

Information • 31275486

# Accounting Software

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IBISWorld  
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# About

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions.

# Table of Contents

<b>1. About This Market</b> .....	<b>1</b>	External Demand Drivers .....	18
.....	1	Product Specialization .....	19
<b>2. Opportunity Assessment</b> .....	<b>4</b>	Substitute Goods .....	19
Overview .....	4	<b>5. Supply Chain &amp; Vendors</b> .....	<b>20</b>
Market Dynamics .....	4	Key Takeaways .....	20
Recent Developments .....	6	At a Glance .....	20
Buyer Power Levers .....	7	Top Suppliers .....	20
SWOT .....	7	Average Vendor Risk .....	21
<b>3. Buyer Power Score</b> .....	<b>9</b>	Related Goods .....	21
Overview .....	9	Market Share Concentration .....	22
Buyer Power Score Components .....	9	Supply Chain Dynamics .....	22
<b>4. Price Environment</b> .....	<b>10</b>	ESG Trends .....	23
Key Takeaways .....	10	Supplier Diversity .....	25
At a Glance .....	10	Imports .....	25
Market Pricing .....	11	Regulation .....	25
Geographic Wage Rates .....	14	<b>6. Business Requirements</b> .....	<b>26</b>
Occupations .....	14	At a Glance .....	26
Pricing Models .....	15	Planning Process .....	26
Total Cost Of Ownership .....	16	Sourcing Process .....	28
Cost Structure Benchmarks .....	16	Vendor Management .....	30
Cost Structure Analysis .....	17		

# About This Market

## Summary

Accounting software automates the processing, recording, storage and access of financial transactions to improve the efficiency of finance and accounting operations. The software includes a range of modules and can be sold separately or as part of a broader enterprise resource planning (ERP) system. Buyers include manufacturers, retailers and wholesalers, financial institutions and healthcare providers.

## What's Included

- Cloud-Based Accounting Software
- On-Premises Accounting Software

## What's Not Included

- Open-Source Accounting Software
- Traditional Accounting Services

## Additional Resources

- Software & Information Industry Association
- Association of Software Professionals
- Financial Accounting Standards Board

## Common Market Terminology

### Software as a Service (SaaS)

A model of software deployment in which a provider licenses an application to customers for use as a service on demand.

### Cloud Computing

A computing model in which storage and computing tasks are handled by networked machines (often servers in a data center owned by the service provider) rather than at the point of consumption.

### Open-Source Software

Computer software that is distributed under a licensing arrangement that allows the computer code to be shared, viewed and modified by other users and organizations.

### On-Premises Software

Software that is installed and run on computers at the user's location rather than hosted on the supplier's servers at a remote facility.

## Related Reports

- Lease Management Software
- Check Authorization Software
- Financial Analysis Software
- Cash Management Systems
- Telecom Expense Management Software
- Tax Preparation Software
- Expense Management Software
- Virtual Data Room Software
- Online Payment Gateway Software

## Standard Coding

ISIC-582-Software publishing

**NACE-58.29**-Other Software Publishing

**NAICS-513210**-Software Publishers

**UNSPSC-43231601**-Accounting software

## Glossary

### HS

The Harmonized Commodity Description and Coding System is maintained by the World Customs Organization as a standardized system of names and numbers for classifying traded products.

### Life Cycle

All products and services go through periods of growth, maturity and decline. ProcurementIQ determines a life cycle by considering factors such as pricing trends, the level and speed of product or service change, the extent of a product's distribution and the maturity of marketing trends.

### Market Share Concentration

Determined by the market share of the top four vendors for a given product or service: high is when the top four vendors account for 45.0% or more of the product or service market share, medium is from 30.0% to 44.9%, and low is less than 30.0%.

### NAICS

The North American Industry Classifications System is the standard by which industries (not products) in the United States, Canada and Mexico are classified.

### Price Driver Volatility Level

Determined by the average absolute difference in the percentage change of input cost items and external demand drivers over the past three years: high is 2.7% or greater for all drivers, medium is from 1.8% to 2.6% for all drivers, and low is 1.7% or less for all drivers.

### Price Range

The difference between the upper and lower price bounds divided by the benchmark price: wide is greater than 50.0%, medium is from 25.0% to 50.0%, and narrow is less than 25.0%.

### Price Volatility Level

Determined by the average absolute difference in the percentage change of the benchmark price over the past three years: high is 2.7% or greater, medium is from 1.8% to 2.6%, and low is 1.7% or less.

### Producer Price Index (PPI)

This index represents the change in the amount that producers receive for their products or services, as opposed to the prices that consumers pay for them.

### Profit

ProcurementIQ uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

### Profit Level

Determined by the average profitability of the industry in which a product or service vendor operates, compared to the average profit margin for all industries in the US. There are around 700 industries in the US classified using the NAICS taxonomy (see NAICS).

### Total Cost of Ownership Level

Determined by the total cost of ownership as a percentage of the benchmark purchase price per year: high is when the total cost of ownership is greater than 100.0% of the benchmark purchase price per year, medium is from 50.0% to 100.0%, and low is less than 50.0%.

### UNSPSC

Coding for each report title is based primarily on the United Nations Standard Products & Services Code. The code is a hierarchical classification codeset of expenditure items.

### Wages

The gross total wages and salaries of all employees in the industry. The cost of benefits is also included in this figure.

## Z-Score

The Altman Z-score formula is used to help predict a company's chances of going bankrupt within the next two years. The Z-score uses multiple corporate income and balance sheet values to measure the financial health of a company. Z-scores above 2.9 are defined as having a low financial risk level; scores between 1.23-2.9 are at a medium risk level and scores below 1.23 are a high financial risk level.

# Opportunity Assessment

## Overview

### Buyer Power Score



### Buyer Power Recommendation

Buy Later

#### How to proceed

ProcurementIQ recommends buying later because purchasing conditions for Accounting Software are projected to improve next year.

#### Need to buy now?

Buyers that are looking to procure Accounting Software now can still find advantageous negotiating areas by examining this market's Buyer Power Levers.

## Market Dynamics

Market Price (2026)

**\$365.0**

per user per month

Price Trend CAGR

**1.9%** Negative

2023-26

Price Forecast CAGR

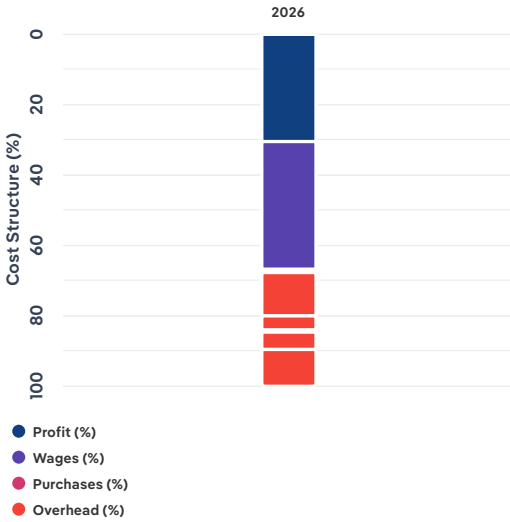
**0.6%** Positive

2026-29

Supply Chain Risk

**Low** Positive

Vendor Average Cost Structure (2026)

