



Tech Dossier

Outgrown Your Financial Systems?

Discover Why the Cloud is an Ideal Platform for Growth

Finance leaders zero in on advantages of a modern cloud-native financial solution



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Introduction

Cloud platforms are now firmly established as the foundation of digital transformation strategies. In addition to their availability and scalability, cloud platforms support vast ecosystems of value-added software. This enables customers to preserve and extend their investments by customizing functionality and building on core platforms quickly and without risk.

Cloud applications are always available to all users regardless of location — an important consideration for remote work environments. They also enable organizations to integrate with financial and operational systems from suppliers and customers to streamline workflows. They allow easy access to powerful artificial intelligence libraries for automating manual processes.

Critical business processes such as finance are moving to the cloud for these well-known benefits.

“Cloud is so essential, it’s hard to think of transformation without it,” [said](#) Martin Mocker, professor at the MIT Sloan Center for Information Systems Research.

Businesses outgrowing small-business-oriented accounting platforms such as QuickBooks should factor cloud migration into their plans for transitioning to more powerful software. Many are ready to make a change, according to

recent research on attitudes of senior financial executives at small and medium businesses (SMBs) toward existing finance and accounting software and desired areas of improvement.

The status quo is no longer enough

The survey of 207 financial decision-makers at businesses with an average of 358 employees found that QuickBooks users have the greatest difficulty keeping up with financial technology updates (cited by 38% of respondents) and ensuring data integrity/quality (35%).

Among the other frustrations of keeping and closing the books are:

- Losing productivity due to time-consuming manual processes
- Staying current with compliance and security requirements
- Aggregating data from multiple systems and sources

“A lot of systems feed into accounting, including payroll, tax, and customer relationship management,” said Sandi Main, product marketing senior director at Sage Intacct.

“No one product fits everyone’s needs, so customers need access to a broad ecosystem of specialized partners.”

Financial professionals reported that about 40% of the tasks associated with financial close take place outside of core financial applications. Data tends to become siloed in different functions and applications, creating delays and increasing the risk of errors, said Scott Freedman, director of marketing at Sage Intacct.

“Decision-makers ask financial professionals for reports, but the information that’s required is contained in many different applications,” he said. “Humans must go in and pull that data together, usually consolidating it in a spreadsheet.”

Such manual processes are inherently slow and error-prone. Connecting software directly to data sources such as CRM systems, human resources records, and sales forecasts removes much of the

human element and its associated risk. Modern financial systems also limit time-consuming manual checks by using artificial intelligence to spot errata such as duplicate entries and dollar values that differ significantly from historical storable averages.

Bottlenecks frustrate decision-making

Real-time reporting is a growing requirement as the pace of business quickens and moves online. Monthly or quarterly reports are no longer sufficient. Executives need access to up-to-date information about such metrics as inventory levels, sales patterns, and factors that drive spikes in purchases, such as weather events or a recommendation from a prominent influencer.



This growing urgency was clear in the more than 75% of financial professionals who said their leadership requests real-time financial information outside of normal reporting periods, which their current software does not easily accommodate.

“It’s one thing to have the data that’s accurate and that the people can believe in, but if it’s outdated, it is like looking at the old newspaper,” said a software company’s vice president of finance. “It’s just no longer relevant.”

Manual processes not only impede decisions but bog down skilled professionals with detailed work. More than 80% of financial professionals said time spent on accounting, compliance, and financial close inhibits their work on more strategic projects.

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— *Sandi Main, Product Marketing Senior Director, Sage Intacct*

Legacy deficits

Nearly half of surveyed SMBs who use QuickBooks said they would like to see better reporting capabilities, followed closely by the 45% who want more accurate data and 44% who see the need to improve efficiency and/or reduce costs.

QuickBooks is valued for its ease of use, but many financial professionals report it falls short of meeting the more sophisticated needs of growing companies.

