TECHNOLOGY

Taking Your Practice Online

Column: The QuickBooks Advisor

Aug. 01, 2008

From the August 2008 Issue

Stop Driving, Start Working Efficiently
It seems like everything changes when you start working online. Last October, I wrote about Software as a Service (SaaS) and how online applications are the future for accountants and their clients. This month, I'll drilldown on a couple of new solutions in the SaaS world.

But first, I'd like to share some feedback from a few readers who wrote in response to my article last October (www.CPATechAdvisor.com/go/1760).

One reader wrote: "*Anyone who reads Symantec's latest Internet Threat Report from 9-2007 can easily connect the dots with SaaS. If the channel cannot be secured, it's not worth putting your company's data online. All of the security trends are working against SaaS despite the push by banks to convince users that sensitive data is safer online.*"

To which another reader responded: "*That position simply isn't true anymore. Where is your evidence for that statement? I did read that Symantec 9-2007 report, and I don't see the conclusion you seem to. Let's set aside for the moment that Symantec makes money by selling security protection, and so has a vested interest in making reports like this sound as scary as possible.*

It's not that the report data is incorrect, so much as it is presented in a certain way, and that certain topics are left undiscussed. For example, nowhere does the report hint that security risks mean 'it's not worth putting your company's data online.' Similarly, the report does not discuss the amount of risk in alternative channel options and how they compare to having the data online."

These two readers are discussing exactly what the issue has been from the beginning. The issue is security, and whether the great masses will TRUST the Internet with their data. My conclusion is this: ABSOLUTELY yes. And the best evidence is everywhere. If you doubt it, consider that despite the "risks," every day the masses order from Web stores, shop on eBay and use online banking.

According to AMI-Partners, a leading small and medium business strategy firm, "SaaS isn't quite a staple for SMBs, but adoption is ramping up. For instance, in 2004, 10% of U.S. small businesses, and 15% of medium businesses used SaaS; in 2007, use jumped to 21% of small and 30% of medium businesses." (see www.ami-partners.com/ami/default.aspx)

So why do the masses take all of these "risks?" Well, it could be that they just don't understand the risks. But more likely, it's because the benefits of the technologies outweigh those risks. Yes, fraud and identity theft are real, but the masses have, for the most part, figured out how to minimize risk while taking advantage of the huge benefits of working with their data online.

That said, you should always check out the company behind the SaaS solution and scrutinize its security policies. Does it have a third-party company that does security audits/reviews? Also, the security of a SaaS solution actually depends on what you are comparing it to. How secure is your own internal network? Are you performing regular backups and taking them off-site? Has a third-party firm performed a security of your own internal systems? The SaaS solution, while adding some additional vulnerability, may be an overall improvement to what many people are doing today.

Anyway, that's probably enough said about security for now. Despite the risks associated with Web applications, people can realize some huge benefits, from mobility (anytime, anywhere access) to managed IT (the SaaS vendor does everything), scalability and lower overall cost.

But even with SaaS solutions gaining popularity in the market, people are still very stuck to their desktop solutions for accounting, spreadsheets and word processing. The features, speed and flexibility of general accounting products, Excel and Word on the desktop are compelling, and not everyone is comfortable with doing all their work online. As a result, what many of the best SaaS solutions provide is a mixture of online and desktop applications that integrate with each other. For example, two very interesting new products are Bill.com and SmartVault.

Bill.com
Have you ever thought about the amount of time, effort and paper involved with processing your Accounts Payable? Break it down. First you order a product or service from your vendor. Then you get the bill in the mail. Then you open the mail, mess with the paper and return envelope, and file it in the to-be-processed stack. Later, you or someone else picks up the stack of bills, enters them into your accounting product (such as QuickBooks), carefully codes them to the correct account and class, and then (sometime later) you go into your accounting product and pay the bills. Fortunately, QuickBooks makes that part fairly easy, but then you have to print the checks, sign each one of them, rip the voucher stubs off, stuff the check along with the remittance into an envelope, then stamp and mail the envelope. Next, you file the vendor invoice along with the check stub in a drawer for later reference. By the way, you better not make a filing mistake or it could be lost forever. Whew! That's a lot of steps. And if you really think about it, you're spending a lot of time doing those same tasks each day/week/month.

