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A path to enlightenment

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or offshoring? Where does GDPR fit in all this?
Read on for some illuminating answers

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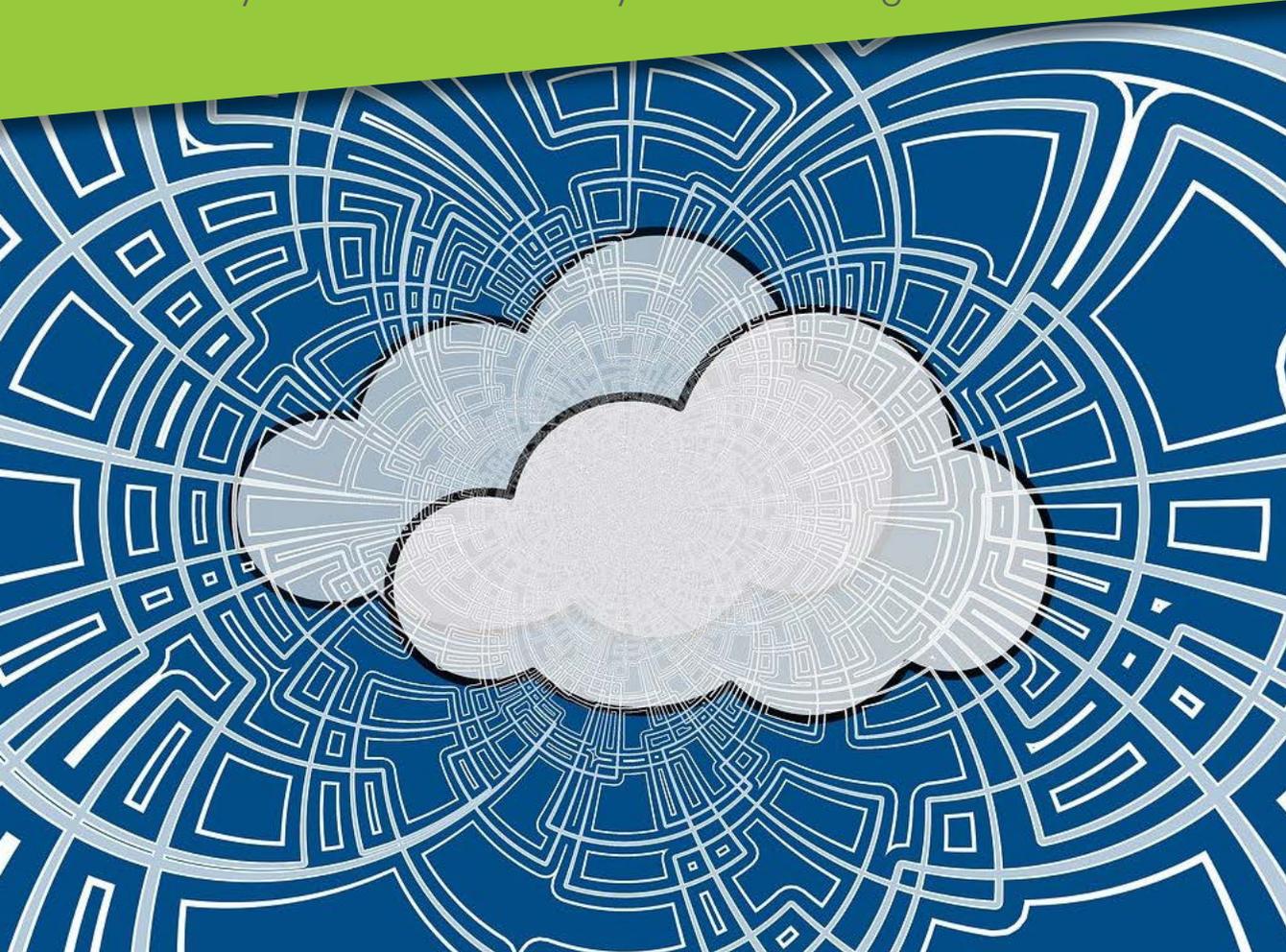
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Outsourcing vs offshoring for accountants

Setting out the differences between outsourcing and offshoring – and why both could work for your accounting firm



In today's competitive business environment, accountants face the challenge of providing high-quality services while finding ways to reduce costs, maximise efficiency, and adapt to new technologies. As a result, many firms are exploring different approaches to achieving these goals by leveraging global resources and expertise.

