

The Cloud: An Accounting Firm's Gateway to Growth



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“The enterprise that does not innovate ages and declines. And in a period of rapid change such as the present, the decline will be fast.”

— Peter Drucker, American-Austrian consultant.¹

The accounting industry is facing significant change. Does your firm have the right technology in place to remain competitive?

That is a question many of today’s firm should consider as the accounting profession continues to evolve and transform. Those firms that overlook the importance of technology, such as cloud solutions, and lack the innovation to keep pace risk losing their edge among both clients and top talent. In fact, one could easily argue that cloud solutions have become table stakes for today’s professionals.

Consider this: 63 percent of firms use an external cloud provider to host their applications, according to a CPA Firm Management Association survey released in early 2022. That’s up from 51 percent in 2020.²

To help firms take their practice to new heights, this white paper explores how cloud solutions are a gateway to greater growth and increased profitability and can better position firms in a challenging job market.

Let’s first discuss the state of the profession and some of the most important changes impacting today’s accountants.

State of the Industry

It is no secret that the profession has faced — and continues to face — transformation. Fueled by shifts in client expectations, advancements in technology, and an increased need to attract and retain top talent, a growing number of firms are reexamining their operating model and bidding adieu to the status quo.

One of the most talked about changes facing the profession is the shift in client expectations.

According to a 2022 HubSpot survey on customer service, the majority of survey respondents (88 percent) said they agree that customers have higher expectations than they did in previous years. Furthermore, 79 percent said customers are more informed than they were in the past.³

"Today, customers demand responses in minutes, not days. They expect self-service options, but also want service staff to be readily available to help with complex issues.

¹ “109 Peter Drucker Quotes on Management, Marketing, Culture & Business.” Internet Pillar, 15 Dec. 2021, www.internetpillar.com/peter-drucker-quotes/

² Toops, Aaron. Should I Stay or Should I Go? What It Means to Move Your Firm to the Cloud. Accounting Today, 17 May 2022, www.accountingtoday.com/opinion/should-i-stay-or-should-i-go-what-it-means-to-move-your-cpa-firm-to-the-cloud

³ Bump, Pamela. The State of Customer Service in 2022 [HubSpot Data]. HubSpot, 15 Mar. 2022, blog.hubspot.com/service/state-of-service-report

In today's tech-driven environment, clients want and expect fast responses to their tax and accounting-related questions, and they are increasingly seeking proactive, not reactive, strategic advice.

And, they want every interaction they have with a business — whether it's with marketing, sales, or service — to be contextual and personalized," wrote Pamela Bump in a HubSpot blog on the survey findings.⁴

The accounting profession is no exception. In today's tech-driven environment, clients want and expect fast responses to their tax and accounting-related questions, and they are increasingly seeking proactive, not reactive, strategic advice.

Underscoring this point, a Bill.com survey of millennial business owners found that many want to work with accountants who do more than process numbers, with 52 percent of respondents indicating they want strategic insight and guidance.⁵

Meanwhile, accounting firms must keep pace with advancements in technology to remain competitive. This includes leveraging cloud solutions and driving automation for greater efficiencies and improved workflows. Firms that continue to rely on labor-intensive manual processes and disparate systems risk losing out to rivals who are leveraging the latest technologies.

According to Accounting Today's 2022 Year Ahead survey, 24 percent of firms of all sizes said that keeping up with technology is among the biggest issues they face in 2022. The survey also found that large firms are much more likely to expect to spend more on tech in 2022 (63 percent).⁶ This means that smaller and mid-sized firms are wise to not rest on their laurels when it comes to technology.

Attracting and retaining top talent is also a top issue facing many of today's firms, as evidenced by the findings of the 2022 PCPS CPA Top Firm Issues Survey, sponsored by the American Institute of CPAs' practice management section. The survey found that attracting qualified staff is a top concern, especially among firms with six or more professionals.⁷

With fewer new accounting graduates in the pipeline and more baby boomers looking to retirement, staffing is not a new worry for the profession. The COVID-19 pandemic, however, further fueled the issue and altered the way associates can — and want — to work.

