



**Institute of Certified
Bookkeepers
Software Review**

2016

Cloud Pricing – the value of bookkeeping

Introduction

Cloud Pricing is a tool that enables bookkeepers to use the principles of value pricing when building quotes for clients. It has been developed by Mark Wickersham, Amazon number one bestselling author of “Effective Pricing for Accountants.” Mark, an accountant himself, discovered the power of value pricing over ten years ago and used the principles not only to grow his practice but also increase profitability on both new and existing clients. He saw the fantastic opportunity that both the concept of value pricing and the software package, “Times Up”, offered and sold his accounting practice to focus on developing this product. Cloud Pricing is the application that evolved for accountants, and more recently bookkeepers, to use and reap the benefits that value pricing has to offer.

An understanding of value pricing is essential to use the software to its maximum potential. Here lies the biggest challenge because to fully appreciate the opportunity that value pricing offers the bookkeeper, a change in ‘pricing mind set’ is needed, which some will find easier than others. Therefore a section of this review provides a brief explanation of value pricing and links to video presentations are available for those who want to gain a fuller understanding.

In fact, tutorial videos and webinars are central to Mark’s approach in presenting Cloud Pricing. The website www.pricinginthecloud.com is simple but effective in introducing the application, with the pricing section following the same principles and pattern that Cloud Pricing uses to generate your quote to your clients. If, after watching the videos, you have any unanswered questions, a “contact us” form is available.

The promise of cloud pricing is that you will be able to price effectively, both new and existing clients, and increase profitability because you will be paid properly for the value you add to your clients’ businesses. That is a bold claim. But like any new application, it does require change which involves risk – and is that risk worth taking?

Scope of the Review

This review looks specifically at the Cloud Bookkeeping function as this is the service that ICB members would use. As this is the entry level package some of the screen shots used in this report show the additional functionality of the Full and Premium level price points but these will not be covered in this report.

Rather than explaining every feature that Cloud Pricing offers, the report concentrates on the process of how to build your quote for your client and then present it to them. It is vital to grasp the key elements of how value pricing works to understand how Cloud Pricing as a

package will assist you to price your services correctly. However, I have included links to training videos for those who are keen to learn more technical detail.

Although I have discussed both value pricing and the application with a few of my clients I haven't yet had the opportunity to use Cloud Pricing to agree a quote. Those with whom I have discussed the concept with have been receptive and keen to learn more. One of the boasts of Cloud Pricing is the ability to move existing clients to a value based approach dependent on the services they require and by doing so increasing the profitability of that client but I have yet to prove that.

The concept of value pricing and the functionality of this application are very much intertwined. This review aims to review the software whilst also giving an understanding of value pricing; Cloud Pricing is a tool which we can use in the selling process so the success of it in any practice will be determined by our confidence in our selling.

Value Pricing – the fundamentals for a bookkeeper

Value pricing is a pricing strategy which sets pricing primarily, though not exclusively, on the value, perceived or estimated, to the client of the service that is being provided. This strategy means taking a step away from both hourly charging and fixed priced charging because these focus on a cost based evaluation method rather than the value of the service that is being offered to clients. The key here is that the value of the service can only be decided by the client – what is the value to them? So, to completely maximise the potential of this approach we first need to fully appreciate the value of the service that we offer our clients.

As bookkeepers, the market in which we work is changing and the services we can offer our clients is therefore evolving. Perhaps historically we were seen as the number crunchers, quietly left alone in a corner to get the books up to date with a likeness to Bob Cratchit of Dickensian times. Clients needed their bookkeeping done but this was perceived as little more than an administrative exercise outsourced at the cheapest price. This model gave no concept of value and meant that we sold ourselves short.

In reality we do offer our clients so much more but first we need to realise this ourselves. Then we need to learn how to communicate this to our clients so that there is a mutual understanding of the value we bring. To understand value pricing those two elements are fundamental.

Video tutorials are central to Cloud Pricing so I have included a link below to the first video of this report which unpacks the psychology of cloud pricing for bookkeepers. I would recommend that you take time to watch this 8 minute presentation as it will explain how value pricing will transform your business.

<https://www.youtube.com/watch?v=DZarLYUlywY>

Value pricing enables us, the bookkeepers, to understand the value we give to a business and to be properly remunerated for this. However, for value pricing to work, we need to be able to quantify this and then communicate it effectively to our clients. With an understanding of value pricing we can look at the Cloud Pricing software as this will enable us to take the concept and make it a reality.

