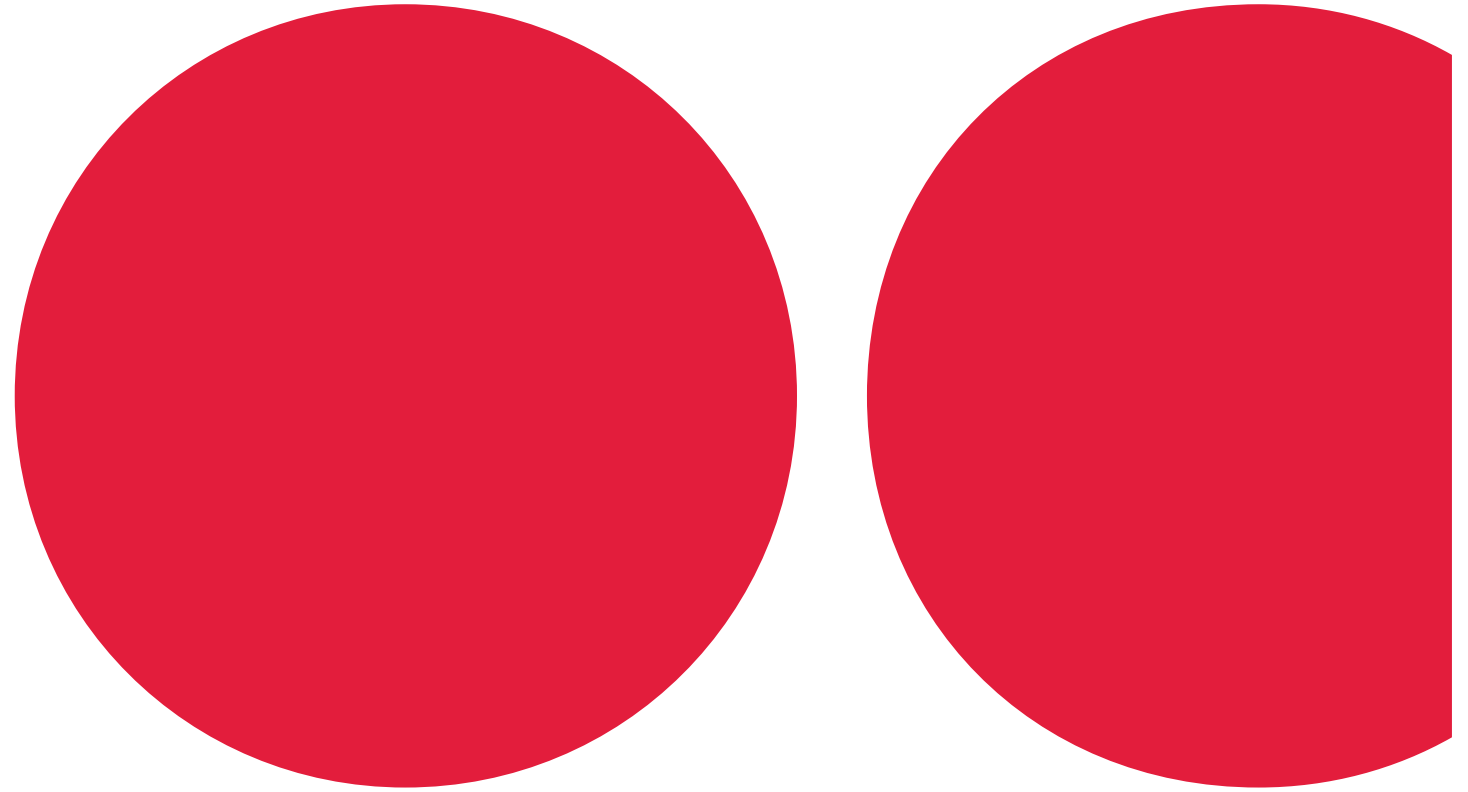
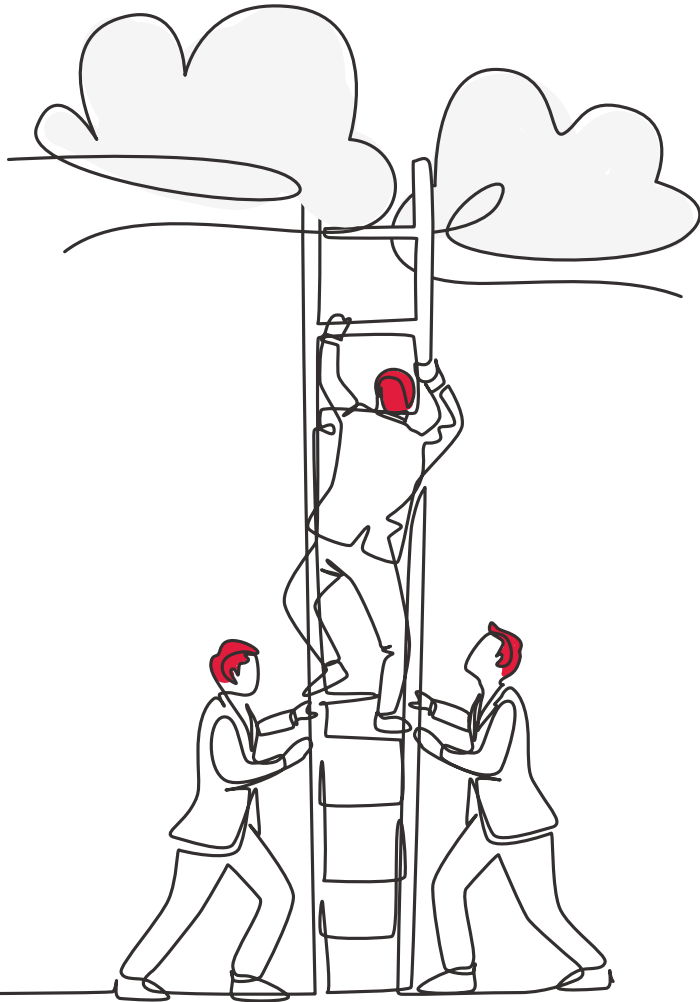


