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By Doug Sleeter and Randy Johnston
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Microsoft's introduction of Small Business Accounting (SBA) has had a positive impact on the small business software market. Microsoft has built this product from the ground up. Consequently, the development team was able to create new features and innovations with the product that take advantage of the Windows platform in ways never seen before. By bundling SBA with Microsoft Office and taking advantage of SQL server database technology, Microsoft has forced competitors
to reconsider their current strategy and product features. It has also given consumers a reason to stop and think about their accounting solutions for their small businesses.

What should you be recommending to your clients based on this new entry to the market?

To appropriately advise your clients, you'll need to do the following:

- Understand the core product offerings from each company,
- Learn about the key features of each approach,
- Know how third-party offerings impact the products, and
- Understand the limitations of each recommendation.

SBA has three target constituencies: small businesses, professional accountants

software publisher and by third parties. In general, we don't need to be overly concerned with this. But suffice it to say that the choice of .NET as the foundation for SBA was a very good one, and it will mean that enhancements and add-ons can come to market quickly and with less effort on the part of the developers.

SBA can support up to eight simultaneous users in its initial release. It will be offered as a stand-alone product and will also be bundled into the Microsoft Office Small Business Management Edition. This edition of Office sells for $550 ($399 as an upgrade), and includes Word, Excel, Outlook, PowerPoint and Access.

An Explanation Of Intuit QuickBooks Offerings & The ProAdvisor Program

Intuit's ProAdvisor program offers accountants many resources, including software, support, training and information resources that are designed to help develop and grow the QuickBooks consulting practice. The ProAdvisor program is priced at $549 per year ($399 renewal) and includes the following:

Software
• QuickBooks: Premier Accountant Edition
• QuickBooks Enterprise Solutions:

Accountant Edition
• QuickBooks Online Edition subscription for the life of your membership, including Plus package
• QuickBooks Point of Sale (POS)

Pro Multi-Store
• QuickBooks Simple Start
• Automatic upgrades for Accountant Edition products, QuickBooks POS,

and Simple Start listed above, if they become available during the membership

Training
• Certification on QuickBooks and QuickBooks Point-of-Sale (worth 16 CPE credits)
• Non-CPE training — access to over 50 online instructor-based webcasts throughout the year

Resources for Your Practice
• Opportunity to grow practice by becoming Certified, and being listed on ProAdvisor Referral Database:
• 25,000 hits per month
• Direct links to database from inside

QuickBooks products
• Prominent links to database throughout

QuickBooks.com
• Proactive referrals to ProAdvisors within QuickBooks customer welcome e-mails
• Discounts of up to 20 percent on eligible Intuit products and services
• ProAdvisor members-only web site containing practice management resources
• Access to exclusive QuickBooks info via the QuickBooks Reference Guide, QuickBooks Training guide, critical alerts and newsletters

Community
• Exclusive online Certified QuickBooks ProAdvisor discussion forum
• Free three-hour QuickBooks training seminars conducted in 80 cities

An Explanation Of The Microsoft MPAN Program

Microsoft's Professional Accountant's Network (MPAN) program offers

Support
- Unlimited installation support for SBA plus two free general support calls
- Unlimited business critical support for MPAN members and their clients
- Priority routing through customer service to a team that's specially trained in accounting software
- Managed newsgroups that are staffed by this specially trained team
- Access to discounted support packages
- Unlimited additional comprehensive support available for $199

With Microsoft Action Pack Subscription (available for $299):
- All the above support options plus five additional free support incidents for SBA
- Includes 10 Microsoft Office licenses for internal use, including a range of Microsoft desktop and server applications for running your practice

Training
- Free CPE training on SBA — 27 hours of self-paced tutorials, online or CD-ROM, and three hours of online hands-on SBA labs
- Non-CPE training offering hundreds of hours on Office and other MS products/technologies on the Partner Learning Center

Resources for Your Practice
- Microsoft.com/accountants & Microsoft.com/smallbusiness
- Access to Partner sales and marketing tools including templates, online directory listing, etc.
- Opportunity to expand practice through migration to Partner Competencies
- Access to Microsoft Partner Channel Builder

- Exclusive MPAN web site and newsletter content Community

to decide, so your analysis will be crucial to making the right choice.

Just as there are feature advantages in QuickBooks Pro over QuickBooks Basic or SimpleStart, there are feature differences between SBA and QuickBooks. Several of these are significant and are worth your careful consideration. Why recommend SBA over QuickBooks SimpleStart, Basic or Pro? All of the products do the basic accounting, so what differentiates them? What are the most important or key feature differences between QuickBooks and SBA? Perhaps the following lists will help.

SimpleStart
- Simplified user interface, suited to simple businesses just getting started
- Money-in, Money-out terminology, no accounting jargon
- Good set of basic reports
- Sufficient for many sole proprietorship clients
- Low cost ($99)
- Completely file-compatible with higher-end editions of QuickBooks

QuickBooks Pro
- Broad Functionality
- General Ledger, Accounts Receivable, Accounts Payable, Inventory
- Job Costing, Budgeting
- Purchase Orders, Estimates, Time Tracking and Billing, Class Tracking (Departments)
- Estimates can be converted to Invoices
- Progress Invoicing Tracks Estimates and Job Phases
- Advanced Reporting, Export Reports to Excel
- Synchronize Contacts with Outlook, ACT!