The Product

This software enables the bookkeeper to price the value they bring to their clients and then translate this into a quote. The initial home screen is very simple and therefore easy to navigate from.



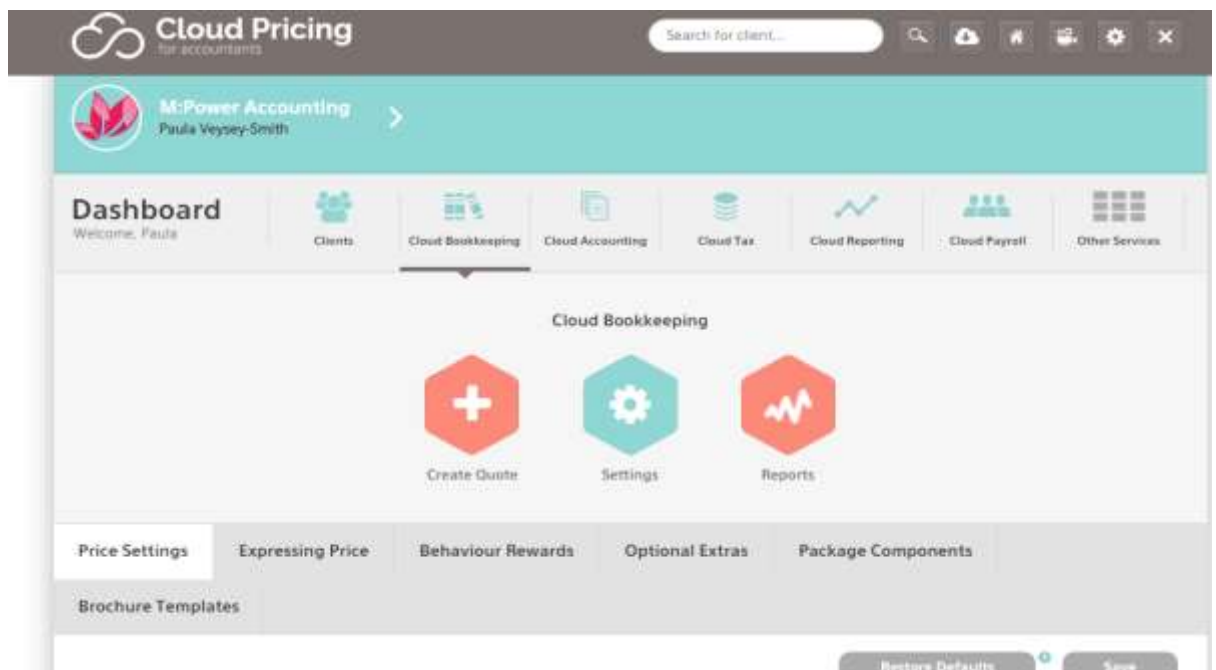
From here we can manage our clients and also price the services we offer. The basic package offers pricing for bookkeeping but Cloud Pricing Plus gives options for further services such as payroll and tax. Whatever option is selected from the main dashboard menu the buttons at the top of the screen stay constant so that we can easily return to the home page, conduct a search, go to settings and access the video help centre. There are a number of videos available to help us get started with Cloud Pricing and the Introduction to Cloud Pricing suggests that the first thing we do is go to the cog wheel icon to set up our practice settings in the software.

As I always do what I'm told let's look at the settings first.



Here we can add our own company preferences, upload a personal photo or logo and manage our plans. Again the screen is very simple and easy to use and follows the same layout as the home screen. Once we have entered our company details we can then move onto the set up screen that is used to build the parameters that will determine any quote. This is where prices will be entered so it is essential to understand our value as bookkeepers to ensure that the right amounts are used.

Although other services are available I am going to concentrate on cloud bookkeeping as this is central to the service we offer our clients. The process is the same for the other products available. We are offered three main options, create the quote, settings and reports. By far the most important is the settings menu as it is here that we that we set the preferences that will determine our quotes. Cloud pricing works on the concept that you offer three or four levels of service; this gives the client the choice to buy in at a level and a price point that will suit them. It also shows what you can offer them, the value you can bring to their business but ultimately leaves the client with the choice of pricing service they want. This is fundamental to value pricing.



Each of the menu options are equally important so I will go through them step by step to give an understanding of how a quote is built.

