

# FOUR REASONS WHY QUICKBOOKS IS FAILING YOUR SERVICES BUSINESS





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## Introduction

QuickBooks was the best fit for your business when your company was in its infancy, but is it the right choice to drive success in the next stage of your organization's growth? QuickBooks claims more than 3.5 million users, so you're not the only one facing this question.

Many services organizations arrive at a similar crossroad every year. Timing is everything—if you replace QuickBooks too early, you may end up buying more capability than you need. But if you wait too long, you could end up struggling with inefficient business processes that hurt your project delivery, business performance and future profitability and growth.

Laboring ahead on QuickBooks may seem convenient, but at what point do you start missing out on growth opportunities by maintaining the status quo? When is the right time to make the move? NetSuite has been working for years with businesses in the services industry that have reached the limits of QuickBooks. While services businesses are diverse, the issues they face when reaching the limits of QuickBooks are remarkably similar.

This white paper draws on real-world stories of small- and medium-sized Professional Services Organizations (PSOs) that have upgraded from QuickBooks to NetSuite at critical junctures in their development. It also outlines four common business process inefficiencies that you might see reflected in your own business—the reasons why QuickBooks may be failing your services organization.

“With NetSuite, Splunk has a growing, global company running on one application, which allows us to spend our time drilling down into and analyzing data, and maximizing performance, instead of copying and combining data from different sources and systems. I have no idea how we’d do this with QuickBooks and spreadsheets.” — **Doug Harr**, CIO, Splunk

1. **QuickBooks is a simple general ledger solution that doesn’t support your entire company.** Fast-growing services organizations need solutions that can create efficiency and reduce headaches across functions, instead of addressing only accounting and finance.
2. **QuickBooks restricts your visibility into business performance.** Companies using QuickBooks usually have siloed applications and data, making real-time analysis and accurate business decisions virtually impossible.
3. **QuickBooks’ limited functionality won’t scale with your business.** Because QuickBooks was built to support a narrow scope of processes and business offerings, it severely limits companies from expanding their offerings or offering new methods of service and payment.
4. **With QuickBooks, you always have to worry about IT issues and costs.** On-premise software like QuickBooks and the applications that surround it need monitoring and troubleshooting by your IT team, and can drive up personnel and infrastructure costs.

# TABLE OF CONTENTS

## Introduction

Page 2

## The Four Reasons Why QuickBooks Is Failing Your Services Business

Page 5

## Case Study The Boston Globe

Page 12

## Case Study W2O Group

Page 14

# THE FOUR REASONS WHY QUICKBOOKS IS FAILING YOUR SERVICES BUSINESS

## 1. QuickBooks Is a Simple General Ledger Solution That Doesn't Support Your Entire Company

QuickBooks is only an accounting solution, so when it comes to tracking opportunities, managing client service and gaining insight into the entire quote-to-cash cycle, you'll always need other, separate applications—whether homegrown systems or applications that you buy from other vendors.

By relying on disparate applications to run your business, employees waste valuable time double-entering information across multiple systems, such as trying to reconcile client information in your CRM with billing information in QuickBooks. Often, the result is billing mistakes, client service miscues or resource forecasting errors that jeopardize your cash flow, client satisfaction and profitability.

A small team at a single location can sometimes get by without a fully automated system because they're close enough to the action. But as soon as the team expands or adds new locations, the

information to be exchanged swells out of control. You suddenly have data buried not just in QuickBooks but also in your sales force automation, project management and customer service systems. With more employees working on-site and up-close with clients, even a traditional, close-knit small business team can benefit from moving to cloud-based applications.

Here are some of the telltale symptoms you may be encountering:

### **You're wasting time playing "Hunt the Spreadsheet"**

PSOs that run QuickBooks inevitably reach a stage at which employees are relying on spreadsheets to plug the information gap because data is scattered across the business in multiple systems, whether in QuickBooks or project management or sales systems. Often, employees who need financial information can't access QuickBooks, or they use Excel when they're out of the office because the business systems are too hard to access remotely.

