

# TAX TALKS

Australia's Tax News Podcast - The Podcast for Australian Tax Professionals

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## 27 | The Story of BGL

BGL is currently the main player in the SMSF software market, holding the largest market share. That is an impressive achievement. How did this come about? And where is BGL heading now? We asked the managing director of BGL, Ron Lesh.

Here is a short excerpt of the interview. The podcast episode will have all the details.

### The Story of BGL

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#### How did BGL start?

“BGL started as a consulting organisation back in 1983. Started by Bruce Bushby who unfortunately is no longer with us. It was an organisation helping accountants get the value out of their computer systems. That’s what Bruce was always doing. He was working with a number of products at that time, software products helping accountants either with their own systems or implementing these products for their clients.

Bruce passed away in 1988 and I came into the organisation in 1989 with some other partners. I brought the corporate software I had written with me.

#### Do you have an IT background?

“I am a Chartered Accountant but did a post grad in IT back in the 80’s. Part of that post grad was writing some software. And that is how we started the corporate software.

We started selling the software commercially when the company offices merged into ASC back in 1991. So we started selling the ASIC compliance software. To support this process we began to form partnerships and doing all sort of things.

In 1995, we moved that product to Windows. Windows 95 had just come up. People were still using Windows 3.1 but 95 obviously was a lot more stable. So we moved these products to Windows.

Clients were asking us to write a superannuation product. There was another product in the market but it was very expensive. It was called Superfund done by PK & KC Murphy. David Smith was running it at that point in time. They also had a product in competition with our corporate compliance product. So we started writing a super product in Windows in 1997.

When I joined BGL, it had two partners in the business and no employees. Today we’ve got over 120 people. It has been a journey over the last 30 years.”

## **What made BGL what is today?**

You know I've got a very good team. I've got two managers who have been with me for 20 years. I've got people with me who have been here a very long time and they helped me grow the business."

## **I read that BGL has an estimated market share of 70%.**

"That 70% is based on the number of self managed superannuation funds. We know how many our competitors got and how many we got. We estimate that there are around 100,000 SMSFs not using any specialised software. So that tells us that we've got around 70%, maybe a little more of the market."

## **How is the transition to the cloud going for corporate compliance?**

"We released the corporate compliance products into the cloud in February 2017 and 160,000 companies moved to the cloud in 9 months. That shift has been enormous and very, very quick. The migration across has been pretty easy from CAS desktop to CAS 360 product because there's no particular time, no data feeds to set up. It's just a matter of "Okay I am going to move, push the button".

What is interesting with that product is that over 50% of the people who are using that product now weren't clients of ours before. They were either not using any compliance software before or were using a different product. That's been interesting."

## **What risks do you see in the SMSF software market?**

"Xero and MYOB and others in the accounting market place all got their hands full to do what they are doing in the cloud. They've got other fish to fry before they worry about the products that we have. Plus they are all business partners of ours. We already have an integration with Xero. We'll have that with MYOB and Sage and with others soon.

Many have tried to be in our market place before, but haven't been that successful. So they need to focus on their main products and they've got a long way to go. It would be interesting if one of them came in."

## **What's BGL greatest challenge?**

"Our greatest challenge for the past three years has been getting our desktop clients to the web. But we have done that comparatively well. People keep saying to me that we've been doing this better compared to other people.

We've picked up new clients, picked up migration from our competitors, have picked up all sorts of things but our focus is really on moving our existing clients from desktop to web."

## **Going forward?**

"In this industry to plan more than 18 months ahead is really, really hard. I can't plan software. My software guys would tell me, "We know what's happening in the next three weeks and have a pretty fair idea of what will happen the three weeks after that. But ask us three weeks after that and we are scratching our heads because we don't know exactly what we're gonna be doing". So we don't really talk about stuff three weeks or six weeks ahead of that because it's changing all the time.

Our focus in the next 12 months is integration. Integration with all of the accounting providers is very important. So we are spending a lot of time, a lot of money and a lot of investment on that.

## End of interview

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In the BGL meeting room there is a little history cabinet next to the door as you come in. And it is fascinating.

There is a little plastic box with 30 grey discs. And on the first disc somebody wrote with a shaky hand “CAS for Windows Discs”.

Another plastic container has a white sticker on top that has yellowed and bent with time that says “Electronic Company Registrations, Digital Signatures”.

And then there are small grey boxes with faded sticky tape labelled “Simple Invest Discs”, “Simple Fund Discs” and “Simple Ledger Discs.” At the end of last century these small boxes would have contained BGL’s flagship products.

It is amazing how things have changed.

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