

IS YOUR ACCOUNTING SOFTWARE THE RIGHT FIT FOR YOU?

Measuring the powers and capabilities of Intuit,
MYOB Essentials, Xero, Reckon One, and Saasu



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INTRODUCTION

Small businesses face an overwhelming selection when it comes to choosing an accounting program. The comfortable duopoly between MYOB and Reckon that lasted through the 1990s and early 2000s is a distant memory. MYOB now vies with Xero and Intuit for the majority market share. All the software companies are investing millions to build the next generation of accounting technology.

This INTHEBLACK ebook is the definitive resource for Australian small business owners and accountants who want to understand the options in online accounting software, their idiosyncrasies and the ambitions of the companies behind them.

Software companies are committed to ensuring ease of use, encouraging owners to manage their own finances, understand how their business works and how to improve it. Online accounting software typically includes a mobile app that can create and send your invoice before you leave the client's office, tap into banking transactions, and snap and record expenses, all from your smartphone.

It's important to note that online accounting (aka cloud accounting) programs frequently don't have the same capability as desktop software, especially in more specialised functions such as inventory. However, they

do not connect to a wider range of third-party online business apps and services. These add extra functions, can facilitate faster business loans, or chase unpaid customer invoices. They are the "new normal".

Regulatory compliance is also very different. Where users once had to update desktop software manually, cloud software updates tax tables automatically.

Also, note the visions of the software companies themselves – a race that will never be won. All are driving internal feature development at a ferocious pace and harnessing new technologies such as artificial intelligence (AI).

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The comfortable duopoly between MYOB and Reckon has become a surging field with half a dozen or more contestants. These software companies are investing millions to build the next generation of accounting technology.



INTUIT



This US powerhouse is not yet Australia's most recognised accounting software brand, but it is intent on building a large local subscriber base.

STRENGTHS INCLUDE

Big app ecosystem, powerful payroll features, improved reporting and bank reconciliation.

Intuit, the undisputed champion of small business accounting software in the US – with more than 80 per cent of the market – has its sights set on global dominance. The company reported that it had 4.6 million QuickBooks Online (QBO) subscribers in October 2019, including 224,000 in Australia for all its products. It operates in more than 11 countries and is targeting Canada, France, Brazil, the UK, and Australia.

Intuit sells three versions of its cloud accounting software: QuickBooks Online for small business; QuickBooks Self-Employed for sole traders and gig economy workers; and QuickBooks Advanced for small-to-medium enterprises (SMEs).

The question is, why Australia, which is only a relatively small market already well serviced by other products? The most obvious answer is that Intuit is intent on taking the fight to Xero in its home territory. Intuit has intensified its Asia-Pacific region operations and built up a local team of more than 80. It marked its launch in Australia

by aggressively wooing potential new users by dropping its subscription to A\$5 a month and running television advertisements directly aimed at small business owners. The company is determined to carve out a niche for its products in Australia, whatever the cost.

TAKING ON THE LOCAL CHAMP

QBO has always been a well-featured product since it is heavily based on the desktop product (and has many inherent legacy features). It includes all the must-have features for an online accounting program: customisable invoices; a comprehensive mobile app that also takes payments and photos of receipts; the standard mix of reports; and a growing ecosystem of third-party applications.

QBO is a very solid choice for accountants and bookkeepers in terms of power and functionality. Bank reconciliation, which in the past was a bit clunky, uses machine learning to suggest account codes based on how other QBO users have categorised their transactions.

Many bookkeepers prefer QBO to Xero simply because it has a bank reconciliation feature. Notably, Xero has done away with that, relying instead on accurate bank feeds and a manual check of bank statements.

For several years, QBO did not have the ability to lodge business activity statements (BAS) or tax returns, which was a big hole in its line-up given Xero already offered its very successful Xero Tax solution. In 2018 Intuit added the ability to lodge BAS returns and then in 2019 released QuickBooks Tax, a white-label deal with the independent Australian tool, LodgeiT.

This greatly improved the process of tax preparation and lodgement, which had been cumbersome and overly manual. Accountants can finalise accounts, review balances and make adjustments in QuickBooks, then push the client data to LodgeiT to upload to the Australian Taxation Office (ATO).

Intuit has invested in improving the reporting engine with a facelift, better usability, more customisation and the addition of financial statement reports. The mobile app – arguably the most heavily featured in the field – handles virtually all functions and some limited reporting. Multi-factor authentication security has also been added to the mobile and browser software.

Intuit's standalone app, Self-Employed, targeting contractors and freelancers, provides the functionality to record mileage, snap and store expense receipts and invoice customers. It will provide a screenshot to enable BAS lodgement, but is somewhat basic in its functionality and does not yet connect to QBO.

In 2019, Intuit announced a fairly radical initiative to provide an online bookkeeping service integrated with QuickBooks. The concept likened to an “Uber for bookkeepers”, allows specially trained bookkeepers to provide bookkeeping advice to users within the accounting software.

Users who sign up to QuickBooks Bookkeeping Live can open a video call and share their screen with the bookkeeper, who can then take control of the user's mouse and show them how to perform functions and resolve issues.

