

Why Your Practice Can't Afford to Ignore the Cloud Any Longer



The Indian accounting industry is undergoing a paradigm shift. Regulatory requirements are increasing and the business environment is getting more complex. Businesses are looking at practitioners not just as financial and tax experts, but as their trusted business partners who will help them navigate and succeed in a complex and rapidly changing world. Today, more and more practices are adopting cloud technologies, in order to gear up for the future, as it will enable them to collaborate better with their clients, access financial data real time and expand their service portfolio. And it all starts with your vision for your practice. Read on to have some clarity on the benefits of cloud practices in profession...

3 steps to check if you are ready

The Indian accounting industry is undergoing an immense paradigm shift. This shift is taking place at both the regulatory and the client levels. A recent study¹ conducted with 201 accountants across India brought this to the forefront, where 88 % of respondents agreed that they expected significant

changes to come in compliance. Some of the major ones cited were, the proposed transition of accounting standards to Ind ASs, the new Companies Act and impending overhaul of the tax structures. Although these would require a considerable overhaul of the services being offered by the practitioners, only 17 % are confident of keeping up with these changes.

Clients now not only expect their accountants to provide them with complete compliance support but also require more of advisory services in real time. In the same study, 59% of the respondents said that meeting their client's increasing expectations and finding good employees to serve these customers are the primary challenges that need to be addressed, to accelerate their growth.

These are seismic shifts, bound to change the



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entire practice model – the way accountants acquire their clients and serve and manage them and their practice. Accountants now have to think differently.

It's not only in India, it's a global phenomenon

Similar paradigm shifts are affecting the worldwide accounting industry. This is because, globalisation of trade is leading to stringent compliance requirements and the need for quick decision making.

These are a direct result of the way businesses, both big and small, are dramatically overhauling their operating models and processes, thus affecting the way they will serve these clients. Some of the trends² being observed are:

- Compliance across borders – businesses are getting global today- accountants' existing clients are expanding outside India, *i.e.* getting clients from different geographies. These clients would expect accountants to know and advise them on global compliance.
- Everything is online - Potential clients are going through the accountants' website, LinkedIn profile, blogs, *etc.*, before even contacting them.
- Mobile – Clients are on the move, and want to take real time decisions, hence they expect 24X7 accessibility to their financial data.
- An advisor, not just an accountant - Small businesses/clients look to the accountants not just to balance their transactions and file returns, but rather analyse the data and provide strategic business advice.

Now, the challenge is to make sure that accountants are ready to take advantage of these changing trends. How do they go about it?

Cloud computing is empowering accountants like never before

Globally, technology is becoming the greatest factor ensuring the success of an accountant's practice in the new world. Cloud is making access to data – easy, real time, affordable and secure. Practices can better collaborate with their clients and make entering business data seamless. The data can be accessed in

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real time from anywhere, enabling quick decision-making. And, more importantly, it opens up new avenues for accountants to offer myriad of services to their clients.

Today, more and more practices are showing interest in gearing up for the future and this will be especially beneficial to firms predominantly serving small businesses which, unlike big corporations, can't invest in customised workflow automation solutions. Cloud is where everyone is shifting to; so, the question this poses is not *why or when, but how.*

Are you ready to take your practice to the cloud?

Darren Root in his recent white paper *Building Your Virtual Office – A Comprehensive Look at How to Get Started* addresses this issue of cloud very well, making this paper a must read for all practicing accountants. He identifies three simple steps to help accountants plan their transformation to the cloud:

1. Develop a clear vision for your practice
2. Focus on the services you want to offer to achieve your vision
3. Choose solutions that will help you deliver the services.

1. Develop a clear vision for your practice:

Root describes creating a vision statement for practice as *starting with the end in mind*. Accountants today must first be able to envision the business they want to operate in. When that is done, only then can they start work on building that vision.

Creating a vision is not always easy for everyone; it requires a lot of retrospection and introspection. Here are a few things to consider:

- Accountants should ask what their practice stands for — What are their practice's core competencies? What do their employees and they themselves like doing the most? What are their clients asking for?
- Which segment of clients do accountants predominantly want to serve — large corporations/banks or small businesses, clients expanding globally or global clients entering India, clients from specific industries or in industry agnostic?
- How would they like to serve their clients? Do they want to be one-stop solution for the clients' all financial management needs or do they want

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to offer only specialised services? Do they want to host the financial management solutions or do they expect their clients to manage their own?

