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**Brian Tankersley** • **Randy Johnston** • Feb. 09, 2024



Hosts Randy Johnston and Brian Tankersley, CPA, discuss the Acumatica Summit, which they attended in Las Vegas in late January. Acumatica offers an intuitive cloud ERP for businesses.

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**Transcript** (Note: There may be typos due to automated transcription errors.)

**SPEAKERS**

with interviews of some of the clients. But maybe we should start off with a little bit of axiomatic background please.

**Brian F. Tankersley, CPA.CITP, CGMA** 00:45

Okay, so Accu Matica is a entry level mid market prep application, which means that when you graduated from QuickBooks, and the basic general ledger type applications, and you need to get something to help you manage your business, and to, to go in and handle your handle your more complex needs. That's, that's one of the places you can go, okay, they have a vailable integrated customer relationship management. And one of the one of the things that Accu Matica has philosophically is they want everybody to use the system inside the organization. So they sell the product, they sell the the ERP based on the processor and processors used and the and the capabilities of it, the transactional capabilities of it. So they would look at how many checks you wrote how many general ledger entries you made, how many, how many invoices you sent, and all kinds of other things like that, they would come up with a number. And then if you had 20 people, or if you had 200 people, it will be basically the same, it will be basically based on that processing capacity that was needed.

**Randy Johnston** 01:56

Yeah. So Brian, to that point, that pricing sounds a little complex, it's really not at a point in time up through 2023, this product was the least expensive, most capable product in the mid market. In our opinion, they change the volume calculation somewhat on this transaction volume. But our basic rule is in most of the industries, this is still a attractively priced option. And there's also vertical industries that this product serves very well.

**Brian F. Tankersley, CPA.CITP, CGMA** 02:32

Well, you know, they they have industries, excuse me, they have industry versions for

better. And we've had the good pleasure of doing consulting on ERP selections, and several of our clients who were ecommerce focused, have implemented this. There's the commerce built into Acumatica. But they also integrate with the bigs the Magento, is in the Shopify as others. And as it turns out, the product is fairly easy to personalize. In the old days, we might have used the bad word customize, but you can add a variety of products from their partners. Just as important. They also have the document it operates globally under different names. And in fact, some of the prior management teams of other companies that we've known, have actually taken over operations. So as an example, in France, and I always say these names wrong Cgn is sold there. Down in the Australia and New Zealand written region, the original product of MYOB still sold, but the MYOB of today is axiomatic. So it's a very highly proved higher end product to compete against the likes of Xero and QuickBooks Online in that region. But they also have other products, ACO and visma and senor lexware, since often others around the world now that the idea here is that you can do a global deployment on Acumatica. The development team has been out of Russia. I've met the developer on this way back and in fact, the core management team evolved out of the former Salomon or Dynamics SL team. And that's part of the reason they wound up with distribution, construction and other things that were very solid like in the past, but the product here in the United States is very, very solid. And they do allow deployment either on their data centers or premise based. And they're very strong about the ownership of the data, which is the other main thing we like about this particular mid market product. We only know one other vendor that sells accounting software on a regular basis and wants to protect the data as much that means so, but we do have other podcasts on competitors for Accu Matica, such as NetSuite and sage intact in Zoho and we want you to listen to those if you have clients that need to select accounting software.

**Brian F. Tankersley, CPA.CITP, CGMA**  05:32

Yeah, the the, I guess the thing happening right now, where QuickBooks Desktop is

With almost every mid market product. Historically, mid markets have been so much more expensive to implement. That's why people stayed on QuickBooks Desktop, QuickBooks Enterprise. And frankly, a lot of people who are on QuickBooks Enterprise need to be off that system. And on one of these mid market products, including what I didn't name earlier, dynamics 365. So again, we've got various podcasts on all of those. But this announcement of professional services is, frankly, an additional big breakthrough in this product, which I think it was two or three years ago, they announced a payroll system. And the payroll system is doing beautifully. We like integrated payrolls, and several of the big mid market, ERP vendors are now integrating payroll to let costing flow through. And

