



Growing beyond QuickBooks: Graduating to a new financial system

For many businesses QuickBooks and other entry-level programs offer an easy and affordable first step to managing your financials yourself. But small doesn't equate to simple if you need deeper functionality, improved automation, more robust security, tighter controls, and greater visibility.

If you're spending more time gathering data than you are using it to drive your business forward—you've outgrown your financial software. It's time to let go of spreadsheets and manual processes and let your accounting system do the work for you.

This eBook will show you how you can make the move to professional-strength online accounting software that evolves with your business.

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Overview

Most small businesses begin their financial lives using Intuit's QuickBooks, one of the best and most popular accounting applications for small business. It's easy. It's affordable. It works. And it contains the functionality a business needs when it's starting out.

But as your business grows, you may find you're stretching the limits of QuickBooks. If your finance team is creating more and more manual and paper processes to deal with increasing accounting and reporting complexities—you're spending as much as \$50,000 in extra hours and dollars every year.

The result: you're spending more time gathering financial data than you are using it to drive your business forward.

You're ready to graduate from QuickBooks if you:

- **Spend increasing hours and valuable staff time** using spreadsheets to manage financial processes, reporting, and analysis.
- **Have an ever-expanding chart of accounts** that makes it difficult and time-consuming to maintain your records quickly and accurately.
- **Spend time managing manual and/or paper processes** for order-to-cash, procure-to-payment, or budgeting.
- **Need deep, timely information**—such as revenue or profit by product, by customer, by project, by location, by fund, or by any other critical business dimension that matters to you.
- **Use spreadsheets to manually consolidate financial results** across your multiple operating units.
- **Need to track or analyze key operating metrics**, and find the current process difficult.
- **Need to automate integration** to mission-critical business applications, including CRM and payroll.
- **Want to improve deferred revenue management** and streamline complex revenue recognition using automated processes.
- **Require more financial compliance and control**—whether you need more control over access, segregation of duties, auditability, or need to be GAAP-compliant.
- **Struggle to keep up with your multi-entity**, multi-currency, or global business.

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Best practice trends in financial management for growing businesses

Today's growing businesses are facing unprecedented challenges and opportunities.

On the positive side, they have the opportunity to capitalize on global markets and resources by virtue of today's telecommunications networks, electronic commerce outlets and lower international trade restrictions. As a result, companies of all sizes are leveraging lower cost materials and skills abroad, and selling to new markets worldwide. On the other hand, companies must also contend with escalating competition and more complex operating requirements. Differentiating a company's products and services is becoming more difficult in an increasingly commoditized marketplace. Therefore, gaining a competitive advantage and maintaining a loyal customer base is also harder.

At the same time, many businesses are increasingly reliant on a dispersed workforce of remote or mobile employees. They must also communicate more effectively with an expanding network of global suppliers, channel partners and customers.

In order to manage these escalating challenges and fully capitalize upon today's expanding market opportunities, an increasing number of growing businesses are recognizing that they must adopt more sophisticated financial management systems to properly support their businesses.

Some young companies have used Intuit's QuickBooks to track their finances, but now need a more robust financial management system to handle their increasingly complicated transactions. They need to better forecast and track their revenue flows, keep a closer eye on their cost structures and adhere to tighter accounting and regulatory compliance standards.

In the past, when companies graduated from QuickBooks, they would have to make significant investments in costly and complex on-premises, financial management software to meet their needs. These premise-based applications often required long deployment cycles, added hardware to support the applications, and dedicated in-house information technology staff time to keep the software up and running.

THINKstrategies' research found that companies of all sizes are adopting a new generation of cloud-based, Software-as-a-Service (SaaS) solutions to satisfy their business requirements. This trend began with the adoption of customer relationship management, payroll and conferencing solutions from SaaS vendors such as Salesforce.com, ADP and Webex/Cisco. The success of



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Best practice trends in financial management for growing businesses (cont)

these SaaS deployments has led to companies adopting comparable SaaS solutions to satisfy their financial management software needs as well.

Trends reshaping financial management needs.