Price Settings

Here we can set various parameters to determine the value of our service. These give the ability to weight the quote depending on the market that your customer operates within, add multipliers for activities such as sales invoice number and being VAT registered. It also includes monthly and annual adjusters for how many bank accounts there are, whether active or not, and any foreign currency transactions. The main service price is based on a banding question which is set up for number of sales invoices per month. This is a good place to base a quote and I have in fact used the same logic previously when pricing for a new client. However, you can change this default and use a different banding question, use alternative multipliers and adapt the monthly and annual adjusters. However, it would be easy to overcomplicate the settings and it is important to remember that the defaults given are tried and tested.

Expressing Price

This really builds the brochure templates so determines the way our quote is expressed to a client. A minimum and maximum price can be set and the package pricing quantified. Cloud Pricing works on a service level approach so that clients can build their own package; this is key to the pricing psychology as the client is now building their own quote for the service they require and value.

Behaviour Rewards

These, when offered to a client, will help to reduce the quote and involve client activity which reduces the time needed to complete the bookkeeping. The Receipt Bank application is a perfect example as use of this service will reduce the time needed by the bookkeeper to update the accounts so a discount can be applied to clients who use this software to record their purchases. It is also a useful way to encourage clients to use these time saving applications.

Optional Extras

This is useful if you can offer additional services to bookkeeping. Stock control, onsite visits and cash flow reporting are examples but you are able to add your own bespoke services and price accordingly.

Packaging Components

Here you can tailor your service options for the quote and what is included in each level. Service components can be added and removed and the level at which they apply can be modified. Cloud Pricing offers three service bands that you present to your customers and they can be named as you wish, e.g., Platinum, Gold, Silver or Premium, Full and Entry. Pricing psychology indicates that the middle option will be the one that most clients will look at first but with other options available it gives us the opportunity to work with the client to find the service package and price point that works for them. Ultimately they decide the price and this will depend on the value they give to the services you offer. This is one of the main principles of value pricing. Therefore, getting your packaging components right is key to a successful outcome of the quotes you deliver.

The video below, “How to Manage Settings”, is included in the software and goes through in more detail how to set up your pricing structure. It contains further information for anyone wishing to learn more about Cloud Pricing.

<https://www.youtube.com/watch?v=GskzpgUGlml>

Creating the Quote

Once the pricing structure has been created we can use Cloud Pricing to build a quote for a client. A key element of a successful quote is the face to face meeting with our client and Cloud Pricing is developed in such a way that we use the system during this meeting. Cloud Pricing works on a number of platforms, Windows, Apple operating systems and Android, and opens up the use of tablets in face to face meetings. This is a much better way of presenting a quote than the traditional method of having a meeting but then coming away without an outcome and sending a quote under separate cover. By using Cloud Pricing we can work with our client to meet their needs at a price that is right for them. The quote will

always have three service levels and it is still possible to change the parameters until the client is completely happy with both the service you have agreed and the price that this will cost him. All this can be done in that one meeting and you have been able to give your client the opportunity to correctly value the services which they see as important.

The screenshot displays the 'Cloud Pricing for accountants' software interface. At the top, there is a search bar for clients and a navigation menu with icons for search, home, help, settings, and close. Below this is a header for the client 'M:Power Accounting' with the name 'Paula Veysey-Smith'. A dashboard bar shows various service categories: Clients, Cloud Bookkeeping (selected), Cloud Accounting, Cloud Tax, Cloud Reporting, Cloud Payroll, and Other Services. The main content area is titled 'Your Preferences' and is divided into four tabs: 'Your Fixed Price' (selected), 'Options', and 'Customise'. The form contains several input fields and dropdown menus:

- Client Name: [Empty text box]
- Date Of Proposal: 29/03/2016
- Precise number: [Empty text box]
- Type of Business: Manufacturing (dropdown)
- Number of sales invoices per month: 1-10 (dropdown)
- VAT Registered: Yes (dropdown)
- Number of active bank accounts: [Empty text box]
- PayPal accounts: [Empty text box]
- Inactive bank accounts: [Empty text box]
- Inactive PayPal accounts: [Empty text box]
- Sales invoices raised: Yes (dropdown)
- Number of active credit card accounts: [Empty text box]
- EPS terminals: [Empty text box]
- Inactive credit card accounts: [Empty text box]
- Payroll journals: Yes (dropdown)
- Foreign currency transactions: Yes (dropdown)

A 'Your Fixed Price' button is located at the bottom right of the form.

