



Web Based Accounting Solutions: Transforming Business Functions



Web Based Accounting Solution

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White Paper Overview

Abstract

This white paper talks about the relevance of web based accounting solutions and a typical approach towards implementation of these solutions.

Business Situation

Making design & implementation decision on choosing the right technology and platform for the web based accounting applications.

Benefits

- Reliable and efficient access to information
- Improved customer service by faster time to reach market
- Fast, secure & dependable data communications
- Enables new business opportunities and integration of other financial systems.
- Enables IT organizations to extend existing applications to integrate with business partners.
- Improved application performance, security, and easier deployments.
- Opening the door to new business opportunities by making it easy to connect with partners and various stakeholders.

Software and Services

- Infogile Agile RUP Process
- Infogile .NET Framework Wrapper

Reliable and efficient access to information has become a must for business firms to stay competitive. Web-based software packages are transforming business. Functions such as accounting, cash-flow management, customer relationship management (CRM), inventory control, and marketing can be performed electronically anytime and anywhere. This has become a de-facto standard for financial information access. To achieve that in your company, you need IT systems that support and enable these strategic objectives. With infusion of low cost accounting solutions, this goal seems more achievable than ever before. Find out how you should implement a web based accounting solution and what benefits you derive

Introduction

Web-based software packages are transforming business. Functions such as accounting, cash-flow management, customer relationship management (CRM), inventory control, and marketing can be performed electronically anytime and anywhere for a low monthly fee. For example, a small business can use ePeachtree, Intacct eLedger, or QuickBooks Online to process transactions for as little as \$14.99 per month. Intuit offers payroll services on the Web, and a small business can outsource its payroll function for as low as \$129 per year. Not only can a business owner view and manage employee compensation via the Internet, but the outsourced services allow employees to access personal information, including earnings, income tax withholdings, retirement plans, and vacation days, without creating an added burden for the company.

In the past, small businesses could not compete head to head with big firms, but low-cost web-based software has leveled the playing field. For example, according to the Small Business Administration, 35% of small businesses with fewer than 10 employees gained 10% to 99% of sales directly or indirectly from their websites. BusinessWeek reported that Subaru of New England, Inc., used to track orders from dealers with pen, paper, and guesswork, and often sent its customers parts that they did not need. Using web-based software to track what dealers need, the company reduced sales returns from 80% to less than 1%.



Reliable and efficient access to information has become a must for business firms to stay competitive. To embrace web-based software and to stay competitive, small businesses must first set up a computer network. With networking technology, staff members or users at any location can share information simultaneously. The fast pace of information technology (IT) advances makes it difficult for accounting professionals to stay current. In "Keeping up with Information Technology" (The CPA Journal, July 2003), the authors reported that many accounting professionals did not perceive themselves as possessing high levels of knowledge about IT. Making matters worse, small businesses often need to deal with IT issues with limited or no staff.

Implementing Web-based Accounting Systems

The following are easy-to-follow procedures to implement a web-based accounting system that will leverage current IT tools to improve profitability and efficiency.

Set up a system network

To connect local and remote computers for sharing information and resources, Ethernet networking is a good choice for small business local area networks (LAN) because it is inexpensive and reliable. Ethernet networking strikes a good balance between cost and speed, is built into most newer PCs, and can support nearly all popular network protocols. For older computers, installing a network interface card (NIC) is easy, and all major networking manufacturers (e.g., D-Link, Linksys, and Netgear) offer reliable and inexpensive NICs. Fast Ethernet is based on the same protocol as traditional Ethernet, and small businesses can realize significant network performance boosts affordably.

Ethernet networks have practical limits, however. A primary concern is the length of the shared cable. Data can travel on the cable quickly, but signals weaken as they travel. In addition, electrical interference from the surrounding devices may interfere with the signals. This issue places a limitation on the maximum distance between two devices on an Ethernet network. Although distance is seldom an issue for small business networks, if a company has several branch offices with some distance between them, one option is to set up a virtual private network (VPN). Furthermore, if the structure of the office makes it economically unfeasible to run Ethernet cables, a company may prefer to set up a wireless network. (See "Wireless Networks," The CPA Journal, July 2003.)

