

QuickBooks® Desktop or QuickBooks® Online:

Which Is Right For Your Business?

Featuring:

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About Susan Cook and Account Ability Consulting

Susan Cook founded Account Ability Consulting 35 years ago to help small and mid-sized businesses become financially stable and clear about their goals. She is a certified QuickBooks Solution Provider and for the past seven years has held the esteemed title of Top-100 QuickBooks ProAdvisor.

Account Ability Consulting is comprised of an award-winning team of accounting technology experts who specialize in point-of-sale, manufacturing, wholesale distribution, and construction solutions. By understanding our clients' individual needs, we help them eliminate pain points and extract real value and insight from their data.

We have helped over 500 businesses just like yours implement accounting systems unique to their needs, and we empower all of our clients with hands-on, highly-detailed software training. While our offices are based in Cape Cod, Massachusetts, our remote business model allows us to effectively serve businesses across the entire United States.

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QuickBooks® Desktop or QuickBooks® Online: Which Is Right For Your Business?

They're both easy to use. They're both customizable. And they both automate the accounting work small businesses do. So, which should you use?

Are you thinking about moving from a manual accounting method to an automated one? Or are you using a bookkeeping website that just isn't measuring up? Either way, you're smart to consider the QuickBooks family. QuickBooks is the market leader. Millions of small businesses have discovered how these solutions can save time and money, improve the accuracy of their finances, and help their companies thrive.

QuickBooks Desktop has been around since the 1980s. QuickBooks Online debuted in the 1990s. They've both continued to grow and improve over the decades, and today they're the most comprehensive, customizable applications available. They were designed by accountants for small businesses. You don't need to have any bookkeeping training to use them.

QuickBooks Desktop and QuickBooks Online are more alike than different in terms of what they can do. It's how they do it that accounts for much of their differences, though there are functional variations. Each offers some features that the other doesn't.

We'll take a closer look at what they share and what they don't.

“QuickBooks® Desktop and QuickBooks® Online are more alike than different in terms of what they can do. It’s how they do it that accounts for much of their differences.”



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“Yes, there are differences between the two in terms of features and flexibility and customizability.”

The Similarities

Both are built on standard accounting procedures.

Both QuickBooks Online and QuickBooks Desktop follow the same set of rules that accountants do. Even if you don't work with an accountant, this becomes important when you have to demonstrate the fiscal health of your company, like when you apply for a loan, want to sell your business, or are looking for investors. Because both solutions are built on Generally Accepted Accounting Principles (GAAP), you can feel confident that you'll be able to produce the reports and other documentation you'll need should the situation arise.

Both accounting solutions:

- Use double-entry accounting, a system that's actually been around for centuries, and which is still in use today.
- Come with a Chart of Accounts, a set of financial accounts and their balances that serves as the backbone of your accounting system. It's divided into categories like assets and liabilities (what you have and what you owe), income and expenses, and Cost of Goods Sold (COGS). You'll assign transactions to accounts, which will result in accurate reports and income taxes.
- Can easily create the complex financial reports needed to illustrate your company's fiscal health. When you complete your bookkeeping tasks correctly and comprehensively, both versions of QuickBooks can produce advanced reports like Profit & Loss, Balance Sheet, and Statement of Cash Flows.

“The most significant difference lies in how each application is delivered.”

Both automate a similar set of accounting tasks.

Whether you’re currently doing your accounting manually, using paper and maybe Excel, or you’re using a different bookkeeping solution, you’ll find that QuickBooks Online and QuickBooks Desktop automate the same types of work. They help you manage and track:

- Information about your customers and vendors and the products and services you buy and sell. Both come with fill-in-the-blank templates that you can complete so you have comprehensive records for your contacts and sales items. No more card file or messy spreadsheet.
- All of your income and expenses. Instead of having to comb through paper statements and checkbook registers, you can track all of your financial accounts in one place. You have the option to set up online connections to your banks’ websites and import their cleared transactions so you can reconcile accounts within the applications and have digital registers for your checking, savings, and credit card accounts. Online bill-pay is available, too.
- Your sales and purchase forms. Both support all of the forms a small business would need, including invoices and estimates, sales receipts, purchase orders, and credit memos. These digital forms resemble their paper counterparts. You just complete them on a computer screen rather than a piece of paper. Both applications store them neatly so you can call one up in a matter of seconds, rather than digging through file folders.
- The tax-deductible miles you drive for business. Both have dedicated tracking tools that calculate your tax deduction. QuickBooks Online even automatically tallies miles as you drive, thanks to its smartphone app.

