

2020 IT Survey

January 2019



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This survey should not be relied upon as comprehensive guidance but as a reminder of the IT Survey completed by around 200 firms. The summary of results is written for accountants to help them think about their own Strategy, IT and related matters and to provide useful information.

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2020 IT Survey

The survey was carried out in December and January 2019. Over 200 participants responded. Please be aware that there are no claims as to the statistical validity of the results.

Key Findings

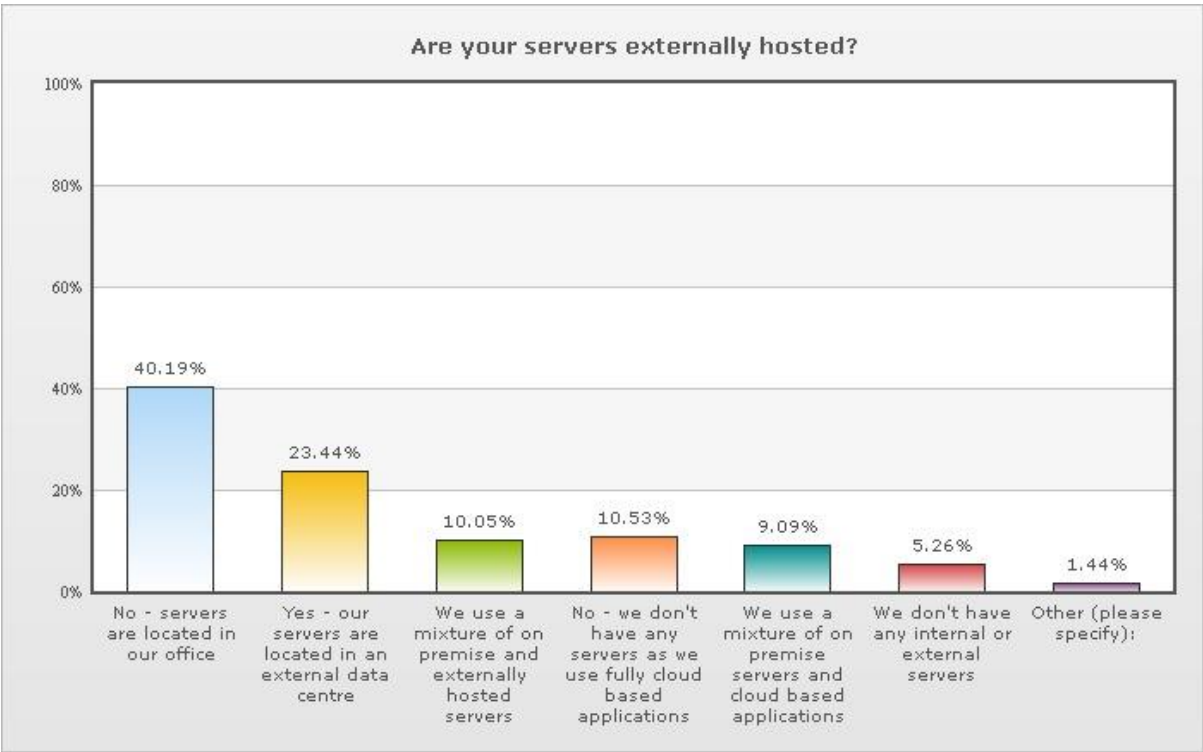
We asked how many were considering changing various software products, and it is quite surprising how many seem to think “the grass is greener” elsewhere, as will be seen later in this report.

As is to be expected, software satisfaction in most categories varied widely. What works well for some clearly does not work for others.

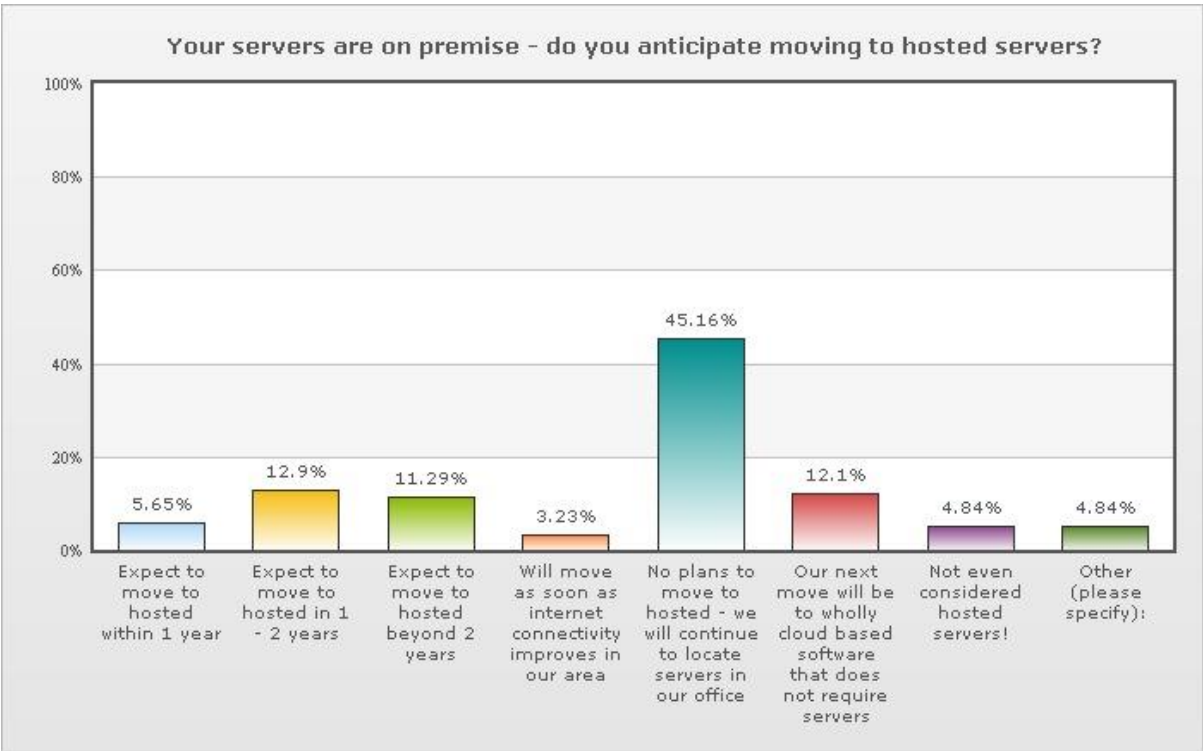
Cloud adoption is still patchy – some respondents being 100% cloud practices and some being 99.9% desktop software.

We hope you find the responses interesting and useful.

Servers



Where servers are in house.....



Commentary – Servers

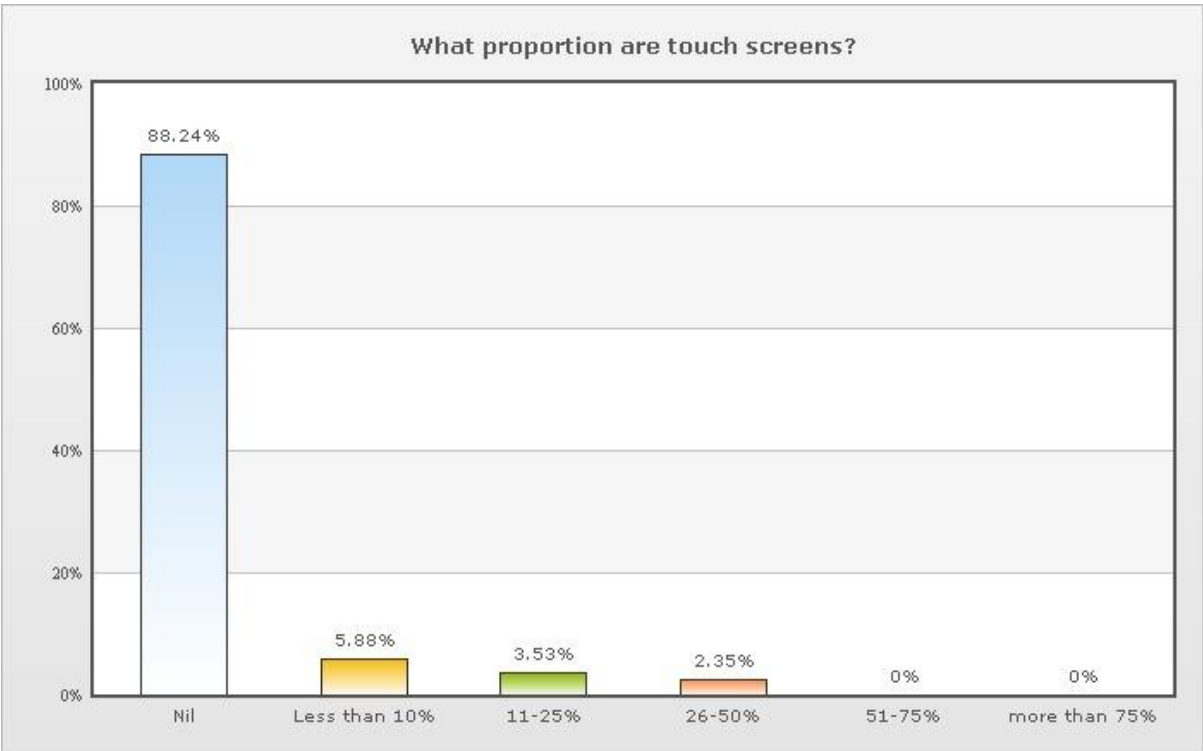
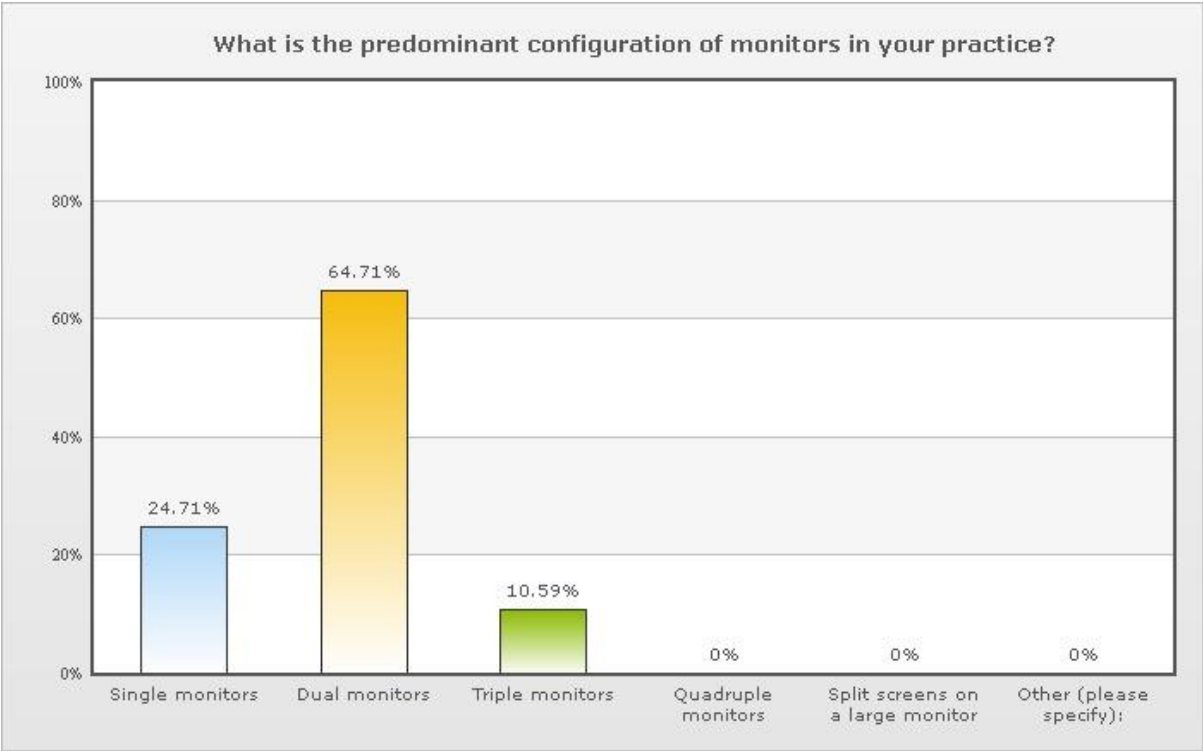
Over 10% of respondents use fully cloud based applications, and this is a trend we expect to see growing in future as everyone gets used to a subscription-based service. 12% are likely to move to fully cloud based solutions.

