

An Epicor White Paper

Moving Beyond QuickBooks to Support Manufacturing Growth with Cloud-Based ERP

July 2013

I. INTRODUCTION

If today's small and mid-sized manufacturer is to sustain growth and thrive in today's global marketplace, they must evolve from some of the practices they used in their early stages. Case in point: the use of Intuit's QuickBooks™.

A huge number of small and mid-sized businesses (SMBs) adopted the use of QuickBooks to track the finances of their young firms. However, many of these young businesses soon realize that to manage the business, the scope of business systems needs to go beyond finance. It needs to include the ability to plan, procure, produce, distribute, and sell in addition to account. To enable the flow of business transactions between roles, a single solution is needed. Today's business climate demands more sophisticated business systems for more complex transactions, requires more critical planning and tracking of revenues, and involves more stringent accounting and regulatory standards.

The dynamics of today's markets has changed the competitive landscape for businesses large and small alike. Competing in global and emerging markets, once the domain of large global multinationals, is now within the scope of virtually every commercial enterprise. Technology has broken traditional barriers and "flattened the world," to paraphrase *NY Times* columnist and Pulitzer Prize-winning author Thomas Friedman. This flat, new world has sharp edges. Yes, opportunity is greater for all; but so, too, is competition. To compete successfully, companies must have the technical wherewithal to communicate, collaborate on, and record transactional activities on a scale heretofore unimagined.

Moreover, companies must accommodate an increasingly dispersed workforce, as well as complex, multi-tiered, nuanced supply networks that span continents and are subject to different regulations, taxes, currencies, and so on. While small and mid-sized businesses are empowered by these new market developments, they face greater challenges than their larger competitors because of capital and personnel constraints.

Historically, the transition from QuickBooks to a more robust solution was an agonizing decision for SMBs. The traditional path involved implementing costly, complex, user-challenging, on-premise software. Often these solutions required long and costly deployment cycles, new hardware purchases, and internal IT resources that simply weren't readily available.

Today, that transition has been eased. The advent of cloud-based, on-demand solutions, often called Software as a Solution (SaaS), has enabled SMBs to better meet the business requirements of the new marketplace. Now they can easily move beyond the simple financial functionality of QuickBooks to more effective and comprehensive solutions for the total business.

II. THE LIMITATIONS OF QUICKBOOKS

QuickBooks has a number of limitations that hamper SMBs looking to grow in today's global marketplace:

- Scalability
- Point solution orientation
- Narrow visibility
- IT concerns and costs
- Limited functionality, difficult integration
- Access concerns
- Difficult adaptation to change
- Currency recording issues
- Latency
- Lack of Deep Industry Capabilities

Scalability

QuickBooks lack of scalability can be an impediment to growth. Companies that implemented the solution as a start-up find that as they have success the use of QuickBooks becomes a limitation. Even enterprise editions of QuickBooks constrain the number of user licenses to 20, making access for all employees that need it difficult in growing businesses. Further, the pressures put on IT when forced to work with (or work around) inefficient software may close or limit opportunities for new business were the situation otherwise. Businesses that thrive and survive stay ahead of their employees need for technology, rather than struggle in trying to catch up to it. Efficient solutions scale easily as growth occurs.

Point Solution Orientation

QuickBooks accounting-only orientation provides little insight into business opportunities, decision support for client management, or full understanding of

the quote-to-cash cycle. Other applications are needed to provide these needs. This proves problematic in a number of ways. Multiple applications are used in order processing, and multiple entry of information is time and cost consuming. Further, the reconciliation of client and billing information can be a serious hassle. Among the unwanted results: billing, service, and forecasting problems; impeded cash flow; and unhappy workers and clients.

Narrow Visibility

Since the data in QuickBooks is limited to financials, the information needed to make better-informed decisions across the business typically resides in other applications. The holistic visibility essential in today's marketplace simply isn't available through QuickBooks; there is no real-time view of operations. Often this results in excessive use of spreadsheets, a time-consuming and error-prone practice that fails to deliver a current picture of developments. By the time a spreadsheet is in hand, in today's accelerating and often-volatile environment, the information is dated. This is not a prescription for good decision support. To have a clear understanding of how the business is performing, much more is needed than what QuickBooks provides.

