



# SME BAROMETER 2018

Sector Report  
Accounting

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# CONTENT

Preface	4
The SME Barometer for SMEs 2018	5
Show me the money!	6
Changing the game	7
Enter e-invoicing	8
Let it flow, let it show!	9
Online collaboration with accountant important	10
Analysis	12

# PREFACE



It's back! The 2018 edition of the independent SME Barometer is here again. For the 3th year in a row, you'll find out what is actually happening among Belgian SMEs for everything accounting.

And that's very important. Because thriving SMEs form the true growth engine of a stable economy.

SMEs complain about the high administrative burden (40%) and getting customers to pay on time (27%), although the latter is lower compared to neighbouring countries (32%).

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Maybe that's why Belgian SMEs are open to new technologies like digital assistants (60%) and robots (42%)."

A bit surprising is the high percentage that claims accounting takes up too much time and cost as opposed to surrounding countries. 18% in Belgium vs 13% elsewhere on average.

Accountants need to up their speed/responsiveness thinks 22% of the SMEs, while 19% want more analytical skills, 18% more industry-specific knowledge and 16% more IT knowledge.

And that is just a small selection of the results. Please dive in, it's a refreshing take on these matters and can lead to a rethink of your current 2018/2019 strategy.

How we approached the research? It has been executed by Pb7, an independent IT research agency, from the start of the MKB Barometer. At the end of 2017, they interviewed as many as 1,779 companies in Europe via an online panel survey. Between these European companies, there were 375 Belgian SMEs with between 1 and 50 employees.

The sample is representative for all Belgian SMEs (up to 50 employees). The sheer number of interviews within all the industries we asked them to survey makes the data reliable. On top of that, the datasets were weighed during the analysis, further guaranteeing representativeness and statistical reliability.

In this report, we've summarised the most important results and related conclusions.

Enjoy!

# THE SME BAROMETER FOR SMES 2018

Reducing the administrative burden (40%) tops the charts when it comes to the most critical accounting challenge. It's followed by getting customers to pay on time with 27%.

No surprise there, as this is a stubborn problem, just as seeing compliance on the 3rd step of the podium. Given GDPR is now actively enforced this was to be expected for 2018.

What does raise eyebrows is the high percentage that claims accounting takes up too much time and costs as opposed to surrounding countries. 18% in Belgium vs 13% elsewhere on average.

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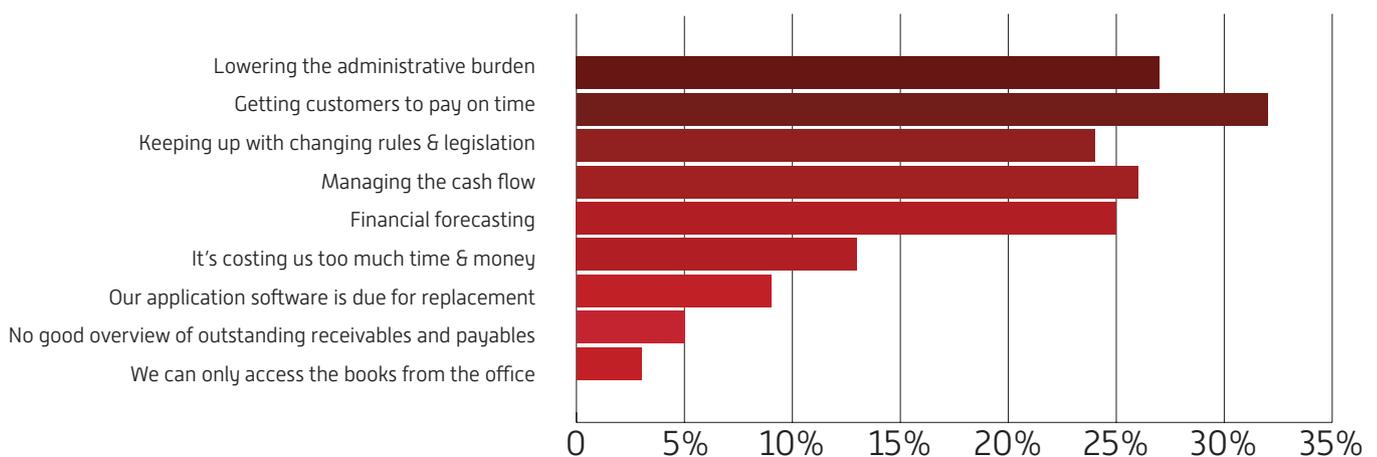
Overdue invoices are stable at 10%. However, invoices that are never paid have risen to 1.7%. Despite the rise, Belgium has the best score (read lowest) when compared to other countries.

