Your Business Evolved, But Has Your ERP?

McKonly & Asbury

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Firm Overview

Helping You Thrive!
McKonly & Asbury

M&A is a team of CPAs and Business Advisors serving clients from our offices in Camp Hill, Lancaster, Bloomsburg, and Philadelphia.

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- **Tax**
- **Entrepreneurial Support & Outsourced Accounting**
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Today's Agenda

- **Current GAAP**

  How should we account for the various costs that arise during software implementation?

- **Future GAAP**

  How will these changes impact the accounting for future ERP or website implementations?

- **AI Automation & the Future of ERPs**

  What value does a modern ERP provide to organizations?

  What do advanced technologies look like within a modern ERP?

Current GAAP – ASC 350-40

Phases, phases, phases

- GAAP currently recognizes 3 phases to internal-use software development.
    - Preliminary project
    - Application development
    - Post-implementation

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Current GAAP – ASC 350-40

What gets capitalized?

Phases	Activities	Accounting
Preliminary Project	Vendor evaluations and planning	Expense
Application Development	Designing, Coding, Testing, Installation, Integration	Capitalize
Post-Implementation	Training and Maintenance	Expense

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Current GAAP – ASC 350-40

Common challenges under the current guidance

- **What about labor costs?**
  - Labor costs incurred during the application development phase can be capitalized.
- **Interest costs (ASC 835-20)**
  - Interest costs can be capitalized during the application development stage if borrowings are directly related to software development.
  - Interest cannot be capitalized once the software is completed and ready to use.

Future GAAP

Updates from the FASB

Why change?

- Confusing and inconsistent application
- Modernize – software has evolved!
- Enhance transparency

Updates from the FASB

Current status:

- **FASB issued proposed Accounting Standards Update in October 2024**
- **Comment letters were received and discussed during May 7, 2025 Board meeting**
- **Final ASU expected to be written in Q3 2025**

Updates from the FASB

What might change? (Note: Nothing has been finalized)

- **In scope:**
  - Internal-use software, NOT software to be sold
  - Website development costs
- **Apply prospectively or retrospectively**
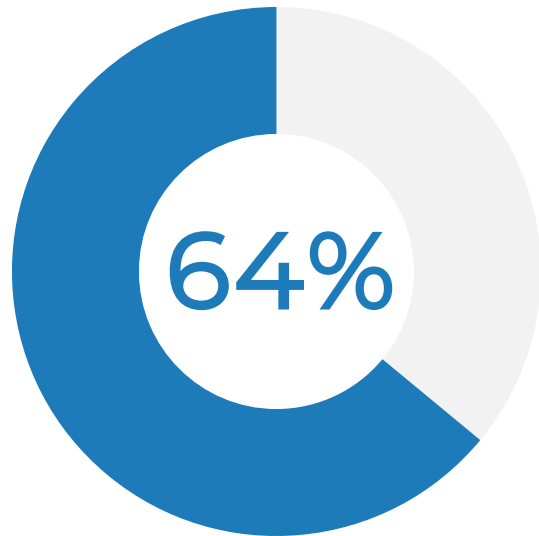- **For periods beginning after December 15, 2027**

Updates from the FASB

What might change? (Note: Nothing has been finalized)

- **Remove all references to project stages**
- **Start capitalizing when both:**
    i. Management has authorized and committed to funding the project
    ii. Met the "probable-to-complete" recognition threshold
- **Separately present cash paid for capitalized internal-use software costs as investing cash outflows**
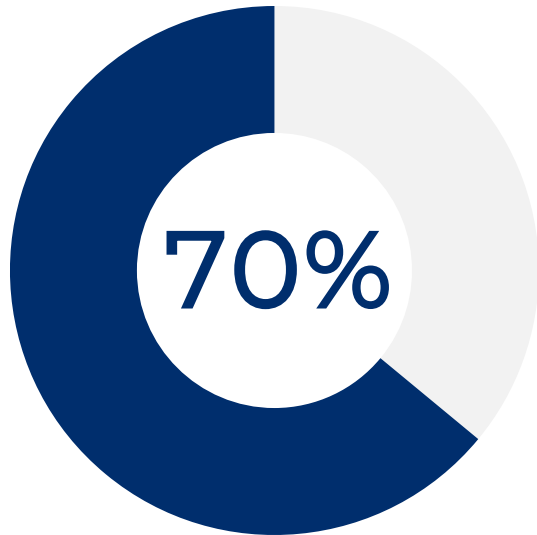
AI Automation & the Future of ERPs

The **New Era** of ERPs

64%

of people struggle with finding time for innovation & strategy

- Many ERP systems haven't evolved to meet the pace and complexity of modern business...

- The right ERP helps teams move faster, make smarter decisions, and stay ahead!

