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REVIEWS

2013 Review of Wave Accounting

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Wave Accounting

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Wave Accounting is part of Wave Apps, a suite of free or low cost apps which can be used by micro-businesses to run their business. The product is set up to work with business and personal accounts, and will automatically classify business expenses to accounts based on the payee information downloaded from the financial institution.

In the last year, the company has implemented a major update to its user interface, and has rebranded itself as “Wave Apps.” The company has added Wave Payroll, Wave Payments (merchant accounts), Wave Invoicing (invoicing tool), and Wave Personal (personal financial management tool) in the last year.

Basic System Functions: 4 Stars

The product is a very simple tool, which is designed for businesses with one to five employees. Wave Accounting is primarily focused on billing and collecting receivables, tracking and paying bills, and monitoring cash and credit card balances. While it is possible to create journal entries with the application, the product is really designed to create some basic reports from A/P, A/R, and banking data which is imported through the Yodlee financial institution gateway.

The product is very easy to set up, and many small businesses can have their transactions imported and data from the last 90 days is automatically classified to the extent possible in under 15 minutes. The application has the capability of working with both business and personal accounts, and different reports are available for the two different groups of accounts. Wave does not offer industry-specific templates, but users can manually modify accounts to meet their individual needs.

Core Accounting Capabilities: 4.5 Stars

The product is primarily concerned with handling accounts payable, accounts receivable, and banking transactions. Although a general ledger and financial statements are available, this tool is really designed for small service-based businesses with five or fewer employees. Invoices can be customized, created, and e-mailed as PDF files easily, and customers can pay using an affiliated merchant service, Payments by Wave (2.9%, plus \$0.30 per transaction, funds deposited in seven days). If activated, Payments by Wave links can be placed on invoices, and customers can easily pay using any major credit card (MC/Visa/AX). More information on the payment service is available at www.waveapps.com/payments.

Although the product supports entering and tracking unpaid bills, there is no support for initiating payment for the bill through Wave Accounting (including both electronic disbursements and printing checks onto checkstock). Although many small business owners will simply pay bills with a debit or credit card, and then import the payment into Wave from the financial institution, there is not a built-in tool for printing checks for accounts payable.

Payroll is available from Wave Payroll, another ancillary service. The product starts at \$5 per month, per user (for a single employee), and the per user pricing drops as additional groups of employees are added. More information is available at www.waveapps.com/payroll.

Wave Accounting supports multiple foreign currencies, but does not have a formal audit trail report, nor does it support any languages other than English. The product also does not support intercompany transactions, consolidation, or combined financial reports.

Day to Day Operations: 3.5 Stars

As mentioned earlier, the application makes it easy to e-mail invoices to customers and clients, and users can include a link which allows them to be paid via a credit card seamlessly using Wave Payments. Although there is not a formal integration with a shopping cart application for online sales, the product does have a direct integration with the Etsy online marketplace. The product supports sales tax calculations, although the feature set is somewhat limited. There are no integrations with point of sale applications or shipping tools, although these transactions can be entered into the system manually.

The application is designed for small service businesses, and Wave does not support inventory accounting and management, outside customer relationship management (CRM) applications, e-mail marketing tools, or vertical industry applications.

Management Features: 4 Stars

The product has a simple dashboard (shown in Figure 1), and is navigated by clicking on the functions in the menu bar on the left side of the screen. Wave has a limited set of reports, and does not support outside report writers or ODBC connections to its database, although users could export reports to Excel.

Business owners can add a “collaborator” (e.g. accountant, bookkeeper, etc.) who has access to their personal or their business finances in Wave from the main dashboard. Users who have access to more than one entity can click on a drop down menu in the upper left corner of the screen to switch to a different company.

Integration and Import/Export: 4 Stars

While Wave started out as a cloud-based accounting application, the company has quickly expanded into many other ancillary services, and has also created an application program interface (API) so that third party applications and developers can interface with data stored in the system. As mentioned earlier, the company has added services for credit card processing, small business payroll, an invoicing and receivables management tool, and personal financial management.

Wave also has third party integrations to support electronic document storage from Shoeboxed, a tool to help users sell items in the Etsy online marketplace, as well as integration with PayPal accounts. We were able to add two collaborators to our sample company without any problems.

Help & Support: 3.5 Stars

Wave Accounting has a nice help website, including some video tutorials. Support is available by searching online documentation, a message board, or e-mail (9 AM-5 PM, Monday-Friday). In person support is available on a fee for service basis from accounting professionals who are members of the Wave Pro Network, a free referral network sponsored by Wave Apps.

Summary & Pricing

Wave Accounting is free, but is ad-supported. Wave Payroll starts at \$5 per employee per month. The Payments by Wave Merchant Service is 2.9% of the invoice amount, plus \$0.30 per transaction. The Wave Pro Network is a free referral service for accountants and bookkeepers who would like to consult with new clients who use Wave Apps.

2013 Overall Rating: 4 Stars

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