How To Convert QuickBooks Desktop To Online

Spend any time on the Intuit website and you may begin to wonder whether QuickBooks Desktop is being phased out. After all, the website immediately defaults to QuickBooks Online (also referred to as QBO) purchasing options, even if you've been looking at QuickBooks Desktop applications.

The good news is no, QuickBooks Desktop is not being phased out, at least not yet.

That hasn't stopped Intuit from doing everything in its power to convince you to purchase QuickBooks Online instead. And though Intuit may want you to believe that the desktop and online version of QuickBooks are similar, they are not.

The truth is that while QuickBooks Online can be a suitable replacement accounting software for small or mid-sized businesses bookkeeping needs, its lack of advanced inventory management and reporting options makes it a less than ideal replacement application for larger businesses or current QuickBooks Desktop Enterprise users.

Should you migrate to QuickBooks Online?

For current QuickBooks Desktop users, perhaps you've been wondering if making the switch to QuickBooks online is a good idea.

There's a lot of reasons why you may want to consider switching to QuickBooks Online. Perhaps you're interested in a cloud-based solution that can provide easy access from any location.

Another reason may be the ability to integrate with additional third-party apps. If you're not sure, we'll provide you with some additional information about both applications, and what you'd be gaining (or losing) by making the switch.

For example, QuickBooks Enterprise users that typically have complex product inventory and a more extensive company history may find that the desktop version is a better solution for their needs, while smaller businesses with less complicated needs may find a move to QuickBooks Online to be beneficial in terms of cloud accessibility and ease of use.

Whatever the reason for the potential switch, it's important to take a look at the features availability chart below to see if the features you need are available in QuickBooks Online.

Feature	Available in QuickBooks Desktop	Available in QuickBooks Online
Allows multiple system users	All editions	Only available in Essentials and Plus
Manage multiple companies	All editions	Only with an additional subscription
Invoicing	All editions	All editions
Progress invoicing	All editions	Only available in Plus
Multiple currency	All editions	Only available in Essentials and Plus
Project tracking	All editions	Only available in Plus

Manage bills	All editions	Only available in Essentials and Plus
Batch invoicing	All editions	Not available
Prevent sales customers with a past due balance	Only available in Enterprise	Not available
Undue previous bank reconciliations	All editions	Only available in QuickBooks Online Accountant and must be done by an accountant
Track billable hours	All editions	Only available in Essentials and Plus
Online banking	All editions	All editions
Average costing inventory management	All editions	Not available
FIFO inventory management	Only available in Enterprise	Only available in Plus
Forecasting income and expenses	Only available in Premier and Enterprise	Only available in Plus
Custom reporting with Intuit Statement Writer	Only available in Enterprise	Not available
Advanced reporting	Only available in Enterprise	Not available

If you currently use these features in QuickBooks Desktop and plan to use them in the future, be sure to check and see if they're available in QuickBooks Online.

If they're not, you may want to reconsider making the switch from QuickBooks Desktop to QuickBooks Online.

And remember, if online access is important, you can also choose to have your QuickBooks Desktop application hosted on the cloud for easy access from any location.

The good news is no, QuickBooks Desktop is not being phased out, at least not *yet. While that hasn't stopped Intuit from doing everything in its power to convince you to purchase QuickBooks Online instead you don't need to move.*

How to convert to QuickBooks Online

If you've made the decision to convert your QuickBooks Desktop application to QuickBooks Online, we can guide you through the entire conversion process with these easy steps.

