

An Epicor® White Paper

## Moving Beyond QuickBooks® Software

Embracing Cloud-based ERP to Drive  
Manufacturing Growth



**EPICOR®**

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## Introduction

If today's small and mid-sized manufacturer is to sustain growth and thrive in today's global marketplace, they must evolve from some of the practices they used in their early stages. Case in point: the use of Intuit® QuickBooks.

A huge number of small and mid-sized businesses (SMBs) adopted the use of QuickBooks to track the finances of their young businesses. However, many of these young businesses soon realize that to manage the business, the scope of business systems needs to go beyond finance. It needs to include the ability to plan, procure, produce, distribute, and sell, as well as to account. In addition, today's business climate demands more complex transactions, requires more critical planning and tracking of revenues, greater visibility of customers, and involves more stringent accounting and regulatory standards.

The dynamics of today's markets have changed the competitive landscape for businesses large and small alike. Competing in global and emerging markets, once the domain of large global multinationals, is now within the scope of virtually every commercial enterprise. Indeed, it's difficult to imagine a manufacturer that doesn't somehow interact with today's global manufacturing supply chain.

Technology has broken traditional barriers and "flattened the world." This flat, new world has sharp edges. Yes, opportunity is greater for all; but so, too, is competition. To compete successfully, companies must have the technical confidence to communicate, collaborate on, and record transactional activities on a scale heretofore unimagined.

Moreover, companies must accommodate an increasingly dispersed workforce, as well as complex, multi-tiered, nuanced supply networks that span continents and are subject to different regulations, taxes, currencies, and so on. While small and mid-sized businesses are empowered by these new market developments, they face greater challenges than their larger competitors because of capital and personnel constraints.

Historically, the transition from QuickBooks to a more robust solution was an agonizing decision for SMBs. The traditional path involved implementing costly, complex, user-challenging, on-premises software. Often these solutions required long and costly deployment cycles, new hardware purchases, and internal IT resources that simply weren't readily available.

Today, that transition has been eased. The advent of cloud-based, on-demand solutions, often called software as a service (SaaS), has enabled SMBs to better meet the business requirements of the new marketplace. Now they can easily move beyond the simple financial functionality of QuickBooks to more effective and comprehensive solutions for the total business.

A decision to not embrace this new world, driven by both technical and business changes is for many companies a decision to not embrace their full competitive potential.

## The Limitations of QuickBooks

QuickBooks has a number of limitations that can hamper SMBs looking to grow in today's global marketplace:

- ▶ Scalability
- ▶ Point solution orientation
- ▶ Narrow visibility
- ▶ IT concerns and costs
- ▶ Limited functionality, difficult integration
- ▶ Access concerns
- ▶ Difficult adaptation to change
- ▶ Currency recording issues
- ▶ Latency
- ▶ Lack of deep industry capabilities

### Scalability

QuickBooks lack of scalability can be an impediment to growth. Companies that implemented the solution as a start-up find that as they have success, the use of QuickBooks can become a limitation. Even enterprise editions of QuickBooks constrain the number of user licenses to 30, making access for all employees that need it difficult in growing businesses. Further, the pressures put on IT when forced to work with (or work around) inefficient software may close or limit opportunities for new business. Businesses that thrive and survive stay ahead of their employees need for technology, rather than struggle in trying to catch up to it. Efficient solutions scale easily as growth occurs.

### Point solution orientation

QuickBooks accounting-only orientation provides little insight into business opportunities, decision support for client management, or full understanding of the quote-to-cash cycle. Other applications are needed to provide these needs. This proves problematic in a number of ways. Multiple applications are used in order processing, and multiple entry of information is time and cost consuming. Further, the reconciliation of client and billing information can be a serious hassle. Among the unwanted—billing, service, and forecasting problems; impeded cash flow; and unhappy workers and clients.

### Narrow visibility

Since the data in QuickBooks is limited to financials, the information needed to make better-informed decisions across the business typically resides in other applications. The holistic visibility essential in today's marketplace simply isn't available through QuickBooks; there is no real-time view of operations. Often this results in excessive use of spreadsheets, a time-consuming and error-prone practice that fails to deliver a current picture of developments. By the time a spreadsheet is in hand, in today's accelerating and often-volatile environment, the information is dated. This is not a prescription for good decision support. To have a clear understanding of how the business is performing, much more is needed than what QuickBooks provides.

