
Accounting System Analysis

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Executive Summary

We analyzed the accounting system at [REDACTED]. Currently, the accounting software being used is Sage 300 which was launched in 2004 deeming is relatively out of date. This software doesn't facilitate all the processes and multiple platforms are used within the accounting system giving rise to the root problem: lack of unified software solution. This root problem has had a waterfall effect and given rise to a multitude of problems. Corrective measures and solutions are provided to mitigate these problems. 3 alternatives to Sage300 were taken into consideration taking into consideration the company's functional requirements, non functional requirements and respective constraints. These software alternatives were evaluated under a standard criteria to reach and justify our recommendation which was introducing Sage Intacct as the new accounting system.

About the business

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

They primarily rely on donors, sponsors, and volunteers for their funding source. These donations as well as their operational expenses are handled by the accounting department. The department is based in Vancouver and handles the bookkeeping for all branches across BC.

The Current Work System

The current system uses Sage 300, an ERP tool running on Microsoft SQL, developed in 2004. Its market is primarily small to medium-sized businesses, and it is highly customizable due to its modular nature. However, the current system requires an on-site server, which makes it expensive to scale with expanding operations.

Problems Identified

The root problem that we have identified with the current system is the lack of a unified software solution. We encounter this when we process donations. The system requires a new account to be created for each donor each time they donate. This leads to large amounts of data redundancy and loss of analytical capabilities. Additionally, in order to generate financial reports, we are currently required to export the data into an independent secondary tool. This manual transfer of data leads to a loss of data integrity. Besides this, the current report generation and data analytics require the help of a consultant due to the complexity of the task. This increases the cost of the process as well as increasing the data security risk. We believe that these problems will be addressed by an updated unified software solution.

Problem 1	Currently, the organization has to deal with too many fundraiser accounts (1200+) as every time there is a fundraiser the current system forces them to create a new account for each donor. The current system creates a new unique ID for every time a donor donates even if he is the same donor who donated at previous fundraisers.
Problem 2	The current system is not able to perform a cost-benefit analysis using the data for the previous fundraiser events. For example, if the organization needs to host a fundraiser which will cost them \$10,000, they need to perform a cost-benefit analysis to figure out if the fundraiser is worth hosting and if they can receive a good return on this investment.
Problem 3	The current system at the organization (Sage 300) allows only 4 personnel to have full control of the data which allows them to manipulate the data, generate reports, and perform analysis by crunching the numbers. Adding more users to the system increases the cost for the organization.

Problem 4	Isolateability issue with accounts and events. The current system has a high level of interdependence between its accounts. This makes the extraction of specialized data for analytical purposes/ report generation tedious.
Problem 5	Currently, the company is using Sage 300 which is an on-premise server system. They have been using it for over 5 years now and therefore looking to upgrade to a new system. Upgrading to a new on-premise server comes with a high implementation cost along with a per-user licensing cost.
Problem 6	Currently, the organization exports reports from the accounting system and performs analysis in Excel. When these accountants submit this analysis to higher management, it is hard for them to fully grasp the technical representation in tabular format in Excel.

Requirements

Functional/Non-Functional	Requirements
Functional	The accounting system must be <u>compatible with Salesforce</u> .
Functional	The accounting system must automatically match the <u>Canadian accounting standards</u> (ASPE, IFRS, etc.)
Functional	Must be able to <u>control the type of access</u> for different personnel (complete admin, user role which limits access to certain modules, etc.)
Functional	The accounting system must be <u>cloud-based</u> .
Non-functional	Should be able to easily <u>adjust or cancel journal entries</u> entered into the accounting software.
Non-functional	Solutions may be under the <u>Sage product umbrella</u> for familiarity and training convenience.
Non-functional	Number of users, and modules within the software should be

	<u>scalable.</u>
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Constraints

- *Budget:* As a Not for profit, the organization needs a new system that doesn't exceed its budget of 12,000 per year (not including implementation costs)
- *Time:* The system needs to be implemented and ready to use maximum by March 2023.

