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CPA Practice Advisor

EDITION : Today's Technology for Tomorrow's Firm



ANNUAL
TECHNOLOGY
INNOVATION
AWARDS

Brad Smith, CEO,
and
Scott Cook,
Founder of Intuit

2014 Technology & Services Selection Guide

*A Year in the Life
of a SALT
Accountant*

Summer
Reading List

PRODUCT REVIEWS:

- Small Business Accounting Systems
- Sales Tax Compliance Systems

The EVOLUTION *of* SMALL BUSINESS ACCOUNTING SYSTEMS

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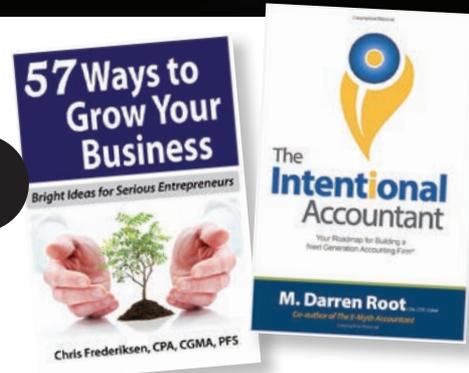


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SALT and Summer Reading

When I started my accounting career as a Deloitte tax accountant, we were each expected to choose a niche. I wanted to focus on agriculture clients, but it seemed the Chicago area wasn't going to provide enough farmers to keep me busy, so instead I found myself getting the small business clients, and in particular, those with state and local tax issues in multiple states.

There wasn't a lot written at that time on how to best serve these clients, and so I started writing material of my own. I wrote guides and checklists for the auditors out in the field to help them collect the proper information so that, back in the office, I could determine the

tax liabilities and filing responsibilities of our multi-state clients.

I've always had a soft spot in my tax heart for these clients; they have to work so hard to meet so many deadlines for these taxes we used to call the small taxes. And now that SALT issues are getting national attention, thanks in great part to ecommerce, I'm so pleased to announce that we have partnered with the SALT experts at Avalara to bring you a new series called *A Year in the Life of a State and Local Tax Accountant*. Each month, we'll bring you the latest news, tools, tips, checklists, and information to help you either take your SALT practice to the next level or help you get started in this area if you are new to state and local taxes. Follow our coverage in our print and digital magazines and also online at www.cpapracticeadvisor.com/SALT.

Meanwhile, it's June and we're grateful to so many people from within our profession for sharing their thought leadership with us as we offer a SUMMER READING LIST that's sure to get you thinking about great new ways to improve your practice.

• *The Intentional Accountant: Your Roadmap for Building a Next Generation Accounting Firm* - By M. Darren Root, CPA.CITP. How does an accounting professional go from being a client service provider to an integral advisor and successful leader? The latest book

by accounting thought leader Darren Root explains how he did it.

• *Firm Forward* - By Edi Osborne

A business fable that describes the journey one accountant experiences as he faces the challenges of attracting and retaining quality clients, attracting and retaining quality team members, and differentiating and growing his accounting firm.

• *The End of Competitive Advantage* - By Rita Gunther McGrath. It's time to go beyond the very concept of sustainable competitive advantage and forge a new path to winning by capturing opportunities fast, exploiting them decisively, and moving on even before they are exhausted. McGrath calls this transient competitive advantage.

• *No More Cold Calling* - By Joanne S. Black. This one-of-a-kind selling guide shows you how to boost your close rate to 80-90 percent, send your commissions, soaring, work less, and enjoy it more - all without ever making another cold call.

• *Professional Services Marketing 3.0* - By Bruce W. Marcus. Bruce Marcus's newest book documents an important evolution in professional firms and the way they interact with current and prospective buyers. The author's approach is two-fold: *understand the past, and be intentional about the future*.

• *57 Ways to Grow Your Business: Bright Ideas for Serious Entrepreneurs* - by Chris Frederiksen, CPA.CITP. Fifty-seven clear ideas that you can put into practice today that will improve your business and solidify your relationships with your clients.

And finally -

• *QuickBooks 2014 on Demand* - by Gail Perry and Michelle Long. The one training book you and your clients need to answer all of the basic questions on using QuickBooks to its fullest. ●

— Gail Perry, CPA - Editor-in-Chief
Follow me on Twitter at @gaperry



Gail is the Editor-in-Chief of CPA Practice Advisor and a CPA. She is the author of over 30 books (including "Mint.com for Dummies" and "QuickBooks 2014 on Demand") and she maintains a small tax practice. She earned a bachelor's degree in journalism from Indiana University and studied accounting at Illinois State University before starting her professional career at Deloitte. Gail is the former publisher and editor-in-chief at AccountingWEB and is a former columnist for the Indianapolis Star newspaper. She can be reached at gperry@CPAPracticeAdvisor.com

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Tools for Helping Shoebox Clients Get Organized



Brian Tankersley is a Knoxville, Tennessee CPA and consultant whose practice is focused on technology consulting and training for accountants. Brian is a nationally recognized speaker with K2 Enterprises (k2e.com), and blogs on accounting technology at CPATechBlog.com. Comments, suggestions, and errata are always welcome, and should be e-mailed to brian.tankersley@CPAPracticeAdvisor.com.

A large, messy stack of papers and documents, with a blue box in the foreground containing a calendar page for April 15. The stack of papers is thick and disorganized, with various colors and textures visible. The blue box is open, and the calendar page is partially visible, showing the date 'APRIL 15' in large, bold letters. The background is a plain, light color.

APRIL
15

When I look back on my time in practice, some of the biggest lies I ever told myself related to shoebox clients ever getting more organized on their own.

I always wanted to believe that the clients wanted to have a more structured organization system for their finances.

Unfortunately, the same clients would return my calls for the first time after the first of April every year, asking if we could file them an extension. They would disappear until October 1, when they would then expect me to drop everything to deal with their extreme procrastination. When they did show up on October 10 for our face-to-face meeting, they would be missing critical data, and the missing data would be enough to fill a shoebox or two.

After much sleep deprivation and drama, the return would get filed after lunch on October 15th, and I would only hear from the clients before April of the next year if I reached them when calling about their overdue invoice. Accounting was off of their “to do” list until the next April 14th, and I would somehow forget about the misery of dealing with them until next year.

As I think back on those days, I realize that those clients really do need help – they need someone to help them create the structure they need so that they can be successful in getting their records in a usable format.

Sometimes I would raise fees to adequately compensate myself for the long hours of crappy work. In the worst cases, I would help these clients become

“former clients” by referring them to a competitor who had tormented me in a prior life. In all cases, I wished I had some tools which would do some of the work for them so they could stay relatively organized without having to do anything.

Technology has created a “third way” to make these engagements better: web apps which retrieve, organize, and otherwise simplify the process of accumulating and creating personal financial records. Applications like **Mint**, **Personal Capital**, **Wave Personal**, **FreshBooks**, **SageOne Invoices**, **FileThis Fetch** and **Manilla** are available to help the “shoeboxes” move into the digital age.

• **Intuit’s Mint** (www.mint.com) is an application which downloads transactions and balances from financial institutions, automatically categorizes them, and provides tools for budgeting, managing due dates, and accessing all of this information from your favorite mobile device.

• **Personal Capital** (www.personalcapital.com) is an application similar to Mint which is targeted at investment management issues such as tracking returns, properly allocating assets, and minimizing fees.

• **Wave Personal** (www.waveapps.com/personal) is a separate personal finance application which integrates with the Wave Accounting business application. Like Mint, Wave Personal downloads balances and transactions from banks, and allows users to classify their transactions into categories. Wave Personal also allows small business owners to classify amounts paid in their per-

sonal accounts as business transactions (or vice-versa). While we all know that commingling personal and business transactions is not a good idea, we also know that it happens more often than we care to admit, and dealing with these items is tedious. This application acknowledges that reality, and makes it easy to track the cross-over transactions in both ledgers (the personal finance reports as well as the general ledger of the business). Wave even offers a tool called “Wave Receipts,” which allows users to capture images of documents from the built-in cameras in smartphones and tablets.

• **FreshBooks** (www.freshbooks.com) is a simplified bookkeeping tool designed to help business owners invoice, track receivables, collect and deposit cash. The application also downloads balances and transactions from banks and credit card companies and allows users to classify each item into accounts. The application is an excellent choice as the center of a toolkit to help self-employed clients beat the shoebox trap, although it is a single entry system.

• **SageOne Invoicing** (www.sageone.com) is a tool which is designed for freelancers and others who need to automate their revenue cycle transactions. Similar to FreshBooks, SageOne allows startups to create quotes and invoices, post payments, and create reports, as well as accept credit cards through multiple payment networks. Unlike FreshBooks, however, SageOne Invoicing users must upgrade to SageOne Accounting Standard to get tools for managing expenses, bank integration, and financial reporting. Accountants will be pleased that the general ledger in SageOne does true double entry bookkeeping, and it also helps businesses do some light project management.

• **FileThis Fetch** (www.filethis.com) is a tool which automatically collects and organizes digital statements for bank accounts, investments, credit cards, mortgage loans, utility bills,

and many other types of documents which go into these shoeboxes. Documents can be stored on the FileThis servers, or can be automatically downloaded, tagged, and filed in Evernote, DropBox, Google Drive, Box.com, or on a personal computer. The application will automatically retrieve your documents throughout the year, and will even alert you if it is unable to download documents for any reason.

• **Manilla** (www.manilla.com) is a tool for managing your recurring bills and downloading the related documentation. The application downloads and files documents to the company’s website, and it tracks a wide range of items, including statement balances, payment due dates and loyalty program balances. The application has a separate digital folder which is used to store any tax documents the application downloads from the financial institution or vendor website.

These applications are low cost or free, and are supported with in-application ads and other special offers provided based on the user’s personal profile. Since they are stored online, the data can be shared with outside advisors, including the individual’s accounting firm.

While this type of application is not right for everyone, it gives accountants and clients an option to help the procrastinators download and keep most of the right documents. These cloud-based applications can also facilitate collaborative personal bookkeeping services which were not economically feasible in the past.

If you or your staff are tired of the parade of shoeboxes, these tools might help you convert some of your nightmare clients into profitable sweet dreams. Before you end the relationship with all of your shoebox clients, see if some of them can be converted into a profitable practice segment using some of these apps and the guidance of your client accounting/bookkeeping team. ●

CPA Practice Advisor asked several leaders in the small business accounting software space to describe the key evolution(s) that enabled their product to become a possibility and to share their opinions on how small business accounting will continue to evolve.

The EVOLUTION of SMALL BUSINESS ACCOUNTING SYSTEMS



Wave: Scott Zandbergen, VP Professional Network

KEY EVOLUTION?

