



MALAYSIAN INSTITUTE  
OF ACCOUNTANTS

# GUIDANCE ON SOFTWARE & SOFTWARE VENDOR SELECTION



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# Introduction

Welcome to the Malaysian Institute of Accountants' (MIA) Software and Software Vendor Selection Guidance, one of our initiatives under the MIA Digital Technology Blueprint Operational Plan to realise the vision outlined under the MIA Digital Technology Blueprint.

In 2017 and 2019, MIA conducted surveys on technology adoption by the accounting profession and members in public practice indicated that high business costs is the top barrier of adopting technology. A survey was also conducted by the IFAC Global SMP which indicated that the second biggest challenge faced by small and medium practices (SMPs) were technology developments.

SMPs and small and medium enterprises (SMEs) typically lack the resources to have a dedicated function to tackle technology and technology adoption. As such, they are unlikely to develop technology on their own and will look to adopt mature technologies as opposed to technologies that are in their infancy.

At the same time, also due to the lack of internal resources, they are unlikely to develop their own guidelines and policies to assist them in the selection of software and/or software guidance. As such, these SMPs and SMEs will look externally for guidance.

This Guidance was formulated to address this need. As we approach a post-pandemic era, it is timely for MIA to publish a guidance to assist both SMPs and SMEs in selecting software and software vendors by setting out the factors to be considered in the selection. The Guidance also includes a How to Use this Guide section which outlines key steps towards successful software implementation.

It is crucial that organisations approach any technology adoption with necessary care and planning. First and foremost, is the need to establish the objective of the technology adoption in the organisation. Effective change management is also a priority, where everyone impacted must understand the reason for the adoption, the outcome to be achieved as well as the changes that are expected to happen.

Organisations should also refer to the MIA Digital Technology Blueprint which sets out the five principles of technology adoption as well as the aspiration of the accounting profession through adopting technology.

We hope this Guidance will be useful for both SMPs and SMEs.

This is a general guidance for selecting software and software vendors/service providers. It is thus not specific to assessing individual software such as accounting software or tax software.

## Disclaimer

This guide is intended to serve only as a general resource and not as a recommendation in relation to any particular product or range of products. Each user of this guide is solely responsible for his/her/the practice's decision/(s) relating to the acquisition, deployment and control of any information technology resources purchased, including relevant software solutions. This includes evaluating all available options appropriate to his/her/the practice's circumstances, engaging with particular suppliers as deemed necessary, consulting or obtaining advice may be decided and agreeing on the specific terms and conditions of a transaction, contract, service level agreement or the like. The parties involved in a particular instance are solely responsible to negotiate the terms and conditions that will apply to their agreement. product or range of products, whether included in the guide or not.

The information is a non-authoritative guidance of the subject matter. As a matter of policy, MIA disclaims responsibility for the materials of this document. Neither the MIA, its Council or any of its Boards or Committees nor its staff shall be responsible or liable for any claims, losses, damages, costs or expenses arising in any way out of or in connection with any persons relying upon the materials provided herein.

## Acknowledgements

We would also like to acknowledge all parties involved in the formulation of this guidance:

- The MIA Digital Technology Implementation Committee (MIA DTIC)
- The MIA DTIC Principle 3 Harnessing Technology Public Practice Working Group



# How to Use this Guide

The user should use both the Guide on Software Selection for SMPs together with the Guide on Software Vendor Selection for SMPs and SMEs, as well as the MIA Vendor Database where applicable.

Before any software implementation, the user must first perform the following:

1. Undertake a needs analysis of their organisation to establish a problem statement, a clear opportunity or an aspirational goal. This will help identify what the organisation's priorities are with regards to the software implementation and provide a clear and measurable objective.
2. Document all current IT infrastructure. This will assist the user to be aware of the organisation's IT setup to ensure compatibility with the software planned for purchase, as well as identify any need for upgrades, whether hardware or software.
3. Communicate with the affected team on the planned implementation. As any software implementation will impact on the relevant workflow, it is crucial that staff are involved and to be able to provide useful feedback during the implementation. At the same time, this will help foster the right mentality and positive mindset needed for such a project.
4. Allocate a realistic budget. While the actual final amount may differ, allocating an amount at the outset will provide the organisation with a feeling of serious commitment to the implementation and ensure that it is given priority.
5. Appoint a staff as the Project Champion, preferably one who is actively involved with the workflow being impacted. This will allow for stronger communication with the team throughout the process, ensuring issues can be identified early and ultimately ensure a successful and impactful implementation.

The user can then go through the Vendor Database to identify which vendors may be able to meet their requirements. The user can then proceed to communicate with the identified vendors, involving the Project Champion mentioned above, while keeping the budget in mind.

When evaluating the software, the user should consider each of the factors raised in the Guide on Software Selection for SMPs. When deciding on the vendor, the user should also consider each of the questions raised in the Guide on Software Vendor Selection for SMPs and SMEs, and ensure they are satisfactorily answered.

