UNDERSTANDING
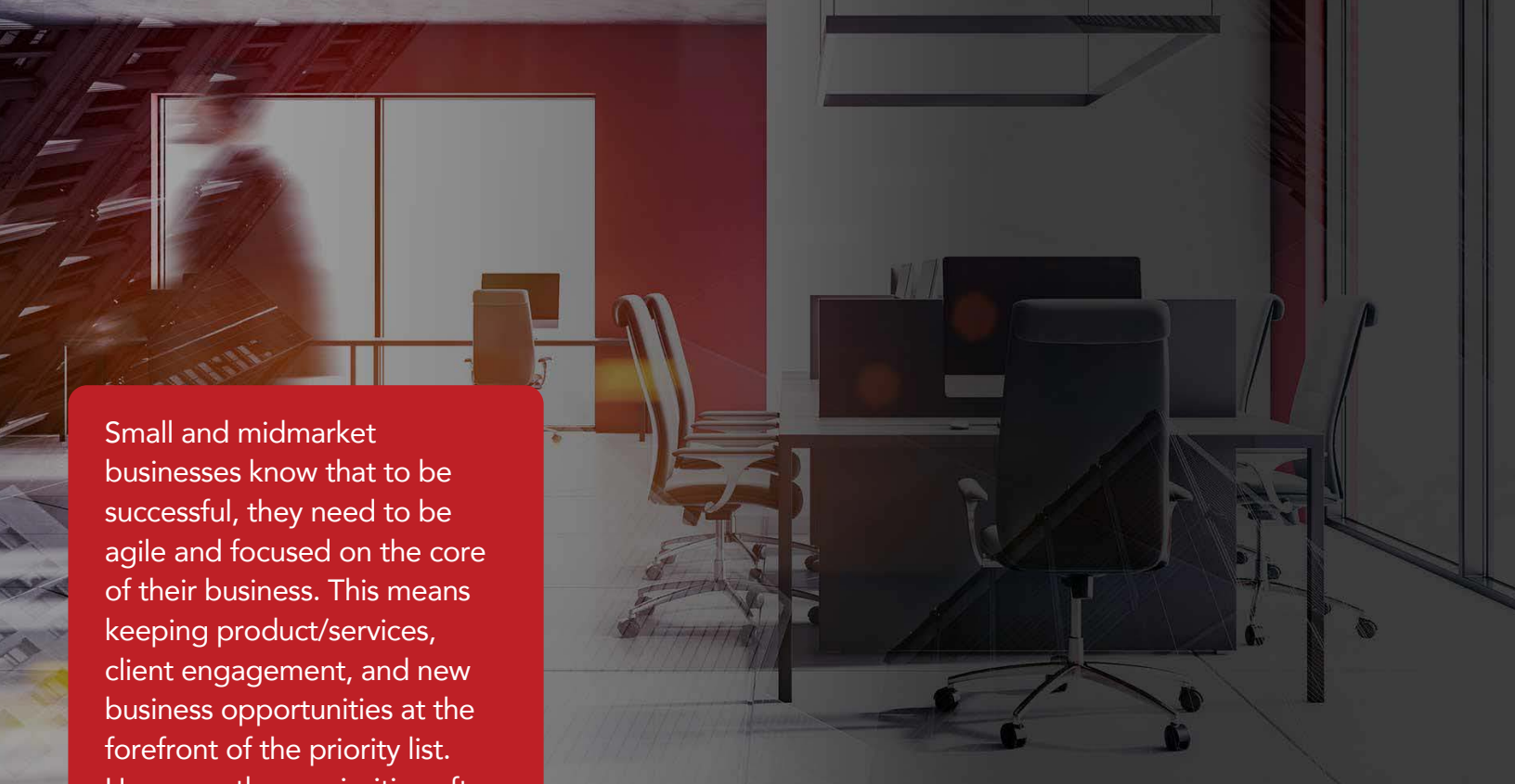# ACCOUNTING AUTOMATION:

What mid-market businesses
need to consider.

