

## Online Accounting – What Accountants Say

*e-economic garners the views of accounting practices in four different countries*

The internet has created new expectations and new habits, not only in social arenas but also in business. It has become commonplace for organisations to depend on the reliability of e-mail and many use web-based systems, such as online banking, as part of their daily operations. People prefer the online option because it provides a better, faster and more effective way of working.

Online accounting software claims to deliver similar benefits - greater cooperation between parties and increased efficiency through easier access to information and new tools that automate previously manual tasks. It promises freedom from the problems typically associated with good quality accounting software, such as:

- Lack of mobility
- High cost of purchase
- Unwanted features or too complex to use, especially if clients wish to do their own bookkeeping
- Excessive support and maintenance fees
- Technical problems with the software installations
- Having to maintain multiple versions of different packages.

The technologies of the internet have evolved to the point where it's possible to successfully combine simplicity with sophistication. In other words, not only are these new systems intuitive to use, they also have functionality to suit the accounting requirements of almost any small to medium-sized business.

The most exciting thing, however, is not the technology, but that being online enables accountant and client to work together in a different way. Consequently, accountants have more time to deliver value-added services and clients can make better use of their financial information to drive growth and profitability.

Online accounting is set to revolutionise accounting practices. Whether you see this as a threat or opportunity depends on your point of view.

In this article we speak to six accountants in the UK and Scandinavia, from practices of all sizes, to hear their experiences and gain an insight into the impact of online accounting on their clients and their practice.

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*e-economic was originally developed in Denmark in 2001 and the UK version was launched in 2007. As of January 2009 our customer base comprised over 1,000 accountants and 17,000 client companies.*

### Contributors:

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Finbooks Ltd specialises in IT and Finance. Based in Hounslow it aims to provide a reliable, professional and flexible IT, financial administration and virtual accountants service for SMEs, allowing them to concentrate on promoting and advancing their core business. [www.finbooks.co.uk](http://www.finbooks.co.uk)

**Andrew Scott, Client Partner, Vantis**  
Vantis plc is the AIM listed UK top 13 accounting, tax and business advisory group. Its objective is to be the provider of choice for ambitious organisations (from owner-managed businesses to listed companies and not for profit organisations), high net worth individuals and other professionals. Vantis has specialist industry groups to help clients achieve their goals, as well as individual experts across the organisation who can meet the needs of clients outside these sectors. [www.vantisplc.com](http://www.vantisplc.com)

**Ottar Espeland, Partner, Nous AS**  
Nous AS is a small company that has grown from one accountant last year to three accountants this year, and it is recruiting for two more positions. It has 150 clients that range from sole traders through to companies turning over around 10 million Euros. All, except for five, clients use e-economic. Those that do not are part of a larger company that has another system. [www.nousas.no](http://www.nousas.no)

**Ann Ivarsson, Partner, Mevona**  
Mevona is a small company set up by three sisters who are all partners. It has around 25 clients currently, ranging from one-man bands to companies turning over 130m Swedish Krona. The company's philosophy is to deliver a more holistic service, offering business advice as well as accounting. [www.mevona.se](http://www.mevona.se)

**Hans Peter Jensen, Auditor and Supervisor, City Revision**  
City Revision is a mid-sized accounting firm with five owners and 35 employees. It aims to be a natural alternative to the globally aimed accountancy firms. City Revision has over 1500 clients of which a third use e-economic. Clients range in size from small companies with just a few employees to very large companies. The average turnover of the firm's clients is £2million. [www.cityrevision.dk](http://www.cityrevision.dk)

**Maiken Scharff Hansen, Assistant Manager, KPMG**  
KPMG operates as an international network of member firms offering audit, tax and advisory services. It works closely with its clients, helping them to mitigate risks and grasp opportunities. KPMG firms are some of the world's leading providers of audit, tax and advisory services. It has over 123,000 people operating in over 140 countries worldwide. [www.kpmg.dk](http://www.kpmg.dk)

### ***How technology-savvy are your clients?***

Steve Lane, Partner at Finbooks in the UK, puts a different perspective on things: “All of our clients are IT literate – they need to be to benefit from our services; we’re different from most accountants in that we provide a full business consultancy service and we can achieve this because we provide all of our services online.”

Ann Ivarsson, Partner at Mevona, a family-run accounting firm in Sweden, begins: “All our clients use computers and all of them access e-economic themselves. We do a lot of communicating by email but we like to maintain some face-to-face contact because we think it’s important to build good relationships with our clients. They need to feel that they can pick up the phone at any time and ask our advice on any business issue, not just their accounts.”

It is a similar situation in Norway. Ottar Espeland, Partner at Nous AS, a small accounting firm in Norway, says: “All of our 150 clients have their own PCs. They are all technology savvy. They are regular users of email and comfortable with internet banking.”

