

DISPELLING THE MYTHS OF ACCOUNTING IN THE CLOUD

# THE 5 MOST COMMON MYTHS SURROUNDING CLOUD-BASED ACCOUNTING

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POSTMODERN ERP

# INTRODUCTION

The traditional model for buying accounting software was to pay an upfront license fee and then on-going maintenance or upgrade charges. This often involved a large initial capital outlay – both in terms of purchasing the software itself and the hardware to run it. As software has become more complex, it also means companies require specialists in particular software to configure, manage and offer support on an on-going basis.

In the past decade, however, accounting software has changed and there are now a range of options available to meet all companies' needs on-demand. These Cloud or "Software-as-a-Service" (SaaS) applications allow businesses to use the latest software developed on a subscription basis, removing the need for upfront capital investment in terms of hardware and software, as well as upgrade costs. It also means that businesses, no matter what their size, no longer need to manage and support accounting applications in-house, as that is taken care of by the company supplying the service.

This e-book examines some of the myths associated with using cloud accounting software and provides a checklist of things to consider when looking at this type of application.

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Cloud is less reliable and less secure than on-premise applications

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With Cloud, businesses lose control of data

3

The technology is new and unproven

4

Cloud applications are less feature-rich

5

The only real benefit of moving to the Cloud is cost savings

## The Challenge of Change

Not everyone is comfortable with change, yet it's a constant of modern business – particularly when it comes to technology. Whether it's as a result of new regulatory requirements or improved efficiency, companies are continually looking at the latest technologies and how they can help them.

The adoption of Cloud solutions is one way in which a business can become more effective, improve efficiency and save money.

However, businesses need to select the correct application for their needs and ensure they are working with a reputable vendor



## **CLOUD IS LESS RELIABLE & LESS SECURE THAN ON-PREM APPS**

Cloud vendors understand that security is one of the key considerations for businesses and have all developed policies and infrastructure to safeguard clients' data. They are dedicated to developing and delivering the application, and provide a level of resilience and security well beyond the majority of in-house systems – these include guaranteed levels of availability, daily remote backup, business continuity provision and also remote access, which means that data is not stored on laptops or desktops that could be lost or stolen.

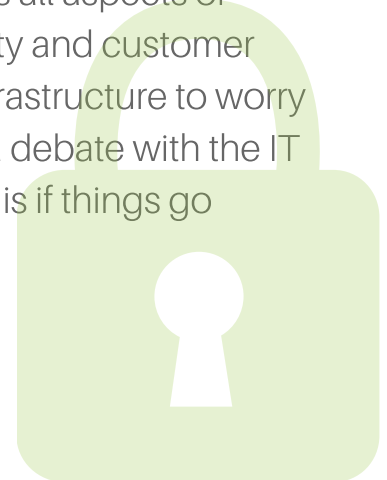
An organisation would have to spend hundreds of thousands of pounds to come close to providing the same degree of facility offered by the modern, world class data centre utilised by most Cloud solutions. In fact external security audits, for standards required by credit card companies such as PCI DSS or anything else required on behalf of clients, are carried out on a regular basis.



## **WITH CLOUD, BUSINESSES LOSE CONTROL OF DATA**

Clients can exercise complete control over their data by defining the right service level agreements – in the same way as customers' money in the bank remains the customers' money, data remains the property of the user. You change supplier, you take your data with you. It is worth understanding where the data is stored, as it may be governed by different access and privacy laws.

Most Cloud vendors offer comprehensive service level agreements which address all aspects of confidentiality, service availability and customer support. Because there is no infrastructure to worry about, there's no need to have a debate with the IT function as to whose problem it is if things go wrong.



### **3 THE TECHNOLOGY IS NEW AND UNPROVEN**

Everyone who uses the internet uses the Cloud in some form, most commonly with banking, tax submission (e.g. HMRC), webmail and social networking applications, so it is certainly nothing new.

In the business environment, the Cloud has been used effectively for over a decade with applications like Customer Relationship Management (CRM) from vendors such as Salesforce.com becoming a major player. All the major vendors such as Oracle, SAP, IBM and Microsoft are 100% committed to migrating to a Cloud based model. W

Whilst this may take some time, it is only a natural progression for other types of business applications, such as accounting, to follow.

### **4 CLOUD APPLICATIONS ARE LESS FEATURE-RICH**

Contemporary Cloud accounting applications tend to not only be easier to use than their on-premises cousins, but also provide advanced functionality beyond simple bookkeeping.

Users are presented with pervasive functionality giving everybody the information they need, on demand, anytime from anywhere. Using the right solution should allow for information to be easily shared both inside the organisation and externally with accountants and other trusted parties or suppliers.

Integration with line of business solutions and everyday tools such as Microsoft Excel along with sophisticated reporting and analysis is a given.



## THE ONLY REAL BENEFIT OF MOVING TO THE CLOUD IS COST SAVINGS

Cost has often been considered as the major driver for businesses looking at cloud applications, however, these types of applications have a much wider range of benefits – including the flexibility to use them wherever there’s an internet connection, which means that people reduce their downtime and can work with colleagues even when they’re away from the office.

According to latest research from Aqilla, the reality is that cost is no longer the only factor driving adoption of cloud applications. The majority of finance professionals see the ability to use applications anywhere and collaboration with colleagues as being more important.

The research, conducted at a series of events held across the country by the Institute of Chartered Accountants in England and Wales (ICAEW) and followed up one year later by Aqilla, highlighted that more than three quarters (76 per cent) of respondents saw flexibility as a key benefit of cloud applications, with 52 per cent impressed by the ability to share information more effectively across the whole business. Surprisingly, less than one third (30 per cent) cited value for money as the reason why they switched.