Limited Functionality, Difficult Integration

With QuickBooks, companies adapt their businesses to the solution, rather than having the application respond to the growing and changing needs of the business. Leading companies are leveraging multiple applications, such as Financial Management, Product Management, CRM, Operations Management, Supply Chain Management, and eCommerce, to automate and precisely track customer interactions in today's dispersed markets. Rather than having to chase and input data from multiple sources, these applications are integrated to provide users within the business a global view of operations and customer relationships.

QuickBooks' limited integration capability does not easily adapt to this holistic approach.

Access Concerns

Not only has the marketplace changed dramatically, so too has the way workers engage in their jobs. Today many companies must provide staff remote access to and input into financial information, which is not something QuickBooks lends itself to. QuickBooks Enterprise was designed to be deployed on-premise, and lacks built-in remote access capabilities and key security features to protect sensitive financial data. Further, as companies grow, so too does the need to track financial metrics (i.e., revenues, expenses, profitability) across multiple locations, often multiple continents. QuickBooks lacks the ability to easily gather and consolidate this information. This typically results in multiple QuickBooks records that must be merged manually in spreadsheets, a time- and labor-intensive process that likely fails to yield a seamless financial view of business operations.

Difficult Adaptation to Change

Today's commercial marketplace is marked by rapid and often volatile change. Specifically with regard to increasing regulatory and compliance demands, financial and industry, SMBs must be able to trace and demonstrate the history of transactions and correct them if they were entered improperly. However, QuickBooks only allows users to change history by selecting a single transaction, so auditors monitoring today's more stringent regulatory demands are challenged by this limitation. It can also raise questions regarding prior adjustments, because they have to be made transaction by transaction, manually, increasingly the likelihood of error.

Currency Recording Issues

In today's global markets, growing SMBs need to be able to do business in multiple currencies. QuickBooks isn't designed for this. With the exception of a Canadian version that tracks both U.S. and Canadian dollars, users must create

separate files to track multi-currency transactions. This complicates financial recordkeeping.

Latency

In today's business environment, where real-time information is increasingly essential to respond to market developments, the difficulties QuickBooks presents in delivering immediate data across the business is perhaps its most egregious shortcoming. SMBs cannot afford to operate with dated information, constantly looking for spreadsheets (that no longer are current), or waiting for reports to print. Information must be available where it is needed, when it is needed, and more often than not that is "right now." QuickBooks struggles with this capability. Paper trails, manual operations, forecasts based on yesterday's numbers will not cut it for today's aspiring SMBs. If they are tethered to an outdated solution, they will soon realize that such solutions are "an enemy of growth."

Lack of Deep Industry Capabilities

QuickBooks scratches the surface for a wide variety of industries and chooses to leverage integration partners to offer second level functionality for specific industries such as construction, manufacturing, distribution, and more. For established and growing businesses in these industries, the business best practices offered in the marketplace by systems with deeper industry functionality, can be leveraged for growth.

III. CLOUD-BASED BENEFITS

Fortunately for SMBs, cloud-based and SaaS solutions have rapidly emerged as enablers of growth in the new marketplace. These solutions eliminate the principal barriers that keep companies from implementing more powerful ERP solutions while overcoming the limitations of point solutions such as QuickBooks.

Companies looking to replace QuickBooks have multiple options, but increasingly emerging as the best are cloud- or SaaS-based alternatives. In contrast, on-premise solutions require that customers purchase a perpetual license, as well as the hardware to support the software upfront. On the other hand, the advantages of cloud-based and SaaS solutions are significant. A recent post on the *ERP Cloud News* blog references eight key ones:

- **Cost benefits.** One of the major reasons for SMBs to turn to cloud-based or SaaS solutions is to lower costs of buying licensed software or developing applications in-house. Unlike legacy software, SaaS is normally offered on a monthly subscription basis. These charges are applied towards upgrades, ongoing system management, and customer services

Cost	Year 1		Subsequent Years	
	Traditional	SaaS	Traditional	SaaS
Hardware	X		X	
Hardware Maintenance	X		X	
Software Licenses	X		X	
Annual Subscription	X	X	X	X
Implementation	X	X		
Training	X	X		
Application Support	X		X	
Application Upgrades	X		X	

Source: *ERP Cloud News*

- **Easy deployment.** Cloud-based applications are available on Web browsers. Companies can therefore avoid the lengthy process of installation and integration that is common with licensed software.

