

# Accountancy on demand

optimising the  
customer experience



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# People and technology: two sides of the same coin

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Accountancy firms are used to dealing with challenges, but today there is a twin dynamic driving change: growing disruption of the profession and an increasingly tech-savvy client base.

# 01

# The five C's of challenge

The question accountancy firms are asking is simple: what does disruption mean and what does survival look like? The firms that will successfully navigate this challenge are those who are able to bring technology and people together into a streamlined process to better serve their clients. Success will depend on how firms the address five Cs of challenge:

## 1 Change

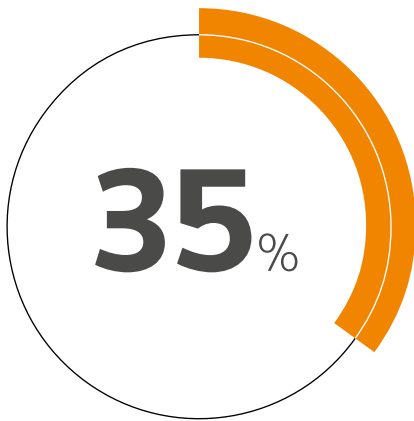
Migration and moving systems are key technology challenges. While the profession is on an exponential change curve, it increases the need for quick responses and smart thinking. Accountants need to tackle the business and data risk, effectively manage controls, and optimise data analytics. However, there are barriers in migrating and moving systems, which include dealing with legacy systems and supporting those within the business who are resistant or hesitant to accept change. The change is not just about systems, it is about the people as well.

## 2 Clients

Accountants need to gain real-time insights into client business performance. Getting closer to the client means responding in real time. The growth in big data is pushing innovation, competition and productivity in all business sectors, revolutionising decision-making as leaders get a better handle on evidence and innovation. This is achieved by going into new areas for data, ranging from



use of predictive analysis through to capturing real-time social media comments from clients. A fundamental tension for accountants lies in using data to find patterns or correlations to ascertain direction versus achieving total accuracy and taking responsibility to verify the data and what is important. Technology cannot replace accumulated judgment and wisdom, which is what clients really want from their accountants.



of tax and accountancy professionals fear automation will create a skills gap

Tax Systems 2019

### 3 Competition

The rise of low-cost/no-cost automated systems now means small businesses can go straight online and not even engage with an accountant. While technology has put accountants, bookkeepers and auditors in the top percentile of job risk, there is a solution. Accounting professionals can thrive by offering more strategic and analytical solutions. Transactional services such as general ledger and accounts receivable and payable are increasingly commoditised, but this leaves new scope for higher-skilled accountancy roles like financial planning and analysis or business control. The effect is to place a premium on the human accountant.

### 4 Clunkiness

Mobile devices, cloud computing and the emergence of the Internet of Things promise a new world, but the reality is that there is still a great deal of clunkiness in how systems operate. There is the problem of legacy systems compounded by weaknesses in the integration of new systems, and we all know about the weakest link. The technology can be difficult to use, lack the necessary features, may not be up to date, and might not even talk to other technology. Added to which servers crash, viruses erupt and cybersecurity is compromised.

### 5 Collaboration

Clunkiness is also a people problem, because people are often happier with what they use rather than what is efficient, and they can be easily disengaged by what is “new” and feel worn out by “initiative fatigue”. Training staff and clients on how to use technology tools is essential, and it requires high levels of collaboration and communication. Firms will not successfully optimise solutions from new technology, software and apps if they do not take on board skills-building and process improvements that can best serve clients, giving them both a broader and deeper service level. This requires deploying a broader range of management skills: clear communication, leadership, influence and strategic understanding.

# The tailwinds of digital disruption

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But what is the driving force behind these challenges? Amid an onslaught of disruptive competition from tech companies and an increasing number of firms moving to the cloud, firms who feel as though they are lagging behind need to challenge themselves on their ways of working to proactively tackle these challenges, using the tailwind of digital disruption to their advantage.

