

Business requirements for accounting software



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EUREKA LIMITED

Executive Summary

Eureka limited is a family own business. They run the business of supplying beverages at several pubs, supermarkets, and other different business. They have recently completed 55 years in this beverage supply industry with 73 employees. A few years back, they have launched a new range of healthy beverage in the market. As a result, the company had a growth of orders and earned sales revenue of net \$18. 5million more than the previous year's collection. However, they have lost a few of their existing key accounts for not being able to sell other beverages at a competitive price in the market. They have also decided to replace their accountant with accounting software in order to achieve their goals. In this report, a detailed discussion of the key business processes, major control risks are discussed. A brief theory of suitable accounting software features are discussed along with software selection and vendor selection procedure of Eureka limited

Table of Contents

1. Introduction
2. Business Requirements
 2. 1 Key business processes of Eureka Limited
 2. 2 Major Control risks of the enterprise
3. System Requirements

4. Software Selection

4. 1 Brief description of at least 3 chosen websites

4. 2 Suitable accounting types and its justification

5. Vendor Selection

5. 1 Comparing and contrasting two accounting software

5. 2 Most suitable accounting software vendor and its package

Conclusion

References

1. Introduction

An accounting system is the backbone of any company's accounts department, as it provides an organized way to deal with business accounting issues. Without proper accounting software, one cannot properly set up a business company. In this project, accounting software for a business company named Eureka will be described. In this project various Business requirements are mentioned, different system requirements for setting up an accounting software features are also mentioned. After determining different software requirements, accounting software is chosen among three different vendors. Comparing different software among them and the reason for choosing software over another is also mentioned with proper justification in details.

2. Business Requirements

This part will discuss the following topics.

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2. 1 Key business processes of Eureka Limited

An organization or enterprise, irrespective of their size and strength has few *business processes* that they follow to achieve their goal. Eureka Limited also has key business processes. The journey of Eureka limited was started back in the '60s. It is a family-owned company. The owners were a couple. They started their enterprise with only seven staff members. The purpose of the business was to *supply beverages* . At first, they used to supply soft drinks and beers at the local pubs. Their *goal* was to establish as a successful supplier in the beverage industry. Then they followed a *roadmap* by connecting with various retails chains, other different businesses, and various pubs. They became successful at the basic stages. Gradually they increased their boundaries by supplying more products at different pubs and supermarkets. As a result, they achieved a successfully targeted customer rate.

Over the decades of running the business, they have earned a mixed fortune in the business performance area. Few tie-ups entered into the business, whereas few left during the process. Now, they have 73 employees working in several parts of the country. Eureka Limited has enjoyed an enviable growth rate. Generations changed, business performance increased, opportunities increased than in early situations. In recent past years, they have launched a brand new range of healthy beverages.

This particular healthy beverage range created hype among all the generations. Within the first week of the launch, the company has faced a massive success in terms of *profit and feedback* . They experienced huge growth in orders. Literally, all the supermarkets started having a supply of

their new range of products. This new range helped them gaining an attracting increase in revenues. The sales revenue increased \$18.5 million more than the past revenues during the last year. Eureka Limited is now on the cloud nine in terms of success, growth, profit, employee satisfaction, and customer satisfaction factors. The sales revenue has also helped them in earning new business partners and stakeholders.

2.2 Major Control risks of the enterprise

Risks	Controls
	Accounting
Financial risk	Software(Cost saving feature)
	Accounting
Operational risk	software(Productivity feature)

Table 1: Risk control

(Source: Aven, 2016)

Eureka limited has faced massive success in the last year. However, good things do not last forever. Along with increased revenue, various control risks are identified within the company. The major control risks for the business process of Eureka Limited are as follows.

Apart from selling the new healthy beverages, the other normal beverage lines are facing few issues in the market. Their normal beverage products are sold in the market according to their MRP range. However, similar beverage products are available at a competitive price in the market. Therefore, the *numbers of orders are decreasing at high rates*. Some of the major key accounts that they were once part of are not willing to continue the journey with them now. As a result, Eureka has lost many of its key accounts in recent season. According to Blount *et al.* (2016), the main control risk in this issue is that Eureka limited lacked in market analysis strategy. They failed to cope up with the severe market competition of selling products at a reasonable, competitive price. Therefore, Eureka limited faced a *financial risk*.