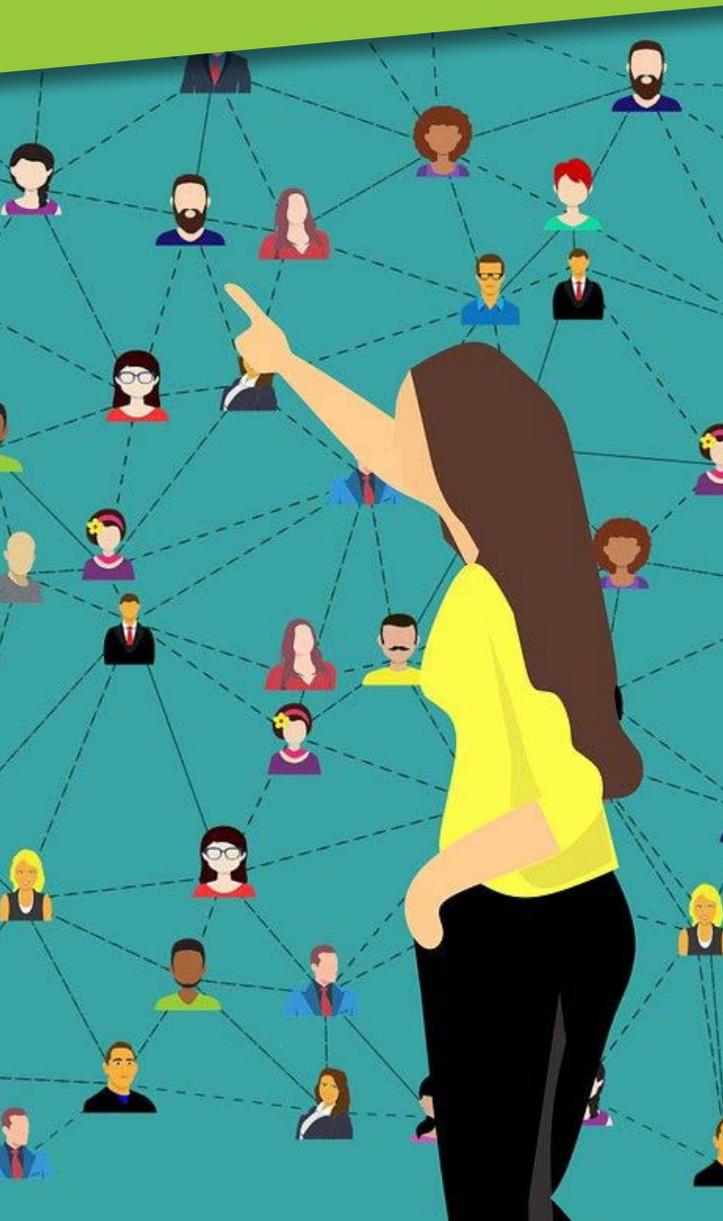
Outsourcing and offshoring have emerged as two popular strategies for accountants to delegate specific tasks or operations to external service providers. However, both concepts often get misunderstood or wrongly used interchangeably.

Outsourcing refers to handing over business processes to a third-party service provider, who takes responsibility for managing those tasks. This can be done within the same country (domestic outsourcing) or in a different country (offshore outsourcing).

On the other hand, offshoring is the relocation of business processes or services to another country, usually to a different, lower-cost location. A company could either open its captive centre overseas (in-house offshoring) or outsource these tasks to a third-party service provider (offshore outsourcing).

Understanding the differences between these two strategies and their unique benefits is crucial for





accountants to make informed decisions that align with their firm's goals and objectives. This article aims to provide an in-depth analysis of the benefits and drawbacks of outsourcing and offshoring for accountancy firms. We will explore the advantages of delegating tasks such as bookkeeping, payroll, tax preparation, and financial reporting to external providers, and compare the benefits of adopting outsourcing or offshoring as a strategic approach.

The following sections will discuss how these two strategies can lead to cost savings, enhanced efficiency, and access to specialised skill sets. Additionally, we will offer insights into the potential risks and challenges associated with these approaches, such as data security, regulatory compliance, and communication barriers. Furthermore, this holistic guide will reveal industry trends, best practices, and tips on choosing the right outsourcing partner or establishing a successful offshoring relationship.

As an accountant, selecting the best path for your firm can be daunting. Armed with this comprehensive analysis, you will be better equipped to make an educated decision that will free up your time to focus on the work you enjoy and drive business growth.