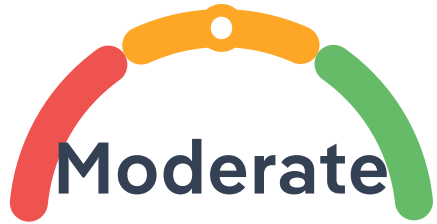


Cost Component	Proportion of Revenue(%)
Overhead	32.2
Profit	30.7
Purchases	0.9
Wages	36.2

Top Vendors

Vendor	Market Share (%)
Epicor Software Corporation	< 5
FinancialForce.com Inc.	< 5
Infor, Inc.	5-10
Sap Se	5-10
Workday, Inc.	< 5

ESG Level



## Average Market Price

2016-2031



Accounting Software

## Key External Drivers

Drivers	Trend
Producer Price Index: Hosting, ASP and other IT infrastructure provisioning services	Increasing
Private investment in computers and software	Increasing
Number of businesses	Increasing
Corporate profit	Increasing
Average Hourly Wage - Software publishers	Increasing

## Recent Developments

Fed votes to lower interest rates in December

Negative Trend

- On December 10, the Federal Reserve's Federal Open Market Committee (FOMC) voted to lower interest rates to a target range of 3.5% to 3.75%, the third consecutive 0.25% rate cut.
- These rate cuts come on the heels of sustained unemployment rate increases in recent months, and are aimed at stimulating macroeconomic growth to counter this trend.
- However, the FOMC's vote was more divided than in previous months as inflation remains above target levels and has increased in recent months, creating conflicting priorities for the Fed, which tends to use higher interest rates to control inflation. Due to this conflict between the Fed's dual mandate of sustaining high employment and limiting inflation, further interest rate cuts are unlikely in the near future.
- Declining Fed funds rates will provide relief to borrowers by lowering the market interest rates for consumer and business loans. This reduction in the cost of borrowing will lower the cost of many banking and financial services, and may spur increases in demand across the economy. However, macroeconomic headwinds, such as rebounding inflation and job losses, will counteract the stimulating effects of interest rate cuts.
- Chair of the Fed Jerome Powell stated that without the impact of tariffs, underlying inflation would be near the Fed's target of 2.0%, signaling that future rate decisions will likely hinge on tariff policy.

## Sections Impacted

Average Vendor Risk

Cost Structure Analysis - Input Cost Drivers

Cost Structure Analysis - External Demand Drivers

Total Cost of Ownership

## Buyer Power Levers

### No Buyer Threat Positive

#### Low Average Vendor Risk

In this market, there is low risk of vendor insolvency.

#### Low Recent Price Volatility

Prices have been stable in recent years.

#### Low Supply Chain Risk

There is little risk of price swings, shortages and delays due to supply chain disruptions.

### To Investigate Neutral

#### Moderate Availability of Substitutes

Buyers in this market have access to some substitutes but may not find a suitable substitute for their particular needs.

#### Moderate Price Driver Volatility

Key price drivers have fluctuated moderately in recent years.

### Buyer Threat Negative

#### High Market Share Concentration

The top 4 vendors in this market control over 45% of the market share.

#### High Product Specialization

Highly customized solutions are widely used in this market thus limiting the pool of qualified suppliers.

#### High Switching Costs

There are sizable costs when switching vendors in this market.

## SWOT

### Strengths

- There is a moderate availability of substitutes in this market, indicating that buyers may have success in leveraging other products or services to secure discounts.
- The Accounting Software market has a low level of vendor financial risk, indicating that the average vendor in this market is less likely to face bankruptcy, lessening the risk of disruptions for buyers.

### Weaknesses

- Market Share Concentration is high in this market, which indicates that vendors are unlikely to engage in price-based competition to win new business.
- The market offers few opportunities for sourcing from women-, veteran- and minority-owned businesses, meaning buyers are not likely to be able to meet diversity metrics or values for this market.
- Product specialization is high in this market, which indicates that there is a limited pool of vendors able to provide the products or services needed by the buyer.
- Buyers experience significant unexpected or hidden costs in this market. High total cost of ownership makes it challenging to budget or negotiate for these costs beforehand.
- Switching costs are high in the market, which makes it costly for buyers to switch vendors in search of a more favorable deal.

### Opportunities

- Prices for Accounting Software have displayed low price volatility. As such, buyers can expect a level of predictability that allows them to better anticipate prices and plan accordingly.
- Supply Chain Risk is low in this market, which reveals that vendors are unlikely to have difficulties in securing the necessary products and equipment for Accounting Software.
- The average profit margin in this market is high, which means that vendors may be more willing to negotiate down their prices.
- Suppliers in this market have moderate commitments to ESG initiatives. As such, buyers are advised to seek out vendors that can satisfy internal ESG procurement goals or metrics.

### Threats

- Prices have been rising quickly during the past three years, which has forced buyers to act more urgently to avoid rising prices.
- This market's long lead times means that buyers may experience depleted inventories or downtimes while waiting to receive their orders from suppliers.

- Price drivers have been moderately volatile during the past three years, which increases the likelihood of unexpected shifts in market demand and/or prices.

# Buyer Power Score

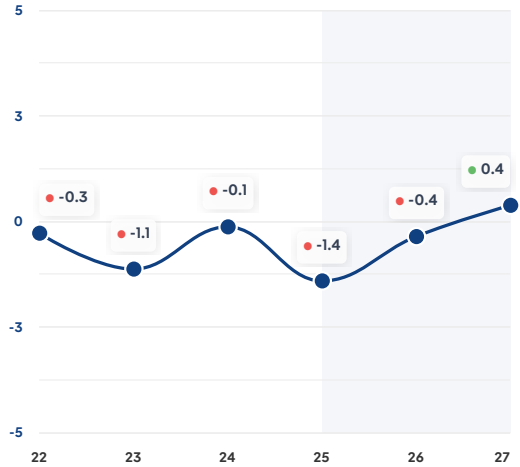
## Overview

### Buyer Power Score



Seller's Market

### Buyer Power Score Over Time 2022-2027



3-Year Average: -0.36

## Buyer Power Score Components

Buyer Power Score: -0.36

# Price Environment

## Key Takeaways

Gradually rising prices require proactive budgeting and negotiation strategies

**Negative Impact**

Over the past three years, accounting software prices have risen steadily, and buyers should expect continued price growth, albeit at a slower rate. While market competition has contained larger price jumps, ongoing demand signals limited relief for buyers' budgets. However, buyers benefit from low price volatility, allowing for more accurate budgeting. Buyers should lock in long-term pricing where feasible, prioritize volume discounts, and integrate expected increases into budget forecasts to avoid unplanned cost overruns and maintain stable cost structures in the face of incremental price hikes.

High switching costs and complex specialization reduce buyer negotiation power

**Negative Impact**

The high degree of market specialization and elevated switching costs significantly constrain buyers' leverage when negotiating terms or considering alternative suppliers. Buyers must invest substantial effort in comprehensive due diligence before vendor selection, as post-implementation transitions are both expensive and disruptive. To mitigate lock-in risk, buyers should negotiate flexible contract terms, prioritize vendors with proven implementation support, and ensure exit clauses are clearly defined up front.

Availability of substitutes and SaaS options offers selective leverage for some buyers

**Neutral Impact**

While switching costs remain high, mid-sized and smaller buyers may benefit from moderate substitute options, including open-source and bundled business suites, which offer alternative pathways to functionality at potentially lower costs. Buyers should benchmark leading solutions against substitutes during sourcing and consider piloting these alternatives where feasible. Leveraging substitute options in negotiation can improve buyers' leverage, especially when pushing for more favorable contract terms from primary vendors.