Based on the several types of research, it is found that Eureka Limited faced an *information technology risk* as well as manual error in their business process. According to Aven (2016), the company only hired an accountant for handling their financial department. He was responsible for keeping all the books, account details. He was also responsible for producing financial statements every year. However, as years went by, the revenues increased, as a result, the records, and other valuable information also increased. It was becoming tedious for that accountant to handle all the pressures. In order to overcome this *manual error risk* (*operational risk*), Eureka limited has

decided to make an investment in accounting software. They thought that much more information is needed for the effortless running of their business and the decision of investing because the software will help them reach to next level. The lack of implementing information technology into their systems is also responsible for the loss of existing accounts (business. org , 2018).

3. System Requirements

As stated by Green *et al* (2017), minimizing risks at the basic level is the best way to avoid complications. Business running software is a go-to option nowadays for every small enterprise to giant ones. The procedure of appointing account software is a bit costly. Here, in Eureka limited, the hierarchy personnel have decided to invest in accounting software to handle their current business financial situation. Although account software is costly, they are capable of handling the business financial situation a hundred times better than a manual accountant handles. Even a small crack in a business generates the financial risk of losing money. However, the accounting software is capable of handling a large amount of data carefully, as a result, several debts will be combined, and the invoice record will be safe thereby controlling the monetary situation tactfully.

Reviewing business cash flow becomes easier by using accounting software as they allow the user to track slight changes and abnormalities in the records. Thus, people are able to take necessary steps way before the risk appears in the process. Internal and external review and auditing become easier with the help of accounting software. Above-mentioned topics are the

main functions of accounting software (Šimůnek *et al*, 2016). However, the benefits or features of the accounting software are as follows.

Simplification is the key feature of accounting software. They are able to handle numbers and data carefully, as a result, the calculations are seamless. Anybody is able to take the responsibility of finance control by using this software with or without training. Accounting operations are easier to handle and they are compatible with any kind of device (mobile, desktop, and laptop) for the business owners. *Cost savings* is another feature of accounting software. The need for external or manual experts diminishes as accounting software are able to perform all kind of activities and jobs that an accountant does. The costs related to printing and documents distribution becomes less. They are also able to store sensitive, private data in secure and private monitored locations, so that nobody is able to access the data for using them in a wrong way.

Financial transparency is another feature of the software as they perform automating the calculation and as a result, they are able to avoid business crisis (score. org , 2012). One of the most important advantages of accounting software is *accurate forecasting*. They understand the current financial trends, business patterns and perform strategies accordingly. They are *productive* and *tax compliance*. This software is dedicated to payroll assistance providing all the valuable audit information. They are *customer friendly* and *secured* .

Accounting software is categorized into different parts. However, Enterprise resource-planning systems are the most sought after software in the

business processes. This particular system is a combination of all the above-mentioned features. They are able to plan products accurately material purchasing becomes easier. Accounting, marketing, finance, all sorts of functions are combined in this system. Based on the current situation of Eureka limited, Enterprise resource planning system is a suitable accounting software category for them as they cover all the desired requirements of the enterprise that will enable them to reach their goal.

An example of such accounting software is *Xero* (opensource. org , 2013). This account managing system strictly follows the business rules and act according to their priority. They are capable of managing money in a strategic way so that the organizational objectives, business goals are achieved and risks are minimized. Based on the above discussion, it can be stated that software like Xero is suitable for Eureka limited to achieve their goals and minimize the control risks.

4. Software Selection

4.1 Brief description of at least 3 chosen websites

There is various accounting software available in the market for supporting business organizations to maintain effective accounting practices. Among those available software vendors the three most famous accounting software vendors are highlighted which are as follows:

- *SAP* – SAP accounting software provides an organized way to deal with transactions, records them, reports the data after proper operating at the end of every month, and analyses financial data. Different modules of SAP are accounting, reporting, and accounts receiving management.

