

How Can You Tell Your Software Systems Need to Be Replaced?

by Gary Volland, CISA, Moss Adams LLP

There are many ways your business can grow. You may be looking to expand, either geographically or by incorporating new varieties. You might be considering opening a tasting room, changing distribution channels, or acquiring another business. In addition to these outward-looking strategies, you're probably looking closely at your business itself too, identifying ways you can get better at what you do—maybe increasing your profitability or investing in infrastructure. And these investments are just as critical to your growth.

One topic that's bound to come up as you grow is your IT systems. As your business has evolved over the years, you've probably made software purchases along the way to accommodate an immediate need or sudden market change. Like most growing businesses, you may find your business is demanding more than its old, disparate, and disjointed software programs can deliver. This mix of special-purpose applications generally converges into a financial accounting process that can translate your day-to-day activities into a bottom line.

So how do you know when it's time to update and improve your information systems? When do the challenges of working with outdated, disparate software systems outweigh the cost to replace them? Let's look at the top signs your technology environment may be holding you back from growth.

1. The Clock is Ticking

Enterprise information systems typically have a lifespan of five to 10 years. As these systems age, you'll begin to notice a number of indications that time is running out. The most obvious is when the software manufacturer or its value-added reseller notifies you that your platform's "end of life" is approaching.

When this happens, software updates and support often become more limited and costly, and it can become difficult to find staff with the expertise necessary to manage these aging systems. This is especially true if your systems have been customized to meet specific

needs. Out-of-date software systems can both threaten continuity and stifle growth, so if you're getting those end-of-life notifications, it's definitely time to upgrade.

2. Performance Indicators Are a Mystery

The ability to discern which products are performing well and why is a critical ingredient to your success. One of the most common complaints we encounter when helping clients select new systems is a lack of ability to accurately report costs and profit margins by product, service, location, customer type, and so on.

Many companies valiantly attempt to compute these metrics using information that's blended or averaged at a very general level because their system lacks other capabilities. Another scenario we commonly see is that organizations exert a significant amount of effort to derive these figures, and then consequently, lack confidence in the outcomes. Enterprise software systems have improved significantly in this regard, and when properly implemented, they can provide high-impact dashboards and data analysis that can arm you with both tactical information and what-if projections so you can pursue and nurture your most effective and profitable offerings.

3. Social Media Madness

Is your team stressed out by the thought of tweets and status updates? If you can't find the time to give your social media profiles the attention they demand, then you probably aren't making use of the hundreds of social media monitoring tools and resources available to you.

To succeed in today's connected world, you need to build a community around your company and brands. Over the last decade, social media monitoring has become a primary form of business intelligence, and it's used to identify, predict, and respond to consumer behavior. Listening to what your customers, competitors, critics, and supporters are saying about you is key to getting great results from your social media campaigns. Thankfully, you'll find a number of



tools and resources designed to keep you in the loop and warn you when you need to address an issue.

4. Coloring Outside of the Lines

As we've just eluded, as your software becomes obsolete you may notice you or other members of your staff accomplishing important tasks outside of your software. This is an indication of software limitations or areas where your processes have outgrown your systems—either of which means you're probably better off investing in an upgrade or system replacement instead of tolerating what you have. Processes that take place outside the system present opportunities for errors or manipulation, so it's not something you should think of as an optional enhancement.

When we work through system selection projects with our clients, we often see an array of tools in use to work around system capabilities. Excel spreadsheets are a common culprit. Companies often place heavy reliance on spreadsheets, e-mails, and even hard-copy reports for tasks their systems can't effectively perform. Common examples include computing sales commissions, reconciling vendors, allocating costs, and generating consolidated financial statements.

Modern software systems can manage these otherwise challenging and complex tasks in an integrated setting, providing vast improvements in efficiency, transparency, and integrity.

5. Cloudy Vision

Cloud-based solutions are making significant gains in functionality and stability. So should you consider the cloud? Many businesses looking to save money and focus on core competencies are turning to cloud-based solutions. This means someone else hosts their systems, manages their infrastructure, and readily provides updates and enhancements to keep the platform current and viable.

One trade-off of cloud based systems can be the limited functionality of a plain-vanilla solution. When businesses host their systems on premise rather than on the cloud, they often feel better positioned to directly control and monitor the system while leveraging and mining the underlying data for other purposes (such as business intelligence). With the cloud, you sometimes lose a lot of that transparency and control simply because you're working with a third party—so do your due diligence when selecting the best cloud solution partner.

Moving Forward

The emergence of the Internet and social media, the use of different trade and direct-to-customer sales channels, and the number, variety,



and complexity of software systems in today's market have made the search for an integrated management information system complex and sometimes intimidating for food processors.

Not knowing how or where to begin has kept many businesses tethered to cumbersome and sometimes archaic platforms. Meanwhile, other processors have dashed ahead with system selection and made the common mistake of starting with a system demonstration, following up with a site visit to another business using the system, then plunging ahead into negotiations and implementation without having developed a full understanding of system and vendor capabilities, industry options, implications, and full costs.

Start by carefully defining your company's specific needs, priorities, technical abilities, and resources, and then evaluate those vendors that best align with your requirements and constraints. By doing so, you'll be able to move confidently, selecting and adopting an enterprise-wide solution that will work in your unique business environment for many years to come.

Gary Volland, Moss Adams LLP, is an applications development manager with more than 25 years of experience in commercial software product development, focused on accounting and financial management systems. His consulting experience includes project management, IT assessments, software selections, quality assurance, and risk management. Gary can be reached at (206) 302-6527 or gary.volland@mossadams.com.