The Accounting Practice Management Software Selection Guide

How to identify, evaluate, and choose the right practice management software for your accounting firm.

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INTRODUCTION

Embracing the future of accounting technology

If the emergence of cloud accounting was The Renaissance, then accounting technology today is nothing short of complete metamorphosis.

Technology is transforming what it means to be a modern-day accounting professional. If you look inside today's leading accounting firms, you'll find accountants empowered as strategic advisors and consultants behind cutting-edge AI technology and automation tools.

The numbers speak for themselves:

- Overall, 40% of accounting functions can be fully automated with the right technology.
- 67% of accounting professionals agree that AI can serve as a competitive advantage for their firm.
- Leading accounting firms use workflow technology 120%-130% more than their less-competitive counterparts.
- 51% of accountants believe that technology skills will make the most impact on the industry in the next 5-10 years.
- Automation is set to reach $9 billion USD by 2026 (29% annual growth rate).

At the same time as this technology revolution, the economy is turbulent, client expectations are increasing, and only 25% of accounting firms feel extremely confident in their ability to keep pace.

> **Ultimately, what will separate those who keep up and those who get left behind is the technology they choose to power their firms with.**

At the core of every high-performing accounting firm is a robust accounting practice management tool. It serves as your firm's central nervous system, helping to manage and streamline each part of your firm's operations—including capacity management, internal and client communication, workflow management, billing, analytics, and more.

This guide is the complete breakdown of accounting practice management. It will guide you through the essential features to look out for, red flags to avoid, and the three key considerations to take when choosing the best solution for your firm.

PART 1

What is accounting practice management software?

As your accounting firm grows, so does its complexity. More staff, clients, decisions, and processes to manage. This is where accounting practice management software comes into play. If you're not focused on systems, your growth can multiply your problems.

Accounting practice management software can help streamline every aspect of an accounting firm's operations. These aspects depend on the solution you choose, but typically can include email management, internal and client communication, client portal, automation, client management, CRM, workflow management, work checklists, work templates, capacity management, document storage, billing, payments, reporting and analytics, and integrations with other accounting-specific and general business software.

Traditionally, accountants and bookkeepers have relied on all-purpose tools like spreadsheets and general project management platforms to organize and execute their daily tasks.

But generic solutions don't cut it. They don't account for the nuances of running an accounting business and managing complex client structures and relationships. And the larger a firm grows, as does the need for accounting-specific practice management.

Think about everything that goes into the day-to-day operations of running your firm:

- Capacity planning
- Team communication
- Client communication
- Onboarding clients
- Managing your team
- Project management and updates
- Billing and payment collection
- Monitoring efficiency and compiling reports

The right accounting practice management software not only centralizes this activity into one hub, but helps you execute at scale with greater effectiveness. It does this by managing team communication and deliverables, tracking client projects, automating tasks, and keeping tabs on key performance metrics.

Ultimately, the right practice management tool will help your accounting firm do more with less. And today, when finding great talent is the number one challenge for accounting firms, this is something that everyone needs to be thinking about.

The benefits of accounting practice management software are very real and experienced by thousands of global firms, including:

- BNA, on average, are now able to complete tax returns in 3 days.
- Tabworks streamlined client onboarding down to 5 days.
- Black Sheep Services is not only saving more than 40 hours a week, but owner Marni Garcia could finally take a vacation with the confidence her staff could manage without her.

Why you need practice management software

An accounting firm without practice management software is like driving a car with no peripheral vision—you can only see what's in front of you, with no visibility around the car, in the car, or what's in the distance.

As a result, you're not necessarily driving blind, but you're driving dangerously. You're relying on everything inside and outside the car going exactly the way you want it, without being able to actually see it. But that's not realistic. It's the same with your firm.

Without full visibility across each part of your practice, you're unable to:

- Make informed decisions
- Understand how well your firm is operating internally
- Understand how your team interacts with your clients
- View your firm's profitability
- Understand if you need to hire
- Understand how effective and efficient your processes are
- Scale and grow with confidence

What strong practice management software can do for you, your firm, team, and clients

Once you find the right solution for your firm, you can expect transformational effects:

- You'll gain a completely **new perspective across how your firm operates**, including how your team communicates with clients.
- You'll **streamline** your processes, templatize your work, and **save time**.
- You'll be able to direct your efforts away from manual processes and towards **value-driving tasks**.
- You'll gain freedom and **no longer be trapped in your inbox**.
- You'll be able to **scale and grow your firm** (if that's what you want to do).
- You'll have **peace of mind** that will allow you to spend time with family, friends, take vacations, and unplug.

