

**What issues do today's organisations face in choosing systems that will meet their finance and accounting needs?****Introduction**

The purpose of this report is to answer the question 'What issues do today's organisations face in choosing systems that will meet their finance and accounting needs?'. The report will discuss how technology is changing the way accountants work, followed by focusing on potential issues when choosing accounting systems and how businesses face difficulties in choosing the right system. The points will be emphasised through two examples (Axonaut and Oracle ERP). The report will then finish with a comparison of Sage and Xero in relation to my personal usage.

**How is modern technology changing the work of accountants?**

Modern technologies have been able to drastically change the way accountants work specifically how they perform bookkeeping as well as the way they can analyse financial data. The emergence of AI has made the work of accountants much less repetitive, freeing them up from tedious actions and allowing them to focus on other important issues. AI technology has reduced the chance of human error and if used correctly it can give much more accurate insights into a problem (London School of Finance & business, 2022).

Furthermore, modern technology has enabled enhanced security, conforming to the CIA triad. This enables accountants to keep financial data private and gives customers greater trust. By following the CIA triad, accountants can minimise the risk of leaking data. It does this by enabling confidentiality which is designed to prevent sensitive information from unauthorised access attempts. Then integrity, this "involves maintaining the consistency, accuracy and trustworthiness of data over its entire lifecycle." Finally, availability which means that information should be consistently and readily accessible for authorised parties (Chai, n.d).

### **Implications in using accounting systems**

Although some accounting software packages are designed for the use of non-accountants, these systems could still cause issues. If you have never used accounting software before learning to use it may cause more difficulty and stress than the benefits gained from having the software. Certain systems, such as Xero, come with free training certificates that can teach users how to use the system, decreasing the chance of facing issues when implementing the systems. However, a lot of the smaller scale systems will not offer this and could mean implementing the system does not improve efficiency (Morris, n.d).

Despite the fact that some small business accounting packages are fairly priced, it is not only the cost of using the software that is incurred. Accounting software requires a certain standard of computer in terms of RAM, processor speed and hard drive memory to be used effectively. Also, most business will require technical support when difficulties arise with the systems, as well as annual licence fees to receive upgrades both adding extra costs. In addition, if you are unskilled in software installation, you may need to hire a consultant to carry out the installation for you (Morris, n.d). All these extra charges on top of the package could make it intangible for small businesses to run a software.

### **Decision making issues in choosing accounting software**

When deciding on software accountants must consider different aspects within the software, one of these being the scalability of the system. This means that although when installing the system the scale of the business may be small and it may seem attractive to buy any software on the market, if the business is expected to grow you must consider a scalable software. If you were to choose an unscalable software you will need to replace it as the business grows, increasing costs (SME News, 2022).

One of the most important factors, especially for small businesses, is price of the software. Many softwares are priced differently. Some systems offer a desktop

based solution at a one time cost whereas others provide a software as a service (SaaS) at a monthly charge. Whilst it may seem best to buy the cheapest software, you must consider the features. For example, software with advanced features including reports and analysis and sales tracking come at a higher cost. If the business requires advanced features they must pay a higher fee, however it must fit within the budget (SME News, 2022).

### **What is ERP?**

Enterprise resource planning (ERP) is a “type of software that helps organisations automate and manage core business processes for optimal performance. ERP coordinates the flow of data between a company’s business processes, streamlining operations across the enterprise (Microsoft, n.d).” It can be delivered in various ways:

- On premise where you install the software onto your server
- Hosted where you use the vender's server for a monthly fee
- Public cloud where you pay for a subscription
- Private cloud installed on premise
- Hybrid using both on premise and cloud services (ERP SoftwareBlog, 2011)

### **Oracle ERP**

Oracle is a cloud based end-to-end SaaS that manages enterprise functions including accounting, financial management and project management (HCLTech, n.d). It consists of many models including a financial cloud that offers extensive support to a variety of business types, project portfolio management with complete and integrated project financial management to improve profitability and contemporary project execution to power delivery. In addition, Procurement cloud that streamlines business pay process through automation and finally risk management cloud that utilises AI (HCLTech, n.d).

Oracle offers security training that will be attractive to businesses as security comes ever more important in the evolving technological world (Oracle University, n.d). This system is more suited to mid to large range corporations. According to enlyft (n.d), Oracle ERP is most often used by companies with 50-200 employees and 1-10 million dollars in revenue. The price options are shown in figure 1.