The surprise being the Belgians are spending about 8 hours per month on their finances. Precisely the same amount of time as the Dutch. The Spanish invest an hour more while the French spent the least amount of time clocking in an hour less on average.

Another eye-opener? 3% of the Belgian SMEs can only access their books from the office. Luckily, that number is dropping rapidly over the last few years. But still, not a challenge you expect to see in 2018.

**Figure 1:** Key challenges in accounting

What do you perceive to be the biggest challenges in the financial administration?



# SHOW ME THE MONEY!



Besides late payments, managing the cash flow in general keeps on being a big challenge as well.

Overdue invoices are stable at 10%. However, invoices that are never paid have risen to 1.7%. Despite the rise, Belgium has the best score (read lowest) when compared to other countries. 2.7% is the average in 2017, that's reassuring, but the rise still affects working capital for SMEs, meaning there is less money to invest in the business.

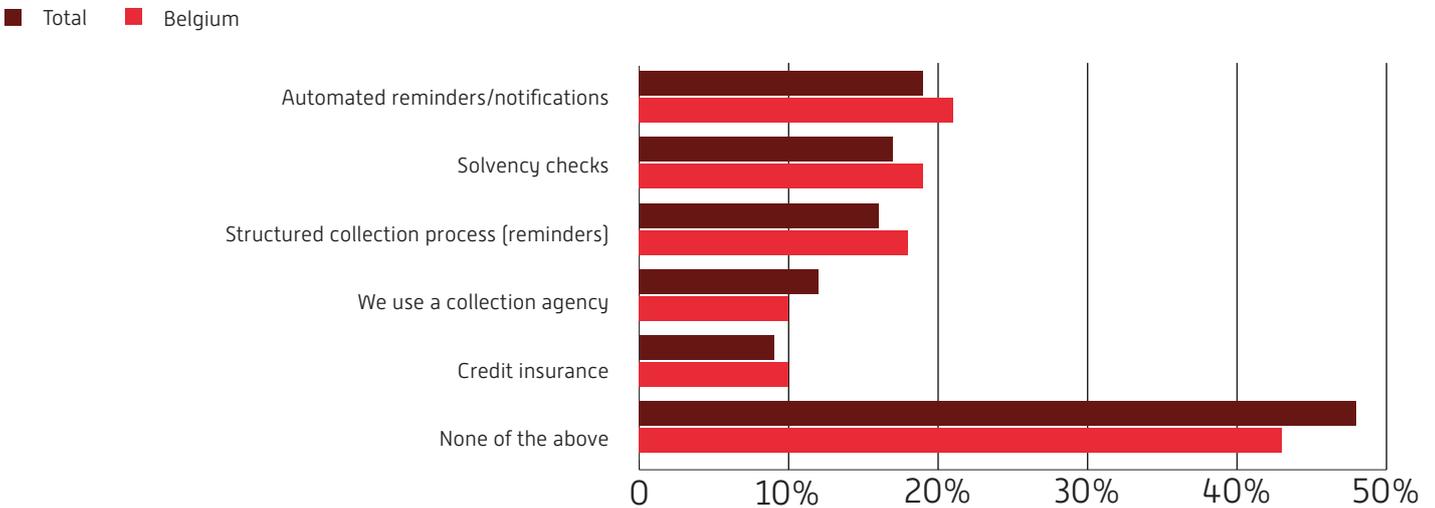
Debt collection also improved. However, it still takes a lot of time with a whopping 4.6 hours spent on average. Only Spanish SMEs need to pencil in more time.

