Acumatica
The Cloud ERP

Take the Pain Out of Month-End: Modernize Your Financial Close with Acumatica



Ask any accountant about the end of the month and they are likely to respond with a groan. For many, month-end means closing the month, which involves a nightmarish process of reconciling, adjusting, accruing, and correcting. The process involves long hours and wasted time trying to track down pertinent information, sifting through document details, and updating spreadsheets from the prior month. Staff accountants spend time seeking information from disconnected systems and trying to reconcile their numbers with the ad-hoc records maintained by other members of the organization. Leaders are left waiting around for information to be provided by accounting.

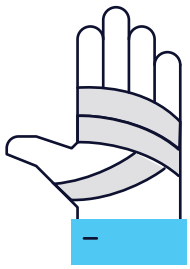
While this whole process is inefficient and frustrating for the accountant, it is also a costly waste of time that could be better spent in meeting the needs of organization leaders.

If this or any of the following symptoms sound familiar, it's time to look for a new solution.





THE SYMPTOMS

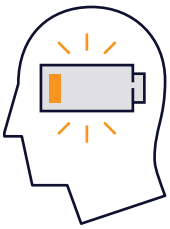


Symptom #1

Manual work and duplicate data entry

Businesses that rely on additional disconnected systems (like Point of Sale, CRM, E-Commerce, Production, Crop Management, Time and Billing, and Payroll) must get critical information from all of them into their accounting system. Often that requires rekeying summary information into the accounting application and then endless reconciliations after that to make sure both systems match.

No one knows how much inventory is actually on hand until the month-end inventory count. Then there are the spreadsheets required to track the reconciliations and the volume of journal entries needed to correct the mistakes made in the transfer of data. **This is wasted time and effort that does nothing to add to the value of a customer's experience or the bottom line**. In Kaizen (Toyota lean production system) terminology, that effort is known as "Muda" or waste, one of three problems leading to supply chain inefficiency.



Symptom #2

Delayed financial reporting

How long after the end of the month are the company's financial statements prepared? With disconnected systems and manual entries, getting an accurate picture of the company's financial results is impossible until the month-end close is complete, so teams are stuck creating their own spreadsheets just to keep track of their results during the month.

With this approach, once the month is closed, no one can understand why their numbers don't match accounting, which leads to **a cycle of reconciliation between the accountant and departmental leaders and frustration on both sides**. Once again, the organization is unable to make timely decisions, and everyone is stuck working long hours to complete low-value work.



Symptom #3

Incomplete or erroneous transaction entries

How many coding, entry, or approval errors are being chased down at the end of each month? Suppose the company's accounts payable (AP) invoice payment system involves the flow of a paper document from one person to another for coding and approval before it is ever entered into the accounting application. In that case, **the opportunity for errors is high**. Not only must accountants depend on the approver's ability to select the proper account code, write it correctly on the document, and then initial the document (all in legible handwriting), they must also depend on the reviewer to forward the document to accounting.

What happens if it gets lost or destroyed? There is no control of that document as it moves through the organization. At the end of the month, the accountant must first play the role of hunter/gatherer and comb through office cubicles searching for any unrecorded invoices and then pivot to cryptologist, attempting to decipher notes handwritten on coded documents.



Symptom #4

Manual adjustments, accruals, and allocations

And now it's time for the accountant to deal with all the reporting requirements needed to remain GAAP compliant and to reflect departmental results properly. At the end of the month, accountants must consider proper accounting cutoff, which leads to a myriad of manual accruals and deferred revenue entries for many companies.

Other companies allocate their overhead expenses across multiple departments using tediously prepared manual journal entries. Depreciation and amortization expenses must be tracked and entered as manual journal entries. **The accountant needs a complex spreadsheet just to keep track of all the data sources** that must be consulted to create the required adjustments.



Symptom #5

Lack of standardized processes

Each month brings with it a new set of closing challenges. Business units must be adjusted and consolidated. Intercompany transactions must be recorded. And as new accounts are added, new systems are implemented, and new regulatory issues are impacted, the accountant must create systems to handle them. **If the standard month-end close is documented at all, it is kept in a spreadsheet or document and no one knows where to locate the latest version.** Frustration ensues on the part of everyone involved.



Symptom #6

Manual reconciliations

Bank and credit card balance data is reconciled manually using monthly bank statements. Electronic transfers must be accounted for and often entered from the bank statement, resulting in large swings in cash balances at month-end. Transactions must be reviewed and adjusted, and **no one can find the underlying source documents or match bank deposits with the underlying receipts**. That's when more spreadsheets are created to help simplify the month-end reconciliation process.



