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the Rules?**

**10 Strategies to Leverage
Your Firm's IT Investment**

PRODUCT REVIEWS:

- Document Management Systems
- Document Storage Systems
- Website Builders & Tools for Accounting Firms

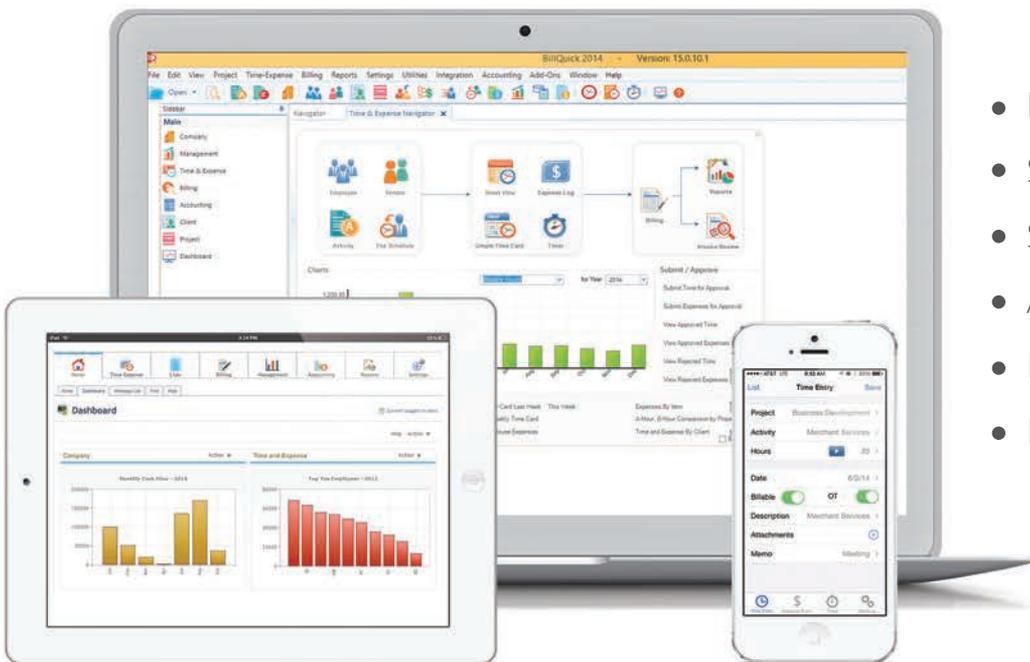
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WEB EXCLUSIVES

Check out our Online Product and Service Guide
www.CPAPracticeAdvisor.com/directory

How to Master Small Talk and Help Your Accounting Practice

<http://www.cpapracticeadvisor.com/news/11602630>



AUGUST: The Dog Days of Summer

When I think of August, I think of lazy hot summer days that last from whenever my friends and I wake up to when the streetlights come on — the sign to end summer play and return home for the night. I'm glad I have a head full of sweet summer memories from my childhood that I can linger over in my spare minutes, because minutes seem to be the only free time I have.



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.

Depending on how your dog days are shaping up, you might have children getting ready to return to school, summer vacations wrapping up, another picnic to attend, a home repair project to finish, steaks to put on the grill, a few more trips around the lake on the boat, and some evenings on the front porch while fireflies provide the glimmer as the sun goes down.

As idyllic as that all sounds, there are just as many wind-down-the-summer tasks you should be thinking about for your accounting practice — steps you can take to benefit from days when the workload is lighter and morale is high.

- Remind staff to take advantage of available vacation days before the year slips away from them.
- Contact clients with a checklist for the rest of the year so they will be prepared to work more efficiently with you at year-end and during busy season.
- If you prepare taxes, connect with your extension clients now instead

of waiting until the October deadline is upon you.

- Consider your software needs. Assess the programs you used in the product reviews (www.cpapracticeadvisor.com/reviews) provided by CPA Practice Advisor.
 - Schedule a fall open house for your clients. Invite them to your office, let them meet the staff, offer refreshments, and provide a short useful presentation or offer a handout with tips for starting a new business, information on retirement planning, advice for financing college education, or instructions for year-end planning.
 - Question your staff about flex-time requirements and other needs as their children head back to school.
 - Discuss plans for health care benefits now instead of waiting until open season is upon you later in the fall.
 - The phrase, "Stop and smell the roses," might sound cliché, but think about closing your office early or even completely on some Fridays so staff members can enjoy some extra family time before summer ends.
- And finally, don't forget those less fortunate than you. What can your firm do this month for the community? ●

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

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Practice Advisor, (ISSN #2160-8725 (print), ISSN #2160-8733 (digital)), USPS #017-576) is published eight times a year (April/May, June, July, August, September, October, November and December) by Cygnus Business Media, Inc., incorporating two editions known as CPA Practice Advisor and NSA Practice Advisor, 1233 Janesville Avenue, Fort Atkinson, Wisconsin 53538. Periodicals postage paid at Fort Atkinson, WI 53538 and at additional mailing offices. Printed in the U.S.A.

Send all subscription inquiries or change of address to:

Practice Advisor,

PO Box 3258, Northbrook, IL 60065-3258.

Phone: (877) 382-9187 (toll free); (847) 559-7598 (local)

Fax: (847) 564-9453

Email: Circ.CPA@omedia.com

Subscription Rates: The basic annual rate is \$3, based on qualifying associations of 10,000 or more public accountants that may also subscribe for all their public accountant members (certain restrictive covenants apply) for a basic subscription rate of \$9 per member for a three-year subscription. One year subscription for all others: USA - \$48; CAN \$70 GST; INT'L \$99 GST #131910168.

POSTMASTER, please send address changes to:

Practice Advisor, P.O. Box 3258, Northbrook, IL 60065-3258.

Canadian address changes to:

Canada Post PM#0612608. Return Undeliverable Canadian Addresses to: Practice Advisor, PO Box 25542, London, ON N6C 6B2.

Attracting and Recruiting a New Generation of Accountants

By Amy Vetter, CPA.CITP, CGMA

In order to continue the long-term success of an accounting practice, it's crucial for CPAs to invest in the screening, interviewing and relationship development with up and coming accounting professionals.

As the class of 2014 just received their diplomas, there is a host of fresh talent equipped with technology experience, new ideas and the drive to take your firm into the future. The key is meeting these fresh accountants early in their college career to make hiring an easy decision. In order to attract and retain top talent here are a few things to consider when recruiting.

It's well documented that millennials are bringing new life to the workforce. With cloud technologies and anytime, anywhere mobile capabilities, flexible schedules and casual atmospheres, the professional work environment has drastically changed, and accounting practices must keep up with the movement to stay attractive to young recruits. Now's the time to embrace the change and allow your practice to evolve with the new generation so your firm won't suffer from a lack of innovation and not attract top candidates.

Hire the Right People

With thousands of college graduates seeking employment in accounting, it's critical to select the *right* individuals to join your firm—after all, they may potentially be leading your practice one day. Through my previous experience as an adjunct accounting professor, I quickly realized accounting students are much different today than when we went to school. They work and think differently and have very different expectations of quality of life when starting out in their careers. It is important to know how to identify those characteristics in students that may make successful accountants one day for your firm, even if it comes off differ-

ently than you expect. It all comes down to two key factors: work ethic and technology prowess.

• **WORK ETHIC:** An individual with previous experience in the industry outside of the required course-load signifies a strong, positive work ethic that will likely follow suit throughout their career. Look for students who were actively involved in their school's accounting fraternity or held a few related internships while in school. This experience may not be with a firm or corporation – they may have taken the steps to start their own businesses while in school. Not only does this reflect diligence and determination, but it also displays that they can be a self-starter.

• **TECHNOLOGY BACKGROUND:** One primary benefit of hiring younger professionals is their experience with technology. These students have been surrounded by evolving technology throughout their entire lives and immerse themselves in new tools on a daily basis. It's incredibly important to find a technologically adept candidate. They should have an interest in tech, are open to learning or personally use cloud apps and willing to bring that experience into the firm.

During the interview process, ask what types of cloud, social or mobile technology they used in school or how they were able to promote social

events. It's inevitable that recent graduates have experience with cloud-based software through common services like Google Docs, Dropbox, Skype, and all sorts of apps. Those that can articulate cloud benefits will be inclined to have a better understanding of the technology as well as key knowledge on how to best take advantage of these tools for efficiency and collaboration with your clients.

Create a New Experience

Remember, you are not the only one deciding whether the young accountant is a fit. They are deciding the same about you and your firm. In order to effectively appeal to this generation, you must move past the ideals of what an accounting office was like 10, 15, 20 years ago. Young professionals desire to be part of an experience, not just a cubical in a large room. So take the leap and create a comfortable, open work environment for your employees. This generation greatly values quality of life, and accounting firms should aim to reflect culture and match outside interests within the work environment. A few considerations to create a positive employee experience may include:

- **CREATE AN ALTERNATIVE ATMOSPHERE:** Offer the ability to work on couches, standing desks or even beanbag chairs if desired.
- **PROVIDE BREAK-TIME ACTIVITIES:** Encourage your staff to utilize non-billable time for periodic breaks throughout the day. Create an envi-

ronment for them to re-energize by providing fun activities like a pool table, ping-pong table or foosball table in the office.

