

## SOFTWARE LAB TEST - SAP Business One Financials

**Product:** SAP Business One Version 3.0  
**Date released:** September 2005  
**Database :** Microsoft SQL Server  
**Reviewed:** June 2006

### The company

SAP is the world's largest supplier of accounting and ERP (enterprise requirements planning) software to multinational companies. Its main product R/3 is installed at half of the world's top 500 companies.

SAP was founded in Germany in 1972 by three IBM engineers. As a "software house" it designed and supplied packaged accounting and ERP software to users of IBM mainframes. In 1992 it released its integrated accounts package R/3 running under the Unix operating system. Since this was just at the time that major organisations were seeking to downsize from mainframes to minicomputers, R/3 was hugely successful. With most of the world's multinationals based in the US, the US market became so important to SAP that in 1992 they moved their headquarters to California.

Many of the other big package vendors have made their name in the specialist area of financial software, i.e. the accounting ledgers. SAP software, however, has always had a wider aim - to cover the needs of the entire enterprise, i.e. stock, sales and orders as well as accounting. The idea is to integrate all the modules together and thereby give management an all-round "360 degree" view of their business.

The top of the range market is now saturated, and to achieve growth SAP has to aim at different markets. Business One is the package they have developed for the SME (small and medium size enterprise) market.

The Business One package has been around for several years now. However, because it was still being developed, SAP has not put a lot of marketing effort behind it - until now. Nonetheless, during that time SAP worldwide has been quietly selling Business One into small businesses, and recently announced their 10,000th customer. So SAP is working hard at promoting its image as suppliers to small and mid-sized businesses, bringing them the benefits of integrated enterprise software which previously were only available to large corporations.

### **SAP Business One - the product**

Business One was not originally written by SAP, but by an Israeli company. SAP acquired the software in 2001 and have since spent their time developing and enhancing it. The latest release, which is under review, is version 3.0.

Business One is described by SAP as a “business management package” rather than an accounts package. In most organisations the individual departments run their own, stand-alone systems. But Business One is designed to run both the front office and the back office activities of the enterprise in one single, integrated system.

There is a set of financial modules (discussed in this review). There are also front office modules for sales order processing, purchase order processing, and stock control and bill of materials, as well as CRM and service management. SAP are encouraging ISV's (Independent Software Vendors) to adapt their own packages to run on Business One. So third-party applications are available for Job Costing and Manufacturing.

The target market for Business One is any company with between 5 and 500 users, as well as small subsidiaries of multinationals who are already using SAP's big R/3 package.

As to price, a 10 user version of Business One will cost about £26,000, depending on the exact configuration.

The version of Business One under review is version 3.0, released in September 2005.

## LAB TEST SCORE - SAP BUSINESS ONE

			POOR	FAIR	GOOD	VERY GOOD	EXCELLENT
INVOICING and GL UPDATE	1.1	OPEN PERIOD ACCOUNTING					
	1.2	PURCHASE INVOICE ENTRY					
	2.1	GL UPDATE / ERROR CORRECTION					
	3.2	NOMINAL JOURNALS					
PAYMENTS	4.1	CREDIT LEDGER ENQUIRY					
	4.2	RECEIPTS & CASH ALLOCATION					
	4.3	BATCH PAYMENTS					
	4.4	BANK RECONCILIATION					
	5.1	MULTICURRENCY					
MANAGEMENT REPORTING	7.1	NOMINAL CODING STRUCTURE					
	7.3	REPORTING					
	7.4	XLREPORTER					

### Lab Test methodology

For each software Lab Test, David Carter works with a representative of the software developer to put a series of test transactions through the financial software system. He then works through the application from data entry to payments, procurement, enquiry and reporting facilities. The scores awarded in each section of the chart are detailed in the checklist below, which highlights features that influenced his conclusions.

