# Ledger.ai

*AI-Powered Accounting & Bookkeeping*

## PRODUCT REQUIREMENTS DOCUMENT

MVP — Version 1.0

| | |
|---|---|
| **Document Owner** | Product Team |
| **Status** | Draft — For Review |
| **Target Release** | Q3 2026 |
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| **Classification** | Internal — Confidential |

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# 1. Executive Summary

Ledger.ai is an **AI-powered accounting and bookkeeping platform** purpose-built for small-to-medium businesses (SMBs) and enterprise finance teams. It eliminates manual, repetitive financial workflows by combining real-time transaction intelligence, automated categorization, and conversational AI — enabling finance teams to close books faster, reduce errors, and make better decisions.

**Problem Statement**

Today, SMB owners and finance teams spend 10–15 hours per week on manual bookkeeping, reconciliation, and report generation. Existing tools like QuickBooks and Xero require significant setup, specialist knowledge, and still produce errors that require accountant intervention. There is no truly intelligent, zero-setup solution for the mid-market.

**Our Solution**

Ledger.ai connects to a business's bank accounts, invoicing tools, and payroll systems and autonomously categorizes transactions, reconciles accounts, flags anomalies, and generates audit-ready reports — all accessible via a natural language chat interface.

# 2. Product Vision & Goals

## 2.1 Vision Statement

"Empower any business — regardless of financial expertise — to run with the clarity of a Fortune 500 finance department."

## 2.2 MVP Goals

- Automate 80%+ of routine bookkeeping tasks for SMBs within 30 days of onboarding
- Enable non-accountants to generate compliant financial reports with zero manual effort
- Achieve a Time-to-First-Value (TTFV) of under 15 minutes from sign-up to first insight
- Reduce monthly close cycle from ~5 days to under 1 day
- Maintain 99.9% uptime SLA with bank-grade (AES-256) data security

## 2.3 Success Metrics (MVP)

| Metric | Target | Measurement |
|---|---|---|
| AI categorization accuracy | ≥ 95% | Automated audit vs. manual review |
| Time to first value (TTFV) | < 15 minutes | Onboarding funnel analytics |

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| | | |
|---|---|---|
| Monthly Active Users (MAU) | 500 at 90 days | Product analytics |
| Monthly close time reduction | 70% faster | Pre/post survey |
| User NPS | ≥ 50 | In-app NPS survey |
| Data sync error rate | < 0.1% | System logs |

# 3. Target Users & Personas

## 3.1 Primary Personas

| | Persona 1 — SMB Owner | Persona 2 — Finance Manager |
|---|---|---|
| **Who they are** | Founder or owner of a 5–50 person business; non-finance background | Finance Manager / Controller at a 50–500 person company |
| **Core pain** | Spends 10+ hrs/week on bookkeeping; can't afford a full-time accountant | Manual reconciliation, multiple spreadsheets, slow month-end close |
| **Goal** | Get clean books without hiring a bookkeeper | Close books faster and reduce reconciliation errors |
| **Tech comfort** | Low-to-medium — prefers simple, guided UI | High — comfortable with ERP-like tools but wants efficiency |
| **Key feature** | Auto-categorization + AI chat for Q&A | Bulk reconciliation + advanced reporting + audit export |

## 3.2 Out of Scope (MVP)

- Solo freelancers or gig economy workers (addressed in v2)
- Tax filing and preparation (third-party CPA integration only)
- Payroll processing (read-only sync from payroll providers)
- Multi-currency support (USD-only for MVP)

# 4. MVP Scope & Feature Requirements

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## 4.1 Feature Overview

| # | Feature | Description | Priority |
|---|---|---|---|
| 1 | **Bank & Account Integration** | OAuth-based sync with 10,000+ financial institutions via Plaid API. Real-time transaction ingestion. | **P0 — Must Have** |
| 2 | **AI Transaction Categorization** | ML model auto-categorizes transactions into GAAP-aligned chart of accounts with ≥95% accuracy. | **P0 — Must Have** |
| 3 | **Smart Reconciliation** | Automated matching of bank transactions to invoices and expenses. Flags discrepancies for review. | **P0 — Must Have** |
| 4 | **Financial Reporting** | Auto-generated P&L, Balance Sheet, and Cash Flow Statement; exportable to PDF and Excel. | **P0 — Must Have** |
| 5 | **AI Chat Assistant** | Natural language Q&A over financial data (e.g., 'What was my biggest expense last month?'). | **P1 — High** |
| 6 | **Anomaly Detection** | AI flags unusual transactions, duplicate entries, and potential fraud in real-time. | **P1 — High** |
| 7 | **Dashboard & KPI Cards** | Real-time overview of cash position, burn rate, AR/AP aging, and revenue trends. | **P1 — High** |
| 8 | **User Roles & Permissions** | Admin, Accountant, and Viewer roles with granular data access controls. | **P1 — High** |
| 9 | **Audit Trail & Export** | Immutable, timestamped log of all changes. Full export for CPA hand-off. | **P2 — Medium** |
| 10 | **Invoicing (read-only sync)** | Sync with QuickBooks, Xero, FreshBooks to pull invoice data. No invoice creation in MVP. | **P2 — Medium** |

## 4.2 Detailed User Stories

### Epic 1: Account Connection & Sync

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- As an SMB owner, I want to connect my bank accounts using secure OAuth so that my transactions are automatically imported without manual CSV uploads.
- As a finance manager, I want the system to sync new transactions every hour so that my ledger is always up to date.
- As a user, I want to see a clear connection status for each linked account so that I know when data is fresh or stale.

