

CHOOSING THE RIGHT  
**MIDDLE-MARKET  
ACCOUNTING SOLUTION**

How to begin your search for the right accounting solution



Early in my career, I was very fortunate to have been a purchasing agent. In this role, I learned best practices for sourcing suppliers, developing requirements, evaluating proposals, and making selections.

Later in my career, as the head of IT for a Fortune 500 company, I had the opportunity to apply these skills when acquiring software applications, including accounting software. And today, as a Value-Added Reseller (VAR) of a cloud-based accounting software application (Sage Intacct), my role has been reversed – I am no longer a buyer, but a seller.

As a result, I have been involved in both sides of hundreds of software selections. As a seller of accounting software, my observation is that many buyers of accounting software could benefit from following a few fundamental best practices for determining when to start your search and how to select a solution that will support long-term plans.

The benefits are quantifiable.

- By preparing for your search, you save time in the selection process and can compare solutions more easily to one another.
- You end up choosing a solution that comes as close as possible to your requirements. Which in turn ends up saving you money in the long-run because you won't have to replace it at your renewal date.
- You won't need to replace your chosen solution as your business grows because you will have planned for the future.
- Your company will perform better – you will have the information needed to both course correct and invest.
- It increases employee satisfaction when your solution fits the needs of your organization, making it easier for your employees to do their jobs.





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## ● HOW TO BEGIN YOUR SEARCH FOR THE RIGHT ACCOUNTING SOLUTION

Not all accounting software is created equal. For example, some are designed for small businesses, some are designed for specific industry segments, and some are designed for growing organization. Therefore, while it may seem obvious, what is good for a small business, where the owner or bookkeeper does the accounting, likely will not be good for a high-growth tech start-up that may eventually have more complex accounting requirements. Or what is good for a single-shop retailer will likely not be a good fit for a project-based services company. And yet, people often don't consider this when developing their list of potential vendors. And this is just the first mistake.

So how do you know which accounting software will be best for your business? If you are like many CFOs and business owners, you probably have not gone through a structured selection process to choose your accounting software, but instead started using what seemed like it was a good fit. Our experience is when that happens, companies eventually run into challenges with the software they choose.

The good news is that despite every organization having a unique set of requirements, the same set of principles can be applied to conducting a thorough and efficient evaluation. In our eBook, we will walk you through our core set of best practices to help guide your accounting solution selection.

## ● WHEN IS IT TIME TO START YOUR SEARCH?

Ideally, you should start your search before you feel the heat. This is true for early stage start-ups and high-growth companies alike. But this rarely happens.

Instead, companies tend to pick what seems like the most cost-effective and simplest solution to implement. While this may be true at the time, you have to ask yourself will this scale and if not, what will be the cost to our business of switching in 12 months or 24 months when the business is really cranking along? Upgrade your accounting solution when you experience the following:

1. You can no longer keep up
2. You don't have insight you need in a timely manner
3. You are faced with a costly upgrade to hardware and software
4. You can't integrate

The more comprehensive your accounting system is, the better. That means that any business relying on solutions that don't integrate should ditch those offerings and find more flexible solutions sooner than later.





## ● FIVE BEST PRACTICES TO IMPLEMENT DURING YOUR ACCOUNTING SOFTWARE SEARCH

### 1. THINK ABOUT THE BIG PICTURE:

Far too often, organizations choose accounting software to meet an immediate need and therefore find themselves outgrowing the solution too quickly. This leads to one of two outcomes – spending time and money working around limitations or replacing a solution much sooner than expected.

With the big picture in mind, your choice will last many years. Ask yourself:

- How will your organization's strategy impact what functionality is needed?
  - Will you add new services or products that will impact accounting?
  - Will you expand to new geographies?
  - What IT support will be available?
- What type of growth/volume will you need to support in the future?
- How will the accounting system fit in with the other systems used to manage the business?

## 2. PRIORITIZE REQUIREMENTS:

Too many companies jump into the buying process to put out a fire, without thinking through both short and long-term requirements. This does not need to be a 300-page requirements document, it could simply be a list of 10-20 items.

In developing the list, it is important to highlight areas that might be unique to your organization. For example:

- If revenue figures will be coming from a 3rd-party application (e.g., a POS or a medical billing system) and posted directly to the GL.
- If invoices need to be generated from figures coming from a proprietary platform (e.g., a provisioning system).
- If purchases need to be held as “construction in process” and if not expensed, but capitalized at the end of a project.
- If there are multiple entities, each with its own unique chart of accounts or fiscal periods.
- If financial reports have to account for partial ownership.

This is critical for communicating to each provider what you expect. But even more importantly, in order to make the best decision, you should prioritize your requirements based on importance or impact. Are there certain items that you absolutely must have and others that would be nice to have?





### **3. MAP OUT KEY USE CASES:**

Using the list of requirements as a foundation, make sure you get each provider to provide a demo based on your typical transaction flow (e.g., AP, AR, or monthly close). Map out key use cases (the flow of an order all the way through to payment, the calculation of revenue under the new ASC 606 guideline, or the monthly close process). Then, ask that these use cases be demonstrated and compare what you see from each provider.

The goal of Items 2 and 3 is to have an “apples to apples” comparison. If you don’t enter the selection process with a clear set of requirements and use cases, what you hear and see from each vendor could be very different. As a result, it is almost impossible to make a good decision.

### **4. CONSIDER THE COMPANY, NOT JUST THE PRODUCT:**

When your requirements lead you to middle market providers like Sage Intacct or NetSuite, pay very close attention to the company you keep. Understand their strategy. Consider their pace of innovation. And importantly, get a read for the personality or culture of the company during the sales process. Consider their tactics and approach. If you are working with a re-seller or implementation partner, understand their DNA as well. Are the people you are working with good listeners? Are they responsive to your requests? Are they treating you like a partner? Are they being respectful and transparent? Keep in mind, you will likely be in this relationship for many years to come.

The key point to remember here is that you are buying software, and no software product is perfect. Therefore, you need to know that there is a great company with great people supporting the product.

## 5. GET INDEPENDENT REVIEWS:

Talk to your peers who are familiar with the solutions you are considering. Ask what their experience has been and why they chose the solution they are using. Leverage your network to query them on different topics about the evaluations that are important to you. If you think one solution is a perfect fit, but there is one tough reference, go back to the provider to let them know what you heard. There might be a good reason for the less than perfect reference.

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## CONCLUSION

In the end, having a well thought out buying process benefits both the buyer and the seller. While it requires a little extra effort on both sides, after the decision has been made there are fewer surprises. Good luck in your search, to make the process easier, download our checklist.



## ABOUT ACCTTWO

AcctTwo is a leading consulting firm and reseller of cloud-based accounting, ERP, Financial Planning & Analysis (FP&A), and Corporate Performance Management (CPM) software. Our sophisticated systems solve the issues growing middle market companies and nonprofit organizations face today. AcctTwo also provides Managed Accounting Services (MAS), allowing clients to focus on the core competencies of their business. We provide the people, processes, technology, and office facilities to perform these functions, while allowing clients to collaborate interactively through an on-line portal.

AcctTwo is headquartered in Houston, Texas. For more information, please visit [accttwo.com](http://accttwo.com) or call **713-744-8400**.

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