Software never stands still. It is not possible for AccountingWEB to Lab Test every version of every product released into the market. Every so often Lab Tests are updated to reflect new features, bug fixes and other changes that may alter the ratings awarded in the original Lab Test. Please refer to the Lab Test page for further details:

[www.accountingweb.co.uk/carter](http://www.accountingweb.co.uk/carter)

In this review the terms Nominal Ledger (NL) and General Ledger (GL) mean the same thing and are used interchangeably. The former is British, the latter American. Similarly PL means Purchase Ledger (A/P in US) and "SL" means Sales Ledger (A/R in US).

## DETAILED LAB TEST RESULTS - SAP Business One

### 1.1.1. System design: - Open period accounting - VERY GOOD

- Holds any number of periods; you can define periods with your own dates. No problem with 4-4-5
- Can re-open a closed period and post a new transaction. Balances automatically recalculated
- There are one or two limitations: you can't close the period in Sales Ledger, but keep PL and GL working in the old period. Instead you have to keep both periods open. Posting to a future period was not possible during the original Lab Test, but I understand future period posting is available in the latest release.

### 1.1.2. System design: Transaction types - VERY GOOD

- Each transaction is automatically given a unique number and date stamp.
- Each transaction type has its own series; each series has its own prefix as identifier.
- Credit notes can have their own separate series of transaction numbers
- You can create new transaction types. E.g. if you wanted to track sales invoices for renewal business separately from those for new business, you could set up two series and give them their own prefix or suffix. Good

## 1.2. Purchase invoice entry - VERY GOOD

### Header and Footer

- Clear, well-laid out screen combines both header and transaction details.
- Records Posting Date and Document Date. Good.
- You can make supplier reference field mandatory; warns if a reference is duplicate.
- Has a Narrative (Remarks) field. Good, but a pity it can't default through to GL detail line.
- Downpayment field to record any accompanying pre-payments, plus an Expenses box to add things like freight and duty as a memo entry. Good.
- You can attach an owner to the invoice (or any transaction) and set up different business rules for different owners and determine the workflow routing. So if the owner is a temp, everything could be pre-set to go to a manager for authorisation. Good

### Detail entry

- Each invoice line can be entered either to the GL ("service"), or to the product file ("item"). Very Good.
- The invoice lines are entered into a grid of GL details.
- The "Form Settings" menu option brings up a list of all the fields available - choose which ones you want to show in the grid. Can re-arrange columns; change the column headings too. Excellent.
- User can create a new analysis field and add it to the list in Form Settings. Excellent.

- String search on lookups is good. Typing in \*paper\* brought up every GL code containing "paper".
- Right mouse click brings up menu options with lots of keyboard shortcuts.
- Screen is easy to read. Cursor is small but the field containing the cursor is highlighted. No problem.
- Easy navigation around the grid via arrow keys.
- Small irritant was that every amount had GBP in front of it. Why show a symbol on the base currency?
- Overall, though, this is excellent. Very clear, modern design, and wonderfully flexible as to reorganising the columns, adding new fields, etc.
- The only doubt I have is that you enter detail lines directly into the grid rather than via a form, so each detail line is entered into a row like a line of Excel. Users entering a lot of transactions might find this tiring. It would be nice to have the option to overlay a vertical form for each line and enter data in the traditional way.

### 2.1. GL update and error correction - GOOD

- Business One is real-time. Data is immediately updated to the ledgers when you Save the transaction.
- You can also save transactions as draft and check for errors before commitment to ledgers.
- An invoice cannot be corrected after posting to the GL. Requires a manual journal. *[Note: this problem has been partially solved. I understand that in the latest release you can now amend the Project and Profit Centre analysis codes in a posted invoice. It would be nice to be able to amend the GL code as well, but this is a big improvement.]*

#### Credit Notes

- Can use the Draw wizard to take a transaction, then use it to generate another transaction.
- When using Draw to create a credit note, original invoice is automatically attached and allocated.
- Can take the whole of the original transaction, or part of it and customise.
- Can choose to apply current exchange rate or the original. Overall - excellent.

### 3.2. Nominal journals -VERY GOOD

- A nice clutch of nominal journal features.
  - Can copy a narrative from one line to the next
  - Recurring journals. Can review and amend before committing to ledgers.
  - Can automatically apportion amounts over cost centres using distribution rules
  - If debits and credits in a journal are the wrong way round, can auto-reverse via the Draw wizard
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- No inter-company posting available as standard, but there is a module supplied by an ISV. This will handle companies with different year-ends, show global view of debt to a supplier and so on.

