What Issues do Today's Organisations Face in Choosing Systems That will Meet Their Finance and Accounting Needs?

Introduction

This report seeks to investigate the application of information systems both ERP (enterprise resource planning) and BAS (business accounting systems); Sage, Xero, Microsoft Dynamic 365 and Axonaut to overcome challenges for organisations from both accounting and management. This is crucial to make any business work cohesively and efficiently.

ERPs

Importance of ERPs

Organisations use ERPs for many aspects of their work, the reach of ERPs have been growing with new modular systems that offer 'bolt on' accessories to utilise more data and do so quicker (Fig.1). Management can now be done from anywhere with an internet connection (both cloud based options) and allows for greater efficiency and greater workloads requiring less employees. Briefly, this if derived from connecting back, middle and front office operations seamlessly, E.g manufacturing, supply costs and sales from marketing to interlink to maximise revenue by allowing these operations to communicate.

Fig.1

ProjectLine, 2021

What to Look For

When choosing systems, there are many factors within ERPs; CRM, case management, knowledge base ie. templates to be automated, supply chain management including inventories and orders. Further as accounting systems integrate while introducing modules for other functions as compatibility is key.

Microsoft Dynamic 365 vs Axonaut

Microsoft is the larger of the two systems, hosting large organisations such as Toyota (Micosoft, 2023). Axonaut however also integrates both customer relationship management (CRM) and ERP offering a similar package. Both are adapted for use of Microsoft office however Axonaut prides on hosting other documental systems such as MailChimp, Mailjet and google workspace to improve emails and recommendations by analysing data (Mailchimp, 2023)(Axonaut, 2023). Dynamic also integrates teams, outlook, word template and more as part of the Microsoft software (Micosoft, 2023). These are both customisable with thousands of programs designed to integrate by using modular systems. Both examples of these integrations reflect up to 94% (48% in G-suit and 46% in Office365) of the office software market. Despite this, neither direct CRMs are ranked on top-5 lists such as The Best CRM Software In The UK (2023) however the highly ranked systems (judged on cost, scalability, ease of use, functionality and integration) can be used by both ERPs as integrated modules.

Axonaut claims to have 119 more functions (appviser, 2023) however this is not inclusive of the modular systems available to each and hence not being representative. For example Excel alone hosts over 400 functions stated by program managers of MS Excel (Spotanski, 2019) with the average person using 15 functions up to industry leaders using closer to 35 functions (Cameron-Martin, 2023). Based on this, the comparison of thousands of functions is not a deciding factor of either systems as both have access to integrate any functions needed.

Under CRM, there are several functions required and with Dynamic's omnichat system it is able to take in information from all communication channels such as email, Whatsapp, calls and more. This simplifies communication across all stakeholders to seamlessly integrate all platforms. Axonaut used third party omnichat equivalents such as Sozuri which have been the highest rated platform from G2 (2021) with over 1,000 further integrations and 1-click capabilities outperforming Dynamic's initial omnichat system.

On comparison (appviser, 2023) Axonaut meets more needs however this can be short sighted as it states Dynamic isn't an accounting system however Business Central is included in the package. Between this and excel, both can be used to connect; financials, sales, services and operations depending on scale (Excel may be better suited for smaller scale operations whereas an integrated system can lend itself towards larger scales, yet Excel can integrate with the use of Mail Merge (Goel, 2021)).

Overall, both systems have enough modular programs to cater for any organisation and its required functions. It comes down to the support and usability and Dynamic outperforms Axonaut on both with 24/7 customer service and with the Microsoft based system offers a familiar interface using similar functionality to the rest of the Microsoft.

What to Look for in Business Accounting Systems

Most systems required or preferred by the organisation will be implementable thanks to the framework of ERPs centred around integration. Integration allows for these systems and functions to communicate to each other and with both sides of the software development centred around APIs (Application Programming Interface) allowing for greater compatibility and flexibility across systems.

