



Ecommerce accounting: All the things you need to know to pursue this as a niche

Brittany Brown, CPA



Today's speaker



Brittany Brown, CPA

CEO of LedgerGurus

@brittbrown80

Ledgergurus.com

CPE Process

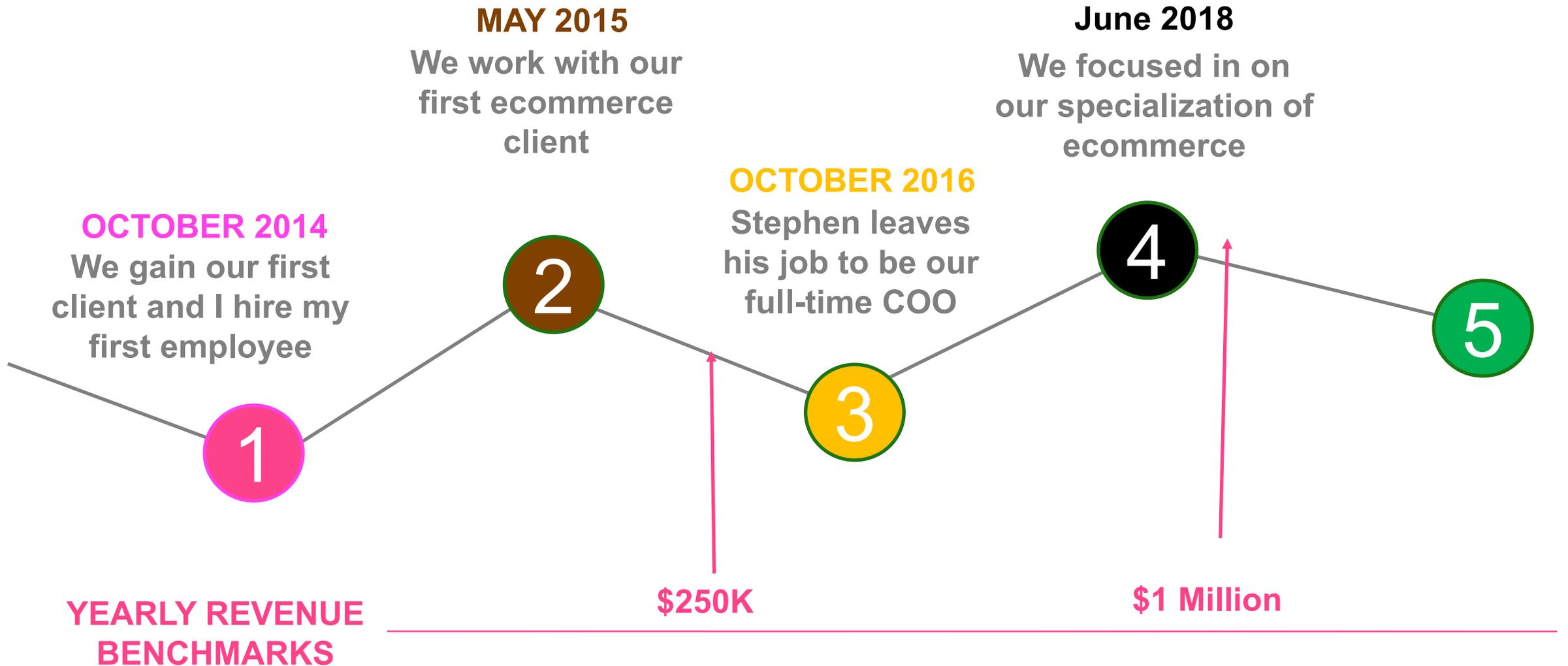
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If you walk by my house and you hear me yelling, we don't call it yelling. It's motivational speaking for people that don't want to listen





