company's growth spurt.

Year End Implementations

In general, your accounting staff is already too busy at year end to ask them to be involved in an implementation project. Industry-standard mid-market software has the integration tools to import historical data so you can implement at any time of the year. Even payroll can be implemented mid-year, mid-quarter, or mid-month.

Step 8 – Develop Your Budget

Start here with some general ranges:

Market Size	Users	Software	Services	Total
Entry Level	1 to 10 users	\$995 to \$5,000	\$0 to \$10,000	\$995 - \$15,000
Mid-market	3 to 10 users	\$5000 to \$75,000	\$5,000 to \$150,000	\$10,000 - \$225,000
Mid-market	10 to 200 users	\$25,000 to \$250,000	\$25,000 to \$250,000	\$50,000 to \$500,000

A good ballpark is 2-4% of gross revenue for the hardware + software + services.

Here's a sample of an eight-user system with inventory management:

Hardware		Qty	Unit	Extended
	Microsoft Small Business Server with software, anti-virus, backup, and installation	1	\$ 6,000	\$ 6,000
	Printers	2	\$ 1,000	\$ 2,000
	Hubs, Cabling, UPS, Firewall			\$ 3,000
	Workstations	8	\$ 1,000	\$ 8,000
				\$ 19,000
Software				
	User Licenses	8	\$ 2,250	\$ 18,000
	Annual Maintenance and Support		25%	\$ 4,500
				\$ 22,500
Services		Hrs		
	Project Management	30	\$ 200	\$ 6,000
	Prototype	40	\$ 175	\$ 7,000
	Training	60	\$ 175	\$ 10,500
	Implementation assistance	80	\$ 175	\$ 14,000
				\$ 37,500
	Total			\$ 79,000

Here's a sample of a twelve-user system with manufacturing:

Hardware	Qty	Unit	Extended	
Microsoft Small Business Server with software, anti-virus, backup, and installation	1	\$ 6,000	\$	6,000
Printers	3	\$ 1,000	\$	3,000
Hubs, Cabling, UPS, Firewall			\$	3,000
Workstations	12	\$ 1,000	\$	12,000
				\$ 24,000
Software				
User Licenses	12	\$ 3,850	\$	46,200
Annual Maintenance and Support		25%	\$	11,550
				\$ 57,750
Services		Hrs		
Project Management	60	\$ 200	\$	12,000
Prototype	80	\$ 175	\$	14,000
Training	100	\$ 175	\$	17,500
Financial implementation assistance	100	\$ 175	\$	17,500
Manufacturing implementation assistance	100	\$ 200	\$	20,000
				\$ 69,000
				\$ 150,750
Total				

To validate the investment, compute the value of the benefits you expect to receive against your cost estimates. Your system should pay for itself within two years through areas like these:

- What are you going to save with a system that scales to the size where your company will be in five years?
- What does it cost to do the double and triple entry of information common with non-integrated systems?
- Identify what the mistakes are costing you.
- Identify what it costs when you don't receive a financial statement every month.
- Determine the cost of carrying excess inventory by determining how much you'll gain in cash flow if you reduce inventory by 10% or 15%.
- Determine how much inventory you've lost through "shrinkage" (theft), spoilage, obsolescence, and waste.
- Compute the annual cost of extra employees to handle the work of the sales order process.

Step 9 – Develop Functional Requirements

This step heavily influences the outcome of Chapter 3, the next chapter.

Developing a list of detailed functional requirements is usually difficult for small companies. Sound processes may not be in place in either manual or legacy computer systems, yet personnel look for new software to do things in a familiar way. Strive to strike a balance between recognizing when the software must change to suit your business versus when the software's pre-defined process would be better for you.

A successful procedure to follow is to develop a questionnaire to distribute throughout your company. Encourage personnel to look at their key processes, reports, and information, and answer these types of questions:

- How does information come to me?
- How do I process and report information?
- What is most important about that information?

- What works well about how I handle that information?
- What could be done better, faster, and easier?

