A Guide to

Integrating an Accounting System

Integrating your accounting software with the rest of your business software lets you streamline your company's entire financial life cycle. Yet, many businesses cringe at the thought of integrating to a new accounting system, anticipating an expensive, complicated process. But it doesn't have to be that way if you transition to a modern accounting system that uses a robust API. Understanding the steps towards integrating an accounting system will help guide the journey and reveal much easier options.

accountingseed

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SET ACCOUNTING SYSTEM BOUNDARIES

System integrations revolve around data, how it's categorized and communicated throughout the management system. When integrating an accounting system, it's crucial that your transactional data aligns properly with what actually constitutes accounting. You need to set boundaries that clearly define where accounting starts and ends. This is often a source of confusion which can lead to over-complicating the way data is cataloged and managed in the integration.

Without well-defined boundaries, you'll be very restricted in how data is used in the data set. This leads to confusion over how to categorize, summarize, and record events in accounting. These boundaries actually free you to have a more precise, clear data model.

Accounting begins when debits and credits are entered into the general ledger. Things like pricing, time tracking, and project management can use accounting data, but these are not accounting events if they don't produce debits and credits in the general ledger. Only when you establish a transaction resulting in debits and credits do you create assets, liabilities, revenue, and expenses for which value needs to be recorded. When this occurs, the event has crossed the accounting boundary and needs to be managed in the accounting system. The factors surrounding the debits and credits are important and should be documented, but these can remain outside of the actual accounting database.

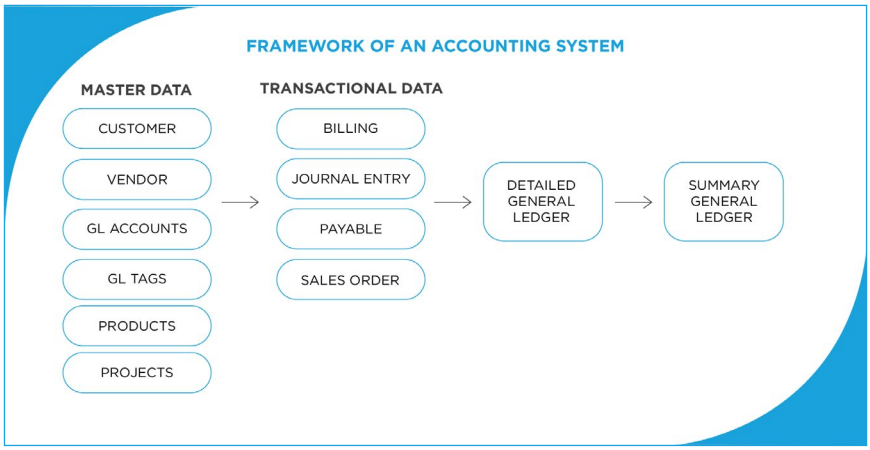
CHOOSE COMMON INTEGRATION POINTS

You'll need to choose common integration points that facilitate the data transfer into the accounting program. Think of these like gates for categorized transaction data to seamlessly connect to the right destination in your accounting system.

The most common integration points cross-industry are Accounts Receivable (Billing), Accounts Payable (Payables), and Journal Entry.

- **Accounts Receivable (Billing):** records assets and revenue
- **Accounts Payable (Payables):** records liabilities and expenses you owe to a vendor
- **Journal Entries:** entries that fall outside of billing and payable

Some organizations may require additional integration points like cash receipt, sales order, and cash apply. To make your integration easier, you can align your integration points in a design pattern that is based on best practices for the type of application you are integrating to the accounting system.