Niche Enables Everything



DavidLeary @DavidLeary · 16h

Hey @LudgerGurus here is the slide you wanted. #NicheEnablesEverything

#NicheAccountants #NicheBookkeepers #NicheApps



@DavidLeary

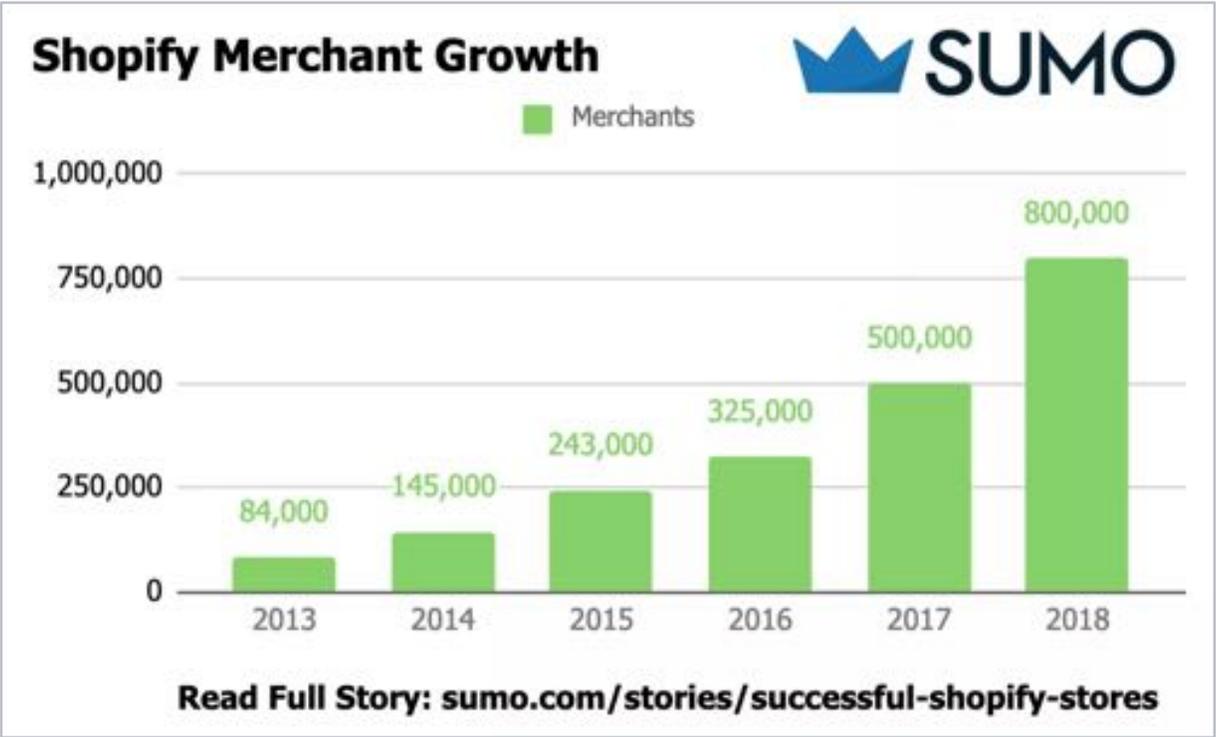
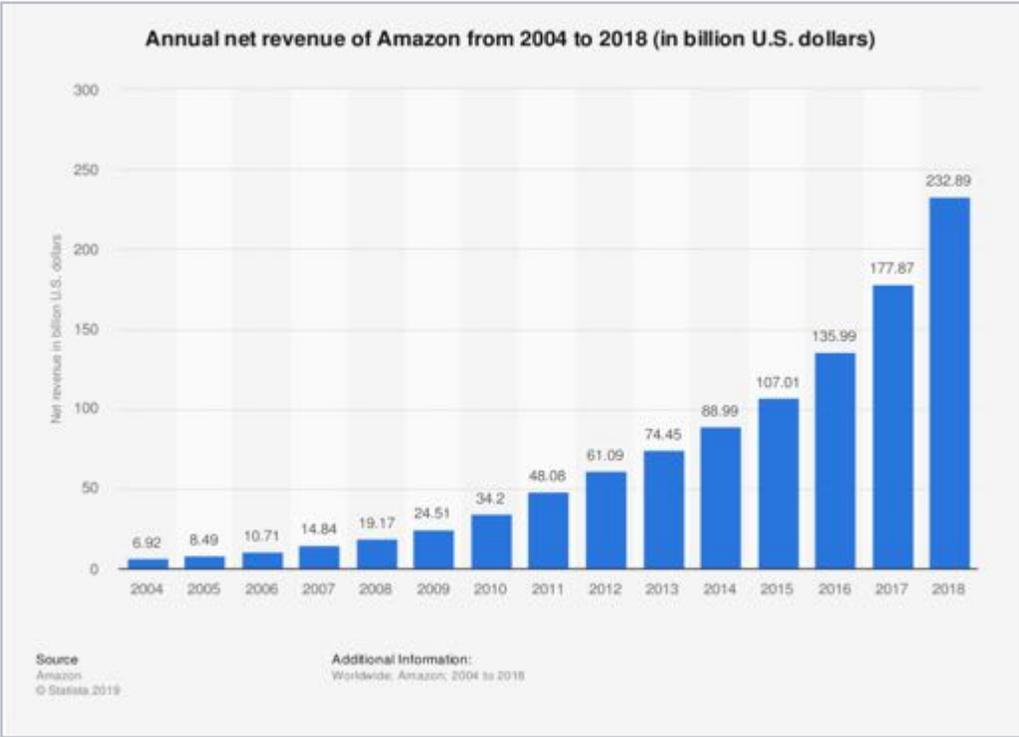


More questions than answers

But clarity if it's right for you
and a clear roadmap



The ecommerce opportunity is clear



Why are they a good fit for outsourced accounting?

They are already in the cloud

They are super comfortable with outsourcing

They grow fast and they're smart.

