

SMP: IMPACT OF DIGITALIZATION DURING AND POST PANDEMIC


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AGENDA

- My Firm. My Future. Research
- IFAC Practice Transformation Action Plan
- Building Your Technology Strategy

MY FIRM.
MY FUTURE.
RESEARCH



To build a sustainable firm of the future, traditional accounting services need to evolve to meet a changing environment and shifting client needs

MY FIRM. MY FUTURE. REPORT

OVERVIEW

- The [My Firm. My Future. Report](#) was released in 2019
- Based on a survey with:
 - 401 Consumers
 - 610 Small to Medium Business Owners
 - 446 accountants in practice
- Seven focus groups with:
 - 54 CPA Australia accountants in practice
- 16 one-on-one in depth interviews with CPA Australia accountants in practice



MY FIRM. MY FUTURE. REPORT

KEY FINDINGS

- The report identified four key themes that will be critical for accounting firms as they respond to the forces reshaping the profession
 1. Incorporating advisory
 2. Look to specialise
 3. Do better business
 4. Leverage technology



MY FIRM. MY FUTURE. REPORT

Figure 1: Which of the following represent the greatest business challenges for your practice?*



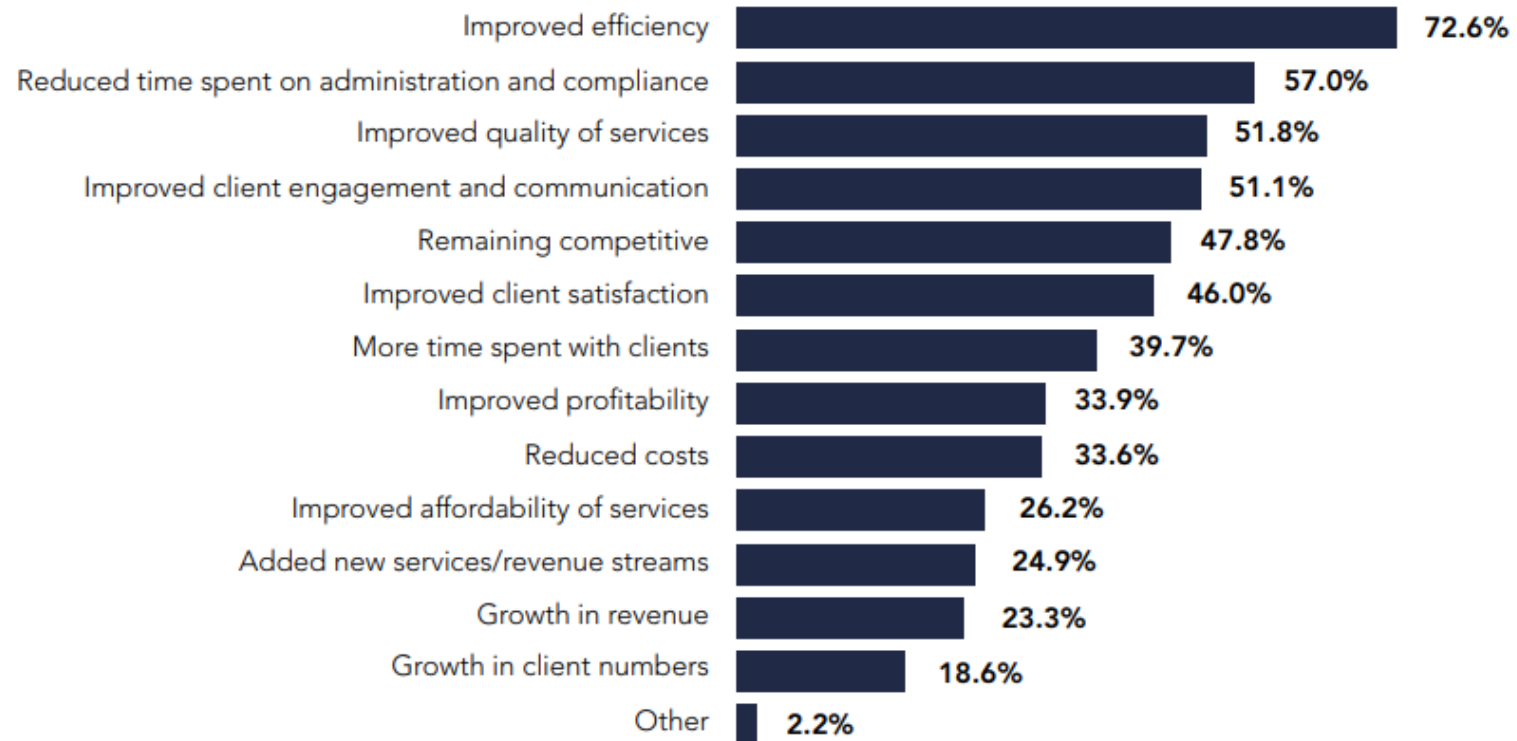
* Multiple responses allowed

n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

MY FIRM. MY FUTURE. REPORT

Figure 2: Overall, what do you see as the greatest value of technology to your practice?*