Step 1: Back up your data file

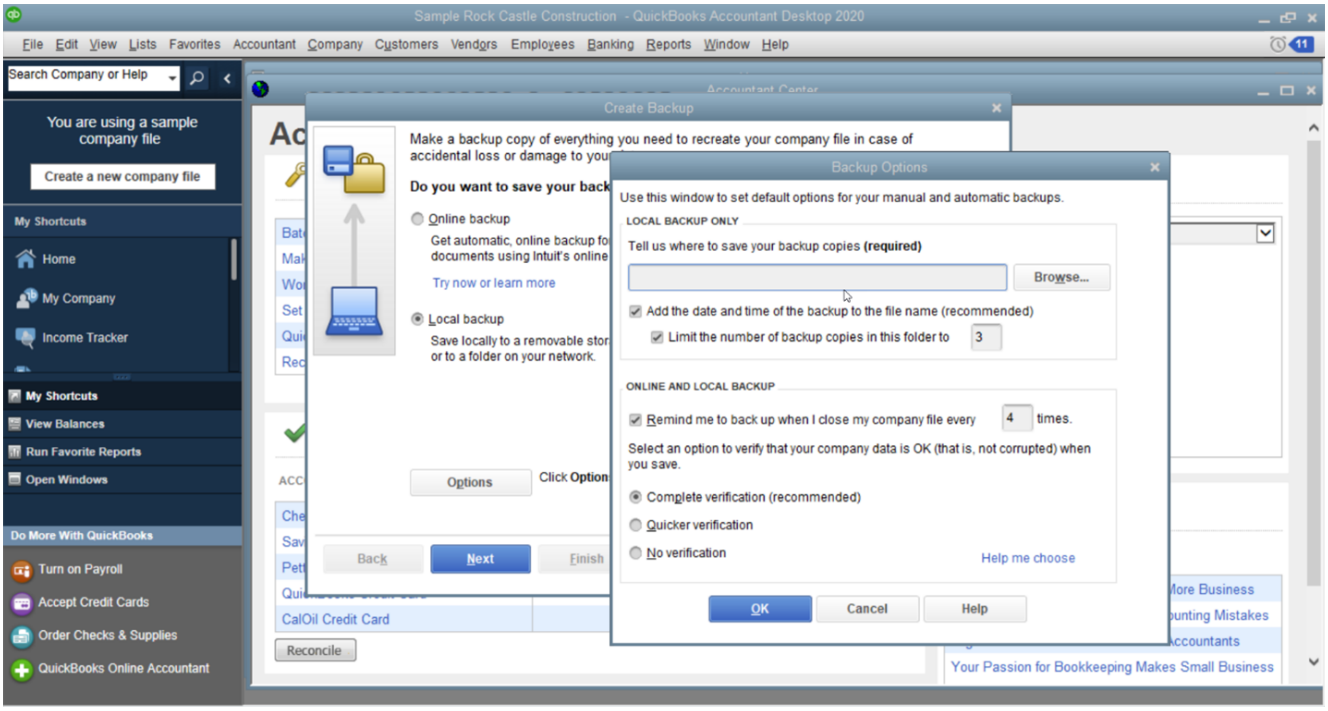
Before migrating to QuickBooks Online, it's important to back up your company files just in case something goes wrong and you need to restore your QuickBooks Desktop data files.

In order to start the back-up process, you'll need to switch to single-user mode.

Once you're in single-user mode, click on the File drop-down menu.

Select the Back Up Company option and then the Create Local Backup option.

Once in the local backup option, you'll want to choose where to save the QuickBooks Desktop company backup file. The system will automatically generate a test backup to ensure that the process is working correctly.



The QuickBooks Desktop Backup option allows you to verify data before saving the file.

