Issue 4

Winter 2009

WELCOME AND INTRODUCTION

Welcome to the fourth and final issue of The Electron for 2009. This issue concludes the finance and accounting theme from the last issue with a review of two informative booklets on 'Selecting Specialist Software Applications' and 'How automating the "Procure-to-Pay" Process delivers Business Advantage'. This is supported with further software applications, some views on 'cloud computing' from The Institution of Chartered Accountants of Scotland, and another case study.

For this issue The Institution of Electronics would especially like to thank PS Financials and Sapphire Software Systems for their time and assistance at Softworld.

First, however, can you spot a 'Phishing Website'?

PHISHING WEBSITES GO UNNOTICED

Most of us are poor at spotting 'Phishing Websites', that is, websites that are aimed at garnering users' personal information such as passwords, for fraudulent use, according to Internet service provider Verisign (www.verisign.co.uk)

A survey carried out on its behalf by pollster YouGov revealed that many people fail to spot some of the often recognizable signs that a website may indeed be 'phishing'.

Those who were surveyed were asked to look at two web pages side by side and identify which of the two was genuine and which was 'phishing'. The results showed that:

88 per cent failed to spot the site which had spelling mistakes.

57 per cent did not spot the absence of a padlock symbol in the browser address bar.

34 per cent missed a URL which contained a numerical rather than a textual domain name.

23 per cent missed spotting requests for additional account information.

An age and gender breakdown of the results revealed that women and the over 55s were more likely to be duped than men and the younger age groups, but anyone can be caught out.

The full press release for these findings is available at http://tinyurl.com.kmxxwx

SELECTING SPECIALIST SOFTWARE APPLICATIONS

Business Software Intelligence have published a booklet entitled 'Selecting Specialist Software Applications' aimed at guiding organisations and individuals through the process of software selection for application integration.

It is stressed that selecting a specialist software application is not the same as buying a new computer with just one application on it. Specialist applications have to integrate into the existing business system architecture, and no one company's systems architecture is the same as any other company's.

An identified trend is that of investing in stand-alone specialist applications rather than attempting to upgrade existing enterprise-wide applications (ERP). These applications have the advantage of not requiring an upgrade of the existing system hardware and applications to work effectively.

Research shows that there are currently over 2,000 different software applications in the U.K., some of which are sold directly by software authors, some of which are sold indirectly through resellers. Of these 2,000 less than 100 are enterprise-wide ERP type applications, suggesting that the latter is in a state of decline.

The up and coming specialist software applications producers have developed new technologies for the web and shared services and are not constrained by the need to support extensive legacy systems. However, potential customers are advised to exercise caution as some new applications have few users and reference sites and may not work as intended.

In searching for suitable specialist application packages users are recommended to start with their legacy system supplier who may be able to advise on particular specialist 'bolt-ons'. Specialist websites that have been set up to provide information about business software are criticised for being "not comprehensive" with detailed information about the market leading products often omitted.

In order to compare the various products on offer the reader is invited to visit the Business Software Intelligence website www.softcomparison.info which enables prospective purchasers to compare products using an advanced functionality feature list. Unlike with other software search sites software developers can list their products here free of charge as its aim is to display a comprehensive directory of all business software products. It also does not require the prospective purchaser to register their details and there is no follow-up afterwards.

The booklet also gives advice on how to specify requirements, usually in the form of a ten page or so Request for Information covering:

Product requirements.

Integration requirements.

System requirements.

Service requirements.

Scalability.

To these may be added company background, timescales and budgets.

The concluding section of the booklet provides some questions to ask about the software author, the product, functionality and flexibility, usability, integration, and cost, e.g. will the cost be more than the software license?

The booklet was written by Dennis Keeling, Chief Executive, Business Intelligence, 1 Church Street, Great Missenden, Buckinghamshire, HP16 0AX.

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ADVANTAGES OF AUTOMATING PROCURE-TO-PAY

FSN Professional and Technical Publications have published a White Paper explaining how automating the 'Procure-to-Pay' process can deliver business advantage.

According to the paper experience has shown that automating the 'Procure-to-Pay' process is one of the easiest and most effective ways of deriving significant benefits for an organisation, irrespective of whether it is a large public entity or a small trading company.

The paper argues that the traditional 'Procure-to-Pay' process is highly manually intensive and costly as it involves the processing and distribution of large numbers of documents, such as placing purchase orders, processing purchase invoices, gaining budget holder approval, and paying suppliers. Printing information onto pre-printed stationery and posting paper documents has traditionally been the way to create and distribute purchase orders, remittance advices and cheques. Likewise, when purchase invoices arrive from suppliers, manually intensive paper based internal processes are used to process, approve and code the relevant purchase invoice data.