Implementation's objectives include: scope, risks, assumptions and deliverables (CFO Hub, 2023). These will determine the software best suited making installations unique. Using Quickbooks and Xero as examples, these contrast as the intended organisations for qiuckbooks (online) are larger firms whereas xero targets smaller businesses. Integrating initially involves transferring data from previous systems, eg. importing contacts (both suppliers and customers) and linking bank accounts. Xero offers its conversion Toolbox to migrate onto the platform (Xero, 2023) and similarly Quickbooks with conversion tool (Quickbooks, 2023) to help as in-line with industry standard to attract organisations.

Leading onto security and controls, Xero is certified with PCI, ISO27001 and SOC2 security assurances with multiple layers of protection E.g. 2-factor-authorisation. This gives redundancies from both human and computer's sides as 2-factor-authentication reduces human engineering as requiring several up-to-date passwords. The firewalls and redundancies of hardware from Xero's side allows the originations piece of mind if any components fails on their systems. Similarly QuickBooks prides itself on Verisign, an industry recognised security system; by outsourcing certified security they allow for the industry experts to safeguard the platform. World's top banks use the same encryption, firewalls and more – Quickbooks presents the safer option especially as they deal with larger clients requiring more security. This example shows how mainstream accounting systems all present the same marketing but within have different levels of certification.

Training and learnability prove crucial, E.g. Xero offers extensive training courses for both advisor and payroll users certifying its learnability. QuickBooks also offers courses with certifications for both core and advanced users – advertising growth, boost in confidence and saving time. Both are on the forefront of the industry standard in training with little between the two and are predominantly only offered by the popular systems proving mainstream options favourable.

Theory and Concepts
How Accounting is changing in the new age of technology

Accounting has been around since 8,000BC, from papyrus to a keyboard the fundamental principles have been the same. Single or double entry book keeping for small and large firms the process of recoding transactions remains the same just automated now even with the implementation of AI for uses like creating and reading receipts to financial statements using accounting concepts.

Contemporary Issues in BAS and Related Systems

Issues come as systems develop in automation it can miss small details and can oversee excess expenditure when needed to be caught in the case of fraud. Examples such as embezzlement can be hidden in accounts and can be difficult to detect by trained accountants let alone AI that is only trained to allow or deny claims. Creative accounting has been an issue for many but the use of systems can create holes in the system that can be liable to fraud or other financial crimes. Time-saving functions (such as reading receipts or allowing expenses) can lead to minor errors which in accounting terms can snowball out of hand such as with Enron (Pugh, 2019).
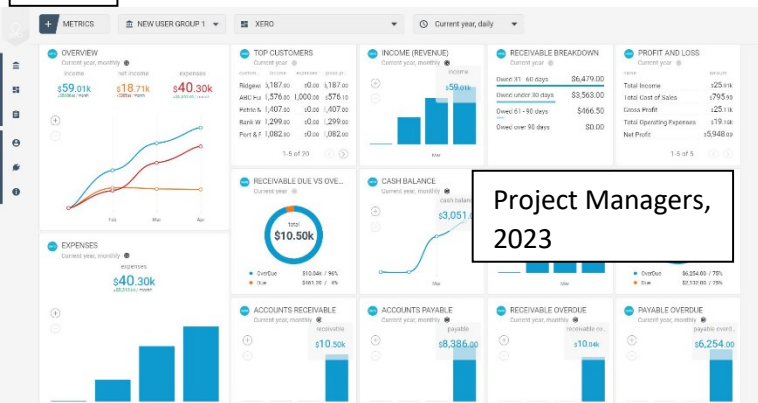
Sage vs Xero

Sage 50 is older than Xero's up-to-date cloud version, it is not a fair comparison as Sage offers newer software such as it's cloud based 'Online' system. However both give the organisation a platform to account transactions, keep inventory and produce financial records. Sage also presents as an ERP with its inventory control from raw materials to job phases for estimated income compared to Xero an accounting system with some management control beyond yet relying on external modular programs for more functionality.

Xero offers 2 certifications as part of its training (Advisor and Payroll), both estimated to take 12 hours compared to Sage University offering a plethora of courses and certifications (Sage, 2022).

