VARs' View: 5 Reasons Accounting Software Installations Fail

By Ted Needleman

"We'll deal with it when we have to" are eight words that no consultant or value added reseller (VAR) of accounting software ever wants to hear. But that was exactly the reaction that Lyndy Januszewski, a managing consultant at Sikich LLP, a Microsoft Dynamics VAR in Napierville, Ill., kept hearing from a client.

Januszewski's client, a nonprofit healthcare organization with several separate legal entities, was in the process of implementing Microsoft Dynamics GP so that the parent organization and its independently-run parts were all on the same page as far as accounting software.

Early on in the specification process, the client speculated that it would be nice if all of the entities could reside on a single database. Januszewski and her team quickly realized that there were problems inherent in that approach, especially in preparing the end-of-year Form 1099s for the vendors. But the client latched onto the single-database concept, and with bulldog-like perseverance would not let go -- hence the eight deadly words.

There is software designed for just this purpose -- to identify the transactions made by separate entities while using a single unifying database. It is, however, provided as an add-on available at additional cost from an independent software provider (ISP). The client just couldn't see the need to spend the additional money.

As far as installation failures go, this one wasn't as bad as it could be. But addressing the issue "when they had to" ended up being at the end of the year -- the busiest possible time period to have to solve the problem. Sorting thousands of vendor payments by hand to summarize all of the different 1099s that had to be prepared cost several hundred man-hours and thousands of dollars. And that was before Januszewski's team had to tweak the software to prevent a future occurrence of the problem.

While a large proportion of accounting software installations suffer little or no bumps in the road, sometimes they do go way off the rails. Januszewski's experience illustrates one of the major reasons an install project goes awry, and unfortunately, is more common than one might expect.

In the above scenario, the failure resulted from the client not fully understanding the overall business and workflow process and the VAR being put in the position of telling the client they are going about things the wrong way. Almost every vendor and VAR consulted for this story emphasized the importance of making sure that you understand organizational needs in terms of features and implementation, why it needs these, and who will be responsible for what parts of the install and ongoing operation of the software.

David Geilhufe, senior director, corporate citizenship and nonprofit vertical software at NetSuite in San Mateo, Calif., was just one of the vendors to point out a primary reason an installation can fail: "The nonprofit can't fully articulate what it needs from and what is important in an accounting system. Executives struggle to ask the right questions about what the nonprofit requires."

Sometimes, the wrong questions, or no questions at all, are a result of the wrong people being involved in the specification of implementation process. Joanne "Jo" Schneberger, a professional services consultant for Abila Software in Austin, Texas, noted that having the right people in the process, and making sure that those people are qualified to make the decisions, is crucial. "In some situations a CFO might go out and purchase a new software and run the implementation themselves, but it fails when they didn't understand all the things that the team members needed from the software," she said. "It is crucial to have buy-in from employees using the system so they can participate in the customizations to the structure and trainings."

PROBLEM NUMBER TWO

Unrealistic expectations are a second reason software installations fail. Also a problem is thinking that your organization needs more or less than it actually does.

"I got a call from the client of another VAR that handles one of the fund accounting products I also sell and support," said Matt Yezukevich, CPA, a consulting manager at BlumShapiro in Quincy, Mass. "They had moved from QuickBooks to this new software because QuickBooks proved too limiting. But they also went from about 1,000 accounts in their QuickBooks Chart of Accounts to a system that can easily handle 20,000 accounts."

This client, with five or fewer users most of the time and between $7 million and $19 million in income, implemented a system configuration more appropriate for a $150 million entity. The reason for the overkill was clear -- a director of finance who joined from a much larger organization. Three directors later, Yezukevich and his team were called in, drastically pared down the number of accounts and in about a month, had things running smoothly.

The lesson, according to Geilhufe, is to ensure you have the right people, process, and expectations in place. "Include non-finance stakeholders in the accounting software decision and implementation process to ensure that finance isn't isolated from the rest of your organization. Have one or more senior executives act as evangelists for the new accounting system to demonstrate management commitment to the implementation," he said.

"Do establish an executive steering committee, which meets regularly, and which is in charge of the implementation. Do set a correct level of expectations about what the new accounting system will deliver. Do encourage staff to 'own' the system and start training on the system early and continue it long after implementation so users are familiar with all aspects of the functionality," said Geilhufe.

