

IN SEARCH OF LOST TIME:

# How cloud technology is changing South African accounting



Buchule Sibaca from SMTAX



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# Introduction

Automation, AI, machine learning and cloud computing aren't the future anymore – they're indelible features of our present.


They represent a new technological frontier, and one that global industries are just starting to explore. South African accountancy is no exception. While there's some uncertainty around the ultimate impact of these innovations, it's undeniable that they're already having an effect. Slow, manual processes are gradually being replaced by fast, automatic ones; key IT functions are becoming more transparent, more accessible, and more efficient than ever and accounting firms can minimise lost time and wasted energy – while maximising profits and productivity.

Robots are not about to replace accountants, nor is it likely that they ever will. Human professionals are not rendered obsolete because machines can complete traditional 'bean counting' processes. It simply means accountants now have more space to refine their skills and focus on the more thoughtful, consultative, and strategic aspects of their work. With the right technological solutions, accountants can make the most of their time, and deliver greater value for their clients.

Cloud accounting software is one such solution – but it hasn't been universally adopted within the South African accounting industry. To discover how the industry is using it, how it's not using it, and to what end – we asked over **230 accountants, financial directors, and financial staff** across nine provinces for their thoughts on:

- The state of the industry
- Their current working practices
- Their relationship with this technology.

Change is inevitable. While some challenges are par for the course, these new technologies present many lucrative opportunities that need to be considered and embraced now. So how is the South African industry adjusting to the rise of cloud technology? Here's what we found out.



Colin Timmis  
Country Manager – South Africa

## CHAPTER 1

# The state of South African Accounting

Since 2017, the accounting profession has suffered major hits to its domestic and global reputations with big-name international firms, accused of abetting tax avoidance, misconduct and irregularities, have caused vast financial damage. The sheer number and variety of scandals has brought the integrity and reliability of the industry under question. It's incumbent on every working professional to change these perceptions and help restore lost confidence.

In addition to correcting reputational damage, South Africa's accounting industry faces some other challenges.

## New technology versus old IT infrastructure

One of the industry's principal challenges is internet connectivity. If an accountant embraces cloud innovation, automation, machine learning and AI – but can't rely on their broadband – they're not going to enjoy the full benefits of the technology.

Unfortunately, evidence suggests that the country's broadband connectivity is largely unreliable. A recent Xero report revealed that South Africa's internet usage is ahead of its African counterparts – with 53% of citizens using it regularly – but far behind countries like Colombia (73%) and Argentina (86%).

If almost half of the country isn't connected at all, is it any surprise that the other half find it hard to secure a consistent and reliable service? While broadband connectivity has improved, issues such as load shedding have had a negative impact on available services – and there is no clear solution in sight.

Internet connectivity isn't the only IT problem South Africa's accountants face. Some 89% of respondents to our survey indicated that the systems they use are only sometimes reliable. If an accountant can't trust their IT to work on the most basic, functional levels, then it's perhaps unsurprising that the profession hasn't fully embraced cloud technology – even when presented with its considerable benefits.

## Jobs, deadlines and responsibilities

**Some 68% of accountants use applications such as Outlook or Thunderbird to manage jobs, deadlines, and responsibility – while only around 20% reported using cloud software, such as Google Calendar.**

That said, many of these desktop-based systems are capable of synchronising job, deadline, and responsibility data with cloud tools.

## Data access, file sharing and cloud technologies

Accountants may not be using cloud tools optimally yet, but integration is increasing - with beneficial results. They have become more integrated with the accountant's day-to-day activity. An overwhelming majority (82%) of respondents reported that they could access important data from anywhere, at anytime – suggesting they're either making use of the technology on a regular basis or dragging portable computing devices with them everywhere they go.

This is supported by the fact that only **3% of accountants are not using a file sharing service**. Over half are using Google Drive and Dropbox, and 38% are using electronic signature tools to sign documents.

It's a clear opportunity for vendors of related solutions – file sharing providers make it easy to access and amend data; and electronic tools eliminate the cost (time and money) of printing out, signing and uploading documents before emailing them to the relevant parties.

South African accountants are well aware of the benefits of cloud tools, and most are actively using them to improve and simplify processes. Expect adoption to continue in future.