The improvement comes from being able to do more solvency checks before doing business and having automated reminders in place. Both increase 2%, while 81% of SMEs say they have realtime overview of their due and late payments.

A somewhat troubling figure is 43% who say they don't have any automated reminders, solvency checks, structured collection process or credit insurance in place. They don't even use a collection agency.

So there's still a long way to go for those SMEs as they will lose a lot of time and money - not to mention the stress involved - for a process that can be fully automated nowadays.

**Figure 2:** Debt management strategies  
Which of the following situations have you implemented to manage your debtors?



# CHANGING THE GAME

To solve the invoicing problem, the rules of the game have to be altered by both sides. For example, SMEs would do well to automate their invoicing fully. That's something you can start doing now with a wide variety of tools for businesses in all shapes and sizes.

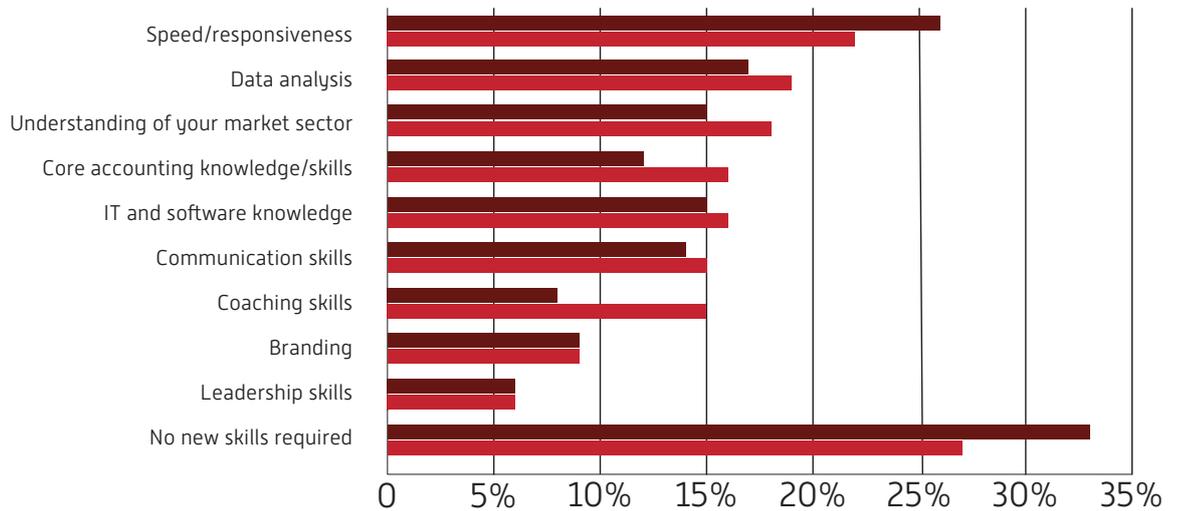
Since we are talking about B2B, it is very reasonable to expect that customers (read: other companies) use modern tools for invoicing and payment.

Although most companies accept digital invoices via email in PDF or UBL-format, this method is not without its faults. Invoices may not arrive, end up in the spam or are overlooked. And the sender can't check if the receiver actually got and processed it.

This gives the receiver complete control over the process. More worryingly, if a dispute arises, the sender knows that if they pull the trigger and bring in a debt collection agency, the relationship with the receiver (AKA customer) is over.

**Figure 3:** Accountants need to improve the following skills  
Which of the following skills would like your accountant to improve on?

