

GLOBAL
EDITION

LEVERAGE TECHNOLOGY
YOUR PRACTICAL GUIDE
MY FIRM. MY FUTURE.

CPA
AUSTRALIA



Acknowledgement

CPA Australia would like to acknowledge the valuable contribution of Alan FitzGerald, Founder, Practice Connections, whose insights and expertise helped to shape the content of this practical guide.

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INTRODUCTION

Technology is transforming the business landscape and changing what clients expect from their accountant. This presents challenges and opportunities for members in public practice. The tools you use to shape your practice today will determine its success for tomorrow.

In 2019, CPA Australia released its *MY FIRM. MY FUTURE. Report*, which identified key themes that will be crucial for accounting firms as they respond to the forces reshaping the profession.

These key themes were: Leverage technology; Incorporate advisory; Do better business; and Look to specialise. How each theme impacts a practice's strategy will be influenced by the vision and goals for that practice, however all four themes are essential for building a sustainable firm for the future.

Developed in consultation with subject matter experts from across our membership and the wider industry, these practical guides provide you with a roadmap for success.



Technology has emerged as a key factor shaping the future of public practice, with new technology and digital disruption among the top business opportunities and challenges practices will face.

Many SMPs recognise the importance of technology. In fact, for some SMPs, it will be a critical factor of their practice's success.

Furthermore, as client expectations continue to evolve, there is a growing demand for technology, such as access to real-time data. This demand is expected to grow over the next five years.

Successful accounting firms of the future must prepare for the major technological changes expected over the next decade. This practical guide is designed to help you with this.

It includes advice on building and implementing your technology strategy, as well as monitoring your success. There are tips for choosing a software supplier, top tools to drive greater efficiency and client service, and ways that you can bring your whole team along for the journey.

The aim is to help you rise to the challenge and seize the opportunities that technology presents to ensure your firm is fit for the future.

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

PART ONE

BUILDING YOUR TECHNOLOGY STRATEGY

Selecting the right technology for your business can be overwhelming. Do you require a complete digital transformation, or will a few key applications improve efficiencies and client service? The answers to these questions are inside your business, so that's the first place to look.

Irrespective of the size of your practice, consider the following questions:

Where do you want your business to be in five years from now?

Ensure that your technology plan is aligned with the overall strategic plan for your practice. This will help to ensure that the technology you implement today can adapt to your business tomorrow.

What is working well?

Consider what's working about your current processes before making any changes. If it's not broken, it doesn't need fixing.

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



What are the challenges facing your practice and how can you reduce them?

Map your business processes so that you can determine what functionality you want from accounting software.

For example:

- Would gathering data and analytics improve your understanding of clients' current and future needs?
- Would automating lower-value or lower-level work free up more time to focus on value-added services?
- How can you improve collaboration across your team, especially while working remotely?
- Has your practice outgrown spreadsheets and paper ledgers?

What are the tasks that cause the challenges?

For example:

- Are you making too many manual inputs?
- Is there a lack of remote access to the system?
- Is your team reacting to client needs rather than predicting them?

What technology solutions can help with these tasks?

Explore the technology landscape for tools that meet your needs, such as cloud-based technologies, customer relationship management (CRM) platforms, practice management software and process automation. These tools, and others, will be explored in Part 2 of this guide.

How will the new technology make your life easier?

Always keep your potential needs and potential cost in mind when assessing new technologies.

For example:

- Will it free up more time for value-added services?
- Will it forge a deeper relationship with your clients?
- Will it enhance collaboration across your practice?

PART ONE

BUILDING YOUR TECHNOLOGY STRATEGY

CHECKLIST

Where are you now?

This checklist will review your current technology position and help you identify the technology your business will need for the future.

✓ **1. Hardware**

All hardware installed in your practice, including main specifications, age, maintenance plans, and recommendations for upgrade or replacement.

✓ **2. Software**

All software applications used in your practice, including versions and maintenance plans.

✓ **3. Your clients**

What is the technical setup – and expectation – of your clients? Consider their tax and reporting obligations?

