White paper

Project Accounting Software Evaluation Guide

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Improve project profitability by automating project accounting the smart way

As your professional or technical services company grows, the complexity of your business only increases. Soon, the simple, manual processes that served you well become time-intensive, draining your team's productivity. You are taking on more projects and project types, expanding into new regions and industries, and adding lines of business. But this long-sought growth you've finally achieved can also bring greater headaches for finance.

That's particularly true with project accounting. To profitably sustain your momentum, you need more information—and faster—than ever before. Which projects should you bid on? What prices should you charge for any given location or industry? What resources will you need to meet client deadlines?

Instead of analyzing business strategies and delivering answers, you're adding headcount just to copy data from the CRM system to your accounting system. Your delivery team is managing time and expenses in Microsoft Excel because they can't remotely access the time-tracking system. You're spending countless hours creating invoices to meet specific requirements that differ from client to client and project to project. And without timely visibility, you can't make the right decisions based on profitability by project, customer, or industry.

How can you meet today's project-accounting challenges? It starts with a modern, project-centric accounting solution that offers the automation, scalability, and visibility you need. But as you evaluate your options, what factors are most important? The following list provides the essential attributes you need to look for when evaluating a project accounting software.

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1. Increase business agility with a modern accounting architecture

The modern accounting solutions you select should adapt to your optimal business structure and workflows—not limit your flexibility, force you to re-implement software, or rewrite custom code. You need the ability to manage, analyze, and present your financial information the way you want—without the external tools or complications to your chart of accounts. Look for a solution that has:

- **Multi-ledger architecture**: Support faster closes by using sub-ledgers that can close independently.
- **Real-time posting**: Get up-to-date visibility with transactions that post in real-time to both the sub-ledgers and general ledger.
- **Streamlined chart of accounts**: Apply general ledger dimensions to reduce the number of accounts you manage while preserving visibility as your business changes.
- **Multi-entity architecture**: Provide both visibility and flexibility to manage domestic and global entities as your business grows.
- **Transaction definitions**: Visually configure process workflows to control how transactions post to the accounts you specify.
- **Multiple pre-defined books**: Configure GL for cash, accrual, or both. The right solution should let you automatically post every transaction to the correct book. Then, for instance, accrual-based firms can more clearly see the impact of cash transactions.

"With Sage Intacct, our financial close was cut in half, and that extra time is huge for us because we're a small team. We're saving five days of work for four people, which gives us back 20 days of work each month that we can put into more strategic activities."

~ Salma Kaida, Project Accountant, Yardstick
Results with Sage Intacct: Halved monthly financial close

2. Simplify time and expense management

Select an accounting solution that simplifies the capture of all time and expense charges your delivery team spends on each project. That maximizes revenue and keeps your people focused on client goals, not administrative tasks. Look for a solution that has:

- **Multiple approval levels**: Accelerate the reimbursement process with multiple levels of approval, including expense approval by amount and automatic email to supervisors for approvals.
- **Project profitability tracking**: Link hours worked and expenses incurred to specific projects to get a true picture of each project's margins.
- **Time entry**: Configure rules such as requiring notes on time entries or pre-defined minimum/maximum daily values.
- **Real-time timesheet management**: Allow users to receive notifications about missing, late, or unapproved timesheets to eliminate inaccuracies.
- **Flexible support for reimbursements**: Easily accommodate multi-currency expenses as well as non-reimbursable expenses (e.g. company credit cards).

"We reached a point where our systems and team simply couldn't cope with the company's growth any longer. We needed the power of sophisticated, scalable ERP software that could eliminate much of our manual data entry, and handle our complex revenue management needs."