These are just a few examples which accountants may consider while developing their practice's vision. From here, it takes some dedication to craft their unique vision. They can see *Root's approach* on how he comes up with a complete vision statement in his white paper.

2. Focus on the services you want to offer to achieve your vision

With a clear strategic vision, accountants can begin to think about building their service offerings. Let's take a look at how various services can be offered through cloud:

- Paperless, Collaborative Accounting—Collaborate with clients to enable them to share their accounting records in real-time. As the clients' trusted advisor, accountants can take the next step and help them move towards a more real-time decision-making system.
- Paperless Tax Workflow—No one should be operating within a paper-heavy tax space anymore. Tax workflow has evolved immensely over the past few years with all filings becoming online.
- Paperless Payroll—Simplified and robust employee self-serve modules combined with seamless integration with accounting, will be a big boost to the accountants' service offering.
- Online Document Management—Portals enable accountants to deliver documents to their clients that they traditionally deliver manually. Whether it is tax returns, financial statements, or payroll journals—every document can be made available to clients 24/7 within a secure, private portal.
- Virtual CFO Service—Businesses consider accountants as their most trusted advisors. With access to real time data, practitioners can help their clients take data driven informed decisions.

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One important aspect that should be kept in mind is that accountants can phase out their offerings, i.e. instead of thinking about a complete overhaul of their practice in one go, they should implement changes or additions in phases.

Along with that they can offer budgeting, tracking and financial planning services, with all these while sitting in their offices.

- Accountants' Website as "Place to Do Business"—Accountants' website is a new front door to their firm. It's a place to do business with clients on a 'daily basis'. Firms should be maximising the potential of their websites, and not just creating a website for use as a static online brochure. Practitioners can have a dedicated *Client Centre* on their website where clients can easily log in and access their information, enter data, and communicate with the firm's staff.

After deciding on how to serve clients, accountants only then, should focus on technology, infrastructure and solutions. One important aspect that should be kept in mind is that accountants can phase out their offerings, *i.e.* instead of thinking about a complete overhaul of their practice in one go, they should implement changes or additions in phases.

3. Choose the appropriate technology infrastructure and solutions

Once clear on offerings, the next step is to map out the internal infrastructure required to support their business, *e.g.* to support a completely online, collaborative client accounting service or a paperless tax workflow. The SaaS-based solution seems to clearly be the direction most vendors are moving, especially for practitioners focusing on the SMBs. It takes away the entire burden of owning and maintaining an expensive infrastructure on behalf of clients.

Thinking about the solutions to leverage, evaluate their solution/software based on the facilities it provides and ensure that they meet their needs, some of the fundamental aspects the solutions should deliver are:

- *Electronic data collection*: It should support the ability to collect source documents digitally up front or enable the client to enter the data directly into the software from their premises.

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- *Simple Processing*: Once the accountants have client data, it should allow them or their team to effortlessly process and check the data in real-time.
- *Paperless preparation and filing*: Once the processing is done, the solution should facilitate the review and preparation of the returns and file it at the press of a button.
- *Electronic document delivery*: Once tax returns are complete, documents are delivered within the client's portal for review and signature.
- *Simplifying practice management*: The system should be able to easily track projects and tasks as they electronically move through the accountants' office. This is another key component of what is needed in their solution.
- *High levels of security* – Evaluate the security standards implemented by the service providers. It's critical to have a bank-like security standards when dealing with client's financial data.
- *High-speed internet access* – Assess the internet speed required to seamlessly access the data. Most cloud solutions require high speed internet, as anything below that will give sub-optimal results.

Conclusion

The next decade will see the world evolve into a cloud-enabled anytime, anywhere connected network. Regulatory and compliance requirements will increase as the business environment becomes more complex.

Technology proficiency will be even more important than today. Automation of manual processes will continue to increase, transforming the traditional business lines and creating new untapped opportunities. Businesses will look at accounting and tax professionals not just as financial and tax experts, but as their trusted business partners who will help them navigate and succeed in a complex and rapidly-changing world. However, it all starts with the accountants' vision: where accountants want to take their practice. ■

And while accountants are assessing the right solution, due diligence should be done to avoid some of the obvious risks inherent with any technology change.

- *Credibility of vendor* – Most established vendors implement high levels of security and redundancy to ensure our data is safe and available 24/7. Previous track records can help assess the quality of performance.