The information that you gather should facilitate discussions by the project team and sub-committees, eventually resulting in the preparation of a written Functional Requirements Definition. Here is a short sample:

General requirements:

- Consistent, easy-to-use interface
- Security restrictions to forms
- Drilldown capability
- Easy to import and export data
- Flexible data fields

Financial requirements:

- Flexible general ledger account code
- Multi-currency capability
- Recurring and reversing journal entry types
- Batch and immediate posting methods
- Bank reconciliation

Sales requirements

- Commission calculation and reporting
- Sales tax calculation and reporting
- Quote, order, invoice, and return documents

Purchasing requirements

- Purchase requisitions
- Purchase orders
- Purchase returns
- Purchasing receipts automatically generate vouchers

Inventory

- Serial or lot number control
- Multiple costing methodologies
- Complex pricing methodologies
- Multiple location and bin management

Payroll

- Multiple pay rates per employee
- Employee grouping to facilitate setup and processing
- Automatic pay, deduction, and benefit types
- Self-service employee maintenance and timesheets

If you can't get through Step 9, ask for help. Seek a consultant who specializes in helping companies complete a business process analysis and functional requirements definition. A good place to start is your CPA.

Chapter 3 – Evaluate

Step 10 – Reseller Evaluations

Send out a simple Request for Information. Too much at this point is an overwhelming and useless waste of your time and theirs.

Provide

- Your company background – what your company does, how many employees you have, note if you extensively use subcontractors
- Summary financial information on gross revenue and anticipated growth rate
- Your budget and timeframe estimate
- Stipulation of who, how and when they should contact
- Provide your short list criteria

Request:

- Their corporate, employee, and solution profiles and contact information.
- Brief description of their training policies and procedures.
- Customer testimonial sheets, stressing that you will not call references until you are explicitly granted authorization to do so.
- Information on recommended hardware, operating system, and database requirements for your software.
- Software fact sheets describing growth and structure of database and software.
- Software fact sheets for all available modules of your software.
- Software fact sheets describing development tools usable with your software.

You are not looking at software demonstrations at this step. Look to the paragraphs following this list for an explanation of what you should seek at this stage:

- A financially stable software developer capable of keeping pace with technology
- A software developer with a redundant base of local Value Added Resellers –people who provide training, help implement the software, and have a demonstrated track record of providing after-sale support
- Product available for your selected central platform
- Software capable of growing with your company
- Software that utilizes industry-standard development tools, in the event you need anything customized
- A large following of third-party developers
- An established reseller with identity, processes, and professionalism
- A reseller with alternative methods of training and implementation support
- A reseller that can demonstrate experience with your industry

Financially Stable Software Developer

Software developers know the key to their survival rests on their business foundation, strong financial strength, good insight into the market, mainstream databases and development tools. Successful, stable financial management packages are owned by a handful of developers who have withstood the test of twenty or more years. We encourage you to select software from those vendors.

Redundant Base of Value Added Resellers (VAR's)

These are the independent companies, usually locally-owned and operated, who sell the software and will be your primary “go-to” for training, implementation services, and support. The software developers will have multiple VAR's in major metropolitan centers.

The average VAR has eight employees. Determine if they have customers who've worked with them more than two years. Rely on redundancy because VAR's go in and out of business frequently; mergers are common.

Determine if the lead installer has completed at least six installations of the current version of software. Get to know this person well. Like any other good professional, you will likely follow them wherever they work. Having multiple VAR's and installers to choose from provides you with alternatives and backup.

Software Available for Your Central Platform

Business software systems will frequently drive the selection of the central platform for a mid-market company. However, software for business operations may be the driving force: retail store chains, mission-critical applications for airlines, hospitals, and financial institutions.

Regardless of your central platform, integration of data between systems and the cost of technical support should drive you to select only one central platform.

Software Capable of Growing With Your Company

This is an area where the software giants stand out. All have entry level packages with tools to migrate the data into mid-market software. Mid-market software can start with one user and transition upward into hundreds of users. The underlying industry-standard database capabilities are a key to facilitate growth.

Industry-standard Development Tools

Using the Microsoft central platform as an example, the software systems that you evaluate should be capable of linking to Access, Excel, Word, Visual Basic, Visual Studio. Net, and SQL Reporting Services—all Microsoft tools. In addition, well-known products like Crystal Reports should link to the software system, most frequently using what is called ODBC—Open Database Connectivity. A product with ODBC for many tools means it is a widely-used product.

