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ACCOUNTING

What the Future Holds for Accountancy

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Mike Galarza • Aug. 22, 2016



For accountancy professionals worldwide, this is the final countdown. Systematically failing clients across the globe, accountants everywhere need to advise customers on the software solutions that are available to them, fixing the unscalable and inefficient global problem that has been created.

Everyday, across continents, time and money is being squandered on old accounting practices. Of the United States' 29 million SMBs (Small and Medium sized Businesses), just five million use dedicated accountancy software. This leaves some 24 million SMBs using excel spreadsheets or, in worst case scenarios, a pen and paper, to keep their accounts up to date.

Across the Atlantic in the United Kingdom, 54% of all British micro-businesses say they manage their accounts manually, on an excel spreadsheets—or even by hand—according to a survey by the Association of International Accountants.

What businesses need is for accountants to proactively provide options to businesses that will have a beneficial impact on companies' bottom lines.

While many accountants might worry that automatization and cloud solutions will mean the end of traditional accounting, they should rejoice for the positive evolution that is quickly coming towards the professional service industry. Across the world, this revolution will positively impact SMBs business, profit margins and, subsequently, global GDP. What can accountancy expect to experience with the rise of cloud-computing?

The Rise of AI – Accounting Intelligence

Data may seem like something of a buzzword, but its value is undeniable. However, the fact that accountants spend up to 90% of their time on data entry – according to research from one Redditor – is cause for concern.

Accountants are charged with bringing value to their clients on two fronts. Firstly, they must communicate financial information and audit their clients' books. Secondly, they should help those clients to grow. Obviously, with so much time spent number crunching, accountants are simply without the necessary hours to provide clients with the insight they desperately want and need.

Accountancy's biggest challenge lies in the converting the non-adopters of dedicated accounting software by smaller accounting firms. Whether this is because of costs, habit, or fears that new tools will replace jobs, is unclear. However, what is clear, is that this situation needs to be rectified, quickly.

Cloud-based software is catalysing change within the accountancy industry, and driving competition in the process. Its existence allows smaller accountancy companies to not only cut server costs, but to scale quickly. This means they can serve many more SMBs than was previously possible.

By 2020, half of US workers are expected to be working remotely. The adoption of cloud solutions such as Intuit's QuickBooks, or other options, will soon be widespread. Packages like these can be used securely on smartphones and other devices from anywhere with internet access. As such, it is inevitable that they will become part of our working lives.

And, as businesses begin to expect secure services and 24/7 access to their company account information, anywhere and everywhere accountancy systems will only become more important.

Gaining New Opportunities from Real-time Data

Writing in Forbes magazine in 2015, Accountants Advisory Group (AAG) president Joseph Tarasco estimated that firms would “continue to acquire consulting and advisory companies that compliment their traditional services to provide integrated solutions services to their clients”.

While this might make sense for the immediate future, this is by no means the case for the security of accountancy in the long term. No, bean counters all over the world will have to develop a new array of skills.

Accountants will need to adapt, first and foremost, by broadening their knowledge of cloud-based accountancy programs. After all, having real-time data immediately available in an easy, understandable format, is eminently useful. Once a client has an understanding of their books – made easier with data – accountants can move onto answering questions, offering advice, and providing insight.

Being able to provide clients with clarity on which tech services to adopt, addressing concerns and outlining both pros and cons of software solutions will be a part of an accountant's day to day life. Those firms that reject such modernizing steps will, eventually, go under, or be taken over; it is only a matter of time.

Stereotypically, accountants are not *au fait* with so-called soft-skills. This will have to change. Now, clients want good, effective communication – not just a stapled together packet of signed papers. While leadership and managerial skills are a necessity, solid writing and communication are also a must.

UK accountancy magazine *economia* reports that “76 percent of accountancy jobs advertised today demand candidates who can demonstrate strong soft skills”. Those who hope to rise to the top will surely cultivate consultancy roles, rather than stick merely with ‘old-school’ accounting jobs.

Spending less time on administration will help accountants to instead focus on innovation, aided by real-time access to the data that will provide extra value to their clients.

Accountants also stand to gain increased consultation skills. Whether this means helping clients to reduce abnormal wastage, improving businesses’ tax and financial strategy, or knowing how much capital to retain, accountants will help SMBs, startups and entrepreneurs to blaze new trails and, in so doing, help their own firms to succeed.

If the 24 million SMBs in the U.S. were to adopt dedicated accountancy software, just imagine the enormity of the time saved and bandwidth freed across the country. Efficiency would increase, and would have a deeply positive impact on those businesses’ bottom lines. Economies around the world would prosper.

Accountants everywhere need to close down their spreadsheets and engage in accountancy’s technological revolution. It is time to dust off the title of bookkeeper and, instead, become the modern day champions for SMBs everywhere.

Mike Galarza is the Founder & CEO of Entryless. He has extensive experience in finance departments, and he set out to reduce the surprisingly large and disappointingly manual effort associated with processing supplier invoices. He founded Entryless and claims that they can reduce the time it takes to handle a company’s accounts payable by up to 9X, resulting in up to 8X reduction in the costs of AP.

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