A completely automated eProcurement solution may be considered ideal, but in practice may be difficult to achieve. Hence the case is made for electronic document management or E.D.M.

In applying this technology the paper distinguishes four specific phases:

Initial communication with suppliers.

Data capture from supplier documents.

Authorisation and coding of internal documents.

Making of payments.

The paper outlines the various ways in which an organisation can realise savings from each of these stages in the process and then lists a range of benefits such as automated data capture, which can save organisations over £10 per purchase invoice process when compared with manual keying, and improvements to audit processes as all the documentation can be made available electronically as opposed to relying on time-consuming trawls through paper archives.

The conclusion is that:

'By implementing E.D.M. within a 'Procure-to-Pay' process, cost savings become increasingly obvious across the organisation. From the simplest step of the electronic delivery of documents, through to image storage, automated data capture and electronic authorisation of documents, efficiency and productivity gains are quickly and easily achievable'.

The paper, entitled 'How automating the "Procure-to-Pay Process delivers Business Advantage' was written by Gary Simon, Group Publisher of FSN and Managing Editor of FSN Newswire, who is also author of the book 'Fast Close to the Max□'. His email is Garysimon@fsn.co.uk

UNITED CHURCH SCHOOLS TRUSTS ADOPTS NEW FINANCIAL MANAGEMENT SOFTWARE

The United Church Schools Trust (U.C.S.T.), formerly The Church Schools Company, was founded as an educational charity in 1883 to provide children with an education based on Christian principles.

In 2003, the Trust began a programme of opening further schools in less advantaged areas as part of the Government's City Academy Programme. This led to the formation of The United Learning Trust (U.L.T.) as a charitable subsidiary of U.C.S.T., which is now the largest single sponsor of specialist state school academies in England with 15 schools. The U.C.S.T. and U.L.T. schools currently teach around 22,000 pupils and employ 3,200 staff, of which 1,500 are teachers.

In 2005 the U.C.S.T. searched for a new electronic financial management system to manage the finances of the four city academies and eight U.C.S.T. independent fee-paying schools which were run at that time.
As a charity the Trust had special requirements for such issues as variable rate tax recovery, as well as a need for consolidated reporting across the different schools being managed. The solution proposed by PS Financials took account of this, and provides educational charities with the ability to manage a number of schools finances from one central point, making it possible to drill down in detail for each school, whilst at the same time allowing an overview of expenditure at a higher level. In addition, administration time could be saved by utilising a single purchase ledger and centralised invoicing.

The new solution allowed U.C.S.T. to define a system which had many elements to it using terminology which users were used to, so enabling user training to be achieved

in just two days. There are now 75 users of the system including 15 staff in the central finance team and two users in each school/academy.

Ian Teague, Director of I.T. for the Trust, says:

"PS Financials enables us to analyse the profitability of our schools based on their senior and junior departments – we can produce monthly figures and split expenditure across these different departments, which is something we couldn't do before.

We have saved a lot of time with VAT returns because the system has a built-in ability to handle variable rate VAT claims. For example, when you do running repairs on buildings you can get tax relief, but the amount varies depending on the age of the building – and of course this varies. We had to be able to analyse the cost of repairs by building, and this has been built into the system behind the scenes. As a result, calculating the amount of VAT is much easier and saves us money and time.

Some of the transactions we have wouldn't be catered for in most accounting packages, for example, each school has its own account but we transfer funds automatically between them when balances drop below a certain level – with the PS Financials system we were able to build this into the user screens".

DEAFBLIND U.K. TO IMPLEMENT SAP BUSINESS ONE

Deafblind U.K. offers specialist services and human support to deafblind people and those who have progressive sight and hearing loss acquired throughout their lives. The aim of Deafblind U.K. is to enable people living with this disability to maintain their independence and quality of life and to reduce the isolation that deafblindness creates. This is achieved through campaigning, education, the provision of practical and emotional support via independent living teams, and a free information and advice line.

Recently the charity identified a requirement for a new electronic finance and business management solution as part of a general requirement to invest in its infrastructure in order to enable continued growth. This new system needed to offer improved data quality and output, and facilitate the management team in making more informed and better decisions.
The SAP Business One system from Sapphire was identified as being a good integrated, affordable business management application for growing and mid-size organisations that is quick to implement and easy to use. It is a single system that can automate critical operations such as finance, human resources, customer relationship management, inventory and purchasing, and can provide up-to-the-minute views of business data.

