# 30 Questions Every CFO Must Ask About the Cost of Accounting Software

## Insider Tips to Avoid Hidden Fees & Save Money

Now that you've decided it's time to upgrade your accounting software, the next question is: *"How much does it cost?"*

Unlike other purchases, it's not as easy as finding a price tag on the bottom of the box.

There are many variables – ways you can save money, waste money, and lots of hidden costs to avoid – that all factor into your total project price.

Believe it or not, software is only a fraction of the total cost.

## Budgeting the cost of accounting software

So, how can a smart CFO budget for the total cost of a mid-market accounting software implementation?

The first logical person to ask would be an accounting software Partner or VAR (Value Added Reseller).

But, like any good IT professional, they will likely give you the non-committal answer of, **"It depends!"**

This is actually a valid response, but it certainly doesn't work as a line item in your budget formula *(or help you get approval from your board of directors)*!

## Taking the guesswork out of software pricing

Since 1982 the team at CAL Business Solutions has quoted and installed financial management software for hundreds of customers.  Our goal in creating this detailed  guide is to finally take the guesswork out of software pricing.

In this guide, we have used Microsoft Dynamics GP (formerly Great Plains) software as the example, however, the principles discussed apply to almost all mid-market accounting software systems.

This guide will help you learn:

- Exactly what you should expect (and demand) in your quote.

- Critical questions you must ask to avoid hidden costs and save money.

- How to make smart choices and avoid the mistakes most companies make.

## Anatomy of a Software Quote

Any good Partner should be able to give you a ballpark dollar figure after an initial requirements discussion, but the final quote is usually presented after several conversations and demos. *(See Appendix A – First Things First: Before the Quote).*

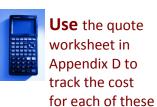A complete ERP project has many components and we will break it down into three categories:

**Use** the quote worksheet in Appendix D to track the cost for each of these categories

### Section 1: Software

### Section 2: Services

### Section 3: Hardware

**Bonus Appendix Sections**

- First Things First: Before the Quote
- Picking the Right Software Partner
- Why Do ERP Projects Go Over Budget?
- Project Quote Worksheet

# Section 1: Software

The first cost to consider is the software itself. It may seem that you are simply buying a software package, but licenses are only a small part of the total equation.

## User Count: Choose wisely to save a ton of money

The first step to determine software cost is to decide the number of people *(or users)* that will need access to the system.

Remember, this can include people who may be outside the accounting department. For example, salespeople who manage orders may need access to look at invoices or purchasing history. People in the shipping area may need to see whether a particular order is paid and ready to be shipped.

A good software partner will guide you through this process and help you determine what type of access is needed by different users.

Of course, the fewer users you purchase access for, the lower the price.

**Ask:** Is the software sold by **user-based** pricing or **module-based** pricing?

**User-based** pricing means you will pay one license fee per user, which includes access to all modules in the system.

**Module-based** pricing means you buy the functionality you need (general ledger module, accounts payable module) on an a la carte basis, plus a small per user fee.

If you only need very limited functionality, both now and in the future, buying a module based system can sometimes save you money.

For most companies though, user-based pricing is often a better value and a better investment because you get more for your money.

**Add:** The number of software users to your quote worksheet

**Ask:** Is the system priced by **concurrent** users or **named** users?

In our opinion, concurrent user pricing is usually the most cost effective option.

This means, if you have 10 people who use the system, but only 5 of them need access at the same time, you only need to pay for 5 licenses. *(For example: Microsoft Dynamics GP has a concurrent, user-based pricing model.)*

**Save:** If some people only need access to reports, consider publishing these on a web portal with limited access instead of buying an extra user license.

## Software Editions: One size doesn't fit all

A vendor may offer different editions of a software product for different levels of functionality. Of course, the higher edition you choose, the higher the price.

So how can you determine which one you need?

First, it is important to be comprehensive in determining the functionality you need for every phase of your project—now and in the future.

Once you confirm that the functionality is available for all your long-term needs, you can decide how much of it you need to buy *right now*.

**Ask:** Can I add additional modules, or transition to the advanced version, as my needs change in the future?

If you have the option to upgrade to the higher edition later, then purchase the edition that gives you the functionality you need for at least the first year. This will save you money in several ways.