- The time you and your employees spend providing billable services. You can record individual timed activities and/or timesheets and bill them to the appropriate customers.
- Payments you receive from customers.
- Your bills, and other debts. Even if you don't subscribe to QuickBooks online bill-paying services, you'll be able to enter bills and mark them as paid – even getting reminders so you never miss a payment.
- Your payroll. Both have integrated payroll solutions.

Both are expandable and can connect you to external resources.

Besides online banking, QuickBooks Desktop and QuickBooks Online offer other ways for you to communicate digitally with the world outside of your computer. Both can be integrated with major applications like Microsoft 365. You can export financial reports to Excel, for example, and work with them further there. Or you could set up a mail merge through Word and send letters to some or all of your customers.

There are also hundreds of “add-ons,” applications that can extend QuickBooks' capabilities in areas like billing and invoicing, inventory, and Customer Relationship Management (CRM). So, if QuickBooks lacks some functionality that you need, you can create a bridge to one of these solutions and share your financial data.

QuickBooks also offers Intuit Merchant Services, which allows you to accept debit/credit card payments and direct bank transfers from customers, making it more likely that you'll get paid on time.

If you work with an accountant (or want to), you can allow him or her to have access to your QuickBooks data, to simplify support and collaboration. We're well-versed in QuickBooks and could set up such a relationship with you.

Both offer a simple, understandable user experience.

The real beauty of QuickBooks Online and QuickBooks Desktop is this: You don't have to understand the principles of double-entry accounting to use them. Both do all of the technical work—the assigning of debits and credits to transactions and the creation of journal entries—in the background. They use simple, understandable language and familiar-looking transaction and record forms.

This usability extends to how both solutions work, not just how they look. Once you enter a customer address or the price of an item you sell or a sales tax code, you never have to enter it again. It's always available to you in the lists provided for fields in forms and records. Anyone who's used a Windows or online application will recognize the user interface and navigation conventions used. And related commands are always grouped together in menus or toolbars.

How Do They Differ?

Of course, the most significant difference lies in how each application is delivered. QuickBooks Desktop goes on your hard drive (unless you purchase hosting services), while you can access QuickBooks Online from any computer that has an internet connection. This affects their operations in numerous ways, including:

- **Accessibility.** You and the computer on which you installed the software have to be in the same place to use QuickBooks Desktop. Not so with QuickBooks Online.
- **Cost.** You pay for QuickBooks Desktop upfront and can use that version for as long as you want. However, to maintain full usability of the software, we recommend budgeting for a full upgrade every 3 years. Alternatively, the Desktop Plus edition is a subscription model that includes a support plan, online backup, and the latest edition every year.
- **Backup.** QuickBooks Desktop provides automatic backup tools, including the ability to store your company file in the cloud. But you do have to set up and maintain your backups. QuickBooks Online is constantly backed up.
- **Updates and upgrades.** When you use QuickBooks Desktop, you're occasionally asked to install updates as you launch it. And to get the latest version, you have to upgrade once a year. QuickBooks Online is always current. You always have the latest version that includes incremental updates.
- **Multiple users.** If you want to allow employees some access to QuickBooks Online, you don't have to pay anything beyond the monthly subscription price to accommodate them. Each version of QuickBooks Online supports a specific number of users; the maximum is 25. QuickBooks Desktop's most advanced version, Enterprise, allows you to scale up to 40 users. But you'll have to add a license for each additional user, which increases the price.



“QuickBooks® Desktop provides automatic backup tools.
QuickBooks® Online is constantly backed up.”

The User Experience

You'll notice another significant difference the first time you launch the applications. Their home screens don't look at all similar.

QuickBooks Desktop

QuickBooks Desktop displays a giant flow chart that takes up most of the opening screen. This graphic illustrates a typical accounting workflow. You can follow the paths you would take when you're working with vendors, customers, or employees. Start with Estimates, for example, and one arrow leads you next to Invoices, then Receive Payments, then Record Deposits. You can click on any of these buttons to move to the related screens. To the right of this chart are two boxes that contain icons for Company and Banking activities, like Items & Services and Check Register.