Guide to the  
Best Cloud  
Accounting  
Systems



**Oury Clark**



## The Top Cloud Accounting Software for SMEs

Everyone is telling you to get on the cloud. Accounting products are running constant advertisements on radio and TV extolling the many benefits of their cloud accounting suites. Even HMRC, an organisation with its roots in the 1600s (they have advanced a bit since despite significant evidence to the contrary), is encouraging you to make the move to the cloud, already making it mandatory for VAT registered businesses as part of their Making Tax Digital (MTD) programme, (this will soon become mandatory for Income Tax Self Assessment reporting (ITSA) corporation tax yet to follow).

If you are starting a business and need an accounting platform or are looking to make the upgrade to cloud accounting, this quick guide will take you through the most popular options on the market for small to medium businesses, as well as helping to identify the best cloud accounting platform for your situation.

# 01. Xero

Xero is the major new player in the accounting space. They are based in New Zealand and with plans for world dominance – you have likely heard of Xero, even on the radio despite their confusing name (Xero with an X).

Xero's pull is three-way: -

- They possess one of the most intuitive platforms to use.
- Their API (application programming interface) the method of connecting to other apps or software is flexible and integrates well.
- They are widespread.

This means Xero is likely the most cost-effective and future proof platform to use currently. If there is no existing accounting software knowledge within the company, it is the easiest to train on and likely most familiar to existing accountants and bookkeepers.

Xero's reports are almost fully customisable, allowing you to create beautiful reports to your hearts content. Unlike Quickbooks or Sage where the reports are very limited to what can be changed. You can create report packs, add notes, comments and formula's, however they are not always the easiest to create so support is recommend.

Their market share and API make it the software other companies are most likely to integrate with first outside of North America. If you are an early adopter in tech then you will want to run your business on Xero.

However, their software can start to creak under large transaction numbers. The system will start to slow down after 2,000 bank transactions per month and reports will be more difficult to manage (most notably VAT reporting). Xero scales beautifully with a business up until this point making it great for start-ups.

Xero also do not offer phone support (they do offer portal support), you will have to rely on your accountant for this service.

# Best For...

- Start-ups.
- Those with no experience of other accounting systems.
- Companies seeking to integrate other data sources with their accounting system.
- Entities with low/medium data volumes.
- Those who are happy or prefer to use third party apps to improve Xero as they grow.



## 02. Quickbooks Online

Quickbooks Online is owned by a US company called Intuit and has been established in the UK for a significant time now, first building their brand as a freebie with NatWest accounts they are now one of the main established providers in the UK. (Unfortunately if this piqued your interest, this offer has not been around for a decade, but you may wish to investigate FreeAgent as the current NatWest freebie software.)

They have reacted to Xero's entry into the market and followed a similar strategy to Xero over the last few years, aiming to build the most app integrations and have the easiest product to use.