# 02

### Moving to the cloud

The cloud is at the centre of the action, giving access to a range of software applications, development platforms, servers, processing power and storage, via remote servers over the internet, rather than a local server. The trade-off is the user paying for IT services as needed, while the back-end application or infrastructure is managed by a third-party vendor. This raises important concerns in respect to data integrity and statutory reporting. Firms can use cloud solutions to automate workflows and develop more collaborative relationships with clients, offering easier access to information and combining existing enterprise data with external data to uncover new insights. It also enhances accuracy in the entry, processing and storage of the data, making it significantly easier to know where to find certain information. It can be simple and inexpensive to try out a new cloud-based technology.

### Generational change

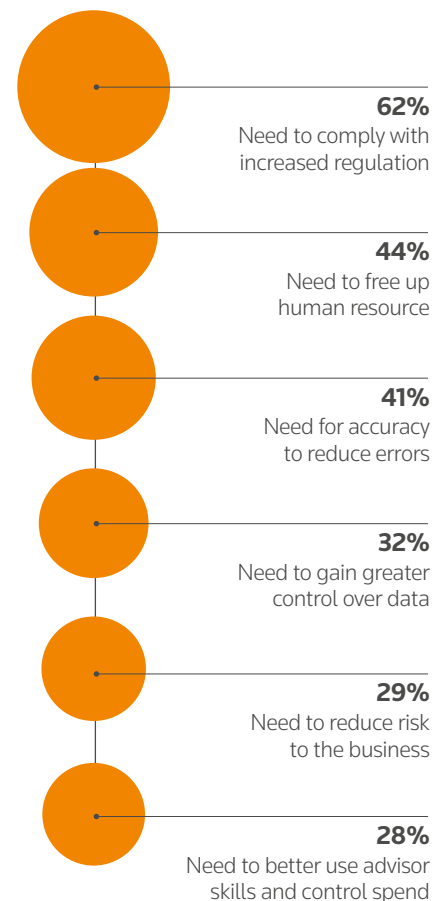
By 2025, 75% of the global workforce will be comprised of millennials, a generation/group who are very comfortable with technology and expect routine tasks not simply to be automated but done by self-serve. What is happening is not just technology disruption but generational disruption. In the past decade technology providers have revolutionised the end-user experience, and there has been a consumerisation of business software bringing business agility, user productivity and user satisfaction into the mix of enhancing collaborative engagement. The idea that less is more applies. In operations, simple tech stacks are replacing complex systems. In user experience, deployment requires solutions with little training and a more frictionless experience. Firms need to have a successful strategy for generational change, because that is where the money will be made from users. Equally if they do not offer younger employees a good technology experience then they will not attract the employees they seek.

### Meeting disruption

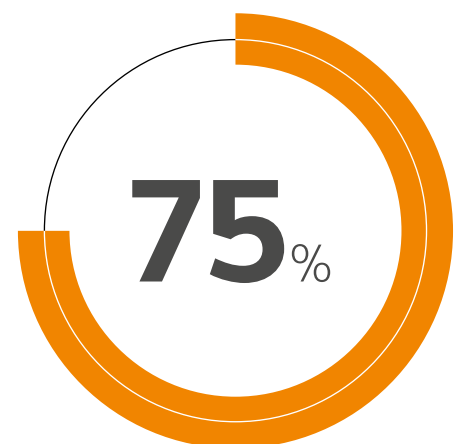
There is a deluge of disruptive competition from tech companies. The accounting, bookkeeping and tax space is undergoing a disruption, with new and existing competitors investing money, resources and technology into offering new products and services.

