



**Seven Warning Signs  
of Inadequate Software**

# “Making the wrong choice with software could cost you the business”

Is your business software giving your business the support and information you need?

This paper sets out seven signs that your business software may be inadequate, provides five reasons why this is commonly the case, presents three outcomes of using inadequate software, and sets out one possible solution from Online50.

As any company grows or evolves over time, it is good management practice to change the way it works. Reasons for these changes might include: new activities or product ranges; new sales channels; new purchasing or stocking arrangements; changes in staffing levels or skills; customer requirements; legislation; market pressure and so on.

Often the changes implemented are relatively small or take place gradually over a long period. It is therefore possible that if the software your company uses is not reassessed then over time that software ends up hindering rather than supporting your business.

*“The signs I present in this paper are indicators that your company’s software may be hindering rather than supporting your business objectives. Although there is nothing wrong with any of the signs in themselves, the presence of these signs could highlight an area where the system is falling short of your requirements.*

*For each sign I provide an example for a fictitious company, Bodged Systems, that shows how you might see the sign.*

*After the 7 signs I summarise 5 common reasons for these signs to persist, 3 outcomes and offer 1 possible solution. I hope this paper helps you as you seek to continually improve your business.”*

**Rob Lambden**



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# Seven Warning Signs Of Inadequate Software

## Warning 1: The Spreadsheet Tracking Sign

Spreadsheets are a very powerful tool. With good Microsoft Excel skills, for example, a company can build powerful forecasts and models. They are a very important tool for planning and monitoring information. Excel will be able to link to live data in most business systems, and can substantially add to the usefulness of these systems.

However, spreadsheets are a tool for easily working with data, not for securely storing data, and when Excel is being used **instead of** the business system, rather than **together with** the business system this sign is a warning that the business systems are inadequate.

**Example:** Bodged Systems need to start tracking the serial numbers for some of the items they sell to their customers. (This could be because of a new product line, new legislation, or perhaps they are now handling warranty exchanges for the manufacturer). Their business software does not record the serial number of a product, so they use a spreadsheet where they record all details of the tracked products and who they have been sold to.

## Warning 2: The In-house System Sign

Where spreadsheet tracking is not enough, a company might use an in-house system, perhaps using Microsoft Access, to fulfil their needs. There is nothing wrong with this and for many companies it is an excellent solution and may be the best approach. However for most companies the ongoing maintenance of this system is a burden that they would rather not bear. Unless the business of the company is the building and maintaining of software, it is often more appropriate to use an existing system from another company that will provide what is needed ... if there is such a system.

More capable business software will allow the software to be adapted to customer needs – sometimes this is through the configuration of the software, and sometimes this is through bespoke development. For popular business software there is also often an active network of companies that develop ‘add-ons’ that can provide additional features. For most companies the decision to use a commercially available add-on or a bespoke implementation is a more appropriate choice than a complete turn-key development.

**Example:** Bodged Systems are now handling warranty returns for a manufacturer. Their Business System does not support service contracts so they use a system in Microsoft Access that allows them to track which customers have which items under warranty, to issue a Return Authorisation to the customer, to book in the faulty item and to despatch the replacement. (Software with this capability is widely available and so implementing their own system is questionable.)

### **Warning 3: The Scarcity of Information Sign**

The most important reason to use business software is to make the information that the business needs readily available to the people who need to use it, when they need to use it. A clear sign that a company has inadequate software is when staff or management cannot easily obtain the information they need when they need it.

**Example:** Bodged Systems are carrying out a project implementing a high end product for one of their customers. They have agreed to complete the project for a fixed price, including their time and the materials required, but they will charge for certain consumables and out of pocket expenses as they arise. As their business software does not track the work in progress, costs or revenue for this project they cannot tell how profitable it is. There is no way to easily identify which expenses relate to the project and so the recharging of expenses is difficult to control.

### **Warning 4: The ‘Distorted’ Process Sign**

Sometimes a company will find that their business software does not support running a process in the way they would like to and so they adopt a process that fits the software. This could be a sensible solution, or it can be detrimental to the company, depending on the nature of the process and the compromise being made.

**Example:** Bodged Systems have secured a contract with a customer to supply a range of products. The new customer wants to order using their own product codes, and to have these product codes on all of the order documentation sent to them by Bodged Systems. As there is no support for customers to have their own product codes in their business software Bodged Systems produces standard documentation from their business software, all addressed to their own accounts department (to prevent it being sent to the customer). This is then manually retyped using the appropriate codes for the customer.

