



Selecting IT Enabled Accounting Software: Present Practices and Challenges

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Abstract: Accounting is such an indispensable aspect of any organization, it is very imperative for the organization to concentrate on its specific requirements and cautiously consider how to meet the deadline. Since the globalization has widened the scope of business practices and accounting is not an exception to this, so organizations have to work out in all out manner to pursue exhaustive research and develop accounting software that can cater to their growing business demands. Outwardly this appears to be very appealing and easy going but in real terms it is very stimulating. Hence it is expected that the organizations should remain vigilant while purchasing and selecting a software system so that optimum mileage can be procured from the software application. The onus lies on the Think Tank of the organizations to understand nitty-gritty of the accounting software and evaluate the contemporary accounting software with the existing ones. The present paper is an attempt to explore the multifarious factors involved in selecting IT enabled Accounting Software to develop efficiency and strengthen the process of financial data analysis in the gamut of Accounting Profession. This paper will enable the researchers to understand the nuances of selecting IT enabled Accounting Software.

Keywords: Accounting, Software, profession, Training, IT, Data Analysis etc.

I. INTRODUCTION

The modern day business is quite different from the age old traditional business transactions that heavily relied upon manual book keeping system. The parameters of the business are changing at a very fast rate and so does the system of keeping a track of accounting transactions. The evolution of e-business has spurred the activities of business across the globe. In the portfolio of the business-transparency, validity, authenticity and accuracy are the top most business assets for any organization. To sustain these ethical values, the use of IT enabled accounting software is the need of hour. Undoubtedly, accounting software is an integral part of application software that records and processes accounting transactions within the organizational setup and functional modules like as accounts payable, accounts receivable, payroll, and trial balance. The core function of the software lies in accounting information system. To start with any accounting information system, any business organization requires in-depth planning and preparation of a strong database of IT manpower to maneuver and implement an appropriate software that can fulfill the organizational objectives. The selection of any software depends upon various factors and these factors are to be vetted by the IT experts of the organizations as the selection varies greatly in its complexity and cost.

II. LITERATURE REVIEW

It is revealed that only a few research studies have been made to analyze the issues pertaining to the usability, selectivity and implementation of the Accounting software. Australia the Yellow Pages (1997) narrated that 76% of the small businesses surveyed had at least one computer and 75% of these used accounting software. Burgess (1998) in a

study of IT adoption by Australian small businesses concluded that the main software application package used was accounting. A research study attempted by Thong (1999) consolidates the myriad of IT adoption research by developing an integrated model of information systems adoption. This model is very handy in building an apt framework in reviewing the variables that impact on a small business owner's decision to adopt IT. Link and Bozeman (2001) confirmed that competition leads to innovative technology adoption. Thatcher and Perrew (2002) stated that owner-manager can inhibit any worthwhile IT achievements through hostility or detachment toward IT.

Breen, Sciulli and Calvert (2003) developed a research project which was designed to investigate small business usage of a Computerized Accounting System (CAS) to ascertain if there are obstacles that prevent small businesses from migrating to such a system.

DSD Business System (2010) provides a comprehensive list of a number of tips to choose and implement a new accounting software system. The study clearly indicates that before implementing a new accounting software system, the organization should do its indispensable research in terms of its objectives and goals while selecting new accounting software systems. The selection of any software system should go along with the set objectives of the organization.

III. ACCOUNTING SOFTWARE: UTILITY AND APPLICATION AREAS

Accounting software is an application software that records and processes accounting transactions within functional modules such as accounts payable, accounts receivable, payroll, and trial balance. It functions as an accounting information system which may be developed in-house by the company or organization using it, may be

purchased from a third party, or may be a combination of a third-party application software package with local modifications, thus varies greatly in its complexity and cost.

Accounting software delivers many advantages to today’s businesses, helping them to transform the way they execute, manage, and track their critical financial transactions and related activities. Financial and accounting processes are among the most mission-critical activities an organization conducts, serving as the backbone to core business operations across the entire company. Therefore, an

accounting software package, which is designed to streamline, improve data accuracy, enhance compliance, higher revenues, accelerate, and develop related tasks and procedures from end-to-end, can deliver dramatic, measurable value to firms of all types. Tally, Integrated Office Accounting, iBank, FlexAccount, Microsoft Dynamics NAV, OpenBravo, Oracle E-Business Suite, Baan, Sage, and ACCPAC etc. are some of the most commonly available accounting software in the market.