#### 4.1. Credit ledger enquiry -GOOD

- Can add new fields to screen, re-arrange columns, sort columns etc via Form Settings menu.
- Drill down on transactions to see associated transactions.
- Right hand mouse menu with options for all activities.
- Can email copy invoices direct from the screen. Good.
- But doesn't show aged monthly balances anywhere, only transactions.
- One or two issues: all amounts have currency symbol GBP in front of them - very distracting. Credit amounts are in green and in brackets. A trailing minus and in red would be much clearer.
- Plenty of useful features, but overall the screen is not easy to read. The different transaction types should be identified more clearly (eg invoices to look different from payments or credits).
- Also, there's only one Amount field for each invoice, which shows the outstanding balance. So if invoice 1234 is for £1000 and has been part paid £950, Business One says Amount = £50. Most UK packages hold three Amount fields: Original - Paid to Date - Outstanding. I'm not sure how good Business One would be at handling a complicated and messy customer account, with lots of part payments etc.

#### 4.2. Receipts - VERY GOOD

- All payments go through a single screen. So three cheques - a payment to a supplier, a refund to a customer, and a direct non-account payment to GL, will all go through a single screen rather than have to go through three separate ledgers. Good design.
- Can enter a cheque into a cheque register and allocate immediately, but bank it later. Good.
- Also handles post-dated cheques, for later banking
- Handles credit card payments, and payments from the credit card company. Nothing about factors, though.
- In cash allocation, it's easy to highlight multiple invoices in a list, then click to unhighlight. Good.
- If a payment is 1p out, can easily write off the balance as a "rounding amount". Good.
- Can spread payments over more than one account - eg local authority cheque covering several schools. Good
- Overall, very good, but one small complaint: system could do more to help identify which invoices a payment is paying off. Other packages allow you to see monthly balances on the screen, tick a balance and allocate invoices in one go.

#### **4.3. Batch payments - VERY GOOD**

- Runs a payments recommendation report, good selection options for which accounts to include.
- If total of suggested payments is too much, ran re-run report with different criteria.
- Can prioritise which accounts are to be paid - eg by due date, by supplier priority
- Easy to de-tag any invoices in the report which are not to be paid.
- Can generate batch payments for Sales Ledger as well as Purchase Ledger. For example if you have customers who pay by direct debit, Business One can create a payments due report, then generate a BACS file of amounts to be deducted from customers' accounts. Very good.

#### **4.4. Bank reconciliation - VERY GOOD**

- List of uncleared transactions; can drill down on any to see full detail.
- Payments: Good sort options on any field to quickly find cheque numbers or amount
- Receipts: doesn't summarise transactions into one daily total, but you can sort by paying-in reference number, then highlight and tick individually. OK.
- Can enter adjustments direct from bank statement - eg interest, bank charges
- Can leave screen part way through reconciliation and come back later. Good
- No facility to print bank account transactions in the same order as the statement. But Business One adds a Reconciliation reference to each reconciled item. Could use XL reporter to create a report that sorts on this field. OK
- Business One also has an Automatic Bank Rec option. It can import data in seven major UK bank formats, then automatically match transactions to those in the bank account. Good

#### **5.1. Multicurrency - VERY GOOD**

- Identifies currencies clearly on screens and reports. Too clearly.
- Holds amounts in original currency and at least 2 base currencies.
- Multiple currency accounts can invoice in dollars, and pay in yen etc. Statements separate out transactions in different currencies.
- Doesn't yet display aged balances in individual currencies, but this is due in next service pack release.

#### **7.1. GL coding structure - VERY GOOD**

- Can analyse either via a single multisegment code or by multiple floating codes.
- Multisegment GL code can be up to 40 digits max, 10 segments, alphanumeric.
- Offers two floating codes as standard - Profit Centre and Project Analysis. Good [NB: Project Analysis is purely for analysis within the P&L. Not full job costing. A separate third party module for Job Costing is available from an ISV.]

