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Darren Root, CPA, CITP, CGMA • Aug. 29, 2012

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Getting Candid with Intuit CEO Brad Smith

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I recently made the trip to Mountain View, California to spend the day with the folks at [Intuit](#) who are responsible for developing the products we use daily. Mountain View is in the heart of Silicon Valley, which for a tech-loving guy like myself made for an awesome trip.

For example, next door to Intuit's campus is [Google](#), and down the street is Apple's headquarters. If you drive north just a few miles, there's [Salesforce.com](#)'s corporate

offices, and just a bit further down the road is the [Facebook](#) campus. I was in my

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I started the conversation with Brad by focusing on customer expectations and the pace of change occurring in the accounting profession. I've been a practicing CPA for more than 25 years, and I've personally never experienced a rate of change as great as it is today.

Paperless, portals, mobile apps, social media, Cloud technologies, integration, open platforms, and scan and organize (OCR) solutions—it's enough to make your head spin. Brad agreed, stating, "Technology platforms used to change every 6 years, and now it's every 6 months."

I also spoke candidly with Brad about Intuit's vision on the Cloud and the mobile space, allocation of development resources, and the importance of a client-centric culture. His responses provided a great deal of insight on the direction of company and what we can all expect.

Darren: Do you feel customer expectations are changing?

Brad: Absolutely they are...all the time. Today, it's the data that must be liberated in order to allow the customer to work in whatever platform they choose and to integrate with other solutions of the client's liking.

Darren: Intuit is approaching another big birthday; can you tell me about that?

Brad: We are proudly coming up our 30th birthday. We are an elder in Silicon Valley and have witnessed the evolution of DOS to Windows, Windows to Web, Web to Cloud, and now Cloud to Mobile. With the rapid pace of technology, and the new solutions we're working on every day to delight customers though, in many ways, the energy our teams have for innovation, it feels like we are just getting started.

Darren: Speaking of mobile, tell me about what Intuit is doing in the Cloud and mobile space?

Brad: We've experienced a major shift in the company since 2008—moving to being

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person's opinion counts the least. It's the customers' opinion that matters most—what we refer to as customer-driven innovation. Second, we design for delight and do so with small, nimble teams that can react quickly to customers and get prototypes to market fast. Our innovation teams are comprised of no more people than two pizzas can feed.

Darren: It's obvious to me from talking with many of your team members that Intuit is very customer focused. With the rate of change that is taking place and with the often “seismic shifts” that are taking place in everything from technology to social media, how do you stay out in front?

Brad: Intuit is committed to being a leader. We work with the Institute for the Future (www.iftf.org)—a Palo Alto-based non-profit research center specializing in long-term forecasting and quantitative futures research methods. The IFTF has reported four major trends:

- The world's borders have come down; there is no natural, geographic border to a Cloud product.
- End users do not want to be just consumers; they want to be participants in the development of the solutions. This is called “participation innovation.” Companies that are winning have customers that help drive product innovation.
- The mobile experience has won. Consumers want things at their fingertips. We all do!
- There is power in data...big data for the little guy. For example, there is power in finding ways to use data to help small businesses compare their performance to their industry peers, as well as offer real-time access to data—when the customer wants it.

Darren: We talked about a couple of Intuit's core values earlier, but what do you see

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Brad: What we see is that consumers actually change first and accountants and small businesses adopt new technologies second. We've seen this specifically with the iPhone, iPad, and Facebook. The rapid adoption of these technologies by the consumer pushed the adoption in small businesses and corporate America.

Darren: Those are great examples, and I agree. However, I also see a select group of accounting firms that do "get it" and are rapidly moving their firms forward. Do you see this?

Brad: I do. At Intuit, we actually have an acronym for this group—RTA...or Rapid Technology Adopters. RTA is Intuit's buzzword for a firm that adopts new technologies more rapidly than other firms and . They are using the cloud and mobile solutions to be more efficient, save time, grow their practice and better engage with clients. But you know this better than anyone. You and your staff at RootWorks are leading the pack in this area.

Darren: Intuit is obviously leading the way with many of the technologies accountants and small businesses use every day, so why not just declare that it is now time to move to the Cloud and everyone should just get over it?

Brad: Moving to the Cloud definitely has its advantages, and we are moving quickly towards it and focusing our innovation resources there, but Intuit will never force a product, platform or business model on a customer. We will leave no desktop user behind, but we will help them see how connecting the desktop data to the cloud where it makes sense is like connecting chocolate with peanut butter. Great on their own, but even better when you put them together.

Darren: You live and work in what I consider one of the best places in the world. You have a vibrant and youthful culture all around you. What do you hear when talking to the younger generation about entering the accounting profession?

Brad: That's a great question, and we do talk to this group. What I hear is this: "I just

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Brad: QuickBooks owns 91-92% of the small business software marketplace. Between 2005-2007, we dedicated 75-80% of our engineering resources to desktop and a much smaller percentage was dedicated to the Cloud. Today those percentages have reversed—75-80% of our engineering resources are invested in Cloud development. I think this clearly represents our focus and our commitment to moving online.

Darren: That's a monumental shift in resource allocation. Do you see new desktop software being built today?

Brad: I do not. Today we see vendors maintaining their desktop software while using the Cloud to build future solutions. We're also seeing 3rd party developers getting into the fray to develop solutions that connect into our core products. What's great is that they're focused on problems that we either would not or could not develop solutions for, so that's great for customers and also means our products actually get better while we sleep!

Darren: QuickBooks Online has traditionally lacked some functionality. Do you see this changing?

Brad: I agree. QBO has lacked some functionality, but that is changing. As I mentioned before, we have reallocated our engineering resources to focus on the future and we believe the future is the Cloud. We are on a four-week development cycle, so every four weeks you will see new enhancements to QuickBooks Online, many of which are based on feedback we're getting straight from accounting professionals. If you haven't checked out QBO in a while, we encourage you to take another look, or talk to a peer or colleague who has.

Darren: How many customers are using QuickBooks Online?

Brad: We currently have more than 350,000 licensed QBO customers, more than three times the number of customers we had at this time last year.

Darren: With the functionality of QuickBooks Desktop and the fact that many

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Darren: When I look at what I call a Next Generation Accounting FirmTM, I see a firm using an integrated set of solutions that supports collaboration with clients in real-time. I consider the Cloud instrumental in delivery of these products and services. Do you agree? And, is Intuit heading down this path?

Brad: I absolutely agree. And, yes, Intuit is firmly on this path.

Technology

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