**Brian F. Tankersley, CPA.CITP, CGMA** 06:52

that's that's the real deal here. If when you look at the industry, to the industries construction and manufacturing, it's really hard to do construction and manufacturing with with separate payroll, because then you've got all this, all this cross posting you have to do is just hopefully, so we're very glad that they've got that in there. Now, one big announcement they made and this was kind of buried, but I pulled this out, because one of the knocks that people have on just about any, any any ERP software that's been around five plus years, is they don't like the recording, okay, and axiomatic has actually said that they are in the process of replacing their financial operating reporting engine that underlies their application over the next two years, including some new data warehousing capabilities to try to help people get better bi information out of it. So that's not here today. But but they've said that, they've said that it should be coming in the intermediate term. So you know, two to three years

**Randy Johnston** 07:51

or so. And that's pretty interesting. Because in Acumatica, summit 2023, the shoots

Yeah, so they also, they, you know, AI is this big subject that everybody wants to talk about now that we have chat GPT out there, galley and all the other AI tools. And so Acumatica actually has come out with some principles of innovation, because they, I had a number of direct conversations with the senior execs there, the CTO, Mike, you know, the CEO, and met a number of other people. And, you know, they all said to one, that they're very concerned about protecting the privacy of the data, while they implement any kind of advanced technologies like AI. And so they their principles that they set out, and I'm glad that they documented them, because I think it helps you understand what their approaches to keeping your data private. As we know, we Silicon Valley seems to have a problem with with wanting to snoop on data, use it for purposes that we didn't intent intended. Sometimes it leaks out. And so axiomatic has said they want to do they want to be responsible with guardrails to protect the privacy of customer data, we want it to be practical to address real world needs. That is, the techies may be asking, Where's your general AI, but the people that are out there, getting the work done, just want to get the work done. So it needs to be something that addresses those kinds of needs. It needs to be valuable, driven by customer input, so we don't need to have to have you know, a chat GPT integration just for the sake of doing it. Not only that, we may not want to because there have been some data leakages that have come through chat GBT. So we've got To us, we've got to, we've got to be responsible here.

**Randy Johnston** 10:02

Yeah. So Brian, to your point in my February article for the CPA practice advisor, you know, I talked about how the AIS and these different conferences have been positioned, and integration, and invisibility becomes part of what's going to go on that's going to be built in. And these principles of responsible, practical and valuable are really critical. of further, just a reminder that Accu Matica was one of the first companies to document a list of 10 principles on buying SAS base software, which

included ownership of the data. So these, these operators have been very principal

Interactive assistance for like help searches and chatbots, which I think we should I think just about everybody who has either implemented or tried out, or is working on. But the thing, the real magic thing here is this trusted advisor recommendations where it actually gives you insight into your business and into the data that's in your ERP. So now, this is the hardest thing for AI to accomplish, because AI does a good job of differentiating between, is this a dog? Or is this a cat? But it's not really, it's not really a deep thinker. Okay. So this technology is estimated to be about five or 10 years out right now, there was a great article written by one of my friends, it's an analyst at diginomica called that that I've got listed there that CPA check is actually a URL shortener that I have. So you can just put that in. And it's an in depth dive on axiomatic as AI and I hope you'll hope you'll check it out. If you're interested in more detail on what they're doing with AI.

**Randy Johnston** 12:15

Yeah, so you to those types of points, Brian, on the AI usage being integrated in deal, integrating recommendations into the system seemed to be a theme at all of the events that Brian and I attended this first part of 2024. And another really interesting thing was the narrative reporting that starts to surface in lots of different places. So you're going to see those types of features surface, as opposed. And the idea here is help the business that the product has been running, as opposed to, let's say, the Intuit AI assistant, which is to disintermediate, the advisor. And so that's a whole different way of going after settings.

