App playbook series

App advisory playbook

How to get started advising clients on selecting the right apps to use with Xero

Our app playbooks are designed to provide you with an information-rich resource, so you can feel confident recommending Xero-integrated apps to your clients. You'll be able to advise them on which apps connect with Xero to help them unlock success.

Xero-integrated apps work with Xero to help your clients operate more efficiently and reach their business goals. The opportunity for you is to grow your advisory services and your practice's revenue.

Where to start

We recommend you start with the app advisory playbook. It outlines what app advisory is and how to get started.

Then move on to the industry specific app playbooks. These explain the most common needs and pain points for specific industries, and matches them against the features of Xero and the apps available in the Xero App Store, so you can identify the right mix to help your clients succeed.

Can't find what you want?

We're continuing to add more playbooks, focusing on our most popular industry verticals.

Contents

Choosing to offer app advisory services

What is app advisory?

As one of the business advisors that small businesses trust the most,* your clients look to you for advice on ways to reach their business and financial goals.

App advisory involves understanding the challenges or opportunities your clients are facing, and advising them on the right apps to connect with Xero.

It provides an opportunity to:

- add to your advisory services

- grow your practice revenue

- strengthen your relationships with your clients

- help your clients unlock success and reach their potential

If you're new to app advisory, it may seem daunting, but this guide is here to help. It explains the benefits of app advisory for you and your clients, breaks down the process, and walks you through getting started.

Why provide app advisory services?

Benefits for your clients

Unlock growth

Connecting with the right apps helps small businesses unlock profit and efficiency within their business.

SMBs who use cloud apps grow revenue 30% faster.*

Boost efficiency

The apps in the Xero App Store help small businesses increase productivity and, because they share information seamlessly with Xero, data entry is taken care of. Your clients can get an up-to-date view of their business from a single platform that's accessible anywhere they're connected to the internet.

Scalability

Using apps allows small businesses to easily scale up their operations and grow rapidly, because the technology does the heavy lifting. Your clients have a platform for success from day one.

*Xero Small Business Market Study UK, July 16

Benefits for your practice

Grow your practice

When your clients use apps, you both get positive revenue growth.

Practices who provide app advice grow revenue 60% faster.*

Future-proof your business

Offering app advisory services can strengthen your value proposition so you retain and grow your client base without competing on price.

62% of SMBs believe added value is a very important consideration when choosing an accountant, and 27% believe it's important.**

Ongoing revenue

Full app advisory is a way to grow the regular, recurring revenue coming into your business, and increase the lifetime value of your customers.

*Xero Small Business Market Study UK, July 16

**Xero State of Accounts report, SA, 2017

The three levels of app advisory

The following pages will help you choose the level of app advisory that's right for your practice.

Level One

App recommendation

- Profile your client's business.
- Recommend app/s based on their needs.
- The client and the app partner are responsible for implementation and app support.

Level Two

App implementation

- Profile your client's business.
- Recommend app/s based on their needs.
- Train your client to use the app.
- Support the client during implementation.

Level Three

Full app advisory

- Profile your client's business.
- Recommend app/s based on their needs.
- Train your client to use the app.
- Support the client during implementation.
- Assist with queries and ongoing support.

What's included at each app advisory level?

	Level One	Level Two	Level Three
Profile client's business to understand their requirements	✔	✔	✔
Map client's requirements against selected apps	✔	✔	✔
Select the appropriate app and recommend it to your client	✔	✔	✔
Book regular health checks to review progress and identify further opportunities	✔	✔	✔
Support the client as they implement the selected app		✔	✔
Provide the client with training on how to use the app		✔	✔
Provide ongoing app support and respond to any ad-hoc queries			✔

What's required of you at each level?

