

SME BAROMETER 2018

Sector Report
Accountancy

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PREFACE



It's back! The 2018 edition of the independent SME Barometer is here again. For the 3rd year in a row, you'll find out what is happening among Belgium accountants and bookkeepers.

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

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 ACCOUNTANCY 2018

The economy is growing and as a result, the accountancy industry is getting a well-deserved breather. Revenue growth slots in at 21%, while a 16% profit margin growth isn't too shabby either.

This stability creates confidence. So the focus shifts to improving customer satisfaction (39%), finding new customers (37%) and creating new products or services (36%). This year compliance tops the lists for every industry, but that's mainly because of the GDPR.

Looking at the key industry challenges the list is about the same. What stands out is developing an advisory role (49%) and reducing the administrative burden (39%).

Figure 1: Key business challenges for accountants
What are the top-3 business challenges for your company?

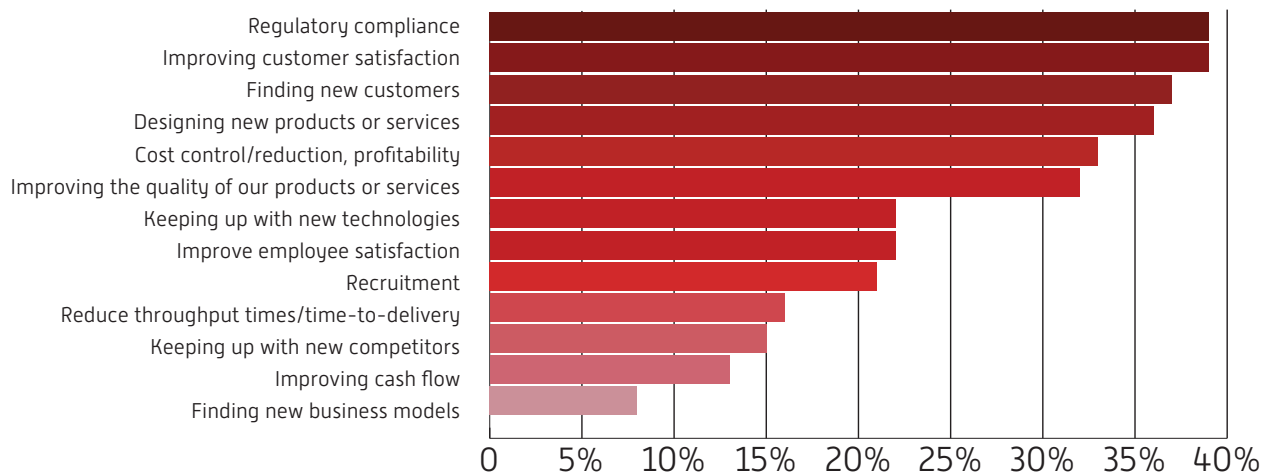
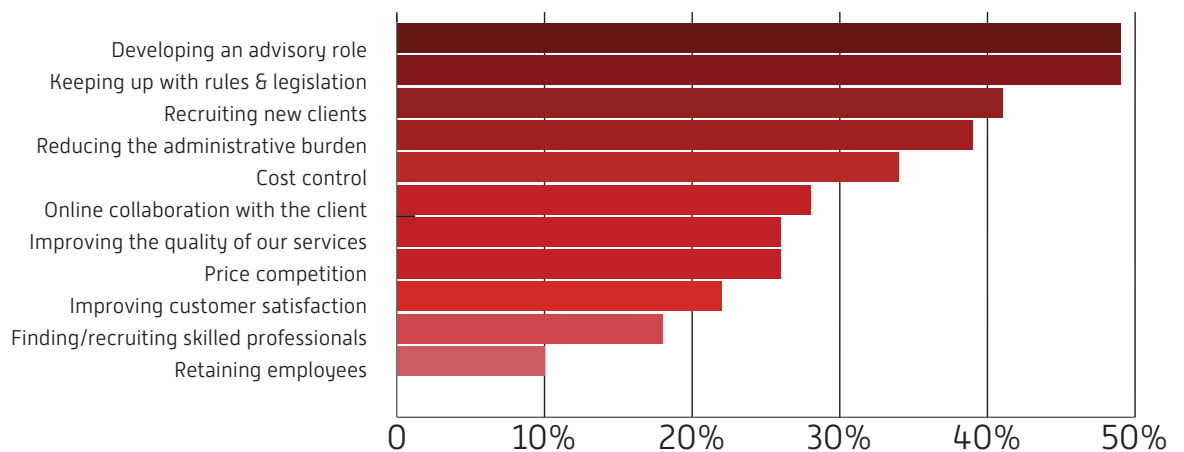