- **CREATE INTEREST GROUPS:** Find ways to match employees with similar interests and schedule events – running groups, book clubs, gamers, etc.
- **CHOOSE SIMPLE SOFTWARE:** Select simple, easy-to-use technology for your clients that young professionals would be excited to work with. There are a variety of applications for all areas of business (accounting, payroll, invoicing, etc.) designed for this generation, so don't be afraid to try something new. When the accounting applications available are more like the apps they use regularly, making the transition to learn new software is easier for them.
- **GO COMPLETELY VIRTUAL:** Embrace the available cloud technology and create an entirely virtual office space that enables a flexible schedule. Utilize software that is tablet and mobile-friendly and provide mobile devices to your employees in place of the permanent desktop computer. A firm that is accessible on all devices, anywhere, anytime will be sure to stand out against the rest. Rather than the traditional mandatory "face time" in the office, allow for virtual FaceTime or use of applications like Skype and Google Hangouts for meetings.

By implementing key recruiting strategies and designing an experience that appeals to the younger generation, your firm will be able to successfully develop a strong team that will create success for the firm into the future. ●

Amy Vetter, CPA, CITP, CGMA, is the Global Vice President of Education and Enablement for Xero. In this role, she is responsible for developing and executing Xero's worldwide education strategy with a focus on Xero University (Xero U) and Xero TV. Follow her on Twitter @AmyVetterCPA.

REVIEW SECTIONS

BASIC SYSTEM FUNCTION

- Installation Ease
- General Navigation & Ease of Use
- Industry-Specific Templates
- Industry-Specific Features
- Platform Support

CORE ACCOUNTING CAPABILITIES

- GL/AP/AR Functionality
- Sales Tax Functionality
- Payroll Functionality
- Audit Trail
- Multi-Currency
- Multiple Language Support
- Multi-Location Support
- 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

HELP/SUPPORT

- Built-in Support Features
- System Updates
- Support Website/Documentation
- U.S.-Based Support

2014 Review of Document Management & Document Storage Systems

By Brian Tankersley, CPA.CITP, CGMA

The last 18 months have been a period of significant change for the document management systems of many accounting professionals and their firms.

Popular small firm tax software publisher RedGear ceased operations in April 2013 and sold their customer lists to Thomson Reuters. Users of the ArkWorks document management system had to convert to another application last year.

Intuit announced in May 2014 that it was discontinuing its Lacerte and ProSeries Document Management Systems, and partnered with SmartVault to sell its solution to the customer bases for these products.

Columnist Randy Johnston wrote in his May 2013 column that, "It is rare to see a document management project implemented correctly. Further, I don't believe a document management project is ever complete."

Many users of cloud storage sites with questionable security like the personal versions of OneDrive, DropBox, Apple iCloud, and SugarSync are moving to more traditional document management systems as they encounter unmet needs in their home grown systems.

Use of document storage systems on mobile devices like tablets has resulted in many solutions creating mobile applications or web portals which access information the firm's document storage systems.

Many on-premises application providers like Office Tools Professional, Thomson Reuters, and Drake offer hosting services through partner companies like Cloud9 RealTime or internally hosted versions of their products to customers. The hosting solutions make it possible for firms to work with on-premises applications with the programs, data, and settings all stored in a remote, secure commercial data center.

These changes have made many firms rethink their processes and are driving the adoption of workflow management and client portal initiatives in the second year after conversion. We believe that much of the activity with document management systems and document storage systems will be related to new firm creation, firm mergers, and the dissolution of firms which do not have viable succession plans.

Document Storage Solutions are one of several classes of applications which accounting professionals may use in a firm to store, organize, search, and retrieve their digital documents. Document storage applications are most commonly compared with document management solutions (which we cover separately in this issue). The primary distinction between document management and document storage solutions is the breadth and depth of functionality.

Document Storage Solutions typically have a more focused set of features and functions, which are often targeted to a specific niche such as direct integration with a particular tax prep package, integration with QuickBooks, or providing a secure file sharing solution. These applications are generally designed to index data in a single (or small number) of ways, and may have a fixed organizational hierarchy.

Our 2014 review of Document Storage Services includes the following applications:

CLOUDBABINET BY ACCOUNTANTSWORLD

DRAKE DOCUMENT MANAGER BY DRAKE SOFTWARE

PRACTICE MANAGEMENT 2014 BY OFFICE TOOLS PRO

SMARTVAULT BY SMARTVAULT

FILECABINET CS BY THOMSON REUTERS

Document Management Systems (DMS) are designed as comprehensive enterprise solutions for automating the capture, storage and dissemination of all electronic documents and files in an organization. DMS applications typically, but do not always, have the ability to connect with products from multiple vendors and multiple index fields so that a single document can be simultaneously filed more than one way.

This year's review of Document Management Solutions includes six applications.

CABINET SAFE CLOUD BY CABINET

CCH AXCESS DOCUMENT/ PROSYSTEM & DOCUMENT BY WOLTERS KLUWER, CCH

ICHANNEL BY CONARC

EFILECABINET

DOC.IT SUITE BY DOC.IT SOFTWARE

GOFILEROOM ES BY THOMSON REUTERS

Document Storage Solutions are less sophisticated than document management systems, and typically offer fewer options for how documents are stored, indexed, and retrieved. Users should also carefully review the integrations for each package, as most packages have tight integration with one or two tax applications, while offering little to no integration with the other tax solutions.

As mentioned earlier, Document Management Systems are more sophisticated than Document Storage Solutions. DMS applications are designed to address the need for long-term storage and tracking of documents throughout a specified useful life. ●

READ MORE OF THIS ARTICLE ABOUT DOCUMENT MANAGEMENT SYSTEMS AND DOCUMENT STORAGE SYSTEMS AT: WWW.CPAPRACTICEADVISOR.COM/11600641



Brian Tankersley, CPA.CITP, Technology Editor

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continuing education courses on auditing and technology, as well as a consultant, coach and instructor for K2 Enterprises. He can be reached at

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DOCUMENT MANAGEMENT SYSTEMS

Cabinet SAFE CLOUD

BEST FIT

- Firms that want a product which can be accessed through a web browser or a client application with data housed either online or on local computers.
- Companies that need a document management system within the desktop version of QuickBooks.

10GB of shared base storage per user, with additional storage available for \$1 per GB per month. The Cabinet SAFE software can be purchased for on-premises deployment. Pricing, including installation, licenses, and annual maintenance and support for on-premises deployments is available upon request.

www.CabinetPaperless.com

2014
OVERALL
RATING

4.5

eFileCabinet

BEST FIT

- Firms that need a flexible solution which can be configured to capture the metadata to index documents to meet their specific needs.
- Practitioners who need to access data from multiple locations may be attracted to the flexibility of eFileCabinet's cloud offering, which is accessible on Windows, Android, iOS, or in a web browser.

management system which can be configured for use in a wide range of industries. Although the company's historical strength is in deploying its product in accounting firms, the product is available in versions which should work on almost every operating system and mobile platform.

SUMMARY & PRICING

eFileCabinet is a well-established document

www.eFileCabinet.com

2014
OVERALL
RATING

5

SUMMARY & PRICING

Cabinet SAFE CLOUD is \$70 per month per concurrent user (or \$50 per month per named user), with a one time setup charge averaging \$750. SAFE CLOUD provides

Read the full review and see expanded ratings for this product online at:
www.CPAPracticeAdvisor.com/11600832

Read the full review and see expanded ratings for this product online at:
www.CPAPracticeAdvisor.com/11600984

iChannel by Conarc

BEST FIRM FIT

- Firms of 25 or more that need an integrated document management, client portal, project management, and CRM capabilities.

SUMMARY & PRICING

All of the iChannel applications are bundled for a single price of \$540 per user for up to 30 users, volume discounts are provided after that. The annual maintenance fee is 30%.

There is also a onetime fee of \$12k for a third party scanning engine and PDF compressor. The solution allows users to host their own portals with an on-premises server if desired.

www.Conarc.com

2014
OVERALL
RATING

5

SPONSORED CONTENT

FIRST-HAND

How iChannel Helped a Firm's Four Offices Work as a Team

Hayashi & Wayland is a 90-person firm founded in 1977 to serve the Salinas Valley and Monterey County areas of California's central coast. The firm has nine partners and approximately 50 CPAs across its four offices, and provides clients with traditional services like audits, compilations and reviews, client bookkeeping, and tax preparation, as well as non-traditional services like pension accounting, money management, and CFO for hire services.

BEFORE iCHANNEL

The firm started its transition to an office with "less paper" in 2005, when they implemented Thomson Reuters' GoFileRoom. According to Hayishi & Wayland partner Alan Stark, CPA, "Implementing digital document management at our firm was a challenge, and the first two years were spent adjusting to the new realities of a paperless office. The partners had the hardest time adjusting – some embraced the application immediately, while others protested and attempted to work around the application."

The firm's processes stabilized with GoFileRoom, but the partners felt that they hadn't realized the full potential of their transition. The firm was scanning documents, but still struggling to find the right documents

due to how their files were indexed in GoFileRoom. Around the same time, the firm decided that they wanted to run document management on the firm's private network for strategic reasons. Unfortunately, GoFileRoom did not have a solution to allow users to run the software on their own internal services, so the firm began looking at alternative solutions.

CHOOSING A DOCUMENT MANAGEMENT SYSTEM

Stark was impressed with iChannel, and said, "Once I saw how well iChannel's features like the global search box and how its workflow tools to allow the firm to work as one team, I knew that this was the right application for our firm." He noted that, "the application integrated tightly with our existing solutions - CaseWare Working Papers, Lacerte Tax, and ProSystem fx Practice Management", and concluded that "My partners and I were convinced when we saw that iChannel offered all of these benefits for about half of the annual cost of GoFileRoom, and integrated with our existing toolset."

