

Why You Need to Get Off QuickBooks

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Executive Summary

Purpose-built software solutions have long enabled large government contractors to win more business, improve project visibility, increase cash flow and enhance regulatory compliance. However, the cost and IT resources necessary for these solutions have been prohibitive for many small- to medium-sized contractors. As a result, smaller businesses frequently use low-cost, generic accounting solutions, spreadsheets and/or siloed project management and scheduling systems to manage and report on their operations.

These solutions leave them vulnerable to the risk of increased days sales outstanding (DSO), failed audits, suspended payments, unnecessary personnel costs and high consulting costs to adapt generic systems to specialized requirements.

This white paper describes how a solution built specifically for government contractors makes it possible for small- to medium-sized companies to adopt specialized solutions to help them win more business, lower costs and increase compliance—and much more.

Your Business is at Risk

If you're using QuickBooks or other shrink-wrapped products, your business is at significant risk.

There's a reason why those products are shrink-wrapped. It's the only thing that's holding them together.

How long could your business operate without receiving contract payments?

What if you couldn't generate an invoice because your timekeeping solution is noncompliant?

Could you make payroll if a payment suspension froze your line of credit?

When you're using QuickBooks, these are more than hypothetical questions—they are real risks that government contractors face today.

The Challenges of Accounting in Government Contracting

The federal government has unique requirements for compliance, as well as accounting for project costs. Most generic systems, like QuickBooks, can't meet those federal regulations. QuickBooks doesn't provide the level of control required or the level of reporting needed to adequately document your projects.

Specialized systems offer functionality that can help contractors pursue contracts, better manage projects, improve cash flow and comply with regulations.

A project-based system is absolutely essential for any sort of project- or service-based business.

If the project itself is the core of your business, you need a system that is built just for projects. But a generic system, even one that's project-based, isn't enough in a federal contracting environment. You need a system that's purpose-built and best of breed for the government contracting environment.

Accounting in government contracting is unique and frequently difficult. Unlike commercial firms, cost is your primary accounting concern. It's essential to manage how costs are classified, segregated and reported.

Other critical elements of contractor accounting include:

- Classifying costs as either direct or indirect
- Classifying costs as allowable or unallowable
- Accounting for costs by project AND at the lowest work breakdown structure (WBS) level
- Managing and pooling indirect costs
- Supporting government-mandated billing formats (e.g., DD250, 1034, 1035)

The Need for Specialized Software

Many small- to medium-sized government contractors today use simple, low-cost, generic accounting solutions and spreadsheets as well as siloed costing and scheduling systems to manage their finances, projects and compliance.

Because these solutions are not designed specifically to meet government requirements, contractors run the risk of system disapproval, ineligibility for new awards, costly and time-consuming audits and suspended payments until deficiencies are corrected. Alternatively, they face skyrocketing costs for third-party supplemental services to achieve compliance.

Small- to medium-sized businesses increasingly recognize the benefits of solutions designed specifically for them, such as those from Deltek.

Specialized systems offer functionality that can help contractors pursue contracts, better manage projects, improve cash flow and comply with regulations.

The Solution: Deltek First for Government Contractors

As the only solution to serve the needs of the complete project lifecycle for small- and mid-sized government contractors, Deltek First for Government Contractors helps you win more business, increase project visibility, improve cash flow and reduce the cost of compliance.

Deltek First offers everything government contractors need to be successful for one annual fee:

- Software
- Maintenance
- Tax and other compliance updates
- Application management
- Cloud infrastructure
- Regular backup
- Customer support

Customers no longer devote internal time and resources to developing this infrastructure themselves, freeing them to focus on what they do best.

Deltek First Overview

Whether your organization has 10 employees or hundreds, Deltek First includes everything you need to manage your books, control project costs and meet labor/timekeeping requirements.

A Complete Package

Government contractors have specialized needs that shrink-wrapped products don't solve. Products like QuickBooks require contractors to "bolt on" specialized features; these add-ons create implementation delays and cost extra. With Deltek First, small to medium-sized contractors can now take advantage of the full range of Deltek offerings (Teaming Solutions, Customer Relationship Management, CAS-compliant accounting, Time Collection, Project Manager Reporting, Budgeting and Planning, Earned Value Management and Analytics) as part of the industry's only cloud solution.

