



The Benefits of Moving Your Accounting Practice to the Cloud

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Introduction

Running a highly efficient accounting practice is no easy task. Challenges exist around every corner: keeping track of hundreds of client files across multiple engagements; making sure staff are tracking their time accurately; waiting for client responses while the clock is ticking toward a deadline; watching work grind to a halt due to unplanned server downtime.

Dealing with these issues costs precious time, impacting everything from team morale to the all-important bottom line. They have, unfortunately, been an inescapable reality for years.

Now, however, the concept of cloud computing is helping many firms put these nagging problems behind them for good. Cloud computing-based technology offers an innovative approach that delivers newfound savings and efficiencies,

and provides easier customization capabilities for all types and sizes of organizations.

This white paper will describe the improvements the cloud model makes on traditional approaches. It will also take an in-depth look at the main benefits of moving to the cloud, including time savings, which can be used to carry out work that was previously eaten up by repetitive and tedious processes.

Finally, the paper will describe the hybrid model of cloud computing, an approach that allows for gradual cloud adoption, rather than having to make a full transition.

It's clear that cloud is an integral part of the future of accounting and auditing. Firms that begin leveraging it today will be that much further ahead of the competition tomorrow.

Why Cloud, Why Now?

Cloud-based accounting software is an emerging financial technology trend in the accounting industry. It's providing flexibility and is simplifying the way tasks are performed. Cloud offers effective collaboration and expands workflows by optimizing efforts and generating meaningful results.

Caseware's [2022 State of Accounting Firms Trends Report](#) surveyed more than 3,000 respondents and found that "most accounting firms are adopting either a full or hybrid cloud model, capitalizing on its efficiencies, eliminating traditional headaches and ensuring they stay competitive."

It also reported that "nearly two-thirds of accountants plan to adopt some form of cloud computing technology over the next two years...and a third of them are expecting to do so within the next 12 months."

Cloud computing took on even greater importance during the global COVID-19 pandemic. Mobility became crucial to keep businesses functioning. The U.S. Bureau of Labor Statistics [reported in July 2021](#) that 65 percent of employed, college-educated adults worked from home, up from

19 percent in 2019. Organizations that were already leveraging cloud software were able to swiftly move their teams to work safely from home without skipping a beat in client service.

Looking forward, Gartner states in a [recent report](#) that "an anywhere operations model will be vital for businesses to emerge successfully from COVID-19. ...The model for anywhere operations is 'digital first, remote first.'"

Remote and blended work environments are here to stay. Organizations are standardizing policies for remote work and flex schedules. Accounting professionals have proven accounting can be done remotely.

Data shows employees are more productive when they work remotely, in part because of fewer distractions. Some firms have reported billings are up while hours are down. This efficiency is only possible through the use of cloud-based applications and fixed-fee and value pricing. Not only is this transforming how accounting firms operate, it has redefined the services the profession is providing.



Nearly two-thirds of accountants plan to adopt some form of cloud computing technology over the next two years

Cloud Basics

Many accounting firms continue to use the same traditional tools and approaches to run their operation and carry out their core client work. These long-established methods include standalone, desktop-based programs, such as Microsoft Excel or conventional accounting applications with limited collaboration capabilities. Many continue to use paper-based systems.

In recent years, however, cloud-based models built specifically for accounting firms have appeared on the market. They offer numerous benefits and improvements over traditional approaches.

Cloud computing sees delivery of business software, storage, processing capability and computing functions “as-a-service” over the internet. This represents a new approach over the standard alternative of owning and managing software, computing devices and other information technology solutions on premises. Cloud-delivered solutions provide easy and scalable access to resources and services — as little or as much as is required.

Workloads, storage and processing capabilities are moving en masse to the cloud, and for good



reason. Cloud-based computing offers many advantages that simply can't be duplicated through in-house, do-it-yourself IT — an approach that's becoming a computing thing of the past.

For accountants, cloud technology helps eliminate outdated, manual, paper-based processes, while enhancing controls, visibility and the client experience.

