

A man with short, dark hair and glasses is looking directly at the camera. He is wearing a dark grey and blue striped V-neck sweater over a light-colored collared shirt. He is sitting at a desk with his hands clasped in front of him. The background is a blurred office environment with wooden beams and other people working.

sage

THE PRACTICE OF NOW

Insight and practical advice for today's
accountants based on the
latest independent research.

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Like many industries today, the accounting landscape has changed significantly as modernisation has deemed necessary. From its early inception, when primitive counting methods were used to record the growth of crops and herds, accountants continued to evolve with the craft to offer clients a record of their earnings and expenses.

Today the purpose is the same, but the tools are far more advanced. We've migrated from cylindrical tokens that were used for bookkeeping on clay scripts, to Excel spreadsheets, to cloud computing. The practice itself has stood the test of time.

But what's next?

Advances in Artificial Intelligence (AI) and machine learning are fueling automation industries, including accounting. While some believe AI will take over IT jobs, others see a great opportunity to create new roles. The one thing that we can all agree on is that change is happening, and happening fast.

As technological advancements continue to develop, accountants will need to decide if it's best to jump on board and harness change to bring about opportunity.

Can accountants risk being left behind as others embrace the benefits generated through automation, AI or cloud technology?

Does new technology mean new security challenges?

If yes, how can accountants overcome them?

700
ACCOUNTANTS
SURVEYED

Independent research by Viga, commissioned by Sage, surveyed 700 accountants from across the globe to understand what the landscape for accountants looks like today and will look like tomorrow, offering practical advice on how today's accountants can continue to thrive in **The Practice of Now**.

Accounting with robots

This may sound like the premise for a summer sci-fi thriller, but the fear of robots replacing human jobs isn't a new one. Many companies, particularly large businesses, are already using robots to perform repetitive tasks like bagging groceries in warehouse assembly lines, and computer-based cashiers to take orders at fast food restaurants.

Accountancy is one of the traditional sectors next in-line for an automation upgrade. This means practice owners will have more options to automate some of their basic accounting tasks – freeing them up to focus on their customers.

86%
**OF ACCOUNTANTS
ARE HAPPY FOR
TECHNOLOGY TO
MAKE ADMIN
ELEMENTS OF THEIR
JOB INVISIBLE**

Our research shows it's a polarising subject among today's accountants. 86% see automation as creating more value for their clients, saying they would be happy for technology to make the administrative elements of their job invisible, so they can focus on their clients and building their business. This is great news for the industry, indicating accountants are providing valuable services and have a positive outlook toward diversifying and spending more time with their clients rather than number crunching.

On the flip side, 38% of accountants see emerging technology as the biggest threat to the accountancy profession and 35% say administrative tasks are the most enjoyable part of their role. Nearly a third of accountants still use manual methods of record keeping, with 25% using Excel and 7% keeping handwritten notes.



Kriti Sharma, VP of Bots and AI at Sage, knows firsthand how automation is impacting the professional world. Sharma has dedicated her working life to innovating in the AI sector and has recently created Pegg, an accounting chatbot that businesses can use to manage their money more efficiently.



AI is nothing new, the technology has been around for decades, but now what's changing is the consumer adoption in our daily lives – we're not scared of having robots complete tasks for our business, such as managing expenses.

Sharma also believes that the worry around robots taking jobs will not be a permanent one, arguing that the history books show we've already had to deal with similar types of adversity.

"This fear is nothing different to when personal computers first came about and we were worried about losing our jobs to them – there was a lot of scaremongering at the time. But what happened was that it made our lives easier – we can't imagine our lives now without personal computing, so this fear is always the case when new technology appears," says Kriti.



With every new wave of technology disruption, comes new opportunities. There will be a re-jig, we must upskill ourselves to live and work with AI. Who knows, maybe the next hire I make may not be an actual person.

How automation can help you stay relevant (...and sane)

Despite concerns of automation and self-service accounting solutions replacing human accountants, 96% of our survey respondents are optimistic about what lies ahead. Sage VP of Product Marketing Jairam Padmanabhan advises they should be.

“This is really an opportunity for accountants to redefine the practice and what it means for their clients – on their own terms, in a way. The time they save with automation gives them more opportunity to build valuable relationships with their clients, which in the end often leads to referrals,” he explained.

