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[www.Xero.com](http://www.Xero.com)

800-411-9376

## Best Fit:

Xero is best suited for small companies who need cloud-based collaboration with banking integration and support for multiple currencies. The rules-based transaction classification engine is a possible game changer for entry level accounting software.

## Strengths:

- Bank integration with Yodlee supports many, but not all deposit and credit card accounts
- Bank reconciliation rules simplify the classification of routine transactions
- Software facilitates a collaborative model of accountant/client interaction with tools for automating the bank reconciliation process
- The product does not track inventory values, although there are a number of third party solutions which provide this capability.
- Although Xero has over 200,000 users, the U.S. version of their product is less than a year old. As such, the reporting and localization of the user interface is still

maturing.

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New for the 2012 review, Xero has launched a U.S. version of their product and is led in the U.S. by entrepreneur and former Sage veteran Jamie Sutherland. Xero is a publicly-traded company from New Zealand, and offers versions of its software for the U.S., U.K., New Zealand, and a generic Global version.

Xero is a client accounting application which has a goal of “zero data entry” by the accounting professional. It has differentiated itself from the other SaaS accounting products in this category by providing an easy to use online accounting solution which provides tools for automatically importing, classifying, and reconciling transactions from the company's bank accounts. Since this feature could have a significant impact on our profession, we imported and classified two months of transactions from business bank and credit card accounts to see how well the feature operated in practice. We were very impressed with this feature, and hope more software companies will integrate this type of automation into their products.

### Basic System Functions

Xero has a new company wizard which assists users in setting up accounts for a new company. The wizard guides the user through the selection of a service plan, entry of the company's payment method, and the configuration of the chart of accounts and beginning balances. Unlike many competitors who offer industry-specific charts of accounts, Xero offers only one sample chart of account for new users. Advanced users can export the chart of accounts to Excel, edit the descriptions and numbers, and then import the listing back into the software. The product is supported in most browsers, and this support extends to the mobile website for Xero, which is known as Xero Touch (<https://m.xero.com>).

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## Core Accounting Capabilities

The software and related reporting has been effectively revised to reflect U.S. GAAP, and it is clear that the Company has made a significant investment in the U.S. Edition of Xero to accomplish this goal. Xero supports state sales tax calculations as well as GST/HST for those doing business in Canada.

The product does not support payroll calculation, although payroll transactions can be entered using a check or a journal entry. The Company plans to have a solution which will permit import of payroll service transactions into Xero in the near future. The product's audit trail is always active, and cannot be disabled, purged, or modified by end users.

Xero includes support for foreign currency transactions in the large service plan, and has localized versions of the product for the U.S, the U.K., New Zealand, and a generic global edition.

There is no upper limit on the number of people who can have simultaneous access to a company in Xero, however, only one user can have the role of the Practice Manager for an accounting firm at a time. Xero does not charge companies or partner accounting firms a fee for adding additional users to a company.

# **Dav-to-Dav Operations**

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## **Management Features**

Xero offers a partner program for accounting and bookkeeping professionals, and Partners have the ability to access all of their clients from a single page within the application. Staff logins are centrally controlled from the practice administrator's login on the Xero website, and there are five different user security profiles which can be used to limit application access to each client company.

## **Integration/Import/Export**

The Company has an active developer program, and integrations are available for a wide range of business needs, including CRM, e-Commerce, Inventory, Payroll, Point of Sale, and Time Tracking. Although many customer relationship management systems are supported (including Salesforce.com, Microsoft Dynamics CRM, ACT!, and SugarCRM), there are no U.S. payroll services listed in the add-on directory.

## **Help/Support**

Xero has a strong help center with guides, frequently asked questions, video tutorials,

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is included with the monthly subscription cost. The Support menu also allows users to create a support ticket, which is assigned a ticket number

## Summary & Pricing

Pricing for Xero is based on the features needed, and not the number of users. The Small plan, which is suitable for only the smallest organizations, allows subscribers to send five invoices, receive five bills, and reconcile up to 20 bank statement lines for \$19 per month. Most businesses will start with the Medium plan, which allows unlimited invoicing and bank reconciliation for \$29 per month. Businesses who work with multiple currencies will need the Large plan, which is \$39 per month. Discounts are available for multiple organizations as well as members of the Xero Accountant Partner Program. A personal financial management tool, Xero Personal, is available for \$34 per year.

## Small Business

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