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Date: February 28, 2016
To: Tony Stark, CPA
Stark & Associates
From: Angela Levick, Accounting Major at Washington State University
Subject: Recommendation Report for Software Research Study

The purpose of this memo is to present the findings from the Software Research Study and recommend that Stark & Associates begin using two software applications offered by Accountantsworld.com.

Summary

The planned research project was designed to study what programs are available to CPA firms. This research included examining what features the software programs offer, what platforms are available, and what options are available in pricing structure. This information allowed me to evaluate the software programs, determine the applications that are the most beneficial, and present a recommendation for the program that delivers the best value.

To carry out this study, I completed the tasks outlined in my proposal of February 21, 2016: I studied features, system requirements, and user friendliness of various software applications, then compiled and analyzed the information and wrote the report.

My main finding was that no one program will be able to meet all the needs of a CPA firm. Specifically, there are no programs that are able to handle multi-company accounting, financial reports, the time and billing done in a firm, and also offer the required tax accounting features. Since this research project was designed to evaluate software systems that will help a small CPA firm increase the services provided to their clients while improving the practices' profits, the research now focuses on Accounting Practice Software programs that offer integration services not only for client-to-firm transactions, but also for firm-to-other services, such as tax preparation. While Sage and QuickBooks offer Accounting Practice Software, they only integrate with their own programs, either limiting your practice to clients who use their software, or creating the expense of multiple programs for use in the practice. Additionally, mobility is becoming more important. Clients and employees need to access information anywhere, anytime, creating a need for secure cloud-based storage and software that can be accessed on a variety of devices. A program that offers a monthly fee per license, such as Clear-Biz, is only accessed on licensed terminals, limiting accessibility and increasing expenses as the company grows.

I recommend that Stark & Associates use two software applications offered by AccountantsWorld - Accounting Power and Practice Relief. This software offers secure cloud-based service with integration into a variety of off-the-shelf programs. The combination of these two products meets the needs of the firm, as well as the desired services at a fixed monthly cost of \$169.00, regardless of the number of clients or staff.

Introduction

To determine the CPA software that offers the best value for a small accounting firm, I researched software designed for use by CPAs, evaluated the features offered and hardware needed for successful use of the programs, determined features that are preferred or requested by the staff at Stark & Associates, and the level of technological proficiency needed to use the programs effectively. After completing this research, I evaluated the programs and compared them across platforms, and I am presenting to you my findings and recommendations.

Many kinds of accounting software are available for small businesses, but they are not designed for the specific needs of a CPA firm. Most accounting software applications are designed for tracking the needs of one business. However, a CPA is responsible for multiple companies, and needs to be able to keep information separate and secure for each client as well as track their own billing, payroll, and tax information.

In order to determine the software program designed for use by CPAs that offers the best value to a small firm, I performed six tasks:

- Determine what software programs designed for use by CPAs are available.
 - I performed secondary research to complete this task.
- Determine the features offered by CPA software programs
 - I performed secondary research to complete this task.
- Determine the hardware needed to successfully implement a software program.
 - I performed secondary research to complete this task.
- Determine the features needed and wanted by small CPA firms.
 - I performed secondary research to complete this task. In addition, I interviewed the staff at Stark & Associates for features liked, disliked, and wanted with the current and future programs.
- Determine the level of technological proficiency needed to use the programs effectively.
 - I performed primary and secondary research to complete this task.
- Evaluate software program features and compare across platforms
 - I performed secondary research to complete this task.

While working on the first task I found that it was not possible to find a software that performs the needed tasks of multi-company accounting, tax preparation and regulation compliance, and time and billing for the firm itself. It became necessary, then, to divide the software into two categories: Accounting Practice Software and Tax Preparation Software. Since this research project was designed to

evaluate software systems that will help a small CPA firm increase the services provided to their clients while improving the practices' profits, the research focus shifted to Accounting Practice Software.

Research Methods

The research methods used are outlined below according to tasks that were decided to be most beneficial in determining which software provides the best value.

Task 1: Determine what software programs designed for use by CPAs are available.

I began my research by conducting a literature review and searching the internet for products that met the criterion listed by Eileen O'Loughlin, a Market Research Associate, in her article *Compare CPA Accounting Software*. (O'Loughlin) This task was completed by using the Google search engine and industry-specific websites offering information and reviews on products.