“We found that, at our current size, we couldn’t close in QuickBooks,” said one financial vice president. “That became impossible once we introduced foreign currency and multiple subsidiaries.”

The top challenges executives reported with their current QuickBooks installation were:

- Sub-optimal speed and efficiency (43%)
- Limited data integrity checks (43%)
- Limited customizability (39%)

“QuickBooks feels more like an off-the-shelf product that doesn’t scale with time,” said one financial executive.

An advertising agency director of finance said, “You end up having to do things outside of QuickBooks and then bring it back into QuickBooks. It’s hard to generate very custom reports and forms, for example.”

Willingness to change

Senior executives are interested in moving away from the status quo of inflexible, on-premises accounting systems to a more modern platform. In fact, 47% of the most senior respondents said they would consider alternatives — yet nearly two-thirds said they are unlikely to change.

Much of that intransigence has to do with what Freedman called latent vs. manifest needs. “People don’t see legacy software as a problem unless they see a better way to accomplish their tasks. They’re unaware of better solutions that provide self-serve, real-time data.”

Such misconceptions inhibit receptivity to better solutions. Asked why they weren’t evaluating alternative solutions, 42% of financial executives cited integration concerns; 38%, cost; and 32%, resistance to change.

“It’s a six-to-12-month process where you have to have strong business reasons to do it,” said one executive. “And it’s not just the cost, but the opportunity cost of time spent migrating to something else.”

None of those factors should be a significant barrier, Freedman said:

“You owe it to yourself to see the advantages of a modern cloud-native financial solution. Doing due diligence is likely to pay off from a total cost of ownership and return on investment perspective. [Companies that switch to a cloud-native solution] typically see annual savings from efficiencies and automation that more than compensate for the time spent in due diligence and implementation.”



Switching factors

Not everyone is resistant to change. Nearly 40% of respondents (47% with VP-and-above titles) said they are at least somewhat likely to consider alternatives to their financial and accounting solutions. The top driving factors were improved data quality, better efficiency, and speed, cited by roughly 40% of financial professionals. A substantial 35% said they also want to improve the user experience.

Those interested in switching cited a long list of applications they're considering, with at least 12 products garnering a significant number of mentions. Executives are aware that switching is no trivial task; 53% of QuickBooks users with the most senior titles said they are likely to reach out to a third party for help selecting and/or implementing financial software.

That strategy is sound, Main said. "A third party can help you get the most out of your financial software," she said. "You will end up getting a lot more value if you get some help."

Cloud-native advantage

Because financial professionals are not IT experts, many may be unaware of how software has evolved in recent years. For decades, applications were monolithic: Their functionality and program logic were bundled together into a single package of code.

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*— Software Company VP,
Finance*