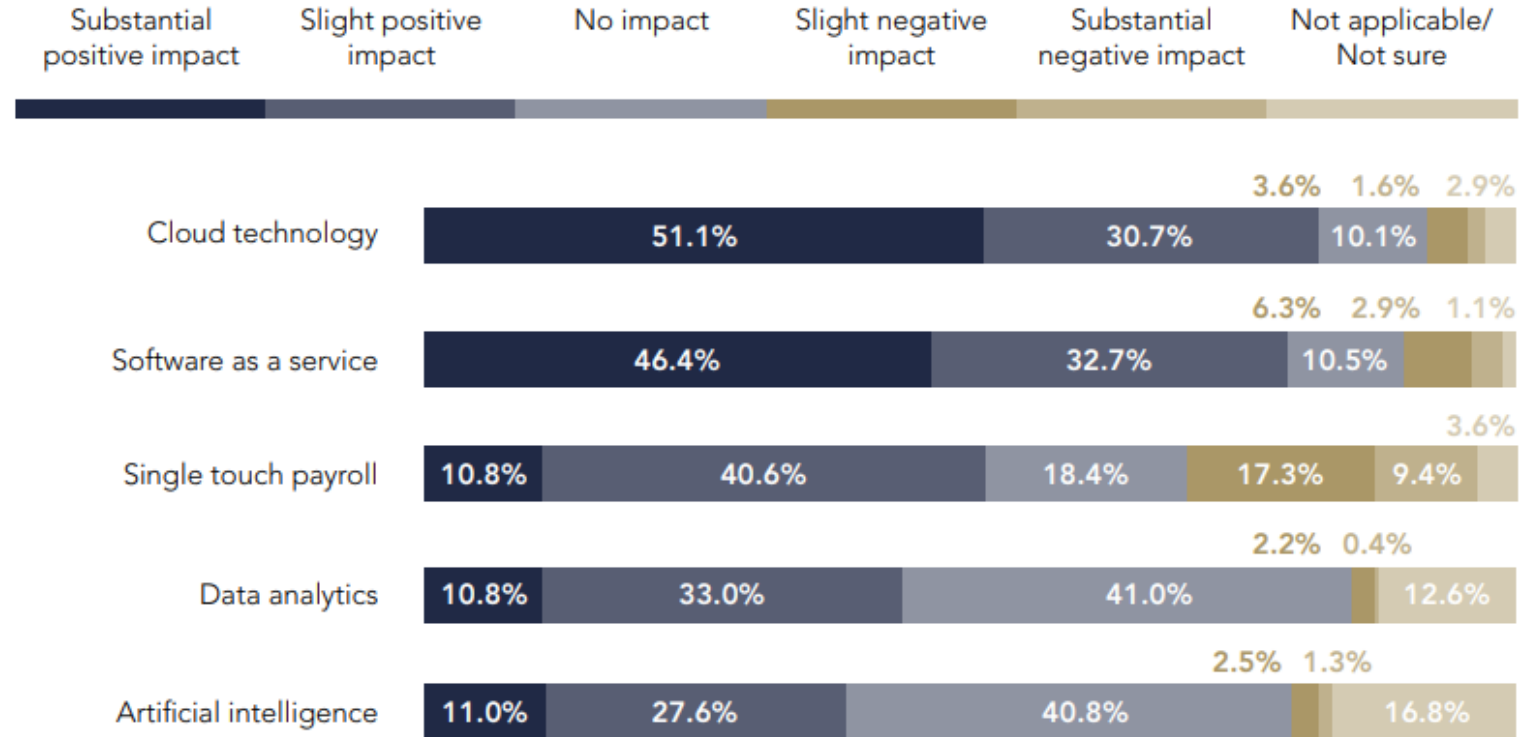
* Multiple responses allowed

n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

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Figure 3: What impact are the following technologies currently having on your practice?