### FACTORS DRIVING AUTOMATION IN THE TAX AND ACCOUNTANCY INDUSTRY

Survey of tax and accounting professionals



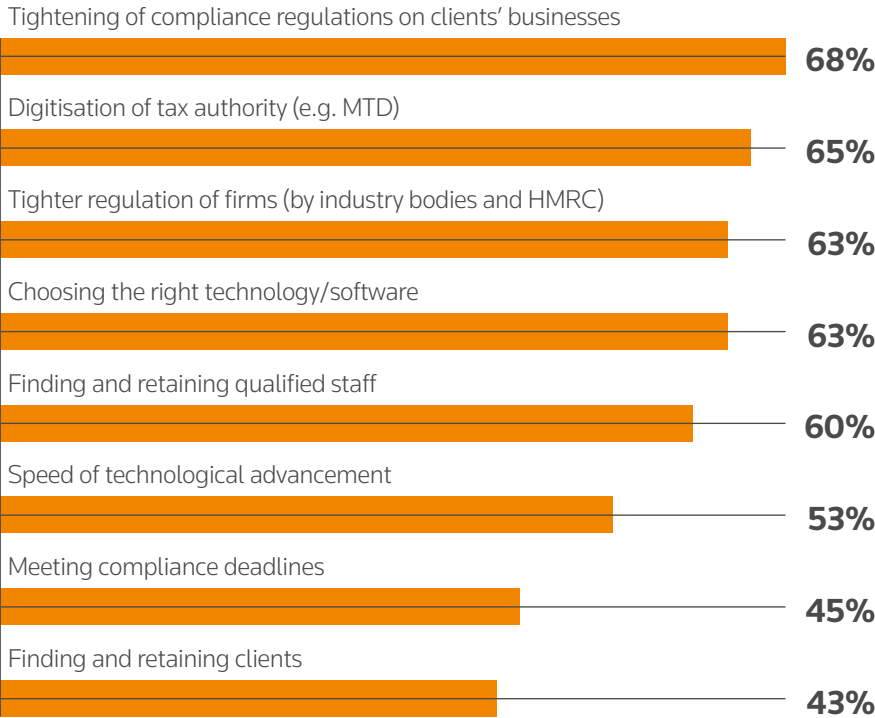
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of the global workforce will be composed of millennials by 2025  
EY



### PERCENTAGE OF ACCOUNTANTS CONCERNED ABOUT THE FOLLOWING CHALLENGES OVER THE NEXT TEN YEARS



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Disruption means consulting and business advisory firms, as well as other non-accountants, can offer new software and analytical tools to provide new accounting-related services. New tech startups in the accounting space are highly process-oriented, technology-based and paperless, and use remote teams to focus on client solutions. The same cannot necessarily be said of all accounting firms. The hourly-fee model is also being challenged, with new providers bringing their own scalable fee model of services. By using technology and the cloud more smartly, many accounting firms understand the paradigm shift, and are now adopting new characteristics. Accountants are thus moving beyond producing tax returns or financial statements and are now looking to solve more complex customer pain points.

#### Carving a niche

With technology levelling the playing field and tools being cheaper and easier to use, there is less of a demand for lower-value accounting services combined with a growth in niche services and outsourcing. Whether big or





# “By creating a niche, a small firm may be more useful than a big firm relying on big name recognition”

small, all firms have access to the same tools, leading to increased competition from firms offering niche services for specific industries, and geography isn't a problem. The advent of cloud technology has opened borders, and clients can be won and served across the world, with some providers even adopting a “follow the sun” approach. Financial outsourcing to lower-cost countries will continue to grow, with governments in many countries targeting accounting outsourcing as a growth industry. By creating a niche, accountants can set themselves apart from the competition and maintain expert status, which means a small firm may be more useful than a big firm that relies on big-name recognition.

## Internal obstacles

Organisational structure, corporate culture and differences in functions and disciplines means internal obstacles are rife. This is replicated in automation, where organisational data silos impede transformation, and where insufficient data quality or the ability to work with unfamiliar non-financial data can create difficulties. There is a general lack of information

available on how to run a more efficient online accountancy firm. Strategy needs input, otherwise it is difficult to spot opportunities and know which clients of the firm are high growth. Firms also need to know if they're getting the most out of their staff. There is a range of tools and applications to help companies of all sizes find and extract insights from their data, but this remains challenging because it must first be determine how the data will be used in order to improve performance and select the appropriate technical solution. The biggest challenges are often the internal obstacles.