They're incredibly entrepreneurial and tech savvy

What are the drawbacks to this niche?

You go head to head with other firms for every deal

Clients have short life spans

The technology changes constantly, no coast mode

Huge exposure and liability

**Ecommerce accounting
requires a fundamentally
different approach**

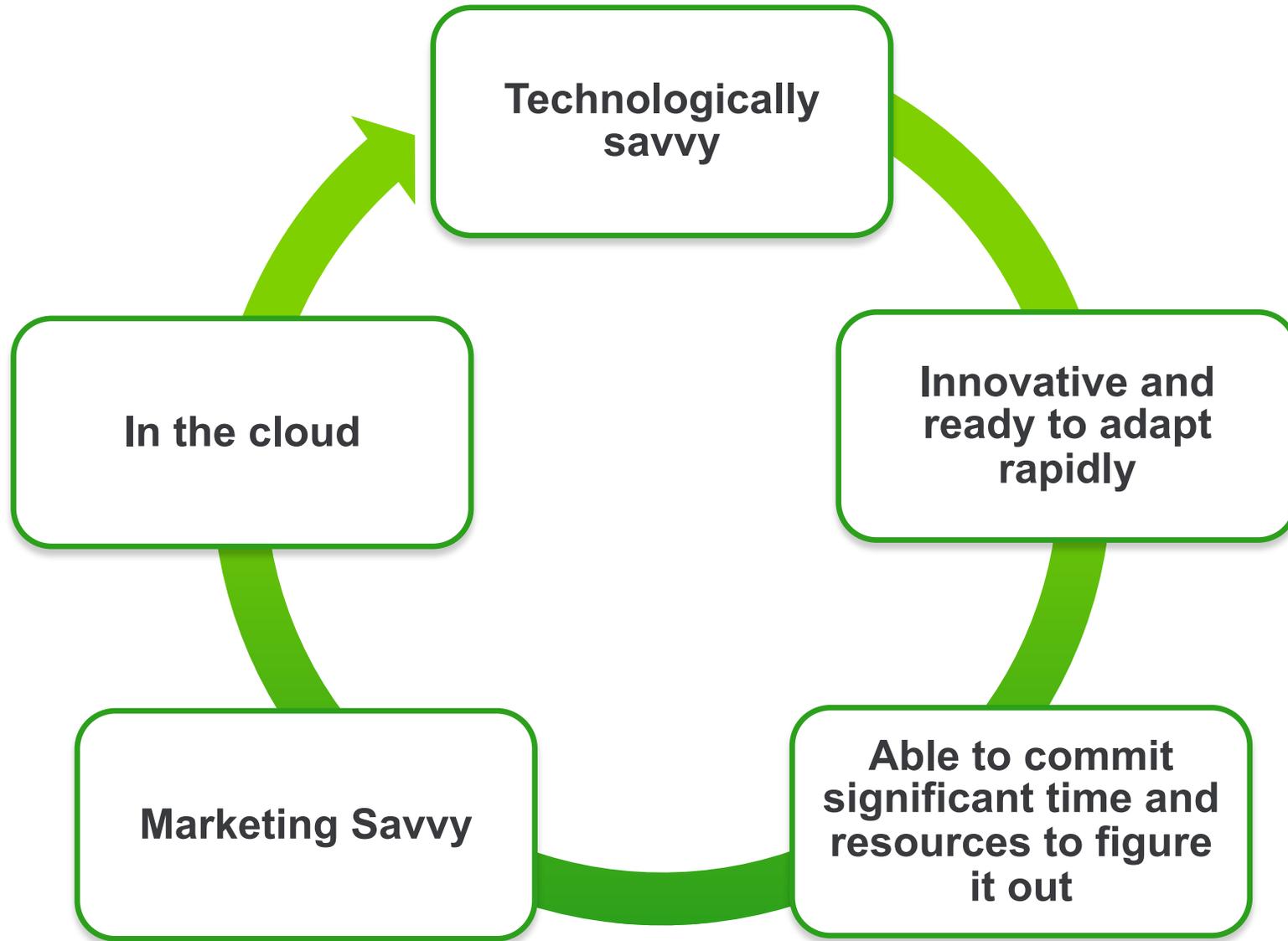


Shopify difference

Shopify activity on a cash basis	
Deposit from Shopify Pay	\$76,700
Deposits from Paypal	\$86,183
Deposits from Afterpay	\$25,064
Deposits from Amazon Pay	\$7,235
Net Revenue	\$195,182

8 Activities reduced to 1 line
Key Data Missed
Product Margins skewed
Misstatement of balance sheet activity
9% Difference in revenue

Shopify Sales with Good Data	
Shopify Sales	\$354,995
Discounts	\$-119,221
Gift Cards Redeemed	\$-15,540
Shipping Income Gathered	\$7,718
Merchant Fees	\$-8,308
Chargebacks/ Refunds	\$-6,151
Net Revenue	\$213,493
Sales Tax collected	\$7,179
Paypal Loan repaid	\$25,414
This was paid through Shopify Pay, Paypal, Afterpay, and Amazon Pay	