## Tax administration software

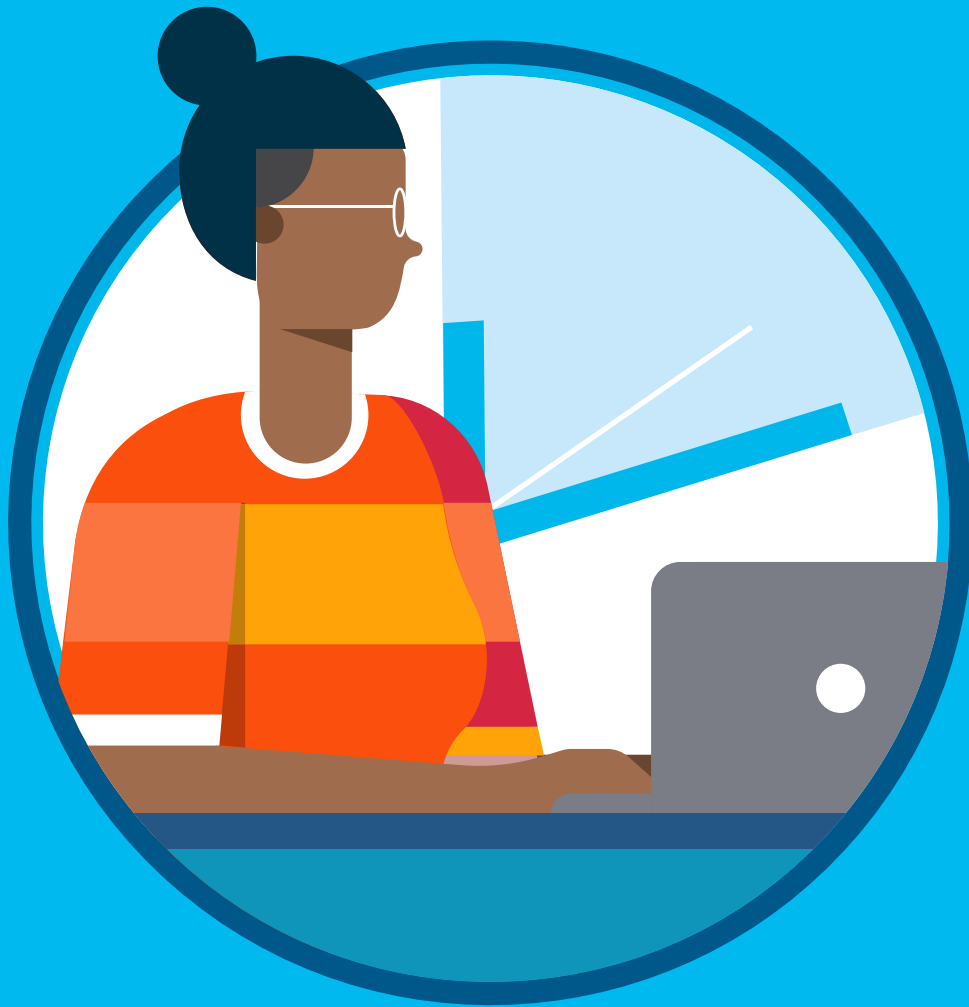
Filing taxes is one of the enduring necessities of the accounting industry: if it's not done correctly, there could be commercial, operational, and legal consequences. eFiling has been around for years, but many accountants are now shifting towards technological solutions – with **56% now also using tax administration software** to manage returns due on eFiling.

While it's heartening that a majority are making use of this technology, **it's still striking that 44% aren't**.

Accounting is still an industry with a mixed attitude to cloud technology – but one that's steadily improving. In an age where small efficiency gains can lead to significant competitive advantages, is that enough?

# 79%

of non-adopters spend more than  
one hour a day on data entry



## CHAPTER 2

# Time spent on tasks – cloud vs non-cloud

Time is one of the most valuable resources a business can have – and accountancy practices are no exception. Can cloud technology ‘add’ more time to an accountant’s working day and boost productivity?

The results of our research are as follows:

### The hours

The majority of accountants we surveyed work for 30-50 hours a week – a relatively ‘normal’ range that at one extreme includes part-time workers and, at the other, includes the overworked.

So how does cloud technology impact how they spend this time?

Overall, 71% of cloud adopters work more than 40 hours a week, compared to 39% of non-adopters. Those with larger workloads clearly recognise the need for the technology.

This is reflected in the way they work: without cloud technology, accountants and financial advisers spend more time on manual processes. Some **79% of non-adopters spend more than one hour a day on data entry** – compared to just 43% of adopters. They’re also more than twice as likely to spend in excess of one hour per day chasing documents and information.