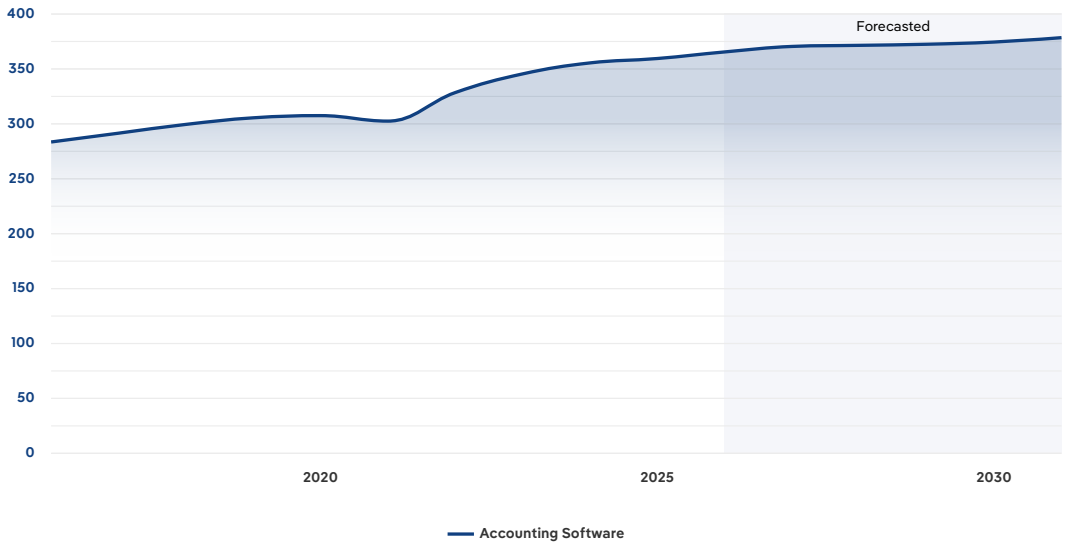
## At a Glance

<b>Market Pricing (2026)</b> <b>\$365.0</b> per user per month	<b>Price Trend CAGR</b> <b>1.9%</b> <b>Negative</b> 2023-26	<b>Price Forecast CAGR</b> <b>0.6%</b> <b>Positive</b> 2026-29	<b>Recent Price Volatility</b> <b>Low</b> <b>Positive</b>
<b>Level of Specialization</b> <b>High</b> <b>Negative</b>	<b>Availability of Substitutes</b> <b>Moderate</b> <b>Neutral</b>	<b>Price Driver Volatility</b> <b>Moderate</b> <b>Neutral</b>	<b>Switching Costs</b> <b>High</b> <b>Negative</b>



Average Market Price

2016-2031



Sources: ProcurementIQ

Year	\$ per user per month
2016	283.0
2017	291.0
2018	299.0
2019	305.0
2020	307.0
2021	302.0
2022	328.0
2023	345.0
2024	355.0
2025	359.0
2026	365.0
2027	370.0
2028	371.0
2029	372.0
2030	374.0
2031	378.0

## Price Range

**\$0.0 to \$1,800.0**

per user per month

## Average Price

**\$365.0**

per user per month

## Market Pricing Breakdown

### Market Pricing Breakdown

Offerings	Price Range (\$ per user per month)	Average Price (\$ per user per month)	Average Price Description
Mid-Tier License	20.00 - 1,200.0	<b>180.0</b>	Represents the average price per user per month for a mid-tier subscription or license for accounting software.
Enterprise License	80.00 - 1,800.0	<b>322.0</b>	Represents the average price per user per month for an enterprise or premium license for accounting software.
Basic License	0.0 - 500.0	<b>96.00</b>	Represents the average price per user per month for a basic subscription or license for accounting software.

## Market Pricing Factors

### License Type

License type significantly affects the pricing of accounting software, with cloud-based solutions typically offering subscription models that are priced monthly or annually, while on-premises licenses often involve a one-time fee plus ongoing maintenance costs. For example, a cloud-based accounting solution may charge \$50 per user per month, whereas an on-premises license could be priced at \$1,800 for a perpetual license, reflecting differences in deployment, support, and scalability.

### Maintenance & Support Plans

Maintenance and support plans for accounting software can significantly affect pricing by adding recurring costs that ensure system updates, technical assistance, and user training. For example, a cloud-based accounting software package may include a subscription model where the annual maintenance fee is a percentage of the software's purchase price, typically ranging from 15% to 25%, which buyers must factor into their total cost of ownership.

### Integration

Integration of accounting software with other business systems, such as ERP or customer relationship management (CRM) platforms, enhances efficiency and data accuracy, which can justify higher pricing due to the added value. The pricing factor is often measured by the software's ability to streamline operations, reduce manual errors, and improve reporting capabilities, leading to cost savings for users in industries like manufacturing and healthcare.

### Level of Customization

The level of customization in accounting software directly affects its price, as highly customized solutions often require additional development time, expertise, and ongoing support. For example, a cloud-based accounting software tailored to specific industry needs, such as healthcare billing, may be priced significantly higher than standard, off-the-shelf options due to these added complexities and the need for bespoke features.

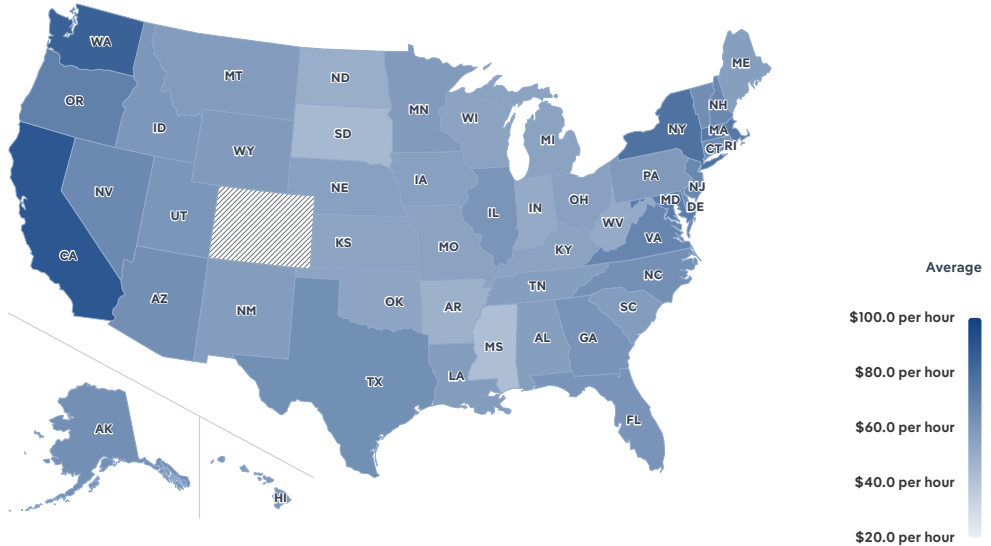
### Features

Features in accounting software directly correlate with pricing, as more advanced functionalities, such as real-time reporting, multi-currency support, and integration with other systems, command higher prices. For example, cloud-based solutions typically offer features like automatic updates and remote access, justifying a premium over basic on-premises software that lacks these capabilities.