Implementation of accounting system manually is time consuming and irrelevant. However, with the help of SAP accounting software, it provides a more organized way and saves a lot of time when dealing with accounting issues. In the SAP accounting system, the company's customers connect through it and can place orders in the system. SAP is very beneficial as it is easy to learn by a person belonging from the accounting field and Information department background. SAP accounting software after it is implemented in company suits itself to needs of the company both internal and external parts of the company. After SAP is implemented in the company, it needs to update regularly for getting higher versions. SAP software vendors implement software in a company after proper installation and train other individual people on functionalities of the software. IT infrastructure also needs to support software requirements and it must be upgraded from time to time. SAP accounting software frees up more time so that managers and other employees of office can analyze data, and can deliver the best products or different service to customers. Green *et al.* (2017) suggested that SAP software is easy to implement an overall it will be beneficial for a new company like Eureka to make the most out of it.

● *Xero* - Xero is a NewZealand based accounting software that is right now one of the leading accounting software; it is cloud-based software robust with very complex accounting features and having users over a large range of users. The different features of Xero accounting software services are as follows:

○ Invoicing- It keeps the cash flow healthy by sending online invoices with online payment options

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- Inventory- In inventory part, it tracks inventory, manages stock and easily adds items to invoice orders
- Bank reconciliation- It keeps track of money coming in and going out with daily updates and bank reconciliation
- Bank connections- It connects to a bank so that connections are flowing automatically to business accounts every day
- Dashboard- In dashboard user can see the cash flow in their application and can customize them with one glance
- Information security- It protects business information by providing extra security in Xero
- Pay bills- It pays bills on perfect time and improves cash flow
- Mobile apps-It has a mobile app for capturing invoices and reconciles with a person while that person is in the move
- Projects- It can also track different time and money that users are spending on their job so that they can be more profitable (Vician and Mortenson, 2017).
- **MYOB** – Myob is an Australia based accounting software know as (Mind your own Business) which also follows a cloud transaction system like Xero. The features which make MYOB accounting software unique are as follows:
 - API- Application Programming Interface provides an interface to be connected between different application

- Accept payment from invoices- MYOB just like Xero accepts payment through invoice options.
- Accepts timesheets by mobile
- Activity dashboard- It has a dashboard where the daily activity can be looked into
- Accounting management
- Accounting GST and BAS
- Accounting integration- This software standardized procedures for daily transaction
- *Quickbooks*- Quickbooks is a small-scale business accounting software program, which keeps a record of transactions, used to manage sales and expenses, and can be used to generate customer invoices, paying bills while generating reports for filing of tax, planning and other stuff. The different features associated with QuickBooks are as follows:
 - Managing sales and income for customers
 - Keeping a track of bills and other expenses
 - Gaining many valuable reporting concepts for setting up a business company
 - Running payroll systems
 - Having a user-friendly navigation system

- Storage capacity is larger

- Complex accounting process

- *Freshbooks*- Freshbooks is also one of the leading accounting software currently available in the market. Freshbooks offers many different qualities to be able to set up on a small-scale company. The various features associated with Freshbooks accounting software are listed below:

- This accounting software is mainly used by freelancers and small businesses available in the market

- It offers a top-rated invoice to payment functionalities

- It includes direct payment gateways

- It will be used to collect easy payments

- The price is affordable and along with it the vendors offers a 30 day convenient free trial for test driving the software before a company invest money in them

4. 2 Suitable accounting types and their justification

Eureka is a small-scale company selling beverages to different other company and pub chains and has only 73 employees, so in order to maintain the accounts department, it requires a low-end accounting software. Low-end accounting software preferred should have below listed features:

- Manage accounts receivable- Should be able to create invoices and can track payments whenever possible

- Cost- The software should be cost-efficient and suited for any small scale business company
- Setup/Ease of use- Any naive user must be able to use this software
- Accept Online payments- The customers should be able to pay their invoices online
- Connect bank and credit card accounts-The transactions should be downloaded from respective banks
- Manage accounts payable- There should be a mode to pay bills online
- Payroll processing- It includes a payroll system or it should be able to add once the payroll system is hit (Janvrin and Watson, 2017).

5. Vendor Selection

5.1 Comparing and contrasting two accounting software

Low-end accounting software within MYOB package vendor is MYOB Accountright software and MYOB EXO business.

