

# White Paper

The simPRO Accounting Link integration

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For a small business owner, the early days are often occupied by keeping a close eye on the cash coming in versus the cash going out. While understanding the financial figures is a relatively simple task, taking control of those figures can be another story.

The same can be said for corporate organisations, albeit on a much larger scale. The need for accuracy and comprehensive reporting is magnified.

### Operational data versus Financial data

As the business matures, various departments and stakeholders require varying data as each staff member becomes responsible for specific roles. This has in turn given rise to the difference between financial and management accounting standards, both important tools, though they serve very different purposes.

Organisations use accounting data to navigate and guide their business decisions with real-time, relevant data. Those figures enable businesses to review past performance, understand their current financial position and to plan for the future.

Managerial and financial accounting data can play two very different roles. Very specific requirements are therefore soon required for very different purposes by various departments.

Accountants, investors and the tax office are not involved in the daily running of the business but are concerned about the financial security and prospects of the business, whereas managers need information quickly to make daily business decisions. It's often said that management accounting is like looking through the front windscreen of a car while financial accounting is more like looking through the rear-view mirror.

### Financial accounting

The primary role of financial accounting is to highlight the financial performance of the organisation to people outside the business, or to people not necessarily involved with the daily running of the business. The tax office, investors, financial institutions and board directors are often recipients of financial accounting reports.

Financial accounting is highly regulated and the results are normally required to be submitted regularly. For public companies, the annual financial report is made available to the public.

## Management accounting

Management accounting on the other hand is much less regulated and is typically only used for internal scrutiny by managers in order to make decisions concerning daily operations.

Rather than looking at how the business performed over a previous period, management accounting will typically look at current and future trends. This scenario does not lend itself well to exact numbers and as a result, the tool the finance team uses will conflict with that of the operational team.

The financial business system is normally an ERP or accounting engine, whereas the operational side of the business often has to rely on spreadsheets, whiteboards or other systems that have no connection with the accounting engine. Unfortunately, this nearly always results in disparate data.

## Where does simPRO fit in?

All too often we've seen simPRO integrated into large organisations where the financial reporting tools are very sophisticated while the operational side of the business has been left to develop its own systems to manage the job.

Additionally, the operational data will often weave its way through a labyrinth of spreadsheets, onto a whiteboard, then out to site either by paper job cards, site diaries or email. From the field, data will make its way back to the office, into the spreadsheet system and eventually printed out to be handed on to accounts for entry into the finance package.

The manual double handling and duplicated data leaves itself significantly susceptible to error, and that's just the beginning.

The ubiquitous nature of moving to a digital system or better still, a system based in the cloud, brings with it many rewards. Complete, up-to-date reports from the field are instantly retrievable, can be delivered to anyone who needs them and an appropriate response can be given in a timely fashion.

simPRO leaves the accounting data to the accounting package and focuses on managing the workflow specifically for the operational side of service and contracting organisations. This includes recording an initial lead for sales capturing and management, quoting and estimating, service jobs, preventative maintenance and project management, asset management, inventory control, scheduling, field mobility, purchasing and invoicing.

All the operational data is then accessed via reports so management can make well informed decisions based on accurate, up to date and detailed business data.

## Where Accounting and Operational data meet

simPRO prepares all of the relevant fiscal information to be passed across to the accounting engine. This is typically done at the end of the day or in a batch. You can also automate this task through a custom accounting link.

### **The data sets normally passed across to the accounting engine include the following:**

#### **People**

This data set will normally include people involved in transactions such as Customers, Suppliers and Employees. This database is normally synchronised with an initial sync then simPRO keeps the two systems matched. This way, when transactions occur in simPRO for these accounts, the transactions have the appropriate record associated in the financial system.

#### **Accounts Receivable invoices**

Accounts Receivable invoices are normally created in simPRO as part of the standard process and posted across. simPRO handles the creation of invoices as it's normally seen as part of the process of managing the job. simPRO holds the rates, costs and materials used on each job, converting that information into an invoice is a simple click of the button. Once created, the invoice can then be sent to the customer and posted to the accounting engine.

#### **Accounts Receivable payments**

Accounts Receivable payments are stored in simPRO as well. Varying strategies are used to get them there. One school of thought is to put them straight into simPRO as part of the project manager or account manager's role.

#### **Accounts Payable**

Accounts Payable invoices are put into simPRO against contractor work orders and purchase orders sent to wholesalers. This moves the cost on the job out of being a commitment and then it becomes a realised cost on the job.

Once the cost is realised it then updates the forecast cost at completion, estimated mark-ups and profit levels. The supplier's invoice is then ready to be posted to the accounting engine.

Multiple entities are handled through the accounting engine depending on how they have been configured. In some instances an entity that has been configured has purely been done to separate management areas like geographical or work types. Other times they are different fiscal entities and need to either report through to an accounting system built for handling multiple companies or to separate company files.

Off-the-shelf integrations are quick to setup and work with a variety of accounting engines geared at different ends of the market. These handle all of the functionality explained above as well as some common journal entries, like stock valuation movements, depending on options that have been configured. They are a quick and low cost way of getting simPRO working with many popular accounting engines.

## Integration with simPRO

One of the key strategies for simPRO, however, is the integration with third party applications and bespoke integrations with accounting engines and ERP's. They are often required in order to drive a much more workflow-oriented integration with systems such as SAP or Oracle. As well as the standard points of integration

there may be other instances, such as 'verify the next invoice number in the accounting system', or to send a notification when a job reaches 'x' status and to retrieve that data from the ERP.

When looking at the options for integrating with ERP's and accounting engines, the process normally starts with a well-documented understanding and scope of what needs to be achieved in the integration.

simPRO will help scope out which points throughout the workflow triggers need to occur to get the two systems to communicate. The interface needs to be developed either by us or with assistance from external specialists or internal developers using our secure API.