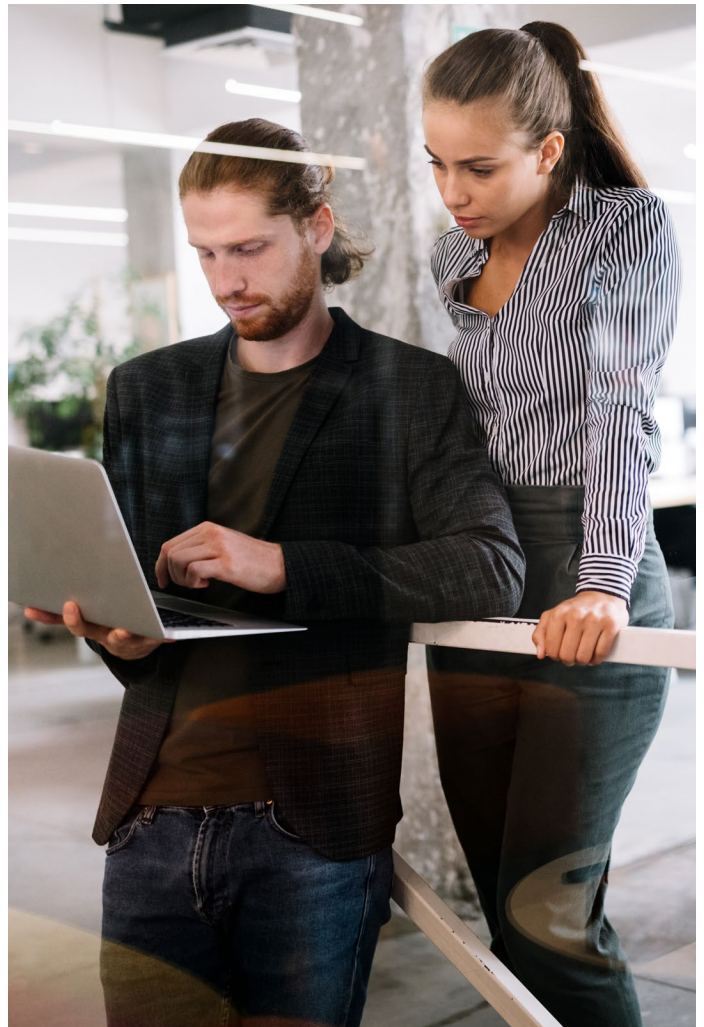
This gave developers a high level of control but also created significant trade-offs. Monolithic applications take a long time to build and test. Because interdependencies are so complex, flaws in the code can trigger unexpected errors. Tracking down and fixing bugs is laborious.

Monolithic software is difficult to update and troubleshoot because the entire application must be put on the operating table. That's why software makers have historically updated their products no more than once or twice a year. Even relatively small bug fixes can require a full reinstallation and test cycle.

Modern, cloud-native software takes advantage of cloud constructs to reimagine the way software is built. Microservices are loosely coupled software components that each perform a specific task. Developers can chain services together to build sophisticated applications much more quickly than they could in a monolithic environment. Each microservice is tested and optimized for performance.

This approach offers many advantages. Microservices-based applications can be enhanced quickly by adding new services. Instead of updating the software every few months, vendors can add new functionality seamlessly without requiring applications to be reinstalled. Enhancements are available immediately to all users without disruption. The result is that software evolves much more rapidly, and developers can add new features as soon as they are ready rather than waiting for the annual upgrade cycle.

Cloud-native software also enables integration through application program interfaces (APIs), in which software functions and data are selectively exposed so third parties can connect to and build on them. The rapid adoption of APIs enables third-party cloud marketplaces to flourish with thousands of specialty software developers adding value that customers can adopt selectively.



Consider the home entertainment system. Years ago, electronics makers sold consoles that integrated a TV, phonograph, and speakers. A consumer who wanted a bigger screen had to buy an entirely new system. Today, home entertainment components connect through standard interfaces, enabling consumers to choose desired options and change their systems without abandoning investments they've already made.

APIs can also be used for best-of-breed software integration. For example, Sage Intacct has an ecosystem of more than 200 partners who add value to its financial applications.

“We don’t think we should build our own CRM, so we have deep integration with Salesforce.com,” Main said. “We also have a strong partnership with ADT because they’re great in payroll. We can pick and choose the areas where we do well, and partner with others.”

The Sage Intacct edge

Sage Intacct’s “born in the cloud” financial management system is cloud-native from top to bottom. It features deep multidimensional accounting automation for efficiency, sophisticated visibility for real-time decision-making, easy integration with best-of-breed applications, and a modern, configurable web-centric user interface.

Launched in 1999, Intacct was one of the first accounting applications to be built for the cloud. It was also one of the earliest to feature prebuilt integration with Salesforce.com. Sage is the first and only preferred provider for the Association of International Certified Professional Accountants (AICPA) and leads the market in customer satisfaction. Every account manager has held roles in accounting and finance; 95% have business/accounting/finance degrees, and 85% have experience in multiple financial systems. Sage Intacct’s “Customer for Life” program ensures smooth migration and ongoing support, with 94% of projects coming in at or under budget.

To learn more, visit www.sageintacct.com.