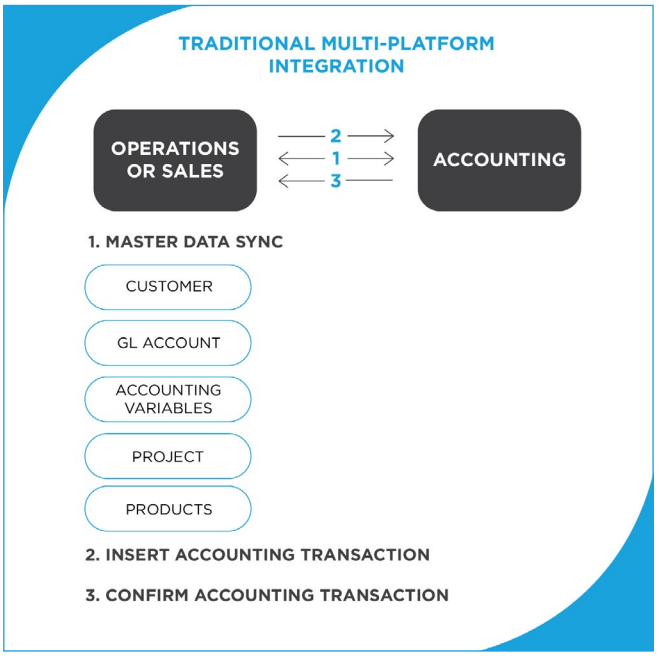


MULTI-PLATFORM VERSUS SINGLE-PLATFORM INTEGRATION

Integration allows you to sync data generated from business applications to the accounting system. There are two types of accounting system integrations. Traditional multi-platform integration is used to connect disparate solutions - software that aren't designed to function together. In this scenario, the business management software and accounting system are separate, not joined on a platform, and must be connected. Single-platform integration is a unique concept that is the exact opposite. Single-platform integrations link applications that are built on the same business platform. This integration is more streamlined due to the structure of the shared software ecosystem.

LETS LOOK AT HOW THESE INTEGRATIONS WORK

Multi-platform integration requires three distinct steps for the accounting solution to function with your operations/sales management system, while a single-platform integration only requires one step. Below are the three integration steps for multi-platform integration.



1. BI-DIRECTION SYNC OF MASTER DATA

The initial integration is formed to allow the sharing of master data. Master data refers to foundational data like customer name, address, etc. that is needed to process an accounting or sales transaction. If your sales database and accounting database are built to stand alone, then both require their own data tables. Unfortunately, this means that these tables need to be duplicated. The foundational action of the integration is the master data sync, which creates a bi-directional integration between the operations system and the accounting software. This allows for constant back-and-forth communication between these two different databases.

2. INSERT ACCOUNTING TRANSACTION

Another action is required to insert accounting transactions from the operations system into the appropriate data tables in the accounting system. Basically, an event in the operations management system sends a message to the accounting system that triggers the accounting system to record the proper entry.

3. CONFIRM ACCOUNTING TRANSACTION

The third action lets the accounting system respond to the operations system, confirming that information was received. The operations system acknowledges and confirms that the information is accurate. This signals to the operations system that the event has been processed by the accounting system and that it shouldn't be submitted again for processing.

MULTI-PLATFORM VERSUS SINGLE-PLATFORM INTEGRATION (CONT'D)

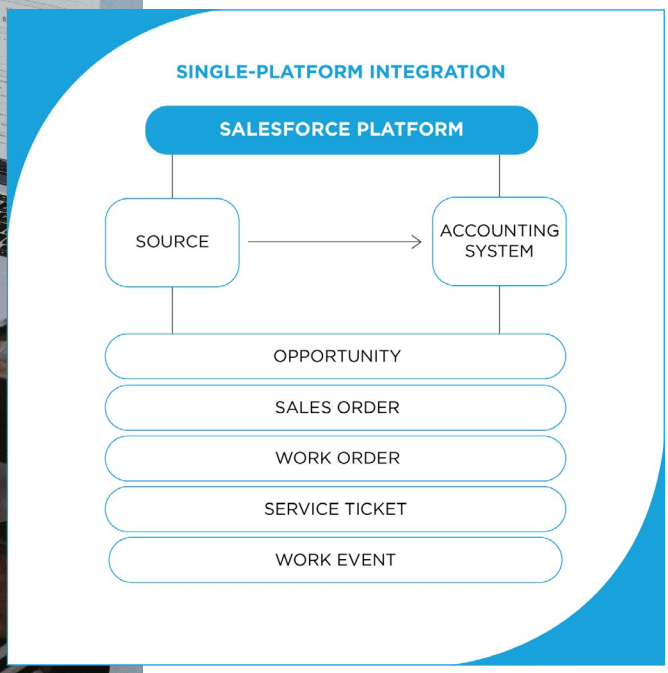
Clearly, this accounting system integration involves a lot of back-and-forth activity and data circulation. Without proper triggers and rules, the integration can experience disruptions, which could result in data corruption or break the integration. Multi-platform integrations usually require IT professionals using middleware to establish the connections. Done right, this is a major undertaking that usually needs frequent maintenance to ensure the integrations are working correctly. Generally, the more complicated the integration, the more time and money is required. Between consultant and software costs, it can be very expensive. However, there's a more straightforward alternative in the form of single platform solutions.