Inventory/ COGS



Ecommerce Channel Activity

amazon

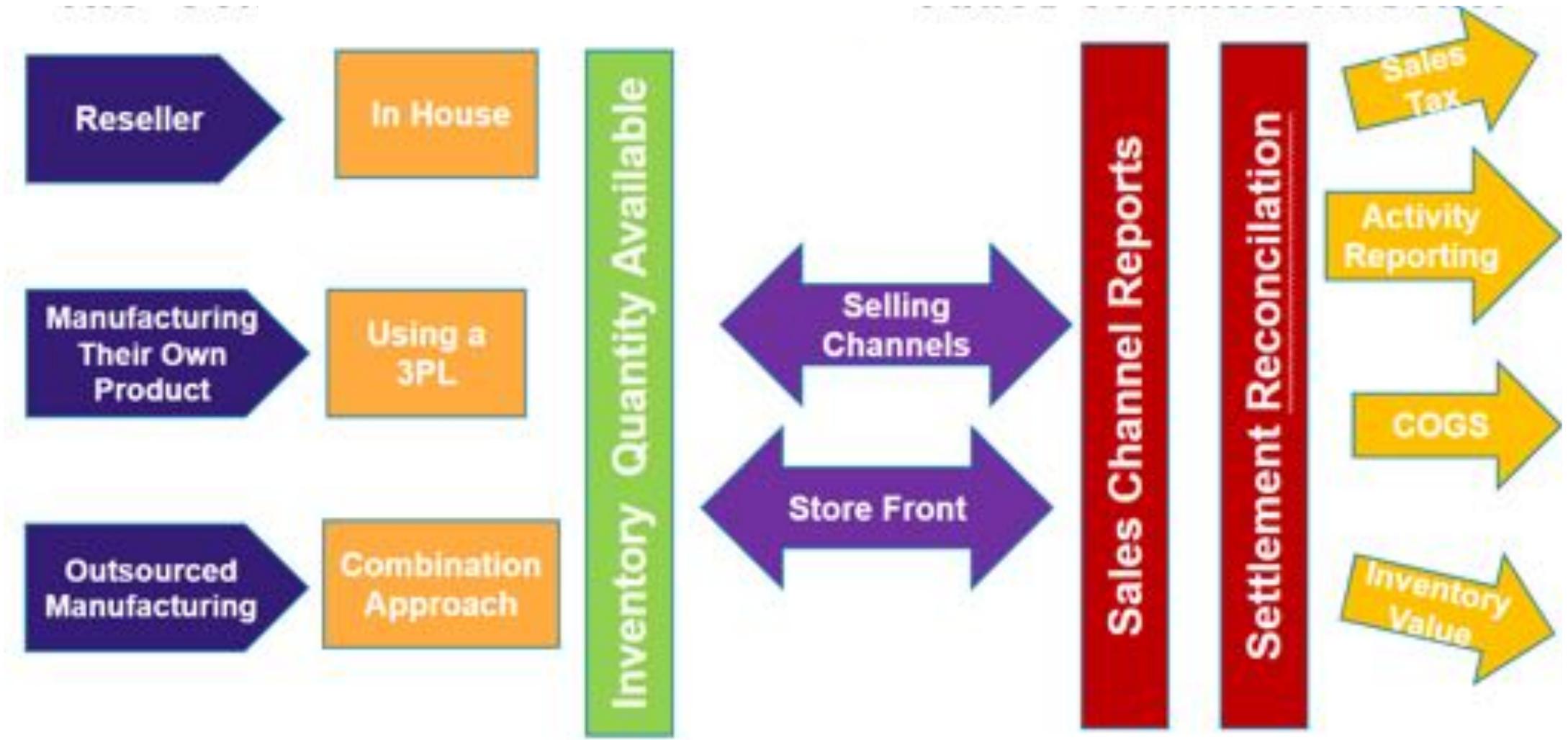
Sales Tax



It took us several years to
feel like we had a competent
solution for all of those
AFTER we decided to
specialize



Ecommerce complexities



Online platforms - Marketplaces

amazon

jet

ebay

Etsy

houzz

Online platforms – Shopping carts/ company websites



Platform competency matrix

	Client A	Client B	Client C	Client D	Client E	Client F	Client G	Client H
AMAZON	█		█		█	█	█	█
EBAY							█	
ETSY							█	
CROWDFUNDING								
SHOPIFY		█	█		█	█	Wix, WooCommerce, Future	█
WAYFAIR	█							
WOOCOMMERCE								
ZOH0							█	
OTHER			Weebly				Adf, Net, Vidwest, Payscale, Turbo	
BA								
AMERICAN EXPRESS							█	
AFFIRM		█						
AFTERPAY		█			█			
AMAZON PAY		█			█			█
AUTHORIZE.NET								
BRAINTREE			█					
GOOGLE PAY								
PARTIALLY								
PAYMENTECH							█	
PAYPAL		█	█		█			█
SHOPIFY PAY		█			█			█
STRIPE			█					
SQUARE								
WAYFAIR	█							
GIFT CARDS		█			█			█

The big players

amazon



shopify

**The
situation
with**

amazon

The Amazon logo, featuring the word "amazon" in a bold, lowercase, sans-serif font. Below the text is a curved orange arrow that starts under the letter 'a' and ends under the letter 'n', pointing to the right.

