

COMMERCE ACT 1986: BUSINESS ACQUISITION

SECTION 66: NOTICE SEEKING CLEARANCE

Date: 27 November 2017

The Registrar
Competition Branch
Commerce Commission
PO Box 2351
Wellington

Pursuant to section 66(1) of the Commerce Act 1986 notice is hereby given seeking clearance of a proposed business acquisition.

Part A: Summary of Application

1. Executive Summary

- 1.1 The Transaction for which clearance is sought is the acquisition by MYOB Group Limited (**MYOB**) of the Accountants Group business of Reckon Limited (**Reckon**) (**Proposed Transaction**).¹
- 1.2 In New Zealand, Reckon's Accountants Group distributes practice management software for accountants under the brand 'Reckon APS' (**APS**). As with competitors' products, the Reckon APS suite consists of four core pieces of software that assists accountants to run their business: client accounting, tax, practice management and document management.²
- 1.3 MYOB also distributes practice management software for accountants in New Zealand, and the Proposed Transaction will result in the accountant practice software suites of MYOB and Reckon (together, the **parties**) coming under common ownership.
- 1.4 The areas of competitive overlap between the parties is in client accounting, tax, practice management and document management.
- (a) Client accounting software enables accountants to validate client accounts and to compile and lodge statutory reports e.g. profit and loss, balance sheets etc.
 - (b) Tax software enables accountants to determine their clients' tax obligations, manage on-going compliance and lodge returns with the IRD.
 - (c) Practice management tools include time sheets, billing and payment collection, customer relationship management and resource planning.
 - (d) Document management tools include document filing and search functions.
- 1.5 These modules can be purchased from different providers. Client accounting and tax software (known as "compliance modules") are bespoke to accounting firms and supplied by specialist providers, while practice management and document management ("business modules") are more generic and used by a broad range of businesses. There are many providers of this software e.g. SAP for practice management and iManage for document management.³
- 1.6 Traditionally, accounting practice software was delivered by software installed on accountants' desktops. However, with the advent of cloud technology and the advantages that it brings, the provision of practice software for accountants is moving away from traditional desktop solutions towards cloud-based ones.
- 1.7 Cloud-based solutions overcome a number of the limitations of traditional desktop software and offer numerous efficiency and cost benefits for both accountants and their clients.
- (a) **Automated data entry:** Cloud solutions bypass the need for manual data-entry, improving the accuracy of accounting records and resulting in efficiency gains.⁴

¹ The Accountants Group sits within the Practice Management Group. The structure of the Proposed Transaction is shown at **Annexure 1**.

² The document management software business (which comprises part of the Reckon APS suite) was transferred into an independent company, GetBusy Plc (**GetBusy**), which was floated on the AIM exchange in the UK on 4 August 2017. The GetBusy products provide document management and document portal functionality under the 'Virtual Cabinet' and 'SmartVault brands'. Reckon still distributes these products in New Zealand under licence as part of the Reckon APS suite, and individually. The licence to distribute these products in New Zealand will be transferred to MYOB as part of the Proposed Transaction.

³ Brief descriptions of these competitors are set out in **Annexures 5 and 6**.

⁴ Given the increase in functionality in cloud software for accounting practices over the past few years, led by CCH and Xero, from a performance perspective there are no circumstances where an accounting practice would require a solution that is desktop-

- (b) **Greater connectivity:** Cloud-based solutions enable accountants and their clients to share data in real-time, enabling accountants to offer more relevant advice and thereby offer a higher level of customer service.
 - (c) **Cost savings:** Because cloud-based solutions are run online, version upgrades and maintenance are managed by the software provider. In addition, cloud solutions remove the need for accounting firms to maintain their own dedicated data servers.
 - (d) **Greater security:** Cloud solutions offer additional security benefits by providing backup functionality to prevent loss of data. Further, the data security risk associated with the manual transfer of data that was required in traditional desktop solutions is removed.
 - (e) **Greater flexibility:** Cloud-based software can integrate easily with other cloud-based software through Application Programming Interfaces (**APIs**), which gives accountants greater choice, control and flexibility over the software they use.
- 1.8 Reckon does not offer a full cloud-based accountant software solution and will not develop one in the counterfactual. By the time it started offering (very limited) cloud functionality, CCH (first mover in New Zealand) and Xero (aggressively growing) had already begun developing their solutions.⁵
- 1.9 Industry experts comment that Reckon will “struggle to keep pace with research and development spending by its much larger competitors”.⁶ They expect that Reckon’s practice software will become “increasingly outdated and competitive threats [will] increase” such that Reckon will likely have a “tough time retaining customers as the client base transitions to cloud-based product”.⁷
- 1.10 MYOB has not yet launched a pure cloud accountant software solution in New Zealand, and currently faces the same challenges as Reckon. While it has launched some cloud-based client accounting tools in Australia, this module is not yet complete, and none of these tools have been launched in New Zealand. Thus, its offering is some way behind CCH’s and Xero’s in terms of full cloud functionality. []
- 1.11 The Proposed Transaction would enable MYOB to accelerate the development of this online platform to provide a comprehensive cloud product to accountants, thus allowing it to better compete with Xero. It will do so by enabling MYOB to access improved cost synergies and efficiencies and providing access to a larger customer and revenue base across which to amortise its investment (unlike Xero and CCH, it has yet to incur the cost of moving to a full cloud offering).
- 1.12 If the Proposed Transaction does not proceed, over time Reckon’s market presence would further weaken and it would continue to lose customers to the remaining competitors. Its ability to win new customers would become increasingly limited, leaving it to service legacy customers, which would become increasingly expensive to support given it is only used by around 199 accounting practices in New Zealand.
- 1.13 Xero is MYOB’s closest competitor, and is responsible for the majority of customers switching away. []
- 1.14 The merged entity will continue to face strong competition from Xero and CCH, which will keep expanding and adding functionality.

based. As noted below, cloud-based solutions are superior to desktop-based ones, and this ‘gap’ between them will continue to widen. The only circumstances where a desktop solution might be preferred to a cloud-based one is where a practice does not have an internet connection or is ‘conservative’ in its attitude to cloud computing.

⁵ While it has embarked on a strategy to provide some cloud-based functionality, this has been piecemeal. For example, Reckon is currently piloting a cloud-based timesheet solution to allow employees of accounting firms to fill in time sheets remotely. It is also working on a solution to allow accountants to look up client contact details on a mobile device. These functions are ancillary, however.

⁶ Morningstar, ‘Reckon is grappling with increasing competition in the accounting software sector’ (22 June 2017), p2.

⁷ Morningstar, ‘Reckon is grappling with increasing competition in the accounting software sector’ (22 June 2017), p2.

- (a) Xero is growing at a rapid rate and is adding functionality much more quickly than MYOB and Reckon. It spends significantly more of its revenue than MYOB each year on research and development (41%⁸ versus 16%) and its growth trajectory continues.
- (b) CCH iFirm was the first provider to offer a full cloud offering in New Zealand and still enjoys a first mover advantage.

1.15 []

- 1.16 The merged entity will have even less ability to raise prices on practice management and document management modules given the significant number of strong providers, including the likes of SAP and Oracle (practice management) and iManage and SuiteFiles (document management).
- 1.17 If the merged entity was to attempt to exercise market power to increase prices above competitive levels, customers could and would switch to the above firms. Barriers to switching are low and Xero and CCH both have software which facilitates the switching of clients away from MYOB. Given that accounting firms use an average of 1.5 accounting solutions,⁹ this means a significant number of firms will already have a relationship with another provider.
- 1.18 New entry would also be likely to defeat any exercise of market power. Entry barriers are low as evidenced by the recent entry and expansion of a number of providers in Australia. New Zealand has a similar accounting and tax regime to Australia.¹⁰ The cloud software used would be identical and, while some modifications would need to be made, these would not be overly complex and MYOB estimates that new entry would be achievable inside a year.
- 1.19 UK company Sage's entry into Australia demonstrates that adapting software to local conditions is entirely feasible and that the threat of entry from it, Thomson Reuters and Intuit is real. These firms are all aggressively expanding in Australia.
- 1.20 Finally, none of the pre-conditions to support coordinated conduct exist, in particular the rapid rate of innovation taking place in the industry and the existence of aggressive and disruptive competition.
- 1.21 In light of the above, the Proposed Transaction will not substantially lessen competition: a declining competitive force in Reckon, and strong constraints on the merged entity, means that the difference between the factual and the counterfactual is not material.

⁸ \$120 million, up from \$99 million in FY16. Xero 2017 Annual Report, p.19. Total product design and development costs were \$70.8 million for the six months ended 30 September 2017, \$12.8 million higher than for the previous year and an increase in spend of over 20%. See Xero Interim Report, 30 September 2017, p.14.

⁹ There are a number of reasons for this, including different accountants' preferences within accounting firms, 'legacy' licences and the fact that Xero offers its client accounting software for free to a significant number of accounting firms. We discuss this further at 17.8, below.

¹⁰ In 2014 the New Zealand Institute of Chartered Accountants merged with the Institute of Chartered Accountants Australia.

Part B: The Parties

2. The Acquiring Party

2.1 The party seeking clearance is MYOB Group Limited.

2.2 Contact details for MYOB:

<i>Address</i>	MYOB Group Limited Level 3, 235 Springvale Road Glen Waverley Melbourne VIC 3150 Australia
<i>Contact person</i>	Ian Boylan General Counsel and Company Secretary
<i>Email Address</i>	[]
<i>Telephone</i>	[]
<i>Website</i>	www.myob.com

2.3 Please direct all correspondence and notices for MYOB to:

<i>Address</i>	Bell Gully Barristers and Solicitors PO Box 4199 Auckland 1140
<i>Attention</i>	Torrin Crowther / Michael Tilley
<i>Email Address</i>	torrin.crowther@bellgully.com michael.tilley@bellgully.com
<i>Telephone</i>	T +64 9 916 8621 T +64 9 916 8827

2.4 MYOB is an Australian publicly listed company that provides software solutions to businesses and accounting practices.