Abila's Schneberger also warned that a good educa-

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Lyndy Januszewski

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tional foundation in how nonprofit accounting differs from standard for-profit accounting is essential for a successful implementation.

"There can be unrealistic expectations that by implementation a fund accounting software that all your issues will be solved. If the people leading the accounting department don't understand the basics of fund accounting then they can create a structure that makes it hard to pull the reports necessary. Accounting managers aren't always accountants in nonprofits," she said.

PROBLEM NUMBER THREE

A third reason for software installation failures results from buying on name or on a list of features rather than matching a product's capabilities and features to the needs and requirements of your organization.

"Failure to do sufficient due diligence during the selection process is a place where some installations fail," said Peter Stam, president of Accufund in Needham, Mass. "Even if there's an experienced finance director, they might not look carefully enough at the details of how their organization's needs will be met. They get wowed by price or some sizzle factors pushed by the sales person and don't look at the details of how they will be accomplishing their critical reporting requirements."

NetSuite's Geilhufe echoed Stam's warning. Nonprofit managers who "base their accounting software purchase purely on a shopping list of software features are at a high risk of a failed implementation." Instead, he said, come up with a list of solutions to important business problems your nonprofit faces. That list will translate to a set of critical/must-have features for the accounting system. It's something of a balancing act to find accounting software that is specific for the needs of nonprofits, but not overly specific in terms of boxing your nonprofit into functionality that isn't a feature of your own operations so, for example, the difference between being fundraising-driven versus grant-driven.

PROBLEM NUMBER FOUR

Good planning is critical to a successful accounting system installation, and is a fourth reason that these installations sometimes fail.

Donald Cassady, president and CEO of Grants Management Systems (GMS) in Kensington, Md., cautioned against relying on staff who might not understand the nuances of nonprofit software, or for that matter, might not have the IT background required for a successful implementation. "Unfortunately in the nonprofit world, especially in smaller organizations there might not be IT personnel on staff. That job is left to the person 'with the most computer experience.' If this is the case, it could be worth the expense to an organization to have an IT person on hand to deal immediately with problems arising within the network environment."

Yezukevich shared one such failure his firm got called in to handle. His cautionary tale revolved around a public arts organization with a 25-year-old IT manager who was good with computers. The client purchased a new accounting system based on name and reputation and installed it without help. "Unfortunately," Yezukevich recalled, "the internal project director was good with computers but didn't really understand the way the organization was structured. The situation was complicated by the tremendous growth the organization was undergoing."

Peter Stam

The software was not set up correctly, and after two years of struggling with the new software, Yezukevich's firm was called in to consult. Hampered by an uncooperative member of the organization's board, Yezukevich was unable to do much but slap a bandage on the problem, and the client continues to fight with a software solution that's not the right one for their needs.

NetSuite's Geilhufe added, "Pay attention every step of the way in the process. Be involved and hands-on in both the accounting selection process and throughout the implementation. Ensure that you start off with a list of real business requirements rather than just a list of features. Do create a discovery process, a documented implementation plan, and an agreement by all parties involved (internal and external) that this plan is the right one."

Having a realistic implementation plan with definable milestones and target dates is also a must for a successful installation. It's not enough to understand what you need. You also have to have a detailed understanding of what it will take to get there, how long each step in the process will take, and establish target dates along the way. At least one or more people on the planning team, from your organization and/or the vendor or VAR you select, should have project management experience. While a vendor or their VAR might assure you that the process is "plug in and go," most experienced implementation specialists will have the scars to prove that's often not true.

David Geilhufe

AccuFund's Stam also weighed in on the importance of being able to stick to a schedule. "One of the reasons an installation can fail is not assigning an internal project manager who has enough authority to get meetings scheduled and light fires under staff for data and participation," he said. "Having the internal 'go to' person can make a huge difference in whether or not an installation succeeds."

The experts said that you need to be on the lookout for the "I did it this way in my last job" syndrome. This can be extremely disrupting to a successful install process if the person responsible for critical areas has a strong accounting background, but that background is not in the nonprofit area.

