

## **SME Accounting systems are moving from on-premise to cloud based solutions.**



Today most small and medium sized businesses still use on-premise accounting application, such as QuickBooks or Sage. Both are full featured, well supported and relatively easy to use.

However, cloud based accounting solutions are on the rise, and the traditional on-premise suppliers have faced strong emerging competition – so they too now provide cloud based alternatives to their on-premise or desktop solutions.

This growth in software-as-a-service (SaaS) solutions is not just restricted to Accounting software, but is increasingly prevalent for customer relationship management (think Salesforce.com), HR systems and payroll; and of course with Microsoft 365 and Google Docs in the office software segment.

It is part of the growing trend whereby companies are moving more and more of their in-house services to external cloud hosted services as part of the drive to reduce in-house costs (IT infrastructure e.g. servers, and IT staff) whilst seeking greater business flexibility.

Indeed most of the large software companies in the Finance, HR and Sales domains are no longer putting much investment in developing their on-premise solutions and have changed their business models to focus on delivering cloud based software as a service solutions.

In the finance and accountancy space, this change has been driven by the emergence of a number of new Accounting Solution providers e.g. Xero, Finance-Force and Netsuite who have built their new Accounting applications from the ground up and support a better, more flexible web-based architecture.

There is a growing support base too, as resellers and partners for these products are emerging. Migration tools to move away from legacy on-premise solutions are available. Deals have been struck to integrate these products with other popular online services and collaboration tools like [Dropbox](#), [Zoho](#), [PayPal](#) and (for US customers, [Bill.com](#), and for higher-end products, the [Salesforce1](#) platform.

So, if you are still using an on-premise platform, interesting alternative options are now available for both very small SMEs and larger, growing businesses. Some examples are covered overleaf.





[Xero](#) is a cloud-based accounting solution tailored to the needs of small to mid-size businesses. Features include account management, billing, invoices, expense reporting, and payroll. Xero also integrates with over 400 other applications that facilitate nearly all aspects of business operation, including inventory management, CRM, and POS. Xero was an early entrant in the rapidly growing field of cloud-based accounting, and the company deploys regular product updates. A feature request and voting system in Xero's community forums allows the company to develop the software in accordance with user requests. Xero advertises its service as "beautiful accounting". With simple, generally intuitive interfaces, Xero is an excellent solution for many small businesses' accounting needs, offering a wealth of features while providing more simplicity and personalised service than most locally installed programs.



Over the years, QuickBooks garnered up to 85 percent of the small-business market, primarily due to one fact: most small-business owners are not accountants. QuickBooks was designed to be simple to use regardless of your level of formal accounting experience, whilst also supporting traditional accounting methodologies.

In its more recent on-line incarnation, [QuickBooks Online](#) is primarily focused on the start-up, the very small micro-business, and traditional 'family run' type businesses with its basic bookkeeping / invoicing / bill-paying functionality.

The latest version, QuickBooks Pro 2015 includes improved accountant collaboration tools, notifications and notes, combined with general improvements to essential features. New features in the 2015 version include summaries of your top customers P&L, simplified and comprehensive reports, shared folders, and consolidated windows with pertinent customer and vendor information. It provides the capabilities required to track inventory, invoice clients, pay vendors, manage payroll and reconcile accounts. It comes with more than 150 preconfigured reports and the ability to create custom reports. It also allows you to create and share report templates. QuickBooks is compatible with numerous popular business applications, and has direct integrations with Excel and Outlook. Mobile apps are available for iOS and Android devices.



Geared towards a small business owner or freelancer with limited accounting experience, client feedback suggests that [FreeAgent](#) is easy to use and has developed a firm following.



It uses simple headings like Work and Expenses rather than Accounts Receivable or Accounts Payable and enables personalisation, as overview modules can be positioned appropriately by dragging them around the screen. It allows the organisation of expenses and outgoings or income by project, setting a budget for each one, and provides an overview of all projects, to help see how each one is doing separately.

One of the major attractions is the multi-user options and time tracking feature, which makes it very easy to manage remote workers or freelancers. Each user can log in and input information on their own timesheets. This is then displayed as an overview of the entire project for the manager or business owner. It also provides a one-click report that creates a self-assessment summary for income tax. Invoices can be easily created and sent by PDF and email. Payment reminders can be set-up at set dates after invoice due dates. On the downside, there are no stock control functions, which means, for example, that it is not really geared towards manufacturing businesses.



Historically, [Sage](#) has had a reputation for being complicated and inflexible. With the rise of competing SaaS alternatives, Sage has launched their own on-line products, seeking to reverse these concerns.

[Sage One Accounts](#) is an online accounts service. It is targeted at start-ups, sole traders and small businesses. It is Sage's most basic offering, is low-cost, and ideally suited for freelancers, or those that just need a simple accounting system with invoice, tax assistance, profit and loss information. Sage One does not allow for foreign currency transactions or stock control. To address this Sage recently launched a similar product, [Sage One Accounts Extra](#). It allows users to trade internationally and has more in-depth reporting and forecasting options.



[Kashoo](#) is entirely cloud-based. It provides simple invoicing and expense management, with financial statements, full bookkeeping features, automated bank data imports and expense tracking. It enables invoice creation and accepts payments and prints checks. A key strength is support for multi-currency payments. Kashoo is one of the few online accounting services that provide decent multi-currency facilities. Kashoo allows you to work with more than one, and it regularly updates exchange rates. It can also manage a number of different tax rates and tax filing periods and download bank transaction data from any bank. Kashoo generates a range of helpful reports, including profit and loss statements,

transaction logs and change logs. It also has provides iPhone and iPad apps. One downside is that you are not able to track projects.



[Wave accounting](#) is a free, cloud-based, accounting software solution. It supports itself by placing advertisements within the software and emailing you special deals for other software. There are some paid upgrades, payroll for example, but it does offer unlimited invoicing. Invoices can even include a Pay Now button so you can take credit card payments (for a small fee). It also automatically backs up all of your data.

## Options for larger SMEs

There are capable product solutions which cater for larger organizations that are growing, employ financial controllers or CFOs, have multiple users and need advanced tools such as sales order processing, purchase order, inventory and warehouse management, workflows, automation and more complex reporting for cash flow and consolidations.

Examples include:



[FinanceForce](#) runs on the Salesforce.com platform and is part of the wider Salesforce.com ERP suite. It provides a comprehensive financial and accounting solution.



The accounting capabilities within [Netsuite](#) are part of a wider integrated platform covering CRM, ERP and Ecommerce. Business functions can be automated across all departments, including sales, marketing, service, finance, inventory, order fulfillment, purchasing, and employee management.



[Intacct](#) provides core accounting, billing & invoicing, fixed assets, fund accounting, project accounting, reporting, and tax functionality for small/medium businesses. It also claims integration with the Salesforce.com platform (and has a good US customer base, but UK take-up is less clear).



## **Related Reading and References:**

Why Your Company May Dump QuickBooks This Year - Gene Marks:  
<http://www.forbes.com/sites/quickerbetteartech/2014/01/06/why-your-company-may-dump-quickbooks-this-year/>

CIO - 5 Top Picks for Small Business Cloud-Based Accounting  
<http://www.cio.com/article/2388062/small-business/5-top-picks-for-small-business-cloud-based-accounting.html>

2015 Best - Accounting Software Review  
<http://accounting-software-review.toptenreviews.com>

Baffled by numbers? How to find the best accounting software for freelancers and small businesses:  
<http://www.thisismoney.co.uk/money/smallbusiness/article-2505128/Find-best-accounting-software-freelancers-small-businesses.html> - ixzz3l8iFxGql

