



An Examination of
Accounting / Financials
Interoperability Strategies with
Commercial Order Management Systems
for the Multi-Channel Retailing Industry

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SOLUTIONS PROVIDER

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INTRODUCTION

Multi-channel retailers today face a critical challenge—effective organization of financial data. Efficient access to such data is crucial to strategic decision-making. Many multi-channel retailers implement best-in-breed Order Management & Fulfillment Systems (OMS) to store information about their direct-to-consumer business, complemented by separate retail management systems for their brick-and-mortar operations. Industry-specific applications, such as OMS, offer significant advantages over “home-grown” systems—lower implementation and support costs, reduced training requirements, and best-in-class direct commerce functionality.

However, a single view of financial data, that combines data from all sales channels (catalog/mail-order, web, and retail), is the best way to make well-informed strategic decisions. To achieve the goal of a combined financial picture, an interoperability strategy is required. As systems become more fully interoperable, greater visibility of financial data and a more streamlined workflow can be achieved. When utilizing a commercially available OMS in conjunction with an external accounting/financial application, interoperability strategies range from fully integrated architectures to interface architectures (supporting varying levels of integration).

This paper is intended to assist multi-channel retailers in developing an accounting/financials software selection strategy, as it relates to OMS integration. Interoperability strategies and contrasts are included as illustrations for consideration. For illustration purposes, direct commerce solutions from popular OMS providers (e.g. Ecometry, CoLinear) are used as examples, as is the Microsoft Business Solutions financials solutions suite (formerly Great Plains) and the Marketing Concepts Ability Financials interface product.

PERSPECTIVE

Two business requirement perspectives are presented. The first is a consideration of the accounting/financials solution as it relates to multi-channel business requirements. The second perspective pertains to the integration methods/integration points which enable connectivity to the multi-channel retailer’s OMS, allowing the most seamless workflow, improved financial decision-making and productivity gains.

Point of Consideration: The Accounting/Financials Solution

Multi-channel retailers utilizing a commercial OMS (such as Ecometry Retail Enterprise, CoLinear Response, etc.) may choose to implement bundled accounting and financials software, if made available. Alternatively, they may opt to implement an external financials application (e.g. Microsoft Business Solutions, formerly Great Plains) for accounting /financials. A decision to use an external application is typically due to the following factors:

##The OMS bundled financials software doesn’t satisfy the retailer’s needs due to insufficient functionality/usability.

##The retailer is standardized on an alternative financials package.

##The OMS provider does not bundle financials software and relies on the retailer to license an external financials software package.

Multi-channel retailers with a business plan for growth require an accounting/financials solution from a trusted provider; the ideal provider is one who can offer scalable functionality and performance, service excellence, and value. Microsoft’s acquisition, Great Plains software, responds well to these requirements.

Great Plains provides medium to large businesses with valuable enterprise computing capabilities for enterprise resource management (ERM). Focusing on efficiency and productivity, the product allows businesses to integrate information among applications and systems both inside and outside the company, automate previously tedious tasks, and access information on employees, customers, suppliers, invoices and other critical business data any time, any place.

Great Plains also provides businesses with integrated solutions for financials, business analytics, e-commerce, distribution, supply chain, manufacturing, project accounting, field service, CRM, and human resources/payroll. Personalized account management and self-support services empower users to fully utilize Great Plains with a low total cost of ownership.

Note: If you would like more information about Microsoft Business Solutions--Great Plains, please refer to www.microsoft.com.

Point of Consideration: The Interface

The software interface between the external accounting/financials application and the OMS is a key contributor to the effectiveness of the overall OMS/financials solution. Interface effectiveness is governed by the integration/interface method; in other words, is integration accomplished via manual data transfer, custom-developed software, or software developed by a third-party vendor? Integration points are also a factor in evaluating interface effectiveness. For instance, is data transferred via flat file transfer, at the database level, or using a document standard? Minimum requirements for an interface include identification of the data to be mapped between the two disparate application data structures, and the provision of mapping definitions. Knowledge of the OMS and the external accounting financials application, as well as industry/business specific requirements, is essential in maximizing the fluidity of the two systems.

Ability Financials is an example of an interface developed by a third-party vendor, which offers multi-channel retailers an out-of-the-box interface between popular OMS and Great Plains.

