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**Mary Girsch-Bock** • Jun. 14, 2016



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- Product can be accessed by unlimited users
- Product offers good export capability to a variety of applications

### **Potential Weaknesses:**

- Product navigation may be confusing to new users

Xero is an online accounting product designed for simplicity, while offering the features that small and micro-businesses need. Xero offers solid accounting functionality, along with solid bank integration for easy transaction processing. Xero is currently available in five versions: Starter, for very small businesses with limited invoicing needs, Standard, which is a good fit for most small businesses, and Premium, which is now available in three levels: Premium 10 for businesses with ten employees or less, Premium 20, for businesses with 20 employees or less, and Premium 100, for businesses with up to 100 employees.

### **Basic System Functions: 5 Stars**

Xero is completely online, so no installation is necessary. The product dashboard is the main access point for system setup and navigation. Tabs are available for all program areas including Dashboards, Accounts, Payroll, Reports, Contacts, and Settings. Various options are available below that simplify system setup, and a getting started video is available for those looking for some assistance.

The Accounts function is where all system functions can be accessed including Bank Accounts, Sales, Purchases, Checks, Inventory, Expense Claims, and Fixed Assets. Each option has its own dashboard that provides a quick summary of information relevant to that function. Data entry screens are easily navigated and all contain look up capability. During setup, users can choose to use the default chart of accounts, customize the chart of accounts to suit their business, or import a chart of accounts.

In addition, QuickBooks data can also be imported into Xero, as can customer,

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customer invoices, adding a payment service upon setup that will allow customers to pay invoices online. Users can quickly add invoices, and add relevant attachments as desired. Each transaction has the appropriate tax added, so a special tax rate can be applied, or choose tax exempt, for customers exempt from paying tax.

Product detail can be added on the fly during invoice entering, and users can add discounts when processing the invoice. Invoices can be approved immediately after entering, or sent to the appropriate person for approval. Invoices can also be automatically emailed to customers directly from the invoicing entry screen.

Recurring invoices can also be set up for automatic payment. Customer payments are easily posted in the system, particularly if using a payment service. Users can post payments from the sales screen, or post the payment directly to the customer account, where all outstanding invoices are recorded.

Users can easily apply overpayments to customer accounts as well, so a credit will be recorded for future use. Users can easily create multiple budgets using the Budget Manager function, which provides users with complete budget management capability, including tracking of actual budget totals. Budgets can be set up with or without tracking.

Both Sales tax and VAT calculations are supported in Xero, and users can add multiple tax rates as needed. The product contains excellent payroll functionality, with the number of employees limited only by the version of Xero being used. Direct deposit is supported in Xero, and payroll taxes can be paid electronically. Xero is only available in English, but the Premium version of the product accepts over 160 different currencies. All versions of the product offer unlimited user capability.

**Day-to-Day Operations: 5 Stars**

Xero's real strength is in its ability to integrate with numerous apps that can extend

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invoices and receipt purchases. Though online payment capability is not available in the product, users can easily download payments and other transactions from their banking institution.

### **Management Features: 5 Stars**

Xero offers a good selection of dashboards, including the redesigned Sales and Purchases dashboard. There is also a Business Performance dashboard, as well as the Assurance dashboard for those in an advisor role. The Business Performance dashboard offers a look at business performance graphs that display gross profit, 12 month average, and revenue and expenses. Xero also offers a good selection of reports that are categorized by report type, such as Performance Reports, Payroll Reports, Cash Reports, Position Reports, and others. All Xero reports can be exported to Excel, Google Sheets, or saved as a PDF.

An unlimited number of users can access Xero, with users assigned a role that detailed exactly what features and functions they have access to. Xero also offers Xero for Accountants, which allows accountants to have easy access to all client activity.

### **Integration/Import/Export: 5 Stars**

Xero offers excellent import options throughout the product, with users provided with the option to import data from any data entry screen. Xero also offers excellent integration capability, with hundreds of apps available that can expand program functionality. For those using QuickBooks, Xero also offers easy conversion from QuickBooks.

### **Help & Support: 5 Stars**

Xero offers excellent help functionality, with users able to access the Help Center directly from the product. A Getting Started video offers a good introduction to the

product, and users are easily guided through initial setup by clicking on topics such

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now available in five versions; the starter version of Xero is available for \$6.30 per month for the first six months. The starter version has limits on the number of invoices and bills that can be processed and does not offer payroll functionality. The Standard and Premium versions have no invoicing or billing limitations, but do limit the number of employees that can be paid.

## 2016 Star Rating: 5 Stars

Small Business • Software

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