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ACCOUNTING & AUDIT

Major Acquisitions Shape Accounting Technology Market

Summer is often thought of as the marriage season, so what better time to review some of the recent marriages impacting the technology sector of the accounting profession?

Gail Perry, CPA • Aug. 21, 2018



Summer is often thought of as the marriage season, so what better time to review some of the recent marriages impacting the technology sector of the accounting profession? We've seen some major headlines in the past year or so, including: [Intacct Acquired by Sage](#), [Intuit to Acquire TSheets for \\$340 Million](#), [Cloudnine and Results Software Acquired by AbacusNext](#), and most recently, [Xero Acquired Hubdoc](#). These are all prominent companies that make life easier for accountants and their clients. We were curious about why these companies decided to merge, and how will accountants and their clients benefit, and so did a little digging.

Sage Acquires Intacct

The Sage-Intacct acquisition occurred just over a year ago in July, 2017. At that time, Sage CEO Stephen Kelly explained that the acquisition was about growth and improvement. “The acquisition of Intacct supports our ambitions for accelerating growth by winning new customers at scale and builds on our other cloud-first acquisitions.”

“We had a gap in our cloud portfolio between Sage Live, which is now Sage Business Cloud Financials, and Sage Enterprise Management, formerly Sage X3, and we knew

we had to fill that gap,” said Jennifer Warawa, executive vice president, partners, accountants & alliances, at Sage. “Intacct was a great fit from all vantage points. Every time we dove into the details, the findings were always delightful.”

UK-based Sage Group provides management and accounting solutions, primarily to small businesses in 23 countries. Intacct provides cloud financial management solutions targeted at growing businesses.

“We have a large customer base, some of which will want to go to cloud at some point, and a lot of new customers are looking for a cloud solution. The Intacct acquisition filled a great need that we have in our portfolio. It gives us a great multi-tenant cloud solution.”

Intuit Acquires TSheets

We know Intuit as the company behind QuickBooks, Lacerte, ProSeries, TurboTax, ProConnect Tax Online, and Mint.com. TSheets time tracking software has integrated with QuickBooks for the past seven years. Now, with TSheets as part of Intuit, the timekeeping solution will reach a much larger audience.

“More and more accountants (and their clients) will gain access to the time tracking power of TSheets,” said Matt Rissell, former CEO of TSheets and now vice president of TSheets time tracking & scheduling segment at Intuit. “Twenty thousand accounting professionals have signed up for their free TSheets accounts, which will now be offered to well over 600,000. I personally can’t wait to see the impact this will have on the accounting profession as accountants and bookkeepers everywhere use TSheets to internally save time and money, grow their practice, and provide their clients with the real business insights and tools they need to thrive.”

Rissell put to rest concerns about third party TSheets integrations, such as those that exist with Xero and Sage. “Intuit intends to maintain all TSheets customers and third party integrations,” said Rissell. “Therefore, TSheets will remain an open platform by maintaining and building new partnerships with other best-of-breed solutions.” Going forward, TSheets will be known as TSheets by QuickBooks.

Rissell’s enthusiasm about the acquisition was hard to miss. “The TSheets and Intuit teams have worked together on every level in the organization. It wasn’t so much the right timing as the right partner.” The acquisitions papers were signed on January 11, 2018, and, according to Rissell, “We celebrated in typical TSheets fashion – with champagne and confetti guns!”

AbacusNext Acquires OfficeTools, Cloudnine Realtime, and Results Software

AbacusNext, the long-time technology-as-a-service provider to the legal profession, has made it clear it is jumping into the accounting space with both feet, with its February 2017 acquisition of Cloudnine Realtime hosting and business management services and Results Software, a Customer Relationship Management (CRM) solution for QuickBooks users, and its May 2017 acquisition of practice management software OfficeTools.

“One of the reasons we took such a keen interest in the accounting profession is, with over three decades in the legal space, we firmly believe we have learned a tremendous amount of what it takes for a professional to run a practice. One of the biggest challenges is making the journey to cloud,” said Alessandra Lezama, CEO at AbacusNext.

“We want to come into the accounting practice with a wide array of solutions that can serve to convert all the piecemeal technologies that these professionals have been utilizing in the past, into a comprehensive, fully integrated, cloud-enabled solution that we can fully manage for them,” said Lezama.

“Our vision is, just like you have a cell phone that is your smart device, that is configured to have the applications that help you be more efficient, we do the same at the virtual desktop layer for our clients. We are responsible for ensuring that we convert all of the applications whether we publish them or not, including third party applications, we converge that into their secure virtual desktop that they can access from anywhere in the world on any device without worry. Their data resides 100% in their own private cloud, they own that data, they control the data, we manage it and secure it for them.”

By acquiring the tools that make this experience possible for accountants, Lezama sees AbacusNext as providing peace of mind for accounting professionals. “Our clients have access to all of these apps that we publish when they’re part of the AbacusNext Private Cloud, so the more options I’m able to bring forth my clients, the better equipped they will be in all areas of accounting,” said Lezama.

Xero Acquires Hubdoc

Rounding out the major technology acquisitions, just last month cloud accounting software company Xero acquired data capture company Hubdoc, continuing to build

Xero's reputation for zero entry, automatic data capture, and real-time financial data.

Hubdoc extracts information from bank statements, receipts, invoices, bills, and stores it all for you, and then correlates that data with your accounting software.

“Bringing Hubdoc into the Xero family will enable us to take the next step in delivering a platform that seamlessly connects small businesses with their financial data and their accountants and bookkeepers, said Keri Gohman, president for Xero America.

Much like Intuit TSheets' plan to maintain integration with third party programs, Hubdoc has announced it will continue to integrate with QuickBooks and Bill.com, and will remain independent for users who want the app without the accompanying accounting software.

While only time will tell how these marriages work out, for now it looks like the future is bright, not just for all of these partnerships, but for the accounting firms who are benefiting from the support that all of these acquired products are receiving. Meanwhile, we can't wait to hear what's next – this acquisition mania seems to have a lot of steam.

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