**Ask:** Is the software **server-based** or **web-based**?

**Vendor:** The company that developed the software (such as Microsoft).

**Partner (VAR):** The company that sells the software (such as CAL Business Solutions).

**Add:** The price of the appropriate software edition (or modules) to your quote worksheet

**Server-based** software is installed on a server in your office.

**Web-based** software is kept in a data center far, far away, and is accessed over the internet. Some web-based systems *(such as Netsuite)* may appear to have a lower per-user cost, but in many cases you are only getting core functionality and may have to pay extra for additional features/modules.

Be sure to compare the costs over a 10-year period as this is the average amount of time a company keeps their accounting software.

A rising trend is to buy software on a subscription model, referred to as "SaaS" *(software as a service)*. For some companies, this makes sense. However, be sure to consider *all* of the costs to determine if it really is less expensive overall.

**Save:**  Often you can save money by buying the lower-priced edition of the base software and complementing it with add-on products to fill in any advanced functionality needed.

## Maintenance Fees:  Insurance you actually need

Just about every software vendor will require you to pay an annual fee based on a percentage of the software list price.

This fee has various aliases such as maintenance fee or enhancement plan. (For Microsoft Dynamics GP, the cost of the "Advantage Plan" is 18% of the original software list price and is built into your first year costs.)

The percentage can lower after the first year. The plan may not always be required, but it is always strongly recommended.

In addition, your Partner may have their own annual maintenance plan for support calls, preventative maintenance checks or other services.

**Ask:**  In addition to new releases, what else is included in my maintenance plan?

Every maintenance plan is different –  so it is important to find out what you are paying for to maximize the benefits.

For example, many customers are never told that Microsoft offers unlimited free online training for all Advantage Plan customers, plus a set number of free support calls.

This particular plan also gives you access to an online portal which includes a support *"techknowledge"* database.

**Save:** Ask your most tech-savvy employee to search knowledge databases for answers to basic issues and save money on support costs.

The biggest benefit of paying for the maintenance plan is that you receive all the new software releases and updates.

**Ask:** When was the last release and when is the next release scheduled?

Companies stuck with old versions risk losing support from the vendor or having compatibility issues with newer technology. Plus, each release is packed with useful new features.

**Ask:** What is the policy or penalty if I let my mainte-nance plan lapse and want to join again later?

You might be tempted to let your maintenance contract lapse with plans to sign up again when the next version is released. Make sure you understand any penalty fees involved so you can determine whether this will really save you money.

Remember, if you cancel your maintenance plan you may not be eligible for promotions offered. If you are using payroll modules make sure you can still access annual payroll and tax updates if you let your plan lapse.

**Save:** Buy only what you need for Phase 1 of your project. The lower your initial software list price, the less money you will pay for maintenance. If you buy something you don't implement for another year, you just wasted money on the maintenance fee.

**Add:** All maintenance fees to your quote worksheet

Maintenance fees are like insurance. We all wish we didn't have to pay it, but when we need it, we're sure glad it's there. So, just add the maintenance fee into your annual budget and leave it there.

"85% of all accounting software installations require a third party product to have everything solved."

-Randy Johnson
K2 Enterprises
(Industry Expert)

## Add-On Products: Icing on the software cake

An Integrated Software Vendor (ISV) develops products to add specific functionality to the base software system, or to duplicate a feature in the base system, but to do it better or faster.

These add-on products (also called Third Party products) may seem confusing. Don't be afraid of them – just do your homework!

**Ask:** Is this add-on product certified to work with the accounting software package I am considering? How many installations of the product have there been with this accounting package? How many installations has this particular Partner completed?

It's important to work with a reputable add-on product vendor or developer.  Ask them:

■    Can  I speak with a reference using this product with the specific accounting software you plan to install?

■    What is your upgrade schedule for the add-on product as compared to this accounting package?

■    Will your product be guaranteed to work with future releases of the accounting software?

When a new release of your software is available, you  don't want to be held back from using it because your add-on product isn't ready yet. *(Add-on products certified for Microsoft Dynamics GP are required to follow the same release schedule.)*

**Ask:** Did the Partner show any add-on products to me as part of the software demo?

**Add:** If applicable, add the cost of any add-on products (and their mainte-nance fees) to your quote worksheet

Add-on products are often so seamless that if your software Partner had one or more installed on the system during the demo, you may not even have  realized it.