■ Total ■ Belgium



# ENTER E-INVOICING

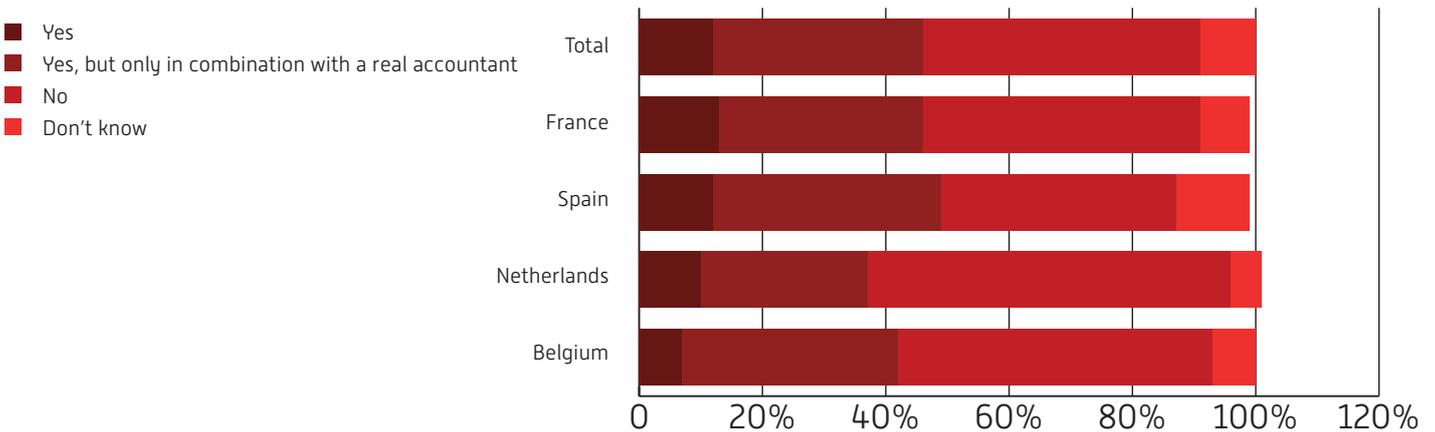
It's good to know then this particular problem has already been solved. It's called e-invoicing. The way it works is that you send your invoice from your accounting software - via a network like PEPPOL - straight to the accounting (or ERP) software of the receiver.

This way you always know the invoice arrives, while the receiver knows the invoice is coming from a trusted source. The only thing the receiver has to do is check if it's valid and press okay - after which it is processed in the books.

This way of working saves you an FTE (or 2/3 depending on your size) who's doing nothing but processing (digital) invoices all day. They can spend their time doing more meaningful work.

In practice, many companies aren't familiar with e-invoicing or the massive savings this form of invoicing gives. A missed opportunity of gargantuan proportions.

**Figure 4:** SMEs who trust a robot to do the accounting  
Would you trust a robot to do your accounting? \* Country [column %].



# LET IT FLOW, LET IT SHOW!

When it comes to predicting the cash flow, 38% say they find it difficult. That means they can invest less or at least not properly in growth.

Nowadays, if you go to the average bank for a loan as a business owner, the bank demands detailed insight. After the crisis, they have put rigorous criteria in place. If you can't give very detailed insight into your finances, you won't get a loan. So it's necessary to make sure you get it.

# ONLINE COLLABORATION WITH ACCOUNTANT IMPORTANT

The accountant is also the business coach for many SMEs. The one they call first for advice on finances and business in general.

That seems to work because the majority are satisfied or even very satisfied with the accountant. Although the number of dissatisfied customers is minimal, this doesn't mean the accountant meets all requirements.

For example, SMEs would like to see accountants respond faster [22%], gain more analytical skills [19%], more industry-specific knowledge [18%] and more IT-knowledge [16%].

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55% say they use online software while 47% indicates online collaboration with their accountant is very important. Furthermore, 41% says they provide data partially or entirely online to their accountant.

A whopping 59% expects their accountant to coach them when it comes to running the business.

In contrast, 59% still 'works' with a shoebox they periodically deliver in person to their accountant.

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It's no surprise then that 19% claims their accountant is not up to date with their current financial status, while 35% complains they only have a good overview of their finances when they meet their accountant. Adding insult to injury, 29% say the billed hours of their accountant lacks transparency.

Thanks to the cloud, online collaboration has become the new standard. That 55% figure is not an accident. More and more SMEs and their accountants are finally seeing the tremendous benefits this way of working brings. Even so, this is still just the beginning of digitisation.

