



"Investing in cloud-based Accounting software"

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"Investing in cloud-based Accounting software"

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"Investing in cloud-based Accounting software"

Introduction

Major developments in modern technology has increased demands for accuracy, realtime information and convenience has made cloud accounting software a must have tool for business owners and non-profitable organisations. MYOB, Xero and Intuit's Quickbooks Online

The market has witnessed MYOB being bought for US\$437 million in 2008 and sold for US\$1.3 billion three years later. Xero took a mere six years to hit a valuation of US\$1.6 billion in 2013 with just 78,000 paying customers; it is now worth A\$11 billion and has more than two million subscribers. Intuit's valuation soared from US\$18 billion in 2013 to its current US\$70 billion.

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Cloud-based accounting options

When choosing a cloud-based accounting software, the big factors to consider are the costs of the subscription, set up costs, suites of applications - apps - on offer and how well each option connects to other systems.

The major accounting software players for SMEs are MYOB, Xero and Intuit's Quickbooks

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Cloud-based accounting options cont.

Xero

When Xero launched in 2007, it built its accounting software around its application programming interface (API which defined interactions between multiple software intermediaries, otherwise known as a set of routines, protocols and tools for building software applications). This set the stage for rapid growth in third-party or add-on apps with over 700 apps that can integrate with it. It competes with Intuit's QuickBooks for the largest ecosystem of business applications.

Xero has been expanding functionality with paid extras to its subscription, such as Xero Receipts (expense management) and Xero Projects (project management).

It is also investing heavily in integrations with payments platforms and financial institutions. You can send online invoices that a customer can pay immediately online, even for recurring invoices such as a monthly subscription.

One of the newest developments is paying your bills from within Xero. Australian users who bank with NAB can create a batch payment in Xero, and approve the payment on their NAB app on their smartphone (In PNG and other pacific island countries this is not yet available through the banks).

Xero also connects with a wide range of fintech lenders and large banks. You can share your Xero file with the lender, and they will approve unsecured loans of up to A\$50,000 or more within 24 hours (I hope this will happen soon with the banks in PNG and the other pacific island countries).

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Cloud-based accounting options cont.

MYOB

(not a cloud software but uses cloud functionality)

MYOB migrated all Australian businesses with staff to its cloud-connected accounting software in the shift to Single Touch Payroll. MYOB has a browser-based accounting program, Accounting Essentials, which is similarly priced to Xero, but has fewer features.

A better competitor to Xero is MYOB's cloud connected desktop software, MYOB AccountRight, which includes multi-currency, project and job tracking, and complex inventory. However, unlike browser-based accounting programs, AccountRight users need to download the software to use it, and it can only be used on a PC.

Today, MYOB products connect to more than 320 apps, representing the combined ecosystems of AccountRight, Essentials and POS app Kounta. MYOB doesn't break out the size of the individual ecosystems.

MYOB has two mobile apps, Capture (expense management) and Invoices. MYOB's payment tool PayBy gives you the ability to take payments from Visa, Mastercard, AMEX and BPay.

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Cloud-based accounting options cont.

Intuit's Quickbooks Online (QBO)

The cloud-based QuickBooks has a feature set that is comparable to Xero, the market leader, but which costs substantially less. (This is true even before the discount, which is only for the first year.)

Intuit is more generous than Xero when it comes to features. The projects module is included with the subscription price in the most expensive plan, which is already half the price of Xero.

Intuit has also invested heavily in APIs and is pulling away in its mobile apps, which are also dependent on high-quality APIs.

The QBO mobile app boasts more features than any of its competitors. Intuit is also moving quickly to produce a voice-driven mobile app called QuickBooks Assistant, which will create invoices on command.

Intuit is unique in exploring a new direction for integration. It turns ecosystem apps into plug-ins that add extra features inside the accounting software itself. This particular technique was pioneered in Australia by payroll app KeyPay, and replicated with its timesheets acquisition, TSheets.

As Intuit had no local payroll app, it made KeyPay the primary supplier. The difference is that KeyPay's payroll screens appear inside QBO and look like they are part of the accounting software.

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Cloud-based accounting options cont.

The main plans being sold in PNG

Software	QBO	XERO	MYOB	MYOB
Package	QBO	XERO	AccountRight	AccountRight
Plan	Plus	Premium	Standard	Premium
Multi Currency	Yes	Yes	No	Yes
Multi User	Yes	Yes	Yes	Yes
Inventory	Yes	Yes	Yes	Yes
Budget	Yes	Yes	Yes	Yes
Track Jobs	Yes	Yes	Yes	Yes
Full Accounting	Yes	Yes	Yes	Yes
Import/export from Excel	Yes	Yes	Yes	Yes
Export to Excel	Yes	Yes	Yes	Yes
Mobile App	Yes	Yes	No	No
User interface	Laid out nicely and easy to use, easy to navigate and user friendly	Laid out nicely and easy to use, easy to navigate and user friendly	Laid out nicely and easy to use, easy to navigate and user friendly	Laid out nicely and easy to use, easy to navigate and user friendly
Add-on software	Use API	Use API	Use API	Use API

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Costs and Benefits of moving away from desktop financial systems to cloud-based accounting software

COSTS

-Pricing

The 3 programs have different price schemes so there is no clear-cut comparison. Often, they would have a basic program package with a base price and you could order a “premium” which may have more features or more payroll. (Quoted in AUD).