# Geographic Wage Rates

## Geographic Wage Rates

The average wage rates by metropolitan area for Software Developers in the US in 2024



Sources: ProcurementIQ

# Occupations

Occupation	Entry (\$/hour)	Median (\$/hour)	Experienced (\$/hour)
<b>Software Quality Assurance Analysts and Testers</b> Software quality assurance analysts and testers ensure the reliability and accuracy of accounting software by systematically identifying and reporting defects, thus enhancing financial data integrity for users. Software quality assurance analysts and testers account for an estimated 3.3% of employment in software publishing.	38.23	49.33	63.40
<b>Software Developers</b> Software developers create and maintain accounting software applications to automate financial processes and improve operational efficiency for various industries. Software developers account for an estimated 25.3% of employment in software publishing.	49.55	63.98	81.25
<b>Sales Representatives of Services, Except Advertising, Insurance, Financial Services, and Travel</b> Sales representatives of services engage with potential buyers to explain and sell accounting software solutions, addressing specific client financial management needs and ensuring integration with existing systems. Sales representatives of services account for an estimated 4.5% of employment in software publishing.	22.65	31.86	47.49
<b>Sales Managers</b> Sales managers develop sales strategies and lead teams to successfully market and distribute accounting software	46.11	66.38	96.87

Occupation	Entry (\$/hour)	Median (\$/hour)	Experienced (\$/hour)
solutions to diverse industries, ensuring customer satisfaction and revenue growth. Sales managers account for an estimated 2.2% of employment in software publishing.			
<b>Project Management Specialists</b>	36.99	48.44	63.30
Project management specialists coordinate the development and implementation of accounting software projects, ensuring they meet client requirements and timelines. Project management specialists account for an estimated 2.4% of employment in software publishing.			
<b>Market Research Analysts and Marketing Specialists</b>	27.03	37.00	50.42
Market research analysts and marketing specialists analyze consumer behavior and competitive dynamics to optimize marketing strategies and sales forecasts for accounting software products. Market research analysts and marketing specialists account for an estimated 3.8% of employment in software publishing.			
<b>General and Operations Managers</b>	32.29	49.50	78.91
General and operations managers in the accounting software market strategize the integration and coordination of software solutions across various departments to streamline financial processes and enhance organizational efficiency. General and operations managers account for an estimated 3.8% of employment in software publishing.			
<b>Customer Service Representatives</b>	17.29	20.59	24.11
Customer service representatives assist users with navigating accounting software features, addressing common inquiries, and resolving minor user challenges. Customer service representatives account for an estimated 3.6% of employment in software publishing.			
<b>Computer User Support Specialists</b>	22.87	29.01	37.02
Computer user support specialists assist clients with the installation and troubleshooting of accounting software modules to ensure seamless financial operations. Computer user support specialists account for an estimated 4.4% of employment in software publishing.			
<b>Computer and Information Systems Managers</b>	64.59	82.31	104.0
Computer and information systems managers ensure that accounting software solutions are effectively integrated and aligned with organizational financial processes to enhance decision-making and operational efficiency. Computer and information systems managers account for an estimated 4.7% of employment in software publishing.			

## Pricing Models

### Subscription (Software-as-a-Service)

#### Pros

- SaaS solutions often provide scalability, enabling businesses to easily adjust their subscription plans based on changing needs. This flexibility is particularly advantageous for companies experiencing growth or seasonal fluctuations, as they can quickly add or remove users and features without extensive contractual negotiations.
- The subscription pricing model benefits buyers by offering lower monthly or annual fees compared to traditional software purchases. This hosted delivery approach reduces the need for extensive IT resources, allowing businesses to leverage advanced accounting solutions without the burden of managing physical servers or complex installations.
- The SaaS model typically requires lower upfront costs, making it an attractive option for businesses looking to minimize initial financial outlays while still accessing powerful accounting software. This model often includes software updates and maintenance at little to no additional cost,

ensuring that users always have access to the latest features and security enhancements without incurring extra expenses.

**Cons**

- With SaaS solutions, system availability and performance issues may be outside the immediate control of buyers. Dependence on the service provider's infrastructure means that any downtime or performance degradation could directly impact business operations, making it crucial for buyers to assess the reliability and support offered by the provider before committing to the model.
- One significant drawback of the SaaS pricing model is the potential for increased exposure to data security issues. As sensitive financial information is stored off-site, buyers must trust the service provider to safeguard their data, which can be a concern for industries that handle confidential or regulated information.

**Total Cost Of Ownership**

High

**Negotiated Before** Positive

**Customization**

The addition of custom features into the software should be negotiated heavily ahead of time, as these features can increase the total cost quickly depending on the complexity of the features, and the time that it will take for software developers to complete the requests.

**Implementation**

Depending on the type of software purchased, either on-premises or SaaS, suppliers may require buyers to purchase expensive servers or other middleware software to ensure interoperability with the buyer's existing systems. Buyer's should carefully negotiate these additional costs ahead of time.

**Billed During** Neutral

**Upgrades**

Some suppliers may charge fees for software upgrades which can raise the total cost of ownership.

**Unforeseen** Negative

**Downtime**

Software downtime can lead to inefficiency within the buyer's business and contribute to lost revenue while awaiting service restoration.

**Cost Structure Benchmarks**

**Profit Figure (2026)**

**30.7%**

**Average Profit Margin**

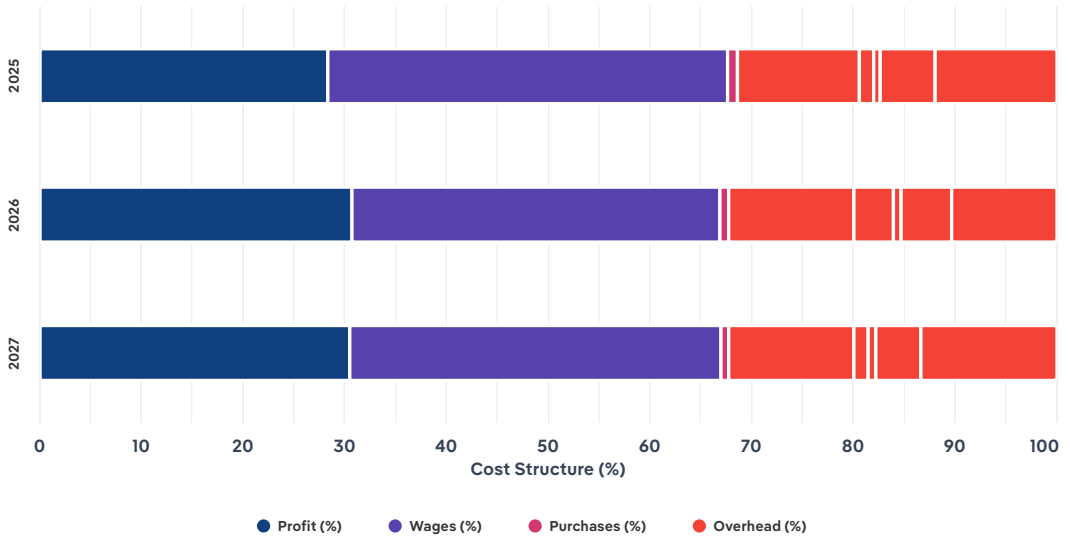
**High**

Rising

Buyers may have ample ability to negotiate discounts.

### Cost Structure Benchmarks

The average operating costs and profit as a percentage of market revenue in 2025, 2026 and 2027.



