

# Selecting the right **third-party apps** for your accounting practice

A comprehensive guide to evaluation and selection



Authors

**Erin Hutton, Robert Mings, Jacint Tumacder**

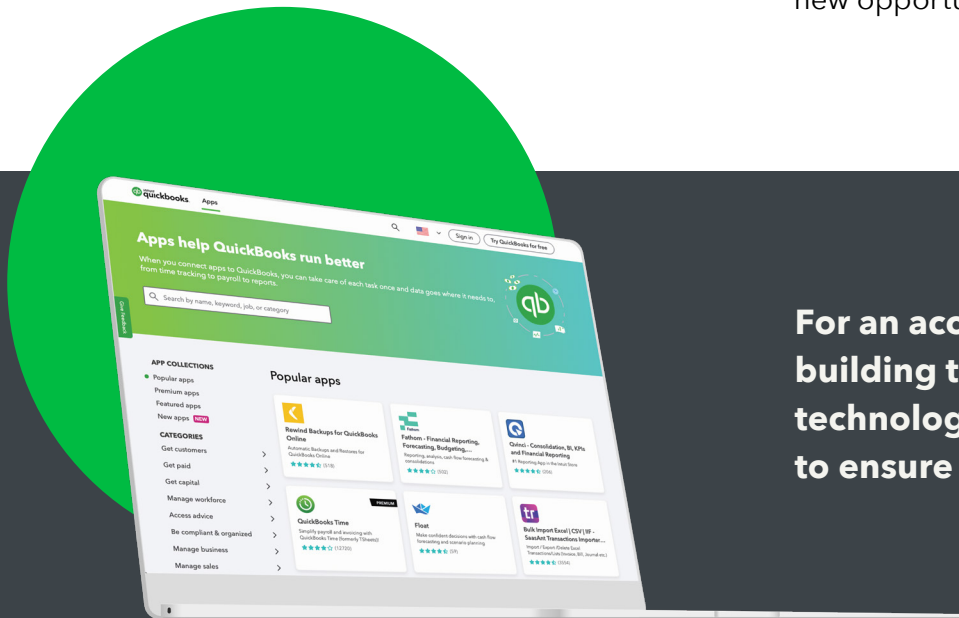
# Overview

## This article will explore:

- Why third-party apps are increasingly important and necessary for accounting practices
- The different types of apps and the jobs they perform
- The evaluation process for selecting apps including requirements gathering and baseline evaluation

Third-party apps have become increasingly important for accounting practices, as they can improve efficiency and support various groups such as the engagement team, firm operations, IT group, or clients. However, choosing the right app is a complex process that requires involvement from appropriate stakeholders and clear guidelines to ensure the best options are identified.

Third-party apps vary in functionality, facilitating information flow, reporting, and compliance motions with the goal of as little manual intervention as possible. Apps are the connective tissue to optimize firm operations and client work and may unlock new opportunities.



**For an accounting practice, building this unique combination of technology will involve several steps to ensure stakeholder's needs are met.**

# Let's start with why

## Why are third-party apps important and at times necessary for accounting practices?

The motivation to seek out a new app to add to a tech stack is often to improve efficiency for various groups such as the engagement team, firm operations, IT group, or clients. However, simply looking for efficiencies without a targeted approach may result in many options, but not the best options. It is important to involve the appropriate stakeholders and have clear guidelines to ensure that the *best* options for improving efficiency are identified.

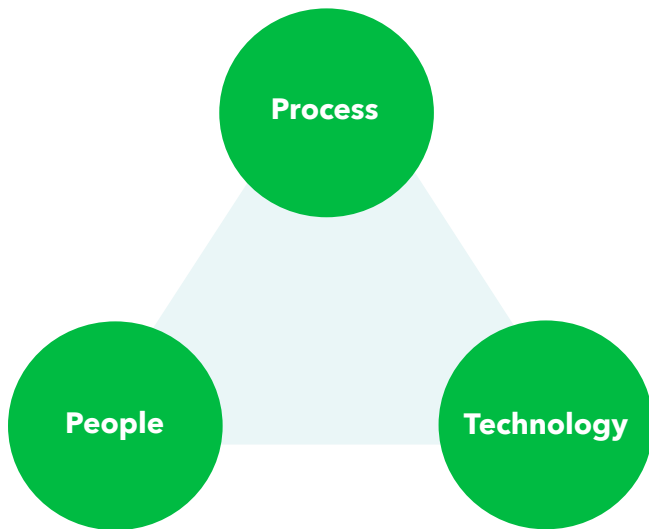
Choosing an app is multifaceted and complex. To start, consider the firm's risk from several perspectives, including professional practices, data governance, tax regulations, PCAOB, AICPA, state boards of accountancy, and insurance coverage. Then, layer on the needs of various firm teams, software integration, and the associated data input or output. With these many elements, approaching app selection as an exercise with a structured approach will garner support from stakeholders, and teams, and grease the wheels for the implementation of the chosen app.