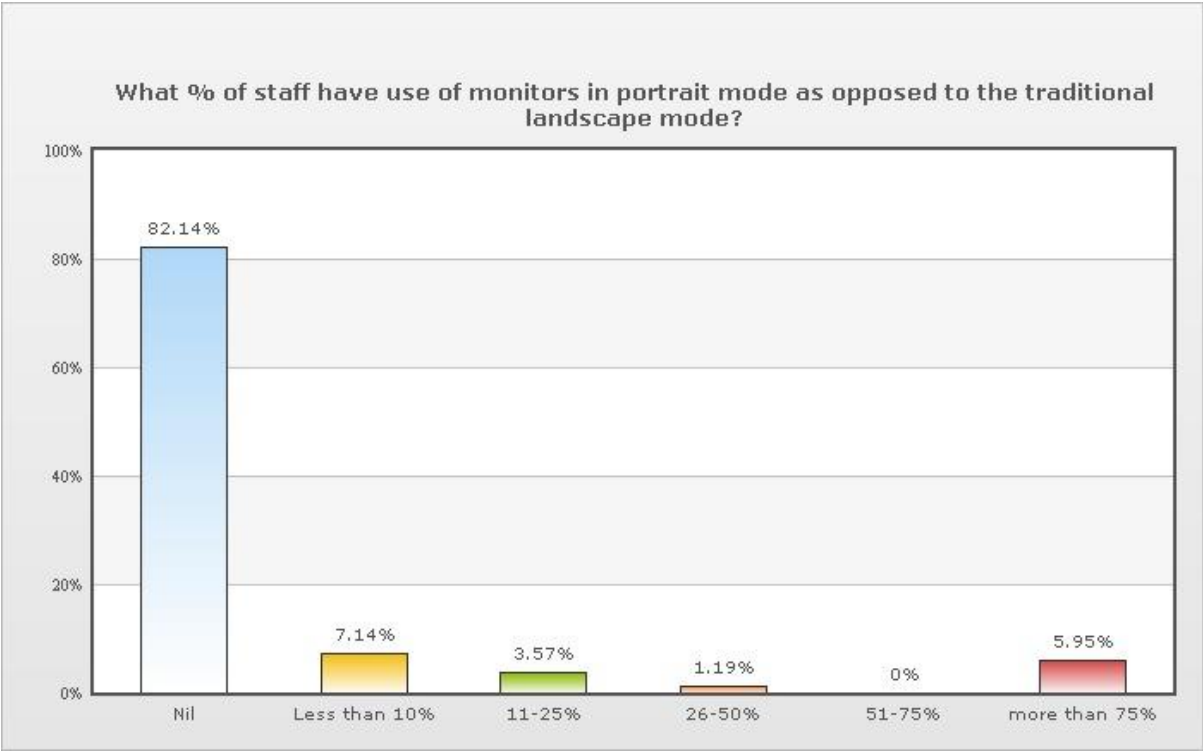
Still over 40% have internal servers, and a significant proportion do not expect to move to hosted solutions.

From a supplier viewpoint, nearly 50% of those that answered the question were using HostedDesktopUK, and just under 10% Hosted Accountants and Iris.

All users of the above-named products seemed quite happy, giving scores ranging from 6 – 10 for the likelihood of recommending the product to others, with HostedDesktopUk scoring particularly well, with 45.8% giving a 10 score.

Monitors





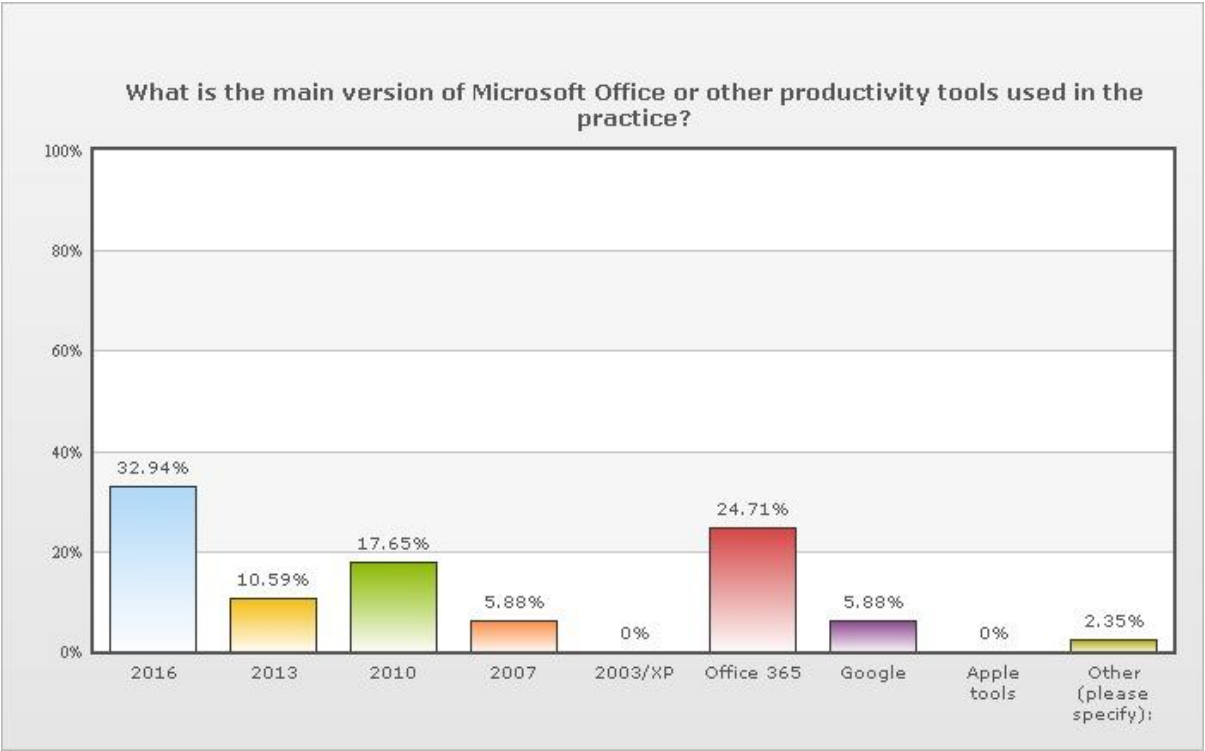
Commentary – Monitors

Perhaps somewhat surprising is that nearly 25% are still only using single monitors, with dual monitors unsurprisingly being the most common configuration. None of the respondents have more than three!

Whilst we are all used to touch screen technology on phones and tablets, this technology is not widely used on our monitors.

We all look at paper (generally) in portrait mode, yet 82% of respondents still use traditional landscape monitors, necessitating scrolling to view and read documents on screen. Maybe it is time to experiment and see if users prefer this mode.

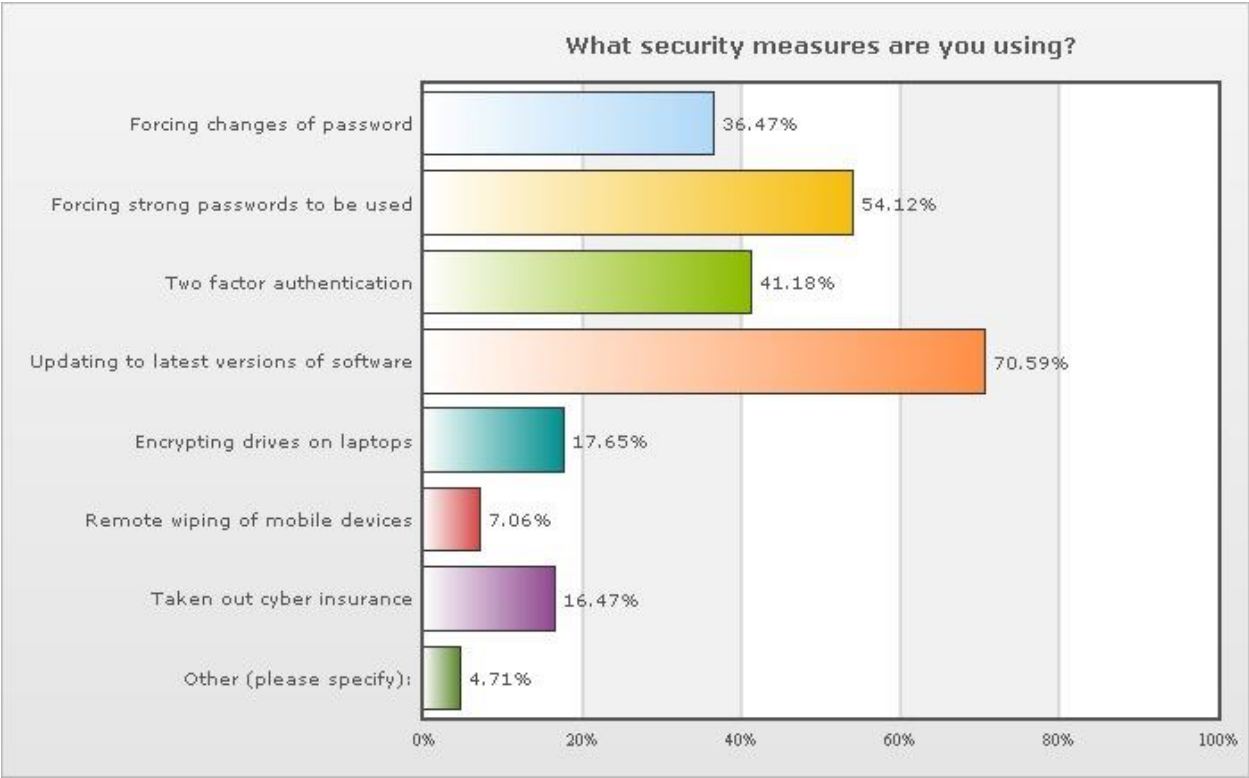
Office Software



Commentary – Office Software

Cloud based Office 365 and Google are showing quite strongly with a combined 30% of users. There are still over 20% of users using “old” versions of Office – 2007 and 2010. This does seem to conflict with the main security measures in the next section.

Security



Commentary - Security

Updating to latest versions of software is the most popular method of security. However, there are still 23% of users using 2007/2010 versions of Office!

