Rillet

How To Get The Most Out Of Your Accounting Tech Stack

We interviewed 12 top-notch accounting professionals to draw a blueprint of what it takes to manage your tech stack like a pro

Our sources

Jeff Epstein
ex CFO Oracle

Adam Swiecicki
CFO at Rippling

Jenny Bloom
ex CFO at Mailchimp
ex CFO at Zapier

Myoung Kang
ex Head of Finance at Notion

Kristen Pascoe
Product at Rillet

Erik Zhou
Chief Accounting Officer at Brex

Jeremy Lambersten
VP Finance at Alyce

Doris Yeung
CFO at Tradeteq
ex Group Controller at Okta

Georgie Berry
VP Finance at Grip

Sloane Buckley
CX at Rillet

Ruth Ku
CFO Entrepreneurs for Global Change

Mary Saunders
Fractional CFO for startups

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Introduction

Almost all SaaS companies go through the same journey with their accounting software.

They start off on Xero or QuickBooks, which serve their needs well — until the company hits a milestone that their software can't accommodate. Maybe the team is growing, and multiple people need to be operating in the system at the same time. Or perhaps the company is expanding its operations to be in both the U.S. and the E.U.

The finance team is then faced with a dilemma: do they stay on QuickBooks and try to extend its shelf life as far as possible? Or do they make the move to NetSuite, which offers more functionality but is extremely resource-intensive?

With both decisions, there are sacrifices that have to be made, but the outcomes are largely similar: **At some point, these accounting tech stacks will break down and fail to keep up with the demands of a fast-growing SaaS company.**

If you're on the finance team of a high-growth startup, you've probably been through this exact evolution and are at a similar, painful crossroads. But is there anything to be done about it?

We believe yes. There's a transition happening in the accounting space — one where modern finance teams are starting to think about technology differently and looking for better, more efficient ways to use the software they invest in.

In this ebook, we'll explore why today's accounting tech stack is so fragmented in the first place, and the problems this is creating for SaaS companies. We also interviewed a dozen finance leaders — from ex-CFOs of companies like Buffer, Zapier, and Notion to accounting leaders and controllers — to understand how they approach the software vetting, purchasing, and implementing process to get the most out of their accounting tech stack.

Section 1

The problem with today's accounting tech stack

To understand the state of today's accounting tech stack, it may be helpful to zoom out and untangle the history.

All software, regardless of industry, goes through periods of unbundling and re-bundling.

Unbundling is the process of breaking up products and services that were previously offered as a package, while rebundling brings disparate products and services back together, but in a new way.

This is a cycle that the accounting tech stack has gone through. Before the 2000s, most companies relied on Enterprise Resource Planning (ERP) software to manage everything from their accounting needs to their supply chain operations, and everything in between.

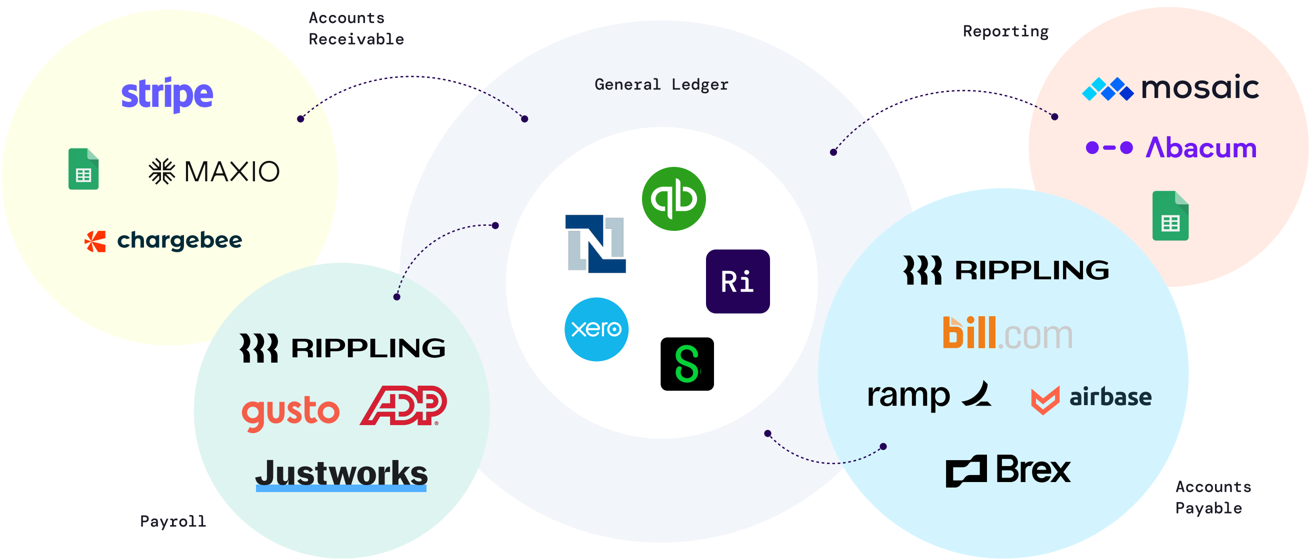
But as SaaS companies started to come into the picture, it was clear that these legacy ERPs weren't a good fit, for a variety of reasons:

