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TECHNOLOGY

Opportunity Knocks: QuickBooks Consultants Grow Into VARs

Column: The QuickBooks Advisor

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Okay, so I'm no economist, but in my view, the evidence is overwhelming that we must be in the midst of a boom (hopefully not a short-lived bubble) in the SME (small to medium enterprise) accounting software marketplace. While the strength of the boom may not be obvious by analyzing public company quarterly reports, I believe most of the growth and demand is in the private sector. I see it coming from small, private companies with \$5 million to \$20 million in sales — companies that are dramatically increasing spending on services from other small, private companies such as tax and accounting firms, IT consulting firms, and Value Added Resellers (VARs) who combine off-the-shelf software and hardware with customized software, installation and training.

What's driving this boom? Several factors are contributing, including a relatively strong economy. However, I see a very specific set of "drivers" for this new boom:

The Internet has now reached critical mass. For years, I've been talking to accountants and their clients about moving many business-critical systems to the Internet. But until recently, I encountered stone-faced, heads-dug-in-

the-ground

responses, mostly related to information security and availability of high-speed access issues.

Accounting software is now “open” to third-party developers.

Since 2002, when Intuit opened up QuickBooks with its SDK (Software Developer’s Kit), which allows third-party developers to read and write data to the QuickBooks database, we have seen a steady flow of new solutions that are now reaching maturity. And since QuickBooks has become a “platform” for other applications, many other vendors are following suit. For example, both Sage Software and Microsoft have open platforms with Peachtree and Office Accounting. So while the mid-range software market has always been more open as far as add-on integration is concerned, this new development in the low-end spectrum is finally beginning to pay dividends in the broad low-to-middle market.

Several mature, vertically focused software companies have begun targeting the small business world, specifically the QuickBooks market. The list includes companies like Business Objects (Crystal Reports), MISys (SBM), Alteryx (Acctivate), Exact Software (Job Boss), Salesforce.com, eBay, Yahoo!, Google, Sage Software (ACT! and Timeslips) and several others. What’s interesting here is that since these companies have developed links to QuickBooks, the whole ecosystem of QuickBooks add-ons has benefited. For example, just simply the existence of a QuickBooks link in Crystal Reports gives rise to a whole submarket of opportunities for end-user customers, consultants, custom developers, and even other commercial software companies.

Consultants, specifically QuickBooks consultants and tax and accounting firms that either employ consultants or refer clients to such consultants, have started to fully embrace the idea of recommending and installing add-ons to solve many of the previously unsolvable client problems. Many have begun specializing in add-on integrations such as QuickBooks Point of Sale, BillQuick, Fishbowl, Legrand CRM, PDG Software’s Ecommerce Storefront, Cabinet NG’s CNG Books, Personable’s SourceLink, Alteryx’s Acctivate, MISys, and Truecommerce EDI. In addition to these, there are many more REAL applications that solve real customer problems and yet still allow the client to keep their QuickBooks installation in place. This is a compelling story for the consultant because it allows them to expand on existing skills while maintaining an advantage over other consultants, for whom QuickBooks expertise

is lacking. Of course, it takes a QuickBooks expert to know one, so this advantage does not necessarily translate into competitive success because the client usually doesn't have a clue about why your expertise is so valuable until they try the other guy and experience failure. However, QuickBooks expertise is a huge advantage and a barrier to entry for those new to the game.

Re-engagement with the existing client base. With more integration options from which to choose, many consultants are going back through their client base and initiating new projects to tackle problems around advanced inventory management, CRM, POS, mobile solutions, or advanced construction management. Additionally, these new technology options allow consultants to engage new, larger clients with a broader set of needs than that of the typical QuickBooks client a few years ago.

So with all these factors driving the current boom, what are the challenges of these new realities?

The challenge is that these new demands are stretching not only our capacity to provide timely, high-quality service, but also our capability to provide the RIGHT services for these new demands. Many consultants who have been on autopilot, providing software installation, setup and training in the QuickBooks marketplace, may suddenly find themselves overwhelmed by new technologies (Vista, web-based applications, customized add-ons, etc.) and by their need for increased staffing to handle the increased client demand.