In a multi-practice firm, the operations tech stack provides continuity across groups in areas like data governance, client billing and payments, and risk profiles. A Client Advisory Service (CAS) practice tech stack is more specifically focused on client service needs and practice group efficiency where software and apps are utilized to provide engagement team members, firm support teams, and clients access to information specific to their needs. One such software is QuickBooks Online Accountant, which is the management system for the work to be completed. Any gaps or firm requirements can be filled with third-party apps to meet those specific needs.

When a CAS practice supports fewer general ledger products the standardization from Chart of Accounts, transaction coding, reconciliation, and reporting increases quality and reduces training time for team members. The workflows built within the team and between practice groups also increases efficiency and quality. Therefore, finding apps that support the CAS client base and the needs of the firm's stakeholders is ideal.

# Where to start?

- Understand the current state and perceptions in the practice
- Focus on the ideal client for the practice
- Identify the areas that could be improved



It is critical to producing the deliverables for an engagement, and as noted above, technology is an important pillar that supports a successful practice.

For an accounting practice standardization is the foundation of efficiency and scalability. A decision to require the clients to onboard to the firm's established tech stack is daunting yet necessary for effective standardization.



Within the technology pillar, the general ledger software will handle the core accounting while the third-party apps will bring the industry/niche specifics into an automated efficient experience for both the engagement team and the clients, as appropriate.

If the goal for a practice is to grow by adding advisory, identify what deliverables are needed to be for effective Controller level and CFO level work.

If the goal for a practice is to grow through additional service offerings (e.g., payroll processing) identify what the final technology tech stack needs to include. Regardless of the growth area, start with the end in mind.

# Identifying and selecting apps

The process for identifying and selecting apps is laid out in the following sections, but keep the end state in mind. Whether it be more efficient processing across the practice, firm, client interactions, service deliverables, deeper analysis, industry-specific reporting, filing requirements, or review approvals tracking, third-party apps, when evaluated and chosen well, can assist firms to better their operations.

# App - "types"

With an understanding of why third-party apps are important to a firm's tech stack, let's discuss the different types of apps and their respective jobs. The key criteria for selecting an app involves identifying who the app is for and the jobs you need the app to perform.

## Who the app is for

This identifies who is using the app. In some cases, the client user is the sole or primary user of the app, in others the firm user is the sole or primary user of the app.

## Jobs the app performs

These are workflows and functions the app performs.

## App Jobs

Here are some examples of the jobs that apps perform for the various types of apps.

App Type	Jobs
<b>Industry</b> Construction	Estimating, progress invoicing, manage project costs, change order management, project management, AIA-style billing, RFI/Submittal management, daily field report
<b>Industry</b> NFP	Donor management, pledge management, program/fund management
<b>Industry</b> Legal	Trust accounting, billable hours, compensation/revenue, LEDES invoices
<b>Horizontal</b> Accounts Payable	Bill ingestion, segregation of duties, approval workflow, release of payment
<b>Horizontal</b> Client Collaboration	Secure document exchange, document collaboration
<b>Firm</b> Document Storage	Document "final resting place" storage, secure access storage, SOP, and template storage.
<b>Firm</b> Data Manipulation	Cleaning data, data analysis, import/export data

## App - "Types"

Based on who the app is for and what jobs it performs apps can be broken down into 3 types:

- **Industry-specific client apps**  
e.g., construction, NFP, legal
- **Horizontal client apps**  
e.g., accounts payable, client collaboration, reporting
- **Firm-specific apps**  
e.g., data manipulation, document management, workflow management

## App Examples

Here are some examples of apps by type. These apps can be found on [apps.com](https://www.apps.com)

App Type	App
<b>Industry</b> Construction	Knowify, JobTread, CoConstruct, BuilderTrend
<b>Industry</b> NFP	Method: Donor, Kindful, Bloomerang
<b>Industry</b> Legal	LeanLaw, Gravity Legal, Clio
<b>Horizontal</b>	BILL, Troy FlexPay, Recur360, DocuSign, Syft Analytics, Fathom
<b>Firm</b>	Client Hub, Karbon, Aero Workflow, Uncat, Saasant, Transaction Pro importer

# App Evaluation

With an understanding of the categories of apps to consider, evaluating specific apps against the needs of a practice is the next step.