### ***How competent are your clients at accounting and double-entry bookkeeping?***

According to Hans Peter Jensen, Auditor and Supervisor at City Revision, a mid-sized accounting firm in Denmark with over 1,500 clients: “Most clients begin with City Revision being the main user of e-economic. Then, when they realise how easy it is, they start doing the bookkeeping themselves.”

In the UK, Steve Lane says: “We provide an end-to-end business administration service for clients, taking all of the administrative tasks off their shoulders, including their accounts, so ideally none of our clients need to know anything about accounting or double entry bookkeeping – we take care of all that for them.”

In Sweden, the story is a little different. Ann Ivarsson says: “Half our clients have a very good understanding of accountancy and the other half doesn’t – those that don’t are more keen to just know how much tax is due and when.”

Ottar Espeland adds: “We find that e-economic draws clients into the system. Once they realise how easy it is, they get more and more involved, putting some of their own data into the system and sending out invoices. If they have any problems they can call us or e-economic’s free helpdesk. Getting a good support service was an important factor in our choice of online accounting provider.”

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### ***Has online accounting changed the way you do your job?***

Ottar Espeland says: "It is easier for clients to be involved in their accounts so we do less of the bookkeeping. This is a win-win situation. The basic data entry costs the clients less because they want to do some of it themselves. We do more financial controller/consultancy work which we enjoy more and clients are more willing to pay for."

It also saves a significant amount of time. Hans Peter explains: "When a client telephones with an accounting problem, you can bring their accounts up online and have a look at the same version that they are looking at. You can resolve problems there and then. Whereas previously we would have had to go to the client's office to get it sorted out."

"The same applies to end of year accounts. We used to send all the papers to the client who would input it into the accounting system. Then we would have to check it was correct. Now we can do it all for the client online and we know it is correct. It removes a lot of the pain and saves a great deal of time."

Steve Lane in the UK has always used a form of online accounting within his practice's business model, but the previous system was not scalable and so they switched to e-economic: "Using online accounting is far more efficient and frees up a lot of time, especially the tools such as document management and scanning. It means we can provide our clients with other solutions such as outsourced business processing and staff training. Online systems like e-economic make our business model possible."

Ann Ivarsson comments: "I have a family with young children and from my point of view it means I can have a much better work life balance and can plan my busy day better. That doesn't mean I work less, but it does mean I choose where I work and can even work outside office hours from the comfort of my own home; with e-economic I have access to all my client's accounts anytime anywhere. This equally applies to my clients."

### ***What difference does it make to your clients?***

Hans Peter Jensen says: "It helps improve revenues and margins for clients. They can access their accounts at any time and they are always up to date. It is easy for them to access essential information to help them run their company. Now they don't have to wait three to four weeks to get their accounts – it's there at a click of a button."

Ann Ivarsson says: "It saves them money. By inputting data themselves and completing simple tasks online, such as invoicing, clients don't have to pay extra fees for basic administrative tasks."

"I know some accountants worry about increasing client involvement," adds Ottar Espeland. "But their fear is misplaced. It is



With e-economic it's easy for accountants and clients to cooperate. Everyone works with the same data in the same accounting system.

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easy to see exactly what data the client has input and to make changes if they make a mistake. Altogether, it's a very flexible model and you can tailor it so the end user can do as little or as much as they want to."

***Surely an online system is quite basic - does it have the functionality you need?***

Andrew Scott, Client Partner at Vantis, the AIM listed UK top 13 accounting, tax and business advisory group, notes: "With traditional desktop packages, you pay 100% of the price even if you are only using 10% of the product. Whereas modular online systems, like e-economic, let you configure the application to suit the needs of the business and the users within it."

Ottar Espeland comments: "Yes it is simple to use, but it has the depth of functionality we need for all of our clients, even our larger clients that have a turnover of approximately 10 million Euros."

Maiken Scharff Hansen, Assistant Manager at KPMG in Denmark, agrees: "If clients do the bookkeeping themselves then we only need a couple of hours a quarter to check their figures, and 90% of clients get the bookkeeping right; we retain ultimate control so there's never any risk of mistakes."

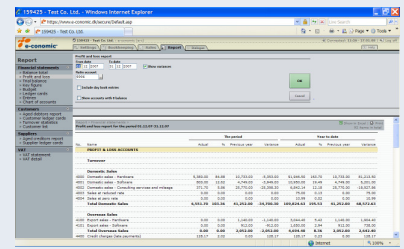
Hans Peter Jensen added: "After three years of using e-economic, I am still discovering new things it can do."

***Is security a big issue for you and your clients?***

Maiken Hansen at KPMG makes an interesting point: "Many of our clients who had previously used desktop systems forgot to take back ups, so if anything they can see how security is far better with an online system that is hosted elsewhere – they don't need to worry about backing up the information anymore."

