Choosing and Implementing E-Commerce Apps

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Will English, English Management

1. What is the current architecture of the client?

In choosing an E-commerce solution, we need to understand how they are doing things today. Are they a new merchant just looking to get started? Do they have an existing website with no ecommerce? Are they selling on the web today? We recommend a discovery call with the client where we do an deep dive on their needs. During the discovery call, use the following questions to get the information you need.

- How do you take sales today?
- What about your current system do you like? What don't you like
- If you had an extra person that didn't cost you anything, what would have them do? This helps to discover unmet needs
- Do you have a budget for this project?
- When do you want to go live?

2. Are they Brick and Mortar? If so, do they use a Point of Sale system?

If they use a Point of Sale System, what if any E-commerce capabilities are being used. LightSpeed and Shopify are 2 popular POS's that have E-commerce built in. Better to explore what they have rather than reinvent the wheel.

- Shopify is a popular POS/E-commerce platform however it does a poor job of managing inventory. Consider using OneSaas to connect QBO and Shopify
- In the case of Lightspeed, E-Commerce is built in. Square has Squarespace. Most POS systems today have some sort of E-Commerce capability built in, but you need be become familiar with the Pros and Con's of each to determine a good fit.

3. What special considerations need to take into account?

Do they sell Alcohol, Firearms, etc. There are special rules for the sales of certain items.

- In the case of Firearms, they will need to report sales to the ATF. Also background checks
- In the case of Alcohol there will be a need to use ShipCompliant or see if their solution will allow them to restrict shipments to states that don't allow online sales

4. Are they planning to sell multi-channel?

If so, we need to recommend a solution that allows them to track inventory across all of their channels, Look at Webgility or Tradegecko.

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5. How are we going to manage inventory?

In looking at Tech stacks, we need to understand where the inventory process lives. For example, Shopify doesn't have the ability to do purchase orders, receiving, etc.

Will English, English Management

6. **What about Sales Tax Consideration?**

   Since Wayfair vs South Dakota, we have to be aware of creating Nexus. Use Avalara or TaxJar to automate the process.

7. **What about Shipping and Fulfillment?**

   Does the client sell one of a kind items or items that are easy to replenish? You can get kicked off most marketplaces by not fulfilling orders in a timely fashion

   - Does their system have the ability to set reorder points?
   - Do you want to allow back orders. If not, then need to remove item from website to prevent people placing orders that can't be fulfilled.

Brittany Brown, LedgerGurus

1. **What are the main problems I should be looking for an app solution to in the ecommerce space?**

   The sad truth is that most of the time the clients have already picked their apps because it is often an operational decision. They will have already chosen their platforms, their market-places, their fulfillment, and their inventory management software. Often, you will have to learn to work with the operational choices your clients have already made. However, there are some areas where you will need to specifically connect with apps the clients has chosen and find solutions whether it's learning to use their chosen app or to bring a solution of your own.

   - Channel Activity
   - Inventory
   - Sales Tax
   - Dashboarding

2. **Should I sync Shopify with my QuickBooks?**

   No! It brings in a ton of data that creates a huge mess. QBO is not set up to handle the volume of data that most Shopify channels will push in. It is much better to summarize the activity in the accounting software and not allow Shopify to sync.

Brittany Brown, LedgerGurus

3. How important should it be to me in app selection that it syncs with QBO?

We have a rule at LedgerGurus: if the information is available in detailed form outside of QBO, there should be a very compelling reason before duplicating that detail in QBO. If you can see detailed information in another system (like detailed orders in Shopify), asking an integration to bring over all that same detail invites discrepancies, which must then be evaluated and investigated. You now have mountains of detail to sort through to figure out why it's not matching between systems. At the end of the day, no real value is created by having detailed information in QBO. You can run better reports in Shopify and quickly summarize Shopify activity into QBO. You can then evaluate the way Shopify activity is impacting the overall performance of your business. Ecommerce businesses are industries that create massive amounts of data quickly so this integration should be considered carefully.

If you need only summary data in QBO, find out if the app can transfer only summary data. Some apps can (integrate away!). And some apps can't (DO NOT integrate, if you don't need detailed data)

Our favorite example of an app that transfers summary data is A2X. A2X integrates all your sales channel transactions on Amazon with QBO. Instead of transferring over each transaction, the integration lumps all transactions on Amazon into the accurate accounts on QBO. In addition, the app then ties the Amazon activity out to the deposits actually hitting your bank account in QBO. This is a perfect integration app that will save you time and provide you with valuable information on QuickBooks Online!