2.5 MYOB began operating in 1991 in Australia, providing accounting software to small businesses. Today, MYOB operates through three divisions:

- (a) **Accounting Practices**, providing client accounting, practice management, tax and document management software to accounting practices. These are essentially software programs that help accountants to manage their clients' accounts and taxes, as well as run their own businesses (e.g. payroll, time recording, document filing);
- (b) **SME**, providing accounting, payroll, payments, tax and other business management software to small businesses. These are software programs that businesses use to manage their accounts and taxes, and to help them run their business (e.g. timesheets, payroll etc.); and
- (c) **Enterprise**, providing enterprise software, including Enterprise Resource Planning (**ERP**) and Human Resource Management (**HRM**) software, to medium and large businesses.

These are essentially the same software programs as SME, but with added functionality for larger businesses.

- 2.6 As noted, SME solutions and Enterprise solutions are products used by businesses in-house, whereas Practice Solutions are those used by accounting firms to provide services to their business clients.
- 2.7 The relevant segment of the MYOB business for the purposes of the Proposed Transaction is the **Accounting Practices** segment. Through this division, MYOB offers the following two product suites:
- (a) **MYOB AccountantsOffice (AO)**, which has been developed for small and single partner accounting practices and provides client accounting, practice management, tax and document management software modules. Customers purchase AO in a standardised configuration and can choose to purchase a package or individual modules (e.g. just tax or just client accounting); and
 - (b) **MYOB AccountantsEnterprise (AE)**, which has been developed for multiple partner accounting practices. Like AO, this product offers client accounting, practice management, tax and document management software modules.
- 2.8 The key features are common across the two product suites, and both provide client accounting, tax, practice management and document management software to accounting firms. However, AE has some expanded functionality to meet the needs of large firms. For example, additional tax calculators, customisable workpapers and report collaboration.
- 2.9 Customers can choose to purchase a software package or individual modules e.g. just client accounting or just tax.
- 2.10 A table setting out the functionality of AO and AE is at **Annexure 1**.

3. The Transferring Party

3.1 The transferring party is Reckon Limited.

3.2 Contact details for Reckon:

<i>Address</i>	Reckon Limited Locked Bag 7522 McMahons Point NSW 2060 Australia
<i>Contact person</i>	Myron Zlotnick Company Secretary
<i>Email Address</i>	[]
<i>Telephone</i>	[]
<i>Website</i>	www.reckon.com

3.3 Please direct all correspondence and notices for Reckon to:

<i>Address</i>	Reckon Limited Level 12 65 Berry Street North Sydney NSW 2060 Australia
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Attention Myron Zlotnick

Email Address []

Telephone []

- 3.4 Reckon is an Australian publicly listed company that provides software solutions for accounting professionals and professional services firms as well as small to medium sized businesses. In New Zealand, Reckon organises its operations into the following groups:
- (a) **Business Group**, which provides business accounting software for small to larger sized businesses and personal wealth management software branded as Reckon One and Reckon Accounts Hosted (cloud products), Reckon Accounts Business, and Reckon Accounts Personal respectively; and
 - (b) **Practice Management Group**, which, in New Zealand, now comprises of only the **Accountant Group**,¹¹ which supplies software to accounting firms under the brand **Reckon APS**.
- 3.5 Reckon APS is a desktop software suite for professional accounting firms comprising the core suite of client accounting, tax, practice management and document management software, together with other non-core software e.g. additional reporting functionality. Customers are able to purchase the modules selectively or as a single package.
- 3.6 The document management software business (which comprises part of the Reckon APS suite) was transferred into an independent company, GetBusy Plc (**GetBusy**), which was floated on the AIM exchange in the UK on 4 August 2017. The GetBusy products provide document management and document portal functionality under the 'Virtual Cabinet' and 'SmartVault brands'. Reckon still distributes these products in New Zealand under licence as part of the Reckon APS suite, and individually. The licence to distribute these products in New Zealand will be transferred to MYOB as part of the Proposed Transaction.
- 3.7 A table setting out a description of each of these modules is at **Annexure 2**.
- 3.8 The Accountant Group is the subject of the Proposed Transaction.

Further information about the New Zealand business of Reckon is available at:
<https://www.reckon.com/nz/>.

¹¹ Another business, the Legal Group, also sits within the Practice Management Group. This business provides practice management software to law firms. It does not operate in New Zealand.

Part C: The Transaction

4. The Transaction

- 4.1 The Transaction for which clearance is sought is the acquisition by MYOB of the Accountants Group business of Reckon.

5. Rationale

MYOB

- 5.1 MYOB recognises the importance of providing a full cloud-based suite of accounting software to meet the changing technological and competitive dynamic and the needs and preferences of customers. It is pursuing a “Connected Practice” strategy that is aimed at bringing together the critical workflows within an accounting practice and their SME clients, into an integrated online platform. However, MYOB lags behind competitors offering cloud-based solutions like Xero and CCH, with CCH benefitting from a first mover advantage in New Zealand and Xero’s products being solely cloud-based. []
- 5.2 In early 2016, MYOB introduced online practice ledgers into the Australian market. These will eventually replace the desktop data files (ledgers) used by accountants to store their clients’ data. Online practice ledgers are the first step to allow accountants to interface with all clients using the same software, regardless of the business software that their clients use. MYOB is currently building out the functionality of the online client accounting module and plans to build out full online functionality of the tax, practice management and document management modules as well. It plans to introduce the online practice ledger into New Zealand in late 2017/early 2018.
- 5.3 The Proposed Transaction would enable MYOB to accelerate the development of this online platform to provide a comprehensive cloud product offering to accountants. It will do so by enabling MYOB to access efficiencies by providing access to a larger customer and revenue base across which to amortise its investment (unlike Xero and CCH, it has not yet incurred the cost of moving to a full cloud offering).

Reckon

- 5.4 Reckon has begun to implement a ‘cloudification’ process using APIs¹² to integrate specific Reckon-built cloud applications with its core desktop solutions. However, it has assessed that it is too costly, complicated and time consuming to develop a complete cloud solution to replace its accounting practice software.
- 5.5 Reckon does not have the resources to develop a full cloud solution to replace its existing solution and is falling behind its competitors in terms of its product experience. As more customers take up cloud solutions, and competitors further invest in their products, Reckon will continue to lose customer share.
- 5.6 With fewer customers, Reckon will have a lower incentive and ability to invest in its Accountants Group and there is no path forward to the cloud for Reckon customers. As such, it has decided to sell this part of its business and concentrate on its remaining business divisions where it has already begun to invest in, and deliver, online solutions.

6. Transaction document

- 6.1 A copy of the Business Purchase Agreement is attached as **Annexure 4**.

¹² Application Programming Interfaces. These are software intermediaries that allow two applications to talk to each other.

7. **Global filings**

Informal clearance has been sought from the ACCC.

Part D: Industry Background

8. Overview

- 8.1 For the purposes of the Proposed Transaction, the relevant overlap relates to the provision of practice software to accounting practices.¹³ There are four main components to the products offered by the parties and the other practice management software suppliers to accountants:
- (a) Practice management software, including functionality such as time sheets, billing and collection, customer relationship management and resource planning;
 - (b) Document management, including filing and search functionality;
 - (c) Client accounting, which allows accountants to validate client accounts and to compile and lodge statutory reports e.g. profit and loss, balance sheets etc; and
 - (d) Tax, which enables the calculation of tax, compliance functions and lodgement of returns on behalf of clients.
- 8.2 Accounting firms can purchase these from different providers. The first two of these are generally referred to as “business modules” as they assist accountants to manage and run their business, but they are also generic in the sense that they are also used by non-accounting firms as well e.g. legal firms. The latter two are generally referred to as “compliance modules” as they enable accountants to prepare accounts and tax returns for individuals, businesses and other entities.¹⁴
- 8.3 Accounting software is experiencing the general transition to the cloud that is occurring in the delivery of information technology services and software solutions more broadly.

9. The industry is moving from desktop software to cloud-based applications

- 9.1 Traditional desktop software solutions for accounting practices that accountants install onto their computer systems have several limitations. For example, installation of desktop accounting software often carries with it significant upfront costs, and data needs to be input manually, which requires clients to provide copies of their financial information to their accountants.
- 9.2 Cloud-based accounting solutions, on the other hand, involve the software provider hosting the software and applications on its own servers. Providers such as Xero and CCH offer a ‘pure cloud’ solution, which means that all software and applications are hosted remotely from the accounting practice and accessed over the internet. Others, such as Reckon, have ‘limited’ cloud functionality, whereby software is installed on the accountant’s desktop, but some software and applications are accessed remotely.
- 9.3 Cloud-based solutions overcome a number of the limitations of traditional desktop software and offer numerous efficiency and cost benefits for both accountants and their clients.
- (a) **Automated data entry:** Cloud solutions bypass the need for manual data-entry as the accountant and their client operate using a ‘single ledger’ to which the client enters their transactions, and the accountant’s compliance software reads directly from this ledger. Automated data entry also improves the accuracy of accounting records and results in efficiency gains that can significantly reduce costs for clients and for the accountant.

¹³ The provision of accounting software to businesses is not a relevant overlap because Reckon is retaining this part of its business.

¹⁴ Not all firms purchase practice management and document management software. Many small firms use a combination of email folders, basic programs such as Microsoft Excel and Word, and physical hard drive storage to manage their practice and documents.

- (b) **Greater connectivity:** Cloud-based solutions enable accountants and their clients to share data in real-time. This is more accurate, more efficient and more secure than using traditional desktop accounting software. This increased connectivity means that accountants that use cloud based systems have real-time oversight of their client's financial position, enabling them to offer more relevant advice and thereby offer a higher level of customer service.
- (c) **Cost savings:** It is expensive, and often time consuming, to maintain traditional desktop accounting software and ensure it is up to date, and to maintain and support the IT infrastructure necessary to run this desktop software. Because cloud-based solutions are run online, version upgrades and maintenance are managed by the software provider. This means that customers' products will be automatically updated with no implementation costs. In addition, cloud solutions remove the need for accounting firms to maintain their own dedicated data servers. As noted above, cloud solutions also realise cost savings through the efficiency gains from automated data entry.
- (d) **Greater security:** Cloud solutions offer additional security benefits by providing backup functionality to prevent loss of data. Further, because financial records are shared via a secure online platform, the data security risk associated with the manual transfer of data that was required in traditional desktop solutions is removed.
- (e) **Greater flexibility:** Traditional desktop software is difficult and costly to integrate with other software, which limits the ability of accountants to tailor their practice solution. Cloud-based software, on the other hand, can integrate easily with other cloud-based software through APIs, which gives accountants greater choice, control and flexibility. For example, it means that an accountant can use an MYOB practice management module and a CCH tax software module.

