

ACCOUNTING DEPARTMENT OF THE FUTURE

TRENDS INFLUENCING HOW SMALL TO MID-SIZED BUSINESS ACCOUNTING DEPARTMENTS OPERATE



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For the small to mid-size business owner, the need to have information now to make business decisions today is a constant reality. So much time is spent creating and delivering the product, it becomes difficult to analyze and evaluate what is working and what is not. Accounting systems tend to be incomplete. Information is tallied and analyzed on make-shift spreadsheets. Methodologies are decentralized and often recreated. Key business processes are rarely automated or optimized.

*"The future
started yesterday.
We're already
late."*

- John Legend

*"Indeed, the problem is
not that the owners of
small businesses don't
work; the problem is
that they're doing the
wrong work."*

*– Michael E. Gerber,
The E Myth.*

The small to mid-size business owner, while often building excellent product or delivering an exceptional service, is also overwhelmed with the critical task of evaluating the current financial position and planning for future growth. Without a plan and process for accounting services, business growth becomes stagnate and financial problems escalate.

A small to mid-size business owner is typically a "Jack of All Trades." The small business owner moves from doing a technical task – an artist, a plumber, an engineer – to owning a business in service of that task – an art store, a general contractor, a software business. The misconception is that the talented and skilled technical worker is most qualified to operate all of the business. Instead of using integrated accounting applications and automating services and solutions, "Jack" limps along, often duplicating effort, working long hours, and not taking full advantage of cutting-edge technology and solutions.

So how do small to mid-sized businesses address that? What IS the Accounting Department of the Future and how do you position yourself to remain competitive in your industry?

There are seven significant trends bringing about a shift in the way accounting departments operate and will continue to operate in the future:

- ▶ **Cloud based computing, including Software as a Service**
- ▶ **Automation and integration of key applications**
- ▶ **24/7 access to live data, anytime, anywhere**
- ▶ **Virtual offices**
- ▶ **Outsourcing**
- ▶ **Self Service**
- ▶ **Going Green**



"I find the great thing in this world
is not so much where we stand, as
in what direction we are moving."

- Oliver Wendall Holmes

CLOUD COMPUTING

Cloud Computing, using a network of remote servers hosted on the internet to store, manage, and process data, is rapidly becoming the favored choice for integrating applications used to improve business efficiency and data availability. If all information is stored on an internet backbone, it can be accessed and manipulated in a variety of ways with a variety of software applications. The workplace becomes virtual, as business owners can access their data and applications from wherever they are whenever needed.

Cloud based accounting systems provide business owners with the necessary access to real time financial data on demand, as they do not need to be physically present in the office to access reports. This significantly facilitates the speed and agility with which business owners can make decisions, as they have critical financials at their finger tips. In turn, this becomes a competitive advantage for small to mid-sized businesses.

In a traditional work environment, software is available on individual desktops or on a centralized server accessed by all employees. Software updates and fixes are installed when needed and software is evaluated and changed when necessary. Hardware and software costs are directly tied to the needs of the installed applications.

SOFTWARE AS A SERVICE (SaaS)

SaaS is a delivery mechanism where software is licensed and delivered as a service. It refers specifically to the business software applications delivered via the cloud. SaaS applications are centrally hosted and available on-demand.

SaaS solutions are scalable for your specific business environment. There is a lower capital outlay, as software is leased rather than owned. All software maintenance is directly applied and managed by the SaaS provider. This is significantly important for SaaS accounting applications, as the financial and technological responsibility for maintaining the system lies with the SaaS partner as opposed to the accounting department. Because vendors can invest much more in security, backups, and maintenance than any small to mid-size company, SaaS applications typically have more security measures in place than a system installed and maintained at your location.



AUTOMATION AND INTEGRATION

Businesses today demand variable and flexible operating models. Applications must be fully integrated and complete. When key processes are automated and optimized, the business owner or CFO can focus on the company's growth and innovation, rather than number crunching. This provides more time for analyzing the data, which in turn allows the business owner or CFO with the business intelligence to maneuver the company in the right direction.

With automation and integration, the role of the accountant will move from one of data entry and data management to information analysis and business direction.

As the world changes around us and technological advances shape who we are and how we operate, so must the accounting profession change with it. Automating and integrating key applications – accounting, customer relationship management (CRM), E-commerce, payroll and point of sale (POS) – will avoid duplication of data entry and human error.

In addition, integrating key business processes, including the expense approval process, the review process, and order entry systems, will streamline information and allow you to get to the right information when you need it.

24/7 ACCESS TO LIVE DATA

Along with integration and automation, accounting information must be available in multiple formats, including smart phones, tablets, and personal computers. As the line between personal life and work life continue to blur, the necessity for information when you need it and where you need it is of utmost importance.