When the pandemic hit, many firms had to shift, essentially overnight, to a remote work environment in light of mandated shutdowns and to help keep staff and clients healthy. Now, two years later, many firms are taking a step back to reevaluate their technology and determine how best to address staff wants and needs.

⁴ Bump, Pamela. The State of Customer Service in 2022 [HubSpot Data]. HubSpot, 15 Mar. 2022, blog.hubspot.com/service/state-of-service-report

⁵ What Millennial Business Owners Require from Accounting Firms. Bill.com, <https://www.bill.com/resources/guides-papers/infographic-what-millennial-business-owners-require-accounting-firms>

⁶ Hood, Daniel. The Year Ahead: 2022 in Numbers. Accounting Today, 3 Dec. 2021, www.accountingtoday.com/list/the-year-ahead-2022-in-numbers

⁷ IRS Issues among Top Challenges for CPA Firms, AICPA Survey Finds. AICPA, 8 June 2022, www.aicpa.org/news/article/irs-issues-among-top-challenges-for-cpa-firms-aicpa-survey-finds



According to 2022 research by human resource consulting firm Robert Half, 43 percent of finance and accounting employees surveyed said they are actively searching for a new role, or plan to, by the end of the year. Why? One of the main reasons is a desire for remote work flexibility.⁸

Heeding the call, there are a growing number of firms embracing a remote, or at least hybrid, work environment. Accounting Today's 2022 Year Ahead survey found that 25 percent of respondents said they expect to see a lift in the number of hybrid workers, as staff are called back into the office for at least a few days of the week.⁹

To effectively navigate the issues that are transforming the industry's landscape, firms must have the right solutions in place to enable staff to work, and collaborate with clients, efficiently and securely.

Get Your Head in the Clouds

Cloud technology has changed the way that accountants do business. The reality is that, in order to remain competitive and overcome many of the issues impacting the profession, firms must be in the cloud to increase workflow efficiencies and ease staffing constraints. This will ultimately result in greater profitability, as well as happier staff and clients. Let's take a closer look.

Gateway to Growth

The commoditization of compliance-based services and shifts in client expectations are leading many firms to rethink their business model to remain competitive and drive greater profitability. For a growing number of firms, this means providing clients with more higher-margin, higher-value services and having the right technology in place to drive greater automation and improve workflow efficiencies.

⁸ Finance and Account Hiring Trends 2022. Robert Half, 29 Aug. 2022, www.roberthalf.com/employment-trends/finance-and-accounting

⁹ Hood, Daniel. The Year Ahead: 2022 in Numbers. Accounting Today, 3 Dec. 2021, www.accountingtoday.com/list/the-year-ahead-2022-in-numbers

Spending less time on manual and redundant tasks, like data entry, means professionals have more time to better serve clients and provide the level of services their clients desire. Enter the cloud.

In fact, many firms are looking to increase their focus on advisory in 2022 (mid-sized firms at 44 percent and smaller firms at 34 percent), according to Accounting Today research.¹⁰ In looking at the benefits, it is easy to understand why.

Providing strategic advisory services can significantly increase the number of touch points accountants have with their clients. Instead of meeting with clients a few times a year, typically around tax season, accountants are regularly communicating with advisory clients and charging a premium for those higher-value services. This frequency levels out the peaks and valleys of tax season and leads to greater profitability and stronger client relationships.

Underscoring this point, a survey by CPA.com, Bill.com and Hinge Research Institute, found that firms may be able to increase monthly client revenues by up to 50 percent by offering strategic advisory services, making it a significant revenue opportunity for firms.¹¹

However, being able to effectively offer strategic advisory services begins with having the right technologies in place to drive efficiency and automation. Spending less time on manual and redundant tasks, like data entry, means professionals have more time to better serve clients and provide the level of services their clients desire. Enter the cloud.

The cloud provides firms that gateway to growth, enabling them to take advantage of improved workflow efficiencies, greater automation, and access to real-time data for data mining and analytics. Professionals can, for instance, use built-in cloud capabilities to collect data across banks of customer information, financial trends, industry information, and more. In addition, cloud services can be scaled to accommodate a firm's business growth and changing priorities.