Although Quickbooks often trials Xero in terms of UK, European and Oceania aimed app launches, it is often the second UK accounting app that UK apps will connect with. However, do note developers aiming for the North American market will favour Quickbooks releases above Xero.

Also, Quickbooks generally takes a little longer to learn than Xero. In our opinion this is partly because you can do a lot more with a basic Quickbooks subscription than a basic Xero subscription and these additional features can confuse new users.

These additional features are a major differentiator of the two platforms, Quickbooks has more advanced integrated reporting and OCR (optical character recognition) apps than Xero currently, and is not restrictive of transactions for its most basic subscriptions. The playing field is becoming more level as Xero does releases more and more internal features (including the recently released business snapshot feature), however QuickBooks has the edge at the moment.

Quickbooks also has no transaction limit, therefore there are no issues down the line with volume (although note they do adjust API throttles after periods of large growth which could create issues with connected apps for larger companies).

Quickbook's support is extensive and available through phone, emails, and portals.

## Best For...

- Those who would prefer one system for reporting, accounting and data entry as opposed to bolting on additional apps.
- Companies with staff whom have previous experience in the software.
- Larger volume, smaller margin entities.
- Entities mainly located in North America.



## 03. Sage Business Cloud

Sage is the most established company for accounting products in the UK and is based in Newcastle.

Their business cloud offering is aimed to compete directly with Xero and Quickbooks and imitates their functions and intuitive user interface.

Cashflow is a large focus area for small and medium companies, and this is the only software on this list to include forecasting in its main platform beyond 90 days.

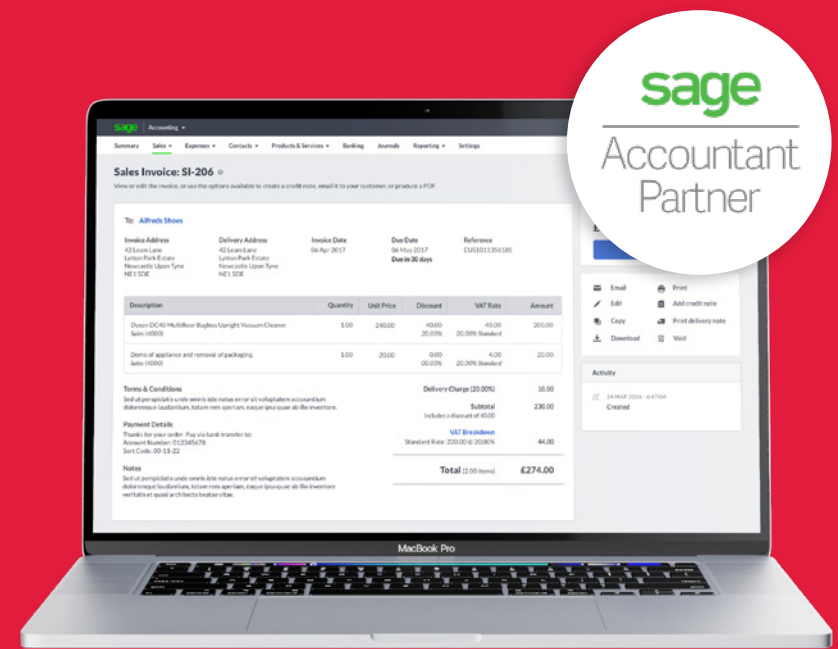
With Sage business cloud you get a very similar experience to Xero and Quickbooks from a UK based company. As a UK company you can expect them to have a greater focus on future UK tax and compliance changes as well as the benefit of excellent phone support with a friendly Geordie accent.

Being slower to enter the market and having less international presence than Xero or Intuit means there are naturally fewer software integrations available off the shelf.

Sage has a large and extensive software portfolio. This puts you in the position of likely getting cheaper conversion rates if you need to upgrade to a larger Sage system. However, do also note that as the company retains a larger product portfolio (Business cloud being one of the worst performers among those products) it makes it more likely that continued support for this product will be cut.

## Best For...

- UK based support.
- Start-ups contained in the UK who are unlikely to make extensive use of software integrations.
- Those who would like cashflow forecasting included with their main accounting platform (bolt-ons available for other platforms).



## 04. Netsuite

Founded in 1999, Oracle is one of the stalwarts of cloud software. They acquired NetSuite in 2016 and it is now their main cloud accounting software offering.

NetSuite is a customisable and comprehensive accounting and ERP (enterprise resource planning) platform. It sits at a level above the other softwares listed in this review as setting up and maintaining a NetSuite system is often a much more significant investment (often £thousands) than setting up the other softwares listed (typically in the £hundreds or less).

