

# 10 ACCOUNTING TRENDS THAT WILL DOMINATE 2018

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Whitepaper

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# Introduction

Year 2017 has been a big year of growth for accounting sector and the transformations indicate no signs of slowing down. The profession is no longer just about bookkeeping as every year brings new trends which shake up the system. A significant disruption is happening in the industry and it's time for these firms to jump the bandwagon.

Over the last few years there have been many changes in the way accounting is done. In response to this, many accounting firms realize that these trends offer efficiencies and increased productivity, and are incorporating these latest trends to reshape their business.

Current trends bring comprehensive implications for businesses and the rate of change has moved from steady to rapidly accelerating. Technology is sure to continue to do heavy lifting for small firms. It has increased the rate of innovation, allowing new trends to transform accounting more rapidly than ever. While many accountants can simply make a full-time job in order to understand how different types of technologies can make the life of accountants and CPAs easier. However, the trends are of particular interest to accounting firms as they have the potential to transform key aspects of business.

**With increasing client expectations and evolving technology, accounting firms need to consider the questions below:**

- **How to effectively share information across the firm?**
- **How to collaborate with clients irrespective of their busy schedules?**
- **How the data obtained electronically, can be used to the growth of the firm?**
- **Is there any way to preserve the knowledge of skilled professionals?**
- **Should employees be able to bring in mobile devices to work?**

A closer look at various developments in the industry proposes that while it is important to adapt to today's market, a bigger factor lie in anticipating future trends and take appropriate steps to prepare the firm and staff for what's ahead. Let's explore some of the future trends which accounting firms need to consider.

# 10 Accounting Trends

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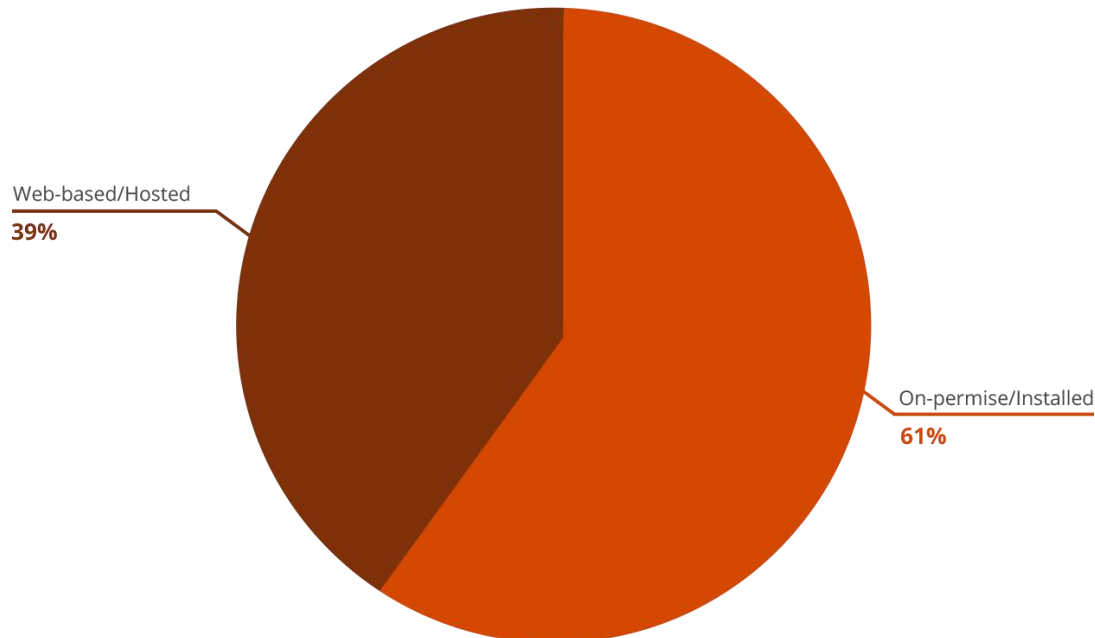
# Cloud will continue to dominate accounting sector

While it may seem obvious in 2018, but many accounting firms think of cloud as just online storage or a backup tool. Not anymore. The power of this technology has rapidly increased over the past few years, further increasing the productivity and providing efficiency. Providing an essential platform for accountants, small firms and CPAs, cloud will continue to mature in the coming years and push the sector in new and exciting directions. Firms adopting the cloud technology have more control over time. Instead of spending time on bookkeeping, data entry or other manual tasks, they have now “hired” software to do such tasks for them.

It's only because of the cloud which is empowering the firms to work from anywhere and making it unnecessary to be in close proximity to clients to bring more value to them. Accountants love the anytime, anywhere access to their important files and leaving the “paper-chase” behind makes the firms competent and organized than ever.

