EVALUATING FINANCIAL MANAGEMENT SOFTWARE

...Is it time for a change?

Soft Resources
software selection

ABSTRACT

This whitepaper identifies key challenges business and technical management face with their financial management software. Whether your current systems provide inaccurate data and delays in gathering financial information, or if you just do not have the time or resources to keep your financial systems running smoothly, there is hope. This whitepaper walks through the key areas of a financial management solution so when you are evaluating current and future financial management software, you are prepared to avoid challenges and maximize your investment.

INTRODUCTION

Financial management software is the backbone of every organization and the foundation that helps a company manage and gain insight into the most important parts of their business. These applications streamline processes to help an organization manage business-critical functions such as accounting, project management, payroll, and human resources. When the financial management software of an organization becomes disjointed or broken, the implications can certainly impact the success and profitability of that organization.

Evaluating financial management software can be an overwhelming task as there are many factors to consider. Some of the typical questions to ask about your system include: Does your financial system provide the latest and greatest functionality available? Are your users able to generate adequate reporting with the software's reporting tools? Is your system completely integrated or are you required to enter the same data into multiple places and multiple systems? Do you spend more time finding the data than analyzing and responding to it? Do staff members spend a lot of time entering the same data into multiple systems to allow them to extract and analyze that information?

Based on how you answered the questions in the preceding paragraph, you may determine it is time to make a change to your financial management software. This whitepaper was created to review these and other pertinent questions that will assist you in evaluating current and future financial management systems. It is divided into five key areas that should be included in the evaluation of financial software. Each topic includes a review of the challenges placed on organizations as well as how current financial management software can provide solutions to overcome those challenges. The five topics include:

- Reporting
- Business processes
- Modules and functionality
- System integration
- Total cost of ownership

Review each of the topics in this whitepaper and assess the strengths and weaknesses of your current system. If you determine it is time to make a change, then refer back to the section again to compare and contrast the options available for a new solution. A checklist comparison chart has been provided at the end of the whitepaper to support your review.

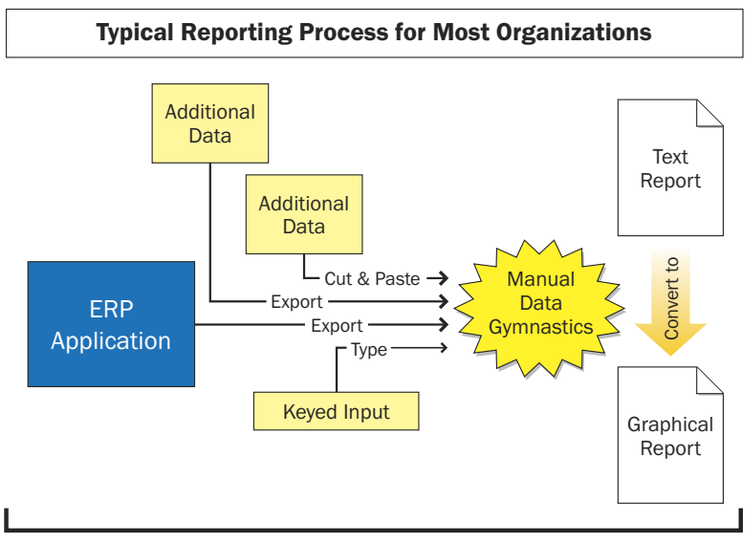
The Addendum to this whitepaper reviews the key modules and associated functionality included as part of financial software as well as the eight critical decision criteria to evaluate these systems. The list provided is not meant to be all-inclusive; rather it is a high-level listing of the key functionality required by many organizations. It can be used to assess the strengths and weaknesses of any financial management system.

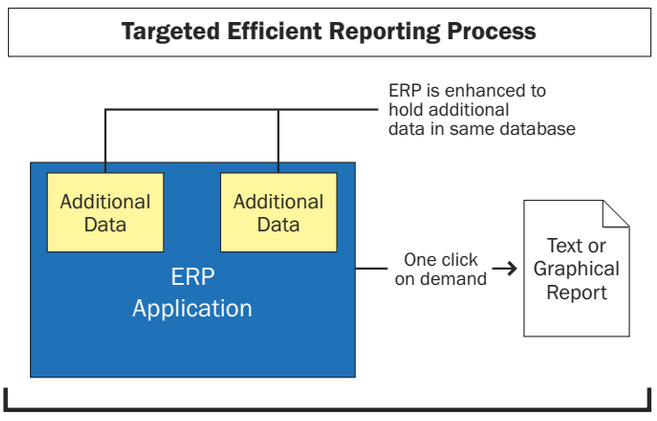
REPORTING

One of the most common complaints about financial management software is the inability for users to generate reports. The type of reporting typically required can be categorized into the following groups: operational management, financial management, industry and governmental regulatory requirements, and executive management. Many organizations find that generating reports with older systems is cumbersome and time consuming. Some of the specific challenges organizations have with reporting include the following:

1. **Challenge:** It is difficult to report on data that resides in multiple systems. When reporting is required for data from multiple systems the process to extract and report on the information in a consolidated format is cumbersome, time consuming, or not available. Many systems are not able to accommodate the types of information required to support both managerial and financial reporting.

