

**INTEGRATED SOFTWARE**  
**FOR SMALL AND MEDIUM-SIZED BUSINESSES**

*Evaluation Criteria and Decision Factors*

A WHITE PAPER BY

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## Executive Summary

Collections of standalone, single-purpose software products – even when loosely integrated on an *ad hoc* basis – cannot adequately address the proliferating needs of small and medium-sized businesses. As they grow, these companies need more sophisticated, *integrated* solutions that unify a wide range of business functionality into a cohesive, centralized system that streamlines processes, creates appropriate employee empowerment (and eliminates decision-making bottlenecks at the top of the organization), reduces IT costs, increases productivity, and improves the customer experience.

Integrated software eliminates the challenges of learning and maintaining multiple versions of multiple products. It supports real-time sharing of information at every level of the organization and can provide the basis for converging e-tail/retail business models.

The paper also provides a proposed list of appropriate evaluation criteria for selectors of integrated software, a list that includes financials, sales, customer service, fulfillment, and business analytics.

## INTRODUCTION

Few companies – of any size – disagree with or ignore the value that business management software can provide. Whether it's basic accounting functions, inventory management, e-commerce storefronts, customer-relationship management, shipping, point-of-sale, purchasing, or merchandise returns, these solutions have become, for many companies, the indispensable foundation that helps streamline operations, improve efficiency, and minimize costs. In many ways, that's especially true for companies from 5 to 250 employees who find that software solutions can provide disproportionate benefits over manual methods that previously governed business processes.

Of course, as those organizations find traction in the market and grow, their software needs evolve to encompass greater complexity as well. There might be more retail or distribution locations, more sales channels, more products, more suppliers, and of course, more customers. No longer will simple standalone tools – a simple electronic checkbook or a collection of disparate tools – suffice. Instead, the business requires an increasing level of sophistication in both software functions and underlying technical architecture to accommodate new business needs and meet a mandate for greater efficiency.

## THE ROAD TO INTEGRATION

Regardless of industry or size, sooner or later, almost all successful businesses reach a point where the scope of their business outstrips the simplicity of their initial (typically standalone) tool. The basic personal electronic checkbook or single-user solution for managing the books no longer offers the features needed to manage an increasingly complex business.

For many businesses, the next phase involves a broadening collection of software tools. There may be a new point-of-sale system or a contact-management system followed by a simple inventory-management application. Later, the business adds a new application to track purchasing. Next, the business adopts an e-commerce application to accept Web orders. Pretty soon, the business has purchased and deployed a hodgepodge of different applications from different vendors for different users in the organization. Not surprisingly, this *ad hoc* aggregation soon becomes an unsatisfactory way of managing the business. A distinct lack of integration ensues, creating a host of challenges that hamstring the organization and inhibit employees from doing their jobs in an optimal fashion.

From wasteful re-keying of data and bottlenecked business processes, to inconsistent data and ineffective customer service, unintegrated business

software hampers the organization in ways both obvious and subtle. That’s why, today, more companies are embracing all-in-one business software that tightly integrates functions and data. The many advantages of such an approach – such as consistency, speed, simplicity, and efficiency – present a compelling value proposition for businesses of almost any size.

If your business has reached an inflection point – growing beyond simple personal-productivity tools like fragile spreadsheets or single-user bookkeeping – you need to carefully investigate how integration of business software can positively impact the organization and provide a springboard to future growth and success. The following pages of this white paper present an objective and informative overview of the issues to consider when evaluating the merits of integrated business software.

### “MANAGING THE MULTI’S”

One of the more apparent byproducts of *ad hoc* accumulation of software programs in a small business is the complexity of using and maintaining multiple programs. Consider the impact:

- **Multiple Software Applications to Buy, Install, Upgrade, and Maintain** – It’s easy to forget that when you have multiple software products cobbled together, it falls to *you* to manage several procurement cycles with different vendors. You have to install different programs on different computers for different users. And you need to apply updates (“patches”) at different times and install upgrades on varying schedules. That takes enormous amounts of time – and distracts you from your primary focus: running your business and satisfying customers.
- **Multiple Systems to Learn** – With different, unintegrated programs, you face the challenge of learning different interfaces, processes, and functions. And, since no one person is responsible for every business function, you can end up with a situation where key employees become experts in certain programs – while other employees don’t know how to use those same systems. Those skill gaps can leave your business vulnerable when employees are sick, take vacation, or worse – leave the company.
- **Multiple Instances of Re-Keyed Data** – When an order comes in, your employees can get caught in “application jockeying” – opening and closing multiple applications and databases to repeatedly enter the same information. You enter the order in the sales system, the accounting system, the inventory system, and the shipping system.

In addition to the significant time-sink this involves, it also inevitably creates transcription errors.