IMPLEMENTATION AND TRAINING OF STAFF AND CLIENTS

Like any document management system implementation, the firm initially struggled to adapt its processes to the new system, but the most of the document

management lessons from the firm's experience with GoFileRoom the transition much easier. The vision of unifying the firm through technology led the firm to redesign its procedures to take advantage of iChannel's workflow tools. The updated processes make it easier for all four of the firm's offices to work as a single client service team. Stark said, "Staff members assigned to projects for one of our other offices used to lose at least an hour a day driving between locations. iChannel lets our team collaborate on their assignments from anywhere."

LIFE WITH iCHANNEL

iChannel makes it easier for Alan and his partners to be more responsive to client requests. "When a client requests a copy of a document while the partner is away, he or she can log in, quickly find the right document, and in three clicks, the file is on its way." Stark's favorite feature is iChannel's universal search function. He reports, "I can now search for key words in the text of documents across our client base, instead of being limited to just the index fields." His other favorite feature is the user interface. "I like how the simple user interface makes it easy to move between documents and projects."

READ THE 2014 REVIEW OF
CONARC iCHANNEL

CPA Practice
Advisor

DOCUMENT MANAGEMENT SYSTEMS

Thomson Reuters GoFileRoom

BEST FIRM FIT

• Firms that use other Thomson Reuters products, including GoSystem Tax RS, Practice CS, and AdvanceFlow. GoFileRoom can also be used very effectively with the Thomson Reuters CS Professional suite.

at \$4,205 per year. Implementation and training are a critical part of the adoption of this flexible application, and are priced separately.

SUMMARY & PRICING

GoFileRoom is a monthly subscription based on for the number of users, and starts

www.ThomsonReuters.com

2014
OVERALL
RATING



Doc.It Suite

BEST FIT

• Public accounting and bookkeeping firms that want a single, best-in-breed solution to gather, process, store, and deliver documents.
• The product's features are designed for firms with between three and 300 users, although its core market has historically been smaller firms with between five and 100 users, with some firms with considerably more.

SUMMARY & PRICING

All-inclusive pricing for the Doc.It Suite starts at \$35 per month, per user, plus a one time \$150 per user license fee. Required fees for the initial implementation and training vary depending on the size of the firm and are available upon request.

www.DocIt.com

2014
OVERALL
RATING



Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11600682

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11600740

CCH Access Document & ProSystem fx Document

BEST FIRM FIT

• Firms that use either the CCH professional application suites (Acess and ProSystem fx), organizations who need the product's capabilities for integrating with information technology systems (active directory) and organizing docu-

ments by department or practice area.

• Organizations that want to rely on Wolters Kluwer for commercial data and application hosting in the organization's high-availability commercial data center should opt for CCH Access or ProSystem fx Document. Those who want to store documents on in-house

servers should consider ProSystem fx Document.

tiered based on the number of users."

All other pricing information is available upon request.

SUMMARY & PRICING

CCH provided the following information on the pricing of Document: "The base price for ProSystem fx Document is \$2780. CCH Access Document pricing is

www.CCHGroup.com

2014
OVERALL
RATING



Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11600878

DOCUMENT STORAGE SYSTEMS

Thomson Reuters FileCabinet CS

BEST FIT

FileCabinet CS from Thomson Reuters is part of the Thomson Reuters CS Professional Suite of applications for accounting practitioners, and should be considered by firms using other CS Professional Suite applications.

FileCabinet CS licensing starts at \$940, and pricing for an eight user firm would be approximately \$1,500 for the first year and \$700 for maintenance and support in subsequent years. Training, consulting, and implementation services are priced separately. Thomson Reuters offers a number of ways to obtain FileCabinet CS, including hosting through Virtual Office CS, a "pay as you go" arrangement similar to leasing or renting software through their SaaS for CS Professional Suite offering, or a traditional up-front purchase. The publisher offers some discounts off of the full suggested retail through application bundles and volume licensing.

www.ThomsonReuters.com

2014
OVERALL
RATING



SmartVault Document Storage

BEST FIT

• Accounting professionals and their clients whose practices involve working with QuickBooks, Lacerte Tax, ProSeries Tax, or other accounting or productivity applications, and would like to streamline their workflow with an integrated document management solution to store, manage and securely share files with their clients.
• Accountants and clients who would like to share documents using online document storage and a client portal as part of their collaborative accounting/bookkeeping process.

month, and plans which provide integration with all supported major accounting and CRM systems (QB, QB Online, Xero, FreshBooks, Results CRM, Method CRM) start at \$35/user/month. More pricing details are available online at www.smartvault.com/pricing.

www.SmartVault.com

2014
OVERALL
RATING

**SUMMARY & PRICING**

FileCabinet CS has a number of exclusive integrations with the Thomson Reuters CS Professional Suite of products, and should be considered by firms that use many of these tools. The product is mature and has a good feature set, and provides firms with a digital filing cabinet for their client data files. FileCabinet has add-in tools for Word, Excel, Outlook, and Adobe Acrobat, and it can be used by clients with NetClient CS client portals and the client-facing NetClient CS Mobile app to automatically capture, upload, and file documents with the mobile device camera

SUMMARY & PRICING

SmartVault pricing is on a per user basis, and general document management and file sharing plans start at \$10/user/month. Lacerte and ProSeries plans start at \$15/user/

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11600709

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11600756

DOCUMENT STORAGE SYSTEMS

Practice Management Workspace by Office Tools Professional

BEST FIT

Small to mid-sized practices that need an integrated tool which will help them manage clients, documents, appointments, and staff productivity. Firms that need to free up the time of partners and managers by giving the junior staff and paraprofessionals the informa-

tion they need to effectively follow up on outstanding items and issues with clients.

SUMMARY & PRICING

The application is priced at \$600 for a single user and \$1,600 for a five user package. Discounts are available for tax-season-only users

and other limited use profiles. Annual maintenance and support is priced at 80 percent of the current pricing, and includes all updates and support. Hosted portals and a number of other add-ins which facilitate

data exchange with other applications are available, and are priced separately.

www.OfficeToolsPro.com

2014
OVERALL
RATING



Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11600756

AccountantsWorld Cloud Cabinet

BEST FIT

Cloud Cabinet is one of two cloud-only document storage applications, and fits best for tax, accounting, bookkeeping, and payroll firms who use the other components of the AccountantsWorld Power Practice System. As a cloud-based solution, the application also fits very well as a document management solution for a "virtual" or multi-location practice.

SUMMARY & PRICING

Cloud Cabinet is priced starting at \$9/month, or \$95 for an unlimited number of users. Bundled solution discounts are also available.

www.AccountantsWorld.com

2014
OVERALL
RATING



Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11600726

Drake Document Manager

BEST FIT

Accounting and bookkeeping firms that use the Drake Tax Suite applications for professional tax, accounting, and bookkeeping.

version of the Drake Tax Suite is priced from \$1,095 to \$1,495, and other purchase options starting at \$300 plus \$20/return are detailed on the Company's website.

SUMMARY & PRICING

Drake Document Manager is bundled with the Drake Tax Suite (tax prep, tax planner, write up, and document manager), and is not available for separate purchase. An unlimited

www.DrakeSoftware.com

2014
OVERALL
RATING



Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11600775

FIRST-HAND

An Old Pro Masters Cloud Document Management with Cloud Cabinet

When Juda Kallas first started his tax practice in Manhattan, the technologies available to professionals were quite a bit different than today. While not exactly the stone age, the mid-1970s was a time of tax service bureaus and very few computers within a professional firm. But even then, Kallas saw the potentials that technology would have for the profession and he started adapting the ones that he saw would help him and his staff be more efficient and productive, and provide better service to clients.

AN EARLY TECH ADOPTER

An early user of the computers and the internet, Kallas did his first computerized income tax return in 1985 – 10 years before H&R Block went to computers – and his firm, Juda Kallas, EA (www.judakallas.com), had its first website in 1996. He started using online and email-based client tax organizers soon after. Offering tax services, bookkeeping, business consulting, retirement planning and other financial services, Kallas saw technologies advance even further and his firm grew to a tax season staff of 18 serving more than 650 clients. That's when he recognized the need for a more capable and secure document management solution for his clients and his firm. So he looked to the cloud.

A former user of other programs from AccountantsWorld, Kallas checked out the company's Cloud Cabinet system, a state-of-the-art document management solution for tax and accounting professionals that can help streamline operations, enhance productivity and provide automated disaster recover protection. Kallas had also tried a couple of the competitive products on the market, but he says that Cloud Cabinet provided the features his firm wanted and his clients expected.

CHOOSING THE RIGHT SYSTEM

Before using the document management system, the processes were mostly manual. For instance, he or a member of his staff would email clients tax returns and drafts, and various forms such as 8879, using password protection features. While he said it was fairly secure and integrated with his tax system, he saw the much more efficient benefit of portal-based solutions like Cloud Cabinet.

With his office located a block from Google's New York office, he naturally has many tech-engaged clients who expect the 24-7 online access to documents and files that Cloud Cabinet allows him to provide them. It also has the tools he needs to handle his more complex clients, including those with diverse investment portfolios, expats and multiple K-1s, living across the U.S. and the world.