### **Warning 5: The Absent Process Sign**

Sometimes a company will be operating with business software that has no support for a process that they should be using. As there is no support for the process in the business software the company either uses no process at all, or, more frequently, adopts a process that completely bypasses the business software.

**Example:** Bodged Systems have a contract with a customer where they guarantee the quality of a particular product. As there is no support for restricted stock and/or acceptance testing of products in their business software they instruct that any deliveries of these products should not be booked into stock until they have been tested and accepted. Unfortunately this means that according to the business software the product has not yet been delivered or, if it was booked into stock in error, that it has passed the quality acceptance tests.

## Warning 6: The Delay in Producing Information Sign

This is similar to the scarcity of information sign. However this indicates that information is available, but that it takes time and effort to produce. Some information may not be immediately available – for example most companies would not close their monthly figures as soon as the month has ended, they would wait for late invoices to be received and so on. In contrast this sign involves the amount of effort it takes the company to obtain the information it needs from the data that has already been recorded.

**Example:** Bodged Systems want to review their marketing expenditure. To do so they want to look at the amount of gross margin they have received from customers that have been attracted by different marketing activities, the time over which that revenue was generated (over 24 months since the launch of the campaign), and the cost of the activity. For any customer gross margin for a date range is easy to obtain from their business software. However the business software does not link either orders or customers to a marketing activity that sourced the customer. To complete the task each order must be assigned to a marketing activity that sourced that order (or customer assuming that all orders from that customer are down to the same activity). Then the gross margin must be calculated separately for each of the 24 months from the activity start date. These values are added together to form the total contribution for the marketing activity on a month by month basis.

## Warning 7: The Multiple Keying Sign

It is quite common to use business software from more than one vendor. This may not be a bad thing, as most software will cover a particular area well, and have patchy support in others. For example most accounting systems will have support for contact information. If they support contact histories then there is some support for CRM. However if a company needs a full featured CRM system this is unlikely to be the same software as the accounting system. Where a company has more than one piece of business software (which could include the use of in-house software as discussed above) then the way the software works together should be carefully considered.

**Example:** Bodged Systems use a CRM system in their sales department that provides the sales management tools they need. The software has a feature to create a new customer in the accounts system that avoids rekeying. However when the customer speaks to the accounts department and alters their address and contact details the accounts system does not update the CRM system. The sales department can access the accounts system to process sales orders, so they can access the updated details, but they run their sales call backs for account management in the CRM system. When the customer's account management call comes round again, the CRM system has the wrong details and must be updated manually by the sales agent (*if they realise that the details have been changed in the accounts system*).



## **5 Reasons You End Up With Inadequate Software**

Many companies use inadequate software. There are a number of reasons why a company might continue using software that is not adequate for them. If you are in this position then understanding why this has happened can help to identify what needs to be done within the company to help to address your issue with Inadequate Software.

The reasons may fall into one or more of these categories:

### **Reason 1: Insufficient Budget**

Where a company is aware of the problems they face with their business software this is the reason they most often give themselves for why they are continuing with it (although it is rarely the real reason). If a company believes that this is the cause of their problems then this should be tested – perhaps by identifying what their budget is, and what the solutions that they have looked at are. With a range of software available, and a range of ways to buy it, companies can get a lot more software for their budget than used to be the case.

Of course all companies have a limited budget. It may not be possible to replace, upgrade or adapt the existing software. However it is nearly always true that having the wrong software will cost more than having the right software.

### **Reason 2: Insufficient Resource**

If a company cannot devote sufficient time to the adoption of new or upgraded software then they should plan how to make that time available. Of all the reasons for not replacing, upgrading or adapting software this is the most realistic. Although the company can subcontract resources to support the implementation process, they will need to have key members of staff involved in the project and fully committed to it.

Once implemented, it is appropriate that a limited number of people can make changes to how the software works – otherwise everyone will end up working in the way that makes sense to them rather than using the procedure determined to have the maximum benefit for the business. However, when requested changes are taking a long time to implement due to insufficient resources, it is inevitable that staff will find other ways to achieve their aim. In this particular situation, although the software may be adequate, it could still result in one or more of the ‘signs’ outlined above.

### **Reason 3: Insufficient Commitment**

This cause is more common than people realise, because often it will be explained that the company has insufficient budget or insufficient resource. Often when these causes are identified the real cause is actually insufficient commitment to the problem by those in a position to make a decision. Of course lack of budget and resource are significant problems, but Inadequate Software is probably a bigger

problem as it is likely to be a significant factor contributing to the lack of budget and resource.

It may be known that the business software is not really up to the job, but it was decided to 'make do' as a temporary measure. The intention to review the business software at a later date was well meant but the actual review was overlooked. The company has now become used to the system working as it does, having originally accepted the limitations as a temporary measure.