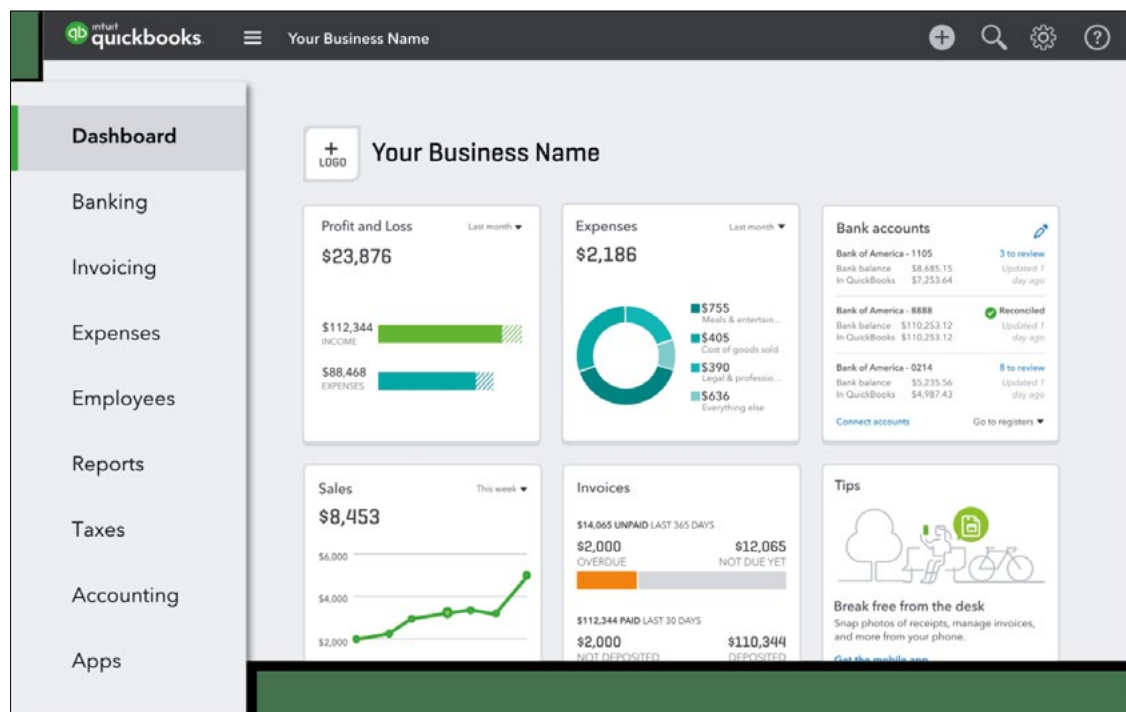
Intuit also provides a basic practice management platform for accountants and bookkeepers called QuickBooks Online Accountant.

WHAT ARE ITS DRAWBACKS?

While its business software is very powerful, Intuit is missing a fully developed practice management suite to match. This makes it less attractive to accountants and bookkeepers who have typically recommended business software integrated with their own systems, meaning many businesses are likely to seek out accountants and bookkeepers who support competitor products.

In the US, Intuit heavily focuses on its TurboTax software for accountants and the tax functionality in its Self-Employed app. However, the same quality tools are not yet available to Australian accountants, with the Self-Employed app still limited to providing BAS data.

QuickBooks Online has a well-developed app ecosystem in the US and is quickly building up its Australian partners.



COST

QBO software comes in three editions: Simple Start (A\$15/month), Essentials (A\$30/month) and Plus (A\$40/month). Intuit continues to discount frequently, with up to 30 per cent off for the first six months.

Another incentive when considering a purchase is a free data migration service for businesses moving from QuickBooks Desktop, MYOB or Xero software to the top two QuickBooks plans (Xero offers similar deals).

Where Xero limits users on its entry-level starter plan to a maximum of five invoices and five bills per month, QBO's Simple Start plan allows for only a single user – but they can send an unlimited number of invoices and it does include four payroll employees. However, supplier bills, creating remittance advice, expense receipts, recurring invoices and multi-currency only come with the Essentials version. Purchase orders, inventory, project management, and budgeting are reserved for the Plus version. Access for an accountant or bookkeeper is included in all plans.

The Essentials plan can be used by up to three people simultaneously and is suitable for a services business. It also adds more reports (40, compared with 20 for Simple Start). The Plus plan is recommended for retail or project-based businesses such as those in the construction sector. It adds inventory, purchase orders, budgeting, online timesheets for employees and subcontractors, billable hours per customer and tracking sales by office location for multi-site businesses. The number of reports jumps to more than 65 and can be used by up to five people simultaneously.

Australian Bankers Association (ABA) files, which schedule electronic bank payments, are now supported for paying suppliers and employees. QBO has the most powerful payroll of all the online accounting apps, thanks to a special relationship with KeyPay, a specialist payroll app. Unlike a standard add-on integration, where the user is redirected to another online program, Intuit includes seamless access to KeyPay within QBO itself.

QBO users can also pay an extra fee per employee to access a sophisticated wage calculator that takes into account award rates, time of day or night, weekday or weekend hours. It's worth noting, however, that users are, in effect, billed by two companies.

Intuit includes free payroll for up to 10 employees and passes on KeyPay's charge of A\$4 per additional employee each month. For that, you do get industrial-strength payroll software, but for some small businesses, it might be overkill.

The user interface is slightly different and payroll reports are located within KeyPay rather than the main reports menu, but this is a small price to pay for a payroll solution that covers all Australian award pay rates and complies with Fair Work Commission and ATO requirements.

WHAT ABOUT THIRD-PARTY APPS?

QBO has long had a well-developed app ecosystem in the US and its number of Australian partners has grown rapidly. There are now more than 470 apps and connectors across sales and marketing, operations, productivity, and finance and accounting.

E-commerce apps such as Shopify, BigCommerce, WooCommerce, Square, and OpenCart automatically create invoices in QBO for sales made through an online store. A range of time tracking and mileage apps adds more detail to billing in QBO through custom timesheets, location, and customer tracking.

The finance and accounting category contains reporting and forecasting tools such as Fathom and Spotlight Reporting, receipt processing apps including AutoEntry, Entryless and Receipt Bank, along with a range of debt collection aids.

Intuit has two standouts in the ecosystem. An exclusive deal with Melbourne-based company Expense Check provides 10 types of insurance, including general public and product liability, property and contents, general property (tools of trade), business interruption, glass or electronic equipment, theft, money, employee dishonesty, and tax investigation.

QuickBooks also has a very deep integration for timesheets with TSheets, a US app it acquired in 2017. Users can record employee timesheets through TSheets (sold separately) and review, edit, and approve timesheets directly inside QBO.

Overall, QBO is a very strong contender for all Australian small businesses.



MYOB ESSENTIALS



MYOB Essentials is designed specifically for sole traders and micro-businesses, so how does it stack up against Xero and others?

STRENGTHS INCLUDE
“Smart bills” with OCR for incoming invoices, mobile payments dongle, invoice integration

MYOB has been Australia’s number one choice for small business accounting software for most of the past two decades. Yet, in 2010, it faced its greatest challenge – how to maintain its position as a market leader as software delivery and data storage started migrating to the cloud.