~ Jodie Watts, Director of Finance, Tenzing
Results with Sage Intacct: Cut time/expense tracking by 50%

3. Gain visibility through accurate, detailed project costing

Modern, project-centric accounting solutions should let you track detailed project costing, so you understand the true cost of projects, see emerging trends, and budget properly. This information also helps you price projects and negotiate with vendors. Look for a solution that has:

- **Project and task relationships**: Break projects into tasks, budget the tasks, and assign resources, to setup almost any work breakdown structure (WBS) needed.
- **Cost tracking**: Track budgets and all project-related costs with integrated, real-time GL posting to get up-to-the-minute visibility into project finances.
- **Varied labor costing**: Support hourly and salaried labor costing, as well as rate overrides by project for contractors.
- **Multiple time types**: Support specific time types (e.g. regular time and overtime) for additional granularity.
- **Indirect costing**: Improve profitability reporting by automatically allocating and posting indirect costs to projects and using multiple layered cost pools.

"Sage Intacct lets us run utilization, efficiency, and expense reporting at the project, task, department, or customer level for granular transparency into our labor costs and profitability across various operational categories. This valuable insight helps CTI's leaders manage existing employees' workloads, as well as project future employment needs based on upcoming projects and proposals."

~ Brian Lawrence, Senior Director, Finance & Taxation, CTI
Results with Sage Intacct: Avoided one full-time finance employee

4. Automate project billing

When customers have precise billing requirements, you spend countless hours with numerous spreadsheets to track when to bill and how much. And if there are errors and delays, you're at risk of revenue leakage, negative cash flow, and customer dissatisfaction. What you need is a flexible, configurable project billing process. Look for project accounting that offers:

- **Efficient integration**: Integrate time and expense data to simplify billing and revenue recognition.
- **Automatic capture of billable and non-billable data**: Minimize revenue leakage and understand the total costs of a project.
- **Automated billing**: Support time-and-materials, time-and-materials to a maximum, or fixed-price billing and trigger invoices based on milestones, schedules, percentage completions, and project completions.
- **Unified billing**: Generate invoices that include time, employee expenses, and other company charges and purchases. Custom or preconfigured invoice templates can make it easier to generate consolidated invoices or multiple invoices per project or customer.
- **Flexible rates**: Easily accommodate multiple, flexible billing rates and price lists by employee, project, item (type of work), or customer.
- **Separate billing and revenue recognition**: Decouple billing from revenue recognition. Then you can use milestones, schedules, percentage completion, and project completion to drive revenue recognition and accurately forecast a project's impact on revenue.
- **Support for automated revenue WIP or unbilled activity**: Track revenue of work in progress (WIP) for fixed-price projects, unbilled accounts receivable, and deferred revenue.

"We look to Sage Intacct and Salesforce as the backbone of our customer acquisition, sales processes, training delivery, customer support, billing, financial controls, and more – together, these systems provide a solid foundation for improving and accelerating our business."

~ Doug Boughton, CFO, Smith System
Results with Sage Intacct: Software paid for itself in <6 months

5. Streamline global consolidations and multi-entity management

As your firm expands into new regions, industries, and lines of business and acquires other firms, you may need to add accounting entities. Make sure your accounting solution can easily add, manage, and report on multi-entities, automate global consolidations, and gain business-wide financial and operational visibility. Be sure your accounting foundation offers:

- **Unified architecture**: Support domestic and global locations, single and multiple currencies, and complex (or simple) ownership structures.
- **Access control**: Restrict user access to just the entities and transactions that are relevant to their job.
- **Shared definitions**: Share vendor, customer, project, and item lists across entities to speed new entity creation and enable cross-entity reporting.
- **Centralized payables**: Record bills and send payments for all entities from one screen and automatically create due to and due from transactions between entities.
- **Chart of accounts simplicity**: Share common charts of accounts or use a distinct COA structure for each entity. Logical and consolidated hierarchies, irrespective of legal structure, can give you even greater flexibility.
- **Intercompany eliminations**: Automate intercompany eliminations at the point of consolidation.
- **Automate revaluations and adjustments**: Streamline closes with automated revaluation and adjustment entries for changing currency rates.
- **Multi-currency management**: Automatically translate foreign-currency transactions for a major boost in productivity.

"One of the most powerful features of Sage Intacct is its global financial consolidations. We have three entities with three currencies. The consolidation process before Sage Intacct was a very, very painful process that took approximately 30-40 hours a month. Now, our consolidation process is as close to a one-button consolidation as you can get."