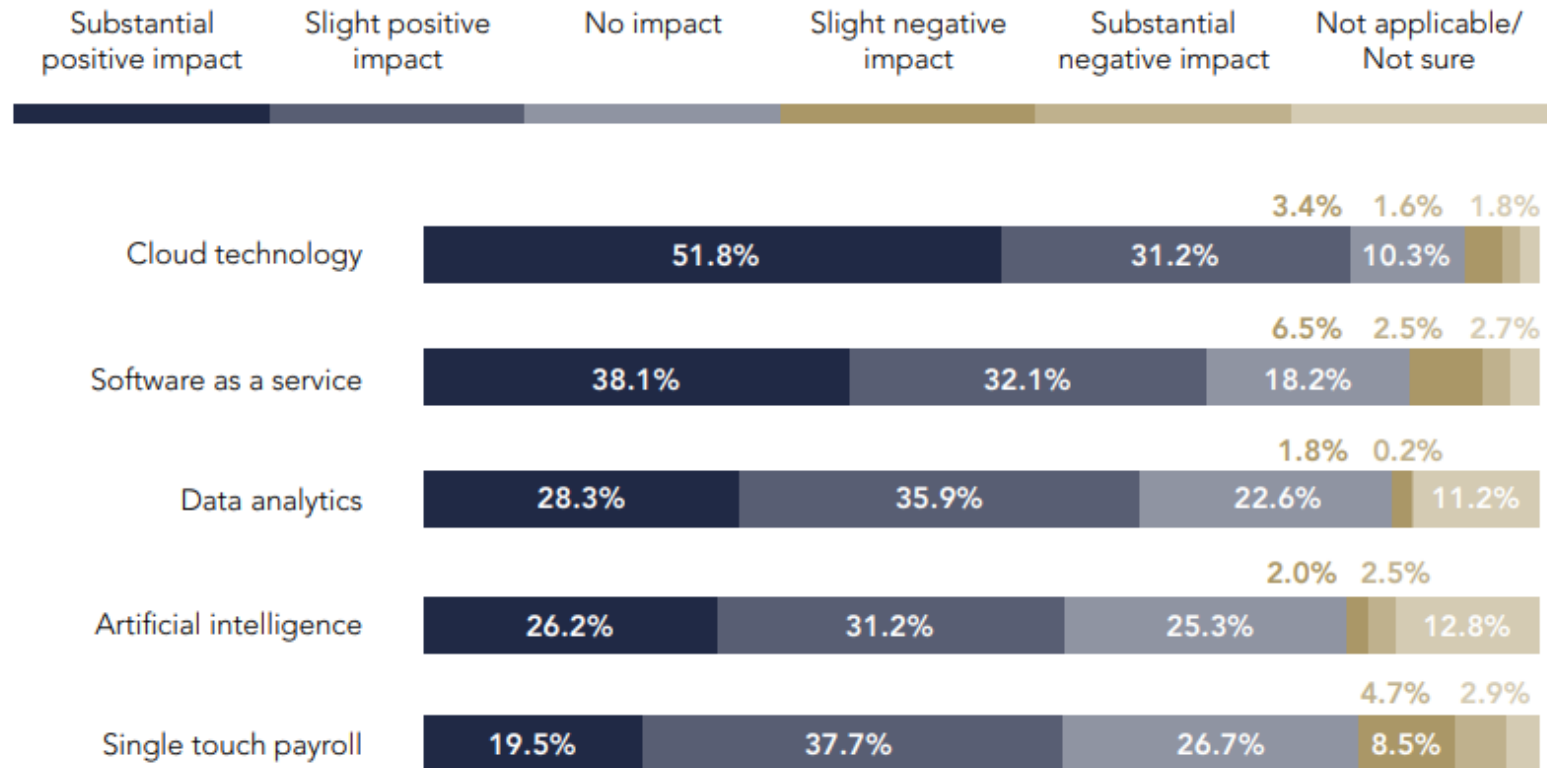


n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

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Figure 4: What impact are the following technologies likely to have on your practice in the next five years?

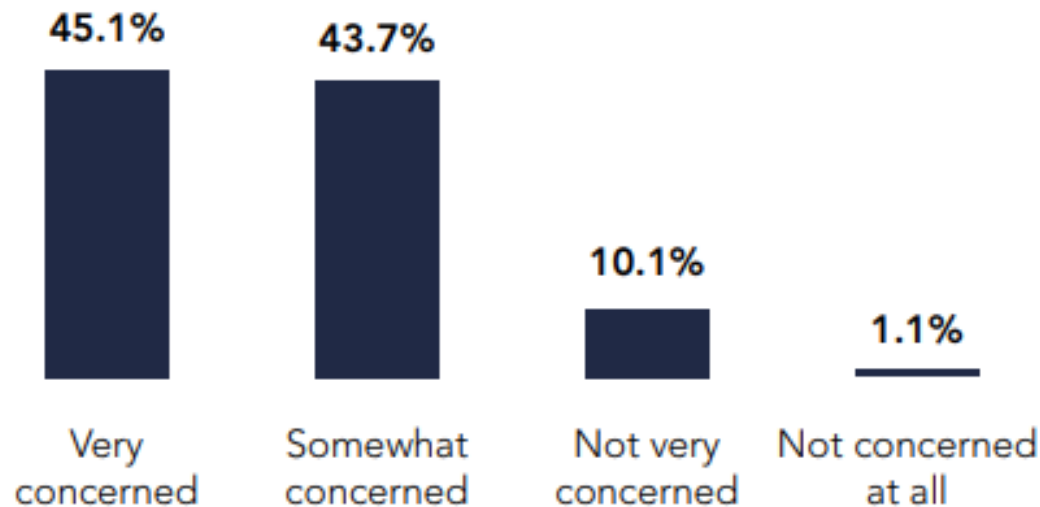


n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

MY FIRM. MY FUTURE. REPORT

Figure 9: How concerned are you about the risk of cybercrime, such as a data security breach which may result in the loss of sensitive client data in your practice?



