Xero, a cloud-based accounting solution for small business, needed an account aggregation solution to enable permission-based access to financial accounts for bank reconciliation purposes—a key part of its offering to its target audience of small business customers with fewer than 100 employees.

Fast Facts

- Yodlee Interactive Product: Aggregation API
- Customer since: 2010
- Provide bank level security and encryption
- Industry: Small Business Online Accounting
- Location: San Francisco, CA; UK, Australia, New Zealand

Needed: Comprehensive Financial Data Aggregation

Xero describes itself as beautiful online accounting software for small businesses. The company provides a 100 percent cloud-based solution built for the web that can be used anywhere, anytime, and on any device with an Internet connection.

The solution is aimed at small businesses accustomed to using traditional solutions like Quickbooks for their accounting needs who would appreciate an accounting solution that plays nicely with mobile devices and tablets. Designed from the ground up for mobile businesses, Xero gives small business owners the ability to check on bank balances, send an invoice to a customer, or capture a photo of a receipt for the meal they’ve just had, all on a mobile phone.

Key to this offering is the automated processing of bank feeds from a large number of financial institutions from all over the world, in particular the UK and US markets. Xero needed a partner that could provide broad, yet reliable, connectivity to the top banks globally, as well as to the long tail of smaller US banks. Xero also needed to be sure this partner could scale along with its own 100 percent year-over-year growth.

David Pollock, the Director of Business Development for Xero’s US team commented: “Xero needed to be super easy to use. From day one, the team was intensely focused on usability and design. Design also includes streamlined workflow. By making the importation of bank feeds automatic and frictionless, Xero would be able to stay true to its design principles, and make the lives of small businesses easier.”

“We determined Yodlee Interactive to be the preeminent provider of data aggregation services with a reputation for providing a secure solution across a wide range of financial institutions.”

~ David Pollock, Director, Business Development, Xero
Yodlee Interactive Fits the Bill

The company determined Yodlee, a leader in online and mobile personal finance management (PFM) solutions, to be the preeminent provider of data aggregation services.

Yodlee Interactive’s Software Development Kit enables automated daily bank account feeds for Xero small business customers, increasing customer account access to more than 11,000 financial institutions and account sources.

The importance of the data can’t be overestimated. Starting from scratch, Xero had reimagined accounting with both small business and accountant features delivered over what the company calls the single ledger. Yodlee’s connectivity to small business banking in particular was extensive, and was key in the company’s decision-making process.

“Live daily bank feeds are the magic ingredient that bring financial data to life for small businesses and their advisors. By automating the entry of bank transactions into the accounting software, business owners are able to easily reconcile the most recent transactions each morning and create a real time financial view of their business,” said Pollock.

With a clear picture of their finances, small business owners are in a much stronger position to make informed decisions. Accountants are also better placed to provide higher value proactive advice with up-to-date information, as opposed to rearview compliance-based advice.

Xero also liked the robust error messaging Yodlee Interactive’s APIs offered and felt it would enable their technology teams to optimize connectivity over time.

Since the engagement with Yodlee began in 2010, Xero has experienced significant growth, doubling customer numbers year-on-year for the past two years.

The company credits Yodlee's automated bank feeds as one of the key innovations that has powered their growth in the UK and the US.

“We felt Yodlee had the coverage we required in order to offer the daily bank feed feature to more of our customers globally. Working with Yodlee Interactive gave us the ability to offer this service with a level of confidence that our users required.”

~ David Pollock, Director, Business Development, Xero
About Xero

Xero is a global company with offices in the United States, United Kingdom, Australia, and New Zealand. Xero is the emerging leader in online accounting software, providing business owners with real-time visibility of their financial position in a way that’s simple, smart, and secure. For advisors such as accountants and bookkeepers, Xero forges a trusted relationship with clients through online collaboration and gives them the opportunity to extend their services. Xero is a new type of multinational with teams around the world united in our passion to revolutionize small business.

About Yodlee and Yodlee Interactive

Yodlee is the Platform for Financial Innovation. More than 600 companies globally, including 7 of the top 10 US financial institutions, rely on Yodlee to power personalized financial apps and services for millions of consumers – driving retention, engagement, and revenue. Leveraging the industry’s largest data platform, Yodlee also delivers real-time insight into consumer behaviors to create more dynamic interactions – anywhere, anytime, on any device.

Yodlee Interactive is focused on making the Yodlee platform available everywhere that value can be created by entrepreneurs, partners, and developers to build digital financial apps and services. As the architects of a new digital ecosystem, Yodlee Interactive optimizes the wisdom of the financial technology crowd to create, catalyze, and distribute innovations faster through an open and secure data API. Used by hundreds of companies, both small and large, Yodlee Interactive is the horsepower behind today’s coolest and most personalized digital experiences. Yodlee is headquartered in Redwood City, California. For more information, visit www.yodlee.com.

yodlee.interactive.com

With almost 200,000 small business customers currently, Xero is targeting one million customers and is focused on extending the accounting platform to include broader business services. The obvious next step for Xero is to close the loop with financial institutions by enabling data flow back to them via payments and other services. They are looking at how Yodlee can assist them in enabling some of these new services.

In addition, as more and more businesses use mobile devices for business and move online, Xero predicts a dramatic shift in adoption to cloud-based solutions in the small business space over the next three years.

“Small businesses no longer want to deal with the vagaries of IT management, security, and the upgrade issues associated with on-premise solutions. Those costs and headaches can be borne by software vendors,” said Pollock.

Also, Pollock points out, with online apps, technology development costs have been greatly reduced. “The tools to build these apps are available everywhere, and we are seeing great software being developed all over the world. Because of that, it’s now possible for a small business to get almost enterprise-grade software at a fraction of the price.”