Using a business management platform like Salesforce provides multiple advantages for your business because the software applications built on the platform share the same master data and API. There's no need for a traditional, multi-platform integration because the connections are pre-established. You simply have to select an accounting software that's on the platform.

> "...customers have been able to go live with Accounting Seed in just a few hours of setup."

For a Salesforce user to integrate a native accounting software like Accounting Seed with other business tools on the platform, only one integration step is needed versus three. This is the single-platform integration. This connection allows financial transactions generated from the other business tools to flow into Accounting Seed. All the data is confirmed and shared in real time because Accounting Seed's structure is naturally designed for data sharing on Salesforce.

Salesforce serves as the sole platform sharing master data already, so transaction details can easily pass into Accounting Seed without requiring extraneous confirmation actions. This makes single-platform integration one-directional, which streamlines processes and requires less than one-third the work of traditional system integration. Accounting system integrations on platform don't actually need to pass back to the other system. Additionally, master data does not need to be synchronized. This eliminates a lot of unnecessary work to deliver you results.



This more modern approach also expedites the time needed to design the integration path and implement the product. Some customers have been able to go live with Accounting Seed in just a few hours of setup. Single-platform integration is more reliable than integrating with a siloed application because it eliminates the need for heavy IT maintenance and middleware software - which also cuts costs.

USE ESTABLISHED INTEGRATION DESIGN PATTERNS

If the integration points are gateways, then the integration design patterns are the paths your data follows to be shared and cataloged correctly. Based on the types of transactions you're working with, they will correlate to specific integration points and follow a certain path into the accounting system. You're simply assigning the transactions to an integration point and guiding them home into the accounting system.

The other business softwares you use (including industry specific applications) will play a major role in the design pattern of your accounting system integration. This ties into the way you are creating transactions. Because different software apps manage different areas of your operations, you'll need to design paths generating the debits and credits from these applications into the appropriate tables in the accounting system. **Below, you'll find a table outlining common business applications that need to integrate to accounting.**

Many individual businesses follow traditional operations models. For example, professional services companies follow a human interaction business model, while distribution companies revolve around delivering physical products. Therefore, these individual organizations use software applications relevant to their type of business to complete key tasks. Naturally, some of these applications will involve money, in which case, they will need to transfer financial transaction details into the accounting system.

Type of Application	Example Business	Integration Points (Target Tables)
Work-Billing App	- **Service Businesses** - Professional Services - Legal Management - Field Service	- **Billing**
Low AR Billing Subledger	- **Productized Services** - Organization Membership - Metered Billing	- **Journal Entry**
Donation Management	- **Monetary Donations** - Non-Profit	- **Journal Entry**
E-Commerce or POS for Services	- **Productized Services** - Event Fees & Tickets - Retail Services - Insurance	- **Journal Entry**
Point of Sale (POS) for Services	- **Productized Services** - Retail-Type Environments	- **Journal Entry**
E-Commerce for Physical Products	- **Physical Products** - Specialty Distribution - Niche Manufacturing	- **Sales Order** - **Billing** - **Cash Receipt** - **Cash Apply**
POS for Physical Products	- **Physical Products** - Niche Retail	- **Sales Order** - **Inventory Movement** - **Billing** - **Cash Receipt** - **Journal Entry**
Orders & Inventory (ERP)	- **Physical Products** - Distribution - Warehouse Management - Manufacturing	- **Billing** - **Payable** - **Journal Entry**

Here's how some of these individual business applications work with an accounting system:

WORK-BILLING

Work-billing applications track billable services performed for customers, creating an invoice for the customer. The billing integration point is where this data is transferred into the accounting system for crucial functions like revenue recognition, collections, general ledger accounting, and financial reporting.

