

ACTIVE PRACTICE UPDATES

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ACCOUNTANTS & BUSINESS ADVISERS

CHOOSING YOUR ACCOUNTING SOFTWARE

How to find the best option for your business.

In today's fast-paced and competitive business environment, having the right tools and systems in place is crucial for success. However, one tool that sometimes gets overlooked is accounting software, which can help you manage your finances more effectively, save time and reduce the risk of costly errors.

But with so many types of accounting software, finding the best solution can take a lot of time. This article will guide you through how to choose the most suitable accounting software for your specific needs.

CLOUD OR DESKTOP SOFTWARE?

Let's begin by looking at the two main types of accounting software: desktop and cloud software.

With desktop software, the more 'traditional' type of accounting system, your accounting software and financial data reside on your desktop or laptop computer after manually installing it.

Cloud accounting software, meanwhile, is stored online – no installation required.

Each type of software has positives and negatives, but the advantages of cloud technology mean it will, in most cases, suit the average business owner of the 21st century.

For instance, as your data is stored online, you can view it in real-time from anywhere, on any device with an internet connection, making it easier to remain productive on the move.

It also makes recording expenses and income easier, as you can integrate your software with other apps, such as ones that allow you to collect and store expense records. You can also integrate bank feeds without the need for manual imports or third party plug-ins.

If you connect your account with your accountant, they'll also be able to see your data in real time, helping them provide more accurate and relevant financial advice.

ASSESS YOUR BUSINESS REQUIREMENTS

Before you embark on your search for the right accounting software, it's essential to assess your business requirements to narrow down your options and focus on software that will actually help you in the long run.

You can begin by identifying your primary needs and objectives. Do you need inventory management? Are you looking for integration with other software applications? Do you travel a lot and therefore require an online solution?

CONSIDER SCALABILITY

As your business grows, so will your accounting needs. Therefore, it's crucial that you choose accounting software that can scale with your business.

So, stay on the lookout for solutions that can handle an increasing number of transactions, users and features. Picking one that can scale with you now will save you the hassle of switching to a new system later down the line.

Scalability is another feature that makes cloud accounting software stand out. For example, Sage's desktop software requires you to purchase a licence to use the program for each additional user; however, with Sage's regular cloud offer, you can enrol up to 20 users onto the system. Xero, meanwhile, allows unlimited users.

EVALUATE USER-FRIENDLINESS

Not everyone in your organisation that uses your accounting software will have an accounting background, so it's crucial to choose software that is easy to navigate.

The good thing is you can test platforms by taking advantage of the free trials that some providers, including Xero and Sage, offer.

Make sure to also take a look at providers' resource libraries and check what support systems they have in place.

INTEGRATION CAPABILITIES

Your accounting software doesn't exist in isolation; you probably have a lot of other software applications you use in your business.

If this is the case, cloud accounting software may make more sense for you, as there are lots of opportunities to integrate other types of software with it. In practice, this means information entered into a connected app will update information in your main software and all other connected applications.

So, make sure to check the app stores of different software providers, such as Xero, before you make your decision.

READ REVIEWS AND SEEK RECOMMENDATIONS

Before you make a decision, be sure to take the time to read reviews and seek recommendations from trusted sources.

Online reviews and testimonials from real people and businesses similar to yours, in particular, can provide invaluable insight into the pros and cons of each accounting software option available to you. Pay close attention to factors important to you, such as ease of use, quality of customer support, reliability and overall user satisfaction.

Why stop there? You could also reach out to business owners and industry professionals for their recommendations and experiences. Their first-hand feedback can help you make a more informed decision.

TRIAL THE SOFTWARE

As we mentioned earlier, many accounting software providers offer trial periods or demo versions of their programs. Make sure you take advantage of these offers to test all the features and integrations and to find out whether it's the right fit for you.

PRICING AND COST CONSIDERATIONS

Accounting software varies in cost, depending on its features, the number of users it supports and other factors. It can also vary in payment models, although most providers nowadays offer a subscription model and different packages depending on your needs. Comparing these packages and their fees is therefore recommended.

Make sure to stay alert for extra costs, however. For example, both Sage and Xero have multiple types of software depending on your needs, including separate programs for accounting, payroll HR and financial management.

So, make sure to factor extra costs into your budget, and don't just rely on the headline fee advertised on websites. Yes, the costs may mount up if you need a lot of tools, but at least you won't be paying for software you end up never using.

WHICH DOES YOUR ACCOUNTANT USE?

Finally, check which accounting software your accountant uses, as they'll be proficient with that particular software. As such, you'll be able to get far more value from your relationship as your accountant will be able to help you get set up. They'll also be able to manage your finances more easily as they'll know how to use the software themselves.

If you don't use the same software as they do, don't assume they won't be able to help at all – the point is don't expect them to know everything right away!

☑ Talk to us about your accounting needs; we might be able to recommend the right solution for your business.