A Large Following of Third-party Developers

Third-party developers satisfy the needs of niche markets, building their products around popular mid-market software. It is in their best interest to find the most popular, stable, established mid-market software to have access to the largest market share. Capitalize on the research they've already completed. You're at high risk if you've selected a software system with 5 third-party developers. Choose software systems with 500 or more third-party developers.

Professional Reseller

Take the time to make a short visit to your resellers' offices. Many installation specialists work out of home offices, small professional offices, or executive office suites. After all, if they're good, they're working on client site frequently. Some travel throughout the region, country, and even internationally. However, it's best to understand their support system and how their

headquarters operates. When I first started in this business, it was acceptable to use the home office desk and a brick-sized cell phone. Not anymore.

Alternative Processes for Support and Training

Support alternatives should be abundant. You should have the choice of calling your installer directly when an issue is unique to your installation. A support desk at the headquarters is invaluable. An online technical database open to search 24 by 7 is fundamental.

The software developer should provide several alternatives for pay-on-demand support, packs of support incidents, and pre-paid unlimited support plans with several levels of guaranteed response time.

Classroom training, webinars, manuals, custom classes, and brush-up training resources should be available.

Industry Experience

Your level of comfort with your software developer, reseller, and installer will increase dramatically as they provide references from other companies like yours. I have encountered situations where clients appreciate my industry experience and other situations when clients are concerned about the potential leak of confidential information. I recommend going with the industry experience and a well-written confidentiality agreement.

Step 11 – Meet with Your Selected Resellers

Then begin your meetings with the selected software resellers. Be prepared for a mutual question and answer session. If you're not comfortable with any reseller but like the software developer, call the software developer and insist they put another reseller in touch with you.

After this step is completed you should have three Resellers and three software packages, ranked according to your preferences.

Step 12– A Scripted Demonstration

Now you're ready to compare software to your Functional Requirements Definition. Provide your Functional Requirements Definition to your selected resellers providing two to four weeks of preparation time for them.

Insure that your selection committee is prepared to attend the demonstrations relating to their areas of interest. Members of the selection committee should take notes during each demonstration to accurately and completely track the presentations and feedback. If they watch two or more demonstrations and don't take notes, they will confuse products.

The selection committee should cycle through their questions and objections and the reseller's responses. Drilldown on detailed requirements until you've isolated a single reseller and software, with one or two alternatives.

Step 13 –Check Customer References

Once you've selected your preferred Reseller, I recommend calling customer references rather than making site visits. Site visits show you how other companies use software, not how the software will work for you. Don't expect another company to show you how they process transactions or produce financial statements. Their data is usually confidential.

Here are some good questions to ask:

- How many software solutions did you consider and why?
- What were your strategic requirements?
- Which job functions were represented by the stakeholders on the selection committee?
This might tell you what influenced their decision over what company politics might be going on within your selection committee.
- Why did you select your software package? You may become aware of reasoning that heavily swayed their decision that's not relevant for your company.
- What modules are you using? If this company is similar to you and you find they're not using a module you're contemplating, drill down more on this information. Maybe you'll find out they consider it unnecessary, cumbersome, or overly complex.
- From whom did you originally purchase the software and are they still supporting you? Their answer may tell you which resellers to avoid if they have switched.
- Who was the vendor's lead consultant for your project?
- Who were other consultants on your project? Tell me about the quality of their work.
- What style of training did you use?
- Did you have data conversion and integration during start up? This is often a difficult step. The more information you have, the better.
- Describe to me your "go live" date/time.
- Who do you call when you need critical support?
- Who do you call when you need routine support?
- Do you have any customizations to the software? Explore.
- Do you have custom reports? Explore.
- How often do you upgrade?
- What happens during a typical upgrade?
- What do you like most about the software?
- What do you like least about the software?
- What are your plans with your business solution over the next few years? Are you going to add to it?
- What would you do differently about the purchase of your software?
- What would you do differently about the implementation of your software?
- Do you have any recommendations for us?

Step 14 –Prototype

Definition of a Prototype

A prototype is a test implementation of the system with your data outside of the production environment.

Why Prototype

At this point you have screened software developers and resellers for your strategic criteria, including your budget and timeframe. You've developed your functional criteria; compared and contrasted software against those criteria. You've screened the reseller's customer references. You're confident you've chosen a good business solution and Value Added Reseller, but we advocate one more step before you purchase software.