### Epic 2: AI Categorization & Reconciliation

- As an SMB owner, I want the AI to automatically assign expense categories to each transaction so that I don't have to manually code 200 line items each month.
- As a finance manager, I want to review and override AI categorizations in bulk so that I maintain accuracy on edge cases.
- As a user, I want the system to learn from my corrections so that categorization improves over time.

### Epic 3: Reporting & Export

- As an SMB owner, I want a one-click Profit & Loss report so that I can share it with my accountant or investor without any manual preparation.
- As a finance manager, I want to export a full audit trail in Excel format so that I can hand off clean records to our CPA at tax time.
- As a CFO, I want a real-time cash position dashboard so that I can make informed spending decisions daily.

### Epic 4: AI Chat Assistant

- As an SMB owner, I want to ask 'How much did I spend on software last quarter?' in plain English and get an instant, accurate answer.
- As a finance manager, I want to ask 'Which vendors have unpaid invoices over 30 days?' so that I can prioritize collections.

# 5. Technical Requirements

## 5.1 Architecture Overview

- Frontend: React.js (web) + React Native (mobile — iOS & Android, shipped 4 weeks post web launch)
- Backend: Node.js (API layer) + Python (ML/AI services)
- Database: PostgreSQL (transactional) + Pinecone (vector embeddings for AI chat)
- Integrations: Plaid (banking), QuickBooks / Xero APIs, Stripe (billing), AWS S3 (document storage)
- AI/ML: Fine-tuned LLM for chat + custom classification model (scikit-learn / XGBoost) for categorization
- Infrastructure: AWS (ECS Fargate) + CloudFront CDN; target 99.9% uptime SLA

## 5.2 Security & Compliance Requirements

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| Requirement | Specification |
|---|---|
| **Data Encryption** | AES-256 at rest; TLS 1.3 in transit for all API calls |
| **Authentication** | OAuth 2.0 + MFA enforced for all accounts; SSO (SAML 2.0) for enterprise tier |
| **Data Residency** | All data stored in US-East AWS region; GDPR-ready architecture |
| **Compliance** | SOC 2 Type II audit initiated at launch; PCI-DSS for payment data |
| **Audit Logging** | Immutable audit trail for all data changes with timestamps and user attribution |
| **Penetration Testing** | Third-party pen test completed before public launch |

### 5.3 Performance Requirements

- Dashboard load time: < 2 seconds (P95) on standard broadband
- Transaction sync latency: < 60 minutes for new transactions from connected accounts
- AI chat response time: < 3 seconds for 95th percentile queries
- Report generation: < 10 seconds for up to 10,000 transactions
- System availability: 99.9% uptime (< 8.7 hours downtime/year)

## 6. UX & Design Requirements

### 6.1 Key UX Principles

- Zero-to-Value: User must see their first financial insight within 15 minutes of sign-up, with guided onboarding.
- Progressive Disclosure: Show only what's relevant. Advanced features are revealed as users grow into the product.
- Explainability: Every AI action (categorization, anomaly flag) includes a plain-English explanation the user can review.
- Accessibility: WCAG 2.1 AA compliance across all surfaces.

### 6.2 Core Screens (MVP)

1. Onboarding flow (bank connect → account review → first sync confirmation)
2. Main Dashboard (cash position, KPI cards, recent transactions feed)
3. Transactions ledger (sortable, filterable, bulk-edit categorization)

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4. Reconciliation workspace (side-by-side bank vs. ledger matching)
5. Reports center (P&L, Balance Sheet, Cash Flow — with date range selector)
6. AI Chat panel (floating chat interface with context-aware suggestions)
7. Settings (team roles, integrations, billing, notification preferences)

## 7. Integrations (MVP)

| Integration | Type | Priority | Notes |
|---|---|---|---|
| **Plaid** | Banking data aggregator | P0 | 10,000+ banks supported; OAuth flow |
| **QuickBooks Online** | Accounting sync (read) | P1 | Invoice and expense import |
| **Xero** | Accounting sync (read) | P1 | Invoice and expense import |
| **Stripe** | Revenue data | P1 | Payment transaction sync |
| **FreshBooks** | Invoicing (read) | P2 | Invoice status sync only |
| **Slack** | Notifications | P2 | Anomaly and report-ready alerts |
| **Google Sheets** | Export | P2 | One-click report export to Sheets |