10. Move to cloud solutions is facilitating an industry trend towards 'pick and mix' solutions

- 10.1 Accountants are increasingly choosing to acquire services from more than one provider simultaneously. Cloud technology is facilitating this trend through the use of APIs, which enable disparate systems to talk to each other and share data, removing the need for manual data entry.
- 10.2 By providing access to APIs, providers of cloud-based solutions are stimulating the development of third party software that integrates with their accounting software. For example, Xero operates a free API that integrates third-party applications in the Xero HQ solution for accountants.¹⁵
- 10.3 The move towards cloud-based solutions that are backed by open APIs means that migration to, or integration of, different accounting products is much easier. This alters the landscape of the provision of practice software to accountants in a number of ways:
 - (a) it enables accountants to service clients who use a range of software providers – there is no longer an inherent advantage to having accountants and clients utilising the same software platform. This also has the result that a business's choice of software is no longer determined by their accountant's recommendation. Rather, it is influenced by their own preferences regarding ease of use, cost, convenience and accessibility;¹⁶
 - (b) it enables accountants to customise their practice solution to provide functionality that best suits their, and their clients', needs through using components of software provided by a number of different providers simultaneously; and

¹⁵ Xero, Media Release, 'Xero HQ Apps to Redefine Accounting and Bookkeeping Practices' (13 September 2017), available at: <https://www.xero.com/content/dam/xero/pdf/media-release/xero-hq-apps-media-release.pdf>.

¹⁶ For example, Common Ledger offers a cloud accounting add-on that provides accountants with ongoing access to their client's financial information regardless of the accounting software that the client or accountant use. The product operates by standardising financial data across different accounting products – both cloud-based and desktop. It enables accountants' software to seamlessly connect with client data regardless of the software platform those clients are using.

- (c) it increases the ease of switching and integrating products which enhances both the ability and incentives of innovators to create new and improved products.

10.4 Recent research conducted by Xero has found that, compared to traditional firms, cloud-based accounting firms add five times the amount of clients, and firms with nearly 100% of their clients on cloud-based solutions achieve on average 15% year on year growth, while traditional accounting firms only achieve 4%.¹⁷

10.5 The survey further found that:

- (a) 71% of cloud-centric firms were anticipating growth of at least 10 percent over the next year;
- (b) 47% of cloud-centric firms were expecting more than 20 percent growth during that time; and
- (c) just 38% of 'traditional' firms were expecting revenue growth of 10 percent.

¹⁷ Xero Blog, 'Cloud-based accounting firms add five times the amount of clients of traditional firms' (23 May 2017), available at: <https://www.xero.com/blog/2017/05/cloud-based-accounting-firms-add-five-times-the-amount-of-clients-of-traditional-firms/>.

Part E: The Relevant Market(s)

11. Background

11.1 Accountants can and do meet their software needs by utilising a number of different product options and combinations. Specialised accountant practice software suites, whether desktop or cloud-based, are only one of a number of options in the market:

- (a) accounting practices can purchase business and compliance modules direct from a single specialist accounting software supplier e.g. Xero, CCH, MYOB or Reckon with additional competition from smaller and specialised providers;
- (b) accounting practices can pick and choose components or modules from a number of providers. Accountants often use products from more than one provider simultaneously:
 - (i) accounting practices may pick and choose components of multiple products that increasingly can be integrated through cloud technology and API interfaces;
 - (ii) within an accounting practice, different practitioners may have preferences for different software providers and so a practice will acquire more than one solution;¹⁸
 - (iii) customers can use an ERP system for practice management and a generic document management system, and acquire compliance components from accounting software provider(s). For example, three out of four of the biggest accounting firms use SAP for their practice management needs and many practices use iManage for document management; or
 - (iv) in the case of large accounting practices, they can build their own customised solutions, either as a standalone system or integrated with commercial offerings.

12. Market definition

12.1 The Transaction will combine the accountant practice management solutions businesses of MYOB and Reckon. MYOB submits that the relevant market is for the provision of practice software to accountants and accounting practices.

Product dimension

12.2 Accounting practices generally require software that can be separated into two distinct categories: (1) business modules; and (2) compliance modules.

12.3 Business modules are used to run the accounting practice in the same way as they are used to run, say, a law firm or other business. They generally offer the following functionality:

- (a) practice management – e.g. finance functions including timesheets, billing and invoicing, debtors management and job tracking; and
- (b) document management – secure storage of key documents and correspondence.

12.4 Because this type of functionality is generic (in the sense that it is very similar to other enterprise business requirements), there are numerous suppliers of practice management and document management functionality.

12.5 Accountants typically require compliance modules with the following functionality:

¹⁸ As discussed below, accounting practices use on average 1.5 client accounting solutions.

- (a) Tax – preparation and lodgement of tax returns; and
- (b) Client accounting – validating of client accounts and statutory reporting.

12.6 In relation to all functions, cloud-based and desktop software products are functionally substitutable, although traditional desktop products are likely to become increasingly less substitutable for cloud-based software over time.

Geographic dimension

12.7 MYOB submits that there is a national market for the supply of practice software solutions for accounting practices in which both national and global providers compete.

12.8 Compliance modules are specifically designed for New Zealand customers, with customisation for New Zealand taxation law, accounting standards and reporting requirements. By contrast, the business modules are generic in nature and can be acquired from a number of international providers.

13. Key competitors

13.1 Accountants often use more than one product simultaneously, either by purchasing two systems and using one as a primary and the other as a secondary option, or by picking and choosing components of each that increasingly can be integrated as a result of the use of APIs.

13.2 Xero, CCH, MYOB and Reckon all offer a broad suite of modules targeted at the needs of accountants, however only Xero and CCH offer these modules via the cloud at the current time. As noted above, MYOB does not (yet) offer a pure cloud version of its software in New Zealand, and Reckon, having moved too late, has taken the decision to exit this part of its business and has no plans to offer a pure cloud-based solution in future.

Table 1 - Overview of functionality provided by larger specialised competitors

	MYOB	Reckon	Xero	CCH
Cloud / Desktop	Desktop Limited cloud	Desktop Limited cloud	Cloud	Cloud
Practice management	✓	✓	✓	✓
Document management	✓	✓	Provided by integrated partners	✓
Client accounting	✓	✓	✓	✓
Tax	✓	✓	✓	✓

Xero

13.3 Xero provides cloud-based solutions for businesses and accountants via a pure cloud model. It is listed on both the NZX and ASX.

13.4 Xero is one of the fastest growing cloud companies globally and is emerging as a global leader in the provision of online accounting software. It currently operates in over 180 countries with offices in New Zealand, Australia, the United Kingdom, the United States and Singapore. The number of

Xero customers globally has grown from 284,000 in 2014 to just under 1,200,000 as at 30 September 2017,¹⁹ with approximately 700,000 new customers in the last two years. In its Annual Report for FY17, it reported operating revenue in New Zealand of just over \$62m, a year on year increase of approximately 33%.²⁰

- 13.5 It claims to have one third of New Zealand small businesses on its platform and has experienced “strong growth from an expanding addressable market where Xero remains the preferred solution for accountants and bookkeepers”.²¹
- 13.6 Xero continuously introduces new functionality to its platform. It offers a software solution for accountants and accounting practices that is built around Xero HQ, a cloud-based solution that provides a central hub for client and practice data, activities and reporting. Xero offers specialised practice management, client accounting and tax modules that are integrated with Xero HQ. Further, Xero HQ integrates with third party applications that provide document management functionality (e.g., SuiteFiles), automated financial documents, and client on-boarding functionality.
- 13.7 The key feature of Xero’s accounting platform is a single integrated ledger that enables accountants to connect with clients and share data in real time, bypassing the traditional process of manual data entry. Xero’s accounting and client solutions are built on a single platform with common core accounting and tax, but with different interfaces and different workflows provided to the client and the accountant. As a result, Xero has been able to leverage its presence in the client space to expand into the accountant space.
- 13.8 Xero offers a number of incentives to accountants and accounting practice to use Xero HQ through Xero’s partner program. Accounting practices earn points for each advisor invitation they accept (from existing Xero SME customers) and for each client they subscribe to a Xero SME solution. All Xero partners are eligible to receive Xero HQ for free to manage their practice’s client portfolio. Accounting practices that are bronze-level partners are also eligible to receive the Xero tax module for free. Silver-level and above partners are eligible to receive the Xero Practice Manager and Xero Workpapers modules for free.²²
- 13.9 Xero’s growth shows no signs of slowing. Over the past year, Xero released more than 1,500 feature and product updates released across its range of software. It has recently completed the migration to AWS²³ and “can now build and deploy software in shorter timeframes than those that haven’t yet moved to a public cloud platform”.²⁴
- 13.10 Figure 1 below shows Xero’s growth trajectory, enabled by the migration to AWS.

¹⁹ Xero Interim Report, 30 September 2017, p.3

²⁰ Xero 2017 Annual Report, p.14. In its H118 Interim Report, it reported operating revenue of \$37.5m in the year ending 30 September 2017, up 28% from the previous 12 months.

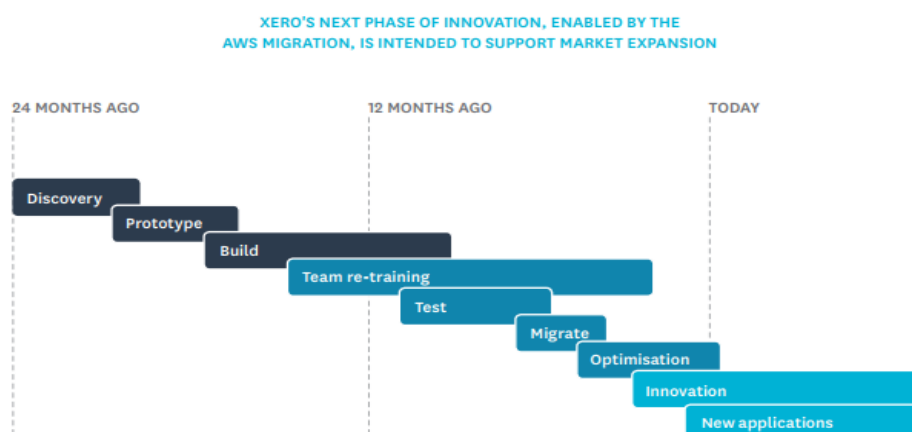
²¹ Xero 2017 Annual Report, p.9.

