

Integrations for improved efficiency

Cloud-based accountancy solutions have many benefits, none more so than their flexibility with other software. By being placed in the cloud, software such as QuickBooks and Xero makes use of their API platform (**Application Platform Interface**). This essentially means other cloud-based software can “bolt on to” the accounting software.

Many refer to the combination of applications as an “app stack”. I like to think of it as a pizza - the accounting software is the base, tomato sauce and cheese. On its own it is certainly a solid versatile food choice but by adding ingredients (the third-party apps), it elevates the pizza to a whole new level.

This article will look at how we can make use of software to process supplier invoices, receive payments, manage payroll, intercompany transactions and improve detailed reporting.

Supplier Data Input

One area where efficiencies can be derived from automation is the input of purchase invoices. By using OCR (**Optical Character Recognition**) software such as **Auto Entry** and **Dext**, the time-consuming task of processing supplier invoices can be automated and streamlined. OCR software uses its **Artificial Intelligence** to take document files such as PDFs and extract information by reading the document similarly to how a human would. Such items extracted can be supplier name, invoice number, date and amount – all key information for processing transactions.

Efficiency is driven due to the fact it pre-codes the transactions based on what has previously been processed, saving time on manually processing large volumes of invoicing. Software such as **Auto Entry** and **Dext Prepare**, can retrieve information directly from suppliers and, with predefined supplier rules, post automatically into your accounting software, meaning minimal user input is needed.



In addition to this, the software can also reconcile with supplier statements to ensure all invoices and credits have been processed. It can easily identify discrepancies prior to conducting the reconciliation process within your accounting platform, cutting out mistakes on supplier payment runs, and cutting down on time correcting oversights. There are costs associated with both software. Going direct this tends to be offered on a monthly subscription basis, an accountant may offer the software as charge based on usage.

Payment Collection

Outwith NHS statements and over the counter sales, pharmacies may offer services to corporate clients, for example workplace flu vaccination programmes.

By using third party applications like **Go Cardless** or **Stripe** the reconciliation process can flow seamlessly.

Go Cardless is a solution which provides the ability to set up a direct debit mandate. Once Go Cardless is in place, it will automatically collect the payment (improving cash flow as no need to spend time chasing for payment), match against the relevant sales invoice and be ready to be reconciled in the bank feed as it will already be matched which reduces processing time.

Stripe is an alternative payment collection service; you may have used this already without even knowing. Typically, when using Apple or Google wallet many vendors will use Stripe to collect payment. Both QuickBooks and Xero have direct integration with Stripe.



By connecting Stripe to either accounting software this allows for a payment button to be displayed on the sales invoice when sent. Industry studies show that having such a feature on a sales invoice greatly improves cash flow, as typically if someone sees a “pay now button” they tend to click the button and pay there and then. Again, like Go Cardless, Stripe will automatically reconcile the payment against the invoice.

For both solutions, there are transactional charges incurred.

HR & Payroll Software

Many businesses may manage their own payroll function; pharmacies are no different. There are a number of solutions that can integrate with QuickBooks and Xero such as **Buddy**.



Although the cloud accounting solutions offer payroll add-ons, they are not a fully serviced solution. Software like Buddy will manage your payroll and HR function, and once the payroll has been finalised the journal entries will automatically be posted into the accounting software.

Intercompany transactions

Within an organisation there may be various branches. This often leads to a lot of transactions being treated in an intercompany manner, for example stock items may be received into a “central” branch where it then allocates the stock to individual branches. Another example could be recharges of invoices or where one branch has paid on behalf of another, all examples are fairly common occurrences. This can cause a number of complications when trying to reconcile the transactions within the accounting software. One solution which eliminates this time-consuming task is **Mayday**. This software automatically identifies differences between intercompany accounts and deals with recharges – saving you a lot of headaches. There is also an extension available in Xero meaning you don’t have to be in the software itself to reap it’s benefits!

Reporting Software

Many pharmacies will be required to report regularly to lenders to comply with reporting covenants. Although the reporting functionality offered within the core accounting software is great and has a high degree of customisation, there are specifics that they cannot report on. An example of this would be detailed cash flow forecasting – which is often a requirement for lenders.

However, accountants will have access to third party software which can plug into accounting software, extract the financial data and prepare detailed reports including cash flow forecasts. Bespoke reports can be created, for example a tailored profit and loss account which is presented in a format more relevant to a pharmacy. Various reports can combine together to create report packs which can then be sent to lenders.

Software such as **Futrli** and **Syft Analytics** will also offer the ability to build up scenario planning, for example what is the cash flow implication of employing more members of staff?

In addition to this, the software can use it’s **AI** in order to pick up trends on income and expenditure based on the transactions found within the accounting software and this will predict future cash positions. By maintaining cash management tools this will avoid any potential nasty surprises and cash planning can be put in place.



For more information on the third party applications and their suitability for your needs, contact Arran Anders – Online Accounts Specialist at info@thomsoncooper.com.



Arran Anders - Outsourced Finance Manager

Arran is an online accounts specialist with experience in all accounting software platforms and associated apps. He guides business owners in choosing the best software solutions for their needs and offers tailored training to maximise their investment.

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