According to Kent Hollrah, senior channel executive – Nonprofit Solutions at Intacct in San Jose, Calif., the key to a successful implementation starts with the chart of accounts design. "It's very important to have someone leading the effort who understands both the organization's needs and the special nuances of nonprofit accounting," he said. "Accounting for nonprofit entities is quite different than for commercial enterprise. There is simply no substitute for deep, nonprofit domain expertise."

FINALLY, NUMBER FIVE

According to Abila's Schneberger, a fifth reason software installs fail is turnover and a lack of training. "When there is turnover in leadership, it can result in a canceled or delayed implementation," she said. And when responsible and/or well-trained people leave the organization, it can throw a monkey wrench into the installation, or the ongoing success of what would otherwise be a successful implementation.

Consultant and VAR Kent Arnold, CPA, CEO of RBP Methods in Beaverton, Ore., shared a case that underscores this problem. It involved a client in the mental health field that was growing rapidly through acquisitions. The client was stuck with a large number of simultaneous moving parts including third-party billing, Medicare and Medicaid, and bringing on staff from the newly acquired organizations. The organization also had to train new staff members on how to use their parts of the software in the midst of the chaos of performing the installation of the new accounting system.

"The person who did the initial setup was an employee of the client," Arnold said. "And, he left after four months without training anyone in how the system was configured. The client called the software vendor, and they recommended that the client engage our firm. We went in and simplified the chart of accounts, reporting, and Human Resource subsystems." RBP Methods also arranged ongoing training so that the client would not be caught in the same situation in the future.

Schneberger is blunt about this area "Don't cheap out on training. It is important to make the investment in training at the beginning otherwise it will cost you in the long-run. Your team will spend all the time calling support if the staff isn't successfully trained during implementation."

Training the support team isn't the only education that might have to take place. If you don't have people on the selection and implementation teams who understand how the pieces fit together, it might make sense to either train your people in areas that they are not proficient, or engage a consultant that's not affiliated with any particular software vendor or VAR to assist in the process.

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Joanne Schneberger


Donald Cassady

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While there are numerous VARs who can do a good job analyzing your organization's needs, it's best to leave that process and decision in the hands of people who don't have a financial interest in the sale of software and/or services.

Thomas Walker, product manager for the financial solutions line at Blackbaud in Charleston, S.C., also weighed in on the importance of having educated specification, implementation, and operational teams. "When you think about training during the software selection and implementation process, you can break it down into two segments. The first one is training as part of the architecture and understanding how the system is going to work from that architectural perspective," he said. "That way, as design begins and goes through any embellishment like testing, the users that are involved in that design phase fully understand the underlying architecture of the software."

The second phase of that, Walker continued, "is to begin to bring in the end users so that they are properly trained on the software and begin to get comfortable with it."

THE BOTTOM LINE

Obviously, there are a lot more than five reasons that a project as complex as implementing a software installation can fail. The best defense against an installation failure is planning. Know what your organization needs, who it needs both internally and externally to make the install work, have a realistic timeline and expectations, and have a plan in place for future operation and change. Doing your homework, and having resources at hand to handle any surprises gives you the best chance of having not only a smooth software installation, but winding up with a system and personnel to keep it operating smoothly once it's up and running.

Finally, here's one last suggestion. If you don't know something, or you're not sure -- ask. That's true before and during the selection of software, while the implementation is proceeding, and after the new system is up and running. Get help if you aren't completely confident you can solve a problem. *NPT*

Accounting Automation

There are many accounting software packages employed in the nonprofit world. Below are some of the more prominent applications.

Abila
MIP Fund Accounting
Up to three users, $249/user/month; $149/month each user after three
800-811-0961
www.abila.com

AccuFund Inc.
AccuFund Accounting Suite Standard
Single-user: $2,995; three users: $6,495;
add $895 for each additional user.
Cloud-based pricing starts at $150/month
AccuFund Accounting Suite Professional
Single-user: $6,595; three users: $8,995; add $1,195 for each additional user
Cloud-based pricing starts at $225/month
781-433-0233
www.accufund.com

Agilon
Agilon Business Financials
Starts at $27,000 for 1 to 4 users
Starts at $42,000 for 5 to 10 users
800-480-9015
www.myagilon.com

Aplos Software
Aplos Accounting
$15/month for one user
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Aplos Oversight Suite
Basic enterprise platform free to nonprofit users of Accounting Suite
888-274-1316
www.aplos.com