"Cloud Cabinet makes it easy for me to securely

share files with our clients by simply sending them a link to our website," Kallas said. "Once they log in, they can access their documents, complete the client organizer or perform other tasks and make requests, and they can do it whenever it's convenient for them, without requiring administrative time from our staff."

GETTING UP AND RUNNING

Kallas says Cloud Cabinet was simple to learn for firm staff and clients, and even his older generation clients who ordinarily would prefer paper-based copies of documents have caught on and started using the system. He sped their adoption of the cloud-based system by charging a fee to clients who still wanted printed materials, while the online access was included free of charge. The result: A 90 percent adoption rate among clients.

"The program is as easy as writing an email and adding an attachment, so any professional should be able to almost instantly get up and running with it," said the 71-year-old professional. "Cloud Cabinet and AccountantsWorld overall are very reliable and if we need assistance, their tech support personnel are always very helpful and friendly to work with."

READ THE 2014 REVIEW OF
ACCOUNTANTSWORLD CLOUD CABINET

CPA Practice
Advisor

Software Strategy

Is Your Firm Doing the Right Thing?

For most accounting firms, choosing a software provider and staying the course is an easy and safe decision. Only when there are traumatic events in pricing changes, software not working and not getting fixed, technology changes or regulatory changes that the software doesn't keep up with, will we even consider a change.

Further, it is also a good strategy to choose software from a single publisher or the "suite" approach because of integration benefits, although sometimes the integration isn't very thorough or deep. Alternatively, we can choose a best of breed

approach, where we go through a selection process, understand our needs, match the software to the needs, integrate, implement and train our team on appropriate use.

When was the last time you looked at your firm's strategy and

tactics, and aligned your software with those strategies and tactics? Besides the fundamental products like practice management, tax preparation, tax research, 1040 workpapers, audit, audit workpapers, document management, portals, Workflow, PDF creation, productivity software, operating systems and anti-virus, there are many other areas to consider that have specialty software including: collaborative accounting, state and local taxes (SALT), litigation support, valuations, wealth management and more. The typical firm has more than 75 software systems that are used to provide client service. What are you using and why?

What Needs Do You Have?

Of course, your focus as a firm will determine the software needed to

solve the client problems. For example, if you are dealing with expatriate tax, you'll want portals for working with the clients, software that can handle the complexity of the calculations and appropriate tax planning software that properly projects the client's situation.

If you are dealing with collaborative accounting, you'll want one or two titles that provide the basic accounting, appropriate reporting and dashboard capabilities, as well as portals and document management that allow all business functions to remain paperless. Beyond these fundamentals, you may also want to provide sales tax support, payroll, human resources and other specialty needs depending on the vertical niche you are serving.

The large publishers of Wolters Kluwer, CCH, Thomson Reuters and



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Intuit have a broad line of offerings. We are frequently amazed how firms don't know that there are many products beyond the fundamental products including knowledge management, fraud detection and sales tax products in their offerings. If you are trying to work with a single vendor, make sure you contact your sales representative about additional needs in your practice to determine if your main supplier has a product that fits your needs.

Competitors to the large publishers have offerings in every area of a CPA firm. For our K2 Enterprises CPE courses, we maintain a web site that lists the popular solutions at: www.cpafirmsoftware.com/software-solutions. In each category of practice, we try to remain aware of the top offerings, costs and benefits of each product available to the CPA profession.

A good rule to follow is that if a product you are considering is not on the list, be reticent to choose that solution. There may be technical

issues, poor support or other reasons a product is not listed. If you are considering a product that is not listed on this web site, I'd like to hear from you directly about the product and your need. Many times it is an opportunity to learn from you as you refine your practice.

For example, each of the large publishers have good practice management products: CCH ProSystem fx Practice Management, Thomson Practice CS, and Intuit ProLine Practice Management. Other worthy products to consider for time and billing and Practice Management include: BillQuick, Office Tools Professional, TPS, Commercial Logic TrakTime Central, PowerPM or APS Advance Practice Management, and Practice Engine each bring something unique to your practice.

Although some would claim practice management is dead, keeping track of your costs, producing and tracking invoices and payments is still critical in our practice. Value billing has more value to

the firm when we understand the amount of services being provided to the client. Examples of the value of our services are evident in areas like tax, collaborative accounting or detecting fraudulent activity.

Using fewer software products in a practice is typically cheaper, requires less training, is easier to implement, and produces efficiency. Using a spreadsheet to track items that are better done in some other piece of software lowers efficiency. For example, we frequently see spreadsheets used for workflow, business development, and reporting, when tools like XCM, CCH Workstream, Thomson FirmFlow, Results CRM, and Biznet could do a much better job. The investment in the software compared to the hours squandered in a spreadsheet is small when all hard and soft dollars are considered.

Don't Change for Change's Sake

Look at your needs and reflect on the

processes you have that are largely manual or where you are currently doing a workaround in your software. These areas are an opportunity for improvement, and could potentially have a software solution. Understand your needs, what you intend to accomplish, your budget and your probable return on investment before beginning a software selection process. See a demonstration and see if you can use the software for a trial period.

Understand the limitations of the software being considered before signing a contract. Budget sufficient time and money for appropriate training for your staff. Remember to eliminate the older way of accomplishing the task. We don't want to introduce an additional way to complete the project, but a better, more effective way. And, of course, the goal of changing software is to use less time, producing a better client product while producing more profit per partner. ●

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8 Tips to Finding New Clients at Trade Shows

Trade shows remain a viable marketing option for accounting firms, yet many practitioners still don't see the value. The fact is that if the appropriate level of planning is applied, trades shows can prove exceptionally successful in terms of lead generation and networking. Firms must first think through such items as budget, the right shows to attend, and materials (booth, kiosk, giveaways, marketing collateral, etc.). When all the pieces come together, attending a show can prove highly valuable.

Preparing to attend an exhibition doesn't have to be overwhelming either...even if you've never done it before. While it's true that there are many elements that need to come

together, when you have a well structured plan in place, you can cut down on the chaos considerably—and ultimately enjoy your time networking and capturing qualified leads.

So then, if planning is the key, it's best to start with a checklist. The following list of must-do activities offers a good starting point to getting you prepared for trade show season.

1 Research and select the right shows to attend. There are lots of small business shows, but not all of them are going to be right for you. You have to first identify your firm's needs. For example, does your firm specialize in any niches (e.g., veterinarians or restaurants)? If so, you will want to identify industry-specific events. Also be sure to check into such details as past attendance counts, cost to exhibit, and even keynote speakers—anything to help you qualify a given trade show.

2 Consider your budget. Budget isn't merely about booking space at an event. Before you start, work out how much you want to spend or can afford. This calculation should be mainly based on what

sales and marketing budget you have available. Failure to work from a budget ensures that you will spend more than you like.

3 List out your objectives. Without a clear list of objectives, you can't begin to measure your success. Ask yourself, "What is the purpose of attending this event?" For example, is it to make sales, generate qualified leads, promote your business, or launch a new service or brand? These are all valid reasons for exhibiting, so make sure you know which one is yours and plan accordingly.

4 Build your marketing collateral arsenal. It is essential to have the right stock of marketing materials when you exhibit. These are the pieces that you hand out to visitors to your booth... the materials that explain who you are, what you do, and the value you offer. Think through the collateral you will need. For example, if you are exhibiting at an industry-specific event, have your niche materials on hand in addition to your firm's brochure, giveaway items, and any other fulfillment pieces. Also make sure that your marketing materials are consistently branded and look highly professional. Don't be afraid to work with a marketing professional to create these much-needed pieces.

5 Bring the right staff to "sell" your firm. Think through who are the best employees to bring to the show. You'll want those staffers who are not afraid to market your services and can easily articulate what it is you do (and how well you do it). Also consider the fundamentals such as proper attire, general behavior while in the booth, and attitude toward attendees. Everyone should be clear on what is expected of them and your goals for the event. A well-gelled and knowledgeable team is your best sales and marketing tool.

6 Capture leads. Capturing leads is often an afterthought, until you actually get to a show and realize that you have no structured way to record and organize information. It's a good idea to use what's known as a "lead sheet"—a piece that allows you to easily document attendee contact information. Using a lead sheet means that everyone in your booth is capturing information the same way, which will make review of data much easier. Prior to the show, think through the information you need to collect in order to qualify a lead. You can include: contact name, phone number, email, business name, business size, annual revenue, and a notes section. The key here is to customize your lead sheet to meet your needs.

7 Launch a post-show campaign. It's your responsibility to stay front of mind with your new list of leads, so be sure to develop a post-event email or print campaign to touch base with attendees and remind them about your services. And don't stop with one communication, plan a series to keep the relationship going and move leads through the sales funnel.

8 Conduct a post-event evaluation. No one does everything right...there's always room for improvement. So make sure you carefully evaluate your trade show experience. Did you have the right tool for capturing leads? Was your staff prepared for marketing your firm? Were your marketing materials adequate and properly branded? What could you have done better? These are all good questions to ask when evaluating your performance and identifying areas for improvement.

These eight tips serve to get you started in planning your next trade show. Whether it's your first event or you've attended several, these techniques will help you better prepare for show success. ●



Kristy Short, Ed.D, is partner and Chief Marketing Officer in RootWorks LLC (RootWorks.com) and president of rwc360, LLC (rwc360.com)—firms dedicated to providing practice management education, branding, marketing, and public relations services to the accounting profession. She is also a professor of English and marketing. Reach her at kristy.short@cpapracticadvisor.com.