Practice management vs. project management

Understanding the difference between practice management and project management is crucial in making an informed decision.

Practice management

Practice management focuses on running a professional services business, like an accounting firm. Everything practice management software offers should work towards improving efficiency, visibility, communication, and profitability across the entire firm.

You can expect to see features like a CRM, client portal, embedded communication, and billing and payments in practice management software.

Project management

On the other hand, project management is all about getting a specific project over the line. It focuses on the processes and execution of workflows.

If practice management was a house, then project management is just one room.

This means that for accounting firms, project management is one part of what a practice management solution offers.

> **Without a strong accounting practice management solution, you miss out on untapped potential to scale your operations and grow your firm.**

PART 2

Essential features of accounting practice management solutions

There's a lot to consider as you shop for software—especially when you're looking for something as comprehensive and ubiquitous as an accounting practice management tool.

Here are the key features you should look for. Any practice management tool worth its salt will include each of these elements.

1. Project and workflow management

46% of accountants believe that project management is the most critical skill for future accountants. Interestingly, there are no project management tools built specifically for accounting teams.



An accounting practice management tool that coordinates all the components of project management is key. These components include:

- Individual task delegation and tracking
- Activity and project timelines
- Collaboration and communication tools
- Time and budget estimates for jobs
- Resource planning

Your practice management tool should help align your team to the same goals, adjust priorities, and give you confidence that nothing will fall through the cracks.

2. Workflow automation

Workflow automation is a crucial component of practice management. Without it, you're wasting time on low-value and repetitive tasks, like updating work statuses and sending client reminders.

By implementing a practice management tool with robust automation capabilities, Australian accounting firm, Oyster Hub, have automated the work of two full-time staff members, and Canadian firm, Tabworks, reduced client onboarding time by 80%.

The best practice management tools help you automate your workflow in a few key ways, such as:

- Automatically collect and store client data and files.
- Instantly update task and project assignments and due dates based on logical relationships and dependencies between tasks or activities.
- Automatically send client reminders via email.
- Set recurring work to repeat on automatic schedules.
- Provide workflow templates to help you standardize processes.

3. Integrated email

People say there are two certainties in this world: death and taxes. For accountants, you could add one more to that list: email.

No matter the convenience and enhancements that tools like Slack bring to business, or the convenience of sending text messages to clients, there may always be a handful of important reasons why email will prevail.

After all, as an accounting business, email is at the heart of your client relationships. Not only is it a universal communication medium, but most client inquiries still come through email first, and it's used to share documents, kick-off jobs, provide updates, and request more information.

With that in mind, your practice management tool should have a solid, two-way integration with your email provider. Better yet, it should also offer shared inboxes for your team.

This is why:

1. **Eliminate information silos:** All communication between staff and clients is consolidated in automatic audit trails and easily accessible.
2. **Democratize information:** Empower your staff with the information to do their jobs effectively.
3. **Increase visibility:** Know who last contacted a client, what was said, and when that was.
4. **Increase productivity:** With some practice management tools, you can turn emails into tasks, effectively eliminating the need to context switch between your workflow tool and your email provider.
5. **Better manage client relationships:** Whenever a client contacts your firm, no matter who takes the call, your team will have access to the information they need to assist.

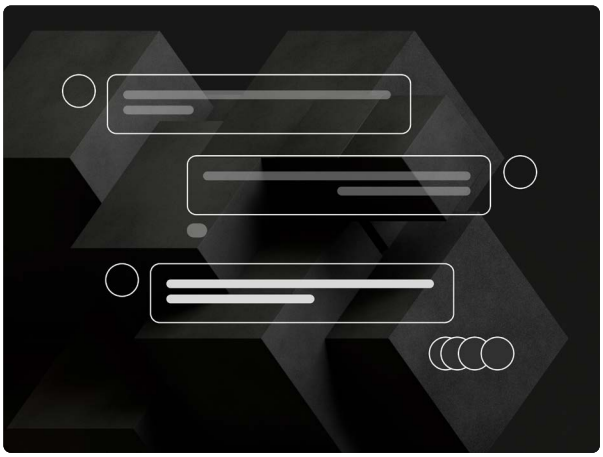
4. Internal communication and collaboration

According to a recent study from The Conference Board, only 4% of CEOs in the US and Europe are looking to mandate a return to the office.