The software offers two other sets of navigation links. A standard Windows menu runs across the top, with headings like File, Customers, and Reports. Click on any of these and a drop-down list of actions appears. There's also a toolbar in the left vertical pane that contains shortcuts to common activities, like Bill Tracker and Snapshots (full-page overviews of your Company, Payments, and Customers that contain charts and lists). There is some duplication in these two navigation tools. QuickBooks Desktop offers a secondary home page, accessible from a tab labeled Insights at the top of the screen, in addition to its Snapshots. This is similar to the "dashboards" you find on web-based accounting solutions. It displays your Profit & Loss in both numbers and a 12-month line graph. Click an arrow, and new graphs appear, showing Top Customers by Sales, Income and Expense Trend, Business Growth, Net Profit Margin, and Prior Year Expense Comparison.

Below all of these is an Income graph that tells you how much money is tied up in open and overdue invoices, and how much has been paid in the last 30 days. To the right of that is a pie chart that breaks down your primary expenses for a date range you choose.

QuickBooks Online: Lighter, Different Data

QuickBooks Desktop's user interface has been updated and enhanced over the years, but it doesn't have the state-of-the-art look that QuickBooks Online does. The web-based version looks fresher and less cluttered, and only has one navigation option, a menu of the site's primary sections in the left vertical pane. There's no duplication like there is in QuickBooks Desktop.

QuickBooks Online's dashboard displays multiple charts in the center of the screen that illustrate your company's:

- **Cash Flow.** Front and center, this is an important graphic. It shows money in and out for the previous 12 months, then projects the next three based on that history.
- **Invoices.** What's the dollar amount for those overdue and not yet due? How much has been paid over the last 30 days? Deposited? Not deposited? This bar chart covers the last 365 days.
- **Expenses.** You can get a quick overview of your expenses via a pie chart that can be viewed by date range.
- **Profit and loss.** This bar chart compares income and expenses for the last 30 days and up to a year.
- **Sales.** What were your company's total sales for the last 30 days? This quarter? Last year by quarter? There are several date ranges.

QuickBooks Online also displays the balances of all of the accounts you've connected (as of the last data import) in the right vertical pane. It lists two balances

for those accounts: the bank balance and the balance in QuickBooks. Hidden in the lower right corner is an important link: View all activity. This takes you to a list of all actions taken on the site (and by whom) by date and time, including logins and logouts. QuickBooks Desktop has a similar report called Audit Trail.

This screen is exceptionally interactive, unlike QuickBooks Desktop's. Practically everything is a link. When you click on a section of a chart or a number or an account balance, QuickBooks Online opens screens that show you the underlying data.

“Because it's older and has had more time to mature, QuickBooks Desktop can do more in some ways.”

Different Approaches to the Home Page

These home pages are very different, both cosmetically and in terms of their content. QuickBooks Desktop uses that critical space to deal with navigation more than anything, though the secondary home page, Insights, and its Snapshots catch you up on some aspects of your finances. QuickBooks Online, on the other hand, jumps right into its detailed overview of your accounting data.

Their main navigation systems, too, are very different. QuickBooks Desktop's Windows menus are very deep. They tend to list practically every action you could take in areas like Company, Vendors, and Banking. QuickBooks Online tends to tuck away individual actions under broader headings in the toolbar. When you hover over a label, a list of the main functions available there appears. For the most part, it's easier and faster to get around in QuickBooks Online. Because it's older and has had more time to mature, QuickBooks Desktop can do more in some ways, but you may have to hunt to find specific features.



“If you need access to your QuickBooks® data on your smartphone or tablet, you need QuickBooks® Online.”

Other Differences

Though many of the differences between the two applications are related to the user experience, they also vary in some substantive ways. We'll cover just the most significant variations here; there are less significant ones.

Preferences vs. Settings

One of the tasks users should do before using either application is to look at its settings. These are options related to the operation of the product, like turning features on and off, establishing default terms, and warning if you don't have enough inventory to sell. QuickBooks Desktop calls these Preferences, and they're deeper than QuickBooks Online's Account and Settings screens. Still, each has enough to support its features.

Tasks and Reminders

QuickBooks Desktop is more advanced in this area. QuickBooks Online's dashboard displays some of the tasks you must do, and it can send reminders when a recurring transaction needs to be edited and sent. But you can create reminders for just about anything in QuickBooks Desktop that pop up in a window every time you open the software.

Customer and Vendor Records

This is an area where the two applications are comparable. Each has its own way of collecting information about customers and vendors and displaying their records, but they both provide generous templates that store numerous details about all of your contacts.