Intuit Connects to Small Businesses, Accountants and Developers with New Conference

By Taija Jenkins, Assistant Editor

If you've been following Intuit the past year, chances are you've heard the company talk about its plans to remove pain points for small businesses. Every move the company has made seems to be a calculated step in the direction of building a seamless QuickBooks Online ecosystem for its customers. The latest announcement of its new conference, QuickBooks Connect, is no different.

Intuit, creator of business and financial management solutions, is inviting thousands of small business owners, entrepreneurs, accountants and developers to San Jose, CA for one day packed with educational tracks and presentations from industry experts. The first-ever QuickBooks Connect is a two-in-one conference. The first part of the conference, geared towards accountants, opens on October 21, 2014 and runs until October 23. The main event, which targets small business owners, will take place on October 22 and is a one-day event.

"We decided to make the conference a one-day event for small business owners so that it wouldn't be a burden for them to attend," said Rob Lanese, Chief Communications Officer, Intuit. "We also have activities before and after the conference for accountants and developers, both of whom tend to have a bit more flexibility in their schedules. However, small business owners are welcome to attend these events as well."

The conference has a number of shared sessions scheduled, which are geared toward all attendees: small businesses,

entrepreneurs, accountants and developers. They include keynote presentations, an innovation gallery, networking opportunities, roundtables and hands-on workshops. Throughout the day, specially designed tracks for each audience are also available in order to meet their unique needs and points of view.

There will be an additional workshop on October 20 for accountants, which features Advanced ProAdvisor certification exam prep, training and product deep dive training for QuickBooks desktop. Other conference events include a developer hackathon and an innovation workshop scheduled for the day after the main event designed to inspire attendees who want to take their businesses to the next level.

The conference features a full roster of speakers including Intuit president and CEO Brad Smith, Founder Scott Cook, entrepreneur and TV star Bill Rancic, GoldieBlox CEO Debbie Sterling, and Tristan Walker of Walker & Co. and Code2040. Additional speakers will be announced closer to the conference. In addition to the main stage speakers, there will be several

breakout speakers, focusing hot topics in the accounting profession. Speakers include Joe Woodard, Darren Root, Michelle Long, Greg LaFollette and Edi Osbourne.

"We want to inspire small business owners and aspiring business owners. Our goal is for the conference to be a blend of inspiration to take that leap into entrepreneurship and practical how-to advice, said Lanese, who is leading the production of the QuickBooks Connect conference. We have successful entrepreneurs, such as Bill and Debbie, who will talk about their experiences and what they went through. Small business owners will learn some tips and tricks, as well as what it takes to run a small business."

"This will be a unique opportunity for accountants – many of whom are often small business owners themselves – to meet the people, get the training and learn the skills they need to take their practice to the cloud and better support their clients," said Lanese.

Connect. Educate. Inspire.

As the name suggests, QuickBooks Connect is focused on helping small business owners, accountants and developers connect with each other and others who use the QB ecosystem. Through the hands-on workshops and various networking opportunities, entrepreneurs will not only get to connect with other like-minded individuals, but they will also have the opportunity to learn about the ins and outs of running a successful business.

QuickBooks Connect is structured to provide specialized tracks for each

of its target audiences – small business owners, entrepreneurs, accountants and developers. Entrepreneurs will learn how to turn their ideas and passion into a business by making connections and securing funding. Tracks geared towards small business owners will focus on taking their business to the next level, as well as hiring and financial outlook. Meanwhile, accountants will earn continuing professional education credits and learn about new products.

Intuit is also hosting a special design workshop to show developers how to create innovative apps that utilize QB data.

Looking to highlight its investments into the QBO ecosystem, Intuit made the strategic decision to host an event that would not only market the ecosystem, but also serve to strengthen and build QBO's brand and ecosystem.

"This conference is part of our company's bigger effort to emphasize QuickBooks as not just a platform, but a thriving ecosystem for more than five million small business customers," said Lanese. "QuickBooks Connect will showcase our transition to the cloud and allow our customers to see firsthand the benefits of the Cloud." ●



Taija Jenkins is an assistant editor for CPA Practice Advisor.

Website Builders and Tools for Accounting Firms

By John Higgins, CPA.CITP

So where do you place your firm's website on your list of priorities for your firm? Do you see it as a necessary evil that has to be dealt with just to "be in the game?" Or, do you see it as the gateway to serving your clients for the coming years? Chances are you are probably somewhere in the middle.

I would like to suggest that your website is one of the most important ingredients necessary to have a robust practice that will serve your clients effectively in the new cloud and mobile computing paradigm. Some would argue that we have already reached that point.

I would like to identify **three stages** of website development for your tax and accounting practice; Electronic brochure, client communication center, and gateway to your firm's services. Virtually every firm has achieved the **first stage**, whereby their website succinctly describes the services they offer and the bios of the team that provides those services.

This is a good start, but in many cases could stand to be updated and expanded. All of the site building services reviewed here do a good job at facilitating the design and development of this type of website. Some may be overkill.

The **second phase**, whereby your website serves as your primary client communications center, means that you have a process for communicating important tax and accounting technical updates, new and expanded client services and providing a digital document exchange portal to deliver financial reports and tax returns in PDF format. Perhaps you want to have a blog that will provide a continuous stream of useful information to your clients. The

blog may also be a part of this stage of your website development.

The **third stage**, using your website as a gateway to your client services, is where the greatest opportunity presents itself. At this stage you might offer your clients access to their cloud based accounting system, key performance financial dashboards and a variety of practical cloud based small business applications.

These applications might consist of a cloud-based document management or file storage system, financial planning, investment management tools and many more. The mix of these information services should align with your firm's service offering niches. The fact is, only a small fraction of practices have evolved their website to this stage. However, this evolution should be in your long range plans for your website and considered when evaluating your site building options.

In the reviews provided we will look at features such as the scope of tools available to design and build your website, the availability to plug-in automated content



such as newsletters, tax and accounting updates, the design options available, pricing and more. Read on to learn what opportunities exist for you to develop a world class website for your practice. ●



GetNetSet Websites for Accounting Firms

BEST FIRM FIT

This solution will work well for sole practitioners and small to mid-size firms. Pre-built content seems to favor tax practices.

STRENGTHS

- Three-tier offering so you can minimize the cost or maximize the design

and content of your website for additional fees.

- Guardian Webmaster feature assigns you a dedicated liaison at GNS to help you manage the design and maintenance of your website.
- Breadth and depth of content and design options

POTENTIAL LIMITATIONS

- No direct integration with tax and accounting software
- Extensive use of add-ons and professional services will increase costs

Retainer @ \$49 per month and Recruiter @ \$99 per month

www.GetSetNet.com

SUMMARY & PRICING

GNS offers three alternative pricing options; Representer @ \$29 per month,

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11600563

AccountantsWorld Website Relief

BEST FIRM FIT

AW's value is at its highest for firms that use the other Power Practice Suite of cloud applications. However, Website Relief can be a viable solution by itself for any sole practitioner or small firm.

STRENGTHS

- Ability to embed custom forms on your web site.

- Direct integration with the complete Power Practice System suite of cloud applications to create an interactive client portal.
- New integration with LinkedIn, Facebook and Twitter.
- Ability to mark any page as "draft" so that it will not be displayed in your web site while you are working on it.

POTENTIAL LIMITATIONS

- Power Practice System does not include tax preparation
- Less value for firms that do not use the Power Practice System

tion, hosting in an Amazon EC2 data center, and unlimited free technical support. Bundled solution discounts are also available.

www.accountantsworld.com

SUMMARY & PRICING

As a standalone solution, Website Relief is priced at \$59 per month, \$595 per year and includes the website builder applica-

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11600628

CCH Site Builder

BEST FIRM FIT

Any small or mid-size accounting or tax practice. Highest value is for firms using the CCH Access Portal application which can be embedded into the Site Builder application.

STRENGTHS

- Depth of add-in modules to expand the breadth of content on your website with limited effort.

- Integration with CCH Access Portal
- Online calendar and automated client appointment generator.
- Breadth of design templates and customization options available, including mobile ready styles.

POTENTIAL LIMITATIONS

- Potential that you will "over build" your web site with too much content

- simply because it is available and easy to add.
- Optional content will incur additional costs

trial, without providing credit card information.

www.cchgroup.com/sitebuilder

SUMMARY & PRICING

The base price for CCH Site Builder is \$785. Pricing is tiered based on available options. You can sign up for a free 30 day

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11600608

CPA Site Solutions

BEST FIRM FIT

Firms that want a website that can be developed into a full service client portal offering access to accounting, tax and other software applications.

STRENGTHS

- Breadth and depth of library of content to incorporate into your website

- Comprehensive integrated marketing materials and automated newsletter process
- Option to plug-in cloud applications

POTENTIAL LIMITATIONS

- May be more than you need if you want your website to be simply an electronic brochure

SUMMARY & PRICING

CPA Site Solutions offers three alternative plans; Silver @ \$49.50 per month, Gold @ \$69.50 per month, Platinum @ \$99.50 per month. Visit their website for details of what each plan offers. The company offers a two month unconditional money back guarantee, after your website is setup. Additional custom

design services are available for an additional fee.

www.CPASiteSolutions.com

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11600600

WEBSITE BUILDERS

Tenz Accounting and Financial Site Builder

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11800583

BEST FIRM FIT

Firms that want a highly customizable website and the ability to manage their own web site content any time and from any where

STRENGTHS

- Extensive library of templates, images, calculators and other content
- Single source for all of your marketing materials
- Fast, wizard-driven web site setup

POTENTIAL LIMITATIONS

- Will need to spend some time to decide which content to include and what to exclude

SUMMARY AND PRICING

Pricing is \$299 annually. Additional fee based service are available including custom design, search engine optimization and more.

www.AFSB.net

Thomson Reuters Web Builder CS

Read the full review and see expanded ratings for this product online at: www.CPAPracticeAdvisor.com/11800587

BEST FIRM FIT

Any firm that uses the Thomson Reuters CS Professional Suite of applications to run their practice.

