



M-Files[®]

4 Accounting Industry Digital Transformation Challenges

(and How Information Management Instantly Solves All of Them)



CHALLENGES

In the past decade,

as our habits have been completely overturned by newer and more affordable technology and the way we approach work has shifted following big societal changes, many industries have seen their fundamentals shaken.

Companies had to rethink the way they do business to the roots in order to survive, and many new players have leveraged emerging trends to pose a serious threat to incumbents.

The accounting industry is no exception. Growth has picked up after the decline following the Great Recession, and the sector is growing at a steady pace — about 3% annually in the United States, for example. Nonetheless, accounting companies have faced, and continue to face, challenges that cannot be underestimated.

In particular:

1. Increased reputation risk to have **data and sensitive information stolen or compromised**. Most in the industry think of data leaks in terms of when, rather than if.
2. More **intense scrutiny by customers**, whose expectations have changed and are now demanding more.
3. **Decreased prices of products and services** offered, which makes it more difficult to deliver top and bottom line growth.
4. A **changed workforce** that no longer tolerates having to spend their working days with paper and manual processes and demands instead to be challenged with interesting and relevant tasks.

Within the same timeframe, M-Files has worked with companies in the accounting industry to implement new ways to manage information that could fit with their changing needs.

Keeping Client Information Secure

Accounting services firms handle an enormous volume of confidential client information.

From details about tax payments to sales figures, personal identification data and classified business communications; the documents containing this information are delicate. When they fall into the wrong hands, the bond of trust between the company and their client is broken.

A 2019 IBM report on data breaches points to two main sources of threat:

- **External** | When a hacker attempts to gain access to information like personal identification numbers or credit card data, that they can then use to commit other types of fraud.
- **Internal** | When employees accidentally email the wrong person with a sensitive attachment, or a disgruntled former staff member tries to take certain documents with them.

One way or another, the cost for the organization is extremely relevant, both in terms of customer turnover — the same IBM report estimates lost business to be the biggest contributor to the whole cost of a data breach — and in terms of company image and reputation.

Working with accounting firms on this issue, we have found that a flexible information management environment can help address security requirements.

The Role of Information Management

“Who needs access to what?” is a great place to start the conversation about how to better manage and secure client information. Accounting services firms can greatly benefit from having systems and procedures in place to ensure that **access to certain types of documents and information** is only given to employees with relevant roles or in relevant groups at the right time. For example, if somebody’s input is needed when drafting an offer, there is no need for them to retain access to the document subsequently. With a similar logic, when staffers are promoted or leave the company, their access permissions should be modified accordingly and automatically.

SECURITY





“The problem we had with our previous system, a flat file storage, is that it was really difficult for us to control. The groups were more or less controlled by the user telling us who should be part of it, and as people joined or left the firm, we had to continually manage that. In the M-Files environment, we are integrating our directory, so that as people join or leave the groups or the subgroups, they will automatically be members of the departments or of the appropriate areas. And if there is the need to lock it down further than the group, we can do that.”

- David Bennet, CTO, Mazars UK

The way documents are shared is another big piece of the information security puzzle. Accounting firms use emails and attachments widely to collaborate with colleagues and clients, and this is one of the biggest threats. Once an email is sent and a document shared, there is no control over who has accessed it, when, and what will happen afterwards. Relying on information management means moving away from email attachments and into an environment that provides trackability of documents — as well as maintaining **control and visibility on shared documents**.

Flexibility in the choice between cloud or on-premises storage of information is another important factor. Cloud has some clear benefits — namely easy maintenance, fast scalability and lack of upfront

investments. And yet, whether to meet local regulations or customers' expectations, accounting firms are often better off with a **truly hybrid information management system**, enabling them to choose quickly what information to store where.

Finally, with all this in place, it becomes easy to respond to audit requests. Imagine being able to prove you are following the most recent standards or that you are operating according to your customer's desires in just a few clicks. Collecting **the right information and evidence in minutes** rather than days saves everybody a lot of time.

