

PRACTICE MANAGEMENT SOFTWARE



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'SCALABLE SOLUTIONS' ... OR BUILDING BLOCKS FOR YOUR PRACTICE?

Industry commentators and software suppliers often talk about the 'scalability' of their software solutions but does this actually mean anything to prospective clients? It seems that the software world is fast losing touch with its customers by speaking in a clichéd jargon that is leaving accounting professionals confused and a little bit wary.

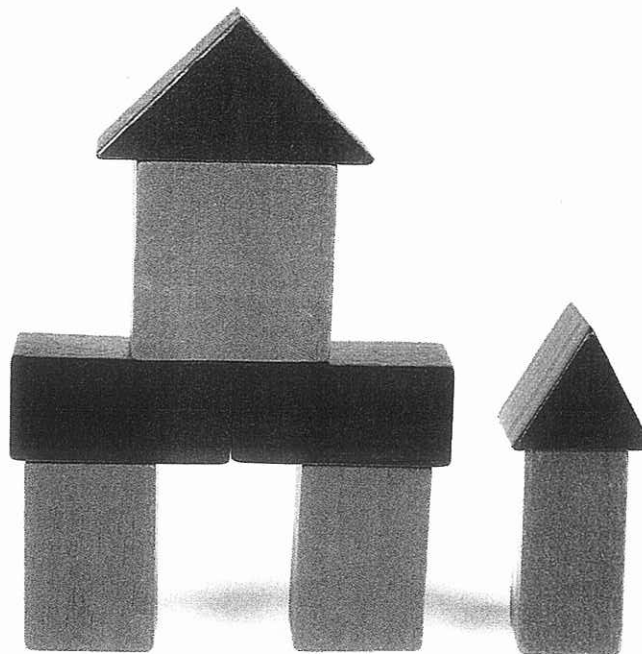
Perhaps the time has come to go back to the drawing board and for practitioners to demand that software houses talk in layman's terms about the software they offer, leaving the jargon at the door.

Rather than talk about 'scalable solutions' the purpose of this article is to paint a slightly different picture for you – one that explains the whole scalability issue in terms of 'building blocks'. Because, ultimately, that is what practice management and related software suites offer to firms – a set of building blocks for use by firms that take account of practice user numbers and business requirements.

CATERING FOR ALL SIZES

Put simply, a practice management suite needs to cater for firms of all sizes. It needs to offer a series of well defined building blocks so that firms of varying types and sizes can see at a glance which 'blocks' best suit their practice – which elements of the software suite they need now and which elements they may elect to implement down the track (when it suits them, not the supplier!).

The first step for firms in selecting a practice management, accounting, tax and related software suite is to identify what sort of firm they are. There are really three types of professional accounting firm that can be characterised as follows:



- accounting compliance firms
- business advisory practices
- professional service organisations.

1. Accounting compliance firms

Generally speaking, an accounting compliance firm needs the following software elements to have a smooth running practice:

- time and fees
- tax and accounts

This is very much a starter suite of software – but it comprises the first layer of building blocks to which the firm can add in the future as requirements change or grow.

2. Business advisory practices

This type of practice has greater needs than the accounting compliance firm. The business advisory practice has a more diverse relationship with its clients, offering a broader set of services and therefore requires more assistance from its software. For this type of firm, the addition of a practice management system that integrates with the time and fees, and tax and accounts software is going to make the practice run more smoothly. Advanced reporting will allow detailed management information to be produced from all elements of the software employed. The following elements are likely to suffice:

- time and fees
- tax and accounts

- practice management
- advanced reporting

3. Professional service organisations

This type of firm will have built a complex practice that requires a greater level of software assistance for its day-to-day activities – because the partners have proactively decided to embrace a more electronically systemised practice. To do this, process and workflow tools and/or document management systems and/or CRM (Customer Relationship Management) software are needed and selected:

- time and fees
- tax and accounts
- practice management
- advanced reporting
- process and workflow
- document management
- CRM.

Most importantly, as set out in the illustration, the size of practice does not determine what type of firm you are. Based on needs and requirements, some of the smallest firms are clearly professional service organisations because the way they work necessitates a greater level of assistance from the software they employ.

Conversely, some significant firms in terms of staff numbers and fees may be just as

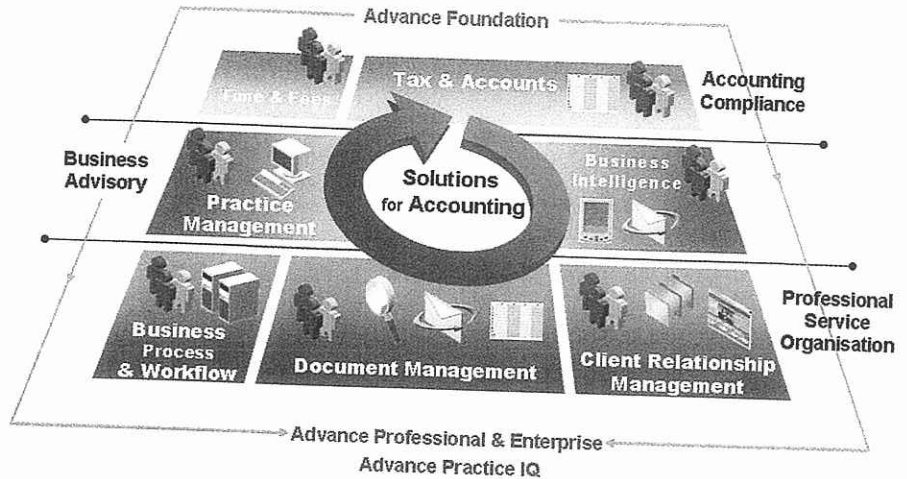
clearly able to see themselves as business advisory practices: process and workflow may not be electronically systemised and document management and/or CRM facilities may be seen as 'something for the future'.

TAKING CHARGE

Importantly, if we look at the software as a tool for the firm, a series of building blocks, then it becomes quite a simple task to 'see' what type of firm you are. With a clear picture in view, practices can talk to the software suppliers on their own terms – not the other way around. **NA**

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