Amazon processes

Automate it:

Use  a2X

- Summarizes all the activity
- Ties it out to the bank deposit
- Handles COGS as well
- New Shopify feature (more on that later)
- HUGE time saver
- You could handle all Amazon with this tool alone

Do it manually:

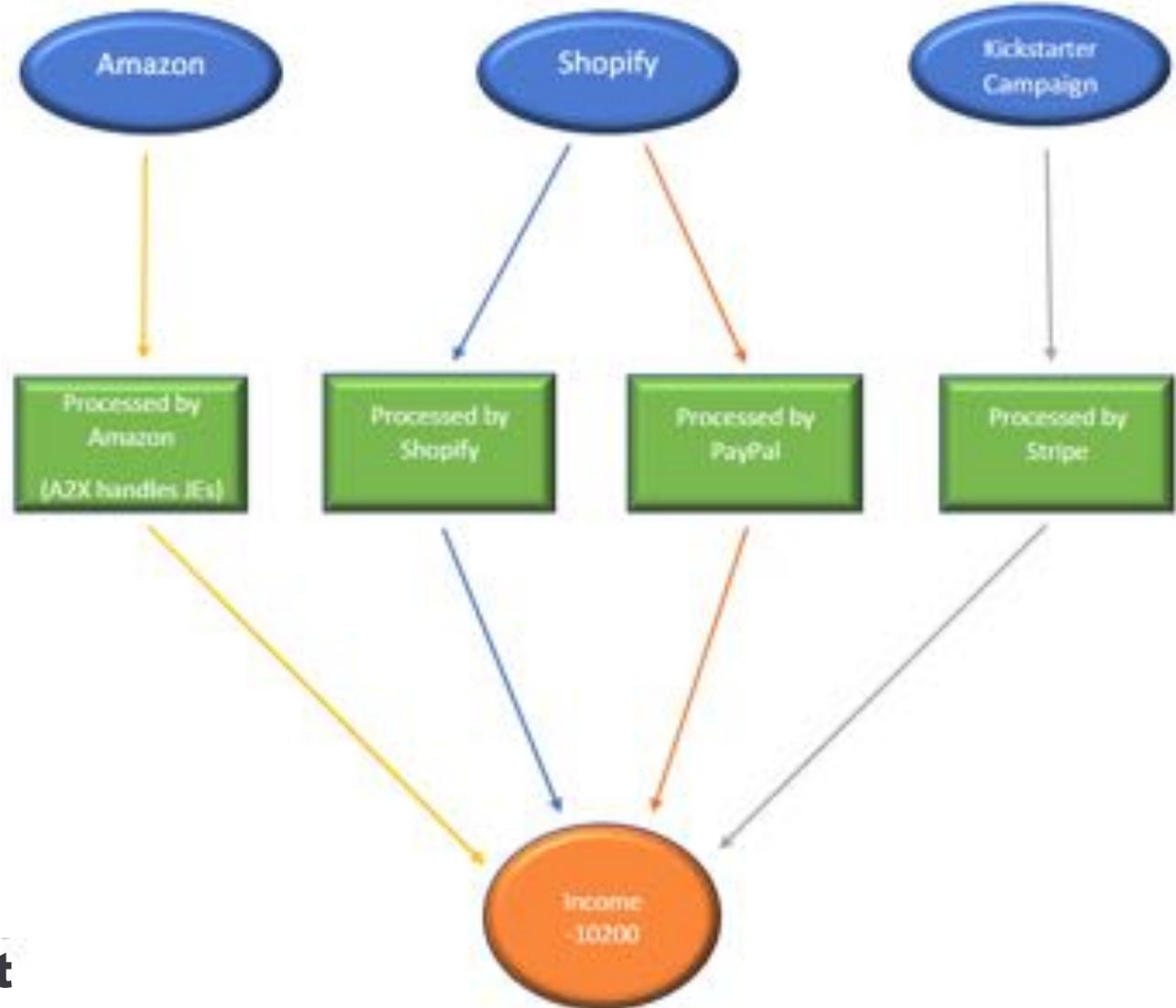
Use back end Amazon reports

- Tough but not impossible
- Seth David has a resource that teaches you how to do this
- COGS calculation is a separate step