Alternatives Considered

Sage Intacct

Brief Description	A cloud-based accounting system that helps automate a series of accounting procedures. It's the only accounting software endorsed by the AICPA.
Benefits	<ul style="list-style-type: none"> • Can handle unlimited Cloud users and transactions which can be integrated across different cloud applications. • Compatible with Salesforce and data can be transferred from existing software Sage300. • 20% cost-saving deals offered for NGOs and an additional 20% discount for users moving from Sage300 at a 5-year price-lock commitment. • Provides advanced security backup, financial data protection, and system-crash recovery
Drawbacks	<ul style="list-style-type: none"> • Many users have reported a series of glitches and bugs that adversely impacts the user interface experience • When there is a numerical error, it is hard to rectify it. Moreover, some users have reported confusion regarding which features are editable. • Not ideal for a user that doesn't have in-depth knowledge or experience

	using accounting software as it doesn't have many shortcuts and the interface may be confusing
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Quickbooks Online

Brief Description	Intuit's cloud-based monthly subscription accounting platform with affordable pricing targeted for small businesses.
Benefits	<ul style="list-style-type: none"> • User-friendly interface with the ability to access from any device • Compatibility to integrate with apps such as Salesforce • AI-powered automation features available • Laddered subscription plan • Customizable financial reporting that could optimize work processes
Drawbacks	<ul style="list-style-type: none"> • Real-time only (cannot revert back to a previous version) • Add-ons and additional users come at a higher price (would need the more premium subscription plan) • Is not tailored to specific industries and businesses → this could create higher consulting costs to implement and transition to the product • Does not provide much reporting features beyond accounting → would need additional apps to integrate with QuickBooks for BI and advanced analysis features

NetSuite

Brief Description	NetSuite cloud accounting software makes it easier to record transactions, manage payables and receivables, collect taxes, and close the books. It also provides accurate reporting on time and gives you more control over your financial assets.
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Benefits	<ul style="list-style-type: none"> • Offers ERP, CRM, financial, and e-commerce functionality in one unified solution. • Provides Accounting features like Order-to-Cash, Tax Management, Donor Management, Nonprofit Accounting, Financial Planning, etc. • Compatible to integrate with SalesForce CRM, Google Apps, and other NetSuite Solutions. • Can set up numerous reporting dashboards for teams and/or individuals.
Drawbacks	<ul style="list-style-type: none"> • Does not offer Live Support if an error occurs. It costs an additional amount for 24/7 support. • It is relatively more expensive than other alternatives • Doesn't offer Order Management in the standard version • Requires extensive training to understand and use the platform at its full potential.

Evaluation Criteria

After studying each of our alternatives carefully, we decided to narrow down our search to three options QuickBooks, NetSuite, and Sage Intacct. The SAP solution is designed for large-scale operations, and therefore the high implementation costs rule it out as an option. Financial force is also taken out of consideration due to a lack of comparable report-generation features.

To better evaluate the remaining contenders, we designed our criteria using a combination of the functional and non-functional requirements, constraints, and other factors we thought would be important in a modern long-lasting accounting system. In the table below, we have summarised the criteria where we saw the biggest difference in performance between the three contenders. We opted to use an unweighted decision matrix, in order to avoid ambiguity and personal bias in quantifying subjective evaluation criteria.

Additionally, we included verified user reviews in our evaluation of each software. In order to mitigate

review bias, where users with negative experiences are more motivated to leave feedback as compared to happy users, our scoring system is scaled up by one point.

Criteria	QuickBooks	NetSuite	Sage Intacct
Suitability to Non-Profit Industry	Low	High	High
Scalability with regards to price	High	Very Low	High
Ease of Altering Data	Average	Average	Low
Report Generating Capability	Average	High	High
Ease of Transition	Low	Very Low	High
Total Score*	4	3	8
*Scoring system: High (+2), Average (+1), Low (0), Very Low (-1)			

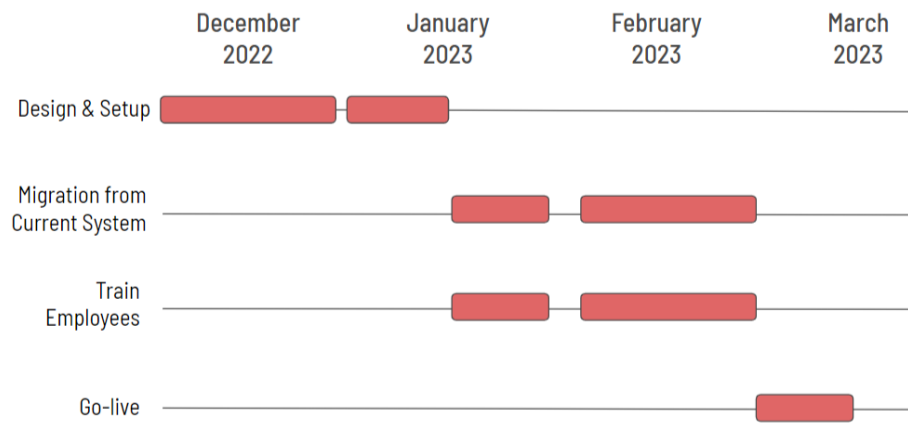
Recommendation

Our recommendation is to choose Sage 300 as their new accounting software. From our evaluation, we found that Sage 300 satisfies all the functional requirements and scored the highest in the criteria scoring system. This solution would be the most feasible to implement with respect to the budget and time constraints. The table below, is an overview of the improvements we expect, in changing to the new system.