Fully remote or hybrid accounting firms are the present and the future. As long as you have a solid tech stack so you can operate and collaborate efficiently with clients and internally, there's no need to go back to pre-COVID work habits.

That's where a practice management tool with robust collaboration features is essential. These features include:

- **Integrated email** that assigns communication trails to jobs.
- **Activity timelines** with a shared history of emails, notes, tasks and activity relating to any job or client.
- The ability to discuss clients or jobs with **notes** for everyone to see and comment on.
- The ability to leave **comments** against jobs, tasks, notes, and emails.
- The ability to **@mention** your colleagues in comments.



5. Capacity management with dashboards

United and collaborative teams are productive teams. Accounting practice management software supports both leaders and individual contributors in getting work done—together.

Firm leaders and founders

Get a bird's eye view into exactly what your team is working on in real-time—a non-negotiable feature if you're a remote firm. You should be able to have visibility over what really matters most to you—exactly what impacts your success and growth—with the ability to drill in to see more detail so you can see where changes need to quickly be made.

When changes do need to be made or when new tasks come in, you should be able to easily view team members' capacity with Kanban boards and work dashboards, and then assign work to individuals based on their current resources and workload.

Team performance analytics will help you visualize your team's output, helping you make sound strategic business decisions.

Individual contributors

Should have clarity over what their day, week, and month looks like. They need to see what their biggest priorities are and exactly what they need to get done today. Work checklists should help them keep track of projects, while a calendar integration should help them plan and manage their time effectively.

6. Document management

Your practice management solution should offer a built-in document management solution that enables you to securely save and organize files right in the context of your workflow. It should also enable you to safely share and request client documents via your firm's client portal, as well as allow for e-signatures and document approvals.

Ideally, it should also integrate with your existing document management system—such as Dropbox or OneDrive—to keep your files linked and in-sync.

Keep an eye out for solutions that incorporate automation, like automatically creating and linking document folders to recurring jobs.

7. Client portal

A secure client portal is critical for effectively collaborating with your clients. In fact, as much as 25% of current time spent on email could be repurposed by shifting communication to a social collaboration platform, resulting in 8% of the workweek being made available for more value-adding activities.

A client portal is that collaborative platform for you and your clients. It's where you can request information and documentation and where your clients can self-serve, find information, ask you questions, and provide you with what you need.

8. Client management, including a CRM

Managing client relationships shouldn't be a challenge for you or your team. Your practice management tool should give you visibility across every client relationship. This is a non-negotiable. It should help you track all client activity, ensuring everything is searchable, so when a client calls, you will instantly know where things stand.

47% of firms report a massive impact on client satisfaction with CRM software, but not all CRM software solutions are created equal. Your accounting practice management should offer a CRM function that:

- Is your single source of truth for all client details.
- Provides scalable client onboarding processes.
- Stores contact information such as names, email, business and postal addresses, and other identifying information.
- Tracks and manages the process of converting prospects into paying clients.
- Track sales efforts, including sales pipeline, lead scoring and lead generation.
- Integrates with accounting-specific software.

It's important to note that the concept of a CRM is not specific to accountants. Some firms use a generic CRM solution alongside their practice management tool, while others prefer a practice management tool with CRM capabilities.

9. Workflow templates

What if you never had to start from scratch again?

