



How Cloud is Making Accounting Firms Agile





Table Of Contents

- Executive Summary.....3
- Top 3 Trends Reshaping Financial Management Requirements.....4
- Difference Between Traditional System And The Cloud.....4
- The Benefits Of Cloud Accounting..... 6
- Benefits for accountants and small businesses:.....6
- How Safe Is Your Financial Data In The Cloud?..... 7
 - How Cloud Improves Security?..... 7
- Challenges in the promotion of cloud accounting..... 8
- Conclusion.....9
- About Ace Cloud Hosting.....9
- About the author..... 9
- References.....10



Executive Summary

In today's high tech digital environment, everything from business applications to music is on the cloud. The accounting sector is no exception. More and more SMBs and accounting firms are now entrusting their critical financial information – financial statement analysis, accounts payable/receivable, budgeting etc. – to the software which is accessed online. Thus, accounting on the cloud is gradually but surely becoming the norm.

As small businesses grow, they are faced with the same business needs as larger enterprises. Along with it, technology has created a growing dispersed workforce that must submit critical information to the organization's financial system and is allowed to access this data anytime from anywhere. Such requirements are driving accounting firms to investigate options which they can rely upon in their initial stages. A recent study from Longitude Research¹ predicts that 24% of CFO's have already adopted cloud accounting and further 45% are planning to do so in next 12 months.

SMBs are seeking an accounting system that:

1. Provides anytime, anywhere accessibility
2. Seamlessly integrate with other applications
3. Provides real-time operational visibility
4. Provides auditability which satisfies compliance requirements
5. Supports on-demand financial consolidation



Previously, graduating from an accounting software meant buying expensive on-premise software applications. These apps needed a substantial investment and time-consuming business processes. Today cloud technology has emerged that can address real-time financial requirements of businesses.

The purpose of this white paper is to help accountants to take advantage of current and emerging technology trends. It also examines how cloud-based accounting solutions are responding to the increasing requirements of SMBs and accountants.

Top 3 Trends Reshaping Financial Management Requirements

The demands in the accounting sector have transformed in unexpected ways, driven by globalization, increasing complexity and ever-changing demographics. Additionally, there are economic factors that would not only challenge SMBs but would also bring new opportunities for them.

There are three essential trends changing the future of accounting firms, each of which can be traced to the impact that technology is having on human culture globally.

1. Accounting in cloud

The cloud is a trend that's unlikely to get anything but stronger in the coming years. Accounting firms and their clients have now joined the cloud bandwagon and moved their business operations to the cloud. Doing so not only eliminates the need for up-front investments but also provides anytime, anywhere access to both the parties. In a study by North Bridge², 75% of IT decision makers are reported to use cloud based business applications.

Continuing growth of mobile usage for business has compelled accountants to put data in a place which can be accessed from anywhere. Invoicing, time management and estimates can all feed into an accounting environment, making it essential to keep your applications and data in an accessible place.

Apart from easy connectivity, small firms are also over the security concerns. With an increasing use of online banking, the procedure for securing information online is getting tighter and tighter.

2. Mobile accounting



Small businesses and accounting firms have started to adopt more digital lifestyles and mobile accounting practice is the new normal for the millennials. They now demand more from their software - more interaction between their clients, more analysis and easy access to their financial data, record expenses on the go from their mobile devices.

There is a need for them to turn to their mobile devices for various everyday tasks such as timesheet on a PSA application, invoicing, expense authorization, and capturing important data which can be completed remotely.

According to a study³, 93% of accountants who have adopted mobile solutions or are yet to adopt, have realized the most important benefit is improved client service.

Source: Koltin

Digital mobility has many benefits for accountants including better response time, improved client servicing, and instant access to information.

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3. Increased reliance on social media platforms

Effective use of social media is now a pre-requisite and has gradually become a standard part of accounting landscape. Embracing social media is a way to leverage technology and provide superior services to the clients.

