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*From the December 2009 Issue*

Major new tax provisions and the still limping economy had major influences on tax and accounting practices this year. This has led many firms to examine their workflow processes and client service delivery methods, with an eye out for ways to be more productive and to strengthen their practices. For most, this has included moving to paperless engagement systems. And for some, the idea of hosted programs for tax compliance, write-up and other services is looking more attractive, with the potential for lessened IT expenses and maintenance time, plus anywhere access. Meanwhile, the early adopters are going a few steps further and embracing cloud-based technologies.

At the same time, many client businesses have contended with shrinking revenues and tight credit availability, and are also looking for ways that they can be more efficient and fiscally strong in the current economic climate. Who do they turn to for advice? Quite often, it's their most trusted financial advisor: their accountant. While this may add to your workload, it's a valuable relationship, and one that strengthens not only your client's business, but your practice, as well.

Our annual Readers' Choice Awards continue to show a trend toward the adoption of workflow optimization systems and other technology tools that help firms and small businesses run leaner and more profitably. The awards are not a scientific study, but the voting results do offer an informal view into the professional lives of tax and accounting professionals, their technology and vendor preferences, and other insights. They are subjective in many instances, and the loyalty of some professionals to particular vendors definitely comes through in the results, but this is valuable information, as well, since it

helps to spotlight those technology companies who are keeping their users excited

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collaboration functions or data integration capabilities. Voters were also asked about their use of client portals and their knowledge of web-based professional applications.

Thanks to all of the readers of *The CPA Technology Advisor* and *The NSA Technology Advisor* who took the time to vote in this year's Readers' Choice Awards. Here's wishing you happy holidays and a successful tax season.

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## IN-FIRM TECHNOLOGIES

### Federal/State Income Tax Compliance

#### Insight:

Drake continues its winning streak in the professional tax compliance category, more than doubling the next nearest competitive product.

While

Drake's tax system actually accounts for around 10% of actual market share, its continued strong showing is the result of very loyal users who love to evangelize the all-in-one tax prep system, which also includes

programs for write-up, practice management, a website builder and marketing

tools. Intuit's ProSeries and Lacerte tax packages came in second and third, respectively. Overall, the voting results favored tax systems geared toward smaller practices, which accounts for most practices in the United States as well as a large number of our readership.

### Specialty Systems & Tax Prep Tools

## Insight:

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to learn more about the same practices, voters were allowed to select more than one.

While many voters didn't have a preference or selected "other," more than 20% of our 3,300+ voters did select one or more, demonstrating that there is still apparently a strong need for these specialty systems. If you were one of the "other" voters, please send us an email to [editor@cpata.com](mailto:editor@cpata.com) to let us know what programs you use to enhance your tax system.

## Tax Planning Systems

### Insight:

With tax compliance still the major revenue stream for smaller practices and one of the key areas for mid-sized firms, tax planning seems like a great way to expand services and strengthen client relationships by providing proactive advice that helps them realize tangible tax savings. Professionals are realizing this more and more, too, resulting in an increase over last year, with more than 40% of all voters citing use of a tax planning program. Among voters who chose one of the systems listed, Intuit's Lacerte Tax Planner took a narrow lead over planning systems from BNA, CCH and Thomson Reuters planner option.

## Tax & Accounting Research Systems

### Insight:

Once upon a time, tax research involved a library of voluminous tomes

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to keep up with program updates or other concerns. The last time our

four years has seen a lot of development and competition among the main

tax research vendors, Thomson Reuters, CCH and BNA, while Intuit's TaxAlmanac.org, a free tax wiki (think Wikipedia), has also gained popularity.

With an abundance of subscription and even some reliable free options on

the market, many firms use multiple sources for research (and have favorites

for different topics), so readers were allowed to vote for more than one product in this category.

## **Estate Planning Systems**

### **Insight:**

Although this client service specialty is one that many tax and accounting

professionals refer to legal firms, there is a natural tie-in between the various planning strategies involved with an individual's taxes, retirement

and estate/transition. Our voting reflects the general market, with only

about 20% of professionals citing use of a specific estate planning program.

