

Intuit Formalizes a Do-It-Yourself Program

A lot of companies have reselling programs and try to attract resellers. Intuit ended up with resellers for its QuickBooks Enterprise Solutions application and had to create a program for them.

In fact, Intuit really didn't expect to end up with a channel program like its Solution Advertisement Partner program that was launched in March when it started selling QBES. Then again, a couple of years ago, nobody associated the word QuickBooks with the phrase mid-market application. That has changed as Intuit has been on a pace to sell 15,000 QBES units this year and members of its ProAdvisor program went into the reseller business. The official count is about 25,000 businesses using QBES since its introduction.

"They [resellers] are coming to us," says Jim Gregg, who is putting the program together. As of July, there were 107 applications, with 35 organizations approved and another 20 whose approval was contingent on their becoming Certified ProAdvisors.

Most of the resellers are companies that were ProAdvisors, but about 20 percent of the applications are mid-market VARs looking to expand their product line.

"Several candidates do come from Great Plains and Sage. These are people who are saying, 'I need another product now,'" says Gregg.

Intuit's basic message with QBES is that it is for companies that have outgrown the lower-end QuickBooks offerings and need a mid-market package. However, many of these are either comfortable with QuickBooks, or don't want to pay the license fees and installation and implementation costs normally associated with mid-market products.

QBEs starts at \$3,000 for a five-user system and ranges up to \$7,500 for 25 users. Traditional mid-market products cost much more than that—the new entry-level pricing for the Microsoft Dynamics Business Essentials Edition is \$2,250 for a single-user system with core modules. More standard fare is higher than that, and those products involve using reseller services that range from fifty cents to one dollar of services for every dollar of license fees.

But with QBES, "You don't have that long, expensive implementation phase that you have traditionally had," says Gregg.

The appeal of the QBES market is that it is large. When Intuit launched the product four years ago, it estimated there were 250,000 companies using QuickBooks and another 105,000 using Peachtree that should have moved to a mid-market accounting application. That potential drew in the ProAdvisors who received a 20 percent margin on the product, while Intuit was officially selling the system via the telephone and Web. This year, it also enticed Sage Software into the same space with its Peachtree Quantum application, designed for Peachtree users who need to move up, but want to stay with Peachtree.

To get its resellers into its official program, Intuit is offering three main incentives. The first is that approved Solution Providers get a 25 percent product margin. They can also qualify for commissions on sales as part of an incentive program. They also receive leads.

The last is particularly important to Mario Nowogrodzki, owner of Pembroke Pines, Fla.-based Mendelson Consulting.

"When a lead is qualified, it is really a referral," says Nowogrodzki. To help him grow the business, "the best thing they can do is say, 'Let us have Mario help you. He's one of our best consultants,'" he continues. That approach has helped him increase his firm's exposure.

Nowogrodzki had been a ProAdvisor for about six years, offering a standard plate of QuickBooks services including training, support, trouble-shooting, set-up installation, "and what I call repair, going into QuickBooks files and drilling down to see if things are being done right," he says.

He operates a business that meets the requirements of a CPA-owned accounting firm, such as keeping up to date on continuing educations. But otherwise, it does not operate as a traditional firm.

There are three other CPAs on the QuickBooks side of the business, along with a staff of four in the IT division, that handle some QuickBooks installations but are primarily involved in more traditional computer consulting services.

Nowogrodzki notes he hasn't been able to benefit from the commission program since it hasn't been in operation long enough for resellers to qualify for commissions, which are paid quarterly.

Commissions kick in once a reseller has an average of five to nine installations, qualifying them for a 10 percent commission. For an average of 10 or more installations, a 15 percent commission is possible.

WORK IN PROCESS

There are a lot of traditional elements of a reseller program not yet in place. But Gregg says these are being formulated.

This includes a co-op marketing program that was expected to be ready for a fall launch. Marketing materials are also being designed and produced.

Product training is available, along with some training about best practices. "There is some additional training around best practices. There is nothing at this point concerning sales practices or the block and tackle sales and marketing you may have seen in other programs," says Gregg.

Some of the programs were outlined at the first-ever QBES user conference in May. "Much of what was delivered at the show, we are repackaging that and making it Web-based," he says.

VARs receive unlimited priority technology support, while customers can get unlimited product support from a dedicated support engineer.

Since resellers are required to become Certified Professional Advisors, they also receive the benefits of that program, which has a \$449 fee for a first-year membership and an annual renewal of \$399. Certified ProAdvisors are eligible for up to 16 hours of CPE, and are also listed in the Certified QuickBooks ProAdvisor Referral Database.

There is more going on in channel development at Intuit than just the accounting program. There is also the QuickBooks Retail Solution Provider Program. These resellers largely come from the ranks of the Certified QuickBooks Point of Sale ProAdvisors, but the program also enlists IT consultants.

GOING FORWARD

Right now, Gregg has modest goals for the size of the channel he seeks. He would like to get "in the low hundreds" in the first year, although in the pilot program, currently under way, he says that 50 VARs will give Intuit the base it needs to understand the channel. The program has the potential for bringing accounting firms back into reselling, at a time that many are selling their operations or spinning out independent entities.

"I think that accountants can play an important role," he says. He agrees with those who believe that the reseller market is splitting into two levels: the higher-end traditional VARs who are selling increasingly sophisticated and expensive systems, and a lower-end component that will handle products like QBES.

Gregg says that, with that in mind, Intuit has plans to come up with program elements that are new to the market.

"We are going to do some innovative things that are game-changers," he says.

INTUIT

HQ: Mountain View, Calif.

Sales: \$2 billion (2005)

Employees: 7,000

Product: QuickBooks Enterprise Solutions

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