Rather than put its weight into one program to take on new competitors such as Xero and QuickBooks Online (QBO), MYOB decided to fight on two fronts. The first was to “cloudify” its flagship desktop program, MYOB AccountRight, where the logic and data are stored in the cloud but retain the familiar interface.

The second was to release a leaner, browser-based accounting program similar to Xero, QBO, and others. Initially called MYOB LiveAccounts, the program was renamed and “refreshed” as MYOB Essentials.

There are three versions of the Essentials accounting program – differentiated by the number of transactions

and employees. The entry-level edition allows just five invoices, 25 bank transactions, and one payroll employee; the sole trader edition has unlimited transactions and invoices and one payroll employee, and the accounting with payroll edition has no limits on employee numbers. A business can move up the scale as it deems necessary.

The Essentials range includes bank feeds from BankLink, which makes bank reconciliation much easier. Indeed, the quality of BankLink bank feeds is a key point of difference that MYOB hammers home in any comparison. Almost every other cloud accounting program uses a mix of direct feeds from banks and the US bank data aggregator, Yodlee, which automatically logs into users’ online banking accounts and copies transactions to the general ledger. In contrast, BankLink uses proprietary techniques to weed out errors in bank feeds, such as omitted and duplicated transactions.

MYOB claims BankLink feeds are accurate to 99.9999 per cent; better than Yodlee’s 99.8 per cent. MYOB guarantees its quality: if you are unhappy with the feed, you can reclaim 30 days of your subscription. MYOB has improved the sophistication of its bank rules by adding “and/or” rules. Accountants can bulk code and recode in the transactions screen.

A killer feature for tradespeople and others who work out in the field is MYOB's mobile payments dogle.

WHAT IT DOES

MYOB Essentials contains all the basic building blocks: banking transactions and reconciliation, sales, expenses, contacts, payroll, and reports. Several neat features help it stand out from the crowd.

One innovative idea designed to improve workflow is a feature called "smart bills", which automatically scans accounts payable invoices emailed or dragged into Essentials. The program uses the same technology as a scanner, being optical character recognition (OCR), to read the text in an invoice and identify important numbers such as GST, total cost, supplier invoice number, date of issue, and so on. This cuts down on the manual entry of invoices, although it's wise to check the results, as OCR is not always 100 per cent accurate. Smart bills now draws on the coding actions of all MYOB users to help improve accuracy in individual files.

One of MYOB's most innovative moves in 2019 has been to add a "pay now" button within the software. Users can pay single or batched bills, payroll, and even tax without having to go to an online banking portal for approval. An accountant or bookkeeper can create a batch payment and click the pay now button, and the business owner will receive a notification on their smartphone to approve the payment. Payments can only be made via a registered credit card. MYOB says that over time it will add electronic funds transfer (EFT) and BPAY options.

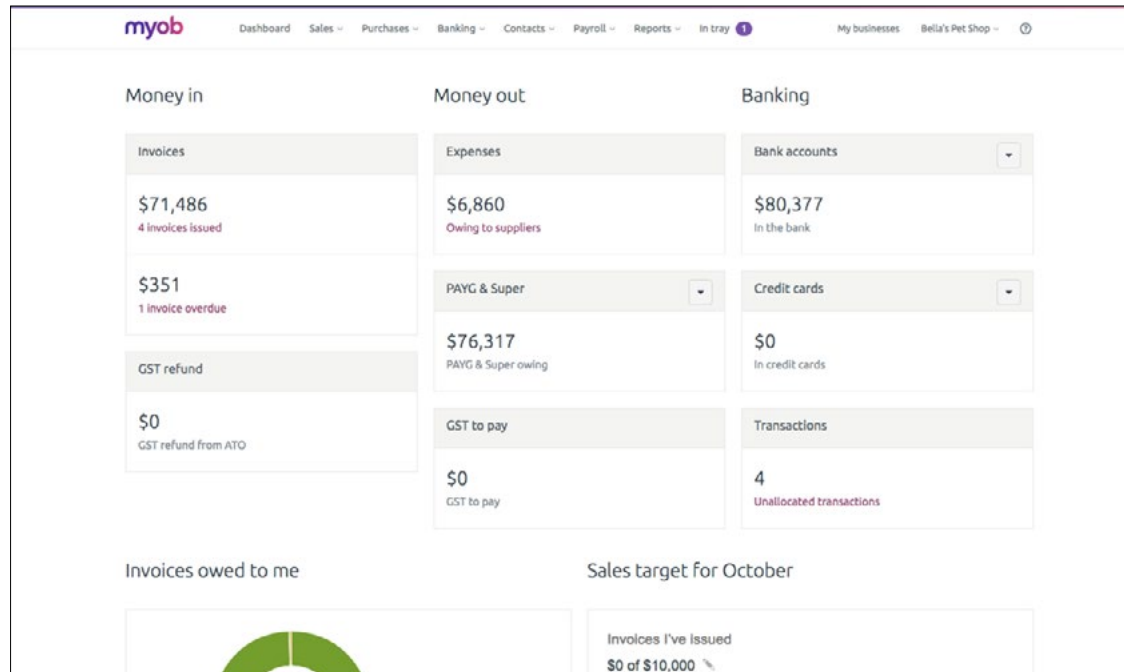
MYOB has several mobile apps that integrate with Essentials and make it easier for employees to carry out

specific activities on the road. For example, the MYOB Capture app takes a photo of receipts and uses the same OCR technology to automatically turn it into an expense for approval in Essentials. The MYOB Invoices app is a cut-down version of MYOB Essentials that works on a smartphone or tablet and allows for invoice generation and tracking, payment of expenses and contact management.

A new addition in 2019 is the Employee Self Service (ESS) app. It's a tablet-based clock-on, clock-off app that emulates workforce rostering apps such as Deputy. As employees tap on and off for work, it creates timesheets that are sent directly to the MYOB payroll.