"Too often, bookkeepers and accountants work in their office with desktops and laptops and they run their software from there for their client base and maybe dump some files to a centralized server, but the amount of effort in order to start tying all of the pieces together [and] consolidating workflows is limited in these ad hoc SMB environments," said Shannon Kaiser, CTO of Summit. "One of the big powers of the cloud, because it is a true server environment, is you are able to start looking at integrated solutions that allow you to create automations across different applications across the entire workflow."¹²

Communicating these benefits with existing and prospective clients can also help firms build a solid, reliable reputation. In fact, a Bill.com survey of millennial business owners revealed that 56 percent of respondents want their accounting firm to work with cloud-based accounting technologies.¹³

¹⁰ Hood, Daniel. The Year Ahead: 2022 in Numbers. Accounting Today, 3 Dec. 2021, www.accountingtoday.com/list/the-year-ahead-2022-in-numbers

¹¹ Where Opportunity Meets Value: Business Model Trends for Advisory Services. CPA.com, Bill.com, Hinge Research Institute, 2020, www.cpa.com/whitepapers/where-opportunity-meets-value-business-model-trends-advisory-services

¹² Kaiser, Shannon, phone interview, Aug. 29, 2022

¹³ What Millennial Business Owners Require from Accounting Firms. Bill.com, <https://www.bill.com/resources/guides-papers/infographic-what-millennial-business-owners-require-accounting-firms>

Furthermore, accounting firms are nearly 3.5 times more likely to successfully increase their price when they can connect with clients and communicate the benefits of automation to them, according to research by CPA.com, Bill.com and Hinge Research Institute.¹⁴

Ease Staffing Constraints

As noted earlier, staffing constraints are not new for the profession. The COVID-19 pandemic, however, further fueled the issue and altered the way associates can — and want — to work. Therefore, it comes as little surprise that attracting and retaining top talent remains a top issue for many firms.

Research by Robert Half found that 87 percent of finance and accounting managers surveyed said it's challenging to find skilled professionals.¹⁵

Cloud technology can help firms ease staffing constraints and lessen the work load for existing staff. By automating manual and redundant tasks and improving workflow efficiencies, staff can do more with less and, ultimately, work smarter and faster.

Cloud hosting, for instance, allows for the automation of essential bookkeeping processes, such as entering debits and credits and making adjustments at the end of each accounting period. It also enables firms to automate tedious and repetitive tasks, such as data entry and invoice filing.

In addition, the ease of access to tools and financial management services in the cloud allows clients to take a more active role in managing many of their day-to-day financial operations. This means rather than doing everything for clients, accountants are able to act more as an analyst and an advisor, providing insight to clients and helping them to make informed and critical financial decisions regarding their business.

And it is important to note, of course, the benefits of anytime, anywhere access to client data when leveraging the cloud. This enables firms to better compete in today's challenging job market, providing staff the greater work-life balance and flexibility they desire whether they are working in the office or remotely.

Consider this: 50 percent of workers surveyed said they would quit if required to return to the office full time, according to research by Robert Half.¹⁶

¹⁴ Where Opportunity Meets Value: Business Model Trends for Advisory Services. CPA.com, Bill.com, Hinge Research Institute, 2020, www.cpa.com/whitepapers/where-opportunity-meets-value-business-model-trends-advisory-services

¹⁵ Finance and Account Hiring Trends 2022. Robert Half, 29 Aug. 2022, www.roberthalf.com/employment-trends/finance-and-accounting

¹⁶ Remote Job Trends 2022. Robert Half, 29 Aug. 2022, www.roberthalf.com/employment-trends/remote-job-trends

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Said Kaiser, “In a post-COVID world that we live in, the work-from-home really is almost a table stake anymore. We are uniquely positioned in that we can actually deliver more than work-from-home, we can actually deliver a work-from-anywhere. Literally, anywhere you have an internet connection you can do your meaningful work as if you are still in the office.”¹⁷

Find the Right Solution

When it comes to technology and the cloud, it is important to keep in mind the solution that will best meet the needs of the firm and its clients. An attractive option for many firms is cloud hosting.

How does it work? Cloud hosting providers maintain the servers, while companies and individuals using cloud services can access their applications and data from any device that has an internet connection. Consider, for instance, cloud hosting with a private, dedicated server provided by Summit.