This is double the number from last year and shows a continuing growth in

the client service offering among accounting firms. The numbers above represent

the voting share of those who cited use of an estate planning system.

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service, this conundrum leads to the uniting of these separate functions, after all, the federal-level compliance procedures are very similar and happen at the same time each year. All of this has helped create a thriving niche market, with professional users able to easily manage both processes simultaneously, and resulting in the success of the many smaller companies that have developed programs for the combined functions. As with income tax compliance, the results of voting for this category do not represent actual market share, but rather a very loyal user base for Advanced Micro Solutions (AMS), who voted in large numbers. Another small tech vendor, CFS Tax Software, came in second. Among other notable vote receivers were CCH's Small Firm Services ATX, AccountantsWorld, 1099Express, 1099 Pro and Greatland.

### Sales & Use Tax

#### Insight:

Is there a market for professional sales tax compliance? Yes. How do you define it? Well, that's a little more difficult. The answer is probably that there are 44 or more markets in the United States for this function, sometimes called "state and local tax" (SALT), because there

are 44 states with state-level sales tax requirements. Within the six

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eFileSalesTax.com,

an online service for filing and paying California sales taxes, followed by CFS, which provides compliance for California, New York and Florida.

## Write-Up

### Insight:

Often a core service for accounting firms, how a write-up system works and

integrates with client bookkeeping applications can be a major factor in

productivity. Accountants have continued to move to QuickBooks Premier Accountant

Edition because of the simple fact that it offers seamless integration with

the data from their clients' versions of QuickBooks, along with other tools for collaboration and import into Intuit's tax preparation systems.

PCSAI's Client Write-Up system, Thomson Reuters Write-Up CS and AccountantsWorld's

Accounting Relief AC led the pack behind QuickBooks. When their votes are

combined, the ATX and TaxWise write-up packages from CCH Small Firm Services also fared well.

## Trial Balance

### Insight:

Providing a link between a business' financials and their tax

compliance,

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About 22% of firms reported use of an engagement management system. The programs continue to grow in popularity, helping firms increase their productivity through optimized workpaper management and workflow functions. The Engagement CS system from Thomson Reuters edged past CCH's ProSystem fx Engagement in this year's voting, but the market is still dominated by those two and CaseWare's Working Papers.

### **Audit/Engagement Tools**

#### **Insight:**

While generally a service of larger practices, firms that offer audit services are looking for ways to streamline the intensive process. Capital Confirmation won the category this year for its Confirmation.com service, which also received a Tax & Accounting Technology Innovation Award this past June.

Smart e-Practice Aids from Thomson Reuters came in second, with Audit Confirmations following.

### **Payroll**

#### **Insight:**

Our largest category by far, the market for payroll technology and service

is booming, with more than 40 vendors vying for the small business

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the top

five programs combined only accounted for about half of the market, with the rest spread across dozens of other payroll technology providers.

### **Analytical/Forecasting/Budgeting**

#### **Insight:**

This category is for specialty software that accountants can use to better

understand their clients' financials and to help them strategize future business activities based on more sound knowledge of their fiscal condition.

It is a growing field that is no longer dominated by a handful of companies, but is instead spread fairly evenly across many.

### **Business Valuation**

#### **Insight:**

The number of voters responding that they use a business valuation program

has increased to 16 percent, with the PPC Business Valuation system from

Thomson Reuters taking the largest share of votes. Products from NACVA and

ValuSource round out the top three.

### **Practice Management/Time & Billing Systems**

#### **Insight:**

Whether professionals bill by the hour or on a flat rate structure, practice



management and time-based billing systems can provide valuable

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process,  
providing firms with tools for optimizing their workflow processes as  
engagement  
materials are routed through the practice. Nearly 65% of all voters  
cited  
use of a program, with the popular Drake Software system gaining the  
vast  
majority of votes due to its active user base. The Drake Document  
Manager  
is included in the vendor's tax compliance system.

