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This year is shaping up to be a big year for innovation in the world of accounting services and client business processes. I've been researching several companies lately, and I'm learning how they view the market, how they build solutions, and what technology approach they believe will win the most customers today and into the future.

Have you ever noticed how some companies decide to lead customers while others

you're willing to do things that customers do NOT specifically ask for, but rather provide something that SOLVES their needs and becomes what they WILL begin asking for in the future.

In the accounting software world, nobody is specifically asking for some of the hottest new innovations coming to market these days. But I predict the most successful companies will be those whose innovations solve many of the less-than-obvious customer pains and those who focus on the entire business process. When I say "entire" business process, I mean they must pay attention to not only their product, but also to how their product fits into the rest of the business system customers require. Even if that means they have to provide extra integrations to make their product work well with other, sometimes competitive, products.

The successful companies break the rules and give us a new way of working. They *lead* customers instead of just giving them what they ask for. But leading also means they need to make their products compelling enough to make us change our processes. For example, the idea of printing and mailing checks to vendors is really gut-wrenching to those of us who have seen the light and begun using online bill payment services like Bill.com. But for some, the idea of changing their bill payment process is really a scary concept, filled with fear and doubt.

The driving force behind so many of these new and innovative products is what I call, for lack of a better term, a *new world* that completely changes how we use technology. In my July 2011 column (www.CPAPracticeAdvisor.com/10278833), I described the new world and discussed how it forces us to rethink our standard ways of working. Probably the biggest step forward is mobile devices and smartphones. The rate of adoption of mobile solutions is mind boggling, and it's quickly becoming accepted that there's an "app for everything." This means we can assume everyone has the ability to access *and interact with* information anytime, anywhere ... even without a computer. That's HUGE.

As we think about the practice of accounting as well as client business processes that

entered by the bookkeeper, that is a significant leap ahead for efficiency, accuracy, and reduction of the cost of bookkeeping. This is the trend at the core of what I mean by "zero entry."

We're also seeing portals emerge where accounting firms can publish financial statements and tax returns, as well as client-facing "dashboards" that allow clients to run the business with real-time access to financial information and key performance indicators. This is also huge because it brings a variety of new client services for accounting firms, software consultants and business management consultants.

Here are a few products that take maximum advantage of these "new world" technologies:

The first is **Xero**, a relatively new online accounting product from New Zealand that is about to hit the U.S. market. Xero takes us towards a whole new paradigm where we won't enter transactions into accounting systems, but instead manage "data flows" on the Web where transactions are entered for us. Now, before you dismiss the idea of zero data entry, take a look at Xero's vision.

The Xero philosophy is to move us away from data entry and towards connecting business processes with the accounting system via software connections and data flows. We realize the goal of zero data entry by connecting the Xero product to banking feeds, customer-entered data, vendor-entered data, employee-entered data and automated entries that free the "bookkeeper" from *entering* data. The bookkeeper role doesn't completely disappear, but the role changes dramatically from being the expert on *how to enter transactions efficiently* to *how to manage transactions and other "data flows" on the Web*. There will be *some* data entry, but only a fraction compared to the way we do things today. This is another HUGE thing. It means all the skills we acquired in the bookkeeping space can now be used to "teach" these various systems

to talk together and trasmit the data between the apps in ways that serve the

ecommerce, fixed assets, employee expense management, and nearly all of the functions that most small businesses need from their accounting system.

Although it's a relatively new product, the depth of functionality is impressive. Of course, customers who are used to mature desktop accounting products will no doubt have a long list of things they want Xero to add, but the speed at which those features are being added is quite impressive.

Mint is a similar product. Mint is Intuit's free online personal financial management product that allows individuals to set up a complete personal finance tracking system on the web that maintains an always-up-to-date personal balance sheet, including all your account balances, retirement accounts, mortgages, home values and credit cards.

Wave accounting is another similar product for small businesses. Like Mint, it's a free product. Wave also believes in zero data entry and allows small businesses to set up data feeds from banks and credit cards to eliminate as much data entry as possible.

Another example of the zero data entry philosophy is demonstrated in **Bill.com's** Zen feature, where all vendor bills are faxed or e-mailed to a special address where the transactions are entered for you.

How Zero Entry Changes Everything for Accountants

For accountants, there are two big points you should consider about these new technologies. While I believe this is a move in the right direction, taking advantage of the opportunities might require some pain and retooling.

The first point is that these new technologies allow accountants to be **collaborators** with small business owners. For the first time ever, we can now help clients manage

their accounting data in **real-time.** This is a key philosophical difference from the

Instead of focusing on helping clients enter the data better, you will help clients build systems where most data gets entered *automagically* so that the clients can focus on running their business. And as soon as you get that all working, you can move up the value chain and provide high-value business consulting services including business analytics, real-time dashboards and management consulting services. These are the services your clients may not be asking for, but believe me, they need these services much more than they need someone to teach them how to enter and pay bills.

Small Business • Technology