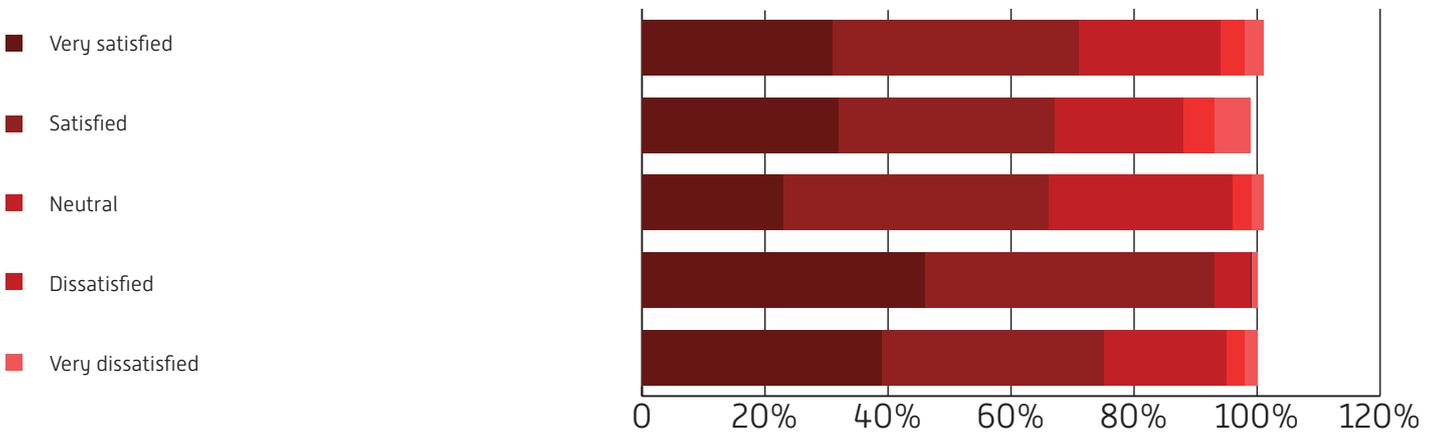
For example, there is a lot to do about AI (Artificial Intelligence) and machine learning (in which the algorithms solely learn on based on what you enter and do) which can automate several types of manual data entry and analysis.

The digitisation in this area goes even further. It allows accountants to provide their customers with realtime insight via online dashboards or provide faster analysis on how they can better manage their business.

Asked what Belgian SMEs think about a mobile digital assistant who 'talks' to the accounting software, 6% is very enthusiastic, and 54% would like to try. In case of a robot taking over from the accountant, 7% is game, while 35% only wants to try this in combination with a living, breathing accountant.

**Figure 5:** Satisfaction with accounting firm

How satisfied are you with the current collaboration with your accountant or accounting firm?



# ANALYSIS

40% of Belgian SMEs continue to find the administrative burden too high.

In practice it appears the pressure is not that excessive, they spend about the same time on their finances compared to surrounding countries.

Customers aren't helping as 27% of SMEs complain it takes a lot of time to get them to pay up.

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 The accountant is also the business coach for many SMEs. Something 59% even expects. That seems to work because the majority are satisfied or even very satisfied with the accountant."