Cost savings: a crucial benefit of outsourcing and offshoring

One of the most significant advantages of outsourcing and offshoring for accountancy firms is the potential cost savings. By outsourcing specific tasks or operations, businesses can reduce overheads, eliminate the need for investment in

additional infrastructure and avoid hiring full-time employees. Offshoring can provide even more significant cost benefits, as lower labour costs in the target country can result in substantial savings.

However, it's essential to consider other factors besides labour costs, as quality of service should never be sacrificed for cost reductions. Assessing potential service providers' knowledge and expertise is crucial in ensuring your firm receives the best value for its investment.

Efficiency and scalability: streamlining business processes

Outsourcing and offshoring also enable accountants to delegate time-consuming tasks, allowing them to focus on their core competencies, build stronger client relationships, and offer higher service. By entrusting routine tasks such as bookkeeping, payroll, tax preparation and financial reporting to experienced professionals, firms can

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- Process Driven Mass Customisation



minimise errors and ensure efficient completion of these processes.

In addition, these strategies offer increased scalability for growing businesses. As your firm expands its client base or requires more resources, outsourcing and offshoring can provide the necessary support without burdening your in-house staff with additional workload.

Access to expertise: leveraging specialised skillsets

By outsourcing and offshoring, accountancy firms not only save time and money but can also tap into a diverse pool of talent that may not be readily available in their local market. Third-party service providers often have specialised knowledge in specific areas of accounting, tax regulations, and financial compliance, allowing your business to benefit from their expertise without the expense of building an in-house team.

In addition, as technology continues to transform the accounting industry, partnering with service providers familiar with the latest innovative tools, software, and platforms can help your firm remain competitive and agile, streamline operations, and provide an exceptional customer experience.

Regulatory compliance and data security: navigating risks and challenges

While outsourcing and offshoring can offer numerous benefits to accountancy firms, it's essential to be aware of the risks and challenges

associated with these strategies. Data security and regulatory compliance are primary concerns when working with third-party service providers, particularly when dealing with sensitive financial information.

To mitigate these risks, accountants should carefully assess service providers' data security practices, ensuring they adhere to industry standards and comply with relevant regulations. Moreover, establishing clear communication channels and protocols can help maintain coordination and address any concerns that may arise during the course of the partnership.

Making the right choice for your accountancy firm

Outsourcing and offshoring present unique opportunities for accountants to reduce costs, improve efficiency, and access specialised expertise. As detailed in this article, these two strategies can have distinct benefits, and it is essential to carefully analyse your firm's specific needs, goals, and objectives before making a decision.

Ultimately, the choice between outsourcing, offshoring, or a combination of both will depend on your firm's priorities, the level of control you wish to maintain over your operations, and your comfort level with working with remote or overseas service providers. To make the right decision for your business, take the time to research potential providers, gather feedback from industry peers, and assess the potential benefits and risks associated with each approach.

By doing so, accountants can confidently

implement a strategy that streamlines their operations, allows them to focus on the work they enjoy, and ultimately drives business growth.

■ Visit the [AdvanceTrack website](#) to learn more about outsourcing and offshoring services for UK bookkeepers.

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FAQ

Does outsourcing to India mean 'GDPR compliance'?

Myths are circulating about outsourcing and GDPR. Here are the facts.



If an outsourcing provider is accessing your servers from India then this, on its own, does *not* mean 'GDPR compliance'.

Without other security measures and protocols in place then the [Information Commissioner's Office](#) (ICO) could find what your practice is doing is illegal.

The ICO states that a restricted transfer takes place if "you are initiating and agreeing to send personal data, or **make it accessible**, to a receiver who is located in a country outside the UK" – note the part marked in bold.

You must also be aware that most accounting firms handle 'special category' personal data – such as healthcare invoices, records of union fees paid, or political/religious donations. So, if your outsourcer experiences a data breach and your controls are inadequate, you have a big problem.

So, what do you need to make sure is in place?

- Firstly, there needs to be appropriate risk assessment of, and contracts in place, with the overseas legal entity.
- Secondly, your client engagement letter needs to reflect the possibility of transfer.

- Finally, the data being transferred needs to be treated securely, both on your network and on the network of anyone accessing it.

At AdvanceTrack we work with a top legal firm to ensure that we have the correct contractual measures in place. You contract with our UK legal entity and we handle the transfer to India.