Figure 2: Key industry challenges in accountancy
Accountants and accounting firms are faced with a number of industry specific challenges. Please indicate the 3 most important industry specific challenges that you are faced with.



DON'T KICK THE ROBOTS, EMBRACE THEM

Despite the healthy growth and positive outlook, the industry is under pressure. It is clearly in transition - a trend that started years ago. Technology is playing an ever more significant - if not the most prominent - role.

Just think about it. More and more (input) work is automated, reports or analyses can be generated with the touch of a button and you can work with exceptions. The system does all the work and flags anything unusual.

This gives you a much-needed efficiency boost, freeing up time to develop your advisory products and services. It's only the tip of the iceberg when it comes to automation and robotic accounting. Just about all your traditional tasks are done in milliseconds by algorithms now.

Unfortunately, accountants aren't keeping up. They even see technology challenges as secondary and haven't fully automated their firms yet.

When asked about the impact of robotisation 20% sees the efficiency benefits, 31% thinks they can deliver more value and 26% fear new competitors in this field. That seems acceptable where it not for the 15% that thinks it's overhyped.

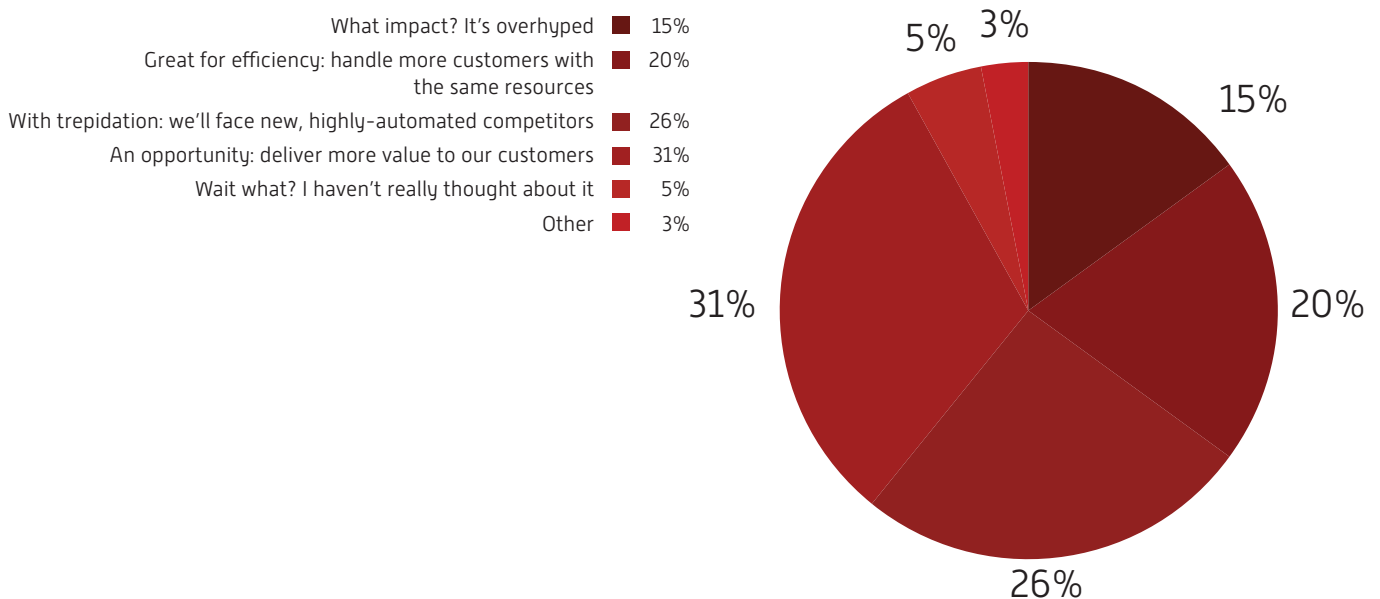
Here is another mismatch with the market. Because Belgian SMEs have a healthy appetite for automation. In case of digital assistants, 6% is very enthusiastic, and 54% would like to try.