Solution: Current financial solutions offer users a broad footprint of modules that are completely integrated. This integration can minimize or eliminate the need to have data in a variety of disparate systems. Software is also built on more open technology that provides the functionality to import or export data in an expedited fashion. This enables users to compile data from a variety of systems and generate more complete and relevant reporting from that data. Software vendors provide the flexibility to use third-party report writing tools to create reports. The reporting tools offer functionality to support the import of data from multiple systems in a simplified and expedited process. This data can then be consolidated and presented in a format customized for the targeted audience.





2. **Challenge:** It is difficult to extract data that has been entered into systems. Users can input a lot of data into their financial software but find it difficult to extract it into a single report formatted to meet end-user presentation requirements.

   Solution: Most financial software available today includes a variety of options to support reporting. The options include some or all of the following:

   a) a library of predefined reports that are commonly required by users,
   b) the option to customize and format the predefined reports to fit the needs of a specific user,
   c) an internal report writer that can be used to design and format other reports that might be required by the users,
   d) a third-party report writing tool that can be used to create the desired reports with extensive options to support formatting and presentation requirements, and
   e) the ability to use Microsoft Excel or other spreadsheet-type productivity tools.

3. **Challenge:** The software does not allow a user to create graphs or charts to display financial information. Users are required to rekey data into spreadsheets or other desktop productivity tools that provide graphing capabilities.

   Solution: Current financial software provides functionality to support the graphical presentation of financial data with the internal reporting tool of the application or through more direct integration with third-party reporting tools. This functionality is extremely beneficial when data must be presented to executive management, to governing or regulatory agencies, as well as to support the day-to-day operational management of the organization.

4. **Challenge:** The available report writing tool is difficult to use and requires support from the Information Technology (IT) department. The IT department becomes backlogged with requests for report development which forces the users to wait in a queue for their request to be completed. In some cases, the need for the report is eliminated or even forgotten by the time the report can be created by the IT department.

   Solution: Report writing tools have become more user-friendly. This provides the opportunity for the requesting user or department to easily create their own reports in a timely manner. In some cases, the querying functionality offered within the financial software is sufficient and can provide the user with the information they are looking for without requiring a complete or printed report. The user can find out the answer to their own question within seconds, without having to rely on the IT department.

5. **Challenge:** Software provides users with a limited ability to perform what-if analyses on data. The staff in today's financial or accounting department is often expected to provide an analysis of the financial impact for a prospective change within the organization. Historically, financial systems have not been flexible enough to provide this type of reporting or analysis without extracting and rekeying data into a desktop productivity tool. Subsequently, if the change is enacted, the user must then make the necessary configuration changes to the financial software to implement the change. The steps required to enact the change can be time-consuming and subject to human error.

   Solution: Some financial management software offers the ability to perform what-if analyses on current and historical financial data. If the prospective change is adopted by management, the subsequent implementation of that change requires just a simple configuration of the software or acceptance of the scenario being analyzed. In addition, many systems offer the functionality to apply an effective date to the change to preserve the ability to report on historical data under the previous scenario.

6. **Challenge:** A change in business or organization structure requires significant report modifications. Systems are often inflexible to support any modification required by organizations. This can be a significant limitation, as most every organization is faced with a dynamic environment and culture that requires them to be responsive to any change in policy, procedure, or organizational structure.

Solution: Current financial management solutions offer more flexibility in their ability to adopt changes in business operations. A good example of this is when a change needs to be made to the chart of accounts. The system allows the change to be made with minimal effort. In many cases, you can simply drag and drop account information to see an alternate view of the organizational structure. If effectivity dating is offered, the change can be made without an impact to the historical data and reporting.

7. **Issue:** To answer a question or fulfill a request for information, the user must run an entire report that provides more information than necessary to answer the original question. A user must generate the entire report to get one answer.

   Solution: The flexibility of current financial software allows a user to run online queries and generate simple reports based on specific criteria. The user can generate the queries and reports whenever required in an efficient manner.

8. **Challenge:** Users are not able create the necessary reporting to support regulatory requirements. Every organization has a variety of governmental (federal, state, city, local) or industry-specific regulatory reporting requirements. Due to the inflexibility of their current reporting tools, users are forced to extract or reenter the data into third-party applications to allow them to create the required reports.

   Solution: With the increased flexibility and ease of use of internal and third-party reporting tools discussed in the items identified above, users will be able to create the regulatory reports they are required to produce. They will also be able to store the formats for future use. Many of the standard governmental reports are offered in the report libraries provided by the software vendors.