Sources: ProcurementIQ

Cost Component	Proportion of Revenue (%)
<b>Profit</b>	<b>30.7</b>
<b>Wages</b>	<b>36.2</b>
<b>Purchases</b>	<b>0.9</b>
Other Purchases	0.9
Cloud & Hosting Services	N/A
Computer Peripherals & Equipment	N/A
Software Licenses & Subscriptions	N/A
<b>Overhead</b>	<b>32.2</b>
Research & Development	12.3
Marketing	3.9
Rent & Utilities	0.7
Depreciation	5.0
<b>Other Overhead</b>	<b>10.3</b>
Office Supplies	N/A
Insurance	N/A
Legal Costs	N/A

### Cost Structure Analysis

Average Hourly Wage - Software publishers

## Growth

**3.9%**

2022-25

**Negative**

## Forecast

**2.0%**

2025-28

**Negative**

## Volatility

**High**

2022-25

**Negative**

- During the last three years, average wages in the market have been increasing due to the growing demand for specialized software and advanced features, fueling hiring in the software sector. As such, labor costs have been increasing, propping up prices.
- During the next three years, average wages for software publishers are expected to increase further as hiring practices ramp up further. As such, wage growth will inflate operating costs, encouraging price growth.

### Producer Price Index: Hosting, ASP and other IT infrastructure provisioning services

## Growth

**2.1%**

2022-25

**Negative**

## Forecast

**0.3%**

2025-28

**Negative**

## Volatility

**Medium**

2022-25

**Neutral**

- During the past three years, the cost of cloud and hosting services has been increasing due to increasing adoption and higher demand. As such, higher infrastructure costs have contributed to rising prices.
- During the next three years, the cost of cloud and hosting services is forecast to remain stagnant as widespread adoption results in a competitive environment and market saturation. As such, limited movement in hosting costs will help suppress price growth.

## External Demand Drivers

### Private investment in computers and software

## Growth

**4.6%**

2022-25

**Negative**

## Forecast

**4.8%**

2025-28

**Negative**

## Volatility

**High**

2022-25

**Negative**

- Private investment in computers and software has been growing in the past three years due to the increasing reliance on automation in business operations. As accounting software has become more efficient and cost-effective, demand for the software has increased, resulting in greater leverage for suppliers to raise software prices.
- Private investment in computers and software is forecast to continue growing as businesses streamline their operations through the adoption of new technologies. This expected growth will increase demand for accounting software and support higher software prices.

### Number of businesses

## Growth

**1.2%**

2022-25

**Negative**

## Forecast

**1.0%**

2025-28

**Negative**

## Volatility

**Low**

2022-25

**Positive**

- The number of businesses has been increasing in the past three years due to favorable economic conditions and rising consumer spending. This increase in the number of businesses has spurred demand for accounting software and pressured market prices upward.
- The number of businesses is projected to rise during the next three years as the economy continues to expand. This increase will raise demand for accounting software and contribute to price growth for accounting software.

### Corporate profit

## Growth

**5.5%**

2022-25

Negative

## Forecast

**6.3%**

2025-28

Negative

## Volatility

**High**

2022-25

Negative

- In the previous three years, corporate profit has been growing alongside rising consumer spending and a strong economy. As corporate profit has increased, market prices and demand have been following suit.
- During the next three years, corporate profit is forecast to increase as falling interest spurs the economy. As corporate profit grows, market prices and demand are expected to continue rising.

## Product Specialization

High

- There is a substantial degree of customization associated with accounting software.
- Many buyers have vendors or third-party suppliers customize accounting software to their market-specific operations and existing business information systems.
- High specialization level limits the number of suitable vendors that can meet buyers' specific needs.
- Buyers seeking software with a high level of functionality, maintenance and support services have little choice but to source from the few top vendors in the market.
- The varying customization options offered by different vendors makes it difficult for buyers to compare offerings across providers and leverage these options during the negotiation process.

## Substitute Goods

Moderate

- For larger buyers with specialized needs and software developing capabilities, open-source software offers similar capabilities to accounting software.
- Smaller firms can opt for small business office suites rather than accounting software.
- This market's alternatives may be less costly, but they lack some of the comprehensive features that accounting software provides.
- Buyers have limited options to fulfill their accounting needs.

# Supply Chain & Vendors

## Key Takeaways

High vendor concentration limits negotiation leverage and choice for buyers

Neutral Impact

The accounting software market is dominated by a handful of major vendors, with over 50% of revenue controlled by the top four players. This high concentration reduces buyer options and weakens negotiation leverage, as large suppliers face limited competition. Buyers must be prepared for less flexibility in pricing and terms and should consider strategies such as consolidating spend, leveraging multi-year agreements, or exploring niche providers to maintain some bargaining power.

Very low vendor risk ensures reliable partnerships and reduces service continuity concerns

Positive Impact

Vendors in this market are financially robust, with strong profit margins and low bankruptcy risk. This stability translates into a low likelihood of service disruptions or provider exits, assuring buyers of long-term reliability. As a result, buyers can focus less on assessing financial viability and more on securing value-added features, service commitments, and innovation in their agreements for accounting software solutions.

Low supply chain risk supports cost predictability and uninterrupted access to services

Positive Impact

The primary inputs for accounting software, labor and R&D, are internally managed and largely insulated from external market volatility. This results in minimal risk of sudden price hikes or disruptions. Buyers can confidently plan budgets and timelines with a reduced need for contingency planning, allowing them to seek longer-term licensing deals or negotiate renewal terms without anticipating major cost swings.

## At a Glance

Market Share Concentration

High

Negative

Vendor Risk

Low

Positive

Supply Chain Risk

Low

Positive

Supplier Diversity

Low

## ESG Level



## Top Suppliers

Supplier	Operational Size	Headquarters	No. of Employees	Market Share (%)	Market Share Performance (3-yr trend)	Total Revenue (\$m)	Profit Level (%)	Risk Level
2NDSITE Inc.	Global	Toronto, Ontario	101-1000	< 5	Decreasing	239	-2.3	High
Epicor Software Corporation	Global	Austin, Texas	1001-10000	< 5	Steady	3445	13.9	Low
FinancialForce.com	Global	San Francisco	501-1000	< 5	Steady	500-1000	N/A	Low

Supplier	Operational Size	Headquarters	No. of Employees	Market Share (%)	Market Share Performance (3-yr trend)	Total Revenue (\$m)	Profit Level (%)	Risk Level
Inc.		California						
Infor, Inc.	Global	New York, New York	17300	5-10	Steady	1000-2000	N/A	Low
Intuit Inc.	Global	Mountain View, California	18200	25+	Increasing	18831	26.1	Low
Microsoft Corporation	Global	Redmond, Washington	228000	5-10	Steady	281724	45.6	Low
Oracle Corporation	Global	Austin, Texas	143000	10-15	Steady	57399	30.8	Low
Sage Group Plc	Global	Newcastle	>10000	5-10	Increasing	2032	17.7	Low
Sap Se	Global	Walldorf, Baden-Württemberg	88543	5-10	Steady	326	28.2	Low
Workday, Inc.	Global	Pleasanton, California	17700	< 5	Steady	8446	4.9	Low

## Average Vendor Risk

Low

### Positive Impact Positive

#### Profit Level

With high profit, suppliers are more likely to be able to secure financing and attract investors in order to grow operations.