AI isn't the future, **it is already here**

70%

of people struggle with finding time for innovation & strategy

76%
would use AI to complete administrative tasks

73%
want AI to help them be more creative

79%
would use AI for analytical work

86%
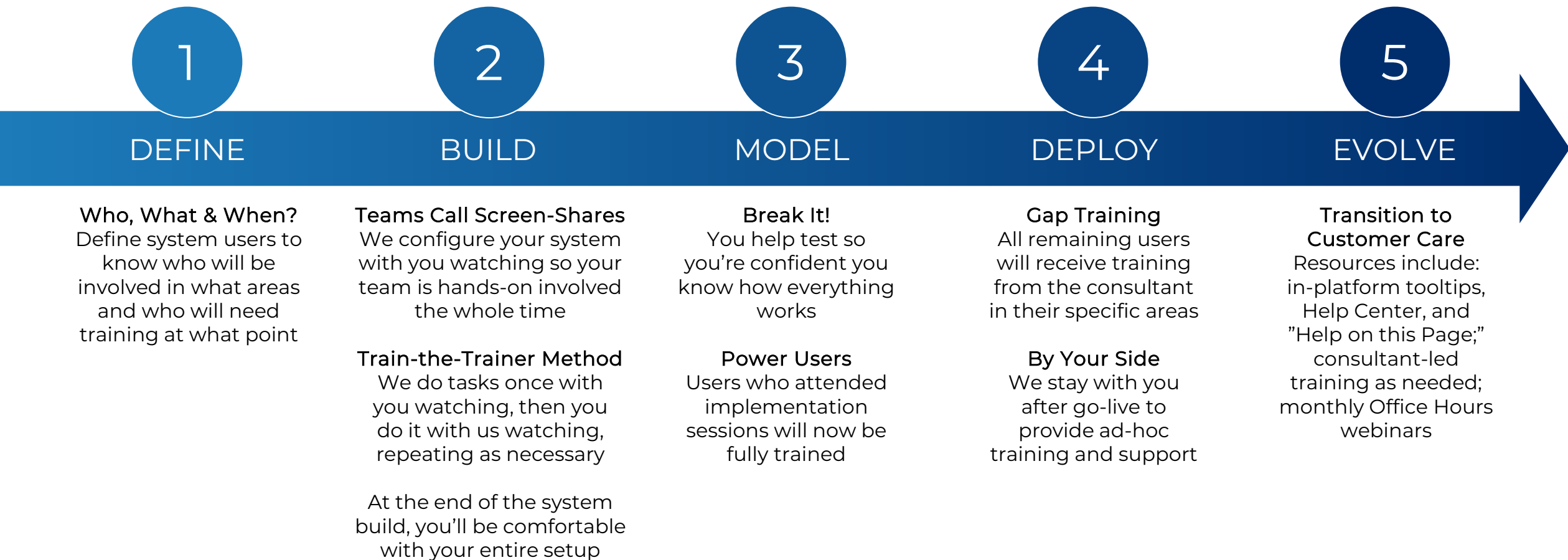want AI to help them access important information quickly

This is the moment **that matters**

An ERP is a long-term decision, make it one that **keeps up with you**

- ERP decisions today have **long-term impact** on business agility

- Your ERP should **evolve alongside your team,** technology, and goals, not hinder them

- A modern platform is built for where you're headed, not just where you are

- This isn't about trends, it's about setting your team up for **long-term success**

Training through **Implementation** & Beyond

1 DEFINE

2 BUILD

3 MODEL

4 DEPLOY

5 EVOLVE

Who, What & When?
Define system users to know who will be involved in what areas and who will need training at what point

Teams Call Screen-Shares
We configure your system with you watching so your team is hands-on involved the whole time

Train-the-Trainer Method
We do tasks once with you watching, then you do it with us watching, repeating as necessary

At the end of the system build, you'll be comfortable with your entire setup

Break It!
You help test so you're confident you know how everything works

Power Users
Users who attended implementation sessions will now be fully trained

Gap Training
All remaining users will receive training from the consultant in their specific areas

By Your Side
We stay with you after go-live to provide ad-hoc training and support

Transition to Customer Care
Resources include: in-platform tooltips, Help Center, and "Help on this Page;" consultant-led training as needed; monthly Office Hours webinars

Implementation Tips & Tricks

1 Executives & leadership must be driving this change

2 Assign a Project Manager who can provide uninterrupted involvement

3 Have the right people in the room for decision making

4 Devote the time to defining your end goals and processes

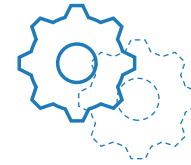**5** Test it and the test it again & *maybe again just to be sure*