### **Limited functionality, difficult integration**

With QuickBooks, companies adapt their businesses to the solution, rather than having the application respond to the growing and changing needs of the business. Leading companies are leveraging multiple applications, such as Financial Management, Product Management, CRM, Operations Management, Supply Chain Management and eCommerce, to automate and precisely track customer interactions in today's dispersed markets. Rather than having to chase and input data from multiple sources, these applications are integrated to provide users within the business a global view of operations and customer relationships. QuickBooks' limited integration capability does not easily adapt to this holistic approach.

Worse still, due to the limited and horizontal nature of Quickbooks functionality, best practices for critical manufacturing workflows aren't provided by default, creating a burden on organizations to define manual processes that have become "norms" in the manufacturing space.

### **Access concerns**

Not only has the marketplace changed dramatically, so too has the way workers engage in their jobs. Today, many companies must provide staff remote access to and input into financial information, which is not something QuickBooks lends itself to. QuickBooks Enterprise Solutions was designed to be deployed on-premise, and lacks built-in remote access capabilities and key security features to protect sensitive financial data.

Further, as companies grow, so too does the need to track financial metrics (i.e., revenues, expenses, profitability) across multiple locations, and often multiple continents. QuickBooks lacks the ability to easily gather and consolidate this information. This typically results in multiple QuickBooks records that must be merged manually in spreadsheets, a time- and labor-intensive process that likely fails to yield a seamless financial view of business operations.

Another critical "access" consideration for most companies today is the scope and means of application access. The legacy of Quickbooks complicates providing realtime, online access to customers, suppliers, and partners. Further, the mobile nature of today's workplace is such that your sales and field service staff likely require realtime access from tablets and smart phones, something not easily provided through legacy applications such as Quickbooks.

### **Difficult adaptation to change**

Today's commercial marketplace is marked by rapid and often volatile change. Specifically with regard to increasing regulatory and compliance demands, SMBs must be able to trace and demonstrate the history of transactions and correct them if they were entered improperly. However, QuickBooks only allows users to change history by selecting a single transaction, so auditors monitoring today's more stringent regulatory demands are challenged by this limitation. It can also raise questions regarding prior adjustments, because they have to be made transaction by transaction, manually, increasing the likelihood of error.

### **Currency recording issues**

In today's global markets, growing SMBs need to be able to do business in multiple currencies. QuickBooks isn't designed for this. With the exception of a Canadian version that tracks both U.S. and Canadian dollars, users must create separate files to track multi-currency transactions. This complicates financial recordkeeping and makes it difficult to answer routine manufacturing questions such as "how much should a Canadian customer pay for this component assembled in American from Asian and European sourced components?"

### **Latency**

In today's business environment, where real-time information is increasingly essential to respond to market developments, the difficulties QuickBooks presents in delivering immediate data across the business is another shortcoming. SMBs cannot afford to operate with dated information, constantly looking for spreadsheets (that no longer are current), or waiting for reports to print. Information must be available where it is needed, when it is needed, and more often than not that is "right now." QuickBooks struggles with this capability. Paper trails, manual operations, forecasts based on yesterday's numbers will not cut it for today's aspiring SMBs. If they are tethered to an outdated solution, they will soon realize that such solutions are "an enemy of growth." Outsourcing such critical functionality to third-parties risks creating routine compatibility and support "finger pointing."

### **Lack of deep industry capabilities**

QuickBooks scratches the surface for a wide variety of industries and chooses to leverage integration partners to offer second level functionality for specific industries such as construction, manufacturing, distribution, and others. For established and growing businesses in these industries, the business best practices offered in the marketplace by systems with deeper industry functionality can be leveraged for growth.

## Cloud-based Benefits

Fortunately for SMBs, cloud-based and ERP solutions have rapidly emerged as enablers of growth in the new marketplace. These solutions eliminate the principle barriers that keep companies from implementing more powerful ERP solutions while overcoming the limitations of point solutions such as QuickBooks. Companies looking to replace QuickBooks have multiple options, but increasingly emerging as the best are cloud-based alternatives. In contrast, on-premises solutions require that customers purchase a perpetual license, as well as the hardware to support the software upfront. On the other hand, the advantages of cloud-based and SaaS solutions are significant. A recent post on the ERP Cloud News blog references eight key advantages:

- ▶ **Cost benefits**—One of the major reasons for SMBs to turn to cloud-based solutions is to lower the costs of buying licensed software or developing applications in-house. Unlike legacy software, cloud deployment is normally offered on a monthly subscription basis. These charges are applied towards upgrades, ongoing system management, and customer services.