When we're talking about a robot taking over from the accountant, 7% is game, while 35% only wants to try this in combination with a living, breathing accountant.



When we're talking about a robot taking over from the accountant, 7% of SMEs is game, while 35% only wants to try this in combination with a living, breathing accountant."

Figure 3: The impact of robotisation according to accountants
What do you believe will be the impact of robotizations or automation of accounting processes to your organisation five years from now?



GIMME SPEED!

Since we're talking mismatches with the market, customer expectations differ in another critical area.

SMEs are mostly satisfied with their accountant but would like to see them respond faster (22%), gain more analytical skills (19%), more industry-specific knowledge (18%) and more IT-knowledge (16%).

When it comes to the need for speed, 59% of the accountants say they respond quickly, even outside business hours.

That's a good sign, but it doesn't solve the underlying problem. Only 18% provide self-service data entry, merely 8% online dashboards with realtime data and only 5% provides realtime advice in combination with such data.

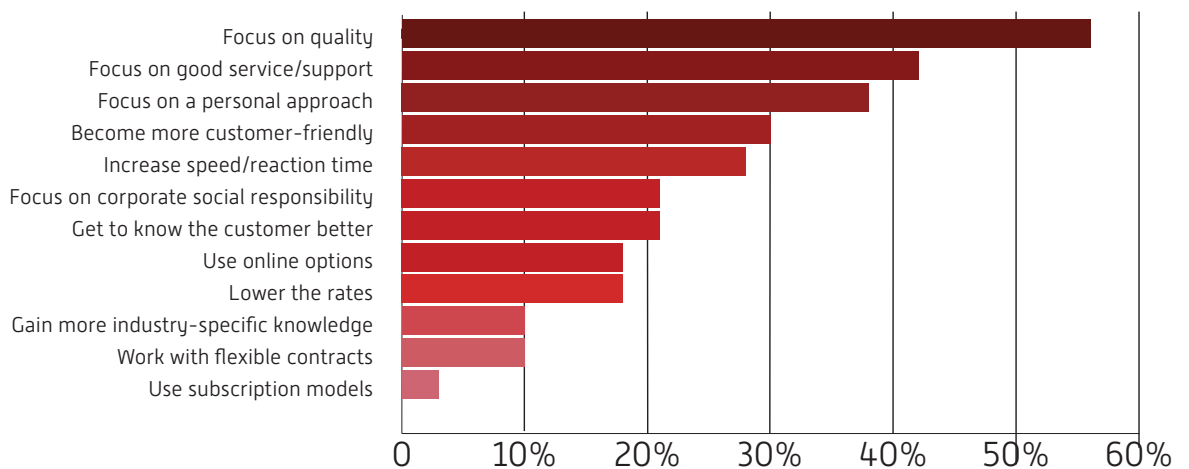
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When it comes to the need for speed, 59% of the accountants say they respond quickly, even outside business hours."

Only 28% of the accountants admit to differentiating using quicker response times. A lowly 10% at least knows it's a good idea to bet on more industry-specific knowledge to attract more customers.

In contrast, most accountants (56%) focus on quality, excellent service (42%) and a personal approach (38%). But that's not what most SMEs ask for these days.

The risk with this approach? Your firm loses customers who are only interested in a combination of low rates, online insight and a limited amount of personal support.

Figure 4: Differentiating strategies
How do you mostly try to differentiate yourself compared to competitors?



