



# Running A Cloud Accountancy Practice In The Digital Age

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# Introduction

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*Digital technology has changed our world. From the ways we shop, search for new products or do our banking, much of our everyday life is now driven by digital technology, software apps and the ubiquitous smartphone. And small business accounting is no different.*

## A new breed of tech-savvy business client

Many small businesses now run their operations online, day to day, in the digital space. And they now expect their accountants and business advisers to do the same.

So, if your accountancy firm is lagging behind the times, there's a pressing need to make the switch to digital so you can meet the expectations of the new breed of business clients.

## Digital as a regulatory requirement

The UK government's Making Tax Digital (MTD) initiative has pushed the digital agenda further.

MTD has imposed new compliance requirements onto VAT-registered businesses, making it mandatory to record, store and submit tax information as digital data. The speed of change and proliferation of automation is accelerating, leading to the commoditisation of basic accounting services and putting mounting pressure on fees and market position.

# Guiding you through the digital transformation process

So, if the key is becoming a digital practice, how can this transformation be achieved?

In this guide, we'll give you clear, jargon-free technology advice, helping your firm understand the core benefits and steer the practice through the challenges that lie ahead. And we include a case study feature for a Practice Manager who is living and breathing the benefits of running a cloud practice.

**We'll help you:**

## 1. Know your digital strategy

And whether compliance, advisory or a mix of both are the driving force behind your services.

## 2. Integrate and connect your practice technology

So you have a software system that's ready to meet the needs of digital accounting.

## 3. Improve your advise and communication

To help increase your efficiency as a practice, or deepen your working relationships with valued clients.

## 4. Understand the cloud benefits

And see how desktop and hybrid accounting systems are holding back your ability to go digital.

## 5. Embrace the future of digital accounting

And build up the technology, processes and people skills needed to futureproof the firm.

# 1. Know your strategy – Go big or go niche?

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*By becoming a digital firm, you don't just change the technology that your staff and clients use on a day-to-day basis – you also face a choice when it comes to your purpose as a firm.*

Cloud-based accounting, automated bookkeeping and detailed forecasting tools offer you a practice system that transforms your capabilities.

*“With new businesses and younger owners, we find that having a digital capability is a little bit more of a given now, rather than being a differentiator.”*

*“Younger business owners have only ever used cloud technology. So, if we weren't offering it, this could damage the relationship. So, we're continually looking for new technology, whether it be apps or different ways to use existing cloud solutions. That way, we can still add value.”*

**- Alan Woods, MD and founder of Woods Squared**

## Option 1.

# Go big – and focus on compliance

Automation of the key compliance tasks means can you be more efficient and productive. So one choice is to focus your practice services on bookkeeping, accounts and tax returns, but to 'Go big' and take on an increased number of clients.

**As such, by providing pure compliance services, you:**

- Spend less time servicing each individual client
- Can take on a greater number of clients
- Increase revenues through scale.

## Option 2.

# Go niche – and offer specific advice

A digital accountancy firm has access to a huge repository of client data. And by utilitising this information in the best ways, you can quickly analyse your clients business performance, financial position and future potential – allowing you to offer niche advice at higher fees.

**By opting for the advisory route, you:**

- Spend more time advising each client
- Can focus on a core customer base of high-value clients
- Increase revenues through quality and higher fees.

The decision isn't a purely binary choice, of course. There are many points on the compliance/advisory spectrum to choose from. But both approaches require the firm to streamline its processes, update the technology – and take staff and clients along for the ride.

## 2. Integrate and connect your practice technology

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*Whichever point you opt to take on the compliance/advisory spectrum, your starting point will be to update your practice systems so they're ready for your new digital strategy.*

**The workflow of a successful digital firm revolves around the 'Three Cs' required for good accounting:**

### **1. Capture**

To scan and digitise all the relevant client information, and store it centrally.

### **2. Connect**

To send this data to the relevant practice tools, modules and third parties.

### **3. Collaborate**

To provide the information and interfaces to work with your clients.



*“What we’ve found in the last few years, because of technology, is that the basic compliance services don’t just become the hook to get you new clients.*

*“In many cases, they’re now some of the more profitable services, because technology has allowed us to be more efficient. With the value that we can create and the information we can provide, we can do that now as a customised solution to the client, but also still maintain a level of profitability that wasn’t there a few years ago, because the systems just didn’t allow it.”*

**- Alan Woods, MD and founder of Woods Squared**

## Capture

### Turning paperwork into digital data

A traditional practice is driven by paperwork, spreadsheets and filing. In the modern digital age, much of this admin work can be done away with.