Companies of all sizes are facing a combination of market trends which are forcing them to more effectively manage their businesses. These trends include globalization, competition, worker dispersion, and a growing acceptance of web-based, on-demand services.

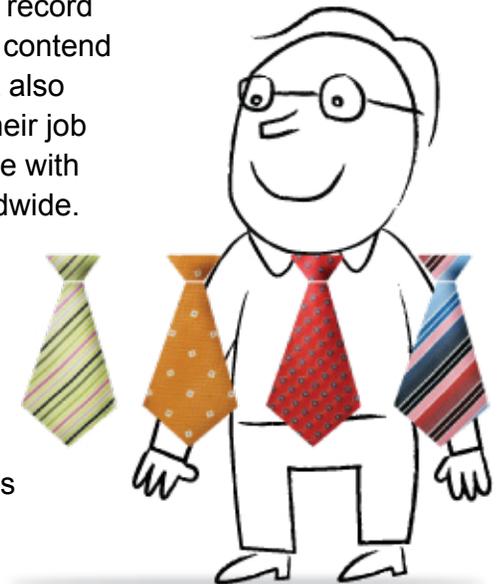
Globalization has created new market opportunities, but has also opened the door to new market competition. It has given companies access to new markets and cheaper offshore resources. It has lowered the barriers to entry for a growing assortment of competitors who are increasingly competing on price rather than product features.

Thomas Friedman in his book, The World is Flat, chronicled the globalization process and captured the double-edged nature of this trend when he stated,

“One of the unintended consequences of the flat world is...individuals from every corner of the flat world are being empowered. Globalization 3.0 makes it possible for so many more people to plug and play.”

Global expansion has meant that companies must more effectively record global sales and coordinate their global resources. They must also contend with multinational currency and tax requirements. Companies must also accommodate increasingly dispersed workers who must perform their job functions remotely or even on the run. They must also communicate with an expanding array of suppliers and channel partners located worldwide. As a result, companies must adopt new methods to give these remote workers and business partners easy access to centralized and sensitive corporate data in a fast and secure fashion.

Small and mid-sized businesses are particularly affected by these new trends because they have more limited financial resources to invest in traditional enterprise applications to manage their business operations and they lack the in-house staff to administer this software. They are seeking business applications which can meet



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their needs without the deployment and maintenance complexities and costs which plagued traditional, on-premises applications. These on-premises applications were often designed to comply with a company's IT environment rather than respond to its business needs, and have been inflexible and unable to provide the real-time access which today's workers need to perform their jobs.

The growing popularity of cloud-based services—such as Amazon, iTunes, and YouTube—in the consumer market has set the standard for similar easy to use, economical, software solutions to meet various corporate requirements. As consumers become comfortable using cloud-based applications in their personal lives, they increasingly want to take advantage of comparable solutions in their professional lives and work environments. These trends are fueling the rapid growth of a new generation of web-based, Software-as-a-Service (SaaS) solutions.

Just as in the case of consumer-oriented cloud-based services, SaaS solutions aimed at business users can be acquired on a subscription basis. This allows companies to acquire the functionality they need incrementally without the risks historically associated with on-premises applications. They also avoid the upfront deployment and ongoing support costs and hassles associated with on-premises applications.

THINKstrategies' survey research, in conjunction with Cutter Consortium, has found growing interest and adoption of SaaS alternatives to traditional on-premises software. Although many early adopters of SaaS deployed CRM and SFA solutions from companies such as Salesforce.com, there is a rapidly expanding pool of solutions available. In fact, THINKstrategies' Software-as-a-Service Showplace (www.saas-showplace.com), an online directory of SaaS solutions, includes over 1600 offerings in over eighty (80) application and industry categories.