This is how information security for accounting firms looks like with intelligent information management.

Safeguarding Client Information



Enhancing the Customer Experience

In a world where people can find most answers on the internet, the need for specialized knowledge is jeopardized.

Even in the accounting industry, maintaining customer loyalty is thus becoming more and more about creating an excellent customer experience. And this is happening as customers' expectations are changing.

Gone are the days when a customer pays and months later a consultant returns with a deliverable and an invoice. Customers want a more collaborative experience, in which they are constantly given information about what is happening. They want faster, personalized services. And they want a transparent pricing system that does not charge them for the inefficiencies of the service firm.

Accounting firms are now putting the customer at the center of their offering. They are doing this by focusing on two areas:

- 1. Eliminate obstacles that prevent personnel from serving the customer best.** Making information about customers and matters accessible when they are needed, in order to make better decisions and avoid the duplication of documents and requests.
- 2. Reducing friction and costs to focus on delivering the service.** Throughout the customer lifecycle, many processes are transformed from manual and paper intensive to automatic and digital, ensuring that personnel can focus on high value tasks.

A solid information management system can prove to be the cornerstone of the relationship between accounting firms and their customers.

CUSTOMER





“Using the advanced search capabilities in M-Files, we can locate the correct and accurate versions of customer files in seconds, which has helped to significantly improve our customer service. In our business, meeting deadlines is crucial to ensuring superior customer service. With the powerful workflow capabilities of M-Files, we’ve streamlined processes for completing tax filings, preparing financial statements, and paying invoices, which enables us to keep our customers happy.”

- Gail Biere, Accounting Services Director, PSK

The Role of Information Management

Where is that customer contract? Did they sign it already? Is this the most recent version of their financial statement? How much time will it take us to respond to them with the information required?

These (and many others) are questions our accounting services customers were struggling to give a prompt answer to. It’s not surprising that these are common questions lobbed around when documents are stored in different systems, exchanged via email, or archived on someone’s laptop.

When information management is done right, all information related to a customer can be accessed when needed; it does not matter **if the employee is working from home, at the office or at the**

customers’ location — as is more and more common nowadays. A typical situation with archaic hierarchical network folder structures is one where more versions of the same document are available. That’s confusing and it can be prevented, leaving personnel to spend their time more effectively. This is also valid for the different matters related to a customer engagement, past and present, so that better decisions can be made when consulting for a customer over an extended period of time.

Speaking of client matters, how each one of them is carried out represents a considerable portion of the customer experience. Delays and mistakes make customers skittish about the relationship, and that’s why information management **safeguards crucial steps in a matter lifecycle**, using automation to ensure no step is overlooked and no detail is left behind.

Clients Want More



This starts with the initial RFIs and RFPs that accounting companies painstakingly try to prepare on time and with precise information. Then there are contracts in their different stages: from drafting to revision, from signature to renewal. With a system in place that moves the document from person to person, collecting input and sending notifications the moment a new action is needed, deals get closed quickly and personnel can start delivering value early. And when a matter is closed, information management can support the finalization documents and closing the engagement out, as well as archiving, securing and retaining (or disposing of) all necessary information.

With information management protocols in place, at any time and for any reason, relevant staff can **access all needed documents with a simple search and a couple of clicks**, considerably reducing the time it takes to move from information gathering to action.

Imagine a situation where a customer wants clarification on the work the accounting firm has carried out for them. The customer has doubts and wants reassurance that the correct processes have been followed and the appropriate information has been processed. What if you could get back to them with all the details in a matter of days, rather than weeks?

This is how customer experience for accounting firms looks like with intelligent information management.

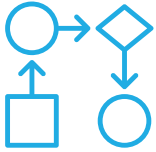
It's a Buyer's Market!

As customers get a more central position in the offering of accounting firms, the price charged for services provided comes under increased scrutiny.