Cloud technology helps eliminate outdated, manual, paper-based processes

Top-Level Cloud Benefits

Cloud technology benefits are many, and they help explain why so many industries are moving to this model. They include:



- **Flexibility and Mobility:** Working from a single location and utilizing fixed computing resources simply doesn't cut it in today's mobile working world. Cloud systems allow users to access applications and information files from any device and from any location through the internet using a web browser.



- **Simplified Pricing:** Long gone are the days when most companies utilized on-premise data centers and servers that required a small army of in-house staff to manage and support. Cloud offers what's often described as a utility-type of computing — a fixed, recurring cost for computing rather than unexpected variable expenses. This capability lets you pay only for what you consume, and only for the computing resources you need.



- **Improved Economies of Scale:** Cloud computing achieves a lower variable cost as-a-service, since usage by thousands of cloud customers results in a lower aggregated cost for each user. Providers such as Amazon Web Services (AWS), for example, achieve higher economies of scale in their cloud infrastructures, which translates into lower pay-as-you-go prices for users.



- **Always-current Technology:** New IT resources are a mere click away in the cloud. That means rapid upgrade and deployment for new or additional resources as these become available. Cloud-based organizations will always be using the latest and greatest solution versions, rather than hanging on with software that may no longer have full functionality to serve your practice.



- **Extended Business Reach:** Easily deploy your application in multiple regions around the world with just a few clicks. This means you can provide lower latency and a better experience for your customers at a minimal cost.



The Benefits of Cloud For Accountants

Let's take a deeper look at the specific advantages the cloud model offers accounting firms.

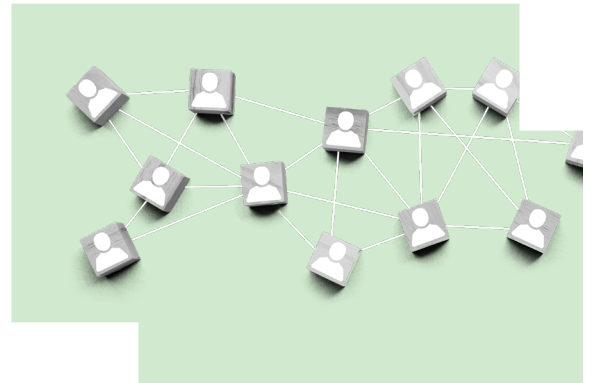
Simplified Client Portal

Cloud platforms offer a secure portal for managing an accounting organization and its workflows. This is a central place for keeping the pulse of your organization at any time, from anywhere, and on any supported browser device, whether you're in an office, at a client site or at home. Accountants and auditors can work on projects together with clients and colleagues from a secure and central location.

Client portals are cloud-based software entities that host digital files, services and information, allowing accountants and their clients to securely send and receive confidential information, plus collaborate on files and communicate with each other. A secure client portal ensures client relationships and interactions are managed securely and easily online.

Collaboration through desktop software can be cumbersome when many staff members and clients are working on the same engagement. Customers, for example, often need data to move forward with various project phases, but the practice of emailing files and documents risks easily losing track of versioning, or excluding some intended recipients if they are missed on an email thread.

Emailing also poses security risks, particularly if documents and files are sent to unwanted recipients. Documents being exchanged for review via email pose other risks as well. There may have been requested changes or edits to email-



exchanged documents, but version control may not be present. The result could be many people working on different stages of documents.

From a cloud portal, everyone works from the same version and all changes are applied in real time. Those who may be working on that document are notified when changes happen. From this controlled version, all questions and queries are noted and requests for documents in the portal can be approved through permission-based access. The dashboard in the client portal gives a real-time status of who is working on what and the status of projects.

Exchanged document attachments can often be large and may be rejected through email due to size limits. Through a portal, size doesn't matter. Traditionally, email is the most common way to share files, but there are problems with distribution and file-size limits. Different people may be working with different information and different versions of documents.

Cloud portals offer version control, real-time updates, accessibility from anywhere, centralized file hosting and secure collaboration.



Complete File Management

In the cloud, files and documents are quickly and easily shared as part of client engagements. That makes it possible to gain real-time intelligent insight and analytics about your clients and your practice from anywhere and on any device.