BUSINESS PROCESSES

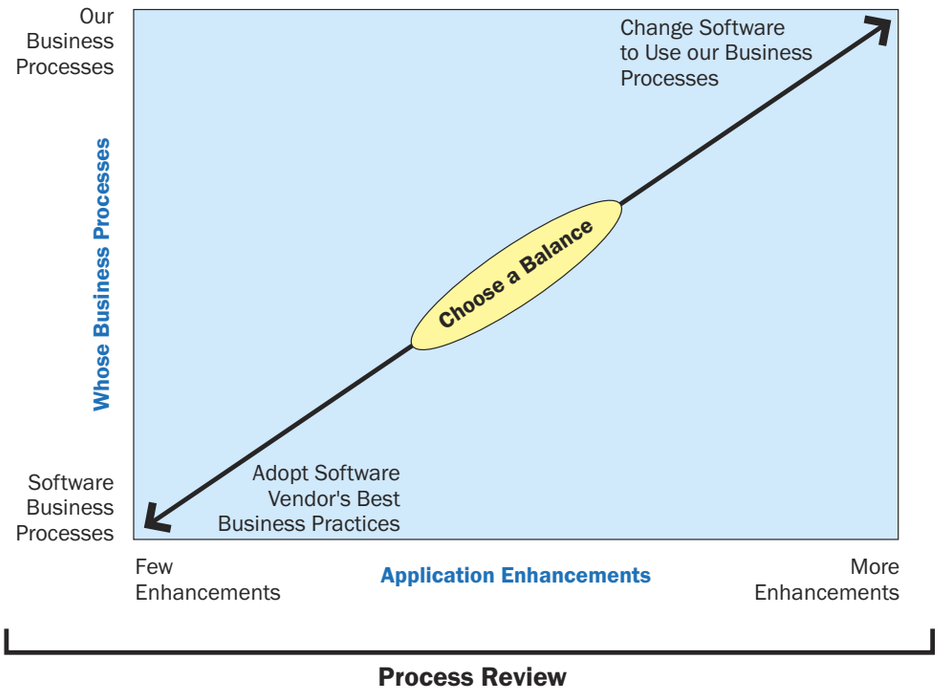
The next common challenge users have with their current financial management software revolves around internal business processes. Some processes within an organization have been developed to support required internal policies while others have evolved over time due to the limitations of their software.

1. **Challenge:** Processes have been adopted to fit the software. Typically, organizations will create business processes to adapt to their current systems due to system constraints. It is common to find policies and procedures in place that were developed, implemented, and used for a number of years, yet no one can explain why they are used.

   Solution: With the implementation of new financial management solutions, organizations have the opportunity to improve their business processes. The recommended approach for implementation is to install the software in a "vanilla" implementation. Implementing software "vanilla" means to adopt the best practices and processes already built into the software. This is the chance for users to review all of the processes in place and determine which ones are required, which ones can be modified, and which ones can be completely eliminated. During this process, users should review each individual policy, determine the relevance, and identify if a change can be made that utilizes the best practices offered by the software.

2. **Challenge:** Processes are inefficient. Since processes have been developed over a period of time, the organization may not have had the opportunity or resources to examine the efficiency of their current practices. Often times, the existing processes require many more steps or manual procedures that incorporate redundancy or require excessive paper documentation than should be required.

   Solution: Implementing new financial management software provides the opportunity for an organization to review its current processes, assess the added value to the business, and modify or eliminate those processes that are inefficient or lead to redundant work throughout the organization. Adopting the best practices offered by the functionality of the software will inherently improve the efficiencies of the remaining processes. This is especially true when implementing systems that are mature in their development, have a significant install base, and a reputation of stability.



3. **Challenge:** Extensive paper volume manually routed throughout the organization. Accounting policies and legal or regulatory requirements often dictate the need for documents to be stored in hard copy or paper format. The majority of organizations have an extensive amount of paper documents that are manually created, routed for multiple levels of approvals, and then stored in multiple filing systems throughout the organization.

   Solution: Financial management software offers the ability for organizations to reduce the volume of paper created, routed, and retained in hard copy format throughout all departments. The integration offered across the modules supports electronic creation, routing, and storage of documents as permitted by internal polices or governmental regulations. With the evolution of the digital age, the acceptance of electronically created and stored documents with electronic approval signatures has increased.

4. **Challenge:** Multiple manual approvals are required by the organization. Internal business policies and procedures often dictate the number of approvals required for many types of transactions. Some processes may require three or four approval levels. This requirement can bog down the flow of information and documents throughout an organization and ultimately lead to inefficiencies. The impact to the organization can include missed sales opportunities and/or purchasing and payment discounts.

   Solution: Current financial management solutions offer the ability for users to build the approval process into the software. As a document or transaction is created, the software can define how that transaction should be routed through the system, what kind of approvals are required, as well as rules that direct the transaction based on routing responses (approve or reject). The rules to define these processes are called "workflow." Users can define the events or triggers and then the alerts or notifications that must occur based on those events. Organizations may find management open to a revision and reduction to approvals required with the implementation of more integrated and automated financial management solutions.

5. **Challenge:** Business processes are not standard across the organization. Business processes change over time as organizations grow, change their business purpose or model, and hire new staff. The result can be the introduction of a variety of rules and policies in place and required by each department. An example of disparate processes can be found in the purchasing process. Each department creates its own unique process to support the requisition, ordering, and receipt of required purchases to meet internal staffing and management expectations.

   Solution: Implementing new financial management software provides the opportunity to standardize business processes across all departments where it makes business sense. In the example identified, a purchasing module will provide functionality to support the electronic creation of a requisition that can be routed for approval, sent out for bid, and converted to a purchase order. The information is stored electronically and can be accessed by multiple users based on appropriate security guidelines.

MODULES AND FUNCTIONALITY

Every vendor provides a different suite of modules and functionality within those modules. When systems are deficient in the breadth of modules offered and/or the depth of functionality offered within each module, users become inefficient in their task of processing and analyzing financial data. Financial management software offered in today's market can offer a broader range of modules within their suite as well as deeper functionality within each of those modules. The software is also more easily configured to meet the needs of each individual user without requiring substantial customization or taking the users off the upgrade path offered by the software vendors. Some of the specific issues that organizations face in this area are identified as follows:

1. **Challenge:** Not all functionality you need is available from the current software vendor. Historically, vendors have offered a limited set of modules that target a specific functional process.