Small businesses with 50 employees or less can use Microsoft Small Business Server or Windows XP Professional to function as either a dedicated or a non-dedicated server. With Windows XP, the network administrator can manage the access to data, files, printers, and other resources on a small network. If the business lacks qualified IT staff or wants to set up more complicated networks, another option is to hire a consultant or value-added reseller (VAR) to do the wiring and system configuration. Linux is a growing alternative in the server software market. Linux's low cost,



reliability, and high performance make it a promising choice; however, setting up a Linux server may require someone with extensive networking and Linux-specific experience.

A small business must also have the bandwidth capacity that broadband Internet access provides in order to use web-based accounting packages effectively. The process of choosing the right ISP can be complicated, and a company must consider several factors, including price, performance, access numbers (for alternate dial-up service), and technical support/services.

Select and subscribe to software

All four entry-level web-based accounting packages listed in the Exhibit offer free trial periods of from 14 to 30 days. Small businesses should make sure that the provider offers all the required features before subscribing to the service.

A small business should select a web-based accounting package based on the company’s information needs and the features offered by the software. For example, QuickBooks Online cannot provide detailed inventory information and thus is not suitable for most retailers. Neither QuickBooks Online nor ePeachtree can handle product costing, but the user can accumulate service or manufacturing costs by project. The Sidebar lists several important factors for a small business to consider when selecting web-based accounting software.

Web Based Accounting Solutions				
Package	Charge (per 100 users/yr)*	Evaluation Copy	Notes	Website
Out of the box Solutions				
ePeachtree	\$18000/month	Available		www.epeachtree.com
QuickBooks Online	\$24000/month	Available		www.quickbooks.com
Intacct eledger	\$60000/month	Available		www.intacct.com
Oracle Small Business Suite	\$1,40000/year	Available		www.netsuite.com
ASP Modelled Offerings				
Intuit				
Custom Solutions				
Infogile WBAS.NET				
Infogile WBAS J2EE				
* The figures shown are taken from Unpublished information provided by sales representative(s) and various websites. Readers are recommended to find out the latest figures before making any decision.				



Customize the accounting system

Web-based accounting packages are general-purpose software, and a company needs to use and customize only the features required for its business. Working from the predefined chart of accounts, forms, and reports, a small business can set up and customize its accounting system in hours.

Prepare system documentation

Small businesses need to prepare system documentation so that new staff can learn how to use the system. System documentation should provide detailed procedures, including system activation and deactivation, chart of accounts, sales cycle, purchase cycle, employee and payroll cycle, cash receipts, cash disbursements, journal entries, inventory, financial reports and queries, and error corrections. The system designer should copy the predefined forms, screens, and reports and include them within the system documentation.

Good system documentation should be easy to read, make it easy for users to find specific information (i.e., include a table of contents, page numbers, and an index), and be well organized (i.e., by cycles or accounts). The procedures should be complete, in easy-to-follow steps (e.g., showing all relevant forms, screens, and reports). The overall presentation should be professional, and the system documentation should be kept in a safe place.

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Advice and Caveats

A recent survey published by Financial Executives International (FEI; www.fei.org) revealed that outsourcing would continue to be a solution for areas where management does not believe that in-house efforts can be cost-effective. The same survey also revealed that financial executives' satisfaction levels with shared services are as high as 90%. Web-based accounting packages enable small businesses to outsource their accounting function at an affordable price, and web-based inventory control software allows small businesses to track their inventories in real time. Web-based software has the added bonus of always being up to date, because providers continuously provide incremental upgrades and new features.

To embrace web-based software, a small business must first develop a technology plan. This plan should be based on a thorough review of the company's existing computing resources, and focus on what the business plans to do with technology. The plan should state the goals clearly, prioritize them, and tie them to a budget and a timetable. The firm must complete this prioritizing process before making any purchase decisions.

Once the company completes the technology plan, the second step is to match software products to the company's goals and objectives. The business should be flexible with the technologies and should consider all available products in the market. At this point, the company can either handle the process with its own staff or use consultants to expedite the process.

Purchasing equipment can be overwhelming when facing all the choices in the market. Categorizing the available products can simplify this process. When evaluating competing services, the value-added features, such as unlimited free nationwide dial-up, robust web-based e-mail, and hosting web content, can be extremely beneficial. For example, outsourcing the tasks of maintaining a web server, managing the associated traffic, and maintaining the continuous server uptime may result in savings of \$2,000 to \$3,000 per year.

For more information about Infogile products and services, contact the Infogile Sales Information Center at business@infogile.com. To access information on internet, go to www.Infogile.com.

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