	Level One	Level Two	Level Three
App recommendation Learn about the apps that serve your most common client industries, and find out what differentiates them from similar apps, so that you can make recommendations based on your client's specific needs.	✔	✔	✔
Documentation templates Standardise the process for gathering client requirements and providing app recommendations, including creating document templates to increase your app advisory efficiency.	✔	✔	✔
Pricing model Choose whether to price by billable hours or fixed pricing. If fixed pricing, choose what services to include in your bundles and how much you'll charge.	✔	✔	✔
App implementation Identify a dedicated, skilled technical specialist capable of implementing the app for the client, including migrating their data.		✔	✔
Client training Create a training framework and deliver training to the client on how to use the app, including how to take advantage of app functionality and any reporting features. Respond to ad-hoc app-related queries.		✔	✔
Client support Provide dedicated ongoing app support to clients via phone, email or web, with agreed service levels.			✔

Getting started with app advisory

Recommending apps (level one)

Getting ready to recommend apps

Here's what you need to do to be properly prepared before you take on and succeed with your first app advisory client.

1

Identify your key industries

Using Xero HQ, tag your clients with the industry they're in to see which verticals to target your app advisory services to.

2

Identify key apps and app stacks

Use Xero's industry playbooks and Xero App Store to identify which apps you want to get to know better.

3

Reach out to app partners

Once you've identified your key apps, contact the app partner and ask for a demo. They're there to help you.

4

Build your pricing model

Decide how to price your app advisory services and create any assets you require.

1

Identify your key industries

When you begin your app advisory journey, one of the most important steps is to understand the industries your clients operate in, whether they're already using apps, and if so, which ones they're using. Using Xero HQ can be very helpful.

Identify your most popular client industries

Start by focusing on the industry segments you work with the most. Here's how:

1. Login to Xero HQ.

2. In the Xero HQ *Clients* tab, assign industry types to each client.

3. Use the Xero HQ Explorer *Industry* tab to identify the main industries your practice serves.

See which apps are the most popular with your clients

Within Xero HQ's Explorer *Apps* tab, view your clients' app connections to identify the most common apps in a specific industry or type of business. This will help to inform your recommendations to other clients who currently have no app connections.
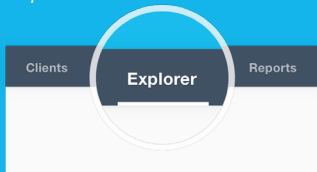
2

Identify key apps and app stacks

With over over 1,000 connected apps in the Xero ecosystem, many of these in the Xero App Store, you need to be able to quickly narrow down your selection to find what you're looking for. Luckily, you can now identify the most relevant 5% within Xero HQ.
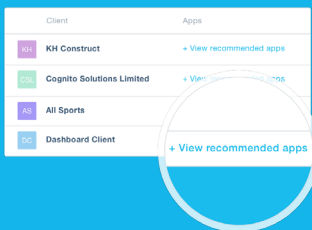
1. Once you've tagged your key client industries in Xero HQ, select the *Explorer* tab.


2. Select the *Industry* view to see all the clients whose accounts you're invited in to.
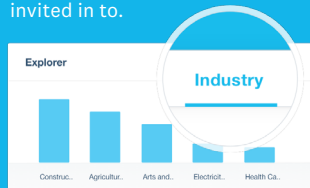
3. Next to each client, you'll see either a summary of the apps that they currently use, or an option to view apps recommended for them.

4. When you click *View recommended apps* you'll see the client's Xero subscription: with the top four recommended apps based on their industry type plus app stack categories to review with your client.
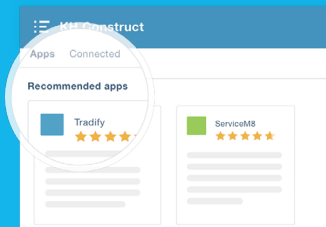
If you'd like to see the most popular apps currently used by clients of your firm, simply select the *Apps* tab.

3

Reach out to selected app partners

To grow your knowledge, engage with Xero's app partner community directly.