Because there's no centralized repository for data, it ends up in spreadsheets and you

waste time extracting data from them to share with others. Your employees are spending more time hunting for data than making decisions with it. Where are the latest sales figures? Where is an integrated view of booking and billings backlogs? What about the underlying detail?

### **Your management reports are prone to errors or out of date**

Growing businesses that run QuickBooks typically resort to manual work to support business processes, whether rekeying sales into QuickBooks, reconciling customer information or managing contracts and billable hours across multiple systems. Reporting errors are almost inevitable—there are too many people touching or massaging the data. It's dangerously easy to make decisions based on old, incomplete or incorrect data.

### **Simple QuickBooks reports take way too long to run or print**

Ever find that some QuickBooks reports take way too long to run, print or export to Excel? Maybe it's a collections report that needs hours to process, or even worse—other QuickBooks users get frozen out while the report is running. With QuickBooks, it's easy to hit a performance bottleneck but less easy to solve it; reporting is often one of the first areas affected. When reports take too long to run in QuickBooks, the amount of data your business has amassed has outgrown QuickBooks' reporting capacity.

### **You can't get a comprehensive view across your businesses units**

If your business has grown into multiple geographies or you've added additional business units, then you've likely ended up with one set of financials in QuickBooks, and the financials for your other geographic locations or businesses in separate installations or financial products. The result is you're likely struggling with an extended, manually intensive and error-prone financial close process when moving data between financial systems. Without visibility into the performance of subsidiaries and geos, you're batting emails and spreadsheets back and forth because you can't access the data you need.

## **2. QuickBooks Gives You Limited Visibility into Business Performance**

With QuickBooks you'll never achieve a comprehensive real-time view of your business performance or client projects. The reason is the data you need to make decisions is often not just in QuickBooks—it's buried in other applications across your business.

As a result, it's easy to spend too much time collecting, integrating and distributing data in spreadsheets. Even then you're likely to make crucial business decisions based on outdated and contradictory information on sales, resources, project status, accounts payable balances and more. And of course,

“Customers migrating from unintegrated legacy and custom accounting systems to one central accounting system with NetSuite can expect to accelerate financial close times by 20%. Some customers accelerated time to close by up to 50%.” – **ROI Evaluation Report**, Nucleus Research

your clients expect accurate information on the status of projects and budgets on demand. With desktop systems like QuickBooks, such real-time responsiveness is out of the question.

You can't afford to have your business creaking along when your competitors are using real-time data to fly at on-demand speed. Here are some of the warning signs that QuickBooks is costing you:

#### **Account managers don't have up-to-date information**

When clients check on project or billing status, account managers have to scramble to pull the desired information from separate spreadsheets or systems. It's very possible that your customers are left with impression that your account team doesn't have its act together. You're not hearing many direct complaints, but almost imperceptibly, your churn and abandonment figures are rising as clients begin to find other agencies that don't waste their time.

#### **Customers and vendors can't self-serve information**

You'd like to give clients the ability to look up billing details and check project status on the web—and some have already asked for this capability—but you can't justify the

investment of time and money it would take. In any case, your business system was never designed to operate 24x7 and you're not confident you could keep it secure against online threats.

#### **You can't easily collect and filter customer information for sales campaigns**

Even though you're sending out regular email campaigns, sales staff has no information about responses when they're calling prospects, and conversion rates are low.

### **3. QuickBooks' Limited Functionality Won't Scale with Your Business**

It's easy to run out of headroom when you need to scale up to more clients or projects than QuickBooks can practically handle. When you need full audit trails, rich business planning and reporting, or automated processes, you'll find yourself having to add additional systems and devise workarounds. Growing services businesses require stronger financial controls and support for complex financial processes unique to the industry, such as recurring billing, project and fee-based billing, and specialized invoicing requirements, that QuickBooks can't accommodate.