Small and midmarket businesses know that to be successful, they need to be agile and focused on the core of their business. This means keeping product/services, client engagement, and new business opportunities at the forefront of the priority list. However, these priorities often fall to the wayside when your team is inundated with administrative tasks that slow them down especially when using entry level or legacy applications within your accounting team.

An article from Forbes written by Michael Fertik states that recently, "COVID-19 has lifted the veil and allowed us to recognize that many of the outdated, inefficient business processes must be digitized sooner rather than later."[1] With a wide variety of benefits, accounting automation is more critical than ever. So how can you successfully balance a growing business while maintaining operational efficiency?

What is accounting automation?

Accounting automation represents a unique opportunity to increase productivity in your accounting department. With the right technology and processes, you can streamline operations to help your accounting team deliver more value to the organization.

In the past, "CFOs tended to be number-crunchers who operated behind the scenes" notes Paul Ainsworth on Toptal. "The CFO of today and of the future must be able to take financial data and use it to influence operational decision-making and strategy"[2] As accounting professionals and regulatory bodies put more emphasis on transparency and accountability, software providers need to find ways to make it fast and easy for accountants to produce clear and accurate reports.

Accounting automation worth consideration should be able to automate basic transaction tasks such as:

- Accounts Payable
- Collaboration
- Financial Reporting
- Multi-Currency Conversions
- Multi-Entity Accounting
- Revenue Recognition
- Systems Integration
- Subscription Billing

1. Michael Fertik (April 2020). As Digital Transformation Accelerates, Omnichannel CX Is A Business Imperative. www.forbes.com
2. Paul Ainsworth. The Role and Responsibilities of the Modern CFO – A Function in Transition. www.toptal.com

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Benefits of automation

Eliminating the time spent on repetitive tasks, accounting automation can save time, cut costs and ultimately drive better financial performance for your business. Here are some of the biggest reasons to invest in accounting automation:

- Eliminates manual tasks so accountants can focus on higher value work
- Enhanced financial reporting delivers key business insights and trends
- Improved data visibility by connecting your accounting software with other business systems
- Reduces errors and limits risk to the business
- Up to date, accurate data across all platforms

The rise in accounting automation and the elimination of manual tasks means that accountants now have more time to dive into financial data and provide real time insights for the organization. "Using automated and cloud-based technologies enables firms to cast off outdated and unprofitable practices in the back office,"[3] advises Brendan Woods in Accounting Today. "And as we move ahead in this digital age, it will increasingly be the approach forward-thinking accountancy practices adopt."

What can you automate?

Accounting automation can take many forms, but generally it looks to minimize any manual data entry, limit the number of steps in workflows and make the entire accounting operation a more hands-off experience. From invoice approval processes to entering sales data into your system and automating revenue recognition, automation features are expected to become more robust to help accounting teams work smarter, not harder.

Accounts Payable

Accelerate disbursements and reduce errors in processing payments. Easily set up check and ACH payments to go out from the banks you already work with. Use tools like Bill.com to automate payment processing. Easily schedule payments to individuals or multiple bills, and automatically track and manage customer invoices.

Financial Reporting

Using tools like Power BI, allow users to spot trends quickly without having to run multiple reports. Business Intelligence is the equivalent of the phrase "A picture is worth a thousand words" giving simple views to find complex issues.

Multi-Currency Conversions

Subscribing to a currency exchange rate reporting service can eliminate the need to manually review and update exchange rates. Foreign currency transactions will always be valued correctly.

Multi-Entity Accounting

The amount of effort to allocate expenses or payroll across multiple companies can be dramatically reduced. The ability to run operating reports, like a check register across all companies in seconds will save time and reduce mistakes while increasing the productivity of users.

Revenue Recognition

Automatically group and aggregate revenue and expense data in the proper accounting period for greater visibility into earned revenue. Reducing the effort to maintain multiple spreadsheets and manual processes will ensure revenue and expenses get into the correct period.

Subscription Billing

Establish and manage recurring billings automatically. Process automatic payments and email the customer a receipt without any interaction.