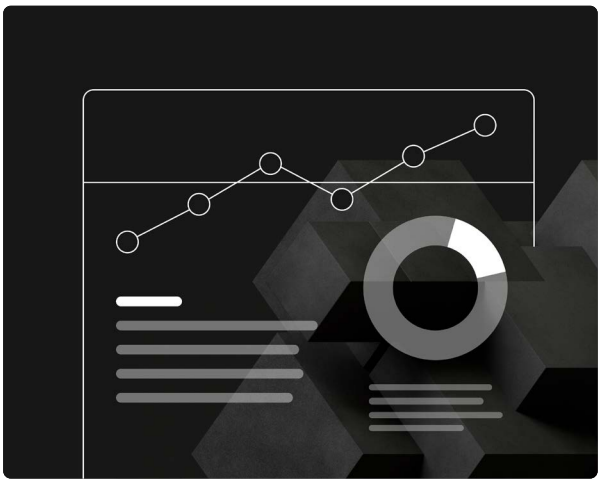
What if all your accounting processes existed as pre-created workflow templates that are tailored to your region and service, ready for you to download, customize and use instantly? For many firms, it means hours of time savings.

Templates give you a place to document standard operating procedures and processes, and standardize them across your firm. It means consistency, efficiency, better service for your clients, and an easier onboarding process for new clients and new team members.

This is exactly what your practice management solution should offer. It should enable you to use and customize pre-created templates as well as create your own.

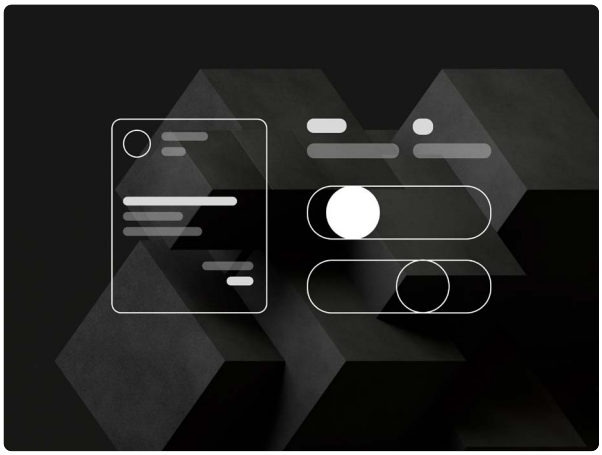
10. Business analytics and reporting

Do you know how well your firm is operating? Are you aware of the leading inefficiencies that are hurting your bottom line? Do you know who your most profitable clients are, or who your most productive staff members are?



11. Billing, invoicing and payments

Your practice management tool should automate the manual steps required to reconcile time, bill your clients and collect payment from them. And because it's within the same place as your work, you will spend less time copying data to and from your billing software.



These are the billing, invoicing and payment features to look out for:

- **Budgets:** Estimate time to allocate resources and track actuals against budgets.
- **Custom rates for roles and colleagues:** Charge clients custom rates based on roles or who is doing the job.
- **Automatic invoice creation:** Automate invoice creation based on the work that takes place.
- **Billing runs:** Generate a batch of invoices to send or export.
- **Time, fixed fee, and recurring billing:** Set up, adjust, approve, and send your invoices the way you charge your clients.
- **Write-on and write-off:** Make adjustments based on time, expenses and other tracked activities.
- **Aged receivables:** Stay on top of all outstanding accounts across all clients and work.
- **WIP and realization reports:** Automatically report on WIP, time or fixed fee realization, and receivables.
- **Payments:** Manage, receive, track and set up auto-payments within one system.

12. Integrations

A practice management solution must be able to integrate with other accounting business apps so you can create a connected tech stack. As a result, you'll save time, reduce context-switching, increase productivity and efficiency, boost team morale, and enhance client relationships.

Integration examples include:

- General Ledgers, like QuickBooks and Xero.
- Proposal software, like Ignition and GoProposal.
- Document management systems, like Dropbox and OneDrive.
- Email clients, like Gmail and Outlook.
- Calendars, like Google Calendar and Outlook.
- No-code integration tools, like Zapier and Make.

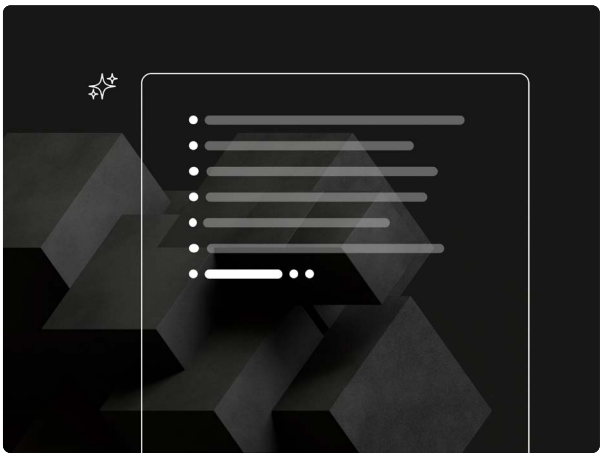
Open API

A practice management tool with an open API will allow you to build custom solutions and bespoke workflows with other tools.

