

Sage FAS Fixed Assets | White Paper

The Advantages of a Dedicated Fixed Asset Management System

Integrating Sage FAS with ERP Systems



Table of Contents

- Introduction3**
- Two Approaches to Fixed Asset Management.....4**
 - At a Glance: ERP Fixed Assets vs. Dedicated Fixed Asset Systems5
- Advantages of Managing Fixed Assets with Sage FAS.....6**
 - Timely Updates to Address Changing Tax Laws.....6
 - More Robust Capabilities6
 - Ready to Address the Challenge7
 - Ease of Use and Superior Efficiency8
 - Lower Costs8
 - Easy Communication with External Accounting Firms and Auditors.....8
- Taking the Best of Both Worlds—Sage FAS Integration with ERP9**
 - Sage FAS Universal Link9
 - Complimentary Sage FAS Links for Sage Software ERP and GL Solutions.....10
 - Prebuilt Custom Integrations10
- Conclusion.....11**

This report is informational only and not meant as accounting, tax, or legal advice. Exceptions and special provisions are not covered, so you should consult your accounting, tax, or legal professionals for advice specific to your situation.

Introduction

When businesses implement Enterprise Resource Planning (ERP) systems, they also face the decision of whether to manage fixed assets using an add-on module from the ERP vendor or a dedicated fixed asset management solution. While ERP systems are excellent at integrating financial information and automating customer order data, fixed asset management is not the main development focus of ERP vendors, and an add-on module does not contain the robust feature set of a dedicated solution.

Sage delivers the tools necessary to gain complete control over the entire lifecycle of fixed assets as well as address the growing number of compliance concerns. Sage FAS Fixed Assets is a family of integrated, award-winning fixed asset management solutions used by over 100,000 fixed asset professionals and the Top Ten U.S. accounting firms. Providing customers with total control over fixed asset management is the dedicated focus of Sage FAS research and development efforts.

Sage has created this guide to provide fixed asset managers who currently use Sage FAS with information to make the business case for integrating Sage FAS with your ERP system. In addition, if you're currently searching for a fixed asset management solution, this guide will explain why a best-of-breed fixed asset management solution, such as Sage FAS, may be a more affordable, flexible, and reliable option than an ERP add-on module.

This guide illustrates precisely how Sage FAS integrates with ERP systems to provide businesses with the best of both worlds in fixed asset and financial management. It also details the many benefits companies can enjoy by combining Sage FAS with existing ERP systems. These benefits include:

- Regular tax updates
- More robust functionality
- Cost savings
- Knowledgeable support from depreciation experts
- Enhanced compliance

Two Approaches to Fixed Asset Management

The day-to-day management of fixed assets is a critical business function—one not easily understood outside the accounting and finance departments. The top-down nature of the decision to implement an ERP system often does not specifically consider the unique requirements of fixed asset managers. Yet incomplete or inaccurate fixed asset management and reporting can negatively impact the bottom line with overpaid taxes and insurance, and potentially cause corporate compliance failures.

Essentially, there are two approaches to managing fixed assets in an ERP information environment. The first is to implement an add-on module from your ERP vendor. However, the main focus for many add-ons is the integration, not the features and functions required to plan for the most strategic use of assets and make positive impacts on the financial well-being of the company.

The second approach involves using a dedicated fixed asset management solution that is more fully-featured and feeds important fixed asset depreciation data to your ERP system. Through data integration, both ERP add-on modules and dedicated fixed asset solutions can transfer fixed asset data among the fixed asset system, the General Ledger (GL), and other business functions, such as Accounts Payable (AP) and Purchasing. (You'll learn how the integration works later in this guide.)

For businesses facing the decision between implementing a dedicated fixed asset management system, such as Sage FAS, or adding an ERP module, the key differentiating factors are: functionality, ease-of-use, cost, and compliance issues. And as outlined in the next section, dedicated fixed asset management solutions offer advantages in each of these areas.