²² Further information about Xero’s partner program is available at: <https://www.xero.com/au/partner-programs/partners/status-levels/>.

²³ Amazon Web Services.

²⁴ Xero 2017 Annual Report, p.7.

Figure 1 - Xero innovation and market expansion trajectory



Source: Xero 2017 Annual Report, p.7.

CCH

13.11 CCH New Zealand Limited (**CCH**) is a member of Wolters Kluwer, a global information services company headquartered in the Netherlands. Wolters Kluwer is listed on the AEX and has revenues of approximately €4.3 billion (\$7.3 billion). It currently operates in over 40 countries across Europe, North America, Asia Pacific and Latin America.

13.12 CCH iFirm is a pure cloud solution and integrates a number of applications covering practice management, client accounting, document management and tax functionality. It was the first provider in New Zealand into the cloud with its tax solution, working closely with the IRD to develop an integrated and automated system.

13.13 MYOB estimates that between 700 and 1,000 accounting firms in New Zealand use CCH iFirm.

14. Key competitors' practice management and document management software

14.1 As noted, accounting practices generally require software that can be separated into (1) business modules; and (2) compliance modules. The business modules which provide practice management and document management functionality are common across accountant practices, other professional services firms and businesses more generally.

14.2 As such, there are many providers of ERP solutions and document management solutions in Australia and globally, including both open source and proprietary solutions, that compete with providers of specialised accounting practice software:

- (a) **ERP solutions:** In addition to the competitors described above, there are multiple key providers of ERP solutions in New Zealand, including NetSuite, Epicor, Empire Suite and SAP. A brief description of these competitors is set out at **Annexure 5**.
- (b) **Document management solutions:** In addition to the above competitors,²⁵ there are multiple key providers of document management solutions, including iManage, SharePoint, HowNow, Dropbox, Box and Google Drive. A brief description of these competitors is set out at **Annexure 6**.

²⁵ Xero provides document management functionality in its accountant practice solutions through integration with third party provider SuiteFiles.

14.3 In MYOB's experience, a significant proportion of accountants utilise its client accounting and tax components but source their practice management requirements from an alternative provider. For example, MYOB understands that Deloitte, Ernst and Young and KPMG run SAP as their ERP and practice management system.²⁶

²⁶ Large accounting practices also have the ability to develop their own in-house practice management solutions, which may connect to commercially available software suites or operate as stand-alone systems. For example, MYOB understands that PwC has developed and uses its own global practice management system. Practices can develop their own solutions for particular modules which can be integrated with a commercial offering.

Part F: Competitive Assessment

15. Introduction

15.1 The Proposed Transaction will not substantially lessen competition in any relevant market.

- (a) The merged entity will face strong and increased competition from CCH and Xero, as they further develop their pure cloud product offerings. Switching costs are low, and actual and threatened switching will discipline any attempt to increase prices above competitive levels.
- (b) Barriers to entry are low, with minimal adjustments required to existing tax and client accounting modules to make them suitable for the New Zealand market, and no modifications are required for practice management and document management software.
- (c) In any event, in the counterfactual, Reckon's constraint on the market will weaken over time as competitors further develop their pure-cloud solutions.

16. The counterfactual

16.1 Absent the Proposed Transaction, MYOB will continue to operate in the Accounting Practice segment and will pursue growth options as they arise, either organically or by acquisition. However, it will be limited in its ability to achieve the level of efficiencies anticipated with the Proposed Transaction. []

16.2 As noted above, absent the Proposed Transaction, Reckon will continue to offer its desktop suite and attempt to add online components that synchronise with the desktop. This will provide an inferior experience compared to a full online solution, and its clients will move to competitors.

17. Market shares

17.1 There are significant difficulties in providing comprehensive and non-duplicated share data.

- (a) Accounting practices purchase and use software from a wide range of providers offering both specialised and generic software, and it is therefore difficult to provide market share data that captures the share of all market participants (in particular providers of document management and practice management software).
- (b) Accounting practices are able to, and commonly do, purchase software as individual modules from a number of providers, and may utilise two or more systems simultaneously. It is therefore not possible to avoid double counting those customers.
- (c) There is no public information available about competitors' revenues from the sale of software for accounting practice management.

17.2 Nevertheless, set out below is information to assist the Commission to understand the relative historical competitive positions of MYOB and its competitors based on subscriber numbers.

The Good, the Bad & the Ugly 2015 Report

17.3 In terms of independent share estimates, The Good, the Bad & the Ugly (**GBU**) is an annual benchmarking report undertaken for New Zealand accounting firms. Its 2015 *Insights, Trends and Benchmarking for the NZ accounting Profession* report is the most comprehensive third party survey of market customer usage patterns of which the MYOB is aware.²⁷

²⁷ It did not publish share details in its 2016 edition and its 2017 edition is not yet available. The 2015 edition also does not include share data for document management software.

- 17.4 As can be seen, even in 2015 Xero's client accounting modules Xero was used by one in every two practices. Further, although a comparatively new entrant in practice management software in 2015, Xero had achieved almost the same level of penetration in a much shorter amount of time with its 'pure cloud' solution: despite only launching its practice management module in June 2014, just one year later it was being used by 18% of practices.²⁸
- 17.5 CCH iFirm also holds a strong position, particularly in tax and practice management, with iFirm benefiting from a first mover advantage in relation to tax.²⁹
- 17.6 By contrast, , the position of MYOB and Reckon very much reflect legacy positions. Their customer bases are practices that use 'traditional' desktop software.

Table 2 - Software usage from 2015 GBU report (percentage of practices)

Provider	Accounting	Tax	Practice management
MYOB	54%	30%	31%
Xero	49%	18%	18%
CCH iFirm	19%	31%	30%
Reckon	19%	18%	19%
Others	11%	3%	7%
Excel	-	-	10%
Total	152%	100%	115%

- 17.7 MYOB considers that the relative positions of the parties as shown in the GBU report are likely to have moved since 2015, with Xero and CCH gaining customers at the expense of Reckon and, to a lesser degree, MYOB.
- 17.8 Note that the numbers for accounting and practice management software in Table 2, above, do not sum to 100%. This is because, particularly in accounting software, it is not uncommon for practices to use more than one solution. This can be for one or more reasons.³⁰
- In larger accounting practices that have multiple offices, it is possible that each office has a different combination of software. This often happens as a result of mergers of accounting practices. A practice may use CCH and then be acquired by a practice that uses MYOB. The combined practice continues using both CCH and MYOB;
 - A firm may use XeroHQ for its Xero clients because it is effectively receiving this solution for no cost (see 13.8 above). At some point in the accounting practice's workflow they would move to a single system for statutory reporting either moving to Xero HQ or MYOB for this purpose;
 - Accountants within an accounting practice may have different preferences for the type of client accounting software used (in particular if the practice is eligible to use Xero for effectively no charge);

²⁸ A timeline showing some of Xero's major releases can be found at: <https://www.xero.com/nz/about/product-releases/>.

²⁹ As noted at 13.12, above, iFirm was the first tax software into the cloud in New Zealand.

³⁰ The fact that an accounting practice may use more than one client accounting solution does not mean that different solutions are complementary products to one another. They are not. An accounting practice need use only one of each type of solution. They cannot be used in 'tandem' to service the same client. Demand for a competitors' software does not go up when the price of another competitor's goes down.

- (d) In the case of document management software, a firm may use local drives as well as a document management system; and
- (e) In MYOB's experience it is not uncommon for accounting practices to retain a small number of licences for a period (sometimes years) after switching to a competitor.

17.9 MYOB considers that, where an accounting practice uses the same software from more than one provider in the same office, the most likely combination is Xero together with any other provider (MYOB, Reckon or CCH). This is because, as noted above, Xero's practice tools are free to use by practices who reach a certain status level in the Xero Partner Program. MYOB considers that very few accounting practices would pay for two pieces of the same software in the same office.

MYOB's estimate of current customer numbers

17.10 Table 3 below sets out MYOB's assessment of current customer numbers. MYOB's customer numbers include customers that have purchased any module of MYOB's Practice Solutions and are not restricted to those that have purchased the full suite. Again, it is important to remember that this represents more than the total number of accounting practices, given that some practices will use more than one solution.

17.11 As can be seen, Reckon is easily the smallest of the firms by number of clients, while the newest entrant, Xero, has passed or will soon pass MYOB to become the market leader. MYOB does not have reliable data on the number of practices that use non-specialist business modules for practice management and document management.

Table 3 - Estimated customer numbers

Provider	Estimated number of practices
MYOB	[]
Xero	1,500-2,000
Reckon	[]
CCH iFirm	700-1,000
SAP	Unknown
iManage	Unknown
Others	Unknown

Source: MYOB and Reckon data, MYOB estimate for Xero and CCH

Revenue-based market shares are not a meaningful indication of competitive strength

17.12 As noted above, revenue data from competitors' sales of software for accountants is generally not available. Similarly, data on market size by revenue is also not publicly available. MYOB therefore does not have reliable data to enable it to estimate market shares on the basis of revenues. In any event, MYOB does not look at the market in this way. []

17.13 Further to the above, MYOB considers that revenue-based market shares are also unlikely to give a complete picture of the relative strengths of competitors. For example, Xero's pricing model i.e. effectively providing accounting software for free to a significant number of its customers, means that calculating shares on this basis is likely to under-state the constraint that it imposes on the

market.³¹ Further, given the number of suppliers of practice management and document management software, it would be very difficult to account for the revenue of all suppliers.

17.14 Nevertheless, set out below is a breakdown of MYOB's and Reckon's revenues derived from the sale of software for accountants in New Zealand.³² Note that MYOB does not break down AO revenue by product given that it is typically purchased as a suite of client accounting, tax and practice management.