If you want the same functionality as the demo, make sure those add-on products are included in your quote as well.

Keep in mind that add-on products often have their own maintenance fees that will need to be added to your quote.

### Discounts: Finding creative ways to save

Very often promotions are available from the software vendor. Ask your Partner to do some digging to see if they can find a promotion that you quality for.

If there are no programs currently in place, getting a discount on the software list price from the vendor is usually quite difficult, if not impossible. However, if it is a highly competitive situation, or you have a large project, it never hurts to ask.

**Save:** You have the best chance of getting a discount from the vendor at the end of their fiscal year. *(For Microsoft, this is June. For Sage, it is March.)*

The most established Partners don't need to discount. If a Partner is desperate to get business through discounting, ask yourself why they are so desperate. Remember, if a deal seems too good to be true, it probably is.

**Save:** Ask about promotions for existing customers. Once you buy software, the vendor considers your company an existing customer. Anything you buy the next day may be eligible for existing customer pricing.

**Deduct:** Any discounts or promotions on your quote worksheet

# Section 2: The Services

### Making Sure Software Doesn't Become *Shelf*ware

Buying the software is just the beginning. You need additional services to get your accounting system up and running, convert your data and train your staff.

This is where choosing the best Partner and asking the right questions proves extremely valuable. An honest Partner with a proven track record, repeatable processes and experienced staff will take less time and save you money.

How do you make sure you are working with an honest and reputable Partner? **Be sure to read** *Appendix B - How to Choose the Right Accounting Software Partner.*

## Implementation & Set Up:  What's *really* included?

The industry average of software cost to services cost, is a 1:1 or 1:1.5 ratio. If you spend $10,000 in software licenses, you could expect to pay an additional $10,000-$15,000 in implementation services.

However, like everything in life, this rule does not always apply. (For example, if you only have a small number of users, your service ratio will likely be higher.) But for budgeting purposes, this ratio is a good guide.

Some companies offer fixed bid implementation services for projects that stick to strict parameters.  But  most Partners give an estimate of the number of hours the implementation will take, based on their experience.

You will be billed for actual time spent on the project, typically by the hour.

**Save:** Make sure you compare the hourly rates of the Partner, not just the total project cost. Any "out of scope" work will be charged at the hourly rate.

The amount of time quoted for implementation services and the hourly fee, can vary greatly by Partner. This is where you really need to compare each quote in detail.

**Ask:** How many implementations have you done similar to mine in size and scope?

Selecting a Partner you feel is honest, has a solid reputation and a proven track record will ensure you get the most accurate quote.

**Ask:** Can you explain exactly what is included in this initial set up?

Be sure you know everything that's included *(or NOT included)* to avoid "out of scope" surprises later.

For example, give the Partner a copy of key reports you need from the new system and tell him which ones are absolutely required. Find out ahead of time if those reports will be built for you as part of the quote, or if it will take additional time.

**Scope Creep:**  The slow insidious habit of adding more requirements to the project than were included in the initial quote. This results in "out of scope" work.

**Out Of Scope:**  Tasks and time that were not included in the original quote and will be billed separately.

**Add:** The cost of Implementation services to your quote worksheet

**Save:** Insist that your quote include a detailed breakdown of how much time is estimated for each step of the implementation process, not just a lump sum of hours. You may find out the Partner only included 2 hours of training, and plans to charge more when this proves to be insufficient *(which it will).*

## Data Conversion: Moving a Rock versus a Mountain

The "X" factor *(or big unknown)* in any services quote is data conversion. Companies often overlook this and end up with a big, fat bill they didn't expect.

The most obvious way to minimize your costs for data conversion is bring into the new system only data you *need* to use often. Remember, even if you choose not to convert some data, you're not losing it forever.

If you'd like to refer back to historical information such as invoices and AP history, you can keep hard copies of reports, or you can choose to keep the old system *"alive"* even after you switch to the new system.

**Save:** One way to save money is to convert data from the old system at a summary level instead of a detailed level. For example, convert a summarized journal entry for an entire month's activities instead of bringing over every journal entry for the month.