~ Craig Stack, CFO, ProKarma
Results with Sage Intacct: Saved 16-22 hours/month streamlining global consolidations

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6. Make informed decisions with project profitability insights

A modern accounting system provides in-depth, real-time insight into the business, so you can capitalize on new opportunities or quickly take corrective actions. With a thorough picture of your financial performance, you'll be able to identify the most profitable clients, true project costs, or costs per billable and non-billable employee. Choose a system that delivers:

- **Multiple operating dimensions**:
    - Categorize each transaction by customer, product, location, department, and more for a "clean GL" that eliminates separate GL accounts for each location, vendor, project, etc.
    - Create reports and dashboards that automatically combine operating dimensions with financial data so you can analyze results by unit, location, project, customer and more.
    - Use built-in analytics to view financial and operational data the way you want, without external tools or modifying the chart of accounts
- **A single source of the truth**: Use the same set of data for real-time GAAP, IFRS, FASB, regulatory, and compliance reporting as well as for operational and statistical analyses.
- **A statistical book of measures**: Combine operational and financial metrics for greater insights into business metrics. See headcount, locations, and contracts not captured in a standard ledger.
- **Self-service reports and custom dashboards**: Reduce ad hoc stakeholder reporting while delivering real-time updates and drilldown capabilities.
- **Real-time project financial visibility**: Deliver pre-built best-practices reports and graphs that let you analyze key metrics, including:
    - Profitability by project
    - Profitability by client
    - Project delivery costs against plan
    - Resource utilization

"As our leaders have learned Intacct's powerful capabilities, they've started using more and more reports and are employing an increasingly data-driven approach for every business decision. Now everybody sees the same data, and we have much better information with which to collaborate and make decisions."

~ Mike Munson, Global Controller, Cameo Global
Results with Sage Intacct: 25% time saved per month

7. Deploy your best of breed solution on a proven cloud financial management platform

Modern accounting solutions use the cloud to lower IT costs, reduce technology risks, and improve productivity. The cloud also gives you the flexibility to choose among best-in-class solutions that are easy to integrate with other leading software solutions to meet your needs. Look for a best-in-class cloud accounting system that delivers:

- **Significantly greater value**: Dramatically lower your total cost of ownership by reducing hardware and software costs as well as IT time and expense for maintenance, upgrades, and support.
- **A lower technology risk profile**: Offer enterprise-class security, backup, disaster recovery, and performance monitoring at a much lower cost than doing it yourself.
- **Excellent security**: Securely enter time and expenses at any time, from anywhere, on any device.
- **Faster innovation**: Deliver major releases quarterly with automatic software updates that keep your customization and integration.
- **Open integration**: Support the latitude to choose and integrate with the project- and resource-management software that's right for your business.

"When migrating off Microsoft Dynamics, one of our top priorities in choosing a new financial management solution was its project management functionality. We wanted a better experience for employees—starting with improved time sheet entry and streamlined multilevel approvals, all the way through to the back-end of accessing project-based data. We considered Oracle NetSuite, but decided to go with Sage Intacct because we loved its user interface, the ease of navigation between modules, and its data accessibility through web services APIs."

~ Natalie Bonczek, Controller, Red Door Interactive
Results with Sage Intacct: Saved ~55 hours on monthly workflows and reporting

The right organization

As you evaluate your next accounting software for your services organization, it's important to look beyond the product. Compare customer reviews and satisfaction rating from independent sites such as G2 Crowd. Look for endorsements from experts like the AICPA.

By choosing the right financial management solution that can be the foundation for your business today and tomorrow, your financial organization will play a critical role in helping your company sustain profitable growth.

About Sage Intacct
Sage Intacct is the innovation and customer satisfaction leader in cloud financial management. Sage Intacct innovative and award-winning applications are the preferred financial applications for AICPA business solutions. In use by organizations from startups to public companies, Sage Intacct improves company performance and make finance more productive. Hundreds of leading CPA firms and value added resellers also offer Sage Intacct to their clients.