AI areas in Manufacturing

PREDICTIVE MAINTENANCE
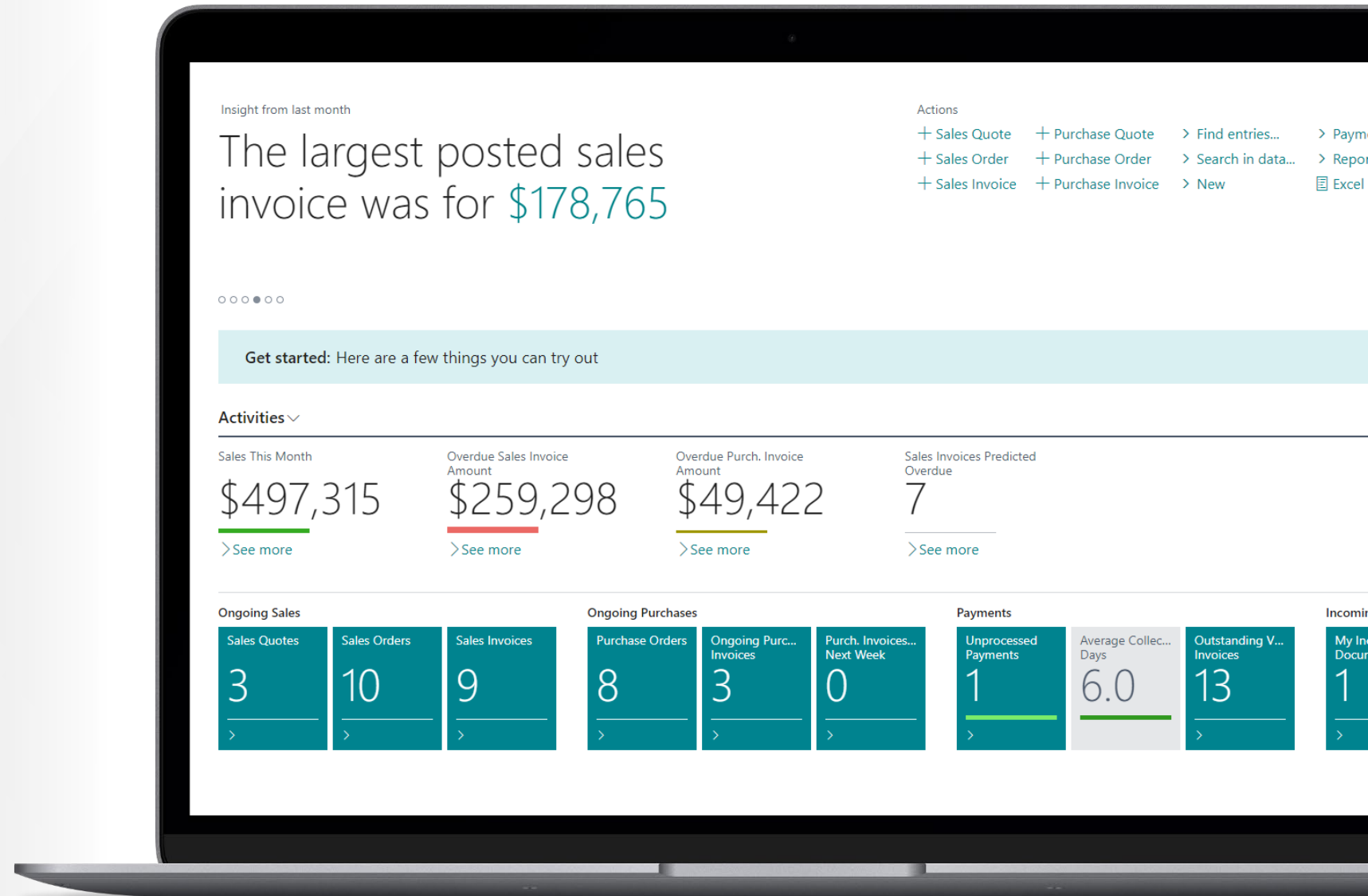
AI-DRIVEN ROBOTICS

DIGITAL TWINS

GENERATIVE AI FOR DESIGN

SUPPLY CHAIN OPTIMIZATION

AI AGENTS IN WORKFORCE OPTMIZATION

AI Machine Learning Components

Actionable insights that **deliver business results**

Improving the way business is done with AI in Business Central

Improve customer service

Anticipate business challenges

Enhance decision-making

CoPilot
In Action

Copilot & AI capabilities

Production-ready previews   ■ Deactivate   ⓘ Supplemental Terms of Use

Capability ↑		Status	Publisher	
→ Chat	⋮	**Active**	Microsoft	Learn More
Analyze list		**Active**	Microsoft	Learn More
Summarize		**Active**	Microsoft	Learn More
Autofill		**Active**	Microsoft	Learn More
No. Series Suggestions		**Active**	Microsoft	Learn More
Sales Order Agent		**Active**	Microsoft	Learn More
E-document matching assistance		**Active**	Microsoft	Learn More
Sales lines suggestions		**Active**	Microsoft	Learn More
Create product information		**Active**	Microsoft	Learn More

Generally available   ■ Deactivate

Capability ↑		Status	Publisher	
→ Marketing text suggestions	⋮	**Active**	Microsoft	Learn More
Bank account reconciliation		**Active**	Microsoft	Learn More

Questions?

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