# A Guide on Software for Small & Medium Practices



## 1. Features

Evaluate which features you currently need, future features and frequent features used.

## 2. Fit

Determine how well it fits in with the equipment you already have and your IT strategy. Things to consider include:

- Storage (if a desktop version is used)
- Computer specifications, and
- Where server will be located (if applicable)
- The need for specialist input devices

## 3. Installation

Determine the relevant requirements to install the software. Consider lessons learnt from other users, whether it can be self-installed or otherwise as well as using the trial version of the software.

## 4. Customisation

Determine whether the software can be customised to meet your current needs as well as adjustments to adapt to your organisation growth. Consider the costs, suppliers' willingness to customise and the turnaround time expected to implement the customisation.

## 5. Integration considerations

Determine whether the software can be integrated with your current IT structure and is aligned with your overall IT strategy. Any possible conflicts must be addressed.

## 6. Importing of data

Ensure that the data from the required sources can be easily imported and or exported to the software you plan to purchase. Consider involvement of vendor in performing the required importing.

## 7. Reporting requirements

Evaluate whether the software meets your reporting requirements i.e. types of reports that can be generated to meet your reporting needs. Evaluate ability to generate new reports when required.

## 8. Compliance

For software involving adherence to standards, laws and regulations, such as accounting, tax and audit, ensure that the software is fully compliant and any future changes in standards, laws and regulations will be incorporated in timely updates.

## 9. Access and related remote controls

Ensure the software has sophisticated access and related remote controls to ensure data security. Consider privacy and data safety issues.

## 10. Training

Consider the cost and duration of training staff on the software. Where applicable, explore the possibility of train-the-trainer.

## 11. Support

Evaluate the available support provided by the software providers which include:

- On-site services or support,
- Online help and knowledge base,
- Adequate level of telephone support (response time, operating hours)
- Escalation,
- Turnaround time, such as for bug fixes.

## 12. Additional functionality

Evaluate whether the software has additional functionality needed by your organisation. For example, an accounting software with an added payroll function could be of benefit to the organisation.

## 13. Cost

Identify the price of the software, either per user or per licence and what is included in the price. This includes the other factors mentioned, such as pre-implementation consultation and planning, installation, support and training, as well as updates/upgrades.

## 14. SaaS (Software as a Service)

Consider using SaaS as the user pays for the period of time that the application is used and therefore, does not require an upfront payment by weighing the benefits over the disadvantages.

On security issues, consider the data storage and data confidentiality concerns, such as how the data is secured and whether the vendor's responsibilities with regards to the data are clearly stated in the agreement. At the same time, SMPs need to also understand their own responsibility with regards to data management. Ensure that there are sufficient encryption protocols in place.

There must be solid documentation on the data being kept by the vendor. For example, if the organisation switches service vendors, a process must be in place where the organisation can retrieve their data from their previous vendor for use with their new vendor. There must be a policy of how long the previous vendor will keep the data as backup before it is purged.

## 15. Updates and upgrades

Ensure that the software is updated regularly to incorporate regulation and legislation changes (if applicable) as well as to fix possible "bugs" in the system. Find out how regular software is upgraded. As a general guideline, the software should be able to cater to the organisation's projected transaction growth for at least the next three years.

# A Guide on Software Vendor Selection for SMPs & SMEs

## 1. Does the vendor have the necessary credentials?

Ensure that the vendor is a properly registered company under the relevant laws and is able to provide any information on other credentials if requested. If you are looking to utilise the SME Digitalisation Grant, ensure that the vendor has been certified by the Malaysian Digital Economy Corporation as a registered Technical Service Provider.

## 2. Does the vendor have a solid implementation background?

The vendor should ideally have a good history of implementation work, and, upon request, should be able to provide examples of successful implementation, with details such as size of implementation and challenges involved. Customer references should also be available upon request.

## 3. Is the vendor selling its own software or is it a reseller?

A vendor selling its own proprietary software will typically be in a better position to support the product. More questions tend to be required for resellers in terms of their capabilities and extent of supporting the software.

## 4. Does the vendor have an easy to navigate website with useful information?

A vendor with a good website shows transparency and seriousness in its reputation as a software vendor. It also provides a good starting point in terms of assessing its capabilities, as well as providing other useful information on the vendor.

## 5. How strong is the after sales support of the vendor?

The vendor must be able to show strong commitment to ensure successful implementation. Depending on the complexity of the software, this may include:

- Installation,
- Customisation,
- Training,
- Implementation milestone check-ins,
- Updates/Upgrades.

## 6. If it is an international product, how strong is the vendor's local presence in Malaysia?

While international products will typically have a good reputation and be able to highlight successful implementations in other countries, it is still important to ensure that its local presence is strong. This is especially important for post-implementation issues.

Questions such as “how support is accessed” and “how fast is the turnaround time for replies” must be addressed, particularly when the support is across different time zones. The vendor must clarify whether their local representatives are able to deal with issues or they must refer to their international counterparts, which could impact on turnaround time to address issues.





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