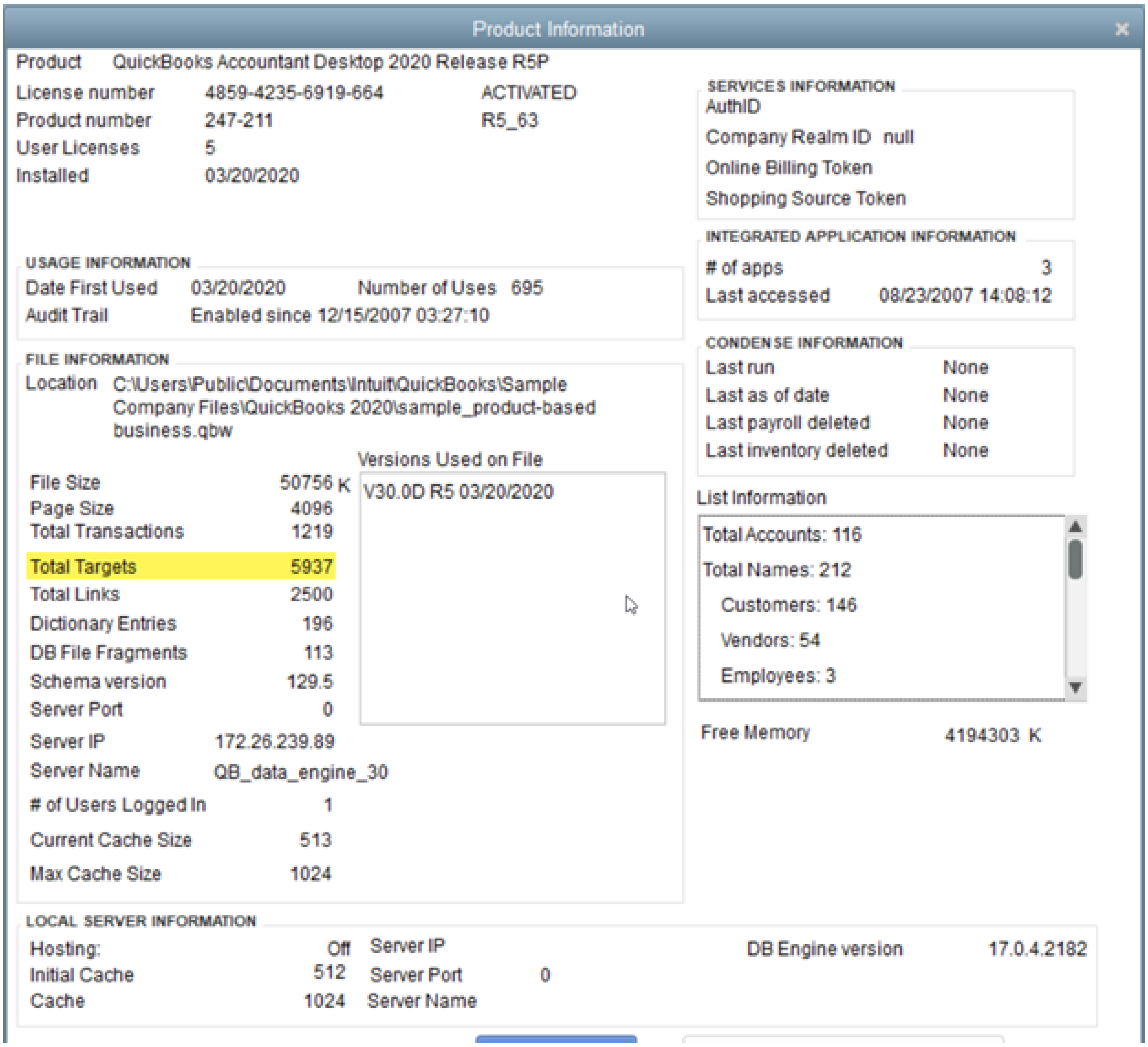
Before starting the conversion process, you'll also want to make sure that your QuickBooks Desktop application is completely up to date.

This can be done by going to the Help option, then clicking on the Update QuickBooks Desktop option. This will download any current updates to ensure that you have the most complete version prior to starting the migration process.

Step 2: Check targets

QuickBooks Desktop targets include all line items for every transaction recorded. For example, if you have a sales order with 4 lines, that would be 4 targets.

Before you can migrate to QuickBooks Online, you need to check the number of total targets in the application. To do this you need to press Ctrl+1 to access the information window.



You need to check the number of targets used in your desktop edition prior to migration.

The total targets are located on the left side of the screen. In order to convert QuickBooks Desktop files to QuickBooks Online, your total number of targets must be 350,000 or less.

If the total number of targets displayed is more than 350,000, you have a couple of options.