At a Glance: ERP Fixed Assets vs. Dedicated Fixed Asset Systems

Sage FAS Fixed Assets

	ERP Fixed Asset Modules	Dedicated Fixed Asset Systems
Ease of Use	Simple tasks can take many steps and lead through several screens.	Tasks fewer steps and less time—screens are designed to pull in all the necessary information quickly.
Interface	Created to match ERP system, not produce better productivity for fixed asset managers.	Planned and developed to aid efficiency of fixed asset managers.
Technical Support	Personnel not well-versed in the intricacies of depreciation.	Trained only to support fixed asset accounting.
Functionality Beyond Depreciation	Primarily address tax, lacking advanced features for inventory or construction in progress.	Address the complete lifecycle of assets, including construction in progress and physical inventories.
Reporting	Only basic fixed asset reports are included. Creating customized reports (while the data is abundant) can be complicated and often requires the help of consultants and/or your IT department.	Include much larger selection of useful fixed asset reports in the standard system. Most include a report generator that enables fixed asset managers to create their own custom reports and, in some cases, to modify standard reports.
Cost	High—often requiring expensive consulting engagements to set up, modify, or implement tax law changes.	Affordable—designed for the needs and budgets of small and medium-sized businesses.
Tax Law Compliance	Depreciation tax law changes take a long time to be incorporated, if at all. Consultants are often required. Depreciation changes built into a general release might be blocked by your IT department, if the update impacts multiple departments.	Vendors provide timely software updates to reflect tax law changes as part of support plan.
Sarbanes-Oxley Compliance	Compliance concerns generally focused on general ledger and accounting areas, rather than fixed assets.	Security controls limit access to fixed asset data and track who makes changes at the individual asset level.

Advantages of Managing Fixed Assets with Sage FAS

While fixed asset management is a tiny part of what ERP research and development teams work on, it is the exclusive focus of dedicated fixed asset systems such as Sage FAS. The Sage FAS development, quality assurance, professional services, and customer support teams all receive extensive training in the intricacies of depreciation. The Sage FAS team includes depreciation experts and CPAs who ensure that the solution stays abreast of changing tax laws and addresses the key concerns of fixed asset managers in the most efficient, reliable, and precise way.

Timely Updates to Address Changing Tax Laws

Customers trust Sage FAS for total accuracy in their depreciation calculations. The availability of regular updates when tax laws change is a key difference between Sage FAS and add-on modules from ERP vendors. At Sage, a team of depreciation experts monitors all tax law changes and immediately goes to work incorporating them into the next release of Sage FAS. An annual tax update incorporating all of the pertinent tax law changes for the next tax filing is released at the end of each year. Additionally, other releases of the software provide product enhancements and further tax law changes if new rules are announced midyear. These updates are free of charge to customers on a Sage FAS SupportPlus plan.

ERP vendors do not always schedule software releases based on tax law changes. That is because most software updates will impact multiple software modules and business units. When Congress changes a tax law, your ERP vendor is unlikely to respond immediately, if ever. This leaves fixed asset managers in the unenviable position of having to stay abreast of changing regulations and determine how each new law impacts your business. If your ERP vendor does offer a patch to address a tax law change, you run the risk of this fix impacting other areas of the organization. Without a timely release, you may have to pay consultants to update your fixed asset module to reflect current tax law or compliance regulations.

More Robust Capabilities

When selecting a fixed asset management solution, it's important to find one that addresses the key duties of fixed asset managers throughout the lifecycle of fixed assets. Consider your company's needs:

- What advanced fixed asset accounting features will you require?
- Are all of the tax forms that you will need to produce automated?
- Do you need to track and manage invoices and budget during work-in-progress projects before a new fixed asset is created?
- Will you take routine physical inventories of fixed assets?
- What types of reports and projections will management expect? Or the auditor?

Inventory of fixed assets is the only way to ensure that the assets on your books are the same ones distributed throughout your company. Without regular inventories, you could waste thousands of dollars paying taxes and insurance on lost, stolen, or out-of-service assets. Many ERP fixed asset modules don't address the need for physical fixed asset inventories. Those that do often lack essential functionality such as ability to use barcode labels and handheld readers, with data automatically reconciled against the central database of fixed assets.

"Thanks to FAS Asset Accounting for SQL Server, we saved \$1 million in taxes—a significant opportunity we'd have lost if we waited to upgrade our ERP system. And, because it's so easy to do tax reporting in Sage FAS, we also save about \$10,000 in audit fees every year."

*John Garbaciak
Vice President of Financial Reporting
Edelman Public Relations
Worldwide*

Construction-in-progress functionality (also called work in progress) helps you to track, organize, and monitor the construction costs against budget. ERPs do not consider this aspect of the fixed asset lifecycle because it occurs prior to placing an asset in service. However, this stage of production of a fixed asset can be very important to your business.

Ready to Address the Challenge

Thanks to their exclusive focus on fixed assets, Sage FAS solutions have the most complete feature sets available today. Perhaps the most defining feature of Sage FAS solutions is their comprehensive management of the entire fixed asset lifecycle, from construction in progress projects through disposal.