Rod Cullen, Management Accountant for Deafblind U.K., says:

"We will be able to re-direct the skills of one full-time person by purchasing this system. Other benefits we are looking forward to are increased efficiency, improved quality of data and greater analysis in financial reporting. Decision makers will be able to view financials themselves without having to ask the accounts team for the

information they need. In time, SAP Business One can grow into an all encompassing data holding system and we will be able to utilise more of its functionality in future years".

Ian Caswell, Managing Director of Sapphire, commented:

"This is a great example of an organisation that thought they couldn't afford it benefiting from a SAP solution. SAP Business One is ideal for cost-conscious growing organisations as it eliminates the need for a multitude of disparate, individually maintained systems. We look forward to a long working relationship with Deafblind U.K. as this important charity continues to grow".

CASE STUDY: THE ANRITSU CORPORATION

The Anritsu Corporation (www.anritsu.com) has been a provider of innovative communications solutions for over ten years. The company's test and measurement solutions include wireless, optical, microwave/RF and digital instruments, operations support systems, and solutions that can be used during research and development, manufacturing, installation and maintenance. Anritsu also provides precision microwave/RF components, optical devices, and high-speed devices for design into communication products and systems.

In 2005 Anritsu expanded to provide complete solutions for existing and next-generation wireline and wireless communication systems and service providers. Revenues are currently of the order of $1 billion with sales in 90 countries. They employ around 4,000 staff.

Anritsu's operations in Europe had traditionally utilised a variety of different systems, but a strategic decision was taken to move from operations that were country based to operations that were European based, with offices in all European countries using the same system.

SAP Business One was found to be a good fit for this application, and a decision was taken to implement it at Anritsu's European subsidiaries, with Sapphire (U.K.) as implementation and integration partner.
SAP Business One was implemented in the U.K., France Italy, Sweden, Denmark, Germany and Finland, and integrated with SAP R/3 at Anritsu's Japanese headquarters. The roll-out across Europe took just over a year and a half and the system now has about 70 people logged on to it at any one time.

A recent study of the return on investment that Anritsu has realised to date as a result of implementing SAP Business One showed that the internal rate of return (I.R.R.) was 24 per cent with a payback of 38 months. Average monthly benefits are around 43,000 Euros.

The main benefits that have been gained from the application are:

(i). I.T. maintenance cost reduction.

Anritsu has experienced a significant saving in maintenance costs for business systems since the implementation of SAP Business One. Now that there are no longer several maintenance contracts for number disparate systems the financial outlay has been reduced and efficiency has improved.

(ii). Labour cost saving.

Anritsu is saving on headcount in general, and efficiency improvements in the I.T. and back office teams across Europe has meant that there is no longer a need for I.T. subcontractors in every country.

(iii). Training cost saving.

As a result of staff having to learn to use just one system, training costs have been cut relative to the old legacy systems. Trainees become more productive sooner, more knowledge is shared between countries, and there is easy cross-training for existing members who may initially have had restricted tasks on the system and are subsequently required to broaden their responsibilities. Also, the similarity of tasks between modules makes it straightforward for an existing SAP Business One user to learn how to use other functions.

(iv). Improved revenue per customer.

Improved revenue per customer is derived from increased visibility of the buying habits of customers revealed by the sales reporting functions in SAP and the ability to up-sell and cross-sell more effectively to these customers based on this intelligence. In addition, Anritsu will be able to easily identify which customer support contracts are due to expire. This will allow these support contracts to be renewed sooner allowing invoicing to be done for this in a more timely manner. The additional monthly margin generated is around 6,000 Euros.

(v). Improved cash collection and day sales outstanding (D.S.O.)

SAP Business One was used as a facilitator of a strong management drive to reduce D.S.O. As a common tool it has provided transparency across Europe on actions to be taken and has allowed cross-border cooperation between all offices to tackle what has become a major priority in the current economic crisis. The improvements in the cash collection cycle have been analysed by looking at the improved figures for D.S.O. due to better and faster collection periods. The D.S.O. figures have been reduced by an average of 15 days and improved cash collection monthly savings are of the order of 7,500 Euros.

(vi). Reduction in stock holding.