Research found that SaaS appeals to companies that have been unable to acquire the sophisticated applications of the past, those who have grown tired of the complexities and costs of premise-based applications, and others who have outgrown the capabilities of their existing applications. [See Figure 1]

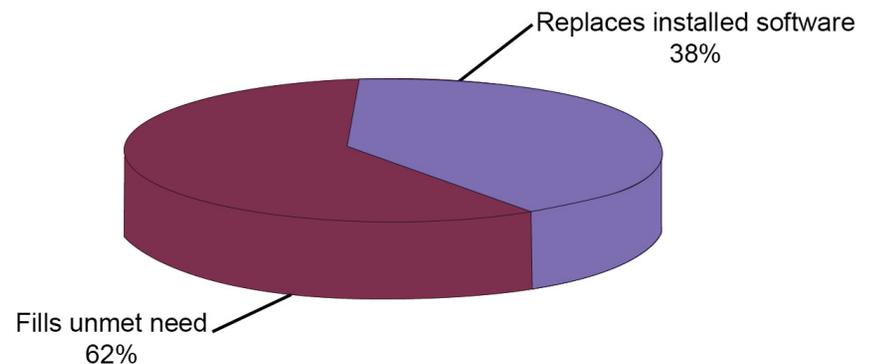


Figure 1
SaaS Appeals to New Software Users and Companies Migrating from Existing Applications

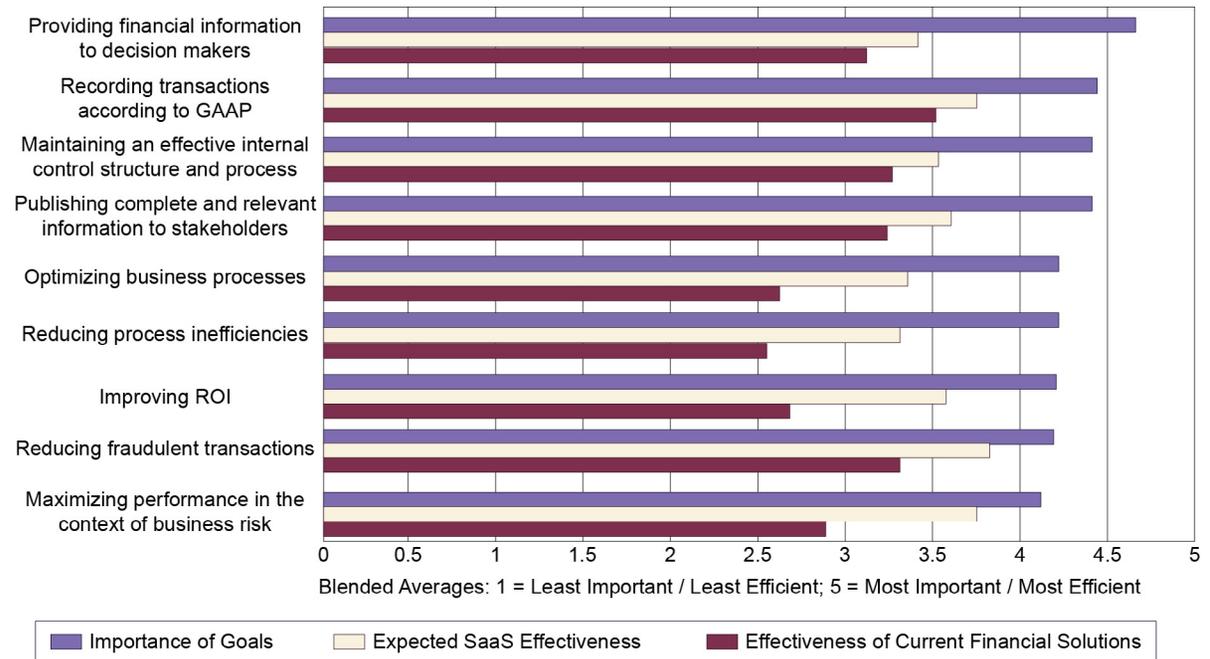
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Best practice trends in financial management for growing businesses (cont)

Many SaaS offerings have been specifically designed to scale to meet the needs of both small and large enterprises.

THINKstrategies' survey research has found that over 80% of users are satisfied with their SaaS solutions, plan to expand their use of SaaS and would recommend SaaS to others. A growing number of market research firms have also recognized this trend. Research from Saugatuck Technology indicates that finance executives already see SaaS as a way to bridge many of their effectiveness gaps, increasing significantly the ability of finance to deliver on its goals, particularly those goals related to operational improvements, ROI, and managing risk.

