

Technology Evaluation Centers

2013 Market Survey Report:

What Organizations Want in

Accounting and Financial Software

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About This Report

This report is based on aggregate data collected from more than 3,800 accounting and financial software comparisons performed using Technology Evaluation Centers' (TEC's) TEC Advisor software selection application. TEC Advisor contains detailed information about product capabilities for a wide variety of enterprise software solutions, including accounting and financial solutions.

Using TEC Advisor, business decision makers can define their companies' high-level financial software requirements in order to identify a working list of solutions to evaluate in depth. They can then compare how, and how well, different solutions support their requirements.

The Value of Peer Assessment

Although each organization has its own unique accounting and financial software requirements, it's useful to consider what other companies are seeking in terms of features, pricing, and specific technical and methodological considerations.

Studying what your peers and competitors are looking for in a financial solution can help you develop an understanding of what accounting and financial software vendors offer, what other companies have identified as important requirements, and what might be a good fit for your own organization.

Start Your Own Financial Software Selection Project with TEC Advisor

You can use TEC Advisor to perform your own in-depth accounting and financial solution selection project. Using TEC Advisor you can see how well different financial solutions address your company's unique business needs.

To start your TEC Advisor accounting and financial project, visit [this link](#).

Why Financial Software?

Accounting and financial software is among the most evolved of business software applications. It provides with a great selection of software products for various markets, as well as supports multiple delivery modes and caters to the specific needs and budgets of organizations of all sizes.

Accounting and financial management software is one of the first applications to have been adopted by organizations of all sizes and in all types of industries. In fact, the software has been around for nearly as long as computers have been in use. As the general concepts and principles of accounting follow objective, rational rules, it was relatively easy to develop accounting packages and to have them quickly gain wide acceptance within the business community as a powerful tool for managing financial activities of a business unit or entire organization.

With ample experience in accounting software, today's tech-savvy financial managers and controllers are looking for software that not only is capable of performing accounting transactions and generating a standard set of quarterly and annual reports, but also is flexible enough to absorb and accommodate changes in the economy, business realities, and technology trends, is sufficiently rich and scalable to address a number of daily operations challenges, and is easy to work with.

Although most accounting software is built using the same general principles and accepted standards, individual systems differ significantly in their details depending on

- the type of organization for which the software is intended (commercial, not-for-profit, government, etc.),
- the size of the organization (from a micro-business to global organizations and enterprises), and even
- the vertical market segment served within the same industry, such as food and beverage retail, clothing trading, or commodity trading.

This situation is certainly reflected in the variety of accounting and financial systems available on the market. While all are based on the same accounting principles and standards, they vary according to their technical specifications, size of the intended customer, and arrangement of the user's interface.

Today's accounting and financial software is capable of not only gathering financial information and providing accurate and summarized financial reports, but also allowing financial accountants and managers to interpret available financial and accounting data into meaningful business information, and contribute to the company's decision-making process with expertise and a strategic financial vision.

A properly selected, implemented, and finely tuned accounting and financial information software system is an excellent tool that provides the necessary support to the daily operations of accounting and financial departments in all types of companies.

Characteristics of Financial Software Most Frequently Sought by Potential Clients

All organizations considering acquiring an accounting and financial software are seeking functionality that would support the following:

- General ledger
- Accounts payable (AP)
- Accounts receivable (AR)
- Cash management
- Financial reporting

But depending on the industry, additional functionality may be considered, such as the following:

- Fixed assets
- Cost accounting
- Budgeting
- Project accounting
- Multicurrency, multi-entity and multi-national support

In recent years, accounting and financial software seekers have shown interest in the latest technological trends and innovations that have permeated the business software market—and rendered software solutions more affordable, user-centric, and flexible. New capabilities sought by organizations include the following:

- Vertical industry–focused solutions
- Cloud-based software delivery
- Subscription-based pricing model
- Fully functional access to the software via a variety of mobile devices
- Social media tools accommodation
- Bring-your-own-device (BYOD) principle accommodation

Peer Data: Frequency of Functionality Sought

How identifying high-level functionality at an early stage helps narrow the product list

Reviewing peer data is an important part of the early stages of an accounting and financial software selection project. Analyzing what your peers and competitors are looking for can help you understand trends in the software space, and potentially lead you to discover newer functionality or features that you did not know were available.