It seems the obvious answer is going to be the web. Absolutely the Internet and the fact that young startups like Wave and others were able to build amazing applications and not have to worry about traditional distribution channels to get them in front of small business owners. Also the fact that we've seen a big appetite for choice. That gives us the ability to create something small business owners actually want.

WHAT DOES THE FUTURE HOLD?

The biggest thing is going to be continued automation of accounting. In the last couple of years all the players now are getting good at doing bank feeds, so we pull in the data from bank accounts and credit card accounts and bring them into the accounting system. What's going to happen next is a lot more intelligence in automation and taking the data and making sure it goes into the right spot and is accurate. We call this invisible accounting. The business owners still run the business but as long as core key pieces are hooked up behind the scenes, they don't have to worry about categorizing things. And mobile everything. Small businesses want to work on what is important to them at that time, on whatever device happens to be nearest.



FreshBooks: Mike McDerment, CEO, Co-Founder

KEY EVOLUTION?

Reimagining what accounting means from the point of view of the small business owner is number one, and then a bunch of technologies that have enabled accounting to be simple and easy for small business owner. There are all kinds of different businesses out there - restaurants, retail, client services - and no one platform will be the be all and end all for each business.

WHAT DOES THE FUTURE HOLD?

I think the software is going to get so easy in a lot of cases that the role and nature of relationships with clients is going to improve a great deal. The percent of time accountants spend on data entry is going to go down, while the percent of time spent offering advice and guidance to small business owners is going to go up.

There will be a big change in collaboration, technology, ease of use, and availability of anywhere anytime is going to be the root cause for that. Owners are going to be capable of doing more on their own. The relationship between clients and accountants will evolve, to the point where accountants will be able to have more impact, the conversation will be elevated, that's a very big deal. It's not about accountants spending less time with their clients; it's about the role being more impactful.

By Gail Perry CPA, Editor-in-Chief, *CPA Practice Advisor*

There are many in the accounting profession who can remember the stereotypical accountant: the green eyeshade blocking out the glaring light bulb over a desk or table filled with handwritten ledger sheets, footing and cross-footing with a 10-key before handheld calculators existed, ticking with a variety of colored pencils, Pink Pearls and extra lead for the Pentel handy at your side, reconciling checking accounts on four-column paper (book to bank, bank to book, deposits in transit, checks not yet cleared), all with the lofty goal of presenting a set of financial statements worthy of taking to the bank for evidence that the small business can qualify for a loan or is still able to make payments on an existing loan. Back then it was all about debits and credits, left and right, balancing the ledgers and journals.

There were dozens of financial software programs, mostly module-based such as Great Plains and MAS 90, that were used by small businesses and their accountants as personal computers came on the scene in the 1980s. Electronic spreadsheets - back then it was VisiCalc and later Lotus 1-2-3 - also provided a seemingly worthwhile means of keeping the books. Meanwhile, a little company named Intuit in Mountain View, CA launched a personal finance program called Quicken, developed to help its founder, Scott Cook, provide an easier way for his wife to pay bills.

CPA Practice Advisor discussed the evolution of small business accounting with Cook and Intuit CEO Brad Smith.

Brad Smith, CEO, Intuit

CPA PRACTICE ADVISOR: How did it begin?

SCOTT COOK: We had built a great consumer product called Quicken that was quite popular and was entirely aimed at consumers. When we did a survey to better understand our user base, we found that half of [the users] were businesses. Well, that made no sense, and I said that must be a mistake. They're using a home product in the office? Maybe that's the only place [where] they had a PC, because we started long enough ago that a lot of people didn't have machines at home.

BRAD SMITH: Scott told the market researchers to ignore the data!

SCOTT: Finally, years later, it got to me. It bugged me. Why were people answering this question wrong? So, we finally called up some of these people and asked, "So what are you doing with this thing? And why?" And it turns out they actually were businesses, and they were running their business accounting on this little home product. We all believed the dominant paradigm was, "If you're going to do business accounting, it's got to be done with debits and credits and journals and ledgers, the stuff that accountants use." So why were these people using a home product that did none of those?

BRAD: We accidentally discovered the use of small businesses in our consumer software. Scott coined the phrase, "Savor the surprise." Small businesses didn't want to think about debits and credits, they wanted to write a check, send an invoice. We transformed that surprise into QuickBooks, the first accounting software without the accounting in it.

CPA PA: What role did QuickBooks have in shaping the landscape of small business accounting?

SCOTT: The accounting market was very crowded when we created QuickBooks, but what other solutions didn't understand was that small business owners hated bookkeeping. They wanted to save time on bookkeeping, but existing accounting software forced them to learn about accounting and debits and credits; it only complicated the task. They wanted to keep the books the way they knew, with checks, check registers,

invoices. So that's why we built QuickBooks.

BRAD: The small business owners could run their business, send invoices, make accounts invisible. That first version of QuickBooks optimized the small business owner rather than the accountants. Then we heard the other group - the accountants - wanting to look at all their clients in one screen. We developed the QuickBooks Accountant edition. It was a skeleton key - it opens QuickBooks for all clients.

CPA PA: What would the small business accounting world look like if QuickBooks had never been created?

BRAD: It's hard to know if someone else might have come to the same conclusion. My fear is that there would still be a debit and credit and ledger approach to accounting which is the way it's taught in all the universities. Accountants would be less productive and would be dealing with a whole lot of shoeboxes, although they might be electronic shoeboxes.

CPA PA: Cloud and mobile technologies have combined to make a lasting change in the way business is conducted and in the options available to accountants and their clients. Are there any other such game changers like this on the horizon?

BRAD: We foresee four major trends that will not only shape customer behavior but will shape technology.

First - Products become platforms that users can configure and make their own. We no longer have cell phones that all ring the same way. We want unique screen savers, different apps, music, customized to a market of one. Companies need to have a platform that enables users or accountants to customize, to make it what they want it to be.

Second - Work borders have come down. Forty percent of QuickBooks users in the U.S. do business globally.

Third - The mobile experience has won. Smart phone and tablet usage is surpassing the computer and is moving into wristwatches and eye ware. [This technology] enables the 60 percent of small businesses that operate on wheels. Now they're able to accept credit card payments at the front door

after mowing the lawn - they can do things on the fly instead of waiting until they get home or back to the office.

Fourth - We're in the era of big data for the little guy. You have the ability to figure out where you can get a small business loan and we can actually look at your finances to see if you're paying on time and how your books compare to everyone who looks like you. Business owners can make smarter decision

with available data.

CPA PA: So, it sounds like you're right where you want to be.

BRAD: We love it. When you understand that accounting is the central nervous system for a small business and it is where everything is decided between success and failure and you find ways to make that so simple - and mobile is making it even more fun - there's nothing more exciting! ●



Kashoo: *Jim Secord, CEO*

KEY EVOLUTION?

Mobile. That was one of the key technologies that really helped differentiate where Kashoo is. And that was a small business owner's ability to have their books with them through their mobile phone or through their tablet, and gain access anywhere, anytime.

WHAT DOES THE FUTURE HOLD?

One thing that's happening right now is access to the world markets. It's very easy to work internationally these days.



Xero: *Rod Drury, CEO, and Peter Karpas, North American CEO*

KEY EVOLUTION?

ROD: The first great innovation cycle in small business was Windows. The next change is the cloud. When you were moving data back and forth, it was hard to be the trusted advisor. With cloud, the accountant and the small business client are both working on the same data. This finally allows that trusted advice to happen. The third thing we're seeing is an ecosystem of product add-ons. An integrated business platform, where

business and accountants can choose best-of-breed software to drive their business, all seamlessly connected to the accounting software.



PETER: Cloud, the combination of ubiquitous Internet, meaning mobile, with broadband speed. And along with that, the capability to share data, share information across applications. And the global nature of the world. The new technology and global nature of the world is what enabled Xero to come to the U.S. shores.

WHAT DOES THE FUTURE HOLD?

ROD: We're already seeing it. The bank reconciliation becomes the starting point for zero data entry. Direct connectivity to the bank, the small business doing bank reconciliations on mobile, has already transformed the way small businesses work. There's a massive change in productivity, with things like invoicing taking from 60 days to get paid down to four. The other megatrend involves the transition from desktop to cloud. Large accounting firms are realizing growth isn't coming from big companies - small business is where the new fees are.

PETER: The ability to interchange data amongst software applications. Excel is the Number One accounting software in the U.S. With the ability to interchange data with banks, point-of-sale systems, vendor payment systems, time tracking systems, there is now a significant reason to move off of Excel. Excel can't pull in all that data.

2014 Review of Sales Tax Systems for Small Businesses

By Brian Tankersley, CPA.CITP, Technology Editor

Sales and use tax is a key source of government funding in most states. Unlike property tax and state income tax, however, the legislators and regulators have adopted a patchwork of different rules which affect the taxability of the items. In addition to dealing with statewide tax rates in 45 states, 38 states levy sales taxes based on the borders of cities, counties, and special districts.

These borders are often created through thousands of selective annexation, gerrymandering, and the ongoing actions of voters and local elected officials. For example, in my home state of Tennessee, livestock feed sold to farmers is tax exempt, while dog food and people food are both taxable. The borders of cities are a crazy quilt that is the result of political whims through history, and different tax jurisdictions (and rates) may apply to different locations for a single business location. Because of these challenges, sales and use tax compliance is one of the most significant challenges for many businesses.

Our review of sales and use tax compliance solutions is broken down into two segments:

Rates and Forms Tools, which provide users with current tax rates and interactive forms for most US

BECAUSE WE REVIEWED SUCH A WIDE RANGE OF SYSTEMS, WE DID NOT ASSIGN OUR TRADITIONAL “STAR” RATINGS, BUT HAVE INSTEAD TRIED TO COMMUNICATE STRENGTHS AND LIMITATIONS FOR EACH PACKAGE SO THAT THE READER CAN USE THESE COMMENTS TO HELP THEM DETERMINE WHICH SOLUTIONS ARE MOST APPROPRIATE FOR THE NEEDS OF THEIR FIRM AND THEIR CLIENTS.

jurisdictions, but do not allow electronic filing of data.

Sales Tax Preparation Solutions, which are designed to calculate and prepare sales and use tax returns. These applications will generally be used by firms and small businesses who would like to prepare their own sales tax returns.

Integrated Sales Tax Rate Engines are databases which use address data and geolocation to identify and calculate sales tax rates on transactions entered into the Company’s ERP application. These tools require a significant amount of configuration so they can produce accurate tax calculations for each transaction. As a result, these systems are normally limited to mid-sized or larger organizations with complex tax

requirements and difficult tax calculations.

Comparing the solutions is a challenge, as one of the offerings is a tool for filling out forms suitable for any taxpayer, and a different offering in the same review is used almost exclusively by multistate and multinational organizations with billions of dollars in sales.