## 8. Release Plan & Milestones

| Phase | Timeline | Deliverables | Owner |
|---|---|---|---|
| **Discovery** | Weeks 1–2 | User interviews (20+), competitive analysis, technical feasibility, PRD sign-off | PM + Design |
| **Design** | Weeks 3–5 | Wireframes, hi-fi mockups, design system, usability testing (5 users) | Design |
| **Alpha Build** | Weeks 6–10 | Core bank sync, categorization engine, basic dashboard, internal dogfooding | Engineering |

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|---|---|---|---|
| **Beta** | Weeks 11–14 | AI chat, reconciliation, reporting, closed beta with 25 SMB customers | Eng + PM |
| **MVP Launch** | Week 16 | Public launch, self-serve onboarding, support docs, pricing live | All |
| **Post-Launch** | Weeks 17–20 | Bug fixes, NPS survey, roadmap reprioritization for v1.1 | PM + Eng |

## 9. Risks & Mitigations

| Risk | Likelihood | Impact | Mitigation |
|---|---|---|---|
| Plaid API rate limits or outages disrupt bank sync | Medium | High | Cache last-known state; fallback to manual CSV upload; SLA with Plaid |
| AI categorization accuracy falls below 95% on edge cases | Medium | High | Human-in-the-loop review queue; continuous retraining pipeline |
| SMB churn due to complex onboarding | High | High | Guided setup wizard; live onboarding chat; reduce TTFV to <15 min |
| Security breach or data leak | Low | Critical | SOC 2, pen testing, bug bounty program, encrypted vaults |
| Scope creep delays MVP launch | High | Medium | Strict P0/P1/P2 gating; weekly PM/Eng sync; no scope additions after Week 5 |
| Competition from QuickBooks AI updates | Medium | Medium | Differentiate on AI-first UX and zero-setup promise; faster release cadence |

## 10. Competitive Landscape

| Feature | Ledger.ai | QuickBooks | Xero | Bench |
|---|---|---|---|---|

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|---|---|---|---|---|
| **AI Auto-categorization** | ✅ **Native** | ⚠️ Partial | ⚠️ Partial | ✅ Human+AI |
| **Natural Language Chat** | ✅ **Yes** | ❌ No | ❌ No | ❌ No |
| **Real-time Anomaly Detection** | ✅ **Yes** | ❌ No | ❌ No | ⚠️ Limited |
| **Zero-setup Onboarding** | ✅ **<15 min** | ❌ Hours | ❌ Hours | ⚠️ Days |
| **Pricing (SMB tier)** | **~$49/mo** | $30–$200/mo | $15–$78/mo | $299+/mo |
| **Mobile App** | ✅ **iOS+Android** | ✅ Yes | ✅ Yes | ⚠️ Limited |

## 11. Open Questions & Decisions Required

| # | Question | Owner | Due |
|---|---|---|---|
| 1 | Should MVP support multi-user collaboration within a single company workspace? | PM | Week 2 |
| 2 | Will we build the AI categorization model in-house or use a third-party API (e.g., OpenAI function calling)? | CTO | Week 2 |
| 3 | What is the go-to-market pricing strategy — freemium, free trial, or direct paid? | PM + GTM Lead | Week 3 |
| 4 | Which 3 integrations are absolute P0 for launch day given engineering capacity? | PM + Eng Lead | Week 3 |
| 5 | Do we need a mobile app at MVP launch or can we ship web-only and add mobile in v1.1? | PM | Week 4 |

## 12. Appendix

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## 12.1 Glossary

- GAAP — Generally Accepted Accounting Principles; the standard framework for financial reporting in the US.
- Reconciliation — The process of matching internal financial records against external bank statements.
- TTFV — Time to First Value; the time elapsed between sign-up and the user experiencing a meaningful outcome.
- P&L — Profit and Loss statement; a financial report summarizing revenues, costs, and expenses.
- AR/AP — Accounts Receivable / Accounts Payable; money owed to or by the business.
- SOC 2 — A security compliance framework that evaluates a company's controls around data security and availability.
- Plaid — A financial data aggregator that provides secure access to bank account data via API.

## 12.2 References

- Plaid Developer Documentation: https://plaid.com/docs
- QuickBooks API Reference: https://developer.intuit.com
- Xero Developer Hub: https://developer.xero.com
- WCAG 2.1 Accessibility Guidelines: https://www.w3.org/TR/WCAG21/
- SOC 2 Compliance Overview: https://www.aicpa.org/soc2

**Document Status**

This PRD is in DRAFT status and requires sign-off from: Product Lead, Engineering Lead, Design Lead, and Legal/Compliance before engineering kickoff. Please review all Open Questions in Section 11 and provide decisions by the dates listed.

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