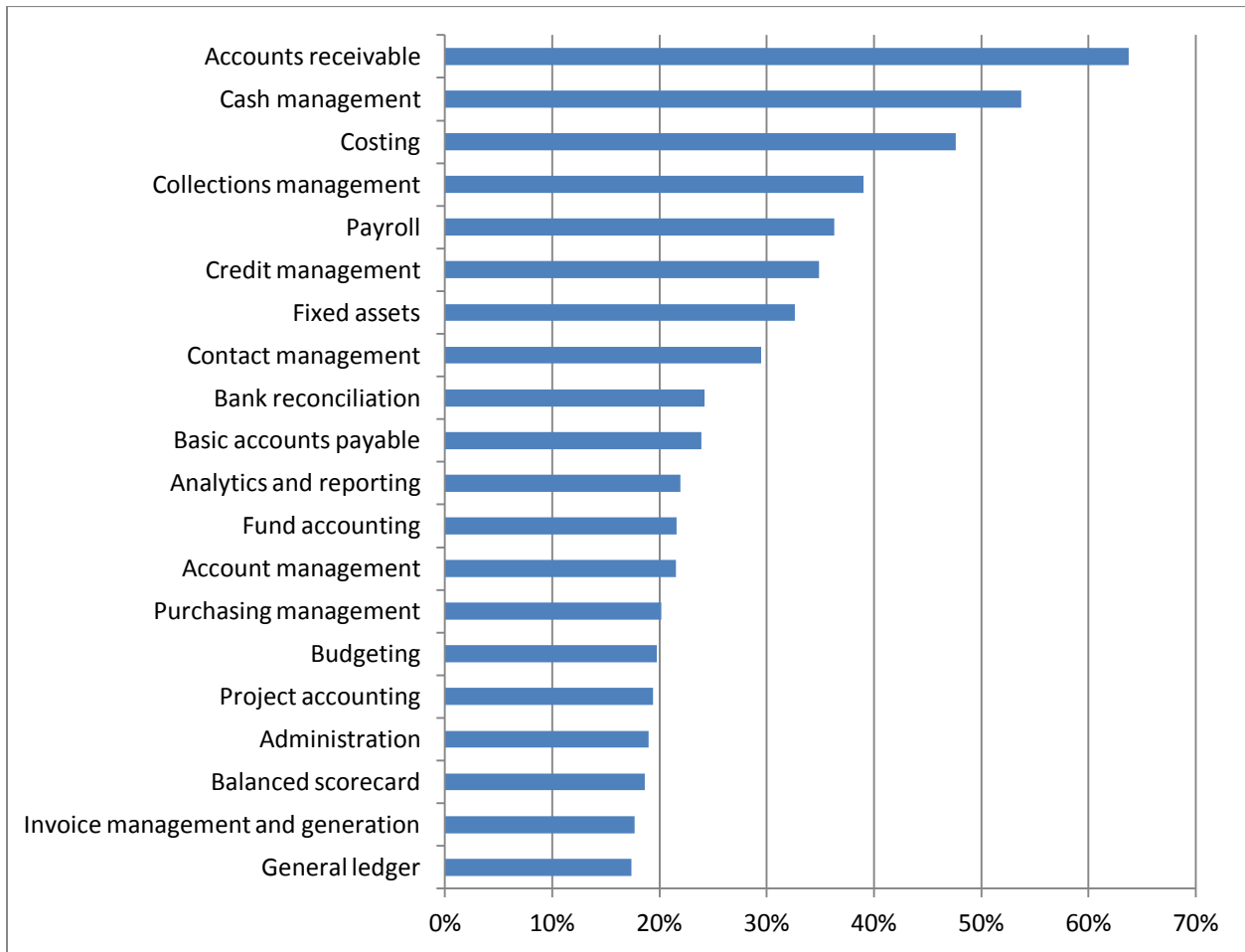
Once you discover the general shape of the accounting and financial software landscape, you can start to ask questions about what makes certain solutions and features so popular, and whether the processes those features support would be appropriate for your organization. This information can also be useful as a touchpoint to compare against priorities that you determine in accordance with your industry, region of operation, and size.