By keeping their focus on client service, SMBs and accountants are “socially listening” to their clients and following their social media pages to learn about what they are doing. They are using social media to gain recognition in the financial marketplace. The platform allows them to get a clear view of their concerns, interact with their clients and check what really matters to them.

According to a survey conducted by Wolters Kluwer, 77% of accountants use social media channels⁴ LinkedIn being the most popular.

With the changing technology, the role of accountants has altered accounting and bookkeeping processes by making it more efficient and less time consuming. These trends will shape the future of accounting sector with the increasing competition and accountants will play a substantial role in this interconnected system.

Difference Between Traditional System And The Cloud

There are many differences between traditional and cloud accounting system. Here is a breakdown of key differences:

Cloud Accounting System	Traditional Accounting System
Data and system are off-site	Data and system are required on-premise
Reduced requirement for local IT and administration	Needs local management of integration to applications
Standardized systems and processes	Systems and processes are still evolving and complex
Monthly subscription available	Perpetual license model
All upgrades are managed by cloud provider	Needs self-managed upgrades

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The Benefits Of Cloud Accounting

The way small businesses keep on top of their invoicing has changed drastically over the past few years. Many small firms are now moving to their accounting to the cloud to make the most of cloud technology and streamline their core business process.



Cloud accounting has enabled the quality and functionality of various accounting software accessible to businesses of all sizes and revenues.

With cloud accounting small business owners stay connected to their clients. They just need an internet connection and use cloud-based software from any device. Cloud offers all capabilities to a firm similar to SaaS model. Functions are not performed on user's desktop but off-site. All the information is sent to the cloud, where it is processed and provided to the customer. Any accounting software can be integrated with useful add-ons. It's easy, scalable and cost-effective.

Doug Sleeter, founder of The Sleeter Group says, "The main benefit of using cloud accounting software is anytime/anywhere access to the data".

Benefits for accountants and small businesses:

- Cloud-based accounting provides you access to your numbers anytime, anywhere.
- Easily import your bookkeeping and paperwork straight into your accounting software hosted on cloud, allowing you to see your figures at a glance.
- Save on your local server and hard drive as everything is regularly backed up by your service provider.
- Cash flow of the firm is eased as the expense is paid on monthly basis and not in bulk.
- Cloud accounting allows you to add different users which helps collaboration with your team, no matter where they are.
- With cloud, you get professional grade security technology. This means that your data is safer than your own hardware.
- You get a clear view of your existing financial position in real time.

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How Safe Is Your Financial Data In The Cloud?



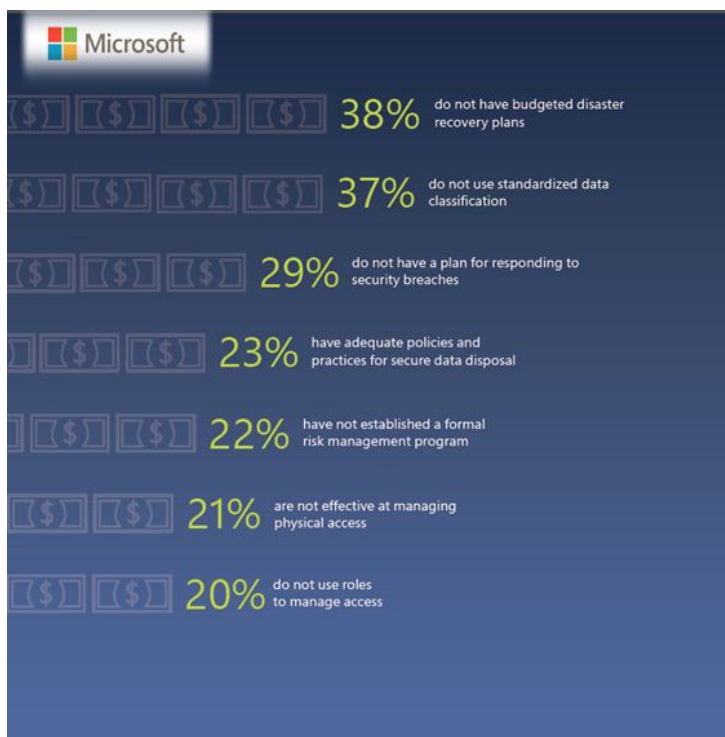
Not long ago, people refused to shop online because of safety concerns. But now, they have Amazon at their doorsteps every now and then.

