

# **Accounting Software Solution Market Research Brief**

## ***March 2024***

### **Executive Summary**

Accounting software solutions are on the rise. North America alone held 35.18% of global accounting software solution revenue market share, and small businesses are expected to drive accounting software solution growth over the coming decade.

A significant portion of this growth is due to ever-increasing third-party accounting and CPA fees. For new clients between 2021 and 2023 the average increase was 25%, while existing clients paid 22.7% more.

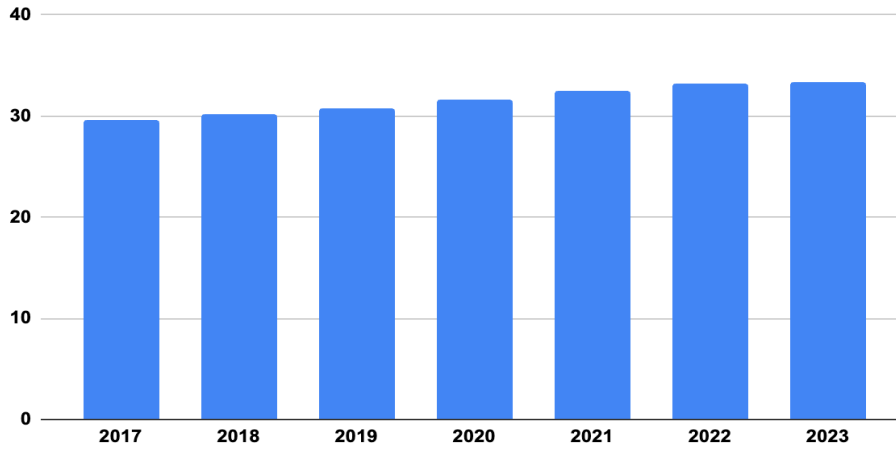
Intuit's QuickBooks commands 75% of the accounting software solution market while emerging solutions such as Zeni and Booke AI are generating interest. Moreover, artificial intelligence (AI) is radically changing how software solutions analyze financial data and automate otherwise redundant tasks. In terms of AI's investment/usage by sector, only IT beats Accounting and Finance as the sector with the highest uptake.

While challenges remain with AI, scalability and enhanced compliance are two areas that hold great promise. With approximately 33.3 million small businesses in the US the market remains a sizeable opportunity for both competing and complimentary accounting software solutions.

### **I. US Small Business Market Overview**

US small businesses are categorized as having 500 employees or fewer. In 2023, there were approximately 33.3 million small businesses, and nearly half of all US employees work for a small business.<sup>i</sup>

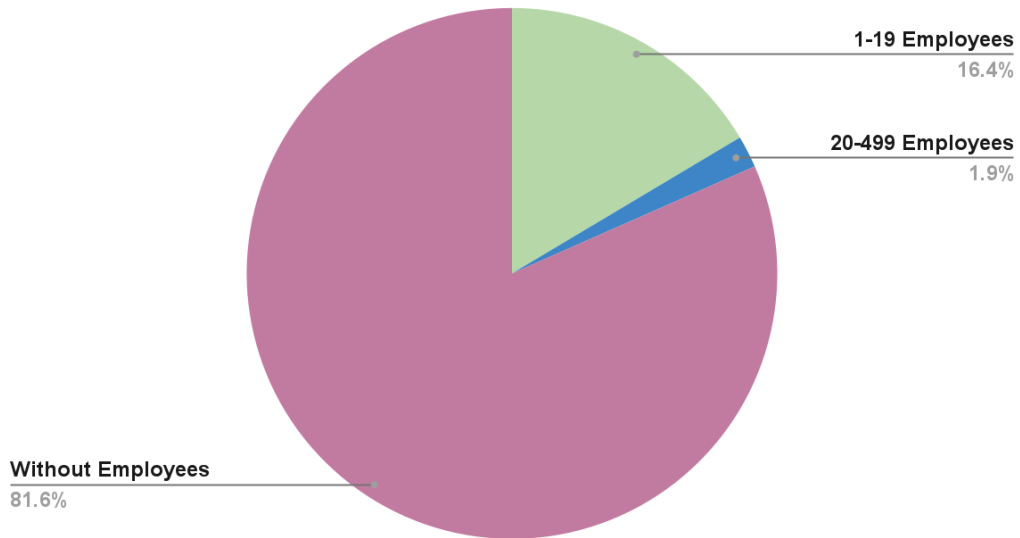
### Number of US Small Businesses (in Millions)