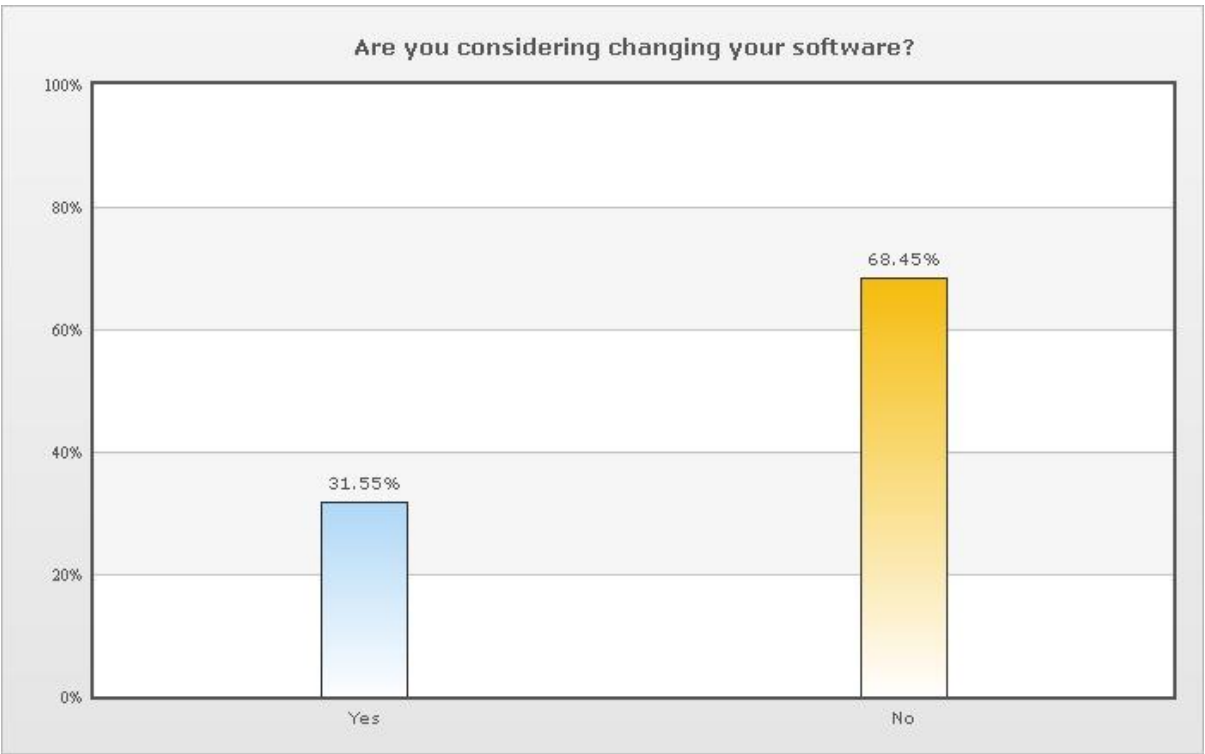
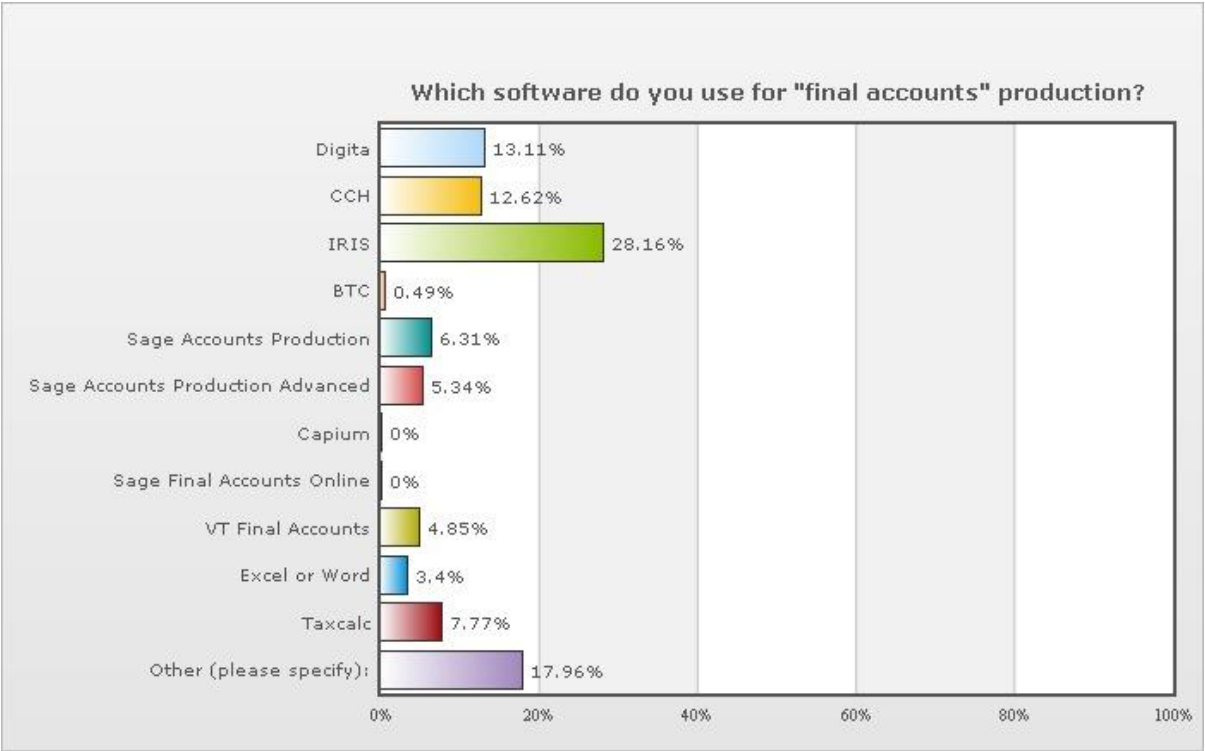
Given that laptops are more at risk than desktop PCs – theft, loss etc. and the GDPR legislation, it is perhaps surprising that only 17% have encryption on them.

Cyber Insurance also seems to be gaining traction.

IT Costs

IT Costs – Average %	
1. Average % of turnover spent on in house IT support	4.33%
2. Average % of turnover spent – Outsourced support / hosting	4.80%
3. Average % of turnover spent – hardware, servers, laptops, PCs, printers etc.	6.05%
4. Average % of turnover spent on software licences	5.96%

Final Accounts Software



Commentary – Final Accounts Software

It probably comes as no surprise that Iris is the most commonly used final accounts production software. Sage products are used by around 10%.

There are still a few using Excel or Word to produce accounts – however we do not know how complex these may be; whether they are company accounts, sole traders or just simple income statements. We have seen so many “issues” with accounts filed at Companies House where it is apparent that Excel is in use – how does a user manage to keep the templates compliant?

There were some products not listed but appeared in the “Other” category. Notable products listed were Caseware, Taxfiler and Relate software.

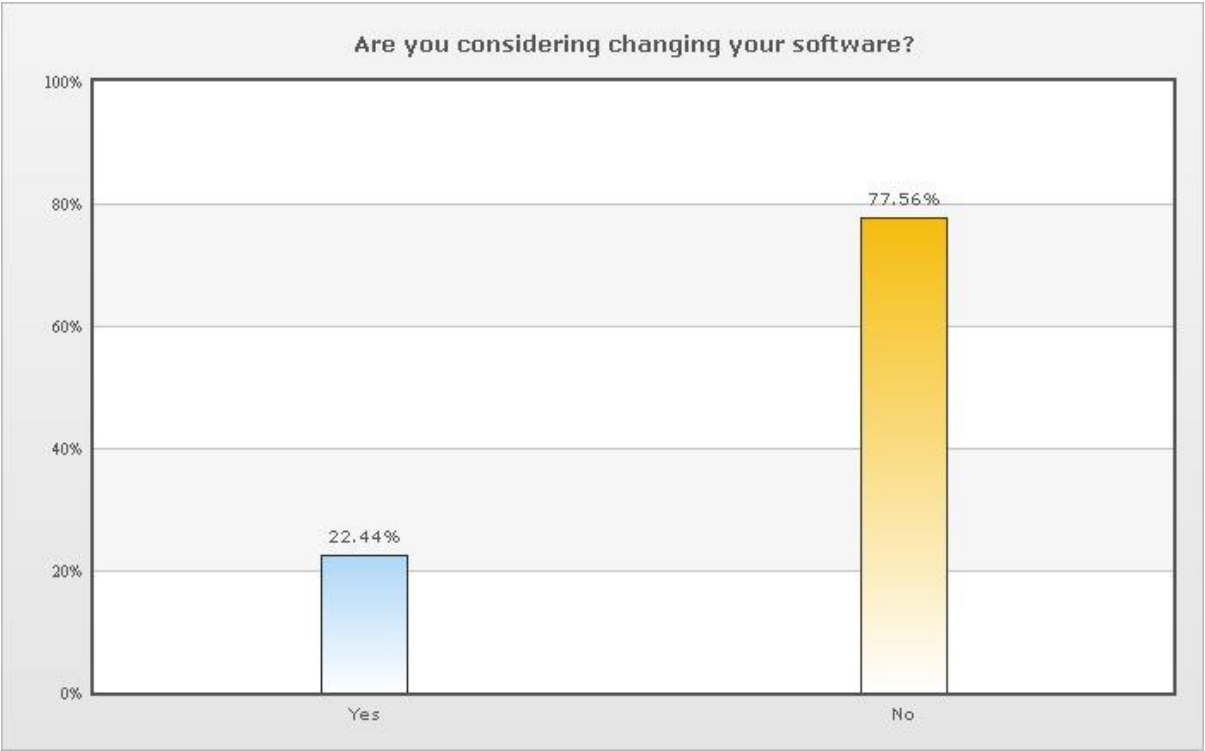
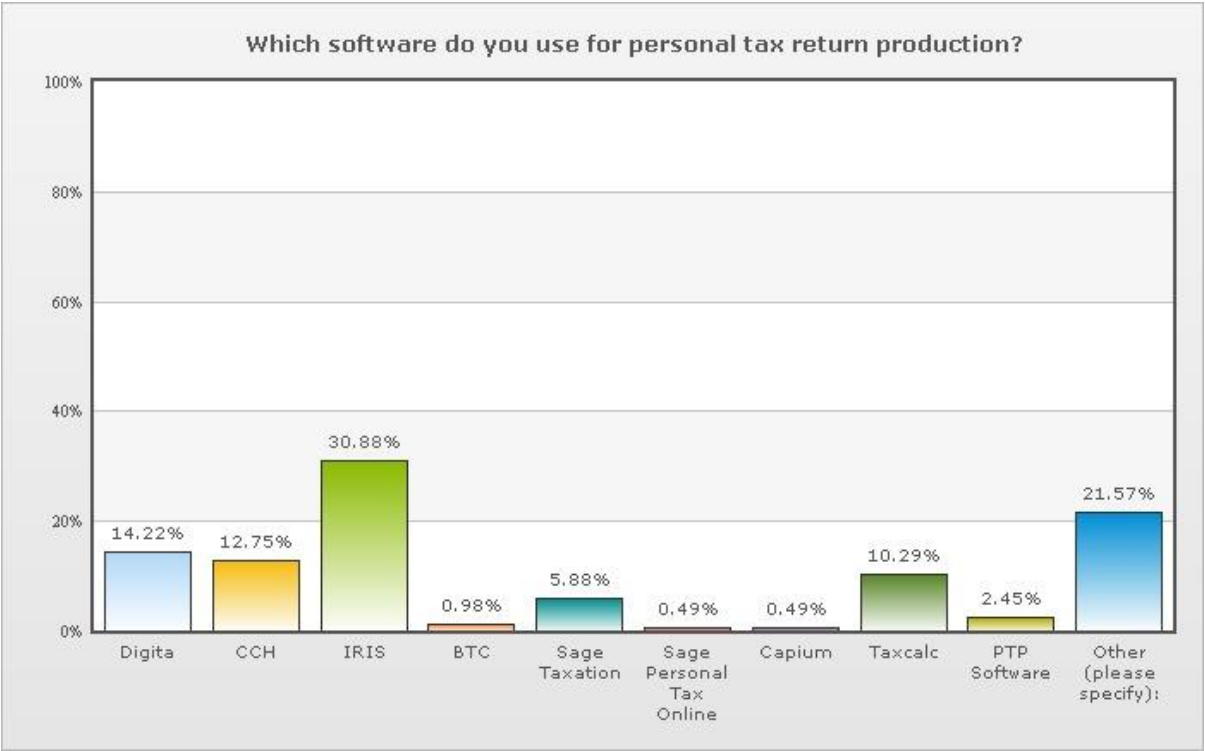
There was a wide-ranging rating in all categories for ease of use, quality of output and recommending to others.

The free text comments indicated that the products in use were:

- Too expensive (eye watering expensive was one comment!)
- Had large annual % increases
- Support was poor

For the above reasons, nearly 32% said they were looking to change provider.

Personal Tax Software



Commentary – Personal Tax Software

As might be expected with the IRIS integrated suite, given IRIS was the most used in the Accounts Production section, it is no surprise that it is also the most used personal tax software.

Taxfiler was the main name in the “Other” category.

