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Information

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Reckon moves into rival's territory

Mandy Bryan

Accounting software company Reckon is to apply new pressure on key rival MYOB in the battle for sales among Australian small businesses and accounting firms, just as MYOB works on a \$435 million acquisition of Solution 6.

Reckon intends to launch its first software product for small and medium accounting firms in two weeks, moving into a market already claimed by MYOB and Solution 6 and central to the strategy to combine the two companies.

The new product will represent the first fruits of Reckon's acquisition of Advanced Professional Solutions

KEY POINTS

- Reckon's new accounting software is the result of an acquisition.
- It integrates practice management and accounting software.

last December, which added accounting software to Reckon's range of Quicken financial software for small and medium businesses.

Reckon plans to combine its know-how and presence in the SME market with APS' practice management development offerings, a similar plan to that underlying MYOB's proposed merger with Solution 6.

Solution 6 dominates the practice management market, but Reckon chief executive Greg Wilkinson said APS was gaining ground.

Last year its Australian sales rose 68 per cent, he said, and in the past three years it had gained at least 50 per cent of software seats in the top 100 accounting firms in Australia – a feat it hopes to match in the SME sector.

The practice management victor, however, will win more than just a lucrative new market. It will also gain a pivotal edge in the tussle for market share on its traditional accounting software turf.

That is because recommendations to clients by the accounting pro-

fession have long been considered the key to winning sales for small business accounting software providers.

MYOB used accountants' recommendations to great advantage in the early 1990s, Mr Wilkinson said, forcing his company to try and play catch-up through a series of national product roadshows specifically targeting accountants.

"We've been successful at this over the last three years but it's been an uphill battle," he said.

Both companies now believe the key to winning market share for their traditional accounting software lies in tightly integrating it with their new practice management soft-

ware offerings. However from there the strategies diverge, according to Mr Wilkinson, who is Reckon's third-largest shareholder with a stake of 8 per cent.

MYOB hopes to gain annual cost savings of \$10 million to \$12 million within three years by, among other things, rationalising into a single platform the development efforts of the two companies.

Reckon, which licenses its accounting software off US-based Intuit, its largest shareholder and a company with an annual research and development budget of \$US200 million (\$265 million), was under no such pressure, Mr Wilkinson said.