There’s a real gap between cloud-friendly accountants – who spend less time emailing attachments, sharing calendars, and performing manual tasks – and those who are slower to embrace it.

### Embracing the cloud

While some accountants are slower to adopt the technology, they are at least broadly welcoming of it. **Over 75% are contemplating migrating their records** to the cloud – suggesting that they had at least heard of it and were actively thinking about it.

That said, some 16% either hadn’t heard of the technology, didn’t understand it, didn’t think it was secure, or had no intention of migrating in future. This indicates a general lack of awareness as to its benefits and highlights the success of some of the more pervasive anti-cloud myths.

Those who don’t adopt this technology may well be left behind. Businesses have a responsibility to close this gap – and cloud providers must do a better job of communicating the benefits of their offering.

This technology is the future of the accounting industry – and many others; whether it’s in the near or distant future remains to be seen. In the meantime, more education would undoubtedly drive more adoption.

## CHAPTER 3

# Working smarter with cloud technology

Now that we know how – and indeed if – accounting professionals are using cloud technology, it’s worth asking ‘How can accountants who adopt cloud technology work smarter?’

## Remote working

Cloud technology doesn’t just save time – it offers accountants more flexibility and mobility. One of the ways it does this is by facilitating remote working.

When asked where they work, **75% of accountants said they operate from the office**, while only 13% are based at home, 11% are based in their clients’ offices with 1 % choosing to roam. It’s a highly desirable benefit – 53% of respondents said they’d work smarter if they could work remotely – but one that few can access in their current environments. A further 12% said they’d work more effectively if they could operate in their clients’ offices.

There’s a clear appetite for different, more agile workstyles among accounting professionals and cloud technology can satisfy it – making it easy to access vital data anywhere, from any device.

## Implement security processes

An increase in remote working can cause concerns around security. Accountants deal with some of their clients’ most sensitive data – so safeguarding this information should be paramount.

The thing about cloud security is that it’s just like regular security – the right processes can prevent the wrong outcomes. Accountants would be well-advised to make their passwords secure – short, guessable words such as pet names, birthdates, first schools, or maiden names are never going to be as effective as longer passphrases with alphanumeric components. Different passwords for different applications add further security.





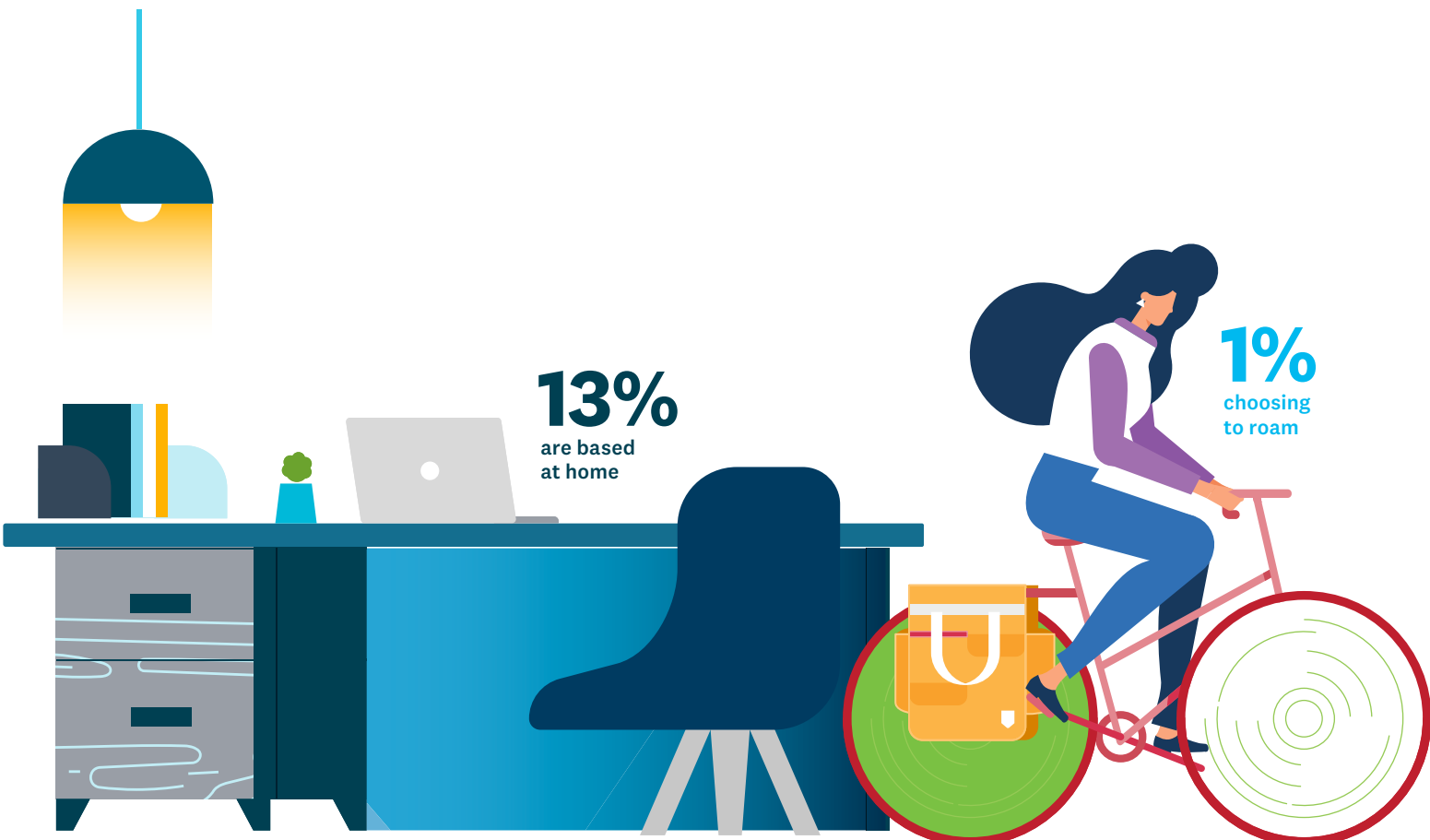
Passwords shouldn't be the only line of defense. Multi-factor authentication, where the accountant provides login credentials and voice, fingerprint, or face identification, can also bolster security and reduce the risk of compromise. Activity monitoring software can highlight suspicious activity, and make sure everything remains above board, while anti-malware software can prevent a hastily-clicked link from wrecking an entire system.

