

QUICK BOOK



Growing Beyond Quickbooks

& Legacy Accounting Systems

Introduction

It happens thousands of times every year. Successful businesses outgrow their entry-level accounting systems. Whether it's QuickBooks, a legacy accounting software package or another basic financial management solution, your evolving business has stretched your current system's capabilities to the limit. You're trying to make do with manual workarounds, relying more and more on spreadsheets, and compensating in many ways every day for the lack of capabilities needed to support a company of your size.

As your business grows, you need a system that can grow and evolve with it. If you're finding yourself increasingly unsatisfied with your entry-level accounting platform, implementing a more robust financial management or enterprise resource planning (ERP) system may be the best course of action. This white paper outlines key things to consider as you determine which accounting system best meets your growing needs.



A hand is shown typing on a laptop keyboard. The background is dark with a network of glowing blue and white nodes connected by thin lines. There are also some orange and yellow bokeh lights. A vertical blue bar with a white arrow pointing up is on the left side. The text is centered in three white boxes.

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STEP ONE

Stop the Pain of Entry-Level Accounting



When your business has outgrown QuickBooks or another legacy financial software, you start to experience one or more pain points that include:

- Excessive use of spreadsheets
- Lack of useful reporting and insight for management
- Manual duplication of data into other business systems
- Manual consolidation of data from multiple locations, entities or subsidiaries
- The need to double-check work
- Closing periods taking five or more days
- Lack of controls and audit capabilities

Each of these issues requires time, sometimes overtime, and possibly additional staffing.

Spreadsheet Headaches

One of the surest signs that you are ready to graduate from QuickBooks or another legacy system is that you have to dump everything into a spreadsheet to see what is going on in your company. When you were just starting out, it was enough to see the balance in the checkbook-style ledger. But now that your business is expanding, you need to roll up and consolidate financials from multiple divisions or entities to see how you are doing. Maybe there are multiple currencies involved or complex revenue recognition issues to manage – tasks that QuickBooks was not designed for.

Reporting & Auditability

Now you may have to work late pulling reports together manually for board meetings or building or updating spreadsheets because QuickBooks does not have the reports you need. Leaders want to see the relationship between cash flow and operations, profitability comparisons across divisions and what-if analyses of the options before the board. In short, they want visibility into the business. However, without real-time, customizable financial reporting, the insights you can provide to leaders and stakeholders remain limited.

Problems with reporting and auditability (they go hand in hand) are the two most common trouble spots for businesses that have outgrown their current system. The more you have to do in a spreadsheet outside your core accounting system (QuickBooks or any other), the more common the problems are.

Information Silos

In addition to your existing financial management system, your organization may work with a handful of other business applications. Perhaps you also use a customer relationship management (CRM) system such as Salesforce, or a payroll system, or have your budgets in Excel. These outside sources of data have insular, self-contained processes. They function completely separately and may not be integrated with one another. Because these disparate systems become silos of information, you miss vital opportunities to get a holistic perspective of your financial and operational data.

Manual Reconciliations & Proofing Overload

Your data is static as soon as you export it from QuickBooks. You and your employees are then burdened with tedious, manual data entry and reconciliation processes between multiple systems when your time could be better spent on critical company strategy. Maintaining a spreadsheet farm may even mean that you have to hire more staff.

Additionally, every time you touch the data – to refresh the inputs, to modify a formula, to add a row – it may introduce an error. The chances of error increase if there are multiple touchpoints in your organization for processing or reporting the data.

Multiple Versions of the Truth

The greatest danger associated with spreadsheets is that there are multiple versions of “the truth.” The report you create tonight may circulate through the organization and become a template that different departments or divisions modify for their own purposes. Everyone is creating one-off versions of reports that don’t tie off, but everyone believes their own version of the truth and acts accordingly. Some refresh their data regularly; some don’t get the memo. The pain points that develop where QuickBooks no longer fits your organization are also pointers to the way out. We’ll return to that idea as we envision a new way of working.



STEP TWO

Envision a New Way of Working

For growing businesses, implementing a modern, scalable financial management system offers an ideal alternative to stagnant, rudimentary accounting software. It gives you the full functionality you need for your complex business and an affordable, compelling return on investment.

Real-Time Visibility

Imagine that the General Ledger view is open in front of you on your screen. All divisions and offices in your firm access the application over the internet, as do you, and all transactions are written to the same database. So, if you are the CFO of your company, you are looking at your company's finances in real time. With a single mouse-click, you select Sales Budget vs. Actual by Location. A job that used to take hours is now done in under a minute.

Or envision that you are the controller of a professional services firm and have the Expense Management view open in front of you. You can improve your firm's cash position through timely billing and charge-backs. You want to see whether the staff at remote client sites are entering their time and expenses at the end of the day, as required by company policy. You are pleased to see that compliance is way up because the staff can now just key in the data and scan in their receipts before leaving the job site.

They are more motivated to do it because they get reimbursed faster, thanks to an automated approval workflow. You are happy because approved expenses are immediately available for invoicing.

All the executives and senior managers have a customized dashboard open in front of them, showing the key performance indicators they need to do their jobs effectively. Operations staff have secure access to the exact, real-time financial information they need for their roles. They can see more clearly how their decisions and activities impact the company as a whole, so a virtuous cycle is established that enables them to improve performance. The executive team can monitor the function they are responsible for, drilling down to the most granular level or pulling back for a global view, comparative analyses and what-if scenarios.

Multi-Dimensional Reporting

Underneath the various dashboards, reports and analytics is the same thing: dimensionality. You tag transactions with codes for various dimensions of your business: customer, vendor, employee, project, spend, profit or payroll, for example. These codes index entries for analysis and reporting purposes. Some dimensions are common to all companies, but you can define others that are especially relevant to your business.



