



# The Need for Speed

Are you ready to ride the e-accounting roller coaster?

Deploying an e-accounting plan must be prioritized within the framework of your key business strategies

When was the last time that you climbed aboard a roller coaster? Remember the experience? You probably started out slow and climbed to a height that made you question the sanity of the ride's designer. As you approached the top, you recognized that "I think I'm gonna be sick" feeling. Your descent probably approached near vertical proportions and you tightened your grip. To make the situation worse, the velocity of your acceleration was outside of your control. Everyone was grasping for any advantage to remain in his or her seat. The way up rapidly got confused with the way down, and before you knew it, you couldn't wait to get off. Then, out of nowhere, somebody yells, "let's go again!"



By Preston Cameron

Sound familiar? The new digital era of conducting business and your accounting processes on the Internet is the latest business roller coaster ride and, like it or not, you're already on it. This car has left the platform. Like your local roller coaster ride, the pace of acceleration seems unprecedented and the other riders are fast and furious. Except this roller coaster ride will never end, and you can't get off. Your only choice is to grab hold of the safety bar and enjoy it. Knowing how and when to deploy e-accounting functions can make your ride more enjoyable.

## Why do we need e-accounting?

The Internet environment mandates that organizations "do routine things differently." Every organization faces major challenges in technologies, markets, employees, competitors, and customers. And the challenges are instantaneous. The speed and intensity of change is causing organizations all over the world to rethink their core accounting operations and transaction processing models. Consequently, many organizations find they need to re-create their accounting operations from the ground up in order to compete. The very thought of having to do so gives most executives that same "I think I'm

gonna be sick" feeling we so much enjoyed on our last roller coaster ride.

Organizations also recognize the benefits that an e-accounting function can yield. The successful organizations understand how to deploy these new processes and manage the risks associated with implementing enhanced accounting technologies. Today's accountant must have an appreciation of the benefits, risks, and the constraints of new technology to provide both effective direction and adequate control.

## What will we need to climb on board?

The rapid development of the Internet provides an organization's financial management with many opportunities to implement improved accounting services. To take advantage of these opportunities, we must recognize the importance of planning our e-accounting function, and how to implement processes that will assist our management in better meeting the organization's business objectives.

An e-accounting plan should include processes that are integrated into current needs as well as the future direction of the organization. Your focus must be on the information and services you will provide and the technology required to accomplish your plan. Deploying an e-accounting plan must be prioritized within the framework of your key business strategies. For example, do the components of your e-accounting function include:

- your organization's business direction and any future changes that are anticipated? Have you considered any new product launches, emerging delivery channels, or alternate business scenarios?
- changes to your legal and regulatory framework? Can you anticipate the impact of these changes and include them in your planning process?
- changes in your competitive environment and the corresponding challenges and opportunities, such as third party alliances through deployment of inter-organizational systems?

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- key business strategies and their related information technology support requirements?
- service-level requirements of the accounting function in terms of security (information availability, integrity, and confidentiality), response times (particularly during peak periods), and data accessibility, storage, and archiving requirements?

The scope of your e-accounting function will have a major impact on the effort required to deploy it, as well as your ultimate success. An





inadequate scope could inhibit the formulation of effective processes, while an excessively wide scope could mean that your roller coaster car breaks down in the middle your ride. For example, your e-accounting function could call for a complete redesign of all transaction posting, sales, and settlement systems. If your present infrastructure includes the use of standalone accounting and sales systems, your functionality is probably obsolete.

Too often, today's Web developers are clueless about the long history of accounting processes, or the opportunity to change them. They use current programming languages to imitate the current standalone or manual processes currently in existence. The result is a Web-browser version of your current systems, and the "I think I'm gonna be sick" feeling.

At a minimum, your Internet business needs the following obvious capabilities:

- the ability to send and receive invoices over the Internet;
- the ability to send and receive orders for products or services; and
- the ability to send and receive payments.

Assuming that you can accomplish these minimum capabilities, an e-accounting function takes that next step toward superior business success and performs the following:

- instantly updates your accounts receivable/accounts payable for a sale or payment;
- instantly updates your inventory counts for particular products or services;
- instantly updates and initiates the supply chain processes;
- instantly updates your book and financial institution balances like cash available; and
- instantly updates all financial reports, statements, and analytical tools for any transaction.

Many executives believe that their organization's sophisticated Enterprise Resource Planning (ERP) systems can or should be able to accomplish these capabilities today, but are awakening to the realization that they have created a knee-jerk response to the Internet with their accounting operations. What they believed to be a responsive strategy and effective use of technology has become an up-and-down roller coaster ride of new spending and that "I think I'm gonna be sick" feeling.

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## Six steps to a smoother ride

Today's accountant plays a vital role in creating and stabilizing an e-accounting function. When deploying an e-accounting process, they can help navigate the unseen twists and turns of this new roller coaster ride by following these steps:

- 1. Understand that the Internet is different.** Accounting processes and procedures that worked just fine in the "old" world can turn the Internet into a broken-down ride. E-accounting requires creative thinking and less bureaucracy.
- 2. Gather the support of your senior management.** It's simple: If your top executives don't understand and support your e-accounting function, your process already has a significant problem. Build the business case and provide as much information as possible so they understand why it's required and exactly what they'll get.
- 3. Create your team or task force and empower them to make quick decisions.** Deploying an e-accounting process will overlap multiple departments and system domains. Team members who can communicate issues and understand the needs of the entire organization are essential. Your team must gather facts quickly and move even faster.
- 4. Make sound business decisions.** If your new process doesn't meet a current business initiative, make sure it maps to your future requirements. Savvy decisions are essential and, most importantly, based upon your business strategy rather than flashy technology.
- 5. Build an e-accounting process that is flexible and scalable.** Businesses that get locked into proprietary technology often cannot expand easily and they find themselves broken down in the middle of the ride. The right hardware and software can make it easy to move faster as things change.
- 6. Don't be afraid to make mistakes.** Even the most successful e-business initiatives are fraught with unknowns. It won't be perfect from the start, and you can't afford to wait for a perfect solution to come along. The key is to understand the big picture and define your e-accounting processes as clearly as possible. Then be ready to shift at a moment's notice. When something doesn't work, consider changing it.

e-accounting processes is here to stay, and you have already climbed onboard. It only has one speed — faster. Understanding how to plan and deploy your e-accounting functions can make this ride the most exciting you have ever encountered, or one you will never want to approach again. Remember, keep your safety bar down, hold on tight, and "let's go again!"