This is the screen you would work through with your client to build the profile of their company. The default is to work on the number of sales invoices per month, the number of different bank accounts, including those which are inactive. Then other factors such as VAT registration and the need for payroll journals are taken into account. However, the questions used can be defined in the settings so it is possible to develop a quoting screen that is completely bespoke to your practice. The flexibility that Cloud Pricing offers the bookkeeper is definitely one of its strengths.

Once the information has been entered it is time to press the “Your Fixed Price” button and the package options and prices are displayed for you and your client to work through.

Your Preferences	Your Fixed Price	Options	Customise			
				Platinum	Gold	Sliver
Your small monthly investment is just...				12 payments of £369	12 payments of £317	12 payments of £239
Supply of your paperless expense and receipt processing system				✓	✓	✓
Posting all business bank transactions				✓	✓	✓
Completing the monthly bank reconciliations				✓	✓	✓
Posting purchase invoices, expenses and cash transactions				✓	✓	✓
Credit card transactions and reconciliations				✓	✓	✓
Completing the monthly sales and purchase ledger reconciliations				✓	✓	✓
Completing the monthly VAT reconciliation				✓	✓	✓
Completing payroll journals				✓	✓	✓
Making adjustments for any foreign currency transactions				✓	✓	✓
Maximise your tax deductions				✓	✓	✓
Unlimited email and telephone support				✓	✓	✓
Basic management reporting every quarter				-	-	✓
Expense monitoring and advice				Unlimited	5 expenses	✗
Precision accounting with accruals and prepayments				✓	✓	✗
Maintaining your fixed asset register				✓	✓	✗
Full management reporting every month				✓	✓	✗

The three service levels are displayed clearly showing the price and what is included in each level. This form is the starting point for your negotiations. The client can clearly see both what they are getting and also what is on offer. Now you can work together to build the package that is right for their business. Using the “Options” and “Customise” buttons the quote can be both amended and added to until the client has built their required service package. The “Options” table enables the use of behavioural rewards so, as already explained, if the client uses receipt bank to scan all purchase invoices and receipts there will be a time saving element for the bookkeeping practice and this can be used to offer a reduction in the monthly price.

Prices are shown by default as twelve monthly payments but this can be changed in the set up preferences. However, many clients prefer to pay a fixed amount per month to eliminate surprises and this also guarantees a monthly income for the bookkeeper.

It is also worth noting that Cloud Pricing offers one more pricing package called “lite”. If all the options are too expensive a further package can be displayed which will be cheaper but offer far less in the way of services. However, for some clients this may be the only option affordable. Some practices may chose not to have this option available but it does give an entry point for a client and as time goes on they may be able to move up package bands and become a more profitable client for your practice.

Once again, a tutorial video is available which goes through the pricing process in more detail and can be found using the link below:

https://www.youtube.com/watch?v=dH4P_yzqCw

So once the quote is agreed you can print the finalised agreement using the “Download Report” option. One meeting with a client, services agreed, price accepted, signed, sealed and delivered – thank you very much!

And finally, there is also the ability to create your own brochures. Included in the software are templates to do this which for a small fee can be printed up in your own branding through Cloud Pricing. Brochures are a great way to introduce your practice and the services you offer and a well-designed, nicely printed brochure always gives clients a great impression. These are not intended to be used as part of the pricing process but would certainly open doors to new business and help both new and existing clients understand the value you offer as their bookkeeper.

Value for Our Money

The pricing plans are displayed on the webpage and follow exactly the same pattern as the quotes you produce when using Cloud Pricing. There are three pricing plans as shown below:

	Premium <i>£39 per month (+VAT)</i>	Full <i>£29 per month (+VAT)</i>	Entry <i>£9 per month (+VAT)</i>
Create a value-based fixed price quote for bookkeeping and accounts	✓	✓	✓
Present your client with three options	✓	✓	✓
Professional brochure(s) to demonstrate your value	✓	✓	✓
Print out customisable fixed price agreements	✓	✓	✓
Access to the online video training library	✓	✓	✓
Make your price seem smaller with powerful chunk it down features	✓	✓	✓
Cancel at any time - no minimum contract	✓	✓	✓
CLOUD ACCOUNTING: The ultimate pricing tool for annual accounts	✓	✓	✗
CLOUD TAX: The ultimate pricing tool for annual tax returns	✓	✓	✗
Reveal a Lite option for price-sensitive clients	✓	✓	✗
Set optimum price points based on proven price psychology	✓	✓	✗
CLOUD REPORTING: The ultimate pricing tool for management reporting	✓	✗	✗
Tailor the quote with behavioural discounts so more people buy	✓	✗	✗
Customise the quote with you optional extra services	✓	✗	✗
Purchase additional pricing models when you need them (e.g. payroll)	✓	✓	✓