Automated bookkeeping tools use optical character recognition (OCR) technology to read and digitise analogue paperwork. This means clients can scan in receipts and expenses on the go, staff can quickly upload supplier invoices and the bookkeeping data needed for true real-time information is instantly available to you – the bookkeeper, compliance accountant or adviser.

# Connect

## Porting data to the right place

With your client data now in the digital realm, this information is stored centrally in the cloud and can be integrated with a wide variety of compliance and advisory tools.

Need to fill out a VAT return? Simply port the required financial data into a VAT template and attach digital copies of the related invoices and receipts. Want to analyse a client's cashflow position? Send their actuals to a cashflow tool and get an accurate overview of their cash inflows and outflows – all from your central, connected practice system.

# Collaborate

## Working with your clients

Working with your clients means being able to quickly have two-way communication real-time at all stages of the accounting and advisory process.

If you're filling out a self-assessment tax form, you need to be able to easily query a figure, and message your client for an answer. If you're signing off statutory accounts, you need to be able to share these in a digital format with the client. Or if you're sitting down to talk planning and budgeting, you need instant on-screen access to the customer's key numbers.



# 3. Improve your advice and communication

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*Streamlining and digitising the data collection process creates efficiency. But there's more value to the digital approach than merely making the practice MTD-compliant.*

The value of a digital approach extends beyond the cold numbers and into the realms of true business support, guidance and insight – the kind of advice that can change a client's future.

*"The biggest benefit I've found with digital is that the access of information is so much better. If I'm out with a client in a meeting, or just bump into them, I can access their information instantly."*

*"Beforehand, it was all server-based using desktop information, so if they asked you a certain question, you wouldn't necessarily have thought or prepared or brought every piece of information with you ready for that meeting. Whereas now, you can give them advice and guidance there and then."*

**- Alan Woods, MD and founder of Woods Squared**

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## Better advice for compliance accountants

Compliance clients may only want the basics of bookkeeping and accounting done for them. But they still expect you to help them manage their financial success and performance.

With real-time information and a current view of their numbers, your firm is well placed to tick the regulatory boxes, but with some real added-value as the icing on the compliance cake.

### **For example:**

- Helping clients manage cashflow
- Regular interactions to discuss financial performance
- Getting proactive about cost reduction or profit-led activity
- Producing basic profit and loss reports

## Better advice for business advisers

The client relationship for advisory clients is a much deeper and more involved experience, where listening to, and communicating with, your client is of paramount importance.

When you're providing your niche service – whether it's strategic advice for creative agencies, or corporate finance advice for construction companies – your role is to provide the detailed, expert guidance that your valued clients expect of you.

### **For example:**

- Drawing up a five-year growth business plan
- Helping to scale up the business at pace
- Working with the client to sell their business
- Mentoring and advising the owner and directors

## More mobile communication

To be an effective adviser, it's important to increase your touch points with clients, respond quickly to any queries and bring important matters to the client's attention. And the smartphone is the perfect tool to do this.

By making the most of the opportunities that smartphones and mobile apps can offer, you give clients and staff the ability to access key numbers, respond to queries, discuss budget or cashflow issues or simply check in for a quick catch-up.

## More personal interactions

Accounting in the digital age is very much a people business. So that means having the right social, interpersonal and communication skills to work effectively with your clients.

Your hiring strategy, and your team training, need to factor in this need. A team of friendly, approachable and knowledgeable accounting professionals will form the core of your digital practice – so make sure your people are up to the task.



# 4. Understand the cloud benefits

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*Cloud technology and Software as a Service (SaaS) systems have revolutionised the way that software is used in business. And switching to a cloud platform is critical for a digital practice.*

*“I struggle sometimes to understand why people don’t move to cloud technology, because it’s cheaper, quicker and faster, in nearly every way.”*

*“And, actually, that’s what most business owners want; they want the information quicker and faster. And if we can use technology to do it more efficiently, then we can add more value, because we can include more within their existing service package.”*

**- Alan Woods, MD and founder at Woods Squared**

# 10 reasons to switch to cloud

Old-fashioned desktop accounting systems, and hybrid desktop/cloud updates, no longer cut the mustard. If you're an ambitious digital firm, **there are many key reasons to opt for cloud:**



## 1. Ease of set-up and configuration

You use cloud accounting software via your web browser, so there's no complex setting up of desktop applications.



## 2. No expensive updates

When you log into a cloud platform, you're always using the latest software version. There's no need for costly and time-consuming updates.



## 3. Integration with other systems

Many cloud platform will have an open API (application programming interface) so you can connect with other third-party servers.



## 4. Improved security of your data

Rather than having client data on a local hard drive, all data is stored and encrypted on a secure cloud server, keeping data safe.