The challenge for the practitioner is not finding a solution which will meet the needs of a Fortune 500 company, nor is it finding a tool to fill out forms. There will always be tools like this which are either “too big” or “too small” for the needs of small and mid-sized businesses. The hard part of software selection in this segment is finding the “Goldilocks” solution – that is, the one that is “just right” for the needs of the firm and the client.

Because we reviewed such a wide range of systems, we did not assign our traditional “star” ratings, but have instead tried to communicate strengths and limitations for each package so that the reader can use these comments to help them determine which solutions are most appropriate for the needs of their firm

and their clients.

We reviewed the following solutions:

Rates and Forms Tools

- Bloomberg BNA Sales & Use Tax Forms & Rates

Sales Tax Preparation

- Avalara TrustFile Sales & Use Tax
- CCH Sales Tax Returns Online
- CFS Tax Software CA & NY Sales Tax Preparer

Integrated Sales Tax Rate Engines

- Avalara AvaTax Calc
- CCH CorpSystem Sales Tax SaaS Core/PLUS/PRO
- Thomson Reuters OneSource Indirect Tax (sidebar only)

One interesting area where Avalara, CCH, and others are extending their products is to incorporate exemption certificate management tools. These portals allow outsiders to submit an image of their scanned exemption certificate to the organization, which is reviewed by a human, and is tagged with an expiration date by an employee. When that certificate expires, the company is prompted to request a new certificate, and the system tracks when the new file is received.

Storing this data online makes it possible for state departments of revenue (when permission from the taxpayer is granted) to review the exemption certificates for customers from the comfort of their own office cubicles instead of having to go on-site to see the items.

While sales tax rules and regulations are not becoming any easier, the tools for helping clients comply with the law are becoming much more robust. Read our review summaries below and the detailed reviews on our website at www.cpapracticeadvisor.com/reviews and gain insight which you can use when evaluating alternative solutions. ●



Brian Tankersley, CPA.CITP, Technology Editor

Brian Tankersley, CPA.CITP, is the Technology Editor for CPA Practice Advisor, and is a frequent speaker at national continuing education courses on auditing and technology, as well as a consultant, coach and instructor for K2 Enterprises. He can be reached at brian.tankersley@CPAPracticeAdvisor.com.



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"We're earning 70% profit on each payroll with Payroll Relief, and we've more than doubled our number of payroll clients."

~ Jason Feist, Cincinnati, OH
Accounting Today Payroll Case Studies, Dec 2012

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2-Years Running, CPA Practice Advisor, 2012-2013

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CFS Sales Tax Software

BEST FIT

Accounting professionals responsible for preparing sales tax returns for small- and medium-sized businesses with multiple locations in California or New York.

STRENGTHS

- The user interface is easy to navigate and understand.
- Unlike a traditional forms application, which creates only the requested forms, the CFS CA and CFS NY Sales Tax Preparer applications will create the paper required to assemble a client copy

of a return including invoices, cover letters, mailing labels, and envelopes.

- The solution allows the firm to store its information, as well as data from multiple preparers and multiple clients, to reduce the time required to complete a return. Renewing subscribers can import data from the prior year's CFS Sales Tax Preparer application just as one would when using an income tax preparation application.
- Data can be electronically submitted from within the application to the California Board of Equalization.

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11457708

POTENTIAL LIMITATIONS

- The company's sales tax applications are principally designed to help users comply with the requirements of New York and California. CFS does not offer compliance solutions targeted at the other 48 U.S. states or any U.S. territories.
- New York requires users to enter their sales tax returns on a secure website, and it does not support direct transmission of returns from within the application.
- The applications do not integrate with

any popular accounting or point-of-sale applications like QuickBooks or Sage 50 (Peachtree).

SUMMARY & PRICING

The annual versions of CFS Tax Software's CA Sales Tax and NY Sales Tax Preparer applications start at \$119 and \$84.50, respectively, for new users. Customers of prior versions of the application receive a discount on the current year's software. An upgrade to convert either application into a network-based application is \$50 per year.

www.taxtools.com

CCH Sales Tax Returns Online and Sales Tax SaaS PLUS

BEST FIT

Companies that need a sales tax calculation and compliance tool which has an option to outsource tax return compliance to CCH. Businesses or firms that need current rates and a tax calculation engine to compute sales tax at an individual invoice line level for multiple locations throughout the US or Canada. Companies and firms that need a solution which is a Certified Service Provider for Streamlined Sales Tax.

STRENGTHS

- Sales Tax SaaS offers the option to prepare returns, look up rates, or calculate tax at an invoice line level from within

many ERP applications.

- The rates database and service has excellent tax rate coverage, including data for over 14,000 jurisdictions in the U.S. and Canada as well as rules for events like back-to-school sales tax holidays.
- Sales Tax SaaS is a Certified Service Provider for Streamlined Sales Tax.
- The midrange Sales Tax SaaS PLUS product includes automatic data population into forms, and the higher-end PLUS version has tools for managing workflow and due dates, as well as the ability to set varying access levels for multiple users.

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11457721

- The Sales Tax Returns Online solution provides a toolset for automatically populating electronically-submitted sales and tax liability data into signature-ready PDF returns for each applicable jurisdiction and physical location where taxes are collected.

Online solution for the in-house tax compliance staff at large companies, which supports a number of advanced features, including electronic filing and remittance of taxes.)

SUMMARY & PRICING

CCH's sales tax compliance applications are priced based on a range of factors, including the number of entities, the number of returns, and the features purchased. Pricing for each system starts at \$2,041. Specific pricing is available upon request.

www.cchgroup.com

POTENTIAL LIMITATIONS

- The Sales Tax SaaS PLUS tool currently uses PDF-based forms rather than web-based forms and does not currently support electronic return filing and online remittance of payments. (Note: Sales Tax SaaS PRO should not be confused with CCH's Sales Tax Returns

Bloomberg BNA Sales and Use Tax Forms and Rates

BEST FIT

- Firms and taxpayers who need a source for up-to-date rates and forms for all sales and use tax jurisdictions in the U.S.
- Organizations that would like to save time by prepopulating forms with key information for multiple clients/taxpayers or those that would like to import tax rate updates from a trusted source rather than manually keep up the information from state and local taxing authority announcements.

STRENGTHS

- Rate tables are updated at least monthly, and they include a comprehensive listing

of rates for each U.S. jurisdiction.

- The user interface for both products is simple to understand, and the Forms interface appears to have changed very little since I first used for the BNA Sales Tax Forms almost 15 years ago.
- The Forms product includes over 3,400 forms, and all items in the database are accepted by the taxing authorities for filing on paper. The collection of available forms is impressive, and is probably appropriate for someone who needs to prepare tax forms for paper filing.
- The tax rates application's optional Rates Exporter can be set to automatically schedule and send users updated rate

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11457717

tables on a weekly, monthly, quarterly, or annual basis.

POTENTIAL LIMITATIONS

- No options are available for electronically filing any of the forms created with the Sales & Use Tax Forms application.
- The rate tables exported from the Sales & Use Tax Rates product may be configured to list both the name of the jurisdiction and the five digit zip codes associated with each jurisdiction. Since multiple local tax jurisdictions can exist within a single zip code, users may need to verify whether a parcel is included or excluded from the borders of a city, town,

or other special district.

SUMMARY & PRICING

Pricing for BNA Sales & Use Tax Forms starts at \$1,010 per year. Pricing for the BNA Sales & Use Tax Rates product starts at \$1,010 per year. A bundle which includes both products starts at \$1,800 per year for a single user, and a bundle which includes both products as well as the ability to export data from the rates database starts at \$2,140 per year.

www.bnasoftware.com

Avalara Sales Tax Systems

BEST FIT

- Organizations which must comply or help others comply with sales and use tax, VAT, and similar tax regimes in over 100 countries around the world.
- Firms and clients that want the flexibility to outsource jurisdiction identification and tax calculation from within over 300 accounting, ERP, and eCommerce solutions.
- Organizations that want to collect and manage exemption certificate compliance
- Firms and clients who want to outsource return preparation and compliance to a third party for either premises-based sales and use tax or streamlined sales tax.

STRENGTHS

- AvaTax Calc verifies address against a constantly updated database of addresses, tax rates, and jurisdiction boundaries, and it has direct integrations

for use as a sales and use tax engine for over 300 accounting, ERP, e-commerce, and point of sale applications.

- AvaTax Calc is one of the only applications which can determine the tax jurisdictions based on latitude and longitude coordinates for construction sites and other locations where a street address is not available.
- AvaTax Certs allows customers to electronically request exemption certificates via e-mail, and allows recipients to sign digital exemption certificates with a mouse.
- AvaTax Certs has tools for exporting exemption certificates en masse for use in audits.
- AvaTax MatrixMaster is a subscription database for retailers which allows them to determine and update the taxability of over ten million items in thousands of jurisdictions based on a product's UPC code.

Read the full review and see expanded ratings for this product online at:
www.CPAPracticeAdvisor.com/11457726

- AvaTax Returns supports preparation of returns for all U.S. tax jurisdictions, although returns cannot be prepared unless the transaction level sales tax was calculated using AvaTax Calc.
- An online version of AvaTax TrustFile is available as a free sales tax compliance solution for small e-commerce sellers who use Amazon Fulfillment and PayPal.

POTENTIAL LIMITATIONS

- The application is designed primarily for use by companies as part of ongoing transaction processing, and it does not include built-in self-prepared e-filing or payment options.

SUMMARY & PRICING

Avalara is one of the established leaders in the SaaS sales and use tax compliance space, and its AvaTax and TrustFile offerings provide information for over 12,000 US sales

and use tax jurisdictions. The company's comprehensive suite of solutions and services includes tools needed for almost any business, from a start-up home-based Internet seller all the way up to a multinational corporation that needs end-to-end compliance tools in dozens of countries.

The company's free services for small businesses, including free tax rate tables (AvaTax Rates), a free exemption certificate manager (AvaTax CertExpress), an accountant program, and an online version of AvaTax Calc for small online sellers, are unparalleled.

www.avalara.com

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2014 ACCOUNTANT'S PRODUCT & SERVICES GUIDE

Help Your Firm and Clients Thrive by Using the Right Technology and Services

When the right combination of technology and best practices is achieved, the results can be profound, helping an accounting firm achieve greater productivity and profitability. It can also lead to a better work-life balance for partners and staff, even during busy season.

The same is true of the technologies and services your clients use in their businesses – in two ways. First, the right technologies can also help them be more productive and fiscally-minded. Second, it can help improve communication between you and your clients, which can improve the service you offer, and thus strengthen your business relationships.

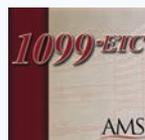
With an overwhelming number of software and services for accounting firms and small businesses on the market, no professional can stay on top of all technologies that are available. That's why we produce the Product and Services Guide each year, providing a home base for finding the best tools for tools for professional accountants and their business clients.