That information can help you rationalize the need for an accounting and financial solution, define your company's unique software requirements, set the scope of your selection project, and determine the appropriate stakeholders.

Results

The graph below shows the 20 features or functions that were the most frequently identified as top requirements for an accounting and financial software.

Top 20 Functionalities



According to TEC's data, the most requested high-level accounting and financial software functionalities are: accounts receivable (AR) (64%), cash management (54%), and costing (48%).

As organizations place much attention on receiving and managing payments from clients, they have a high need to exercise extensive control on collections management and cash management, which is evident from the data in the graph above.

And for any organization to be profitable, it is imperative that it exhibit tight control of its costs and expenses. Organizations therefore need powerful and reliable tools for monitoring and managing their expenses and costs, explaining the high need for cost management capability.

So, in general, organizations seeking accounting and financial software place a high interest on accounts receivable, cash management, and costing functionality in direct response to market demand for managing their business more effectively and at the lowest possible costs.

Peer Data: Customization, Integration, and Standards

How identifying requirements for customization, integration, and standards at the early stage helps narrow the product list

For your financial software deployment to be successful, the new solution has to work within your organization's IT infrastructure (e.g., security, quality of performance, etc.), and business requirements (e.g., the product is outsourced, hosted by a third party, or resides on premises). It also has to comply with your organizational standards and, where appropriate, industry or governmental regulations. Customization—the ability to modify the software to meet your specific requirements—is essential to these efforts.

The delivery model and accessibility of the application are critical criteria to examine during an accounting and financial software selection process. An organization needs to know whether it is looking for a Web-based solution and whether it requires mobile access capabilities.

Customization is the ability to modify the software to meet specific requirements. Depending on the level of customization desired, an organization may want to consider whether it requires access to the source code, and whether the solution is licensed under an official Free and Open Source Software (FOSS) license.