With a commitment to address the problem usually the required budget and resources can be found, it's a question of priorities and committing to solving the problem.

## **Reason 4: Vendor Tie-in**

Sometimes a company is tied to a particular vendor because it is simply too difficult to make a change. The amount of data in the existing systems that would have to be moved to a new system is unmanageable and the perceived disruption across the business is seen as too great. Sometimes a company is locked into software because of existing contractual commitments. Sometimes the amount of money and effort invested in a solution is too high for the company to consider walking away from it and implementing an alternative solution.

Although making a change can be difficult you should remember that the costs, both financial and in terms of time, of staying with an inadequate system will be far higher than the costs, both financial and in terms of time, of moving to a more appropriate system.

Sometimes a company is tied to a particular vendor because of the contractual terms they impose. When a company decides to stay with an inadequate solution because of the contractual terms they have had imposed on them they should recognise that they are in an unhealthy business relationship and should take steps to be able to get out of that relationship as soon as is practical.

## **Reason 5: Ignorance**

It is not uncommon for the people who are aware of the inadequacies in the business software that a company is using not to have raised these with the people who have responsibility for the processes that are inadequately supported, or with someone responsible for the business software. As such although the information about the inadequacy is known *within* the company, it is not known *by* the company in the sense that nobody in a position to do something about it is aware of the problems. The root cause of this lack of communication is normally assumption. Those who know assume everybody knows. Those who don't know assume they would be told.

Another factor here is when a company is unaware of the capabilities of their existing software. As such they may have adequate software, but they are not adequately trained, or the software is not adequately configured.

Alternatively, they may be unaware that a different software system would be a better fit for them, unless their business is the implementation of software systems.

### **3 Possible Outcomes of Using Inadequate Software**

“Making the wrong choice with software could cost you the business.” I have said this at many conferences and events over a period of years, and unfortunately it is still as true today as it always has been.

#### **Outcome 1: Impaired decision making**

The flow of information through a business is like the lifeblood of the decision making process. When the information does not flow as it should business owners and senior managers have to make decisions based on ... whatever they have. For some this will mean relying on gut-feel and for a smaller business where the decision maker is hands on their gut-feeling is often a good indicator. However the more removed the decision maker is from the operations the less likely it is that their gut feel will be reliable.

When having to make important decisions without adequate information some people will choose arbitrarily, some will procrastinate, and some will try and pass the decision to someone else. When a business depends on those decisions, you want those decisions to be made based on appropriate, accurate and timely information.

#### **Outcome 2: Loss of competitiveness**

A company's business software enables them to work with information. To record it. To process it. To analyse it. There are ways around inadequacies in business software, the warning signs we have looked at show some ways businesses try to cope. If software makes it difficult for a business to work with information then that business will find it harder to:

- Identify most profitable activities and customers
- Process orders quickly and accurately
- Invoice correctly on time
- Track assets, stock and resources
- Assess staff effectiveness
- ... and most other business management and operational tasks.

If a company is struggling in this way but their competitors are not, then they are at a significant competitive disadvantage, which is likely to get worse as the underlying problems continue to go unaddressed.

#### **Outcome 3: Business failure**

Sometimes a business will fail through circumstances outside their control. Changes in the market, in legislation, or in the supply chain can all take their toll. Disruptive technologies or changes in the business environment can create a significant disruption to a business.

Sometimes a business failure could have been avoided. Trends could have highlighted changes in customer behaviour. Better customer service could have



increased customer retention. Agile systems could have made it easier to adapt business processes.

If a business continues to use inadequate software it is unfortunately true that they are more likely to fail.

## 1 Sensible Solution to Inadequate Software

The good news for any business that has inadequate software is that it is now much easier than it has ever been to adopt powerful and flexible business software.

Online50 are not a software author, or a software reseller, we are a service provider. We provide high performance hosting systems for business software with a proven track record for reliability and service. We can host practically any software, but we have invested our time in building up particular expertise in certain products.

At Online50 we realise that we cannot know all software, so we have made an effort to find software that is powerful, flexible and great value, and invested our time to build expertise with it. One of the values we can add to a customer's business is the review of their business requirements to see if the software packages that we have expertise in could be a good fit for their business. If they are we can assist our customers with ensuring they are properly implemented for them. We are very happy to host other software which may be a better fit for your business, but we are not able to advise you on the use of that software.

As an example of how our expertise can help customers consider **Ambition Enterprise**, a solution that offers a suite of components with SAP Business One at the centre.