✓ **4. Technology management structure**

What are the internal and external resources used to maintain your firm's systems, including the skills of the individuals, the time required, and the main areas where time is spent and any required improvements.

✓ **5. Expenditures**

All costs, including internal labour and insurance costs.

✓ **6. Current projects**

Highlight the resources required, timelines to achieve successful completion, and any barriers to completion.

✓ **7. Strengths and weaknesses**

What are your practice's technology achievements and the areas where it has struggled? Highlight the reasons behind the positive and negative results.

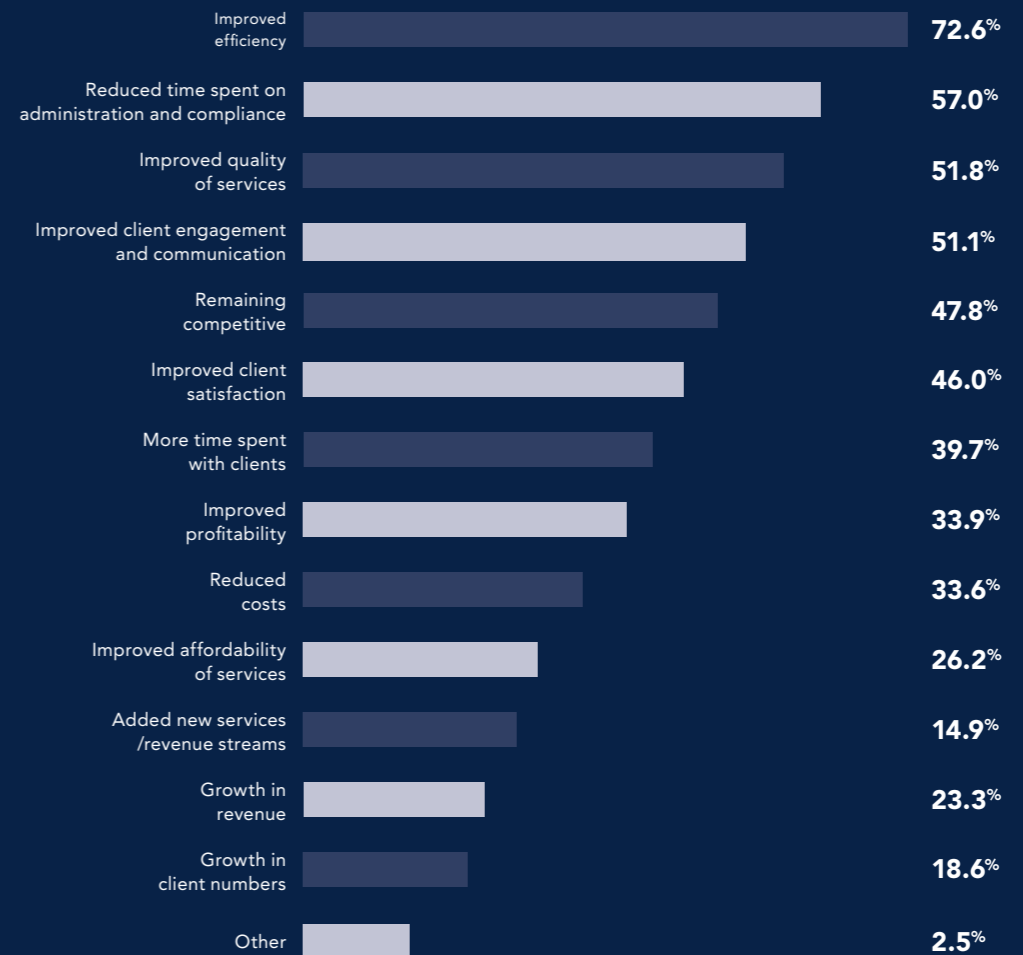
✓ **8. Problems and desired improvements**

Seek input from your team. Develop a survey or interview groups of staff to discover their issues with the current system and their thoughts on how could be improved. You could also seek the views of the clients who interact with your software and how they would like the service improved.

GREATEST VALUE OF TECHNOLOGY

Global economies are undergoing digital disruption characterised by rapid technological innovation and transformation. Whilst innovation in technology is disruptive, it also drives productivity and economic growth.