In the case of “permanent” documents received from clients that might be valid for many years, cloud provides the ability to store these in a secure and central repository that allows access only to those with permission.

Cloud file and document management systems make it possible to create unlimited folders and files and control who has access to what. File and document retention policies can also be established.

Cloud portals provide the means to exchange information with clients. Through the file management system it provides, clients can be invited to share information directly within the document management system. This helps move work away from you toward the clients themselves and ultimately improve productivity.

The more common scenario on a desktop system is that files might generally be placed in folders accessed through a networked drive, but this runs the risk of accidental deletion if there is no oversight or permission controls in place. Version history and tracking changes made to files can also be difficult if files simply exist in networked folders; you can track the last time a file may have been modified, but not necessarily who did what.

Because file management in the cloud is conducted through a centralized folder, an audit trail is visible and security is built in. Only those staff working on a particular engagement have visibility and access.

A cloud portal is centralized and everything is visible, including audit trails, histories of who worked on what, and who has what permissions. It's one central place to assign tasks and securely store documents and files.

A cloud portal is centralized and everything is visible



Integrated Time and Billing

Time and billing address the important financial consideration questions: How much time have I spent on an engagement, and how do I ensure I get paid for that time? While most software contains some type of time and billing function, cloud solutions provide much more expanded capabilities.

Cloud-based integrated time and billing minimizes the effort required to track expenses, bill clients and monitor productivity. Functions within this kind of software solution, such as Caseware's Cloud Time integrated time and billing offering, include:



- **Automated time tracking** that generates time entries based on the hours spent on an engagement. It's a matter of confirming those entries then submitting these hours as billable. The functionality can be extended to meetings scheduled within online calendars, including those from Microsoft Office 365 or Google Calendar.



- **Email reminders** that notify staff when timesheets need attention with automated reminders that can be scheduled or sent on-demand.



- **Budgeting and productivity tracking** based on time entries and billable hours. It's possible to see total staff hours spent and billing on every project in real time in order to make necessary adjustments sooner.



- **Simplified billing** that automatically generates invoices and sends these to clients directly in the cloud. Generated invoices are saved in the cloud and can also be downloaded in PDF format for internal filing.



Intuitive Collaboration

Collaboration among colleagues and with clients has always been fundamental to the accounting profession. It's no surprise that when firms focus and improve upon collaboration, they experience an increase in productivity levels. What's more, boosting productivity is paramount for firms looking to stay competitive. Cloud platforms remove collaboration barriers and create new opportunities to communicate and work together.

- With a secure client portal and query system, the need for multiple email threads and attachments is eliminated. Portals provide a secure, streamlined process that saves time and eases logistical headaches. For those who work on multiple audits at the same time, a cloud-based accounting solution can make it simpler for auditors to request information from clients through secure collaborative tools.

- A cloud-based collaborative portal ensures all information sent to auditors remains secure and confidential, in addition to providing a clean audit trail. The process is done within the engagement files and client access portal. No more trawling through overflowing email inboxes to look for an obscure file.

- The intuitive collaboration enabled through a cloud-based financial platform allows you a centralized location to easily import data from other software-based applications, such as Microsoft Excel, CSV or hundreds of general ledger systems.

Cloud also offers file update synchronization in near real time, which is especially important and useful during staff-to-staff collaboration. It's often the case in accounting firms that multiple professionals may be working on the same engagement at the same time. In this case, it's important to ensure changes made will appear quickly and seamlessly for everyone.

Cloud platforms remove collaboration barriers and create new opportunities to communicate



Transparent Engagement Management

Transparent engagement management sees the application of a data-mining practice intelligence solution to draw out and understand insights from all engagements. Through the use of cloud-based engagement management tools, such as Caseware's Sherlock, it's possible through automated data mining to reveal current and historic risks within accounts.

From a project management perspective, cloud-based engagement management makes it possible to dig deeper into individual documents to expose what may have been modified, by whom and when.

Such functionality provides strong risk mitigation and the ability to identify problematic engagements that may require greater concerted effort to manage. Rather than sorting through and opening individual files, daily updating through a data-mining solution helps you understand insights and easily

and quickly discover the status of engagements, as well as those that may be overdue.

