

# Get ready for takeoff

This issue we are delighted to speak to an office manager for a successful accounting franchise about his work with AdvanceTrack, including how its growth plans will be easier to implement

## Q: Please tell us about your practice

A: I have worked with my practice for nearly eight years. We have four staff, 500 clients and are based in northern UK. We have grown steadily year-on-year.

## Q: When did you start using AdvanceTrack, and why?

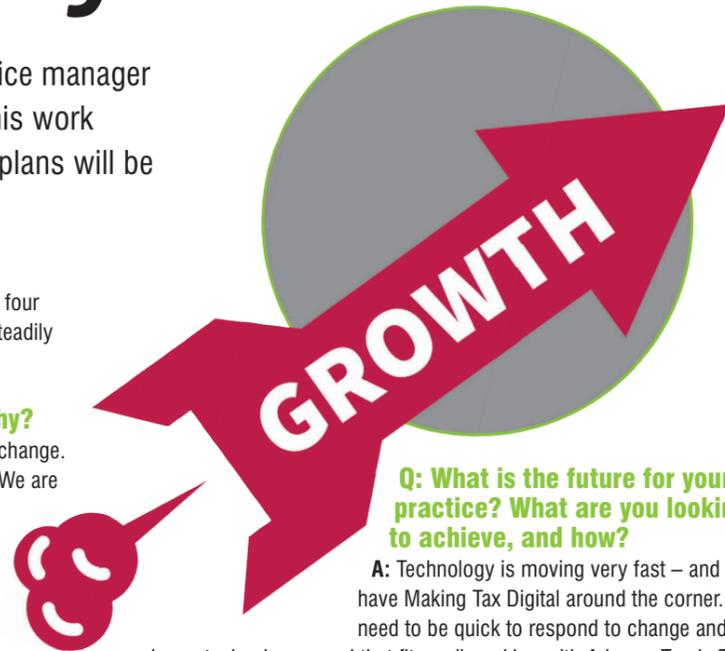
A: We had previously used another outsourcer, but it was time to change. We needed an alternative that could provide a great service level. We are using AdvanceTrack for accounts preparation.

## Q: What impact has AdvanceTrack had on the running of your practice?

A: It has been a significant help to us. It has created a very systematised approach to transacting through AdvanceTrack's portal, so even the small matter of an out-of-office will see the transaction details sent to another one of my staff.

## Q: How are we better/different from other service providers?

A: In summary, I would say that it has been much easier to work with AdvanceTrack than our previous outsourcing provider. The information we receive back from you is in an easier-to-use, simpler and understandable format. And we would absolutely consider outsourcing other areas of our offering to you.



## Q: What is the future for your practice? What are you looking to achieve, and how?

A: Technology is moving very fast – and we have Making Tax Digital around the corner. We need to be quick to respond to change and embrace technology – and that fits well working with AdvanceTrack. Tech is moving towards the cloud for keeping records, and then there is the enforced changes from HMRC to content with.

I wouldn't actually say that what our clients want is changing rapidly, although it is evolving. But both we and our clients want growth, and information presented to us all in an easy-to-use format.



Speak to AdvanceTrack about helping you create a modern and profitable practice. Call us on +44(0)24 7601 6308 or email [advice@advancetrack.com](mailto:advice@advancetrack.com)

## STOP PRESS!

The opening-out of the Making Tax Digital pilot has been announced by HM Revenue & Customs (HMRC). The initial, limited testing phase has been in place for a year, but this is now extended to allcomers.

"This is obviously good news, and particularly encouraging given the VAT-MTD pilot is projected to start next month," said AAT tax policy adviser Brian Palmer.

However, at this stage it is very 'soft'. Just IRIS and Rhino are on the

list of suppliers whose tech is ready at this point, although HMRC does recommend contacting your service provider to check for readiness.

Currently just the self-employed can join the MTD income tax pilot.

Rowleys Chartered Accountants is the first practice to complete a quarterly filing submission, using IRIS Personal Tax. The firm took an established sole trader above the VAT threshold through the process.

"We hope this provides evidence to other practices across the UK that both HMRC and software providers are collaborating to make MTD a reality," said Rowleys tax director Mark Hook.

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# New model army

InsideOutsourcing examines some of the new models of practice that are developing – and how tech facilitates this change. Kevin Reed looks at those that have launched from the ground-up, and provides food for thought for traditional practices that are reticent about evolving their offering.

General practices run by Baby Boomers cannot continue as they have done. For starters, the sands of time continue to pass unhindered. Second, the world in which a practice's accounting services are provided moves at a seemingly faster pace than the grains themselves.

But before we hurtle headlong into the future, it is important to remember that the more things change, the more they stay the same. In reality, the types of service that clients want from their accountants – while varied – is not dramatically or radically different from what they would have required 20 or 40 years ago.

"There will always be people who want to have basic tax returns done and dusted," explains ACCA head of advisory Glenn Collins.

And existing, successful, practices have always offered a form of value-added business advisory service. These are the types of deeper business advice oft-referenced as what practices should aspire towards, moving beyond just compliance.

Perhaps what has changed is the sheer reliance on accountants by the small business and owner-managed business communities.