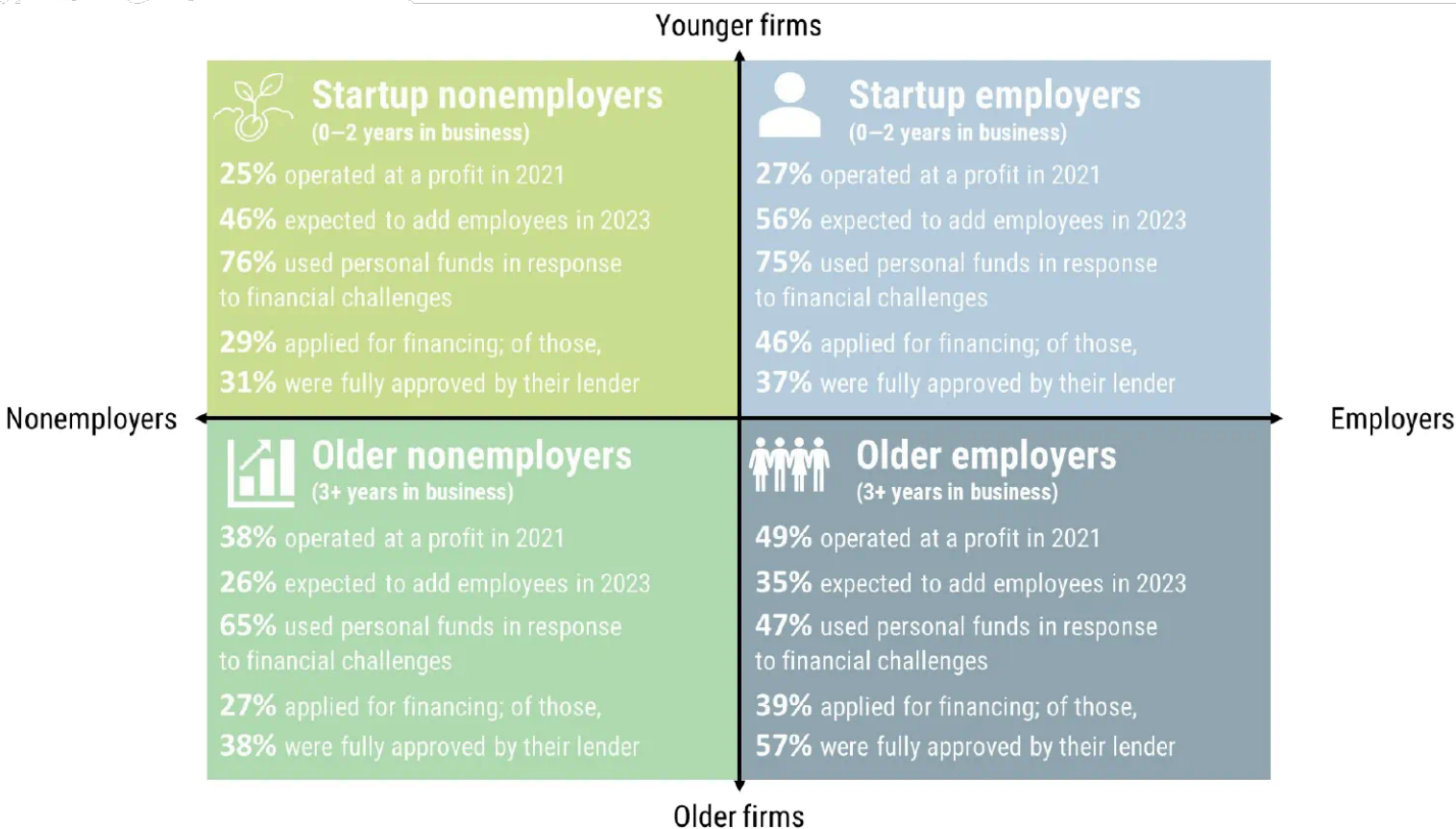
Source: [U.S. Small Business Administration, 2023.](#)