Nowadays, it's easy to shop around, and eventually the customer will commit to the firm that can offer fixed and transparent pricing combined with simpler, more convenient and affordable services.

PRICING





“One of the big benefits we had not even planned is the workflows. We are using that in our Frauds, Forensics and Litigations group. They used to have a very manual process to be able to take a document and pass it on to a lawyer, who then had to check a box, then get it back to us. We have now automated that process within M-Files, and it’s a much smoother, much faster turnaround process.”

- Dave Burkin, CIO, Horne LLP

The competition is fierce. New entrants can leverage technology to provide low-end, repeatable services, without worrying about legacy systems that can be cumbersome and difficult to integrate in more modern processes. At the same time, incumbents want to maintain their edge, and to do so they need to perform a balancing act between:

- 3. **Offering products and services at lower costs.** Organizations are looking at their processes and procedures to optimize how resources are allocated and avoid waste, as value delivered cannot be decreased.
- 4. **Maintaining good levels of profitability.** As they commit to lowering operational costs, accounting companies also look for new ways to serve clients. Top of mind also is how to increase their customer base without having to scale out of control.

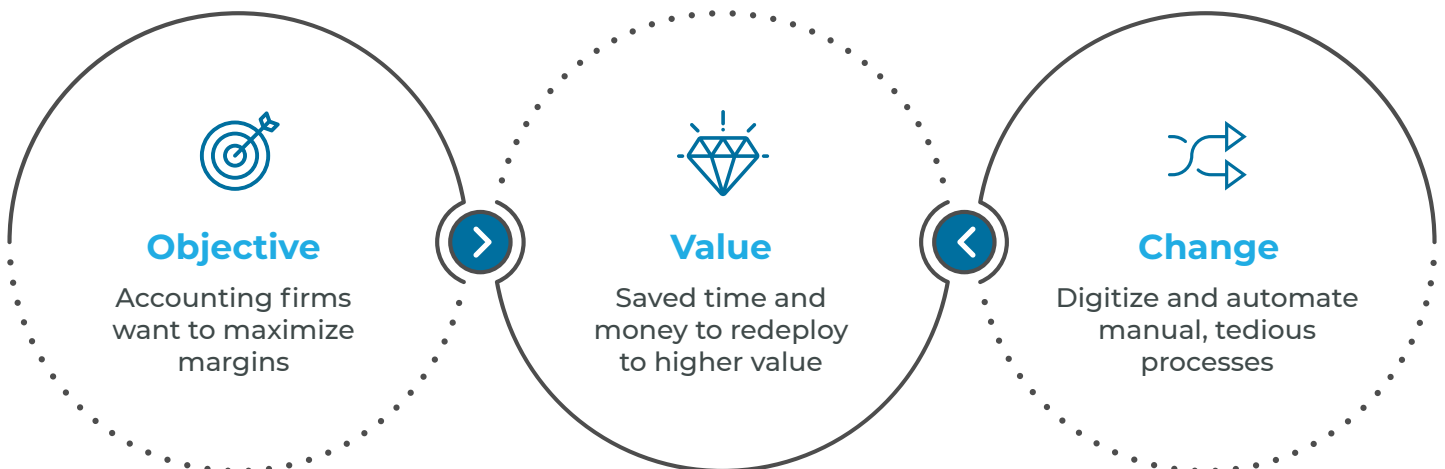
With information management, our accounting customers are saving time and money, while making space for their employees to focus on higher value opportunities.

The Role of Information Management

The cost of having people using their time to carry out tedious, manual work is way more than can be appreciated in a financial statement.

It is also visible in offices where the amount of file cabinets exceeds the amount of employees, on desks that look more like a paper waste facility than a work station, and in personnel that have to wander around offices to find the right piece of information, often having to ask colleagues, whose workday then gets disrupted as well.