First, you can attempt to condense the number of targets, which will remove all closed targets, which helps to reduce the total number of targets.

If this doesn't work, you'll only be able to do a partial conversion to QuickBooks Online by transferring lists instead of entire files.

Step 3: Save your tax liability report

You’ll also have to save your current tax liability report before starting the migration process.

Since the details of the report will not be exported during the migration process, you’ll have to enter adjusting entries once the you’ve completed the migration process.

Step 4: Create a QuickBooks Online Account

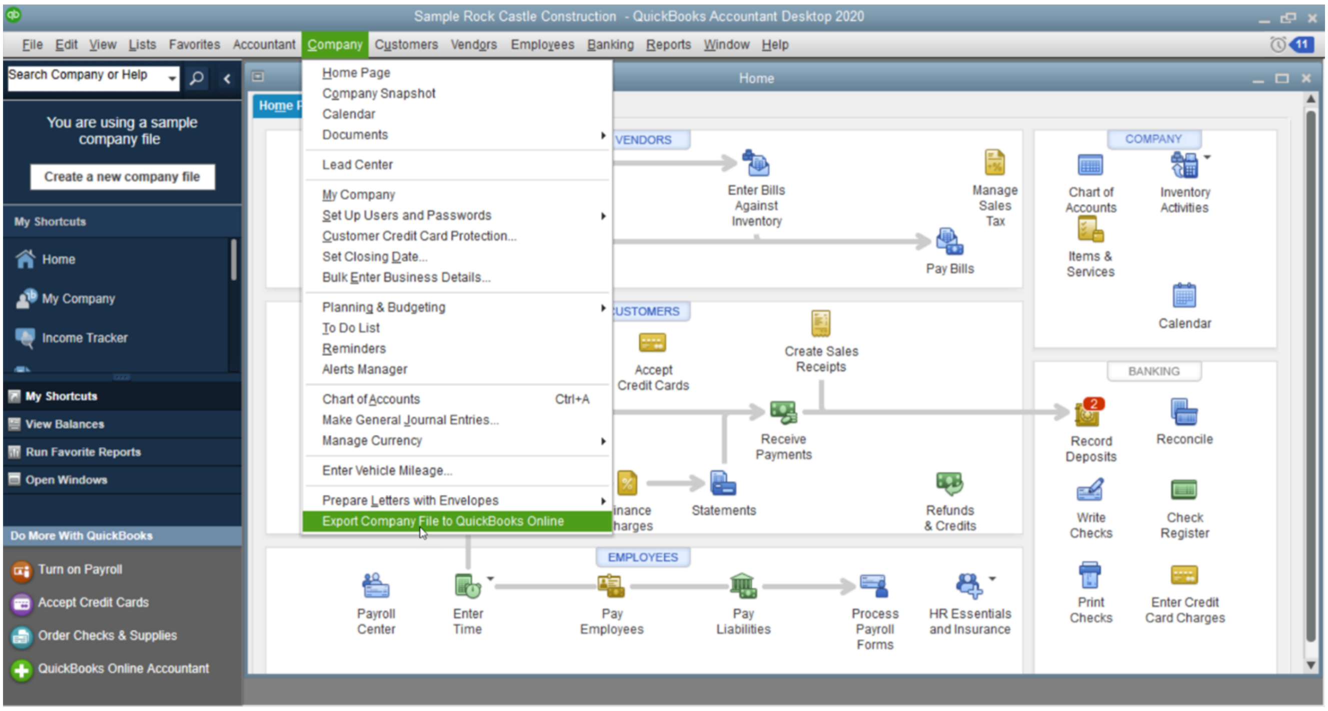
If you don’t already have a QuickBooks Online account, you’ll need to create one now. Just visit the QuickBooks Online page to see the list of plans available and sign up for the plan that best suits your needs.

Step 5: Start the migration process

With the above steps completed, you’re ready to start the migration process. The process will be different depending on the QuickBooks Desktop version you are using.

If you are using QuickBooks Desktop Pro or QuickBooks Desktop Premier, first you’ll have to open QuickBooks Desktop as the administrator.