96%

**OF OUR SURVEY RESPONDENTS ARE
OPTIMISTIC ABOUT WHAT LIES AHEAD**



By not adapting to the way the industry is changing, accountants are leaving their practice vulnerable to disappointing their clients and putting themselves behind the competition. SMEs are looking for actionable, proactive, next-level service that timid accountants can't provide.

And it's clear that extra time is desired, based on our research:

68%

of accountants see their role changing in some form through automation

53%

see their roles becoming more strategic with the use of automation

23%

would use the extra time to take time off

The takeaway here is to embrace this new technology. Look at what automation can add to your practice, not what it takes away. Emerging automation technology is the next wave for accountants to grow their practices and offer more value to their clients.

Marketing automation

Automation isn't just about admin tasks. Accountants can leverage their client data to create more marketing opportunities. There are plenty of marketing software options available that automatically send customisable newsletters, extending your practice's reach and add value to your client's relationship with you. Taking advantage of innovative ways to use existing client information is a cost-effective way to increase ROI for both accountants and their clients. Automating marketing increases business from existing clients, leads to more referrals, and frees-up valuable time.



Data analytics

Data analytics gives you valuable insights without the hassle. Analytics takes traditional accounting metrics – like income and statements of capital and balance sheets – to the next level, giving your clients a more in-depth analysis and a competitive advantage. Analytics can help identify underlying trends and risks, as well as bring anomalies to the surface faster than traditional inquiries.

Cloud convergence

Cloud computing is another way new technology is changing the practice. As more companies take advantage of today's hyper-connected society by creating more cloud-based accounting options, remote access to key business information is becoming the new norm.

67%

of accountants have adopted a cloud-based practice, which Sage Executive Vice President and former accountant Jennifer Warawa says is the best way to stay relevant in today's accounting landscape.



What we are seeing here is a need for accountants to re-evaluate how they value their time. While some may be hesitant to adopt technology out of fear of no longer being of use to their clients, what we know is these technological advancements are elevating their clients' expectations and today's accountants need to be able to change along with those expectations.

This means adopting cloud technology as part of your practice is essential. The value goes beyond having 24/7 remote access to accounting information. It's partnering with your clients to set targets based on that information and empowering your customers to hit achievable targets that makes the difference.

86%

of accountants surveyed agree that by automating data entry and reporting, they would be free to create services that add value for their clients.

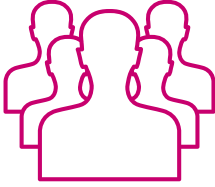
“Businesses aren’t going to look to their accountants to simply collate and analyze information any longer—technology can already tick that box. They want advice on what to do next and will seek out accountants and bookkeepers who can offer actionable proactive services that add value to their business,” she adds.

By establishing yourself as an advisory resource, you form “customers for life” throughout the entire 365 days of the year, not just during the peak of tax time.

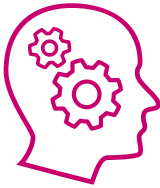


Being a real-time advisor requires remote technology. Not only can it assist in creating and tracking progress toward those targets, but 24/7 access to that information gives you and your clients the agility to make immediate changes as the need arises. The more advisory touchpoints you have with your clients to monitor their business’ success, the more value you create for that relationship.

Here are a few first steps for migrating to an advisory role and setting Key Performance Indicators (KPI):



Make a shortlist of clients who you only provide traditional services to, but could benefit from advisory services. Keep the list small enough to manage at first, ensuring that you provide the best service possible.



Analyse your clients' industry and develop a strategy. Start by leveraging industry data reports to see where the possibilities lie in providing services. Create or source a report that provides an overview of the industry, business challenges, trends and opportunities and industry forecasts.



Open the discussion between you and your client about what advisory services they need most and how they can move forward.

Not only does cloud adoption and real-time accounting add to the delight of your clients, but it also empowers your practice to operate faster and smarter.



Cloud accounting



Improve efficiency

Reducing time on paperwork, eliminating spreadsheets and automating repetitive tasks



Increase accessibility

Share information easily with whomever, whenever



Improve decision making

Make information available in real-time instead of delaying for year-end historical data



Streamline systems

Create a clutter-free working environment as the need for manual and paper-based systems is eliminated



Be more cost-effective



Be scalable

Grow your systems as you grow your business

Being security savvy: The cloud advantage

The security industry has long since said it's not a case of 'if' but 'when' companies get hit by cyber-attacks. Large organizations spend vast amounts of money on specialist and highly customized security solutions to protect their data, yet attacks still happen. Enterprise security has gone "military-grade" and the daily headlines speak for themselves.