Source: ERP Cloud News

Cost	Year 1		Subsequent Years	
	Traditional	Cloud	Traditional	Cloud
Hardware	X		X	
Hardware Maintenance	X		X	
Software Licenses	X		X	
Annual Subscription	X	X	X	X
Implementation	X	X		
Training	X	X		
Application Support	X		X	
Application Upgrades	X		X	

For more information on evaluating the suitability of cloud deployment for your business, refer to the Epicor white paper entitled “The Business Case for Deploying Epicor ERP in the Cloud.”

- ▶ **Easy deployment**—Cloud-based applications are provided as web-based applications. Companies can therefore avoid the lengthy process of installation and integration that is common with licensed software.
- ▶ **Zero maintenance**—With cloud solutions, issues related to maintenance and upgrade are normally taken care of by the cloud-based application provider.
- ▶ **Mobility**—Since software is hosted in the cloud, it can be accessed on any Internet enabled device—and from anywhere.

- ▶ **Security**—Cloud-based services typically offer better security than local data centers can usually provide. This ensures access to better security tools without affecting current IT budgets. Data security typically is included in a vendor SLA for SaaS services.
- ▶ **Better service**—Often cloud providers guarantee that services are available on a real-time basis with minimum loss in production time. Terms and conditions related to outage and compensation, if a situation arises, are usually addressed in the SaaS provider's agreement.
- ▶ **Stay current**—Your business will always be running the latest technology available with automated upgrades.
- ▶ **Backups and disaster management**—With cloud-deployed systems, data is automatically updated and stored on a daily basis.
- ▶ **Better adoption**—Employees typically find it more convenient to use cloud software. Therefore, there is little learning curve for the solution, and organizations can save costs related to worker training.

For those hanging onto QuickBooks, these benefits should provide compelling reasons to explore more powerful solutions.

## Advantages of Epicor Cloud ERP

Cloud-deployed Epicor ERP is specifically designed for manufacturers and distributors looking to upgrade operations by moving from point solutions like QuickBooks to a more sophisticated and powerful solution tailored to meet business requirements in today's rapidly changing global marketplace.

### Epicor Cloud ERP for manufacturers



Epicor Cloud ERP leverages core functionality that has been in use and proven at thousands of manufacturers. With this solution, the manufacturer is provided with everything in one integrated system to manage the business. It eliminates the need for separate applications, spreadsheets, and manual processes, delivering the functionality to manage:

- ▶ Customers and contacts
- ▶ Opportunities and orders
- ▶ Products and production
- ▶ Shipping and receiving
- ▶ Accounting and payroll

Whether the SMB is a job shop, custom make-to-order, or mixed-mode manufacturer, that serves a single industry or multiple complex (including highly regulated) industries—in whatever way the company accounts, costs, and manufactures—this on-demand, cloud-based system is flexible enough to support any discrete manufacturer's needs. Modular in design, Epicor Cloud ERP offers scalability in implementation to enable growing businesses to expand functionality as needed without the overhead of functionality they may not be ready for initially.

The software is cloud-based, on-demand ERP and is fully multi-tenant, and based on a service-oriented architecture (SOA) wherein a number of customers share the same application instance with their data kept separate from one another. They are based on an SOA foundation that simplifies integration with other systems and allows for modular deployments.

Some of the capabilities found in the Epicor Cloud ERP solution include:

- ▶ Centralized customer relationship management (CRM)
- ▶ Cost-based estimating
- ▶ Efficient sales and service management
- ▶ Comprehensive production management and data collection
- ▶ Quality and compliance management
- ▶ Extensive product data management including product revision control
- ▶ Embedded resource and equipment scheduling
- ▶ Extensive materials management including cradle-to-grave serial and lot control
- ▶ Support for lean initiatives
- ▶ Comprehensive supply chain management
- ▶ Embedded maintenance management
- ▶ End-to-end management of complex multi-phase projects

## Conclusion—The time is now

Moving from a point solution such as QuickBooks to an integrated solution for today's global marketplace is like moving from building things one at a time to the assembly line. Such moves are necessary, particularly in times where change is accelerating and often volatile, and the ability to respond to and anticipate change demands delivery of real-time data to the point of execution.

There used to be a serious capital barrier for small and mid-sized companies to adopt business systems; with the advent of the cloud, those barriers have been erased. Businesses failing to capitalize on this opportunity have only themselves to blame. The time for better and more responsive solutions is now. It is how we seize opportunity and move forward intelligently.

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