At this time it became apparent that no one software would be able to offer the features specifically needed by a CPA firm. Software needs were then determined to fall into two categories:

1. Accounting Practice Software which includes:
 - a. Multi-Company Accounting, Financial Reports, and Time and Billing
2. Tax Preparation Software which includes:
 - a. Federal, State, and Local Tax Preparation and Regulations Compliance

Since the primary purpose of this research was to find software that enables a firm to handle the accounting needs of multiple clients, keep information secure and separate for each client, and track the firms' own billing payroll and tax information, I shifted the focus of the research to the items that fall into category one: Multi-Company Accounting, Financial Reports, and Time and Billing.

Task 2: Determine the features offered by CPA software programs.

Once it was determined that a software program met the needs listed in category one, I accessed the product information site and reviewed the manufacturer's specifications and recommendations for Platform/Operating system, Business size, Deployment, Price, Scalability, and Integration.

Task 3: Determine the hardware needed to successfully implement a software program.

To determine the hardware needed to successfully implement the chosen software program, the manufacturers' website was reviewed to find hardware requirements:

- Desktop, laptop, tablet, and smartphone capabilities
- Random Access Memory (RAM)
- Secondary Storage – hard disc requirements
- Display, keyboard, and mouse
- Network devices
- Additional Peripheral Requirements – CD-ROM drive, Bluetooth capability, printers, scanners, adapters

Task 4: Determine the features needed and wanted by small CPA firms.

I met with Stark & Associates staff in different positions, including Tony Stark, CPA and owner, associates, data entry clerks, and the receptionist. I discussed the current software, what was liked about the software, any current issues with the software or its performance, what features would be beneficial to add, what current features are not used.

Task 5: Determine the level of technological proficiency needed to use the programs effectively.

I began this task by watching videos of the software in use and examining screenshots of pages within the programs. I then located product reviews and focused on ease of use. Lastly, I checked the manufacturers' website for customer support options, availability of training and tutorials, and Frequently Asked Questions.

Task 6: Evaluate software program features and compare across platforms.

To compare programs across platforms, the data for each program that met the initial criteria for Accounting Practice Software was compiled and evaluated against other programs until a best-value software was determined.

Task 7: Prepare a recommendation report.

I have submitted a copy of this Recommendation Memo through the Peer Review Workshop. This will allow other students to review my recommendation and suggest corrections. After integrating proposed revisions, I will submit my Final Recommendation Memo in the Assignments folder March 6th, 2016, by end of day.

Results

In this section, I present the results of my research. For each research task that was completed the most relevant data is presented.

Task 1: Determine what software programs designed for use by CPAs are available.

A Google search for Accounting Software or CPA Accounting Software will bring up hundreds of thousands of results, most of which are off-the-shelf accounting programs for small business to run themselves. Even industry-specific sites focus more on software that accountants should recommend to their clients and not on what accountants are using themselves.

The following items were used as the basic requirements of a CPA Accounting software program:

- **Multi-Company Accounting** – data for each client needs to be categorized and kept separately and securely.
- **Financial Reports** – Standard executive reports, charts, summary statements, and customized reports.
- **Time and Billing** – the ability to track and then bill clients for hours spent on their account. This is frequently categorized as a separate software need or service. Software programs that did not offer time and billing capabilities were removed from consideration, programs that offered it as

an 'add-on service' were kept for consideration and the cost of the service was considered in the final pricing.

Task 2: Determine the features offered by CPA software programs.

- **Platform** – Currently, Stark & Associates uses desktop PC's running Windows 10, though all of the software packages examined support Windows and Mac operating systems.
- **Business size** – Stark & Associates usually operates with a staff of seven, though during tax time staffing increases to thirteen. Any software package chosen would need to be able to meet the maximum staffing required during tax season, but not be excessively expensive during the remainder of the year.
- **Deployment** – A program that requires licensing means that separate licenses must be purchased for each terminal used, if you use a desktop PC at the office and a laptop when visiting clients or working from home, each device will require a license. The costs of individual licensing as well as necessary network security measures were evaluated. Software-as-a-Service (SaaS) usually allows for access at any terminal, anywhere, but comes with the risks of information being stored in the Cloud. Potential Data Security and Privacy risks were considered.
- **Price** – Generally, software that is licensed to a specific PC is a one-time purchase, but most now come with additional subscription fees. All the software programs considered have monthly or yearly subscription fees.
- **Scalability** – Any software that was not capable of expansion up to 200 employees and unlimited customers was not considered.

Task 3: Determine the hardware needed to successfully implement a software program.

Programs were evaluated on 'basic' laptop and desktop specifications (See Appendix 1). None of the programs reviewed had requirements beyond these. All software programs are compatible with current internet capabilities, and do not require special scanners, printers, or other adapters.