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

PART TWO

LEVERAGING TECH TOOLS

Now that you've identified your needs, it's time to explore the solutions. Which tools will bring the greatest efficiencies to your firm and set you up for the future?

Almost three quarters of public practitioners believe the greatest value of technology is improved efficiency in their work and practice. Other key drivers include improved quality of services, improved client engagement and communication, and remaining competitive.

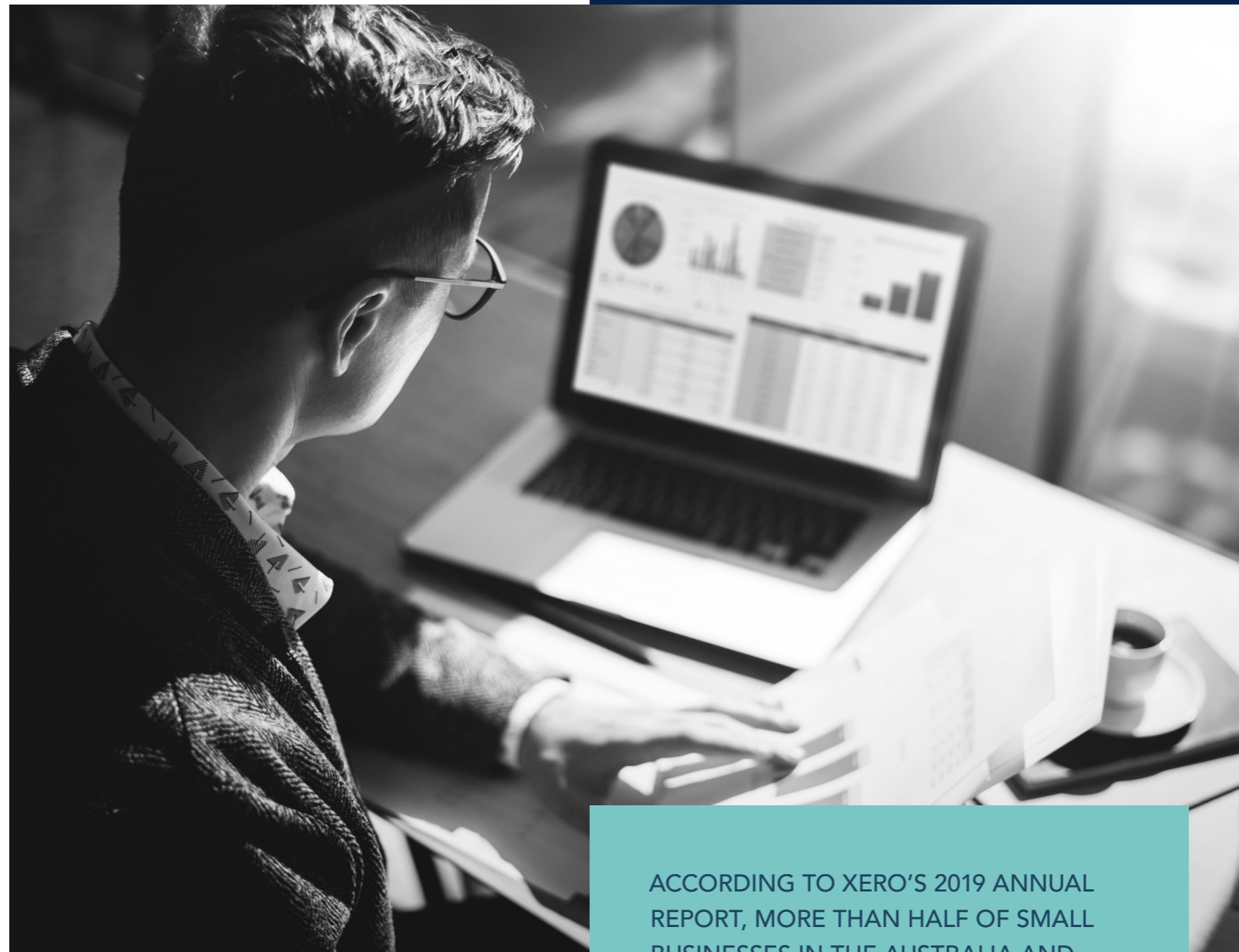
Here are some of the technologies to leverage in your practice:

1. Cloud-based technology

Cloud-based technology is projected to have the greatest impact on accounting practices over the next five years – and with remote working becoming the 'new normal' in 2020, it is likely to be viewed as an essential part of business as usual.