# Best practice for practices

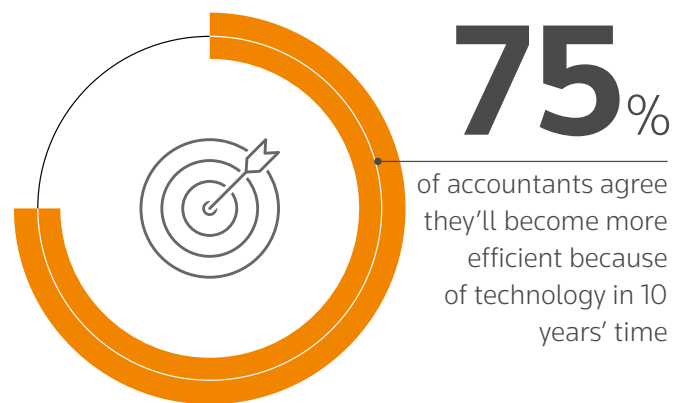
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Although technology is developing at a quick pace, and solutions may be difficult to identify and even implement, it's important to focus on how you can best serve or be of value to your customer.

# 03

Highlighting challenges is always easier than finding solutions. Even more so when change is afoot, and best practice is still being formed. Luckily, there are some patterns in best practice that are emerging in this fast-moving situation.

- **Keep technology at the top of the list of challenges accountancy firms face in the future.** Firms are using new analytic techniques and tools, and mining new insights from data. This requires a range of complementary skills to translate insights into client impact and opportunities to deliver value.
- **The need to be careful to avoid diving into a technology project.** It is essential to take the time to investigate how the organisation, processes and business can be improved by technology. Firms are not just transforming operations; they are recreating their identities.
- **Always look at what technology is coming down the pipeline and learn about it, even if you are not yet using it.** Take predictive analytics (PA), for example. All firms undertake PA, but they need to look at how automated their process is, and think about what tools will be useful at what point. Don't forget that technology has an underlying manual precursor, and the more you learn the more you evolve; you don't have to jump into the latest thing. There are fast-moving developments in cloud computing and social media, but there are also new possibilities emerging from artificial intelligence, cognitive computing and blockchain.



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- **Some change can only happen with the investment of big firms, and this should be watched carefully.** What big firms do will inevitably trickle down through the profession. Changes will be happening in other professions and disciplines too, so we should not be siloed as an industry and must learn from best practices faced by other sectors.

- **Technological changes are transforming what professionals do and also what they need to know.** Investing in skills is critical, and developing modes of augmented intelligence whereby people are working side-by-side with machines is the new model – not just to do the things they cannot yet do, but to do the things the other cannot do as well. Wherever there is big data and clear rules there will be disruption and disintermediation. It is the people and premium on human skills that will make the difference.