In terms of employees, those small businesses that do not employ anyone and are simply owner-operated make up the vast majority of the larger sector. These are generally contractors, consultants, direct sellers, social media influencers, and young start-ups.<sup>ii</sup>

### Small Businesses by Employee Size in 2024



Source: [U.S. Small Business Administration, 2023.](#)



Source: [Fed Small Business](#)

Over the last 25 years, US small businesses generated roughly 13 million new jobs, representing nearly two-thirds of all new jobs added during this period. In 2023, the hospitality and leisure sector registered the highest average of small business jobs added per month.<sup>iii</sup>

### US Small Business Digital Uptake

The consulting and research firm Analysys Mason predicts:<sup>iv</sup>

- 37% of small businesses will switch to “enterprise light” solutions.
- 80% will consider taking IT services from operators.
- Platforms-as-a-service (PaaS) solutions will grow 18%.

Deloitte’s analysis in *Connected Small Businesses in the United States* revealed that compared to businesses with low levels of digital engagement, those digitally advanced small businesses:<sup>v</sup>

- Earned two times more per employee.
- Registered revenue growth roughly four times as high over the previous year.

- Logged an average employment growth rate that was approximately six times as high.

## II. Market for Accounting Solutions

Over the coming ten years, the accounting software market size is expected to grow from \$13.84 billion to \$37.63 billion. North America held 35.18% of market share of global accounting software solution revenue in 2022.<sup>vi</sup>

Part of what is driving the market for accounting solutions are increasing 3<sup>rd</sup> party accounting and CPA fees. The National Association of Tax Professionals published in their *2023 Tax Fee Report* a 25% increase in tax professional service charges for new clients, and a 22.7% increase for repeat clients from 2021 to 2023.<sup>vii</sup>

Nationwide, California has the largest number of small businesses, and small business employees make up 47.6% of the state's total.<sup>viii</sup>

State	# of Small Businesses
California	4.1 million
Texas	3.2 million
Florida	3.1 million
New York	2.2 million
Illinois	1.3 million

### Top 10 US Small Business Industries<sup>ix</sup>

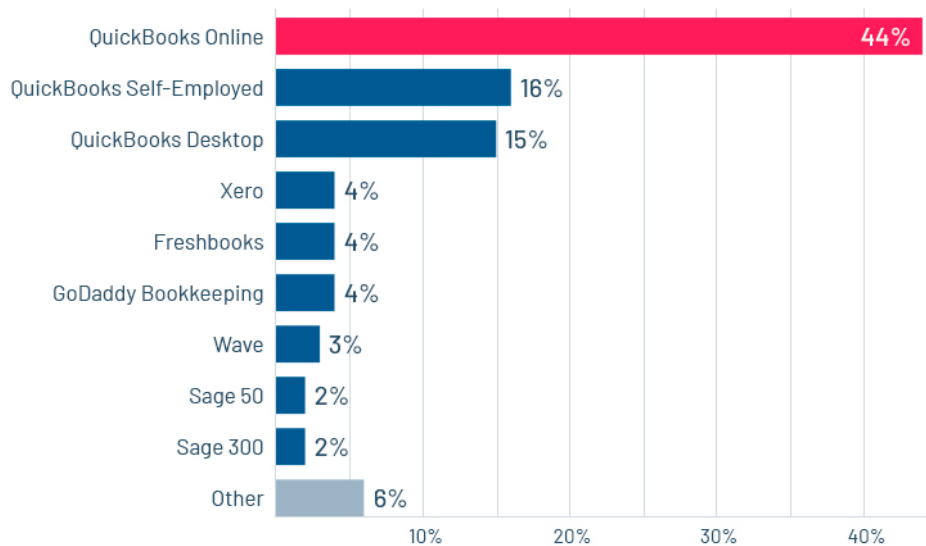
Industry	# of Small Businesses
Professional, Scientific, and Technical Services	4,526,937
Construction	3,616,195
Other Services (except Public Administration)	3,516,161
Transportation and Warehousing	3,391,471
Real Estate and Rental and	3,326,956

Leasing	
Administrative, Support, and Waste Management	2,907,568
Retail Trade	2,887,380
Health Care and Social Assistance	2,674,770
Arts, Entertainment, and Recreation	1,476,656
Accommodation and Food Services	1,034,686

### III. Competitive Landscape & Principal Players

Intuit's QuickBooks Online product holds nearly half of the small business accounting market share while the company commands 75% of the market.