Consider how finance executives view SaaS financial solutions today—the yellow (SaaS Effectiveness) bars reveal that finance executives hold SaaS solutions in much higher regard than their traditional, on-premises financial solutions. [See Figure 2– SaaS Fills in the Gaps]



Source: Saugatuck Technology, *Cloud Financials Come of Age*, 2008

Figure 2
SaaS Fills the Gap

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Best practice trends in financial management for growing businesses (cont)

As a result, Gartner expects consistent growth in on-demand software sales through 2013 when worldwide SaaS revenue will total \$16 billion for the enterprise application markets. In contrast, Forrester Research is forecasting that traditional enterprise applications will only grow 4% per year during the same period.

According to a survey conducted by Goldman Sachs, in Feb 2010, we are currently experiencing an “unstoppable” shift to SaaS. In their Small and Mid Sized Business survey, 58% of respondents always consider Software-as-a-Service (SaaS) when making an application purchase and 39% prefer a SaaS solution. In addition, the weaker economy appears to be benefiting SaaS and Cloud adoption with 40% of respondents indicating that they are more likely to use SaaS, given a lower total cost of ownership.

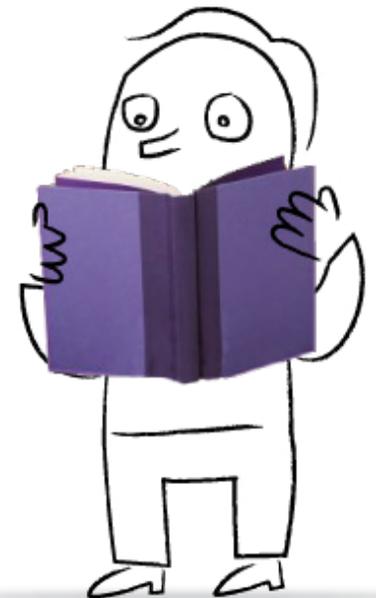
Even more interesting, their February survey data showed a shift in applications used, with accounting and billing moving up to third on the list of most-used SaaS applications (49% of respondents are users). This underscores that even in the most mission-critical areas, SaaS acceptance has reached an inflection point.

The macro downturn has likely accelerated SaaS and Cloud adoption, as customers are forced to look for lower-cost solutions to mission critical business problems. A total of 40% of their survey respondents indicated that they would be more likely to use SaaS solutions in a weaker economy, due to perceived cost-saving benefits, while only 4% said they were less likely to use a SaaS solution.

Evolving business requirements.

While companies of all sizes must employ increasingly sophisticated financial management to control their corporate operations, small and mid-sized companies are particularly challenged to contend with these issues. Many of these companies are either young or too small to be able to justify the cost and complexities of traditional mid-market on-premises applications. Many have initially relied on Intuit's QuickBooks to meet their revenue and expense tracking needs but their business requirements have evolved. These companies need:

Automation of complex revenue management: As products and services become more complex, so do revenue management and billing requirements. Companies today also need to comply with increasingly complex revenue recognition guidelines.



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Best practice trends in financial management for growing businesses (cont)

Most traditional mid-market accounting systems are not designed to handle this increased complexity and many organizations are forced to use manual spreadsheets to manage their revenue recognition and billing processes. By leveraging a financial management system that enables you to automate these processes, companies benefit significantly in higher finance productivity, faster close processes, and simplified compliance.

Multi-entity focus: As companies grow, they often need to track revenues, expenses and profitability across multiple business units. Rather than create multiple instances of financial information for each entity which must be consolidated manually into a Microsoft Excel™ spreadsheet, many companies seek an integrated, financial view of a company's end-to-end operations.

Real-time financial and operational visibility: Many companies are looking to gain better real-time visibility into their business and more effectively distribute a consistent set of information to all stakeholders. Often, Excel or a costly 3rd party reporting solution seem to be the only options. By leveraging a financial system that incorporates both a multi-dimensional General Ledger and an embedded reporting and analytics engine, companies can more easily analyze real-time consolidated and local financial and operating metrics across their business with the ability to drill down in real time to supporting details.