13. Artificial intelligence (AI)

In the contemporary accounting landscape, AI is transitioning from a futuristic concept to an increasingly prominent component of business strategy, with 54% of accounting professionals believing that the value of a firm drops if it doesn't use AI.

As technology develops, so should your practice management solution. It should be on the forefront of tech advancements, ensuring that you, your firm, team, and clients are benefitting from the best modern technology. Right now, that means it should be exploring the secure use of generative AI and the value it can add to your firm.



Some current example use cases for AI in an accounting practice management tool include composing emails, adjusting communication tone, and summarizing emails and internal conversations.

14. Enterprise-grade security

Despite what you read in the news or see in movies, hackers don't just target large corporations. They look for smaller, easier targets as well. In fact, accounting firms are high-risk targets for cyber attacks given the nature of the information you process.

So it's critical that your tools and processes are secure. Your practice management tool is no exception. It should offer a security-first approach across every part of the product and company—from product development all the way through to support.

Look for solutions that:

- Are SOC 2 Type 2 compliant
- Are GDPR compliant
- Use encryption
- Have a robust privacy policy
- Automatically back up data

PART 3

Choosing the best accounting practice management software for your firm

To find the best accounting practice management tool for your firm, it's essential to thoroughly assess your current workflow and future growth trajectories.

Step 1
Consider where your firm is today

Take some time to consider your current strengths, weaknesses, opportunities, and threats.

- **Strengths:** What does your accounting firm do well? What required expertise and tools do you already have?
- **Weaknesses:** What operational challenges do you have? What do you want to do but currently cannot offer your clients?
- **Opportunities:** What do you expect your business to look like in 5-10 years? What growth opportunities do you see on the horizon that you want to take advantage of?
- **Threats:** What competitive or regulatory challenges are out there?

Ultimately, how will a new practice management system empower you and your team to achieve your firm's most important goals?

Seek feedback from your team. Take time to understand their biggest time wasters, pain points, and where they would like to see operational improvements. Their feedback is invaluable to making a smart purchase decision.

Step 2
Assess your budget

High-quality software is indeed an investment, but it's important you find the perfect balance between value and what your firm can reasonably afford.

Here's a helpful framework:

1. **Calculate total cost of ownership.** Consider not only the initial purchase price but also ongoing expenses such as licensing fees, maintenance costs, and potential training expenses.
2. **Estimate the return on investment (ROI).** Assess how the software will contribute to revenue generation, cost reduction, and efficiency improvements. Look for quantifiable benefits such as time saved, increased productivity, and enhanced client satisfaction. Many vendors may share their take on how their solution will deliver your firm ROI, so explore these, such as Karbon's ROI calculator.
3. **Explore pricing options.** What pricing model is best given the stage and budget of your firm? Subscription-based? Per-user licensing? Or more flexible pricing? Determine which one aligns with your firm's growth trajectory and cash flow preferences.
4. **Look for pricing transparency.** Request detailed pricing information, including any hidden costs or additional fees for customizations, support services, or future upgrades. Whether or not a company is clear, transparent, and fair about their pricing will tell you a lot about what it would be like to be a customer.

Step 3
Evaluate your options and vendors

Onboarding a new tool at your firm is a big deal, especially when it's as wide-reaching as a practice management solution. At the end of the day, you're not just buying a product. You're buying a solution, customer support, and a vision.

Ask yourself:

What's the vendor's reputation?
Check out online reviews, customer testimonials, and any industry awards the company has earned. A vendor with a strong reputation is more likely to provide a strong product.

What's the vendor's experience?
Was the product built by industry experts? Does the product address the real pain points of working in the industry?

Do they offer enough data security?
Make sure there are enterprise-grade safeguards in place to protect your and your customer's data.

Are they reliable?
See if you can find reports on any product incidents or uptime. A reliable practice management tool is crucial at all times, and especially during busy season.