MYOB Kounta, a cloud-based point-of-sale app, is another family product that ties into Essentials. Sales made on an in-store iPad can be recorded directly into MYOB's cloud accounting program. The integration creates a single invoice that combines the various income, payments, and adjustments to represent a single period of trade corresponding to a finalised takings report in Kounta. MYOB PayBy is a secure payment solution to accept payments from customers and pay suppliers.

The number of third-party add-on programs that integrate to Essentials has stalled over the past year. It has 60 apps and connectors available, including some favourites such as Unleashed for inventory, Receipt Bank for bills, as well as many customer relationship management (CRM) and e-commerce solutions.



Without question, MYOB would prefer you to buy the more expensive AccountRight series to manage stock, work with multiple currencies, raise purchase orders and manage project revenue and expenditure.

WHAT ARE ITS DRAWBACKS?

Essentials lacks some features you'll find in competing products. It is not set up to deal well with multiple users as there are no user roles that control access to sensitive information such as payroll or employees' bank account details.

Essentials also fails to offer other key features, including supplier purchase orders, stocked inventory, job tracking and class categories (used to track expenses and revenue by project) and multi-currency.

Regardless, its payroll functionality is certainly adequate for micro-businesses that need basic functionality without the bells and whistles required by more complex businesses. In 2016, MYOB added YourPay, an employee portal available as a mobile app where employees can print their own payslips and enter timesheet hours, but not leave requests or print payment summaries.

Essentials has also added ABA files to upload to financial institutions to automatically transfer funds for payroll, though not for suppliers. It may be old technology, but the ABA file is a common method to make payments and is a real time saver.

This product is firmly positioned at the micro end of the small business market and for businesses with simple business models. For anything outside that range, you either need to look at one of the other products or consider buying the feature-rich and more complex AccountRight series.

COST

MYOB Essentials costs A\$27/ month for Starter (five invoices and 25 bank transactions), A\$48/month for MYOB Essentials Accounting Payroll for one (with unlimited invoices and bank transactions) or A\$60/month for MYOB Essentials Accounting and Payroll (with unlimited payroll employees). The first two versions include payroll for one employee.



XERO



STRENGTHS INCLUDE
Unbeatable depth and breadth of connecting apps, cloud-based tax package, now includes basic inventory

Xero has gone further than any other in turning cloud accounting software into a broader business platform. Its vast array of third-party add-ons adapt it to almost any sort of business.

While it wasn't the first cloud accounting program in Australia, Xero came with a big marketing budget, vision, and strategy and quickly established itself as a widely recognised brand. It has attracted a strong following among small businesses and accountants in the UK, Australia, New Zealand, and Singapore.

In April 2019, Xero claimed 1.82 million businesses as paying customers. For the first time, its international subscriber additions exceeded those from Australia and New Zealand, with particularly strong growth in the UK. While Australasia remains an important market, Xero is swinging its development and growth focus to new markets, especially the UK.

WHAT IT DOES

Xero covers most bases, including general ledger, fixed assets, customer quotes and invoices, supplier purchase orders and bills, expenses, payroll with

automated superannuation payments, light inventory and some light CRM features in contacts and financial reports.

The Xero Expenses mobile app takes photos of receipts, attaches them to expenses and saves them to Xero for approval – innovative when first released, but now quite standard.

Users can also attach documents to invoices, quotes, and bills within the accounting program itself. Xero has arguably the most comprehensive functionality in bank rules – it allows for minus amounts as well as positive.

Another app called My Payroll (suited to both iOS and Android) will let employees request leave, check payslips, submit timesheets, amend employment details and print payment summaries.

Xero also has some unusual additions, such as an "assurance dashboard" that shows up common inconsistencies that could indicate fraud. It incorporates a key performance indicator (KPI) dashboard, although it is more of a novelty compared to dedicated apps such as Fathom, Spotlight Reporting and Futrli.

**Xero is the only
accounting software
vendor with a
cloud-based tax
package**

Xero has an excellent audit trail. You can look at any transaction and see who changed what and when. It is one of the few programs to include simplified BAS reporting. One of its best features is the Find & Recode function, which enables advisers to make global changes across a range of transactions (Intuit has this functionality, but doesn't handle Australian GST).

Two big additions in 2019 include the ability to send recurring invoices with an automatic payment option via the Stripe payment service. A customer who accepts the invoice enters their credit card details and is automatically billed each month when they receive their invoice.

Xero also added a deeply integrated Stripe bank feed that breaks out the Stripe fee for all sales, whether invoices processed via online invoices or through an e-commerce gateway.

Xero markets its software primarily through accountants and has focused on ensuring a quality finance solution for the Australian marketplace. It has specialised features, including fixed asset pools that are not usually found in other small business accounting software products.

Xero has also led the way in building a large community of connecting cloud applications. More than 700 apps and connectors now extend the feature set of the base accounting program, making it easier to automatically share invoices, contacts, and other data. While desktop accounting software certainly offers integrations with

other programs, the depth and breadth of the Xero ecosystem have pushed other software suppliers to match it.

WHAT ARE ITS DRAWBACKS?

Xero delivered a basic inventory module in March 2015 and hasn't really improved on it. Businesses that require more advanced inventory control and real-time stock and order management must use a third-party add-on.

Although BankLink may have offered bank feeds for many years, Xero made them much easier to use by automating posting into the ledger with auto-coding bank rules and suggestions based on previous transactions. It was the first to include bank feed transactions on the bank reconciliation screen, which is now a standard feature of online accounting software.

A third-party data aggregator, Yodlee, supplies bank feeds for financial institutions that have not partnered with Xero for bank feeds. Xero is adding monthly direct feeds from smaller banks, but many credit unions are via Yodlee feeds. These are Xero's biggest weakness, as they don't always have the same level of reliability as direct feeds. (All vendors use Yodlee or similar services for feeds, apart from MYOB, which bought the far more reliable BankLink in 2013.)

CONNECTED DATA

Xero, MYOB, and Intuit all talk about turning cloud accounting software into a business platform that pushes and pulls data from various sources automatically. In Australia and New Zealand, Xero has made the most progress in making this a reality.