A study conducted by Wolters Kluwer<sup>1</sup> *Can the accounting profession keep up with clients and the cloud?* received a resounding response: Yes, accountants continue to be role models. Various firms were sharing files, moving taxation compliance and collaborating in the cloud. Not just that, accountants were also getting benefits of new cloud-based business solutions.

According to Capterra research, about four out of ten accounting software users are already using the cloud technology.



Now is the right time for firms to update their practice and lead by example, consider the benefits provided by the cloud to streamline their tasks and create value for clients.

# Big Data and IoT will change accountancy

With increased usage of mobile computing and digital footprint, comes an increase in Big Data and IoT. It has become a buzzword in accounting industry, and its potential and downsides are getting huge attention globally. IMA published a report<sup>2</sup> – *100 Drivers of Change for the Global Accountancy Profession* highlighting big data as one of the important factors changing the future of accounting firms.

New technologies based on analytics, big data, Internet of Things (IoT) are reaching businesses of all types. They provide business leader unprecedented data for better decision-making. In turn, accountants and CPAs can use these tools to make a shift from bookkeeping and data entry to strategic business consultancy. There are various technologies to process data in the cloud such as Google's BigQuery service, Amazon's Redshift hosted BI warehouse and Kinesis data processing service and Bluemix by IBM.



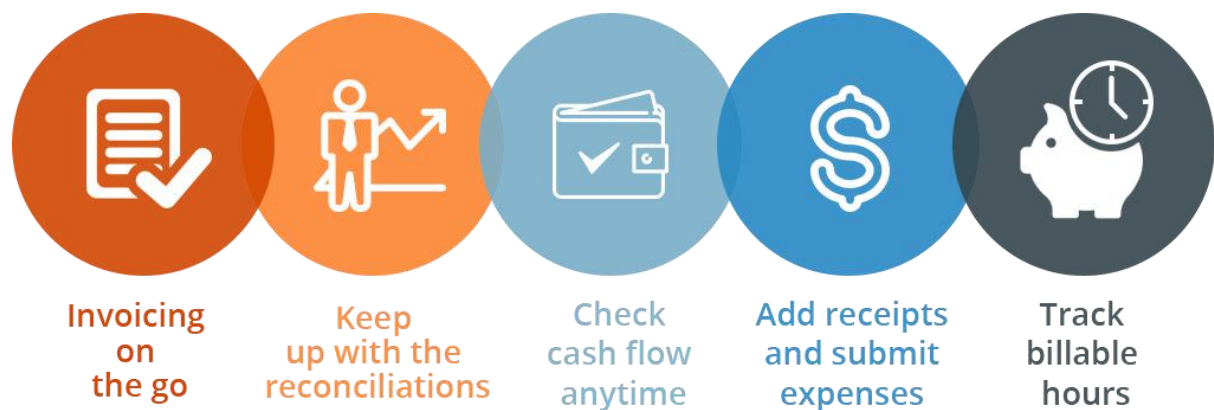
Data generated by IoT would help accounting firms understand greater visibility into regular processes – and not just accounting, but other important processes such as quicker decision-making.

# Mobile accounting will become a necessity

Being one of the hottest trends in accounting sector, mobile computing has rapidly moved from gadget status to must-have for businesses. The firms who want to conduct their business accounting on the go, mobile accounting is the only solution.

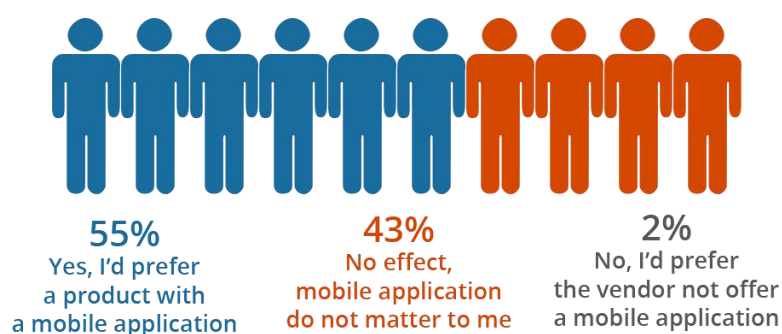
Being able to access accounting data and tax from anywhere is very important for small businesses. Cloud apps which make accounting more accessible and secure are sure to rule in 2018. Since accounting data is confidential for most firms, security remains a priority. Providing high security and better data is one of the ways to ensure client satisfaction.

Mobile applications are continuously upgraded with firm-branded apps, receipt scanning, tax return status accessible by clients on their smartphones and full document viewing and editing. Most users report that they use the mobile accounting application to perform following functions:



In the coming years, clients would want to have real-time access to data and 24/7 interaction from portable mobile devices and applications. Moreover, the future for cloud applications and mobile devices look very promising which would help individual accountants and firms support their clients. The only doubt for them is whether to walk or run.

