When To Consider If Your Company Has Outgrown Its Accounting Software?

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Low end accounting software programs are some of the most widely used accounting software programs on the market, generally costing less than $500. QuickBooks, Microsoft Small Business Accounting, and Peachtree are examples of this class of software. Certified Public Accountants have become very familiar with how to use them, and how to work with their clients that use them. Because of this familiarity, accountants sometimes over recommend these programs to their clients when there might be other software programs that would be a better fit and a better value. Accountants tend to stear their clients to what they know.

Users of low end accounting software can also outgrow the functionality of their software program. So how does one know when they should look to upgrade their software to another solution? There are several signs. Do any of these apply to your Company?

Do you need special segment, department or job level reporting? Most low end accounting programs lack controls that can force costs or expenses to be allocated to a department or job. QuickBooks uses classes for department and segment reporting which are less functional than software the fully supports multiple departmental levels. Job costing within these all these low end accounting programs is also optional. This can result in costs that should be allocated to jobs but are not.

Are you entering the same information more than once? If you are using spreadsheets to track much of your accounting information, you may need to explore more integrated software.

Should you have better control over changes to transaction and master file records? Low end accounting software generally allows transaction records to be deleted or changed, which in the author's opinion is a serious lack of internal control. As an example of how this could help hide a fraud, an accounts payable clerk could write a check and go back and change the name of the vendor in the accounting system after the check was issued. This is the most serious weaknesses of low end software. Several of these programs do have an "audit trail" function (which every client should turn if that software provides it). But to be effective, the audit trail report has to be reviewed weekly or monthly so that suspicious changes can be timely followed up on.

Software with better internal control requires transaction changes to be done using reversing entries and paid items to not be changed.

Do you have problems with entries being posted or changed in closed accounting periods or transactions being posted by mistake to future accounting periods? Several low end accounting programs can be made to require a password to post a transaction prior to a user selected date. Some of them have more sophisticated control over posting by accounting periods, allowing multiple closed and opened periods. Future transactions beyond a certain period or date can be blocked. More expensive software also generally has more robust security to control which users can access what information within the accounting system.

Do you need more than 5 concurrent users? Several of the low end programs can not have more than 5 concurrent users. Some offer enterprise versions that support more users, but at a much higher price. Before upgrading to an enterprise version you should explore your other options.

Are you constantly having people log off in order to update or change master file (vendor, customer, employee, item, or chart of account number) records? That is a sure sign you need a program with more robust multiuser capabilities. Low end accounting programs generally were not designed initially to be multiuser programs.

Has the performance of the software become noticeably slower? Most of the data bases in this class of programs only allow a limited number of transactions. The enterprise versions of these programs usually have more powerful data bases, but at similar price points, there are often better data base choices.

Is inventory an important part of your operations? More expensive solutions do a better job of managing purchase orders, back orders and receipts without having to resort less than fully integrated third party add on inventory software.

If any of these problems seem familiar, you may want to consider an upgrade to another accounting software program.