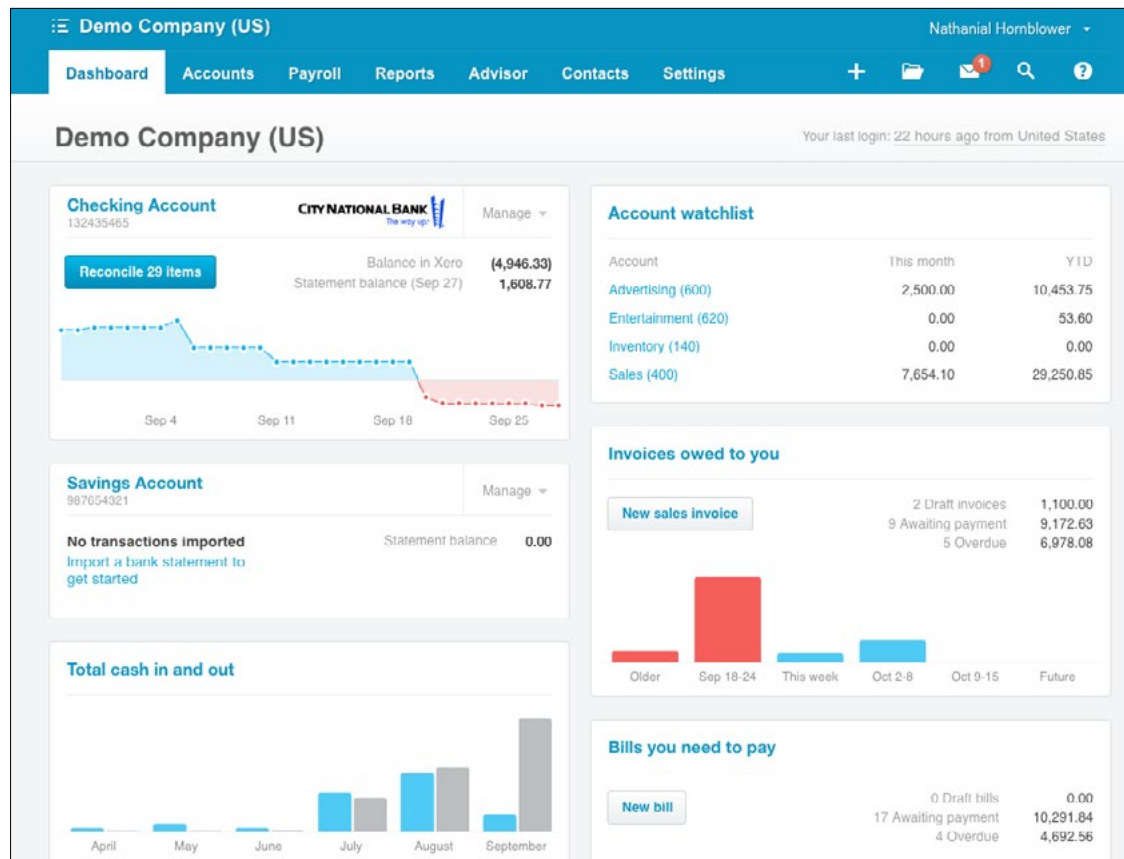
At Xerocon 2019, the company announced a platform called Xero Connect, which is a set of application programming interfaces (APIs) that enterprises can connect to. This allows them to send bills directly to their small business customers through Xero. For example, large retail chains such as Warehouse Stationery in New Zealand can send bills directly to Xero from their terminals. Paymark, an EFTPOS terminal manufacturer with 140,000 units in New Zealand, has launched an app called Paypr that sends electronic receipts to Xero at checkout.

Xero includes payment services that give customers the option of paying invoices online with six providers including PayPal, Stripe, and eWay. Invoices include a “pay now” button to assist customers to expedite payment.

XERO TAX

Xero was the first accounting software vendor to launch its own cloud-based tax package, Xero Tax. MYOB has finished several forms for its competing product but still hasn't released it fully, while in 2019 Intuit partnered with LodgeiT in 2019 to provide a cloud-based tax platform.

Accountants can use Xero Tax to import a trial balance from Xero and quickly map it to a tax return. It also pre-fills forms using data from the ATO. Launched in Australia in May 2015, it now has more than 5000 local firms regularly using it.



COST

Xero is unquestionably the most expensive software. The standard plan with unlimited users costs A\$50/month (which only supports payroll for two employees).

The Premium 5 plan provides better value; at A\$65/month it boosts payroll for five employees, adds multi-currency and automated superannuation. The premium plans climb from Premium 10 (10 employees, A\$75/month) to Premium 100 (100 employees, A\$150/month). Businesses with more employees can pay A\$2 for each over 100, up to a hard limit of 200. Employees include anyone on the payroll, so contractors and part-time staff count in the total.

Xero now offers two extensions to its base product. Users can already take photos of receipts using the Xero Expenses mobile app, but they can only add the details for the receipt manually (the free version has other limitations, such as no multi-currency and no integration to other parts of Xero). However, the paid-for service, Xero Expenses, adds the ability to read photos of receipts and enter their details into Xero automatically. It costs A\$5/month per active user, although they need to use the app within a month to be considered active.

Launched in 2017, the much-improved Xero Projects app costs A\$10 for one user per month, plus A\$7 for each additional active user over the same period.



RECKON ONE



STRENGTHS INCLUDE

**Flexible,
budget-friendly,
terrific dashboard**

Early missteps behind it, Reckon One is now being sold on its flexibility – and at a lower price than the competition.

Reckon, the long-time distributor of QuickBooks desktop software, was once a comfortable number two to MYOB in Australia. That all changed in 2014 when Intuit, the US company that develops QuickBooks, took back the brand name and launched its cloud accounting program, QuickBooks Online (QBO), in Australia.

Reckon still sells the original QuickBooks desktop software, rebranded as Reckon Accounts. It also launched its own cloud accounting program, Reckon One.

A beta version of Reckon One emerged in 2013 but only went into full release on June 2015. The delay was due to an unfortunate choice in software platform, which shortly after was abandoned by its owner, Microsoft. This forced Reckon to rewrite the program from scratch, leaving it behind its competitors in terms of functionality.

Nonetheless, in the past couple of years, it has taken big strides to bridge the gap. Reckon is now energetically selling Reckon One through the many accountants that recommended QuickBooks desktop software.

