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Regardless of how disruptive new innovations are, they are an inevitable characteristic of our evolving business environment, just as innovation is fundamental to human evolution. And it's smart business to seize opportunities created by these new innovations.

Twenty-five years ago, it was a revolutionary idea for a small business owner to

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time, more, technology revolutions present us with useful and productive new tools, but at the same time, they disrupt our tried-and-true business processes, often in ways that seem to produce the opposite results they intend to produce. And these experiences lead many accountants to resist new technologies “until they work the bugs out.” To add fuel to the fire, we all know that implementing new systems often causes painful organizational changes, forcing everyone to rethink and modify their processes. It means installing new systems, retraining staff, shutting down old systems, and “opting in” to the new ways of working.

In the past few years, a new world has emerged that forces us to rethink our standard ways of working. It's no surprise that this new world centers on cloud computing and web-based software and services. Of course, some or perhaps many people resist these new innovations, seeing no need for changing systems and processes that “work just fine.” So let's take a look at just what's wrong with the old world, and why the new world is so compelling for accountants and small businesses.

Since the rise of personal computers, state-of-the-art technologies have been dominated by desktop, premise-based accounting packages, where clients and accountants purchased their own LANs, desktops and servers. You can see from Figure 1 how the special nature of the accountant/client relationship is not well-served by this architecture.

### **Insert Figure 1: The Old World**

The key issue is that accountants and clients need to “collaborate” in order to work effectively together. The client has a business in which transactions occur, data is captured, management decisions are made, budgets are set and monitored, etc. But when the accountant needs access to these records in order to provide consulting services, issue financial statements and prepare tax returns, there is a problem. In the old world, *collaboration* meant taking copies of the data, or traveling to the client site

or remotely logging in to the client's computers (thereby taking over one of the

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from anywhere in the world. By centralizing the client's data in the cloud, surrounded by robust security measures (both physical and network security), we can provide clients with the same features and capabilities they used to get from their premise-based systems, and in addition, clients can work collaboratively with their accountant and other consultants to manage their business information.

### **Insert Figure 2: The New World**

Recently, several tipping points have combined to create a marketplace of robust applications and services that make this new world concept into real solutions we can buy and use. These "tipping points" include the following:

- **Internet Access** – We have reached a point where high-speed Internet access is now ubiquitous in the developed world, and in most places we can access the Internet via a broadband cellular connection.
- **SaaS is Here** – QuickBooks Online (now with over 250,000 users), NetSuite, Intacct, Bill.com, and a newcomer, Xero, have developed robust SaaS applications that can scale from the smallest to the largest businesses, providing complete accounting systems in the cloud.
- **Collaboration Technologies are Exploding** – Facebook, Twitter, LinkedIn, Yammer, Google Apps, Office 365, all have matured and are now mainstream platforms on which people "collaborate."
- **Online Banking** – Nearly every bank in the world now provides online access for customers. Technologies like Yodlee and Intuit's Digital Insights provide banking and other financial account "feeds" to SaaS applications on the Web.
- **Portals** – File sharing portals like ShareFile, Box.net, Dropbox and others provide secure portals for file transfer and "publishing" of information such as financial statements, tax returns, and other sensitive data.
- **Mobile Devices** – Cell phones are now a realistic delivery platform for all financial data and services. The operative phrase is, "There's an app for that."

In addition to these tipping points, or perhaps *because of them*, we're seeing whole

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choose some key business processes such as online banking, online payroll, online bill payments, application hosting, online document management systems, and online backup systems to bring your clients and your firm closer to this new world.

As products and services in this new world mature, and as the Gen X and Y kids become business owners who select professional advisors who embrace these technologies, your success will no longer depend on your *ability* to learn better tricks for using old world accounting systems, but instead will depend on your *agility* in using a broad range of new and emerging tools in the new world.

Possible Pull Quotes:

This 'bigger messes from clients' issue is a good example of how innovative, technological revolutions present us with useful and productive new tools.

Your success no longer depends on your *ability* to learn better tricks for using old world accounting systems, but instead depends on your *agility* in using a broad range of new and emerging tools in the new world.

Cloud Technology • Technology

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