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TECHNOLOGY

2007 Readers' Choice Awards

Accounting & Tax Pros Pick Favorites

Jan. 01, 2008

With the changing of calendars from 2007 to 2008, it's also time to announce the results of the 2007 Readers' Choice Awards, an annual insight into the minds of tax and accounting professionals. The Awards, featuring more than 25 categories of professional applications, hardware, services and other technologies, give those in these professions a way to express appreciation for the systems that help them in their practice. As with last year's results, some of the findings were somewhat expected, while others were surprising.

The

CPA Technology Advisor's Readers' Choice Awards are not a scientific study, but rather a popularity contest of sorts, allowing readers to vote online in the various categories. All of the companies whose products were included in the awards voting were encouraged to drum up support for their products, and the voting in some categories shows a strong base of user support for particular brands and products.

An example of this is Drake Software, whose tax compliance system won the professional tax preparation category for the second year in a row. Drake's actual market share is about 10 percent, but its customer base remains one of the most loyal and satisfied of any tech product. Not surprisingly, Intuit's ProSeries and Lacerte brands, which together command a large share of the market, took the other top spots in the survey. Another product that received a higher

than expected voter turnout was PC Software Accounting's write-up program, which took third place behind big names Intuit and Thomson Tax & Accounting.

In the payroll category, which has one of the most crowded markets with more than two dozen notable program and service providers, the automated online PayCycle system came out ahead, with QuickBooks and Advanced Micro Solutions' (AMS) offerings close behind. In another large category, Drake Software's loyal customer base also helped the company win the top slot for Document Management systems, while systems from Intuit Lacerte, Thomson Tax & Accounting, e-FileCabinet and Acct1st Technology Group wrapped up the category.

A new area this year is automated "scan and fill" systems (see Executive Editor Greg LaFollette's [Final Thoughts column](#)), which streamline tax preparation by allowing professionals to simply scan a document, while the system automatically determines what kind of document it is (W-2, K-1, 1099, etc.). It then pulls the financial data from the form and allows it to be quickly transferred into a client's return. A similar product category, "scan and organize" systems are geared toward digital information storage, creating searchable and indexable versions of documents that are scanned in.

The winner in this new category was Intuit's Source Doc Auto-Entry, which received about half of all votes. While this indicates user satisfaction with the product, curiously enough, Intuit has decided to pull the product for this tax season, stating that it needs to redesign the product to make it more amenable to user needs. What?

As with last year, Intuit's line of QuickBooks products continues to dominate the small business market, with professional accountants embracing the system for client-side business management. This is likely related to the integration capabilities, since the professional version of the program took the write-up category. Systems from Sage Software's MAS line and Microsoft Dynamics were preferred for larger clients.

In addition to these tax and accounting oriented technologies, the Readers' Choice Awards also include categories for general business devices and hardware like computers, cell phones, and printers and scanners. Delivery food (mostly

pizza) and coffee still reign as the top choices for sustenance during those late nights during tax season.

The CPA Technology Advisor's 2007 Readers' Choice Awards are your voice to vendors and your peers on the technology products and services that make you more efficient, productive and profitable. And this collective voice of the tax and accounting profession helps drive future innovation.

Thank you to the thousands of professionals who voted in the 2007 Readers' Choice Awards. We look forward to hearing from you again next year.

IN-PRACTICE TECHNOLOGIES

Federal/State

Income Tax Compliance

Insight:

Over the past few years, many firms have been able to adopt new technologies to increase the number of clients they can service with the same staff and speed up processing. While “scan & organize” products are being quickly embraced by firms, the new “scan & fill” systems are still somewhat on the horizon, but show great promise for productivity. Automatic population of tax returns, coupled with other timesaving features, is greatly increasing productivity for practices.

As with last year, Drake Software's loyal base of tax professionals showed up in force, helping the company take first place with more than 30 percent of respondents. The tax software vendor actually has about 10 percent of the market, while Intuit's Lacerte and ProSeries brands, coming in second and third in our 2007 Readers' Choice voting, together account for close to 35 percent of the market. Orrtax has made a rebound in the past few years and made a good showing in this year's voting.

[View](#)

[Chart](#)

Specialty Systems

& Tax Prep Tools

Insight:

While these systems can't really be compared head-to-head since they offer very different tools and features for different purposes, it is interesting to see the number of professionals who utilize a third-party

system to fill in niches where their tax program doesn't meet their needs. In all, more than 6 percent of voters use a specialty tool. [View Chart](#)

Tax Planning Systems

Insight:

The top three products here are neck and neck (and neck) with our voters, of which 30 percent cited use of a dedicated tax planning program. Tax planning services are becoming increasingly popular with professionals, especially since such services allow them to help clients and generate additional revenue using their existing tax specialties. While most tax prep systems can be used for rough estimating, a good planning system provides many more scenario functions, and they take into account planned phase-outs and other anticipated changes in tax treatments. [View Chart](#)