The guide features categorized listings for firm and client-side technologies and services. This is just one of the resources that *CPA Practice Advisor* and *NSA Practice Advisor* offer as your source for the technology information you need to help your clients and your own firm be more productive and profitable.

1099 & W-2

1099-Etc
Advanced Micro Solutions, Inc
Phone: 800-536-1099
Website: www.1099-etc.com
Email: info@1099-etc.com

1099-Etc works as a forms filer or as a full-featured after-the-fact/live payroll program. 1099-Etc allows for up to 1,999 clients and 9,999 employees or recipients for each client. The 1099/W-2 Forms Filer prepares 1099 and W-2 forms including 1096, W-2C, W-3C, 940-EZ and 1042-S forms. The fast and easy-to-use form entry screens look like the actual forms. Software generated printing on plain paper is optional for Windows compatible printers. Two E-File options are available: E-File Direct creates a file that can be uploaded to the IRS and the SSA via the Internet. E-File Services files the data via a third-party and can also outsource your year-end printing and mailing of recipient copies. Customer support is available Monday through Friday 8 a.m. to 6 p.m. CT. In January and April, hours are extended to 7 p.m. and Saturdays 10 a.m. to 4 p.m. CT. Download a FREE DEMO from our website.



Account Reconciliation Software



BlackLine Systems
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Email: info@blackline.com

BlackLine Systems' suite of financial software applications automates the entire financial close process. Spreadsheets can be full of hidden, costly mistakes. The BlackLine Financial Close Software Suite automates and virtually eliminates time-consuming, traditionally manual, spreadsheet-driven accounting processes for staff in finance and compliance departments in companies of all sizes. The BlackLine suite includes modules for Balance Sheet Account Reconciliations, Task Management, Journal Entry, Transaction Matching, Variance Analysis and Consolidation Integrity Manager. BlackLine software applications complement existing Enterprise Performance Management (EPM), Governance Risk and Compliance (GRC) and Enterprise Resource Planning (ERP) systems. BlackLine offers clients its enterprise-class software in a simple and secure OnDemand/SaaS platform.

Audit/Engagement Tools



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Confirmation.com gives auditors access to thousands of validated In-Network bank and company responders. This solution can be used for more than 50 different confirmation types including asset, liability, investment, line-of-credit, AR, AP, and many more. Coming Soon – Confirmation.com will offer Employee Benefit Plan confirmations! Confirmation.com also offers numerous features to improve audit efficiency including the ability to roll forward data from year to year, a secure collaboration tool for sharing documents among the audit team, and a Future-Dated function that allows confirmations to be placed in a queue to release on a future date. AR Confirmations: Send AR Confirmations to Validated In-Network Companies Auditors can send electronic Invoice and Balance

confirmations to thousands of validated In-Network company responders who are authenticated and authorized to respond to electronic confirmations. These companies represent a majority of Fortune 1,000 companies including CBS, Delta Air Lines, HCA, Lowe's, Marriott, Microsoft, Sherwin Williams, Sprint, Williams-Sonoma, and many more. Send AR/AP Confirmations to Any Company in the World: For confirmations going to companies outside the network, auditors can use the Out-of-Network service to send the confirmations electronically, or may choose to mail the confirmations utilizing the Paper Fulfillment Service (see below). Just like electronic confirmations, paper confirmations now utilize the digital client signature feature so that auditors don't have to hand deliver or mail paper confirmations to the client for signature. Batch Upload: Easily upload hundreds of company addresses and invoice data from a spreadsheet. Confirmation.com automatically identifies which company is a validated responder within the system and allows the auditor to send confirmation requests electronically to that validated responding entity. For non-validated companies, the auditor can choose to send those requests using the new Paper Fulfillment Service (see below) or the out-of-network electronic offering. Paper Fulfillment Service: Confirmation.com handles the materials, printing, postage, and shipping, and also provides an Address Verification report on the auditor-supplied mailing address to help auditors identify fraud. Paper requests are shipped and tracked through First Class mail throughout the United States and Internationally! As with electronic confirmations, a copy of the mailed confirmation request is automatically logged in the auditor's Control Log where auditors have multiple capabilities like the ability to send second requests, recall paper confirmations and queue paper confirmations with a future date. To learn more visit Confirmation.com or contact Clark Hudgins at clark.hudgins@confirmation.com.

Document Management



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<http://www.conarc.com>

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Website: www.bnasoftware.com

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- Automate all aspects of tracking and depreciating your fixed assets with fixed asset software
 - Manage and track projects before they become fixed assets with Construction in Progress (CIP) capabilities
 - Gain complete visibility into your fixed assets with asset inventory software and hardware
 - Leverage your investment in accounting and tax compliance systems and meet compliance requirements with integration capabilities for enterprise organizations
- Learn more about BNA Fixed Assets

Government



AccuFund, Inc.

Website: www.accufund.com

Phone: 877-872-2228

\$2,995 and up. The AccuFund Account Suite provides a complete financial management solution to nonprofit organizations with on-premise or cloud options. AccuFund includes specialized modules for community action, work force development and other social service

agencies that need to track both the recipient of services as well as those providing it and paying for it. The Suite includes financial reporting for external and internal purposes and easy cross-year reporting for grants and projects. Specialized modules include Payroll with web-based time entry, integrated Human Resources, Allocations, Purchasing with Electronic Requisitions, Grants Management, Client Accounting and Invoicing. AccuFund's two versions, standard for smaller organizations and professional for larger ones provides a scalable, configurable solution to meet the needs of all but the very largest NPOs with an easy to use interface that is preferred by users and consistent throughout the system.

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\$2,995 and up.

The AccuFund Account Suite provides a complete financial management solution to nonprofit organizations with on-premise or cloud options. AccuFund includes specialized modules for community action, work force development and other social service agencies that need to track both the recipient of services as well as those providing it and paying for it. The Suite includes financial reporting for external and internal purposes and easy cross-year reporting for grants and projects. Specialized modules include Payroll with web-based time entry, integrated Human Resources, Allocations, Purchasing with Electronic Requisitions, Grants Management, Client Accounting and Invoicing. AccuFund's two versions, standard for smaller organizations and professional for larger ones provides a scalable, configurable solution to meet the needs of all but the very largest

NPOs with an easy to use interface that is preferred by users and consistent throughout the system.

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Website: www.blackbaud.com

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AMS Payroll Advanced Micro Solutions, Inc

Phone: 800-536-1099

Website: www.1099-etc.com

Email: info@1099-etc.com

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Payroll Processing



CheckMark Payroll Software CheckMark Inc.

Phone: 970-225-0522

Website: www.checkmark.com

Email: sales@checkmark.com

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BNA Income Tax Planner Bloomberg BNA

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Accurate Income Tax Calculations. Offering the most accurate set of calculations available, BNA Income Tax Planner allows you to quickly calculate federal income taxes including alternative minimum tax, capital gains, estimated tax payments, stock options, and more.

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Website: www.taxact.com/ssg-eval

Email: support@taxactservice.com

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Time Tracking



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Website: www.tsheets.com

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Time & Billing



Abak Time, Billing, and Project Cost Management Software

Abak Software Inc.

Phone: 418-658-4003

Website: www.abaksoftware.com

Email: sales@abaksoftware.com

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- Industry-Specific Features
- Platform support

CORE ACCOUNTING CAPABILITIES

- GL/AP/AR functionality
- Sales Tax Functionality
- Payroll functionality
- Audit Trail
- Multi-Currency (Extra Credit)
- Multiple Language Support (Extra Credit)
- Multi-Location Support (Extra Credit)
- Multiple Users?

DAY-TO-DAY OPERATIONS

- Sales/Point of Sale/Shipping
- Customer/Vendor Employee Management
- Inventory/Purchasing
- e-Features
- Remote access

MANAGEMENT FEATURES

- Dashboard Overviews
- Reporting
- Security Features

INTEGRATION/IMPORT/EXPORT

- Data Transfer
- External Integration
- Online Accountant Transfer Tool (Extra Credit)

HELP/SUPPORT

- Built-In Support Features
- System Updates
- Support Website/Documentation
- U.S.-based support



Brian Tankersley,
CPA.CITP,
Technology
Editor

2014 Review of Small Business Accounting Systems

By **Brian Tankersley, CPA.CITP, Technology Editor**

Selecting a small business accounting package is, in some ways, like purchasing a piece of home exercise equipment. The solution needs to meet your needs, be easy to use, should fit within your budget, and should be pleasant enough to use that the client will actually keep their books after the first week or two.

Tax season 2014 has passed, and it's time for many of our readers who are in public accounting to deal with those simmering accounting messes we discovered during the winter before they get any worse.

Unless your firm has a very homogeneous group of clients in one or maybe two industries, you will have to deal with more than one accounting system. Where firms might have deployed exclusively Sage 50 Premium (Peachtree), Acclivity AccountEdge Pro (formerly MYOB) or QuickBooks Pro in the past, we also did a lot more work assembling shoeboxes into general ledgers using Excel and columnar pads.

The good news is that accounting software is available to meet the needs of not only small businesses, but also micro businesses and the self-employed. Just as many individuals use Quicken, Mint, or Wave Personal to track their household finances, the self-employed and micro-businesses use tools like Wave Accounting, FreshBooks, Kashoo, Sage One, Xero, or QuickBooks Online. While some detractors wish these solutions had more features, the key thing to remember is that micro businesses need fewer features but more automation and simplicity than the small business, which most likely has someone with training in basic bookkeeping.

Many professionals express concern about supporting multiple packages, but these new cloud packages for micro-businesses are not designed to replace the traditional on-premises accounting software applications like QuickBooks Pro. The microbusiness solutions are intended for those who are not using any accounting software, which some publishers estimate

is as high as 80% of small businesses.

Since these new tools are simple, and are primarily designed to provide business owners with DIY reporting while filling the critical need in assembling electronic lists of transactions for use by accountants and tax preparers. If used regularly, these tools can convert unorganized, unprofitable clients into profitable client relationships for the future.

How We Group Solutions

We break small business accounting applications into two groups:

On-Premises Accounting Cloud (SaaS) Accounting

On-Premises Accounting is defined as traditional, locally-installed general ledger and small business management tools which are designed to be primarily used by the client. This year's review includes Acclivity AccountEdge Pro 2014, QuickBooks Pro 2014, and Sage 50 Premium Accounting 2015.

When looking at the SaaS Accounting applications, we could easily review over forty different products if we were free of resource constraints. There are many different subcategories within this category, including:

Mid-Range Accounting/ERP – These products are generally targeted at organizations with over 100 employees, and attempt to provide integrated financial management, business management, and CRM solutions. The average annual spending on these products would be, at a minimum, several thousand dollars, and could easily be much more. We did not review any products in this category, which would include solutions like SAP Business-By-Design, Sage 300 Online, Financial Force, Intacct, and NetSuite.