**Market Share of Small Business Accounting Software Companies**



QuickBooks Live - Assisted Bookkeeping Service	QuickBooks - Full Bookkeeping Service	Zeni	Booke AI
<p>QuickBooks's own Assisted Bookkeeping Service provides one-on-one guidance on common topics such as categorization, automation, reconciliation, reporting, and workflow management.</p> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• A low monthly price of \$50.</li> <li>• Bookkeepers are available for consultation Monday - Friday (6AM - 6PM PT).</li> <li>• Bookkeepers have either an expertise/bachelor's in accounting, finance, or bookkeeping or are certified Public Accountants or Bookkeepers.</li> </ul> <p><b>Pain Points:</b></p> <ul style="list-style-type: none"> <li>• The bookkeeper is working with the customer and not working in the business' books.</li> <li>• Cleanup of the business' books is not included.</li> </ul> <p><b>Pricing:</b></p> <p>\$50/mth.</p> <p><b>Website:</b></p> <p><a href="https://quickbooks.intuit.com/live/assisted-bookkeeping/">https://quickbooks.intuit.com/live/assisted-bookkeeping/</a></p>	<p>QuickBooks's Full Bookkeeping Service includes two phases:</p> <ol style="list-style-type: none"> <li>1. Cleanup/Setup - A personalized bookkeeper sets up the client's chart of accounts, connects bank accounts, and instructs on the basics of QuickBooks. Should the client already have a QuickBooks account the bookkeeper will clean it up over the first month.</li> <li>2. On an ongoing basis, the bookkeeper categorizes transactions and reconciles accounts on a monthly basis.</li> </ol> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Tax-ready books to be handed off to the company's accountant.</li> <li>• Live Bookkeeping will correct mistakes at no additional charge.</li> <li>• A live bookkeeper as opposed to a bot.</li> <li>• Scalable pricing.</li> </ul> <p><b>Pain Points:</b></p> <ul style="list-style-type: none"> <li>• The service does not handle accounts receivable nor payable.</li> <li>• Advisory services are not offered.</li> <li>• Bookkeepers are QuickBooks certified but this does not mean they possess accounting knowledge.</li> </ul> <p><b>Pricing:</b></p> <p>The Full Bookkeeping Service is</p>	<p>Zeni integrates human knowledge with AI to automate accounting, budgeting processes, and spending to provide real-time data analysis and enhance business decisions.</p> <p>Zeni positions themselves as offering a 'fractional CFO' for entities which cannot afford a full time CFO.</p> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Via a one-page view, Zeni provides a top-down perspective on the company's financial operations.</li> <li>• Easy to track financial progress and identify trends with monthly, quarterly, and yearly reports.</li> <li>• Sharing between team members is accelerated with automatic notifications and updates.</li> </ul> <p><b>Pain Points:</b></p> <ul style="list-style-type: none"> <li>• The price could be expensive for nascent startups and freelancers.</li> <li>• Reviewers have noted that more guidance is needed on how to process and then review the data to improve decision-making.</li> <li>• Zeni is not available within QuickBooks, it is</li> </ul>	<p>Booke AI is available via QuickBooks' App store.</p> <p>The more you use Booke's automated bookkeeping tool the better the AI becomes.</p> <p>The tool reconciles errors in real-time and features a user-friendly messaging portal.</p> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• AI is great at categorizing transactions, automating work, resolving coding errors and communicating with clients.</li> <li>• Booke's advanced detection features correct errors in quickly.</li> <li>• Seamless integration via an App available within commonly used tools like Xero and QuickBooks.</li> </ul> <p><b>Pain Points:</b></p> <ul style="list-style-type: none"> <li>• Each pricing tier only allows for a minimum of 5 clients.</li> <li>• Lack of user reviews to gauge the general customer experience.</li> </ul> <p><b>Pricing:</b></p> <p>Data Entry Automation: \$20/mth  Robotic AI Bookkeeper: \$50/mth</p>