It's all presented to a user on an easy-to-read dashboard view and can even be used for benchmarking clients within specific industries to draw out performance comparatives. For example, an accounting firm may want to assess potential risks that may loom for areas of specific industries in order to move proactively.

Operating in a hybrid cloud model, Sherlock mines engagement data automatically, including financial data, risk and issues staff might enter. It's a radical change in how risk management can be tracked.

Cloud-based engagement management makes it possible to dig deeper into individual documents



Strong Permission Protocols (Security)

Due to the sensitive nature of accounting data, the foremost concern related to adopting cloud accounting software is data security. Cloud accounting software providers take various steps to address these worries, including making sure their products and services are in compliance with industry standards.

Secure threats are on the rise. In Caseware's [2022 State of Internal Audit Trends Report](#), more than 70 percent of respondents said the global pandemic has caused an increase in fraud threats in their organization. Only 22 percent said the level of fraud has remained about the same.

The reason behind fraud increases may be partially due to a wide-scale move to remote work. In a follow-up question, respondents were asked: Has remote working made it more difficult to prevent fraud within your organization? Overall, 43 percent said "yes" while another 46 percent said "somewhat," suggesting a strong correlation between increased fraud threats and remote working.

A cloud environment provides a much more secure IT infrastructure than most in-house networks. By utilizing access controls, it's possible to determine who within an organization has access to the system and to what depth. Passwords and multi-factor authentication are typically a first level of security, but once inside, system administrators need to be aware of what users are authorized to see and modify.

When choosing cloud accounting software vendors, it is imperative to look into their competency in securing their services. Two of the most adopted industry standards that can provide reasonable assurance are ISO/IEC 27001.2013 and SOC2. Be sure to ask your vendor to provide their certifications and reports to verify that they are in compliance with these industry standards.

Regardless of the size of your accounting practice, there will always be special cases where it's necessary to control who can see what. An example would be the preparation of a tax return for a high-profile customer who does not want their

information known by anyone other than those who work on their file. Or in the case of performing a client audit, it's essential to ensure everyone working on the audit is independent and not in a conflict of interest. In that case, it's important to control and restrict access to those who are authorized.

Larger firms have the additional need to lock down who can sign off on documents or perform updates. Caseware Cloud offers granular access control at various levels that provides best-in-class security. In desktop environments, security is managed at the engagement level — creating a folder where data is stored on a desktop. Large accounting firms often work on thousands of engagements, which makes it extremely challenging to manage and update security for each individual engagement.

Take, for example, the case of an accountant who might leave a company. When that happens, it could be necessary to search through

A cloud environment provides a much more secure IT infrastructure than most in-house networks.

and individually update thousands of client engagements to remove access for that departed employee. It's an expensive process to perform and often takes many hours to complete.

In a cloud environment, individual engagement lockout can likewise be performed, but user access defaults to the client rather than the engagement. That means account security restriction is simply a matter of removing that same person at a client level, which would automatically lock out access to any number of engagements associated with that client. It's a much faster, simpler and more efficient approach to file permission management.