FAS Asset Accounting provides advanced fixed asset accounting and reporting features for businesses needing effective decision-making tools in integrated accounting environments. For larger businesses with greater volumes of assets, Microsoft® SQL Server® options add more speed, power, and flexibility. Chosen three to one over competing fixed asset management solutions combined, FAS Asset Accounting features the most robust functionality in the industry, including:

- Most comprehensive depreciation calculation engine in the industry, with over 300,000 IRS tax and GAAP rules built in
- Seven books, all visible on one screen—Internal, Tax, ACE, AMT, State, and two user-defined custom books
- Management over the entire fixed asset lifecycle, including transfers and disposals
- Automatic calculation of AMT and ACE schedules
- Over 50 standard depreciation methods—including MACRS 150 percent and 200 percent (formulas and tables), ACRS, Straight Line, Modified Straight Line (formulas and tables), Declining Balance, Sum-of-the-Years-Digits, and customized depreciation methods

FAS Asset Inventory delivers unparalleled asset inventory tracking and reconciliation capabilities. Using state-of-the-art bar code technology—including Windows Mobile® bar code reading devices—it creates and tracks physical inventories quickly and accurately for better management of fixed assets.

Barcode Readers and Labels provide a complete fixed asset inventory solution, all available from one vendor. Combining these hardware tools with the Sage FAS software solution delivers an instant return on investment.

FAS CIP Accounting helps control spending and streamlines project accounting prior to placing a fixed asset in service. It eliminates cumbersome spreadsheets, manual data entry, and the mountain of invoices associated with assembling multicomponent equipment, upgrading machinery, constructing buildings, and other work in progress.

FAS Report Writer provides control over the format, appearance, and context of all depreciation and asset management reports. With the point-and-click system of FAS Report Writer, it is easy to create professional, custom reports instantly and even share fixed asset data with other programs using the built-in ASCII and spreadsheet exports.

FAS Compliance Advisor produces a multitude of comprehensive reports that satisfy the most common information requests posed by auditors during an evaluation of internal controls for Section 404 of the Sarbanes Oxley Act.

"It's nice to know that Sage Software has a staff of CPAs and experts that are constantly monitoring and interpreting new tax rules. With FAS Asset Accounting, all I have to do is install the software update to know that Bell & Gossett is in full compliance with the latest tax legislation."

*Dan Leider
Senior Accountant
Bell & Gossett*

Ease of Use and Superior Efficiency

Sage FAS is easy to implement, learn, and use. Every feature is designed to help fixed asset managers accomplish routine tasks in fewer steps. The information that you need is arranged for easiest access, with all seven books available on one screen. Other features include:

- Easy-to-use graphical interface
- Fully customizable data entry screen including field names, lengths, pictures, and prompts—fields can even be turned off completely
- Customizable “SmartLists” for fast, accurate asset entry
- Powerful “Group Manager” for instant queries and reusable group definitions
- “Group View” for working with and viewing multiple assets simultaneously
- “Tab Design” lets you instantly switch between “Main,” “Transfer,” and “Disposal” functions

Commonly used functions like transfers or disposals that might take seven to nine steps in the add-on module from your ERP vendor take two or three quick clicks of your mouse in Sage FAS. Every step that can be consolidated in your daily routine tasks is time saved. Customers who have tried both solutions say these little time-savings add up to a much more efficient work day with Sage FAS.

Lower Costs

CIO Magazine lists training, implementation, customization, and consultants among the “hidden costs of ERP” that often surprise companies implementing a new ERP.¹ With Sage FAS you can save on all of these expenses.

Sage FAS is designed to be an out-of-the-box solution that can be implemented by the customer. A friendly, wizard-driven interface helps new users step by step through the implementation process. If you require additional assistance, the Sage FAS customer support and professional services teams stand ready to help, dedicated solely to supporting, training, and assisting Sage FAS customers.

Similarly, regular Sage FAS updates also install quickly, so you’ll be able to take advantage of each new feature and stay compliant with every change in the tax code. New features in ERP systems often bring new fees. Installing the patches and updates for ERP systems often require the help of consultants and can impact multiple business units.

Affordable Sage FAS training is delivered in three different formats to match the schedules and training budgets of all Sage FAS customers. Training is available online, in classrooms nationwide, or on location at the customer’s request.

A wide range of training is available, from basic “getting started” classes to very advanced fixed asset management techniques.

Easy Communication with External Accounting Firms and Auditors

Because Sage FAS solutions are widely used by thousands of CPAs and the top ten accounting firms in the nation, it is easy to exchange Sage FAS data with your external accounting firm and compliance auditors.