It is similar to traditional, on-premises accounting software, except it is hosted on remote servers, similar to the SaaS (Software as a Service) business model. Data is sent into 'the cloud', where it is processed and returned to the user and can be accessed anywhere, anytime, from a secure web browser.

It can present a slightly overwhelming array of choices, so seek input on what best meets your needs – and the current and future needs of your clients. Speak to your team members and ask other practitioners what works for them.



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.

TECH TIP!

Before considering a major software change for your practice, be sure to understand the capabilities of your current systems.

For example, Microsoft365 has a number of productivity apps beyond Excel and Outlook. These include the collaboration tool Microsoft Teams, cloud storage service OneDrive and data visualisation tool, PowerBI.

Microsoft is investing significantly in the Office suite and it is predicted to become the leading productivity tool for businesses of all types – including accounting firms.

To gain a better understanding of your current software, consider asking the sales representative from your vendor to come in and resell you the software as if you were a prospective client.

PART TWO

LEVERAGING TECH TOOLS

2. Practice management software

Practice management software creates transparency and efficiency across your business. It ensures that work is tracked, delegated, and completed on time.

Tasks with deadlines are logged and assigned to staff so that your team members can collaborate. It can be the central repository for proposals, payment processing, workflow management, client communication, reporting and more. The best ones will integrate with your cloud accounting ledgers.

3. Process automation

Automation of manual tasks, such as tax return preparation, bookkeeping, data collection, tax submission and report generation creates greater efficiency within your practice and more convenience for the client. It's a form of artificial intelligence. Every step of the manual process, from marketing through to billing, can be automated.

For example, the automation of your accounts payable function would extract invoices, reconcile them with a purchase order, and process the invoice and the payment. Meanwhile, automated compliance tools can take care of obligations such as tax paperwork.

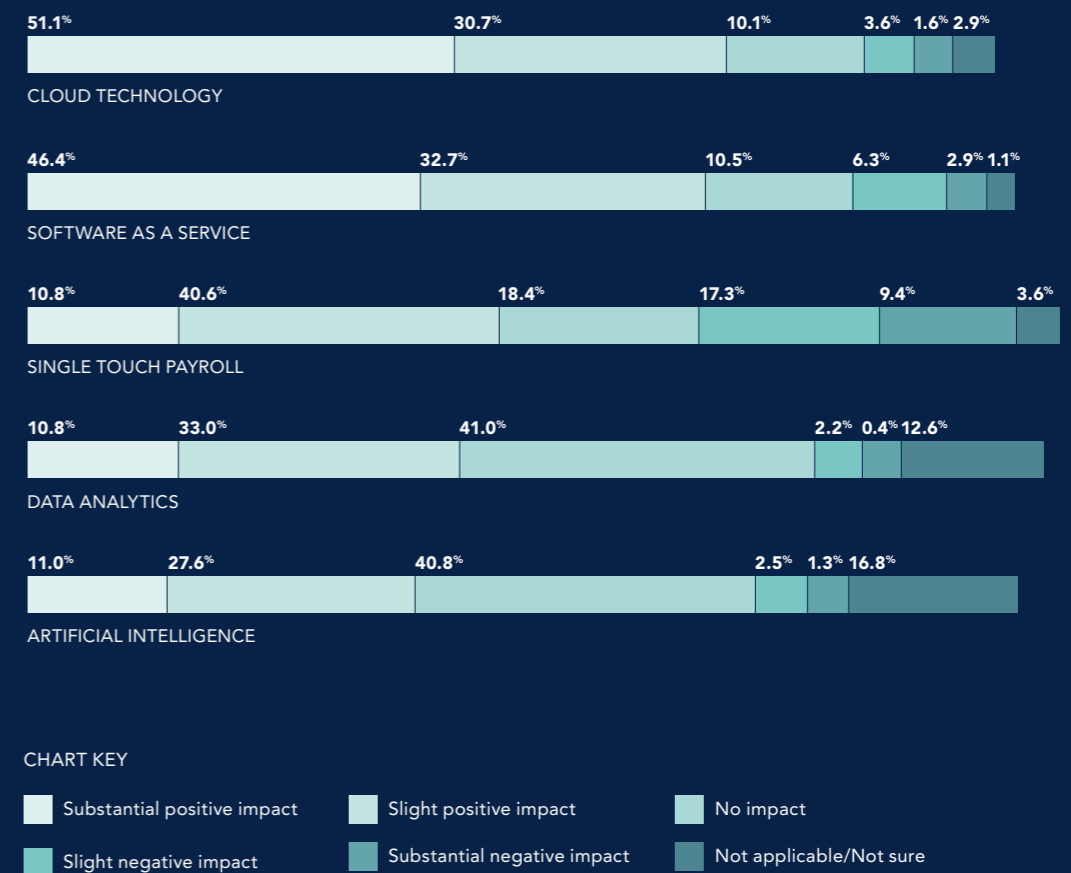
Every step of the manual process, from marketing through to billing, can be automated.