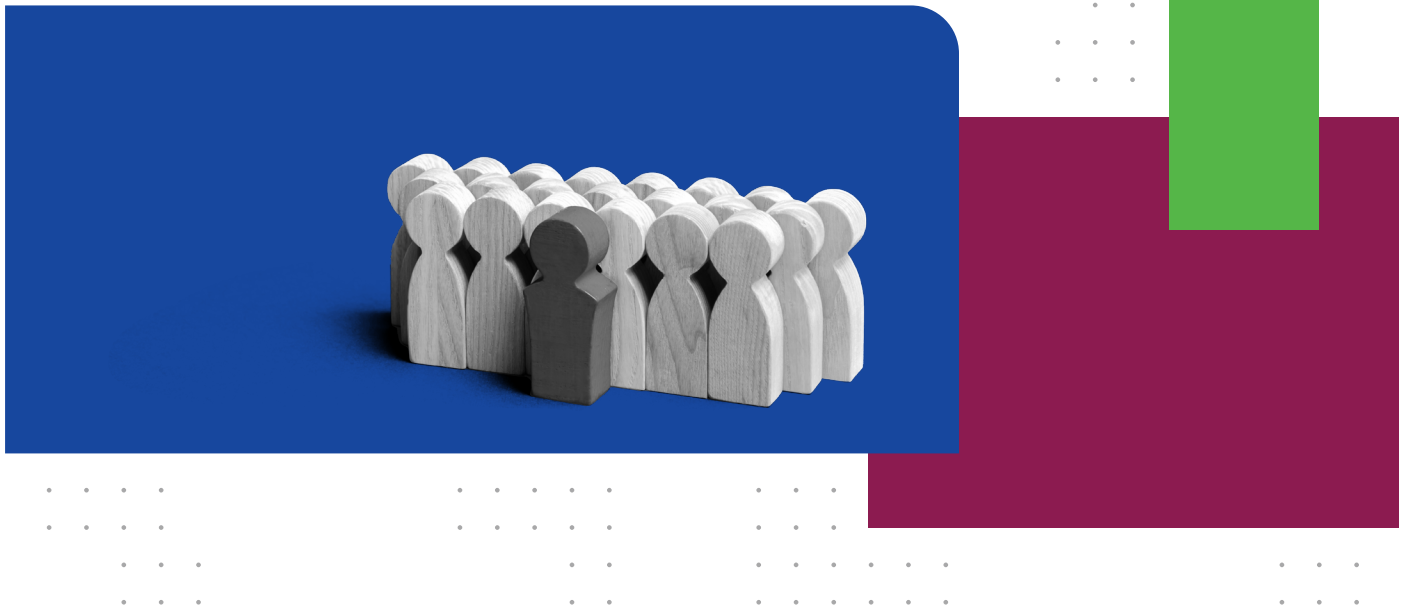
Reduced IT Maintenance, Costs and Upgrades

Applications in the cloud automatically update and refresh, rather than relying upon an IT department to perform manual, organization-wide updates to in-house software.

Traditional maintenance on servers and desktop systems typically happens through prompted updates or patches requested or mandated by software vendors. That often requires performing these tasks initially in a test or production environment to ensure systems don't fail. An IT systems manager is often required to manage, test and back up systems. For smaller accounting firms, they may need to hire specialists and professionals to do the job.

However, in a cloud environment, the cloud vendor manages changes, upgrades and any required ongoing support and maintenance. And there's no need or cost for additional servers, IT staff members or backup storage equipment.

As a result, accountants are free to concentrate on their core business, rather than expend money, time and effort wrestling with tricky IT systems.



Talent Acquisition and Retention

Cloud enables the notion of “work your way,” providing access anywhere and at any time. This differs from the traditional desktop software model, in which workers are only able to access resources from a specific location, from a specific desktop device, or only during specific hours or days. Cloud computing delivers the kind of flexibility that has become essential during the pandemic, and it is an approach to work that is attractive and preferred by younger professionals.