Sales Channels

Payment Processors

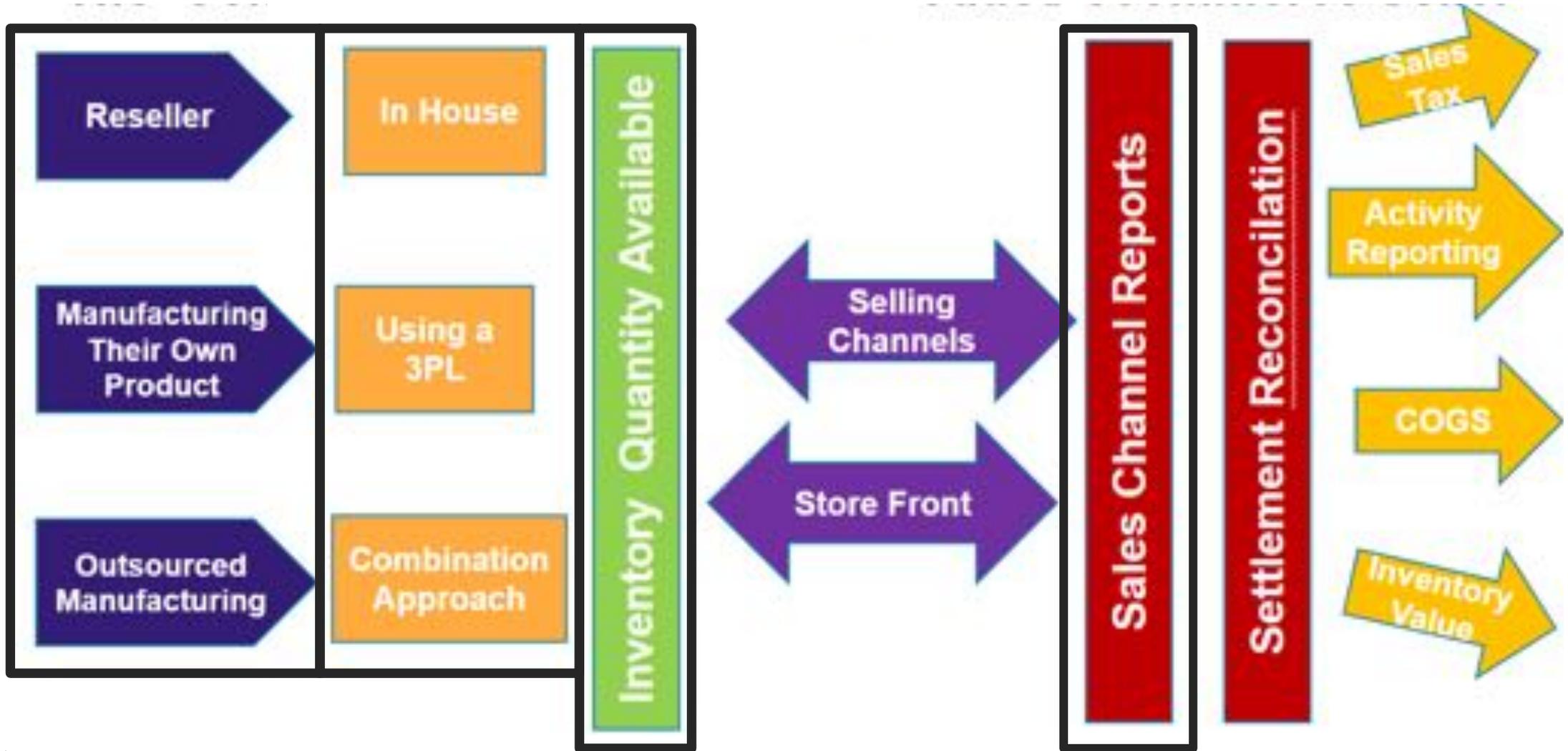
Bank Account for Deposit



Shopify processes

1. Summarize channel level activity from Shopify pay-out reports
 - Total sales, discounts, Shipping, Sales Tax collected
2. Sort out by payment processor
3. Reconcile payment processor activity to deposits
 - Processing Fees, Chargebacks/ Refunds
4. Reconcile receivables from channels
5.  a2X

Inventory complexities



What should we track with inventory?

Operations Tracks QUALITY

Accounting Tracks VALUE

Inventory Tools

Things to Consider:

1. Do they need it to be an inventory master?
2. Are they manufacturing?
3. Do they need it for warehousing and fulfillment?
4. **Can the data be validated?**

Find an inventory consultant!