The evolution of our approach for cloud technology is not much different. Many accountants and small firms remain wary of the technology and continue to manage their financial records in-house. The growing adoption of cloud has led to an increased focus on data security, a topmost concern among accounting professionals.

While there can be some security challenges in the cloud, but with proper precautions, these challenges can actually become great prospects. Cloud can help you strengthen the security of your critical financial data along with improving compliance. For example, if your laptop is stolen, you cannot access your data. But with cloud software, your data is remotely hosted as opposed to on your hard disk.

Nevertheless, there can always be risks - biggest being simple human error. Companies must choose established cloud providers, else all the benefits provided by the cloud can be undone by the quality of services provided by the vendors. Reputable service providers will provide world-class security and deploy their servers in multiple locations.

How Cloud Improves Security?



Security trends in financial services

Key findings and recommendations

Source: Microsoft⁵

Ironically, the reason cloud keeps your accounting data more safe is the very reason professionals mistakenly think of it as less secure. Most businesses assume that cloud is more vulnerable to attacks because the data is stored off-site owned by third-party vendors. However, that's not entirely true. Most security breaches come from within the organization. Cloud vendors protect client's data and alert them instantly in case of any disturbance.

Disaster recovery is a good example. In the event of any natural disaster such as earthquake or any sudden calamity, a disaster recovery plan can be helpful. But in a survey conducted by CSRT, 38% of financial institutions were not prepared for such events.

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Here are few ways cloud can provide more security:

1. **Better physical security:** The area used by your cloud provider has complete security round the clock. On site, you may not be able to provide that kind of security.
2. **Stringent access requirement:** Cloud vendors have to keep their protocols strict by providing firewalls, access permissions and security protocols. On-site security protocols may erode over time.
3. **Strict International Organization for Standardization:** The standards cloud vendors adhere to are designed to keep customer's data secure.
4. **Encryption and protection of data in transit:** Cloud vendors encrypt your data in transit as it moves to the cloud using SSL or TLS which prevents data from any attack.

Challenges In The Promotion Of Cloud Accounting



Organizations are familiar of the value cloud can bring and are taking initiatives towards adopting cloud technology. A smooth adoption entails a complete understanding of the advantages as well as challenges implicated. Here are some of the key challenges faced by accounting sector:

1. Lower recognition of cloud accounting

To get social acceptance, customer's trust is essential. The government does not make a clear policy for cloud accounting and their standards, obligations, and ownership of resources, causing large entrepreneurs' sidelining attitude and low recognition to cloud accounting.

2. Security questioned in the cloud

A cloud would store a huge amount of corporate data, which makes the security of cloud questioned by everyone. Such issues should be resolved as soon as possible. For example, whether hackers will illegally take hold of information during transmission or whether cloud accounting services can ensure ruggedness of network.

Good Cloud providers now use various modern technologies to protect data of their clients and provide them world-class security.

3. Cloud services cannot be customized

The existing cloud accounting service provided by the vendors is single and good vendors primarily provide common module of reporting processing, financial management and online accounting, but lack financial warning, budgeting and financial analysis. This makes integration of online financial processes challenging.

Irrespective of the size of the business, there is an increasing demand and immense opportunity in the marketplace.

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Conclusion



Digital technology has enabled productivity and efficiency with secure cloud accounting services. Cloud accounting as a new online service has its benefits. It has created a new platform for accounting professionals - one that transforms it from a necessity to an alluring business opportunity.

The worldwide marketplace increasingly requires real-time collaboration and anytime, anywhere accessibility, which is provided by cloud accounting. This helps accounting firms prepare their future technological improvements.

About Ace Cloud Hosting



Ace Cloud Hosting, 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 6 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 white papers. When not writing, she loves to dig deeper into knowing the best and the latest technology in industry.

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