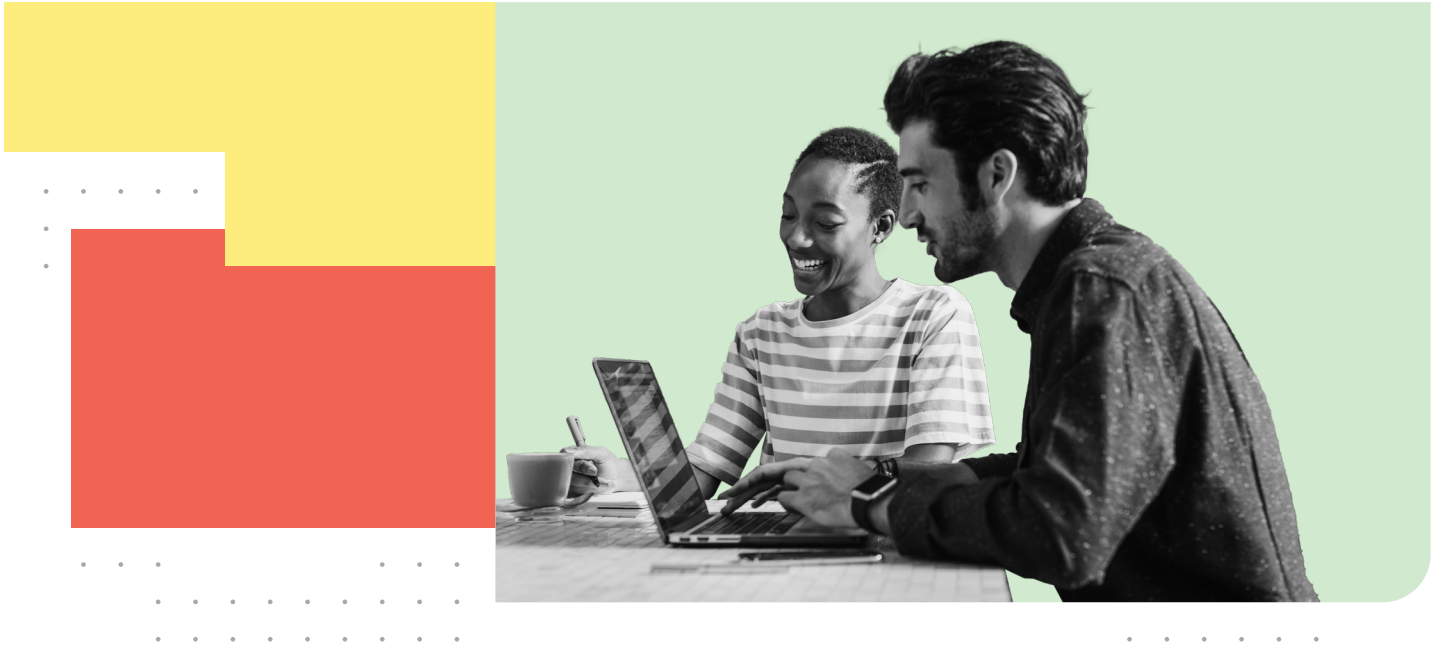
Individuals and teams use the power of the cloud to work from anywhere with real-time access to the same files, which makes team collaboration more efficient.

Many firms are challenged to support modern and familiar technology for today’s accounting

professionals who use distributed computing in their daily lives and likewise seek the same or similar experiences in their professional lives. Cloud is the way computing happens today.

And for a generation of new workers who truly care about the environment, cloud infrastructures power virtual services by eliminating the need for localized physical hardware and other products. It also cuts down on things such as paper waste and, through the work-your-way model that often eliminates the need to commute to offices and other fixed locations, cloud supports energy efficiency by reducing power consumption.

Individuals and teams use the power of the cloud to work from anywhere



Caseware's Cloud and Hybrid Cloud Solutions

What is Caseware Cloud?