LOW ACCOUNTS RECEIVABLE BILLING SUBLEDGER

Low AR Billing Subledger apps are for organizations who don't need to manage accounts receivable or collections as a part of their business cycle. For example, streaming companies like Netflix don't record assets as a part of the billing cycle. Instead, they rely on a binary payment system that simply accepts payment for the service as revenue - or there is no further service provided. This payment data is captured in the specialized billing and payments application and traditionally integrated into the accounting system as a journal entry.

DONATION MANAGEMENT

Donation management apps let non-profit teams track, analyze, and manage supporter relationships. These applications also document money donations received which connect into the accounting system typically via a summary journal entry.

E-COMMERCE FOR SERVICES

E-commerce applications for the sale of services are used to record the sale of services or subscriptions for online businesses. Usually, these apps connect to the accounting system via journal entry.

POINT OF SALE (POS) FOR SERVICES

Point of Sale applications for the sale of services are used in retail-type environments (like a hair salon or a dance studio) to record the sale of retail services. Ordinarily, these apps connect to the accounting system via journal entry.

E-COMMERCE FOR PHYSICAL PRODUCTS

Some e-commerce apps specialize in selling tangible products online. For example, a niche manufacturer may use an e-commerce software to process orders for online customers who want an item shipped to them. E-commerce apps dealing with physical products often connect into the accounting system through sales order, billing, cash receipt, and cash apply integration points.

ESTABLISH INTEGRATION DESIGN PATTERNS (CONT'D)

POINT OF SALE (POS) FOR PHYSICAL PRODUCTS
This application is used by retail businesses to process orders and payments for physical products being sold in person. The POS application initiates the exchange between customer and buyer, but the accounting system manages the rest of the financial management processes like expenses and balancing the general ledger. After capturing the product exchange, the POS transfers data to the sales order, sales order inventory movement, billing, cash receipt, and cash apply integration points.

MANUFACTURING AND DISTRIBUTION (ORDERS AND INVENTORY)
Some accounting software, like Accounting Seed, include order management and inventory features out-of-the-box. However, stand-alone orders and inventory applications need to be paired with a dedicated accounting system for high-level financial management. These apps usually connect into the accounting system through billing, payable, and journal entry target tables.

Establishing the proper boundaries and data pathways let you visualize how your operations and finances should relate to each other and be managed. The integration itself is the digital structure that enables system collaboration. This takes the design pattern and sets it up between your management system, linking all the tools you're using to the accounting system.

IS IT GETTING EASIER TO INTEGRATE AN ACCOUNTING SYSTEM?

The short answer is yes - with the right solutions. Harnessing the power of an accounting system built on a cloud-based business platform is much less of an ordeal than relying on standard multi-platform system integrations.

While there will still be costs, they won't be nearly as much as it would be integrating a disparate accounting system with your other applications. You also get a better return on investment. The single-platform integration is stronger while also less complex, which allows more reliable data sharing throughout your system. Your financial data is viewed, shared, updated, and documented from all areas of your business faster and more accurately. Using native applications all on a single platform simply gives you better accounting. Instead of juggling the different components and finances of your business, you can focus on commanding your whole business through a single, trusted platform.

ABOUT **ACCOUNTING SEED**

Accounting Seed is a modern and robust accounting solution powered by the Salesforce platform. We're committed to breaking down silos and building connections in order to take your business to the next level. Schedule a **free demo here** or **contact us** today to begin our conversation.

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