



**By KNAV Team**

# **Data-driven & Future-ready Accounting Practices**



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Business digitalization is the use of digital technologies to change a business model and enhance the value. Recent surge in accessibility of data has led to rapid advancements in digital technologies, which are transforming economies, societies, and businesses.

A digital revolution, which is still unfolding before our eyes, has changed the nature of accounting work as well. Automation and robotization of routine accounting processes, the introduction of business intelligence, and the application of data analytics are among the results of digitalization in the accounting function.

Leaders of accounting firms look at two aspects of the business when considering the future of accountancy firms - service delivery and practice management.

### **A. Service Delivery**

It is critical to the success of accounting firms to deliver efficient services to their clients. For which they need a trained and well-managed workforce that provides these services.

Millennials and Gen-Z personnel are not very keen on performing redundant tasks such as preparing tax returns for the same clients or performing audit procedures year on year. This poses a challenge of recruiting and retaining the right talent in service delivery, especially for smaller and medium-sized accounting firms.

Increasing efficiency is the key to profitability for accounting firms. However, if the same people do not want to do the same job, management will be in conflict, on one hand expected to stay competitive and on the other hand foregoing efficiency.



Data analytics and automation can be the ideal solution for this. As an added advantage, the technical skills of accountants make working with descriptive analytics, predictive analytics, and prescriptive analytics easier.

Logic-based, repetitive tasks such as creating worksheets can be automated. In this way, employees are liberated from the monotony of repetitive work and can step-up their efficiency in interpretation of data, tax and regulatory law and application of accounting & auditing standards.

Amidst the constant evolution of the business domain, tax laws and accounting standards continue to evolve as well. The accountants who enhance their efficiencies through data analytics will be better prepared for the future than their peers.

## **B. Practice Management**

### **i. Efficiency optimization**

Accounting firms, like many businesses, are riding the digitization wave to improve their day-to-day functioning and increase their efficiency. By deploying data analytics, which can perform linear and predefined tasks on huge data sets to capture information from different systems such as accounting, time and billing, CRM, scheduling, etc., huge amount of valuable working hours can be saved and utilized for more productive and value-added tasks. This dramatically improves the overall efficiency.

As an example, RPA (Robotic process automation) can be used as a service delivery tool to automate tasks such as filling out tax forms, conducting audit procedures, conducting transfer pricing economic analyses, etc., as well as preparing VAT or sales tax returns by collecting information and populating standardized forms on a monthly basis.



ii. Sector-specific support

By increasing the efficiency of information management across systems, firm management can better manage organic growth. Growth in accountancy practices, however, is often inorganic. As firms acquire other firms, they inherit and accumulate disparate information systems. In this scenario, digitization can make a huge difference. While the merged or acquired firms try to get on the same platform, work doesn't have to halt. Through digitization, separate offices and separate businesses can continue to operate using legacy processes, and still receive all of the information needed at the management level.

iii. Ease out deadline pressure

Financial processes in businesses have predetermined timelines, such as tax filing deadlines and financial statements submission deadlines. Accountancy firms, be it in audit, tax, or consulting, face the greater pressure of the calendar, with tight deadlines to compile and process information. This pressure can be alleviated by automating processes, as well as improving data quality and speeding up delivery to meet crucial deadlines. It can also reduce the cost of hiring seasonal workers who are added to the payroll to manage the load during peak seasons.

Clearly, accounting firms must adopt digital technologies to manage their operations and better serve their customers. The use of data and technology together with human judgment and business acumen seem to be the key to future success.