Table 4 – MYOB and Reckon annual revenues from accounting software

Module	MYOB	Reckon
Client accounting (AE)	[]	[]
Tax (AE)	[]	[]
Practice management (AE)	[]	[]
Document management	[]	[] ³³
MYOB AO (full suite)	[]	[]
Total	[]	[]

18. Reckon imposes a declining constraint

- 18.1 The trend towards the uptake of cloud solutions for accounting practices in New Zealand has and will continue to challenge the position of desktop solutions such as MYOB and, in particular, Reckon, which has not successfully adapted to the changing market.
- 18.2 In MYOB's view, Reckon has not been able to meet the challenges that cloud platforms pose and is unlikely to do so in the future. Reckon has not introduced any pure cloud based modules to its software suite for accountants and has not announced plans to develop a suite of cloud products.
- 18.3 While it has embarked on a strategy to provide some cloud-based functionality, this has been piecemeal. For example, Reckon is currently piloting a cloud-based timesheet solution to allow employees of accounting firms to fill in time sheets remotely. It is also working on a solution to allow accountants to look up client contact details on a mobile device. These functions are ancillary, however; Reckon has no intention of building out full cloud-based modules.
- 18.4 Over time, as the cloud-based offerings of Xero, CCH and MYOB (once they are launched) develop, Reckon's share of accounting software clients will decline. MYOB understands that Reckon APS client numbers have been static for the past two years, and that the product has attracted four new accounting practices in the first half of 2017.³⁴

³¹ Based on the GBU figures, if it is assumed that MYOB has a market share of 35%, this would imply a total market size of approximately [] based on annual revenues of [].

³² The revenues for MYOB are the AMV of its clients; that is, the revenues it receives from software subscriptions each year. These represent approximately 90-95% of the revenue derived from this software. The other 5-10% is from up-front software costs and consulting revenue.

³³ The vast majority of this revenue would now be attributable to GetBusy. The revenues from distributing this product post-merger will be limited to sales commissions.

³⁴ In the same period 22 practices switched away from Reckon APS, although MYOB understands that the majority of these were due to the loss of a franchise business where each franchisee was treated as a separate customer.

- 18.5 This view is shared by industry experts, who comment that Reckon will “struggle to keep pace with research and development spending by its much larger competitors”.³⁵ They expect that Reckon’s practice software will become “increasingly outdated and competitive threats [will] increase” such that Reckon will likely have a “tough time retaining customers as the client base transitions to cloud-based product”.³⁶
- 18.6 Xero CEO Rod Drury has recently commented that an acquisition of Reckon would not give MYOB (or Xero) anything that it should not be able to win organically: “Buying Reckon gives them a few new customers, little R&D capability and little global footprint...”³⁷
- 18.7 Finally, as noted above, Reckon has signalled its intention to exit the Accountants Group of its business. There is no likely counterfactual in which Reckon will remain a provider of software to accountants in New Zealand.

19. The merged entity will face significant competition from existing competitors

- 19.1 MYOB faces strong competition from cloud competitors and large international software and information companies. This strong competition will continue to constrain the merged entity.

Xero

- 19.2 As noted above, Xero offers a number of incentives to accountants and accounting practices to use Xero HQ through Xero’s partner program, with eligible practices (those with over 20 clients using Xero) able to use it for no cost.
- 19.3 The threat of a competitor (especially one with the brand recognition of Xero) offering a product for essentially no charge is likely to have a significant discipline on the merged entity’s ability to increase prices to accounting firms. As noted above, Xero’s penetration was almost 50% in 2015. This has almost certainly increased. If the merged entity were to attempt to raise prices unjustifiably, Xero would be ideally placed to win these customers to render such an increase unprofitable.
- 19.4 While its focus has been on small to medium sized accounting practices to date, Xero has also been successful in penetrating larger accounting firms, including the Big 4.
- (a) KPMG and Deloitte have partnered with Xero to service customers in their Private Clients Divisions.
 - (b) PwC is in the process of moving a number of its offices to Xero.³⁸
 - (c) Multiple BDO offices around NZ use Xero fully for practice management, tax and client accounting.
 - (d) A number of KPMG offices use Xero fully for practice management, tax and client accounting.
 - (e) Grant Thornton’s Wellington office has switched to Xero for ledger reporting.
- 19.5 As noted above, Xero is continuing to expand and add functionality at a rapid rate. In FY17, Xero spent over 40% of its operating revenue (approx. \$120m) on product design. This was an

³⁵ Morningstar, ‘Reckon is grappling with increasing competition in the accounting software sector’ (22 June 2017), p2.

³⁶ Morningstar, ‘Reckon is grappling with increasing competition in the accounting software sector’ (22 June 2017), p2, 4.

³⁷ Australian Financial Review, ‘Xero boss Rod Drury urges MYOB to buy rival Reckon and won’t join an auction’, 19 October 2017.

³⁸ PwC resigned as Xero’s auditor in 2015 so that it could re-sell Xero’s products to its clients: <http://www.stuff.co.nz/business/industries/72649377/pwc-resigns-as-xeros-auditor-so-it-can-promote-its-products>. Xero’s external auditor is currently Ernst and Young.

increase of over \$20m from the previous year.³⁹ MYOB invests approximately 16% of its revenue in research and development.

- 19.6 Xero's blog page (www.xero.com/blog) contains details of the updates and added functionalities that it releases each month. In the 12 months to FY17, it released more than 1,500 feature and product updates. While some of these will be country specific, many are released globally. A recent example is 'Xero HQ apps', which allows users to use a selection of third party apps within the Xero HQ environment.⁴⁰

CCH

- 19.7 CCH is part of Wolters Kluwer, a global information services company headquartered in the Netherlands. It offers a pure cloud-based suite of client accounting, tax, practice management and document management.
- 19.8 In 2012 CCH acquired Acclipse, which developed the iFirm platform and which was, at the time, the only full cloud-based accounting firm software in New Zealand. The acquisition was one of a series of investments in cloud accounting software by CCH. In 2011 it acquired Business Fitness New Zealand, a resource library for establishing best practice in small and mid-sized accounting firms, and Corporate Tax Solutions from Ernst and Young, for enterprise accounting firms.
- 19.9 CCH iFirm was the first cloud-based accountant software to interact with Inland Revenue's system. Today it has a fully integrated cloud-based solution for accounting practices.
- 19.10 As can be seen from the GBU data above, CCH is a strong player in software for accountants and is used by roughly 20-30% of accounting practices.

Competition from CCH and Xero is strong and will get stronger

- 19.11 The strong constraint that these firms already have on the market is reflected in analysis done by MYOB. []. It commenced this exercise in January 2016 and has data up to September 2017.⁴¹ In January 2017, MYOB also began recording the reasons behind its largest losses i.e. switching to competitors, practice closed down etc.
- 19.12 Table 5, below, sets out this data by (a) customers lost and (b) Annual Maintenance Value (**AMV**). [].⁴²

³⁹ Xero Annual Report FY17, p.19.

⁴⁰ Xero Blog, 'Fuel your practice with Xero HQ and a set of curated practice apps' (13 September 2017), available at: <https://www.xero.com/blog/2017/09/fuel-practice-xero-hq-curated-practice-apps/>.

⁴¹ No data was collected for April, November and December 2016.

⁴² [].

Table 5 – []

Provider	January – September 2017		January 2016 – September 2017	
	MYOB Clients lost to:	% of clients	AMV	% of AMV
Xero	[]	[]	[]	[]
Reckon	[] ⁴³	[]	[]	[]
CCH iFirm	[]	[]	[]	[]
Total	[]	100	[]	100

Source: MYOB internal analysis

19.13 []

19.14 The constraint imposed by CCH and Xero firms will only increase post-merger, as both continue adding functionality to their offerings at a time when MYOB is only just starting to introduce cloud-based tools for its Practice Accounting module.

20. Competition from generic software and solutions suppliers

20.1 In addition to strong competition from providers of specialised accountant practice software products, customers can and do utilise more generic software and solutions to achieve the same functions. This is particularly so in relation to practice management and document management functions in which accountants' requirements are the same as those of other professional services firms and of businesses, enabling them to use generic practice management and document management software.

20.2 The choice and range of products available with this functionality is enormous. Because the products are not specific to accountants, they can be sourced from any number of international providers, from specialised companies to prominent global software companies such as Microsoft, SAP and Oracle. Suppliers of specialised accountant practice software products, and the merged entity in particular, form an insignificant portion of this broader market.

20.3 Customers can use these alternatives in conjunction with the compliance functions provided by accountant practice software providers, and can integrate with their own ERP systems, enabling them to use hybrid solutions of both in-sourced and outsourced functions, providing additional competitive constraint.

20.4 Key providers of practice management software and document management software are set out at **Annexures 5 and 6**.

21. Low barriers to switching

21.1 In the past certain customers have been reluctant to switch providers due to the costs associated with manually transferring data and moving the systems of both accountants and clients. With the electronic transfer of data, the cost, risk and time involved with switching are substantially reduced.

21.2 Both CCH and Xero have software dedicated to porting over client data from other systems.

⁴³ []

- (a) Xero has partnered with Jet Convert to provide a free comprehensive data conversion service to Xero partners that is specifically designed to convert clients MYOB and Reckon data files to Xero files.⁴⁴ This product facilitates the movement of accounting practices from MYOB's desktop products to Xero's cloud-based solution.
- (b) CCH iFirm promotes ease of switching as one of its key selling points. Its homepage states that "It doesn't matter what systems your practice currently employs, converting to CCH iFirm is a seamless experience".⁴⁵

21.3 As noted above, given that accounting practices use on average accounting 1.5 Accounting solutions, a significant number of practices will have an existing relationship with an alternative provider. This existing familiarity with a firm's business makes the threat of switching very credible. This is particularly the case with Xero, which has been able to establish relationships with firms whereby they are recommend its products to their clients.

22. **Barriers to entry and expansion are low, and new entry is a real threat**

22.1 In addition to the strong competition from players already in New Zealand, and the ease of switching between suppliers, MYOB considers that barriers to entry into New Zealand are low.

22.2 For an existing provider in another jurisdiction, entry into New Zealand would be relatively straight forward. This is especially the case with providers in Australia, given the similarities between Australia's and New Zealand's tax and accounting regimes. While the tax and client accounting software modules would need to be re-configured somewhat, MYOB does not consider that this would be onerous. MYOB estimates that new entry would be feasible within a year i.e. consistent with the LET test.

22.3 For the business modules within the practice software suite, being practice management and document management, no modifications are required for use in New Zealand. This is evidenced by the large number of international firms that already offer practice management and document management software to firms in New Zealand.

22.4 Given these low barriers, the threat of new entry into New Zealand is real, and there are multiple competitors operating in other jurisdictions, including Australia, that could quickly and easily establish a presence in New Zealand in response to incentives.