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MYOB Pricing

It has 2 different packages and under those packages they offer different plans:

1) MYOB Essentials - is online-only, browser-based accounting software designed for new and smaller businesses

- MYOB Essentials Starter - \$25 per month, the first package allows you to send up to 5 invoices, up to 25 bank transaction feeds and payroll for 1 person.

- MYOB Essentials Payroll - The second package, at \$40/ month allows for payroll for 1 person but provides up to 250 bank transaction feeds and an unlimited number of invoices

- MYOB Essentials Unlimited Payroll- The final package, at \$50 per month also allows for unlimited invoices, and up to 250 bank transaction feeds but, as the name suggests, it allows for an unlimited number of employees for payroll.

2) MYOB AccountRight - is fully-featured accounting software designed for small to medium sized businesses which want the flexibility to work online or offline (you have to choose either and cannot have both options)

-Standard - \$70 per month (not including some discounts currently).

-Plus - \$109 per month (not including some discounts currently).

-Premier - \$140 (not including some discounts currently).

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Costs and Benefits of moving away from desktop financial systems to cloud-based accounting software cont.

XERO Pricing

It has 3 plans with similar offerings like MYOB:

- Xero Starter - has a rate of \$25/month which allows you to send up to 5 invoices and quotes, pay 1 person and reconcile 20 bank transactions
- Xero Standard - at the rate of double that of Xero Starter (\$50) allows for unlimited invoices and quotes to be sent and allows you to reconcile an unlimited number of bank transactions
- Xero Premium - is at \$60/month and is just like Xero Starter except you can now pay up to 5 employees. Another bonus is that it allows you to handle different currencies.

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Costs and Benefits of moving away from desktop financial systems to cloud-based accounting software cont.

Quickbooks Online Pricing

QuickBooks is relatively more affordable in comparison to the first two and given that it offers similar functionalities, it is recommended for those just starting out their business. It comes in 4 packages, including its mobile application.

-QuickBooks Mobile Appa at \$10/month, QuickBooks Simple Start at \$16.50/month,

-QuickBooks Essentials at \$27.50/month - As to the second package, its features include payroll for up to 10 employees, track sales and expenses and also send unlimited invoices. The Essentials package also offers the same features but it also allows you to manage and pay bills, transact in multiple currencies and generate sales quotes

-QuickBooks Plus at \$38.50/month- The final package allows for track inventory, purchase orders to be created and for you to track project or job profitability.

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Costs and Benefits of moving away from desktop financial systems to cloud-based accounting **BENEFITS**

1. Work from Anywhere

You can access your financial data from anywhere at any time

2. Minimise Costs

The software is hosted on the cloud environment of the provider, and you need only the end-point portable devices like smartphones and tablets to access it. The cloud provider also takes care of the hardware upgrade and maintenance, along with all the IT issues that hamper the accounting process. Hence, there is no need for an on-premise dedicated IT team.

3. Easy Install and Update Process

There is no need to have a top-notch computer system; just any desktop, laptop, or mobile device with a modest specification will work fine.

The software updates get completed on the backend server-side, and most of the time, you will not even notice the update until a new functionality appears on your screen.

4. Security

Instead of your information being saved to your desktop or somewhere else on your computer, it's saved on a secure cloud server, meaning even if your computer crashes or gets hacked, this financial information is still secure because it's not saved locally to your device. 2-step authentication process with accessing your cloud file ensures your data cannot be accessed easily by anyone else not authorised.

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Costs and Benefits of moving away from desktop financial systems to cloud-based accounting cont.

BENEFITS

5. Automatic and Regular Backups

The prominent cloud providers offer data backup on multiple locations so that your data is secure even in the case of a disaster.

The backup process of your accounting data hosted on the cloud is automatic, frequent, and very reliable. It is not that they are foolproof, but at least they are far better than the Do-It-Yourself approach of backing up data when using desktop accounting software.

6. User Friendly

Cloud software businesses recognise that their target audience is often made up of beginners to the accounting world, so they make it very intuitive and easy to set up and manage. It allows business owners to do a lot themselves, even with minimal accounting knowledge. There's lots of help guides and videos available for you to consume at your leisure. Training is quite simple.

7. Better Help and Support

The competent cloud hosting providers are known for their support services and issue resolution time. For most of the cloud accounting software, support is just a click away through chat, phone, or email. Also, as the software is least dependent on your machine, there are minimum hardware issues

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Costs and Benefits of moving away from desktop financial systems to cloud-based accounting cont.

BENEFITS

8. Collaboration

Hosting accounting software on the cloud makes it easy for your employees to collaborate and work simultaneously as each one can log in and work on the same files simultaneously. The updates done on a record by one user gets reflected on all other users in real-time.

9. Scale your business at less cost

Automation and digitisation are major trends in scaling up companies. Cloud accounting is enabling business owners to do more, faster – enabling jumps in growth and profitability potential whilst keeping costs low.

10. Direct Link to your advisors, investors and the board

With functions that allow you to invite your advisors to access your company's cloud accounting profile, both you and your team of professionals will now have a full live view of company finance in order to give the best possible strategic direction to the business

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Conclusion

Investing in cloud-based accounting software lets you focus entirely on the accounting work and you will not be bothered by software updates, installation issues, data losses, etc.

Advantages like: anywhere access, collaboration between employees, and real-time updating of information will give your business a sure shot boost in productivity and the efficiency it truly deserves. When your business is having significant growth, you can scale up without increasing your costs.

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