## Requirements gathering

A successful app evaluation starts with collecting feedback on what is required from an app's functionality. Talk with stakeholders - clients or internal professionals - about their requirements (e.g., automating a business function or adding additional sales channels).

Ask the stakeholders to think in terms of critical, nice-to-have, and an optional category of value-added.



## Note

**Your stakeholder may recite business requirements. Part of this exercise may require you to translate these business requirements into software requirements or product functionalities. An internal 'software champion' who understands the client's and practice's needs can be well suited for this.**

# App Evaluation (continued)

## Critical requirements

These requirements are must-haves and are non-negotiable. They are necessary for the business to successfully carry out its processes.

## Nice to have requirements

As the name would suggest, these requirements are nice to have, however, the business can carry out its processes without them if they have to.

## Value-add (optional)

This is an optional category that includes features that weren't explicitly called out by the stakeholder yet are relevant. They may have been introduced by the evaluation team based on prior experience or expertise.

You'll also need to be equipped with some consultation based questions to carry out the exercise. Here are some starter areas to consider as you develop these questions:

- Critical business workflows
- Data import/export
- Reporting
- Users and access control
- Security and governance



## Tips and considerations

Aim to keep this exercise concise and to the point  
- ideally in 45 minutes or less

Ensure there are stakeholders present at both the  
leadership and operational level

- Leadership will ensure the business' needs are being met
- Operations will ensure the client's needs are being met and act as a subject matter expert for day-to-day usage

Keep the attendees as low as possible while ensuring accurate representation e.g., 10 or more individuals in the exercise will make it challenging to complete on time.

At times, you may need to challenge the stakeholders for a requirement being truly critical vs. nice to have



# App Evaluation (continued)

After completing the requirements gathering exercise, review what was documented. If all critical requirements are already served through existing software, there's no need to bloat the app stack.

Wherever possible, keeping the app stack lean contributes to lower chances of sync errors, rework, and lower maintenance cost.

## App shortlisting

With the requirements in hand, move on to evaluating potential apps. But how many? To start, how many apps should be considered?

While the answer will depend on the amount of requirements, use case(s), and size of the engagement, a general starting point is 3-5 apps. This allows for enough apps that the evaluation is meaningful while also being conscious that this exercise shouldn't be a huge time investment.

**To find the apps to evaluate, there are a few channels to consider:**

- [QBO App Marketplace](#)
- Software selection platforms
  - [G2](#)
  - [Capterra](#)
- Prior experience
- Referral and word-of-mouth
- Research
  - [Gartner](#)
  - Peer Groups
  - Alliances
  - Accounting Focused Podcasts

Let's start with a bank of 3 apps. There are two evaluation approaches detailed below. The first is a simpler approach that involves taking notes as you evaluate. Alternatively, you can consider a more in-depth and systematic approach involving scoring each element and calculating a final index.



# Baseline App Evaluation

## Baseline app evaluation

For this evaluation method, evaluate the app informally and take notes as you explore the app. Generally, the best approach is to sign up for a free trial account. If that's unavailable, you may need to request a demo - either pre-recorded or live.

**For focus areas to evaluate, consider the following:**

- Functionality
- User experience
- Integrations
- Business
- Pricing

Within each focus area, think through a series of critical questions. Here are some examples to get started:

## Functionality

This focus area is how the app works. Check the app's functionality against the requirements gathered earlier.

- Does it meet my client's critical requirements?
- Does it meet some of my client's nice-to-have requirements?
- Does it have user and role management?
- Does it have a history of consistent product improvements?
- How does it stack rank in its peer group?
- How customizable is it?