We have also made considerable investment in security measures and controls around use of personal information, and have been assessed on this by numerous top accounting firms.

Additionally, we are certified by BSI against ISO27001:2022 Information Security and ISO27701/BS10012 Personal Information Management. More detail on our security can be found by [clicking here](#).

AdvanceTrack gives data protection the investment in time and resources that it needs. We need to sleep soundly at night – and so do you. Which is why data security and protocols receive our highest priority.

■ If you would like to speak to us about outsourcing and offshoring, please [click here](#).



XEROCON SYDNEY 2023

Reflecting on a spectacular event

Has Xero been reimagined? That was certainly our take on Xerocon Sydney.



As the sun sets on the city of Sydney, accounting and bookkeeping professionals from across the globe gathered at the ICC Sydney for the much-anticipated annual event – Xerocon Sydney 2023. Coined the ‘Coachella for accountants’, this year’s conference lived up to its reputation, delivering a power-packed experience that left attendees inspired and equipped with invaluable insights.

From August 23/24, Xerocon Sydney

transformed the ICC Sydney into a hub of innovation, collaboration, and excitement. AdvanceTrack’s team had the privilege of attending this transformative event once again, and we’re thrilled to share our reflections on the highlights and takeaways.

The event opened with the charismatic presence of Sukhinder Singh Cassidy, Xero’s CEO, making her first-ever appearance on the Xerocon stage. In her engaging talk, she emphasised the pivotal role

of the advisory community in shaping the future of small business success. With just six months at the helm, Sukhinder’s passion for purpose and partnerships resonated deeply with the audience, setting an optimistic tone for the entire conference.

Product placements

A major highlight was the introduction of Diya Jolly, Xero’s new chief product officer, who provided insightful glimpses into the latest products and connections that amplify collaboration, efficiency, and value across the platform. This showcase marked a departure from the norm, presenting Xero’s offerings in a reimagined format that captivated both newcomers and returning partners.

The event’s lineup of guest speakers was nothing short of exceptional. Julia Zemiro, the iconic Australian TV personality, charmed the audience as the host, bringing her signature wit and warmth. Lisa MacCallum, former Nike vice president, took the stage on day one, delivering a talk that melded business acumen with sustainability. Her insights on driving ethical business practices left a lasting impression, emphasising small businesses’ pivotal role in fostering environmental responsibility.

The second day brought a thought-provoking session by Sam Elsom, an environmentalist and entrepreneur who delved into the realm of sustainable practices and ethical manufacturing. Mark Pesce, a distinguished futurist and



entrepreneur, rounded off the event with a captivating exploration of AI's influence on the accounting industry. His decades of experience in the digital revolution space illuminated the challenges and opportunities that lie ahead.

Party paradise

One of the most anticipated aspects of Xerocon Sydney has always been the legendary wrap party. This year, the 'Paradiso' theme transformed Sydney's ivy bar into a tropical oasis. Attendees donned neon ensembles, embraced inflatable flamingos, and danced the night away to the beats of Sneaky Sound System. The poolside venue and vibrant atmosphere created a night to remember,

fostering connections and memories that will last long after the event concludes.

Reflecting on Xerocon Sydney 2023, the sense of community and collaboration was palpable. We at AdvanceTrack found the event to be an invaluable resource for gaining insights into the latest trends, technologies, and best practices. The emphasis on sustainable practices, technological innovation, and the evolving role of finance professionals left us inspired and excited for the future of the industry.

London, baby

Looking ahead, Xerocon 2024 is already on the horizon, this time happening closer to home in London and promising another immersive experience of learning, networking, and

celebration. As we continue our journey to become the leading outsourcing partner for accounting firms in the UK, Australia and worldwide, industry conferences serve as essential touchpoints for staying informed, inspired, and connected with industry leaders and peers.

Xerocon Sydney 2023 surpassed all expectations, standing as a beacon of innovation, collaboration, and visionary thinking. Boasting an extraordinary array of speakers, reimaged showcases, and an indelible wrap party, the event instilled attendees with a rejuvenated purpose and a palpable enthusiasm for what lies ahead.

As the curtain falls on this year's conference, we're counting down the days until the next Xerocon, sparking anticipation for the multitude of opportunities it holds to elevate the accounting and bookkeeping industry across the ANZ region and beyond.

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University of Warwick Science Park, Sir Williams Lyons Road, CV4 7EZ, UK

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