QuickBooks was designed to automate a limited set of core accounting functions, which means that it limits your ability to do more or make changes. Very often, you're adapting your business to fit the application, rather than vice versa. As a result, you find new financial systems, custom applications and spreadsheets springing up around QuickBooks, filling in the gaps that you'd expect your accounting system to take care of.

Here are some of the signals that tell you that you've reached this stage:

### **Finance staff members are using several different applications to do their jobs**

Your needs have become much more complex than when you first bought QuickBooks, and you've filled the gaps with other software packages, spreadsheets or homegrown applications. They handle vital aspects of financial management, such as revenue recognition and consolidated reporting, or more mundane but equally crucial processes such as calculating employee expense reimbursements and incentive payments. Your finance staffers spread their attention across as many as half a dozen applications, and you can't help worrying about the constant risk of errors, especially when relying on spreadsheets or custom-built software.

### **It's too difficult to add new sales channels, service offerings or locations**

Staff is working overtime or having to dream up new workarounds every time there's a change in the business. Processes that cry out for automation have to be done manually or from spreadsheets. QuickBooks doesn't have

built-in support for everyday functions such as adding new sales tax rates or handling account reconciliations. Adding a new satellite office means plugging in yet another batch upload that someone has to supervise.

### **You can't adapt fast enough to changing business conditions**

The lack of advanced or specialized functions is preventing you from modernizing your operations the way you want to, and hampering your capacity to react to market opportunities and competitive threats. It's far too difficult, time-consuming and costly to implement new capabilities to support your business, such as more finely tuned performance incentives for staff or more responsive online customer service.

## **4. With QuickBooks, You Always Have to Worry About IT Issues and Costs**

QuickBooks requires you to manage and update the software yourself, as well as the other systems you maintain to run your business. In addition, you have to worry about ongoing availability, security, backups, database performance, and the risk of hitting the maximum 30-concurrent user limit of QuickBooks Enterprise. In fact, many QuickBooks users experience a loss of data or face unacceptable delays in menus, screens or reports at some point. And you have to spend cycles maintaining costly and error-prone integrations with other business systems.



“We wanted to invest in streamlining operations and growing our business, not expanding our IT infrastructure. By replacing QuickBooks and other peripheral systems with NetSuite’s cloud ERP applications, we increased our transaction volume 5x without adding staff, and reduced our monthly close cycle from 20 days to five days.”

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**William Herrick,**  
VP of Finance, Glassdoor

“The typical company deploying NetSuite increased sales productivity by 12.5%, and companies can expect to improve productivity by up to 20%.” — ROI Evaluation Report, Nucleus Research

Today’s best cloud-based, on-demand business systems for professional services organizations are built from the ground up for flexibility and agility, without the overhead of maintaining the underlying technology layer. They’re designed to stay up to date with the state-of-the-art in business automation, giving you the tools you need to keep ahead of the competition and seize new opportunities as they emerge.

Here’s how you’ll know that you’re ready to switch from QuickBooks to a cloud solution like NetSuite:

### **You keep on putting off upgrades and improvements because of the cost and disruption**

You know that your business systems fall short of what the organization desperately needs, but you can’t face the thought of going through all the disruption and expense of upgrading them to the latest version. You’re also falling behind on giving employees and customers the ability to access information over the web and from mobile devices, because you haven’t got the internal resources to implement and manage the required technology.

### **You’re constantly worrying about backups, server failures, malware and data security**

All your financial data is concentrated in a single QuickBooks system, while

ancillary information is scattered around the organization in other software or spreadsheets. You know how exposed you’d be if one of those machines suffered a serious failure—or worse, you had a fire or other catastrophe at your premises—and you’re conscious of how dependent the business is on all-too-fallible backup routines.

With so much business now being done by email and Internet, you’re equally concerned at the potential for malware attacks or data theft. Does your staff understand the nature of the threats out there? Are your firewalls and anti-virus software fully up to date with the latest threat protection? How fast could your business recover if a server went down and you needed to revert to a backup?