There are also some inventory apps that allow you to choose if you want it to just bring in a journal entry for summary data. (An example of this is Cin7). These apps are usually good options for integration. Some sales tax tools create sales tax liability information in summary form. This is helpful too. For each app in which you need only summary data in QBO, you will want to investigate whether an integration is possible for summary-level data.

Basically, we recommend an app sync when it is a time saver and does not create messy data that becomes a time waster.

4. What if my client doesn't like the summary format of sales and they want to see daily sales in QBO ?

There are several tools that will allow you to look at daily sales data that can then be summarized into QBO without bringing in every sales order.

Some of those are Cloud Conversion, Webgility, and…..(I'll find the names of some others before then)

Brittany Brown, LedgerGurus

5. **With sales tax being such a huge need of ecommerce businesses, and so many apps available for managing that (Avalara, Taxjar, and Taxify primarily) which app does your firm like the best and why?**

Avalara is the biggest player here; they've been around a long time. So, they've got a lot of great information on product taxability and different rates in different states and jurisdictions. In fact, only Avalara supports international filings, including Canada and US territory islands.

Avalara connects with pretty much all other platforms. In fact, some platforms, when you sign up with them, will automatically connect you to Avalara. You can continue to use Avalara this way until you hit a certain threshold of sales volume. Once you're selling at greater volumes you must sign up with Avalara and start paying them to use their sales tax engine. They will then charge you on a per-transaction basis. This is because every time you sell a product you are using their sales tax engine to calculate the amount of sales tax you need to collect.

Avalara has two main products: AvaTax and Avalara TrustFile.

AvaTax

Pros: AvaTax is really for accounting departments and big companies that are selling a lot on a variety of platforms. Big-name companies like Nike use it as the next level of sales tax calculation. AvaTax is a robust system and comes with an even more robust price tag. Although expensive, it delivers great results.

Cons: AvaTax doesn't connect to all the big eCommerce platforms out there. That's right, no syncing your Shopify, Amazon, or BigCommerce sales platforms to it (just to name a few). So, for an eCommerce seller it's not only expensive, but it also requires a lot of manual work. It's not as comparable to TaxJar, Taxify, and Avalara TrustFile in that sense.

Avalara TrustFile

Pros: Avalara TrustFile has been around about as long as TaxJar and Taxify. Unlike AvaTax, Avalara TrustFile does connect to all the top eCommerce platforms.

Cons: Tech-wise they are behind Taxify and TaxJar when it comes to their ability to manipulate data. For example, if you sell on Amazon, they will keep the addresses related to baby and wedding registries in a separate database. However, when TrustFile pulls in that information, it doesn't consider those addresses and just assigns those transactions to your company address. Because of this feature, the data you get from TrustFile isn't the best, and you can probably understand how that is a problem. The word on the street is that TrustFile most likely won't be around for very much longer because of these types of issues. It just never quite has information that's as accurate and up-to-date as TaxJar and Taxify. Avalara is great as a company, but right now they aren't the best option in a sales tax software comparison for eCommerce companies.

Even if TrustFile isn't a fit for you, Avalara as a company is a great resource. They have been around the longest and have a lot of good educational material. Including their blog; check out their blog here.

Brittany Brown, LedgerGurus

TaxJar

Pros: TaxJar is probably the most standard option. If you are a simple eCommerce business selling on only a few channels, then TaxJar might be perfect for you. You can't have anything crazy going on though. If everything is straightforward then it's a more cost-effective way to track and file your taxes. Unlike Avalara, TaxJar can cater to eCommerce businesses as well as solve their sales tax problems. They also have some great information on their blog.

Cons: If you use TaxJar as your sales tax software, then you should be aware that TaxJar will only file information based on the sales tax that it calculates. It won't file it based on what you collect. Therefore, if you are doing your own calculations and estimate your own sales tax, you won't be able to remit what you collected; you'll remit what the program calculates. This can create discrepancies, and you may have to make up the difference out of pocket.

TaxJar is good for uncomplicated cases as mentioned before. If you have tax-exempt products, then it's probably not for you. It is more of a pre-set system. It also doesn't allow for backfiling. For example, if you haven't been filing for the last year and want to catch up; you can't go back and pay all those penalties and interest. With TaxJar you can only go forward.