Small Business SaaS Accounting – These products are designed to serve as simplified replacements for common desktop accounting solutions like QuickBooks, Sage 50 (Peachtree), and Acclivity (MYOB). The category is very large and includes names like QuickBooks Online,

Kashoo, Xero, Wave Accounting, Reckon, Zoho Accounting, Sage One, GoDaddy Online Bookkeeping, and many more.

Invoicing and Basic Bookkeeping – Products in this category are designed for the smallest businesses – the self-employed and those who need very limited bookkeeping. In fact, many of the users of these apps utilize them to facilitate sending invoices, tracking and receiving payments, and reporting for their tax preparer.

Note that we have specifically avoided discussion of applications which are designed primarily to serve as Virtual CFO Platforms which are administered/controlled by the outside accountant. These solutions include multiple solutions in the QuickBooks/QuickBooks Online space, Accounting Power from AccountantsWorld, Xero and the Xero Partner Program, and Accounting CS from Thomson Reuters.

We reviewed solutions which are sold on a wholesale basis to accounting professionals and passed through to their clients in February 2014 (www.cpapracticeadvisor.com/11317917).

Our 2014 review of SaaS Accounting solutions includes Kashoo, QuickBooks Online, Xero, and Wave Accounting. We also included more limited coverage of FreshBooks and Sage One, which provide invoicing and project management tools (among other things) to the microbusiness market.

There are a wide range of solutions out there, and we encourage you to pay special attention to the summary comments at the beginning of each review.

While all offer basic transportation (debits and credits), it's important to get a product which provides enough functionality to meet the needs of the accountant and client without getting so many options and features that the application becomes unusable to many business owners. It's important to listen to client needs, consider your information requirements, and finally, to ultimately select a solution which can meet the current and future needs of all stakeholders. ●



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Acclivity AccountEdge Pro 2014

2014
OVERALL
RATING

4.25

**ON-PREMISE
SMALL
BUSINESS
ACCOUNTING
SYSTEMS**

BEST FIT

Growing small and mid-sized businesses needing strong reporting options and advanced features, such as warehousing with multiple geographic locations and multi-currency capabilities.

STRENGTHS

- Supports advanced features like multiple currencies and multiple warehouses, web store/shopping cart and point of sale.
- Has a strong Mac OS version, and company data files are designed to be hosted and accessed by up to 10 users with either the Windows or Mac OS version of the application.

- Strong reporting with many options for export and customization built-in, including export to CSV, PDF, Excel, and HTML.
- Acclivity provides active public accounting firms with multiple paying clients with a complimentary copy of AccountEdge Pro 2014 upon request.

POTENTIAL LIMITATIONS

- Add-ons for the program are fairly limited, and integrations to common tools like the Salesforce.com CRM system are not available.
- Although the application supports foreign currency translations and

Read the full review and see expanded ratings for this product online at:
www.CPAPracticeAdvisor.com/11486755

adjustments, users must manually update the exchange rates used for calculating the adjustment.

SUMMARY AND PRICING

Acclivity's AccountEdge Pro 2014 is a U.S. small business accounting software application for both Windows and MacOS which originated as the U.S. version of MYOB. AccountEdge is now available in three versions (AccountEdge Basic, AccountEdge Pro, and AccountEdge Cloud) with three localizations (U.S., Canada, and a generic international version).

Pricing: AccountEdge Pro is \$399 for new users, and is \$159 for a single

user upgrade or \$249 for a multi-user upgrade version. A Basic version is also available starting at \$99 for new users. AccountEdge Cloud plans start at \$10 per month for a single user.

Accounting Programs: Acclivity offers a separate partner program for bookkeepers and accountants. Members receive a copy of the software, technical support, updates, product discounts, and listing in a database of accounting professionals who support AccountEdge. Membership is \$100 for licensed public accountants (CPA, CMA, EA, CGA, or CA), and is \$299/year for members of the bookkeeping program.

www.acclivitysoftware.com

Sage 50 Premium Accounting

2014
OVERALL
RATING

4.75

**ON-PREMISE
SMALL
BUSINESS
ACCOUNTING
SYSTEMS**

BEST FIT

Companies that need a solution with more traditional mid-sized business account/department structures, additional inventory options, and more powerful reporting tools for advanced users.

STRENGTHS

- Strong inventory (FIFO, LIFO, Average, or Specific ID), job costing, general ledger, and financial reporting features gives users powerful tools to manage a small business.
- The system has outstanding reporting features. The application's debit-credit orientation, included report customization tools, support for ODBC/OLEDB and optional

Sage Intelligence reporting in Excel PivotTables make this product a "go to" application for advanced users.

- Sage 50 has a large number of available add-ons, commercial hosting partners, and connected services to help users configure the application to meet their specialized business management needs.
- The product is a period-driven general ledger system, and supports traditional closing of periods, 52/53 week / 4-4-5 accounting periods, and supports using a separate "13th" period for year-end adjustments.

POTENTIAL LIMITATIONS

- Despite its strong feature set, no U.S. version of Sage 50 supports

Read the full review and see expanded ratings for this product online at:
www.CPAPracticeAdvisor.com/11486757

multiple currencies or multiple warehouse locations.

- While the only supported operating system for client and servers running Sage 50 is Windows, those using MacOS, Linux, or ChromeOS must use remote access or commercial hosting to access the product.
- Companies that have advanced requirements like consolidated financial statements or more than five simultaneous users will need to upgrade to Sage 50 Quantum Accounting.

SUMMARY & PRICING

Sage 50 Premium Accounting is one of the most well developed accounting products included in this review. The

application is more debit and credit oriented than some competitors, but retains forms for simple, quick data entry.

Pricing:

- Sage 50 Premium Accounting pricing starts at \$449 for a single user. The application supports access by up to a total of five named users, and the company offers discounted per user charges for those who need three users (\$849) or five users (\$1,249).
- Plans are available for users who prefer to subscribe to the application instead of purchasing it, and details are available upon request from Sage.

www.sage.com

QuickBooks Premier

2014
OVERALL
RATING

4.5

**ON-PREMISE
SMALL
BUSINESS
ACCOUNTING
SYSTEMS**

BEST FIT

Companies that need a mature product with a wide range of options for almost any business, including inventory (weighted average cost), simple assemblies, light job costing, estimating and progress billing of projects, budgeting, and cash flow forecasting.

STRENGTHS

- QuickBooks Premier has a wide range of add-on products and will integrate at some level with most mass-market small business applications.
- Good application for both accountants and clients, with many reports,

supported industries, and commercial hosting options.

- Client Data Review tools for external accountants in all editions significantly increase the efficiency of the process of cleaning up common errors.
- New interface makes the user interfaces of the desktop version of the product (Pro, Premier, Enterprise, and Accountant) more consistent with QuickBooks Online.

POTENTIAL LIMITATIONS

- While primary telephone support for members of the company's ProAdvisor program for accounting profes-

Read the full review and see expanded ratings for this product online at:
www.CPAPracticeAdvisor.com/11486752

sionals is from U.S. based accounting professionals, most calls from non-members are routed to offshore call centers.

- Some moderately advanced accounting features (e.g. combined financial statements, FIFO inventory, multi-location inventory, more than five users) require companies to upgrade to QuickBooks Enterprise Solutions. QuickBooks Pro users are limited to three simultaneous users.

SUMMARY & PRICING

Intuit's QuickBooks is a product most accounting professionals encounter during their careers, and there are a

wide range of available versions of this solution.

Pricing:

- QuickBooks Premier has a suggested retail purchase price of 399.95 for a perpetual license for a single user, with support and annual upgrades priced separately.
- A subscription for QuickBooks Premier Plus is \$419.95 per year for a single user, and includes support, annual version upgrades, and data backup services.

www.quickbooks.intuit.com

SMALL BUSINESS ACCOUNTING SYSTEMS

Wave Accounting

2014
OVERALL
RATING

4.25

**SAAS SMALL
BUSINESS
ACCOUNTING
SYSTEMS**

BEST FIT

- Self-employed individuals and small businesses with fewer than 10 employees
- Individuals and firms who need a simple, inexpensive tool to bill customers, manage receivables, track spending, and produce reporting which can be used by the company, its investors, and others such as accountants, lawyers, regulators, and financial institutions.

STRENGTHS

- Includes books for the owner's personal and business finances, and supports reclassifying transactions from one set of books to another from within the application.

- Users with multiple companies associated with a single e-mail address can switch between companies using a simple drop-down menu.
- Has an ecosystem of integrated add-in solutions, including Wave Payroll, Wave Payments (merchant services), Wave Receipts (mobile document capture), Wave Invoicing (A/R management), and Wave Personal (personal finances).
- Like many other online tools, Wave Personal, Wave Accounting, and Wave Receipts do not charge a monthly subscription fee, although there are additional charges for using Wave Payroll and Wave Payments.

Read the full review and see expanded ratings for this product online at:
www.CPAPracticeAdvisor.com/11479796

POTENTIAL LIMITATIONS

- Wave's application program interface (API), the tools used to write add-ins and interfaces to other products, is still being alpha tested, and has not been released to the developer community as of yet.
- Wave isn't designed to create financial statements which are in strict compliance with the traditional definitions of either "cash basis" or GAAP "accrual basis", although adjustment to bring the books into compliance with either standard are possible with adjusting entries.

SUMMARY & PRICING

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 percent of the invoice amount, plus \$0.30 per transaction.

Accounting Program:

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. More information on this free program.

www.waveapps.com

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SMALL BUSINESS ACCOUNTING SYSTEMS

Kashoo

2014
OVERALL
RATING

4.25

**SAAS SMALL
BUSINESS
ACCOUNTING
SYSTEMS**

BEST FIT

- Micro-businesses that want to use an iPad or a browser as the interchangeable primary interface for working with their accounting application.
- Businesses that want multiple currency support without having to purchase an upgraded plan with unnecessary features.
- Micro-businesses and accountants who use FreshBooks to manage their invoicing and receivables.

STRENGTHS

- The excellent Kashoo app for iPad and Android tablets allows users to perform all of the tasks one can perform with a PC browser.
- One of the only solutions which includes multiple currency support in entry-level subscriptions.
- Kashoo's Dashboard lists key balances and makes it possible to enter any new transactions by clicking on a tab for the transaction type and entering it without leaving the home screen.
- The product supports both direct

Read the full review and see expanded ratings for this product online at:
www.CPAPracticeAdvisor.com/11479812

SUMMARY & PRICING

Pricing:

- General: \$20 per month or \$200 per year if paid annually in advance
- MVP program members: \$13 per month Paychex lists a price of \$27 per month on their website for Paychex Accounting Online.