IV. SELECTION OF ACCOUNTING SOFTWARE: ISSUES AND CHALLENGES

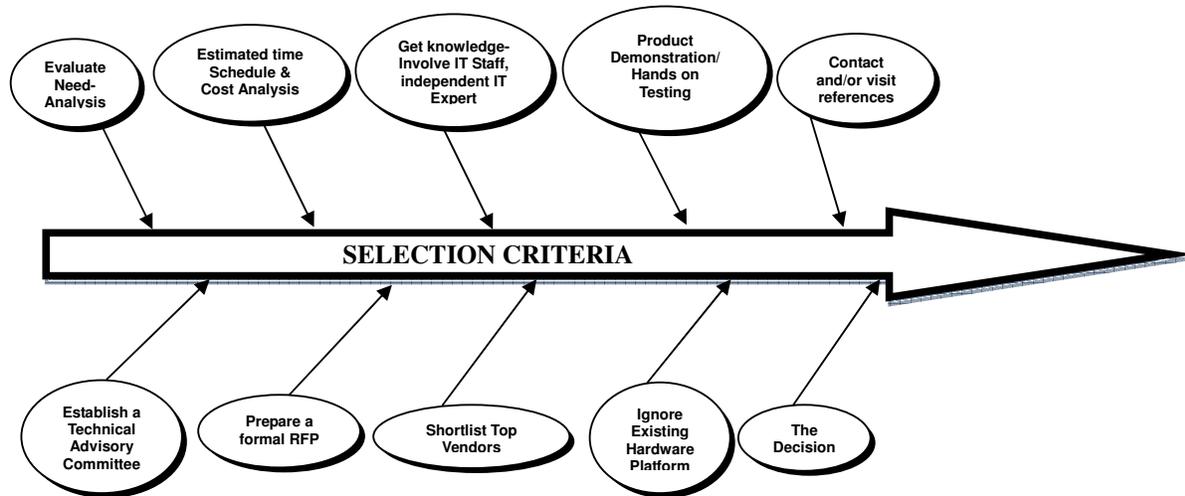


Fig. 1 Ten Steps to Select the Best Accounting Software System

(*Source: Based on the various Research Study)

A. Evaluate the Need-Analysis

Before the search for appropriate software begins, listing and prioritizing of organizations’ need is a mandate. From the Need-Analysis process, Requirements

Definition document is prepared that defines any business needs from an application in order of importance.

Table 1 key Parameters to be Addressed

Parameters	Some of the questions to be addressed
Identify the Current Needs/Problems	<ul style="list-style-type: none"> • Emergence of Security issues • Exponential growth in the Clients’ Database • Type, Number, and Frequency of Reports • Manual reconciliation of reports
Set the Business Objectives on the basis of needs/problems	<ul style="list-style-type: none"> • Growth of the organization • Level of Complexity to be Involved • Key Information and Details • Future Needs • Interfacing Systems

(*Source: Based on the various Research Study)

A.1 Identify the Current Needs/Problems

The initial phase during the selection process of an accounting software for an organization is either to state the problems with the current system that may include list of shortcomings, weaknesses, and issues or stating expectations for which a new accounting software system to be procured for the first time. To gather the data in order to analyze the requirement for accounting software in any organization - staffs’ comments, criticism and market trends and demands play a vital role.

A.2 Set the Business Objectives on the basis of needs/problems

- **Growth of the Organization-** The larger the organization grows, in terms of financial support, accountability, or number of employees, the more likely the need for productive and refined accounting software.
- **Level of Complexity to be Involved-** The intricate complex functionalities including the need to track and report on multiple funding sources across different

years; as well as tracking the performance of multiple programs, departments, and functions required for nonprofit accounting are a primary reason to change accounting systems.

- **Type, Number, and Frequency of Reports-** How much time does the staff spend on reporting? How frequently the reports are generated and to whom does the report presented to? The appropriate accounting software saves time and effort, often featuring easy-to-use report writers to help simplify reporting tasks.
- **Key Information and Details-** Decide what type of information as well as the level of detail is captured and reported.

B. Establish a Technical Advisory Committee

Selecting accounting software is no more a one-person task but rather a combined activity which involves some odd

Table 2 Parameters to Estimate Time Schedule and Cost Analysis.