Ability Financials, part of the line of Ability-Software direct commerce products by Marketing Concepts, provides a robust accounting system for commercial OMS. Ability Financials, powered by Great Plains, takes OMS financial data and moves it into Great Plains tables.

The Ability Financials product:

- eliminates the need for manual set-up of Great Plains general ledger accounts, by creating new general ledger accounts based upon existing OMS general ledger data and existing general ledger format choices.

- provides comparative financial reporting from day one, by importing general ledger history from existing systems (OMS dependent).

- uses OMS-specific data to create new reports including reconciliation, reason code and source code reports (OMS dependent).

Ability Financials 8.0 interfaces with virtually any commercial or custom OMS; implementation plans may be customized to produce the correct data extracts from any system.

KEY BUSINESS ISSUES

To better understand motivations for purchases of financial applications, a survey of CXOs was recently conducted by Gartner Consulting (May 2002), on behalf of Microsoft Corporation. Key findings of this survey are outlined below.

- Data access and information flow are mentioned by quite a few CXOs as issues they struggle with.

- Integration between systems is still a big issue, especially in light of heavy merger and acquisition activity.

- CXOs are placing a greater emphasis on efficiency and productivity, through cost control and resource management.

- Concerns exist over costs of IT technology, especially among IT managers. According to survey results, costs are always higher than planned on or budgeted for.

INTEGRATION/INTERFACE METHODS

Integration between an OMS and an external accounting package can be accomplished in a variety of ways, ranging from full integration to manual interfaces.

Full Integration—Custom Interface Development

The fully integrated strategy is, without a doubt, the optimal architecture to achieve a single data view, and is the best financials choice, provided the functionality and related price point match business requirements. The fully integrated model (with respect to an OMS and external accounting package) is presented here simply to contrast with interfaced methods [discussed later in this document], which are viable alternatives to be considered when a fully integrated financials solution is not available or does not match business needs.

Pros:

- Single data repository.** Eliminates redundant data entry, protects data integrity and maximizes productivity.

- organized financial data.** Offers a platform for improved strategic decision-making. A fully integrated approach enables businesses to manage customer and vendor relationships, and to access back office information, such as credit and payment history, order history, order confirmation and item availability, through a single integrated solution.

- inherent features/benefits provided by the fully integrated financials application.** Fully integrated applications typically are transacting from the same business logic, procedures and process foundation, thus offering the highest level of system performance and workflow effectiveness.

Cons:

- # **tight vendor collaboration.** A fully integrated OMS/external financials solution requires full cooperative development between the OMS provider and the accounting & financials provider/representative (assuming an external accounting/financials solution is being interfaced) to ensure ongoing compliance. Not necessarily a con, provided vendor collaboration exists.
- # **potential functionality tradeoffs.** When two disparate systems have a conflict in functionality, there is usually a tradeoff of functionality delivered.
- # **increased development time.** Full integration between packages typically takes a lot of time because it always requires a software rewrite to some extent, in order to ensure forward compatibility.¹

Close Integration—Build vs. Buy

When multi-channel retailers elect to use an accounting and financials application product that is not fully integrated with their commercial OMS, they must decide whether to invest in building the interface themselves, or to license an interface from a third-party vendor. Integration scope includes the financial data to be integrated (how much?) and the interface integration points (such as flat file transfer, database, API, and so forth).

Build (Custom Interface)

For illustration purposes, the industry-leading Microsoft Business Solutions product suite is examined as the accounting/financials solution of choice to be interfaced to a commercial OMS. Depending on which alternative financials application is selected, it is fair to say that similar interface development considerations would apply.

Pros:

- # **higher-level control over interface design and development.** As compared to vendor interface.

Cons:

- # **requires advanced knowledge of the underlying data structures.** For example, the data structures of Microsoft Business Solutions products and the associated OMS are required.
- # **requires integration tool expertise.** For example, with Great Plains, Integration Manager & Dexterity programming expertise is required, as this is often the interface development environment used.
- # **reduced control over IT expenditures.** Primarily due to potential underestimation of development resources and ongoing interface maintenance to ensure continued compatibility with new OMS revisions.

Buy (Vendor Interface)

For illustration purposes, the reference platform configuration will be the industry-leading Microsoft Business Solutions product suite as the accounting/financials solution of choice to be interfaced to the OMS.

Ability Financials offers multi-channel retailers a commercial off-the-shelf interface to Microsoft Business Solutions--Great Plains. As of this publication date, the interface has been used with commercially available OMS such as Ecometry, CoLinear Response, and CommercialWare.