- **Zero Maintenance** With SaaS solutions, issues related to maintenance and upgrade are normally taken care of by the cloud-based application provider.
- **Mobility.** Since software is hosted on the cloud, it can be accessed on any Internet-enabled device—and from anywhere.
- **Automatic upgrades.** Cloud-based software development firms constantly update and upgrade services, resulting in company assurance they are running the most updated version of the application.
- **Security.** SaaS services offer better security than local datacenters can usually provide. This ensures access to better security tools without affecting current IT budgets. Data security typically is included in a vendor SLA for SaaS services.
- **Better service.** SaaS providers guarantee that services are available on a real-time basis with minimum loss in production time. Terms and conditions related to outage and compensation, if a situation arises, are usually addressed in the SaaS provider's agreement.
- **Backups and disaster management.** With SaaS, data is automatically updated and stored on a daily basis. Further, the service provider typically divides your data among several data centers to provide a quick and resilient disaster recovery management solution at the time of crisis.
- **Better adoption.** Employees find it more convenient to use SaaS software. They are ready-to-use, intuitive applications that can be used right after buying. Therefore, there is little learning curve for the solution and organizations can save costs related to worker training.

For those hanging onto QuickBooks, these benefits should provide compelling reasons to explore more powerful solutions.

IV. ADVANTAGES OF EPICOR ON-DEMAND ERP

Epicor's On-Demand Cloud ERP solutions for manufacturers and distributors were specifically designed for SMBs looking to upgrade operations by moving from point solutions like QuickBooks to more a more sophisticated and powerful solution tailored to meet business requirements in today's rapidly changing global marketplace. Both solutions are delivered in a Software as a Service (SaaS) model.



EPICOR ON-DEMAND CLOUD ERP for MANUFACTURERS



EPICOR ON-DEMAND CLOUD ERP for DISTRIBUTORS

Epicor On-Demand Cloud ERP for Manufacturers was developed from Epicor's latest-generation software. It leverages core functionality that has been in use and proven at thousands of manufacturers. With this solution, the manufacturer is provided with everything in one integrated system to manage the business. It eliminates the need for separate applications, spreadsheets, and manual processes, delivering the functionality to manage:

- Customers and contacts
- Opportunities and orders
- Products and production
- Shipping and receiving
- Accounting and payroll

Whether the SMB is a job shop, plastics extruder, stamper, or other type of manufacturer, in whatever way the company accounts, costs, and manufactures, this on-demand, cloud-based system is flexible enough to support any discrete manufacturers needs

Epicor On-Demand Cloud ERP for Distributors was also developed from Epicor's latest-generation software. Again, it leverages core functionality that has been in use and proven at thousands of manufacturers. As with the solution for manufacturers, the distributor is provided with everything in one integrated system to manage the business. It also eliminates the need for separate applications, spreadsheets, or manual processes, delivering the functionality to manage:

- Customers and contacts
- Opportunities and orders

- Shipping and receiving
- Accounting and payroll

Whether the SMB is a general distributor, wholesale distributor, or provides third-party logistics, in whatever way the company accounts, costs, or manages operations, this solution is flexible enough to support business processes such as order fulfillment, inventory management, warehouse management, and sales kitting/light assembly.

Both versions of this cloud-based, on-demand ERP are fully multitenant SaaS, an architecture wherein a number of customers share the same application instance with their data kept separate from one another. They are based on an SOA (service oriented architecture) foundation that simplifies integration with other systems and allows for modular deployments.

V. CONCLUSION: THE TIME IS NOW

For those small and mid-sized businesses that have been struggling with the limitations of QuickBooks, a quote from a famous manufacturer who started out as a small entrepreneur come to mind: “Failure is simply the opportunity to begin again, this time more intelligently.”

These words of Henry Ford remind us that part of succeeding in business is the process of reinventing ourselves. Moving from a point solution such as QuickBooks to an integrated solution for today’s global marketplace is, in its way, like moving from building things one at a time to the assembly line. Such moves are necessary, particularly in times where change is accelerating and often volatile, and the ability to respond to and anticipate change demands delivery of real-time data to the point of execution.

There used to be a serious capital barrier for small and mid-sized companies to adopt business systems; with the advent of the cloud, those barriers are down. Businesses failing to capitalize on this opportunity have only themselves to blame. The time for better and more responsive solutions is now. It is how we seize opportunity and move forward intelligently.