When you have figured out approximately how many records will need to be converted, the Partner can give you an estimate of the amount of time involved.

**Save:** Some companies find that hiring a temp worker or intern to manually enter information into the new system is a less expensive alternative.

**Ask:** What kinds of tools are available to automate the conversion process? Do I need to buy it or is it available for free during the initial install?

**Add:** Data conversion costs to your quote worksheet

Most software companies have conversion tools to automate the conversion process and dramatically decrease the time involved. *(For example, Microsoft has quick conversion tools to migrate QuickBooks data into Microsoft Dynamics GP.)*

## Integration: Making systems talk to each other

Double entry is probably already driving your accounting team crazy and is one of the reasons you want to upgrade!

When you install a new system, your goal is to minimize any duplicate data entry between systems. If you have a separate software system containing data you need in your accounting software, you can sometimes use a simple integration tool to automatically move the data from one system to the other at specified time intervals. *(Learn more about the various systems that CAL has successfully integrated to Microsoft Dynamics GP at* www.calszone.com/integration*)*

Alternatively, you may need to have a custom piece of software written as a "bridge." A partner with a development team can write this bridge for you.

For the most successful integration, select a Partner with a development team on staff. Also ask for specific examples of complicated integrations they have completed successfully.

**Add:**
Integration costs to your quote worksheet

**Save:** If integration is too difficult (or expensive) consider switching to a new system that is already integrated with the main accounting package.

## Customization & Custom Development: Proceed with caution!

Minor customizations made by an experienced Partner can give you the one feature you need to make the software a perfect fit.

But major software customization should only be considered if you have a business critical process that cannot be changed.

**Save:** To minimize customizations, take the time to fully define and review your internal processes. This exercise may uncover ways you can be more efficient using the software as it is.

**Ask:** Does the Partner have an custom development team on staff or is it outsourced?  Are they authorized to work with the software source code?

If customization work is *not* done by the Partner installing your system, this should raise a red flag! This means you may have to rely on an outside programmer (one that you have likely never met) for future support. You want all support to be provided by a Partner who is accessible and has a verifiable reputation.

**Ask:** When I upgrade my accounting software, what will happen to these customizations?

Not only are customizations expensive initially, but they also create long term costs. Custom pieces may have to be rewritten when upgrading to a new version of the accounting software.

The result is substantial hourly fees. You may also be held back from upgrading and taking advantage of new features, which means your maintenance fees could become a waste of money.

**Ask:** What programming language will be used to develop these customizations ?

There are many choices, but it's best to keep the language consistent with the main system when possible.

**Ask:** Will customizations be done within the accounting system or outside?

If customizations are written inside the accounting system, it may require you to buy additional user licenses.

For example, CAL recently created a simple Purchase Order Creation process for a client. If it had been created inside GP, the client would have needed to buy more licenses. Because we were able to write the code outside and connect it directly to the database, we were able to save them money.

Keep in mind, when it comes to quoting integration and customization work, your Partner may only be able to give you a *ballpark* price range.

**Add:** If applicable, add estimated customization costs to your quote worksheet.

It can be difficult to know the true scope of integration or customization until the developer is actually *"under the hood"*.

Figuring out all the details can take a considerable amount of time and, at this point, you have made no commitment to this Partner. Without a contract, they may have difficulty investing the time needed to scope out every detail in this area.

This is just another reason why you need to make sure you work with an honest Partner you can trust.

## Project Management: Who's guiding this ship?

You should see time for *"Project Management"* listed in your quote. If it's not listed separately, it's probably built into the quote. At first, you might balk at more overhead, but a well-managed project will save you money in the long run.

**Ask:** Will I have a specific project manager assigned to my project? What is this person's experience level?

Ask to meet your project manager in person. Make sure you like their personality and trust their expertise, as you will be working very closely with this person over the duration of the project.

Insist that this person be at all critical meetings over the course of the project. For the most successful project, assign someone to manage the process on your side and to communicate regularly with the Partner.