Big businesses like Yahoo, Target, even the U.S. Department of Homeland Security have fallen victim to data security breaches in recent years. PwC recently conducted a survey of Chief Digital Officers or other senior executives globally with top-level responsibility to ensure information security. The study revealed that the top three concerns are operational disruption due to cybersecurity breaches (54%), liability risks through data loss (40%) and unauthorised extraction/modification within company-internal dataflow (40%). It paints a bleak picture.

37% OF RESPONDENTS SEE SECURITY AS THE BIGGEST BARRIER TO CLOUD TECHNOLOGY ADOPTION



With our survey revealing that 37% of respondents deem security as the biggest barrier to cloud technology adoption, concerns among accountants is palpable. An additional 14% explain that client concerns top their list.

While concerns are understandable, should they be directed at the cloud? And where does this leave small businesses who simply don't have extensive resources to protect themselves? Sage CIO, Mike Bischoff comments.



Knowing the facts about cloud security will help accountants and their clients embrace adopting a cloud-based model.

For example, many focus solely on the security of the cloud software itself to provide security barriers instead of monitoring the internal factors that are responsible for 43% of data breaches.

While the insider can often be perceived as someone with malicious intent, what about those simple mistakes we all make? Just one click and your data can be compromised. Employee education is the key as we must all remain vigilant throughout our busy days. Always query whether you can trust your source – that applies to emails as well as USB keys and Wi-Fi connections.

“Your security is only as strong as your weakest link. With or without cloud adoption, practices must take steps to protect themselves and their clients. A starting point is investing in things like antivirus software, user awareness of phishing attempts, password protection and so forth,” Bischoff advised.

It's important to note that while traditional antivirus (AV) protection is an essential layer of protection from known viruses, it's not going to be enough to protect against sophisticated attacks that are fast becoming the norm. Cyber-attacks are designed to be invisible and bypass AV solutions as well as other layers of security.



Your security is only as strong as your weakest link. With or without cloud adoption, practices must take steps to protect themselves and their clients.



By choosing the right cloud vendor to work with, you are effectively hiring your own enterprise security team without the associated costs and management. Cloud technology can permit access to better services, skills, infrastructure and reduces the headaches associated with keeping systems up-to-date and secure. Ultimately, using a cloud solution affords better protection than if data was stored on premise.

Larger companies have huge, dedicated security teams working around the clock to protect against the latest attacks in real-time. Having a clear understanding of the appropriate cloud security measures means asking the right questions of your software provider. If you don't have the knowledge available, it's best to ask about the basics or opt for security certifications. One caveat about certifications, however, is you must be clear about the terms of the certification.



Certifications are ideal, but make sure you get a full scope of the certification from the service you choose. Cloud providers often outsource their data centers. Does the certification include just the physical building of the data center? The product itself from end-to-end? When does the certification expire? These security guarantees usually only capture a snapshot of time. It's not perpetual.



The balance to getting security right is a team effort as no one is immune to cyber security risks. There needs to be a marriage between technology and internal education.



Yes, there is a certain standard that cloud providers must meet, but even the toughest standard means nothing if employees are sharing passwords or not taking the right measures to make sure access to sensitive information is protected. Working with the right cloud provider alongside internal education strikes the right balance.

Embracing technological change means embracing opportunity. Debunking the cloud brings benefits with many facets; collaboration, availability and even security. Understanding the true risks – not just the perceived risks – is an important consideration as it ultimately opens the door to more time to spend either working to build the business or taking that hard-earned time off.

The practice of the future

The role of the accountant is continually changing and moving further away from the stereotypical image of the person holding the purse strings. Accountants are now seen as a business partner – someone who has a sound understanding of the company and can provide advice and support across the business.

Commercial awareness, great communication skills and financial decision making are among the characteristics needed today by most accountants, along with expertise in reporting, forecasting and a high degree of competency in risk management. But as we cast our eyes to the future, automation will play a large role in streamlining how accountants implement those characteristics. This means accountants will need to diversify.