- applications, particularly the Net-Client CS portal
- Depth of expertise provided from Emochila history
- Hosted by Thomson Reuters in world class data centers

POTENTIAL LIMITATIONS

- Firms can optimize the value of the program if using other programs in the Thomson Reuters CS Professional Suite of applications

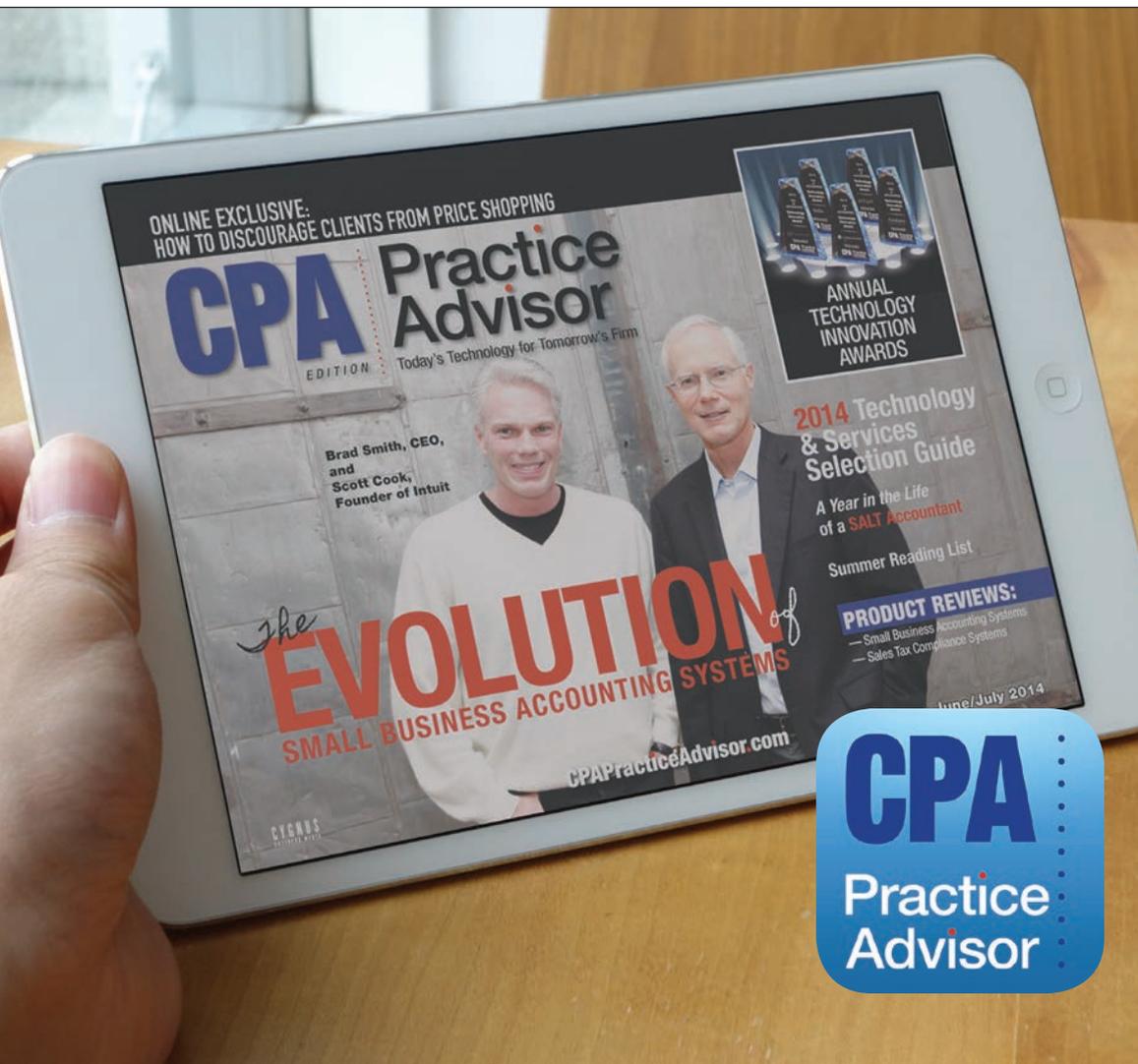
Pricing starts at \$70 per month. Additional fees for custom design services may apply, which include the services of an account manager who helps make sure that the firm is satisfied with their website.

STRENGTHS

- Integration with the CS suite of

SUMMARY & PRICING

www.efilecabinet.com

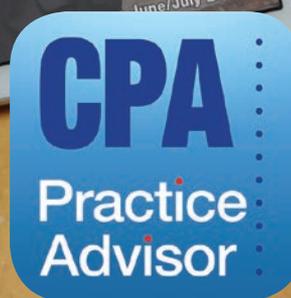


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HOW TO MAXIMIZE HOME OFFICE DEDUCTIONS

By Ken Berry, CPA Practice Advisor Tax Correspondent

It is well-established that you can deduct home office expenses only if certain tax law requirements are met. Notably, no deduction is allowed unless the taxpayer uses the home office regularly and exclusively for business purposes.

It's the "exclusivity" part of the test that usually trips up clients. However, the Tax Court gave one taxpayer living in a cramped apartment a little more leeway – literally – than the IRS usually allows (Miller, TC Summary Opinion 2014-74).

First, let's recap the basic rules. Generally, a taxpayer qualifies for home office deductions only if he or she uses a portion of the home regularly and exclusively as a principal place of business or a place to meet or deal with customers, clients or patients in the normal course of business. If the taxpayer is an employee, the home office must be used for the convenience of the employer.

Assuming a taxpayer qualifies under these rules, he or she may deduct expenses directly related to the home office, like the cost of

painting a room used exclusively for business, plus a proportionate share of other expenses like mortgage interest, property taxes, utilities, repairs, insurance, etc. (Note: The portion of mortgage interest and property taxes attributable to the home office would normally be deductible in any event on Schedule A.) Furthermore, the taxpayer may claim a depreciation allowance based on IRS tables.

Now here's what happened in the new case: Lauren Miller, who lived in a studio apartment in New York City, was the sole New York employee of BrandingIron Worldwide (BIW), a public relations and marketing firm headquartered in Los Angeles. BIW asked her to work out of her apartment until it could secure local office space, but it never did. Miller continued to use her apartment for busi-

ness and BIW represented it as its New York address in various matters (e.g., listing the address on its website as its New York office). She usually worked weekdays between 9 am and 7 pm, but was generally expected to be available at all times.

The apartment was a single room divided into three equal sections: (1) an entryway, a bathroom, and a kitchen area; (2) office space, including a desk, two shelving units, a bookcase, and a sofa; and (3) a bedroom area, including a platform bed and dressers. Miller frequently met with BIW clients in the office space as well as using the computer on the desk for work.

Although the office space was used primarily for business purposes, Miller admitted she occasionally used it for personal reasons as well. In fact, she had to walk through this section of the apartment to reach her bedroom. Thus, the IRS denied all the deductions relating to her home office.

The Tax Court observed that BIW had listed Miller's apartment on its website as the address for its New York office; that Miller testified

credibly that she regularly used one-third of her apartment space as an office for BIW business; that she regularly met with clients there; and that she was expected to be available to work well into the evening. These facts persuaded the Tax Court that the apartment was Miller's principal place of business and she was using it for her employer's convenience.

Saving grace: The taxpayer used the office space personally, but the use was de minimis and completely attributable to the practicalities of living in a studio apartment with small dimensions. Accordingly, she can deduct one-third of her rent plus a proportionate share of other legitimate household expenses.

Moral of the story: Whenever possible, have your clients stick to the strict letter of the law, avoiding any personal use of a room, or segregated office space within a room, that is devoted exclusively to business. However, don't concede home office deductions if a client engages in nonbusiness use of the space on a minimal basis, especially if it dictated by the home's dimensions. ●

How to Start or Expand a SALT (State and Local Tax) PRACTICE



The first thing you should do NOW, and the one thing you should not do, at least not yet.

Andrew Johnson, CPA.CITP

So you are considering starting or expanding your SALT practice? Excellent! In fact, a recent survey of CPA firms pointed out that 75% of firms are looking to add SALT to their portfolio of services.

That means you are on the leading edge and ahead of many firms. That's not surprising to us. We are a CPA firm ourselves and focused entirely on providing SALT services since 1992. We speak from our own experience of over 20 years as a firm. SALT is a profitable niche service with opportunities to offer premium services. State governments are increasingly hungry for tax revenues and they are turning up the heat. It's an area of increasing complexity with bigger pitfalls for clients. Your clients need this type of help from their CPA.

There are two main reasons why CPAs should be doing more SALT work:

- The first reason is to protect your clients.
- The second reason is to grow your practice.