### Oracle ERP Pricing

Oracle Enterprise Resource Planning Cloud	Oracle Enterprise Resource Planning for Self Service Cloud	Oracle Accounting Hub Cloud	Oracle WebCenter Forms Recognition Cloud
<b>\$625 /User/Month</b>	<b>\$20 /User/Month</b>	<b>\$10 /Month</b>	<b>\$60 /Month</b>
<b>Features</b> <ul style="list-style-type: none"> <li>• Advanced collections</li> <li>• Automated invoice processing</li> <li>• Financials</li> <li>• Grants management</li> <li>• Project contract billing</li> <li>• Project financials</li> <li>• Project management</li> <li>• Revenue management</li> <li>• Requires a minimum of 10 users</li> </ul>	\$20.00 user per month <b>Features</b> <ul style="list-style-type: none"> <li>• Expenses</li> <li>• Project resource management</li> <li>• Task management</li> <li>• Time and labor for projects</li> <li>• Requires a minimum of 100 users</li> <li>• Requires Oracle Enterprise Resource Planning Cloud</li> </ul>	\$10.00 per month <b>Features</b> <ul style="list-style-type: none"> <li>• 1,000 records</li> <li>• Requires a minimum of 500,000 records. Requires Oracle Enterprise Resource Planning Cloud or Oracle Enterprise Resource Planning Cloud—Hosted Employee</li> </ul>	\$60.00 per month <b>Features</b> <ul style="list-style-type: none"> <li>• 1,000 records</li> <li>• Requires Oracle Enterprise Resource Planning Cloud</li> <li>• Requires a minimum of 10,000 records</li> </ul>

Figure 1 – (SaaSwothy, n.d)

### **Axonaut ERP**

Axonaut is a cloud based software designed to help small businesses “streamline administrative processes related to customer relationship management, invoicing, marketing, inventory tracking and more.” It enables businesses to gain a better insight into turnover rates through analytics. Axonaut’s project management module supports enterprises to create and assign projects among employees and calculate the time it will take to complete the tasks giving staff a clear idea of what they should be doing and increases efficiency. As well as this it allows the business to generate and send quotes to customers via emails and create sales invoices. Overall it supports many of the businesses day to day tasks (GetApp, n.d).

Axonaut offers training via webinars and videos meaning the system can be used

effectively by employees and management. In addition to this, it provides an app enabling management to use the system away from the office (SourceForge, n.d). Axonaut offers a 15 day free trial and other pricing options are shown in figure 2 (Axonaut, n.d).



Figure 2 – (Axonaut, n.d)

## Comparison

In comparison, whilst the two systems serve the same purpose, they are aimed towards different size businesses. Both systems are available to use through mobile apps meaning management doesn't need to be in the office to review resources as well as both offering training in using the systems. Oracle has far better capabilities required by larger organisations such as risk management using AI. The pricing model of Axonaut means it is of better value to a small business at a lower price of £49.99/month compared to Oracle at \$625/month per user for full usage however larger scale subscriptions are available to meet certain organisation's needs. Finally, Oracle is delivered as a SaaS rather than Axonaut delivering as a cloud based system, the SaaS means that the user doesn't need to maintain the server whereas with cloud you must maintain it (LeanIX, n.d).

## Personal Sage vs Xero comparison

### Sage

Whilst I used Sage I was able to draw many opinions on the system, particularly in the way this system was delivered. The system was delivered as an on-premise software, this caused many problems when we first went to use the software during the seminar. As the software wasn't properly installed onto computers we was unable to use the software, highlighting the lack of access this method of delivery gives within organisations. This fact also meant if I wanted to look into the system I had to visit certain computers whereas it would be much more desirable to access the software at various locations on different devices.

Whilst using the software it became evident how dated the user interface was in comparison to other systems. I found that because it felt very bunched together it became hard to navigate without following the steps of the seminar leader, particularly when I was trying to add stock to complete an order, I was ultimately unable to complete this. Organisations will also suffer at the lack of ease-of-use as people unfamiliar with the system will also find it hard to navigate and become inefficient, however with some experience the software can be very efficient due to the extensive features.