Make sure the proposal clearly states who is responsible for what - on your side and the Partner's side. *(See Appendix C: Why ERP Projects Go Over Budget)*

**Add:** Project management costs to your support worksheet

For example, who will do the data extraction from your current system to enter into your new system? If the Partner expects to receive the data from you and finds out you cannot provide it, he may charge you for extra billable hours.

Clarifying expectations upfront saves you both grief and dollars as the project moves forward.

## Training: The Key To Happy Users

Knowing how to use your new system effectively is the key to making your investment worthwhile (and keeping your users happy!)  Training is definitely one area you don't want to skimp on.

**Ask:** What training is included in the quote for which modules or parts of the system?

Make sure your Partner includes sufficient training in their quote or it may cost you more money in support down the road. You will also deal with the immeasurable cost of frustrated and unproductive users.

**Ask:** Who will provide my training?

The best Partners have dedicated, experienced people focused on training. Take note : a highly skilled implementation consultant does not always make a good trainer!

Ask to meet the trainer or to audit a training session so you can evaluate the quality of the training.

**Ask:** What data will be used for training?

For best results, your Partner should set up a test company for the purposes of training using your own company data. This will stay separate from the actual database you will use when you go live.

If your users get trained on fictitious sample company data, the impact will be diluted when they start to work with your own data and processes.

**Ask:** Does the Partner have a training facility for group classes?

Group training classes can be a more cost-effective way to receive future training on more advanced topics.

**Save:** Sometimes training is included in your maintenance plan. Be sure to read the fine print!

**Ask:** What kind of ongoing training is offered to help me get the most out of the system long term?

Look for a Partner that puts an emphasis on training, both now and later.

After the initial installation is over, you'll need training for new employees, new modules, new releases etc.. Many Partners offer tips & tricks newsletters, annual events, online sessions and other activities focused on existing customers.

Basically, if you invest a lot of money in a new system, its effectiveness is lost if your team doesn't understand how to get the most benefit out of it.

**Add:** Training costs to your quote worksheet

## Ongoing Support: Will you still love me tomorrow?

Although ongoing support is an expense after your initial project is complete, it should still be included in your budget.

Be sure to compare costs and policies for ongoing support, as these can help you determine which Partner will help you save money in the long run.

Some Partners offer support contracts or discounted, prepaid blocks of time, but most charge an hourly fee for support.

**Ask:** What is the Partner's billing policy ? When you call for support, will you be billed for a full hour or in 15-minute increments?

Partners need to charge, even for short support calls, in order to keep their support team waiting for your call. If you are charged in 15 minute increments this can help reduce the long term costs.

**Ask:** What is the billing policy for travel time?

Travel time policies can vary, so find out what you will be billed for - one way, round trip, actual time or fixed time?

**Save:** If your Partner has the technology to remotely connect to your data from their office, it can significantly reduce your support costs.

Face to face meetings are great, but if you want to save money, let the Partner support your system remotely.

**Ask:** When was the last time the Partner increased their hourly rates? Is it an annual increase?

It's always a good idea to find out if a rate increase is expected so you can accurately budget for ongoing costs.

**Ask:** How many people are dedicated to support, specifically for the product I am considering?

If Joe is the only person available for support, what happens if Joe is working on another project when you need him?

A Partner with a dedicated help desk or support team will likely provide faster service.

**Ask:** Does the Partner have technology systems in place to track my support calls?

A Partner that uses systems to track support calls (such as Microsoft CRM) tends to be more organized and provide better support. Plus, if your project manager unexpectedly disappears, there is a record of your client history.

**Ask:** Who will provide support for any add-on products? How will this be billed?

While add-on products are often part of a complete package, you want to avoid calling multiple vendors for support. If support has to be provided by the add-on vendor, you can evaluate their support team as well.

**Ask:** Does your Partner have an existing customer manager available to help you after the sale?

Everyone knows that salespeople are your best friend during the sale. But they get busy with other prospects once you sign the check.

**Add:** Costs for a support plan, or hourly support, to your quote work-sheet

Verify that someone at the Partner company, in addition to your project manager, is focused on making sure you are a happy customer.

This person can help with license questions, additional module purchases, promotions and basic customer service issues.

**Save:** Even during the initial installation period, any "out of scope" work will likely be charged at the hourly support rate. Find out if the support rate is higher during this period .