Accounting Program: Kashoo MVP Program, membership is free to accounting professionals who serve multiple clients.

www.kashoo.com

QuickBooks Online

2014
OVERALL
RATING

5

**SAAS SMALL
BUSINESS
ACCOUNTING
SYSTEMS**

BEST FIT

- Service-based companies who need something more robust than a micro-business solution, yet do not require the full feature sets present in larger accounting systems.
- Small business owners who need an online accounting solution supported by many accounting professionals which integrates with many third party add-on solutions.

STRENGTHS

- New friendly user interface is more consistent with the appearance of

the desktop product, which makes it easier for accounting professionals to support both solutions.

- Excellent ecosystem of add-on applications and services; Intuit-operated secure hosting platform keeps data for add-ons inside Intuit's data centers.
- Import from QuickBooks desktop software data file feature is attractive for those converting from the desktop version of the application.
- Scorecard benchmarking tool can anonymously benchmark company performance against peers in the same industry.

Read the full review and see expanded ratings for this product online at:
www.CPAPracticeAdvisor.com/11479806

POTENTIAL LIMITATIONS

- QBO has a more limited feature set than the mature, on-premises product, which includes advanced features not available in QBO like job costing, combined financial statements, and multiple currencies.
- The simplicity of the security model makes it difficult to restrict the tasks that active users can perform inside the company file.
- Even though the product is called "QuickBooks Online," the application has significant differences in function and approach which may make its use confusing to those who have to work with both versions.

SUMMARY & PRICING

Pricing:

- QuickBooks Online Simple Start: \$12.95/mo (one user)
- QuickBooks Online Essentials: \$26.95 (up to three users)
- QuickBooks Online Plus: \$39.95 (up to five users)

Additional service plans are available which provide access to additional users and self-service payroll subscriptions.

www.quickbooks.intuit.com

Xero

2014
OVERALL
RATING

4.75

**SAAS SMALL
BUSINESS
ACCOUNTING
SYSTEMS**

BEST FIT

- Service-based micro businesses that need to manage cash, receivables, payables, credit cards, and general ledger, along with support for multiple currencies.
- Companies that would like access to a large ecosystem of add-on products.

STRENGTHS

- Easy to use and has simple navigation without giving up more advanced tools for power users.
- User-customizable rules can be used to automatically assign transactions imported from bank to general ledger accounts and auto-

matically perform other tasks based on definable criteria.

- The company has a strong ecosystem of add-on products (more than any other application in this review), however, many of these solutions are localized for the Australia/New Zealand markets where Xero has a much stronger presence.
- Supports download of bank account and credit card transactions from thousands of financial institutions in the U.S.

POTENTIAL LIMITATIONS

- Xero Payroll is available only in seven states (CA, FL, NY, NJ, TX, UT, and VA), so prospective users who cannot wait for the company to

Read the full review and see expanded ratings for this product online at:
www.CPAPracticeAdvisor.com/11479770

begin supporting a particular state should plan on using a third party payroll service like ADP.

- Inventory tracking and valuation are not supported natively in Xero, although there are available add-on solutions which can meet this need.

SUMMARY & PRICING

Pricing:

- Xero Starter: \$9 per month (Send 5 invoices + Receive 5 invoices per month plus reconcile up to 20 bank statement lines per month)
- Xero Standard: \$30 per month (unlimited invoices and bank transactions, payroll for 1 employee, 5GB of file storage)
- Xero Premium 10: \$70 per month

(all Standard features, plus multi-currency, payroll for up to 10 users, payroll direct deposit, and 10 GB storage)

- (Other plans, including Xero Premium 20 (\$90 per mo) and Premium 100 (\$180 per mo). These plans include additional document storage and include payroll for 20 and 100 employees respectively.

Accounting Program: The Xero Partner Program offers a special version of the product designed for accountants dealing with multiple clients, as well as tools for managing your practice and getting the information you need out of Xero.

www.xero.com

FreshBooks and SageOne Help Business Owners Collaborate with Customers and Subcontractors

Our review of SaaS accounting solutions has focused on tools to help manage a general ledger and create financial reports, but many self-employed individuals and micro-businesses need a more basic day-to-day solution to help them bill customers, track receivables, and manage projects. While many applications can meet the needs of this segment, including the lower tier versions of QuickBooks Online, Xero, and Kashoo, two popular applications which are designed for non-accountants who need to accumulate transaction data are FreshBooks and Sage One.



FRESHBOOKS
(www.freshbooks.com)

Started in 2003 by former graphic designer Mike McDerment in his parents' basement outside Toronto, FreshBooks is a very popular solution for freelancers, consultants, and micro businesses who use subcontractors. The application was initially focused on creating estimates, tracking work, billing customers, and collecting payments, but over the years has grown to include expense management, bank feeds, and a wide range of third-party solutions to meet many different needs.

FreshBooks helps users track time entries, manage and rebill expenses, and share documents with clients and team members from a web-based platform. By default, FreshBooks delivers invoices to clients from an included portal, but documents can also be e-mailed to clients, or printed and mailed. The company provides customers with an optional service where FreshBooks will print a completed invoice, put it in a window envelope along with a pre-addressed envelope for payments, affix a

stamp, and mail the invoice to the user's customer. Users pay \$2.29 per invoice, and the invoices are usually processed and mailed the next business day.

The company has a multi-client interface which allows accountants to use a single login to access shared data. The FreshBooks Accountant Network is a group which helps accounting professionals learn more about the product. Once accountants have completed the certification training, they can create a profile in the program's accountant directory to help them find new clients.

Plans start at free (for users with very limited activity) and go all the way up to \$39.95 per month for an account which includes five users, an unlimited number of customers, and provides the ability to do basic project management.



SAGE ONE
(www.sageone.com)

Business software publisher Sage is known for its on-premises applications which include Sage 50 (formerly known as Peachtree or Simply Accounting), Sage 100 (MAS 90/200), Sage 300 (ACCPAC), Sage 500 (MAS 500), and Sage ERP X3. While these applications are sold at retail or through value added resellers, the company identified a need for a solution which helps entrepreneurs manage their projects, track expenses, accumulate time and expense information, bill customers, and monitor financial results. The company created Sage One as a global platform for micro businesses after spending over a year studying the business processes of creative professionals like event planners, multimedia consultants and graphic designers. Sage One was initially released in the UK, followed closely by the U.S. product launch, and

is developed by a number of teams around the world (the U.S. version is managed by a team at the Sage campus near Atlanta).

Available U.S. versions of Sage One include Sage One Invoicing (\$9/mo) and Sage One Accounting Standard Edition (\$24/mo). The invoicing product is designed to allow users to manage contacts, create quotes and invoices, track receivables, and optionally accept payments via credit card (PayPal or Sage Payment Services). Sage One Accounting Standard also provides income and expense with automated download of bank/credit card transactions, SGB of file sharing space, unlimited collaborators (contractors, employees, and clients), project/task tracking, and basic financial reports.

The Company launched the free Sage One Accountant Edition in 2013, which provides single sign on access to all company data where the subscriber has designated the accountant as their financial advisor. Accounting professionals can learn more about Sage One Accountant Edition, educational opportunities, as well as accountant programs for other Sage solutions by visiting www.sageaccountantsnetwork.com.

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So Much Change, So Little Time

This year is the year of delivery for many new hardware and software products. Which are ready for production? Which should be implemented first? You know that every technology does not need to be implemented. You further recognize that there are many good products that are not needed in your firm. In an ideal situation you have a choice between three or more products, beyond that, your expectation is that all products work as advertised or promised, but you know from experience that is sadly not the case.

What Should Be On Your Technology Menu?

As you know, just because a menu exists, doesn't mean you need to order everything on it today. Sometimes you visit a restaurant over and over to experience different food and preparations. To a degree, the technologies listed below are the same. Awareness of your options is



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the first step to choosing today's meal or technologies.

FIRST, Microsoft has been busy perfecting new products. With the discontinuance of support for older versions of Windows Server and desktop operating systems, as well as Microsoft Office, we are faced with upgrading much of our supporting technology. Microsoft has released a revision to their Windows Server operating system, Windows Server 2012 R2, a better and faster database with SQL Server 2014, and a new email server with Exchange 2013.

All of these applications are ready for production use whether in-house or at a cloud provider. Windows 8.1 received an update in April 2014 that made the product more usable and secure that must be applied to continue receiving updates in the future. Microsoft also deferred to clients that wanted the more traditional navigation approaches of Windows 7 available on non-touch hardware. A good rule is that if an application works on Windows 7, it will work on Windows 8.1. The benefits of Windows 8.1 make using make using it a wiser choice. Microsoft also delivered Microsoft Office 2013 Service Pack 1.

For all users who "wait for the service packs to be delivered," you



no longer have to wait since Windows Server 2012, Windows 8 and Microsoft Office 2013, since all have major service releases available today in the open market. An unexpected bonus from Microsoft is the delivery of an updated version of SkyDrive, now called OneDrive, that includes encryption at rest, regulatory compliance and a low price per user. To my knowledge, secure cloud storage and transfer has never been cheaper. In addition, the integration experience of OneDrive into Windows 8 and Microsoft Office is natural and smooth.

SECOND, accounting software vendors have not been idle, either. Entry level SaaS products like Freshbooks, SageOne, Wave and QuickBooks Online have all had notable upgrades in both user experience and features. Most traditional premise-based products, almost all of which can be cost-effectively hosted today, have had upgrades during the past year. For example, QuickBooks, CYMA, Sage 50, Sage 100, Sage 300, Sage X3, Dynamics GP, Dynamics NAV and

more have all received new features, more integration capabilities built-in, and updates to support mobile and web technologies. Third party tools for sales tax from Avalara or reporting from BizNet Software have notably improved their offerings and programs, too. If you have not updated your accounting software to the latest versions, you are missing out on improvements that can help you every day.

THIRD, mobile and wearable technologies are coming of age. Cell phone manufacturers continue to work on larger, brighter displays and longer battery life, while mobile operating systems are becoming more robust and secure. Products that are probably not ready for use include digital watches such as the Pebble, or Glass (yes, I own them and have tried them out especially for you!). The promise of these new hardware extensions to our mobile hardware arsenal are notable. However, the practical business applications have to be established before you should make any roll-out plan. Although I like the video and picture

taking capabilities of Glass, the wearability factor is only part of the benefit. Intrusiveness, “geeky” appearance and eye health are all concerns.

FOURTH, protection technologies need to be updated. The advancements in this area aren’t as rapid as other technologies currently, although there were notable changes in the past few years. We need stronger and better firewalls, anti-virus, encrypted drives, encrypted email and portal technologies. Extensions of our protection with mobile device management and multi-factor authentication with hardware keys, as well as biometrics, will become far more standard as we understand our risks and needs.