Araize
FastFund Nonprofit Software
Single user, starts at $35/month; two to five users, $60/month; $25/month for every five more users
FastFund Premium
$75/month single, $100/month multi-user up to five users
919-460-3990
www.araize.com

Blackbaud
Financial Edge NXT
Single user starting at $249/month
800-443-9441
www.blackbaud.com

Cougar Mountain Software
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Basecamp Package
Single user $1,999; $357 each additional user
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Single user, $2,999; $357 each additional user
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www.cougarmtn.com

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eTEK Fundamentals
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FUND E-Z Nonprofit Accounting
Single user $1,995; each additional user approximately $500
FUND E-Z Nonprofit Accounting (Pro add-on) $1,495
877-696-0900
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Grants Management Systems, Inc.
GMS Accounting and Financial Management/Reporting System
One to two users, $3,500; three to four users, $5,000; five or more users, $7,500; License and warranty, $35/month/user
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One to two users, $3,300; three to four users $3,800; five or more users $4,300.
License and warranty, $35/month/user
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www.gmsactg.com

Intacct Corporation
Intacct
Typical entry-level pricing for nonprofits is $3,600/year
877-437-7765
http://us.intacct.com

Intuit Inc.
Quickbooks Premier for Nonprofits
Starts at $499.95/year for one user
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http://quickbooks.intuit.com/premier/
Quickbooks Enterprise Solutions for Nonprofits 13.0
Starts at $1,000/year for one user
866-379-6635
http://enterprisesuite.intuit.com/industry-solutions/nonprofit/

NetSuite
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877-NETSUITE
www.netsuite.com

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www.osas.com

Serenic Software
Serenic Navigator
Three users, starts at $16,000
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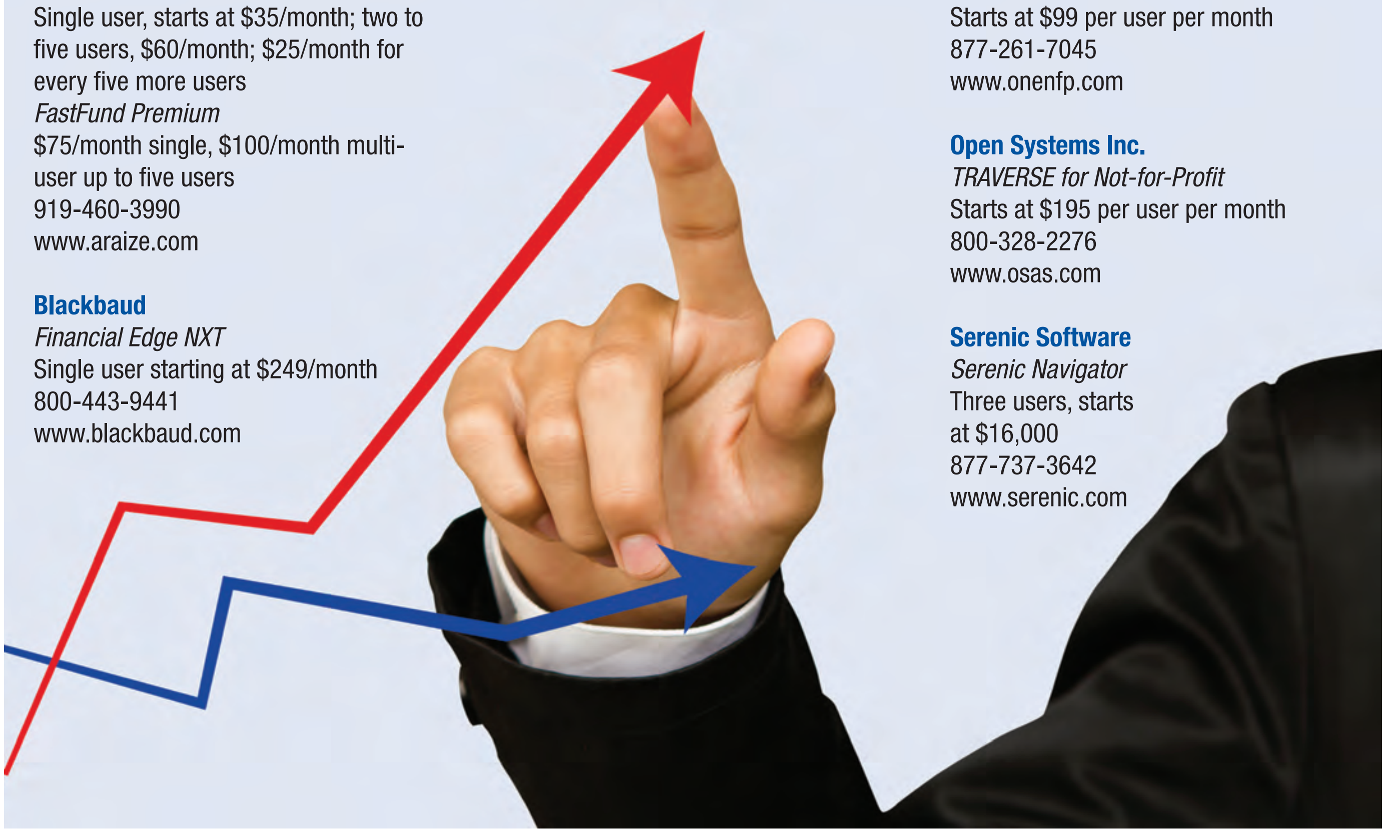
www.serenic.com