Let's talk first about protecting your clients. That's where it all starts and ends. And you already know that as you look out for your clients' best interests, your practice will grow, and state and local tax services (ok let's refer to it as SALT from here on out), but SALT can help accelerate that growth.

So what's the one thing that CPA should do right NOW to start their own SALT practice? And what's the one thing they should not do yet? Well, don't assume you need to go off and hire an outside expert right now.

There's no need to spend that time and effort right now, and risk all that capital. You can do this with your existing people. The one thing you need to do NOW, is attend our free webinar about the opportunity. What is the market? How will you begin the process? What is the cost? What are the possible pitfalls?

The free webinar isn't a sales pitch. It is substantive information you can use immediately. What will you learn?

First, you will learn about state tax nexus.

Just briefly, what is nexus? Nexus is that minimum connection that a state must have with you or that you must have with the state in order for them to be able to force you to collect their taxes or pay their taxes. It's a simple

definition, but the definition belies the complexity arising from actual day-to-day business activities across different states. How do you know exactly where that line is crossed for every activity in each state? What exactly constitutes enough connection? That's where we run into the difficulties. So you have to become more educated in this area.

Why learn about nexus? Like I said, it's all about protecting your clients. And learning about nexus will help you to protect your clients. One of the biggest liabilities that could potentially hit a small/medium business is a sales tax audit assessment. Businesses that should be collecting sales tax, but are not, face a growing liability every month. Upon audit by a state, they would be assessed that uncollected tax.

It would be a tragedy, we call it the Biggest Tragedy in Sales Tax, because they would have to pay that tax out of their own pocket, which they could have collected at the time of the sale from their customer. Add to that penalties and interest. That's why a sales tax audit is potentially devastating to a business. Much more so, usually, than if they were audited for income taxes. Income taxes are generally due on your net income earned in a state. Usually income taxes are largely due in the home state. But sales taxes, as you know, are a transaction tax due on a sale regardless of the profit. Stop and consider this: By understanding sales tax nexus and helping your client to take action, you may actually be preserving your client's ability to continue as a going concern.

But first you have to understand what the current "laws of the land" are when it comes to nexus. A lot of businesses (and their CPAs, unfortunately) labor under the false impression that nexus requires physical presence in the form of an employee or an office building in a state. The truth is, it takes a lot less than an employee or a

building to create nexus. I invite you to see our short video our five most common nexus-creating activities for some more information on that. It may surprise you how low the threshold for nexus truly is.

Once you understand what activities create nexus for sales tax, then learn the nuances of income tax nexus. If you have nexus for sales tax, you don't automatically also have income tax nexus in every state. Nexus for sales tax and income tax is like two circles that have large intersecting areas but also have their own independent tests as well. As such, it's possible that you might not have nexus for sales tax but you do have nexus for income tax.

Sales tax nexus is usually the biggest hotspot for your clients, because it carries so much potential exposure. But you also need to be ready to answer your clients on income tax nexus and take action to protect them from potential exposure there as well.

Growing Your Practice

Protecting your clients from state tax liabilities will grow your practice if you know what services they need. Here are some of the solutions you can offer or services you can perform to help protect your clients from the exposures with state tax nexus.

- Nexus consultation and analysis
- Exposure analysis
- Voluntary disclosures and amnesty
- Registrations
- System automation for sales tax collection. Get the rates right and constantly updated.
- Tax return preparation and filing

Once clients realize where they have nexus, their usual reaction is to want to get registered in those states right away and start collecting/paying the taxes. But that could be the worst thing to do and you need to understand why. They

may have past exposure that needs to be dealt with first through voluntary disclosures and amnesty programs. Once past exposure is resolved, then they can register and begin collecting and paying the appropriate taxes. This can seem daunting with thousands of taxing jurisdictions with changing tax rates and different taxability rules. And it is daunting if you try to handle it manually. Most likely they will benefit from automating the process using a reputable third party service to track the ever-changing rates and taxability of items they sell.

CPAs can get involved in helping their clients get the system automated and all set up. Then on an ongoing basis, the CPA can assist with the return filing. Sales tax returns are due either monthly, quarterly or annually and income tax returns are due usually on an annual basis.

And that's how your business grows as you protect your clients' vital interests.

Of course, there's more, much more, you can do under the umbrella of SALT. There's consulting and research into taxability of items your clients purchase. There are so many different laws and cases that impact whether what they buy in a given state is even taxable. You could save your clients real money as you help them analyze their larger purchases. You could even identify areas where they have overpaid the taxes and secure refunds for them. Talk about premium, value-added services! As you grow your SALT practice you could get involved in the lucrative service of assisting your clients with revenue agent reviews at the state and local tax level. You may be very surprised how often your own existing clients are under audit by a state. Hopefully this gives you an idea of where you can take this as you gain

5 HOTSPOTS CHECKLIST*

Hot Spot	Description
Nexus	<ul style="list-style-type: none"> ✓ Sales into which states ✓ Employees in which states ✓ Independent contractors in states ✓ Conferences in which states ✓ Common & State by State Activities Links
Rates & Product Taxability	<ul style="list-style-type: none"> ✓ Verify sample of rates- Make sure tax is collected
Use Tax	<ul style="list-style-type: none"> ✓ Do you have a process in place to track use tax? ✓ Make a purchase and don't pay sales tax? Look for use tax issues. ✓ Pulling inventory off-shelf, even gifts to charity ✓ Sample of fixed assets
Exemption Certificates	<ul style="list-style-type: none"> ✓ Do you have a process in place ✓ collect and to validate certificates? ✓ Review sample of certificates (10-15) signed, not expired, correct permit number
Returns	<ul style="list-style-type: none"> ✓ Is there a process in place to file returns? ✓ Are you taking advantage of necessary discounts for prepayment.

* Provided by Peinzer Johnson & Company

expertise. And we can teach you how we've been successful and you can just replicate (and improve, I'm sure) on what we've done. But that's down the road a bit.

The first step, in my opinion is to learn all about nexus and how those laws apply to your clients. And fortunately we have lots of resources available to you to become much more knowledgeable on what creates nexus. Learn what the current nexus standards are, and how they evolved to this point. What is the U.S. Supreme Court's role in determining nexus, what is Congress' role and what about state governments, do they have a say? What about movements to pass a federal law on this issue? Has that ever been done, if so, what are the federal rules? Are there different standards of nexus for income tax versus sales tax? If so, why? Did you know, for example, that it's actually easier in most states to have nexus for

income tax purposes that is for sales tax purposes? You will learn all that and a whole lot more. Once you learn all that then you will see how you can use it to benefit your clients.

We also have training that we can offer to you for how to actually conduct nexus reviews and consultations for your clients how we charge for it; what's the going rate; and what are the deliverables. All these things we can make available to help you begin now to expand your state and local tax service offering. Which automatically leads to recurring work on the compliance. ●



Andrew H. Johnson is a cofounder and principal in Peinzer Johnson, one of the largest SALT (State and Local Tax) practices in the United States.

TOP INFORMATION WEBSITES FOR SALT ACCOUNTANTS

- SBA: Learn about your state and local tax obligations: <http://www.sba.gov/content/learn-about-your-state-and-local-tax-obligations>
- NOLO – 50-State Guide to State Laws: <http://www.nolo.com/legal-encyclopedia/50-state-guide-internet-sales-tax-laws.html>
- Streamlined Sales Tax Project: <http://www.streamlinedsalestax.org/>
- Marketplace Fairness Act Information: <http://www.marketplacefairness.org/>
- State and Local Sales Tax Rates in 2014: <http://taxfoundation.org/article/state-and-local-sales-tax-rates-2014>
- How State Sales Taxes Work: <http://money.howstuffworks.com/personal-finance/personal-income-taxes/state-sales-taxes2.htm>

A Year in the Life of a Payroll Accountant

The Year in the Life of a Payroll Accountant series is being created for the small to medium-sized practitioner who is interested in starting or growing a payroll practice. In cooperation with SurePayroll, each month we'll provide you with the latest news relating to payroll issues, help with getting started in the area of payroll services,

marketing advice for building your client base, information about trends and new concepts in the payroll arena, guidance for answering the questions your clients are asking, and more.

We are working with seasoned payroll practitioners who can provide advice from their years of experience as well as practitioners who are new

to payroll who can share their real-life stories about the challenges and successes they encounter. We welcome your comments, suggestions, questions, and contributions as we explore the realm of payroll services.

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

Employee vs. Independent Contractor: Do You Know the Rules?

By Taija Jenkins, Assistant Editor - CPA Practice Advisor

When you're running a business and someone works for you or provides a service, you pay them. That's easy. What isn't always so easy is determining how you should treat those payments. Before you enter into a business relationship, it's important to establish the type of relationship – is this person providing services as an independent contractor or an employee?

The Internal Revenue Service recently updated its 20-question rule and the new checklist which can be found on the IRS website at (www.irs.gov/pub/irs-pdf/p15a.pdf). It looks at the following 11 factors across three different categories to determine the degree of control and independence a worker has.