ONLINE COLLABORATION IMPORTANT

The essential factor here is online collaboration. 47% of SMEs say this is important to them. It's easy to see why. They want to do away with the costly, time-consuming visits that only show their past results - never the realtime ones.

Instead, they can check out their latest realtime results from wherever they are with any device they happen to have with them. And if customers prefer they can provide all invoices and receipts online to their accountants, instead of handing over a stuffy shoebox at the end of each quarter.



23% of the customers provide their data online so their accountant can use it immediately. Contrast this with 32% of the SMEs who still use a shoe box, while 27% sends spreadsheets and 25% hands over data exports from their accounting software."

Figure 5: How accountants receive financial data from their customers

What percentage of your clients provides you with access to the necessary financial data and/or salary information using the following methods?

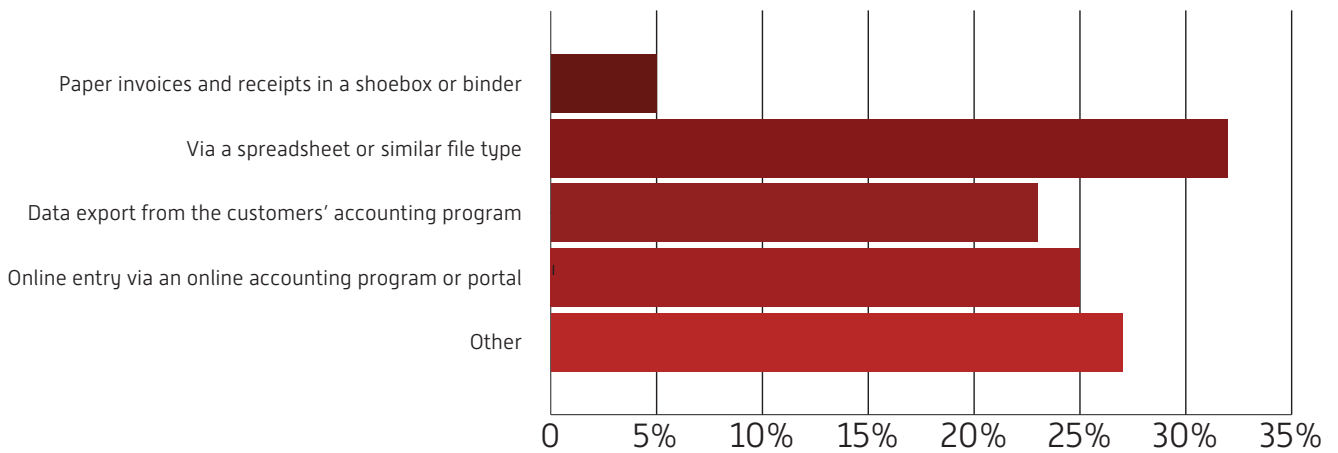
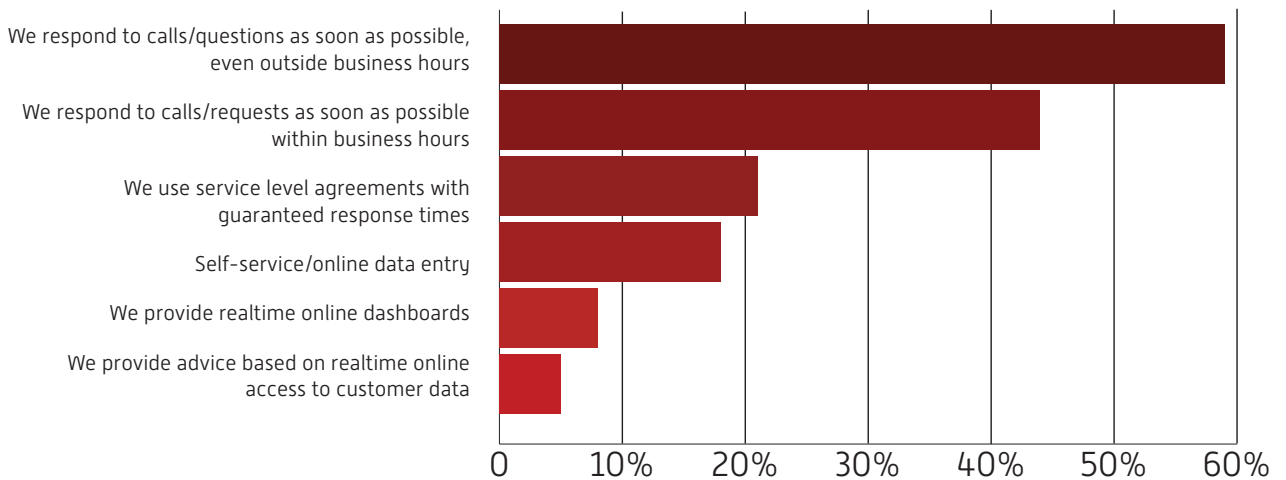