Tax Research Systems

Insight:

About 50 percent of our voters reported that they use a tax research system, with virtually all of them choosing online options from the major tax information providers like Thomson, CCH, BNA and PPC. Thomson RIA's Checkpoint took the top spot this year, while Intuit's TaxAlmanac.org received about 9 percent of votes. The wiki-based tax research website is free, and therefore is also used as an additional resource for users of the other systems. TaxAlmanac also received a 2006 Tax & Accounting Technology Innovation Award. [View Chart](#)

Sales & Use Tax Compliance

Insight:

This is a niche market that the major accounting vendors haven't successfully tackled at the small business level. As the Internet continues to let small businesses sell to people everywhere, the job of keeping up with their sales tax obligations is mounting. And because most of the truly comprehensive (all 8,000+ U.S.) taxing jurisdictions are cost-prohibitive to many entities, smaller vendors like eFileSalesTax.com and CFS still own the larger share of the SMB market. But they better keep on their toes: Avalara and CCH are developing more flexible pricing models and scalable systems. [View Chart](#)

Write-Up

Insight:

Accountants have officially left the “welcome” mat out for Intuit. More than half of our voters reported using a write-up system, and the vast majority of those professionals cite the QuickBooks Premier Accountants Edition as their program of choice. This is an increase over last year, which shows the continued saturation of QuickBooks into both the professional and small business arenas. The users of PC Software Accounting’s system were successful in voicing their support for the program, edging up to second place overall, although the system has a lower actual market share. The company apparently keeps users satisfied. [View Chart](#)

Engagement Management

Insight:

As noted in the Trial Balance entry on page 31, many trial balance functions have found their way into other programs, frequently engagement management systems, which provide more comprehensive control over workpaper management and workflow functions, while also offering financial statement preparation and dynamic data that can automatically integrate with other programs. Of the three major players in this market, CCH still commands a notable lead among our readers while the Thomson product continues to grow. [View Chart](#)

Estate Planning

Insight:

With less than 10 percent of tax and accounting professionals voting for such systems, Estate Planning is a specialized service, but shows considerable growth potential because of the Baby Boomer population. Estate organization and generational wealth transfer is also often served by the legal profession. [View Chart](#)

[[Continued from Page 2](#)]

Payroll

Insight:

While some professionals don't even want the "P" word mentioned in their presence, the service has been making a major comeback in a lot of practices around the country. With online systems helping to automate many processes, accountants are often taking a management-based role, while providing varying levels of direct work in the payroll area. For example, PayCycle, which overtook Intuit in voting this year, lets accountants resell the payroll service, and clients can do all, some or none of the data entry depending upon the firm's service model. [View Chart](#)

Trial Balance**Insight:**

As the trial balance function continues to be absorbed by other programs, only about 8 percent of voters reported the use of a dedicated Trial Balance system. With more than 90 percent of the voters selecting either Thomson Tax & Accounting's Trial Balance CS or CCH's ProSystem fx Trial Balance, these two companies pretty much own the market. [View Chart](#)

1099/W-2 Compliance**Insight:**

W-2 reporting is obviously a payroll function, while 1099s are an AP function. And while all payroll and AP systems can easily output checks, the reporting elements are often lacking, especially when these functions are handled after-the-fact by an accountant. Since these two processes are in the gap between AP and payroll, smaller vendors like AMS and CFS continue to draw large user bases to their specialized programs. [View Chart](#)

Practice Management/Time & Billing Systems**Insight:**

Only slightly more than 20 percent of practitioners reported using a time and billing or practice management system. Unfortunately, this means the majority of tax and accounting professionals are still tracking time and expenses with Post-Its, spreadsheets or e-mails. The top vote earner continues to be TimeSlips, but all of these systems provide good analysis and reporting to help practices better control their most precious asset: time. [View Chart](#)

Analytical/Forecasting/Budgeting Tools**Insight:**

About 13 percent of voters cite the use of specialty programs or online

tools for providing clients with deep financial analysis, forecasting and budgeting services. In addition to helping clients better understand their own businesses, comprehensive financial statements are also required by many lenders and other parties. The ProfitCents system was early in this market and seems to have established a real following in the accounting space. [View Chart](#)

“Scan & Organize”/“Scan & Fill”

Systems

Insight:

Even though it is a new category this year, nearly 30 percent of voters claimed that they use a “Scan & Organize”/“Scan & Fill” System. These programs have emerged as one of the most promising new technologies for tax practices, with some helping to automate virtually all document-related data entry, while others provide automated searchable filing and retrieval options. The first to market with such systems, Intuit, SurePrep and CCH, control this area. Despite its popularity with our readers, however, Intuit is retooling its system and does not expect it to be offered again until TY 2008. For more information on this genre of products, see [Greg LaFollette’s column](#) in this issue. [View Chart](#)