### **The time it takes before you see a return makes you nervous of investing in new technology**

You know from experience how much working capital you’ll have to put aside to fund any major new application or technology upgrade. Yet after a large up-front capital investment, it can be many months before you start seeing a return, and even then you have no guarantee you’ll realize the results you expected. In these circumstances, it feels safer to keep

“For most companies moving from traditional server-based enterprise applications, the annual cost of NetSuite licenses is less than the annual cost of IT personnel to support the old systems.”

— **ROI Evaluation Report**, Nucleus Research

muddling on with your existing systems and processes, even if you know they're holding you back.

**NetSuite lets you forget about technology and grow your business**

If you've been experiencing any of the signs that QuickBooks is failing your business, it's time to consider the cloud-based products and services that NetSuite offers. Moving your services company to the cloud allows for more efficient and effective business operations, enabling your employees to react to client and organizational needs in real-time.



# THE BOSTON GLOBE IMPROVES REPORTING, ADDS EFFICIENCIES SAVINGS WITH NETSUITE

The Boston Globe Media Partners, publisher of The Boston Globe, the largest daily newspaper in New England and the winner of 23 Pulitzer Prizes, found itself in search of a new financial system after the New York Times, its parent company, sold the business to a private investor. Moving from a managed service running on a legacy on-premise system, the company wanted a modern, comprehensive solution.

## Visibility across subsidiaries

With 14 subsidiaries across its print and online publications, The Boston Globe needed a system that could handle multi-subsidiary financial consolidation while providing in-depth drill-down reporting. After evaluating Microsoft Dynamics GP and NetSuite, it chose NetSuite for its robust reporting capability, modern user interface, mobile functionality and cloud-based access.

## Real-time visibility and cost savings

NetSuite avoided the need to manage servers and resulting efficiencies reduced the need for one full-time position in the finance department. Previously, report requests could take up to two weeks before being fulfilled. Now, management now has real-time analytics and reporting.

## Delivering agility and insight

The luxury of being able to log on to NetSuite anytime/anywhere is proving to be very important to the Boston Globe finance department. Over the next year, the finance employees will be moving to a new headquarters in downtown Boston, a new printing facility outside the city, or they may be working from home. Wherever the location, all employees will maintain the same functionality that they've grown accustomed to. Management can continue to monitor business performance in real-time across disparate business units including print advertising, digital advertising, circulation, and commercial printing.



“NetSuite has transformed our reporting and month-end close process. I can now wrap up my month-end close responsibilities from home after I put my kids to bed if necessary”

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**Dave Geary,**

Controller, The Boston Globe



# W2O READY TO SPREAD ITS WINGS WITH NETSUITE AS ITS GROWTH PLATFORM

“With NetSuite, we are able to see any potential issues ahead of time, which allows us to become very proactive rather than reactive.”

— W2O Group

When a company grows as fast as W2O Group has, niche accounting software no longer will do. As the integrated marketing firm’s head count swelled from 80 to 425, its organizational complexity also grew, and its previous system couldn’t handle the emerging multi-subsidiary structure. W2O needed a solution that was not only more scalable, adaptable and flexible, but also provided tighter financial controls.

## Running at full speed

With its financials, services business and sales operations all running on NetSuite, W2O can spread its wings from startup mode. Employees can drill down to transaction levels in reports, executives can compare margins across W2O’s eight subsidiaries, and project management is more proactive and efficient than ever.

## Automation frees resources

By automating revenue recognition in NetSuite, W2O has reduced its accounts receivable closing from several months to less than 15 days. Meanwhile, streamlined project management processes have freed staff to devote more time to clients and project execution.

## Poised for growth

Having established an office in London, W2O is poised to leverage NetSuite OneWorld’s multi-currency support as it pursues more business overseas. And as the company builds out its digital marketing and analytics operations, it can now easily onboard any future acquisitions.

 **NETSUITE** | #1 Cloud ERP