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*From the Jan. 2009 Issue*

### **What a roller coaster 2008 has been!**

As we prepare to usher in the New Year filled with uncertain possibilities, there are several things we know we can rely on staying the same, and one of them is that technology will continue to play a core role in the modern tax and accounting practice. No longer thought of as only productivity-enhancing amenities, various technologies have taken on such key importance in firms that most simply could not perform their client engagements without it. This rings true for all types of client work, from write-up and trial balance, to tax preparation and planning.

So as we sit on the cusp of what is the busiest season for many professionals, now is the perfect time to announce the results of the **2009 Readers' Choice Awards**, which offer annual insight into the minds of tax and accounting professionals. With results in more than 30 categories of applications, hardware, services and other technologies, the Awards give professionals a way to express appreciation for the systems that help them in their practice. As usual, some of the findings are expected, but others reflect interesting potential trends.

It is important to note that The Readers' Choice Awards are not a scientific survey, but rather an informal, web-based polling of the readers of the online and print editions of *The CPA Technology Advisor* and *The NSA Technology Advisor*. In essence, they amount to somewhat of a popularity contest that lets professionals vote for their favorite programs and other technologies. The vendors of these products and services were encouraged to campaign for votes, often using their own customer contact information to promote get-out-the-vote activities. The results in many cases are remarkable, particularly in the case

of Drake Software, whose tax compliance suite continues to be strongly supported

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But while smaller technology vendors like these performed well in a few categories, the larger ones generally ruled the day, with Intuit's domination of write-up and client-side SMB accounting systems, and CCH, Thomson Reuters and BNA's control over areas such as practice management and tax research coming as no surprise. Emerging areas continued to show promise, especially document management, tax document automation and workflow optimization.

In addition to technologies focused on tax and accounting, the 2009 Readers' Choice Awards also surveyed reader preferences in categories for general business devices and hardware like computers, cell phones, printers and scanners. And it is evident through our questions on post-tax season vacation planning that, despite the current U.S. economic situation, a vast majority of these financial professionals still plan on taking significant vacations later in the year, with upwards of 25 percent even planning to travel abroad. Perhaps they don't see the gloomy conditions lasting too long, or at least are trying to keep a positive attitude and help "think ourselves out of the recession."

*The CPA Technology Advisor's 2009 Readers' Choice Awards* are an opportunity for our readers to collectively voice their opinions on technology products and services that help them be more efficient, productive and profitable. Thank you to the thousands of professionals who voted in the 2009 Readers' Choice Awards. We look forward to hearing from you again next year.

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**IN-FIRM TECHNOLOGIES**

**Federal/State Income Tax Compliance**

## Insight:

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and category, however, is that the leading three programs (Drake, the ATX system from CCH Small Firm Services, and Intuit's ProSeries) combine for more than 62 percent of the total votes. This pointedly demonstrates the prevalence of the small practice in our awards voting, which is reflective of the profession, where approximately 90 percent of tax and accounting practices have fewer than 10 professionals. Among other noteworthy results, Intuit's Lacerte, CCH's TaxWise, CCH's ProSystem fx Tax and UltraTax CS from Thomson Reuters combined received 32 percent of the vote.

## Specialty Systems & Tax Prep Tools

### Insight:

There are many products on the market that seek to supplement tax preparation systems, either by providing external analysis and review, or by focusing on specific niche taxation issues often omitted by other programs or that would require a small practice to use a much more comprehensive system than they need. Since they provide different solutions, these programs can't really be compared directly, but the voting shows a continued need for specialty tax tools.

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significance

here is that of the top four, all but one (BNA) are from vendors who also

produce income tax preparation programs. The exception for BNA is noteworthy

because its users either forgo the tax planner offered by their tax prep vendor or use a tax system without a dedicated tax planner option.

### Tax & Accounting Research Systems

#### Insight:

Once again, voting in the awards reflects the dominance of small practices

in the profession, with the largest group of professionals selecting the more affordable ATX Total Kleinrock Office from CCH Small Firm Services

as their preferred tax research system. Among systems geared for larger practices, the Checkpoint research platform from Thomson Reuters received

nearly half more votes than CCH's Tax Research NetWork (TRN).

Many

professionals have access to more than one research product, especially

considering the availability of a few free services like Intuit's

TaxAlmanac.org, so readers were able to vote for more than one system.