### Sage User Interface

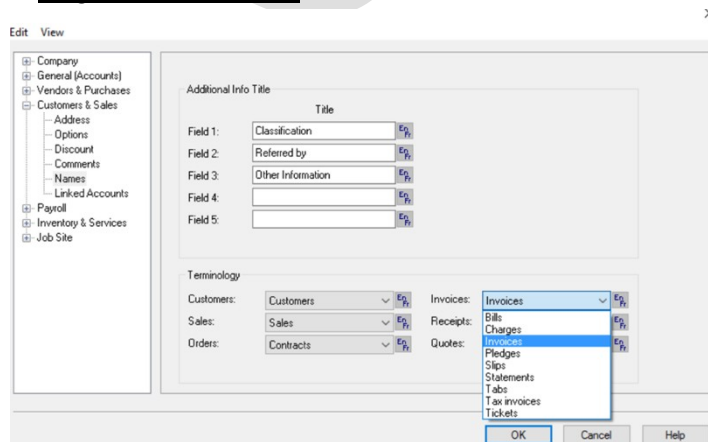


Figure 3 – Screenshot of Sage showing how dated the user interface looks (Sage City, 2016)

It was noticeable that Sage comes with many advanced features that Xero didn't offer such as advanced budgeting and forecasting as well as fixed asset management. This will make it a more attractive software to large organisations who require such features. Finally, whilst Xero was able to offer a training certificate Sage did not do this. This meant that I was unable to get around problems I came across whilst using the system without asking the seminar leader.

## Xero

In contrast to Sage, Xero was offered through a public cloud. This meant that I was able to use the software on my iPad at any time I wanted and enabled me to learn more about the system because it was more readily available. I also felt the fact Xero could be used on a one month free trial was a huge pro to the system. Small businesses in particular will be able to use this to their advantage by using the system at no charge to see if it makes them more efficient.

The user interface felt modern and easy to navigate. It was much simpler to complete tasks on Xero and I didn't face many issues in completing tasks that were set. This will make it much more attractive to small businesses who don't have the resources to train staff in using the system.

### Xero User Interface

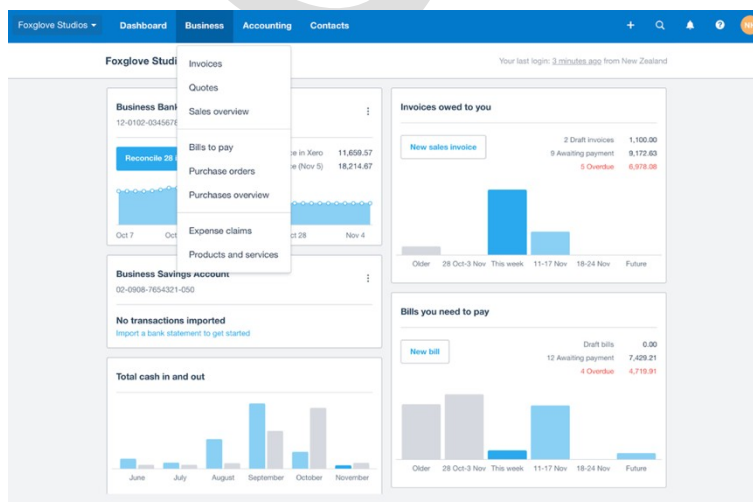


Figure 4 – Screenshot of Xero showing a more modern interface (Bowater, 2017)

However, I felt that Xero came with limited features, specifically ones that large businesses need. It didn't cause me any issues but I can appreciate that this could cause issues if large organisations were to use the software. Finally, I was able to learn a lot about using the system through the Xero certification. Although I wasn't able to complete it, it gave a lot of insight into the main core of navigating the software.

Sage and Xero Features

FEATURES	SAGE	XERO
Core cloud accounting features	✓	✓
UK based telephone support	✓	
Audit trails	✓	
Free bank feeds	✓	✓
Unlimited users	✓	
Unlimited transactions and charts of accounts	✓	
Advanced views for Accountants and Bookkeepers	✓	
Built in GDPR compliance	✓	

Figure 5 – Table showing the vast amount of features Sage offers compared to Xero (X3 Consulting, n.d)

**Comparison**

In my opinion, I preferred using Xero to Sage, mostly because of the modern interface making it easy to navigate. I found more issues using Sage, specifically the fact it cannot offer access away from the computer it is installed on. However, it is important to highlight that Sage is much more suited to large organisations than Xero which is aimed towards smaller scale ones due to the fact it offers more advanced



features as shown in figure 5. Overall though, for someone unfamiliar with accounting software like myself, Xero is a much more desirable software.

## Conclusion

The emergence of technology has empowered accountants in their everyday work through automation, freeing them up for other tasks. Organisations, however, face issues in choosing the right software because of the costs involved, not just in buying the software but installing the equipment to run the software and the maintenance involved maintaining the software. Following this, organisations must consider the features the software offers are the ones required otherwise installing the system is ineffective. My points were emphasised by showing 2 different scale systems (Oracle and Axonaut) where it was found Oracle offers more extensive features however it comes at a much higher cost. The decision making issues were also shown between Sage and Xero, Xero was much more user friendly but Sage offered more advanced features. Organisations are required to research the market to find software that meets their needs and fit within the budget.

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