“One of the main benefits of implementing a fixed asset solution comes from inventory reconciliation. When we assess a company’s inventory, it’s not unusual for us to find that an average of 15 to 30 percent of the fixed assets have actually been retired, sold, discarded or are not in use.”¹

Scott Swarts
President
Paragon Systems

¹ Christopher Koch, “The ABCs of ERP,” CIO.com Enterprise Resource Planning Research Center. <www.cio.com/research/erp/edit/erpbasics.html>, accessed on June 9, 2006

Taking the Best of Both Worlds—Sage FAS Integration with ERP

It is easier than ever to take advantage of all the benefits offered by Sage FAS while still fully utilizing your ERP system. Rapid improvements in data integration over the past several years make it much easier for systems to communicate than ever before.

Sage has a great deal of experience integrating ERP systems with other applications. So it should come as no surprise that our customers routinely integrate Sage FAS with their ERP systems—it's easy to accomplish! Sage FAS can transfer fixed asset information to your ERP system in one of several ways:

Sage FAS Universal Link

The Sage FAS Universal Link provides for the transfer of fixed asset data from Sage FAS to any general ledger package that accepts data in an ASCII format, including ERP systems such as SAP®, Oracle®, and PeopleSoft®. The Sage FAS Universal Link provides inexpensive, open integration to any system, enabling you to import and export fixed asset data quickly and easily. Best of all, it features an easy setup, so end-users can install it without assistance—no consultants required! You enjoy the best of both worlds: The robust functionality of Sage FAS combined with the power and automation of your ERP.

If you desire even deeper integration between Sage FAS and your ERP system, Sage Professional Services stands ready to help. They can design fully automated, scalable integrations using any of the data stored in the Sage FAS database. For example, you could send data from Accounts Payable into Sage FAS, and then send data from Sage FAS to post depreciation journal entries on your General Ledger. Here's how it works:



Data easily flows from Sage FAS through the Sage FAS Universal Link into your General Ledger or other Accounting System.

Complimentary Sage FAS Links for Sage ERP and General Ledger Solutions

Sage FAS provides dedicated integration to other Sage solutions at no additional cost. Sage FAS Links provide accurate depreciation expense journal entries by automating the posting process between Sage FAS and your general ledger.

Using the Sage Desktop, a virtual common workspace deployed across Sage solutions, Sage FAS users can quickly access all applications, information, and tasks they need for work processes. Simply select the built-in Sage FAS Link from the Sage FAS menu for an easy, accurate, and dependable way to post summary depreciation expenses. You can even verify the accuracy between Sage FAS and your general ledger with a dependable posting report that is generated every time you send Sage FAS depreciation data to your General Ledger.

Sage FAS Links come preinstalled in FAS Asset Accounting. Currently, built-in Sage FAS Links exist for:

- Sage Accpac ERP
- Sage BusinessWorks Accounting
- Sage BusinessVision
- Sage MAS 90/200 ERP
- Sage MAS 500 ERP
- Sage MIP Fund Accounting
- Sage PFW ERP
- Sage Pro ERP Sage Timberline Office
- Microsoft Dynamics SL
- Peachtree by Sage - Quantum
- QuickBooks
- Simply Accounting by Sage

Prebuilt Custom Integrations

Prebuilt custom integrations exist so that you can transfer data between Sage FAS and third-party products such as CCH ProSystem®. These integrations are available at a nominal cost from Sage and third-party consultants and enable you to automate the seamless transfer of fixed asset data from Sage FAS to another accounting tool.

Conclusion

With over 300,000 IRS tax and GAAP rules built in, more than 50 supported depreciation methods, and a team of depreciation experts to produce an annual tax update, Sage FAS delivers the gold standard of accuracy in fixed asset accounting. But Sage FAS solutions address the entire range of fixed asset management duties, not just depreciation for tax. Sage FAS customers also gain control over fixed asset inventory, construction in progress, and compliance. Advanced reporting provides critical insight to help management make strategic decisions about fixed assets.

Sage FAS solutions are designed to grow with your business. The fully integrated modules can be purchased and installed as your company's needs grow or budget allows. Every Sage FAS solution is available for Microsoft SQL to add speed, power, and scalability for rapidly growing businesses. When combined through the easy integration of Sage FAS Universal Link, your ERP system and Sage FAS will make a powerful combination.

In conclusion, your decision-making process for selecting a fixed asset management system should involve a careful evaluation of the benefits of both dedicated fixed asset solutions and add-on modules for your ERP system. Integration is not the only factor to consider. The extra boost to your company's bottom line achieved through accurate, strategic management across the entire fixed asset lifecycle should encourage you to evaluate the enhanced functionality, ease of use, better compliance, and cost savings of Sage FAS solutions.

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