CEO CFO

CEOCFO Magazine

Plug-and-Play Automated Bookkeeping Software for Entrepreneurs that Creates, Generates and Sends Invoices and provides Real-Time Insights, Financial Data and Analytics

Enrico Palmerino
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Interview conducted by:
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CEOCFO Magazine

CEOCFO: *Mr. Palmerino, what is the idea behind Botkeeper?*
Mr. Palmerino: Botkeeper was founded by Entrepreneurs for Entrepreneurs, so that they could put their bookkeeping or accounting department on autopilot and benefit from real-time reporting and insights to help grow their businesses. We also wanted to reduce the overall cost of bookkeeping by 50%, keeping more of those hard-earned dollars in the entrepreneurs' pockets and knew we needed to be available around the clock to support their unconventional work schedules.

CEOCFO: *Why do we need 24/7?*
Mr. Palmerino: I find that many entrepreneurs and business owners want data at their fingertips and at all hours of the day. They want to be able to ask a question, generate a report or get some explanation on something or figure out what A/P or A/R aging looks like. Those kinds of things do not come up usually during the day because they are busy running the company during the day. Having a team available to answer those questions at all hours is beneficial to our clients. We can really thank the nature of automation, as transactions occur at all hours, we are processing them and booking them into their accounting software so they can open up their Botkeeper dashboard at any point.

CEOCFO: *What is different about what you are offering?*
Mr. Palmerino: Our goal is not to replace Quickbooks or Xero, but replace the task of entering all the data into those systems. For most companies it is either the business owner who is doing the data entries and the bookkeeping in Quickbooks or Xero, or it is a contract bookkeeper or a fulltime person or a team that could be tasked with all this data entry and work. We built Botkeeper to replace that and allow accountants to focus more on higher level analytics of the business and not be focused on the day-to-day data entry. An example would be a client gets a bill from a vendor, they forward it to Botkeeper and Botkeeper uses software to extract all the data off the bill, classifies it, and then pushes that information into Quickbooks or Xero. It then notifies the clients that the bill is awaiting payment and then the client is able to login and click pay and then the payment is sent off to the vendor. It is a very streamlined and simple task that would otherwise require someone to do a bunch of data entry and bookkeeping in Quickbooks. Another example would be on the A/R side, someone on the sales team signs a contract with a new client, now they just forward that contract to Botkeeper, Botkeeper uses software to extract the relevant financial data and the terms of payment and everything off of that contract, creates an invoice to the client, generates and sends that invoice to the client, and accrues or books that revenue over the period of the contract or under the revenue recognition policy of the company. We have a team that looks over everything before an invoice is sent to make sure everything is accurate.

CEOCFO: *Almost everything is done electronically today. Are the majority of companies comfortable with giving up control to botkeeper?*
Mr. Palmerino: We don't have an issue with comfort because we are not taking over the reins of control. What we are doing is taking over the administrative pains of data entry. Before that bill gets paid, the business owner gets a notification that it is ready for payment and then they just click pay. It lets the business owner still have all the same controls but

without having to do the tedious tasks like copying that data over from one place to another and making sure that they are classifying it properly. The same thing on the A/R side. We have some clients who want the workflow to be that Botkeeper is creating and generating the invoices for their clients and then those invoices get sent or batched over to our the business owner to review them before the button is pushed and they all go out. Other clients that have been running for a longer period of time trust that Botkeeper is doing it accurately. I think the control is not so much of an issue. I think some people ask the question about security because they are linking up accounts to Botkeeper and Botkeeper has access to their books and banks and credit cards, etcetera. It is easy for us to reduce those worries because I can tell them if they were not doing it themselves, how else would someone get the access that they needed and in such cases this would mean whoever they hired whether a contractor or fulltime person would be given access to bank accounts, credit cards, and all that stuff and now you are trusting a human. Most humans are great and good people but there is an incentive to steal because money buys things they desire. My joke is that this incentive to still doesn't exist with botkeeper because there is no such thing as a Louis Vuitton for software bots. Our software has no incentive to steal or take money.

CEOCFO: *How do you begin an engagement with a client?*
Mr. Palmerino: The way we set Botkeeper up was such that all of our pricing packages are fully all-inclusive. What they can do with Botkeeper is only limited by either the complexities of their business or what they want to hand over. We ask for them to give us as much as possible. They would go on our site and select the package and sign up. Once they sign up, it prompts them to answer some questions about the business and how it operates, how they pay bills and invoice. Then it redirects them to a page where they link up the different systems that they are using so they will click their bank icon, username and password, then they will click authenticate and it will link in. They will do the same thing for credit cards and payroll, benefits, Quickbooks, and pretty much any system they are using. After they have done that which is maybe thirty minutes, they schedule a call and another thing prompts them to pick a date and time to have a call with their newly assigned dedicated accountant. They then jump on that call, review the data they submitted. The accountant might have some questions about process or about their business and other accounting related things, and then we are off and running. It takes one or maybe two hours to get onboard.