# Section 3: The Hardware

## The Engine That Makes It Go

Many companies carefully budget for the costs of the software, the services, and everything in between, but they forget to factor in the costs for the hardware required to make it all run. Missing this cost can be a painful stab to your budget.

We have outlined a few of the critical hardware pieces to factor into your budget.

Many accounting software Partners do not sell hardware, but they should have partnerships with experienced IT companies who can review your options with you.

## The Server: Do you have what you need?

It is highly recommended that mid-market accounting packages, such as Microsoft Dynamics GP, reside on their own dedicated server. Your Partner will be able to provide you with the minimum system requirements, but servers come in *"Honda Civic"* to the *"Rolls Royce"* versions – so you will need to rely on a trusted IT advisor.

If you plan to utilize the Microsoft Dynamics GP Web Client, dashboards or browser-based reporting for remote clients, you will need a separate server for Federation Services as well as an SSL security certificate from a trusted provider.

Business Intelligence and Reporting Services may also need to run on a separate server.

If you have a large number of reports, and run them on the same server as your application, it can dramatically impact performance. The result is frustrated users and complaints.

Plan ahead and distribute the processes evenly across multiple servers if necessary.

## SQL Server Operating System: Pros and cons of FREE

In most cases, you need a SQL server operating system on your server. This might be included with your new server purchase, or you may need to purchase it separately.

Keep in mind that you need the same number of SQL licenses as you have accounting software user licenses.

We recommend that you budget to buy a few additional SQL licenses because some reporting tools in your accounting system will require a SQL license too.

Many people ask about the free version of SQL called SQL Express. This may be an option, but you should know that SQL Express has a limitation.

There is a data size limitation based on your transaction volume in the accounting system. There is no magic formula to determine how much space you will need for your system.

An experienced Partner should help you determine what database size will work for your unique situation.

**Save:** You can always start with the free SQL Express version of SQL to minimize upfront costs, and upgrade to the full version of SQL later.

## Deployment Options: How will you connect?

Few people understand that how you deploy your software can also impact your costs.

> **Scenario 1:** You install the software on the server and on each individual workstation.  This takes extra time to install  now and each time you upgrade.

> **Scenario 2:** You install the software on the server and users connect to it via a Terminal Services or Citrix connection.

> This scenario allows users to access the application through a remote desktop or published application from inside your office or from remote locations. You save money by not installing on every workstation, but you would need to purchase Terminal Services licenses or Citrix if additional features are required, which is an additional cost added to your budget.

Run the numbers to see which option is more cost effective for your situation. Despite the cost, if you want to allow remote users, Scenario 2 is the obvious choice.

Hardware purchases can add thousands of dollars to the total cost of your project. By factoring in this expense upfront, you won't be taken by surprise.

## The Final Project Cost

By reading this guide, you are a giant step ahead of most CFOs as they begin the accounting software selection process.

You have 16 inside tips to maximize your budget and 30 specific questions to ask your software Partner  so that you can avoid hidden costs and save money.

Your new accounting software will boost your company's efficiency, increase your productivity and make your users rejoice.

**MORE INFORMATION:** To take the first step, contact the team at CAL Business Solutions to set up an "Accounting Software Discovery Call". 860-485-0910 x4 or sales@calszone.com



**Add:** Hardware costs to your quote worksheet.



**Total:** Add the total cost for each category on your quote worksheet.

# CAL Business Solutions Inc.

Since 1982, Connecticut based CAL Business Solutions has helped more than 300 companies in 26 states improve business productivity with Microsoft Dynamics GP.

- Consistently ranked in the top 5% of business partners worldwide.
- 25+ team members focused on Microsoft Dynamics GP— the largest GP partner in New England.
- In-house development team.

If you are looking for a Microsoft Dynamics GP Partner that will treat you fairly, and work with you to save money, call us at 860-485-0910 ext. 4 or email **sales@calszone.com.**

We would be happy to schedule a discovery call to review your needs and help you determine if Microsoft Dynamics GP would be the right fit.

Request an automated Microsoft Dynamics GP Quick Quote covering software, maintenance and estimated implementation costs at: www.calszone.com/quick-quote.