FIFTH, vertical specialty products such as tax software, engagement management systems, practice management, wealth management, and

others have seen notable upgrades this year. Examples here include BillQuick, Office Tools Pro and Commercial Logic, in addition to the big software companies of CCH, Intuit and Thomson. Most publishers are looking at the future, and they believe it will include mobile, web and social networking for business. As vendors retrofit their technologies for the new mobile worker, they are reimagining the possibilities of working in a different way.

FINALLY, server, desktop and laptop hardware and displays are all getting a make-over this year. New generation servers have twice the performance with a 30% savings in electricity. Laptops using the latest processing chips promise up to 17 hours of battery life in late 2014 and beyond. Screen resolution is going to advance from HD to 4K or Ultra High

Definition (UHD), a resolution roughly four times greater than that available today. Augment this with touch and the way you work will be quite different by the end of this decade. At the time of this writing, I had just completed installing the first office with ONLY touch screen equipment in use. Every desktop (all-in-one devices), laptop, tablet and phone in use was touch screen. The synchronization between devices and the user experience was quite intriguing.

Be Creative and Conservative

Technology tools can help you solve a wide variety of business problems. Staying on old technology costs you time, which means it also costs you money. Using the absolute latest technology can be risky, but using

proven, current technology can give you a first-mover advantage. Do you prefer to lead the market, or lag behind it? If you lead, you can choose how you position your offerings to clients. If you lag, you fall into the less competitive, “me too,” group.

Using leading-edge technology can be frustrating as vendors try to make their technology compatible and current. If you have tolerance, you will have the opportunity to work with some of the most innovative people in your field.

Do you see rewards to being considered a market leader? There is so much change and so little time, you need to act now! ●

PRACTICAL RESOURCES



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A YEAR IN THE LIFE: SALT ACCOUNTANT

Introduction to SALT Series:

The *Year in the Life of a State and Local Tax (SALT) Accountant* series is being created with the practitioner in mind. In cooperation with Avalara, each month we'll provide you with the latest news relating to state and local tax issues, updates on federal legislation, checklists and tips for building and improving your SALT practice,

talking points and guidance for answering the questions posed by your clients, and more.

We'll work with both seasoned SALT accountants and those who are new to this area of practice so you can learn what others in the field are doing. We welcome your comments, questions, suggestions, concerns, case studies,

guest articles - please participate with us as we enter and share with you the lives of state and local tax accountants.

— Gail Perry, CPA, Editor-in-Chief, and former SALT accountant

Talking to Your Clients About SALT

By Ray Bigley, VP Business & Corporate Development, Avalara

Even those accountants who don't specialize in sales and local taxes or are without a SALT (State and Local Tax) practice, can guide clients on the current environment around sales tax compliance. The combined effect of growing untapped online-sales-related tax, and persistent state budget shortfalls has sparked legislative initiatives at both the state and federal levels.

Here are some basic questions accountants can ask clients and some suggested guidance you can provide on these important compliance issues.

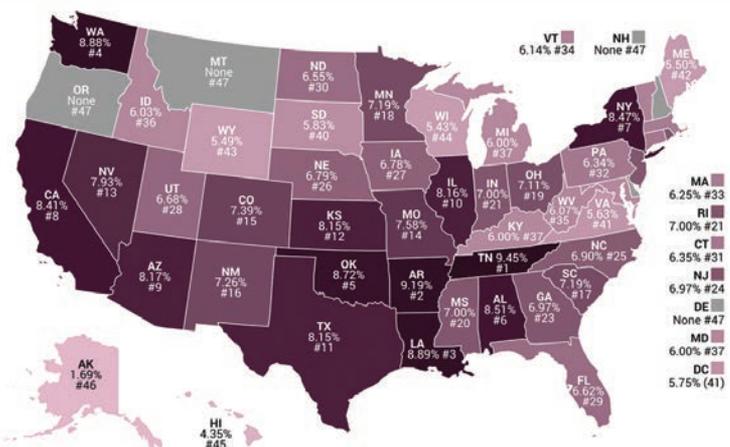
Background:

Since the early 1990s, states have primarily relied on definitions of *nexus* – the relationship between an entity and a taxing jurisdiction that triggers a tax obligation. Nexus has usually been defined as “significant physical presence” in a taxing jurisdiction. Under this definition, employees, warehouses, and headquarters constitute “significant physical presence.” Besides that tangible physical presence, depending on the rules of the individual state, other activities and

connections a vendor has within a state including attending trade shows or conferences, or utilizing remote employees in the state may trigger nexus.

These activities and connections lie at the heart of the current debate. Today, a seller whose activities and connections within a state do not establish nexus is not obligated to collect and remit sales tax in that state. Online retailers like Amazon, Overstock, eBay, etc. that aren't required to charge customers sales tax have caught the attention of

Combined State & Average Local Sales Tax Rates in 2014



Notes: Three states levy mandatory, statewide, local add-on sales taxes at the state level: CA (1%), UT (1.25%), VA (1%). The sales taxes in HI, NM and SD have broad bases that include many services. Due to data limitations, table does not include sales taxes in local resort areas in MT. Salem County, NJ is not subject to the statewide sales tax rate and collects a local rate of 3.5%. New Jersey's average local score is represented as a negative. Data as of January 1, 2014. Published March 18, 2014.

Sources: Sales Tax Clearinghouse; State Revenue Department Websites; Tax Foundation Calculations.

Combined State & Average Local Sales Tax Rate

Lower Rate Higher Rate

taxfoundation.org/maps

states seeking revenue to fill budget shortfalls. Over the past several years, members of Congress and state legislators have grappled with whether to require Internet retailers without physical presence in a taxing

jurisdiction to collect sales tax. Last year the Senate passed the Marketplace Fairness Act, (69 to 27); a bill that, if passed by the House, would grant states the authority to tax remote sales. This legislation will

LINKS TO THE STATES

Register and find forms for state and local tax obligations

<http://www.sba.gov/content/learn-about-your-state-and-local-tax-obligations>

apply to all types of remote sellers, including Internet retailers, catalog companies, and similar vendors. Consequently states would then have the authority to tax many remote sellers who have escaped the obligation to collect sales taxes in the past.

Questions your clients may ask about the Marketplace Fairness Act:

- I sell over the Internet today. Will I be affected if this legislation passes?
- Does it make a difference what I'm selling over the Internet?
- What if my remote sales are less than \$1 million annually?
- Does this bill still apply to me?

Will all remote sellers be affected?

As passed by the Senate, companies with total remote sales over \$1 million (including exempt sales) could be required to collect sales tax. Typical to the legislative process, this threshold is a moving target and may change before the bill passes the House. With this in mind, companies should proceed with normal planning for sales tax compliance.

If passed, states must adopt revisions before they can enforce sales tax changes.

While some clients might panic and think that passage of legislation will trigger immediate changes to their sales tax collection responsibility, implementation will vary widely by state, depending on each state's legislative process and ability to comply with minimum simplification requirements.

The Senate version allows the 23 states that are full members of the Streamlined Sales Tax an easier path to implementation, although still requires the 90-day waiting period. For the other 22 states and the District of Columbia, implementation of this law will take longer – at minimum 6 months.

Currently, national legislation is only one part of the sales tax compliance puzzle. Affiliate Nexus?

Regardless of what happens at the federal level, and perhaps nothing has happened at the Federal level yet, states are making their own legislative changes that are in some cases more aggressive than those proposed in MFA. States are setting up nexus rules around affiliate nexus or so-called "Amazon Laws." These are enough to keep compliance experts busy for years.

Affiliate nexus laws come in two forms:

- **In-state websites:** In this version, an in-state company or organization (entity) places on its website a link to an out-of-state retailer and the out-of-state retailer agrees to pay a commission to the in-state entity anytime someone clicks on that link and buys something from the out-of-state retailer. The states claim that the in-state entity is the agent of the out-of-state retailer and therefore constitutes a sales tax collection responsibility.
- **In-state warehouses:** With these, the state law says that an in-state warehouse that is part of a consolidated group of companies (states use the

June SALT Checklist

- ✓ Determine if there are any votes coming up this month in the jurisdictions where your clients do business. Share results with your affected clients and incorporate any changes in laws into your own system.
- ✓ Filings - prepare and file all state and local returns due this month (sales tax, income tax, etc.).
- ✓ Assist your clients with all necessary SALT-related journal entries, keeping in mind accounting for early payment discounts, late payment penalties.
- ✓ Respond to any recent notices your clients have received from SALT authorities.
- ✓ Follow up with taxing authorities on open SALT issues from previous months.
- ✓ Schedule all state and local tax filings that will be due next month.

IRS definition) with the out-of-state retailer creates physical presence for the out-of-state retailer. Under this concept the states pierce the corporate veil and ignore that the two companies are separately incorporated.

Some call these "Amazon laws" because many who support them are trying to attack the way Amazon conducts business, even though there are plenty of other companies that operate this way.

In the past three years, many

states have adopted Amazon Laws – state laws that require Amazon and other out-of-state sellers to collect sales tax for the first time. ●



Ray is the Vice President of Business & Corporate Development at Avalara.

Ten Common Nexus-Creating Activities for Sales & Use Tax

1. Ownership of real property. (Stores, warehouses, offices, etc.)
2. Ownership of personal property. (Machinery, equipment, etc.)
3. Leasing of real property. (Stores, warehouses, etc.)
4. Leasing of personal property into a state. (Machinery, equipment, etc.)
5. Maintaining of an inventory, whether consigned, stored, or carried by sales representatives.
6. Travel of employees into a state to conduct sales, training, deliveries, installations, repairs, etc.
7. Use of independent sales or manufacturer's reps, even if they are not exclusive.
8. Use of sub-contractors for repairs, maintenance, installations, etc.
9. Delivery of property in seller-owned vehicles.
10. Allowing employees to telecommute or use a home office.

Provided by Peisner Johnson LLP
peisnerjohnson.com

THE HIDDEN COSTS OF **CLUTTER**

You know (you might even be) the type: “I know it looks messy, but I know where everything is!” There are those whose desks and workspaces look almost vacant - like no one could possibly work there because every surface is bare. Then there are those who thrive on being surrounded by stacks and piles and overflowing inboxes and, well, clutter. Interestingly, sometimes the cluttered office people are sticklers for neat living spaces and spotless cars, and sometimes the desktop neatniks hide their disarray in boxes and baskets and drawers.

Chances are you can relate to the clutter workstyle/lifestyle because either it defines you or it applies to someone you work with or maybe even someone you love. We're wondering how clutter affects our work-life balance. Do the piles and stacks make us feel more balanced, or does the time spent creating, searching through, reorganizing, and balancing the piles do more harm than good? This month's contribution from Work-Life Balance Expert Jeff Davidson provides an overview of the role clutter plays in our lives. ●

3.2

hours of an 8 hour workday are wasted by office workers.