In addition to the advantages of the Deltek applications themselves, Deltek First offers a wide range of benefits.

Deltek First offers everything a small government contractor needs to:

- Pursue its first government contract
- Expand its pursuits and cover all contract types (e.g., time and materials, cost plus)
- Provide confidence to prime contractors and gain subcontracts
- Address operational complexity as it grows

Deltek First is the only contracting-specific solution to serve comprehensive needs, including:

- *Comprehensive accounting:* Manage your books and solve complex project accounting challenges, including indirect rates, cost pool management, automated contract billings and revenue recognition. With a deep WBS, you can easily "roll up" projects to a summary level or view detailed information by contract and task with key information pertaining to a project's profitability.
- *Job cost and project manager reporting:* Get extensive job cost reporting, including job summary, time and materials sales worksheets, cost and contract revenue and labor utilization and a detailed summary view of every operational and project aspect.
- *Advanced timekeeping:* Easily track labor, payroll and billing activities by project, department or other categories and fully integrate timekeeping with the general ledger.
- *Complete payroll solution:* Manage your company's payroll functions in-house or integrate with leading payroll providers including ADP, Paychex and Ceridian.

Deltek First for Government Contractors is delivered through our own, Deltek-only cloud. Activating your next set of features is as easy as launching a Web page.

	QuickBooks	Deltek
Segregate direct and indirect costs	X	✓
Segregate allowable and unallowable costs	X	✓
Account for costs by project and WBS	X	✓
Pool indirect costs and allocate them to projects	X	✓
Government contract billings	X	✓
Supports entire project lifecycle	X	✓

Figure 1: Deltek First and QuickBooks Compared

Deltek First helps government contractors succeed by arming every part of your organization with purpose-built tools that allow your staff to work together.

How Deltek First Helps Meet Your Goals

There are companies who help government contractors with strategic goals and vision. They bring knowledge and experience. And there are companies who provide tools to help you execute your vision. They bring systems for your processes. At Deltek, we provide both.

When you win that first contract or prepare to expand your contracting business, generic solutions like QuickBooks simply aren't enough. Here are the ways fast-growing government contractors can meet their goals with Deltek First.

Deltek supports the entire project lifecycle. Unlike QuickBooks, Deltek First helps government contractors succeed by arming every part of your organization with purpose-built tools that allow your staff to work together but continue to live in their most comfortable environment.

Win More Business

Deltek First can help you:

- Find information on 8(a) and other small business-specific opportunities
- Track, manage and prioritize activities, contracts and opportunities
- Find prime contractors as teaming partners
- Enable large government contractors to find you by posting your skills in a secure environment
- Increase utilization by finding work for staff members who are "on the bench"
- Increase your win rate by 17% or more

Lower Costs

Deltek reduces costs for customers in several ways:

Low upfront costs

Since Deltek First is priced on a subscription basis, there are no perpetual license fees, installation costs or hardware purchases. Customers also pay only for what they need—they don't need to overprovision in anticipation of growth.

Economies of scale

Deltek First offers customers a team whose sole focus is to provision, manage and secure our customer's cloud environment.

Figure 2: Deltek First Supports You throughout the Project Lifecycle



Reduced IT costs

With a cloud implementation, customers avoid the need to dedicate IT headcount to perform all of these non-strategic functions.

Improve Cash Flow

Managing cash flow is vital to survival, and small businesses face unique cash flow challenges. Deltek solutions provide one version of the truth for all financial and project data and eliminate spreadsheet chaos to improve planning efficiency.

Deltek solutions produce both project-level and comprehensive financial statements. They ensure invoice accuracy with efficient revenue and billing cycles. They furnish flexible invoice options. And they track vendor and employee time and expenses to projects.

Businesses benefit from more accurate invoices; decreased cost through better invoicing procedures, and reduced days sales outstanding (DSO).

Help Ensure DCAA Compliance

Deltek First's accounting capabilities use a single data source, simplifying the management of meeting audit requirements. No matter where costs originated, there are visible audit trails and a complete transaction history, ensuring an end-to-end understanding of financial histories.

Deltek First eliminates the need for time-consuming reconciliations and cross-checking of data. Financial statements are available in a timely manner, offering a complete financial view of the organization.