We have found the prototype to be the best tool for determining the software fit, the extent of customization required, and (most important of all) the most accurate estimate of the time and financial resources required to complete the implementation.

A prototype lowers your risk and does so prior to your expenditure of non-refundable costs for software and the majority of services. The prototype provides the optimum environment for design and testing because of the limited quantity of data; therefore, analysis of the prototype process reveals that it lowers the overall cost of implementation.

The typical mid-size firm will take two to eight weeks to prototype. Work with your reseller to document how much of your data will be used and what your specific goals are.

As part of the prototype, the reseller should produce:

- A software quotation
- Their best estimate of the consulting time required for extraction and cleanup of legacy data
- The best estimate of consulting time required for installation, training, implementation, and customization
- A specification list of replacement and upgraded hardware
- A project plan listing the steps of implementation, scheduled training classes, milestones for implementation, and cutover dates
- An engagement letter with terms upon which you've both agreed

The prototype better identifies the scope of the implementation. Company management can better plan for and obtain the financial resources that will be necessary. Prototypes help lower the overall risk associated with business solution implementations.

Owners of small companies who think they can't afford a prototype are the very owners who must have a prototype. They have no room for risk or flexibility.

If the consultant has implemented six other similar companies (and you proved that by talking to at least three of them), your prototype might be simple. It's still necessary to assist your consultant with assessing the unique combination of your personnel, the software, and your data.

Timing of a Prototype

Complete a prototype before you run out of flexibility to budget and plan for resources for the implementation. Mid-market companies will prototype just prior to buying the software or just after buying the software, depending upon the reseller's license agreement with the software developer. If your situation involves complex, unique hardware and software combinations, you may need to make most of the purchases to set up the environment in which to prototype.

Government agencies, quasi-government agencies, tribal governments, and not-for-profit agencies have unique budget environments that require prototyping early in the implementation process. It's typical for them to obtain funding for the prototype; then once the prototype identifies the total budget, they obtain funding for the final project.

What's Involved in a Prototype

Everything that will be utilized in your final implementation should be considered for a prototype. Think of a prototype as your insurance policy. Insurance companies issuing policies assess your risk factors and base their premium on those factors calculated against the volume of

your business revenue. If your business involves nuclear reactors, aviation control, power generation facilities, medical equipment, financial investment processes, etc., your prototype will be a Performance Simulation.

Hardware

If you're going to have a Microsoft Windows 2003 server, a Microsoft SQL 2005 server, Microsoft Windows XP workstations, and industry-standard printers, you can prototype on a stand-alone server. You're going to be primarily interested in software configuration and assessing your personnel.

Legacy Data

The ease of extraction of legacy data depends on how old the system is, whether someone who knows the old database is still available, and what condition the data is in. Legacy data extraction must be prototyped in all cases. Difficulties with legacy data can stall or even halt an implementation; therefore, extraction, cleaning, and loading of legacy data must always be prototyped.

Third-party Software

Insist that the consultant prove to you via a prototype that your third-party software modules integrate data into your core financial system.

Custom Software

Custom software development should be organized into several phases. The first phase should always be a design phase resulting in written specifications. Then a phase utilizing whiteboard techniques or schematics is used to test the design. From these two phases, a budget and timeframe are developed. All phases up to this point should be included in your prototype. Additional phases may be included in the prototype depending upon the complexity and priority of the customization.

Reports

If you have key reports that will impact your business, the production of those reports must be included in the prototype. Default reports existing in the standard software may suffice, default reports may be slightly modified, or custom reports may be required. Failure to incorporate report design in the prototype is a significant cause of underestimating the scope of an implementation.

Prototype Cost

Unless your systems are critical, your prototype should typically use 10% to 20% of your total consulting budget. A prototype lowers your risk and does so prior to your expenditure of non-refundable costs for software and the majority of services. The prototype provides the optimum environment for design and testing because of the limited quantity of data; therefore, analysis of the prototype process reveals that it lowers the overall cost of implementation.

The Starting Point of a Prototype

The prototype starts with the output from the system: management reports, financial reports, checks, invoices, and purchase orders, for example. Only what goes into the system can come out in the form of information and reports. A prototype with a limited set of data helps you cycle through the implementation process and refine the design.

