

Accounting Tech Stack Optimization

By David J. Gunter, Partner

Many people don't think much about software until there is an issue or they discover that the limitations of their current solutions are holding them back. You might be perfectly content with your iPhone 8, for example, until you realize that several newer versions have been introduced and you may be missing out on some very helpful updates.

If your general ledger accounting system has become outdated, it means that something you use every day to help you make operational decisions isn't performing at its best. Think of it like this: one way that technology becomes old is that we become new. Your nonprofit likely needs new data, insight, processes, and efficiencies that you didn't need five or 10 years ago.

Standard Versus Optimized Accounting Systems

Let's consider the differences between a standard general ledger accounting system and an optimized system.

Older financial statement platforms generally use a site license, meaning that the software is installed on your physical server, and perform these functions:

- General ledger – Entering and adjusting standard and recurring entries, perhaps reversing entries and year-end adjustments for audit entries
- Accounts payable – Should be seamless with the general ledger functions
- Reports – Creating standard or custom reports for Statements of Activities, Statements of Financial Position, and maybe a functioning cash flow statement

Newer financial statement platforms such as Sage Intacct, NetSuite, and Blackbaud are cloud-based and do not have to be installed on your physical server.

These platforms are becoming more common for churches and nonprofits and can be right-sized for each job. They also provide these additional features that can greatly improve an organization's back-office efficiency:

- Procurement workflow – authorization and electronic approvals
- Dashboards that are easily accessible on a mobile device
- Data that is as close to real-time as possible
- Cash flow data
- Click-into detail so you can drill down for more information

If your primary software only provides you with financial statement, general ledger, and accounts payable capabilities, your staff is probably manually entering and processing transactions and entries that could easily be automated.

Key Considerations for Your Accounting Software

Even if your general ledger platform is older or only offers basic functions, you may be able to improve your workflow and efficiency by adding other software applications into an [accounting tech stack](#), a group of applications or software that provides solutions for specific accounting functions.

Creating an accounting tech stack could be as simple as adding software to facilitate billing/donor accounting, payroll, and expense reports and ensuring that these supporting software platforms are integrated with your primary software. The initial commitment of time and money to set up an accounting tech stack could save you back-office hours every month in the long term.

If you haven't upgraded or integrated your software lately, you may be missing out on these crucial

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components that supporting software platforms provide, including:

1. Automated accounting review
 - a. Detecting errors
 - b. Correcting transaction recording through artificial intelligence (AI) rules
 - c. Tracking task lists
 - d. Asking internal questions
 - e. Defining closing processes
 - f. Providing reconciliation status
2. Automated data entry
 - a. Capturing and uploading invoices or statements and linking accounts
 - b. Providing categorization suggestions based on historical data
 - c. Publishing to accounting software
3. Dashboards
 - a. Interactive; can be customized and filtered to provide insights
 - b. Key performance indicators (KPIs) can be automatically populated so real-time data is always available
 - c. Ability to drill down into transaction detail
4. Consolidations
 - a. Across general ledger platforms
 - b. Across multiple currencies
 - c. Intercompany eliminations
 - d. Visualization
 - e. Reporting
5. Forecasting
 - a. Aligning Statements of Activities, Statements of Financial Position, and cash flow statements
 - b. Driver-based – Manipulation of specific KPIs to analyze the outcome
 - c. Anticipating cash surpluses and deficits, which can help you project future funding requirements like capital expenditures
 - d. Forecasting seasonality from prior years
 - e. Generating scenarios – Allowing for hypothetical simulation of financial data to identify whether certain decisions will generate the desired outcomes or carry additional risk

Optimizing your software solutions can be as simple as connecting software that you are already using to allow for automation, or as complex as switching to a new general ledger accounting system that will provide more automation and integration opportunities. In our next

article, we'll look at how to evaluate the effectiveness of your current accounting software and calculate the cost of making a change.

Please [contact us](#) to learn more about accounting tech stacks and how CapinCrouse can help you assess your options in this area.

Additional Resources:

[6 Common Accounting Tech Stack Questions](#)
[The Church Financial Field Guide](#)

[About the Author](#)

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[About CapinCrouse](#)

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