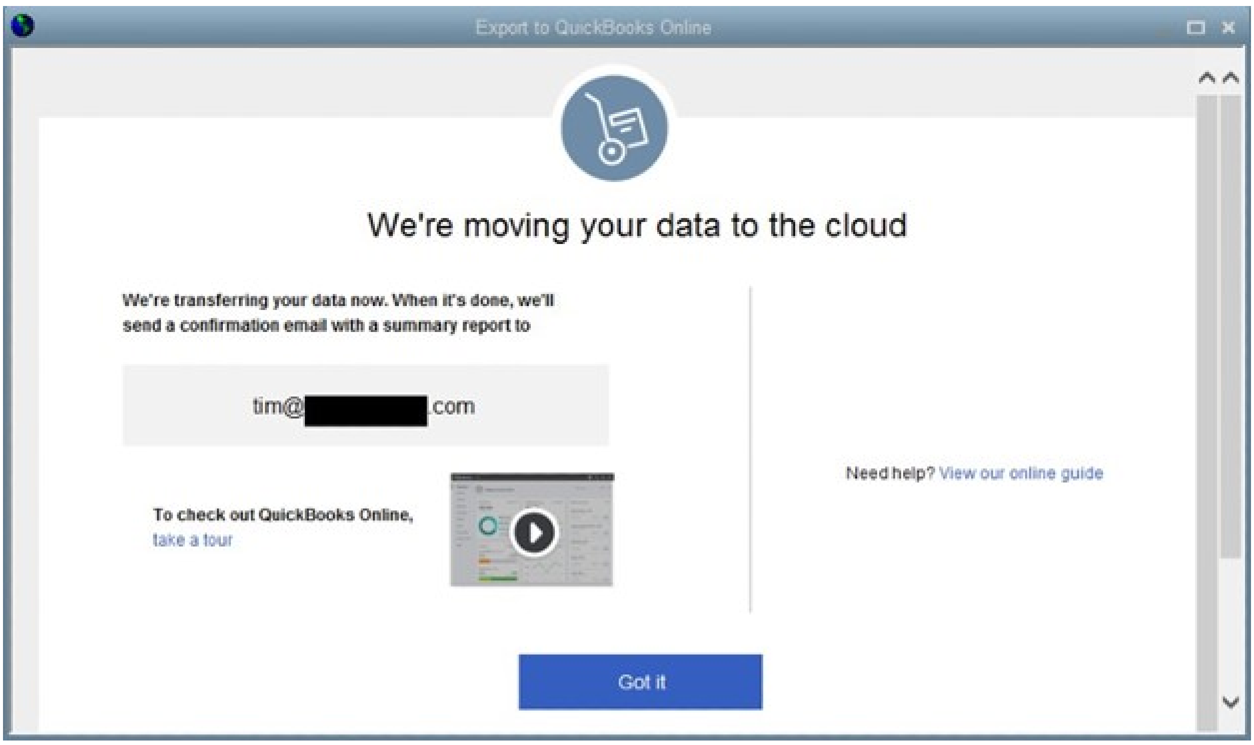
Once in the system, you’ll select the Company menu from the main menu, and select Export Company File to QuickBooks Online option.



Start the migration process by clicking on the Export Company File to QuickBooks Online option.

The process is a little different if you're migrating from QuickBooks Enterprise to QuickBooks Online.

First, you'll need to hit **Ctrl+1** to access the product information window. Next, you'll need to click **Ctrl+B+Q**, then click on **OK**. Finally, click on the Start your Export option.



The screen above will be displayed once the migration process starts.

If you currently track inventory, you'll be given an option to migrate your inventory total. However, keep in mind that if you currently use advanced reporting and advanced inventory, you will not be able to convert your current data to QuickBooks Online.

Step 6: Move your lists

If you exported lists separately, you'll need to import them into your QuickBooks Online company. These lists include:

- Chart of accounts
- Products and services
- Customers
- Suppliers

In most cases, the lists will be automatically imported during the migration process.

