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ACCOUNTING

2013 Review of FreshBooks

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FreshBooks

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FreshBooks is a cloud accounting application which started as a tool for managing invoicing, collections, and revenue tracking for small businesses. The product has grown over the last ten years to include time tracking, expense management, bank imports and integration with the BaseCamp Classic project management tools.

The company now boasts five million users (including users tracking their time and their customers). Long ago, the company moved out of founder and CEO Mike McDerment's parents' basement, and has been recognized by a number of major media outlets like *USA Today*, *Fast Company*, *Bloomberg*, *ZDNet*, and *Mashable* for its ease of use.

Instead of focusing on depth of features for accounting professionals, FreshBooks markets directly to end users by promoting its ease of use and by citing their internal statistics which show that, "the average FreshBooks user gets paid 11 days faster and saves eight hours a week doing invoices," as compared to previously used solutions. FreshBooks also makes it easy for customers to pay with credit, as it integrates with a wide range of merchant service accounts.

Basic System Functions: 4 Stars

FreshBooks is one of the easiest applications to use included in this review. Users with no financial background can create, distribute, and collect invoices using this tool with almost no training. Invoices are based on customizable templates, and users can add details about their business as well as a logo to give the invoices a very professional look. User menus are not customizable, and a dashboard showing a fixed set of key performance indicators is shown in a screen called “the Account Overview.”

The product is designed for small businesses, (e.g. integration with BaseCamp Project Management), these industry specializations would be useful to almost any business user.

FreshBooks supports all major Web Browsers, and has a number of available mobile apps, including company-provided apps for iOS, and Google’s Chrome browser. Users who do not want a separate app can also access their FreshBooks portal through the browser on almost any online mobile device.

Although FreshBooks is a Canadian company, the company’s primary servers as well as the backup servers are housed at two different public data centers which are more than 100 miles apart. If the primary data center has a catastrophic failure which overcomes the redundancies built into each site, the backup servers are configured to automatically handle traffic as the primary server.

The product has an audit trail (referred to as the “autobiography” of each transaction), and can be accessed for each record in the application. The company also keeps logs of every user login and IP address, although there is not a formal, user-facing report which shows the changes made to all records over a period of time.

FreshBooks supports billing and collecting receivables in multiple currencies), and although it is possible to use FreshBooks with multiple profit centers, there is not a simple way to separate results for each unit and still see the combined results for all divisions.

There is not a maximum number of employees who have access to a company, however, FreshBooks charges an extra \$10 per month for each additional staff employee user. Users can have simultaneous access to the database; however, no two users can simultaneously post to the same database record.

Core Accounting Capabilities: 4 Stars

Freshbooks is designed for simplicity, and is primarily built around billing and collecting receivables from customers. As such, it is primarily a “forms oriented” application, and it is difficult to even find debits and credits in the application. The product does an excellent job of creating, distributing, and making it easy for customers to pay invoices.

Invoices can be created on a mobile phone, on a tablet, or using a computer, and in addition to printing and mailing, distributing via e-mail, or delivering via a portal, FreshBooks will print an invoice and send it via snail mail (for a small fee) to the intended recipient. Users can pay with a number of supported merchant services providers, including Authorize.net, PayPal and Google Checkout.

FreshBooks is a single-entry system, and does not have a traditional general ledger as such. Despite this limitation, many small business owners find that it meets their needs for tracking and reporting revenues and expenses. The Expenses module is less useful than the invoicing functions however, as FreshBooks is not designed to track and pay outstanding bills as they are due, but is configured to report on transactions imported from a linked bank account or credit card account.

Expenses are classified automatically based on the payee name and amount of the expense during the import process. Users can change the classification of any transaction after FreshBooks has initially assigned an expense account. The expenses module does a good job of tracking out of pocket expenses for reimbursement by clients, and a credible job of automatically classifying transactions, although adjustments will always be needed.

The strengths in receivables, along with the less robust payables management functions and lack of support for inventory make this product a good fit for professional services firms and others who invoice for time and do not need to track inventory. The product supports both traditional sales tax as well as value added taxes (e.g. HST, GST, and PST in Canada).

(Users could prepare payroll in a web-based application and then record the imported banking transaction to properly distribute the pay to the proper accounts as a workaround.)

While the FreshBooks user interface is available only in English, the languages used to sent invoices and estimates can be customized for each client. Languages available include Danish, Dutch, Estonian, French, German, Italian, Norwegian, Portuguese, Romanian, Spanish and Swedish.

Day to Day Operations: 4 Stars

There are a number of supported third party online shopping carts available for Freshbooks, however, there are not any traditional retail point of sale applications listed in the company's add-on site. Sales tax support for U.S. and Canadian/EU style Value Added Tax is also included in the product.

FreshBooks has integrations with a wide range of line of business applications, including Basecamp Classic for project management, ZenDesk for IT support, Salesforce CRM, WuFoo and MailChimp e-Marketing, as well as GeoOP and BlueFolder for mobile workforces. The product also has some integration with itDuzzit and OneSaaS, generic tools for syncing data across multiple cloud applications.

The product does not support inventory tracking and valuation, and is best suited for service-based businesses.

Management Features: 4 Stars

FreshBooks primary dashboard is called the Account Overview screen, and is shown in Figure 1. This page updates automatically based on account activity, but is not customizable. There are no interfaces for external report writers like Crystal reports, although existing reports can be filtered using on screen controls, and can also be downloaded from the website in either CSV or Excel format.

Users can be granted access to FreshBooks with a few very simple permission levels. The product does not support role-based user security, although staff access can be restricted by client project. Both staff members and contractors can track time for use in creating customer invoices.

Integration and Import/Export: 5 Stars

Many types of data, including bank import files and client lists, can be brought into FreshBooks. Most data can also be exported to CSV (comma-delimited text file), including expenses, clients, invoices, staff, and timesheets. The application has integrations into over 70 third party applications and services through its developer program.

Freshbooks launched its bank integration module in early 2013. This tool permits users to download their bank and credit card transactions directly into FreshBooks. Transactions are automatically classified based on logic in the FreshBooks servers

which looks at the date, amount, and name of the expense, and assigns an expense account if one appears appropriate. Some transactions are not assigned to an account, and are flagged for end user follow up.

Help and Support: 4 Stars

FreshBooks provides support through Facebook, Twitter (@FreshBooks), e-mail, or via telephone (9 AM- 6 PM ET, Monday through Friday). Support is free All support is Canadian-based (Toronto, ON), and the company hosts webinars and support documentation to help users get the most out of the product.

Summary and Pricing

FreshBooks is free for 1-3 clients and a single user, \$19.95/month for up to 25 clients for a single user, \$29.95/month for unlimited clients for one user and \$10/month for each additional user. FreshBooks runs the Beancounters United program for accounting professionals who use FreshBooks to work with their clients.

2013 Overall Rating: 4.25 Stars

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