



THE
CHANGING ROLE OF
ACCOUNTANCY

The Strategic Accountant:
A Case for the Cloud



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Executive Summary

The challenge

- Advances in technology have revolutionised sales, marketing and accounting for small businesses (SMB). For example, 88% of SMBs said moving to the cloud would help to keep their accountant ahead of the technology curve
- As a result, SMB clients have come to expect more value added services from their accountants
- Accountants need to move from being number-crunchers to establishing themselves as trusted business advisors

The research

- Intuit (UK) Ltd. conducted in-depth opinion research to investigate the role of the accountancy profession in a changing business landscape.
- Intuit commissioned Coleman Parkes Research to survey the views of:
 - 100 owners and senior managers of accountancy firms with between five and 250 employees in the UK
 - 200 owners and senior managers of UK businesses with between two and 250 employees (defined as SMBs)
- The objective was to determine how the accountancy profession is changing against a backdrop of rapidly evolving technological advancements and heightened client expectations

The opportunity

- Clients greatly value and seek strategic services such as business advice and consultancy
- They want a more constructive and collaborative relationship with their accountant and are demanding anytime access to financial information
- What's more, SMB clients are willing to pay their accountants for these richer services, yet accountants do not appear to be making the shift
- For those accountancy practices that manage to transform, there is a major revenue and relationship opportunity

The benefits

- The adoption of cloud-based accounting software would enable accountants to significantly streamline day-to-day operations
- This would free up valuable time so they could focus more time on building their client relationships and offering new services
- SMBs are readily embracing cloud technology, and expect their accountants to do the same
- However, only a minority of accountants currently offer cloud services, which means the majority risk missing a growth opportunity

88%

of SMBs told Intuit that the cloud would enable them to work closely with their accountants and develop the right relationship

72%

of SMBs believe that their accountants need to modernise their brand

61%

of clients are demanding cloud-based accounting

A Strategic Shift

Accountancy practices face mounting pressures to embrace new ways of working in response to fast changing client needs.

SMBs want more from their accountancy partners. In fact, they are demanding an entirely new strategic approach.

According to Intuit's research:

- **70%** of SMBs perceived their accountant purely as professional 'traditionalist' five years ago
- **34%** viewed their accountant as a financial consultant
- **18%** saw accountants as a strategic business advisor

However, the tables have turned: **69%** of SMB clients now expect their accountants to be financial advisors.

In fact, businesses require more than just financial consultancy from their accountants. They need strategic business advice:

- **65%** of SMBs express an immediate need for business advice
- A further **31%** anticipate a need for this in the near future
- **4%** do not see business advice as a priority

What's more, clients want an innovative service that is fit for their evolving needs – and they believe accountants can and should provide it.

SMBs believe that for accountants to deliver on their role as a strategic business advisor, they must:

- Modernise their brand (**72%**)
- Update their accountancy software (**66%**)
- Stay ahead of the technological curve (**65%**)

The accountants' perspective

For their part, accountants are keenly aware that change is needed:

- The vast majority of accountants expect their role to evolve to that of a financial advisor (**71%**) or consultant (**69%**) over the next five years
- The minority (**45%**) anticipate being a 'number cruncher' five years from now

Many agree that they also need to:

- Identify their unique selling point (**94%**)
- Introduce new offerings and strategic services (**66%**)

Yet despite the imperative for change:

- The majority (**54%**) of SMBs still label their accountants as 'traditionalists'
- Only **35%** think of them as strategic business advisors
- Worryingly, even fewer accountants (**33%**) see themselves as advisors

The days of the number cruncher, it seems, are numbered. Yet the evidence suggests that accountants are not yet performing the role their clients expect of them.

96%

of clients need business advice from their accountants, or expect to in the future

71%

of accountants expect their role to evolve to that of financial advisor

54%

label accountants as 'traditionalists'

From the accountant's perspective

Ainsworth & Co



Paul Ainsworth

"I started my accountancy practice in 2005, after 20 years in industry performing a variety of roles from chief accountant to finance and administrative director. This experience enables me to understand the issues small businesses face on a day-to-day basis.

"My practice focuses on providing accounts, bookkeeping, computing and tax services to start-ups and small businesses in and around Preston. My clients are locally based, and operate in a variety of business sectors including construction, IT, design, healthcare and lettings.

