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## ACCOUNTING & AUDIT

# Cloud Package Pricing Brings Confidence and More Sales to Accounting Firms

Accountants are finding numerous hidden benefits by offering package pricing for their cloud accounting services. Here are a few ideas on how accountants are pricing and packaging cloud services.

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It's not just the technology that needs to change when it comes to adopting cloud accounting as a new service line in your business; your pricing model may need an update too. The good news is that accountants are finding numerous hidden benefits by offering package pricing for their cloud accounting services. Here are a few ideas on how accountants are pricing and packaging cloud services.

## Financial Coaching in Real Time

Victoria Kosuda, CPA.CITP is the managing consultant at Beyond Financials Consulting in Mountainside, New Jersey. Although she has never met 90 percent of her clients in person, she has no problem selling her cloud packages over the phone and delivering her services virtually. Vicki has numerous clients on Xero integrated with FreshBooks as well as a few on QuickBooks Online.

When Vicki presents a proposal to a prospective client, she provides a breakout of accounting, payroll, and software fees that make up the total monthly support price. She also prices the tax return and any setup work separately.

One of the cloud features that Vicki says helps to give her an edge is the fact that clients can get Vicki's financial coaching in real time. Clients come in the door for the compliance work, but they get hooked on the higher level services, Vicki explains.

"They are getting a taste of the advisory work and that is why they are staying and referring me to others," says Vicki.

### **Divide by Twelve**

While Vicki separates her tax return pricing from her monthly packages, Julie Babcock-Hyde, CPA, of Meridian, Idaho-based Juliet Babcock-Hyde CPA, PLLC has done the opposite. She bundles her tax, consulting, bookkeeping and payroll services all in one big package and divides by 12 to get a fixed monthly fee when offering her cloud packages.

"My clients don't like to have a big tax preparation and accounting clean-up bill at year-end," says Julie, who sells Wave, Xero, and QuickBooks Online packages. Julie's prospective clients like the idea of a fixed fee per month, and this fuels Julie's confidence in both her pricing and what she has to offer clients.

It also solves a big perception issue that Julie shares with some CPA firms. Her hourly rate is significantly higher than what clients perceive the industry standard rate is for bookkeepers. Since controller-level services and advisory consulting are usually mixed in with bookkeeping services, Julie delivers a far higher level of bookkeeping services than average. And it's simply better not to give clients a breakdown by the hour of these activities.

### **Off the Top**

Jason Pulsifer, President of Starting11 in Portsmouth, New Hampshire, has an entirely different pricing model from the two mentioned above. He takes a percentage of the client's revenue – somewhere in the one to three percent range — depending on what the clients' individual needs are.

"Since using this technology makes us so efficient, we can't really charge by the hour. As an example, I have a customer that does \$2 million per year in revenue, and I charge them a flat monthly fee of \$2,000 (1.2%)," says Jason.

Jason offers three levels of service, Bookkeeper, Controller, and CFO. His clients include both high-growth and well-established companies.

“We can save the established companies money with our cloud solutions over traditional accounting services. The high-growth companies we serve appreciate the infrastructure we provide to support their expansion,” says Jason.

## Getting Started

Carol Hower of TeamWorks, Inc. in Santa Clara, California, has over 40 active clients on Xero. In her experience, it’s easier to sell the cloud packages to new clients rather than transition existing clients.

“New clients are more open to the packaged pricing plans. The hurdle with new clients is being sure to allow for the necessary set-up time or any catch-up work that may be needed,” says Carol.

## A Warm Reception

Entrepreneurs in the Generation X and Y categories may be more receptive to cloud solutions as well as accounting package pricing than mature business owners.

“I definitely see a generational component to this. It is the younger 30 – 45 year old business owners that want to go to the cloud and understand how apps connect in the cloud,” says Vicki.

One thing that everyone agrees on is that package pricing is a much better way to go than hourly pricing when it comes to pricing ongoing monthly cloud services.

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*Sandi Smith Leyva is the founder of the Accountant’s Accelerator practice growth program, which helps CPAs make more, work less, and serve clients better. [www.AccountantsAccelerator.com](http://www.AccountantsAccelerator.com).*

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