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CEOCFO: *How long has Botkeeper been available?*
Mr. Palmerino: We started in 2015 but really did not launch until January of 2016, so roughly two years.

CEOCFO: *What has changed in your approach? What have you learned as people have been using Botkeeper?*
Mr. Palmerino: Initially we had set up our solution to be a lot more consultative upfront, like they answer a bunch of questions and get a price quote and then log onto a call and we ask questions and put together a proposal, and they come onboard. We just found that the more we could simplify the process for the client the better. One improvement we have made recently was to simply our portal and dashboard. We realized we had too many features and functions and clients wanted fewer. We realized from a dashboard standpoint, our dashboard initially was not capable of processing all the data we were running through it and we had to actually overhaul it and build it so that it could handle dozens of integrations and tons of transactions all at once. We learned a lot and our clients are always pushing us. I think a two-hour onboarding process in accounting is quite the breeze, because it is very simple compared to weeks or months to do a setup with pretty much any other firm. If we could get to a point where one day clients could click a button, connect everything and then instantly be up and running that would be amazing. Right now we are pushing to get the onboarding process down to 15 minutes.

CEOCFO: *How do you reach out?*
Mr. Palmerino: We have done a decent job of getting published in media. We have been fortunate to have a lot of people interested in what we are doing so that helps. We do emailing and we have a sales team spread across the US in various cities and we are establishing centers of influence, and meeting with referral partners and hanging around entrepreneurial communities. We do digital marketing and advertising and tradeshows. So we do all the traditional routes. I am asked to be a speaker at several events a year.

CEOCFO: *You recently received $4.5 million seed investment; how will you use that money?*
Mr. Palmerino: We are using a good chunk of it for our sales and marketing efforts and we are using the remaining for product development. We are ramping up our development team, building more software and a better user experience. We are trying to make Botkeeper even more streamlined for the clients.

CEOCFO: *When you are talking to a client initially, do they understand easily what you are doing?*
Mr. Palmerino: I think we have some client who maybe are more used to paper based systems. Some of the smaller and local businesses take a little more explaining because they want to know how a piece of software is going to know their business. We explain how it learns by looking at the higher data and that our team is reviewing stuff and provides feedback and updating it and improving it over time the same way that a real person learns anything over time. The difference is that once it has learned it, it does not forget things and it remembers a large set of data points and how to do something even if it has not done that thing for a year. It takes a while to explain the software component. I think people like the fact that there is also a team there making sure things are done accurately and that there is always someone there viewing it and that they can call their dedicated accountant anytime. For tech companies and more Silicon Valley businesses, they tend to understand it right away. botkeeper is what we think Entreprenuers would have imagined, envisioned or hoped bookkeeping would be, kind of a plug-and-play automated software at a low cost. I also think everyone likes the fact that we are very affordable compared to the alternatives.

CEOCFO: *What is your relationship with Accountants?*
Mr. Palmerino: I think it depends on how an accountant engages with us. There are a few ways we engage with encounters. One is that our clients have a CPA who does their taxes and we do their bookkeeping. At the end of the year, we give that CPA all of the reporting so if the CPA has any questions, they ask us. The other way we engage with accountants is other bookkeeping firms or CPA firms that might compete with us or want to offer bookkeeping, they will actually engage with us 1838 they provide Botkeeper to their clients because that way they do not have to manage a large team of accountants and it is less costly, more accurate and provides a lot more accounting that dashboard. Competing accountants end up becoming big partners and clients of Botkeeper which is great. The third way is our team of accountants love working with Botkeeper because at Botkeeper they are not spending their time doing all this manual data entry, they spend their time actually reviewing and analyzing the client books and are there for exceptional customer service.

CEOCFO: *Why choose Botkeeper?*
Mr. Palmerino: People should choose Botkeeper for a number of reasons: One is to get a better grasp on their business. Botkeeper provides real-time insight, financial data and analytics. We do that not just on a financial side of the equation but we also show you how your marketing translates to social media following. It gives you a great view of your business. The other reason people like Botkeeper is it is more accurate. We average 99.97% accuracy across all the transactions that we process for our clients so that is the sort of confidence and assurance that we are going to be running 24/7 is really great. Finally, who does not like to save money and on average most of our clients will cut their accounting cost in half and that is a big statement.