**Brian F. Tankersley, CPA.CITP, CGMA** 13:04

Yeah. And again, they said numerous times that they don't want their private data to train any public public markets. So they want to have their own. You know, in fact, it could even be down to the individual company level model. And we're learning more and more about AI as time goes on about large language models and small language

models, all kinds of other things like that. And we'll have more to share with you in a

Brian F. Tankersley, CPA.CITP, CGMA 13:55

Now, Microsoft, Microsoft is kind of axiomatic as partner that they use on the back end for many things. And they have a partnership with with Microsoft on AI, they happen to be local economic headquarters happens to be in Bellevue, Washington, which is actually where the US Microsoft subsidiaries headquartered, which is just, you know, 20 minutes drive from Redmond, where Microsoft's world headquarters is. They said that they're looking at things like copilot that they're working through, there's some economic problems with that. Microsoft has said that if you want to do a copilot that is off of your ERP or other applications, they want $30 a month per user, and that's on top of the $30 a month they want for Microsoft 365 co pilot and other things like that. So they want to get they want to get the value proposition worked out and make sure that solving the problem that customers have before they just go do something. Yeah,

Randy Johnston 14:50

and that probably helps explain the economist reporting on Microsoft probability profitability, because the projections from the economist said that the The AI division of Microsoft could have 84% margins. And you know, Microsoft, since they've become the world's largest company and stock valuation, again or dancy Round apple, the run rate of profitability for Microsoft issued beyond looks promising. And a lot of that's on the back of developers using their AI engines. Now,

Brian F. Tankersley, CPA.CITP, CGMA 15:27

they did say that, and many of the folks we've talked to have said that they want AI to be almost invisible. And so they want it just to solve problems. And they want you to use AI without you knowing that you're using AI. So they've run it, they run a whole lot of different experiments with generative AI and other things that and they say that it's about five to 10% of those make it into the product, because again, they want

it they want to have a highly, they want to have, they want to have good code, and

leading bleeding edge.

**Brian F. Tankersley, CPA.CITP, CGMA** 16:28

Now, there were some scenarios they showed, they that I guess in the there was a tech, there was a AI session that was actually run by, by Mikhail that's the, that's the CTO, and, and he had a he had a guest that had an Excel based reporting tool that actually showed some of co-pilot Excel and how you could use that to, to analyze the Excel based financial reporting that this particular vendor had. There's also a general ledger and anomaly detection engine, which identifies those unusual transactions. By cleaning up the data with AI, it's gonna make it easier for the rest of AI to work, because one of the biggest problems we have with it is the big bad dirty data. And by making the data more consistent, it's going to make it easier to make conclusions often things they did show some creation of routine emails with generative AI, that some customers are actually doing this strategy up to that DGP. Today, they're dropping a list of the of the open invoices, the amounts, the dates, and they're having chat GPT right collection letters, and right summer letters of, of customer status that they can venues. Yeah, so

**Randy Johnston** 17:43

when you think about aquamatic, and these features are rolling out, they tend to release their products twice a year, usually somewhere in the spring, April ish, and sometimes in the fall of around October ish. And they're quite transparent about the new features. They do webinars that you can attend to see a lot of these, they're not high pressure sales, I think they're more of an update on the content. Frankly, even though I'm quite familiar with the ecumenical platform, I tried to attend each of those to stay informed on the changes. So we expect a few of these AI changes to get slipstreamed in to the releases during this year. Right. Closing thoughts, you know,

**Brian F. Tankersley, CPA.CITP, CGMA** 18:27

over the next year or two. I also think the professional services edition is a great step forward. And I really like their, their their by use or by transaction count or you know, their their pricing model that is not based on users, just because you shouldn't have to worry about what it costs when you're when you're having temporary employees. And so it makes this work very well for businesses that are extremely seasonal, so that you can ramp up to the high transaction counts during your seasonal during your hot periods. And you can ramp down immediately when you're not in those periods without having huge swings in the cost an

**Randy Johnston** 19:48

interest in a nice summary. Brian, thank you for that. And I would just comment that pretty much all analysts that I'm aware of place axiomatic in the top 10 In the mid market And they certainly have earned that position as they've expanded their verticals, you know, into manufacturing then into construction adding a role than any professional services. This is a real deal. And, you know, I like the management strategy, the things that they've done over the years since inception, and we think it is worth looking at as a mid market product. We'll talk to you again in another accounting Technology Lab. Have a great day.

**= End =**

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