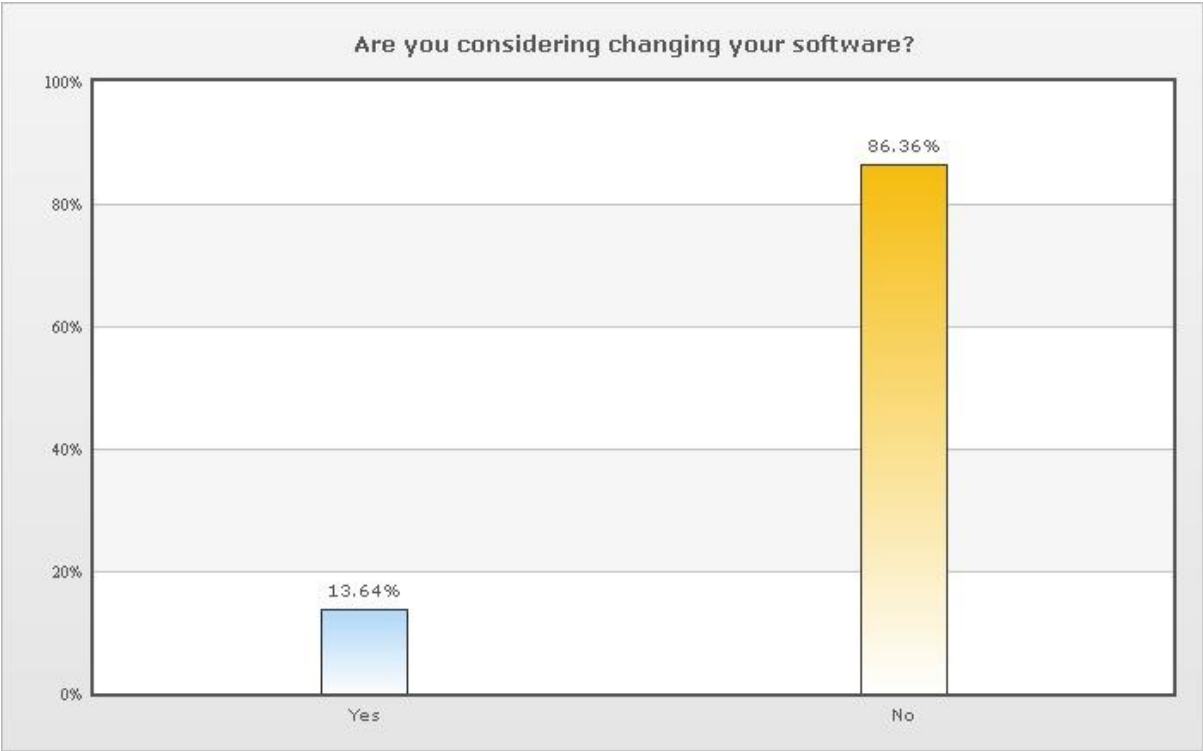
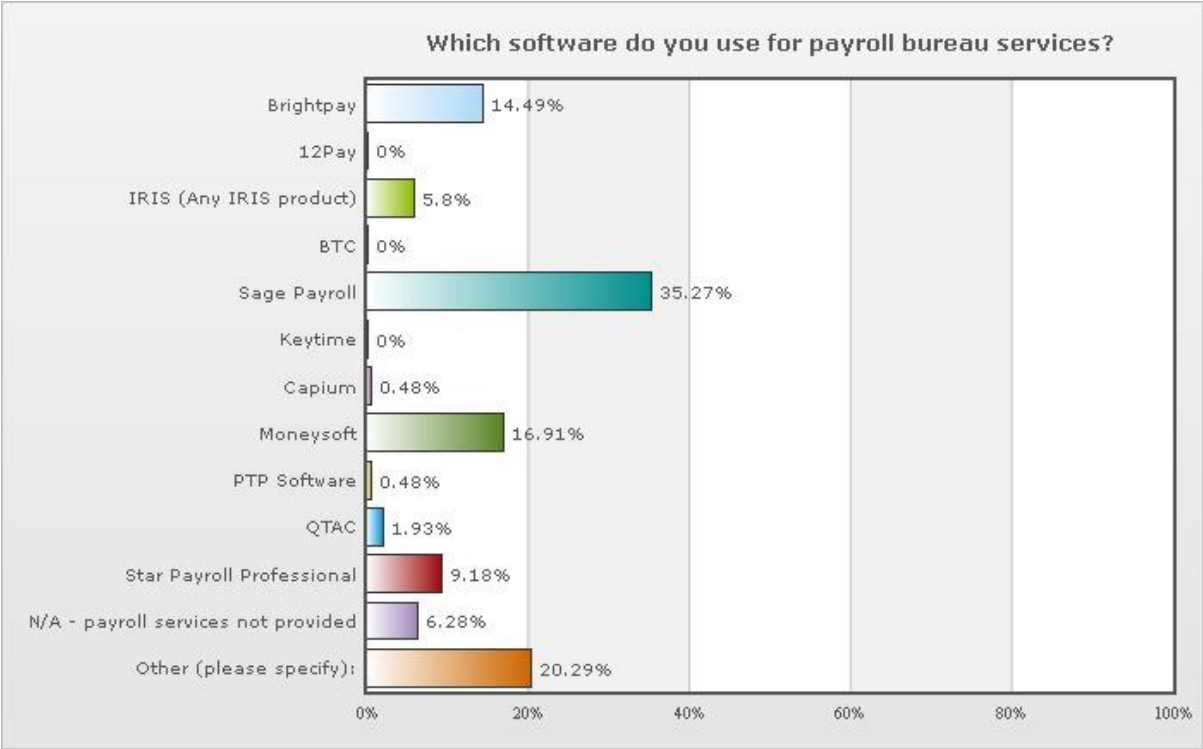
It appears users are a bit happier with tax software, with fewer looking to change.

There was once again a wide-ranging rating in all categories for ease of use, quality of output and recommendation to others. However, ease of use and quality of output in the 6-10 scoring was over 90%, with recommendation to others with a score of 6-10 being 84%. In fact, over 25.5% of the respondents scored a 10 in all three categories.

Reasons for considering change are largely the same as for the accounts production software – price being the main one.

We mentioned in the introduction the “greener grass” scenario, and one comment was that they had moved from one product to another and the new product was worse than the original!

Payroll Software

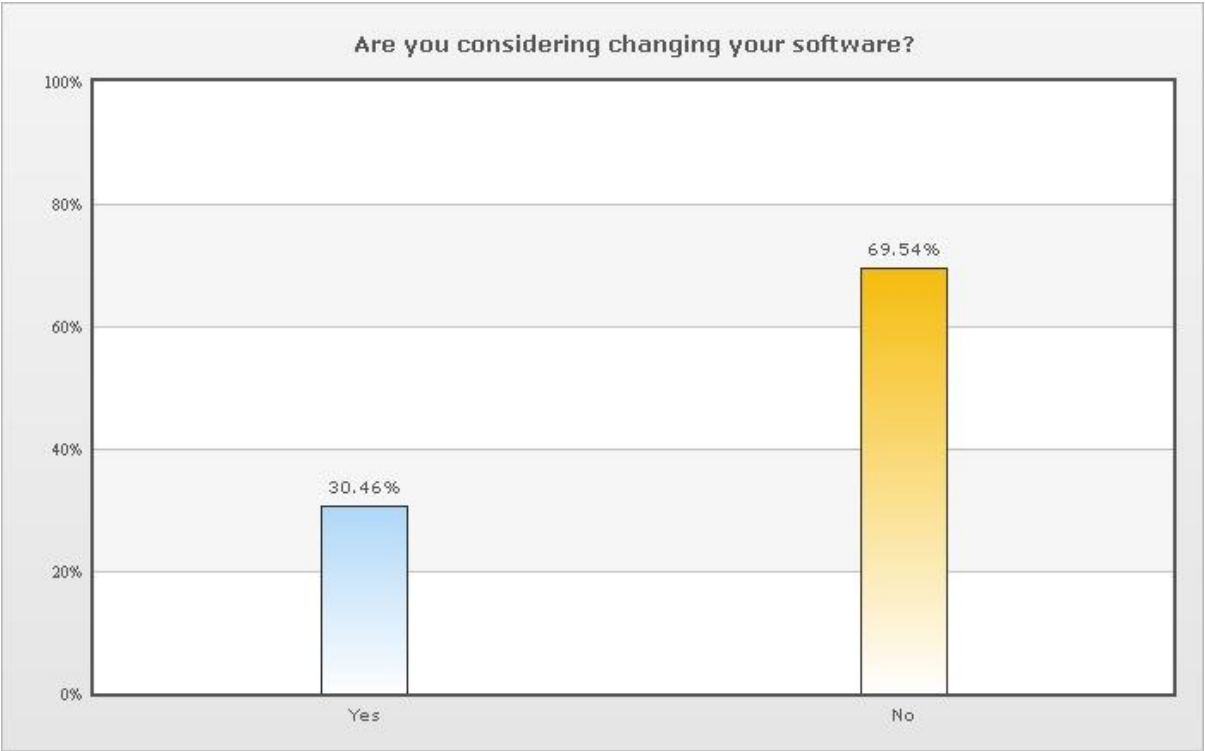
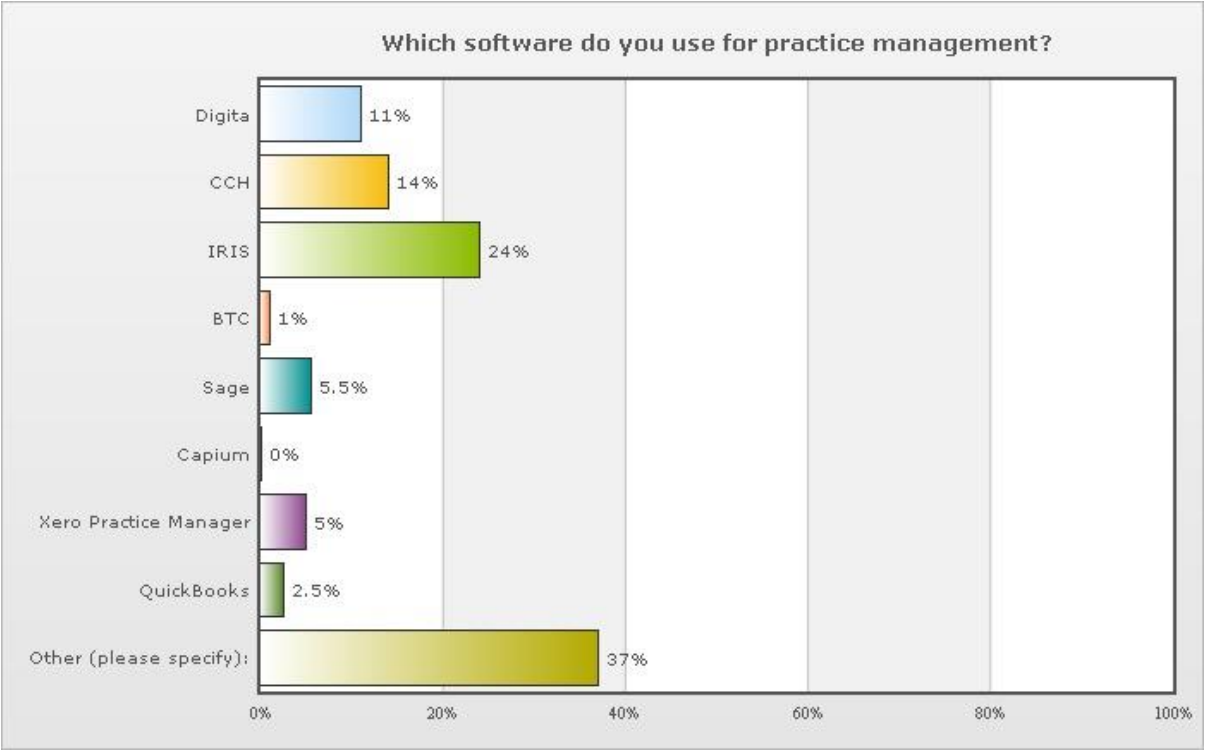


Commentary – Payroll Software

Sage Payroll has by far the largest user base. QuickBooks and Xero feature in the “other” category – however these are not designed to be a “bureau solution”.

The ease of use, quality of output and recommendations to others all scored highly – with a very small minority not satisfied with their payroll product. Those scoring 10 exceeded 20% in all three of these categories.