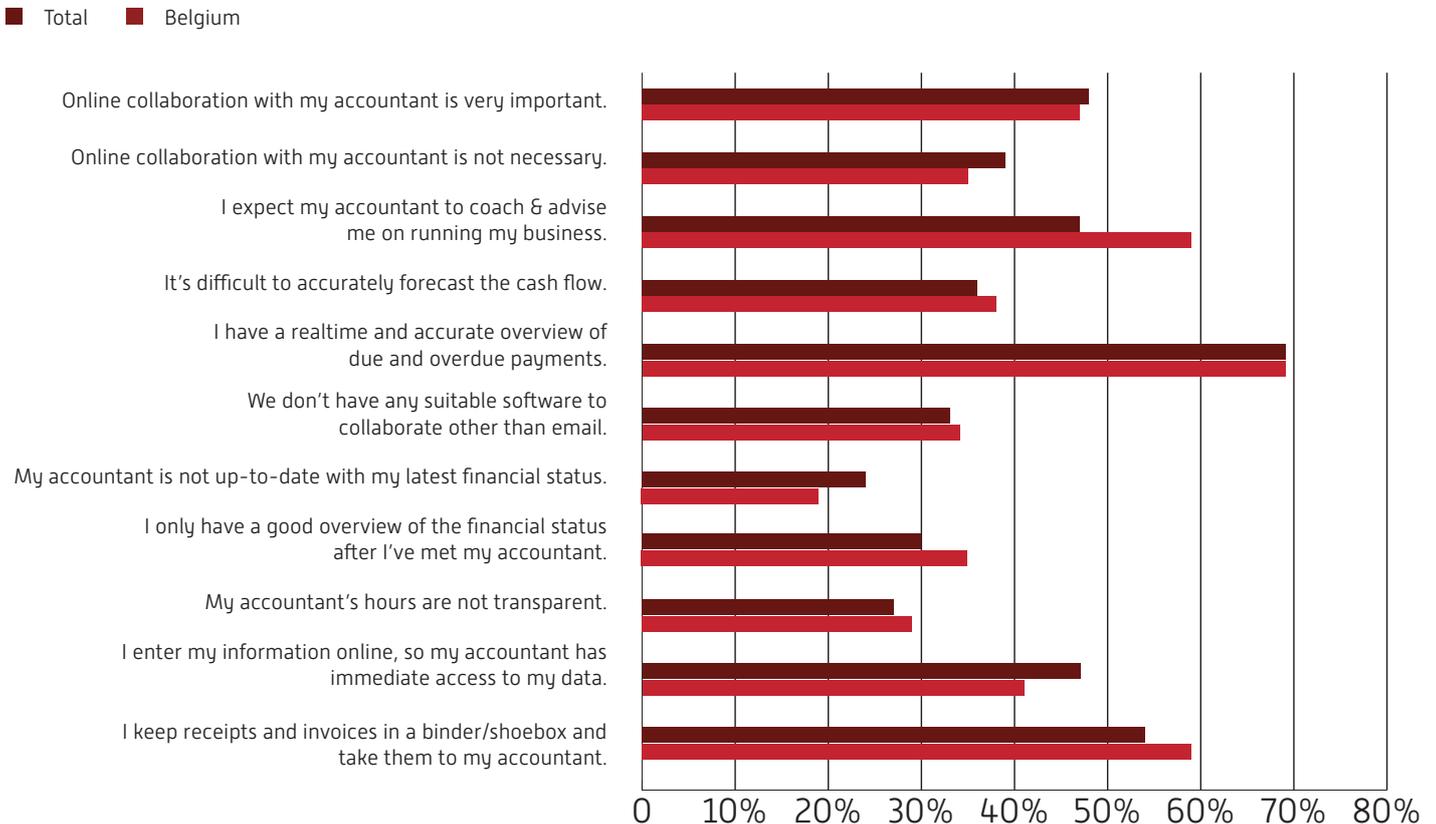
The percentage of invoices that are never going to be paid has risen to 1.7. Not a good sign. The late or missing payments have a significant impact on the cash flow for the average SME.

To counter this, SMEs have to automate and structure their invoicing and debt collection. They should also look at switching to e-invoicing. With the latter, invoices are always delivered correctly, while receivers work much more efficiently. It's a massive efficiency opportunity for B2B in general.

When it comes to predicting the cash flow, 38% say they find it difficult. This means they can invest less or at least not properly in future growth.

The accountant is also the business coach for many SMEs. Something 59% even expects. That seems to work because the majority are satisfied or even very satisfied with the accountant.

**Figure 6:** Percentage of SMEs who agree with the following statements  
 Which of the below situations apply to you?



However, SMEs would like to see accountants respond faster, develop more analytical, IT and industry-specific knowledge.

Collaborating online with their accountant is vital for 47%.

55% said they are already working partly or entirely online, while 59% are still messing around with a shoebox for receipts and invoices.