"I began using Intuit's QuickBooks accounting software as soon as I launched the business. I find it perfect for start-ups, as it is forgiving and simple to use. The facility to drill down into each transaction and find and correct mistakes is particularly helpful for business owners on an inevitable learning curve.

"The diversity of my client base, combined with the scope of services I provide, require a comprehensive use of the product. So I'm able to offer extensive training and support.

"I am currently promoting the cloud-based QuickBooks Online product to new clients, as I believe that cloud-based accounting is the future for start-ups – and particularly for owners who are frequently away from their base.

"The cloud offers many additional benefits, such as flexibility, time efficiency and access to information via smartphones and tablets, which are making cloud accounting a significant part of the everyday business process."

"I believe that cloud accountancy is the future for start-ups"

95%

would be willing to pay
for business advice

65%

of SMBs would value a
business consultancy service
from their accountant

40%

of clients do not get the
full service they expect
from their accountant

Your Opportunity

Rapidly changing client expectations present a significant market opportunity for practices which may be in danger of being overlooked.

We have seen that accountants are fully aware of their clients' needs for advice. Yet, only **38%** place business consulting among their most promising revenue opportunities.

In addition, the vast majority of accountants are failing to provide many of the services their clients demand:

- **87%** of SMBs need help with project financing; only **36%** of accountants offer this
- More than **70%** of SMBs have enquired about audit support; only **37%** of accountants have an audit offering
- **63%** of SMBs require a bookkeeping service; only **37%** of accountants provide one

According to our research, **82%** of SMBs expect their accountants to be more proactive in developing value-added services.

In addition, **38%** of SMB's indicated that they are not getting the full service they expect from their accountant.

Adding value

Any degree of client frustration should be of deep concern to the profession. However, all is not lost.

Findings from this study reveal that SMBs are willing to invest to get more from their accountants:

- **65%** claim that they would "really value" a business consulting service
- **62%** believe accountants need to introduce new offerings and strategic services to move to a valued advisor position
- Just **5%** would be unwilling to pay for business advice

Worryingly, however, **40%** of accountants believe that their clients would be "sceptical" about paying for consultancy.

Accountants face a choice: expand their offering and deliver the strategic value clients are calling for, or stay in their comfort zone and miss out on a major growth opportunity.

82%

of SMBs believe that the cloud would enhance their relationship with their accountant

64%

of accountants state that the cloud would unlock capacity to deliver new, strategic services

61%

of clients are demanding cloud-based accounting

From the client's perspective

SnoozeShade



Candice Hart

UK-based small business SnoozeShade manufactures products to help babies sleep in prams, infant car seats and travel cots. SnoozeShade markets to 29 countries around the world.

“At SnoozeShade, we’ve been accounting in the cloud for a few months. It suits us because all of our stock can be managed and controlled at all times. Payments in and out are made online, keeping the books right up to date, which in turn allows us to keep tabs on stock levels.

“I have responsibility for accounts, and as I’m not an accountant by trade, I had reservations about taking on the role. But I’ve found the software surprisingly easy to get to grips with.

“Having our accounts in the cloud also makes it so much easier to work with an accountant, as we can both access the books at the same time, reducing the time spent bookkeeping – and therefore the cost.

“More effective budgeting will be a key focus for the business in the coming year. Cloud-based accounting will play a major part in achieving this, as it will help keep on top of everything coming in and going out.”

“Having our accounts in the cloud makes it so much easier to work with an accountant”

Accountant's perspective 2

Footprints Accountancy



Julie Robinson

“Based in Sheffield, Footprints Accountancy provides a full service for small and medium-sized businesses.

“As part of Intuit's ProAdvisor and Cloud ProAdvisor Partner programmes and Inner Circle, Footprints pilots and implements new software such as QuickBooks Online & Intuit Pay. We also deliver training on QuickBooks, on a one-to-one basis and in groups.

“We believe that Intuit is driven by a desire to solve the important problems that small businesses face every day. The software and services help business owners to get on top of their finances, accounts, payroll and payments – faster.

“We've seen rapid growth in the number of clients working in the cloud. As such, it's important for me to be able to communicate with them effectively.

“The Cloud ProAdvisor programme offers fantastic support for dealing with cloud-based clients, giving Footprints a competitive advantage when looking to acquire new customers. The marketing advice and added support provided by the programme means that I can now offer clients real added value.”