BEHAVIORAL CONTROL – Does the business have a right to direct and control how the worker does the task for which the worker is hired? **1. Instructions the business gives the worker.** While the amount of instruction may vary by job, behavioral control may exist if the employer has the right to control how the work is

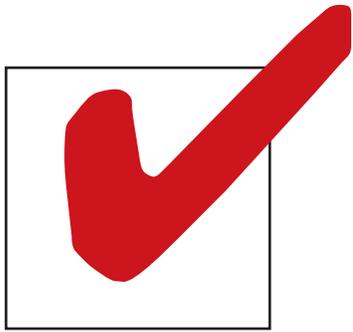
performed. Generally, the business can control when, where and how an employee works, including specifying what tools and what equipment to use, where to purchase supplies and services, what workers to hire and what order or sequence to follow. Independent contractors usually control the terms of how and when their services are rendered. **2. Training the business gives the worker.** Businesses usually train employees to perform services using a specific process, while independent contractors use their own methods.

FINANCIAL CONTROL – Does the business have a right to control the business aspects of the worker's job?

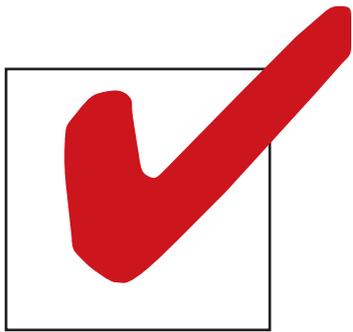
3. Extent of worker's unreimbursed business expenses. Independent contractors are more likely to have unreimbursed expenses than employees. Fixed ongoing costs incurred regardless of whether work is being performed is a key factor. Keep in mind, however, employees may sometimes incur expenses related to services they perform for their business that are not reimbursed. **4. Extent of the worker's investment.** Employees usually invest only their time in whatever work they are performing while an independent contractor heavily invests in the facilities and equipment they use when providing a

service for someone else. **5. Extent to which the worker makes services available to the relevant market.** Employees generally provide services to one entity – their employer. Independent contractors, on the other hand, usually advertise their services and are available to work for others simultaneously. **6. How the business pays the worker.** Employees are usually paid a regular wage on a timely (hourly, weekly, yearly) basis, while independent contractors are paid per job, or other specifications outlined in the contract agreement. In some professions, such as law, independent contractors are paid hourly. **7. Extent to which the worker can realize a profit or loss.** Independent contractors can make a profit or loss because they usually are responsible for the cost of doing business. Employers generally provide employees with a workplace and the tools, materials, equipment and supplies needed to work, so employees do not have an opportunity to make a profit or loss.

TYPE OF RELATIONSHIP – What type of business relationship do the parties have? **8. Written contracts**



W2



1099

describing the relationship. The nature of the work relationship carries a greater weight than what the parties choose to call it. However, in situations of a close call, having a written contract can make a difference. **9. Employer-provided benefits.** Businesses provide employees with benefits such as insurance, 401k and paid vacation while independent contractors must provide those benefits for themselves. In addition, independent contractors are responsible for paying all required taxes on their income, while employees share the tax liability with their employer. **10. Permanency.** Employees are generally hired indefinitely while independent contractors are hired for a specific project or period. **11. Nature of services provided.** When companies hire workers to provide services that are key aspects of their regular business activity, this usually indicates an employer-employee rela-

tionship. As such, businesses usually have the right to direct and control the worker's work activities.

When classifying workers, it's important to look at the big picture as misclassifying a worker can have huge tax and business ramifications. The biggest risk is the possibility of a worker reporting an anonymous claim to change classification. If this claim is approved, not only will your business be responsible for owed employment and social security taxes, but it is now also at an increased risk for IRS audits. Businesses are required to report wages above \$600 paid to an independent contractor in one calendar year. If a worker submits a claim for misclassification, this reporting could trigger an IRS audit and potential penalties.

In some circumstances a business may have a valid reason for not treating a worker as an employee. In those instances, you may be relieved

from having to pay employment taxes for that worker. In order to qualify for the relief, you must file all federal information returns on a basis consistent with your treatment of the worker and your business must not have treated any worker holding a substantially similar position as an employee for any periods beginning after 1977. Keep in mind that classifying an employee as an independent contractor simply to save time and avoid giving them benefits and paying employer taxes is not a valid reason. Publication 1976 provides more information.

The IRS also offers an optional program that provides businesses with an opportunity to reclassify their workers as employees for future tax periods for employment tax purposes with partial relief from federal employment taxes. Eligible employers can apply for the Voluntary Classification Settlement Program by filing Form 8952 and enter

into a closing agreement with the IRS.

If you are unsure which classification a worker falls under, you can consult with an attorney or file Form SS-8 to receive clarification from the IRS. The IRS will review the facts and circumstances and determine the worker's official status. This process, however, could take at least six months before a determination is received. Many businesses also find using a staffing firm helps them avoid potential misclassification issues. They are able to find skilled workers to help complete work, but the workers remain employees of the staffing firm. As a reminder, it's important to remember that there is no specific number of factors that classify someone as an employee or independent contractor. If you are having difficulty classifying a worker, it's important to consult with a knowledgeable labor and employment law attorney. ●

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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

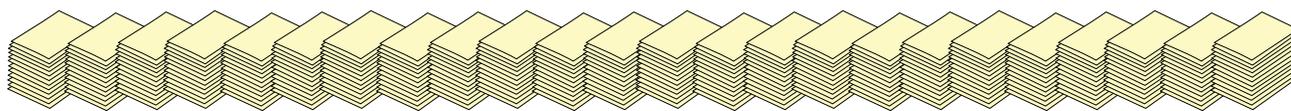
OF PEOPLE SAY THEY PAY BILLS LATE BECAUSE THEY LOSE STATEMENTS

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

10 Strategies to Leverage Your Firm's IT Investment

Technology is embedded in every area of your firm, and leveraging IT investment is key to business success. Here are 10 strategies to help your firm maximize its IT investment.

1 IT PLAN & BUDGET

When it comes to IT planning and budgeting, paramount is whether your firm has an overall strategic vision and future plan.

If you have none, take pause—and create it. An effective IT strategy and budget should support the firm's direction. Keep in mind that if IT strategy and budget are misaligned with firm direction, more harm than good waits.

2 SECURITY – RISK MANAGEMENT

Security has been a concern to CPAs for years, one rapidly gaining prominence after headlines of recent cyber-attacks. Mindset is shifting from “if it happens” to “when it happens.” Many firms are striving for balance between lockdown and rapid response. Keeping abreast of your state's guidelines (and those of the states in which you do business) is critical. Only with such knowledge can firms effectively approach security from a risk management perspective to determine appropriate resource allocation for prevention and response.

3 KNOW THE NUMBERS

Metrics and benchmarking are important to managing technology. Some of the most important metrics are revenue per full-time-equivalent (2080 hours), amount spent on IT per FTE, percentage of revenue spent on IT, average hourly rate collected and end users per IT support person. These numbers drive improvement. Keeping a pulse on where your firm stands in comparison to previous years and to peer firms is essential to keep you headed in the right direction.

4 LEADERSHIP, MANAGEMENT & ACCOUNTABILITY

A leadership team that values technology as a strategic asset rather than merely as a cost of doing business is vital. Also important is assessing whether your firm has the right IT leader in place. Ask yourself whether that leader is adapting to rapidly

changing technology trends, such as cloud technologies, consumerization and the mobile workforce. Too, recognize that leadership and management set the tone relating to how firm members value technology. Accountability is also key. Without it, plans are worthless.

5 UTILIZE AN IT STEERING COMMITTEE

Proper IT governance is a must. Treating any project that involves technology as an IT project, rather than a firm project, is a common mistake. Better is to build a balanced committee with members from multiple firm functions and levels—with the mission to lead the planning process, establish priorities and ensure that every project has a champion. The most successful firms have quarterly IT committee meetings; at the very least committees should convene annually to build the IT strategic plan with involvement of end-users and firm leadership.

6 LOOK OUTSIDE YOUR OWN FOUR WALLS

Joining a peer network offers access to experience, expertise and personal development outside your own firm. Peer groups provide insight, new perspectives, research and development, benchmarking and confidence that can save your firm time and money. Firms cannot operate in a vacuum, and the value of trusted, vetted peers to call on is priceless.

7 LOOK OUTSIDE THE CPA PROFESSION

IT in our profession is significantly more complex than that of many of our clients with five times the applications and far fewer integrations. A look at other professions provides insight into what is possible. Keeping it simple is the answer to breaking through the ceiling of complexity, and we can learn lessons looking at non-CPA firms.

8 TREAT VENDORS AS BUSINESS PARTNERS

Valuing technology as a strategic asset rather than as simple overhead inherently promotes forming partnering relationships with organizations that provide technology. These relationships allow firms to tap into the wealth of knowledge and experiences vendors hold. A buyer-seller relationship can be adversarial by nature, and strategic partnerships focus on solving problems, leading to greater success all around.

9 PROCESS IMPROVEMENT

Process improvement is a stated goal in most firms today. Looking for ways to do more with less became even more important during the economic downturn. Concepts of Lean Six Sigma that started in manufacturing are now making their way into professional services firms, including accounting. Taking a proactive approach to process improvement is a must to help efficiently select the right technology to support workflow.

10 TRAINING & LEARNING CULTURE

A training & learning culture is one in which everyone teaches, everyone learns and everyone enhances their unique abilities. Talent development is critical to retention, and a training & learning culture is significant to the younger generation. Gartner Inc. states that for every hour of training, companies receive five hours of increased capacity per employee. Training & learning will help ensure you get the most out of your investment.

I encourage you to use this list as an assessment tool and as a checklist to improve firm IT governance. In doing so, you will become more satisfied and better understand IT expenditures, leading to increased profitability. The bottom line. ●



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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