Ann Ivarsson says: "Security was one of the most important considerations. If I am going to hold sensitive client data in my office then I need very secure systems on site and I need a good degree of technical knowledge - we don't have that. With e-economic we are safe in the knowledge that they have servers in a number of locations that are backed up throughout the day and night. The data is as secure as it can be."

Ottar Espeland says: "Two of our clients had concerns over security at the beginning, but once they realised that the security level was equivalent to that used by NetBank, they understood that it was in fact the safest thing they could do."



Reports are always available and can be instantly extracted for analysis or accounts production.

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### ***What difference does online accounting make to your business?***

All the participants agreed that it made for a better, more modern way of working with clients. In the UK, Andrew Scott says: “It makes it easier to take accounting to a higher level. We can offer real-time advice based on the most up-to-date financial data – we can identify key performance indicators, spot anomalies, potential areas for concern or opportunities for growth, and so on. In my view, that’s what helps make our clients’ businesses more successful, not producing Excel spreadsheets.”

Hans Peter Jensen explains: “The best thing is that it facilitates a better way of working with our clients. We used to have to do some processes twice – it was inefficient and dull. Now everyone is working from the same version of accounts. You can look at it together, no matter where you are or what time it is, you just need an internet connection. It also means that we can take on more clients. It improves the staff to client ratio.”

Ann Ivarsson agrees: “It makes for a much more modern and flexible way of working. I like the transparency of online accounting – after all it’s the clients’ data, not ours, so why shouldn’t they have access to it in an easy to understand format 24/7?”

### ***Would you go back to a traditional desktop accounting solution?***

Andrew Scott comments: “Practitioners who use desktop or client/server accounting systems to support their clients have to deal with the complexities of data transfer. We have to keep approximately seven versions of Sage on our server to support our various clients. It’s crazy. I look forward to the day that all our clients’ accounts are online.”

Ottar Espeland exclaimed: “No, never! It would be like going back to the Stone Age! As far as I can see, online accounting is the future. Some companies have made a significant investment in traditional software so it is difficult for them to change now, but it will only be a matter of time before everyone goes this way.”

Ann Ivarsson adds: “Between the three of us at Mevona, we have used 30 different software systems, including some of the largest in Sweden. We weren’t happy with any of them because they didn’t offer the flexibility and security we were after, but e-economic does.”

### ***Do you think the accounting profession in your country is progressive?***

Maiken Hansen at KPMG says that in her experience it’s not the accountants that stifle progress: “Denmark has been quite quick to take up IT, but on the whole clients are still comforted by paper based accounts – if anything it’s the clients that need to be

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persuaded of the benefits of a paperless approach. We try to use the scanning function as much as possible and are still aiming for that illusive paperless office!”

Hans Peter Jensen comments: “In just a few years time, I think that all of our clients will be using online accounting. And new features like automatic bank reconciliation and intelligent document scanning will help pave the way.”

Ann Ivarsson sees things differently: “I would say that, in Sweden, using online accounting is still quite unusual. The auditors are always surprised when we say they don’t have to come to our offices to access our clients’ accounts.

“Accounting is seen as boring and going to visit your accountant is seen as a painful experience that no one likes doing. It doesn’t have to be that way, and we’re not boring people! We want to change these opinions. We want to be seen as a one stop shop for business advice of all sorts to our clients, especially the smaller ones, not just number crunchers. Online accounting will help facilitate this change in attitude.”

Taking the middle ground, Ottar Espeland says: “As a whole, accountants in Norway are not necessarily at the forefront of change. However, I think most are prepared for change and could see that online accounting was coming.”

Andrew Scott sums up the UK: “There’s no question that getting accountants on board the online accounting bandwagon will be a hurdle. But everyone is going to have to file Self Assessment and VAT forms online – in this day and age, everything is net-based, so the time should come. I, for one, am happy to see the revival of online accounting.”

### **About e-economic**

e-economic ([www.e-economic.co.uk](http://www.e-economic.co.uk)) is an independent, self-funded company with offices in the UK, Denmark, Sweden and Norway. As of January 2009 e-economic was used by over 17,000 companies and 1,000 accountants, from sole practitioners to some of the largest accounting firms in the world including KPMG and Ernst & Young. Our SME clients range from sole proprietors to businesses employing over 100 staff. Our UK offices are in Reading, Berkshire.

### **Conclusions**

- Online accounting has moved on – today it has all the bells and whistles of a sophisticated accounting system, they are not simply bookkeeping systems online.
- Online accounting has enormous advantages – it creates opportunities that are not possible with other operating models.
- UK clients are not that different to their Scandinavian counterparts in terms of technology awareness and, because online accounting is so simple, they can easily take on some of the administration.
- Scandinavia has shown a greater adoption of online accounting, but UK accountants who have taken advantage of online accounting are experiencing the same benefits.