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## TECHNOLOGY

# The Case for Becoming a VAR

Column: The QuickBooks Advisor

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For small and medium-sized businesses, it's one thing to have a well functioning GL system, but it's a huge jump beyond that to have a complete business management system that tracks and manages all of the key business processes

in the business. For example, even if your clients have a smooth-running accounting system for AP, AR and Payroll, when you really think about the requirements for efficiently tracking and managing purchasing, inventory, forecasting, CRM, time and project management, document management, and web store, you quickly realize that without customized, integrated solutions in these areas, the overall efficiency of the operation still has BIG needs.

Fortunately, there are companies out there to help you as you try to create the most efficient business processes for your clients. Over the years, these vertical solution companies have morphed from "all-in-one" system providers to what I call "add-on" developers. By add-on, I don't mean to imply that these applications are "small," but rather that vertical solution developers are focusing more on integrating with products like QuickBooks to share data instead of building GL capabilities into their products.

I first wrote about this opportunity two years ago, but recent developments in the market give us more solutions, better integration and broader consulting opportunities. This is great news for those of us who focus on helping small business clients with their accounting systems because it gives us tons of opportunities to expand the practice from accounting software into other value-added services.

Before discussing how you can exploit the new opportunities to become a Value Added Reseller (VAR), let's first look at the technology and market developments that have given rise to these new opportunities.

**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 recently the logjam seems to have broken. With near-ubiquitous availability of the Internet, we can pretty much assume that everyone has fast, always-available Internet access.

**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, there has been 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 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 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.** This includes companies like Business Objects (Crystal Reports), MISys (SBM), Alteryx (Acctivate), Salesforce.com, eBay, Yahoo!, Google, Sage (ACT! and Timeslips), Bill.com, PayCycle, SmartVault, BQE Software, 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, the very existence of a QuickBooks link in Crystal Reports gives rise to a whole submarket for end-user customers, consultants, custom developers and even other commercial software companies.

**Consultants (specifically QuickBooks consultants) and tax and accounting firms who either employ them or refer clients to them, 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, Results CRM, MISys SBM, and others. 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 experienced QuickBooks consultant because it allows that person to expand on existing skills while maintaining an advantage over other consultants for whom QuickBooks expertise is lacking.

**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. In addition, these new technology options allow consultants to engage new, larger clients with a broader set of needs than was characteristic of the typical QuickBooks client a few years ago.

So with all these developments, the opportunities are getting more interesting every day. Do you see the similarity to how past markets thrived after the critical foundation technologies were in place? For example, imagine how difficult it would have been for Google or eBay to even exist without the Internet first becoming available. But once that foundation technology was available, literally thousands of companies were formed and thrived by harnessing the technology.

It's essentially the same type of thing going on here with the new "open" software marketplace where applications talk to each other. That foundation makes so many solutions possible, and many of the "solutions" are more about integrating multiple systems than they are about installing any particular product. And this integration requires business process expertise from consultants who make a living by studying and implementing technologies.

At the same time these technology foundations form, the typical QuickBooks consultant is finding a whole new type of client. One that doesn't flinch at spending thousands of dollars for their business management 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. This is a new phenomenon for the numerous QuickBooks consultants, and many are jumping at the new opportunities to become VARs for these new software solutions.

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 small business consulting community. Some are focused techies/accountants who love working directly with clients to install/setup/troubleshoot/etc. the general ledger 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 over 600 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 this is you, 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 solution.

However, before you jump into the VAR world, first consider 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. The reason is that 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, 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 fit for you.

Feel free to reach out to The Sleeter Group or any of our consultants if you need someone to help you think through how best to take advantage of these new opportunities.

Technology

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