Adding technical management accounting to their repertoire of skills will carry accountants well into the next decade. With administrative tasks virtually eliminated, accountants will have more time to focus on their clients, and in some cases, as our report shows, take some time back for themselves.

Consultancy could be a white space for accountants to move into. Instead of settling tax inquiries at the end of the year, start at the beginning of the year to ensure things go smoothly, leaving the software to do the number crunching at the end of the financial year.

This new accountant-as-a-partner relationship will be a huge factor in the evolution of the industry and where we will see the effects of these changes in the industry overall, making firms greater than the sum of their parts.

The practice of accounting will continue to evolve, much like the accountants of earlier centuries. Embrace the change today and keep doing what you love, but smarter.



Appendix

Q1 What part of your role do you enjoy the most?	Overall	
BASE	%	100.0%
	N	698
Building relationships with clients	%	22.1%
	N	154
Advising on business strategy e.g. forecasting, risk management	%	24.6%
	N	172
Advising on legislation	%	8.9%
	N	62
Administrative tasks e.g. data entry, management reporting, tax return submissions	%	35.1%
	N	245
New business	%	8.7%
	N	61
Other (please specify)	%	0.6%
	N	4
Q2 What are your biggest business frustrations?	Overall	
BASE	%	100.0%
	N	698
The time I spend number-crunching	%	37.5%
	N	262
Chasing clients for financial information	%	46.6%
	N	325
Attracting new clients	%	25.2%
	N	176
Knowing exactly what's happening across the whole of your business, as it happens e.g. staff, pay	%	23.4%
	N	163
Collecting payments from clients	%	23.6%
	N	165
Technology changes or keeping up with technology changes	%	15.6%
	N	109
Other (please specify)	%	1.3%
	N	9

Q3 Which of the following best describes where you plan to focus your time and energy over the next three months?	Overall	
BASE	%	100.0%
	N	698
I want to be able to run my firm my way, changing at a pace that is right for both me and my clients	%	16.5%
	N	115
I need more time to understand my customers, so I can offer better services and move from administrative busy work to being a trusted advisor	%	18.1%
	N	126
As my business changes, I need to make sure I continue to provide excellent client service, manage risk and stay compliant	%	28.4%
	N	198
I want to be able to differentiate myself and the services I offer	%	18.3%
	N	128
I want to be able to market my services and grow my business	%	17.5%
	N	122
Other (please specify)	%	1.3%
	N	9
Q4 How much of your role currently is spent consulting vs. doing traditional compliance tasks?	Overall	
BASE	%	100.0%
	N	698
90% consulting / 10% traditional compliance	%	11.0%
	N	77
75% consulting / 25% traditional compliance	%	30.5%
	N	213
50% consulting / 50% traditional compliance	%	35.4%
	N	247
25% consulting / 75% traditional compliance	%	13.9%
	N	97
10% consulting / 90% traditional compliance	%	6.2%
	N	43
Not sure	%	3.0%
	N	21
Q5 What do your customers most commonly ask you for help with?	Overall	
BASE	%	100.0%
	N	698
Providing the right documentation	%	32.8%
	N	229
Meeting deadlines	%	28.8%
	N	201
Staying ahead of the latest regulation	%	18.1%
	N	126
Advice and insight	%	20.3%
	N	142

Q6 What is your primary method of keeping records for your client?		Overall
BASE	% N	100.0% 698
Excel spreadsheet	% N	25.2% 176
Handwritten notes / documentation	% N	7.3% 51
Desktop software	% N	39.0% 272
Cloud software	% N	28.1% 196
Other (please specify)	% N	0.4% 3
Q7 Which description best matches the way you currently use technology within your firm?		Overall
BASE	% N	100.0% 698
'We want best in class': we invest in the best technology out there, including cloud technology, to help offer the best services to our clients	% N	57.3% 400
'Is it cost-effective?': we are budget-conscious, so look for solutions that are affordable, but still reliable, to fit our client needs, objectives and budget	% N	38.3% 267
'If it ain't broke, don't fix it': we tend to emphasise traditional tools and don't invest heavily in accounting technology	% N	4.4% 31
Q8 What is the biggest driver for adopting new technology/software solutions within your firm?		Overall
BASE	% N	100.0% 698
To stay ahead of the competition	% N	16.3% 114
To be seen as a forward-thinking firm	% N	12.2% 85
To be liberated from administrative tasks	% N	10.2% 71
To be more flexible and responsive for clients who increasingly expect an 'always on' approach	% N	27.4% 191
To get access to better features and functionality	% N	19.3% 135
To save money	% N	14.3% 100
Other (please specify)	% N	0.3% 2