"We put together a dream list of technologies we wanted to implement. CAL Business Solutions researched our dream list realistically and brought to the table solutions that were forward-looking, could be implemented in a realistic timeframe and at a budget that made sense."

- Jason Kloter, President, Kloter Farms

"The staff at CAL has been fabulous to work with and has provided some very innovative solutions for us. I was originally concerned that the CAL office was located so far from us, but using online tools, it's never been an impediment. Everyone is amazing - I just can't say enough great things about CAL!"

- Christine Huebert, Controller, PrideStaff Inc.

**Microsoft** Partner
Silver Enterprise Resource Planning

# Appendices:

- **Appendix A:**

  First Things First: Before the Quote

- **Appendix B:**

  Picking the Right Software Partner

- **Appendix C:**

  Why Do ERP Projects Go Over Budget?

- **Appendix D:**

  ERP Project Quote Worksheet

# Appendix A

## First Things First: Before the Quote

Your accounting software purchase is a decision you'll have to live with for perhaps the next 10 years (the average time a company keeps their accounting software).  Spending time upfront to ensure you make the right decision is a worthwhile investment.

By solidly planning your project at the front end, and asking savvy questions during the discovery process, you set the stage for a satisfying purchase experience.

## Step 1: The Requirements Document

Simply knowing what you need is the first step to a solid plan.  Sit down with key members of your team and develop an outline of your requirements. This can include:

- Who needs access to data

- Key reports and information you want from the system

- What you like and don't like with your current system

- Specific features/modules  required

This will serve as your road map for the entire buying process. (Don't worry; if you have trouble with this step an experienced Partner can help).

## Step 2: Make a Software Shortlist

Now it's time to determine which software packages you want to evaluate.

To find the top software on the market

- Do research online at sites such as www.accountinglibrary.com

- Ask colleagues and industry peers for recommendations.

## Step 2: Find the Right Partner

After you have narrowed down your software choices, you need to find the best Partner who represents the package. *(Read Appendix B: How to Choose the Right Accounting Software Partner)*

Again, you can do an online search or ask trusted people in your network for referrals. The best first step is to schedule a discovery call with the potential Partner so you can review your requirements with them and confirm that their software fits your needs.

This meeting also gives you a chance to preview how they work and if they have strong communication skills, which will be crucial to a successful project.

A good Partner asks A LOT of questions and is interested in more than just pitching their wares.

At this point, the Partner should also be able to give you a *ballpark* estimate on the software cost to ensure it is in your budget.

## Step 3: Demo Time

After you've determined that the software product seems to fit your requirements and general budget, it's time to have the Partner present a detailed, personalized demo to key members of your team.

Now you can see the product (and the Partner) in action and narrow down the list to your final choices.

## Step 4: The Final Quote

At last, you can find out what you've been dying to know! How much will all this cost? Now that the Partner has a detailed idea of your unique requirements, they will use this knowledge to prepare a quote that accurately pinpoints the total costs for the project.

To schedule a Microsoft Dynamics GP Discovery Call contact **CAL Business Solutions** at 860-485-0910 x4 or **sales@calszone.com.**

Request an automated Microsoft Dynamics GP Quick Quote covering software, maintenance and estimated implementation costs at [www.calszone.com/quick-quote](www.calszone.com/quick-quote).

# Appendix B

## How to Choose the Right Accounting Software Partner (VAR)

One of the most important decisions you can make for your company is choosing the right accounting software program, but many companies overlook the next crucial decision.

Even with the best software, a bad partnership will be costly and frustrating for your entire company.

> "The quality of the installer is more important than the quality of the product."
>
> - Randy Johnson
>   K2 Enterprises
>   (Industry Expert)

## Benefits of a Good Software Partner

A good partnership will mean a smooth implementation, comprehensive training and ongoing support by a professional team you enjoy working with.

Some Partners do a good job of selling, but fall asleep at the wheel when it comes to installation.

So, how can you be sure you are choosing the right company for your business?

You need to do your homework to find the best Partner for a solid, long-term relationship in all areas.

## Interviewing a Prospective Partner

Below is a list of questions you can ask to evaluate a Partner organization:

- How long have you been in business? How long have you been working with this specific software?

- What is your client retention rate? How many have you kept since your first year in business?

- What is your employee retention rate?