   Solution: Financial software vendors now identify themselves as Enterprise Resource Planning (ERP) solution providers and strive to offer a complete suite of modules to their end users. Traditionally, vendors offered basic financial modules such as General Ledger, Accounts Payable, Accounts Receivable, and Purchase Order. Some of the modules that vendors have added to their financial suite include Project or Cost Accounting, Inventory, Fixed Assets, Human Resources, and Payroll.

2. **Challenge:** There is limited functionality within each module. Historically, financial software vendors have offered very basic accounting functionality within each module. This limitation reduced the amount of detailed information that could be retained or processes that could be performed by some users. To compensate, users developed methods to store information and business processes and procedures outside and around their financial systems.

   Solution: Vendors now offer more complete functionality within each of their modules. In addition, they are more aggressive in the development of their applications to ensure the functionality meets the needs of the end users. The Addendum at the end of this whitepaper identifies some of the modules and the functionality offered by financial software vendors in their ERP suites. While this listing is not intended to be absolutely complete, it will provide your organization a basic primer for the more advanced functionality available in current financial management software suites.

3. **Challenge:** Systems cannot support a change to the business model. To remain competitive, organizations are required to change their organizational structure, purpose, and/or business model. Inflexible financial management systems have not always been able to allow organizations to keep pace with these changes or offer the modules and functionality required for the change in a simplified and efficient manner.

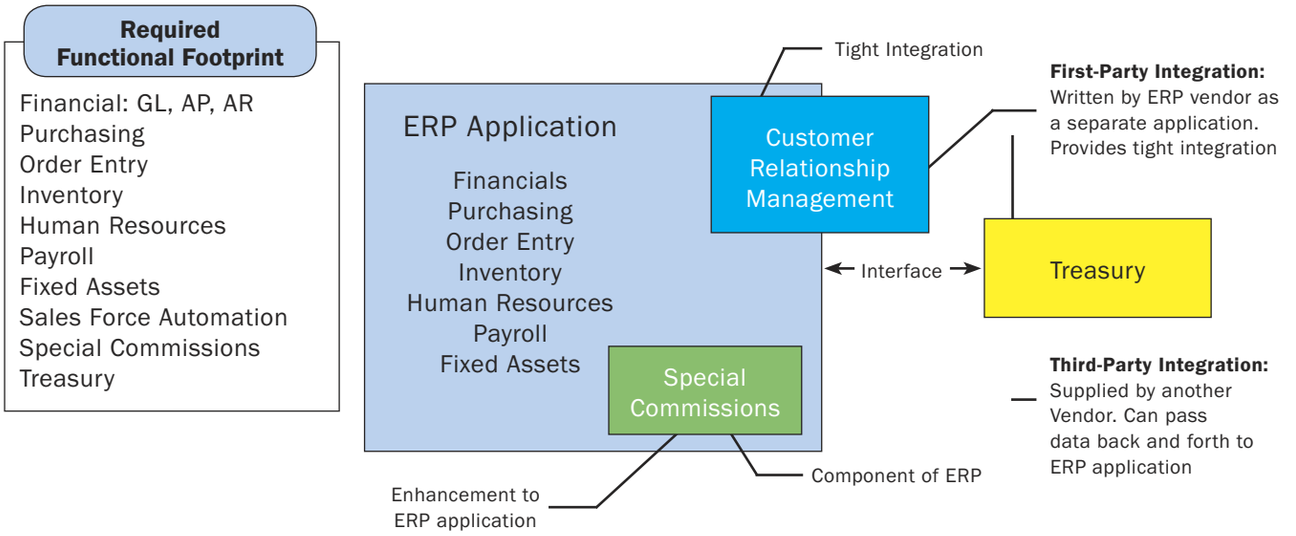
   Solution: The technology of current financial management solutions offers an increase in the flexibility to adopt a change to a business model with minimal impact to the organization and its staff. An example of this requirement is the ability to make changes to chart of account structure and rollup hierarchy. A simple reorganization that involves moving a department to a new division becomes a simple drag-and-drop maneuver, rather than requiring a change to the chart of accounts, reports, and reclassification of historical data.

4. **Challenge:** Third-party applications are required to complete the requirements and are not integrated. Many users require the use of third-party modules to complete the requirements they have to do their jobs. The challenge many users face is that these applications are not completely integrated to the primary financial modules.

   Solution: Vendors have expanded the footprint of their module offering which has reduced or eliminated the need for third-party applications. When users find it necessary to augment their systems with third-party applications (due to functionality limitations or to capitalize on prior software investments), the technology of the applications now provides the opportunity for more complete integration to their primary financial suite. This integration improves efficiencies as well as the ability to consolidate and report on the data carried in each system.

5. Challenge: Incomplete training on current financial management software. Many organizations implemented their current systems several years ago. Some or all of the individuals that participated in the original implementation and training have moved on to other positions or left the organization. Those who remain have had limited or no formal training on the software. Those who were hired after the initial implementation often receive little or no formal training on the financial systems.