## 5. Simple disaster recovery

If a laptop is stolen or destroyed, you can quickly log back in to your cloud platform from a new machine, allowing you to be up and running fast.



## 6. Improved uptime

Some hybrid cloud vendors don't publish their uptime status as they can't guarantee it. But a true cloud platform will be able to guarantee good uptime stats.



## 7. A consistent user experience

With a cloud provider, you can 'try before you buy', knowing exactly how the system will look and feel before you commit to a subscription.



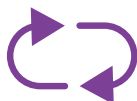
## 8. Work anytime, anywhere

Unlike desktop systems, a cloud platform can be used from pretty much any device. So you can work from any location with an internet connection.



## 9. Share numbers with clients

With your laptop or phone in a meeting, you have access to any numbers or reports the client may want to discuss – all available instantly.



## 10. A more connected working experience

When you and your clients all work from a centralised cloud platform, you can communicate more effectively and be more efficient.

No one system can do it all, so it's vital to be able to connect to other systems to pump relevant business data in and out of the accounting and reporting workflow.

To benefit from cloud and the digital approach, your platform needs an application programming interface (APIs) – like the ones used by HMRC to populate the Agent Services Account.



# 5. Embrace the future of digital accounting

*Whichever path you take on the compliance vs advisory journey, it's clear that digital tools, cloud solutions and business technology will play an increasing part in that evolution.*

*"Where I see the accounting industry going in the future, with the development of software, is for us to become seen more as 'business service providers', rather than just 'accountants'."*

*"We already get inquiries from clients asking if we can help with websites, digital marketing or finding a pension provider etc. And with the technology that's available at the moment, we could be seen as true business advisors – that's a real opportunity in the next, say, five years or so"*

**- Alan Woods, MD and founder at Woods Squared**



## Future developments in digital technology

[Looking back at the evolution of accounting](#), it's clear that the past decade of developments in cloud software and digital technology has driven a huge change in accounting processes, productivity and purpose. So, where will [technology take us in the next 10 years](#)?

**New developments are likely to include:**

- **Increasing automation of compliance tasks** – with algorithms and automation increasingly forming the heart of productivity tools, we're likely to see even more of the low-level admin and financial tasks being taken care of by the software – freeing up time for your people,
- **Artificial intelligence as a key tool** – artificial intelligence (AI), machine learning and cognitive solutions will make our accounting tools smarter and more insightful, helping accountants to pull the insights out of client data.
- **Open Banking and blockchain** – with blockchain technology revolutionising the way finances are recorded and managed, and Open Banking shaking up the banking world, we're likely to see some big changes in how financial services operate.

## Having the best technology infrastructure

While it's vital to focus on the challenges faced by your business clients, it's easier to fulfil the human side of your practice services if you've got a robust technology infrastructure behind you.

Think about your services in terms of the client experience and workflow. You may not be able to put all the relevant tools in place in one go, but with a clear business strategy and the essential software components identified, your firm is ready to step into the digital realm.

With your practice vision sorted, all that's required is to find cloud and digital suppliers who understand your practice's needs and who can supply the right tools when you need them.

# Alan Woods Case Study

## (from IRIS to Cloud Solution)

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*What does it mean to be a true cloud practice? For Alan Woods, managing director of Woods Squared in Wirral, the answer is easy: Flexibility and simplicity.*



In other words, the ability to work from anywhere and to get access to all the relevant information and software that you need. Cloud accounting has no bias towards one set of coordinates. Whether you are in the office, on the road or reclining on a sun lounger, it's inconsequential.

All that's needed is a stable internet connection, and voila, you're working. It's this simplicity that draws accountants to the cloud. But as practitioners know, not all cloud systems were created equal.

Becoming a true cloud practice hinges on using true cloud software, built for a purpose. A software laden with features you don't use but still pay for, and a hefty price tag to match, limits your ability to work with real freedom.

This is what prompted Woods to make the leap to Capium in 2017 after a prolonged search. "I'd say the main gain of using Capium is the ease of use," says Woods. "The feedback from the whole team is around how much easier it is to use compared to our previous software."

Capium is 100% hosted and accessed online, while many cloud offerings are hybrid solutions. This means your data is stored locally and shared through a portal type arrangement. The common issues of software installed on servers/desktops that need to be updated remain. Hardly the simplicity promised by cloud software.

Capium offered a simpler, more affordable option while satisfying everything Woods Squared needs. It's not filled to the brim with unnecessary features but focuses on what accountants need. Capium hasn't changed his workflow "too much", Woods says, but it has opened up a new revenue stream: payroll.

"Capium has simplified the processing of payroll within the business," Woods says. "For standard payrolls, we have been able to take advantage of the bulk processing feature which works great. We can process more payrolls, so a service that has historically not been a valuable service is now one of our most."