Figure 6: How accountants respond to the need for speed

In which of the following ways are you actively trying to provide (more) speed to your customers?



Already 23% of the customers provide their data online so their accountant can use it immediately. Contrast this with 32% of the SMEs who still use a shoe box, while 27% sends spreadsheets and 25% hands over data exports from their accounting software.

When it comes to customer contact itself, that's moving from direct to indirect. We see email at 85%, telephone at 61%, face-to-face at 46%. But social media (21%), messaging apps (20%) and customer portals (16%) becoming more and more popular, with the latter showing the most growth.

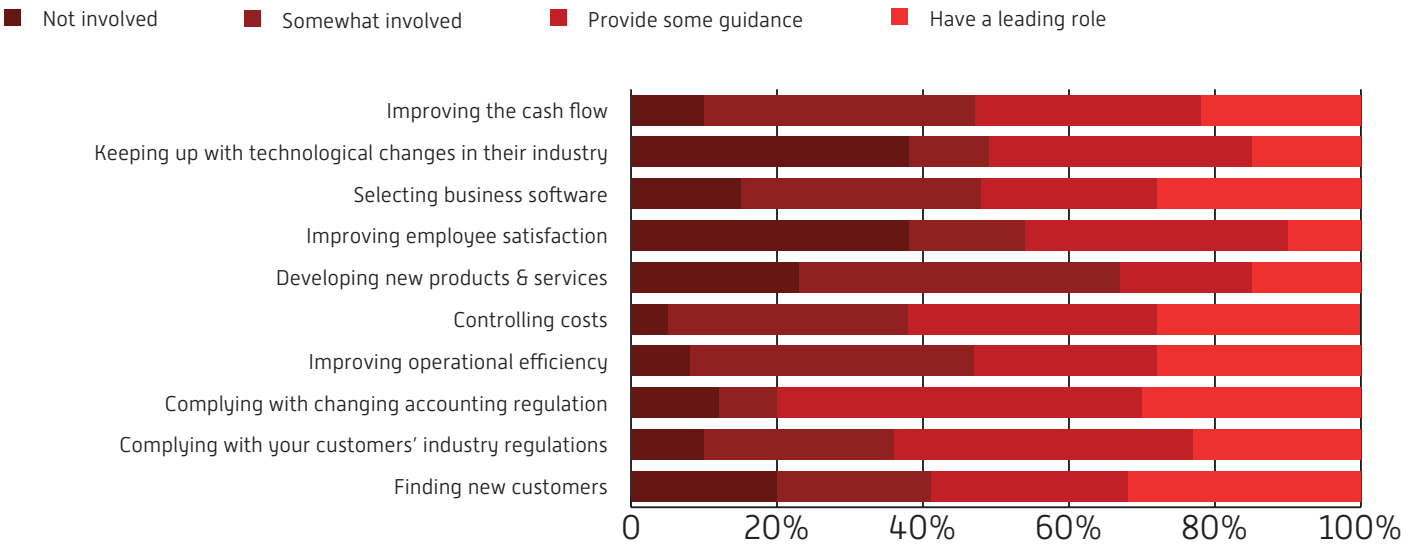
Belgian accountants do want to invest in new technology though. 54% see online dashboards as a necessary investment for the 2020's. Portals get 44% of the vote while 36% want to get their document management in order.