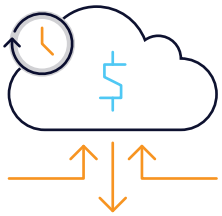
Symptom #7

Limited managerial insights

If the company relies on external reporting tools or monthly spreadsheets for financial statement reporting, it is probably due to limitations in the chart of accounts structure. Many systems build their financial reports from the rigid structure and organization of their chart of accounts. These systems meet the basic requirements of GAAP reporting. **Still, they do nothing to meet organizational leaders' managerial and decision-making needs**, which is why the company turns to external spreadsheets for reporting. The more tabs required in the external spreadsheet, the more ill-suited the current financial solution is to the needs of the business.



THE CURE



What's an accountant to do? It's time to modernize their approach.

With the right automated system, month-end can become just another flip of the calendar. The pressure for accountants to hurry up and get everything reconciled is eliminated. The books are always right, and records are all in one place. Closing is no longer a stand-alone process but part of the normal daily process. Accounts are always in balance.

Transactions flow from proposal to invoice to collection and on to the bank. Departments all work from the same source of the truth, and rogue spreadsheets are replaced by built-in automation or embedded spreadsheets tied directly to underlying transactions. Silos are replaced by cross-department collaboration and communication. Data becomes information that leads to better decisions. Accountants are finally freed from relying on tired, old methods that no longer support modern businesses and can turn their attention to planning for the future.



Consider the following benefits of a full-featured, well-designed and open-architected system like Acumatica at month-end and every day.



“Financially, everything is easier to track and manage in Acumatica. We’ve connected everything together in Acumatica, giving us an efficient way to manage the business.”

MARTIN GALSTYAN,
CONTROLLER AND ACTING
CHIEF FINANCIAL OFFICER
TOUGHBUILT INDUSTRIES

CURE #1

Data moves freely from one system to another

Thanks to Acumatica’s intelligent design, open architecture, and choice of deployment options, it can be easily integrated with other systems no matter where they reside. **Financial and operational data can be integrated and evaluated day by day**. With Acumatica’s built-in CRM capabilities, sales and accounting are both working from a single set of numbers. Each day of the month, information is accurate and available for leaders who need to make informed business decisions. Imported data follows the same business logic as screen entries, ensuring real-time data consistency.



“Users can get real-time information according to their specific profiles and make decisions for their daily activities with more autonomy and accuracy. Acumatica is changing the way we work.”

JUAN SCHOTEL, CEO,
EOS GROUP (ECUADOR OVERSEAS)

CURE #2

Real time financial results keep everyone on the same page

Once operational and financial systems are fully integrated, business leaders can rely on daily financial reporting to manage and track their results. There is no additional cost for adding users under Acumatica’s unique pricing model. If access rights are a concern, Acumatica’s granular, role-based security will ensure that no user has access to sensitive information. **Users have always-on access to the information they need, and there is no longer a month-end scramble** or the need to spend countless hours figuring out why individual reports don’t agree with official accounting results.



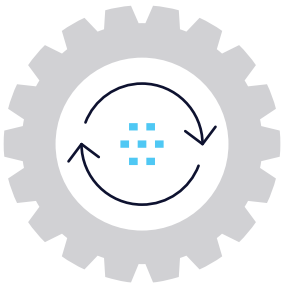
CURE #3

Transactions are digitized and routed for improved accuracy

Thanks to applied Artificial Intelligence (AI) and Machine Learning (ML), Acumatica can automatically create AP documents directly from scanned vendor bills and can identify elements of expense receipts for coding. Once entered and coded, source documents can be attached to each transaction (from a mobile phone or computer), and then routed through automated workflows for review and approval. **With automated coding and customizable workflows in place, the likelihood of revisions or adjustments at the end of the month is greatly reduced**.

"The other big benefit we find in Acumatica is consistency and data integrity, and the ability to consolidate all of the regional currencies into one world view, which is our United States dollar view—even though we do financial transactions in eight different currencies throughout the world. Multi-currency transaction support was an absolutely critical feature for us that not all ERP vendors could deliver."