MYOB Accountright

- uses the cloud to save its data files
- Payroll system is very complex
- An inventory system is smart
- It is designed for the low-end market to high-end market schemes
- Designed for a large scale program

- It does not support multi-currency
- It does not support multiple stock locations
- This is suited for small business and commercial accounting
- It is suitable in MAC OS

MYOB EXO business

- It is a browser-based accounting program
- Payroll system is basic
- An inventory system is basic
- It is designed for mid-range market schemes to high-end market schemes
- It is designed as fully customized ERP with accounting/General Ledger
- It supports multi-currency
- It supports multiple stock locations
- This package is not suitable in MAC OS
- It gives ATO super stream compliance for different business companies.

5.2 Most suitable accounting software vendor and its package

After comparing various features of different accounting software like SAP, MYOB Xero, QuickBooks, and Freshbooks the accounting software that will be

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perfect for Eureka Business Company will be MYOB. Because although Xero provides far better benefits than MYOB, the reason why MYOB is preferred is that as Eureka is not such a large company, comprising of only 73 employees and although the business has expanded over a large period of time to implement a high price accounting software is not at all feasible. Mikhael *et al.* (2018) mentioned that in a small-scale company, MYOB is generally preferred and along with that, it provides many benefits and features. MYOB has been in the market since the 1980s and recently it has been upgraded to a cloud-based system in order to keep up with Xero. Sledgianowski, Gomaa, and Tan (2017) said that apart from many additional features, there are no unlimited payroll options available in Xero, which is not at all favorable.

In the case of Xero, the starter and standard plans provide payroll system for one person while in case of MYOB AccountRights offers unlimited payroll options for plus and premier. Although online support is better in Xero, it lacks phone support, which is quite essential in setting up a small company like Eureka (Quinn and Strauss, 2017). It provides proper phone support system within 9 am to 5 pm. In case of MYOB along with the experience it has in the market and being in the market for quite a lot of time and after upgrading MYOB versions to cloud-based systems it gives a perfect platform for a small company to implement it in their system for better accounting purpose (Schaltegger and Burritt, 2017). Quickbooks are also suitable for low-end market products but unlike MYOB, it does not contain many packages. Along with many technicalities associated with Quickbooks, there are also problems regarding many glitches effects (Becker and Heinzelmann,

2017). The application is not at all smooth to implement at a low scale company. As mentioned by Broman *et al.* (2019), support systems are not responsible at all.

In the case of Freshbooks, it has no bank reconciliation facilities, which is required in setting up a small business company. Bouckaert *et al.* (2019) rightly mentioned that freelancers mainly use FreshBooks.

MYOB project management features are very strong and robust and can be used by many low scales to high scale companies. After comparing the different accounting software vendors MYOB is preferred as it has an unlimited payroll system which is not available in Xero. Einkamerer and Maqbool (2017) opined that in MYOB number of company accounts are one per subscription whereas in case of MYOB there are benefits up to two-company account subscription are thereby using MYOB AccountRight premier subscription. Apart from these, there are many other beneficial factors, which benefit the company. Among the accounting packages of MYOB; MYOB EXO is preferred over MYOB account right as in case of MYOB Exo business, it is mature ERP software which consists of an integrated financial and business management system.

It also consists of various modules, which mainly supports finance, and along with it. It supports job costing consolidation and intercompany reporting. Tanpitukpongse *et al.* (2017) suggested that although MYOB Accountright is suitable to be set up in a small scale company having access to cloud-based services makes it possible to store data into a system and also provides protection against theft. Evans and Sidat (2018) commented that the data

will be available to local clients in their own server without the requirement of internet. Overall, considering both the factors it is feasible to choose MYOB EXO, as it is overall beneficial as MYOB AccountRight is being switched over to MYOB EXO by most of the companies.

Conclusion

This report is mainly based on Eureka Company who has started its business over 55 years ago, delivering different beverages to different small-scale companies and many pubs. In order to build up a proper accounting system, various accounting vendors are looked into, in which a suitable vendor is chosen and from the chosen vendor, the package is chosen which will be installed in the company. Personnel well versed in the accounting field will come to the company, will discuss the price of packages with company's owner, and will install it in accounts department after explaining functionalities of packages to members of an accounting department. A person after going through this report will get an abstract idea on how to set up an accounting system within a company. Along with that what are different fields to look into while taking decisions?

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