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QuickBooks Hosted on an ASP – Why it Makes Sense

Doug Sleeter • Apr. 14, 2009

As you continue on your path towards taking your practice online, you should take a close look at using an Application Service Provider (ASP) to host QuickBooks for you and your clients. This is a fantastic service for accountants and their clients, and with some of the new developments in the marketplace, I predict there will be a new surge in ASP adoption by both accountants and clients.

Some firms don't yet see the benefit of moving off their local desktop/LAN systems because they have in-house technical people to keep everything running smoothly, and they've figured out other remote access solutions to facilitate the accountant/client collaboration.

However, even if firms have all that figured out, they are most likely providing less security for their data than companies who switch to some online solution. Also, although the offline firms may be able to produce good results for the next five years or so, I predict most of us will, in the near future, be using some type of online solution for nearly everything surrounding accounting and business management. For more on this trend, see my August 2008 column (Taking Your Practice Online) at www.CPATechAdvisor.com/go/2023 and the October 2007 column (Software as a Service – The Future for Accountants, Bookkeepers, and Clients) at www.CPATechAdvisor.com/go/1760.

What is an ASP? To lay the framework of our discussion, let me first define some terminology and help you differentiate the buzzwords you keep hearing in the online world.

The term ASP refers to a category of companies who provide access to computers

(servers and desktops) “in the sky” that run a variety of Windows software for customers who access those computers via the Internet. Applications available on ASPs include MS Office, QuickBooks, QuickBooks add-ons, and other software by customer request.

ASP services ensure that the software and hardware is managed, backed up and always available via the Internet.

What is SaaS? Software as a Service (SaaS) is another term you’re hearing a lot about, and although ASPs provide services that include software, there is a slight differentiation between ASPs and SaaS vendors.

ASPs provide:

Desktop applications installed and managed on the ASP’s computers.

Hosted software is typically purchased as a desktop application, but then hosted by the ASP. In a sense, you “rent” access, but you typically purchase the software that is hosted. But the term rent is used loosely here.

Hosted applications (and the data that goes with them) can often be moved to your local computer(s) to run locally if you decide to stop using the ASP.

SaaS vendors provide:

Usually Web-native applications running on the service provider’s computers.

The software license is part of the service. Think of it as “renting” the software along with the service.

You access the application via the Internet, usually using a browser.

The SaaS application cannot be run on your desktop computers, because the software license is not available other than with the service.

A Brief history of QuickBooks Hosting Intuit has been nearly silent on the issue of hosted QuickBooks for years. The legalese in the QuickBooks software license agreement purportedly prohibits hosting, but there are probably over 100 companies who are and have been hosting the software since the late 90s. In the past, if you called Intuit support and said you’re using a QuickBooks hosted by an ASP, they would tell you that you were breaking your license agreement, and that they could not support you.

Of course, there were probably several thousand users with that situation, so it really became one of those stand-offs between users and ASPs on the one side, and Intuit’s license agreement on the other hand.

Because of this legal ambiguity and lack of licensing enforcement from Intuit, many of us in the consulting and accounting profession just steered clear of using and/or

recommending hosted QuickBooks to our clients. Most of us saw the compelling benefits, but we were concerned that without clarification on the licensing from Intuit, we might somehow end up as unwitting participants in the violation of Intuit's software license agreements. That was a risk many of us just didn't want to take.

A Clearer Roadmap for the FutureThe good news is that now we have a clearer roadmap for using QuickBooks on an ASP. There are two hosting companies I am aware of who have jumped through the technical and legal hoops to be considered worthy of providing the level of service that Intuit requires for their QuickBooks customers. These Intuit-authorized, QuickBooks hosting companies are InsynQ (www.cpaasp.com) and Right Networks (www.rightnetworks.com). Of course there may be other authorized providers in the future.

Ok, so back to the question of why hosted QuickBooks makes sense. Even though I predict that ultimately the SaaS products will be all we talk about, in the short-to-medium term, I think the ASP has some compelling benefits for accounting firms and their clients. There are several reasons why I think the ASP solution is compelling. Probably the first and most compelling reason is that PEOPLE LOVE QuickBooks. They've built their internal procedures around the product; they've trained their staff how to use it; they can get top quality support for it from a number of sources; and nearly every accounting firm in the country has someone who can help set it up, troubleshoot problems, and even prescribe workarounds when a particular feature isn't quite right for the client.

The second reason is that QuickBooks has literally hundreds of add-ons that directly integrate with it. Many of those add-ons are now part of the internal systems of QuickBooks users everywhere, and to switch away from them would be a huge undertaking. So the add-ons are now just about as entrenched as QuickBooks itself. And the good news is that most of the add-ons can also be hosted by a QuickBooks ASP.

The third reason is that ASPs help you go online quickly, without switching software, and you can always switch back if you don't like it. So your data remains YOUR data. The risk of switching to something new is mitigated by the fact that you can always go back if it doesn't work out.

It's worth asking why one would use QuickBooks on an ASP as opposed to switching to a web-native SaaS accounting product such as QuickBooks Online Edition (<http://oe.QuickBooks.com>), NetSuite (www.Netsuite.com), Intacct (www.Intacct.com), or any of the five or so other options. That's a great question, and in my opinion, it's only a question of when that switch will be appropriate for your business.

In the short term, hosted QuickBooks allows the masses to keep what they have while also realizing the benefits of online, anytime, anywhere access, plus the ease of sharing data between accountant and clients.

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