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## ACCOUNTING

# Finding the Right QuickBooks Add-on

Column: The QuickBooks Advisor

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QuickBooks, as versatile it is, cannot do absolutely everything, nor can it satisfy all business needs for all types of industries. End users in a variety of industries often keep some detailed industry-specific information outside of QuickBooks, and then re-enter summary or detail information into QuickBooks for the purposes of preparing financials.

Many of these programs perform functions that are vital to specific industries or business processes, while eliminating the need for the end user to change to a custom or industry-specific accounting package. This allows the end user to track more data and produce better reporting than QuickBooks alone provides, while staying with the familiar, comfortable and user-friendly QuickBooks program.

## THE CASE OF INVENTORY TRACKING

A perfect example of the need for add-on solutions is the case of inventory tracking. While QuickBooks does track inventory, the inventory module has its limitations and falls short of the full functionality that many end users need. For example, QuickBooks can only employ average cost inventory, and users cannot choose another costing method such as FIFO (First In, First Out) or LIFO (Last In, First Out), which are more appropriate for many businesses.

Other inventory limitations include the fact that QuickBooks cannot automatically track serial numbers, bin locations, lot numbers, bar coding, multiple warehousing, warranty periods or expiration dates. So to handle these types of tracking needs, you could use QuickBooks for inventory, but you would need to track the additional information in a separate program such as a spreadsheet. However, this duplicate entry of information would quickly become unworkable as the amount of data increased.

### **INTUIT DEVELOPER NETWORK & SOFTWARE DEVELOPMENT KIT**

To address these issues, Intuit formed the Intuit Developer Network (IDN) to enable third-party developers to develop and offer products that integrate with QuickBooks. The developers in the IDN make use of the Software Development Kit (SDK), which is provided at no charge to them by Intuit. The ideology of the SDK is “Never Enter Data Twice” (NED2) and to facilitate the sharing of information both ways behind the scenes between QuickBooks and the add-on product.

When an add-on is used properly, it expands the power of QuickBooks without creating extra work.

### **LIFE BEFORE QUICKBOOKS ADD-ONS**

Prior to the release of the SDK, IIF (Intuit Interchange Format) files were used to import lists (and, to a limited extent, transactions) into QuickBooks. IIF files are specially formatted tab-delimited text files that can be opened and edited in Excel. Although the IIF method still can be used with the current versions of QuickBooks, I highly discourage any system that relies on IIF imports. Intuit also discourages the use of IIF for anything other than the most basic of list imports.

Here are some of the limitations of the IIF method:

- Import files are very difficult to create properly, especially for files containing transactions as opposed to just lists.
- There is no error checking or log file of IIF imports.
- There are no safeguards against duplicate imports of IIF files, and multiple imports will create duplicate transactions in QuickBooks.
- There are no safeguards against accidental overwriting of existing list entries.
- Erroneous IIF files can create unintended list entries in QuickBooks, such as a new bank account or new service item.

- Two-way transaction synchronization is not possible using IIF files. You can import IIF, but you cannot export transactions to IIF files.
- The integration is not seamless; it requires separate file preparation, single-user mode, and being signed in as the Admin user in QuickBooks. It also requires the user to specifically choose a menu item to import the IIF file, and the user must search the windows directory to select the correct file to be imported.

## **FINDING ADD-ONS: THE IDN MARKETPLACE**

The IDN was created to encourage the development of third-party add-on products to enhance QuickBooks. This resulted in the creation of the QuickBooks

“Marketplace”

— the first place to go to find dependable, tested software that integrates with QuickBooks.

Useful websites for consultants interested in third-party add-ons include the following:

- <http://developer.intuit.com>  
for more information on the IDN and the SDK
- <http://marketplace.intuit.com>  
for more information on add-ons in the virtual “Marketplace” or to find a developer to create a custom or new application
- <http://community.intuit.com/categories/contents/53>  
for community discussions about “3rd Party Apps that work with QuickBooks”

## **ADD-ON EVALUATION PROCESS**

The Marketplace can be searched by industry or by business need, and both search parameters can be further refined by QuickBooks Product Compatibility (for example,

Pro 2009, Enterprise v7, Online Edition, or the Canadian or UK versions of QuickBooks).

If a country is not mentioned in the name of a particular product on the version list, then it is a U.S. version of QuickBooks. Only non-U.S. versions specify the country in the version name.

An add-on product’s listing on the Marketplace provides information regarding the product’s functionality, links to the developer’s website, a trial download, QuickBooks version compatibility, as well as other information.

Since each client has unique needs, there is no guarantee that a product listed on the Marketplace will be the appropriate choice for your client's situation. Therefore, as a consultant, you must research each add-on product to make sure it's a match for your client. Research the developer's website and the product by arranging for a trial version, a product download and a demonstration.

Look at product ratings, case studies and ProAdvisor testimonials published on the Marketplace and any information from the developer's website or elsewhere. Speak to the developer, as well. Find out what the return policy is. Test out the product and competing products. Compare products on features, user-friendliness, documentation, technical support, price and customer ratings.

Check out the community response to queries about this developer and product on <http://community.intuit.com/categories/contents/53>.

The Sleeter Group Consultants Network also has a members-only forum where you can seek guidance from over 600 QuickBooks consultants on nearly every solution in the market.

Each November in this column, I recognize some of the top QuickBooks add-ons with my annual Awesome QuickBooks Add-on Awards. For the list of the 2009 winners,

see [www.CPATechAdvisor.com/go/2165](http://www.CPATechAdvisor.com/go/2165).