Interoperability may be accomplished at different levels of integration. The following are some examples of Ability Financials/Great Plains architectures with Ecometry Retail Enterprise and CoLinear Response.

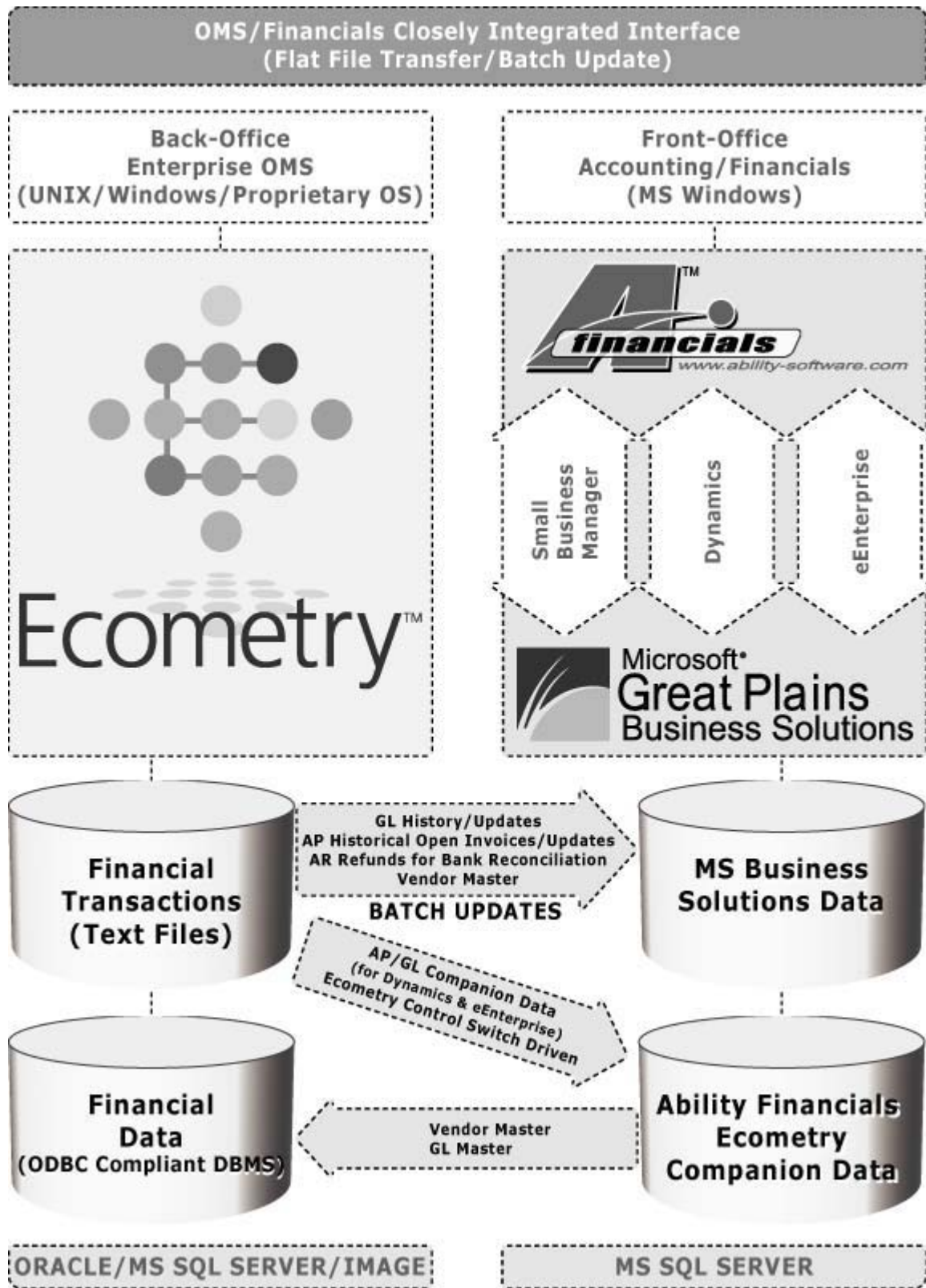


Figure 1: Ability Financials/Microsoft Great Plains Business Solutions/Ecometry Configuration