Subscription can be cancelled at any time and it is easy to move between the different package plans. The entry level at £9 per month (+VAT) is affordable and offers the bookkeeper all the functionality need to get started. It is therefore possible to subscribe for a number of months and give Cloud Pricing a go without having to make a sizeable investment.

Each of the price plans is reasonably priced and would be more than covered by the increased profitability promised by the use of Cloud Pricing.

Key Benefits

- Multi-platform cloud based system which facilitates the use of value pricing based techniques in face to face meetings with new and existing clients.
- Using pricing psychology the client is empowered throughout the quoting process and is able to choose what service they want and at what price. This may be much more than you would have quoted for using hourly rates or a fixed price.
- Systemised approach to pricing in one application. Easy to use and also highly flexible so it can be tailored to meet your practice requirements.
- Comprehensive training library that explains both the principles of value pricing and how Cloud Pricing works. There is also a 'contact us' form on the website for more detailed enquiries.
- Facebook group available for those who want to engage with the wider community of application users.
- The ability to produce brochures as an additional marketing tool.
- Additional add-ons available so that other services such as payroll and auto enrolment can also be priced using this application.

Weaknesses

- **Change in 'pricing mind set'**. This is perhaps the biggest step that we need to take as bookkeepers and some will find it easier than others. We tend to use hourly pricing or give a fixed quote for a piece of work. Understanding and applying the concepts of value pricing is essential when using Cloud Pricing but it may seem very alien at first.

- **Complexity.** Cloud pricing is not a difficult product to use but getting the settings right is essential as all quotes given will be based on this. Cloud Pricing takes a concept and systemises it, which is not straightforward. The ability to customise the settings to suit your practice is essential but also creates the possibility of over complication. It is important to remember that the settings supplied as default and been carefully developed to suit most bookkeeping practices.
- **Risk.** Going back to existing clients with a new pricing model may result in a client being lost. We can discuss a new way of doing things and updated service plans but in the end if the client is happy with the existing arrangement they may not be favourable to the change. Alternatively, they may appreciate understanding the value of the service we provide and be willing to accept a new pricing structure. Risk is a necessary part of business and how risk adverse you are may affect your decision to pursue the perceived merits of value pricing.

Summary of Review

It is a natural human reaction to be resistant to change, especially when the existing way works; the old adage, “don’t fix what isn’t broke” is often quoted. However, progress would never be made if all adopted this approach and business is about risk.

Cloud Pricing is a systemised approach to using the concepts of value pricing when quoting for bookkeeping work. I believe that for too long we have undervalued the service we offer our clients and we need to appreciate the value we bring to the businesses that engage our services. This software offers the opportunity to do this. Yes, it does in many ways demand a “pricing mind set” change but this is a good thing as it will enable us properly to value what we do and then give us the tools to price this with confidence.

The software itself is intuitive and easy to use. The video library guides us not only through the various tools available but also educates us about value pricing so we fully understand what we are quoting to our clients. I also found Mark and his team very accessible and I know that they would be happy to assist any bookkeeper wanting to grasp the concepts and use Cloud Pricing to take their business forward.

I believe that the market we work in is changing and that there is more opportunity now than ever; Cloud Pricing is the sort of application that enables us to grab that opportunity but it does mean changing not only the way we do things but also the way we view what we have to offer. As bookkeepers we have underrated our value and therefore not educated our clients on exactly what we can do for them. Cloud Pricing addresses both these issues and enables us not only to price the value of our services appropriately but also communicate this to our clients. This is surely a risk worth taking.

Disclaimer

The Institute of Certified Bookkeepers having reviewed Cloud Pricing software package cannot be held responsible in anyway for the actions of the company or their software. This review is merely an unbiased overview of the software package. Any enquiries should be directed to Cloud Pricing.