Make it easy on yourself.

**Stop visualizing a better
way of working.**

Start realizing it.

As mentioned before, problems with reporting and auditability are the two most common trouble spots for small to mid-size businesses that have outgrown QuickBooks. The point is that you don't need spreadsheets to provide flexible reporting and analysis when you have a robust ERP accounting solution.

It is much easier to make sound business decisions when you have real-time visibility into your company, and you can't get real-time reporting from spreadsheets.

STEP THREE

Assess the ROI of Making the Move

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Making a change to your current financial management/ERP software is never easy, but at some point the cost of continuing with the status quo outweighs the costs of moving up. Yet even if QuickBooks is no longer tenable for your organization, you may still be unsure whether you can afford to move to a new system.

The more important question should be, can you afford not to? The best way to find out is to calculate the total cost of ownership of your current QuickBooks setup and compare that to your options for replacing it. You should also understand the return on investment that a more modern, streamlined solution can bring to your business.

Direct Costs and Hidden Costs

Let's net this out. The direct costs for your current set-up are obvious. You simply add up license costs for the number of QuickBooks instances you have (and Excel, if you are using that for reporting), the costs of the servers they run on, and the portion of your IT costs attributable to QuickBooks. You also need to take the time to properly quantify the hidden costs of lower productivity, lost business and poor data quality.

And don't forget the personnel cost of handling data multiple times, as well as redundant manual processes. You likely won't reduce your workforce by putting in a new, modern, relational solution, but you will be able to utilize your team in new ways to allow them to provide more value to your business, not to mention increase their job satisfaction!

Compare those costs to your potential replacement financial management or ERP system. Be sure to factor in both direct and indirect cost benefits, including increased productivity, reduced or avoided IT costs, accelerated financial processes and reduced audit costs.

Get Additional Insights

For additional insight on calculating the ROI for your business, you can use a tool such as the one created by Nucleus Research. [The Nucleus analysis tool](#) has been downloaded more than 6 million times since it was first published. Based on interviews with more than 1,000 CIOs, CFOs and sales professionals, the tool helps you calculate return on investment, total cost of ownership, payback period and net present value to enable easy evaluation of the benefits of a technology solution.

Additionally, you could turn to an implementation partner to assist you in the [ERP selection process](#). That partner can help you determine your business requirements and implement the best system for your needs. Choosing a solution partner can also help you achieve maximum ROI by mitigating implementation risk, speeding deployment and time-to-benefit, and ensuring that your business processes are aligned and optimized.

Rapid ROI

When you upgrade from QuickBooks or a legacy accounting system, your ROI comes mainly from three different areas: the revenue component, cost savings and increased productivity.

First, a robust cloud accounting application can eliminate revenue leakage from sources such as improper posting of invoices and lengthy billing cycles so that you get paid sooner. It also enables you to pinpoint factors that affect revenue — for example, reporting of billable hours — and target them for improvement.

Second, you can better control costs. The obvious savings come from eliminating the usual hardware, software, infrastructure and labor costs associated with installed software. Additionally, you save by reducing administrative costs as a percentage of revenue and putting controls and limits in place. In fact, according to The Aberdeen Group's report, *ERP in SME: Fueling Growth and Profits*, small to mid-size enterprises (SMEs) experienced a 22% reduction in operating costs and a 20% reduction in administrative costs by implementing an ERP system.

Third, a substantial portion of your ROI comes from measurable productivity increases. For example, automating manual processes can significantly shorten monthly closings and consolidation.

Move Fast to Avoid Missed Opportunities

The direct and indirect costs of running solutions such as QuickBooks are so specific to every user's organization that we hesitate to generalize about them. Except for this: They are higher than you think. Settling for lower productivity and questionable data quality doesn't just cost you money and time. It's like driving with your handbrake on. Business moves fast in the world around you, and you are missing opportunities if you slow yourself down.

If you move from QuickBooks to a full ERP system, you will probably also be satisfied by how short the payback period is. In our experience, the great majority of companies implementing an ERP system achieve ROI in their expected timeframe.



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STEP FOUR

Taking the Next Step: Find a System That Grows With You

If your business has outgrown QuickBooks, now is the time to upgrade to a more robust ERP or financial management system that can accommodate your growth and navigate disruption. Firms that fail to modernize their systems miss opportunities and fall behind their peers and their competitors. They also are unable to deliver the same level of customer experience that companies with more robust systems can.



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Advantages of Partnering With Armanino

Our approach to ERP software selection, implementation and integration ensures your users have access to your data anytime, anywhere. Armanino's ERP implementation team works as an integrated part of your organization to map your critical business processes and customize the system that will best meet your needs. Our industry and finance experts have walked in your shoes and utilize their experience to ensure a smooth transition from your current system of record to a powerful, integrated ERP software solution.

About Armanino

Armanino provides an integrated set of accounting services – audit, tax, consulting and technology solutions – to a wide range of organizations operating in the U.S. and globally. You can count on Armanino to think strategically and to provide the sound insights that lead to positive action. We address not just your immediate issues, but your underlying business challenges, as well – assessing opportunities, weighing risks and exploring the practical implications of both your short- and long-term decisions.

When you work with us, we give you options that are fully aligned with your business strategy. If you need to do more with less, we will implement the technology to automate your business processes. If the challenge is financial, we can show you proven benchmarks and best practices that can add value company-wide. If the issue is operational, we'll consult with your people about workflow efficiencies. If it's compliance, we'll ensure you meet the requirements and proactively plan to take full advantage of the changes at hand. At every stage in your company's lifecycle, we'll help you find the right balance of people, processes and technology.

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**You can count on Armanino
to think strategically and to
provide the sound insights
that lead to positive action.**



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