Sage's interface shows it's age as seen in Fig.2 compared to Xero's interactive, customizable homepage showing key aspects of the business (Fig.3).
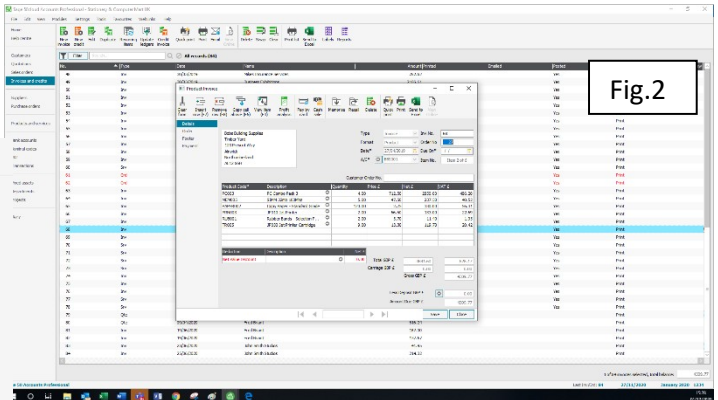
Xero focuses of offering an easy-to-use interface accessible for all. This is designed to connect owners to the

Fig.3

Project Managers, 2023

Fig.2

financial data required to aid decision-making (Kanai, 2023). Compared to Sage's feature focus can become confusing to navigate.

Leading on, Sage is a very powerful platform with many information collection systems for their contacts but also for inventory that can then be computed for periodic reports ranging from weekly to yearly intervals. However, Xero puts many of these features behind further paywalls yet still fall short on periodic reporting and project management (Stumpp, 2015).

Sage, 2023

Both systems can be difficult to new users however based on use of both systems, Sage requires more specific knowledge creating a bigger learning curve even for simple functions such as putting through a single sale with steps on inventory, sales and receipt sides. This can however be automated all if set up correctly for both systems, Eg. Invoicing, bill payments and expense tracking.

Value of the systems ranges as xero varies from £7-£18pm and sage starts at £129-£1630+VAT highlighting the difference in consumers as Xero is aimed at smaller businesses compared to Sage being used by companies generating millions in revenue or more E.g. Brambles with revenues of $3.73B. Xero targets small consumers giving ease of accounting to all, Sage offers a powerful platforms aimed at those able to employ specialists to use the platform to its full advantage. When factoring inhouse accountants the software cost is secondary to the accountants salary hence becoming more expensive and limits the consumer basis to larger companies able to spend these resources.

Both systems aim to improve efficiencies in accounting but Sage offers greater use for reporting but more so, financial analysis for organisations. Having the greater power allows greater efficiencies and more data can be used for better calculations in financial analysis. Using the computational power of Sage can be used in further examples in mergers and acquisitions as a key aspect is to improve efficiencies and management – Sage offers solutions and data on both. Xero on the other hand can give cash flow visibility and financial health snapshots based on

performance indicators which offer good insight for small business owners however is overshadowed by Sage's versatility reporting.

Accessibility of both programs depends on the organisation with specialist programs offered for both modular programs. Xero offers modular compatibility to integrate external programs with over 600 available. Sage has many inhouse addons available such as payroll and HR solutions. Sage maybe out-numbered in modular add-ons however offers opportunity to increase competitiveness (Thomas-Bryant, 2018) such as client based focus to involve, innovate and specialise keep Sage on the forefront of CRM and by utilising the data across gives companies using the platform an advantage in the market.

Overall Sage is the better option with greater processing power and better reporting greatly improves accounting standards. When utilised, the system can support entire companies as an ERP and provide crucial management allowing for greater efficiencies in larger companies which would otherwise be difficult (Sethi, 2018).

Conclusion

Organisations are met with large demands and a host of choices across business systems, ultimately it comes down to the scale of the organisation and the needs of functions for specialisation. Mainstream ERPs all use APIs allowing for any functions to be installed through modular programs, accounting systems included. As for BAS, the choice comes down to the size of company as the determining factor as there is a learning curve to all systems and the price of system mostly reflects the functionality and scalability available. Implementation is not a key factor as any system will need to be set-up; if any system proves more complicated, such as Sage, it will come with the greater uses and accessibility in return.

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