Digital mobility has numerous advantages such as better response time, ability to access important data at the point of need and faster service for clients along with opening new opportunities for growth of the firm. Although the number of users using mobile accounting is lower, 55% of respondents from a survey<sup>3</sup> conducted by Software Advice stated that they would prefer to work with vendor providing mobile apps. Undoubtedly, mobile accounting will be a huge trend in 2018.



# Accountants will use social media for selling

Accounting firms face many obstacles and many times it seems like the risks taken may not be worth it. Because of independence rules and regulators in accounting sector, many firms avoid using social media platforms for business purposes.

*Our clients are not on social media, why should we be? Social media is not for accounting firms but only for consumer based brands. There are many risks on social media for accountants.*

We have heard many such excuses by accounting firms. However, with social media it's not about why and when but how and where. It's important to do it the right way.



Gone are the days when accountants and CPAs only use LinkedIn to create and manage corporate connections. Using social media for businesses is widely gaining popularity among accountants as they are becoming more active on platforms such as Twitter and Facebook, which allow them to create company pages that serves as a profile telling about their company. And goes beyond these platforms like blogs, discussion groups, YouTube videos. The trend is not only important for accounting firms but also for the clients who want to gather information for future perspectives.

Many accounting firms are already using social media to be present in the world of web where the like-minded linger. It can be a means to start and nurture discussions between clients or business partners. Being a free source, makes it more appealing and accessible.

If you already haven't started working on social media for business, do not rush. Ask your existing clients which social media platforms they would prefer. This gives you a chance to be selective and create a strategy based on the information so that you can reach the target audience effectively.

# Automation will have a bigger impact

Rapid adoption of automation and elimination of manual processes is another trend that will impact the accounting industry. The downside of accounting and bookkeeping is dealing with manual processes, loads of receipts and financial statements. All these make trending away from manual tasks and toward automation, all the way more exciting.



Huge disruption in accounting sector is imminent. Technological transformation and ever-changing consumer trends call for new approach to how the accounting sector values their clients. Some of the processes are more vulnerable than others. Many basic accounting tasks have already been automated. Compliance along with advisory services will be increasingly automated in the near future.

A global independent survey report by Sage<sup>4</sup> stated that 96% of accountants are confident about automation and consider it as a strategic asset for their company.

Automation is a trend that can help save accountants great amount of production hours, which can be used to deal with actual accounting issues. While automation may seem a threat to many accountants, it is not going to replace them in near future.

Besides automation in accounting, automating the market solutions will be another trend in the coming year. Various tools are available in the market to benefit from existing client data in a cost-effective manner, which would benefit for the customers and the company. From articles, videos to sending newsletters, everything will be automated.

# Outsourced accounting will take centre stage

According to Deloitte survey report, outsourcing accounting processes increased globally in 2016, tax preparation being one of the popular candidates besides auditing, personal finances, payroll and tax planning. Companies taking benefit of this trend are sure to be poised for growth in 2018.

Previously accountants were only comfortable to outsource few repetitive tasks such as preparation of records and bookkeeping to service providers. Companies trusted their employees for high-level functions such as budget forecasting and internal audit. However, today they are open to consider third-party service providers for high-level processes as well.

Many accounting firms seek to assist clients to help their accounting with minimum overhead. However, it may not be suitable option for all companies, especially companies handling complex accounting tasks and having high trajectories. Such companies would prefer to outsource their accounting processes. Good outsourcing firm not only bring top accounting skills and knowledge, but also an experience of handling these complex issues.



Outsourcing will become a dominant strategy for most accounting firms by 2018 instead of being a niche strategy. It can help businesses focus on their primary business than building an accounting department. Outsourcing accounting tasks can help save time, cut down costs and reduce the risk of fraud. It would also help increase the productivity of the company and maximize returns on core competencies. The volume of outsourcing contracts would grow in 2018 because of rapidly increasing global demand.

# Millennial generation is on the horizon

The accounting sector is in the middle of dramatic transformation. The demographics are radically changing as Baby Boomers have started to retire. Millennials, also called as Generation Y, are now becoming the largest demographic group and the accounting industry is adjusting accordingly.

As a forward-looking entrepreneur, you would need to consider various ways to transform your business to adopt latest trends in the sector. Various accounting and CPA firms are working to attract millennial generation as their employees and clients. They should expand service by providing digital experience and cloud access.

According to a survey report<sup>6</sup>, currently millennials represent the largest generation in the US workforce. And by 2020, it is predicted that the generation will make up at least 50% of all global employees. It is important for the accounting companies to understand what keeps them engaged at work and should search for ways to attract and retain these employees.

For the most part, consultants have worked with people who didn't make much use of technology. But for the millennial generation, cloud technology has always been an essential part of their life. They expect the same ease of use and accessibility from their accounting software. In the coming years, consultants embracing the latest technologies would be more profitable and competent.