- They were largely designed for manufacturing companies.
- As a result, much of the functionality was unnecessary or irrelevant for smaller SaaS startups (such as inventory management).
- These platforms were also insanely expensive and difficult to use.

Banking is a great example of an industry that's been unbundled. Before 2010, banks were where most Americans got their credit cards, opened a checking account, secured a mortgage, etc. But starting in 2015, there was a huge push to optimize pieces of the financial tech stack.

Enter: **Robinhood** for stock trading, **Chime** for checking accounts, and **Chase** for consumer-friendly credit cards.

As a result, the industry started to go through an unbundling process, with dozens of new SaaS-focused point solutions coming onto the market. Brex made the accounts payable side much more streamlined. The FP&A process was made significantly easier by tools like Mosaic and Abacum. The problem: even though we now have access to all these cutting-edge tools, the heart of the accounting tech stack — the general ledger — hasn't evolved to keep up with these innovations.



Ruth Ku
CFO Entrepreneurs for Global Change

"General ledgers are so complex. And software like QuickBooks, which has been around for 30 years, simply doesn't have the infrastructure to be able to handle the needs of a SaaS company or to integrate well with the other new systems and solutions."

To be clear: these general ledgers aren't bad tools — they simply weren't designed with SaaS companies in mind. QuickBooks and Xero were intended for small mom-and-pop shops, while NetSuite was created for mid-market to early enterprise companies. Ruth Ku, CFO at Entrepreneurs for Global Change and former CFO Advisor at Ellevest, agrees. Of course, as a member of the finance team, you're well aware of the day-to-day pain points that come with this fragmented accounting tech stack. However, it may be worth zooming in — especially for accountants who are new to the startup world or teams that are still in the early stages of growth — to understand exactly what tends to break down as the company passes a certain stage.

1. Unmet SaaS-specific needs

All companies have to track certain accounting metrics to meet GAAP compliance. But SaaS startups have additional needs that need to be taken into consideration.

For example, annual recurring revenue (ARR) is one of the most critical metrics for SaaS companies. But this isn't built into systems like QuickBooks or NetSuite, which means that finance teams have to figure out another way to track this metric.

Most early teams start off with a one-off spreadsheet that has no connection to a structured data source. While this tends to work fine in the beginning, it quickly becomes unmanageable as organizations go through periods of massive growth. Between the potential of an IPO and covenants with lenders, not having an accurate, automated way to track ARR becomes increasingly problematic.

2. High friction, low automation

Startups that choose to stick with QuickBooks or Xero end up relying heavily on point solutions to get the functionality that they need. The problem, according to Georgie Berry, VP of Finance at Grip, is that if the heart of the system doesn't work, finance teams either won't get the value out of the tools they invest or end up needing to find manual workarounds — often both.

This, in turn, robs finance teams of the benefits of automation. For example: start and end dates are critical for SaaS companies that use subscription-based models. Unfortunately, QuickBooks doesn't have data fields for this, which means that there's no way to automatically integrate this information with other tools or systems without losing critical data granularity.

Georgie Berry
VP Finance at Grip

> **"If you don't have a central source for your accounting software, you end up with massive software spread and are reliant on integrations, which might not work the way you need them to. This can lead to a disconnect in the flow of data, which is inefficient and may force you to do things manually."**

3. Costly trade offs

There's always a trade off that costs your company, regardless of whether you go the NetSuite route or the QuickBooks route.