## User experience

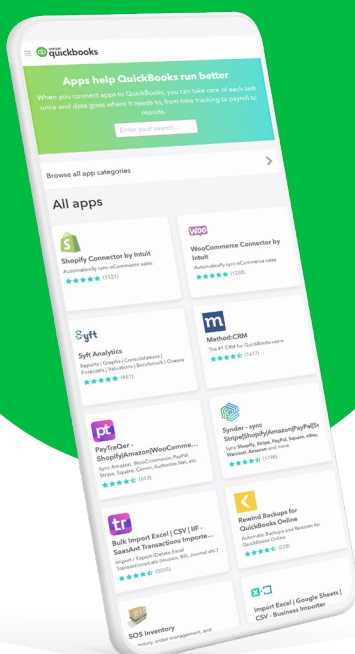
This focus area is all about the user experience (UX) and user interface (UI). This is how delightful (or undelightful) interacting with the app will be.

- How simple or complex is the onboarding/setup process?
- What sign-in options are available?
- What is the learning curve?
- How responsive and intuitive is the UI (user interface)?
- Is the navigation clear and accessible?
- Has the UI been designed for ease of use?

## Integrations

This focus area is about integrations. These are achieved through APIs - application programming interfaces.

- Does it offer an integration to QBO?
- If yes to the above, what is the depth of the integration?
- If yes to the above, does it carry out the accounting correctly?
- Does it offer integrations to any of my client's other apps?
- What other integrations does it offer?
- Does it have its own API (application programming interface)?



# Baseline App Evaluation (continued)

## Business

This focus area touches on customer support, resources, and consumer sentiment.

- What support options are available?
- Are support SLAs offered and what are the support hours?
- What is the average rating?
- What resources are available?

## Pricing

This focus is on the pricing model and partner programs.

- What are the pricing tiers?
- Is there accountant or volume pricing available?
- Is there a partner program?

## What are the Pros and Cons of this method?

### + Pros

- Lower time investment
- Doesn't require a demo account (although highly recommended)

### — Cons

- Not as comprehensive
- Higher level of subjectivity



# Systemic App Evaluation

This app evaluation method is more thorough. For this approach, a demo account is required for each app and it will be helpful to record findings in a spreadsheet.

Start with the same Baseline App Evaluation questions, however, findings will be expanded and structured in such a way that a score can be assigned to each question (now referred to as elements).

## A sample process is highlighted below:

1. Translate the above questions into elements  
e.g., How customizable is it -> Customization
2. Create a spreadsheet with columns being the individual elements and rows being apps
3. Decide on a scoring framework  
e.g., 1-5 or stars or red/yellow/green
4. Evaluate the app and score each element in the spreadsheet
5. For each focus area (e.g. Functionality), review all elements and decide (or calculate) a final score  
e.g., after looking at the 5 elements in the Functionality area, a functionality score of 3.5/5 was calculated
6. Once all focus area scores are available, decide on a weighting of each area  
e.g., each focus area has an equal weighting of 20%
7. Calculate the final index by using a weighted average  
e.g., final index =  $0.2 * \text{functionality score} + 0.2 * \text{user experience score} + 0.2 * \text{integration score} + 0.2 * \text{business score} + 0.2 * \text{pricing score}$
8. Sort the evaluated apps by the final index

A more advanced version can incorporate other field types such as boolean fields (true/false), symbols, etc.

For this method, empirical figures can be presented as a starting point to then find new elements that are meaningful to stakeholders while removing ones that are not. Doing so caters the evaluation to the firm and the client portfolio.

## What are the Pros and Cons of this method?

### + Pros

- Very comprehensive
- A more objective approach to evaluation

### - Cons

- Greater time investment
- Requires a demo account

In each method, be sure to keep the identified critical requirements at the forefront as you evaluate. The requirement-gathering exercise can inform your decisions about apps and other pieces of a firm's tech stack. Evaluation will uncover information to assist in the selection process.

# Third-party apps

are important and necessary for accounting practices to improve efficiency and meet specific needs.

With the right combination of technology, accounting practices can achieve standardization, efficiency, and scalability, ultimately providing better service to their clients.

With the above steps, honing in on the best app(s) to assist a firm's particular needs and client mix can provide a solid foundation for improving how a practice operates.

There are over 800 apps that integrate with QuickBooks Online. [Start here](#) as you consider which apps are right for your practice or jump right into the [app store](#).

For more information on building an app tech stack including answers to commonly asked questions about app integrations, [contact](#) a member of the QuickBooks Accountant team.