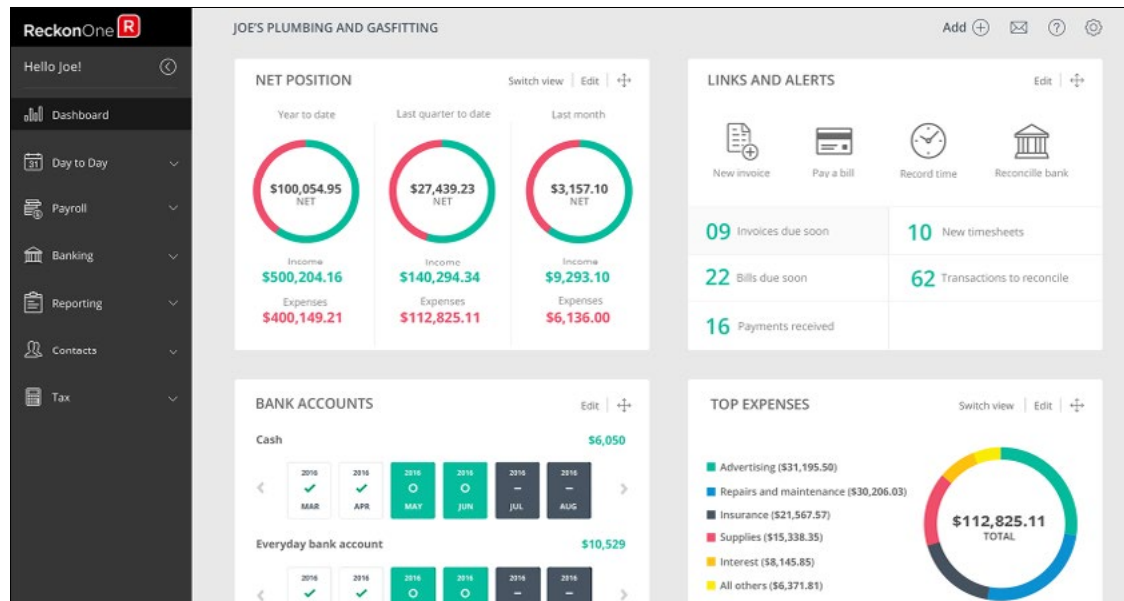
RECKON'S BIG SELLING POINTS

Reckon One's main advantage is flexibility. A business can add and pay for only as many modules as required, resulting in a potentially very inexpensive program.

Indeed, Reckon group chief executive, Clive Rabie, has said several times that businesses are being overcharged for cloud accounting software. Therefore, Reckon One is aiming to undercut the market.

It is also the only program that can be put on hold. Seasonal businesses can turn off their subscriptions without losing their data until they start selling again. Further, Reckon One is the only cloud accounting program that hosts all data in Australia, which can be reassuring for businesses that feel nervous about offshore hosting.

One advantage of being the latest to market is design. Reckon One has one of the freshest designs compared to some of its competitors still working on older interfaces.



The plans are configurable. A business could decide that it needs a medium invoices module (A\$5/ month) to have an approvals process for sales and purchases, and the lite module for payroll (A\$5/month – this is the only lite version at this price, otherwise they are A\$3 a month).

Alternatively, it could decide that it didn't need anything more than the core and bank feeds. The bank feed module has dropped the advanced option and only has a medium plan, which gives you 1000 transactions a month – double the old advanced module limit.

The time and expenses module at A\$3/month for lite and A\$5/month for medium tracks billable and unbillable time with timesheets. These can be tracked and time and expenses billed against a project or job, although it requires a subscription to the appropriate level of invoice and project modules.

The medium plans for some modules are only available if you have added one of the other modules. For example, to bill clients by a project with the time and expenses module requires the projects module and invoices module.

Users need to carefully check which functions they require, as some are well hidden. Businesses that use Reckon One are very price-sensitive and can be disappointed to discover later that they need to pay an extra A\$2 a month to include a service date on a customer invoice.

A business can add and pay for only as many modules as required, resulting in a very cheap program.

WHAT IT DOES

Reckon One consists of a core accounting app and five optional modules for invoicing, bank data, projects, time and expenses, and payroll. The core (A\$5/month) covers basic accounting functions such as reconciliation of bank statements, receipts and a limited number of payments, reports, and budgeting for unlimited users.

Optional modules come in three varieties: one so-called "lite" (A\$3/month), medium (A\$5/month) and advanced (A\$7/month). A business can customise its accounting app based on need. With all the bells and whistles, Reckon One tops out at A\$32/month.

Reckon is the only cloud accounting program that hosts all data in Australia.

The dashboard is one of the best and most comprehensive on the market. It looks great and you can select the widgets you want and adjust the timeframe for displaying financial data.

The projects/job costing module in Reckon One was a major differentiator until Xero added Xero Projects. Even so, Reckon One is fully embedded in the software and draws extensively from the desktop model. You can cost employees' time and all supplier expenses to a project and include them in the customer invoice. Project reporting is limited, but with profit and loss (P&L) by project, a business can easily see how it is tracking.

Reckon One updated its bank reconciliation process in December 2018 with a transaction screen that includes an account balance and a running balance, making it easier to match transactions against a bank statement. A reconciliation summary shows the difference between the bank balance and bank account, so you know the dollar amount you still need to reconcile.

Two big changes in 2019 included the addition of recurring invoices and the ability to store documents against transactions. Document storage is limited to three attachments per transaction, each with a 10MB file size limit, and is an important addition for managing source documents.

WHAT ARE ITS DRAWBACKS?

One continuing issue is the lack of third-party programs. All Reckon's competitors have ecosystems of third-party

programs that can extend the usefulness of an accounting program in several directions. Reckon One currently has just 30 connected apps. This means users cannot always count on finding a third-party app to add functions.

Features still in the pipeline are multi-currency, an inventory module and a fixed asset module, all of which are available, to varying degrees, from its rivals. Reckon One invoices don't include links for customers to pay invoices online, nor can you customise the layout of invoices.