Solution: Every organization should take a proactive approach to user training. Training on the use and administration of financial management software should be a primary focus for all organizations. Training is critical at the beginning of implementation, shortly after the go-live date, as well as after implementation is complete. This empowers the users to understand the advanced functionality of the software, enables them to stay current with the functional enhancements provided by the software vendor, as well as refresh or update their knowledge from earlier training sessions. Define a clear plan for training and ensure your organization adheres to that plan. Vendors often provide User Groups where attendees can share experiences with the software. This can be another facet of your user training program.



Solving the Issue of a Large Functional Footprint

SYSTEM INTEGRATION

If a single software application does not provide all of the modules and functionality required, users will procure multiple software applications that are not integrated, have a work-around process for integration, or require costly and time-consuming resources to create and maintain the integration points. The integration of multiple systems creates challenges for organizations. This section reviews the most common integration challenges that cause organizations to reassess and replace their financial management systems.

1. **Challenge:** Functional applications, such as accounting, human resources, etc., are installed on different platforms that must be purchased, maintained, and serviced. Organizations will either purchase software from an external vendor or the internal information technology staff will develop it. These systems are typically not open and not able to integrate with each other. The result is inefficiencies and redundancies in the processing and storage of data.

   Solution: Financial management software developed in current technology provides the opportunity for applications to run on the same platform. These systems are also more open and therefore can be easily integrated to each other. This integration supports the reduction or elimination of the process and system redundancies. The software industry is becoming more standardized in terms of technology and the platform its applications run on. In addition, vendors are providing the opportunity for their applications to run across multiple platforms so users can leverage, where possible, on existing technology investments.

2. **Challenge:** Users are required to enter data manually into multiple systems. The redundancy can be costly, time-consuming, and inefficient to all departments throughout the organization.

   Solution: Financial management solutions now offer a broader footprint of modules that are tightly integrated. The software vendors understand the importance and perceived value by users of tightly integrated modules or applications. In addition, vendors offer toolsets that empower the users to enhance the integration between their primary financial modules and their more specialized applications required by the organization.

3. **Challenge:** Users are maintaining individual systems that create islands of redundant data. Due to the limited module offering or ability to integrate applications, users routinely create their own databases of information outside of the primary financial management system. This allows them to analyze the data and create the required reports of this information. The most common tools used by organizations to create these sidebar systems are spreadsheets and non-relational databases. The result is redundancy of data, duplicate data entry, a requirement to reconcile the data, as well as the increased possibility of incorrect or disparate information used to manage the organization.

   Solution: Financial management vendors offer more complete solutions that minimize or eliminate the requirement for data to be stored outside of the primary systems. Vendors also offer a tighter integration with these desktop productivity tools so users can continue to utilize the tools where it makes sense. Data from the financial software suite can be easily exported into the tools, massaged and formatted to meet specific requirements, and then imported back into the financial solution.

4. **Challenge:** Following a best of breed strategy for the procurement of software increases and adds complexity to the integration required to connect the applications. Organizations have traditionally taken a best-of-breed approach when purchasing software. They selected a different application or vendor for each functional area. This best-of-breed philosophy has led to applications that are not or cannot be integrated without a significant investment of resources to the creation, maintenance, and support of the integrations.

Solution: There are various opinions on what offers a better solution: best-of-breed or an integrated (ERP) system. Best-of-breed vendors can sometimes provide the user with more specific functionality required for their industry. The user must then purchase modules or a subset of modules from multiple vendors and create the integration between the applications.

With ERP systems, the modules are inherently integrated. However, the argument against ERP solutions is often made that the functionality cannot sufficiently meet the requirements of the user organization. Both strategies have strengths and limitations and should be reviewed by each individual organization.

Levels of Integration

Least Desirable	**Third-Party Interface**	The application is written by another vendor and is connected to the ERP application via an interface. The data is passed back and forth so both applications have the same information. There is often confusion as to which application contains the master file. It is evident to users that they are using two applications. They must identify where the data should be entered.
	Third-Party Integration	The application is written by another vendor and is connected to the ERP application via an integration. In a tight integration one of the applications is dominant and controls the master file so there is less confusion as to which data is correct. It is evident to users that they are using two applications but there are generally not concerns about data integrity.
	Second-Party Integration	The application is usually owned by the ERP vendor but may not be written in the same tools or on the same database as the ERP package. The vendor has a standard integration with their ERP application, which has been highly developed and refined over the years. It is evident to users that they are using two applications, but there are generally no concerns about data integrity.
	First-Party Integration	The application is owned by the ERP vendor and was created using the same toolset and database as the ERP application. Most 1st party applications were designed from the ground up to integrate tightly with the ERP application. Users usually cannot tell when they are in the 1st party application or the ERP system.
Most Desirable	**Enhancement**	The code is written by the Value Added Reseller (VAR) using the ERP toolset and database to enhance the application. The user never leaves the ERP application and the enhancement is transparent to the user.

TOTAL COST OF OWNERSHIP

Total cost of ownership, commonly referred to as TCO, is widely used as an analytical and justification tool for software assessment, replacement, and acquisition projects. A word of caution: TCO analysis is time-consuming to complete, based on assumptions, and sometimes hard to quantify. The following components should be considered as you evaluate the TCO of your existing applications.

