

# Profitability for accountancy firms in a post COVID world.



Problem solved



# Introduction.

**Amid a softening economy due to Covid 19, professional services businesses including Australia's \$20 billion accountancy sector is finding itself under increasing pressure. Many accountancy firms have clients that have significantly reduced their operations and put longer-term plans on hold.**

In the current environment, striving to provide first-class accountancy services whilst keeping a lid on operational costs is a tough task. Not to mention the definition of first-class accountancy service is continuously evolving and merging outside of traditional tax and audit processing.

Clients are facing disrupted supply chains and cash flow challenges. The challenges and focuses have been exacerbated by the prolific pandemic and mid-sized organisations are expected to see a rise in business advisory and corporate finance including mergers and acquisitions in the coming months.<sup>1</sup>

In the last 6 months, almost half of Australian accountancy firms, invested in new technologies in response to Coronavirus. Topping the list are Digital Service Delivery (82%) and Work-from-home (82%) showing firms moving swiftly

to embrace the new normal. Importantly Cybersecurity investment was next highest, as the shifting 'attack surface' requires new tools and more care with managing Cyber defences.

The initial quick-fire changes now require a rethink of exactly how accountancy firm's function. Paper-based workflows have been replaced by document automation by a large proportion of the industry. Obviously, the data and information must be made available to staff who require access regardless of their physical location. One of the few benefits of Covid has been the rapid adoption of mobility solutions, including Video conferencing, electronic workflows, and flexible work hours.

There is also pressure to maintain and increase billable hours – a common thread across all professional services. With firms pushing hard to attract

and retain talent, accountants should be spending their time servicing their clients rather than hunting down files or completing tedious administrative tasks. There is also the acknowledgement that IT support staff will continue to be a cost centre for firms and funding must be made available for additional accountancy resources. Investing in the right talent, both in house and through an outsourcing strategy now has its very own spotlight.

Yet, while the changes required to overcome these challenges may appear daunting and costly, they can also deliver big benefits. Approached strategically, the changes can have a significant positive impact on productivity, client service and the business bottom line. Not least forgetting peace of mind for Partners and clients alike should the unthinkable happen (again!).



# Digital enablement.

Growing numbers of accountancy firms<sup>3</sup> are adopting an IT strategy that maps to their firms' objectives. By harnessing appropriate technologies and services, firms can evolve their operations to meet business and economic challenges whilst being prepared for future opportunities.

There are five ways in which a revitalised IT strategy can help to improve productivity and profitability within an accountancy firm.



## **One.** **Lower operational costs with no surprises.**

Paper-based workflows are an expensive and limiting feature within many accountancy firms today. They usually comprise of lengthy manual processes and only function best when all those in the respective department are in the same office – something COVID-19 has brought to an end.

Replacing these workflows with appropriate digital equivalents can make a significant difference. Digital files can be stored centrally and then accessed by staff when needed from any location. Approval processes can

be streamlined, and archived documents quickly found thanks to online search tools.

Moving data away from paper and staff away from centralised offices lends itself to a new Cloud based operating model, which immediately reduces capital expenditure. Once your IT strategy has an OPEX model in play, working with the right partner can offer transparent monthly billing. Cloud providers offer the ability to scale your resources as needed, with payment on a usage basis.





## **Two.** **Your reputation is valuable.**

Reputation much like brand can be difficult to financially quantify. The importance of security and its correlation to a company's brand and reputation is well known, however organisations are now faced with an era where breaches regularly feature in mainstream media. With nowhere to hide, it is vital that accountancy firms protect their reputation as it can not only drive loyalty, but act as a differentiator when prospecting for new clients.

Accountancy teams rely on having access to a range of information sources. There could be regulations pertaining to their area of speciality, financial standards and client data. Accessing and storing this data, needs to be secure and safely available from any location.