Q9 To what extent do you agree with the following sentence: "I would be happy for technology to make the administrative elements of my job invisible so I can focus on my clients and building my business"		Overall	
BASE		%	100.0%
		N	698
Strongly agree		%	43.4%
		N	303
Agree		%	43.1%
		N	301
No opinion		%	9.6%
		N	67
Disagree		%	3.4%
		N	24
Strongly disagree		%	0.4%
		N	3
Q10 Has your firm adopted a cloud-based practice management solution?		Overall	
BASE		%	100.0%
		N	698
Yes		%	67.3%
		N	470
No		%	28.2%
		N	197
Don't know		%	4.4%
		N	31
Q11 What is the most important service accounting software provides?		Overall	
BASE		%	100.0%
		N	698
Up-to-date industry or legislation information that helps us be proactive in giving advice to clients		%	19.8%
		N	138
Access to real-time, allowing us to provide real-time advice and insights		%	29.8%
		N	208
Service automation that frees up time, so we can create more services that add value for our clients		%	22.6%
		N	158
Empowers our staff to spend less time crunching numbers and do more analysis, which leads to greater job satisfaction		%	27.5%
		N	192
Other (please specify)		%	0.3%
		N	2

Q12 What is your biggest barrier to adopting cloud technology?	Overall	
BASE	% N	100.0% 698
Security	% N	36.7% 256
Speed and accessibility	% N	14.8% 103
Desktop has more features	% N	10.9% 76
Cost of cloud software	% N	18.3% 128
Client concerns	% N	13.9% 97
Other (please specify)	% N	0.7% 5
There are no barriers	% N	4.7% 33
Q13 How do you perceive the following statement? "By automating data entry and reporting, which accountants currently spend a lot of their time doing, they are free to create services that add value for our clients."	Overall	
BASE	% N	100.0% 698
Strongly agree	% N	39.0% 272
Agree	% N	47.0% 328
Neutral	% N	12.9% 90
Disagree	% N	0.7% 5
Strongly disagree	% N	0.4% 3
Q14 What would you do with the extra time you save from automation?	Overall	
BASE	% N	100.0% 698
Take time off	% N	22.6% 158
Serve more clients	% N	48.1% 336
Create more services to offer clients	% N	44.4% 310
Increase the volume of compliance work	% N	29.2% 204
Other (please specify)	% N	0.4% 3

Q15 How do you see your role changing in the future?	Overall	
BASE	%	100.0%
	N	698
I see my role becoming more strategic and being able to provide more financial and business advice to customers	%	53.3%
	N	372
I see more of my administrative work becoming automated	%	42.6%
	N	297
I see some of my work becoming automated, but how to apply that information will still be under my control	%	25.2%
	N	176
I see new regulations and complicated technologies making my role more difficult	%	8.7%
	N	61
I don't see my role changing much in the future	%	4.6%
	N	32
Q16 What's the biggest threat to the accountancy profession?	Overall	
BASE	%	100.0%
	N	698
New emerging technology that can do some of the jobs I currently do	%	38.1%
	N	266
Self-service accounting solutions	%	35.7%
	N	249
Customers not understanding the full benefit of working with an accountant	%	24.9%
	N	174
Other (please specify)	%	1.3%
	N	9
Q17 Generally speaking, how confident do you feel about the future of accountancy and your role in it?	Overall	
BASE	%	100.0%
	N	698
Very confident	%	47.0%
	N	328
Moderately confident	%	49.3%
	N	344
Not confident at all	%	2.1%
	N	15
Don't know	%	1.6%
	N	11
Q18 How many hours more (per week) do you work, on average, during Tax Year End?	Overall	
BASE	N	23.7 hours
Global Average		
Q19 How much of your annual practice income is generated during Tax Year End?	Overall	
BASE	%	45.9%
Global Average		
Q20 How many hours sleep a night do you get on average during Tax Year End?	Overall	
BASE	N	6.4 hours
Global Average		



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