ADAM ROSENBAUM, DIRECTOR OF INFORMATION SYSTEMS (PRIOR) CASE (COUNCIL FOR ADVANCEMENT AND SUPPORT OF EDUCATION)



CURE #4

Automated adjustments eliminate manual entries

Automated transaction entries replace manual tracking, recording, and posting:

- Using deferral codes, **various scenarios for automatic revenue and expense recognition can be set up**. Deferred revenue or expense is then automatically calculated based on those codes, which can be generated and assigned to individual line items.
- Fixed asset data is maintained in Acumatica (and updated from AP and AR transactions as need) so that **depreciation and amortization expenses can be automatically calculated** and recorded each period.
- Intercompany transactions are automatically posted to impacted companies within a single database, **eliminating duplicate effort and month-end adjustments**.
- Configurable allocations **create automated entries** based on one of the following rules in Acumatica:
  - distribute amounts based on user-defined coefficients (weight)
  - distribute amounts based on percentages
  - distribute amounts based on a dynamic ratio of the period-to-date account balances
  - distribute amounts based on budget data

"One of the key benefits with Acumatica is being able to link companies. We can make an update once and it translates the update for all our companies rather than having one person manually enter the update into many systems."

STUART EDMONDSON,
CHIEF TECHNOLOGY OFFICER
KELLY PRODUCTS





CURE #5

Configurable processes result in consistently applied procedures across all areas of the business

Customized workflows can be used to create automatic assignments that reduce the time required for document assignments and routing for all the required approvals for any document type. **Automated alerts and notifications keep everyone apprised of any actions that are needed from any device** – including a mobile phone for remote employees. Reviewers can then access all document types for review from a single form.

For project-based businesses, billing rules can be used to automate the calculation of amounts being billed to customers for a particular project.

We have a nice-looking dashboard that shows what's past due now and who's out 60 or 90 days; it's color-coded, and we can drill down and see notes about the account. We can also see the top 10 overdue accounts and past due by salesperson, which has helped us collect more efficiently."

DERRICK ELLEDGE, VP OF OPERATIONS & CO-OWNER,
POWER STORAGE SOLUTIONS



The ability to automate workflows in Acumatica is huge. There are many other business processes we look forward to automating."

SEAN BARNETT,
CHIEF FINANCIAL OFFICER
SPOHN ASSOCIATES

CURE #6

Automated bank feeds and document attachments make daily reconciliations possible

Daily transaction feeds can be imported from banks that provide data in one of the following formats, Open Financial Exchange (OFX), QuickBooks Online (QBO), QFX, or Excel format. That means **users can create daily reconciliations and have real-time access to true cash balances**. No more waiting until the end of the month to close out accounts.



"With Acumatica, the time and billing system can now be locked down, financial modules can be closed and controlled which allows me an extra week every month that I can work on projects or initiatives."

REBECCA OGLE, CFO
SAFETY MANAGEMENT GROUP

CURE #7

Multi-dimensional financial statements meet the real-time needs of business leaders

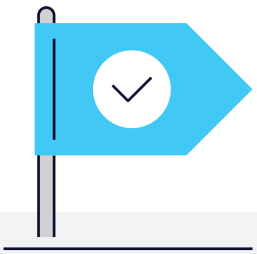
For full flexibility, Acumatica uses segmented keys to define individual components of the chart of accounts as well as their purpose and length. Once account numbers are assigned, individual row and column parameters are used to create **customized financial statements**, including budget to actual comparisons if needed, that **meet the needs of every user in the organization**.

Month-end should be just another day of the week

It's time to harness the power of automation. Rather than facing the cumbersome, old school nightmare of closing the month based on the calendar, **modern organizations can close as they go, on a continuous basis**.

With a system like Acumatica in place, accounting staff can be freed from the anxiety of a rushed month-end close while enabling the rest of the leadership team to have timely access to critical financial data. **Most of the low value, high tedium tasks can be automated**, and accounting is empowered to plan, create forecasts and scenarios, and even provide training to staff members.

As the business moves forward in the digital age, **the impact of increased efficiencies** on the bottom line will be great, but the benefits for members of the modern organization: improved morale, enhanced communication, and regular collaboration will be even greater.



"We're able to see how long it takes for someone to go from point A to point B. That's a large expense for us: gas, tolls, and drivers' time, so connecting them to the Acumatica brain allows us to look at inefficiencies and determine how to fix them quickly."

JARED COHEN, CEO AND CO-OWNER, AUTO ACTION TECHNOLOGIES

Acumatica
The Cloud ERP

Acumatica Cloud ERP is a comprehensive business management solution that was born in the cloud and built for more connected, collaborative ways of working. Designed explicitly to enable small and mid-market companies to thrive in today's digital economy, Acumatica's flexible solution, customer-friendly business practices, and industry-specific functionality help growing businesses adapt to fast-moving markets and take control of their future.

For more information on Acumatica, visit www.acumatica.com or follow us on LinkedIn.