Estimated Time Schedule	Estimated Cost Analysis
<ul style="list-style-type: none"> • Date to begin evaluation process. • Periodic reporting dates for TAC to appraise of the progress. • Date by which the RFP (Request for Proposal) to be prepared and submitted to the potential vendors. • Date range for scheduling product demonstrations and hands on testing. • Date by which the selection should be made. • Date in which the product and services are ordered (contracted for). • Date by which the implementation and training process should begin. • Date by which the new system should be fully implemented and running properly. 	<ul style="list-style-type: none"> • Budgeted cost for new software. • Budgeted cost for new hardware. • Budgeted cost for implementation and training. • Budgeted cost for maintenance and product upgrades. • Budgeted cost for Infrastructural facilities.

(*Source: Based on the various Research Study)

E. Get Knowledge, involve IT Staff and independent IT expert

TAC must obtain valuable advice regarding the technologies and platforms based on the current equipment and skill sets of the IT department that are best suited for any particular organization. An independent consultant may also be hired to assist TAC in getting unbiased opinion, expertise and trends prevailing in the Accounting based firms. The next task for the TAC is to become knowledgeable of what features and functions are available in the market, the solutions adopted by the competitors, their customization capabilities, installation time and billing etc.

F. Shortlist Top Vendors

The selection and short-listing process of top resellers is the single-most important element in the successful implementation of an accounting system. The TAC is required to be extra cautious while identifying the best vendors and suppliers who can provide the preferred solution to their organization. The selection process may include even visiting offices of the vendor, analyzing the growth of the vendor firm, the list of their clientele, and the maintenance and hand holding scheme. Further a step ahead; the TAC members may even consider having a conversation with the references of the vendors to investigate the authenticity and practical support.

number of people usually a team of 5-7 persons, often referred as Technical Advisory Committee (TAC), so that there are no tie-votes. The role of TAC is to make their recommendations and proposals on the lines of achieving business objectives.

C. Estimated Time Schedule and Cost

Analysis

This step involves estimating a time schedule and preliminary budget with targeted milestones and provides those parameters to the people actually performing the evaluation and selection.

G. Product Demonstration/Hands on Testing

In this step, a meeting should be arranged wherein the selected vendors demonstrate their products in front of the TAC and IT staff. The purpose of the product demonstration is to help the reseller understand the company’s needs and how can their product be customized or tailored accordingly. The resellers either may use live version of their accounting system to provide hands on testing to the TAC members or may install an evaluation copy of the product on the team’s computer for further evaluation of their product. The legal department must be roped into this phase for answering some of the obvious questions like- How much maintenance costs are required to pay on an on-going basis; what measures can legally be taken in case the software does not work; the copyright issues etc; who owns the data etc.

H. Ignore Existing Hardware Platform

In the process of utilizing the current hardware platform while selecting the best accounting system, too often companies take a step backward. The best way to proceed is to find the accounting software that best meets the requirements, and only then evaluate how much the existing infrastructure can be scaled to fit onto the desired product. If the current hardware is inadequate, efforts must be put into purchase of a new hardware – the hardware is by far the least expensive component when it comes to implementing a new accounting system.

I. Contact and/or visit references

This step though very important, if unnoticed may prove to be adverse for the organization. The companies rarely get to this stage and may even be forced to re-think about their choice with going ahead of their product procurement from the selected vendor. This step provides an in-sight to the TAC members after visiting an existing user. However, this step may be critical for the successful conversion and implementation. Talking with and visiting current users will provide an insight as to how others are using the product and how much support is received from the vendor in terms of staff- training, product implementation and maintenance subsequently. Users are usually happy to share their own experiences and give valid tips so that others also do not make similar errors.

J. The Decision

At this time, the organization should be in a good position to select an accounting software package. If there is a choice between more than one package, the final decision must be based on the convenience on day-to-day basis. The product that is built on top of the most promising technology or the product that offers the strongest reporting. The real cost of accounting software is the time required to get it up and going and the time required each day to implement manual work around procedures to compensate for missing features and reports.

V. CONCLUSION

The present study reveals that the selection of any accounting software depends upon various factors. These

factors should be broadly analyzed and graded by the user organizations so that the application of the selected software can be made users' friendly in a well secured computer network environment. Selection of the wrong accounting software can prove to be lethal which may cost any organization to lose its goodwill and mar the financial aspects of the same. Findings of this study may prove helpful for the organizations/entrepreneurs to select an appropriate strategy and to ensure that the right choice is made while selecting the best accounting software for its organization.

VI. REFERENCES

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