22.5 We briefly describe below three strong firms operating in Australia that do not currently offer client accounting software in New Zealand, but which clearly satisfy the LET test for new entry.⁴⁶ All three providers have business software that is already used in New Zealand.

Thomson Reuters

22.6 Thomson Reuters is a global mass media and information firm that was founded in 2008 in Canada, following the merger of long-established information and publishing companies, Thomson Corporation and Reuters. The Tax & Accounting business division of Thomson Reuters provides integrated tax compliance and accounting information, software and services for accounting firms, corporations, law firms and government.

22.7 Thomson Reuters is already active in New Zealand through its 'XYZ Model Financial Statements' and 'ONESOURCE' offerings.

⁴⁴ Xero, 'Moving from MYOB and Reckon to Xero made easy', available at: <https://www.xero.com/au/partner-programs/partners/convert/>.

⁴⁵ <https://www.cchifirm.co.nz/>.

⁴⁶ That is, in the event of a SSNIP, the entry by any one of these firms would we Likely, sufficient in Extent and Timely (generally within two years) to constrain the merged firm: Commerce Commission, *Mergers and Acquisition Guidelines* at [3.96] et seq.

- (a) **XYZ Financial Statements** is a program for businesses that provides step-by-step guidance to produce fully compliant general and special purpose financial statements.
- (b) **ONESOURCE** is a program for businesses used for the calculation and reporting of company tax.⁴⁷

22.8 MYOB understands that Thomson Reuters is looking to expand its market presence and is planning to launch its Onvio solution in Australia. Onvio is a cloud-based accounting software solution for accountants and tax professionals that is currently available in the United Kingdom.

Sage

22.9 The Sage Group plc (**Sage**) is a global enterprise software company which has its headquarters in Newcastle, United Kingdom. Sage currently operates in 24 countries covering the UK and Ireland, mainland Europe, North America, South Africa, Australia, Asia and Brazil. Sage has over 6 million customers and more than 12,600 employees worldwide.

22.10 Sage's subsidiary, Sage Australia, has been operating in Australia for over 25 years. It operates through the following four companies:

- (a) **Sage HandiSoft** which offers practice management, client accounting and tax software to accountants and bookkeepers;
- (b) **Sage One** which was launched in mid-2015 to provide online accounting solutions to small businesses and their accountants and bookkeepers;
- (c) **Sage Payroll and HR Solutions** which offers payroll solutions; and
- (d) **Sage Business Solutions** which distributes business management and CRM solutions.

22.11 MYOB estimates that a Sage module is used by approximately 7,500 accounting practices in Australia, or just over 35%.

22.12 Sage Business Solutions products are available in New Zealand via distributors and provide "end-to-end financial accounting software, Enterprise Resource Planning - ERP software, Customer Relationship Management - CRM software and Business Intelligence software solutions to large, mid-size and small business".⁴⁸

Intuit⁴⁹

22.13 Intuit Australia Pty Ltd (**Intuit**) is a subsidiary of Intuit Inc., an American software company that provides financial and tax preparation software to small businesses, accountants and individuals.

22.14 Globally, Intuit has over 2.3 million customers and their cloud-based solution QuickBooks Online is the largest global platform for small businesses and the self-employed.⁵⁰ Intuit has successfully navigated the transition from desktop solutions to cloud solutions, re-inventing its product offers to adapt to emerging technology and market trends. In FY17, Intuit reported approximately US\$5.2

⁴⁷ https://tax.thomsonreuters.com.au/wp-content/uploads/sites/3/2014/10/ANZ_Corporate_Tax_SL.pdf.

⁴⁸ See, for example, <http://enabling.co.nz/our-partners/?id=2>.

⁴⁹ Intuit has previously stated that it has no plans to enter the New Zealand market at this stage, however MYOB considers that if the merged entity attempted to exercise market power post-merger, it would re-assess its position.

⁵⁰ Intuit, 'More than 100,000 customers in Australia now using Quickbooks', available at: <http://www.intuit.com.au/r/intuit-company-news/100000-quickbooks-customers-australia/>.

billion in total net revenue and with nearly 19%, almost US\$1 billion, of this dedicated to research and development.⁵¹

22.15 Intuit re-entered the Australian market in 2012 after ending its long-standing distribution arrangements with Reckon. Intuit has been investing heavily in the Australian market. Since 2012, Intuit has grown its Australian customer base to over 100,000 subscribers. This represents an 89% increase over the last 12 months, which Intuit claims makes it the fastest growing cloud accounting provider in Australia.⁵²

22.16 Intuit offers a cloud-based software solution for accountants and accounting practices called QuickBooks Online Accountant (**QBOA**). QBOA allows accountants to access their clients' QuickBooks Online accounts, provides accountant-only tools that enable data reconciliation and reporting and also has integrated practice management functionality. Most recently, in May 2017, Intuit launched a new dashboard that provides accountants with free practice management features in QBOA.

22.17 Intuit offers a free data conversion service to QBOA users to facilitate the migration of clients' data from existing MYOB, Xero and Reckon data to QuickBooks Online.

23. **Countervailing power of large accounting firms**

23.1 The merged entity will face further constraint as a result of the countervailing power of some customers. In particular large accounting firms such as PwC, Deloitte and Grant Thornton have demonstrated an ability to bypass accounting software providers all together by building their own solution integrated with in-house systems. This ability will continue post-merger.

24. **Conditions for coordination not satisfied**

24.1 The Proposed Transaction will not enhance the ability of the merged entity to coordinate its activity with its competitors.

(a) It will not result in the removal of a particularly aggressive or destabilising competitor. As discussed above, Reckon's model has been surpassed by cloud-based solutions that have disrupted the industry. It has no plans to invest in a pure cloud solution of its own and its market position will only weaken over time.

(b) The market is rapidly evolving and is characterised by innovation. Competitors such as CCH and Xero are continuously updating their product offering. As noted above, Xero released 1,500 product updates and enhancements in FY17.

24.2 Coordination of competitive behaviour is simply not possible in these conditions.

25. **Conclusion: no substantial lessening of competition**

25.1 The Proposed Transaction will not result in a substantial lessening of competition in any relevant market. Absent the merger, Reckon's constraint on the market would inevitably diminish. Further, the merged entity will face strong competitive constraints from existing and expanding cloud-based competitors, and the threat of new entry from established and expanding providers in other jurisdictions, and in particular Australia.

25.2 In these circumstances, the difference between the counterfactual and the post-merger would not amount to a substantial lessening of competition.

⁵¹ Intuit Inc, 2017 Annual Report on Form 10-K, pp 8, 29, available at: http://s21.q4cdn.com/374309911/files/doc_financials/annual_reports/2017/0c1c6117-9bbf-42ae-8097-f3537b92123d.pdf .

⁵² Intuit, 'More than 100,000 customers in Australia now using Quickbooks', available at: <http://www.intuit.com.au/r/intuit-company-news/100000-quickbooks-customers-australia/>.

Part G: Confidentiality

26. Reasons for seeking confidentiality

- 26.1 Confidentiality is sought in respect of the information in this application that is highlighted, in bold and contained within square brackets (the **Confidential Information**). Confidentiality is sought for the Confidential Information for the purposes of section 9(2)(b) of the Official Information Act 1982 on the following grounds.
- (a) The Confidential Information is commercially sensitive and valuable information which is confidential to either, or both, the Parties.
 - (b) Disclosure of the Confidential Information would be likely to unreasonably prejudice the commercial position of the Parties.
- 26.2 MYOB requests that it is notified if the Commission receives any request under the Official Information Act 1982 for the release of any part of the Confidential Information. MYOB also requests that the Commission seek and consider MYOB's views as to whether the Confidential Information remains confidential and commercially sensitive before it responds to such requests.

Part H: Declaration

I, _____, have prepared, or supervised the preparation, of this notice seeking clearance.

To the best of my knowledge, I confirm that:

- all information specified by the Commission has been supplied;
- if information has not been supplied, reasons have been included as to why the information has not been supplied;
- all information known to me that is relevant to the consideration of this notice has been supplied; and
- all information supplied is correct as at the date of this notice.

I undertake to advise the Commission immediately of any material change in the circumstances relating to the notice.

I understand that it is an offence under the Commerce Act to attempt to deceive or knowingly mislead the Commission in respect of any matter before the Commission, including in these documents.

I am a director/officer of the company and am duly authorised to submit this notice.

Name and title of person authorised to sign:

Sign: _____

Date: _____

Annexures – contents

Annexure 1	Description of MYOB AO and AE functionality
Annexure 2	Description of Reckon APS functionality
Annexure 3	Transaction structure
Annexure 4	Business Purchase Agreement
Annexure 5	Suppliers of practice management software
Annexure 6	Suppliers of document management software

Annexure 1: MYOB AO and AE functionality

Functionality	MYOB AO	MYOB AE
Tax	<ul style="list-style-type: none"> • Online activity statements. • Preparation and lodgement of returns. 	<ul style="list-style-type: none"> • Online activity statements. • Preparation and lodgement of returns. • Additional tax calculators.
Client accounting	<ul style="list-style-type: none"> • Common ledger. • Produce workpapers, assets registers and financial statements. 	<ul style="list-style-type: none"> • Common ledger. • Produce workpapers, assets registers and financial statements. • Ability to customise workpapers.
Practice manager	<ul style="list-style-type: none"> • Control over jobs, time, costs and processes. • Client management. • Billing and invoicing. 	<ul style="list-style-type: none"> • Control over jobs, time, costs and processes. • Client management. • Billing and invoicing. • Define KPIs. • Streamline approval processes. • Collaboration on reports.
Document manager	<ul style="list-style-type: none"> • Create, file and retrieve documents, email, letters and more in one organised, searchable and secure space. 	<ul style="list-style-type: none"> • Create, file and retrieve documents, email, letters and more in one organised, searchable and secure space. • Electronic document approval system.
Portal	<ul style="list-style-type: none"> • Real-time connection with clients to facilitate approvals, collect digital signatures, etc. • Integrates with document manager. 	<ul style="list-style-type: none"> • Real-time connection with clients to facilitate approvals, collect digital signatures, etc. • Integrates with document manager.