QuickBooks, while affordable, requires so many point solutions to function that it still ends up being pricey. Let's say, for instance, you have 100 employees. A potential cost breakdown of your accounting stack could look like this:

quickbooks

Tool	Average cost
Reporting	$300/month
AR	$20,000/year
AP	$15 PEPM
GL	$100/month
TOTAL	~$42,800/year

Even with this price tag, chances are that the integrations with other tools won't work the way they're supposed to, forcing finance teams to spend extra hours figuring out manual workarounds. According to Myoung Kang, a finance consultant for startups and the former Head of Finance at Notion, this is a waste of a finance teams' most valuable resource: time.

Myoung Kang
ex Head of Finance at Notion

"You want software that serves all your needs in an efficient manner, especially because everyone is so busy. Time is one of the most valuable resources you have — and it's not recoverable."

NetSuite, on the other hand, has a different trade off. While it offers much more functionality, it comes at an immense cost. While the price varies widely depending on the needs of the company, Sloane Buckley, a Rillet employee who has worked as an accounting manager at companies like Affirm, Niantic, and App Annie, shared some estimates based on her past experiences.

Sloane Buckley
CX at Rillet

"At the companies I worked at, we paid around $100K every year for NetSuite, maybe a little bit more. While NetSuite does have a lot of potential for customization, you usually have to hire consultants to get that to work. For example, if you want to implement a new feature, you might pay tens of thousands of dollars, and it could take months for something like that to work."

Even with all the expensive and laborious customization, it doesn't change the fact that NetSuite still wasn't built for SaaS companies, which means that 1.) there will still be SaaS-specific finance metrics that can't be tracked and 2.) there will be features that your team never touches because they were built for a different type of company.

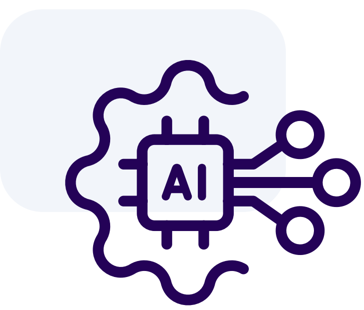
Section 2

A new way to think about the accounting tech stack

You, along with many other modern finance teams, are likely aware that your tech stack isn't working the way you want it to, but the path forward might be murky. Our belief is that the only way to address these existing issues is to start rebundling the accounting tech stack — this time, with a focus on **automation**.

Automation, in our view, isn't about throwing a bunch of tools together and hoping they work — it's a **mindset that influences each phase of the software decision-making process**, from how you vet your solutions to the purchasing process to implementation.

We want to acknowledge that making these types of changes isn't easy. It requires time, energy, and a lot of effort to make these shifts. The good news: there are best-in-class finance and accounting leaders who are already moving in that direction. Below are some of their tried-and-true tips for all three phases of the software investment process.



Many people think that automation = AI, but there's a big difference. Automation is about creating a system of tools and processes that work seamlessly without the need for manual intervention. AI sits on top of automation and makes those existing tools and processes more efficient. In other words, without automation in place first, AI is useless given the dispersion of financial data in today's tech stack.

Phase 1

Choosing a software

What we heard from the leaders we interviewed is that the process of automation starts the moment you start considering introducing new solutions into your ecosystem. Here's what they recommend:

1. Consolidate and optimize your tech stack

Kristen Pascoe
Product at Rillet

"You definitely want to try to keep your software stack smaller than bigger. There's software out there for every possible use case, but if you have 13 different solutions all plugging into your accounting software, something is going to break. So the less points of fracture you can add, the better."

Kristen Pascoe, Rillet employee, says that when she was a controller at Built In, she always approached the accounting tech stack with the mindset of 'less is more.'

To accomplish this, she encourages finance teams to look for solutions that do more than one thing well, where possible. Many companies are already moving in this direction of rebundling.

