

10 things to consider when purchasing Accounting Software

Selecting the right software for your business is vital to your success and growth. The software providers which make up BASDA's membership have been through thousands of software purchasing cycles. Our set of best practice software selection guides distils this experience to help your business make the right purchasing decisions and can be found at www.basda.org/bsg

This guide focuses on Accounting Software. We suggest you read it in conjunction with either our [Selecting Business Software Guide \(for medium and large organisations\)](#) or our [Selecting Business Software for Small Business Success](#). These provide tips and tricks relevant to selecting all types of business software. You may also find our [10 things to consider when purchasing Payroll Software](#) useful.

1 Decide exactly what capabilities you need from your accounting software

Accounting software applications can have different levels of functionality to support different sizes and complexities of businesses and industries, and they can also be highly configurable. It is up to you to decide on the exact functionality you need – what is a must have for you; what's nice to have; what you're never likely to require. If you're not sure what functionality would be useful, consult your peer network, look at what similar organisations use, talk to your accountant or bookkeeper to ask their advice, then contact several software vendors to get an overview of their products. Accounting software can't make you an accounting expert, so if you are looking to be completely self-sufficient and not use the services of an accountant, your software will need to have the functionality to enable you to submit annual statutory accounts and your corporation tax return.

2 What type of organisation are you?

Depending on the type of organisation you are purchasing accounting software for, check that the system is designed to cater for that specific business type, be that a private or public business, public-sector organisation, not-for-profit, bookkeeper or accountant.

3 Cloud or On-Premise?

Should you be looking for an On-Premise or Cloud solution? Note that some Cloud solutions may provide fewer features which exactly match your requirements than systems installed on-premise which can be configured specifically to meet your own needs. However, Cloud solutions may be better at enabling online collaboration with your bookkeeper or accountant which may be important for your type of business at its stage of evolution. These two types of solutions often have significantly different financial models, with On-Premise costs often being more 'upfront-loaded' whereas Cloud solutions are often more spread over the lifetime of that solution, so consider which type best fits your finances.

4 Are integrations between several applications needed to run your business?

Do you use further software to manage other aspects of your business (e.g. EPOS (Electronic Point of Sale software; a receipt capture software)? Does the accounting software you're considering link directly to these applications to avoid you having to manually re-enter data?

5 Think about the 'multis'

Does the solution need to handle some or all these criteria, either today or in the medium or long term – Multi-company? Multi-currency? Multi-language? Multi-user – with the potential for different types of user with distinct access rights and functionality needs?

6 How big an issue is data transfer?

If you are moving from an existing package or manual system, what processes will be needed to transfer the data and required historical information? If you have high volumes of data this may be a major effort. Does the software provider also offer a data transfer service or work with partners that do, or will you need to manage this internally – potentially by the manual rekeying of data? Make sure you are able to meet legal requirements for how long records are held and can answer internal or external requests for historical data e.g. from potential investors or auditors.

7 Data feeds from bank accounts

Many accounting software products allow you to import your bank statements and reconcile them with the data you hold. This avoids having to manually enter banking data. Does your preferred software provide these capabilities?

8 HMRC interfaces

Does the software support interfaces to HMRC, especially for submitting VAT Returns? Is the software compliant with HMRC's Making Tax Digital (MTD) initiative or does the software provider have a clear timescale for becoming MTD compliant?

9 Understand what's included (and not included) in the price

What is included in the pricing? Will you need any additional functionality via “add-on modules” at additional cost, for example expense recording or project accounting? What are the costs of upgrades if the business grows or there are changes to legislation? Does the package include any limitations to the number of users or transactions that can be processed? Will you pay monthly; quarterly or annually? What is the cancellation/termination policy? What additional technical infrastructure might you need to provide? Also check the scale and type of access that your colleagues need too.

10 Technical support and training

Does the software provider offer technical support services. Is this an email-only service or do they also offer telephone-based support? When are support services available (office hours only, evenings, weekends)? Are support and training included in the price of the software or are there additional charges? Are there various levels of support packages offered with different charges?

About BASDA

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