
No Shame in Application Downsizing

by Michael Vizard

Just like people trying to cope with a drop in income, corporations these days are downsizing their corporate lifestyles. In the context of enterprise applications, that usually means moving downstream from an expensive ERP solution from companies such as SAP and Oracle to something more modest from Microsoft or Sage. And in the context of smaller companies, that may mean downsizing from Microsoft or Sage to a QuickBooks application from Intuit.

In fact, while it represents a sizable undertaking to downsize from SAP or Oracle, companies such as Fishbowl report they are seeing a lot of movement back to the QuickBooks platform. Fishbowl makes among other things, an inventory-management system that extends the familiar QuickBooks accounting software paradigm.

When times were good, many companies made the jump from QuickBooks to more sophisticated applications from Microsoft and Sage. But as the economy turned, many of them are determining that Microsoft and Sage are essentially overkill in terms of the amount of business they are currently doing. So, to cut costs, many are returning to QuickBooks.

As the economy improves, it will be a lot harder for application software companies to persuade these customers to upgrade to more sophisticated applications because, from their perspective, the uncertainty of the economic climate means they have been burned once, so they are now twice shy.

And in terms of actual dollar savings, it's hard to argue with somebody when the difference between software licensing fees between different applications can mean the difference between keeping the lights on or having a very expensive application that details exactly why the company is about to go under.

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Fishbowl
1-800-774-7085
www.fishbowlinventory.com