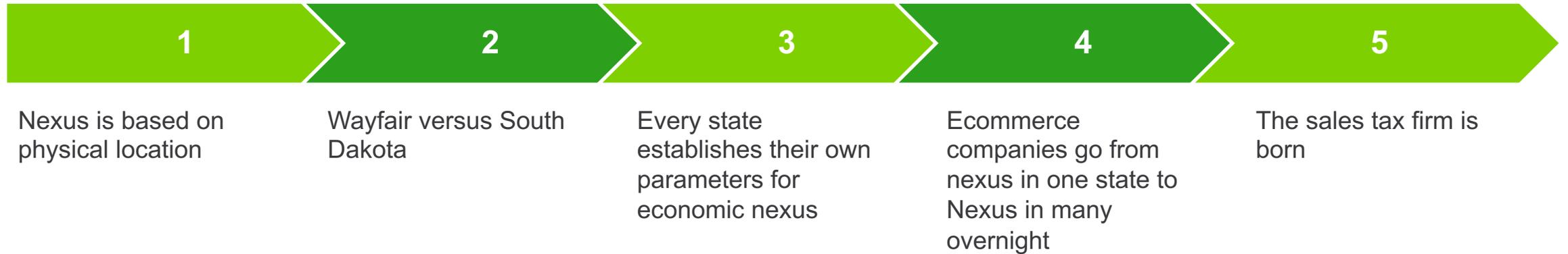


Lance Brandow
Brandow Consulting
Lance@brandowconsulting.com
(844) 839-4949

Inventory Terms to know

- Landed Costs versus Buy Costs
- FBA and FBM
- 3PL
- Product cost catalog
- LIFO, FIFO, Average Cost

Sales Tax: A few brief points



Huge opportunity and huge exposure



Five Signs of Bookkeeping Trouble with an Ecommerce Business

Ecommerce accounting is challenging and many businesses and bookkeepers get it wrong. Download this short guide that will help you find common mistakes.

DOWNLOAD



10 Steps to Ensure Sales Tax Doesn't Burn Down Your Ecommerce Business

Navigating the world ecommerce sales tax compliance can be overwhelming, but it's crucial for business survival. Download this complete guide for ecommerce sales tax compliance.

DOWNLOAD



7 Ways to Modernize Your Accounts Payable Processes

Paying bills is a pain for every business. Are you paying on time? Are you protecting your business from embezzlement (a HUGE issue we repeatedly see)? Or, are you simply tired of spending unnecessary time paying bills?

DOWNLOAD

A great resource at Ledgergurus.com>downloads

What mistakes do I see ecommerce firms making?

Becoming too entrenched in their processes

Never turning advisory—we have all the data to go deep

Even within ecommerce there is the ability to niche

- Amazon only sellers

- Foreign companies selling in the US

- Product lines like sports equipment or clothing

Dabbling but not committing

Great resources for your journey?

Our blog: www.ledgergurus.com

Conferences—including ecommerce ones to learn the lingo

Partners like sales tax and inventory

Consultants to reduce your learning curve

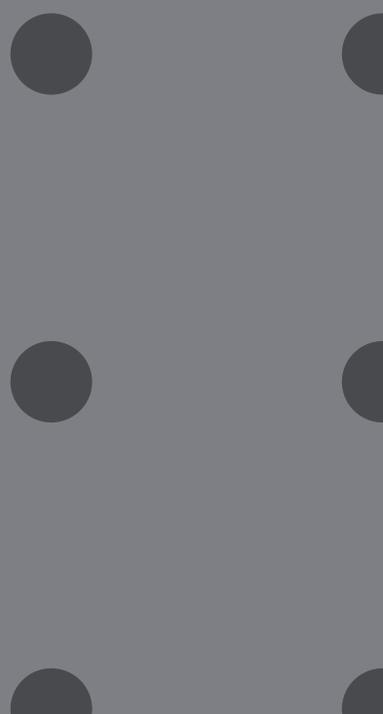
Catching Clouds Academy

YouTube



My ecommerce app and operations cheat sheet
bbrown@ledgergurus.com

Questions?