“We are what we consider to be a managed platform as a service provider. What that really means, at the end of the day, is we abstract away from the firms that use us the need to be technically adept on how to make IT work. As long as they are able to provide a computer that has an internet connection, we worry about all of the rest,” Kaiser said.¹⁸

Summit provides, among other business applications, QuickBooks and Sage cloud hosting for accountants, enabling firms to drive greater efficiencies, reduce costs, and focus on what they do best — serving clients.

Summit can integrate a variety of QuickBooks and Sage accounting software applications to help meet client needs, such as Bill.com for bill pay, Crystal Reports for custom reports, FishBowl for inventory management, and ProSystem fx Tax for tax compliance, to name a few.

QuickBooks Hosting

QuickBooks hosting lets firms access QuickBooks software from a cloud server, where all the data and files are safely stored and operated. With a unique username and password, staff can log in to their remote desktop from anywhere, access the data, and use the software just like they would from a local desktop.

Firms that turn to Summit to host QuickBooks, can, among things:

- Buy additional user licenses and upgrade to the newest version of QuickBooks easily through Summit.
- Receive 24/7 support via direct chat with Summit’s U.S.-based specialists.
- Pay one fixed, low monthly fee with no hidden costs.

¹⁷ Kaiser, Shannon, phone interview, Aug. 29, 2022

¹⁸ Kaiser, Shannon, phone interview, Aug. 29, 2022

Maintaining a computing network can be expensive, between purchasing new software, keeping it current, and paying for increased storage. Cloud hosting, however, helps firms save a significant amount of money.

Sage Hosting

Sage cloud hosting refers to when Sage software is accessible from a remote desktop connected to a protected cloud server; this server is where all of the data and files are securely stored and operated from. Using a custom username and unique password, accountants can safely login to this remote desktop from any location with an internet-connected device and use Sage like they would on a regular desktop.

Summit has the capabilities to host the entire Sage product catalogue on a firm's own dedicated server, which is exclusive and private to a firm and not shared with any other business.

Firms that turn to Summit to host Sage, can, among things:

- Pay a low monthly fee with no hidden expenses.
- Receive 24/7 support from a server support team who is ready to help day or night through a direct ticketing system.

As noted earlier, cloud hosting can help firms reduce costs. Maintaining a computing network can be expensive, between purchasing new software, keeping it current, and paying for increased storage. Cloud hosting, however, helps firms save a significant amount of money. For example, according to consumer research, after switching to the cloud, a company with three hosted QuickBooks or Sage50 Premium users can save more than \$9,000 over the typical five-year lifespan of an on-premise server.¹⁹

Cloud hosting also offers accountants and their clients added security compared with storage in a filing cabinet or a single computer, where a natural disaster or cyberattack can quickly destroy or compromise sensitive information. Servers are kept safe in one of Summit's secure data centers, and multiple layers of security are continuously working to keep firm data safe. Summit performs nightly dedicated server backups, ensuring that firms always have the latest data in the event of a disaster.

To recap, here's a rundown of some of the more notable benefits of cloud hosting:



1. Scalability: Expand usage and capabilities as the firm expands its business and services.



2. Cost efficiency: Save money spent on resources. Remove the need for high capital investment in on-site equipment, storage charges, etc.



3. Flexibility: Access and work any file anytime, from anywhere.



4. Reduce errors: Built-in checks and access rights. Plus, greater automation and reduction of manual tasks, like data entry, helps mitigate the risk of human errors.



5. Save time: Reduce time spent on time-consuming, manual tasks and focus more on higher-margin services. Plus, it reduces time spent of IT.



6. Real-time data: Built-in data mining and analytics.



7. Integrated applications: Install additional applications to increase functionality.

Conclusion

In today's business environment, accounting professionals cannot afford to be complacent when it comes to embracing technology. If your firm has not yet made the move to the cloud, the time is now.

Change can be daunting, but the good news is your firm doesn't have to embark on the journey alone. Turn to a solutions provider, like Summit, who has the technology and resources in place to help ensure your firm's success in moving to the cloud.

Visit summithosting.com to open the doors to greater growth and profitability for your firm.