

FEAR NOT THE CLOUD – *WHY CLOUDBASED ACCOUNTING CAN NO LONGER BE IGNORED*

(5 Minute Read)



The idea of working in the *cloud* has been around for a number of years and we all know that one guy at the office party (when we could still safely enjoy them) who would, with great exuberance and fanfare tell everyone about his integrated home theatre security system accessible via his smartphone all operating from the cloud. It became something possessing mythical powers. You smile politely as he shows you a live security camera feed of his backyard and pool.

But that was then, and this is now, and the cloud is here to stay. It has also brought about its own downpour of technical issues, but no one can argue the convenience, reasonably low costs, and other benefits the cloud has given us. Consider for a moment how we've had to change our ways of doing business in the last few months. I know many households that have undergone major interior



design changes to compensate for this; dining room tables have become offices, living rooms have changed into classrooms and entertainment areas have become the new boardroom and Zoom Room. Current research claims that we might never return to normal office life and that the new economy will comprise multiple teams working from different continents across different time zones.

Welcome to 2021!

But what exactly *is* a cloud-based system, how does it benefit your ongoing accounting or financial management function, and what is the big *hype* really about?



Let's first look at what a cloud-based system is. Cloud computing or a cloud-based system, is a range of services delivered via the internet. This can also include a number of different computing elements such as servers, storage units, databases, networks, software, analytics, and Artificial Intelligence. One of the benefits of cloud-based systems is quicker innovation, better allocation of resources, and cost saving due to economies of scale.

I believe there are at least 6 important reasons why cloud-based accounting is becoming the preferred *go-to* solution and why it can no longer be ignored.

REMOTE ACCESS TO FINANCIAL DOCUMENTS

Due to the nature of cloud-based system, you can access your financial system anytime, anywhere and with a number of handheld devices such as your mobile phone, laptop, or tablet. Transactions such as approvals and payments can take place in real time and prevents operational delays, for example the delivery of ordered stock due to an unpaid invoice.

SYNCHRONISED UPDATES ON FINANCIAL RECORDS

Since all updates are done remotely, they take effect immediately, they are automated and improved software capabilities are available to your teams in real time. There is also a reduction in IT costs as callout fees or tech support is limited and can be maintained remotely.



SAFETY AND INTEGRITY OF FINANCIAL DATA

The integrity of your data is greatly enhanced as back-ups of records and financial information are automated and encrypted (usually end-to-end encryption). Cloud-based systems, by design, also incorporates back-up servers, many of which are not located in the country they provide the service to. This greatly reduces operational repair costs of sensitive IT equipment.



IMPROVED TEAM COLLABORATION

Since your entire accounting operation is no longer office based, sharing information and collaboration amongst team members becomes standard practice and seamless. Cloud-based software applications are equipped with team and project management tools, facilitating, and improving cooperation amongst teams. This greatly improves decisions making, internal communication, and team moral, especially where team members are not situated in the same city or office.

ADMINISTRATIVE COST REDUCTIONS

As all accounting records are captured and recorded electronically, your business will need less paper, files, and other administrative items. This also means less worry and lower costs related to the safekeeping and destruction of records in warehouses or other storage facilities. Records can in fact be kept for longer without any additional costs and can also be retrieved easy, without having been damaged in any way due to degradation (age), fire, water or standard wear and

tear. Imagine having all your current client records for the past ten years on a small external hard drive in the palm of your hand, or even better, located in the cloud, accessible on your mobile phone!



ROBUST FINANCIAL CONTROL

The most obvious benefit of a cloud-based accounting system is that it improves the overall financial control you have of your business. All records are live and active which means information is real-time and updated as transactions take place. Senior partners and support management teams are informed, in real-time, with notifications, reminders, and instant messaging of any financial movements.

CLOSING COMMENTS

Business owners are currently under immense pressure due to the ongoing pandemic and will continue to experience such pressures while the global economy slowly recovers and retracts over the next three to five years.

Businesses are now being managed and operated with a large number of employees working flexible hours from home-based offices and from different locations. Business processes and resources also have to align in order to support this new employment and commercial landscape.

Migrating from a static in-house or manual accounting-based operating system to a cloud-based system makes perfect sense to best capitalize on these new work force permutations and operating procedures.

Although the benefits of a cloud-based accounting system outweigh the negatives, there is at least one critical step in the changeover process which needs careful consideration, which is to create a detailed migration plan. The migration plan needs to specify estimated timelines, allocate specific roles, identify important tasks, and list critical line functions, while also identifying champions amongst the personnel. Involving your teams in the development of such a migration plan and making sure everyone in your team knows how the process will work and how progress will be measured, will greatly improve your chances of success at successfully moving to a cloud-based accounting platform.

Perhaps the time has come to embrace the convenience offered through cloud-based accounting technology and venture into this new and exciting space. Ask your accountants about the different software options they can offer. A few months from now it will be hard to imagine how you ever managed without it. You might get a bit of rain along the way but *fear not the cloud!*



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