The Results of the Prototype

- A demonstration of the software with your data
- The design of any customizations
- Proven integration of third-party products
- Design of custom reports
- Proof of implementation on your hardware or a simulation of your hardware
- A more accurate, complete software quotation
- A more accurate estimate of the consulting time required for installation, training, implementation, and customization
- A detailed project plan
- An engagement letter with the terms upon which you've both agreed
- Diminished number of Change Orders for additional services
- Training with familiar data

Chapter 4—Purchase the Software

Step 15 – Purchase the software

Negotiate the engagement letter, purchase the software and schedule the implementation. The engagement letter should be a balanced agreement, protecting both the reseller and the customer.

Appendix A – Move Away from Vertical Solutions

Business solution software is of two major types: horizontal solutions which fit the financial core of nearly all businesses or vertical solutions designed to fit industry-specific requirements.

Vertical solutions are initially created by software programmers when somebody thinks they do business so uniquely that only a specialized program will meet their needs. But in my viewpoint, double-entry accounting hasn't changed for over 400 years and for good reason – it works.

At the core of nearly every business I have encountered over the last 30 years, everyone pays bills the same way, everyone has a general ledger as the basis for financial reporting and budgeting, and all companies have a source of income, typically customers, sometimes grants or trusts. There are employees, assets, inventory, bank reconciliation, and debts.

Vertical solutions are frequently developed for the sales or inventory processes. Then, in an effort to provide an integrated system, the developer continues to develop the core products for the financial, payables, and receivables functions. It is a far better practice to buy industry-standard software for as many core functions as possible; then add on a vertical market package.

Vertical solutions are the solutions that industry-standard packages replace most often because of these common problems:

- The small, vertical-market developer simply can't keep up. They get bogged down in their niche with user change requests and never complete development of the core financial, payables, or receivables products.
- The small, vertical market developer gets bogged down with support.
- The small, vertical market developer can't keep up with technology while competition is moving to an Internet-based, collaborative environment.
- Vertical-market vendors seldom provide advanced modules such as Collection Management or Collaborative Demand Planner that you may want to add.
- Integration procedures for imported and exported data are weak in the vertical-market product, especially as technology advances.
- The cost of development of the product is spread over a much smaller user base, generally making the product more expensive.
- The support and implementation channel of a vertical-market vendor is weak and shallow, usually geographically limited. Installation and training expenses are generally higher than with industry-standard packages.
- If the developer of a vertical-market package goes out of business, you start over.
- To protect yourself from the potential of the vertical-market developer going out of business, it's a wise idea to have source code put into escrow, adding another annual cost to your software.
- With a smaller base of customers and installations, vertical-market software requires more intense prototyping and testing before live deployment, increasing your costs even more.

There are about a dozen vertical solution software packages that have measurable market share. Their technology lags behind the industry giants, but they are well-established and viable. I personally think they should take what's unique and link it to the core financial modules of the industry giants, but I haven't been in the conference rooms when that issue was negotiated.

About Computeration

Companies who want to improve their business processes and manage their financial reports and analysis in a timely, easy-to-understand format turn to Computeration. We've been helping Pacific Northwest clients setup their systems for over 19 years and have a reputation for staying on time and on budget with the utmost integrity.

With proven site survey, prototype, and project management processes, we can help you drive down operational costs, increase profitability, and improve efficiency. We work with your sales, distribution, warehouse management, assembly, and financial teams until the new system delivers what is expected.

Because we understand your company, we feel comfortable providing you with the information to help you decide when you should upgrade, when you can wait, when customizations to your system are economically justified, and what the total costs are going to be.

Our objective is to help you balance the priorities of useful technology with cost. We're as conservative with your investment of resources as if it were our own investment.

Clients with previously failed implementations will value Computeration's ability to pick up where other installers left off. We have the experience and processes to quickly assess the site and implementation; we know what it takes to get the job done right

As a Microsoft Gold Certified Business Solutions Partner we are proud to offer a full suite of services and supply chain management products complimentary to Microsoft Dynamics GP. These products and services cover the entire spectrum of your distribution, assembly, and financial business operations, giving you the power you need to streamline and simplify business processes, improve business insight, accelerate productivity, and make the most of existing technology investments.

You may contact us at any time with questions about your system selection or this document at:

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