Rippling, for instance, offers a full suite of Spend products to handle expenses, bill pay, and payroll as part of a comprehensive software solution that streamlines HR, finance, and IT operations for 16,000+ businesses around the world. Mosaic and Abacum has found ways to merge multiple strategic finance needs, such as forecasting and consolidation. Brex offers credit cards, reimbursements, and bill pay. CFO Adam Swiecicki talks about the importance of consolidation and optimization of critical business systems:

Adam Swiecicki
CFO at Rippling

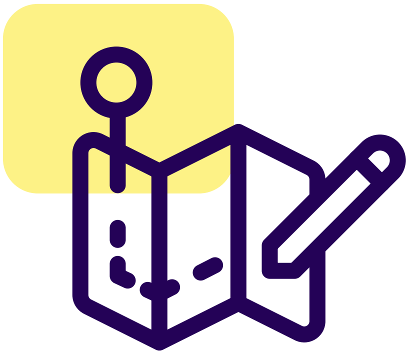
"Consolidating financial tools into a unified platform is the best way for finance leaders to uplevel how they deliver value across their organization. They can automate important yet time-consuming processes, manage employee spend seamlessly in one place, and implement granular policies to ensure teams stay on-budget and compliant. All this frees up the Finance team to spend time where it matters most: delivering strategic insights to business partners and ensuring capital is allocated to the highest ROI initiatives."

2. Map out your software

Many finance teams think of tools in silos. They have an urgent need that comes up and then look for a solution that will most quickly address their problem. But with a piecemeal approach like this, automation will be much more difficult to achieve.

When making tooling decisions, Erik Zhou, CAO at Brex, prioritizes:

1. Scalability (will this tool work now for our business needs AND in the future?)
2. What the net benefit will be to the company with any change or software enhancement (what's the anticipated ROI?)
3. Integrations (how will this tool work with and enhance the impact of our other tools?).



Erik Zhou
Chief Accounting Officer at Brex

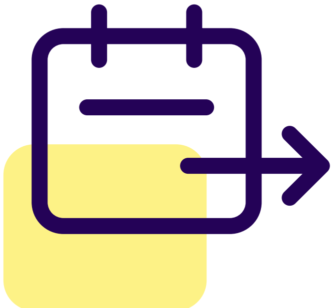
"By thinking holistically about tooling and proactively building a strong tech foundation in support of your accounting processes and broader business strategy, the automation strategy will be more resilient and provide a safer return on investment in the long term."

3. Know where you are today and where you need to go

According to Doris Yeung, CFO at Tradeteq and former Group Controller of Okta, there are two questions you need to ask yourself while building your tech stack:

1. Where is the company today?
2. Where does the company need to be?

From there, Yeung says you have to think about the key milestones that need to happen to get from point A to point B — including things like when your company becomes auditable, scalability, and also having the financial and business data necessary to help make decisions along the way.



In other words, it's critical to know what's coming around the corner — rather than being purely reactive — and use that information as a lens through which to plan, choose, and build your accounting tech stack, as well as your team.

Doris Yeung
CFO at Tradeteq & ex Group Controller at Okta

"After answering those two questions, I'll ask myself: What is the plan to get there? What do I need to eventually meet those requirements? And does that need to happen through systems, processes or people?"

Phase 2

Purchasing software

The purchasing process, according to the leaders we interviewed, is the time to dot your i's and cross your t's and take steps to confirm that the software you want to move forward with is the right investment for your business.

1. Involve key stakeholders

Once the purchasing process is active, several of the people we interviewed stressed the importance of looping in key stakeholders where it makes sense to do so. For example, if you're looking for a new revenue tool to bridge the gap between Salesforce and accounting, you may also want to consider meeting with sales operations and data teams.

Having this outside perspective is critical because it can raise considerations, potential problems, or questions that the finance team may not have considered from their end. This reduces the chances of encountering roadblocks that prevent the new software from integrating smoothly into the rest of the ecosystem.

Inevitably, there will be moments when there's a difference in opinion about which solution better serves the needs of a specific team. Mary Saunders, fractional CFO for early-stage, high-growth startups has advice for this:

Mary Saunders
Fractional CFO for startups

"At that juncture, what I try to do is take a more holistic view and ask myself: what's going to be best for the company? Which solution is going to drive the business forward better? Because if the business is doing great, then everybody's doing great. I think it's critical to not just make decisions through the lens of, 'what's going to make my life easier?'"

2. Only invest in what you see

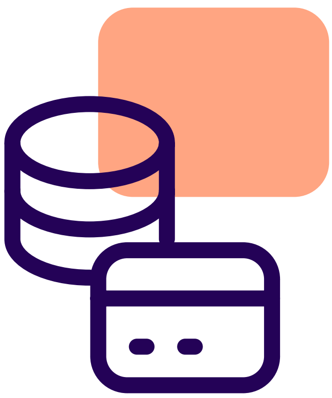
Another common piece of advice from finance leaders: only invest in what you see — especially with your most high-priority or high-urgency needs. It's common during the purchasing process for vendors to promise certain features in the next few weeks or months, but it's important to take these promises with a grain of salt.