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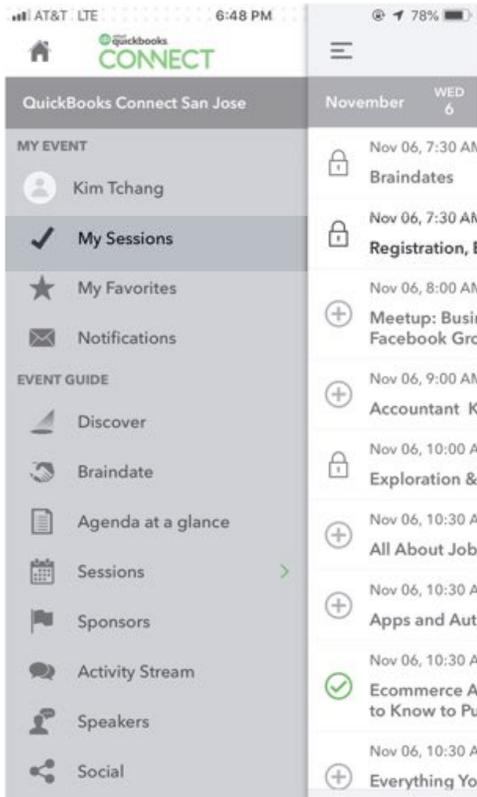
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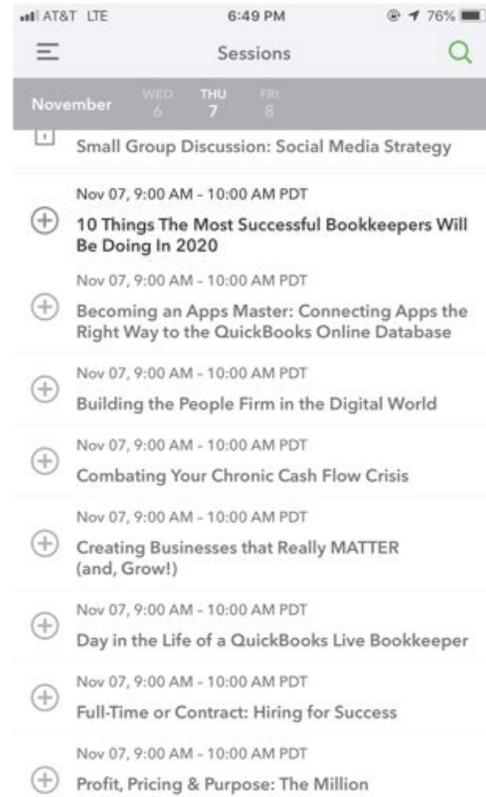
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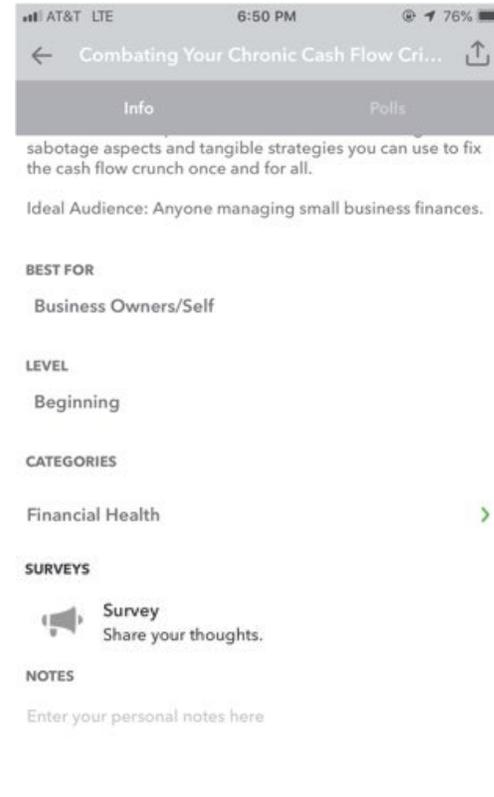
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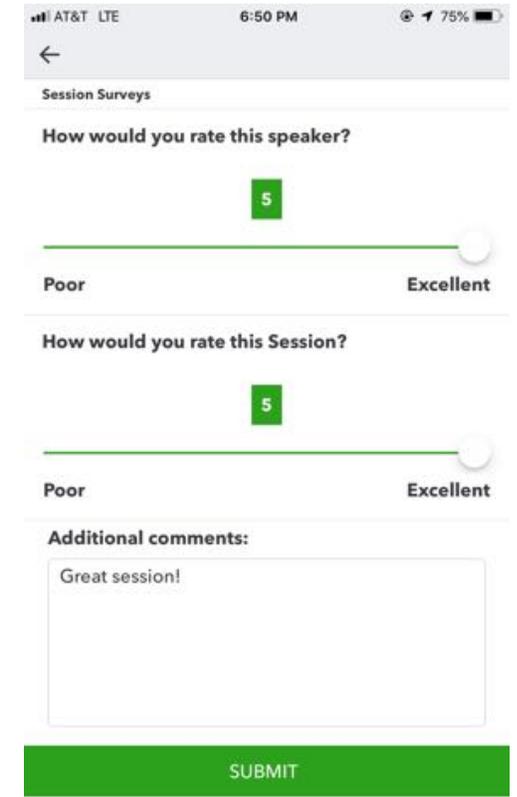
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Time	Session Title	Details
7:30-9:00 am	Registration, Breakfast & Exploration	
7:30-10:30 am	Braindates	New this year, you can use Braindates to book time with fellow attendees, expert consultants and the QuickBooks support team. Learn more Best for: All Audiences CPE Hours: not eligible
8:00-8:30 am	Yoga	
8:00-8:45 am	Breakout Sessions	
	Small Business Meetup: Relationship Marketing and the Power of Human Connection	
	Small Group Discussion: Social Media Strategy	
	Small Group Discussion: Showing up - Why What You Wear Matters	
	Small Group Discussion: Build Your Dream Bookkeeping firm	

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