When offered as part of Ambition Enterprise, SAP Business One is a surprisingly affordable integrated business system for smaller businesses. With a track record of over a decade and with SAP committed to developing the software for the future you have the reassurance of a well designed product from a major brand. We chose SAP Business One because it was the only software package that we found that could address so many different business needs so comprehensively, and because we were able to make attractive commercial arrangements with SAP.

Our investment in SAP Business One has resulted in us becoming an SAP OEM Partner. The agreement we have with SAP Business One allows us to include their software with our own and allows us considerable flexibility on commercial terms. As a result we are able to offer flexible monthly contracts for SAP Business One, a low cost fast track implementation service, access to our own **Ambition Forms** technology and our premium hosting services as a total service to our customers, making it easy and affordable for smaller businesses to adopt a powerful, scalable business software system that can enable them to compete worldwide and adapt to changing business needs. And because the Online50 service is already set up and running there's no need to invest in new IT, you can simply connect to our managed systems and start using the software.

If you are seeing the signs of inadequate software that we have outlined in this paper then Ambition Enterprise including SAP Business One may be a solution to your

problems. We typically find that businesses exhibiting one or more of the 7 signs outlined here could eliminate the underlying problems with much less cost than they expect.

Ambition Enterprise can be used by smaller businesses with straight forward needs and simple business processes, but it can scale to support much larger businesses with more complex needs and processes. This allows you to adopt a system that can grow with you. Of course there are limits to what the software can do for you, and there are larger and more complex solutions available, but it takes quite a challenge to outgrow it.

For example, you can use it with a single user, and scale to well over one hundred. (And with the Ambition Forms component of Ambition Enterprise you can extend your business processes to users that are not SAP Business One users). You can operate in a single currency or multiple currencies. You can have one sales tax registration or several. You can use a simple chart of accounts, or you can add additional dimensions of analysis. You can have users access the software in the same language you use, or you can have them access the software in another language.

Key features that are often the trigger to make users switch include:

- Superior Stock Handling
- Serial Number / Batch tracking
- Great Currency Support
- Powerful Analytics and Reporting
- Easily extendable to record more data
- High number of users and transactions
- Detailed analysis
- Flexible processes
- Rapid implementation
- Great value

If you want a software system that can grow with you, allowing you to get past the limitations of Inadequate Software, then Ambition Enterprise including SAP Business One is certainly worth a look.

After all, what have you got to lose, apart from your business?



## About the Author

Rob Lambden is the founder and Chief Executive of Online50 Limited. A Physics graduate, his early career included time in sales, software development and product marketing. He started his first company in 1995, selling his shares to co-directors in 2000. In 2001 he founded Online50 Limited (then called IT Inside Out Limited). He has spoken at a number of conferences and events, including for the British Computer Society.

Online50 is a Service Provider that provides a range of online solutions, primarily to SME businesses and their accountants. The product range includes components that can be classified as 'ASP', 'SaaS', 'Hosted Software', 'Server Based Computing', 'Virtualisation', 'VDI', 'IaaS', 'PaaS', and 'Cloud'.

Online50 are primarily involved in the accounting market where they offer a range of solutions including their market leading service for online access to popular accounts software including Sage 50 accounts and SAP Business One. In the UK online accounting market Online50 are the only supplier that is a service provider and not a software vendor – we are independent of the companies whose software we make available whereas all of the other suppliers are selling access to their own software and therefore focus on persuading people to use their software rather than providing excellent service to their customers.

For more information about Online50 see the website:  
or call us on

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## About Online50

Online50 Have been providing Cloud services since 2001 — well before anyone called it the Cloud.

More than a decade later we provide a range of managed hosting services allowing our users to scale from a single application for a single user to a fully cloud sourced IT deployment, moving IT into the Cloud for one or more offices.

We own and operate all of the equipment used to provide our services to you. We don't even take Internet addressing from someone else, choosing instead to run our own network.

It's because we have a deep understanding of the services we provide and our own technical infrastructure that we can offer you the best SLA in the industry and an unrivalled level of service availability.

## Our Difference

We are a Service Provider. Our business model is based on monthly subscription revenue, and we operate on short term contracts. This means we are incentivised to give you great services so that you continue to use us.

We're not a software vendor, we have no interest in selling you upgrades or new software that you may not need. We're not an IT Support company that has a support contract with you, and needs to be seen to be fixing problems.

We generate our revenue not by fixing problems, but by stopping the problems before they affect you. By ensuring you are happy with our services, we aim to keep you as a customer for as long as you need the services we provide.

We think it's **simply good business** when our interests and yours are aligned.

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