Wall Street Journal Report

On average, office workers annually use

ten thousand

sheets of copy paper: *40 sheets per workday.*

cleanair.org

49,060

pieces of mail received during an average American's lifetime, roughly 2 per delivery day for 74 years

National Association of Professional Organizers



One tree could be saved by recycling a stack of papers 3 feet high.

recyclingacross-america.org

150

hours per year are wasted by the typical business executive while seeking lost files or information.

Forbes, ASAP

The average person spends

1

solid year of his life looking for lost items.

National Association of Professional Organizers

EIGHTY PERCENT

of clutter in homes is due to disorganization

National Association of Professional Organizers

THE AVERAGE NUMBER OF TIMES A PIECE OF PAPER IS TOUCHED BEFORE THE RECIPIENT ACTS ON IT: 30 TO 40 TIMES

Woolery, Seize the Day

Removing excess clutter would eliminate

40%

of housework in the typical household.

National Soap and Detergent Association

We rarely use **80%** of the files we retain.

Agency Sales Magazine

1/3

of all mail received is regarded as junk mail.

National Association of Professional Organizers

twenty-three percent

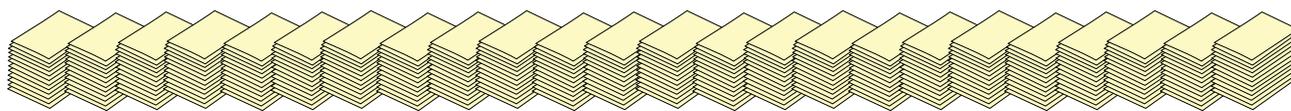
OF PEOPLE SAY THEY PAY BILLS LATE BECAUSE THEY LOSE STATEMENTS

Harris Interactive Polls

25%

of people with 2-car garages use them for other items, not cars.

U.S. Dept. of Energy



A 12 ft. high wall could be built from LA to NYC with the 4 million tons of office paper thrown away yearly.

niu.edu

Intuit is Growing an Ecosystem for Small Businesses & Accounting Firms

When Intuit introduced a new design for its products, it was aiming for a harmonic look and feel across its solutions that made it easier for users to use. It didn't just stop there. The maker of financial management solutions decided it wanted to make *business easier for small business owners.*

In the past year, Intuit has debuted its App Depot, offered seamless integration with a wealth of apps, and acquired several companies that will help expand its service offerings while increasing capabilities within QuickBooks Online. Intuit has been pretty vocal about building its QBO ecosystem to create a foundation for small business success, and the series of acquisitions falls in line with Intuit's current strategy.

"I have long observed that the brain and heart behind small businesses is really that system that contains all of their transactions, customers, vendors and more in one place", said Terry Hicks, vice president and general manager, Intuit QuickBooks Online Ecosystem. "They use that as the heart to pump through the various systems that contain their information. As 'the brain,' it gives them insight into how the business is doing and

where they need to focus, such as areas of growth or which customers aren't paying on time."

Intuit's goal is to seamlessly integrate data into its solutions that customers need to not only run their business, but also grow them. In order to achieve this, Intuit has primarily focused on serving the different needs of its customers while continuously reducing the pain points of data integration. In looking at the companies they acquired, Intuit assessed how well those companies would allow it to serve its customers and integrate the essential data.

"Everything we do is led by customer feedback, so we are constantly paying attention to the capabilities that we currently have and what our customers say they want. When we scan the market, we look for the best in breed, the best solution that will allow us to address our customer

needs. Many times the best in breed isn't just about meeting the immediate needs of customers, but looking long-term as well," said Hicks. "Another important consideration is the team itself – who is the team, what is their vision, do they have the talent to carry out our strategy? All of this is needed to expand our success."

Intuit recognizes that its small business customers fall into two categories - service-based companies and product-based companies – which create unique business needs for each category. Moving forward, the company wants to expand its ecosystem to include more solutions for small businesses selling products. In the U.S., a majority of its customers provide a service, as opposed to selling a product. However, even a significant percentage of these companies offer products for sale to complement the services it provides. As Intuit continues to expand globally, their base of product-based customers also continues to expand exponentially.

"We're continuing to build out capabilities to serve the product-based business with features such as inventory and order management. With our acquisition of Lettuce, we are better able to serve the needs of those product-based businesses. Our ultimate vision is to change the way businesses engage with their employees, vendors and customers. From the supply chain to the order sales portal, to ecommerce to delivery, it's all integrated," said Hicks.

Ultimately, the acquisitions help center QBO as the platform from which Intuit runs its entire business. Intuit has created a central hub that seamlessly integrates with other solutions, both ones created by Intuit and other developers, to help small business owners manage every

aspect of their business.

"We want to continue to build a platform that not only makes accounting and bookkeeping invisible, but expands to help make the business run better as a whole. No small business owner wakes up and says, 'I want to do bookkeeping for my business.' They want to spend more time pursuing the passion that led them to create the business. But, it's not just about reducing the time spent on bookkeeping and accounting. It's also about growing your business and facilitating front office activities and engagement with customers," said Hicks.

Intuit also wants to use the acquisitions to better serve the needs of those who are new to the Cloud or just realizing the benefits. With the added capabilities, the company is better-positioned to offer the same inventory capabilities that desktop users have enjoyed for years, plus more.

"We want our desktop users to not only see that the features they have enjoyed on the desktop are now available in QuickBooks Online, but also how being online can really free up resources and time. There's a lot of data that sits outside of QuickBooks. We want to make it automatic to get the data to flow into our ecosystem, regardless of the source, so customers don't have to spend time key entering that data. They can spend more time taking action that directly impacts their own customers," said Hicks.

Even though Intuit is encouraging small business owners to embrace the Cloud, it is not abandoning its desktop solution. It will continue to invest in and improve its desktop version, but hopes that over time small businesses will realize many of the benefits of working seamlessly in the Cloud.

"We have worked hard to reinvent QuickBooks Online over the past two years. It's even stronger in terms of the service and value it provides to our customers and how we connect with third-party apps," said Hicks. ●

INTUIT ACQUISITIONS

- + **Invitco** (May 14): Based in Sydney, Australia, invitco is focused on developing technology specializing in the receipt, processing and data extraction from PDF files in the cloud.
- + **Lettuce** (May 8): A start-up focused on providing inventory and order management solutions to product-based small businesses.
- + **CustomerLink** (April 9): Markets direct mail and analytics SaaS solutions for small businesses in the automotive industry.
- + **Docstoc** (December 4, 2013): A provider of user-generated and premium business documents.
- + **Prestwick Services** (November 20, 2013): A subsidiary of AP Intego, Prestwick allows small businesses to manage the workers' comp payment process.
- + **Full Slate** (October 30, 2013): Online scheduling software designed to help local service providers fill their appointment books online.
- + **Level Up Analytics** (October 23, 2013): A consulting company focused on providing applied data analysis, strategic consulting services and full development of data-driven products.
- + **GoodApril** (August 8, 2013): Provides users with an analysis of their tax situation, including their potential tax bill in the coming year as a result of new tax rules and potential tax savings opportunities.

Is Your Firm Playing Above the Line?

There is a lot of interest, discussion and action taking place around client accounting and advisory services these days. Firms are recognizing the opportunities offered by advances in technology and cloud accounting systems.

However, it's not the technology platform driving this movement, rather firms' desire to transition from a trusted technical advisor to a trusted business advisor. Before you even get into the discussion about which cloud accounting platform is right for your firm and clients, you must first ask if your firm is prepared to play above the line.

Technical vs. Business Advisor

For some time now, CPAs have been labeled as a most trusted business advisor to their small- to mid-sized business clients. Have we really been living up to that title? Most of the

core services firms are providing fall into the compliance or transactional category, making them a most trusted technical advisor. To truly live up to the title of trusted *business* advisor, firms need to better understand their client's business and offer services that focus on business performance and strategy."

Below the Line Services

The core services I referred to previously are what we call Level 1 services – Tax, Assurance and Accounting Services. These services are compliance focused and have firms operating "below the line." They have historically been the meal ticket for most firms. Most of these offerings are based on hindsight and require perfection. These are also the services that are threatened to become commoditized as advances in technology and the cloud continue to automate the data exchange between systems.

Above the Line Services

In order for our profession to avoid commoditization and obsolescence, firms will have to change their services, packaging, pricing, processes and systems and start operating "above the line." By this I mean they will have to transform their offerings to include Level 2 and Level 3 services. I'll briefly outline what I mean

by these two categories.

- **Level 2 Services** are advisory services focused on business performance. They are based on insight and require progress rather than perfection. Examples include:
 - Business Advisory
 - Wealth Advisory
 - Family Office
- **Level 3 Services** are advisory services focused on strategic performance. They also require progress rather than perfection but are based on foresight. Examples include:
 - Strategic Planning
 - Succession Planning
 - Mergers & Acquisitions

Primary Drivers

I've already mentioned the advances in technology and the cloud as a primary driver to this shift. We now have capabilities to share a collaborative environment with clients and have access to real-time data that we haven't had in the past. Beyond technology though, there are other competitive threats coming from outside our profession. Most SMB clients have a number of trusted business advisors, each with their own primary focus:

- CPA Firms
- Financial Advisors
- Legal Firms
- Wealth Advisors

Each wants to be the go-to advisor for their clients and most businesses want a single person from which to seek advice. CPA firms are positioned perfectly to take on this role and act as the quarterback in the relationship.

Primary Obstacles

Most firms have an interest in higher valued advisory services, yet few are taking action and recognizing success with building the business model and a successful group of advisors. There are a number of challenges at play and here are the top five we see.

- Leadership Buy-in and Political turf wars
- Shifting to an entrepreneurial mindset and focus on the future
- Building the team with dedicated resources that have the right skills
- Building the economic or pricing model
- Effective change management from both an internal and client-facing perspective

Pieces of the Puzzle

Moving your current client accounting services to the cloud in and of itself is not the solution. Firms must focus on several key components to successfully elevate themselves "above the line" and truly become the most trusted business advisor. Some of most important pieces of the puzzle include:

- A Strategic Plan
- Unique Processes
- Pricing
- People/Team
- Communications
- Digital Platform

Are You Ready to Play Above the line?

Several firms have elevated above the line and are offering Level 2 and 3 services with great success. In fact, many believe that advisory services will eclipse their historical core services within the next 5 to 7 years and they aren't resisting. If you're serious about building a successful, sustainable firm you need to start building out your strategic plan and business model for client advisory services. I believe it is not only an opportunity for tremendous growth but also the vehicle for CPAs to maintain relevance into the future and live up to the billing of Most Trusted Business Advisor. ●



Jim Boomer is a shareholder and the CIO for Boomer Consulting, Inc. He is the director of the Boomer Technology Circles™ and an expert on managing technology within an accounting firm. He also serves as a strategic planning and technology consultant and firm adviser in the areas of performance and risk management. In addition, Jim is leading a new program, The Producer Circle, in collaboration with CPA2BIZ and the AICPA.

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