That's why Kang always goes into these conversations with a clear sense of her priorities. If a vendor doesn't have a high-priority feature that she needs, Kang looks at other options.

Myoung Kang
ex Head of Finance at Notion

"I have a matrix that I use where the first column is a list of all the features that I need. The second column is a list of how high of a priority those features are. Then the third column is a list of the software I'm considering and the features they have."

If there's a competitor out there that has the feature that I need already, that's what I'm going to go with. I'd rather bet on the horse that's running than the one that's still at the gate.



Another note of caution: ask to see your most high-priority features in action and ensure that it plays well with all your other tools. Vendors may promise certain integrations when, in reality, they require manual workarounds to work.

3. Avoid long-term contracts

Buying software is a process of trial-and-error. It's inevitable that you'll end up investing in some tools that don't work the way you want them to. To reduce the impact of these errors, and speed up the process of getting closer to an automate tech stack, Jeremy Lambertsen, VP of Finance at Alyce, recommends avoiding any contracts beyond two years:

Jeremy Lambersten
VP Finance at Alyce

"I've always regretted any contract I signed that was for longer than 24 months, regardless of the tool. SaaS companies move so fast, and there are always so many changes, that anything longer than that will almost universally be a mistake."

4. Tap into your network

Another way to vet software is to tap into your network of other finance leaders. Jenny Bloom, fractional CFO and former CFO at companies like Zapier and MailChimp, frequently drops into online groups to see what types of tools other people are using and what's being said about them.

Jenny Bloom
ex CFO at Mailchimp & Zapier

"I belong to a lot of CFO groups. It's a great way to see what other people are saying about certain tools and just keep up with what's going on in the industry."

This, according to Bloom, is also a great way to learn about newer solutions, which she encourages finance leaders to be open to.

At Zapier, we had several products that we were one of the first customers for. All we cared about was whether the tool fit our needs, and whether it was flexible and easy to use.

Phase 3

Implementing software

While the specific tactics you use to integrate your tools will be dependent on your exact stack, there are a few general best practices you can apply during implementation to ensure everything runs together more smoothly down the road:

1. Take your time

With the pace of fast-growing startups, it's easy to rush the implementation process to try to get to the 'fix' as quickly as possible. However, this may cost you later on. "It's the kind of thing that will come back to bite you," says Berry.

"Take the time to make sure you're setting up the tool properly with the right data. It takes longer but, if you don't, you may regret it later on."

In other words, don't risk all the hard work you put into vetting and purchasing software that's meant to make life easier for you by rushing the initial set up.

2. Clearly define your processes

"Systems should support processes. Processes should not be designed around systems," says Lambertsen.

In other words, it's important to build your accounting tech stack around your existing processes, and not the other way around, to maximize automation. However, to do this, all the finance and accounting leaders agreed that having well-documented processes are key. For instance, when you implement a new product, make sure to outline exactly what needs to go in the data analytics fields. Also, don't leave room for ambiguity (such as making a data field optional). This will only lead to inconsistencies that will affect how automated your processes can be.

3. Have users outside of the team

Finally, where it makes sense to do so, some of the finance leaders we interviewed recommend allowing employees outside of your team to use your new software. The reason, according to Berry, is that the more people use a tool, the more functionality — and potential opportunities for automation — that can be uncovered.

Georgie Berry
VP Finance at Grip

"I gave view access to someone on the ops team for the expense tool we introduced. She discovered a way to transfer approval rights, which I didn't realize. But once we implemented this insight, it created a much more flexible approval flow."

Conclusion

It’s clear that we’re at an inflection point with our accounting software

More and more modern finance teams at fast-growth SaaS companies are recognizing that the current state of their tech stack isn’t working for them. And, despite the abundance of cutting-edge point solutions that are available, their general ledgers aren’t giving them the functionality that they need to do their jobs well.

It’s exciting to see today’s finance and accounting leaders start shifting toward a new way of thinking — one that focuses on automating and rebundling their software, rather than putting band-aids on a broken system — in order to get their tech stacks to do more for them.

If you’re interested in skipping a few steps and want to try accounting software that has already done the rebundling for you, request a demo with Rillet or sign up for a trial with us today.

Rillet

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