It also meets the needs of a growing practice, according to Woods. "We are actually looking at acquiring new fees or practices, and Capium definitely makes that easier as other users from other offices and areas of the UK can easily log in to our systems."

So, does Woods have any regrets making a move to Capium? "No, it does everything that you could need it to do. It's simple to use, great value and the support is excellent, too. I only wish it was around when we started our business 12 years ago!"

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**- Alan Woods, MD and founder at Woods Squared**

# Capture, Connect and Collaborate with Capium

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*Capium is a cloud-based accountancy platform that forms the digital heart of your accounting firm.*

With our choice of integrated accounting, tax and practice management modules, you set the foundations for your digital future and access the tools needed to meet your clients' ever-changing expectations.

Our mantra is that Capium provides the three core elements your firm requires to meet the digital challenge: allowing you to Capture, Connect and Collaborate.

**With Capium at the centre of your practice, you can:**

- **Capture clients records and bookkeeping data** and digitize this output.
- **Connect with other tax software** using our Capium eco-system data flows from one service to another with ease.
- **Collaborate with clients** through our cloud platform, client dashboard or mobile app.

By providing a single platform with a choice of the latest cloud technologies, we help you to streamline your firm, switch to the cloud and meet the key digital challenges.

[Find out how to become a connected digital accountant](#)

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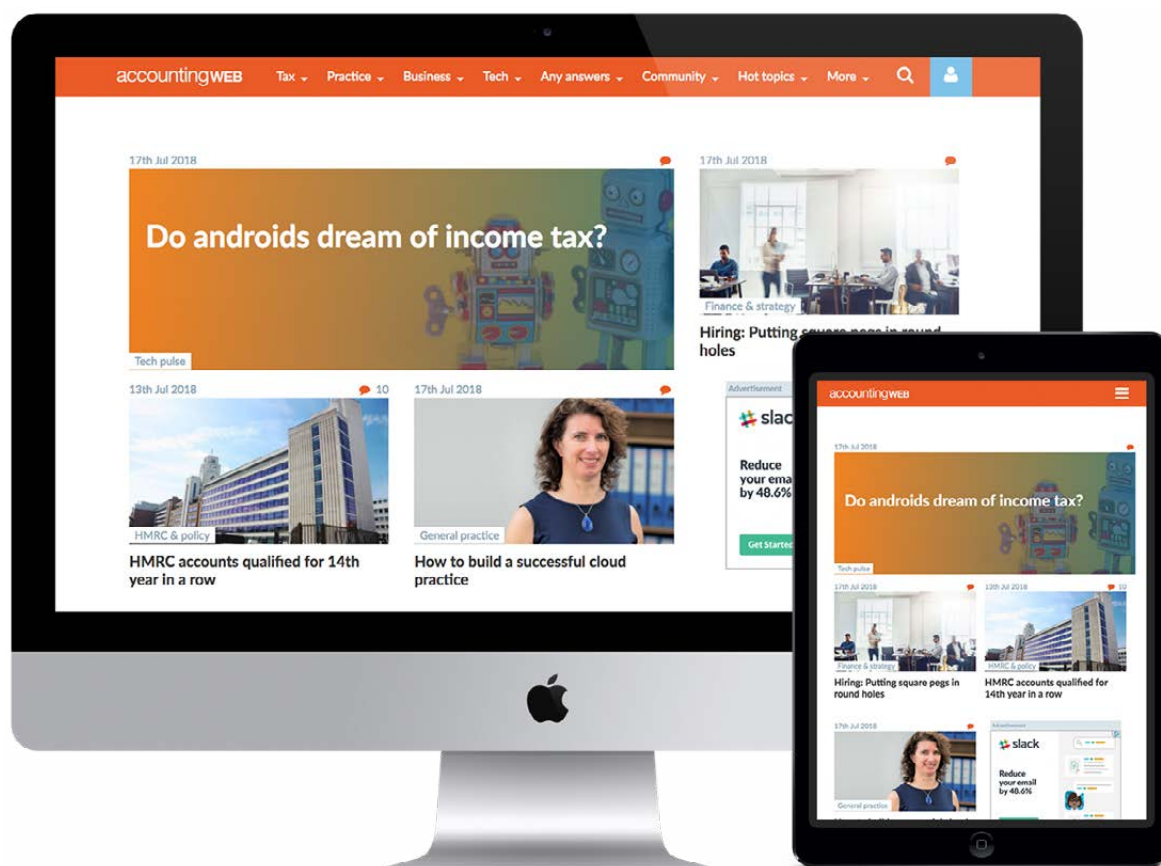
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