3. Brendan Woods (September 2018). Voices Don't become a statistic: Accountants and data security. www.accountingtoday.com

How to boost accounting automation

System Integrations

To fully realize the power of accounting automation, you need to make sure your technology systems are working in harmony. Integrating core business applications with your accounting software helps streamline data migration so information is always accurate and up to date. Integrating to your accounting system from your CRM, billing software, POS, EMR, collaboration software can help your teams work more efficiently and provide the data employees need to be more effective in their roles.

According to Forbes, "From 2010 to 2020, the amount of data created, captured, copied and consumed in the world increased from 1.2 trillion gigabytes to 59 trillion gigabytes, an almost 5,000% growth."[4] That's a lot of data, and it's only increasing from here. This year, companies will collect more financial data than ever. Accountants need to be able to analyze that data using the technology tools at their disposal. But a dashboard can only tell you so much. Accountants need to be able to read between the lines to identify patterns, generate forecasts and conduct predictive analytics. They need business intelligence tools that provide real-time financial and operational insights required to make smart decisions.

Collaboration Apps

As more employees work remote, companies should prioritize integrations with collaboration software to streamline productivity, including syncing up your accounting solution. For example, Gravity Software® is the only accounting solution that can integrate with Microsoft Teams. There are many benefits to having your accounting solution integrated with collaboration software, including:

- Minimizing the number of emails sent between team members
- Allowing accounting professionals to chat quickly and easily
- Team members can collaborate on accounting tasks without changing screens

"With a little bit of setup and training Teams can be your primary application for collaboration and communication and – as I've seen at companies that have made the investment,"[5] states Gene Marks, contributor at Right Networks. "It will be a significant impact on your organization's productivity."

4. Gil Press (December 2020). 54 Predictions About the State of Data In 2021. www.forbes.com

5. Gene Marks (October 2019). 5 Microsoft Office Features You're Not Using…And You Should. www.rightnetworks.com

6. Deloitte and IMA® (Institure of Management Accountants) (January 2020). The future of automation in finance: Balancing technology and the human touch. www.deloitte.com

According to a Deloitte and IMA survey of 800 finance and accounting professionals, **75% report that their accounting processes are currently very manual.**[6]
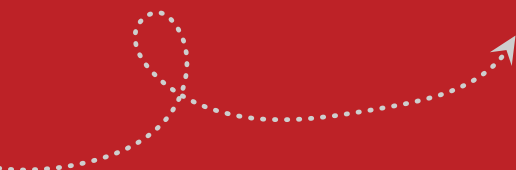
Seamless integrations between your accounting system and popular add-on software providers (or even your own proprietary systems) can save time, eliminate errors, increase productivity, and make it easier to develop insights that will help your company grow.

Potential roadblocks

Here are some potential problem areas to watch out for as you begin your transformation to more automated accounting:

Employee buy-in

There's a pervasive worry among many accounting professionals that accounting automation means their jobs will be eliminated. As such, they may not be fully on board with a new initiative. So, it's important to gain buy-in early and show employees how accounting automation will benefit their work and make their lives easier.

Financial Reporting Structure

While accounting automation can limit errors and reduce risk for your business, you need to be particularly careful about how you set up your chart of accounts and your reporting structure. Time should be spent in designing your reporting structure so you can achieve your end goals in reporting the type of metrics you want to see and type of reports that management wants to see.

Data management

To fully leverage the power of accounting automation, you need centralized data management that combines data from your various technology systems. This may require rethinking your technology stack and how you store and manage data. IT professionals can analyze your current set-up and make recommendations for optimizing your processes and technology.

The bottom line

Accounting automation can be a huge benefit to your company when used correctly. All you need are the right technology systems, the right processes and buy-in from your team. With those things in place, you can achieve better operational efficiency and create a culture of innovation that positions your business for success.

Companies that aren't proactive in adapting to new technologies will find themselves at a competitive disadvantage. Business analysts recommend reading, watching key webinars, and listening to industry related podcasts to stay up to date on what's happening in data quality, data analytics, data modeling, business intelligence, and data governance.

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