



CPA Firms at Technology Crossroads

How to make sure you're going down the right path.

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[Disclosure: Views expressed in this article are the author's and do not necessarily reflect the views of the AICPA or the AICPA CPA Insider™.]

Most CPA firms today seem to be at a crossroads when it comes to their technology strategies. Are you wrestling with whether or not to keep everything in-house, or go with a hosted or software-as-a-service (SaaS) solutions? Do you have sufficient firewalls and encryption? A simple response may provide guidance here.

How many of you have a full-time security professional on staff or have your firewalls under a managed services contract from a third-party? If you have implemented a firewall, and it is not maintained, you may have an unexpected hole in your security.

Hosting your applications may be safer than trying to run the applications in-house. A wild claim, you say? How many of you have a business model that would take you out of business if you allowed a security breach? Did you know 37 states now have security breach reporting regulations? You do not want your firm to experience a breach and be in this position.

Do you outsource off-shore or on-shore? Protecting client data has always been a high priority for CPA firms and with the proposed changes for §7216 (disclosure or use of information by preparers of returns), we must protect Social Security numbers more than at any other time since the regulation was introduced in 1971. What is your business continuity strategy? Haven't gotten around to that item although it has been on the list for some time? All of these considerations apply pressure to the decision of maintaining software in-house or out-of-house.

Why Use a Single Publisher?

Here is some general guidance on technology strategies and applications for your firm. First, the logic of using a single publisher can reduce integration issues and is generally a good strategy. In the U.S., it means you have to review the offerings from Wolters Kluwer (CCH) or from Thomson Reuters. These two companies have complete offerings from tax to audit to practice management to research and beyond. Both companies have good parent companies, and excellent U.S. management. By *de facto*, when you leave the CCH/Thomson fold, you are picking the best-of-breed strategy. A third company worthy of consideration is Intuit, but not all applications needed by a CPA firm are available. Many third-party providers such as CaseWare, Drake, TPS and FirmWorks have competitive offerings in specific products, but don't have the entire gamut of applications needed covered. Your first decision: Should my firm focus on a single publisher or do we intend to pick best of breed offerings?

Top Offerings in CPA Marketplace

Our best review of the entire CPA firm marketplace is at <http://www.cpafirmtech.com>. Although we try to be comprehensive and complete, there are products that enter the market that we have not had time to review. However, the following products have historically had and currently have reasonable solutions in each market segment:

- **Tax** — ProSystem fx Tax, Lacerte, UltraTax, GoSystem RS, ProSeries, Drake
- **Audit** — CCH Engagement, Engagement CS, CaseWare
- **Practice Management** — CCH Practice Management, CCH Practice, Practice CS, CaseWare Time, TPS
- **Research** — CCH Accounting Research Network, Thomson Reuters Checkpoint, Kleinrock
- **1040 WorkPapers** — SurePrep Express, ProSystem fx Scan, Copanion's GruntWorx, ATX Scan&Fill and GoFileRoom TaxSort
- **Document Management** — Interwoven WorkSite, iChannel, CCH Document, GoFileRoom, Doc-It, Acct1st, FileCabinet CS, Lacerte DMS
- **Write-up** — Thomson Write-up CS, QuickBooks, ProSystem fx CPAClient Write-Up, CYMA Client Write-Up
- **Payroll** — Run by ADP, MyPay by Thomson, Paychex, PayCycle
- **Workflow** — XCM and FirmFlow
- **Speciality Products** — Bill.com, The Business Analyst, Capital Confirmation, Colligo WorkGroups, and SageWorks ProfitCents

We are not attempting to be comprehensive on the products named, but rather to give examples of products that we consider market leading or innovative. What about your clients? There is clearly innovation happening around client applications that are more radical and useful than anything we have seen in the last decade. For example:

- **Bookkeeping** — QuickBooks, Thomson Client Bookkeeping System (CBS), Peachtree
- **Third-party products for QuickBooks** — LeGrand CRM, MISys manufacturing, Fishbowl Inventory, BillQuick Time and Billing, Softrak Adagio FX, TimeBuilder and Wasp Barcode. Wasp Barcode also has time clock and Fixed Asset Technology that is very affordable and promotes internal controls and efficiencies
- **Publisher Programs** — Microsoft [MPAN](#), [SSAN](#) (Sage Software Accountants Network, Intuit [ProAdvisors](#) and SAP [BusinessOneCPA Advisor Program](#))
- **Developments in Linux** — Onier Point of Sale, Fishbowl Inventory, VMWare as a desktop Virtualization tool on top of Linux, Google Applications
- **CRM** — LeGrand CRM, ACT, SageCRM, SalesLogix, Microsoft CRM, Salesforce.com
- **Entry-Level Accounting** — QuickBooks, Peachtree, Office Accounting, Adagio Softrak, Cougar Mountain, CYMA, Fishbowl, MISys, and Onier POS all solve smaller client problems
- **Upper-Level Accounting** — Sage Accpac/MAS 90/200/500, Microsoft Dynamics AX, GP, NAV, SL, Open Systems OSAS and TRAVERSE, SAP Business One, Business By Design and All in One and SYSPRO
- **Sales Tax** — Avalara AvaTax, SpeedTax, CCH SalesTax, Taxware

Conclusion

If you continue to operate your firm as you always have, you will do fine for some years to come. However, many of your competitors are expanding their offerings, looking for new ways to innovate, looking for firms to acquire in different markets with similar competencies and soon they'll be coming to a market near you. Although we believe in the client-relationship model, many buyers of CPA firm services are looking for new ways to receive their services and a new generation of business owners and managers are arriving. Have you determined how you will manage your firm's technology to satisfy your future clients?

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