TaxJar also doesn't support local jurisdiction sales tax filing. For example, Colorado is a home rule state so you might need to file separately for Colorado and the city of Denver. TaxJar won't support the Denver filing. However, Taxify does.

Taxify

Taxify is good at keeping their offerings up-to-date which helps them stay competitive and relevant. They have similar offerings as TaxJar and Avalara, (tax rate information, PDF filings, and payment confirmations to name a few). However, they usually offer things first and are somewhat of a leader in terms of eCommerce sales tax software.

Pros: Unlike TaxJar, Taxify allows for more flexibility. It is the perfect solution for companies that have a little more complexity, such as those that sell on many different channels. Or even those that have business-to-business sales that are exempt from tax. You can edit the information based on orders and edit the actual sales tax returns before they get filed. So, if there are discrepancies you can manually go in and fix those. Taxify allows for backfiling as well.

Cons: Taxify is a little more expensive than TaxJar. So, if you are a small straightforward company who sells on only a few channels, then it might not be worth the extra cost.

Sales Tax Software Comparison

Avalara, TaxJar, and Taxify are the 3 Big Kahunas when it comes to sales tax software. The most important thing when making this decision is knowing your company's needs. If you sell on a lot of channels, have tax exempt products, require backfiling, or want more flexibility, then it might be good to consider Taxify. If you only sell on a few channels, are just starting off, and don't have any of those extras to worry about, then the most cost-effective choice is TaxJar. Avalara might not be the best choice for eCommerce companies since AvaTax has limited connection capabilities, and TrustFile doesn't capture shipping addresses. But maybe you are.

Brittany Brown, LedgerGurus

6. What are the top things I should be considering with an inventory application and which tools do you recommend?

A good inventory tool should be able to track inventory quantity AND value as well as allow for good internal controls and process implementations for your clients. You need to be considering things like the number of channels your clients are selling on, whether they need their inventory tool to act as the inventory master and communicate all inventory available to call channels, and whether they are using their inventory tool for warehouse management or whether they are using a 3PL. A inventory tool becomes possibly the most important decision you might help you clients with so it's not something you are already comfortable with, consider forming relationships with inventory experts you can partner with while you build your own chops around this.

7. What are your favorite ecommerce apps?

Channel Activity
- A2X for Amazon sales and some Shopify

Inventory
- Dear Inventory
- SOS Inventory
- Locate
- Shipstation for inventory movement

Sales Tax
- Taxify

Dashboarding
- Webgility

8. What is your biggest tip for ecommerce apps?

An inventory app that is implemented well and used correctly can be a HUGE time saver for an ecommerce accountant, but a tool improperly implemented will never give you good results and skew your data and margins every time.   It is important to be able to validate the data before relying on it. COGS and inventory will be a huge need for your clients and one of the most important operational and financial improvements you can help them make. Keep the full picture in mind and don't over commit yourself to what you are willing to handle for them in the inventory space.

Juliet Aurora, Kninja Knetwork

Where do I start with a new client?

Evaluate. Investigate. Identify.

Start by evaluating what it is that they already have in place. If they are just starting out - perfect! You can then make recommendations as to the tools that will work best for them. If they have everything in place, make a list of ALL the pieces of their e-commerce set up. Also consider currencies - are they selling in different currencies, and do they receive funds in foreign currency.

Next investigate if the pieces that are in place can integrate with each other. Just because it can, doesn't mean it should. But knowing what programs talk to each other, or have the ability to talk to each other will be important as you make your connections. Also determine if the information travels in only one direction between the platforms or is a two way sync. This will help you determine from where things will need to be initiated.

And lastly, but perhaps most importantly, identify what is important to your client. What metrics do they want know and how frequently do they want that information? When it comes to inventory what do they want to be able to track? Turnover, Margins, Quantity, Value? You need to understand what they want to measure before you can set up their system properly.

How many Clearing Accounts do I need to set up?

That's a loaded question. Clearing accounts can either be your friend, or your worst enemy and cause all of your hair to fall out. Typically the number of clearing accounts will be determined by how much detail is being transferred over from the e-commerce platform into QBO. (See earlier question on how much detail to sync across). If following the summary method of syncing/entry, then the only clearing accounts you would usually need are one for each payment gateway. Make sure that you are reconciling these clearing accounts on a monthly basis, just like you would a regular bank account.