OMS/Financials Closely Integrated Interface (Flat File Transfer/Batch Update)

Pros:

- ## **leverages OMS standard financials extract file.** No custom OMS development required for data sharing via flat file transfer.
- ## **accelerates implementation & reduced IT burden.** Prebuilt mapping of OMS financial data to Great Plains requires no knowledge of database structures or familiarity with a third-party integration tool such as MS Integration Manager/Dexterity Language, etc. Ability Financials will continue to work with each product release.
- ## **eliminates need to manually re-key data.** New General Ledger accounts are automatically created based upon existing OMS GL data, with user-selectable GL format.
- ## **industry/OMS application-relevant data access and reporting.** Mapping OMS-specific data (e.g. company, division, department, account or product category fields) to individual MS Business Solutions General Ledger account segments offers a comprehensive look into the economic health of a multi-channel retailing business. Marketing Concepts' intimate knowledge of multi-channel retailers' financials requirements, combined with OMS-specific data structures, delivers an intelligent approach to financials interfacing. For example, OMS users can maintain vendors and GL master data within Microsoft Business Solutions products, and utilize Ability Financials to update the OMS database with the financials companion information.
- ## **ease of use.** Microsoft Business Solutions product suite is a modern, easy-to-use Windows® accounting package, utilizing a graphical user interface. Key features make Ability Financials easy to set up, navigate, build upon, personalize and integrate. Full documentation and online help is available.
- ## **enhanced data integrity.** Ability Financials encapsulates the MS Business Solutions products' complex business logic within a series of business objects. All external data imported is processed through these business objects, ensuring that only data that meets MS Business Solutions' processing criteria will be committed to the financials database.
- ## **migration path.** The Microsoft Business Solutions product suite offers a range of financials solutions to satisfy every size business. Ability Financials delivers an interface solution to respond to a growing business environment.
- ## **trusted financials solution.** Marketing Concepts is a Microsoft Certified Solutions Provider with deep direct marketing experience, to offer a trusted financials solution for the multi-channel retailing industry.
- ## **improved cost control & resource management.** Outsourcing interface solutions and support facilitates IT budgeting. Interface license and support costs are identified upfront.

Cons:

- ## **limited integration opportunity/unified financial data set.** The standard interface model that utilizes the OMS-generated extract file for synchronization with the external accounting/financials application is limited by the OMS providers' extract file definition. This may be sufficient for some businesses, or lacking in financial data sharing for others.
- ## **extract file creation and import.** The retailer is required to proactively generate the extract file and invoke the import process, either programmatically or manually.
- ## **limited cooperative accounting data drill down.** Although there is no way for a user to start from one system, and then drill into the other system for details, Ability Financials writes back MS Business Solutions companion data (see Figure 1) to facilitate a level of drill down from the OMS side.