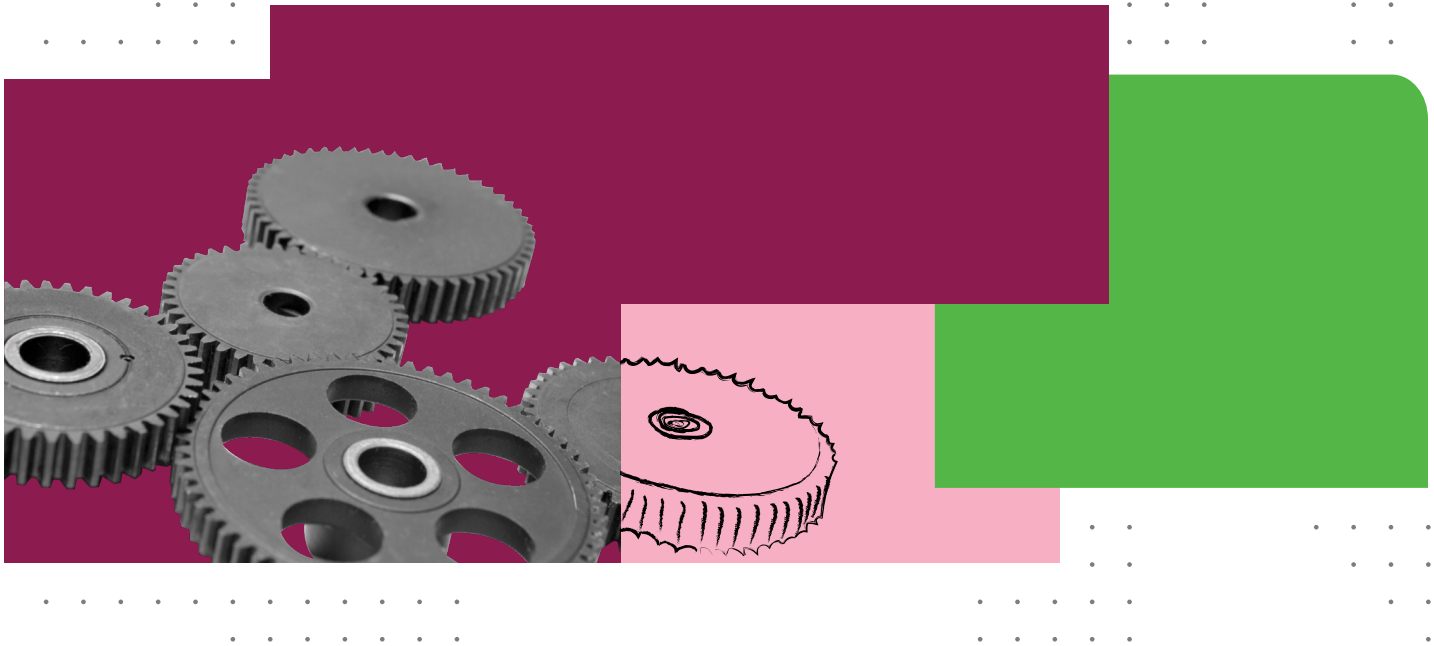
Caseware Cloud is a web-based platform for managing your accounting organization and workflows. Its features and apps combine to provide a convenient and centralized solution for the management of both your organization and your engagements. Caseware Cloud is a secure portal that allows you to continually take the pulse of all your projects and engagements anytime, anywhere — with peace of mind.

Caseware Cloud is hosted on Amazon's AWS web servers around the world. Customers can request a specific region for their cloud environment. AWS is PCI Level 1 and Level 2 certified, ISO 27001 certified, and compliant with all major security control frameworks. These security certifications are issued by authoritative international standards bodies.

Caseware Cloud is built with security in mind every step of the way. Caseware engineers constantly perform tests to ensure only quality and secure code reaches its production environments. A wide array of vulnerabilities are tested for, including SQL injection, cross-site scripting, tampering and session and authentication vulnerabilities, among many others.

The cloud platform also enables advanced services that allow firms to work in ways never before possible. Applications such as Caseware Sherlock, for instance, allow practice leaders to apply powerful data analytics to their large stores of engagement data. This allows them to spot previously unseen trends and patterns that ultimately lead to more effective decision-making.

Caseware Cloud is built with security in mind every step of the way



Hybrid Cloud — Caseware Essentials

Cloud technology has allowed accountants to eliminate outdated, manual and paper-based processes, while enhancing controls, visibility and the client experience. This is vital when trying to build a successful practice that will thrive in the long term. Yet, for some, it may not be as easy to migrate all of their processes to the cloud at once.

That's why a hybrid approach may be the best solution for such firms as they begin their journey to the cloud. By integrating desktop applications with those that are cloud-based, all aspects of a practice can be brought into one seamless workflow.

Caseware Essentials — Caseware's hybrid cloud solution suite — lets businesses gradually evolve

their workflows by combining the best offerings from both their Caseware desktop and cloud platforms.

In this environment, your organization can benefit from the familiarity of Caseware Working Papers while tapping into the advancements and accessibility that cloud brings. Setting up a hybrid cloud environment can help your organization eventually transition to a purely cloud-based environment if you choose to do so at a later date.

Caseware is helping accounting firms seamlessly adopt cloud technology to ensure they are equipped for today's — and tomorrow's — challenges and opportunities. Learn more about Caseware Cloud today.

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