“Intuit is driven by a desire to solve the important problems small businesses face every day”

The Case for the Cloud

The message is clear: accountants need to provide value-added services such as business consulting, strategic advice and financial planning – essentially being trusted advisors to their clients.

To achieve this, they need to:

- Spend less time and energy on routine administration
- Streamline accounting and administration tasks, giving themselves space to focus on their clients
- Optimise their use of technology

Delivering services in the cloud would be a significant step in the right direction. **88%** of SMBs told Intuit that the cloud would enable them to work more closely with their accountant and develop the right relationship.

Cloud-based accounting offers:

- A faster, more efficient way of working on routine accounting tasks, saving time and money
- Central and secure access to real-time information
- An effective platform for accountants, bookkeepers and clients to collaborate remotely – anywhere, anytime, on any device
- Access to a more cost effective and up-to-date accounting solution

An appetite for change

A move to cloud-based accounting is likely to find a receptive audience among SMB clients. **61%** of SMBs have already adopted cloud technology.*

What's more, cloud technology can:

- Provide easier access to the accounting process
- Better meet clients' expectations
- Create a more cooperative experience
- Streamline services to generate more time for customer interaction
- Support the evolution of the role of the accountant

More than **50%** of SMBs would be willing to pay for cloud-based accounting, highlighting a key revenue opportunity for accountants.

SMBs are equally enthusiastic about the advantages of the cloud:

- **82%** believe that cloud-based accounting would improve the service they receive
- **80%** state that it would streamline services and enhance efficiency
- **74%** agree that it would free up capacity for accountants to deliver new strategic services
- **61%** of SMBs are calling for cloud-based facilities from their accountants
- Not one would be unwilling to pay for them

Yet **37%** of accountants currently deploy cloud solutions.

Keeping ahead of the curve

SMBs are modernising their brand by adopting new technologies to improve their service efficiencies. It is becoming increasingly important that their accountants evolve at the same pace.

- **90%** of SMBs expect technology will change the face of the accounting landscape
- **86%** believe that technological advances in the future will give them more choice in terms of which accountant to work with
- **88%** of SMBs said moving to the cloud would keep their accountants ahead of the technological curve
- **66%** said better technology will provide a richer experience of working with their accountant

There is also a perception amongst **40%** of SMBs that their current accountant is too traditional to embrace such change, and that accountants think moving online would be too complex.

The greatest wakeup call lies in the fact that that **71%** of SMBs think their accountant is unsure of which technology advancements are right for their practice.

Encouragingly, however, **56%** of SMBs don't want to lose their established relationships, and are willing to work with their accountants to find a solution that modernises and better streamlines processes.

Change is Needed Now

The evidence is clear. Accountants must respond quickly to the needs of their clients:

- **96%** of clients need business advice from their accountants, or expect to in the future
- **88%** of SMBs told Intuit that the cloud will enable them to work closely with their accountants and develop the right relationship
- **61%** of clients are demanding cloud-based accounting

Cloud computing offers powerful benefits to accountants and their clients:

- A fast, efficient, streamlined way of working
- Secure central access to – and control over – real-time financial information
- The ability to connect and work, anytime, anywhere, saving time and money
- An effective collaboration platform to enhance communication and working relationships
- Greater flexibility and freedom
- More resource to dedicate to providing the higher-value, strategic services clients expect

Intuit's research reveals that **64%** of accountants believe the cloud would unlock capacity to deliver new, strategic services. Yet only **37%** have moved to offering cloud technology to clients.

Now is the time for accounting professionals to make the strategic change required, or miss out on the significant opportunity that cloud represents.

Learn More

To learn more about how Intuit can help you embrace cloud technology:
Visit intuit.co.uk/cloudaccountant or call 0800 014 2654

Methodology

This report is based on survey data compiled by independent research firm Coleman Parkes Research. Unless otherwise stated, all figures cited in the report are from this survey.

The research was conducted over two phases in late 2013:

1. Interviews with 100 senior decision makers, owners and partners in UK accountancy firms that serve the small and medium-sized business sector.
2. Interviews with 200 owners and senior managers of small and medium-sized businesses (SMBs) across the UK.
3. All interviews were undertaken using the telephone research approach.

About Intuit

Intuit in the UK helps small businesses to get paid, manage their money and pay their employees; and accounting professionals to be more productive and grow their practices. The company's flagship products in the UK include QuickBooks, QuickBooks Online, QuickBooks Payroll and Intuit Pay.

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