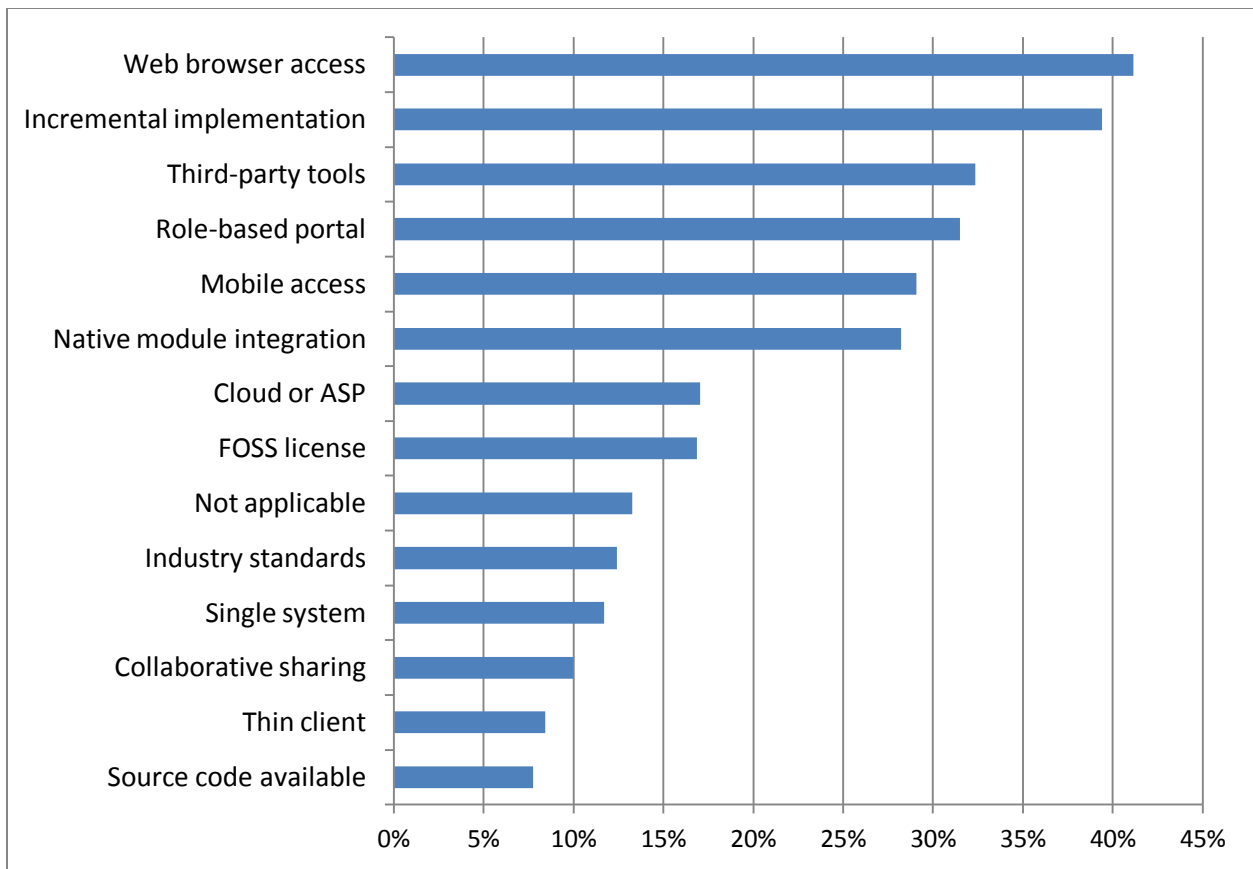
Integration, on the other hand, is more difficult to define. In some cases, integration may mean getting your accounting and financial software to work with enterprise resource planning (ERP) or other systems. In other cases, it may mean getting your software to work with your employees' mobile devices.

An organization will want to consider whether it is looking for a solution that has integrated modules, allows for incremental implementation, and/or has collaborative capabilities.

In most cases, integration is more complicated than it appears, and integration issues affect a variety of departments, people, and processes, all of whom need to be involved in the selection process to some extent.

Results

The following chart shows how frequently companies selected options for the product to be customizable, able to be integrated, and to adhere to standards.



Graph Title	Extended Description
Web browser access	Web browser access for use of selected system areas
Incremental implementation	Functional modules can be implemented incrementally.
Third-party tools	The vendor is amenable to working with third-party tools and software.
Role-based portal	Total portal access to the system, which is role based and customizable
Mobile access	Mobile access to enterprise data in the product offering is available.
Native module integration	There is tight native integration between functional modules.
Cloud or ASP	The solution can be used via a cloud service or application service provider (ASP) type of model.
FOSS license	The software is licensed under an official free or open source license (recognized by the Free Software Foundation or Open Source Initiative).
Not applicable	Delivery model, standards, and customization are not identified as a requirement.
Industry standards	There is tight native integration between each supported industry standard.
Single system	All core accounting and business management functions are provided as a single system (i.e., not separate modules).
Collaborative sharing	There is collaborative sharing of system data, automatic processes, and workflow.
Thin client	There is a thin-client link to the Internet and selected system areas.
Source code available	The vendor is amenable to providing the source code.