To help ensure compliance, Deltek First works with your existing systems and provides internal controls that install rigid checks and balances across an organization's financial and project information landscape.

Weaker solutions like QuickBooks leave too much information unattended and at risk for non-compliance.

Important to nearly all government contractors and the DCAA is timely completion of the Incurred Cost Submission (ICS) schedules. Deltek First includes many of the cost schedules necessary for ICS reporting, eliminating the need for manual creation of these reports.

With Deltek First, timekeeping procedures are automated; integrated ledger posting provides visible audit trails for contractors and auditors.

Reduce the Cost of Compliance

Defense Contract Audit Agency (DCAA) and Defense Contract Management Agency (DCMA) oversight continues to strain contractors. Deltek solutions meet Federal Acquisition Regulation (FAR) and Cost Accounting Standards (CAS) standards and are fully compliant with DCAA requirements. They provide internal controls that install rigid checks and balances across an organization's financial and project business processes.

Deltek's solutions include many of the Incurred Cost Submission (ICS) schedules necessary for ICS reporting, eliminating the need for manual creation of these reports. And they create audit trails.

Organizations decrease costs by automating compliance activities, reduce time spent maintaining compliant processes and cut down effort to prove compliance and respond to audits.

Deltek First sets you up for success with:

- Cost recording
- Tracking
- Allocation
- Billing mechanisms
- Internal controls

You benefit from:

- Decreased costs by automating compliance activities
- Less time spent on maintaining compliant processes
- Less effort spent on proving compliance and responding to audits

A project-based solution that forces the collection of data in a project-centric way will go a long way in getting you the right data at the right time.

Increase Project Visibility

Project managers need to stay informed of project status to keep projects on time and on budget. Deltek's solutions deliver comprehensive accounting, job cost and project management reporting and timekeeping functionality.

With Deltek solutions, businesses can:

- Increase revenue by managing ceilings and minimizing unallowables
- Stay informed with real-time project status information
- Easily track all contract attributes and job costs
- Get up-to-date information with powerful organizational and project reporting
- Automate and control time and travel expenses

Manage Projects with Powerful Data

As you execute contracts, your cost data will be continually updated and will need to be accessible. A project-based solution that forces the collection of data in a project-centric way will go a long way in getting you the right data at the right time.

Generic solutions like QuickBooks provide a two-dimensional view of your business: your general ledger accounts and organization. Project and manufacturing data are not integral to the system, but bolted on to the rest.

In these systems, data are very hard to collect and maintain, and their accuracy cannot be guaranteed. The general ledger and project ledger do not tie together, so your business stays in a constant state of reconciliation.

In contrast, project-based solutions like Deltek First tie inventory, material, travel, labor and other direct costs (ODCs) directly to each project.

This capability allows you to see which organizations, product lines and portfolios are incurring expenses. You can see vital information not only for each project, but for programs and portfolios as well.

Three Reasons to Switch Right Now

There are three reasons why now is the time to move to Deltek:

1. Reduce your risk. The financial implications of operating your business on an inadequate system can mean the difference between making payroll and making excuses.
2. Increase efficiency. We integrate automated capabilities that minimize errors and generate meaningful time and cost efficiencies.
3. Maintain control. Our robust financial management solution incorporates sound internal controls, an element that your shrink-wrapped product simply can't match—and one that is essential.

Advance Research Makes the Grade with Deltek First

Competition for contracts is intensifying and winning contracts has grown more complex. Deltek's specialized solutions help government contractors find new revenue opportunities; track, manage and prioritize activities, contacts and opportunities; find and manage teaming partners; and increase win rates.

View this webcast to hear how new education research contractor, Edvance Research, has been able to grow its bottom line while remaining a nimble small business—all without investing in costly IT resources.

Register today and watch on your schedule at bit.ly/11HtMsZ, or sign up for a live demo at bit.ly/XbsSos

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GovWin from Deltek is the essential source for information, teaming and software solutions to help organizations find, manage and win government business. More than 2,800 companies rely on GovWin for the latest and most comprehensive information solutions, including market intelligence, consulting, sales management tools, teaming solutions, and educational and networking events. Deltek is the leading global provider of enterprise software and information solutions for government contractors and professional services firms. For decades, Deltek has delivered actionable insight that empowers our customers to unlock their business potential. Get started today at GovWin.com.
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