#### Supply Chain Risk

There is a low likelihood of supply chain disruptions that could impede suppliers' operations.

### Neutral Impact Neutral

#### Price Driver Volatility

Changes in market price drivers may cause suppliers to adjust prices.

### Negative Impact Negative

#### Fast Regulatory Change

Applicable regulations are changed and introduced frequently, indicating that suppliers must allocate substantial revenue toward ensuring regulatory compliance.

## Related Goods

Company	Business Intelligence (BI) Software	Procurement Management Software
Workday, Inc.	True	False
Sap Se	True	True
Sage Group Plc	True	False
Oracle Corporation	True	True
Microsoft Corporation	True	True
Intuit Inc.	False	True
Infor, Inc.	True	False

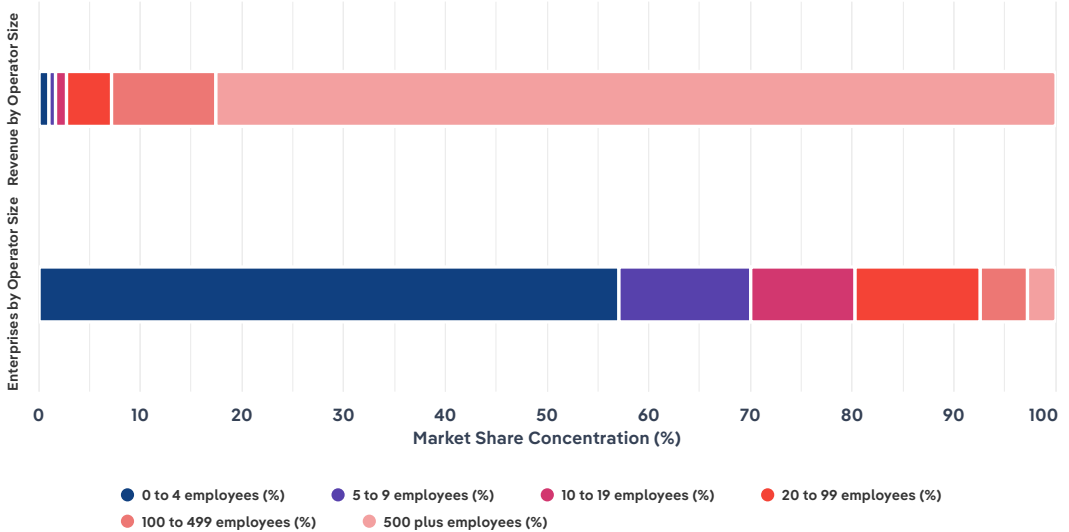
Company	Business Intelligence (BI) Software	Procurement Management Software
FinancialForce.com Inc.	False	True
Epicor Software Corporation	True	False

## Market Share Concentration

High

### Revenue and Enterprises by Operator Size

The average percentage of revenue and total enterprises by operator size in 2026.



Sources: ProcurementIQ and US Census Bureau

## Supply Chain Dynamics

Low

Supplier	Overall Risk Level	Barriers to Entry	Competition	Import Penetration	Regulation	Industry Volatility	Industry Financial Risk
Computer & Packaged Software Wholesaling in the US	Medium	Low	Moderate	Low	Low	Moderate	Medium
Computer Manufacturing in the US Tier 2	Medium - High	Very High	High	High	Moderate	Moderate	High
IT Consulting in the US	Medium	Low	High	Low	Low	Low	High
Colleges & Universities in the US Tier 2	Medium	High	Moderate	Low	High	Very High	Medium - High
Software Publishing in the US	Medium	Low	High	Low	Low	Low	High

Supplier	Overall Risk Level	Barriers to Entry	Competition	Import Penetration	Regulation	Industry Volatility	Industry Financial Risk
Intellectual Property Licensing in the US Tier 2	Medium - Low	Low	Low	Low	High	Moderate	Medium - High

## ESG Trends

### Overall ESG Level



### ESG Components

#### Environmental

Current Level

Moderate

Opportunity Level

Moderate

#### Social

Current Level

Moderate

Opportunity Level

Moderate

#### Governance

Current Level

Moderate

Opportunity Level

Moderate

## Environmental

### Energy Efficiency

The primary energy source used by suppliers in the accounting software market is electricity.

Cloud-based solutions in the accounting software market enhance energy efficiency by consolidating resources and reducing energy waste compared to traditional on-premise systems.

Major vendors are setting ambitious energy efficiency goals, such as Microsoft, which aimed for 100.0% renewable energy to power its data centers by the end of 2025.

Oracle Corporation is also targeting 100.0% reliance on renewable energy within the same timeframe.

### Waste Management

Vendors in the accounting software market produce minimal waste primarily from their development offices.

SAP is targeting net-zero emissions across its value chain by 2030, focusing on waste reduction and recycling initiatives for electronic devices and office equipment.

Workday has adopted a zero-waste strategy, achieving over 90.0% recycling or composting of its waste in campuses and data centers.

### Water Efficiency

Sage Group has implemented comprehensive water management strategies in its offices to minimize water usage and mitigate risks, exceeding regulatory compliance with specific consumption reduction targets.

Microsoft Corporation aims to achieve water-positive status by 2030, planning to replenish more water than it consumes globally through initiatives like efficient cooling systems in data centers and investments in watershed restoration projects.

Intuit has adopted water conservation measures focused on monitoring and reducing water usage across its facilities, aligning with broader sustainability goals.

## Social

### Fair Labor Standards

Vendors in the accounting software market work in standard office settings, with little to no risk of workplace injury.

Vendors in the market adhere to many key principles of fair labor standards and have little to no history of violating these key principles, including using child labor, paying less than minimum wage, or using forced or coerced labor.

An estimated 4.7% of employees in software publishing occupations are union-represented, and this percentage has increased in the past three years.

### Leave Benefits

Employees in this market carry above-average leave benefits.

An estimated 91.0% of employees in professional and related occupations have access to paid sick leave, compared to 93.0% in the broader information sector and 78.0% in the overall economy.

An estimated 88.0% of employees in professional and related occupations have access to paid vacation time, compared to 90.0% in the broader information sector and 79.0% in the overall economy.

The Pacific region has the largest concentration of market activity; in the Pacific region, 94.0% of employees have access to paid sick leave, while 79.0% of employees have access to paid vacation time.

### Pay Equality

On average, non-union members in software development occupations earn 18.9% more than union-represented employees in those occupations earn, and this earnings gap has decreased in the past three years.

On average, women earn 17.6% less than men earn in software development occupations, and this gap has increased in the past three years.

On average, minority employees earn 3.1% less than white employees earn in software development occupations, and this gap has decreased in the past three years.

## Governance

### Anti-Corruption Mechanisms

Market consolidation through acquisitions and mergers among large firms is conducted as legitimate business decisions, with minimal evidence of coercion or bribery.

Vendors are implementing mechanisms focused on transparency and regulatory compliance to minimize corruption risks.

Intuit has established a comprehensive ethics program, which includes mandatory training for employees on anti-corruption policies and regular audits to identify illicit activities.

Oracle Corporation was required by the SEC to pay \$23.0 million in settlement charges for violations of the Foreign Corrupt Practices Act due to breaches by its subsidiaries in India, Turkey, and the UAE.

### Lack of Controversy

Larger suppliers like Microsoft, IBM, and Oracle face controversy primarily from lawsuits related to discriminatory workplace practices, pay disputes, and contract issues stemming from failed business dealings.

