Business Guide

Online Bookkeeping and Accounting

Online bookkeeping and accounting services use broadband and high speed internet connections to provide businesses and individuals with anywhere anytime access to software for managing administrative and financial records and tasks.

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The online approach to bookkeeping and accounting can simplify and speed up all sorts of related processes, such as bank reconciliation, the management of cash flow and expenses, and the completion and submission of Value Added Tax (VAT) returns.

There are many different online bookkeeping and accounting systems available in 'the cloud' offering many levels of service. So whether you are a sole trader or part of a more complex organisation there is a solution to meet your needs and your budget.

> In an era where the electronic filing of statutory returns is the norm, online accounting seems less like a 'big risk' and more like an idea whose time has come.

Understand

What is the role of technology?

To use online bookkeeping and accounting software all you need is a fixed or mobile telephone line and broadband access to the internet. But if you want to exploit this software efficiently and effectively, it helps to have a basic understanding of how the technology works and what some of the associated terminology means.

Public clouds–and SaaS
Some providers host their services from 'public' clouds, where the hardware and software resources are shared by individuals, businesses and other types of 'subscribers'. They are available 'on-demand'; subscribers pay only for the resources they use and are generally billed on a monthly basis.

The three main service models are Infrastructure as a Service (IaaS), Platform as a Service (PaaS) and the approach that many software developers (and some other public cloud providers) use to deliver online access to their bookkeeping and accounting software: Software as a Service (SaaS).

Private clouds
Bookkeeping and accounting software can also be hosted in 'private' clouds by third parties that manage these resources on your behalf and provide you with online access to them. Sometimes they own the computers, sometimes you do. Some computers are used by a single organisation;

some have multiple 'tenants'. Sometimes bookkeeping and accounting software is licensed to the service provider, sometimes the tenant.

Connectivity

There is a growing range of software available online and sharing data between different systems can be as simple as using 'point and click' tools that need no programming skills or specialist knowledge. So online bookkeeping and accounting software can easily be connected to other online applications you use or plan to use, and to other business software you may have installed on your computers.

Adopt

Getting Started

Begin with the basics

Before you can use online bookkeeping and accounting software you will need to get some basics in place. A dedicated and reliable broadband connection is a minimum: the faster the speed of the connection, the better the performance. If your company is already using Superfast Broadband, the speeds will certainly meet your needs.

You also need: a device with internet access (such as a desktop/laptop computer, tablet or smartphone); an Internet Service Provider to act as gateway between your device and the internet; a web-browser (such as Firefox, Internet Explorer, or Safari) or a mobile app to link you to the online bookkeeping or accounting software.

Define your needs

There are many different online software applications that provide the tools for business bookkeeping and accounting, and no two are identical. There are variations in ease of use, features, upgrades, support, pricing and many other factors. A system that's right for business 'A' may not suit business 'Z' so be clear about your needs.

Some offerings are aimed at small business users with basic bookkeeping needs and little or no bookkeeping experience. Some have been designed for users such as these and for those with finance expertise. Some will suit sole traders; some will suit complex multi-site set-ups. Levels of functionality vary.

Check the availability and the cost for any functionality that you consider to be essential. Some of the needs that you consider to be 'standard' some software vendors may consider to be 'specialised'.

These include:
- Accounting for non-profit entities
- Credit control
- E-commerce and point of sale
- International functionality–such as foreign currencies and sales taxes
- Purchase order processing

- Payroll
- Stock handling
- VAT–in particular the flat rate scheme

Before you use an online accounting system to import bank data, take advice. If it requires your bank login and credentials, is the software vendor handling and/or storing these securely? What are the positions of the software vendor and your bank on legal liability, in the event of fraud or any other unfortunate incident?

Consider the costs

To a large extent these will be determined by the functionality you need from a system and the number of users who will need to access it. A system to meet the needs of a sole trader can cost around £15 per month, a small limited company can expect to pay twice as much, and costs for a large enterprise could run into thousands.

Plan for the transition

If you are already using a spreadsheet, bookkeeping and accounting software, or other business systems (such as Customer Relationship Management or e-commerce) you may need to consider data migration. If you want to import data from an existing system you will find varying degrees of support, depending on the service provider.

Almost all of them provide the basic facilities you need to bring over customer and/or suppliers names and addresses (and often at no charge). Not all vendors provide the facilities to automatically import opening balances or data relating to historical business transactions and records–and if they do they may charge.

Existing users of bookkeeping and accounting software may also want to ensure that their migration plans include software testing, backups of existing data, plus when and how to go live with the new system. Your transition to online accounting will be more demanding than that of first-time users, and may require support from specialists.

Get help and advice

Most vendors of online bookkeeping and accounting software offer some help with initial set-up and configuration, but this may not meet your needs. You may need advice from an IT services company or reseller with expertise in transition projects and/or experience of your chosen system.

Talk to your bookkeeper or accountant too. They can help you to choose the system that best meets your needs, do the initial set it up, and then use the system to provide you with guidance and services such as monthly and year-end accounts. If they are already using online accounting software they may prefer you to use the same system.

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Exploit

What business benefits can I expect?

Easy access
Anywhere, anytime access to your bookkeeping and accounting data makes the associated tasks easier to schedule and perform.

Minimal up-front costs
Pay monthly and only for what you use. Users can be added to meet changes in demand without committing to annual licenses.

Flexible pricing options
There is no minimum contract period, and monthly subscriptions can be stopped at any time.

No software upgrades to manage
All users automatically have access to the latest version of the software and you don't need IT specialists to do upgrades or maintenance.

Time savings
Bookkeeping and accounting data can be shared quickly and easily, which minimises the need for re-keying and the potential for input errors and misunderstandings.

Security of data
Your data is always backed-up and you could benefit from stronger information security and business continuity procedures than your own.

Reduced overheads
No need to invest in the acquisition or maintenance of expensive hardware infrastructure, or pay accountants to perform basic tasks on your behalf.

Help with compliance
Completing and submitting periodic reports to HM Revenue & Customs can be simplified by automation and online filing.

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Top Tips

Visit providers' websites
Check features and prices. Watch online demos and try before you buy. Many providers offer free trials that don't require credit card details.

Look at what is included in the service level agreement
Establish what the uptime guarantee is and what the penalties for failure are.

Identify the security features
Find out if your data is encrypted during transfer between your point of access and the service provider. Is it stored at a secure data centre, and regularly backed up?

Establish what your options are if you outgrow the system or it proves unsatisfactory
Can it scale to meet your future needs? What will your exit route be?

Think carefully about support
Is it available 24/7? Is it provided online? Is there a telephone helpline and where are support staff physically located?

Investigate which add-on software, storage space and other services are available
Establish what is available and, importantly whether they are free or paid for.

Do your sums before you commit
Exactly what is included in your subscription and for how many users? If you exceed this, what are the additional charges?

Other Relevant Guides

SFBW Guide Online Payroll Systems
http://business.wales.gov.uk/superfastbusinesswales/online-payroll-systems

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1. **Register to attend a fully-funded Business Development Workshop.**
   www.business.wales.gov.uk/superfastbusinesswales/events

2. **Make an appointment to see a Business Advisor who will help you create a personal action plan to grow your business.**
   www.business.wales.gov.uk/contact-us

For further information on Online Bookkeeping take a look at:

See how other businesses in Wales have exploited Superfast Broadband
www.business.wales.gov.uk/superfastbusinesswales/superfast-success-stories

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Find out how much your business could save with our
www.business.wales.gov.uk/superfastbusinesswales/savings-calculator

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Other business guides that may interest you include:
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