Do they offer robust onboarding and implementation support?
How much support do they offer to ensure your transition is smooth with comprehensive training, implementation, and consulting services?

Is their product scaleable?
The needs of different sized firms vary greatly. Not only do you need a practice management solution that is designed for and used by firms of a similar size to yours, but it's also important that it offers the flexibility and scalability to grow with you. And if your growth strategy may include acquisitions, it must make that easy through the ability to scale processes and increase visibility. The tool you select should be able to support your firm's growth, no matter what that looks like.

Is their product truly world-class with exceptional customer support?
Is it easy to integrate, straightforward to use, and a seamless fit into your workflow? Does the vendor offer access to customer support during your firm's business hours? Is support communicated in the method that works for your team, whether that be email, phone, live chat and/or virtual meeting? Is sufficient self-serve support content available outside of business hours such as help content, videos, customer community, and online training?

How quickly are they innovating and releasing new features?
How often are they delivering innovative features? Is the tool a future-proof solution that will grow with your firm that you can benefit from for years to come?

Discover this comprehensive round-up of the best accounting practice management solutions, including each option's:

- Key features
- Pros and cons
- Pricing
- The types of firms best suited to each
- Reviews
- Ratings



Use this free worksheet for comparing and assessing practice management tools as you search for what's right for your firm.

Signs to look out for (and avoid) in a practice management software vendor

Green Flag	Red Flag
✓ Committed to continuous and regular product development.	✗ Stagnant product development.
✓ On the leading edge of tech (e.g. are they exploring the implementation of AI?).	✗ Outdated product design and poor user experience.
✓ Invest in the customer and industry (do they create educational content, attend events, and build communities?).	✗ No or very few accounting-specific workflow templates, content, or support.
✓ Positive reviews, ratings, and customer testimonials on popular review sites, like G2.	✗ Negative reviews, no reviews, or very few reviews on review sites.
✓ Team consists of those with deep experience and passion about the accounting industry.	✗ Doesn't specialize or invest specifically in the accounting industry.

Equip your firm with the best practice management solution

At this stage, you have all the information you need to test, assess and choose the best practice management software for your firm. But don't be mistaken: onboarding a practice management tool is a significant project for your firm.

To ensure your transition is optimal, you get the most value and the least disruption, there are three key requirements:

1. Alignment

Every single person at your firm needs to understand why you're implementing a practice management tool, the reason you selected a particular option, and the problems you seek to solve with it. The power of an aligned team sets firms apart from others. It's more than just a company culture; it's about a unified vision and mission that employees are passionate about.

2. Team-wide buy-in

Your team needs to truly believe in what you're trying to achieve by onboarding a new practice management tool. They need proof that it will make their lives easier and help them deliver more value to clients. If they don't buy into your vision, they won't fully commit themselves to the role they need to play to make it a success.

3. Change champion

Change champions (or implementation champions) are team members who volunteer or are selected to help facilitate change. It's important that they believe in the upcoming change, understand it, and champion in favor of it. As a result, they play a significant role in securing alignment and team buy-in. When introducing a practice management tool to your firm, it's important that the change champion is involved with the initial training, dedicating more time to learning it before anyone else.

There's no shying away from the importance of making a decision about the software that will essentially form the backbone of your firm's tech stack. But it's arguably one of the most important decisions you will make for your firm. So, take your time, ask as many questions of vendors as possible, and involve your team. Take the time now to set yourself, your firm, team and clients up for success down the road. You'll be glad you did.

Suggested resources for further reading

This guide intentionally doesn't include product reviews and comparisons because products change and features are released at pace. Here is a list of additional resources to help your decision making.

Practice management comparison guides

- Best accounting practice management software solutions
- Best accounting practice management solutions with email integrations
- Best practice management software for tax firms
- Opzer's practice management benchmark report
- Future Firm's top accounting practice management software roundup guide

Software review websites

- G2's accounting practice management software category
- Capterra's accounting practice management software category

KARBON

Practice Management Built for Growth

Boost productivity, strengthen client relationships, and drive profit with the #1-ranked practice management software.

4.8 G2.com

4.7 Capterra.com

4.7 Getapp.com

karbonhq.com