Some software programs require installation with a program disc. All PCs currently in use by the firm have DVD-ROM drives. (AccountantsWorld, n.d.)

Software programs that required the purchase or lease of a server were removed from consideration, due to the costs of setup and maintenance.

Task 4: Determine the features needed and wanted by small CPA firms.

One of the most important features needed was integration with commonly used small business accounting software programs such as QuickBooks, Peachtree, Sage, and others. Additionally, since Tax software is to be considered a separate category, any program implemented would preferably integrate with commonly used tax programs, preferably one that Stark & Associates is already using.

Other features that are preferred are: an Appointment Calendar, adjustable user access levels, and workflow and process analysis for the firm, customizable reports for clients, and customizable services. Although these features were not required for a potential software purchase, they were considered during evaluation where offered.

Task 5: Determine the level of technological proficiency needed to use the programs effectively.

Since everyone adapts to new technology differently, programs that offered tutorials, training videos, and phone support were considered closely. Software programs that offered an Implementation Team to transition files, train on software use, and provide support during and immediately after program installation were weighted favorable during consideration.

Task 6: Evaluate software program features and compare across platforms.

Software-as-a-service and cloud storage are becoming more frequently used in accounting services. This offers more options for working with clients on-site and working away from the office. This also reduces the risk carried by the firm as the service provider usually guarantees the security of the client and firms' information. Additionally, it reduces the equipment needed to serve a larger number of clients (like servers to run programs on multiple machines) and the cost of maintaining and servicing the equipment.

Conclusions

Available software programs, features and hardware

On the basis of my research, I have concluded that software programs for use by CPAs are divided into at least two categories: Accounting Practice Software and Tax Preparation Software. Accounting Practice Software is used to help clients track daily, monthly, and yearly business transactions, generate reports and analyze their company's financial health. Accounting Practice Software will also enable a CPA to track billable hours and invoice clients, as well as manage their own business.

Features offered by CPA software programs and hardware requirements

I have found that 'basic' hardware and system specifications should be sufficient to operate the desired software applications, without the need to purchase additional hardware or services. I have also established that software-as-a-service and cloud-based storage are viable options that will keep the client and the firms' information secure and easy-to-access.

System Support and Training

I have determined that support from the software distributor in the form of training, tutorials, instructional videos and ongoing customer service will enable staff to use the program most effectively.

Comparisons across platforms

Of the software options available many do not offer integration with the various brands of software that potential clients are using. This means a firm would have to have purchase and use multiple software programs depending on what program the client is using, or only accept client that use the same software as the firm. Ability to integrate with other software platforms becomes a key point in choosing a software program.

Recommendation

After determining that software for use by small CPA firms falls into two categories, my software recommendation is based on research of Accounting Practice Software and I recommend further research on Tax Preparation Software due to the complexities of Federal, State, and Local regulations.

I recommend that Stark & Associates use two software applications offered by AccountantsWorld, Accounting Power and Practice Relief. The combination of these two products meets the needs of the firm, as well as the desired services at a fixed monthly cost of \$169.00, regardless of the number of clients or staff.

Accounting Power and Practice Relief are cloud based software that can be accessed by you, your staff, and your clients anytime, anywhere. AccountantsWorld will host your and your clients' data, and be responsible managing the security and privacy of the data.

The Accounting Power software is highly customizable, and integrates data with any client's program that supports an Excel format, as well as transferring or exporting data to tax programs. It offers options to allow clients to do more or less depending on their (and your) preferences, has customizable reports, and is able to automatically download banking information in addition to the comprehensive list of general accounting features.

Practice Relief is a time and billing program that also supports appointment scheduling, staff productivity and profitability analysis.

Both programs offer a free 30-day trial which would be possible to immediately commence, as no additional hardware or system upgrades are needed. During the trial it would be possible to see if any needs have been overlooked, and if the software meets the desired functionality of the firm.
(AccountantsWorld, n.d.)

Appendix I

- Processor - dual core 2.4 GHz+ (i5 or i7 series Intel processor or equivalent AMD)
- RAM - 8 GB
- Hard Drive - 128 GB or larger solid state hard drive
- Graphics Card - any with DVI support - desktop only
- Wireless (for laptops) - 802.11ac (WPA2 support required)
- Monitor - 23" widescreen LCD with DVI support - desktop only
- Operating System - Windows 7 Home Premium or Professional with Service Pack 1 or Apple OS X 10.10.3

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