- Integration with Microsoft Word. Letters, Envelopes, Invoices can be

of prior-period transactions
- Add-in software solutions — nearly 500 available Small Business Accounting
- "MS Office-like" interface provides the end user with a familiarity in look and feel and provides very tight integration into MS Office.
- Designed to have a tight audit trail for accounting while providing access to and exposing the appropriate levels of accounting information for other business activities, such as sales.
- Excel leveraged as an analysis tool.
- Free payroll with check processing supported by Excel.
- DIY payroll processing including state and fed forms for $169 — powered by ADP.
- Full-service payroll — powered by ADP.
- Includes ability to e-mail invoices, tracking this information in the Business Contact Manager that is integrated into Outlook.
- Time and Billing is integrated to the MS Outlook calendar.
- Commitment from third-party developers to bring products to market for vertical industries using the Microsoft development toolkit.
- Customization for any of the 60 built-in reports with filters and selection of columns.
- Security based on user roles
- Management tools include cash flow forecasts and budgets, and are designed to work with an accountant.
- Ability to manage opportunities by converting them to quotes/estimates, sales orders and to invoices.

What should you tell your clients about features? Tell them that the only features that matter are the ones that make them more money by making their business easier to run, or that allow their business to comply with regulations in their

industry with less effort. Additionally, suggest that some forms of automation

and prospect database information, they'll be very impressed with SBA's Outlook integration features. But if they need job costing, time tracking and hourly payroll based on the timesheets, they should most likely choose QuickBooks Pro. This overview article is not intended to be a review, but building a table for your client similar to the one below may be helpful.

Third Party Offerings
Both Intuit and Microsoft have built generalized, customizable small business accounting tools. Intuit has extended its product line with vertical industry offerings such as QuickBooks Premier Contractor Edition or QuickBooks Premier Nonprofit Edition. Intuit has proven they can serve a broad market, and Microsoft hopes to do the same with SBA. The key to improved and longer-term success will be the ability to tightly fit the needs of small businesses without sacrificing ease of use. For example, a flower shop has inventory needs that include materials that can spoil, that can be divided to be sold, and that have widely varying costs. Automation of this type of inventory can be very tricky and cumbersome to the day-to-day work of making floral arrangements. Neither vendor has offerings that will do this job well, although some floral shops are using small business accounting products like QuickBooks to get the job done in spite of the many limitations.

This is where the third-party developers (or ISVs) come into play. Other software publishers who specialize in vertical industries, such as the floral industry, can write inventory modules that handle the floral business efficiently, and interface to popular products like QuickBooks to take care of the general accounting. In 2002, Intuit opened up QuickBooks by publishing interface standards and a software developer's kit (SDK) to allow developers to write software interfaces to QuickBooks. To date, between 4,000 and 6,000 developers have published software

and/or hardware add-ons to QuickBooks in 40 vertical markets. In addition, the

building software for various verticals today using the SBA SDK, and there have been over 20,000 downloads of the SDK.

Microsoft is hoping to capitalize on its name and the strength of MS Office as well as the open design of SBA to attract third-party developers who will take them into vertical markets in far greater numbers than they could do alone. In the same way that Intuit has gained market share in vertical markets, Microsoft intends to be the best partner who will work hand-in-hand with developers to their mutual benefit. This will result in small business owners choosing from products that more closely fit their business needs.

But of course, Intuit is not standing still with its product; nor is it standing still with its third-party strategy. The company is responding with new versions of QuickBooks with even stronger features and more robust database capabilities. Intuit is also adding SDK capabilities and marketing programs to expand the opportunities for third-party developers.

What should you tell your clients about third-party or vertical solutions? Remind them that they should consider solving their problem first with the general accounting product if it is sufficient. If not, then they should consider options for their industry and select the vertical product that best fits their needs. Remind them that vertical products tend to be more expensive and less easy to use than horizontal products.

Limitations Of The Products

All accounting software products have limitations. Some are unnoticed, and some make using the product very annoying or impossible. A key strength of both the Intuit and Microsoft offerings is flexibility combined with ease of use. The developers of these products have really worked hard at making them easy to use while providing multiple ways of accomplishing the same task.

On the other hand, these products can't do everything, nor does either

and see which product best fits their needs. If the client can't make this determination, you might be able to provide a valuable, billable client service by looking at these needs and suggesting one product over the other … or neither.

Conclusion

Both products can solve your small business clients' basic accounting problems. With current promotions from both Intuit and Microsoft, you can obtain free trials of nearly all available software. The Intuit All-In-One Trial for Accountants CD contains trial versions of all QuickBooks products (Simple Start, Online, Pro, Premier, Enterprise and Industry-Specific Editions), plus information about Payroll and other services. The trials are good for 90 days per product. Microsoft offers a full six-month trial for clients and free full-use copies for firms by joining MPAN or by attending CPE events throughout the fall of 2005. Acquire a copy of each of these today, and schedule some time to experiment with each. You will be glad you did.

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