Lower Prices





PROCESS

With the aid of information management, accounting firms can **reexamine how processes and procedures are currently carried out**, automate what can be automated, and eventually reallocate resources (personnel, space, time) to high-value activities that better serve the client and provide better returns.

We have seen previously how information management can significantly help in accessing the right information in its most recent version at the right time, no matter where it is stored. This breaks down silos and improves efficiency. We have also described how companies can benefit from digitizing and automating processes related to clients or matters, such as proposals, contracts and close-outs.

But there are also other areas in which efficiency can be enhanced, and this is why accounting firms that benefit the most from information management are those who take a serious look at **how things are done in different departments**, and creatively implement the new system to rethink the principles behind key processes.

Accounts payable (AP) is a good example of how this can be put in practice. It often features different steps, that can easily add up to weeks. Invoices are printed out and delivered to the right person for review and approval. This often requires collecting further documents to make sure the invoice is correct, and possibly involving different people in the process. When done, invoices are sent back to the AP team for payment, hopefully by the due date. No wonder invoices are often lost in the process, or the due date simply goes by while some actions are still pending.

In a different area, **employee training** can also be cumbersome. Whether it's for new hires or current staff, companies must make sure that people go through the correct documents regarding procedures or best practices. They also need to keep track of all training certificates to be able to prove who knows what and when somebody is due for a refresher. All of this often means a lot of emails and calls.



“One of the strengths of M-Files is its usability. If you look at traditional document management systems, it’s very difficult to use, you have to follow a set process. Whereas, one of the advantages we have with M-Files is that if you can use iTunes, then you can use M-Files.”

- David Bennet, CTO - Mazars UK



“We live in a world that is work from anywhere, anytime, on any device. The ability to do mobile, to do web, to work offline are all big pluses for us.”

- Dave Burkin, CIO, Horne LLP

Now, imagine how it would be to digitize and automate both accounts payable and training — the benefits that could be reaped in terms of time saved accessing information, employee satisfaction, paper-free work environment and office space availability.

This is how information management can enable accounting firms to reduce costs and find new, more valuable ways to serve their clients.

Workforce has Changed

Accounting firms are made of people. The services they provide are only as good as their workforce.

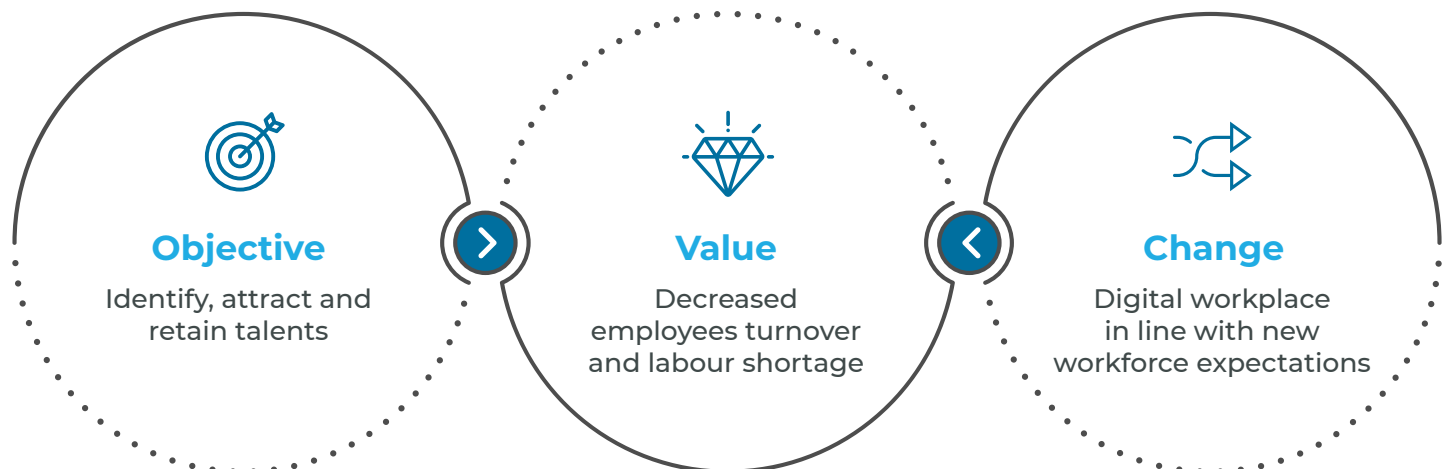
In the past decade, many things have changed in the way we all manage our personal and professional lives. Our expectations have shifted, particularly what we want from our job and our propensity for change. It was once normal to stay with a company for most of a career, sitting at a desk 9-to-5, Monday to Friday, often working on trivial tasks. Today we want work that is flexible, collaborative, temporary and highly technological.