BAS reporting is functional, but it would have been beneficial if Reckon had moved away from using the somewhat cryptic tax codes seen in the desktop software; e.g. NCG for expenses with 10 per cent GST.

Reckon One meets the basic demands expected from low-cost accounting software and does what it claims, while its crisp and clean user interface makes it a relatively pain-free experience for new users.

For micro and small businesses used to spreadsheets, it could be an easy step into the cloud.



Saasu



One of the most developed packages available, Saasu offers especially handy features for online retailers. It is pivoting into mobile apps as its primary interface.

Lehmann has deliberately avoided large capital raisings to hire masses of developers and fund glitzy marketing campaigns. Built with A\$5 million in founder and seed capital, Saasu offers a lean yet powerful accounting program used by sole traders to mid-sized companies with global operations.

STRENGTHS INCLUDE
Online commerce features, inventory module, customisable invoicing, subscription billing, cash flow forecasting

When it comes to cloud accounting software, no-one has been doing it longer in Australia than Saasu. The company was founded in 2000 by husband and wife Marc and Emma Lehmann, and Grant Young.

Saasu CEO Marc Lehmann saw the opportunity while he was a principal trader and vice president of Deutsche Bank.

Fast-forward 18 years and Saasu is a profitable Australian online accounting software company, with an estimated customer base of more than 20,000 businesses. While enjoying modest success, Saasu has also had to endure unfavourable comparisons to Xero's rocket ride to supremacy.

Despite this, Saasu has stuck to its business plan and built a very strong product – one that has proven to be a reflection of Lehmann, a quiet achiever who follows a minimalist philosophy in business and life.

In 2018, Lehmann advised that Saasu would only be available to businesses in the Australian tax zone from March that year and was discontinuing support for all larger businesses on its Extra Large and Enterprise plans. He also said the company planned to release multiple “productivity and lifestyle apps”, starting with an international accounting and invoicing app, Invoice8, designed for sole traders, small businesses and e-commerce start-ups.

In March 2019, Lehmann said the company had decided to cancel Invoice8 due to the amount of research and development (R&D) required by the Australian Taxation Office.

The company said it was still committed to expanding into mobile apps and has built a prototype for Project8, a minimalist goal and project mobile app for individuals and small teams.

WHAT IT DOES

Saasu has a complete feature set, although its priorities differ from rivals. The company has a strong niche of online retailers, and its roadmap has a bias towards supporting such businesses.

For example, Saasu's bank feeds include integration with PayPal, which is particularly useful for e-commerce retailers; a key market for Saasu. The cloud app has been designed to scale with high-volume online businesses and can handle higher numbers of transactions than competing programs. It also handles 50 foreign currencies for retailers selling overseas, which has become an increasingly common scenario.

Another retailer-friendly feature is Saasu's highly capable inventory module. It can track kit and bundle combinations, serial numbers, multiple locations, and expiry dates. It auto-flags refill levels when supplies of an item run low and can run voucher promotions.

In comparison, Xero didn't release its inventory module until late 2014 and it certainly doesn't come close to the functionality available in Saasu. Reckon and MYOB are yet to add this feature to equivalent browser-based programs, although MYOB's hybrid program, AccountRight Live, has a comparable inventory function.

Invoicing is done well, with customisable designs and a sequence that moves from estimates to orders to sales. Saasu has added online invoicing, so customers

can pay a Saasu business via PayPal, eWay, Stripe or Braintree.

Saasu was one of the pioneers in building an ecosystem of third-party apps, mainly through software integrator OneSaas. In recent years, it has not attracted the same diversity as QuickBooks Online or Xero. However, early in 2016, it connected to Zapier, the largest integration platform with more than 500 apps.

Saasu can send data on customer contacts, invoices, purchases and items to a range of CRMs, databases, and email marketing tools. Zapier was one of the most common feature requests from users and it has proven popular.

It also includes a subscription billing engine. The complex maths behind recurring billing is usually beyond small business accounting apps. Instead, you need to use a third-party program such as Chargify or Rerun. Rather than paying for another app or shifting up to an enterprise resource planning (ERP) package, Saasu users can store credit card details and charge them every month or by some other period.

HOW IS SAASU DIFFERENT?

Saasu software has the light functions of a dedicated CRM program. Users can assign tasks to staff, such as following up prospects, reminders for project invoice dates or attaching documents for client approval. These activities and notes are tracked by clients.

No-one has been doing cloud accounting software in Australia longer than Saasu.

Users can create custom lists of customers and tag them by geography, industry or another area of interest. They can then run reports to benchmark and compare sales frequency and volume. Xero added a similar feature last year called Smart Lists.

Saasu includes payroll with automatic tax calculations, basic timesheets and pay officer approval for pay runs. Annual tax table updates are included, and users can set up multiple

pay runs to pay staff at different times. The software also has cash flow forecasting, which shows the amount of cash a business can expect to have on hand if it collects invoices and pays bills on time. Saasu users can pay invoices to online suppliers at competitive exchange rates through integration with online currency trader OzForex.