Data breaches are infrequent among larger suppliers, although they remain a potential area of concern.

In 2022, VMware was penalized \$8.0 million by the SEC for improperly shifting tens of millions of dollars in revenue to future quarters, violating the Securities Acts of 1933 and 1934.

VMware's actions included delaying the delivery of license keys to customers, which constituted a direct breach of regulatory standards.

### Lobbying Presence

Large suppliers in the computer software market, such as Oracle and Microsoft, exhibit a very high lobbying presence, with Oracle spending \$11.7 million and Microsoft \$10.4 million on lobbying efforts in 2024.

The computer software industry collectively invested over \$63.2 million in lobbying activities during 2023.

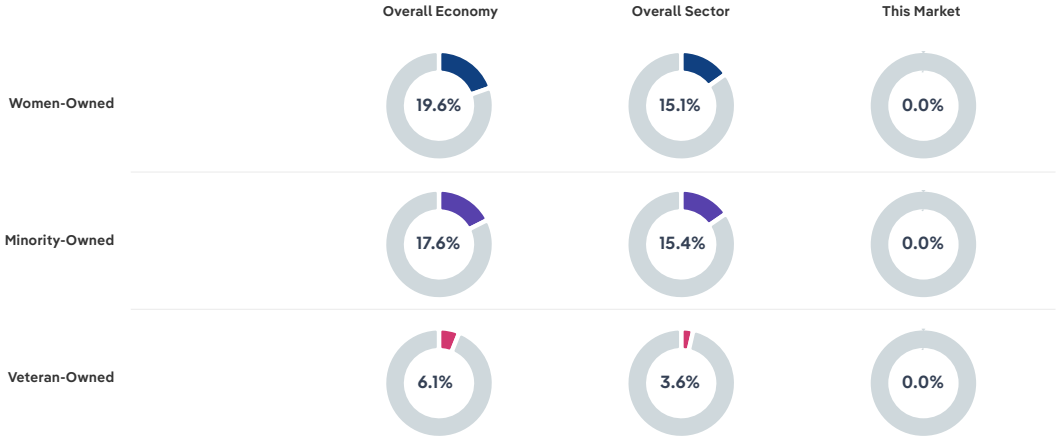
Vendors primarily lobby on legislative matters concerning data security and accounting regulations.

## Supplier Diversity

Low

### Supplier Diversity

The percentage of businesses owned by minorities, veterans and women in the market, sector and economy in 2026.



Sources: ProcurementIQ and US Census Bureau

## Imports

## Regulation

Fast

### State Level

2020

The California Consumer Privacy Act (CCPA) is designed to protect the data and privacy rights of businesses and citizens in the state of California. This act requires companies to provide additional information about how their data is being stored, collected and used. This requires suppliers in the state to provide additional security measures as well as information to clients who have purchased software or other services from the vendor.

### Federal Level

2021

The Federal Accounting Standards Board releases updates to their accounting standards on a yearly basis. Suppliers in the market must comply with these standards in order to protect their businesses from fraud and legal troubles. The fast paced introduction of new standards may make the procurement process more complicated for buyers as they must source from suppliers who are attentive to changes in regulations.

# Business Requirements

## At a Glance

### Vendor Relationship

#### Collaborative

The relationship between buyers and suppliers is collaborative, which is common in markets with high value and high risk.

### Negotiation Questions

- Technology
- Vendor Lock-In
- Security
- Customer Support
- Competition
- Workforce

### Key Performance Indicators

KPIs	Level of Importance
Average Response Time	●●●●○
Employee Training Rate	●●●●○
Reopened Tickets	●●●●○
Uptime %	●●●●●

### Vendor Qualifications

Qualifications	Level of Importance
Additional Costs	●●●●○
Compatibility	●●●●●
Experience	●●●●○
Price	●●●●○
Service	●●●●○

### Service Level Agreements

- Uptime & Availability
- Customer Support
- Downtime & Planned Maintenance

## Planning Process

### Buying Lead Time

Going into the RFP with a clear picture of why new services are being requested and what decision-makers expect can cut down on time. Time savings may be achieved by scheduling virtual walkthroughs with vendors or limiting walkthroughs to only the most-qualified providers.

Stage	Buyers of Cloud-Based Software (weeks)	Buyers of On-Premises Software (weeks)
Interviews	0-2	8-24
Negotiations	0-2	4-12
RFP	0-2	8-12
Total	0-6	20-48

### Vendor Relationship

The relationship between buyers and suppliers is collaborative, which is common in markets with high value and high risk. Long-term contracts are often ideal in these markets as they encourage a mutually-beneficial, collaborative relationship between buyers and suppliers.

## Value

### High product specialization

Market products are commonly customized, and buyers will likely not be able to source the same product from different suppliers.

### Long buying lead time

The time from RFP creation to implementation averages more than three months.

### Moderate availability of substitutes

There are some alternatives capable of meeting buyers' needs, making buyers less reliant on market suppliers.

## Risk

### High market share concentration

Market revenue is distributed among a small group of suppliers, indicating limited market competition.

### High pace of regulatory change

Regulatory change occurs frequently, indicating a high likelihood of regulation-driven changes in suppliers' operating costs.

### Moderate supplier availability

There is a moderate number of suitable suppliers that are active in the market, indicating buyers face a moderate risk of not being able to find a supplier.

## Contracting Strategies

### Large Client Benefits

Large clients may benefit from lower per user per time period rates, as suppliers often reduce rates as buyers add more users to the license.

### Additional Costs Negotiation

When contracting, buyers should carefully negotiate all additional costs related to implementation, customization and maintenance as these fees can be very substantial, in some cases ending up more than the market price for the software.

### Many Related Goods & Services

As the market is comprised mainly of large software companies that produce multiple other forms of software, suppliers will offer bundled service through combinations of multiple software solutions for lower rates. Buyers should examine other software offered by suppliers and attempt to bundle during contracting, if any other platform is necessary to their operations.

## Vendor Qualifications

### Compatibility ●●●●

#### Reasoning

- The software's functionality and its compatibility with current and future business needs over a three- to 10-year time frame are the most important considerations for buyers.
- Buyers can assess whether the accounting software fits their business needs, processes and types of financial transactions by looking at a vendor's client list for similar buyers.

#### Measurement

- Client list detailing similarity of other buyers.
- Project plans with implementation details for past buyers.

### Service ●●●●●

#### Reasoning

- Quality services and support are critical for buyers to make full use of their accounting software and ensure they maximize their return on investment. Buyers should favor suppliers with robust support offerings.

#### Measurement

- Hours of availability for customer and technical support.
- Ability for in-person support, and cost for these services.

## Experience ●●●●●

### Reasoning

- Established software vendors with a long operating history generally have fewer financial and implementation risks. Buyers should aim to acquire accounting software from established providers.

### Measurement

- Total number of years providing software in the market.
- Top clients and lists of references.
- Market or industry certifications, awards or accreditations.

## Additional Costs ●●●●●

### Reasoning

- The TCO of accounting software is high and includes significant costs outside of licensing costs. Implementation, hardware and maintenance and support costs can account for 35.0% to 75.0% of total buyer ownership costs.

### Measurement

- Details of additional costs.
- Maintenance and upgrade fee details.