Consider the following scenario:

- A prospective client visits an accountant's website, which includes a free tax guide that can be downloaded when they enter their email address.
- The accountant's integrated software captures the prospective client's email address and adds it to its marketing and events list.
- When the prospect becomes a client, their details are automatically swapped over into practice management system.
- A series of emails with checklists and forms are automatically generated and sent to the new client to complete online. When the forms are returned, the data is automatically populated in the customer relationship management system.
- A client engagement letter is then sent, which the client signs, along with an authorisation for fees to be deducted from their credit card, if they wish to do so.
- This triggers a workflow in the practice management system – due dates are created and work can be allocated to staff.
- The agreed fees are automatically deducted from the client's credit card and the transactions are reconciled in both the accountant's and client's accounts.

IMPACT OF TECHNOLOGY

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

PART TWO

LEVERAGING TECH TOOLS

4. Real-time communication

With workplaces becoming more remote – and clients expecting real-time advice and rapid responses – fast and simple communication channels can improve collaboration and keep your email inbox at a manageable level. Examples include instant messaging software, remote collaboration tools and video conferencing apps.

5. Data analytics

Data analytics is a way of bridging the gap between accounting and advice and can help accountants to deliver more valuable insights to clients. Rather than relying on traditional financial data to gauge business performance, you can now assess inventory, marketing, customer behavioural trends and other data types. With these insights, you can be proactive, rather than reactive, and add more value.

6. Blockchain and distributed ledgers

A blockchain system enables transactions to be written directly into a single register, which creates an interlocking system of records. While blockchain was predicted to revolutionise financial and professional services, it is yet to make a significant impact. Watch this space – it should not be underestimated!

7. CRM – the new frontier

Empowered by unprecedented access to information, tech-savvy customers are seeking swift, seamless, personalised services. A Customer Relationship Management (CRM) system efficiently manages all client information and includes details of all client interactions.

Every email and internal note about the client is in one shared place for your team to access. You can see who last contacted a client, when, and what was said.

A CRM is particularly useful for larger firms, for practitioners seeking to incorporate advisory services and for increasingly distributed workplaces following the COVID-19 pandemic.

8. Focus on data security

Cloud computing systems can provide more security for accounting software than SaaS or Servers. Teams can also be assigned user roles to ensure that the right people have the right access to the right financial data. However, with more client information being stored on digital platforms than ever before, cyber security must be a high priority for all practices. According to CPA Australia's survey of accountants in public practice, the average proportion of revenue invested to protect against the risk of cybercrime is 6.4 per cent and a large majority believe the proportion of revenue that they spend on data security will be higher in five years' time.