After the migration

Though the hard part is over, there are still a few things you'll need to do to get QuickBooks Online up and running properly.

Set up inventory: If you have inventory, you'll need to turn on inventory tracking. QuickBooks Online uses First-In-First-Out (FIFO) inventory tracking method. If you don't have inventory or don't want to track it, you can turn inventory tracking off.

Check your imported data: Once the migration process is over, it's important to check your data. This can be done by comparing reports in QuickBooks Desktop and QuickBooks Online. Be sure to check the following reports:

- Balance sheet
- Trial balance
- Customer balance summary
- Supplier balance summary
- Sales tax summary

You can also check any other reports that may be important to you.

Confirm company information: Company information is not carried over during the migration process, so you'll want to head over to Account and Settings to update your information on the under the Company tab. If you pay sales tax, you should also configure your sales tax information as well.

Connect bank and credit card accounts: For security purposes, banking and credit card information is not transferred over to your new QuickBooks Online account. In order to have transactions automatically imported from your bank accounts and credit card statements, be sure to set up this feature prior to going live with the system.

A few other things you will need to address will be to update bank reconciliations to ensure that they are up to date with current transactions processed. You'll also want to link payments and credits to any open accounts to ensure that aging reports are accurate.

Finally, if you're using QuickBooks Online Payroll, you'll also have to complete the payroll setup process prior to using the application.

Once these steps are completed, just add any additional system users and you're ready to go! It should be possible to complete this by yourself, but if you are not comfortable proceeding with these steps you can contact the QuickBooks support team or your ProAdvisor for help.

Frequently asked questions

We know that you probably have a ton of questions about QuickBooks Desktop, QuickBooks Online, and the entire migration process. Here, we'll attempt to answer a few of them.

Is Intuit planning on getting rid of QuickBooks Desktop?

As of today, Intuit does not plan to stop selling QuickBooks Desktop. In fact, their 2021 edition of the application offers multiple purchasing options, allowing you to purchase a license outright or subscribe to the application with an annual renewal.

Is one product better suited for my business than the other?

If you’re a small business with limited inventory, it’s likely that a migration to QuickBooks Online will not cause any issues. But for those currently using QuickBooks Enterprise, the move could be counterintuitive. If you’re a QuickBooks Enterprise user and needs to have online access, consider having the application hosted.

Does QuickBooks Online offer the same features as QuickBooks Desktop?

In many cases yes, but there are some features available in QuickBooks Desktop, particularly the Enterprise edition that are not available in QuickBooks Online. That’s why it’s important to do some initial research to ensure that the features you desire are available on QuickBooks Online prior to migrating.

Do I need an I.T. professional to handle the QuickBooks migration process?

That would depend on your level of comfort on your computer. If you’re comfortable using QuickBooks Desktop but rarely venture into areas such as system backups, importing and exporting files, and setting up company data, you may be more comfortable having an I.T. professional handle the migration. However, Intuit does offer step-by-step instructions for handling the entire process, so chances are you would be completely fine doing the migration yourself.

What are the benefits of migrating to QuickBooks Online?

There are two major benefits of migrating to QuickBooks Online. First, you’ll have anytime/anywhere access to your entire system, as will all of your users. Second, you’ll also gain access to the more than 650 apps that QuickBooks Online integrates with.

Will I need to be trained in QuickBooks Online?

System navigation in QuickBooks Online is completely different from QuickBooks Desktop, so you'll probably have to spend some time learning the system.

There is a Getting Started with QuickBooks Online training guide available that can help you through the entire process from initial product setup to how to customize invoices.

QuickBooks Desktop Vs. QuickBooks Online

While both QuickBooks Desktop and QuickBooks Online offer solid financial management capability, there advantages and disadvantages associated with each application.

Debates over Quickbooks Desktop vs. Quickbooks Online will continue as long as QuickBooks Desktop remains available. And it's important to note that QuickBooks Online is a completely different product from QuickBooks Desktop; an important consideration when considering whether to convert.

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