## **SDK LIMITATIONS**

Keep in mind that these add-ons are developed by members of the IDN, who are independent developers not affiliated with Intuit in any other way. This means that Intuit does not recommend, guarantee, troubleshoot or provide any support whatsoever with regards to these applications. For issues regarding installation, use and integration, the user must deal solely with the developer.

Each product listed on the Marketplace will feature a Gold or Silver Developer logo, as seen here.

The gold and silver logos indicate that an independent company has put a particular package through a "QuickBooks Technical Review" to ensure that it integrates and exchanges data with QuickBooks and is compatible with a particular QuickBooks version. If a package is listed on the Marketplace, it must have passed this review process. Gold developers' products have passed a customer survey conducted by a third party, as well. Some gold packages have been reviewed

by ProAdvisors at Intuit's request.

However, having a gold or silver logo does not necessarily mean that the product will perform exactly as expected, or that it works with all versions of QuickBooks. If the product does not work as desired, or is not to your satisfaction, there is no recourse through Intuit; all communications must be with the third-party software developer.

These product surprises may also include compatibility with your computer's operating system or network settings. These logos also do not mean that the review process is as comprehensive as you would like. The details of the technical review can be found at

[www.qppqa.com/Intuit/docs/IntertekQuickBooks%20Technical%20Review%20Guide02\\_.pdf](http://www.qppqa.com/Intuit/docs/IntertekQuickBooks%20Technical%20Review%20Guide02_.pdf).

In addition to features of the add-on, it is critical to assess the ease-of-use of the product. Make sure you spend some time evaluating everything from basic screen designs, to product stability and the user documentation. Even the most powerful add-on will most likely fail with your clients if it's hard to use or lacks quality online Help or user documentation. Also, make sure your clients understand the type, amount and cost of technical support.

SDK design limitations also exist. For example, a computer with more than one country's version of QuickBooks installed on it may cause a third-party add-on to not work. This is because the SDK used by the add-on is "confused" as to which version of the SDK it should communicate with. In this situation, it is best to keep each country's version of QuickBooks on a separate machine.

Another constraint of the SDK is that it does not support all QuickBooks fields and transactions. For example, add-on applications cannot access the details of payroll transactions, and cannot create paycheck transactions. Every new version of the SDK is aimed at improving functionality and reducing its limitations, so "stay tuned" for improvements in future versions as they become available. The following limitations are among those that currently exist in the SDK:

- Customers' multiple Ship To addresses cannot be accessed.
- Online banking is not available (by design due to the sensitive nature of the information).
- Accessing payroll transactions is not available.

- Units of measure are not available.

## **CUSTOM ADD-ON DEVELOPERS**

After

all the searching, you may not find a ready-made solution that solves your problem. If that is the case, locating a custom developer might be in order.

Custom Developers can be found on the Marketplace by selecting the Find Custom Developers link. As with any developer or third-party listing, this is only an introduction to the software company. It is not a guarantee of future success.

## **ADD-ONS BEST PRACTICES**

There are several “best practices” that should be used anytime you are testing, installing or using a third-party add-on.

## **TESTING BEST PRACTICES**

Any add-on, no matter how reputable, must be tested out to assess its applicability and compatibility with a particular situation. Be sure to back up the QuickBooks data file on external media prior to initiating the installation and integration of the add-on. Be aware that in addition to the QuickBooks data file and any related QuickBooks files (such as the \*.tlg and \*.nd files and the Images directory), there will most likely be a separate database for the add-on program. It is important to know the precise name and location of this database file.

Furthermore, ensure that any third-party database file is adequately and regularly (i.e. daily) backed up and that anyone accessing this database file has sufficient network security privileges to do so. The database for the third-party add-on can be just as valuable to the end user as the QuickBooks data file, so treat both with respect and care.

## **USER NAMES & PERMISSIONS BEST PRACTICES**

Most add-on products will have their own sets of user names and associated permissions,

so you should not assume that a QuickBooks user’s name and permission level will automatically carry over to the third-party add-on. These user names and permission levels must be independently created in the new software.

One useful practice is to create a user in QuickBooks named after the third-party add-on (e.g. “Fishbowl” in the case of Fishbowl Inventory). This user name should have permission to access all areas of QuickBooks, and when



the add-on connects to QuickBooks it should “log in” to QuickBooks under this user name. With this practice, the audit trail in QuickBooks will identify all transactions that have been entered and/or modified by the add-on application.

The steps for creating the special user in QuickBooks are as follows:

**Step 1: Select Company, then Set Up Users and Passwords, then Set Up Users.**

**Step 2: Click Add User.**

**Step 3: Enter the new user name that matches the third-party add-on (e.g. Fishbowl).**

**Step 4: Enter and confirm the password for this new user.**

**Step 5: Click Next.**

**Step 6: In the Access for User window, check All areas of QuickBooks.**

**Step 7: Click Next.**

**Step 8: In the Warning window, click Yes to confirm access to all areas.**

**Step 9: The final window will show a matrix of areas and access levels, showing only Y's and n/a's. Click Finish.**

## **LOCATING THE ADD-ON SERVER WITH THE QUICKBOOKS SERVER**

Often, the third-party add-on will have a Server component and a Client component (as is the case with QuickBooks). The installation instructions of each individual

software package should be followed. However, in general, it's best to install the Server software on the network server where the third-party data (and the QuickBooks data file) resides. The Client software for the add-on is installed on each workstation as is the case with the QuickBooks client software. Each Client will connect to the Server through the network.

To provide the best performance, the connection between the add-on and QuickBooks should occur between the add-on's Server component and QuickBooks on the server computer instead of through a network connection. Check the documentation from the add-on developer for specific setup recommendations.

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