It is striking that accountants mainly focus on individual technologies and less on an integrated approach such as practice management. This may have to do with the question because when it comes to improving efficiency internally, 42% agree practice management software can do the job and 41% think there needs to be better integration of all software packages used.



54% of the accountants see online dashboards as a necessary investment for the 2020's. Portals get 44% of the vote while 36% want to get their document management in order."

Figure 7: Involvement with customers' business challenges
To what extent are you involved in coping with the following business challenges of your customers?



INTERNAL AUTOMATION LACKING

Only 23% of the accountants acknowledge they have a single integrated system in place for the back and front office. 20% use 2 separate systems while 36% work with multiple systems. 18% of the accountants still work with a combination of spreadsheets and software packages.

All these different systems don't exactly benefit [reaction] speed towards the customer and the reliability of the data - just because there is a higher chance of errors. And let's not even mention the lack of internal efficiency.



18% of the accountants still work with a combination of spreadsheets and software packages."

Figure 8: How accountants automate their front- & back-office now
Which of the following best describes the way you have automated your administrative processes?

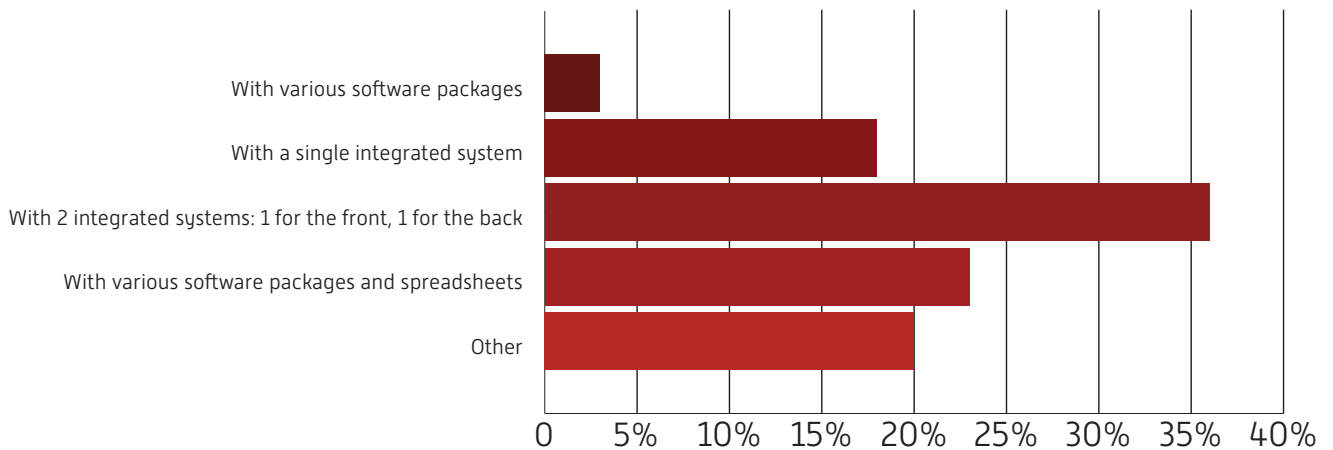
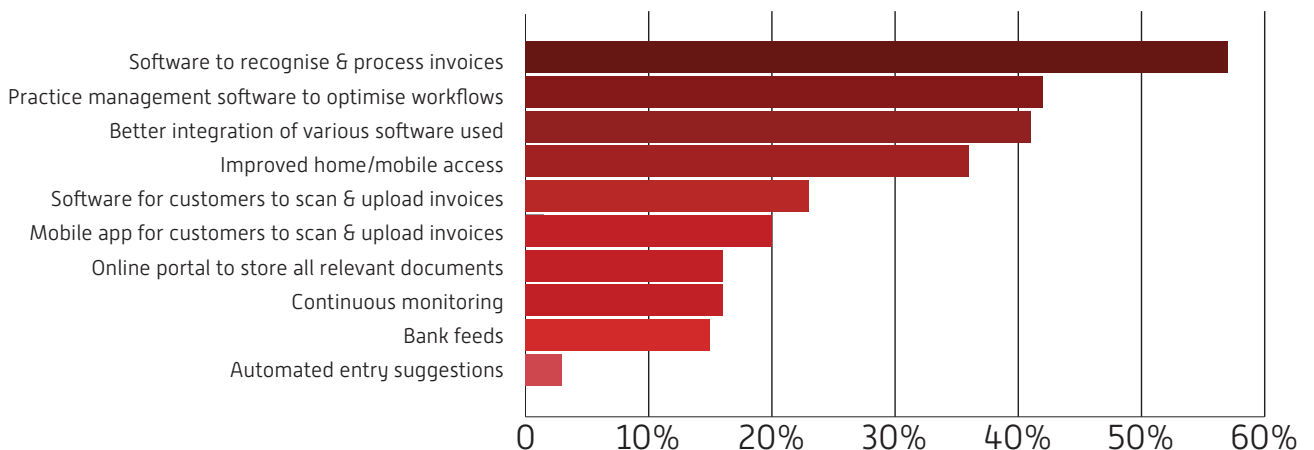