Auditability: Increasing regulatory and compliance requirements, such as Sarbanes-Oxley and tightening GAAP guidelines, are forcing many businesses to demonstrate greater 'auditability' and 'traceability'. These requirements become increasingly important when companies consider public offerings or mergers with publicly held companies. Companies need to be able to make prior period adjustments and easily view the change history to appease financial auditors concerned about today's stricter regulations.

Software integration capabilities: Savvy companies have adopted customer relationship management (CRM), salesforce automation (SFA), project management, and other powerful applications to automate and closely track their customer interactions. Rather than having to input or access important customer data into or from multiple business applications, these companies are seeking to tie together the applications to give their end-users and executives a 'holistic' view of their customer relationships.



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Best practice trends in financial management for growing businesses (cont)

Anywhere/anytime access: Many companies seek to give their workers remote access to their financial management systems. These companies may also want to share their financial management reports with their suppliers or other business partners. This means real-time input into their financial management system and access to centralized business data, in a controlled manner that complies with common business processes and practices, and offers robust security to protect sensitive financial data.

Making the choice between SaaS vs. on-premises solutions.

Companies who are graduating from QuickBooks have many options, but they primarily fall into two categories—selecting another on-premises software package or shifting to a SaaS alternative.

On-premises solutions from vendors like Microsoft, Oracle, and Sage require that customers purchase a perpetual license, as well as the hardware to support the software upfront. In addition to these significant capital investments, on-premises applications also place the burden of deploying and managing the software on the user, potentially increasing IT resource needs.

The new breed of SaaS offerings from companies like Intacct, permit users to pay on a subscription basis and relieves them of the added hardware costs, as well as the deployment and management hassles. This allows users to focus on leveraging the software functionality rather than worrying about the application availability. The SaaS model also makes it easier for growing companies to add more user licenses as they need them rather than having to purchase them upfront regardless of need. Unlike on-premises applications which might be hosted by a software vendor, today's SaaS solutions have been built to fully leverage the web and permit end-users to utilize the online applications anytime from anywhere.

Working online may raise security concerns for some companies, but the fact is that major SaaS vendors, such as Intacct, are certified with higher level security procedures than most businesses. While many are challenged to keep pace with the escalating security threats facing their companies, it would require a significant investment and would not be feasible for most companies to achieve the same level of security for on-premises applications. SaaS vendors offer the same high-level security to all of their customers so they can be confident that their applications and data are secure. On-premises application vendors are not required to take the same precautions.



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Best practice trends in financial management for growing businesses (cont)

While some on-premises application vendors now offer hosting options, these simply shift their applications offsite but don't deliver the added benefits of SaaS solutions. For instance, SaaS vendors are continuously updating their applications in a fashion which does not disrupt their customers' day-to-day operations the way periodic on-premises application upgrades historically have done.

Some of the on-premises application vendors are promising to move to a SaaS platform but face significant challenges making this transition. Moving from on-premises to a SaaS model requires that they re-architect their applications, restructure their licensing models, and reorient their corporate cultures from being technology-centric to being services-oriented. It is for these reasons that 'net-native' SaaS vendors have a big lead in the market over the legacy premise-based application.

Summary and conclusions.

Globalization, mobility, and other mega-trends are rapidly changing the competitive landscape and how businesses of all sizes must operate to succeed. Even relatively modestly sized companies are facing challenges in managing their business operations, in terms of data entry and reporting, auditing capabilities for tracking revenues and managing costs across multiple geographies, and managing various product pricing schedules to serve differing target markets.

These needs are driving a growing number of companies to cloud-based computing solutions, such as Intacct's financial management and accounting system which can be deployed quickly and offers a wealth of functionality in an easy-to-use solution.