The central tenets of security – Confidentiality, Integrity and Availability - grow in importance with any shift towards digital. The myriad security products available – Firewalls, IPS, AV, etc – need centralised correlation and “eyes on glass” to ensure early intervention with cyber incidents, and it is important to have a thorough framework-based approach to Security, for example NIST or Essential 8.



## **Three.** **Increased face time with clients.**

Today's clients expect to be able to interact with their chosen accountancy firm in a variety of ways. The traditional face-to-face meeting followed with email exchanges has now been largely replaced with video conferencing solutions and it remains to be seen to what extent face-to-face meetings will resume in a post Covid world. The cost and time saving of Video Conferencing needs to be supported by subtle shifts in communication techniques and meeting formats, to ensure all participants are engaged and ‘present’.

Whatever the process, investing in a technology platform underpinned with a resilient network to make these interactions as seamless as possible will simplify interactions and improve the client experience.

Whilst the client engagement model has altered, so has the potential market reach for firms. In the wake of COVID-19, the perceived correlation between geographical proximity of a firm and a positive experience for the client has been challenged.

Ambitious accountancy firms proactively updating their tools and systems can not only serve existing client needs and demands but also drive new business that historically may have been beyond that proximity. COVID19 has raised many questions of the impact and fallout of globalisation, but with a digitally driven experience accountancy firms may be able to reap the benefits of utilising some of these technology concepts.



#### **Four.** **Reduced number of suppliers.**

The outsourcing strategy for your digital journey is important and could be low hanging fruit to reduce expenditure. As with most things in life quality over quantity is the prescribed solution here. Seek a partner that can deliver a broad portfolio of support services. Take the time to meet and consult with providers that can be transparent, place emphasis on customer service, scale with your needs and be the trusted advisor to driving your firms' goals.



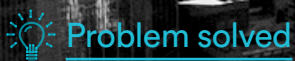
#### **Five.** **Resilience.**

In the current and uncertain business climate, being able to withstand challenges and rapidly respond to opportunities is vital. Equal to this responsibility is the resilience of your IT systems and infrastructure. Protecting and securing from disruption and threats requires an always-on infrastructure that ensures your firm can continue to operate should unexpected events occur. The cost to your business for weaknesses in your disaster recovery, failover or back-up solutions could be significant.

Cloud based solutions can be designed for High Availability, Disaster Recovery and Disaster Avoidance to suit the criticality of data. The retention of long-term Backups is often overlooked as a last line of defence for file corruption or Cyber attack.

Knowing where to instil resilience in your operation can act as a true differentiator when prospecting for clients and should be a stand-out feature for you, when choosing a digital partner. There is a growing pattern of demanding security through the supply chain, and firms will need to demonstrate their cyber bona fides to prospective customers.





# It's a journey not a destination.

Digital transformation, seemingly the academic, catch all phrase used when discussing anything that may include upgrading from pen and paper to digitisation of data. Whilst the phrase is over-used, the benefits should not be overlooked though it can be challenging to know where to start.

A solid first step is to select a trusted partner who can explain the technology options and assess what would be the best fit for your requirements. Every accountancy firm is different. Look for a partner that has experience in the accountancy sector and who understands the challenges you face.

Developing a long-term relationship with this partner also means your digital footprint can be created or enhanced without the need for additional internal IT resources. Software and hardware can be managed externally and readily scaled up – or down- as demands change.

Another important element is the adoption of hybrid cloud, which allows for existing software and hardware investment to be combined or extended to cloud providers. This extends the

life of existing IT investment, reduces the risks inherent with big bang changes and allows for data and applications to live on fit-for-purpose infrastructure suiting the data type or use case.

Finally, it should be remembered that digital transformation is not a destination, but rather an ongoing journey. New technologies and services that can add value to your firm will continue to emerge and can be added to the mix.

With the right partner by your side, once you've migrated your business onto a sustainable and scalable digital platform, you set the foundation for future transformation and evolution supporting your staff and clients today and into the future.

To find out more about how Macquarie Cloud Services can help in your journey, visit [macquariecloudservices.com](https://macquariecloudservices.com).

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