Figure 9: How accountants think they can boost back-office efficiency
Which of the following best describes the way you have automated your administrative processes?



AN INDUSTRY IN TRANSITION

In recent years, technology has already changed a lot in the accountancy industry. But that's only the beginning. Something more and more accountants are seeing.

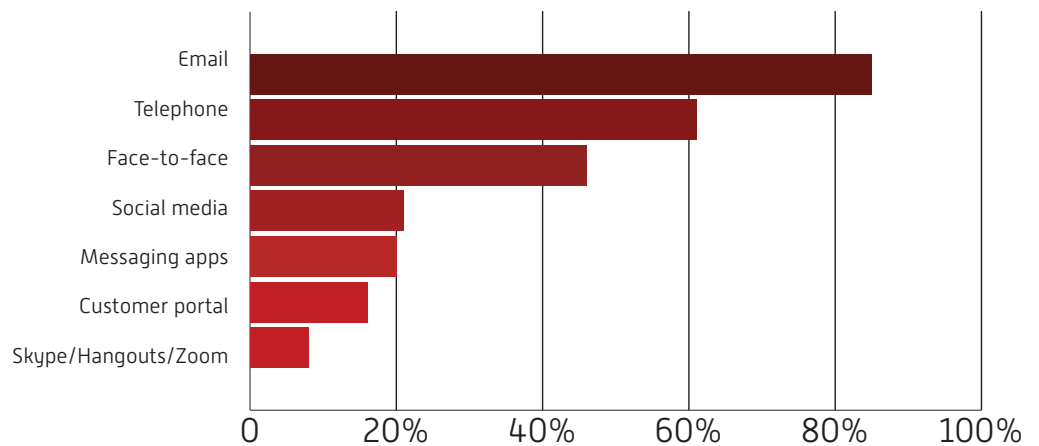
38% of the accountants indicate that they have to optimise their business model or even to completely turn around to continue to exist in 5 years time.

72% of the respondents expect the competitive landscape to change significantly due to technology within the next 3 years.

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Figure 10: How accountants communicate with their customers
How do you share information and advice your clients?