According to TEC's data, Web browser access (41%) is a top priority for users seeking an accounting and financial software. Incremental implementation (39%) and third-party tools (33%) follow closely behind.

Web browser access has nearly become a standard characteristic of business software, and accounting and financial systems are no exception. Web-based software applications are in high demand owing to their ability to address complex needs related to small software footprint and flexibility.

Also in high demand is vendors' willingness to work with third-party tools and software applications, indicating the need for the technical capability of a system to integrate with other applications. A typical organization nowadays uses multiple software solutions that have to be integrated together, so integration is essential, particularly for financial systems—the end points of a continuous flow of information.

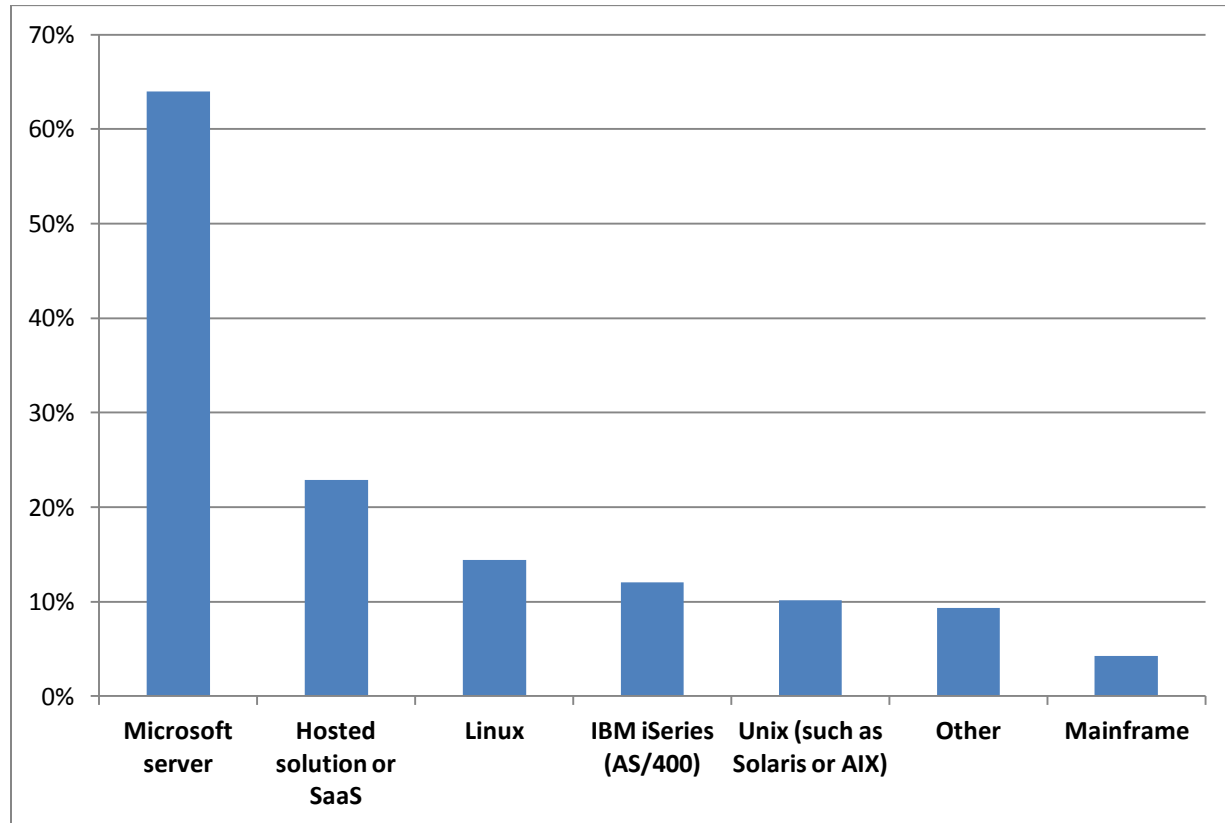
Peer Data: Server Platforms

How identifying server platforms at an early stage helps narrow the product list

Many organizations already have specific server configurations, some based on a single platform, others on a mix of several, depending on which applications they need to support. Analyzing the server platform breakdown among your peers and competitors will help you get a clear idea of what platforms are most in use. You can use this information to draw some conclusions about which platforms are best supported by accounting and financial software vendors, and which ones have the most mature third-party ecosystem for support, consulting, and implementation or outsourcing services.