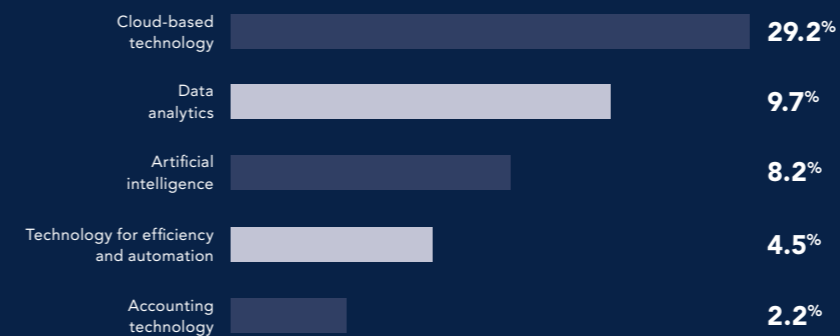
Data privacy is something many public accounting practices take seriously. They are investing in external service providers to protect the data of their clients and putting cyber security protocols and procedures in place.

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

CRITICAL TECHNOLOGY

There are several technology trends that will have huge impacts on accounting practices. Some of these are well understood, others will require a deeper understanding and training before they become part of mainstream accounting practices.

Technologies critical for the accounting practices in the next five years



n = 446

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

TECH TIP!

Look for cloud-based software that offers free application programming interfaces (APIs), which allow it to be integrated with external applications.

For example, an API for your cloud-based accounting software may allow it to be linked with your practice management software.

PART THREE

FROM IDEA TO IMPLEMENTATION

A well-planned strategy is much easier to execute. Now it's time to focus on implementation. When is the best time to introduce new tools? What should you look for in a software vendor and how can you ensure buy-in from your team?

Choose a slow time to fast-track success

While quiet times may feel a rarity in your practice, it's wise to avoid introducing new technology during peak periods of activity. Fewer distractions lead to a higher implementation success rate.

Implementing technology during slower periods allows you and your team to dedicate more attention to understanding the software and learning how it works. It is also important to ensure that new software integrates with all other software at your practice.

When planning implementation, speak to your vendor about timing and factor in the following steps:

- set up time
- training
- testing
- making adjustments
- getting buy-in from your team.



4 IN 10 PUBLIC PRACTITIONERS NOMINATE NEW TECHNOLOGY AND DIGITAL DISRUPTION AS RANKING IN THE TOP THREE BUSINESS CHALLENGES.

Introduce change in stages

Depending on the scale of change, introducing a new system or process can be complex. For example, a large enterprise-wide system may take six months or more to embed in your business. To minimise disruption, you may wish to focus on one technology improvement at a time or implement and train in incremental instalments. This approach also allows employees to ask more questions and clarify anything they don't fully understand.

As an example, you may wish to start with the client engagement process. Look for a stand-alone solution that can also be integrated into your practice management software when you begin to embed more technology into your business.

Get Buy-In From Your Team

Change can present challenges – even in the best of times. Some members of your team may be resistant to moving from the way “things have always been done”. That's why it's important to involve them from the very beginning and take time to understand their pain points and how the chosen technology provides the perfect fix. In order to leverage technology, you will need to bring your staff on the journey. Clearly communicate your plan and promote the benefits – what's in it for them?

FROM IDEA TO IMPLEMENTATION

CHECKLIST

Choosing a software vendor

The process of shopping for new technology can be daunting. In addition to learning about software, there's a lot to discover about the companies providing the technology. To work out if a software vendor is the right fit for your business, ask the following questions:

✓ **1. What is their track record?**

Look for companies that actively engage with customers and seek feedback to improve their products and services. Seek testimonials from other accounting clients.

✓ **2. What training and support do they provide?**

In addition to onsite training, a good accounting software company will hire friendly and knowledgeable representatives and provide as many avenues of support as possible, including phone, email, a Help Centre, live chat, video tutorials, blogs and social media.

✓ **3. How scalable is the software?**

Look for a system that can grow with you. Software that offers multiple pricing plans is generally scalable.