Practice Management Software

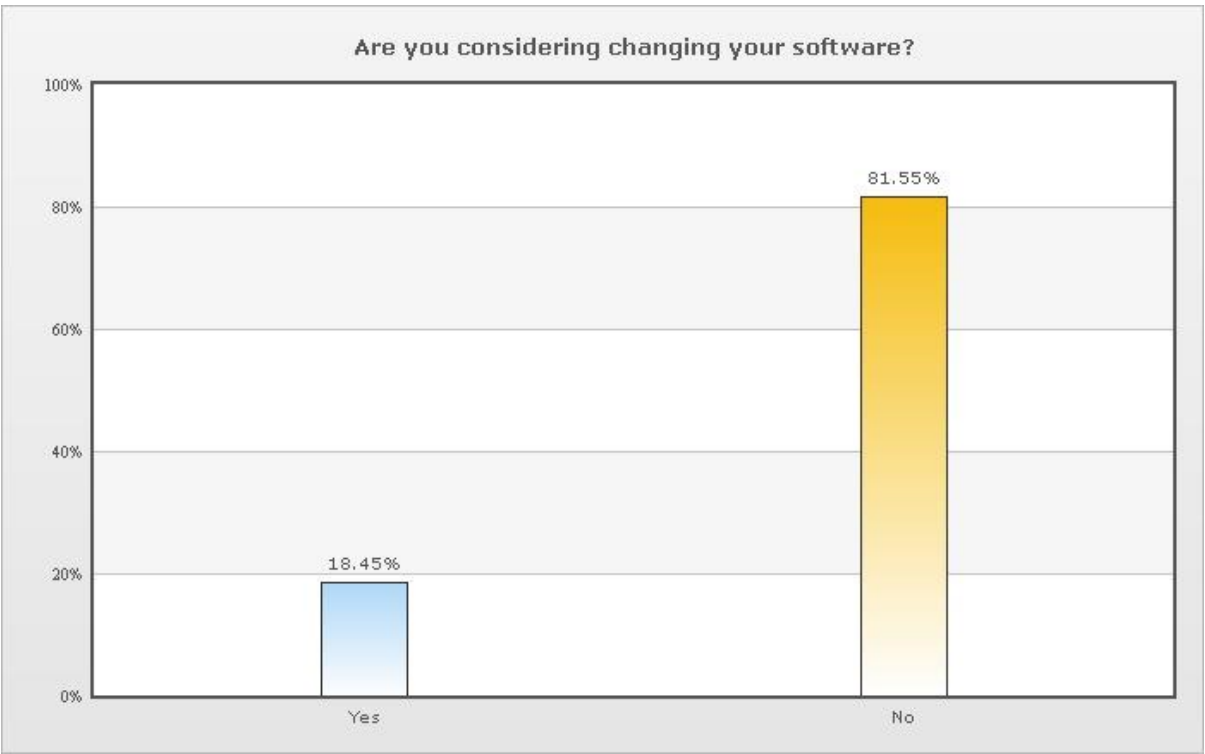
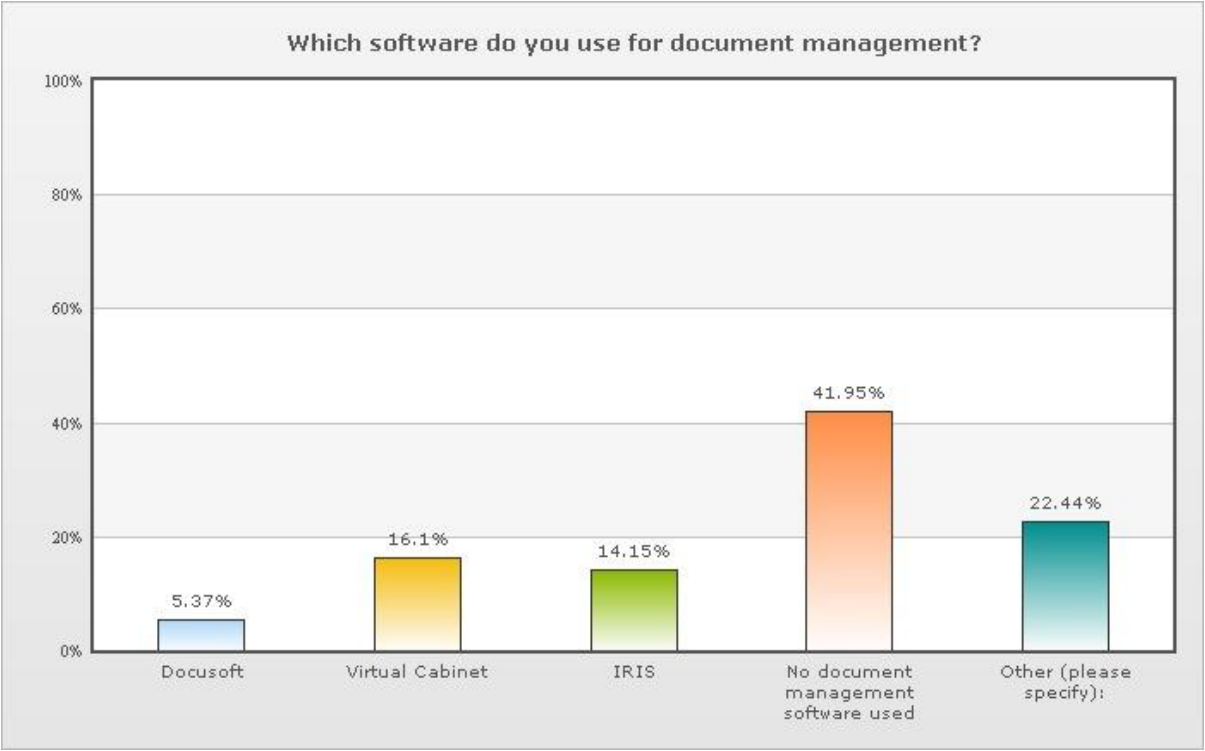


Commentary - Practice Management Software

There is a large “Other” percentage; Excel featuring heavily. The bandings are as would be expected in line with the previous graphs.

A significant proportion of respondents are looking to change their Practice Management software. The reasons are as quoted in other sections. Many want more functionality (or perhaps it exists but they have not invested in training?)

Document Management Software



Commentary – Document Management Software

Despite this being around for many years, there are still 42% of respondents that do not use dedicated software. CCH was not listed but featured in the “Other” section.

Those looking to change do include those looking to move from no system to implementing a product so it is not as large as it would first appear.

Google Drive, OneDrive and Dropbox were listed in the “Other” category. However, these are file storage areas, and not true “document management” which offers a whole host of additional functionality such as workflows and document routing and additional security features e.g. version control.

Other Software

- **Cashflows/Budgeting**

Excel was predominant in this category. Futrli, Spotlight Reporting also featured, and many still use Sage Winforecast despite it being discontinued and unsupported many years ago.

- **Business Plans**

Excel, Word and PowerPoint were the predominant responses, with very few named products.

- **Share Valuations**

Again, Excel was the main tool used.

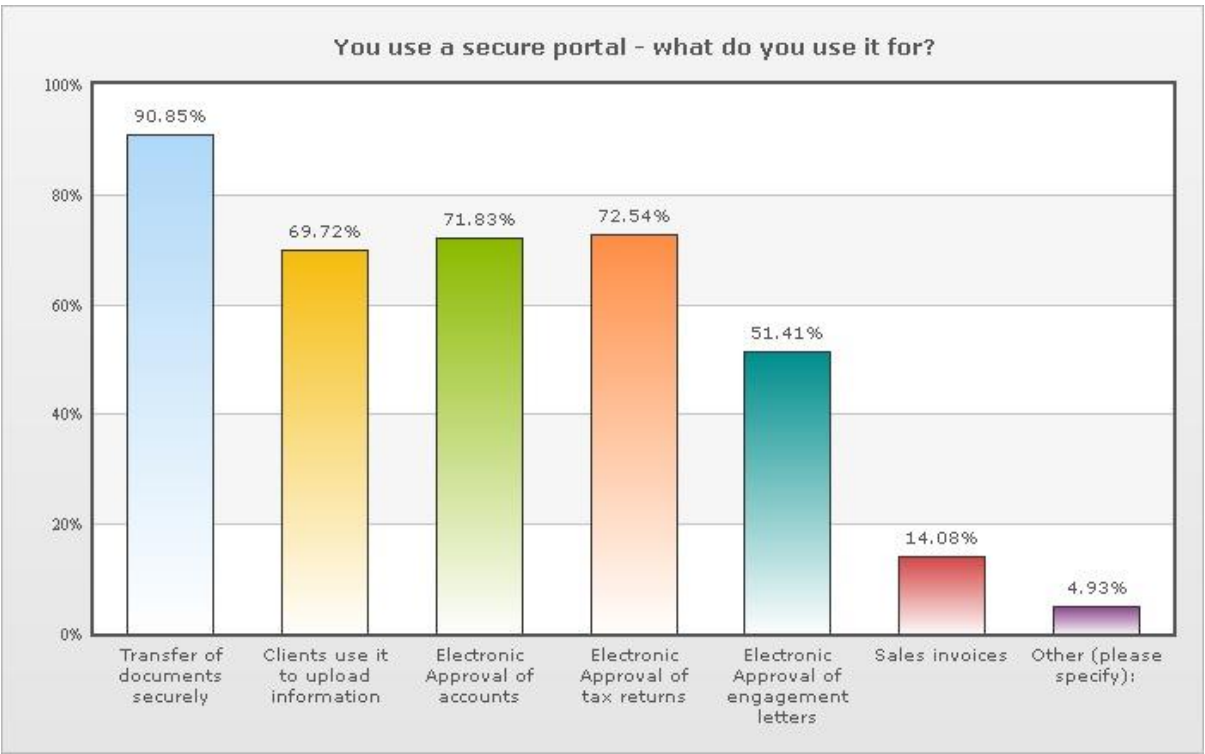
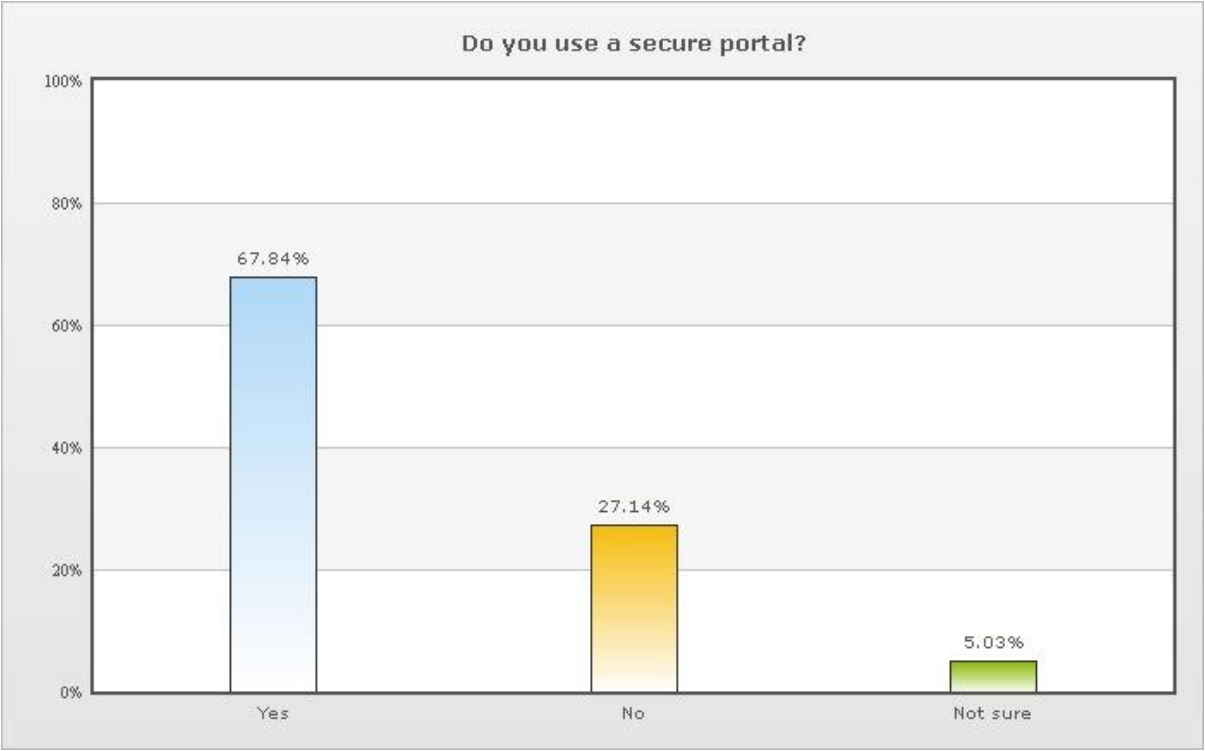
- **Accounts Workpapers**

No surprises for guessing Excel, with a number using Xero WorkPapers, MyWorkPapers and a few others.