- **Multiple Hardware Platforms** – The challenge extends to hardware as well. Some applications will require specialized or dedicated hardware systems that you’ll need to learn and maintain. That can involve data backups, security, and networking issues, too.

By contrast, integrated business software eliminates these challenges by unifying all functions and data in one seamless system. All relevant information originates from one system. Users (with appropriate security authentication and clearance) can see shipping info, credit balances, customer contact information, inventory status, shipping charges, and more – all with one multi-user system. That single system provides more robust reporting and analytics that span all functional areas of the business, supporting smarter business decisions informed by all relevant information. And, from an IT perspective, there are no extra systems to install, upgrade, maintain, and learn.

## OPERATING IN REAL-TIME

Perhaps one of the most frustrating challenges for small companies is to transact business in a real-time environment. For example, when a customer buys a product off of your e-commerce Web site, you want it to be automatically reflected in your inventory system so that an inside telesales person can instantly see an accurate, up-to-the-second inventory status and make delivery promises that are based on actual physical, available, unclaimed inventory.

Unfortunately, with unintegrated applications and systems, that kind of real-time awareness and intelligence is impossible to achieve. There are too many process gaps and time lags. Some systems may be loosely integrated with one another – with custom-built interfaces. However, those systems usually update on a nightly basis (or even less frequently) – meaning the most recent information is not coordinated across disparate applications. Instead of a coordinated team working off of one application and one set of recent (and, therefore, the most *relevant*) data, you have disparate “islands” of conflicting information:

- Conflicting credit balances/approvals
- Conflicting inventory levels
- Conflicting contact information

- Conflicting shipment statuses
- Conflicting price lists
- Conflicting (or outdated) lists of product offerings

The result: different people looking at different information can simultaneously make sub-optimal decisions and customer promises. For example, a purchasing employee sees plenty of inventory and postpones a replenishment order – unaware that, on the sales system, a sales rep has entered a major order that will wipe out existing stocks. Or a sales rep promises prompt delivery of needed parts to a key customer – unaware that four hours earlier, a Web order for those same parts was received, fulfilled, and shipped. Even worse, critical information updates – such as package tracking, inventory status, or backorder information – fail to make it to self-service Web pages. Those kinds of customer-facing errors can greatly damage a company’s credibility and cost you valuable loyalty.

Integrated software solutions head off these kinds of conflicts because every user has *real-time* access to the same information using the same solution. When inventory drops due to a major Web sale, it’s immediately reflected in other parts of the system. All users – regardless of their job function – can see up-to-date information and statuses, wherever they are, whenever they need it.

By operating in real-time through an integrated software solution, your business is more agile, more responsive, and more intelligent.

## SCALABILITY OF SYSTEMS

By their very nature, most small businesses are run by entrepreneurs – people who commonly have large aspirations and ambitions to grow their companies. Unintegrated software is a hidden trap for a small business, often rearing its head as the company tries to expand beyond its roots – such as adding locations or expanding product lines.

One of the often-overlooked aspects of business evolution at the crucial early stages of a business’ life is that the company must implement solid repeatable processes that can scale up as the company grows – without creating bottlenecks and escalation issues. Unfortunately, unintegrated “point” software solutions discourage this forward-thinking vision, fostering a “plug the hole” mentality that sacrifices the scalability a growing business needs for a short-term fix that only temporarily solves the problem at hand and lays the groundwork for breakdowns in the future.

By contrast, an integrated business software implementation encompasses the full range of business functions that the company will need to address today and tomorrow. It enforces a disciplined vision that encourages the small business to deploy automated, integrated processes that can support a vision of growth and evolution. In other words, scalability means more than scalable software – it means structured, well-designed, and scalable processes supported by scalable software.

## PRODUCTIVITY THROUGH EMPLOYEE EMPOWERMENT

For many small businesses, it's a familiar scenario – all major decisions get run past the owner. How much credit should you extend to a new customer? What kind of safety stock should you inventory for the coming month? How much of a discount should you offer a new customer making a major order?

That model can work on a very small scale – but it's easily and quickly outgrown. As the company expands, it becomes essential to push these kinds of decisions down to lower levels of the organization. A 50-person organization can no longer operate like a five-person company, where the founder can make every pricing, credit, and procurement decision. On the other hand, that doesn't mean that a business owner wants to surrender all control, either.

Disparate software tools can greatly impede the empowerment of your team members to make decisions. First, the tools are typically not synchronized well enough to support multi-factor decisions that require data from multiple applications or data sources – such as “Is this order profitable at this price point?” That reduces productivity by forcing a user to consult multiple systems and manually aggregate data points to arrive at a decision.