Reductions in stock holding have been achieved by better centralised processing and improved visibility of stock requirements, as well as more detailed reporting. This has allowed for a swift response to inventory reduction needs. Transparency was provided by the fact that all data is stored in SAP Business One, a common format for all data to be stored. The consolidated visibility across European offices was achieved through

reports created in-house by the Anritsu EMEA I.T. team from data held in SAP Business One. The added benefits are said to be 'significant'.

The General Manager of Anritsu EMEA, Michael Spatny, comments:

"We have already recommended SAP Business One from Sapphire to other organisations and are looking forward to our U.S. operation potentially implementing it too. It will be a real advantage for the entire Anritsu Corporation to use the same system and for other regions to benefit from SAP Business One as we are".

ACCESS WIN GREEN SOFTWARE OF THE YEAR AWARD

The Access Group has won the BASDA-sponsored Green Software of the Year Award for 2009 for their Accounting for Carbon Emission (ACE) software.

Incorporated free within Access Dimensions ACE ensures that carbon emission figures are as easily accessible as regular financial reports without the need to change existing workflows. ACE works alongside an organisation's daily routine, delivering periodic and on-demand information, enabling data to be analysed in any way. By making this process simple and affordable ACE helps to make solid sustainability-based decisions with confidence. In addition the ACE functionality has been incorporated within Access' web-enabled professional services solution, FocalPoint, which allows staff to log their expenses and carbon emissions data remotely, whenever they want and wherever they are based.

The Chief Executive of Access, Alistair O'Reilly, states:

"We believe our success lies in the flexibility of our solution and its ability to help reduce carbon footprint, and therefore costs, across the organisation. We started using the tool ourselves prior to its launch and have recently set a target to reduce carbon emissions per employee by 15 per cent from July 2009 to June 2013, and to reduce this by a further 5 per cent by 2020. We hope to enable other organisations to set equally ambitious expectations for reducing their carbon footprint".

In addition to gaining this Award Access were also finalists in the Construction Computing Awards for Construction Accounting of the Year and Environmental Product of the Year.

CLOUD COMPUTING: TOO MUCH HYPE?

Robert Outram, Editor of CA Magazine, the official journal of The Institution of Chartered Accountants for Scotland, has drawn attention in the October 2009 issue to the increasing hype which is currently surrounding the term 'cloud computing'.

He describes the term 'cloud computing' as "a buzzier term for what some still call 'software as a service', that is, a software application the user pays for by subscription and accesses using the Internet". Alternatively, he says it can mean 'renting

information technology infrastructure – servers, storage and network – so that an organisation's I.T. is based on hardware that it does not own or control directly'.

The problems that are identified with this are as follows:

(i). Whilst buying software as a service may be fine for locking down cost with known usage, costing can be more tricky with infrastructure as a service.

(ii). It is not always clear if the user will be locked in to one service provider or be able to migrate to another without difficulty.

(iii). So called 'Private Clouds' which use the cloud concept but with one's own server, can face problems with software licensing.

The author quotes William Beer, Director of The One Security Team for PricewaterhouseCoopers, as follows:

"We may be paying too much attention to the benefits of cloud computing and not enough to the risks. Data protection and encryption become more important than ever because the data from different clients held on the host's servers is not physically segregated.

If regulators say your data must not leave the U.K. that could be a challenge. Also, do you know what will happen when you want your data back, and need to ensure it has been deleted?"

[As with all new-fangled concepts, people are often unaware as to where they stand with it, so caution is advised –Ed]

MICROSOFT LAUNCHES WINDOWS 7

Windows 7, the latest desktop operating system from Microsoft, was launched worldwide on October 22nd.

It comes in a number of versions and in Europe each version will be suffixed by the letter E, indicating that Internet Explorer is not present. This follows the fining of Microsoft by The European Commission for bundling Internet Explorer with earlier operating systems.

Both users who buy a boxed copy of Windows 7 and computer manufacturers who get it directly from Microsoft to put on new machines will be able to install Internet Explorer or any other web browser of their choice.

There are six versions of Windows 7, but the principal two are Windows Home Premium and Windows Professional. The full range is Windows 7 Starter Edition, Windows 7 Home Basic, Windows 7 Home Premium, Windows 7 Professional, Windows 7 Enterprise, and Windows 7 Ultimate.

When choosing a version of Windows Vista users had to offset some features against others because the route from one version to another was not a fully incremental one, but this time everything that is in a 'smaller' version of Windows will be in the next version up, so making choices easier.