Results

The chart below shows how frequently companies seeking an accounting and financial software requested that the software be available for certain server operating systems (or, as the case may be, available as a hosted or software-as-a-service [SaaS] application).



According to TEC's data, more than 64% of users conducting accounting and financial software selection projects were looking for their new system to be deployed in a Windows server environment. The second-highest server platform request was the cloud or hosted deployment (23%), followed by Linux-based platforms (14%).

Though the popularity of a Microsoft server is still strong, many organizations are opting for a cloud or hosted deployment as an alternative to traditional on-premise software, owing to the lower initial costs and avoidance of hardware issues associated with the cloud. In addition, the demand for new accounting and financial software to be Linux based demonstrates the platform's viability for many of today's businesses.

Peer Data: Database Platforms

How identifying database platforms at the early stage helps narrow the product list

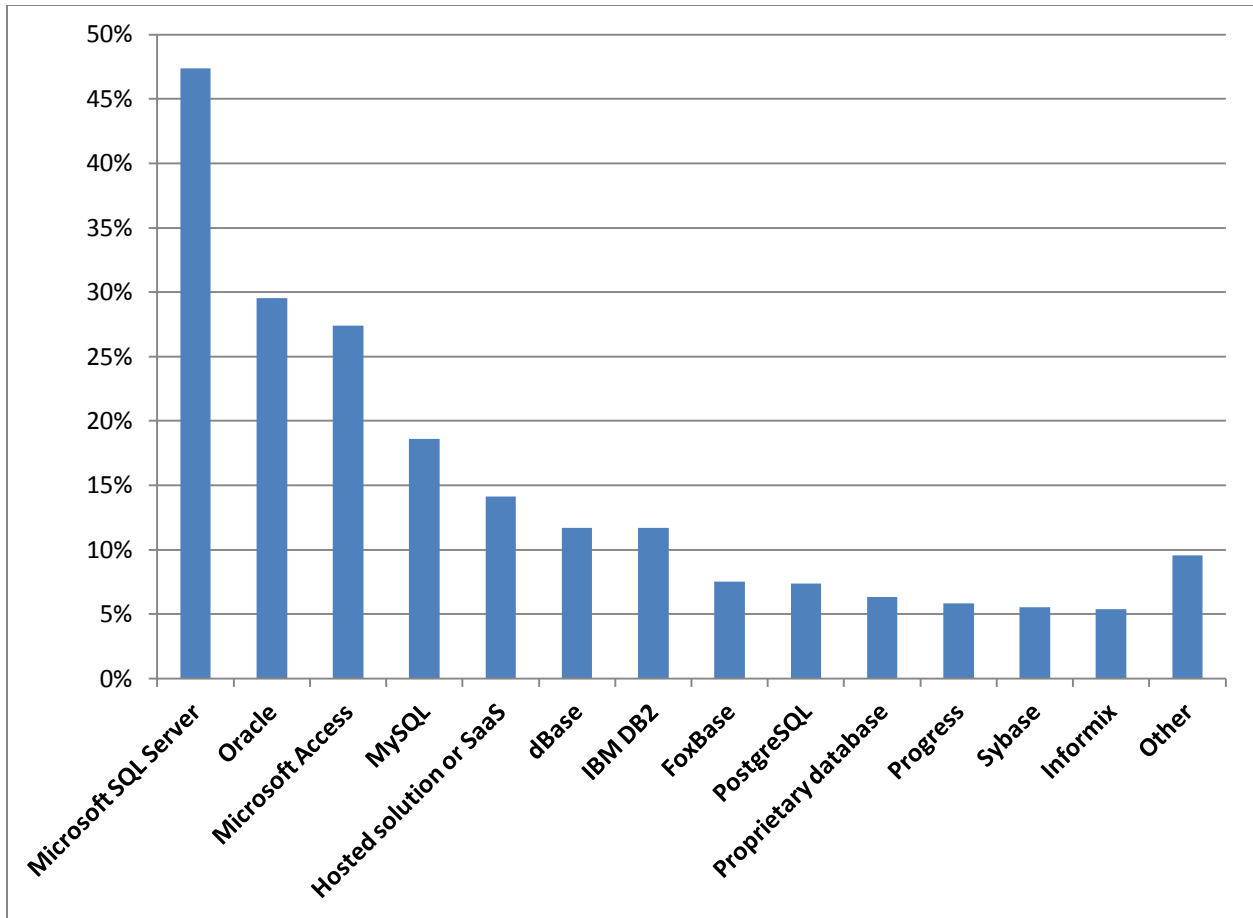
As with server platforms, some organizations rely heavily on specific database platforms, while others have a mix of databases in place. Because the database is the repository for all the data that feeds the accounting and financial software, choosing the right database is a critical part of accounting and financial software selection projects.