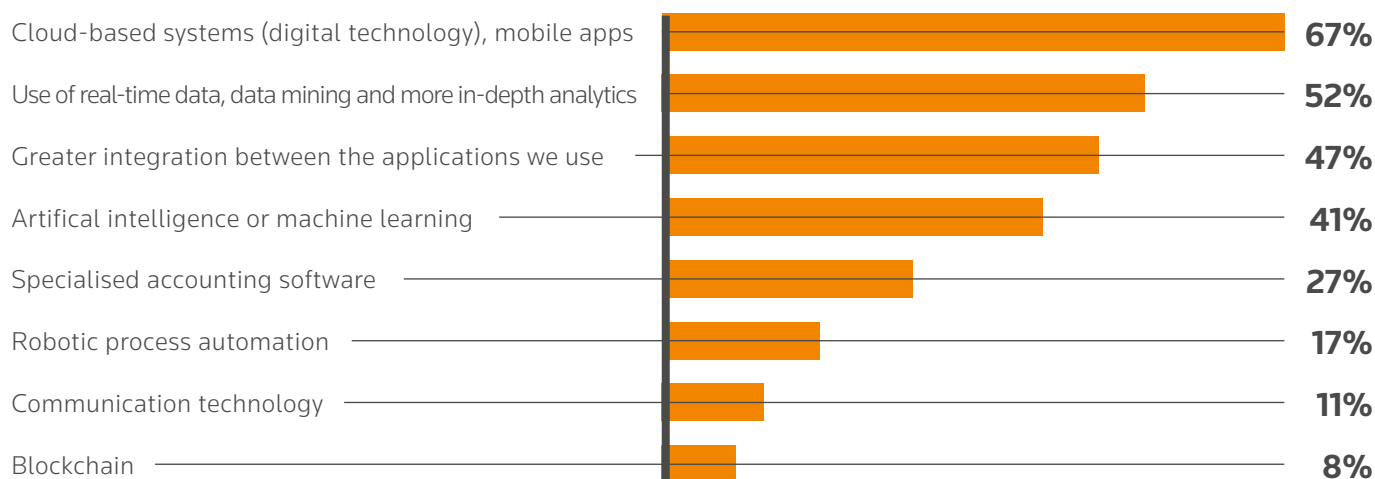
- **Build more efficient and closer tech-enabled relationships with clients to future-proof services and create growth opportunities.** Such automation reduces the time it takes to complete tasks, which is challenging the hourly fee schedule, leading many firms to switch to value-based pricing methods. Firms should continue to record time to gain insight into their most profitable clients, staff and services. These insights into profitability

can lead to new niche growth opportunities that otherwise could be missed. Clients are already demanding this change and switching models will require collaboration.

- **Focus on digitalising and consolidating all client financial data in a central hub where it is consistent and structured.** This data needs to have integrity and be updated automatically, in real-time, and securely accessible to teams and clients. This data can be applied in automated accounting workflows to maintain robust records and streamline compliance and reporting processes, with accuracy hardwired.

Accountants are looking beyond the data to the value added, giving advice and support to the client’s own decision-making and business. Behind the data and the numbers is the insight to extract valuable business intelligence that comes from specific professional expertise and can have an impact on client business performance. This boosts professional status as a most trusted advisor.

**THE TOP THREE SPECIFIC ADVANCEMENTS IN TECHNOLOGY ACCOUNTANTS THINK WILL CHANGE THEIR ROLES MOST BY 2028**



“Developing modes of augmented intelligence whereby people are working side-by-side with machines is the new model”

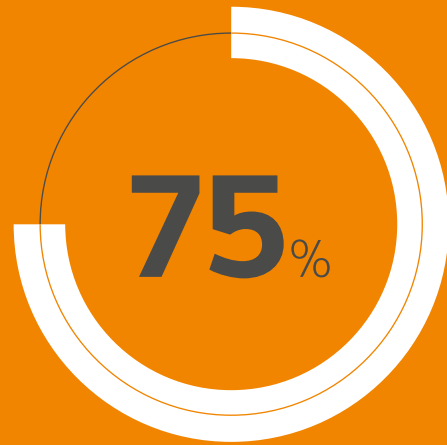


# Accountants on demand are in demand

Accountancy professionals know they need to increase the pace of technology adoption to remain competitive and client focused. However, there are constraints in time, money and limited expertise in teams, and delivering services still requires a substantial manual labour to complete a process or a transaction. This is a time to rethink your culture, which includes addressing questions of recruitment and retention. Disruption also means changing behaviours, and effective leadership communication can help people implement change.

There are tangible changes in the client offer that firms need to take on board if they are to adapt, compete and be better future-proofed.

- **Allow clients to access their data when they need it.** Efficient software and cloud accounting automate most transactions and can eliminate data entry completely. Clients are looking for a streamlined process of communication and collaboration, with easily shared files and documents. Next is more integral artificial intelligence, which could lead to less effort in data configuration and more emphasis on human expertise.