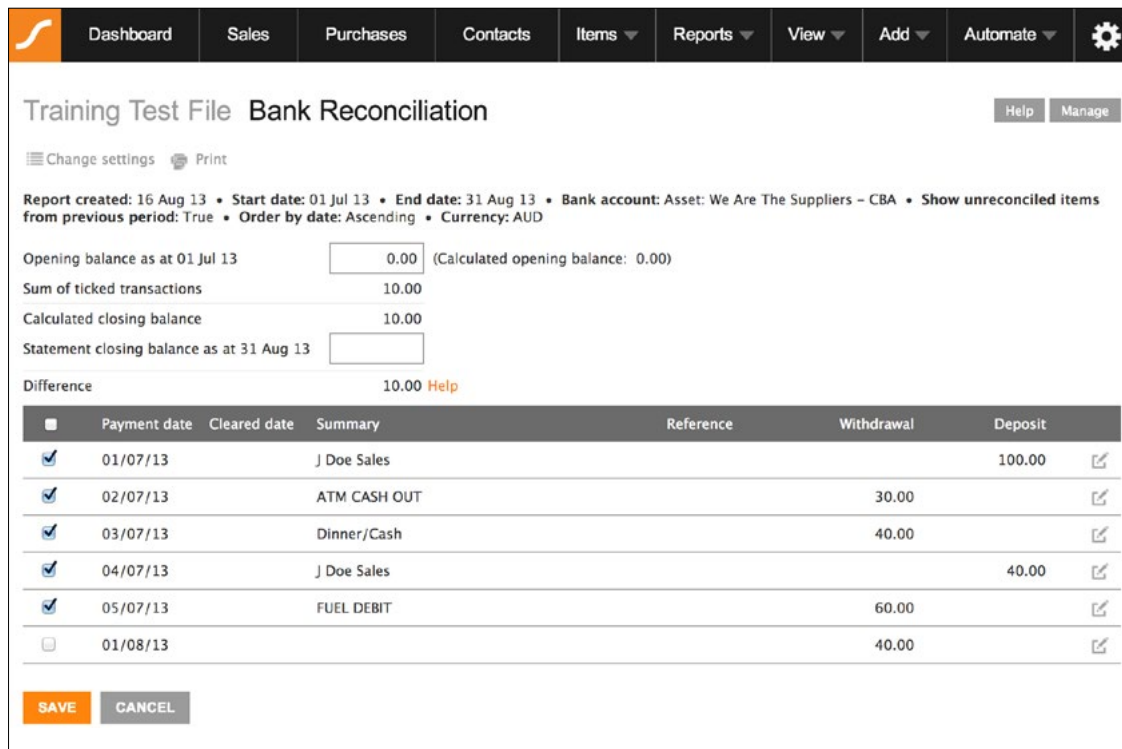
WHAT ARE ITS DRAWBACKS?

If Saasu has a weakness, it is that it's less appealing for sole traders and business owners unfamiliar with accounting software. Overall, the user interface is less intuitive than its competitors, although terminology has been improved.

As well, Saasu can't match the hundreds of developers employed by Intuit, MYOB, Xero and the like, so it has to choose its projects more carefully. Functionality enhancements are not as regular or comprehensive.

The number of accountants and bookkeepers familiar with Saasu is much smaller, so it can be difficult for a business to source professional assistance. Currently, Saasu does not have a fixed asset module; workarounds are suggested but remain somewhat manual.

While Saasu does lack the bells and whistles of a Xero, Lehmann has chosen features such as subscription billing and strong inventory that distinguish it from the competition to carve out a niche market of loyal followers.



The screenshot shows the 'Bank Reconciliation' interface in Saasu. The top navigation bar includes Dashboard, Sales, Purchases, Contacts, Items, Reports, View, Add, Automate, and a settings gear icon. The main header reads 'Training Test File Bank Reconciliation' with 'Help' and 'Manage' buttons. Below the header, there are options for 'Change settings' and 'Print'. A summary line indicates: 'Report created: 16 Aug 13 • Start date: 01 Jul 13 • End date: 31 Aug 13 • Bank account: Asset: We Are The Suppliers - CBA • Show unreconciled items from previous period: True • Order by date: Ascending • Currency: AUD'. The reconciliation summary shows: 'Opening balance as at 01 Jul 13' (0.00), 'Sum of ticked transactions' (10.00), 'Calculated closing balance' (10.00), and 'Statement closing balance as at 31 Aug 13' (input field). A 'Difference' of 10.00 is shown. A table lists transactions with columns for Payment date, Cleared date, Summary, Reference, Withdrawal, and Deposit. The table contains six rows of transactions, with the first five checked and the last one unchecked. At the bottom, there are 'SAVE' and 'CANCEL' buttons.

Payment date	Cleared date	Summary	Reference	Withdrawal	Deposit
01/07/13		J Doe Sales			100.00
02/07/13		ATM CASH OUT		30.00	
03/07/13		Dinner/Cash		40.00	
04/07/13		J Doe Sales			40.00
05/07/13		FUEL DEBIT		60.00	
01/08/13				40.00	

COST

Saasu starts at A\$15/month and includes 1000 transactions a year, one payroll employee and three bank feeds. A business needs to upgrade to the A\$40/month medium plan to add multi-currency, inventory, five bank feeds and payroll for up to 20 employees. It also has a 20,000 annual transaction cap.

The large plan (A\$70/month) adds capacity for 40 employees, 40,000 transactions a year, 10 bank feeds, consolidated P&L reporting and an API sandbox for software development.

Saasu has about 60 add-on programs, with e-commerce solutions the most popular. This increases to more than a thousand when going via integrators OneSaas and Zapier.

Saasu's goal remains the same – to build a powerful, simple system without too much complexity. It's as close as you can get to enterprise resource planning (ERP) software without actually being an ERP, and for a much lower cost.

Saasu announced in 2018 that it would be refocusing its business from making accounting software for SMEs to releasing accounting mobile apps for micro-businesses and sole traders. It will continue to serve existing customers in Australia. "In business, you must destroy your mothership and keep creating new, better versions," Lehmann wrote in a blog post announcing the transformation. "It is the essence of innovation."



At a glance

Software Program	Pros	Cons	Cost
INTUIT	Powerful payroll features, powerful report customisations, traditional bank reconciliation, large app ecosystem	Supported by fewer accountants than competitors.	Simple Start A\$15/month, Essentials A\$30/month, Plus A\$40/ month
MYOB ESSENTIALS	A solid solution for simple micro businesses backed by MYOB's expertise	Lack of user access rules, no inventory or multi-currency abilities	Starter A\$27/month, up to Unlimited payroll A\$60/month
XERO	Swelling app ecosystem, cloud-based tax, comprehensive functionality	Pricier than others. Payroll not fully compliant with Fair Work and ATO	Starter A\$25/month, Standard A\$50/month, Premium A\$65/ month and up
RECKON ONE	Low cost, flexibility, good dashboard, comprehensive projects module	Lack of third-party apps, no inventory module	A\$5/month for core, additional modules can take it up to A\$32/ month
SAASU	Online commerce features, strong inventory module, subscription billing, cash flow forecasting	User interface makes life harder for non-expert users	A\$15/month for up to 1000 transactions, A\$40/month and above for inventory and payroll

