Accountancy Externalisation Strategy

## Background

Around 18 to 24 months ago, there was a decision to externalise all of Merlin’s accounting functionality to 3rd party Accounting Platforms (AP), such as QuickBooks (QBs), Sage, and Xero. This was bolstered by the GEO project where the intimal target countries in Canada and USA have complex sales tax rules based on the location of the seller and purchaser.

A write up of this decision can be found here [Accountancy Strategy - Technology Strategy - Confluence](https://mwiah.atlassian.net/wiki/spaces/TS/pages/1567621136/Accountancy+Strategy) and a summary has been added to the latest Geo problem statement

* Merlin has an in-house legacy “accounting” function which was shaped for the UK market and is not considered fit-for-purpose outside of the UK.​
* Strategically for Geographical expansion we started implementing QuickBooks Online and our own interface for “day to day” functions of a practice.

Work on the externalising of accounts for the US market has been underway for circa XXX6months. This has provided a subset of the accounting functionality, based on QBs being used as the invoice and estimate generator. The treatment items are sent to QBs, where an invoice is generated with the correct sales tax. This invoice is then sent back to Merlin where it is displayed in a Merlin/Echo app.

As the invoice is generated by QBs, the user would need a licence to Merlin and QB. Plus, this build cannot be ‘dropped’ into the UK market due to this production of an invoice rather than creating a mirror of an invoice

## Current situation

From analysing the taxation rules across several countries, the financial rules fall into three main categories

1. Standard = UK
2. Complicated = Ireland, most of the EU
3. Complex = USA, Canda

In September the decision was made to move away from USA and recently Ireland has been set as the target market, as Ireland does not have complex sales taxation rules, the move to QBs is not an absolute necessity.

## Questions regarding the externalising of accounting and financial

The below points have been listed as the Accounting Externalisation strategy. Below this are a set of questions regarding the potential impacts and changes in process

* Use of Accounting Packages as the PIMS accountancy in new markets
* Leverage Accounting Package integrations to Tax Authorities and their Marketplaces to promote benefits
* After new market introduction of external accountancy and user feedback, introduce for new customers in the UK market before migration of existing customers.
* Deprecation of in-house development of accountancy, tax calculation functions and tax reporting within the PIMS.
* Net calculation and List Pricing to remain within the PIMS

Questions

### Will we be dictating which AP the user can use?

* 1. Are we creating an integration from Merlin to the main AP providers, i.e. QuickBooks, Xero, Sage.
     1. Do we know the main providers across all potential Geo countries?
     2. If not, do we know if the APs in, for example, Australia can provide the same capabilities?

### What are the impacts, if the user already has an account with an AP?

* 1. If we are dictating a single AP, which is not the same as their current AP
     1. Do we expect them to migrate to ‘our’ AP?
     2. If so, do we support the data migration from one AP to another
  2. If the customer has an account with the same AP as ‘our’ AP, do we know how this will affect the onboarding process?

### As the user can create, update and delete their invoices, estimates, periods, price lists, etc. in the AP how will this affect the single source of truth?

* 1. As the integration between Merlin and the AP is one way, if the users alter their accounts in the AP then this will not be pushed back to Merlin. This may result in inaccuracies between the value of items, services, treatments and the value shown in the AP. How do we manage / prevent this?
  2. If the customer starts to see the AP as the place to generate an invoice, as the pricing is held in Code Entry, and the nuances are not transmitted to the AP, how will these invoices represent the correct amounts?
  3. If we create a two-way integration so invoices generated in QBs are sent to Merlin, how would this affect stock management? For example, the practice sold 2 boxes of tables, the practice creates the invoice in QBs and takes payment. However, this would not be added to the treatment section or adjust stock levels in Merlin

### How will our new payment process (links and PoC with Dojo) work with an externalised AP?

* 1. If we take a PoC payment, how do we reconcile this against the AP invoice?
  2. If the users have used the payment features within the AP, how does this impact our processes and commercials with our payment providers, i.e. the customer uses QBs payment links and we do not receive any percentage of this?

### When the customer has Merlin with a connection to our AP, if the customer stops using / paying for the AP how will this impact our integrations?