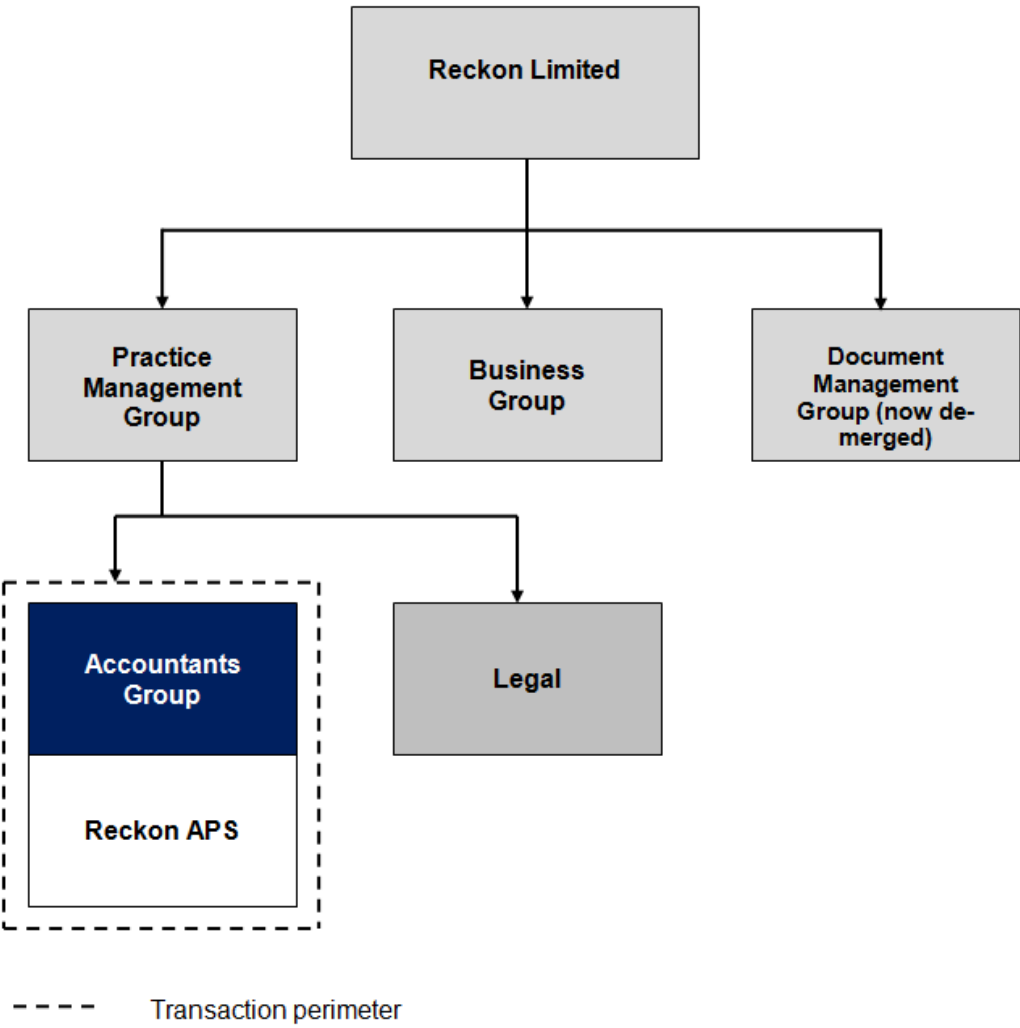
For further information about these modules, visit <https://www.myob.com/nz/accountants-and-partners/practice-solutions/accountants-office/tax> and <https://www.myob.com/nz/accountants-and-partners/practice-solutions/accountants-enterprise/tax>.

Annexure 2: Reckon APS functionality

Module	Description of functionality
Practice management	Core application that centralises output and functionality of other modules.
Value billing	Selects different billing cycles, automatically generates bills and tracks payments.
Credit management	Tracks client accounts.
Resource planning	Scheduling, workflow and talent management allocation.
Practice IQ	Online firm-wide performance reports.
Client relationship manager	Central database for clients, prospects, partners and suppliers details.
Document management and portal	Document management system that stores documents securely on the cloud.
Business process automation	Alerts solution that provides advanced warning on any key business criteria.
Digital imaging	Document scanning software to file and extract data from forms and notices.
Tax	Prepare and lodge clients' tax returns.
Xcede professional accounting	Financial and management reporting software.
SyncDirect	Allows a firm to collect and automatically convert client SME ledger data into its general ledger.
Workpaper management	Software for organising, storing and automating the creation of workpaper documents

For further information about these modules, visit <https://www.reckon.com/nz/aps/modules/>.

Annexure 3: Transaction structure (New Zealand)



Annexure 4: Business Purchase Agreement

Annexure 5: Suppliers of practice management software

Providers	Description
	<p>SAP SE (SAP) is a German-based global software company that offers ERP solutions to support end-to-end business processes. SAP ERP offers practice management functionality across procurement, and networks, cloud and data platforms, analytics, customer engagement and commerce, IoT and digital supply chains, finance and human resource management.⁵³</p> <p>MYOB understands that Deloitte, Ernst and Young and KPMG run SAP as their ERP and practice management system.</p>
	<p>Epicor Software Corporation (Epicor) is a United States- based business software company that provides ERP solutions to business customers in 150 countries, including Australia. Epicor ERP offers a wide range of practice management functionality with integrated software tools for finance and accounting, human resources, customer relationship management, warehouse management, inventory management, supply chain management, production chain management, point of sale, ecommerce and business intelligence.⁵⁴</p>
	<p>WSG Systems Corp is a New York-based cloud provider⁵⁵ that offers Empire SUITE, an ERP solution for business management, operation streamlining and task simplification. Empire SUITE is made up of a number of products that offer particular practice management functionality, including time and expense management, project management, resource schedules, financial management and paid time off.⁵⁶</p>
	<p>The Oracle Corporation is an American global computer software company that develops service capabilities for software, platforms, infrastructure and data. . Oracle has two main ERP solutions, Oracle ERP Cloud and Oracle Enterprise Performance Management. The products offer a cloud-based service that, among other things, manages accounting, financial planning and analysis, revenue recognition, risk management, governance, compliance, procurement, project planning and tax reporting.⁵⁷</p> <p>On November 7, 2016, Oracle acquired NetSuite. NetSuite provides various types of ERP software that run the businesses of more than 40,000 companies in more than 100 countries.⁵⁸</p>

⁵³ <https://www.sap.com/australia/products.html#>.

⁵⁴ <https://www.epicor.com/solutions/erp.aspx>.

⁵⁵ <https://www.empiresuite.com/about/company>.

⁵⁶ <https://www.empiresuite.com/about/product/A-Complete-Project-Accounting-and-Management-Software-Solution>.

⁵⁷ <https://www.oracle.com/applications/erp/index.html>.

⁵⁸ <http://www.netsuite.com.au/portal/au/aboutus.shtml>.

Providers	Description
	<p>FinancialForce.com (Financial Force) is a cloud-based applications company headquartered in California. Financial Force offers a cloud ERP software solution that organises sales, services, finance and HR apps. Its solutions include a Salesforce CRM, services automation, financial management and resource management. Financial Force is the number 1 cloud-based ERP solution on the Salesforce platform.⁵⁹</p>
	<p>Microsoft, a multinational technology company, offers Microsoft Dynamics 365 for Finance and Operations, an ERP enterprise business application that helps with financial management, manufacturing, supply chain streaming and cloud services..⁶⁰</p>
	<p>California-based company OfficeTools is the leading provider of practice management software and educational resources for firms in the tax preparation and public accounting industry. Its flagship application, WorkSpace, combines core productivity and management features into an integrated solution operated from a single-screen user interface.⁶¹ It is used by over 15,000 around the world.⁶² WorkSpace helps businesses: eliminate multiple data entry form different tax or accounting programs, remove time sheet burden by tracking time anywhere on the system, including mobile devices, have a single place from which to find all business details and monitor all tasks, reminders, activity lists and reporting.⁶³</p>
	<p>Deltek is a US-based enterprise software and information solutions provider for professional service firms and government contractors. It specifically provides for Australian businesses.⁶⁴ Deltek's ERP accounting software features: client management and tracking, resource planning to ensure profitable client engagement and talent management.⁶⁵</p>
	<p>Adaptive Insights is a Californian-based company that serves over 3,500 companies worldwide.⁶⁶ Its Adaptive Suite is a cloud-based corporate performance management software. Adaptive Suite helps with budgeting, planning, forecasting, reporting and dashboards. Other features are: agile spreadsheets and processes; planning, modelling, budgeting and forecasting processes; KPI dashboards; financial management reporting and real-time financial consolidation; and scalable cloud infrastructure.⁶⁷ It caters for financial services.</p>

⁵⁹ <https://www.financialforce.com/cloud-erp-software-apps/>.

⁶⁰ <https://www.microsoft.com/en-au/dynamics365/operations>.

⁶¹ <https://www.officetools.com/about/>.

⁶² <https://www.officetools.com/workspace/case-studies/>.

⁶³ <https://www.officetools.com/workspace/>.




⁶⁴ <https://www.deltek.com/en-au/>.

⁶⁵ <https://www.deltek.com/en-gb/industries/accounting>.

⁶⁶ <https://www.adaptiveinsights.com/anz/contact>.

⁶⁷ <https://www.adaptiveinsights.com/anz/products/adaptive-suite>.

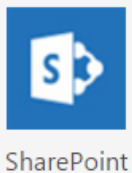
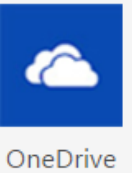



Annexure 6: Providers of document management Software

Providers	Description
	<p>SuiteFiles is a New Zealand-based company that provides a fully integrated file system for cloud business. Its file management product features familiar Office programs, folder organisation, archiving, quick searches, drag and drop uploads, flexible editing, online previews, support for various file types, 1TB of storage, staff training, template-turning capabilities, document generation and scanning to SuiteFiles.⁶⁸</p>
	<p>iManage is the leading provider of work product management solutions for law firms, corporate legal departments and other professional service firms, including accounting and financial services firms. In July 2015, iManage announced that it had completed a buyout from Hewlett-Packard for the purchase of the complete iManage business, including its brand, products and services.⁶⁹</p> <p>iManage a number of document management solutions, including:⁷⁰</p> <ul style="list-style-type: none"> • iManage Work: provides secure document and email management functionality that integrates with Microsoft Office, Office 365 and Outlook; • iManage Share: offers integrated and secure file sharing and collaboration functionality; • iManage Insight: provides advanced enterprise content searching capabilities powered by AI across different software systems, databases and websites; • iManage Classify: identification and classification of company content and data; • iManage Records Manager: provides physical and electronic archiving and filing functionality; and • iManage Extract: automatically read, interpret and extract key information from documents. <p>Today, nearly 3000 professional organisations worldwide rely upon iManage products as a best-in-breed solution for document management.⁷¹</p>
	<p>Business Fitness is an Australian company that provides industry-specific document management software for Australian accountants. HowNow is a Business Fitness product that is designed specifically for document, email and knowledge management in accounting firms. There are three different HowNow products:</p> <ul style="list-style-type: none"> • HowNow: provides document and email management and workflow management functionality, with documents stored centrally. Features include work papers delivered straight from the cloud and 'reportance', an accounting tool that automates ledgers and reporting. • HowNow Online: offers cloud-based document management functionality. Its DMS is run completely from the cloud, it provides

⁶⁸ <http://www.suitefiles.com/features/overview>.