Employees want to be challenged with relevant problems, find new ways to address them, and doing work in a way that contributes to forming their identities. What’s more, even if probably not as acute as in other sectors, even accounting is dealing with a shortage in skilled labor. In a survey conducted by recruiting agency Robert Walters for the UK market, for example, 60% of accounting firm executives are expecting to face skills shortages.

Balancing the needs of older and younger generations presents a challenge in itself. Accounting firms are committed on two fronts:

- 5. Identify and retain new talent.** We have seen how reputation is important when it comes to repeat business with clients, but it is equally relevant when filling roles and open positions on the job market.
- 6. Ensure old and new employees stay.** Having technology in the workplace is no good if it makes day-to-day work more complicated or if it does not become part of processes and routine, because it is too complicated.

Workforce Has Changed





CONCLUSION

Conclusion

The volume of documents and data any company is dealing with will only get bigger in the future. Accounting services firms are no exception, and since time is their most valuable — and limited — resource, they need to make their wealth of information a facilitator of growth rather than an impediment.

We have worked with accounting customers for over a decade, and we walk alongside them through the many changes the industry has experienced. In this whitepaper, we have shared things we've learned along the way and made the case that information management enables the modernization and digitalization of accounting processes and procedures, delivering tangible improvements to both the top and bottom line.

It can make information easily accessible, while at the same time ensuring that control is retained across its full lifecycle. It can automate document-intensive processes, so that no step gets delayed and deadlines

are met. And it can enhance the workplace by cutting on paper and costs, making it possible for the staff to focus on things that really matter.

We know that information management, and M-Files in particular, is the pathway to improved efficiency for accounting firms. And we want to close with two reasons why accounting firms consistently choose M-Files for their digital transformation.

Ease of implementation. There's no need to move your files from where they are, M-Files fits with the way your employees are working and with the tools they are using. It's also scalable, and that means that you can start with a pilot and then expand its use as you see fit.

Change management. M-Files is simple and easy to use, even for people who have no technology background. On top of that, our consultants and services are with you along the way, to make sure you can make the most of its implementation quickly.



“Our tax group actually went live with M-Files on January 15th, with an April 15th deadline. Which is very unusual for a tax group to be willing to take that risk. But they were, and they said it was the smoothest transition to a software they’ve ever had.”



ABOUT M-FILES

M-Files provides a next-generation intelligent information management platform that improves business performance by helping people find and use information more effectively. Unlike traditional enterprise content management (ECM) systems or content services platforms, M-Files unifies systems, data and content across the organization without disturbing existing systems and processes or requiring data migration. Using artificial intelligence (AI) technologies in its unique Intelligent Metadata Layer, M-Files breaks down silos by delivering an in-context experience for accessing and leveraging information that resides in any system and repository, including network folders, SharePoint, file sharing services, ECM systems, CRM, ERP and other business systems and repositories. Thousands of organizations in more than 100 countries use M-Files for managing their business information and processes, including NBC Universal, OMV, Rovio, SAS Institute and thyssenkrupp.

For more information, visit www.m-files.com.

M-Files has offices in eight countries. To contact one of our regional offices, click here: www.m-files.com/en/contact-us.

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