The funny thing is that I never gave it a second thought until recently. I just accepted it as one of those necessary parts of being in business and thought you couldn't really do anything about it.

But then that really smart, serial entrepreneur, Rene Lacerte (formerly an Intuit Product Manager, then founder of PayCycle, and now founder of Bill.com), came along with a great idea. Being a small business CEO for many years, he felt the pain of dealing with Accounts Payable each month, and he decided to do something about it.

Bill.com is a SaaS Web application that allows businesses to streamline the whole process of paying vendors. The process goes from the extensive set of steps described above to the following: Fax or e-mail a PDF (or *.XLS or *.JPG

or *.DOC or whatever) of the vendor's invoice to Bill.com. Then, enter the bill into the online bill payment system, coding it to the account and class you want. Next, assign an "approver" to the bill so it can be routed (by e-mail) for approval to the appropriate person in the firm. After the approval, the bill is scheduled to be paid according to the due date or other date you entered on the bill. The bill will be paid on time (as long as you schedule it a few days in advance), and you'll never have to think about it again. No signing checks, no filing the check stub, no envelopes, and no postage. Sounds a bit like online banking, right? Well the key difference here is that using an online connection, Bill.com downloads all of your bills and payments directly into QuickBooks, so you have everything you need in your accounting system as it happens.

The setup is very easy and involves uploading your QuickBooks vendor list, chart of accounts and class list, followed by giving authorization to access your bank account. It takes just a few days to verify your banking information, and then you're off to the races.

All of a sudden, you won't have stacks of payables sitting around, and you won't have to worry about finding a vendor invoice ever again. Since it gets scanned and uploaded to Bill.com the minute it arrives, you can shred the bills instead of filling up file cabinets. Better yet, call all your vendors and have them e-mail you PDF invoices, and there won't be any paper ... ever! Talk about going green. This is a huge improvement both for the environment and for your efficiency.

For accountants and outside bookkeeping services, this solution could revolutionize your practice just as PayCycle brought efficiency to how you provide payroll services. If you provide bill paying services, you can set up a Bill.com account and have several of your clients set up so that you can quickly go online, switch between clients, process their vendor invoices, route the bills to approvers, and schedule the bill payments all from the comfort of your own office. You won't have to order stacks of checks for each client and keep them separate (or use blank checks with MICR ink in the toner cartridge), and of course you'll get all the time savings, paper savings and postage savings listed above.

In June of 2008, Bill.com and CPA2Biz (the marketing and technology subsidiary of the AICPA) announced that CPA2Biz has become the exclusive distributor of Bill.com to accountants. This partnership allows accountants to get free access

to the Bill.com service, and accountants can set up clients on Bill.com for a 10 percent discount. Go to www.cpa2biz.com for more information.

SmartVault

SmartVault is a brand new document management solution just coming to market. While I believe the document management space is getting very crowded, I am highlighting this solution because of some unique twists they've put into the product.

It's getting difficult to know what "document management" really means, so for some good background on the various types of document management systems, read John Higgins' 2008 Review of Document Management Systems from the June/July issue (www.CPATechAdvisor.com/go/1966).

One of the initial steps for implementing a document management system is to go paperless. And since so many of the documents we deal with as bookkeepers are on paper, most of the "input" into the document management system will involve scanning paper documents. But it's important to think about documents more generally by including your electronic documents (Word, Excel, QuickBooks data file, etc.) in your management system, as well.

What SmartVault does for the business is provide an online, secure management system for all of your company documents. You can store your documents, share them with others (members of your team or between accountant and client), and secure all your information (QuickBooks data file, correspondence, contracts, etc.) with offsite backups. And what I like most is that you can associate documents stored online with transactions in your QuickBooks file. As you enter a transaction in QuickBooks, you can scan paper documents or attach disk-based files to the transaction, thereby linking the documents to the QuickBooks transaction. This is a new product that is really worth checking into. Go to www.smartvault.com for more information.

Intuit, Inc. • Technology • Article

CPAPA is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.