Get in touch with the app partners who develop and support the apps you're recommending

Before you recommend an app for the first time, call or set up a meeting with that app partner to find out more about the solution and make sure it does what your client needs it to do. Many app partners will be happy to provide a demo as well as training on how to use their app. It takes time, but it's worth the investment to ensure you're recommending the right app and building your expertise.

Join us at Xerocon

Our Xerocon events are beautiful and innovative conferences for cloud accounting leaders around the world, and one of the most powerful ways to connect with the makers of the best and the brightest apps in our ecosystem. Hear from the app developers directly about their solutions and how they can benefit your clients. Visit **xero.com/xerocon** to find out more.

Check out local events, including our Xero roadshows

Keep an eye out in your partner bulletin for upcoming Xero community and other events, where you can grow your knowledge, engage with the apps community, and have your questions answered.

4

Build your pricing model

As you get started with app advisory, consider how you can maximise the profitability of your app advisory services. One option to consider is using value-based pricing (VBP) when offering advisory services to your clients.

Value-based pricing is when you charge a fee based on the value of the outcome you deliver, rather than on the number of hours spent working on that outcome.

Potential benefits of value-based pricing

Improved profitability: Value-based pricing separates time from earnings, so your potential profit is no longer connected directly to the number of hours you work.

Increased efficiency: Value-based pricing gives you and your staff an incentive to improve efficiency and productivity, since your profit margin increases as the effort required to provide the service decreases.

Recurring revenue: As you expand your advisory services, you can consider charging a set monthly fee for ongoing health checks, recommendations and advisory services.

Ways to get started with value-based pricing

- Identify the services you can offer your clients. Can you group these into two or three of bundles and offer different prices for each bundle? Your clients can then choose the bundle that offers them the most value.

- Identify the outputs you'll be providing to your clients and consider creating templates that can be reused.

To find out more, check out the Xero accountant and bookkeeper guides on **value-based pricing** and **implementing value-based pricing**.

When to use a cloud integrator

Cloud integrators help small businesses understand which apps are right for their business and how they integrate with Xero. They assist with the migration and setup of apps, as well as providing training and support.

Their support and expertise can be very useful if your practice chooses not to provide full app advisory services. You may want consider partnering with a cloud integrator, or connecting your clients with a cloud integrator, once you've made an app recommendation.

Where to next?

Working with clients

Recommending apps to clients isn't a one-off job. It's an ongoing cycle of activity in which you review their needs and make further recommendations.

Gather requirements

Work with your client to understand their goals, pain points, and where they spend the most time in their business.

Select app(s)

Review the relevant industry playbook and/or the Xero App Store. Then map the client's needs against the chosen app or app stack.

Health check

Hold a review session with the client after six months to review their app adoption, the benefits, and any concerns or new requirements.

Recommend app

Provide the client with recommendations, including the benefits of each app and contact details for the app partner.

Offering ongoing value

Once you have your first-level app advisory services up and running, consider what ongoing services you can offer your clients to enhance profitability. This is the perfect way for your practice to receive recurring revenue.

Reporting functions

A number of reporting functions within Xero-integrated apps allow greater insight into a client's business. These can be highly valuable in complementing your existing advisory services with further insights into how to improve financial performance, achieve wider business goals, or both.

Client health checks

Book a regular six-monthly health check with your client to review their app adoption. Review their reports together and ask them how they've found the app. Use this time to assess how the app has benefited your client and what, if any, other requirements they could address through adding further apps. For some clients, you might map out an app adoption roadmap.

App adoption roadmaps

The Xero app playbooks show an ideal 'app stack' for different clients within an industry – a group of apps that can help their type of business. In most cases, even if all of them would be useful, it's best to create a plan to stagger the adoption of each app rather than to implement them all at once.

As an advisor, you can support your client and help to keep them on track to achieve their business goals by drawing up a plan together showing when they'll trial the next app and by making sure you talk about apps each time you have a conversation or review meeting.

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