Three key areas to consider when looking for a new budgeting software solution

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How to find the solution and company to meet your organization's needs today and in the future.

Selecting a new budget system can be complicated. With so many tools available, how can you choose the right one for your organization? Better budgeting software will not only speed up your processes, but the automation will significantly reduce your risk of errors, time computing, and your frustration with your typical budgeting process. But, before you jump ahead to the end goal of what your software will look like, it is important to think about the time, processes and money it will take to fully implement the software.

So, are you ready to begin the process?

There are three key areas of consideration when choosing a new budgeting system – the software, the company and the selection process. This guide will walk you through the questions to ask and key insights. Plus, we'll provide tips to help you find the right provider who can best meet your organization's needs.

Choosing the right software

It goes without saying that selecting the right software is a critical part of the process. While budget software has existed for many years, sometimes these systems have not been kept updated to meet today's business needs.

First, you need to identify your organization's key needs.

Recognizing the difference between your organization's needs and wants in this process, is important. It could be the difference between selecting a solution that is difficult to implement or expensive, or a software that addresses your requirements.

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Think carefully about your current budgeting process and figure out where you are wasting time and money so you know what problems you intend to fix with the new solution. Ask yourself:

- What are your weak spots in your current software?
- Are your budgets taking too long to develop?
- Are you having trouble building reports for data?
- Are you using spreadsheets or Excel?
- Do you have accessibility or security issues for your users?

Once you've identified your needs you can start thinking about your software 'wants'.

While providing an exhaustive list of software features is beyond the scope of this guide, there are common features most organizations will want to see in a budgeting system:

Modules: features and details
- Dedicated modules for capital and operating budgets. This includes personnel salary and benefits calculators.
- A place for everything and everything in its place. Make sure your budget software has a place for all your budget needs, such as:
  > Budgeting for outcomes o Key performance indicators
  > Audit tracking and recording sub-system
  > Ad hoc reporting o Multi-year capability
- Decision packages provide a way to group multiple budget items together under one roof. With decision packages, the big picture changes to the budget can be easy to see and track.
- Allocations. The ability to take a piece of the budget (a department, or a staff position) and move some or all the costs to a different part of the budget.

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Search: features and details
- A user-friendly interface. Something your staff can utilize without extensive training.
- A good search engine since budgets are large and contain may different elements. Finding those elements is often half the battle.

Spreadsheets: features and details
- Import and export from spreadsheets. Since most budget processes involve spreadsheets – some more than others – it's important to leverage your users comfort with this existing technology. Adoption of any new system is easier if the learning curve is not too steep.
- Integration to your financial, human resources (HR), payroll or other systems allows you to move data from one system to the other. Financial system integration for example allows you to see your budget and actuals side-by-side. Year to date budget performance can be quickly assessed.

Users and profiles: features and details
- Manage the budget from beginning to end. Software systems make it much easier to break your overall budget into separate phases or stages. Make sure your budget approval process goes smoothly with built-in workflows for budget approval.
- User profiles. A good system will provide the ability to allow some users to do everything (like a system administrator) and at the same time restrict other users to only seeing selected information.

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Reporting: features and details
- Built-in reports. Typically, modern web-based systems come standard with a limited number of reports. You may also want to know if you can produce a custom report.
- What if scenarios. 'Playing' with the budget numbers in a safe environment can sometimes lead to surprising results.

Experience: features and details
-Is the system designed to meet the needs of your specific industry? Is the solution in wide spread use?

Next, envision the future of your budgeting process

Although the application will typically reside on a server at your office like most of your other financial applications, if desirable, web-based software will ultimately allow you to physically locate the budget solution in any location. This is typically referred to as Hosted or SaaS – Software as a Service model. SaaS is sometimes referred to as "on-demand software", a software delivery model in which the software and associated data is centrally hosted in the cloud (on the Internet).

Web-based systems give you the best of both worlds, and you can decide which is best for your organization's needs. Either way, both only require a browser on the user's computer and no 'client' software to be installed – something the Information Technology (IT) department will like.

Now that you have your list of needs, wants, and everything in-between, it is now time to think about what you want from your software provider.

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Choosing the right company

The right company is nearly as important as your software, as they are the ones who are going to help you and your organization when you have an issue with your budget. The decision of which software vendor to go with shouldn't be made strictly on the price of the solution or the size of the organization, but rather on several factors that will drive success during implementation and beyond. Here are some helpful insights and questions to ask moving forward.

Do they understand your business processes?

Make it a priority to select an organization who has extensive experience in understanding and implementing complex budgeting solutions for your industry. They should have the capabilities to understand your environment, business rules and processes, and how they translate into a software model.

The organization must have many years of experience in dealing with a variety organization and budget sizes. No two implementations are identical, but understanding the complexities of implementations of varied sizes goes a long way to ensuring success.

A focused solution

Understand whether the vendor is focused solely on producing and implementing superior solutions to your specific industry, or whether their focus is spread across a variety of unrelated industries and solutions. A focused vendor will be able to offer a solution built for the unique needs you have as a public sector or non-profit organization. They should be knowledgeable about changes in mandates, policies, etc.

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> **TIP: Focused vendors meet changing needs.**
> These vendors are likely to evolve their products and solutions to meet the changing needs of the organizations they serve.