	<p>charged based on the company's average monthly expenses:</p> <ul style="list-style-type: none"> <li>• \$0 - 10,000/mth - \$300/mth</li> <li>• \$10,001 - 50,000/mth - \$500/mth</li> <li>• \$50,001 + - \$700/mth</li> </ul> <p><b>Website:</b> <a href="https://quickbooks.intuit.com/live/">quickbooks.intuit.com/live/</a></p>	<p>a standalone service which integrates</p> <p><b>Pricing:</b></p> <ul style="list-style-type: none"> <li>• Starter plan - \$549/mth</li> </ul> <p><b>Website:</b> <a href="http://www.zeni.ai/">www.zeni.ai/</a></p>	<p><b>Website:</b> <a href="https://booke.ai/">https://booke.ai/</a></p>
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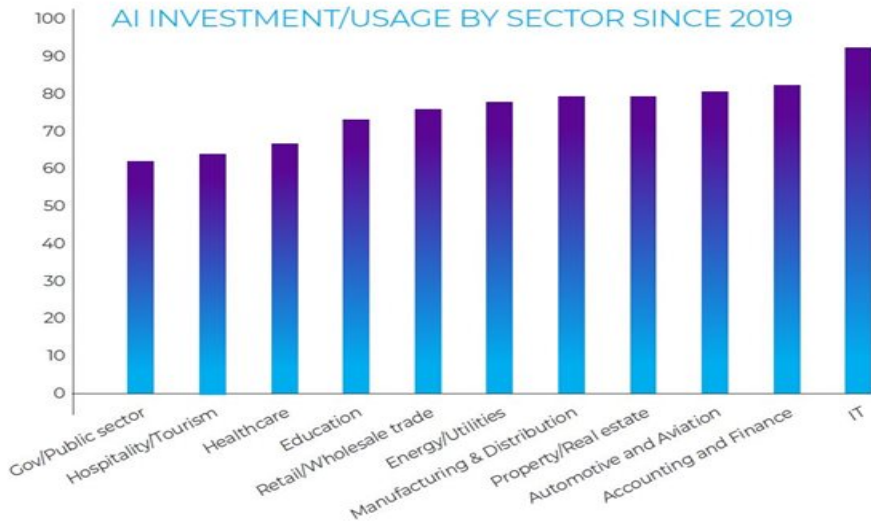
#### IV. Role of AI with Accounting Software

AI's role in accounting software is two-fold:

- Analyze financial data
  - AI can provide valuable insights surrounding historical trends as well as make predictions.
- Automation of repetitive tasks
  - AI can manage invoices as well as govern automatic payment processes.

A survey of accounting professionals revealed that 72% expect AI to grow with the accounting sector over the coming three years.<sup>x</sup> A Moore Global commissioned survey spoke to 1,858 senior decision markets across Asia, Europe, South Africa, and North America. The survey revealed that mid-cap finance and accounting firms spent four times the figure for law services on AI, and 20% of finance and accounting firms are investing in AI with the objective of reducing headcount.<sup>xi</sup>

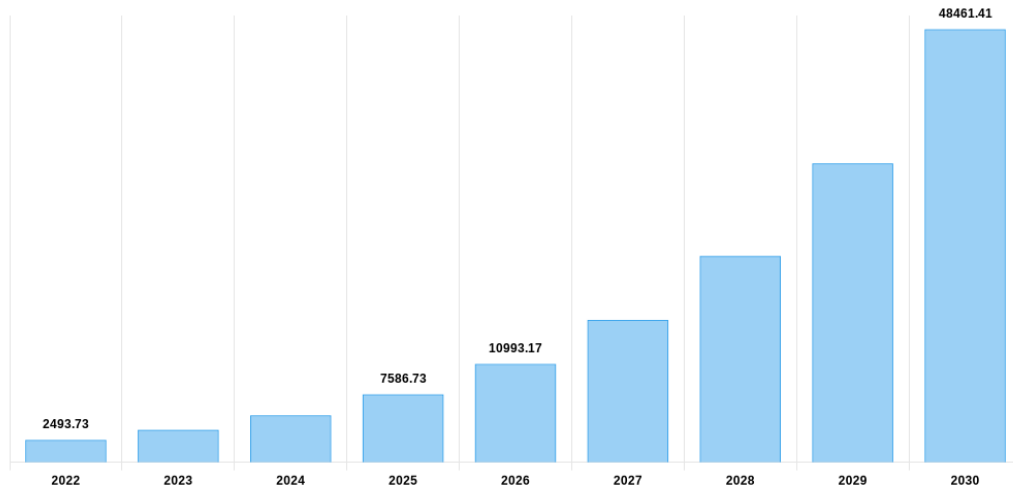
Only the IT sector is outperforming Accounting and Finance in terms of investment/usage of AI.