When comparing accounting and financial software solutions, your choice of database platform will limit the number of solutions available to you, although you may decide that it's worth adopting a new platform specifically for your system.

Looking at the database platforms selected by your peers and competitors can help you get a sense of which platforms are most widely adopted for accounting and financial packages, and which are likely to have well-developed third-party ecosystems for implementation support, consulting, outsourcing, etc.

Results

The chart below shows how frequently those organizations seeking an accounting and financial software requested that the software work with the following database systems or, as the case may be, be available as a hosted or SaaS application.



According to TEC's data, more than 47% of people performing an accounting and financial software selection project were looking for their new system to be compatible with the Microsoft SQL Server database platform. More than 29% were looking for Oracle database compatibility, while 27% were focused on the Microsoft Access database.

Microsoft SQL Server and Oracle usurp a dominant position among database platforms. But Microsoft Access follows closely behind among DBMS platforms for the accounting and financial software market, indicating that many organizations are looking for relatively simple and inexpensive database platforms for readily making customizations that are compatible with larger Microsoft SQL or Oracle products. Of note, the option of hosted or SaaS databases was the choice of 14% of accounting and financial software seekers.

Conclusion

This report is intended to help you spot trends in the accounting and financial software space. By studying what your peers and competitors are looking for in those solutions, you can develop a good understanding of what accounting and financial software vendors offer, what other companies have identified as important requirements, and what functionality might be a good fit for your own organization.

These insights can prove invaluable in the early stages of your accounting and financial software selection project. However, it's important to remember that the data behind this report show two things. First, this report is an overall aggregate without respect to industry, region, and organization size. Second, this report reflects what business decision makers requested after carefully considering their own organizations' unique requirements for financial applications.

For your own accounting and financial software selection project to be successful, you must carefully define your organization's requirements before you begin evaluating potential solutions. By starting with well-defined requirements and carefully following a best-practice software selection methodology, you significantly increase the chances of finding the best accounting and financial solution for your business.

Technology Evaluation Centers (TEC) helps private- and public-sector organizations choose the best enterprise software solutions for their unique business needs—quickly, impartially, and cost-effectively. TEC's online Evaluation Centers, containing IT research and extensive knowledge bases that catalog vendors' support for thousands of enterprise software features and functions, are the leading resource for IT decision makers around the world. By combining that information with a proven methodology, unique Web-based software selection platforms, and years of software selection expertise, TEC delivers an unmatched range of online software evaluation and selection services that bridge the gap between enterprise decision makers and the vendor/value-added reseller (VAR) community.



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