

FEATURES TO CONSIDER WHEN PURCHASING SOFTWARE

System requirements. A small business must ensure that its computers meet the requirements to use web-based software effectively, including hardware specifications, browser software version, and Internet connection.

Chart of accounts. With a predefined sample chart of accounts, a small business can select the one that most closely resembles its own business and customize it instantly.

Account numbers. In order to group subsidiary ledgers systematically, the software should allow at least five digits for account numbers. For example, the user assigns the number 14000 for inventory (general ledger account). Then, the user can assign 14100 for raw materials and 14200 for work-in-process subaccounts. One level lower, the user can use 14105 for 1-inch PVC pipe. Although QuickBooks Online does not require users to set up account numbers, systematic account numbers make it easier to understand the relationships among related accounts.

Segmentation/departmentalization. Can the company use segments or departments to group information?

Data entry. Does the software provide the interface with bar code or UPC scanner to process transactions?

Data import. Can the software import the existing accounting data from other systems? If so, what types of data can the software handle? This feature allows the company to access its old data quickly.

Data export. The ability to export the data to other platforms (e.g., MS Excel) is critical, because the company may terminate the service in the future. With all the master and transaction files in another application, the firm can easily transfer the data to a new accounting system.

E-mail/fax interface. Can the system send source documents such as invoices (or purchase orders) to customers (or vendors) via e-mail, fax, or even both?

Check printing. Can the system print checks or generate e-checks for payment?

Inventory control. Can the system trace detailed information about the inventories?

Payroll cycle. Is this a standard feature or an add-on for additional charge? Is it a stand-alone package or is it integrated with labor cost allocation?

Sales transactions. Can the system handle different "bill to" and "ship to" addresses?

Sales analysis. Can the system analyze sales figures by a number of factors, such as product, region, or salesman?

Product/job costing. Can the system perform costing by jobs/projects/products?

Reports. How many report templates are available? Does the software provide all the reports that the company needs? QuickBooks Online has more than 50 report templates, and ePeachtree can generate 100 financial reports.

Routine transactions. Does the software provide recurring templates so that the system can initialize a routine transaction automatically? For example, QuickBooks Online can use templates to send invoices to clients via e-mail and record the transactions on a preset date every month.

Security features. The service provider must use the industry standard technology Secure Socket Layer (SSL), which helps ensure that the accounting data are protected during transmission over the Internet.

Data backup. The provider should back up all the company's vital data, and have a second, off-site storage facility.

Storage capacity. Does the provider have any limitations on the numbers of records or transactions stored on its servers? How many years can the company go back to its own old records on the provider's server?

Tech support. Is tech support free? If so, for how long? If not, how much does it cost? Tech support can take many forms (e.g., e-mail or toll-free telephone), and its quality can be variable. How long does it take, on average, to answer support questions? Are there any limits on the number of questions or the support-staff time? □