### **Tax Document Automation**

#### **Insight:**

As a part of the modern practice, tax document automation is helping  
to  
revolutionize the way tax data is acquired, allowing users to scan  
common  
forms and have line information automatically extracted for use in  
their  
compliance system. The Source Document module in Thomson  
Reuters'  
FileCabinet CS solution has proven popular, as have systems from  
Copanion,  
CCH and SurePrep.

### **Workflow Optimization**

#### **Insight:**

What is workflow? It varies in every practice, but the change to  
paperless  
processes has caused some disruption, as professionals learn new

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again, its very loyal users voted up a storm, resulting in a win for the company, which includes a basic website development tool and free hosting with its tax software suite.

## Client Portals

### Insight:

A new category in this year's awards, the use of portals for client collaboration and file sharing has grown incredibly in the last few years.

AccountantsWorld's CyberCabinet system won this year's voting, with Intuit's Online Document Exchange just a tiny fraction behind. ProSystem fx Client Portals and NetClient CS followed.

## CLIENT-SIDE ACCOUNTING SYSTEMS

**Insight:** Still the 800-pound gorilla, Intuit's QuickBooks and QuickBooks Enterprise systems are, by far, the dominant client-side accounting programs for small and mid-sized businesses and non-profits.

Over the past decade, accountants have increasingly adapted the professional version of the program, resulting in a snowball effect that has the professionals recommending the system to their clients because of the integration benefits.

Adding to the snowball is that, since the program is so widely used, there

is no shortage of experienced users on the market, and there are many

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**Small Business  
Accounting  
Retail Accounting**

**Mid-Range  
Accounting  
Not-for-Profit**

**Construction  
Accounting**

**QuickBooks Paperless**

**Insight:**

As professionals go paperless, they are spreading the concept to their small business clients, most of whom use QuickBooks. New innovations have been coming to market that help streamline document processes and collaboration with the professional, while also aiding the small businesses.

**Fixed Asset Management**

**Insight:**

The Fixed Asset Manager system, an add-on to Intuit's ProSeries tax package, continues as this year's most popular asset management program. Systems from Thomson Reuters and Sage are providing some competition, while CCH has two offerings that are drawing significant votes.

**GENERAL BUSINESS TECHNOLOGIES**

**Outsourced Technology Services**

**Insight:**

Outsourcing doesn't have to mean sending jobs or client data

overseas.

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provide service or new business development.

## **Laptop & Desktop Computers**

With

the move to more and more web-based programs, the number of Apple users

in the professional space is starting to rise a little, and the trend may continue. But most users are still overwhelmingly on PCs, with Dell

and HP leading in the vote tally as they did in previous years.

## **Smart Phone**

Many

professionals can't live without their Smartphones these days.

Providing

constant access to email, work data, GPS, and entertainment functions, they've

become almost mission critical, but also fun. The iPhone has certainly taken

the world by storm over the past two years, but it hasn't unseated the BlackBerry, at least not with our voters.

## **Printers & Scanners**

With

the continuing paperless movement and changes to firm workflow, the scanner

has become a critical part of firm productivity, providing the starting point for many activities, including document management and

storage,

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gear, most professionals still use the major office stores or delivery services.

## **OUT-OF-OFFICE**

### **Favorite Form of Physical Exercise**

Apparently tax and accounting professionals have a sense of humor, or at least those voting in our awards do. The number one response in this year's voting was, "Who has time?" Well, maybe that's exhaustion and not a joke. For those who do like to work up a sweat, voters chose jogging/running first, followed closely by other aerobics exercises.

## **NEW TECHNOLOGIES FOR PROFESSIONAL FIRMS**

New technologies continue to shape the tax and accounting professions, from client service functions to internal management processes. The Readers' Choice Awards gives us a snapshot of what technologies and vendors these professionals are embracing and welcoming into their firms.

Thanks again to all who participated in this year's voting. If you know of a technology or vendor that was not included in one of the categories, please

let us know so that we can include them in next year's awards process.

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