- **iXBRL Accounts filing**

A wide ranging response, reflecting largely the accounts software in use.

Portals



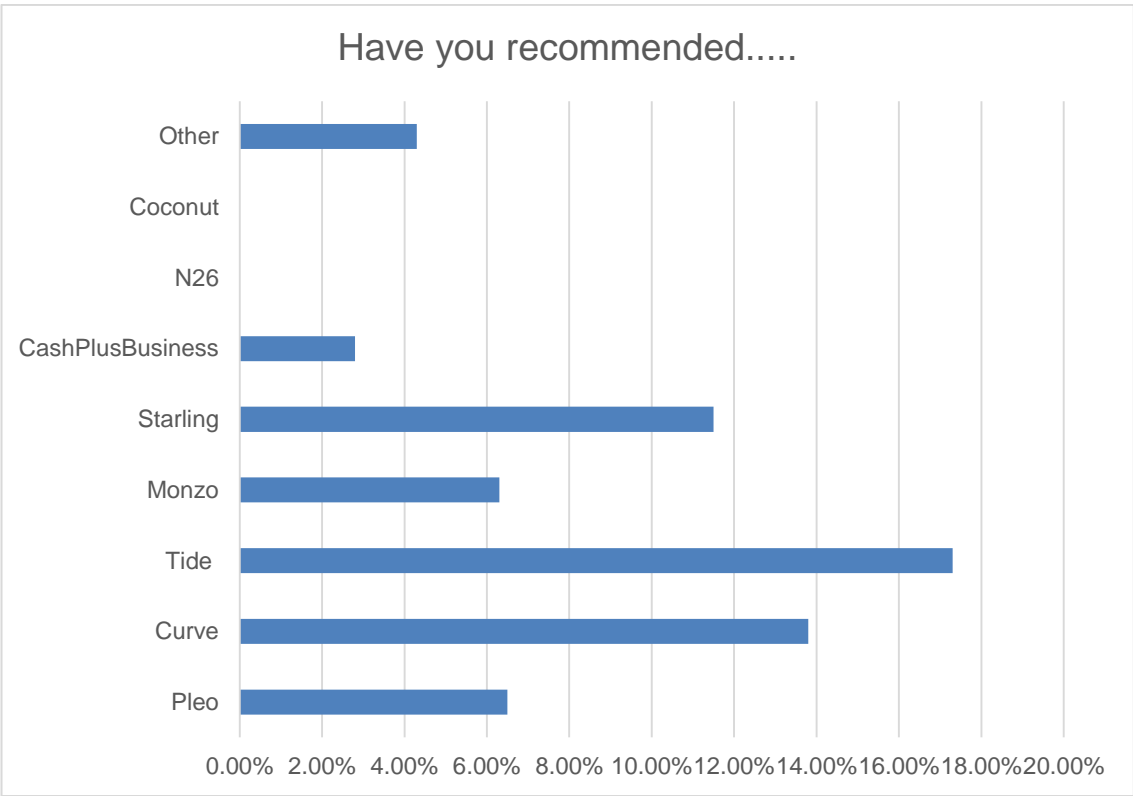
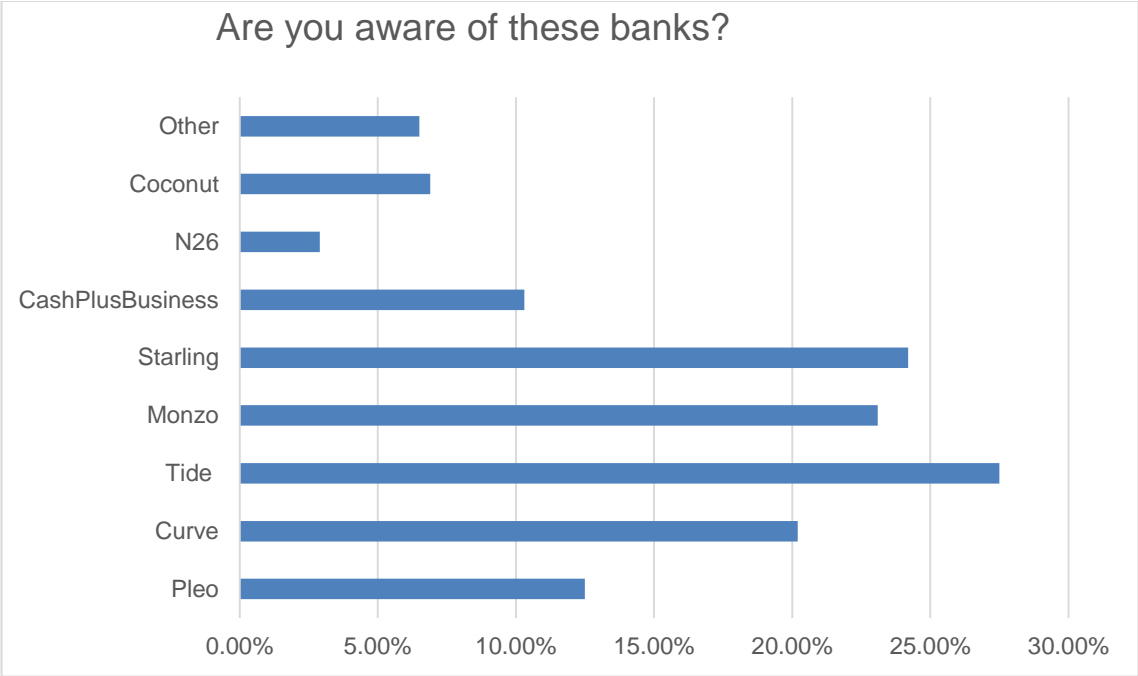
Commentary – Portals

27% of respondents are not using a portal; however nearly 68% of respondents are using one. Somewhat strange is the 5% that do not know!

The high usage figures can probably be attributed, at least in part, to GDPR, especially as 90%+ use it to transfer documents securely.

It is perhaps surprising that use for electronic approvals, especially of accounts and tax returns, is not higher, although this may be down to the use of other e-signing products.

Banks



Commentary – Banks

The “challenger” banks are changing the face of banking and other financial processing activities.

However, the names listed meant nothing to around 75% of the respondents.

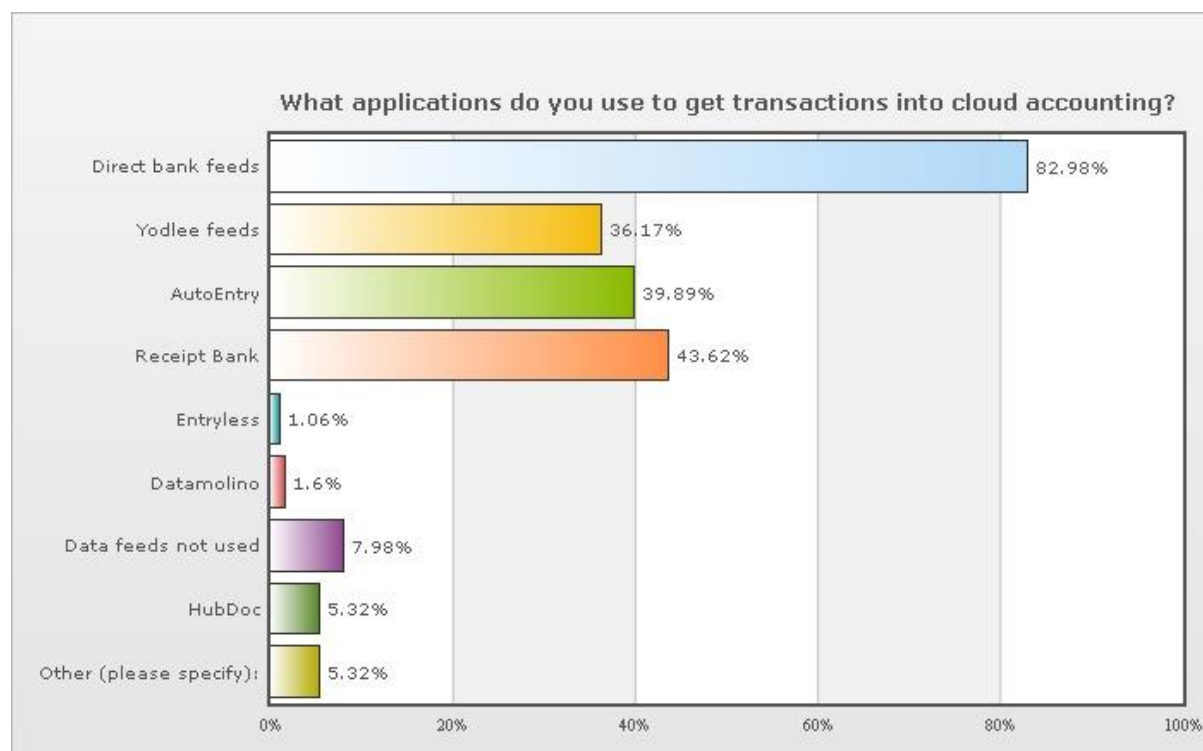
Tide and Monzo were the only two which had been used by clients more than 25 times and Curve was the only other one that rose above the 11 users mark.

A notable exception from the main list was Soldo.

Cloud Accounting Applications

% of which applications are used by clients that are already using cloud accounting.

Item	Average
Xero	44.47
QuickBooks Online	29.59
FreeAgent	6.87
Pandle	0.00
FreshBooks	0.14
Sage Business Cloud	19.91
Wave	0.62
Capium	0.48
Kashflow	4.77
Clear Books	9.45
Accounts IQ	0.17
Exact	0.17
N/A - cloud accounting not used	55.31
Other - give details below	16.38



Challenges faced in leveraging the opportunities from cloud accounting systems

Item	Average
Lack of confidence in cloud based applications	24.27
Client reluctance to pay for a cloud accounting subscription	39.95
Client confidence in cloud based systems	33.70
Finding the right staff with skills	32.46
Creating enough time to exploit the opportunities	50.43
Engaging clients to sell additional services	37.01
Concerns about internet reliability/speed	28.34
Concerns about hackers/internet security	30.47
Concerns about reliability and or security of data feeds	30.09

Commentary – Cloud Accounting Applications

No prizes for guessing the top three cloud accounting products, and similarly no prizes for getting them in the correct order.