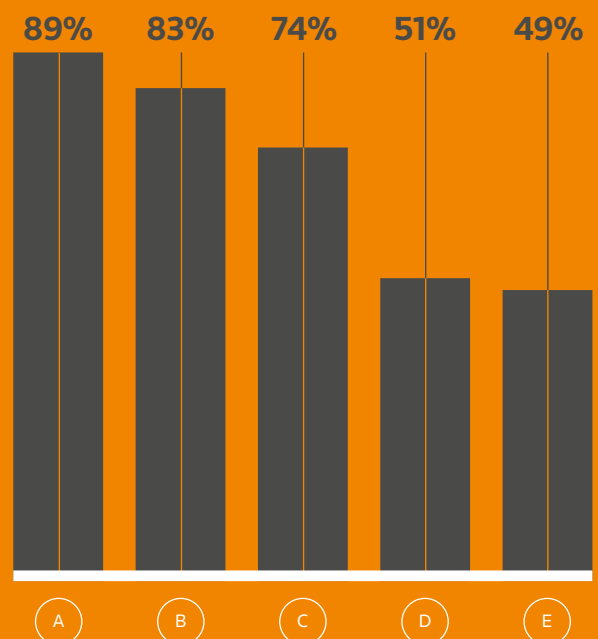


of accountants agree that their business model will be different in 10 years' time

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## KNOWLEDGE AREAS CRITICAL FOR ACCOUNTANTS TO UNDERSTAND IN THE FUTURE

- (A) Digital/cloud technology
- (B) Advisory e.g. tax planning, virtual FD, business planning
- (C) Accountancy/tax law
- (D) Business development/marketing
- (E) Business acumen



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- **Building closer working relationships.** To understand technology challenges we need to see them as communication challenges. Being more connected can unlock new opportunities for increased productivity, new services, competitiveness and revenue. Those firms and individuals who can effectively collaborate – and communicate – with clients will achieve greater success and future-proof their business and careers.

- **Better online services are reducing geographical barriers.** Clients are working to manage complex growth and regulation challenges, and they need professional advice to help them navigate their own challenges by you successfully navigating your challenges. This also means keeping firm and client data safe with enterprise-level security and multiple levels of protection, and supporting remote working from any location.

- **Increased competition with disruptors.** While these are a threat, they are an inevitability. However, they also create opportunities for agile and innovative firms to gain competitive advantage or carve out a niche in a more competitive market.

The challenge is to switch from being compliance workers to knowledge workers and trusted advisers. Accountancy professionals are uniquely placed to help clients find business solutions. They can offer trusted advice and expert insights into data, and how data, the business and people are connected. It remains important to keep sight of the need to be first-rate tax adviser, auditors and accounting experts, as this technical expertise is what defines

# “Accountants need to meet client demands today but must also anticipate what they will need tomorrow”

the profession. However, broadening your footprint requires venturing deeper into core areas of strategy, business transformation, technology and data analytics, and building capacity.

At present, the accountancy space being negotiated is between the “now” and the “not yet”. Accountants need to meet client demands today but must also anticipate what they will need tomorrow. This is happening in a “now” that is in flux and where technology is changing not just firms and processes but the entire industry. It is a different space from past challenges. This “digital transformation” is taking accountancy into a connected future and into a real-time, dynamic view of the now, as well as using data expertly to predict the future. Those who can handle this space and manage disruption are the professionals who will create the future.



# How can Thomson Reuters help you run a more efficient online accountancy practice?

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It is important to adopt tools to work more collaboratively with your clients, [Thomson Reuters Onvio Firm Management](#) is a cloud-based practice management solution, offering you a blend of document sharing, portals, project management and time and billing. It boasts an intuitive interface and includes direct integration with the [Thomson Reuters compliance suite of products](#) so you and your staff can work more closely with clients, swapping and sharing files easily and securely. By using the right online solutions like [Onvio Firm Management](#), you can maintain a productive work environment no matter where you or your team are located.

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