1. **Challenge:** Organizations find it difficult to identify the true cost of the software being purchased. The cost of software includes the cost of the software modules as well as user license costs. There are a variety of pricing models used by software vendors. Organizations often forget to include the cost of third-party software required to complete the functional requirements of the users.

   Solution: Vendors offer a variety of pricing models for software. Pricing may be based on modules purchased, named users, concurrent users, reporting users, transaction volumes, revenue, platform, or other attributes. Another pricing and deployment trend that is gaining traction is the Software as a Service (SaaS) model. Basically, this means that you access the application and data on the software vendor's server via the Internet. This means that you do not actually own the software, but use it for a monthly fee, reducing the need for in-house IT staff. Review with each vendor the pricing matrix for their solutions. Include a review of incremental pricing to understand the impact from growth and expansion. Also include in your analysis the cost of third-party software required for your implementation.

2. **Challenge:** The cost of implementation is difficult to estimate and can be several times the cost of the software. The components typically included in implementation include both hard dollars (paid to external organizations) and soft dollars (incurred from the use of internal resources). Organizations must identify all components of implementation and determine what resources will be required to support each part.

   Solution: The following discussion outlines the most common items included in the cost of implementation. Review this list and estimate the cost (hard and soft dollars) for each item to ensure a thorough evaluation of the total cost of implementation.

   a) **Installing the software.** This is the physical installation of the software on the hardware. Factors to influence this component include who will complete the installation, the number of sites the software will be installed at and deployed to, the number of users licensed for the software, the number of remote users, and the number of modules or the software module footprint implemented.

   b) **Configuring the software.** This component includes configuring the software to meet the needs of the organization. Examples of specific tasks included in configuration are: chart of account definition, workflow definitions, and master file attributes for customers, vendors, and employees.

   c) **Training.** Training must be included for all levels of technical, functional, and managerial users within in the organization. The factors that influence the cost of training include: who will be trained, who will train them, where will training occur, what will they be trained on, and when will the training take place. It is sometimes difficult to identify the internal cost of this task when an organization selects a "train the trainer" approach, wherein the implementation vendor trains one person in the organization, who then trains all others in the company. Consider initial training requirements as well as advanced training that might be required in future years.

   d) **Data conversion.** What data from existing systems will be converted to the new system? Data can be converted at the summary level or the detailed level. Either way, the data will have to be "scrubbed" to fit into the new system. The more data that is converted, the longer it takes, and the higher the cost. Many organizations opt to convert detailed transactions for the last one or two years, and only summary data prior to that. Consider the pros and cons of mapping the detailed data to the new system vs. the amount of historical reporting or analysis that will be required of this data.

e) **Documentation.** This component includes work required for internal documentation of the system and the policies and procedures around it. Typically, organizations select the most critical processes or those that impact multiple departments as a priority for documentation. Vendors that provide implementation services often provide documentation services as an option.

3. **Challenge:** It is difficult to identify the total cost of hardware required to support the financial management system. Organizations must make an assessment of the cost of all hardware required to support the use of the current system. Hardware costs can be buried in another department's budget and shared by other applications.

   Solution: Some of the most common questions addressed in a hardware cost evaluation include the following: Is the hardware outdated, obsolete, or operationally reliable? Will the new system run effectively on the old hardware? Is the communication or network infrastructure complete throughout all departments and how connected do they need to be? Consider the purchase of new hardware or the cost of upgrading existing hardware that will be required in the back office as well as at the desktop.

4. **Challenge:** Identify the fee to be paid to the software vendors for maintenance and support of the software. The fee stated as a percentage will vary in amount and value it is applied to. Organizations are often faced with significant maintenance increases over the life of the installation of the software.

   Solution: Most vendors charge an annual maintenance fee as a percent of the "then current list price". This fee can sometimes be negotiated not to exceed a percentage increase per year. This protects the buyer against increases in both the cost of the software as well as the maintenance percentage if the software vendor decides to significantly increase prices.

5. **Challenge:** The cost to operate the software is difficult to quantify and can be overlooked. The operational cost of software includes all tasks to keep the system working as intended, all users fully functional, and all related supplies. It is sometimes difficult to quantify the dollar cost impact of this area as much of the work is carried by staff members internal to the organization.

   Solution: Operational costs include some or all of the following elements:

   a) **Supplies.** Computer supplies required to support hardware and software (e.g., paper, toner, replacement parts, and backup tapes).

   b) **Backup.** Salaries and wages paid to individuals responsible for ensuring the daily, weekly, monthly, and quarterly backups have been completed and are properly stored.

   c) **System maintenance.** This component includes preventive as well as tuning and major repairs.

   d) **Upgrades and version releases.** Install, document, test, train, and communicate to the organization about the upgrades and version releases. All of these tasks take time to complete and often impact multiple departments throughout the organization.

CONCLUSION

There are many business and technical challenges that cause organizations to reevaluate their financial management systems. This whitepaper has reviewed five key areas that create challenges for organizations like yours and move them to consider other solutions.

The exciting news is that there are solutions available in today's market that can alleviate these challenges. Today's financial management software can enhance reporting flexibility and efficiency, streamline business processes, offer a more complete suite of modules that includes more extensive functionality, provide open technology to support better integration with other systems, and improve an organization's bottom line through a reduction of the total cost of ownership.