Sage 300	Sage Intacct
On premise application	Cloud-based software
Costs: Cheap base fee, separate support package, hardware maintenance	Costs: Higher base cost with no hidden fees
Non-microsoft application integrations are inconvenient	Offers integration with more than 200 providers
Lack of flexibility: external consultant to generate/modify reports	Built-in dashboards eliminates need for Excel reports
Limited financial modules	Automated key financial processes, Multi-entity capabilities, and multi-book accounting

Implementation Timeline

We recommend following the timeline below in order to implement their new system by March 2023:

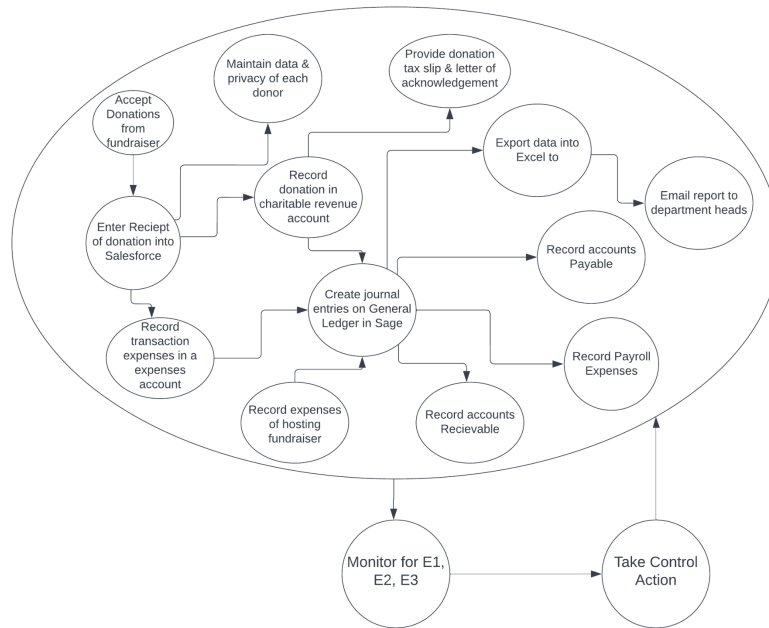


Appendix

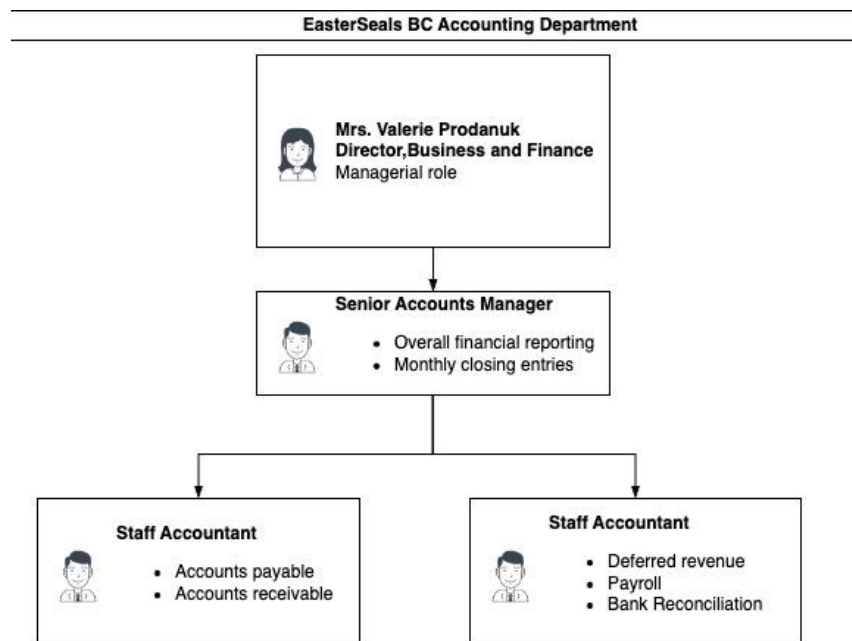
Appendix 1: Worksystem Snapshot: Accounting Work System