- How many employees focus exclusively on this software package? How long have they worked with it; do they have certifications?

- **Do you have a proven, repeatable implementation methodology?**

- **Do you have special certifications or awards?**

  For example, if you are working with a Microsoft Dynamics GP Partner (which we hope you do) ask if they are a Gold or Silver Certified – the highest designation within Microsoft. Also, find out if they have ever been a Microsoft Dynamics President's Club member – a very exclusive club which recognizes the top 5% of Partners worldwide.

- **Can you provide references?**

  Ask the references to discuss their level of satisfaction during the initial implementation, as well as long-term support. Ask the references how the Partner handles billing disputes and whether they deal fairly.

- **Can I meet the people who will be on my project?**

  You may have had a great relationship with the salesperson, but once the deal is closed you will be dealing primarily with the project manager and the implementation and support team.

  Make sure you like them, that they communicate clearly and seem to really understand your project. You will be spending a lot of time with them over the course of your implementation.

- **Can I visit your offices?**

  A visit to their offices can reveal a lot about your prospective partner. In today's times you may find out there is only a virtual organization and that may not be what you are looking for.

Choosing the right company to install, implement, support and train you can make the difference between the success or failure of your project.

If you want a Microsoft Dynamics GP accounting software Partner that will pass this test, contact **CAL Business Solutions** at 860-485-0910 x4 or **sales@calszone.com.**

"After interviewing several implementation partners, they spoke in a lot of buzz words and had all the platitudes to talk to us about, but after meeting with CAL we felt they were really nuts-and-bolts guys. In the end, it was Cal Business Solutions' expertise that made this project work."

**Gary Blanchette, Executive Vice President, Amax**

# Appendix C

## Why Do So Many ERP Projects Go Over Budget?

The most common reason accounting software implementation projects go over budget is because the Partner is spending time working on things not included in the original quote.  This work is called "out of scope".

Here are a few examples of how this can happen:

- You see all the cool things the new system can do and find yourself a kid in a candy store saying, "wow, can we get it to do this too?" The answer is yes, but this request is beyond the scope of the original proposal.

- You were quoted 8 hours of training for the AP clerk. This AP clerk is slow to learn, or is replaced by a new person halfway thru the project. The Partner must spend additional training time that was not included in the original quote.

- You have a report you require from the new system, but you didn't show it to the Partner in advance because you just assumed it would be included. It needs to be designed from scratch and this time wasn't included in the original quote.

A good Partner will tell you in advance if work needs to be done that was not included in the original quote, and get your approval before moving forward.

## It is not always your fault

At times, going over budget could be the Partner's fault if they underestimated the amount of time required. If this is truly the only cause, an honest  Partner may take the time as a loss and quote more efficiently the next time.

Budget overruns can also happen if you are working with a less-than-honest Partner that has intentionally low-balled the initial quote in order to win your business.

Some companies take advantage of the fact that many prospects do not ask enough questions. These prospects find out later that work they assumed was included in the proposal are now considered "out of scope."

Remember, price is only one piece of the puzzle, and you should not always choose a Partner based on the lowest quote. A higher services quote could simply mean that you are dealing with a more honest Partner.

Take the time to make sure you know what is included in the quote and what is not.

If you want a Microsoft Dynamics GP accounting software Partner that will treat you fairly, please contact **CAL Business Solutions** at 860-485-0910 x4 or **sales@calszone.com**

# Appendix D

## ERP Project Quote Worksheet

Take the figures highlighted throughout this guide and enter them in to the boxes below to give an estimated cost for your ERP project:

**Amount**

**ADD: The number of software users:**

**Multiply by: Price of software per user:**

**ADD: Maintenance fees:**

**ADD: Cost of add-on products:**

**DEDUCT: Discounts or promotions:**

**ADD: Service implementation costs:**

**ADD: Data conversion costs:**

**ADD: Integration costs:**

**ADD: Customization costs:**

**ADD: Project management costs:**

**ADD: Training costs:**

**Note: Ongoing support fee/Hourly rates:**

**ADD: Hardware costs:**

**TOTAL ESTIMATED ERP PROJECT COST:**

Ready for a fast Microsoft Dynamics GP quote? Go to www.calszone.com/quick-quote