[Source: Moore Global](#)

The larger AI in Accounting market is expected to reach \$48 billion by 2030.

### Artificial Intelligence In Accounting Market Size, 2022 To 2030 (USD Million)

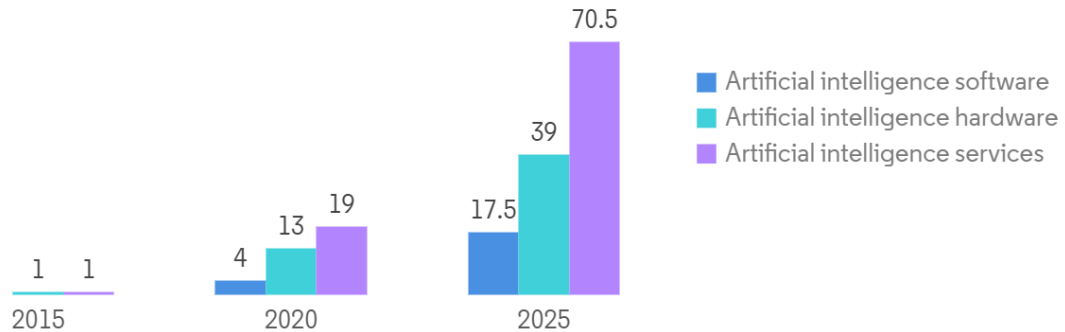


Source: ESOMAR, Vantage Market Research



Revenue from AI software, hardware, and services are all expected to skyrocket from 2020 to 2025.

Revenues from the Artificial Intelligence (AI) Market from 2015 to 2025, by Segment, in USD in Billion



Source: Bank of America (Bank of America Merrill Lynch)



## Challenges

Despite the rapid uptake, at the current moment, AI is still struggling with key challenges:

- Slow and clumsy adjustment to unforeseen developments.
- Security concerns with third-party AI chatbots and client financial information.
- Difficulty assessing the contextual meaning of documents.
- Legal language and similar jargon can confuse AI.
- Personalized advice and guidance are not yet fully developed.

## Opportunities

### 1. Scalability

- AI has the opportunity to scale considerably across the larger sector and bring operating costs down as a result.
- AI-powered bookkeeping systems can also work across businesses of all sizes.

## 2. Enhanced Compliance

- While security concerns with third-party AI chatbots are real, by merging AI into bookkeeping security and compliance are enhanced.
- Anomalies, irregularities, and potentially fraudulent activities can be detected in real-time and help reduce the risk of financial fraud.

## V. Conclusion

Nearly half of all US employees work for a small business and labor makes up a considerable percentage of overhead costs. In an environment marked by rising third-party accounting and CPA fees, accounting software solutions can help to streamline operations and save small businesses billions annually.

The market for accounting solutions is growing and despite QuickBooks' firm command of the market, new and cheaper solutions are providing small businesses with more options as the market matures.

Artificial intelligence will continue to complement this roll-out, providing small businesses with scalability and enhanced compliance. As AI ages challenges with legal language and jargon is likely to subside paving the way for widespread adoption of accounting software solutions by US small businesses.

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<sup>i</sup> [U.S. Small Business Administration, 2023.](#)

<sup>ii</sup> [Fed Small Business](#)

<sup>iii</sup> [Bureau of Labor Statistics \(BLS\)](#)

<sup>iv</sup> [Analysys Mason](#)

<sup>v</sup> [Deloitte Connected Small Business in the United States](#)

<sup>vi</sup> [The Brainy Insights](#)

<sup>vii</sup> [National Association of Tax Professionals – 2023 Tax Fee Report](#)

<sup>viii</sup> [Bureau of Labor Statistics \(BLS\)](#)

<sup>ix</sup> [US Small Business Administration Office of Advocacy](#)

<sup>x</sup> [CPA Practice Advisor Magazine](#)

<sup>xi</sup> [Moore Global Study](#)