The information in this whitepaper will help you make a thorough, yet efficient assessment of your current systems to determine if it is time for a change. The next page provides a comparison chart which you can use in your evaluation of your current system as well as optional replacement solutions. If the outcome of that assessment leads to a change in systems, this whitepaper will further assist you with the comprehensive evaluation of new financial management software options.

EVALUATION CHECKLIST

Use this checklist to evaluate the current financial management software or available options. Insert the following rankings for each category:

1. Does not meet expectations.
2. Adequately meets expectations.
3. Exceeds expectations.

Reporting	Current	Option A	Option B	Option C
1. Data resides in multiple systems				
2. Data is difficult to extract				
3. Tools to support charts and graphs				
4. Report writing tool is difficult to use				
5. Limited What-if Analysis				
6. Ability to support change in business model				
7. Reporting has to be too detailed				
8. Does not support regulatory reporting				
Business Processes				
1. Processes adopted to fit the software				
2. Processes are inefficient				
3. Extensive paper volume manually routed				
4. Multiple manual approvals				
5. Processes not standardized				
Modules and Functionality				
1. Functionality not available				
2. Limited functionality within each module				
3. Third party applications required				
4. Does not support business model change				
5. Incomplete training on modules and functionality				
System Integration				
1. Applications installed on disparate platforms				
2. Users enter data into multiple systems				
3. Islands of data created and maintained				
4. Strategy for best of breed applications				
Total Cost of Ownership				
1. Software				
2. Implementation				
3. Hardware				
4. Maintenance				
5. Operational				

ADDENDUM: KEY MODULES AND ASSOCIATED FUNCTIONALITY

The financial management software offered in today's market can provide organizations with an integrated set of modules. In addition, each module offers improved and enhanced functionality over legacy systems used by many organizations. The following list identifies the modules most commonly offered by software vendors in their financial management suite. Following each module we have expanded on the types of specific functionality included within the module.

1. General Features	
a. Security	
b. Real time vs. batch updates	
c. Online queries	
d. Budget control	
e. Workflow	
f. Alerts	
g. E-mail notification	
h. Period closing processes	
i. Customized forms	
j. User level report writing tools	
k. Executive dashboard reporting	
l. User level report writer	
m. Customizing toolsets	
n. Audit trail and internal controls	
o. Data retention and purging	
p. Import/export	
q. Accounting method	
r. User defined fields	
s. SOX compliance	
2. General Ledger	
a. Multi-Company	
b. Automatic inter-company entries	
c. Multi-lingual	
d. Multi-currency	
e. Consolidation reporting	
f. Executive dashboard reporting	
g. What-if analysis	
h. Configurable chart of account string	
i. Flexibility in definition of fiscal years	
j. Multiple fiscal years	
k. Flexibility in number of accounting periods	
l. Financial journal entries	
m. Statistical journal entries	
n. Recurring journal entries	
o. Reversing journal entries	
p. Allocations	
q. Posting validation	
r. Consolidation reporting	
s. Header vs. line item information	

3. Accounts Payable	
a. Vendor master file attributes	
b. Vendor file defaults	
c. Multiple bank accounts	
d. Multiple vendor addresses	
e. Parent/child relationships for vendors	
f. User defined fields	
g. 1099 management and reporting	
h. Bank reconciliation	
i. 3-and 4-way matching	
j. Vendor self-service	
k. Purchasing card management	
l. Travel and entertainment expense management	
m. Duplicate entry management	
n. Header vs. line item information	
o. Alternative payment options: check, wire, EFT,	
p. Prepayments and deposits	
q. Payment selection methods	
r. Void checks	
s. Cash flow forecasting	
t. Aging reports	
u. Electronic Payments	
4. Purchase Order	
a. Requisition management	
b. Bid and quote management	
c. Header vs. line item attributes	
d. Purchase order types	
e. Master or Blanket Purchase Orders	
f. Workflow routing for approvals	
g. Integration to supplier catalogs	
h. Contract management	
i. Transactional level multi-currency	

5. Accounts Receivable	
a. Customer master file	
b. Customer management	
c. Price lists	
d. Quote processing	
e. Sales order processing	
f. Shipping	
g. Billing	
h. Statements	
i. Cash receipting	
j. Credit management	
k. Contact management	
l. Collection management	
m. Sales analysis reporting	
n. Cash application	
o. Lockbox	
p. Sales commissions	

6. Project or Job Costing	
a. Identifying number or code	
b. Project manager	
c. Phases, tasks, and activities	
d. Allocations and burden	
e. Retainage	
f. Job billing	
g. Variance reporting	

7. Inventory	
a. Inventory master file	
b. Inventory number	
c. Lot number	
d. Min/max order quantities	
e. Replenishment management	
f. Costing methods	
g. Physical inventory management	
h. Commodity codes	
i. Location management	
j. Pick and pack processing	
k. Kitting	
l. Product configuration	
m. Warehouse management	
n. Distribution management	
o. Receiving	
p. Shipping	
q. Non-stocking items	
r. Serialized inventory	
s. Lot traceability	
t. Multi-site transfers	

8. Sales Order	
a. Customer master file	
b. Multiple price lists	
c. Bid and quote management	
d. Product configuration	
e. Kitting	
f. Header vs. line item details	
g. Multiple ship to locations	
h. Special instructions	
i. Sales tax calculations and reporting	
j. Picking and packing	
k. Shipping	
l. Sales commissions	
m. Return materials authorization	
n. Transactional level multi-currency	
o. Master or Blanket Sales Orders	
p. Return Management	