TD Ameritrade's 2016 report stated that this generation is more committed to take better financial decisions than earlier generations, which makes them likely to require skilled accounting guidance to guarantee success in their professional lives. By taking advantage of appreciation for financial security and planning of millennial generation along with new technologies, accounting firms have a chance to get the confidence of gen Y of business leaders.

# Increased emphasis on client service

According to Wolters Kluwer survey<sup>8</sup>, increased focus on client services will have a big impact in the future. It would be a challenge to provide enhanced customer service and take advantage of latest technologies while providing strategic and personalized assistance to the clients.

The key to building a successful business is coming up with a good business idea. However, the key to sustaining that business and staying afloat is differentiation. The same applies to accounting firms. While cloud is certainly a great idea and offers unparalleled benefits, once cloud becomes a norm, differentiating your business from others will not be a cakewalk. Customer focus has been and always will be one of the best ways of differentiating yourself from the competition. A business that is dedicated towards providing exceptional client service and focused on solving client problems with agility, will not only survive and beat competition but will also be able to charge a premium over others for the same services provided.



Therefore, firms should make every effort to develop relationships with existing clients, offer unparalleled service, that they stick with them for. These happy and satisfied customers would be their biggest assets. They will not only keep the companies afloat but will act as their biggest advocates and offer free 'word of mouth' marketing and help them pick up more clients. 'Word of Mouth' marketing or client testimonials are arguably the most effective method of marketing and works like a charm.

# The need to focus on customized and personalized services

The next trend in 2018 would be customization and personalization. Similar to all other aspects of our lives, the demand for customization and personalization is imminent. This can easily be provided by taking advantage of technology and incorporating software in order to increase efficiency. Accounting firms can build value by providing detailed analysis and deep insight than would otherwise be a probability without using technology.



As companies are working to individualize everything, customization has shifted into personalization. While for some companies it would mean that the touch points are individual and specific. For others, it is simply streamlining the processes and making them more responsive.

Standard client offerings would continue to phase out and personalized services are going to replace them. As technology lays the foundation, the capability to provide customized, detailed and personalized analysis are sure to expand in the future.

Clients are used to getting services customized according to their liking. They would not want to pay for something they don't value. If your firm is doing things that clients don't put worth to then in the due course, it will become extinct or substituted with technology.

# Globalization will shape accounting sector

Globalization in 2018 will continue to create challenges and opportunities for people in the accounting sector. Although globalization offers free flow of money, overseas outsourcing and shift of skills, be it professional or technical would continue to pose threats in resolving issues owing to different tax and financial systems.

Although most firms think of globalization in macro sense, with the increasing focus on outsourcing in the recent times, it has effects on various facets of industry. While accounting sector is notorious for its strict adherence of regulations, change is inevitable, and globalization has a lot to contribute to it.

This is a good time for accounting sector which is evolving fast because of globalization. Firms who evolve accordingly would be more profitable and provide services suitable for their clients.

Globalization of accounting services has not only been a driver for operational change, but companies have played a role to the effect of globalization through their own strategies. Firms have been changing themselves in which they became more managerial and dominant throughout the world.

## 2018 and Beyond

There is no doubt that disruption in accounting sector is around the corner and is witnessing numerous trends. These are just a few number of trends, but they are game changers. All these trends will continue to grow in the coming years. While things may shift in importance and new trends may come, but this is the landscape for time ahead. For firms who want to be successful need to get a handle on their processes.

There are endless opportunities for firms who want to get positive returns. All these trends point towards a transformation to being client-focused. Knowing which trend would work for your form is the key to achieve growth and stay ahead of the competition. Early adopters are sure to be rewarded by the marketplace.

It will take time, but you would be surprised to see an entirely new accounting sector in 2018 and beyond.

# About Ace Cloud Hosting



Ace Cloud Hosting, powered by Real Time Cloud Services, LLC, has been providing hosting services for over 10 years. The company ranks amongst the most trusted providers of Application and QuickBooks hosting services. The company has the experience to offer clients with reliable services and secure platform for hosting their applications. As an Intuit Authorized Commercial Host for QuickBooks software, Ace Cloud Hosting is the leading QuickBooks hosting provider and is changing the way businesses operate by simplifying access to data and files all over the world. Accountants and CPAs are not restricted by distance and time. The cloud service provided by Ace Cloud Hosting is adaptable and scalable according to business requirements. It provides the ability to expand their business to work with clients from further away.

## About the Author

Renuka Rana, Editor at Ace Cloud Hosting spends considerable part of her time in writing about technology including cloud computing. Qualified with over 5 years of experience, the author helps giving a voice to tech enthusiasts to put their interesting ideas into persuasive writing and has contributed to several articles, guest posts and whitepapers. When not writing, she loves to dig deeper into knowing the best and the latest technology in industry.

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Call: +1-855-219-0431



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