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Acceller success story

The challenge

Acceller offers an innovative comparison shopping platform for digital lifestyle services with a unique customer experience. When business began to increase, the company needed a more sophisticated financial reporting system that would improve financial reporting and offer secure remote access. The company wanted a low-maintenance system they could customize and integrate with Salesforce CRM. Acceller especially wanted to:

- Improve financial controls and gain richer reporting capabilities than what they were getting from QuickBooks.
- Support needs now and into the future with a scalable financial management system.
- Deploy an easy-to-use and reliable solution that didn't require an expensive investment in IT.

We wanted a financial management solution that would give us better reporting so we could more easily evaluate and manage our fiscal processes, and have better insight into our business. It was also important for us to be able to share information with remote staff without having to export data to Excel. We chose Intacct because it offered tremendous capabilities from the start, as well as the ability to customize the solution for our particular needs.

— Acceller

The result

Today, Acceller has a highly efficient, consistent, and reliable financial management system that provides an “always on” collaborative environment for multiple offices and remote workers. By implementing Intacct, Acceller can now:

- Combine built-in Intacct features and customizable reporting to create a financial management system that will scale as the company's needs grow and change.
- Enhance financial visibility and operational efficiencies, eliminating time-consuming manual accounts payable processes and adding the ability to create reports on the fly.
- Ensure that the company can make changes as needed quickly, and without costly IT support.

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Regent Entertainment success story

The challenge

Regent Entertainment, with a motion picture studio, theatrical release division, and the chain of Regent movie theatres, needed a business solution to streamline business processes and provide real time business intelligence, without adding costly hardware or software. Regent was looking for a solution that would:

- Streamline the management of multiple entities.
- Enable a single, unified, real-time view of all its affiliates.
- Provide immediate, transparent business performance metrics, and real-time collaboration capabilities.
- Offer fast implementation and easy integration without additional staff.

“In today’s competitive film and television industry, Intacct gives us an advantage by streamlining business processes, providing up-to-the-minute business intelligence and minimizing operational deficiencies across all our businesses.

— Regent Entertainment

The result

Regent Entertainment was able to implement Intacct financial management applications at its New York office within a week. Now, using Intacct, Regent can:

- Scale and adapt its network of businesses with real-time visibility and web-based collaboration.
- Quickly adjust to a changing market, taking advantage of advanced analytical tools to aid in key decision making and business problem solving.
- Redistribute resources between affiliates to maximize productivity without the potential for error.

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Platinum Hospitality success story

The challenge

Platinum Hospitality Management, a hotel developer and operator in Texas and Tennessee, needed a financial management solution that could support the company's growing property portfolio. With complex operations comprised of multiple corporations, bank accounts and subsidiaries, Platinum needed a solution that would:

- Provide multi-entity functionality to centrally run the hotel chain's back-end tasks.
- Offer advanced business analytics to gauge real-time business performance.
- Lower IT costs and provide anywhere, anytime access.

Intacct's web-based financial, supply chain and business intelligence applications makes it a far more attractive solution for managing our rapidly growing hotel chain than Microsoft Dynamics, Best Software MAS 90 and Oracle.

— Platinum Hospitality

The result

Moving to the Intacct cloud saves Platinum Hospitality about \$400,000 a year in labor costs. The company can now easily handle complex inter-company transactions, as well as:

- Manage finances for all hotels with only two full-time accounting staff members.
- Scale with future growth.
- Make it easy for staff to manage all hotel operations in one unified real-time view.

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Contact and resources

About Intacct

Intacct is the cloud financial management company. Bringing cloud computing to finance and accounting, Intacct award-winning applications are the preferred financial applications for AICPA business solutions. Intacct applications, in use by more than 5,000 organizations from startups to public companies, are designed to improve company performance and make finance more productive. Hundreds of leading CPA firms and Value Added Resellers offer Intacct to their clients. The Intacct system includes accounting, contract management, revenue management, project and fund accounting, inventory management, purchasing, vendor management, financial consolidation and financial reporting applications, all delivered over the Internet via cloud computing.

In the meantime, you may also be interested in one of our other resources:

See Intacct in action:
[Attend a live Intacct product tour today](#)

Take a self-guided tour:
[Introduction to Intacct](#)

Contact us:
Website: www.intacct.com
Email: info@intacct.com
Phone: 877-437-7765

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