9. Fixed Assets	
a. Item master file	
b. Location	
c. Serial number	
d. Depreciation types	
e. Transfers, additions, retirements	
f. Leased asset management	
g. Tax reporting	
h. Insurance tracking	
i. Asset maintenance	
j. GASB 34	

10. Payroll	
a. Time entry	
b. Union management	
c. Pay types and calculations	
d. Payroll deduction types	
e. Payroll deductions that are depended to others	
f. Generate paychecks	
g. Regulatory reports	
h. Automatic deposit	
i. Bank reconciliation	

11. Human Resources	
a. Resume scanning	
b. Applicant tracking	
c. Position control management	
d. Employee master file	
e. Benefit management	
f. Benefit administration	
g. Performance review management	
h. Employee self-service	
i. Manager self-service	
j. COBRA management	
k. Employment history	

ADDENDUM: EIGHT PUZZLE PIECES- KEY DECISION CRITERIA TO YOUR FINAL DECISION

While many organizations think that selecting financial software is merely a process of considering functionality, technology, and cost, we have found that there are actually eight key areas of decision criteria to consider as part of your evaluation of new financial management software. We refer to these criteria as the Eight Puzzle Pieces of Software Selection.

Each of these factors should be considered as you make your final decision. A significant vendor weakness in just one of these areas could lead to elimination of the software vendor and product from consideration. For example, Organizational Compatibility is so important that we have seen companies eliminate a software vendor because they did not feel comfortable working with the implementation team they brought in.

Implementing a financial software package can be a very significant investment and critical to the operational success of your organization. As you go through the software decision-making process, you should gather data in each of these areas to allow you to have a more complete picture of the solution that you are considering. As you find the software vendor and product that match your company in these areas, you have a high chance for success in the implementation of your financial management software solution.

- **Software Functionality.** Does the software offer the breadth of modules and depth of functionality required? What workarounds or product customization will be required? What functional areas seem to be a perfect fit? What functionality is not available? Is the software intuitive and easy to use?
- **Software Technology.** Does the technology of the software match your organization's requirements or the direction that you would like to go? What percent of existing users are utilizing the platform you are considering? Will the application continue to develop toward mainstream technology? What tool sets are available to user organizations to extend the software?
- **Software Vendor.** Is the software vendor financially solvent? What is the strategic vision of the vendor and their plan for the future? Does the vendor offer industry functionality to meet your requirements?
- **Implementation Vendor.** Does the implementation vendor or Value Added Reseller (VAR) have the resources required to support your implementation? Do they have the expertise to support your business issues? Is the proposed implementation team a match for your organization? Do they understand your industry?

Software Functionality -Requirements match -Ease of use -Breadth of functionality -Depth of functionality -Industry niches -internal vs external development	**Software Technology** -Platform -Databases supported -Source code language -Integration -Tools -Performance Tuning Tools -Architecture	**Software Vendor** -Viability -Vision -Resources -Culture -Strategic direction -Industry expertise	**Implementation Vendor** -Viability Culture Resources -Experience implementing proposed software & modules -Industry experience -Technical experience -Integration experience
Training Support Maintenance Upgrades Integration -Integration tools -Complexity -Published APIs -Support coverage	**Project Timing** -Availability of resources -Mergers -When functionality was released -# of installed customers	**Organizational Compatibility** -Cultural fit -Negotiations compatibility -Process compatibility -Methodology compatibility -Shared vision -Effective change management	**Total Cost of Ownership** -Software -Database -Annual Maintenance -Hardware Network -Training -Staffing -Upgrades -Productivity & Other impacts

- **Training and Support.** What training and support programs are offered by the software vendor or implementation partner or VAR? Do they meet the needs of your organization? Will you rely on the vendor for all of the training or will you use the train the trainer approach? Does the vendor provide support hours that adequately service your organization?
- **Project Timing.** Can the vendor accommodate your project timeline? When is the next release of the software, and which release will you implement? Are vendor resources available when required? Do you have resources available to support the implementation? Does the vendor expect implementation to move faster or slower than your plan?
- **Organizational compatibility.** Is the culture of the vendor compatible with your organization? Do they understand your industry and the issues critical to the success of your organization or do they believe they need to change the way your business operates? Is your organization ready for the required changes?
- **Total Cost of Ownership.** What is the total cost of ownership for the next five years? Is this within your budget for the project? How do the vendors compare and contrast for each costing element (software, hardware, customization, training, and maintenance)?

About Microsoft Dynamics

Microsoft Dynamics™ is a line of financial, customer relationship, and supply chain management solutions that helps businesses work more effectively. Delivered through a network of channel partners providing specialized services, these integrated, adaptable business management solutions work like and with familiar Microsoft® software to streamline processes across an entire business.

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SoftResources LLC is a consulting firm dedicated to providing unbiased and innovative software selection services to public, private, governmental, and non-profit organizations throughout the world. Our clients range from small organizations to multinational Fortune 500 companies. We offer four main areas of service: 1) Business System Assessments, 2) Software Selection, 3) Implementation Vendor/Value Added Reseller Selection, and 4) Software Contract Review. We purposely do not develop, write, sell, or implement software to allow us to maintain objectivity in our software evaluation work.

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