Business Valuation

Insight:

Although another niche service offering, Business Valuation services are especially in demand during transitions or if a firm works closely with attorneys during family litigation. [View Chart](#)

Website Builders for Accounting Firms

Insight:

Those Drake users sure do like the vendor, which gives free, but basic, websites to firms using its inclusive tax suite. Among the other top contenders, AccountantsWorld continues to expand its collection of online resources for practitioners, providing complete virtual offices. [View Chart](#)

Fixed Asset Management

Insight:

The market for fixed asset management systems appears to be one of the

last categories where “best of breed” seems to matter most to professionals, in that the percentages do not directly track the use of underlying tax compliance products. [View Chart](#)

Document Management

Insight:

More than 40 percent of all voters use a document management system, and an overwhelming response by Drake users propelled that vendor’s system to the top of this category. Drake’s Document management system is included in the vendor’s tax suite. [View Chart](#)

[[Continued from Page 3](#)]

CLIENT-SIDE ACCOUNTING SYSTEMS

Insight: What we say that is pretty obvious from the first few product areas: Intuit is the undisputed leader in small and mid-sized business management programs. Since the company started creating specialized versions of its QuickBooks system for several different industry types, it has become further ingrained into the psyches of entrepreneurs everywhere.

Considering our numbers come from tax and accounting professionals, the results are even more impressive. Once upon a time, the professional accounting community was grudgingly accepting of QuickBooks — they had to accept its use because so many of their clients were using it regardless of the professional’s advice. But now the community embraces the system, whether it’s to consolidate all or most clients onto the same system or because the program is generally easy to use and gets clients to maintain their books more effectively because of its intuitiveness.

Of the product categories in the client-side accounting section, only two are not dominated by a QuickBooks version: Property Management (for which another Intuit product took the top slot), and Accounting for Larger Entities (for which Intuit doesn’t really provide an option). In this latter category, Sage Software’s MAS 500 and Accpac 500 lines received the most combined votes, while Microsoft’s Dynamics brands, which include GP, AX and NAV, took second (these are the former Great Plains, Axapta and Navision lines). [View Chart](#)

**Construction/Contractor
Accounting**

**Accounting for
Larger
Entities**

**Mid-Range
Accounting**

**Not-for-Profit
Accounting**

**Retail
Accounting/POS**

**Property
Management**

GENERAL BUSINESS TECHNOLOGIES

In keeping with last year, we included general business product categories in our Readers' Choice Awards, as well as the preceding tax and accountant-centric categories. Since many of these general business products overlap or a professional might have more than one, multiple choices were allowed on these questions

Computers (Laptops & Desktops)

Insight:

With about 50 percent of readers voting for Dell, the primarily online retailer of everything biz-tech dominates the PC market, at least for accounting professionals. Other notables continue to be HP and Toshiba.

[View Chart](#)

Printers/Scanners

Insight:

Once again, voters were allowed to select more than one vendor in this category, but an overwhelming majority chose HP as their brand of choice, even if they also chose another. I guess the once-little company founded in a Palo Alto garage is still doing okay. [View](#)

[Chart](#)

Smart Phones

Insight:

While most professionals have yet to get on the "smart phone" bandwagon, those readers who do utilize a data and Internet-enabled mobile communication device seem sold on Palm's Treo line and, of course, the ubiquitous BlackBerry. The iPhone is making an impressive charge for

a product that wasn't even on the market this time last year. [View](#)

[Chart](#)

Office Supply Store

Insight:

The voter's top choices in this category were, not surprisingly, the nation's top business supply chains. Online and catalog supplier Quill took a noteworthy number of votes, while Big Box member stores Sam's Club and Costco round out the top six. [View](#)

[Chart](#)

PERSONAL TAX SEASON FUEL

Favorite Late Night Tax Season Survival Food

Insight:

The Domino's commercial isn't about to change to “[Ding Dong] ... Get the door, it's the veggie guy,” but trends in healthier diets are working their way into the lives of tax and accounting professionals, even during the darkest days and nights of April. Of course, if we were to combine all kinds of take-out and delivery, the contest wouldn't be close. [View](#)

[Chart](#)

Caffeine Preference

Insight:

And the profession still runs on good old caffeine, with nearly half of all voters selecting traditional Joe as their preference for the stay-awake stimulant, while combined votes for other coffee-based drinks accounted for another 13 percent. Sodas are a strong second, with hot and iced tea drinkers on their heels. More than 10 percent of our voters refrain from caffeine beverages. [View](#)

[Chart](#)

Thank you to the thousands of tax and accounting professionals who voted in the 2007 Readers' Choice Awards. Your participation helps us better understand the constantly evolving nature of the professional practice, and it gives you a chance to make your voices heard. Voting for next year's Readers' Choice Awards will start

in late fall. If you know of products or questions that should be included next year, please let us know.

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