The erosion of the bank network and disappearance of the 'manager', along with dissipated trust in financial services post-2008, has seen the pendulum swing very much in favour of accounting professionals for broader advice. Numerous surveys around the globe point to accountants

as the most trusted adviser, usually scoring way ahead of banks, financial planners and lawyers.

## What are the options then, for practices?

We have seen much growth in the accounting franchise. TaxAssist is billing £37m in UK fee income, with more than 200 sites in the UK. Its blue and yellow livery is clear to see on high streets and other locations up and down the country.

There is Cheapaccounting, founded by Elaine Clark. This franchise is driven not from the high street but as an online service, and a very clear pricing structure. Franchisees are taken on via a flexible working arrangement and there is "little in the way of formalities", states the website.

Then there are the volume providers. A great example of this model is Mazuma. Based in Bridgend, Cardiff, Sophie Hughes and Lucy Cohen launched the business in 2007, defying the economic downturn to build a highly market-friendly bookkeeping and tax return business. Its distinctive 'purple envelope' service sees clients post receipts and paperwork monthly.

Finally, you have Crunch, an online accounting provider that does more. Crunch enables clients to take up insurance and investment products as well – all through its website. You can even choose a mortgage.

But who else has pushed into the online accounting arena? That's right, the biggest accounting firms. Deloitte's Propel offers start-ups and small businesses a bookkeeping, accounting and tax service. An expert at Propel will also send clients monthly management reports – all at a pre-agreed fixed fee. A live dashboard taking data from feeds illustrates the business' performance in real-time.

While a 'separate' business to that of Deloitte, there is of course the

## QuickBooks Connect

A rather chilly QuickBooks Connect, held in east London's Printworks during snow-bound February, gave us the opportunity to speak to QuickBooks global accountant segment leader Rich Preece.

With the UK an "enormously important" market for QuickBooks, he spoke of the launch of a new practice management tool while discussing how artificial intelligence and machine learning will automate and assist in dealing with client queries. "Clients will be able to ask our QuickBooks Assistant, 'what was profitability last month?' and receive the answer," he said.

The disruption to the practice market, in terms of types of service available to offer clients, plus the different platforms and methods in doing so, means that practices who fail to grasp the nettle will perish, he warned.

"Some accountants will go out of business if they don't embrace change and become a cloud-based adviser," he said. "We want accountants to have data that enables them to speak to their clients."



option to refer across where clients require services outside of the online offering.

There are even variations on the online accounting theme among the big firms themselves – and not all have worked out. For example, Grant Thornton's Geniac proposition was effectively an 'office-as-a-service'. This included payroll, company secretarial and legal – driven via the cloud. However, the firm's multi-million pound investment hasn't worked out, and clients will need to find a new provider by April.

Geniac's failure illustrates that change and disruption means risk – new offerings will not necessarily succeed, even among the biggest operators.

Ultimately, cloud-driven accounting and tax services – along with increasing options to use direct bank feeds from clients – creates an opportunity to automate.

This automation of processing then enables information to be shared between accountant and client more often and more accurately. This is why the term 'virtual CFO' is now banded around the practice community. Practitioners can free themselves from slogging through compliance work, and instead provide strategic and deeper advice to their clients.

And while accountants have always worked with other service providers to help clients, it is clear from Crunch, Propel and even Geniac that online offerings can broaden that scope.

"Good practices have always offered that 'FD function' but often on a relatively small scale, as you can only deal with a limited number of clients. But as data becomes more digital it means you can offer it to more clients," adds Collins.

This is the direction of travel for Richard Sykes, founder of CloudCFO. A KPMG-trained accountant with finance function experience, he is looking for technology to manage the finance back office for his clients – and then he wants to focus his time and efforts on advising them.

"I want to be in the passenger seat next to them," he says. "I want more contact time and a deeper relationship."

“Some cloud-based pricing tools offer so many options it can be confusing” *Richard Sykes, CloudCFO*

With a truly outsourced finance function, the tech deals with receipts and bookkeeping, not Richard or the client.

Finance functions are normally costed at 1.5% of a business' revenues. Sykes will charge clients 2% – the difference being the price for strategic and business development consultancy.

"If I can add that value through improving cost of sales or adding to sales, then that percentage model seems very clear for clients. Some cloud-based pricing tools offer so many options and combinations it can be confusing," he adds.

By sharing information with a client beforehand, it means that meetings with them become more focused and productive. They become about outcomes rather than just presenting figures. "Most productive meetings are when everyone's familiar with the numbers and then meet up to come up with a direction and action-points," says Sykes.

The option for Sykes and others to provide a broader range of services will naturally become a temptation – as clients lean on their adviser for the full suite of back-office support.

For ACCA's Collins, this is a natural path and one already trod in the corporate world.

"If you look at the general CFO role, it already encompasses strategic, finance, HR, IT and cybersecurity," says Collins. "The CFO doesn't have to be an expert in all of them. For practices they can identify where the opportunities are and use other experts to deliver."

Cloud technology may be, as Sykes puts it, "a gift from the gods", but choosing technology stacks and platforms is fiendishly confusing and time-draining for practices – so planning is essential.

Sykes admits he has spent "an inordinate amount of time" studying the tech options open to him. "There are pros and cons to all the choices, and the tech features move very quickly as well," he says.



Kevin Reed is a freelance journalist and former editor of *Accountancy Age*

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