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the near term.

Nov. 21, 2017



How tax compliance adds to your bottom line

This four-part whitepaper examines the changing accountancy landscape and takes you step-by-step through the considerations for adding tax compliance to your current array of services to spur growth and evolution in your firm. In Part 1, we look at the forces at play that are reshaping the accounting profession as we know it: globalization and outsourcing; commoditization; and automation. ([Go to Part 2.](#))

The primary audience for this paper is accountants in public practice with limited experience in tax compliance who are interested in establishing and/or growing their compliance services using automation solutions.

Introduction

As Henry Ford mused about innovation, “If I had asked people what they wanted, they would have said faster horses.” Yet Henry Ford went his own way creating the first mass-produced car and would go on to build one of the fastest growing and most profitable businesses in the world: The Ford Motor Company.

Most of us understand that innovation brings new ideas and processes. This is not

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Most firms recognize the importance of developing innovative new service offerings. Indeed, almost 50 percent of firms surveyed are looking for change and growth in the near term.

What are key drivers that compel accounting firms to adjust their offerings? How did those firms add subscription packages to their pricing model to keep recurring revenue circulating through their coffers? What challenges were they forced to overcome, and which strategies did they apply to successfully grow the value of their accounting firm? And, most importantly, how can you do it too?

We will answer these questions using tax compliance as an example, illustrating key opportunities and trends that can help you grow your practice. The opportunities around tax compliance are significant since paying sales tax and managing tax compliance is mandatory for many businesses.

In the following chapters, we will present an overview of key tax compliance issues as well as business considerations for the right way to add tax compliance to your current array of services. We will outline how to shape your sales and marketing to meet the changing environment and include a simple model that outlines the potential of the recurring revenue approach.

The primary audience for this paper is accountants in public practice with limited experience in tax compliance who are interested in establishing and/or growing their compliance services using automation solutions.

We will help you get your practice on the path to not only grow but thrive, and do it in the right way.

Share your story! Let us know how your firm is navigating the changing accountancy landscape. Or share ideas on tactics we have not covered here. Please connect with us

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Today, clients expect an accounting firm to be a one-stop shop where they can offload basic, mundane tasks like payroll and invoicing while also receiving expert financial guidance. In addition, clients look to their accounting advisor to manage their inherently complex tax compliance.

Three trends are largely responsible for driving all this change: globalization and outsourcing, commoditization, and automation.

“I am so inspired by how accountants use innovation, and do it the right way, to help clients. Innovation based on automation is a reality and if you accept that, in my opinion, you can't help but be successful.” —

Mathew Heggem, CEO, SUM Innovation

Globalization and outsourcing

The opening of worldwide markets has led to increased competition. Businesses are now forced to be laser-focused on their core competencies like innovating their products and driving their marketing and sales. This leaves less time for other things, such as payroll management, that were traditionally handled in-house but are increasingly being outsourced.

The outsourcing trend started in the 1980s in the IT industry and has taken hold in the accounting space as well. Early on, particularly small businesses outsourced accounting tasks since they neither had the resources nor expertise in this area. More recently outsourcing is embraced by clients of all sizes.

In January 2017, General Electric (GE) shook up the corporate world by outsourcing their 600-strong tax team to PricewaterhouseCoopers (PwC), their global accounting partner. Going forward, the new PwC team will continue to fully serve the tax compliance needs of GE. By removing the employees from its payroll but retaining access to them, GE both lowered its headcount costs significantly and

increased its ability to reallocate resources back into driving the kind of innovation

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To thrive in a commodity market, accounting firms have two fundamental options. offer more specialized, value-added services with higher margins, or automate these low-end services to deliver them more efficiently. Doing either one or both frees you up to acquire new clients and deepen relationships with your existing ones.

Automation

Increasingly, bookkeeping tasks are being automated. But instead of the costly, on-premise solutions of years past that required businesses and accounting firms to invest in and manage hardware and software, companies have more recently turned to the cloud. And with that they are realizing both the financial and operational benefits of relying on third-party infrastructure. Since the processing capacity is leased, the expense hits the bottom line as an operational, not capital, cost thereby reducing upfront expense. Additionally, cloud services are typically pay-as-you-go, allowing flexibility in service consumption. Hence an increasing number of businesses as well as accounting firms are wrapping their services around cloud-based technology.

In these three trends — globalization and outsourcing, commoditization, and automation — you will find both opportunities and challenges. Knowing how to navigate the risks and explore the opportunities will help you leverage them. In the following chapter, we will outline how to do exactly that in order to put your practice in a position to grow.

“In the accounting world, technology is getting so good that small clients will no longer need their own accounting department. The opportunity for firms to fill this gap is tremendous.” —Matthew May, COO, Acuity

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