Ah-ha! I smell opportunity! Doesn't this condition sound similar to the booms of past? Think about when Windows was released, or when XP finally got things stabilized in the PC world. Remember when we finally all began trusting Windows and began wholeheartedly recommending upgrades for our client base? It was because we finally saw a critical mass of solutions that were reliable and that presented real value to the clients. It's essentially the same type of thing going on here in the new "open" accounting software marketplace.

As this boom develops, the typical QuickBooks consultant is finding a whole new type of client — one that doesn't flinch at spending thousands of dollars for their accounting system, and one that has no problem assigning in-house technical experts to assist the outside consultant with the planning,

design, implementation and even support of the system after it's installed.

These clients also usually understand much more about their needs than the consultant

does. This is a completely new phenomenon for the typical QuickBooks consultant, but the wise consultant will quickly get used to it and realize the potential.

Compared to the typical QuickBooks clients most of us are used to serving, these clients usually have much more demanding requirements.

For example, they have the following:

- **Substantially larger data sets.** If they already use QuickBooks, they often come to us with multi-gigabyte QuickBooks files (which makes this QuickBooks expert very nervous, but more on that topic in another column),
- **Multiple departments** (sales, marketing, shipping, warehouse, admin., etc.), most of whom need access to at least part of the accounting data,
- **Multiple locations** (either in terms of physical offices or multiple online "locations"),
- **Much more complicated business processes.** For example, they need to track purchase requests routed through several levels of approvals before issuing purchase orders, and they need multiple sources for purchasing items. They also have to track the production side of the business with raw materials, tracked by serial number through to in-process inventory, all the way through finished goods stored in warehouse X, in section A, shelf 10. They also need integrated shipping and fulfillment software to feed data back into the accounting system so that shipping costs and tracking information are accounted for in the main accounting system.

In short, incredible new opportunities await the enterprising consultant (pun intended) as well as the consultant who has the breadth of skills to serve these new markets. The question is whether this new world is right for your firm.

To help you answer this question, consider that there are essentially two types of consultants in the QuickBooks consulting community.

Some are focused techies/accountants who love working directly with clients to install/setup/troubleshoot/etc. the QuickBooks and add-on solutions. They continually school themselves on new techniques, technologies, software solutions, customized solutions and business process design. These are the top technicians when it comes to designing and installing the most streamlined business processes.

I estimate that about 70 percent of The Sleeter Group's Consultant Network members would fit this general description, and our network of 520 members represents a good cross-section of the most serious QuickBooks consultants in the United States and Canada.

The other 30 percent are focused more on attracting new clients, selling complete systems, and bringing teams together to solve a broad range of business process issues in the mid-range market. They are generally less technically focused, but often have teams of IT professionals, accounting/tax experts and other software experts with specific skills in QuickBooks, add-ons, industry-specific solutions, and custom software development. These people are exactly the ones who can take full advantage of these new opportunities.

If you are part of this group, consider becoming a VAR for a few best-of-breed add-on solutions, and foster close relationships with vendors who can feed leads to you and help you qualify, sell, install and support their solutions.

However, before you jump into the VAR world, put some deep consideration into what type of firm you are or what type of firm you want to build. If you want to build the "best QuickBooks techies" firm, then becoming a VAR might not work well for you. This is because vendors want their VARs to SELL their software, and you're not likely to have the best sales skills if you focus your business totally on the technical side. However, if you want to build sales, marketing and departmentalized technical skills in QuickBooks, add-ons, custom development, business process design, business consulting, etc., then finding a good VAR relationship may be a great decision for you.

No matter what type of firm you are building, you should always consider that the BEST consultants always recommend the BEST solution for the particular client situation, regardless of vendor. Your clients will become especially suspicious of your "recommendations" if you only represent one vendor and one product and you're getting paid to sell it.

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