Product Records

If your business needs powerful, flexible inventory management, you will find that QuickBooks Desktop is more advanced in this area. Both, though, allow you to create records for products and services and for item bundles, or assemblies. Both track inventory level and reorder point as well as variables like cost and sales price, accounts, and preferred vendors.

Jobs

QuickBooks Desktop allows you to create records for both customers and for the individual jobs you do for them. For example, a contractor would have its own core record, and you'd be able to add records for a kitchen remodel or new construction. QuickBooks Online doesn't use the word "jobs," but you can set up sub-customers or Projects (a feature QuickBooks Desktop doesn't have) as jobs. Both allow you to assign costs and sales to individual jobs and to gauge profitability.

Mobile access

If you need access to your QuickBooks data on your smartphone or tablet, you need QuickBooks Online. Its mobile app is exceptionally robust. It allows you to view and edit existing data, create transactions, take photos of receipts to report as expenses, automatically track mileage, and receive payments. QuickBooks Desktop does not have its own mobile app.

Support

QuickBooks Desktop has in-depth documentation built into the software. If that's not enough, you can purchase the company's Annual Care Plan, which provides dedicated phone support. QuickBooks Online's onboard support files are not as comprehensive. No matter which version you're using, you'll have access to webinars, tutorials and videos, training, and an online community where experts and other users share information.

Questions To Ask Yourself

Before deciding whether to buy a copy of QuickBooks Desktop or subscribe to QuickBooks Online, these are the most critical questions you must answer:

- **Which fits my budget better?** Can you afford a few hundred dollars to buy QuickBooks Desktop upfront? QuickBooks Online offers four different levels to accommodate businesses of varying sizes and complexity; they start at \$15 per month. All come with a 30-day free trial.
- **How important is the user experience?** QuickBooks Desktop may have features you need that aren't handled as thoroughly or flexibly in QuickBooks Online. That, of course is critical. But if either will meet your current needs and leave you room to grow, QuickBooks Online is clearly more user-friendly and aesthetically pleasing.
- **How much support do I anticipate needing?** There are numerous options for both, but QuickBooks Desktop has better in-product help. QuickBooks Online, though, may be more familiar since it works like other online productivity applications you use regularly.
- **Do I want to be tied to my desktop for my accounting work?** If you don't, there's only one option. Yes, there are differences between the two in terms of features and flexibility and customizability. But they've both grown to become the best small business accounting applications available today.
- **Does my accountant support it?** We do. We can look at your business and its needs and help you decide which version would work best for you. We can also help you make the transition from your existing accounting system. We'll be there to help, too, when you need troubleshooting and when it's time to expand your current setup.

Conclusion

Ready to implement your custom accounting system with QuickBooks? Before you buy, email us for a personal consultation at info@accountabilityconsulting.net.

As certified QuickBooks Solution Providers, we're often able to provide our clients with better pricing than they could get on their own.

We can look at your business and its needs and help you decide which version would work best for you!

Because we are advanced certified and equally proficient in both QB Online and Desktop, we're able to provide unbiased insight into which product will best fit your business.

READY TO PURCHASE?

[Purchase QuickBooks DESKTOP](#)

[Purchase QuickBooks ONLINE](#)

Bonus Resource: A Side-by-Side Comparison

Feature	QB Desktop	QB Online	Best Overall
Accessibility	Tied to PC (unless you purchase hosting services separately)	Any PC with an internet connection	QB Online
Cost	One-time upfront charge: \$399.99-649.99	Subscription: \$15-150 per month	Depends
Free Trial	Yes	Yes	Even
Backup	User maintains manually	Always backed up automatically	QB Online
Updates	User installs	Automatic updates	QB Online
Multiple Users	Additional licenses may be required	Built into cost, but limits	Depends
Homepage	Navigation tools	Data tables, charts, account balances	QB Online
Preferences vs Settings	Deep customization preferences	Settings not as in-depth	QB Desktop
Tasks and Reminders	Separate tool; user chooses from options	Only on home page	QB Desktop
Inventory Management	Excellent; extras like price levels, custom fields	Strong, but lacking some customizability	QB Desktop
Jobs	Built-in tracking	No tracking	QB Desktop
Mobile Access	None	Good companion app	QB Online
Support	Better onboard documentation	Online help weak	QB Desktop
Accountant Access	Yes	Yes; more convenient than Desktop	QB Online