Another notable find is the appetite for robots and digital assistants. 6% is very enthusiastic, and 54% would like to try. In case of a robot taking over from the accountant, 7% is game, while 35% only wants to try this in combination with a living, breathing accountant.

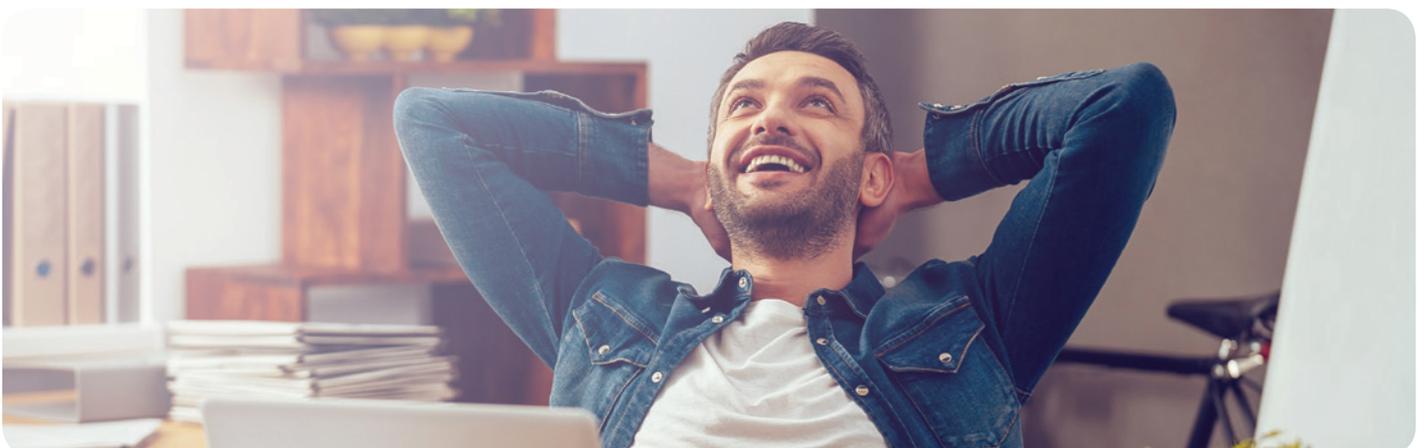
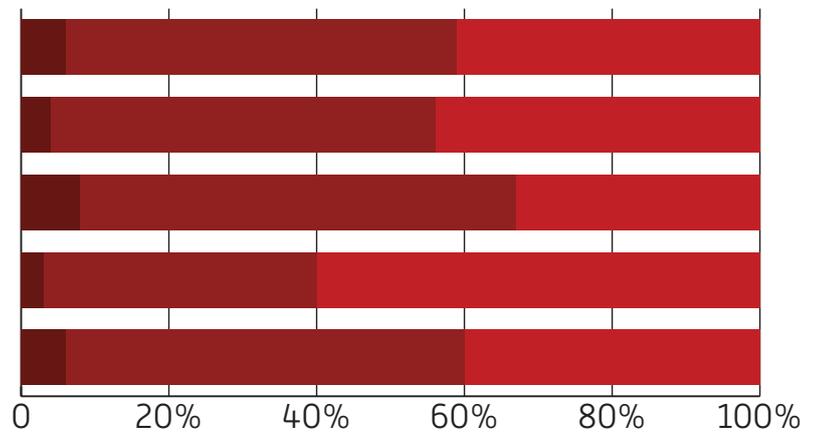
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Digital assistants? Yes, please says 6%, while 54% would like to try. A robot accountant? I'm game says 7%, while 35% only wants to try this in combination with a living, breathing accountant."

**Figure 7:** SMEs who want to try a digital assistant

Would you be open to communicating with your financial administration software using a digital assistant. You can ask it questions such as "what is the expected cash position at the end of this month?" or "how did the financial KPI's this mon... \* Country [column %].

- Yes, that would be great!
- Yes, I'd be willing to try
- No, definitely not for me



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