More about this and the issues that users face when buying upgrades to Windows 7, can be obtained from the blog of David Heiner, Vice President and Deputy General Council of Microsoft at http://tinyurl.com/mt7aty

CONTACT INFORMATION

Additional contact information for the items featured in this issue of The Electron is as follows:

www.psfinancials.com (email: info@psfinancials.com)

Sapphire Systems, Kilburn House, Manchester Science Park, Lloyd Street North, MANCHESTER M15 6SE. (www.sapphiresystems.co.uk)

www.theaccessgroup.com

camag@connectcommunications.co.uk

INSTITUTION NEWS

Retiring members

The following members have announced their retirement in 2009:

Hugh Gee

D.A.B. Craik

Both have been members of the Institution of Electronics for over 40 years and have been invited to take up Honorary Life Membership.

Continued success for Arkwright Student

The Institution is pleased to announce that its latest Arkwright sponsored student Ms. Elaine Macqueen has been accepted by Strathclyde University to study for a BEng degree in Product Design Engineering having gained two A Grades for Higher Graphic Communication and Technological Studies, and two B Grades in Maths and Higher Art.

With regard to the above course she comments:

"This course is really exciting as it combines all that I have studied (Physics, Maths, Business, every subject in the Technology department, and Art), continues my interest in these fields and uses the problem solving skills I have learnt in the competitions I have partaken in at the Young Engineers' Club".

With regard to her sponsorship she says:

"I would like to thank you again for your sponsorship and allowing me to become a member. It has enabled me to succeed at my engineering goals, get to university and now hopefully succeed there with new challenges and aims. I hope to learn so much more about The Institution of Electronics and about electronic technology itself".

Flame C.C.R. to broadcast full-time from December

Institution member Norman Polden is pleased to announce that Flame Christian and Community Radio (Flame C.C.R.) is to begin full-time broadcasting from December 2009.

In seeking to establish Community Radio for Wirral the Medium Wave Antenna (1521 KHz, 30 Watts) in North Wirral is nearing completion.
Flame C.C.R. records, assembles and re-edits programmes for radio broadcasting using computer-based tools in its Wirral office and studio. Since June 2000 Flame C.C.R. has brought over 9000 hours of Christian Radio to a potential listenership of over 300,000 people as well as worldwide web-casting (since February 2008) for a total cost of £235,000.

Flame C.C.R. currently has a year round team of ten volunteers, a presenter team of 50 volunteers, and over 39,000 music tracks in its library, as well as 12,000 tracks held on computer for automated broadcasting. Flame's programmes are also recorded onto CD and sold to raise funds for Flame.

The cost of launching full-time Flame C.C.R. is £35,000, including the cost of the MW antenna and creation of new studios. Annual costs when broadcasting are expected to be around £25,000.

Flame is therefore appealing for donations from 'Flame Partners' who are prepared to donate £5 a month (Gift Aided), Programme Sponsors who are willing to sponsor 30 minute programmes that cost £100 each to produce, and one-off donations.

Cheques should be made payable to Wirral Christian Media, and sent to Flame Christian and Community Radio, P.O. Box 53, Upton, Wirral, CH49 3WB. U.K. taxpayers who donate should ask for a Gift Aid Form.

Flame C.C.R. is an Institution of Electronics approved training centre and is active in the provision of training in sound recording and editing.

More details are available from www.flameccr.org.uk and www.flameccr.blogspot.com or email flameccr@googlemail.com

BECOME A SPONSORING ORGANISATION IN 2010

The Institution of Electronics covers a broad range of electronic application areas and seeks to provide a voice for electronics professionals engaged in work in all of them.

Sponsoring organisations in the various application areas can help greatly by allowing for a cross-fertilisation of ideas between disciplines, leading to further innovation and the spreading of best practice.

Sponsoring organisations contribute £50 per year and receive an article of their choice in the Newsletter, plus a link and an advertisement for each year of payment and an entry on the blog.

The Institution's website is managed by A and P Business Solutions Limited as part of their webspace and in September 2009 this had over 5 million hits of which the Institution of Electronics receives an average of several hundred per day.

Organisations wishing to consider becoming Institution of Electronics Sponsoring Organisations should contact Jim Clark, Editor, The Electron, c/o Spire City Publishing, P.O. Box 84, Clitheroe, Lancashire, BB7 4WA or alternatively email jim@spirecity.go-plus.net.

Cheques should be made payable to "The Institution of Electronics" and sent to the above.

* THE INSTITUTION OF ELECTRONICS WOULD LIKE TO WISH
 ALL MEMBERS A VERY MERRY CHRISTMAS AND A HAPPY
 AND PROSPEROUS 2010*