### How much extra cost will this add to the perceived Merlin cost?

* 1. If the customer must have an AP licence to support all Accounting and Financial capabilities the customer may see this additional cost as an essential extra to the Merlin licences cost
     1. Do we know which licences level would be needed to support the accounting externalisation design, by each main AP supplier, in each country?

### Will the additional costs from all essential addons impact our commercial edge with our competitors?

* 1. What are the essential addons to allow the customer to operate in (for example) Ireland? i.e. an AP for accounts and VetImpress for NVPS?
  2. What are the combined additional costs?
  3. How does this compare to our competitors in the target Geo countries?

### Will this replace all the existing accounting features within Merlin?

* 1. Merlin has a wide-ranging set of capabilities across Account, Finance and Admin settings. [Lucid](https://lucid.app/lucidchart/010c3a15-6644-48fc-b91a-4d58dd19d1e6/edit?page=vR5fhA1PiGl9&invitationId=inv_54df9833-3fb0-4d10-a35a-da4b066bdcbc) Not all of these will be covered in an AP?
     1. Have we assessed what the customers impact will be of not replicating these capabilities?
     2. Have we assessed if the main AP companies provide the same capabilities, or do we risk that some features would be replaced by AP a but not by AP b?
     3. If we are to move existing users to an AP eventually, what would happen to the customer’s data/processes if they are currently using this AP unsupported capabilities?

### If the plan is to support two builds of Merlin, one for new users with account / financial removed and one for existing users prior to their migration

* 1. Would we need to duplicate all our processes to support this dual functionality, i.e. billing, development work, support team processes, guides and training materials, etc.?

### Would we expect Merlin to be able to function without an active AP integration?

* 1. If so, how do we test the stability with all the accounting and financial functionality removed?
  2. If this is a supported option, then MWI will need support three processes,
     1. 1) No Accounting or Financial capability
     2. 2) New users with externalised Accounting and Financial capability
     3. 3) Existing users who have not yet migrated to an AP for externalised Accounting and Financial capability

### What is the cost / resource compassions between upgrading Merlin Accounting and Financial capability and externalised Accounting?

* 1. If we are to support multiple processes for a period of time, plus any loss in new licence as the combined costs are more than out competitors or existing licenses as our existing customers do not want to externalise their accounts. What is the cost of this additional work, lost revenue and failed new revenue?
  2. What is the cost (and time impacts) for upgrading Merlin?

### When it is triggered to move all existing user’s account / financial processes out of Merlin and to a 3rd party AP system

* 1. How do we communicate the change with them?
  2. What time period is required to notify them of the change?
  3. What alterations do we need to make to their existing contracts / agreements with us?
  4. If they do not want to migrate, do we end their contract with them?
  5. What is the process for migrating their existing data to each of the APs?
  6. If we are not migrating their data, do we create a new process in Merlin to hold archived accounting and financial data?
  7. How will the user access both data sets if the migration straddles tax / financial reporting years?
  8. What are our data retention rules in each target country, and will this migration process put us at risk?

### As the AP would be separate to MWI / Merlin. The relationship would be between the customer and the 3rd party AP, however if the user experiences issues, would they expect us to resolve their problems?

* 1. How will the customer understand that any issue they have with their accounts is outside of the purview of Merlin?
     1. What would the process be if the customer cannot resolve their problems with the AP and feel that they can not use Merlin at all without it?
     2. What demand will this drive into Merlin’s support teams?
     3. How are our support teams and their escalation routes (in case of complaints) made aware of the new process, and what advice they should give?

### How would role-based security be managed?

* 1. Would the customer expect only certain roles to be able to access the AP features?
     1. If so, do we or the AP manage that?
     2. How would this work with our onboarding process from Merlin to the AP?
     3. How would this impact any Single Sign on processes? i.e. would the user have to exit Merlin and separately lo g into the AP to perform their accounting and financial requirements?

1. Is there a max number of invoices we can hold between QBs and Merlin?
   1. Are they the same in each
   2. If we are moving existing users, what happens if they exceed this number?
   3. What would happen if a user reached this number?