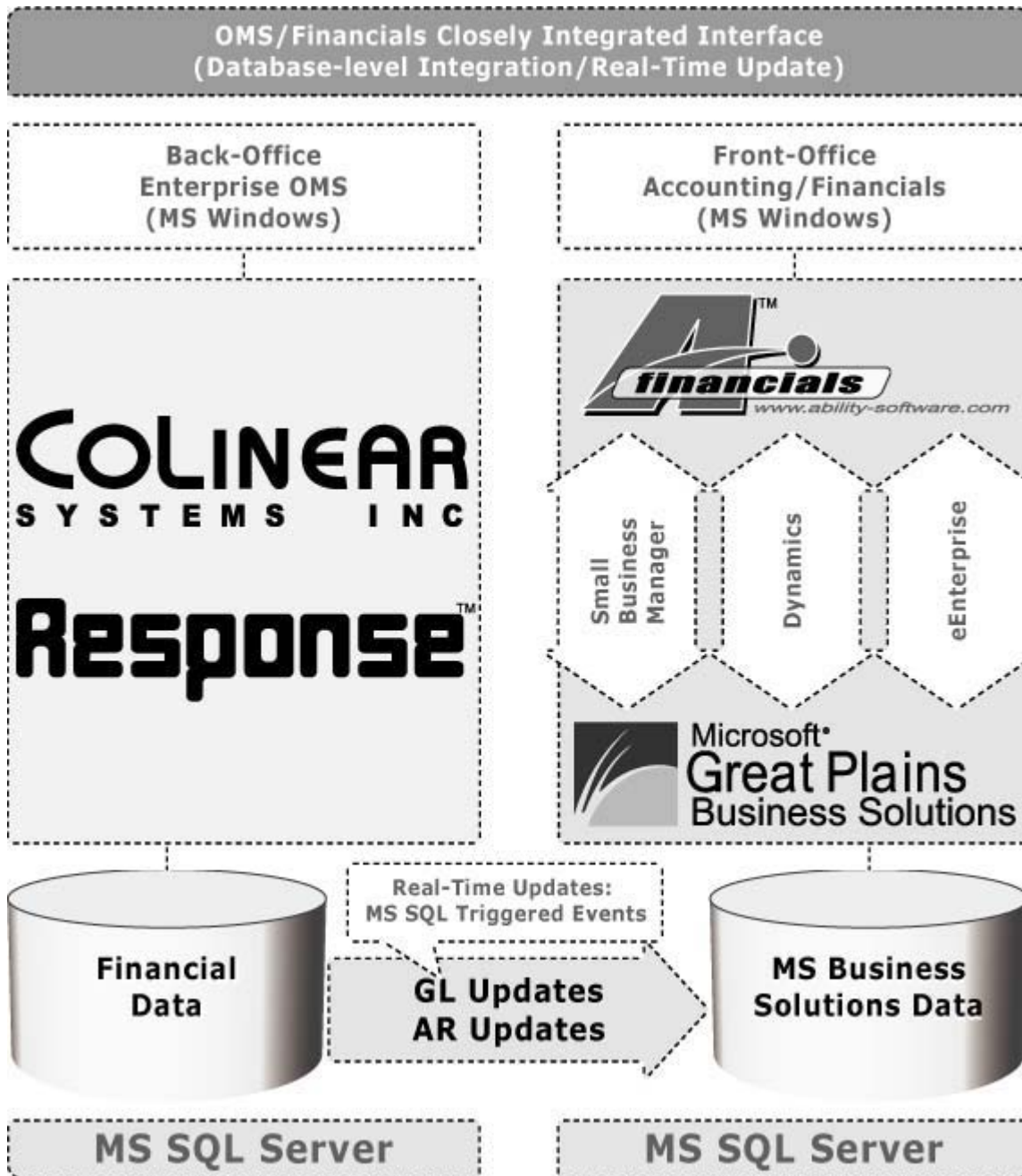


Figure 2: Ability Financials/Microsoft Great Plains Business Solutions/CoLinear Configuration

OMS/Financials Closely Integrated Interface (Database-level Integration/Real-Time Update)Pros:

€#all the Pros of the Standard Interface Model, with added benefits. Marketing Concepts collaborated with CoLinear Systems to develop a Great Plains interface with database-level integration, keeping accounting information automatically in synch across applications. CoLinear's cooperative development included the creation of data fields within Response data sets to store Ability Financials stored procedures and Great Plains accounting data. In lieu of utilizing an OMS standard financials extract file for data sharing, this model offers a real-time data exchange between the OMS and the external financials application. For example, in the illustration represented above, Ability Financials integrates accounts receivable information by automatically updating the accounts receivable customer information in Small Business Manager or Dynamics whenever information is saved in Response, and by creating receivables transactions whenever a non-credit card transaction is confirmed in Response.

Cons:

€#the tighter the integration, the more vendor collaboration is required. Continued compatibility between vendor releases is required to ensure continuous interoperability. Not necessarily a con, provided vendor collaboration exists.

∄# **lack of cooperative accounting data drill down.** There is no way for a user to start from one system, and then drill into the other system for details.

Manual Interface

The most simplistic method, a manual interface involves a user gathering information from the OMS, then re-keying the information into the external accounting package.

Pros:

∄# **eliminates interface development.** The software may be a “stand-alone” or “shrink-wrap” product which the retailer uses for a particular business function.

Cons:

∄# **productivity loss.** Although the interface cost is low, this method typically is more costly, after accounting for the labor cost of re-keying data, and direct costs resulting from inaccurate (incorrectly keyed) data and lack of timely data.

CONCLUSION

When considering implementation of an external accounting/financials application for use with a commercial OMS, the total solution package, including the associated interface, must be assessed. The best decision must include the following considerations.