✓ **4. What is the price?**

Suppliers can price products differently, which makes comparison difficult. It's important to understand all of the costs associated with the product during its life cycle, including:

- upfront cost to acquire and install the software

- ongoing maintenance cost
- cost of future enhancements, if not included in maintenance
- cost of hardware and related infrastructure and any additional software required
- cost of implementation and training
- cost of internal resources dedicated to implementation, training and ongoing internal support.

✓ **5. Is the software updated frequently?**

Frequent updates are a sign of a growing, thriving software company.

✓ **6. How secure is your data?**

Safe, reliable companies will generally take the following security measures:

- Advanced Encryption Standard 256 bit encryption
- Firewalls
- Regular data backup
- 24/7 surveillance
- Multiple data centres.



TECH TIP!

Try before you buy.

Technology is designed to improve your business, so it should be both easy and enjoyable to use. Take the technology for a test run across each department.

Ask for a volunteer, or nominate a representative from each division – from the tax team through to administration – to use the technology and report back on their experience.

What do they like? What could be better? How would they rate the user experience?

ALMOST 70% OF ACCOUNTING PROFESSIONALS SAY THERE IS CURRENTLY DEMAND FROM CLIENTS FOR TECHNOLOGICAL SOLUTIONS AND MORE. 83% BELIEVE THERE WILL BE AN INCREASED DEMAND IN THE NEXT FIVE YEARS.

PART FOUR

MONITORING YOUR PROGRESS

Implementation is complete, but the job's not over. It's important to monitor your technology. Is it meeting the needs of your practice and your clients?

There's a good chance you're too busy to take on the day-to-day running of your practice software. The wheels of your business also need to keep turning when you're not at work. That's why it pays to allocate the responsibility of managing and reviewing your technology to other people in your team.

You can be confident that your software is meeting the needs of your business – and you're also building deeper knowledge across your practice.

Identify 'product directors'

Depending on the size of your business, seek volunteers or nominate people to be "product directors".

For example, make one person responsible for overseeing practice management tools and being up-to-date with software release notes. Another person may be responsible for managing and reviewing your CRM.



IN ORDER TO LEVERAGE TECHNOLOGY, YOU WILL NEED TO BRING YOUR STAFF ON THE JOURNEY.

Identify what's working

Hold a monthly meeting with your product directors to find out:

- What they have learned from the software
- What tips they can share that may benefit the wider team
- Is it meeting your needs?
- How can the software be improved?
- Are you getting the support you need from your supplier?
- How much time is it saving?
- How do the time savings impact your bottom line?
- What is the feedback from your clients?
- What are latest technology developments in your product area?

In CPA Australia's MY FIRM. MY FUTURE. report, technology was voted the number one issue of concern for public practitioners. Most also believe its greatest value is in improving efficiency in their work and practice.

Remember technology is a set of tools – software and hardware – designed to help you. You control the technology – it doesn't control you! Take time to assess your needs, carefully plan your implementation and find a vendor that you feel can help your business. Finally, monitor how the technology is helping your business and make adjustments to ensure you are fit for the future.

ADDITIONAL RESOURCES

MY FIRM. MY FUTURE. E-LEARNING

MY FIRM. MY FUTURE E-LEARNING is a complimentary suite of online modules designed to help you with all you need to manage and grow a successful business. The suite will enable you to develop a holistic plan tailored to your individual business or provides the flexibility to select topics that are most important to your immediate business or client needs.

This suite of online modules will continue to evolve to address the essential and future business needs.

MY FIRM. MY FUTURE. REPORT

The MY FIRM. MY FUTURE. Report provides an in-depth analysis of the changing accounting landscape. It explores the key forces reshaping the accounting profession and provides public practitioners with the evidence and insights they need to make informed practice and service development decisions.

TECHNOLOGY ONLINE

Refer to our range of online resources for tips on technology, cyber security, data protection, data breaches and selecting an IT service provider.

BUSINESS MANAGEMENT

A range of tools, templates and resources to help you in the management of your business.



THE MY FIRM. MY FUTURE. e-learning suite covers 10 essential business categories