⁶⁹ Marketwired, *iManage Leadership Completes Buyout of Business Unit from HP*, Press Release (21 July 2015), available at: <http://www.marketwired.com/press-release/immanage-leadership-completes-buyout-of-business-unit-from-hp-2040104.htm>.

⁷⁰ <https://immanage.com/solution/accounting/>.

Providers	Description
	<p>secure access to clients and external workers, and it has easily editable templates; and</p> <ul style="list-style-type: none"> • HowNow Portal: allows for collaboration between accountants and their clients. It features easy document exchange, secure signing facilities, easy reporting, safe and secure documents, and a simple communication sharing tool.⁷²
 <p>SharePoint</p>	<p>SharePoint is a web application platform offered in the Microsoft Office suite that was launched in 2001. SharePoint provides functionality for enterprise sharing and management of content, knowledge and applications. SharePoint can be bought as a SharePoint online plan or as part of Office 365 Enterprise.⁷³ SharePoint is also available as a mobile app.</p> <p>There are currently over 1000 apps that feature SharePoint's content/knowledge/application management and sharing functions.⁷⁴</p>
 <p>OneDrive</p>	<p>OneDrive is a simpler Microsoft Office document management solution to sharing and collaborating on files than SharePoint. OneDrive gives access to company files anywhere, including on mobile devices, and integrates with Office and pre-installed Windows. OneDrive allows for file sharing and collaboration inside and outside organisations, with seamless updating.⁷⁵ There are two business plans with only OneDrive, not SharePoint. The first has file sharing and storage, while the other also has advanced security and compliance capabilities.⁷⁶</p>
	<p>Netdocuments is a cloud-based document and email management service that was launched in 1999. Netdocuments has offices in the United States, the United Kingdom and Australia and is well regarded for its specialist expertise in document management for law and accountancy firms. The key features of Netdocuments' solution are document creation, organisation and editing integration with Microsoft Office, records management and retention policies, enterprise search, document history tracking, document approval stamping, third party and other integration, and customisable user access.⁷⁷</p>
	<p>Dropbox is a file hosting service operated by Dropbox, Inc. that offers cloud storage, file synchronisation, personal cloud and client software. Dropbox Business is the enterprise file sharing and storage solution offered by Dropbox and offers additional features to the consumer-oriented versions including administrative features and increased security controls. DropBox Business also allows for collaboration of files within Microsoft Office. There are currently 200,000 businesses and 500 million using DropBox Business.⁷⁸</p>
	<p>Box is a California-based enterprise content management platform that provides a range of services, from sharing and accessing files on mobile devices to business processes such as data governance and retention. Box offers both personal and business plans. Box's document management</p>

⁷² <http://www.businessfitness.net/products/>.

⁷³ <https://products.office.com/en-au/sharepoint/compare-sharepoint-plans>.






⁷⁴ <https://store.office.com/search.aspx?productgroup=SharePoint&ui=en-US&rs=en-US&ad=US&sourcecorrid=63b5beb6-5a3b-4a2f-bb5e-bf4e06b5a1f2&catfltr=9&clickedfilter=AppCategoryFilter%3AIT%2FAdmin>.

⁷⁵ <https://products.office.com/en-us/business/online-file-storage-and-sharing>.

⁷⁶ <https://products.office.com/en-us/onedrive-for-business/compare-onedrive-for-business-plans>.

⁷⁷ <https://www.netdocuments.com/en-us/solutions/documents/>.

⁷⁸ <https://www.dropbox.com/about>.

Providers	Description
	service provides centralised document management, simplified feedback and approval, global compliance enabling and archival//retention management. ⁷⁹
	Google Drive is an online file storage and synchronisation service created by Google and allows users to store files in the cloud, share files, and edit documents, spreadsheets, and presentations with collaborators. Google Drive for Work, now called G Suite, ⁸⁰ was launched in mid-2014 and is a premium version of the solution that is aimed at businesses collaborating on projects. Google Drive integrates with hundreds of third party apps to provide additional functionality ranging from e-signatures to project management. ⁸¹
	<p>eFileCabinet is a company that was founded in 2001 to provide a digital storage system for records in accounting firms. Today, eFileCabinet offers a suite of products that provide integrated document management software solutions, including:</p> <ul style="list-style-type: none"> • eFileCabinet Desktop: a document management software to store and manage important business documents; • eFileCabinet Online: a hosted document management solution; and • Secure Drawer: a client portal/file sharing service to share and collaborate <p>eFileCabinet has more than 160,000 users worldwide.⁸²</p>
	M-Files is an enterprise information management (EIM) system electronic document management system the can be deployed on-premises, via the cloud, or as a hybrid solution. M-Files is used in over 100 countries, including Australia, by customers that range from global enterprises to local small businesses. ⁸³
	Ferret Software Ltd (Ferret) is a New Zealand based document management and invoice automation software provider that was established in 2001. Ferret's document management solution provides an electronic filing system that can integrate email, electronic documents and scanned papers. Ferret is used by hundreds of Australian companies. ⁸⁴
	Zoho Docs is an online management system to store all a company's files securely in a centralised location that is accessible from anywhere and any device. Zoho Docs can upload, store, create, edit share and view any file types – documents, spreadsheets, presentations, pictures, music, videos, etc. It also has advanced collaboration tools such as Shared Folders, Tasks and Groups for collaboration between teams. ⁸⁵ It specifically provides solutions for the manufacturing, healthcare, financial services, legal affairs and training industries.

⁷⁹ <https://www.box.com/collaboration/document-management>.

⁸⁰ https://gsuite.google.com/intl/en_au/solutions/.

⁸¹ <https://www.google.com/drive/using-drive/>.

⁸² <https://www.efilecabinet.com/about-us/>.

⁸³ <http://www.m-files.com/en>.

⁸⁴ <http://www.ferretsoftware.com.au/about-us/>.

⁸⁵ <https://www.zoho.com/docs/faq/zoho-docs-faq.html>.

Providers	Description
	<p>Evernote Business is Evernote's primary product that enables teams to create, share and collaborate in one place, find text in Office docs, PDFs and images, scan and search information from business cards, view and restore previous note versions, manage team users and access, enable on-boarding and SSO implementation, access priority support and simple account billing as well as maintaining data continuity across evolving teams. Evernote Business is used by over 20,000 companies.⁸⁶</p>
	<p>Canon's cloud and in-house document management solution Therefore automates businesses processes. Therefore captures, stores, searches and archives business information; it allows for access anytime, anywhere; it generates real-time data on key activities such as invoice processing and sales reports; it features security capabilities; and it enables digital case management in a central location. Therefore's partnership with DocuSign also allows for e-signing.⁸⁷</p>
	<p>Queensland-based company Radix Software offers to document management solutions: fileplan and RadixDM.⁸⁸</p> <p>Fileplan is a simple to use system that allows full lifecycle management of controlled documents, all in a single view. It allows for secure access from any device.⁸⁹</p> <p>RadixDM instead replaces the use of Windows folders for document and email storage and management. It is used across various industries including accounting practices. It stores documents in groups, not folders, to avoid inconsistent file naming and lost or randomly created files. It allows for organisations to use their terminology, Microsoft Office integration, fast document searching and sharing, and tools for policy, drawings and tender management.⁹⁰</p>
	<p>ELO Digital Office is a German-based global developer of electronic document management systems, with its Australian subsidiary in Sydney.⁹¹ELO's partner network services over 900,000 workstations globally, and has customers on all government levels, in aviation, waste management, logistics, health, primary industry and more.⁹² Its systems are:</p> <ul style="list-style-type: none"> • ELOenterprise: this is ELO's flagship solution, with many configuration options that make it ideal for large companies. ELOenterprise is highly scalable, multi-client enabled, has cluster capability and comprehensive email management, as well as being system-independent and able to integrate with existing IT.⁹³ • ELOprofessional: this modular client/server solution is intended for small to medium sized businesses. ELOprofessional features fast

⁸⁶ <https://evernote.com/business>.

⁸⁷ https://www.canon.com.au/software-solutions/therefore?qclid=EAlalQobChMIIOamztrn1gIv/hZe9Ch0BYQJOEAAYBCAAEgIQkfD_BwE.

⁸⁸ <http://www.radix.com.au/>.


⁸⁹ <http://www.fileplan.com/>.

⁹⁰ <http://www.radixdm.com/key-features/>.

⁹¹ <http://www.elodigital.com.au/index.php/about-us>.

⁹² <http://www.elodigital.com.au/>.

⁹³ <http://www.elodigital.com.au/index.php/products/elo-enterprise>.

Providers	Description
	information access, industry-specific document conversion, electronic workflows control, document change history management, a DMS repository and flexible application integration. ⁹⁴
	<p>California-based company Laserfiche provides a software, Enterprise Content Management, which features document management software. The product is provided to more than 35,000 organisations globally.⁹⁵ Its document Management software features easy document finding, filing structure duplication, automatic filing, content previewing and navigation, check in/out saving, and full text searching. It also has unified metadata system and document annotation functionality.⁹⁶ It focuses specifically on accounting and finance, HR, case and contract management processes.⁹⁷</p>

⁹⁴ <http://www.elodigital.com.au/index.php/products/elo-professional>.

⁹⁵ <https://www.laserfiche.com/about-laserfiche/>.

⁹⁶ <https://www.laserfiche.com/feature/document-management/>.

⁹⁷ <https://www.laserfiche.com/solutions/>.

