

What's the 'real cost' of new accounting software?

There's a great Oscar Wilde quote that addresses the chief problem in today's [accounting software selection](#) process: "What is a cynic? A man who knows the price of everything and the value of nothing."

Bottom line-driven decision-making often hurts the very bottom line that needs to be protected. Buying software that's ill-suited to your needs, forcing new accounting solutions on an unreceptive, untrained employee population, employing faulty legacy data conversion, losing workplace productivity—these are just a few of the costly mistakes that companies make in the interest of achieving "cost-effective" accounting solutions.

Priority Magazine addresses the conundrum of selecting suitable accounting system software: "Focus on satisfying...back office needs first before fixating on price...if your company has more specialized needs, trying to make do with a lower tier or more popular product usually won't pay off...Gene Marks, an accountant who runs his own 10-person accounting software consulting firm, adds that this familiarization process should start even before you make the purchase.

"It blows my mind the lack of due diligence I see from many small business owners,' he says. 'They are getting a system that their company is going to use to track their finances for years and most of the time, they will settle for a quick, 20-minute demo before going ahead and buying.'"

The Financial Express (www.financialexpress.com) identified key cost issues to address in its Feb. 26, 2008 edition: "Although different companies find different hurdles and traps in the budgeting process, those who have implemented ERP packages agree that some costs are more commonly overlooked or underestimated than others."

Following are three areas the article spotlighted as leading to ultimate accounting system software cost overruns, accompanied by our summary recommendations:

Training

"Training is the unanimous choice of experienced ERP implementers as the most elusive budget item. It is not so much that this cost is completely overlooked, as it is consistently underestimated."

→ **Recommendations: Buy software that offers self-directed accounting software training—enabling users to learn and experiment in a "fail safe" environment. Then, complement with ample personalized and group training to ensure user familiarity and comfort with the new accounting software.**

Data conversion

"It costs money to move corporate information, including customer and supplier records, product design data and the like, from old systems to a new ERP system. Most data in most legacy systems is rubbish. But most companies seem to deny their data is dirty until they actually have to move it to the new client/server setups that popular ERP packages require. As a result, those companies are more likely to underestimate the cost of the move."

→ **Recommendations: Focus on data conversion as a primary part of an accounting software implementation. Make sure the conversion system is reliable and can scrub data efficiently to eliminate outdated or inaccurate information.**

ERP consultants

"...companies should identify objectives for which its consulting partners must aim when training internal staff. It is a good practice to include performance metrics and time schedules for the consultants."

→ **Recommendations: Pay close attention to how much attention an accounting software partner pays to offering specific performance criteria—without having to ask for it. Once you're satisfied the partner can do the job, request proof. Success stories from existing clients are one valuable tool.**

Make sure you're receiving real [value](#) for money spent on accounting software. In the long run, the price you pay will be much lower, and the quality of your accounting solutions will be much higher.

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