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Essential Features of a Modern Accounting System for Software Companies

Accounting systems are not something you change or replace very often. However, as your software company grows in size or complexity, prepares to go public, or is already a public company, you will reach a point where manual processes are draining your productivity and you struggle to analyze the growing range of your financial and operating data. You'll need a better way to handle accounting within your software company. You'll need to modernize your system.

At a minimum, a modern accounting system should automate and streamline core financial management functions such as accounts receivable (order to cash), accounts payable (procure to payment), and financial close. But you will hardly be able to fuel your growth by simply automating the minimum. To help select a modern accounting system, here is a list of the essential attributes you should look for:

1. Automated, Flexible Financial Processes

A modern general ledger is more than a standard chart of accounts – it lets you manage, analyze, and present your financial information the way you want, without adding complexity to your chart of accounts or using external reporting tools. Your modern accounting system should adapt to your optimal business structure and workflows rather than limit your business flexibility, or force you to re-implement software or re-write custom code. Your system should easily let you manage:

	Intacct	Other	Other
Multiple entities			
• Drill down into detailed consolidating entries	√		
• Create multiple levels in your organizational hierarchy and various ownership structures	√		
• Choose consistent or different workflows, charts of accounts, period definitions, and lists across your multiple entities	√		
• Real-time consolidation of data	√		
Real-time GAAP, IFRS, FASB, Sarbanes-Oxley, regulatory, and compliance reports with over 150 included templates that give you the capability to drill down to the transaction level	√		
Multiple ledgers (AR, AP, order management, and cash management ledgers) that can process transactions independently without degrading GL performance, and reduce the time it takes to close your books and report on business results	√		
Multiple books, such as simultaneously keeping books on an accrual and a cash basis, to allow you to easily report business results to multiple stakeholders based on their needs and report preferences	√		
Custom workflows and system access so that you can maintain separation of duties, match an accounting workflow to your organization's business processes, or provide read-only access to stakeholders like executives and auditors	√		
Streamlined, automated time and expense capture to help you maximize revenue and minimize revenue leakage by making sure you track 100% of services rendered and expenses incurred	√		

2. Revenue Recognition and Management

You probably use multiple spreadsheets and manipulations to determine recognized and deferred revenue due to the accounting complexities around software development, sales, and support. A modern accounting system should automate revenue recognition, saving you time and effort by defining templates, rules, and schedules that can be applied according to your specific business requirements; as well as reducing your risk of errors that can lead to costly audits or financial restatements. Your software company needs an accounting system that provides:

	Intacct	Other	Other
Advanced allocation, deferral, and recognition of revenue, including real-time forecasts of deferred revenue and renewals	√		
Proactive and automatic renewal management, which maximizes renewal revenue and improves pipeline visibility	√		
Multiple methods to account for multi-element arrangements including VSOE, third party evidence, and estimated selling price in order to optimize your pricing strategy	√		
Accounting for projects and contracts	√		
Seamless integration to Salesforce CRM for a streamlined quote to cash process that provides a full view of the customer while reducing time spent on data entry and validation	√		
Billing in compliance with terms of customer contracts, independent of revenue recognition rules	√		

3. Business Insight

A modern accounting system provides in-depth, real-time insight into the business, allowing you to capitalize on new business opportunities or quickly recognize the need for corrective action. You will benefit from having a thorough picture of the financial performance of your software company, from high-level summaries down to the underlying transactions. To gain greater business insight your system should deliver:

	Intacct	Other	Other
Multiple operating dimensions for all transactions that let you:			
• Categorize each transaction by customer, product, location, department and more for a "clean GL" to avoid creating multiple separate GL accounts for each location, vendor, project, etc	√		
• Create reports and dashboards that automatically combine operating dimensions with financial data so you can analyze results for each operating unit, location, project, customer and more	√		
• Slice and dice your financial and operational data the way you want, without having to use external reporting tools or modify your chart of accounts	√		
Self-service reports and custom dashboards to reduce ad-hoc stakeholder reporting while delivering real-time updates and drill down capabilities for visibility and insight into the numbers	√		
A statistical book of measures such as headcount, locations, and contracts not captured in a standard ledger, in order to provide greater insight into business metrics directly within your accounting system	√		

4. Cloud Architecture

A modern accounting system is cloud-based so you can lower IT costs, reduce technology risks, and improve productivity. Using the cloud also gives you flexibility to choose best-in-class solutions that focus on ease of integration with other leading software solutions to meet your needs in each business area (unlike suites, that primarily focus on ensuring that applications within the suite are integrated). A best-in-class cloud accounting system will deliver:

	Intacct	Other	Other
On-demand scalability and performance in the cloud, dramatically reducing your total cost of ownership by reducing your hardware and software costs as well as IT time and expense for maintenance, upgrades, and support	√		
Reduction in your technology risk with enterprise-class security, backup, disaster recovery, and performance monitoring at a much lower cost than doing it yourself	√		
Productivity resulting from anytime, anywhere access on any device and operating system	√		
Quarterly, automatic software updates that keep you current with the latest accounting standards and software features	√		
Convenient "point-and-click" integrations (straightforward enough not to require IT skills) with commonly used applications such as:			
• CRM and sales force automation, like Salesforce.com	√		
• Human resources	√		
• Inventory and fixed assets	√		
• Project management	√		
• Payment processing	√		
• Payroll and ACH	√		

5. The Right Company

Be sure to work with an organization that is committed to providing you with a world-class accounting system, not just a suite of software and services that you may not need. Your modern accounting system should come from a company that meets these criteria:

	Intacct	Other	Other
Heritage and exclusive focus on accounting systems	√		
Proven longevity, sustained growth, and financial strength	√		
System and services focused on small and medium-sized organizations	√		
Recognized for excellence by leading industry associations such as the AICPA	√		

About Intacct

Intacct is the cloud financial management company. Bringing cloud computing to finance and accounting, Intacct's award-winning applications are the preferred financial applications for AICPA business solutions. Intacct applications, in use by more than 6,000 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.

![Intacct Preferred Provider of Financial Applications for AICPA business solutions]