The 7 Sure Signs You Need to Upgrade your Accounting System

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Information

Systems

The 7 Sure Signs You Need to Upgrade Your Accounting Software

While the basics of Double entry accounting have not changed much since ancient Mesopotamia days 7000 years ago, the way companies access and enter accounting information has. The advent of the microcomputer in the 1980s meant that not only Big Business was able to utilize computer technology to store Accounting data on its own premises; now even small businesses were able to take advantage of much of the new technology and bring the entire Accounting system, including payables and receivables ledgers, in-house on their own networks.

Enter Microsoft's character-based DOS Operating System, and now smaller businesses were able to design sophisticated spreadsheets with Lotus 123 as well as enter journal entries and order info in many new DOS Accounting packages appearing in the marketplace – Solomon, Great Plains, Real World, Open Systems, Peachtree, and many more.

As PC's become cheaper, more powerful, and running on newer Microsoft Windows operating systems, so have Accounting packages also evolved to keep up with technology. Most if not all DOS accounting packages are out of support and will not run on newer operating systems. Text-based packages have given way to faster, graphical packages that integrate well with other Windows features such as Microsoft Office, email and PDF's. The ubiquitous Okidata dot matrix printer has given way to colorful laser or inkjet technologies. Businesses can now choose between hosting the data on its own network or using cloud technology to store it off site.

The expected life span of an Accounting package for small business is generally 5-6 years. By then you can expect your vendor to no longer offer technical support or maintenance updates unless you upgrade to their latest version. But there are other signs you need to be aware of that are obvious indicators it's time to either upgrade your current software or move to a new package to better meet your company's current system requirements

1. As Your Company Grows, Your Software Lacks the Advanced Features You Need

Today, Quickbooks is the most popular accounting package on the market. With its low initial price point and ease-of-use, it is not surprising that it controls 80% of the small business accounting software market. But there are many emerging or middle-sized businesses still using Quickbooks even though they long outgrew its functional capabilities.

Lower tier software packages such as QuickBooks, Peachtree, and Sage Dac Easy often are missing features found in middle-tier packages including:

- Revenue Recognition
- Job Costing
- Real-time Financial Reporting
- Advanced Inventory Controls (Kitting, Lot Control, RMAs, RTV's, SO Configuration)
- Enterprise-based Resource Planning (ERP)

Mid-tier solutions in addition can accommodate growing companies with larger database sizes, multiple users, and remote locations. If your firm is still relying on Quickbooks just because you're used to it or don't want to spend the money, it is like driving on the highway with a Yugo when everyone else is driving a Corvette!

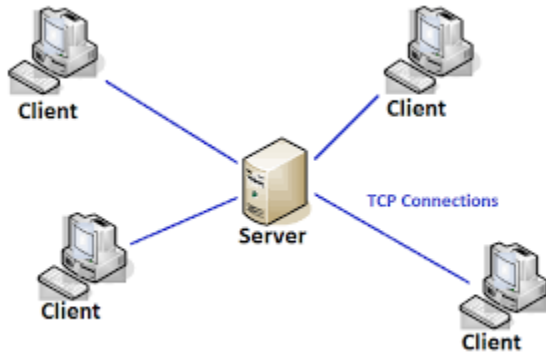## 2. You Run Up Against Design or Record Size Limitations of your Software

Some Accounting packages program limitations in the design of the software that limit how many records the database may hold. With other software vendors, it may not be a specific number of records but the overall size of the data. For example, the practical data size limitation of Quickbooks Pro or Premiere is 150 Megabytes, which in these days can quickly be reached. Quickbooks Enterprise begins to choke when the Company size data reaches 1 Gigabyte. There are also Quickbooks record size limitations when the Inventory, Vendor, Customer or Employee tables exceeds 14,500 records. You don't want your company to reaching a busy time of the year and realize you've hit the wall in size.

3. The System Slows Down as you Add More Users

A sure sign you are reaching a danger zone is when the program starts slowing down in accessing records or printing reports as you add more users. Older DOS and even Windows-based Accounting packages use a Local Area

Network technology in place when a user pulls up a table like Customers - the entire Customer table has to transmit over the network, wait for the user to finish, and then close the file when finished. And if that same PC gets shut down without properly closing the file – imagine the power suddenly goes out – data corruption of that table can easily occur.