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P.O. Box 279, Ozona, FL 34660
Software: Abila MIP Accounting
and Fundraising 50

Accounting Cloud ....(866) 345-0845
P.O. Box 279, Ozona, FL 34660
Software: Intacct Accounting

Armanino LLP ....(844) 582-8883
12657 Alcosta Blvd., Suite 500, San Ramon, CA 94583
Software: Intacct Adaptive Insights,
Microsoft Dynamics GP

Brisbane Consulting Group, LLC .(800) 795-6027
369 Franklin Street, Buffalo, NY 14202
Software: AccuFund Nonprofit,
Abilia MIP Fund Accounting

Charity Dynamics ....(512) 241-0561
3721 Executive Center Dr., Ste 100, Austin, TX 78731
Software: Blackbaud,
Artez, DonorDrive

ERP Guru ....(877) 664-1023
9880 Clark Street, Suite 101, Montreal, Quebec,
Canada, H3L 2R3
Software: NetSuite, Salesforce.com

Finley & Cook, PLLC ....(405) 275-1650
601 North Broadway, Shawnee, OK 74801
Software: Microsoft Dynamics NAV,
Serenic Navigator

JMT Consulting Group.................(888) 368-2463
220 Route 22, Patterson, NY 12563
Software: Intacct cloud financials,
Abila MIP Fund Accounting

Net@Work, Inc..............................(800) 719-3307
575 8th Avenue, New York, NY 10018
Software: Abila MIP Fund Accounting,
Abila Fundraising Online

NPO Resources.............................(301) 622-1256
11707 Caplinger Road, Silver Spring, MD 20904
Software: AccuFund

Plus Computer Solutions.............(866) 714-7587
507-233 Nelson's Crescent, New Westminster,
BC, Canada, V3L 0E4
Software: Sage 300 ERP,
Intacct

Raffa , P.C. ....(202) 822-5000
1899 L St. NW, Suite 900, Washington, DC 20036
Software: Microsoft Dynamics G (Great Plains),
Microsoft Dynamics SL (Solomon),
Intacct

RBP Methods.................................(503) 648-9051
P.O. Box 6555, Beaverton, OR 97007-0555
Software: Abila MIP Fund Accounting,
Abila Grant Management,
AccuFund

Rogers & Co. Tech Consultants...(516) 338-9500
125 Jericho Turnpike, Suite 200, Jericho, NY 11753
Software: Abila MIP Accounting,
Sage 50 (Peachtree),
Sage 300 ERP, Sage FAS
Fund EZ, Quickbooks

Technology Mngmt Concepts......(310) 559-3982
4063 B Glencoe Ave., Marina Del Rey, CA 90292
Software: Microsoft Dynamics GP,
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VolunteerHub.................................(877) 482-3340
5433 Haverhill Drive, Dublin, OH 43017-8215
Software: The Raiser's Edge

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Software: Abila MIP Fund Accounting