### Estate Planning Systems

#### Insight:

While only about a tenth of our voters reported using an estate

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### **Insight:**

In another case of a small vendor finding a very successful niche area underserved by the big guys, AMS' 1099-Etc is clearly the most popular among our voters. Providing an inexpensive and easy-to-use application that provides accountants with 1099 and W-2 prep, after-the-fact reporting for small clients is greatly simplified. CCH and CFS also performed well in this category.

### **Sales & Use Tax**

#### **Insight:**

Managing sales and use taxes for small entities used to be easy, but as technologies have eroded geographical barriers to sales (especially e-commerce), small entities are facing increasingly difficult compliance issues. For large organizations, several systems are available, providing wholly comprehensive compliance across all 8,000+ U.S. jurisdictions. But they generally aren't a viable option to small concerns. This is why tech vendors serving only a few key states or regions tend to fare well in our annual survey. Add to this the many state-run online reporting systems, and you get a large number of voters who chose "other."

### **Write-Up**

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comes to write-up. While this may not fully reflect market share, the results are in no small part due to the overwhelming use of the client-side versions of QuickBooks by small businesses, since by using the pro version professionals greatly reduce data transfer and other integration issues. It is noteworthy that PCSAI's Client Write-Up System continues to have a loyal following, although its actual market share is less than these vote results.

### **Trial Balance**

#### **Insight:**

With more than a quarter of voters selecting a preference for a trial balance system, the results clearly show that their decision is almost invariably tied to the professional suite they use for tax and accounting applications. One indicator of this is that the two runaway leaders in the trial balance category are also the two largest providers of full suites for tax and accounting practices, CCH and Thomson Reuters.

### **Engagement Management**

#### **Insight:**

Engagement management systems are increasingly focusing on

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## **Audit/Engagement Tools**

### **Insight:**

Many practices are starting to implement specialized tools that streamline audit and engagement processes. The Smart e-Practice Aids product from Thomson Reuters, which won a 2008 Innovation Award, is the overwhelming favorite in this arena. CaseWare comes in a distant second, and competition is going to increase with the entry of newcomers Capital Confirmation and CPA Service Group, which combined already account for nearly 15 percent of votes.

## **Payroll**

### **Insight:**

With nearly 30 different products in this category, AMS was again a standout, likely as a reflection of the need for after-the-fact payroll systems for supporting very small clients. Among the live payroll solutions “duking” it out are Intuit and PayCycle. For next year’s awards, we’ll split these into categories for in-house, web-based and ATF, and see how the numbers pan out that way.

## **Analytical/Forecasting/Budgeting**

### **Insight:**

This is another category generally dominated by best-of-breed

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## **Business Valuation**

### **Insight:**

With nearly 10 percent of voters selecting a business valuation system, the small market continues to be led by a core group of technology vendors, including Thomson Reuters, ValuSource, NACVA and MoneySoft.

## **Practice Management/Time & Billing Systems**

### **Insight:**

A rather remarkable stat here is that more than half of our readers claim not to use a practice management or time and billing system, leaving us to wonder how they know if they're optimizing their profitability. Leading the vote tally among the time and billing programs is Sage's Timeslips. The practice management side is led by suite vendors CCH and Thomson Reuters, with CCH's system holding a two-to-one margin over Thomson Reuters.

## **Document Management & Document Storage**

### **Insight:**

This was the largest category, with nearly 40 products included. Although

Drake's product far outpaced others in the voting, this is because the system is included free as a part of its suite. The rest of the field more closely resembles likely market share and is dominated again by



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“Scan

& Fill/Organize,” and it was strongly dominated by an application from Intuit.

The vendor then proceeded to remove that product from the market (a new

system is to be available this tax season), and in its absence virtually all of the other major tax preparation vendors have developed their own

systems. Among these tax vendors, CCH's ProSystem *fx* Scan leads the way followed by Thomson. But among non-tax preparation vendors, SurePrep

and first-year newcomer Copanion are battling, with the latter already jumping

to an 8% share of reader votes. Also noteworthy is the number of “other”

votes in the results.

## **Workflow**

### **Insight:**

Although perhaps a vaguely termed category that can include facets of practice

management, time and billing, and document management,

Workflow systems

help unite many of these processes to provide optimization across firm processes.

Doc.It won out with voters, followed by Office Tools Pro, while relative

newcomer XCM (which won a 2008 Innovation Award) is gaining traction.

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and Thomson Reuters (for the CS file) and a bit more features.

Among non-tax preparation vendors, AccountantsWorld, CPASiteSolutions and E.Mochila had the best vote returns.