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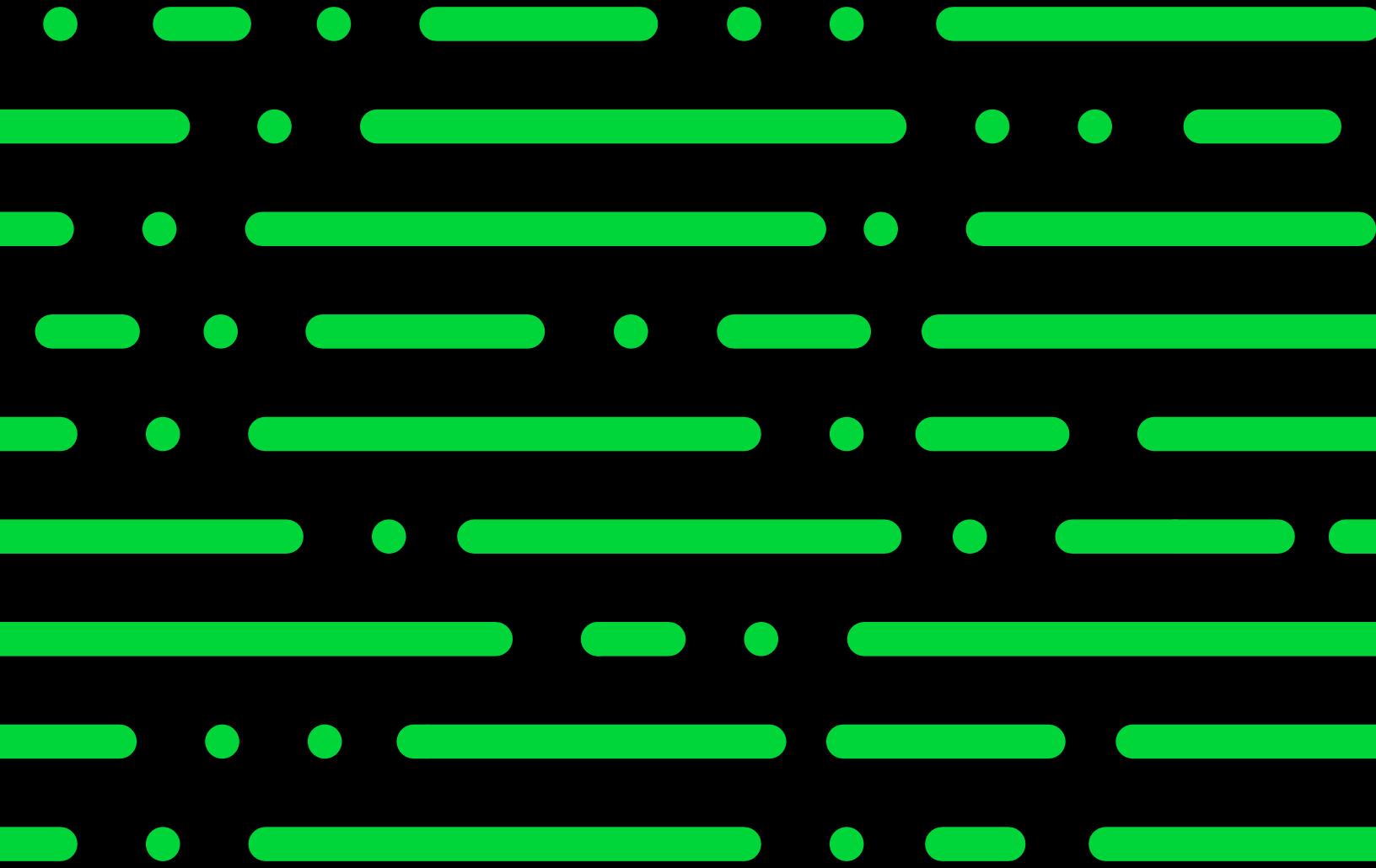

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