- Can set up “distribution rules” to automatically apportion an amount over profit centres. Good.
- Users can define their own additional analysis fields, e.g Registration No for Motor Expenses. Good
- User defined fields can contain look-upable values, default values, be mandatory etc. Excellent.

### **Coding Hierarchies**

- GL accounts can be attached to a coding hierarchy up to 5 levels. Good.
- But you can't attach coding hierarchies to other analysis fields such as Profit Centre or Project Analysis codes. Pity, but maybe unnecessary at this level.

### **7.2. Reports - GOOD**

- Reports are on-screen, with facility to print to paper if required. Good.
- Reports use live data, with ability to drill down to see more detail .
- Easy to add/remove/rearrange fields via Field Settings. Very good.
- Useful Balance field in all screens which shows Running Balance. Good
- Date ranges for reports can be either Document date or Posting date. Good.
- Plenty of options to control output - print one account per page, apply sort orders, add summary totals, choose to show zero value accounts. Good
- However, in the GL Business One summarises transaction lines, so you lose individual transaction detail. For example, three item lines analysed to the same project are summarised into one record. The narrative on the transaction record is now just the invoice number. Poor, but fortunately this fault is remedied in XLReporter (see below).

### **7.3. XLReporter - VERY GOOD**

- Third party product bought by SAP allows you to create your own reports and output them to Excel.
- Unlike in standard reports, XLReporter sees full transactional detail. All three item lines analysed to one project code are shown as separate lines, each with its own description. Good.
- Displays available tables at top left of the screen. Choose one and shows available fields.
- Display More Attributes option shows all additional fields within a master record. Good.
- Demo includes example of a multi-page Excel workbook. Each page containing a different set of information about this customer. Very nice.
- Can save any report as a permanent report within the Business One menus. Good.

## LAB TEST VERDICT - SAP Business One

Business One is a flexible, open period, accounting system. There are one or two minor limitations, but basically it's OK.

In purchase invoice entry GL analysis is good. Traditionalists can use a single multi-segment code if they like, (40 digits, 10 segments). Alternatively, you can use multiple floating codes. These are very easy to set up and you can create your own. It would be nice to be able to set up a coding hierarchy on each one, but this is probably not necessary for most Business One users.

The screen itself is very attractive and flexible, with the ability via the Forms Setting option to insert fields onto the screen, re-arrange the columns etc. You can also define and add new analysis fields of your own. Each invoice has an "owner". Business rules can be applied to different owners. For example if a temp is working during the holidays, the invoice might be routed to a supervisor for checking. This is all excellent. A drawback though is that you cannot amend a transaction after it has been updated to the ledgers. This problem has been largely corrected in the latest release.

On the payments side, the customer ledger screen didn't clearly identify which transactions were invoices, which were credits, which payments etc. I found the screen difficult to read, especially when every amount has a currency code in front. In addition, the "Amount" of the invoice is not the original amount, but the outstanding amount. So, if invoice 1234 is for £10,000, and the customer has part paid £9,700, the ledger screen simply says invoice 1234, amount £300. Most UK systems will show all three figures - original amount, settled amount, and outstanding balance (10000 - 9700 - 300). I'm not sure how well set up Business One is for handling messy part payments.

Reporting is basically very good, with all reports displayed "live" on screen with the ability to drill down to source transactions. There's plenty of options to apply sort orders, add summary totals, choose to show zero value accounts, etc. and each screen can show a Running Balance. There is a defect in the GL transaction reports in that the transactions are summarised and you lose the detail in reports. However, this is put right in the XLReporter module, an extremely attractive report writer that enables you to write reports and output them to Excel. As long as you write your reports in XLReporter, you will be able to access transactions in full detail.

All told, then, a very attractive and flexible set of ledgers with a very nice report writer which should cover the needs of most companies in this price range. My only doubt is about the payments side, which doesn't seem to me to be quite as good as the rest. Perhaps it has been designed in a country where people are better at paying their bills than we are here in the UK. If your company operates some messy supplier or customer accounts, it is worth checking that Business One can handle them to your satisfaction

David Carter

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