### CLIENT-SIDE ACCOUNTING SYSTEMS

**Insight:** Intuit continues to dominate the client-side accounting market for small and mid-sized businesses and nonprofits, both in terms of market share and in our awards voting. This is largely due to the decision makers at these entities embracing the marketing and media love of QuickBooks, which has led to the program (in its various industry-specific versions) being the most widely used business management system.

But remember, the votes in our Readers' Choice Awards come from practicing tax and accounting professionals, who have apparently embraced

QuickBooks for their clients, as well. And for this, there are a few key reasons. First, since it has such a large market share, there is a wealth of training resources available to help clients learn and improve their QuickBooks usage (like The Sleeter Group's network of advisors).

It is also fairly simple to learn basic proficiency. The first two factors also lead to a large base of experienced workers in the market who are adept at using the system, which makes replacing client-side

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that streamline and simplify data exchange between client and firm. Also noteworthy here is that Sage continues to maintain a healthy relationship with professionals and, as such, is the preferred system for larger entity clients and leads all other contenders in each of the categories won by Intuit. Meanwhile, Microsoft has managed to gain little foothold, if any, for its small business accounting system (at least in the minds of our voters).

Small Business Accounting Retail Accounting	Mid-Range Accounting Not-for-Profit	Construction Accounting
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**QuickBooks Paperless Insight:**  
The paperless office movement is finally reaching downstream into small businesses, with a recently emerged genre for systems that integrate with QuickBooks to provide a paperless document management solution to these entities. Several systems have appeared on the market, but newcomer SmartVault, which debuted in 2008, has already claimed the title of most popular in our voting.

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### Outsourced Technology Services

#### Insight:

While the term outsourcing may still have a less-than-savory taste, accounting practices are joining the general business trend of increasingly turning to third parties (mostly U.S.-based) to perform many of the administrative functions they used to manage themselves. These include web-based fax services, hosted solutions, server maintenance, integrated voice-data systems, VPNs, and messaging and desktop security. The only two vendors in this category that are currently widely used in the profession, according to our voters, are Xcentric and eFax. (Readers were able to vote for more than one product.)

### GENERAL BUSINESS TECHNOLOGIES

#### Laptop & Desktop Computers

For most professionals, the key driving factor in computer preference seems to be brand loyalty, with Dell and HP far outpacing others in this field. Of note is that the two are essentially tied in the overall U.S. computer sales market, but in our Readers' Choice Awards, voting tax and accounting professionals prefer Dell by more than two to one. This may

be a result of the vendor's heightened outreach to our particular

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and the accounting profession, with the slightly more than one year-old gadget now the best-selling mobile phone in the United States and attaining 20 percent in the accounting profession represented by our voters. The overall U.S. market for smart phones (Internet-enabled with full e-mail capabilities) is still led by BlackBerry, which doubled the nearest products in our voting.

### **Printers & Scanners**

While all-in-one devices are popular, many firms still maintain separate print-ers and scanners, so we've allowed voters to select more than one choice in this category. HP far outpaces the rest of the field, although Brother does make it into double digits.

### **Office Supply Store**

Well, it's probably a good thing we didn't list Circuit City here, since they've recently filed for bankruptcy, but in the age of Wal-Mart, the specialty office supply and technology stores are still the preferred location for tax and accounting firms.

### **OUT-OF-OFFICE**

### **Favorite Form of Physical Exercise**

If you're trying to keep up with your peers, you'd better

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plans for post tax season, a time when many in the tax and accounting profession use to reconnect with family (and regain a bit of sanity) after an often hectic few months.

Then the financial crisis/recession (pick your term) intervened a short while before we launched the online voting site for the Readers' Choice Awards. We stuck with our intended questions about travel, but also added a particularly topical one regarding the influence that the recession might have on the vacation plans of these professionals.

The results were surprisingly upbeat. Perhaps it's that these professionals have a ground-up view of the business economy in the United States, or maybe it's just an optimistic hope that we can "think ourselves out of the financial crisis," but nearly 80 percent of this year's 4,000+ voters said they had vacation plans, and more than 60 percent said the economy hadn't affected those plans. Most plan on air or car-based travel within the United States, but more than 25 percent planned to vacation abroad.

The year certainly brought some surprising change, along with continuing innovation in the technologies available to tax and accounting professionals. Thanks to the thousands of professionals who, by voting in the Readers' Choice Awards, give us all better insight into the technologies that help the profession be

more productive, efficient and profitable. Voting for next year's Awards

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