- #**scalability of the accounting/financials application.** Does the financials solution offer a migration path, in terms of functionality and performance, that will grow with your business?
- #**functionality and related price point.** Does the financials solution meet corporate standards [if defined], and is the total cost of ownership, including implementation, acceptable?
- #**ease of use and flexibility.** Although the functionality may exist, the solution may be complex to use with your OMS and not easily adaptable to your business.
- #**financials integration with OMS.** How seamlessly do you want your OMS financial data to be integrated with the external financials application?
- #**IT resources.** When determining whether to buy or build an interface, you'll need to assess available IT capabilities for potential interface development and maintenance.
- #**partnerships.** If you decide to build your own financials interface, is your OMS provider committed to working with you to ensure ongoing compatibility with future software releases? And if you buy an interface, how closely are your solution providers (OMS, Financials, Interface providers) collaborating to offer the most seamless accounting solutions for your multi-channel retailing business?
- #**high quality technical support/service.** Does the financials software provider/ interface provider (if interface is purchased) offer a knowledge of the OMS application and your industry business in addition to its own financials application services?
- #**vendor reputation/stability.** A critical success factor in any collaboration.

Review the following chart to see how the Ability Financials solution, powered by Microsoft Great Plains Business Solutions, addresses the critical issues outlined above.

Ability Financials Powered by Microsoft Great Plains Business Solutions	
scalability of the accounting/financials application	Microsoft financials product suite addresses low-, mid-and high-end business needs through a modular purchase system for Great Plains. Your financials banking, payroll, sales, purchasing, reporting, ebanking and more are provided within the product range.
functionality and related price point	Functionality breadth and price points accommodate the needs of a growing business.
ease of use and flexibility	Ability-Software™ interface easily imports OMS financial data into Microsoft® Business Solutions to extend your accounting and financial capabilities. With Ability's write-back feature in its Ecometry implementation, data can be transferred between Ecometry and Microsoft® Business Solutions to keep financial information in sync. Standard Windows® functionality delivers a familiar working environment and allows the user to multi-task within the application as well as to print on any network printer.
financials integration with OMS	If you're an Ecometry, CoLinear or CommercialWare customer, Marketing Concepts has already done the financials interfacing for you. And if you're not, let us know the commercial OMS you use in-house...we're able to provide expert assistance extracting the proper data feeds for Ability Financials to import your data to Great Plains successfully.
IT resources	The Ability Financials interface solution won't put a drain on your IT resources and allows you to deploy where they're needed the most.
partnerships	Marketing Concepts is Microsoft Certified Business Solutions solution provider, targeted at serving the multi-channel retailing industry.
high quality technical support/service	The Marketing Concepts Great Plains business practice offers multi-channel retailers a one-stop-shop for Microsoft Great Plains/Ability Financials technical support and service. Deep knowledge of Great Plains software along with Microsoft certification status, blended with direct commerce industry and OMS application specific expertise, offers multi-channel retailers a unique set of service assets unequaled by other providers.
vendor reputation/stability	Microsoft's acquisition of the leading Great Plains accounting/financials software suite extends its reputation in providing superior business applications. Marketing Concepts has a 20-year history in direct marketing and 40 years of combined experience with Microsoft® Great Plains Business Solutions software.

REFERENCES

This text is based on Marketing Concepts first-hand experience with:

#implementing Microsoft Business Solutions products used in conjunction with commercial OMS at multi-channel retailer sites. Customer references are available.

#managed direct-commerce application service expertise.

#^{1,2}research and marketing support collateral courtesy of Microsoft Corporation, available to Microsoft Certified Business Solutions Providers.

ABOUT THE AUTHOR COMPANY

Marketing Concepts, a leading provider of direct commerce software and services, is a Microsoft Certified Solution Developer and Reseller of the Microsoft Business Solutions product suite.

Marketing Concepts has become a leader in the direct commerce industry by using the knowledge that comes from a 20-year history in direct marketing. We offer our customers a range of experience in technology, marketing, operations, e-commerce and software solutions that is unmatched in the industry.

The flexibility and range of services provided by Marketing Concepts allows our customers to select from traditional direct marketing services, such as catalog production and circulation strategy, to e-business software solutions like Ability Financials Software™ and Ability Data Direct, as well as custom programming services that allow you to interface with almost any software.

Our philosophy is simple; we apply the knowledge and experience of our professional team, and partners like the Microsoft Business Solutions to provide our customers with the services they need for maximum success and profitability. Let us develop a solution to help your business grow in today's challenging global marketplace.