

WHAT ACCOUNTANTS COULD DO NEXT



**A conversation with
Elena Ramkalawon, Partner/Head of Outsourcing
haysmacintyre**

Extract from a book commissioned by:



Powerful Accounting Software

Introduction

If technology has resulted in arm's length commodification of services, is it also providing the accountancy profession an opportunity to develop a closer relationship with the client?

A book commissioned by iplicit, to be published by DECISION magazine, looks at how IT has a role in enabling a practice to add value, whether in fact technology can assist the migration to providing a more advisory role and service to the client.

This is one of the papers to be included.



Knowing what can make a difference

How is an accountancy practice able to provide value-added to the client in service areas which are becoming more commodified and price driven? Can technology assist the migration to providing a more advisory role and service to the client?

Elena Ramkalawon, Partner/Head of Outsourcing haysmacintyre: “Software for bookkeeping, producing the management accounts – the client now has access to the same software as their accountant, but it’s the technical knowledge and sector specialism of the adviser which can make the difference.

“Are we still talking about the one stop shop service offering? A joined-up approach is now increasingly important for the client, that it’s an integrated service. Accountancy firms need to be flexible so that the account director or manager can be from whichever department, dependent on whether their area of expertise is most appropriate for the particular client.

“It’s about the adviser looking at the data for the client and spotting any abnormalities, highlighting opportunities which





Elena Ramkalawon

boost their business. By taking a step back and reviewing the figures rather than simply dispatching them to a client, that's where a firm's outsourcing team can add real value.

“Our outsourcing team is all based in the UK, and we wouldn't compete with firms which act for clients with a very high volume of transactions with elements of the outsourcing taking place overseas. I'm pro efficiency rather than striving for total automation.

“The future is to have clients who are prepared to prioritise the pro-active inputs once the figures have been produced. So for example, for clients in the financial services sector we provide support with compliance reporting, which isn't something a commodified service can necessarily provide.”



Is there a risk that the actual functionality of accounting software is becoming commodified and that ironically companies are getting less sophisticated information at a time when there is growing complexity?

Elena Ramkalawon: “This is a tricky one! Accounting software has simplified things for smaller businesses, but there is still a risk that items can get missed or mis-posted. I think there is still a need for someone with relevant accounting knowledge and experience to sense check reconciliations before pressing the button.

“While the figures might be correct, what do they mean? There can be a sizeable amount of money in the bank which satisfies the ‘cash is king’ saying, but what are the implications if the company is not generating sufficient profits to sustain the business in the long term?”

What specifically do mid-tier organisations require which isn’t being met by entry or enterprise level accounting software?

Elena Ramkalawon: “Growing companies have a lack of time to explore what accounting software is out there. A particular package might be recommended to them which seems user-friendly and fit for purpose at that moment in time, but as they continue to expand, will the software continue to provide them with sufficient insight reporting? Are there other limitations? Is it really fit for purpose for their type of business?”



“An alternative to changing software in the first place is to cling on to what they have, but then their requirement for more forensic detail becomes more apparent, they need for example additional information to support their banking covenants, and their existing software can’t provide it readily.

“There are sectors such as hospitality which need to produce reports on a period rather than monthly basis which can be a limitation for some software. Can the software connect with the company’s newly onboarded CRM system. Of course this should be a stage one consideration, otherwise what can happen is that unfortunately two systems then have to be run in parallel.”

Where, in your experience do companies fail to get the best out of their accounting software, and why?

Elena Ramkalawon: “When a company plans for growth it has to be realistic. Does it really need the cost of setting up and running SAP for example? It’s good to be ambitious but a system which is over sophisticated to use can be overwhelming because of the sheer amount of information it needs in order to provide you with what you want to know.

“What can happen is that the company will introduce new processes, perhaps triggered by the appointment of a new finance director, but while having a KPI for virtually every line might be something the system can deliver, has the ability of the company’s staff to enter or analyse the information required



been considered? If a business has been taken over by a much larger organisation using enterprise level software, it can find that the processes it now has to follow are over complicated, which results in delay and frustration”.

From your experience or observations, what are the catalysts which prompt a mid-tier company or accountancy practice to introduce new software? What are the issues which affect the decision-making process and timing - risk, ‘nobody got fired for buying IBM’ syndrome, worry about disruption at a time when organisations are increasingly busy, inherent reluctance to change - and how in your view are they best addressed?

Elena Ramkalawon: “I would say the main reasons are the growth of the business and a realisation that existing software is no longer fit for purpose or able to provide the reports or analysis required - coupled with a desire to be ahead of the curve. I don’t think any company wants to be too late to the party. But we need to move away from the notion that if it’s not broken why fix it, because really we should be looking for business improvements.

“It can be hard to prioritise when there are so many demands on our time but that’s not a reason for not doing anything about it. If the company actually needs new accounting software, when does behind the curve really become too late and even more time consuming?

“Recent changes made by HMRC have been quite helpful in focusing minds on technology because it has meant accountants



have been able to say to clients that they should consider a review of their systems and to look at implementing features which have not been implemented. I'm slightly generalising, but there are quick fixes to improve efficiency such as setting rules for invoices to pre-populate the system, but it needs someone to spend a bit of time to get the best use out of their IT"

Where might IT add value to the accountancy practice going forward?

Elena Ramkalawon: "We rely on our internal team to complete IT due diligence on any new apps we are considering, and I can see how in future they could also get involved in migrating clients to new software and managing the training.

"I think more accountancy firms will be looking to recruit more graduates in data analytics, not just those with accounting or business degrees. There is a firm in Finland which is part of our MSI Global Alliance network whose NetSuite on boarding and implementation team now provides a service line in its own right, like accountancy and tax."

Elena Ramkalawon was in conversation with Larry Dillner, editor, DECISION magazine, and Paul Sparkes, commercial director, iplicit, for one of a series of papers to be published as a book in 2023.

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About iplicit

Providing a cloud-based finance and management software solution that allows businesses to focus on what really matters. Tailored for those frustrated by on-premise legacy software, iplicit provides greater flexibility and enhanced levels of reporting, integrating with other cloud applications for a seamless migration path from a user's existing system, enabling organisations to 'step up' to next generation finance software without losing the functionality they currently enjoy. iplicit received the Accounting Excellence award for mid-market and enterprise software of the year in 2020, and the top product for enterprise accounting/ERP in the Accounting Web software awards, 2021.

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About DECISION magazine

First published in 1988, DECISION magazine reflects the business lifestyle, the trials and tribulations, the hopes and aspirations of directors and managing partners responsible for businesses with a turnover of £5million and above across the south of England and London.

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