What access do I need from my e-Commerce client to do the work?

Our motto is that there is never too much access that you can have. Obviously you will need access to their QBO file, but try and also be set up as a user on any/all e-commerce channels on which they sell. Any payment gateway logins? Get those as well. And lastly, read only access to their bank cards is always helpful. You may not need them every month, but it certainly can streamline your process when you have to track a particular transaction from start to finish. When you have the channel access, do also test it to ensure that it can give you what you need. For example, in Shopify some reports are only visible to the store owner and not any additional users.

Juliet Aurora, Kninja Knetwork

I want to get e-Commerce Clients, where is the best place to start?

If you've decided that this is going to be your niche, then a couple of places for you to start getting new clients:

1. Make sure that you have a separate page on your website that identifies that your specialty is e-commerce. Speak to the pain points that a typical e-commerce client would have so that they know you understand their business and its challenges.

2. Hang out where they hang out. There are a ton of Facebook groups for all of the individual channels. Join those groups and provide answers to questions relating to the financial side of their business. Don't Sell in every answer you provide! You want to be known as the expert in the space, not someone looking to just get business. The more you share, the more business you will receive.

3. Partner with other accounting professionals. There are firms who don't want to touch e-commerce! Provide a referral exchange with those firms whether monetary or referring to them the types of clients they specialize in.

Kelly Gonsalves, Totally Booked

1. Do I need an inventory app?

This can go either way. Typically if a client is already at the point where they are selling online we will recommend an inventory app that will connect with the rest of their ecosystem. However if they are really small or make the product they sell upon the order being placed then an inventory app is likely not necessary. Consider that this app is going to be a cost to the client and if they are not bringing in enough money to support paying for the app it will be a hard sell. A good example of this are my Etsy seller clients. One of them has a massive operation and also sells while wholesale, she needs an inventory app. Most others are making custom pieces and can count on one hand how many they have of each item.

2. What features should I look for?

If a client does need an inventory app be mindful of features they may need like creation of purchase orders, receiving of inventory or parts, restock alerts, the ability to speak to QuickBooks, the ability to speak to their shopping cart/marketplace/retail store/etc.

Kelly Gonsalves, Totally Booked

3. What makes a good inventory app?

A good inventory app will give the client what they need! Clients that are using smaller parts to manufacture a product will very specifically need to build assemblies or bundles, some clients will need to make sure that if an item sells on their Shopify site that it is removed from their Amazon store IMMEDIATELY so that they do not oversell an item. This will help them avoid penalties and fees! Some clients will want an inventory app that can scan their SKUs, where others will want to use pictures to identify their items.

4. What are your favorites?

Some of my favorite inventory apps are:

- **Locate Inventory** - Here on the show floor - This is a cloud-based inventory management solution designed to help product-based businesses succeed in the QuickBooks ecosystem. LOCATE has dynamic workflows that bring efficiency and productivity to growing companies. What I like is that summarized accounting keeps QuickBooks running clean.
- **Fishbowl** - Here on the show floor - Fishbowl is well known in this space and works very well with QuickBooks. They can streamline manufacturing, distributing, selling, servicing, or managing goods,
- **Dear Systems** - Here on the show floor - DEAR is a bit different in that it provides an all-in-one platform to help manage growing businesses in retail, wholesale and ecommerce. You would use DEAR to streamline your entire operation through centralized order and inventory management, integrated Point of Sale, mobile Warehouse Management and integrations to leading marketplaces, shipping services and QuickBooks.
- Please keep in mind that there is an inventory option inside of QuickBooks Online as well. This could very possibly be robust enough for your client. This If your client is doing manufacturing they will need to keep track of the parts needed for the building of their items as well.

5. Anything else to keep in mind with inventory?

Something to keep in mind is that inventory fuels your clients income directly. If you are controlling the cash for your client it is important that bills are paid on time! Delay in payment for an overseas order can delay it from getting on the ship or flight needed to make it in time to replenish your clients shop. You may be asked to fill out customs forms and other paperwork you've never seen before, all of these things affect replenishing your client's store! We insist that client's use Veem to pay their overseas vendors as it significantly cuts time & fees for the vendor. Domestic vendors can operate COD, request online payment or pay by check...these are a bit less complicated.