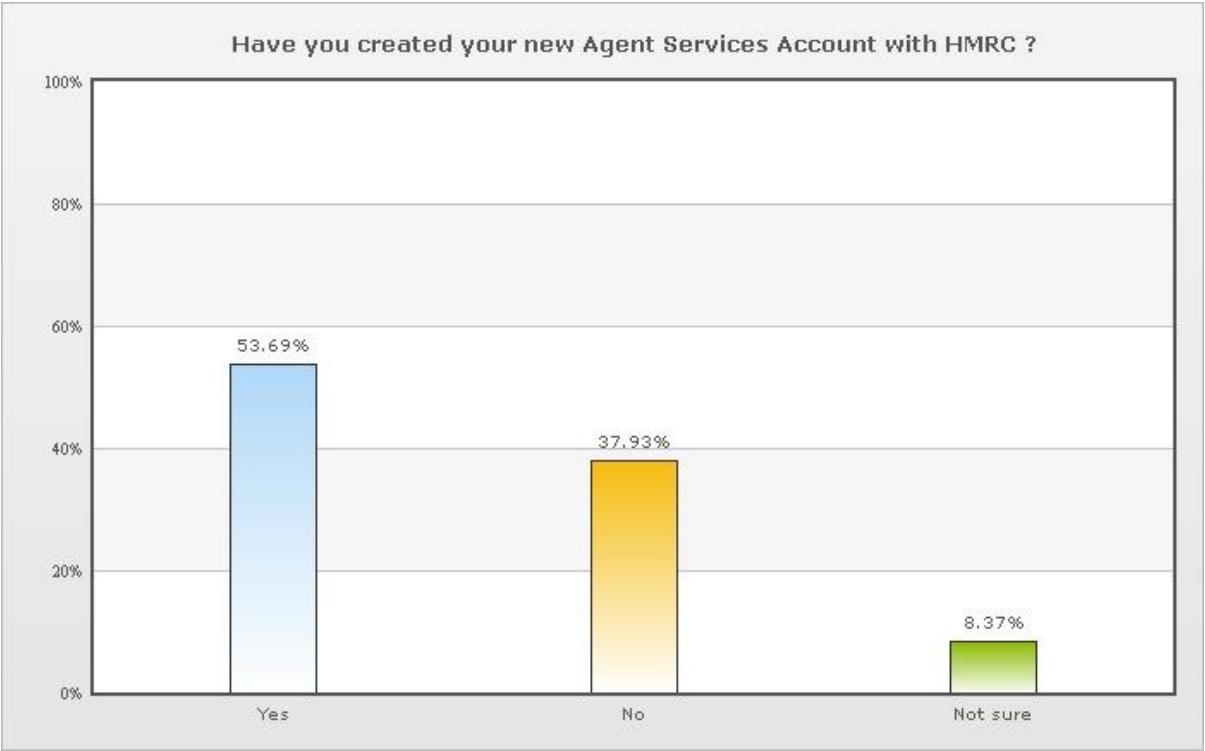
The comments indicate that some respondents only had a very small proportion of clients on cloud accounting products (1 had 1 cloud accounting client in a portfolio of 200).

Unsurprisingly, bank feeds are the most used app in the cloud accounting space, closely followed by the invoice processing products. Receipt Bank and AutoEntry are well ahead of others in this space.

The biggest challenge faced in leveraging the opportunities presented by cloud accounting is probably common to many other activities too – the lack of time to learn and roll out the products.

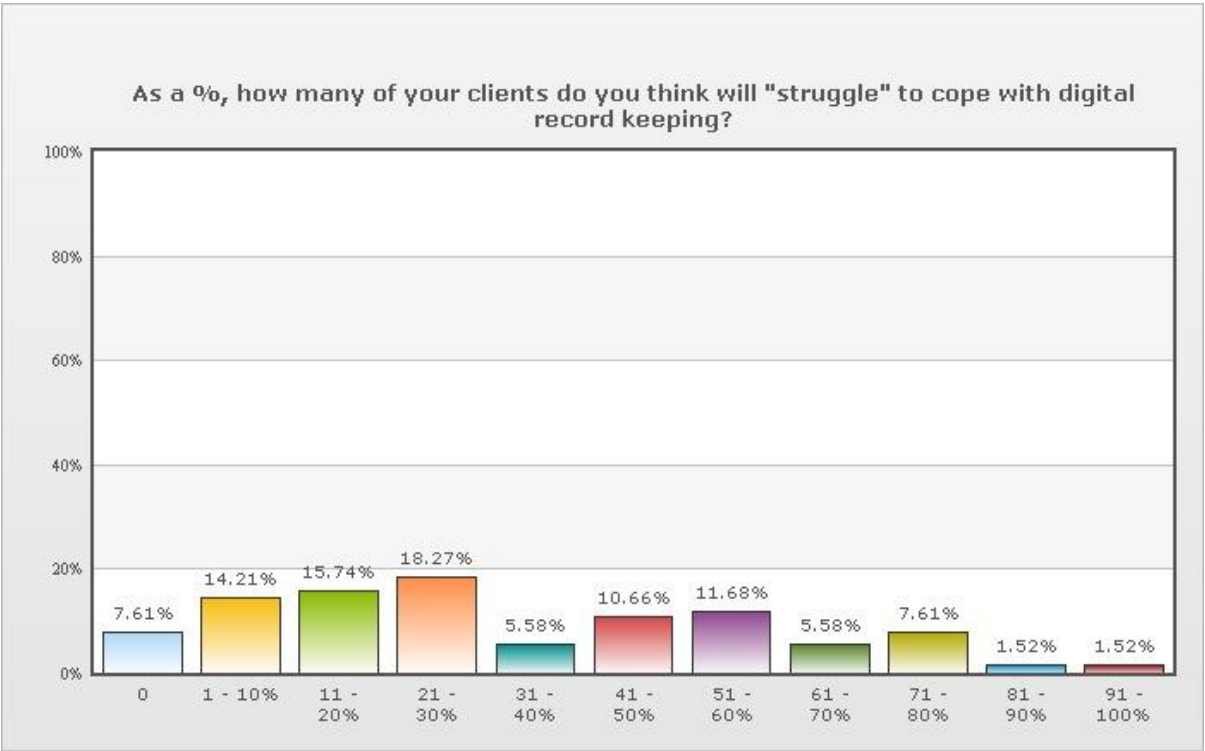
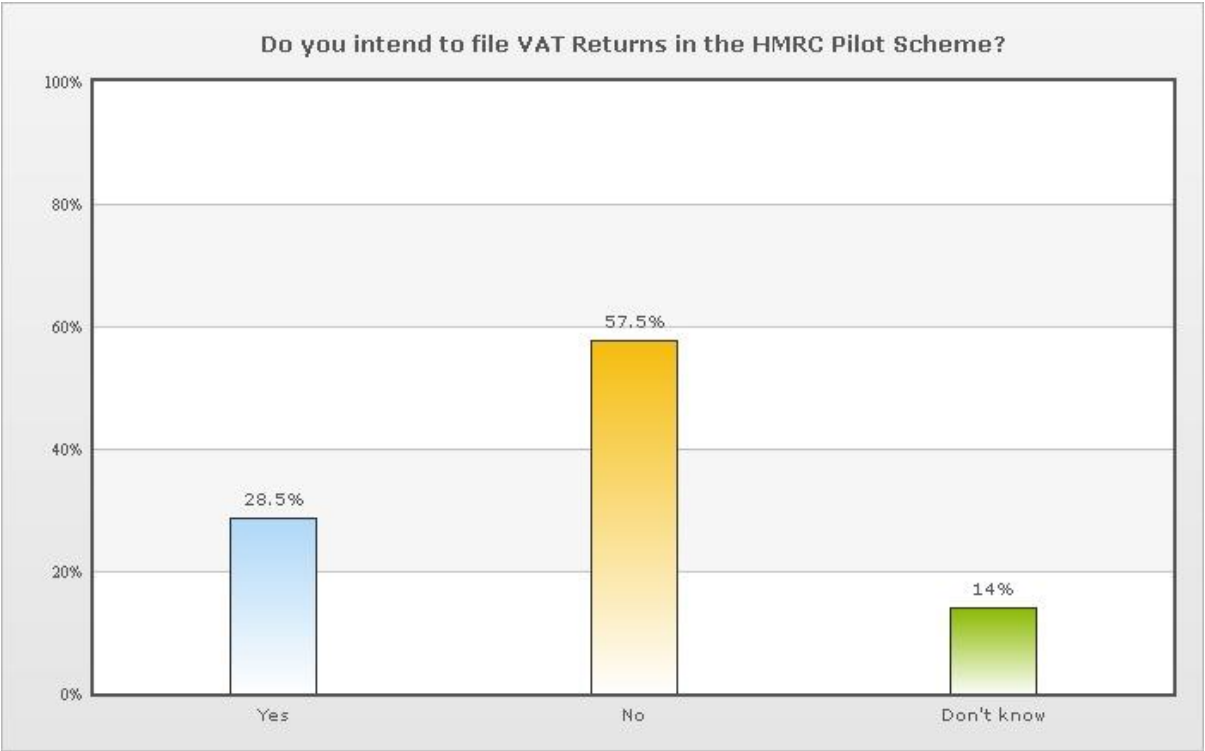
Cost is another factor – with clients not always willing to take on monthly subscriptions.

Making Tax Digital



With Making Tax Digital for VAT, by the time MTD comes in next April, how many clients as a % do you expect to be using:

Item	Average
Excel/other spreadsheets and bridging software	24.10
Cloud software	59.66
Desktop software	29.59



Commentary - Making Tax Digital

The survey was issued in December 2018/January 2019 – close to the tax filing deadlines, so this would be the prime focus for many firms at that time. Getting ready for MTD is probably high on the agenda for the 38% of firms that have not yet set up their new Agent Services Account.

It is apparent that many clients are going to struggle with digital record keeping – this would appear to be an opportunity to provide bookkeeping services, or at least training, to a significant number of clients.

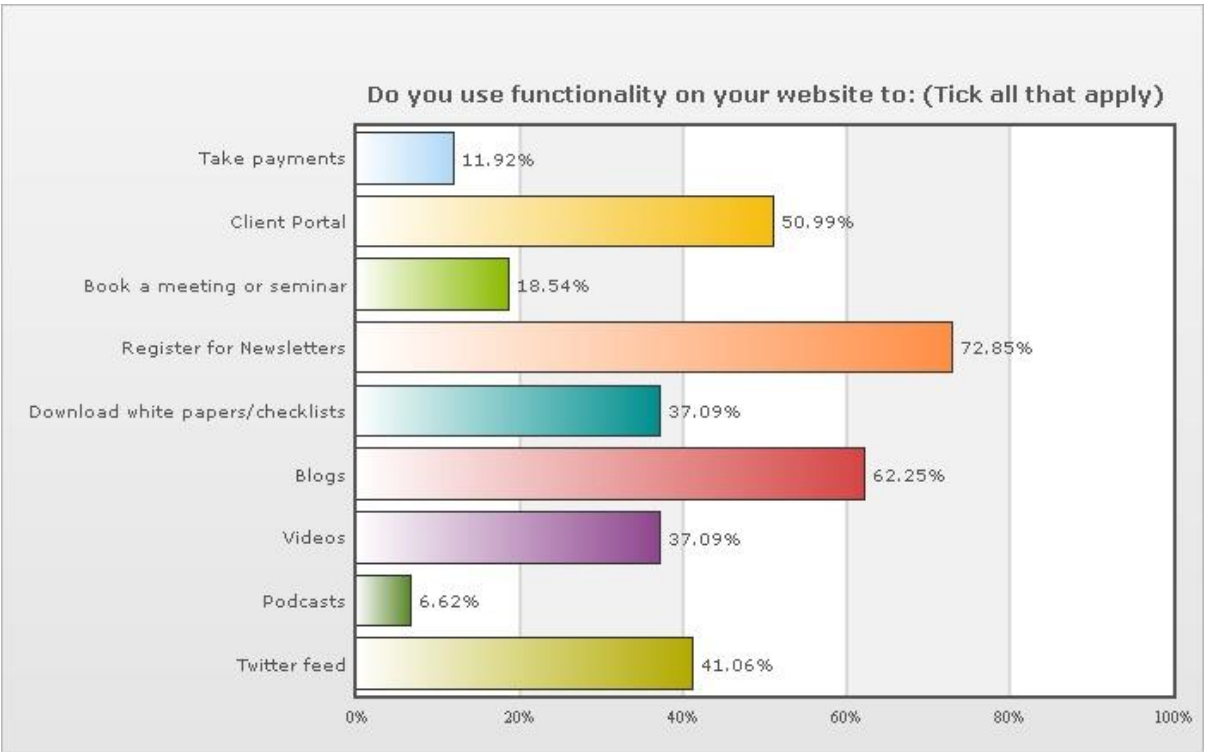
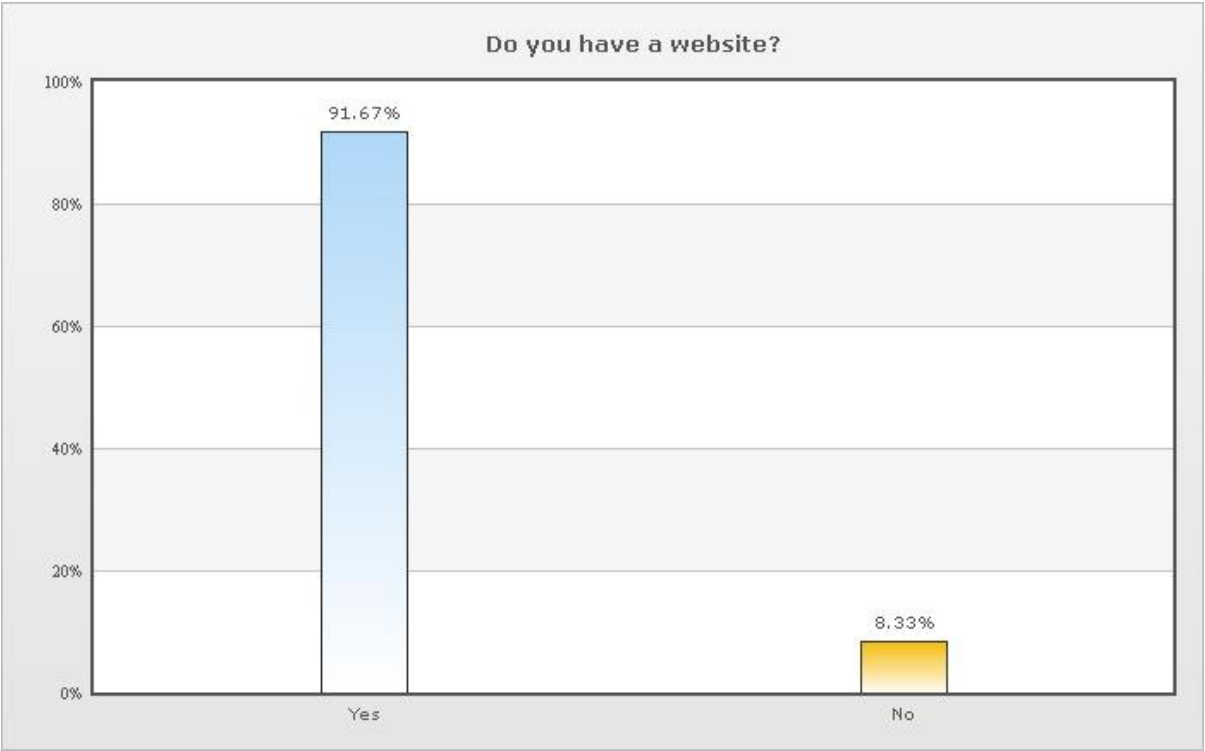
57.5% of respondents did not intend to file returns in the pilot scheme.