The above is good cloud security practice because it's good security practice in general.

## Identify the right tools

Manual processes take up a lot of time for every business that uses them – and accountants are no exception. When qualified, experienced professionals are spending time inputting data, processing reports, and scrutinising invoices, they're not spending time formulating strategy, pursuing new business, or developing client relationships. Manual processes can also suffer due to human error.

Our research reflects this – 25% of accounting and finance professionals said they could work smarter if they spent fewer hours on administrative tasks. This is only achievable by identifying the processes that require human input, and the processes that can be automated. Invoicing, transaction imports, reconciliation, payments – and more – don't require a human accountant. So, if firms are going to work smarter, they need to find the right software tools and take them out of the equation.



## CHAPTER 4

# The impact of more time

Time waits for no accountant. As mentioned earlier, accountants using the cloud spend less than an hour per day entering data and chasing up documents. While the majority who don't use it spend between one and three hours – or more than three hours – on the same tasks.

Using the cloud could potentially save accountants up to **15 hours a week**, an average of **54 hours per month**, and **651 hours a year** or **27 days** – an entire annual holiday allowance, plus change.

So how might cloud-empowered accountants use this time they save?

## Business development

Of the respondents who chose to do work-related activities if they were given additional work time, 75% would focus on business development and pursue new leads. This was also the most popular choice overall – 27% of all respondents said they would use extra time to pursue new leads (beating family time and time at the beach).

## Strategy

Having additional time to develop the business isn't just about finding new clients – it's about internal development too. Accountants can use the time they save to analyse trends, stay ahead of the curve, and deliver more value to their clients. As a result, they become advisors rather than number crunchers and bean counters.

## Personal focus

Our respondents were asked to allocate their free time to a selection of activities from a list of options.

Of those who chose non-work related activities, some 30% selected more family time, and almost 22% selected more time at the beach.

# Conclusion

More time and more energy – that could mean more time to court customers (or spend with the family).

Smarter, more flexible working – whether accountants need to work from home, from the beach, or from a client's HQ – cloud technology can make it happen.

Fewer manual processes, and more time for strategy – the amount of time accountants are currently spending on data entry is simply too high.

Adoption of cloud technology is increasing throughout the South African industry – but more needs to be done to speed up the process. Accountants must educate themselves on how cloud technology can help them reach their maximum potential. If the industry is to move forward, it must understand the cloud, embrace it, and encourage its proliferation among friends and rivals. If it does so, the entire profession will benefit.





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