Second, most businesses want to *control* the kinds of decisions and actions that a user can take. For example, you might want to restrict the types of credit decisions that a junior-level employee can make and actually *enforce* an escalation for decisions that involve greater risks. Creating and embedding those kinds of business rules across multiple disparate software packages can be cumbersome at best – and a time-consuming chore to change or maintain.

With integrated business management software, companies can efficiently centralize the business rules that will govern their policies and procedures (and who has what authorities and responsibilities). For instance, an employee can have the authority to issue replenishment POs for certain

products or with certain suppliers up to a specified dollar limit. The result is that the organization operates by *exceptions*, not by rules and achieves new levels of controlled empowerment, fewer bottlenecks, and increased responsiveness.

## CONSTANTLY CHANGING REGULATIONS

In numerous ways, small businesses – like their big enterprise counterparts – must comply with a constantly swirling mixture of regulations and standards. Consider just a few examples:

- New ZIP+5 requirements for outbound mailing labels
- Changing postal rates
- New requirements for encryption of credit card data
- Changing sales tax rates in all states you do business in
- New payroll rates and ceilings
- New tables for calculating shipment costs (including recent fuel surcharges)
- Credit-card regulations prohibiting the display of account numbers on receipts
- Capturing CVV2 details during credit card processing

Unlike those large companies, however, the small business doesn't have the manpower and resources to continually modify its software to stay abreast of those changes. An unintegrated collection of software tools presents major challenges, if only because there are so many different locations that one would need to modify and maintain. Or the company must rely on a wide assortment of vendors to update their software solutions – a process that surely creates gaps among programs that are up to date and those that are not.

With an integrated business management software solution, the company relies on one vendor and all updates to meet changing external rules reside in one central location. This simplifies regulatory compliance.

## THE CONVERGENCE OF E-TAIL AND RETAIL

In previous years, business models were an “either/or” proposition. Either you were a bricks-and-mortar company, or you were a pure e-commerce business. Today, of course, that binary simplicity no longer applies and smart companies are recognizing the need to support both models – simultaneously. Many retailers supplement their storefronts with e-commerce Web sites to extend their market reach. Warehouses have simple front-office POS storefronts to handle walk-up business from consumers. Or some retailers sell and ship materials in bulk to other vendors.

Other companies – facing increasing margin pressure – are recognizing that price alone can no longer be a sufficient differentiator and are quickly adding services to their business models. That necessitates different information-management needs such as service-ticket management and time billing.

Unfortunately, many underlying software systems have been slow to support these hybrid models. As soon as the business models converge, the pains begin for businesses. For example, most POS systems have no inherent understanding of Web sales – and vice versa.

Integration again offers the ideal approach – combining both functionality and data. When the company sells an MP3 player off its Web site, that’s reflected in the same inventory-status screen that’s used on the retail floor.

## CONFIGURATION

Disparate software packages are not without their advantages. Chief among these: the relative simplicity and straightforwardness of their design typically translates into easier configurations and simpler options.

That doesn’t mean, however, that integrated software solutions must necessarily be difficult to configure or customize. Some popular vendors for small businesses base their software on industry-standard, market-leading technologies (and hence are easier to find qualified people to support them). Simplified deployment and customization can also be achieved in integrated solutions.

## WHAT TO LOOK FOR IN INTEGRATED BUSINESS SOFTWARE

Depending on the size, industry, and vision of an individual company, software needs will vary. However, for companies in retailing, distribution, wholesaling, and e-commerce, there are several important

characteristics/functional sets to look for and give careful consideration to. The following is a useful set of criteria to help shape the initial stages of your evaluation process.

### Financials

Ideally, look for a solution that encompasses real-time accounting information – and eliminates the need to reconcile information from multiple systems. An integrated system will eliminate double-entries and improve tracking and reporting through a complete – *single* – audit trail of all transactions.

Integrated financial systems provide in-depth audit trails of who made updates – as well as where and why. The structure and control of this information supports smarter decentralizations of traditional financial processes, enabling you to involve more people without sacrificing efficiency and accuracy. For example, sales personnel can collect money for new orders; the shipping department can independently generate invoices prior to packaging and shipping products; or customer service reps can access customer balances and A/R aging details.

### Sales

Web/e-commerce functions are complex. During your evaluation, it may be helpful to find an integrated solution that can accommodate a wide range of features, such as product-catalog publishing, shopping-cart processing, inventory/product availability, order tracking, freight calculations, sales-tax calculations, credit-card processing (with fraud protection), cross-selling/upselling/suggestive selling, Web promotions, and coupons, to name just a few.

It's also important for some B2B companies to present customized views of products and pricing for specific customers. These can vary based on location/region, quantity pricing, restricted access to authorized dealers, affiliate-revenue tracking, and more.