## Price ●●●●●

### Reasoning

- The license price is not the primary consideration for buyers during the purchase process. Under on-premises solutions, license prices account for just 25.0% of total ownership costs; however, subscription SaaS licenses represent 65.0% of total ownership costs under cloud deployment models.
- The license price is primarily dependent on software functionality, so buyers should make sure the license price is competitive in the market for the given functionality.

### Measurement

- Differential between market price and quoted price from supplier.
- Price differential between on-premises and cloud based offerings.

## Sourcing Process

### Key RFP Elements

### Organizational Overview

- Buyers should describe their organization and operations in terms of annual revenue and number of locations.
- Buyers should provide details on the size of their organization and the number of expected accounting software users.
- Buyers should detail the existing IT infrastructure and programs they have in place.

### Project Budget

- Buyers should state their accounting software budget, both in terms of the license price and the total cost of ownership.
- Buyers should detail the contract term for annual ongoing costs (e.g. system support, upgrade and maintenance charges and license fees).

## Selection Criteria

- Buyers should consider vendors that offer software solutions that meet the requirements of the RFP.
- Buyers should evaluate providers based on the estimated costs of the accounting software and services.
- Buyers should review the experience of vendors based on client references and the quality of their customer service.
- For a detailed list of key selection criteria, buyers should reference the Vendor Qualifications section of this report.

## Project Schedule

- Buyers should provide the timeline of the RFP and project.
- Buyers must include the date of when proposals are due and when the award information will be available.
- Buyers should provide any other benchmark dates of which suppliers will need to be aware (e.g. when the accounting software system is expected to be fully operational).

## Proposal Format

- Vendors should list the features of the accounting software (e.g. funds and grants tracker, purchase order creation, cash receipt management and security features).
- If any feature must be provided by another software product, the vendor should provide details and pricing.
- Vendors should provide a proposed cost structure for expected software users and services. Costs should be itemized and priced separately.
- Vendors should provide client references that demonstrate successful implementation of their accounting software in a similar industry.

## Negotiation Questions

### Technology

Hardware and software are continually being updated or becoming obsolete. Buyers should look for suppliers that keep their equipment and software up to date in order to receive optimal service.

- To what extent can your accounting software be customized, and will those customizations be compatible with future upgrades?
- What improvements, if any, are you currently planning? Do you have a calendar for future enhancements?
- What new features and functions have you added in the past year? What improvements do your customers request most frequently?
- What is the size of your research and development budget?

### Vendor Lock-In

Firms may use proprietary software that improves a buyer's internal systems; however, this software can potentially increase switching costs.

- What proprietary software or technology do you use? How will that affect the ability to troubleshoot the software in-house?
- To what extent can accounting data be extracted from your software in a raw format? Can data be removed if licenses are not renewed?
- Can your accounting software be integrated with other software, such as customer relationship management and vendor relationship management programs?
- Is it required that buyers use your proprietary software or technology, or can buyers use personal systems?

### Security

Given the sensitive nature of data held in the cloud, security measures are critical. Buyers should work with suppliers that place an emphasis on online security.

- How often is accounting data backed up on your servers? What are your continuity processes for business interruption?
- What encryption standards do you use for data storage and transmission? Has your clients' private data ever been compromised? What is your data protection strategy?

- Where are your data centers located and what security (fire, theft, flood) and contingency plans (dual processors, UPS generator supplied power) do you have in place?
- Who has access to my information and how are changes to my solution securely managed and audited?

## Customer Support

Suppliers should be available to provide prompt support and resolve any problems the buyer has with the service. Any downtime in service can be detrimental to the buyer's business.

- What is your client renewal or repeat business rate?
- How do you evaluate customer satisfaction, and how frequently? Is this information made available to clients?
- What is your process for dealing with customer problems and complaints? Do you have an escalation process?
- What type of training do you offer to your clients? Is it onsite? Is the training ongoing and, if so, how frequent is it?

## Competition

The market for accounting software, particularly in the middle and lower-end of the market, is becoming increasingly competitive.

- How do you attract new clients and retain existing clients?
- How does your firm maintain a competitive edge over other accounting software providers?
- What is your reputation like among customers and peers, and how have you developed it?
- Has your firm completed any acquisitions over the past three years? If so, how did this expansion affect your business model?
- Are you experiencing fluctuations in demand as a result of the coronavirus outbreak? What measures are you taking to handle changing demand?

## Workforce

Retaining qualified personnel is key to a supplier's operations, ensuring continuity of service for the buyer.

- What are the various stages of your hiring process? What specialized skills do you require your employees to possess?
- How do you recruit and retain senior staff?
- How do you keep your wage costs under control?
- Amid widespread health concerns, what contingency plans are in place to mitigate risk to your employees?

## Vendor Management

### Key Contract Clauses

#### Escalation

- The price shall be subject to adjustment based on market fluctuations.
- The price may be adjusted based on changes in input costs such as R&D investment and wage rates.
- Price adjustments shall be communicated in writing with a notice period of 1-2 weeks.

#### Severability

- The agreement shall remain in effect for a duration of the contract.
- The agreement shall renew unless terminated by either party with a notice period of 1-2 weeks.

#### Confidentiality

- The supplier agrees to maintain strict confidentiality with respect to any and all information disclosed by the buyer, such as financial information, that is designated as confidential or should be reasonably understood to be confidential.
- Either party's obligations of confidentiality shall survive the termination or expiration of the agreement.

## Key Performance Indicators (KPIs)

### Average Response Time ●●●●●

#### Measurements

- Total number of inquiries or tickets submitted in a period.
- Total time to response to these inquiries or tickets.

#### Considerations

- The average response time measures the amount of time it takes for customer or technical support to respond to inquiries from the buyer.
- The average response time can be used to measure the supplier's timeliness in response, as long periods of delay between submission and response can lead to downtime for the buyer while awaiting further instruction or clarification.

### Employee Training Rate ●●●●●

#### Measurements

- Number of employees that undergo evaluation.
- Number of employees that have passed evaluation.

#### Considerations

- The employee training rate represents the share of employees that the supplier has been able to successfully train.
- A highly trained staff will be able to respond and correct issues with service more quickly, which can help limit the amount of downtime with software.

### Uptime % ●●●●●

#### Measurements

- Total hours of availability in a period.
- Total hours in a period.

#### Considerations

- The uptime percentage measures how many hours in a particular period the software has been in full, functional operations.
- For cloud based solutions, the uptime percentage is critical in determining the overall level of service, as vendors with a poor uptime percentage may contribute to lost revenue while the buyer awaits service restoration.

### Reopened Tickets ●●●●●

#### Measurements

- Total number of tickets submitted.
- Total number of tickets resubmitted after correction from support staff.

#### Considerations

- The number of reopened tickets measures how many support tickets have had to be reopened after customer support has completed

work.

- A high number of reopened tickets can indicate poor quality of work from a vendor's support staff.

## Service Level Agreements (SLAs)

### Uptime & Availability

- Cloud based software should have an uptime of 99.5% per month.
- Periods of scheduled maintenance should not be used in calculation of uptime, however suppliers should provide 72 hour notice for maintenance.

### Customer Support

- IT support should respond to all inquiries within the same business day of submission.
- Security concerns with software should be handled with priority.
- Customer support should be accessible via phone, e-mail, online chat or through an integrated support portal in the software itself.

### Downtime & Planned Maintenance

- Software upgrades should be provided in accordance with the schedule and pricing developed during the RFP or negotiation process.
- Suppliers should provide one free maintenance and system upgrade per year.

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