n = 446

Source: CPA Australia's survey of members and accountants in public practice July 2019

We place a lot of reliance in our partners, our software providers. Unfortunately, you need many for different things, and trusting that it's their servers, their IT departments, covering for us.

IFAC PRACTICE TRANSFORMATION ACTION PLAN

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IFAC Global Survey 2018

- More than 6,200 respondents from over 150 countries
- Three key themes:
 - Technology
 - Talent
 - Advisory
- 38 per cent viewed technology development as a challenge
- More than 40 per cent planned to spend less than 5 per cent of revenue on technology in the next 12 months
- Respondents anticipated significant changes from the impact of technology, including on traditional accounting and finance roles, as well as managing cyber and IT security risks

IFAC PRACTICE TRANSFORMATION ACTION PLAN

- IFAC SMP Advisory Group has a strong focus on supporting SMPs transform their practice
- A key focus includes:
 - Utilise technology to provide insights and enable clients to understand their financial circumstances and take informed and appropriate actions and decisions
- [Practice Transformation Action Plan: A roadmap to the future](#) includes guidance on how to leverage technology in your SMP
- Further guidance in [IFAC: Welcome to the Fast Future](#)



BUILDING YOUR TECHNOLOGY STRATEGY

BUILDING YOUR TECHNOLOGY STRATEGY

- Where do you want your business to be in five years time?
- What is working well?
- Do you require a complete digital transformation, or will a few applications improve efficiency and client service?

SUCCESSFUL ACCOUNTING FIRMS OF THE FUTURE MUST PREPARE FOR THE MAJOR TECHNOLOGICAL CHANGES EXPECTED OVER THE NEXT DECADE.

BUILDING YOUR TECHNOLOGY STRATEGY

- What are the challenges facing your practice and how can you reduce them?
 - Would automating lower-value work free up resources?
- What are the tasks that cause the challenges?
 - Are you making too many manual inputs?
- What technology solutions can help with these tasks?
 - Explore options: CRM, process automation
- How will the new technology make your life easier?
 - Will it build a stronger relationship with your clients?



BUILDING YOUR TECHNOLOGY STRATEGY

WHERE ARE YOU NOW?

1. Hardware
2. Software
3. Your clients
4. Technology management structure
5. Expenditures
6. Current Projects
7. Strengths and weaknesses
8. Problems and desired improvements

LEVERAGING TECHNOLOGY IS KEY TO BUILDING A MORE RESPONSIVE, PROFITABLE AND SUSTAINABLE PRACTICE. THE GREATEST CHALLENGE? KNOWING WHERE TO START.

BUILDING YOUR TECHNOLOGY STRATEGY

LEVERAGING TECH TOOLS

1. Cloud based technology

- Projected to have the biggest impact on accounting practices in next five years
- Choices can be overwhelming
- Talk to your team

2. Practice Management Software

- Creates transparency and efficiency across your business
- Ensures work is tracked, delegated and completed on time

ACCORDING TO XERO'S 2019 ANNUAL REPORT, MORE THAN HALF OF SMALL BUSINESSES IN THE AUSTRALIA AND NEW ZEALAND REGION NOW USE A TYPE OF CLOUD ACCOUNTING SOFTWARE.

BUILDING YOUR TECHNOLOGY STRATEGY

LEVERAGING TECH TOOLS

3. Process Automation

- Automation of manual tasks creates greater efficiency within your practice and more convenience for your clients
- Every step of the manual process from marketing to billing can be automated

4. Focus on data security

- Cloud computing can provide more security for accounting software than SaaS or servers
- Teams can also be assigned user roles to ensure the right people have access to the right data
- Cyber security is a must for all practices

BUILDING YOUR TECHNOLOGY STRATEGY

- Be sure you understand the capabilities of your current system before considering a major software change
- Consider talking to your sales rep from your vendor to come in and resell you the software you have, as if you were a prospective client
- Try before you buy
- Engage your team, ask for their feedback
- Monitor your progress
- Identify 'product directors' in your practice

TECHNOLOGY IS TRANSFORMING
THE BUSINESS LANDSCAPE AND
CHANGING WHAT CLIENTS EXPECT
FROM THEIR ACCOUNTANT.