

What should you look for in a budget software solution?

By Geof Nightingale – Director

Finally, frustration with inaccurate, time absorbing spreadsheets with half-baked output has caused you to look for a purpose-built solution.

Well done! This is the light at the end of the tunnel, not the train.

The purpose of this article is to highlight the types of software that are available and help you to check what is needed for you to choose the right solution. If you review your needs referencing the below information, this will help you focus on the best solution. With over 20 years in the sales, marketing and support of budgeting software I have a good understanding of the types of solutions available. Essentially, I see three product tiers or styles of solutions. They are;

Tier 1 – Corporate Performance Management (CPM)

Corporate performance management solutions characterised by high install costs (e.g. weeks to configure, estimated costs are upwards of \$50,000). These solutions provide sophisticated KPI drivers, high level analysis and the corporate



approach. The products are focused way beyond just the production of budgets, cashflows, balance sheets and the use and reporting of this data. The outputs generally include a budget and cashflow,

but it is not the primary output or purpose of the product which stretches in sales planning and many other costs centres. Great for large (1000 plus staff) companies with huge diverse ERP style requirements.

TIER 2 – Budget and forecasting software.

These products generate Profit and Loss, Cashflows, Balance Sheet and Funds Flow as their main output. They support many methods of creating budget values and handle cashflow with many options. The software should simplify the data entry, providing records that automatically do calculations for things such as stock, currency, wages, accruals, prepayments, etc. for you so all you need to do is concentrate on the data. They then should allow actuals, rolling budgets, what if scenarios, reforecasting and variance reporting. These solutions allow different rules per record, what is budgeted and serve the smaller to larger organisation (\$1,000,000 to \$500,000,000+). Reporting is essential and if you do not have a Profit & Loss, Balance Sheet, Cashflow and a Funds Flow then you can't guarantee the output. The funds flow validates the balance sheet, the cashflow validates the Profit & Loss, etc. Without all four essential reports you are at risk, three-way reporting is close but not right.

The key is here to replace the complex spreadsheet with a level of sophistication without overkill.

This is where our product, **Forecast 5**, fits and becomes the essential tool your business needs.

Find out more about Forecast 5 here:
www.forecast5.com

TIER 3 – Simple solutions

Simple solutions often have inflexible chart of accounts, minimal (if any) balance sheet, and reduced features that suffice for small businesses. These solutions are usually backed in to products like Xero, MYOB, QBO or Sage, providing an ease of data input. You would expect a high degree of useful information easily accessible but, frequently, the nice graphical reports generated are lacking in detail or valuable substance. However, these products are a little better than

spreadsheets, at least they remove the calculation errors and simplify the process suitable for the SME Micro market. Flaws include little or no balance sheet or unable to handle Fixed assets, Financed assets, Loans, Capital Expenditure, Accruals, Wages, Stock etc. so they are simplified spreadsheets.

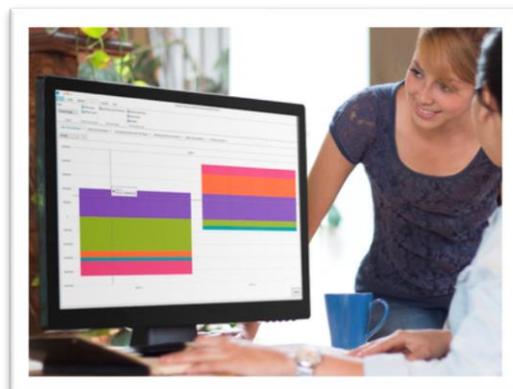
But usually your current spreadsheet model is more complex than these simple solutions, which is a clear sign your business will benefit from a tier 2 solution.

Qualifiers to help you assess your needs;

Your Need	Forecast 5 Features
Combine entities, branches, cost centres, etc	Departments, Consolidations, Folders
Multi-Currencies	Multi-currency, set exchange rates per month.
Handling of wages, stock, accruals etc	Built in rules to ensure correct calculations
Full integrated Financial output	P&L, Cashflow, Balance sheet, Funds flow
Loans CAPEX Financed Assets Factoring	Each of these are added in one easy step per record
Record KPI's	Memo records allow you to forecast on KPI's
Rolling Forecasts, Multi-years	Up to 15 years, amendable by percentage
Import and export of data	Export and import from clipboard or Forecast 5
Financial ERP integrations	Xero, Sage 50, Sage 300 and MYOB Exo
Flexible chart of accounts options	Define your own records match to your GL Chart
Actuals & Variance analysis	Month by month actuals entry + variance reports
Easy to implement	Set up in 2 – 4 days
Prepare for loss in sales, increase in costs	What If by record or section. Save as a new forecast.
Cater for loans, fixed assets, depreciation, etc.	All provided in the balance sheet records.

If the above resonates with you, then step away from the tedious manual entry and miscalculations and step into the future of ease and confidence with Forecast 5, the New Zealand-made forecasting and budgeting tool designed to simplify your budgeting process.

Contact us today on sales@forecast5.com or visit us at www.forecast5.com to download a trial, watch a demo and sign up for a live webinar.



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