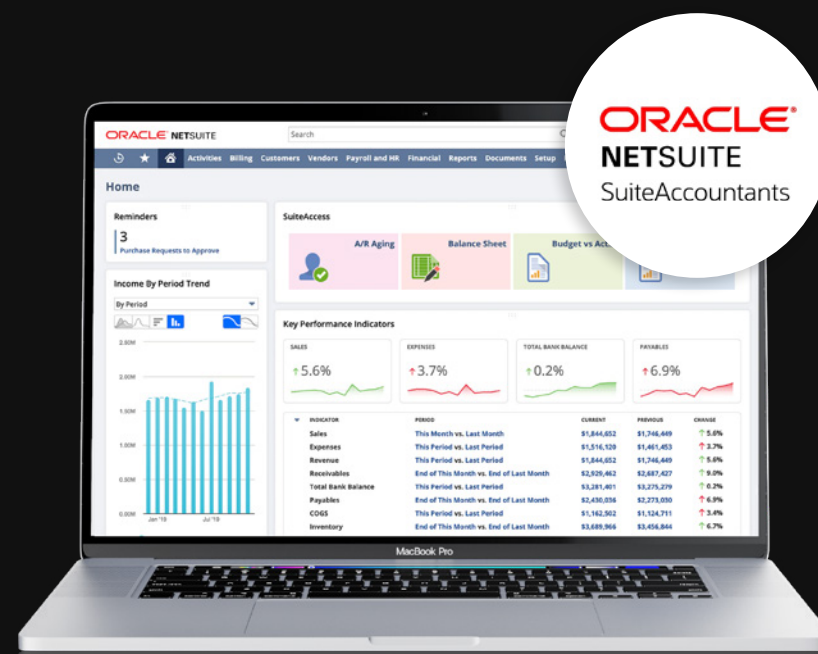
You should consider NetSuite if you have an international business with multiple teams across the globe. The benefits of NetSuite build when you have such an international group of companies based as the software has better functionality when, for example, you need to digitally file with international taxation authorities. It also aims to be an all-encompassing EPS system, with its own E-commerce and inventory systems for example. You will therefore be slightly more restricted in terms of software choice; however, you will have a lot less headaches when it comes to managing training and integrations between the different facets of your business software.

NetSuite integrations are available, but generally a bit more limited. If you prefer a composite system or appstack there may be better options available at this level.

NetSuite will feel over-engineered for most businesses and leaves a lot of accountants feeling that they could use the software more – if only they knew how! Its expense will also be prohibitive for most small companies. Medium or large groups who have already expanded internationally will value having one system to manage their international enterprise and have a more joined up international team.

## Best For...

- Companies expanding internationally
- Those who prefer a one-stop-shop system for Accounting, e-commerce, inventory, CRM and other business management modules.
- Those outgrowing Sage/Xero/QBO.



# Other Options

## FreeAgent

Free with Natwest accounts as noted previously. This is an MTD compliant cloud software which is a handy option if you bank with NatWest and want to invest minimal amounts into a cloud platform. It fulfils all basic accounting needs well but will feel lacking in features for businesses beyond this.

## Quickfile

Another free option which is good if you need an alternative to excel to file MTD VAT returns and maintain your ledgers on the cloud.

# Looking Further...

We retain experts and daily users for the softwares listed and therefore are happy to discuss your needs further.

## We offer: -

- Planning services to help you discover the best platform for you if you are still unsure, plan the dataflow and identify pinch points, recommend controls over the data relevant for the business you operate and discuss the add-on software and applications necessary to achieve your vision for your accounting and operations systems.
- Conversion and implementation services to transfer your historic accounting data to your new system.
- On-site and/or Zoom bespoke training and support so you can get the most from your cloud accounting system.
- Review and advisory services to ensure the software is used to its maximum potential; identify any shortfalls in current usage and recommend additional software and applications the business can take advantage of to further automate or enhance their business systems.

The software mentioned is designed for small to medium businesses. Larger companies should consider an ERP system such as SAP, Netsuite or a large Sage product which requires more bespoke advice. Please approach us if you would like to discuss a larger ERP system further.

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**Get in touch today on:**

**Email: [cloudadvice@ouryclark.com](mailto:cloudadvice@ouryclark.com)**

**Tel: +44 (0) 1753 551111**

**Oury Clark Slough:**

Herschel House, 58 Herschel Street  
Slough SL1 1PG

**Oury Clark London:**

10 John Street, London WC1N 2EB