Newer and more advanced Accounting packages are based on an architecture called Client Server that functions similar to the old Mainframe/Terminal architecture. The data always remains on a specialized database server, and when a workstation asks for a Customer record, the database server only transmits the record needed over the network.
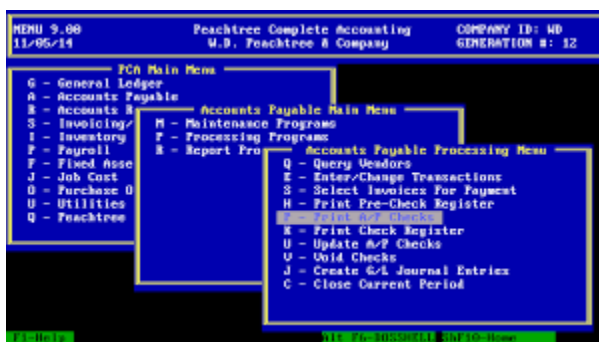
The practical application of this is that companies can add up to 100 users or more without seeing a significant slowdown in response time.

The most popular of the Client/Server systems is Microsoft's SQL Server, which is a database backend server used in many of today's top Accounting systems.

4. Your Current Software was Written for DOS Operating System

You'd be surprised the number of companies still running their Accounting programs on DOS-based character systems from the 1990s. And, truth be told, there are a number of things to like about character-based systems. Once you get into a rhythm it's very easy to enter large amounts of data with predictable keystrokes. Users are used to the program and are no mood to chuck everything they've learned and change to something new.

Such companies, however, are in reality playing a rather dangerous game. First, many of the newer features you would expect of any Accounting package are not available to you. The users of DOS-based packages did not know about email, or exporting reports to PDF's, or being able to print to any Windows-based printer.

Even worse is what happens should the program crash, or the data becomes corrupted. Even if you have been religious about backing up every night, you cannot purchase a new Windows Server that will run DOS operating systems, and most new PC Workstations, which are 64-bit based, also will not support and run DOS. You might be able to buy a workaround or DOS simulation programs, but there will be a lot of work involved. And since so much of your company relies on your Accounting and billing data, you are actually putting the future of your company at risk.

5. You are Running a Custom Application

The cheap availability of PCs in the 1980s and 1990s as well as easy accessibility to programming tools enabled programmers to design applications very specific to their customer's needs, since almost every company has feature requirements specific to their industry. But the time will come when that programmer retires, moves, or just simply is not available any more. And now the company has an unsupported program with no one knowing how it works should a bug or crash occur. Again, with an unsupported or outdated software package you are putting your company's future at risk.

6. Your Software is Out of Date or No Longer Supported

Since technology is so dynamic and so much subject to change as well as newer consumer demands, nearly all companies offer frequent updates to their packages to keep the features fresh. Think about it…10 years ago, would it be common to expect Email integration, Electronic ACH payments, Payables Bank Positive Pay, Payroll Direct Deposit, Export Reports to PDF format? Each of these are nearly standard in most packages as technology has evolved in that direction.

Some companies opt not to purchase yearly maintenance packages, and the system eventually falls out of technical support where if/when a major problem occurs with the software, you are on your own. It's not unusual for the software program itself has been retired by the company without any future enhancements or new versions offered.

Again, relying on the entire operations of the company on an Accounting package that has fallen out of technical support is not smart!

7. You Desire Custom Reporting or Data Analytics from your Accounting Data but Can't Get Info out of It
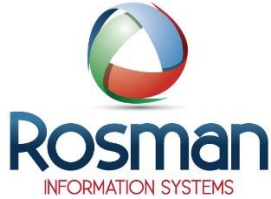

Older DOS systems each used their own proprietary database management systems to store your Accounting data, such as customers, vendors, transactions, and GL history. Most of today's Accounting packages rely on 3rd party database vendors for such operations, notably Microsoft SQL Server, Pervasive or other vendors. Not only does that mean each vendor does not have to recreate the database wheel, the data accessibility can now be opened up to Business Intelligence tools, Reporting tools like Crystal Reports, Dasboard programs, or other Reporting tools independent of the program itself. It now

means that your data – which in today's world is one of your most valuable assets – can be accessed and utilized in any way you need to so you can spot business trends, perform marketing automation campaigns, data mining or any other analysis that can spot critical trends in your business or industry.

About Rosman Information Systems

Rosman Information Systems is a Chicago-based provider of Accounting software systems, Manufacturing systems, Customer Relationship Management and Document Management Systems with 20+ years of experience as a solution provider for a national lineup of clients. Call us today and a CPA will call you back with a free software consultation and analysis.

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