HOW ACCOUNTANTS DEAL WITH BUSINESS CHALLENGES

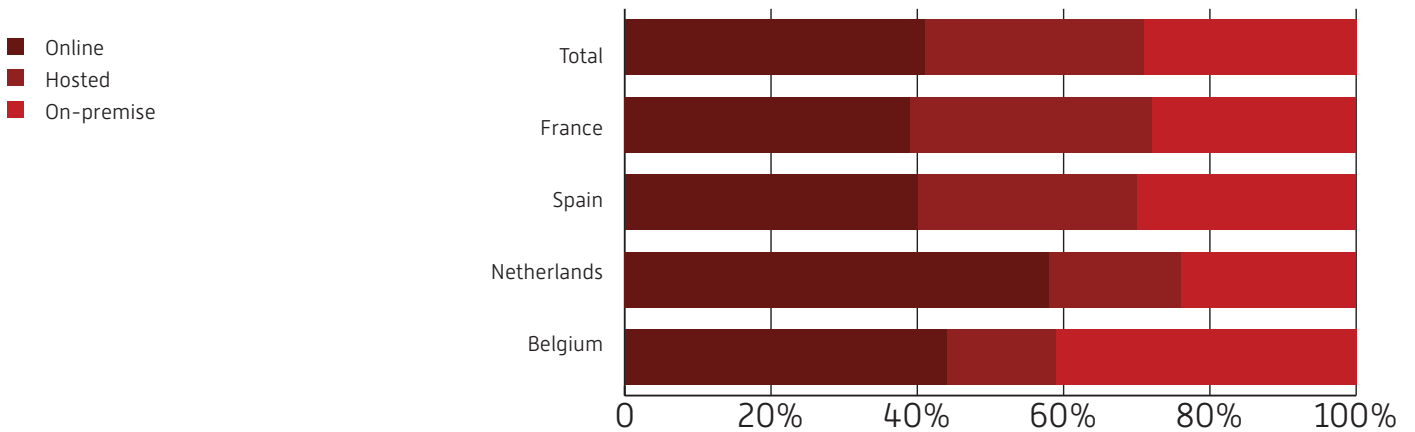


For many accountants, business software plays a clear role in the cloud to meet business challenges. Just like in previous years, this year, working more efficiently again scores very high as an advantage of online business applications - if only because accountants can access all up-to-date data anytime and anywhere.

Besides, many accountants are a fan of the flexibility that comes with working in the cloud. After all, it is much easier and cheaper to add or remove additional functions or users. That accountants are happy to be able to work together flexibly online with their customers will not surprise you.

Figure 11: Type of software used by accountants

Which of the following best describes the way you have automated your administrative processes?



ANALYSIS

SMEs are mainly satisfied with their accountant but would like to see accountants respond faster (22%), gain more analytical skills (19%), more industry-specific knowledge (18%) and more IT-knowledge (16%).

When it comes to the need for speed, 59% of the accountants say they respond quickly, even outside business hours.

But only 28% admit to differentiating using quicker response times. Only 10% know it's a good idea to bet on more industry-specific knowledge to attract more customers.

Most accountants (56%) focus on quality, good service (42%) and a personal approach (38%). But as we saw, that's a huge mismatch with the demand in the market.

Furthermore, a whopping 59% of Belgian SMEs expect their accountant to coach them when it comes to running the business. Something 49% of the accountants also noticed.

To do this correctly, accountants must up their involvement and tooling. Most say they're generally involved with most business challenges.

But they're clearly in the back seat when it comes to technological change (38% not involved), workplace improvement (38% not involved) and developing new products (23% not involved).

For example, 15% of the accountants see robotisation as overhyped. Here is another mismatch with the market. Because Belgian SMEs have a healthy appetite for automation. In case of digital assistants, 6% is very enthusiastic and 54% would like to try.

When we're talking about a robot taking over from the accountant, 7% is game, while 35% only wants to try this in combination with a living, breathing accountant.

The tooling, in general, isn't up to par either. 1 in 5 still relies on a combination of spreadsheets and separate applications for the back and front office. That hurts the business because 47% of SMEs say they want to collaborate online.

Belgian accountants do want to invest in new technology though. 54% see online dashboards as a necessary investment for the 2020's. Portals get 44% of the vote while 36% want to get their document management in order.

To serve their customers better - and remain relevant in the coming decade - many offices will have to integrate their administrative software better. Because having reliable, up-to-date data that you can access anywhere is essential - not to mention efficient internal processes. More than half of the accountants see that an online practice management system is critical, followed by analytical software and dashboards.

All in all, hopeful results are encouraging for the industry with plenty of opportunities to face the future with confidence.



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