Our world is becoming increasingly reliant on self-service as a result of technology. Today's workforce is accustomed to 24/7 immediate access to information and the ability to quickly address tasks. Accounting departments must realize that monthly revenue and profitability reports are no longer sufficient. They must mobilize to offer real time access to live data so that decisions impacting the company can be made promptly and efficiently, by key decision makers with accessibility to this information.



VIRTUAL WORKPLACE

Real time, actionable information must be delivered to everyone in the company who needs it, when they need it.

Companies operating in a global workplace must be able to access information in different time zones, and discuss and evaluate without face-to-face interactions. The virtual workplace demands that information is available at any time, anywhere, to a varied audience of skill sets and knowledge.

Geographical boundaries are slowly being erased. It is now significantly less important where a company or its employees reside. This provides increased access to qualified accounting staff with a specific skill set, as they no longer need to be physically present in an office or even in a designated city or state to successfully accomplish accounting functions. This also reduces significant overhead expenses as office space to house staff is no longer essential to performing accounting and bookkeeping tasks. Tasks can be performed anytime, anywhere.





"If you deprive yourself of outsourcing and your competitors do not, you're putting yourself out of business."

– Lee Kuan Yew,
YaleGlobal Online

OUTSOURCING

There are two types of accounting tasks that are prime candidates for outsourcing:

- **Non-core tasks such as bookkeeping, accounts payable, and accounts receivable**
- **CFO level services**

Outsourcing non-core tasks allow you to pay for what you need when you need it. A small to mid-size company often does not need full-time bookkeeping services. By outsourcing, you pay for the skill when you need it. In addition, the skill you pay for is typically highly trained in a specific area and uses leading edge accounting tools. By outsourcing non-core tasks, you are able to focus on your business, while they focus on the financial skills necessary to keep your business running and profitable. If your business grows or slows, you can scale the amount of time and talent without hiring or letting go of employees.

CFO level expertise from an outsourcing company provides you with a high level talent when you need it. This expertise may be inaccessible or unaffordable in a full time employee. An outsourced CFO can be called upon to look at the big picture and evaluate strategic challenges with you. Although the company CEO is still the key decision maker, an outsourced CFO can help in the process. When he isn't needed, you aren't paying for him.

GOING GREEN

As our world continues to seek ways to become more environmentally conscious, the accounting industry is well positioned to leave a smaller and smaller carbon footprint. Not only is a paper to digital conversion of information cost effective, but it aligns with the wider objective of a paperless office.

A greener office is a smaller office, as there is less need for filing cabinets and storage facilities. Documentation kept in an online database is easily retrieved and stored. The physical storage and management of paper is no longer necessary. A smaller office space, with information kept online, provides the added benefit of greater energy efficiency. The digital retrieval and transfer of information allows for less administrative labor and faster response times. You get the information quickly, where and when you want it, without the need for a middle man.



SELF SERVICE

Not too long ago, ATMs were a thing of fantasy. To think that a machine could offer a patron as much or more than a bank teller was outrageous. Today, ATMs are an essential part of a banking customer's life. Self service in the accounting industry promises to follow this trend.

As clients and stakeholders become increasingly tech savvy, the ability to log into a personalized system, see company-specific information, and evaluate and manipulate personal data, is of great importance. Access to a daily – or hourly – balance sheet and net worth statement with real-time balances is a necessity to a growing business. An encrypted and secure portal, with relevant and timely data, makes for a more engaged and happier client leading to a more successful accounting department of the future.



"Lead, follow, or get out of the way."

– Thomas Paine

CONCLUSION

Cloud based computing, automation, integration, real time access to live data, virtual offices, outsourcing, self service, and going green are all real ways that the face of accounting is changing. And changing now.

Update your accounting strategy to take advantage of today's technologies so that you can concentrate efforts on maximizing your core business and customer base. By using cloud-based software, you no longer need to concern yourself with software upgrades and maintenance. By automating and integrating data you have the right information, in the right place, at the right time. Real time access to live data on multiple platforms makes decision making better and more efficient. Virtual offices make it possible to hire the right people for the job, regardless of geographical locations or office space requirements. By outsourcing non-core and high level expertise, you get the work done and the questions answered when and where you need. Going green will not only make you environmentally friendly, but will also reduce costs. Self service allows clients and stakeholders to see information when and where they want to see it. Put it all together and you focus on growing your business while the accounting process works for you.

ABOUT ANALYTIX

Analytix Solutions is a single source solution provider, offering a full range of accounting and bookkeeping services for small to mid-sized businesses. For close to a decade, the professionals at Analytix have been helping businesses who are positioned for growth maximize profitability by identifying financial and operational processes that can increase their efficiencies. Analytix's services include bookkeeping, accounting, controller-level functions, business analysis, and part time CFO-level responsibilities, with practical industry experience delivering these solutions.

If you would like to learn more on how Analytix Solutions can help elevate your business to the next level, please call us at **781.503.9002** or email us at sales@analytix.com.

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