Financial system experience

It's always a positive when the budgeting solution provider has partnerships and relationships with Enterprise Resource Planning (ERP) vendors. Look for a budgeting solution vendor with the expertise to work with a variety of financial software systems that are currently used in today's marketplace. This provides additional comfort in terms of compatibility and integration with your financial solution.

Service model

> **TIP: Ask about implementation**
>
> Make sure you have all the help you need setting up the software as well as the subsequent training required to become an expert user. If you have any reason to think the software company will leave the system on your doorstep for you to figure out, that should be a red flag.

Financial viability

An investment in budgeting software requires a long-term commitment from your organization. Make sure you talk about the future with any company you are considering. Are you expecting major growth from your company, upcoming changes to other internal systems that may interface with the new budgeting solution, and can the software scale up with you? Get a long term view of your partnership with this company, and make sure your vendor is financially stable and focused on a long-term strategy for your industry — because transitioning again will be no small task.

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> **TIP: What about maintenance?**
>
> You will want to know how software bugs will be addressed and fixed. Most software is frequently updated so be sure to understand who is responsible for these updates? How are they communicated? Will you experience a disruption?

You've now listed your needs and wants with a software, considered information about the type of company you should be looking for, now it's time to begin the next phase.

The Selection Process

The selection process itself can be complicated, so understand it and build in contingencies. You may need to make some adjustments along the way, but keeping your desired outcome in focus will enable you to find the solution that is the right fit for you.

Consider an RFI

An RFI (request for information) is a great way to determine the number of vendors in the marketplace and what their solutions entail. An efficient way of approaching an RFP (request for Proposal) is to present an RFI outlining an overall description of the needs requirement and asking vendors to respond in summary to how they would approach the problem.

Limit the vendors to a small number of pages to increase the quality of the response and your ability to review the responses of many vendors. Based on those initial responses, issue an RFP and invite full responses from a short list of companies that provided the best RFIs. This will make the best use of your time and limit the number of submissions you must review.

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Timing

Be sure to allow an adequate amount of time for the procurement process. Just like you, vendors have other responsibilities and properly responding to an RFI/RFP requires more than a two-week response time. Allow vendors enough time to completely read and digest your RFP/RFI and formulate questions. Then based on your answers develop a comprehensive response. The result will be a more accurate reflection of the capabilities of their company and solution. Ideally vendors want to courier your RFP/RFI two or three days before it's required, just in case there is an issue with their courier. This is very difficult if only a short timeline is provided.

Remember, if your budget is top of mind for you, it likely is for others as well. RFP's tend to be released in waves, and this can also make it difficult for vendors to respond in a two-week timeline.

Determine needs

To reiterate, the more relevant information you can provide regarding your existing system and the strategic vision of your future system needs will increase the quality of the responses you receive.

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Try to remain open-minded as you evaluate solutions as there is often more than one way to solve a problem, and you may not have previously considered all potential approaches. Often vendors are left to answer a series of yes/no functionality questions and aren't given an opportunity to provide the larger scope of features that they also offer, or an alternative approach to your required solution.

TIP: Do I need to have it? Is it good to have?

When a software company has to delve into tedious questions regarding your wants in a software rather than your immediate needs, it can cause the vital information you need to be condensed in order to answer all of your questions. Get to the bulk of your needs first and ask about flashy items later.

Issuing an RFP

Try to include a very specific, detailed set of requirements in your RFP. Vendors will quote based on those requirements, as aggressively as possible, to provide the best valued and most competitive quotation they can.

Undoubtedly, there may be some additional requirements that the implementation team will realize only once the process has begun – some unique functionality they would like, or a custom report that they wanted but forgot to include in the RFP.

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TIP: Remember to include a contingency component

Contingency components allow for unexpected items to be addressed without the need to secure additional funding. These can still be subject to a change management process and require approvals prior to being consumed, but it's helpful to have a small amount of wiggle room for items that may have been overlooked in the RFP requirements.

Provide ample time for a response. A one month RFP period allows the vendor the opportunity to ask questions and provide a thoughtful response based on your answers. Cut-off the question period after two weeks. This allows vendors the time required to finalize and ship their responses based on your feedback.

To obtain a copy of an RFP template contact info@questica.com.

Who should be involved in the review?
Often the selection team is different from the team that will be implementing the product. When possible, try to include your project manager or one or two others who will be closely involved in the project. If those individuals are familiar with the demonstrations and discussions with the vendor through the selection process, they will have a running start when the implementation begins.

Make sure that you are providing adequate representation from all stakeholder groups in the organization. IT, Finance, the Budget Office, HR, heavy or power users, etc., can all provide you with unique perspectives of how the system should function, and what its' requirements are.

Be sure to allow yourself enough time to review the RFPs that you receive. If you haven't limited or pre-qualified the vendors as described above, you may have many more RFPs to review than you expected.

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Your next budgeting solution

There are many things to consider when considering partnering with a company that will provide your next budgeting solution and we hope you are ready to take on the exciting journey with the help from this guide. The data involved is sensitive, and the payoffs can not only improve your organization's bottom line by saving you from the tedium of legacy systems, but it can also completely change your business model. New tools mean innovation and innovation means a healthy bout of risk through the learning and implementation process. Make sure have the right partner at your side for the exciting changes ahead.

Want to learn more about how Questica can help your organization achieve better budgeting? Learn more about Questica Budget Suite or request a demo today!