Customers: <ul style="list-style-type: none">• Donors (tax returns)• Clients (invoices)• Accountants• Auditors	Products & Services: <ul style="list-style-type: none">• Donor information• Tax returns• Journal entries• Invoices• Employee payroll• Credit card entries	
Work Practices: <ul style="list-style-type: none">• Senior Accountant Managers enters journal entry into the system for records• Donor is recorded on Salesforce database (Name, Contact, Email, Address, Donation Amount)• Staff Accountant files tax return receipts for donors• Staff Accountant files client invoices for records and audit references• Staff Accountant enters work hours into the employee payroll system and records related expenses into Sage• Accountant enters monthly credit card usage information for reimbursement purposes		
Participants: <ul style="list-style-type: none">• Director of Business and Finance• Senior Accountant Manager• Staff Accountants• Donors	Information: <ul style="list-style-type: none">• Program and service descriptions• Donation information (contact, amount, location)• Budget for the year• Invoices• Credit card transaction reports• Employee information (Name, Address, Phone Number, Salary, etc)	Technologies: <ul style="list-style-type: none">• Accounting software: Sage 300TM• Salesforce• Microsoft Office: Teams, Outlook

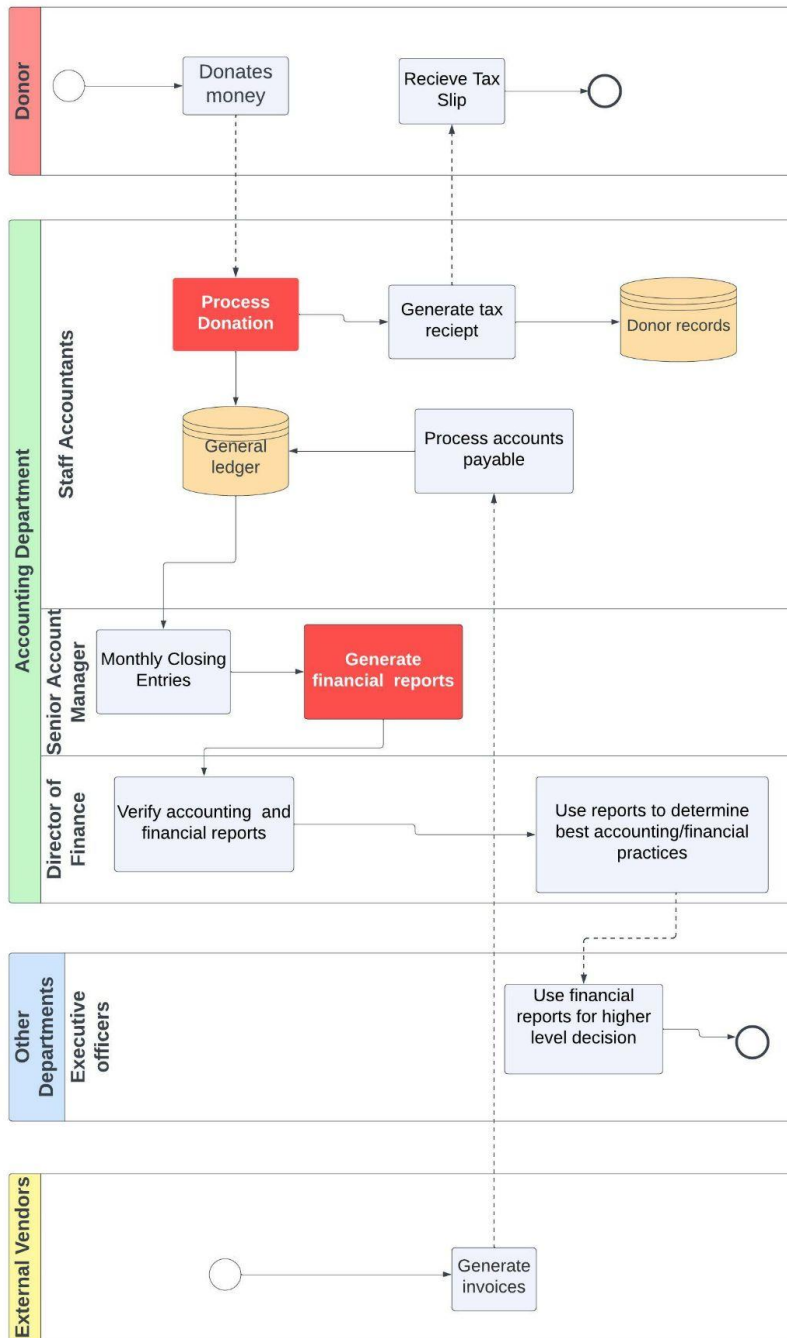
Appendix 2: Activity Model



Appendix 3: Org Chart



Appendix 4: BPMN



Legend