On the retail floor, integrated software solutions can help support sophisticated strategies for understanding (and meeting) buyer preferences and patterns (as well as suggestive selling of accessories, for instance). Look for a solution that can increase efficiency by providing automated prompts and alerts during the sales process for appropriate up-sell and cross-sell opportunities.

With the right information, you can empower your direct sales and channel sales teams to present and negotiate multiple pricing models using sales tools that provide details and update proposals automatically. And you can

effectively manage all aspects of the sales cycle, from lead opportunity to deal closure.

### Customer Service

By integrating with accounting information, integrated software helps companies manage the often-complex processing of returned merchandise authorizations (RMAs), including all interactions with customers and suppliers. Integrated solutions can also increase customer satisfaction by automatically generating internal alerts (low-stock warnings for example) and notifications to customers (such as advanced shipping notices).

A *single*, unified repository of customer contact information ensures greater accuracy and consistency. Finally, Web-based 24x7 customer self-service is quickly evolving from exciting innovation to a standard, expected feature from any business. Integration is essential to achieving Web service, because it requires pulling information from numerous functions: inventory, sales accounts, credit, accounting, shipping, and more.

### Fulfillment

Integrated business software helps you leverage your previous purchasing histories to obtain improved terms from suppliers and vendors. Tying into inventory numbers can also enable you to automate the initiation of purchase orders to replenish stocks.

In shipping/receiving, an integrated solution should increase your accuracy and efficiency by using pick tickets to prioritize shipments and integrating with popular shipping manifests.

From an inventory management perspective, an integrated solution helps simplify key processes such as drop-shipments and blind-shipments as well as just-in-time inventory management. Serialization and scanning/tracking your inventory gives you precision – every package, every component, every SKU – from the receiving dock, through your warehouse or store, until sold and shipped/delivered.

### Analytics

Nowhere are the benefits of integration more visible and valuable than in business analytics. Leading integrated solutions aggregate data from all transactions into a “warehouse” that you can examine and analyze. You can spot trends, uncover seasonalities, create “dashboards” of indicators – all of which pull data together in ways that unintegrated collections of software cannot.

## THE ADVANTAGES OF INTEGRATED BUSINESS SOFTWARE

- Increased revenue and profits
- Smarter and faster decisions
- Greater competitiveness
- Increased productivity

## WHY MULTI-VENDOR INTEGRATION ISN'T THE ANSWER

It doesn't take long for a savvy business owner to see the challenges that a collection of disparate software packages presents. And for many, the first attempt at addressing these issues starts with relying on the vendors to integrate their programs with popular peer applications. For example, a popular small-business bookkeeping package builds an interface to a sales-automation system. Then, you want to tie in an inventory-management package or a POS register. Next, your purchasing system has to integrate with your shipping/receiving system.

And, to connect all of these disparate systems, you're relying on your numerous software vendors to collaborate effectively and deliver what you need with a minimum of finger-pointing. Soon, you have several vendors who must each support integrations to multiple competing software packages (most of which your business doesn't own). That takes their focus away from why you purchased their package (e.g. features and performance) and forces them to devote resources simply to integrating their software in multiple ways.

And, finally, those software packages are all on different development and release schedules – which wreaks havoc on integration compatibility. It's a fragile chain of modules – leaving you at the mercy of multiple vendors to continue to support their third-party integration work in synch with multiple development/release schedules. That has proven to be a dubious proposition at best. As a result, many companies are captive to the “lowest-common denominator” – they use fairly outdated software simply because they cannot afford the risk of upgrading and potentially losing their integrated connections to other third-party packages. This carries opportunity costs because the company cannot avail itself of new and advanced features that could improve their business operations.

**About Ali Jani**

Chief Technology Officer

Ali is a co-founder of Everest Software and is responsible for the roadmap and design of all Everest Software's products. With more than 15 years experience in software engineering and development, Ali has successfully developed, marketed and installed several commercial off-the-shelf (COTS) solutions. Prior to Everest Software, Ali was one of the co-founders of Accel Inc., playing an instrumental role in the rapid growth and sale of the \$35 million company. In addition to his role at Everest Software, Ali pioneered the development of digital video interactive (DVI) based applications built on Intel's DVI program. Ali graduated from Virginia Tech with two Bachelors degrees in Computer Science and Electrical Engineering.

**About Everest Software, Inc.**

Everest Software empowers companies to view and manage every function of their business more effectively. The company's fully integrated business management software, Everest, addresses the unique needs of growing SMBs in the wholesale/distribution and retail industries by allowing them to quickly manage and track their business operations online and offline; from storefront to the front and back office. Everest Software is committed to providing customers with the service, support and expertise they require to increase efficiency and profitability with a solution that provides an unmatched rapid return on investment.

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