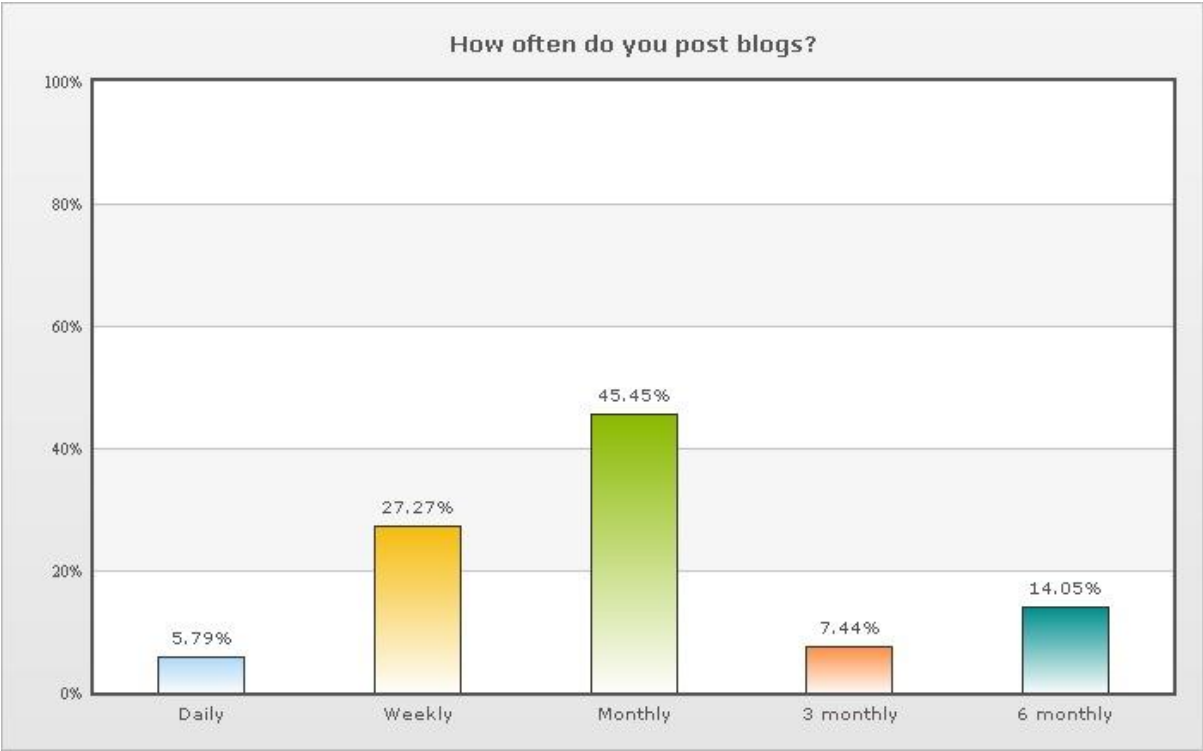
HMRC systems perceived to be not ready and lack of communication from HMRC are barriers to taking part in the pilot. Many had no interest or simply “could not be bothered” to take part. And unsurprisingly, time was also a factor. “Let others find the bugs”.

The biggest hurdles with digital record keeping come as no surprise and include (to list just a few):

- Lack of time
- Lack of willingness to change
- Costs involved
- Age
- IT literacy

Websites





Commentary – Websites

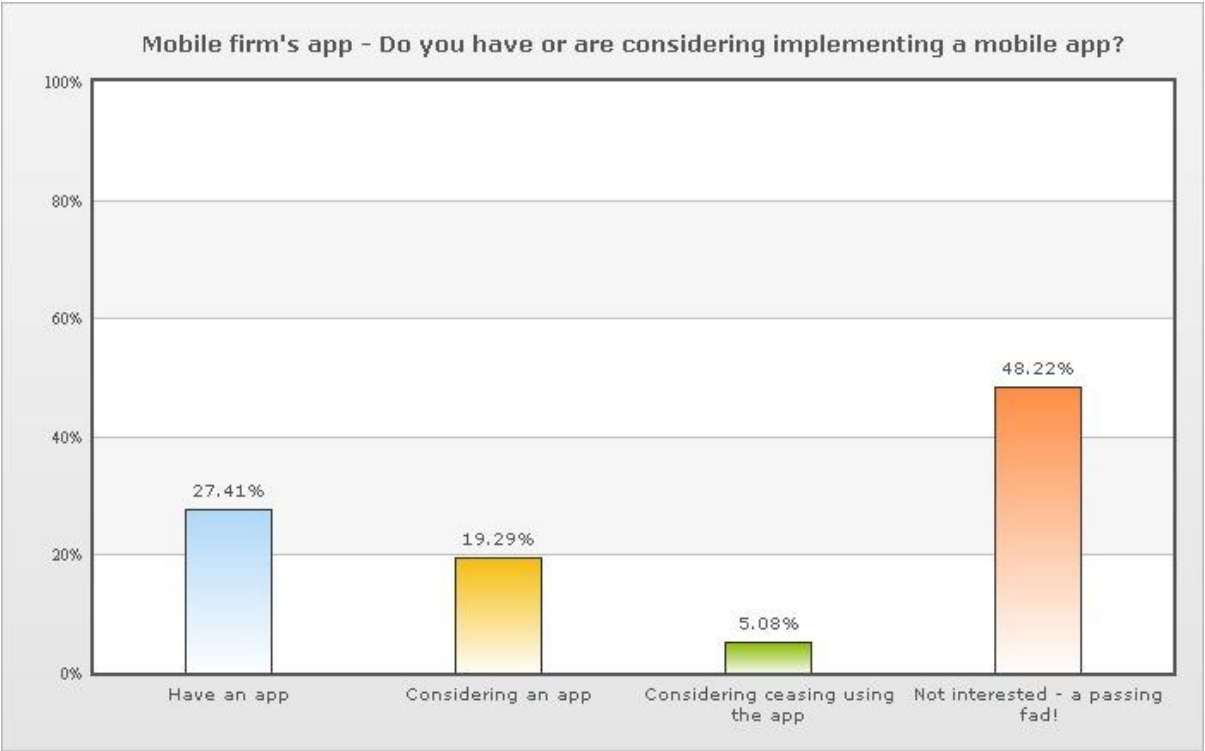
There are still over 8% of respondents that do not have a website. “A waste of time and money” was one of the comments!

Registering for newsletters is the biggest use of a website.

37% of the respondents have videos on their website.

Monthly blog posts are the most common, but there are quite a few that do daily blog posts. Many however do not post any blogs at all.

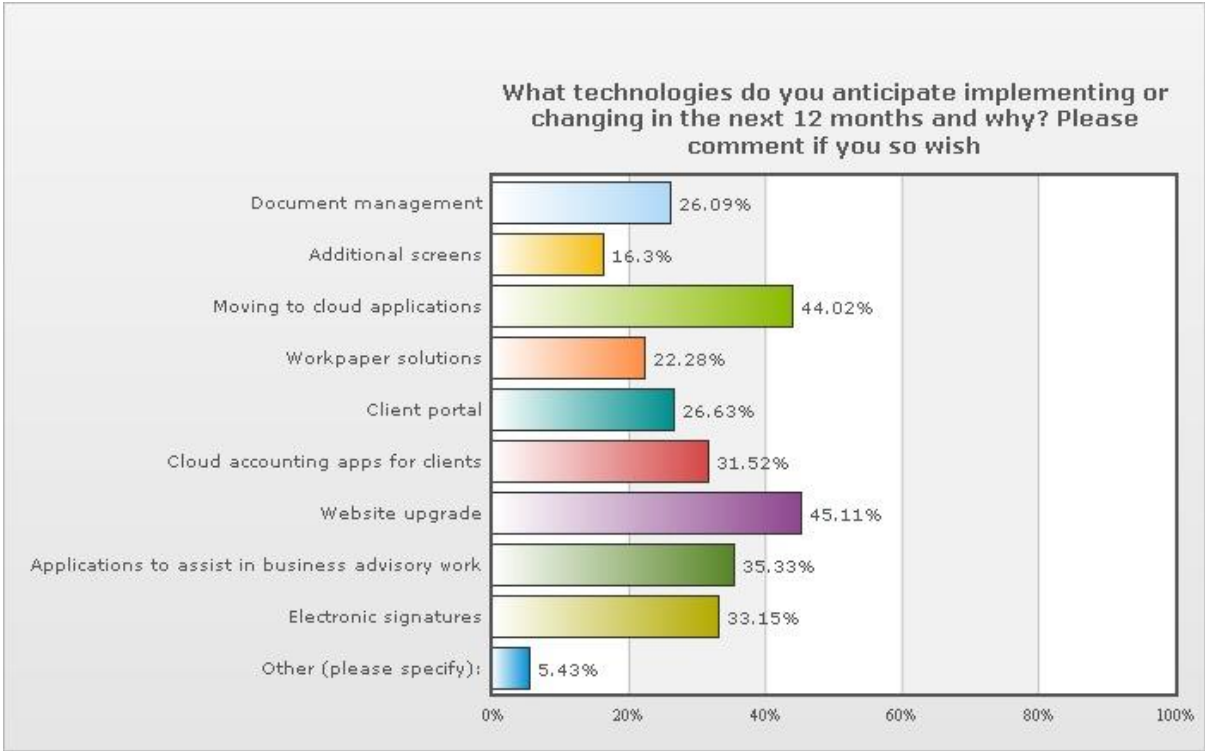
Apps



Commentary – Apps

Nearly half of the respondents do not have an interest in a mobile app and some 5% are questioning the benefits. Many have the functionality on their websites.

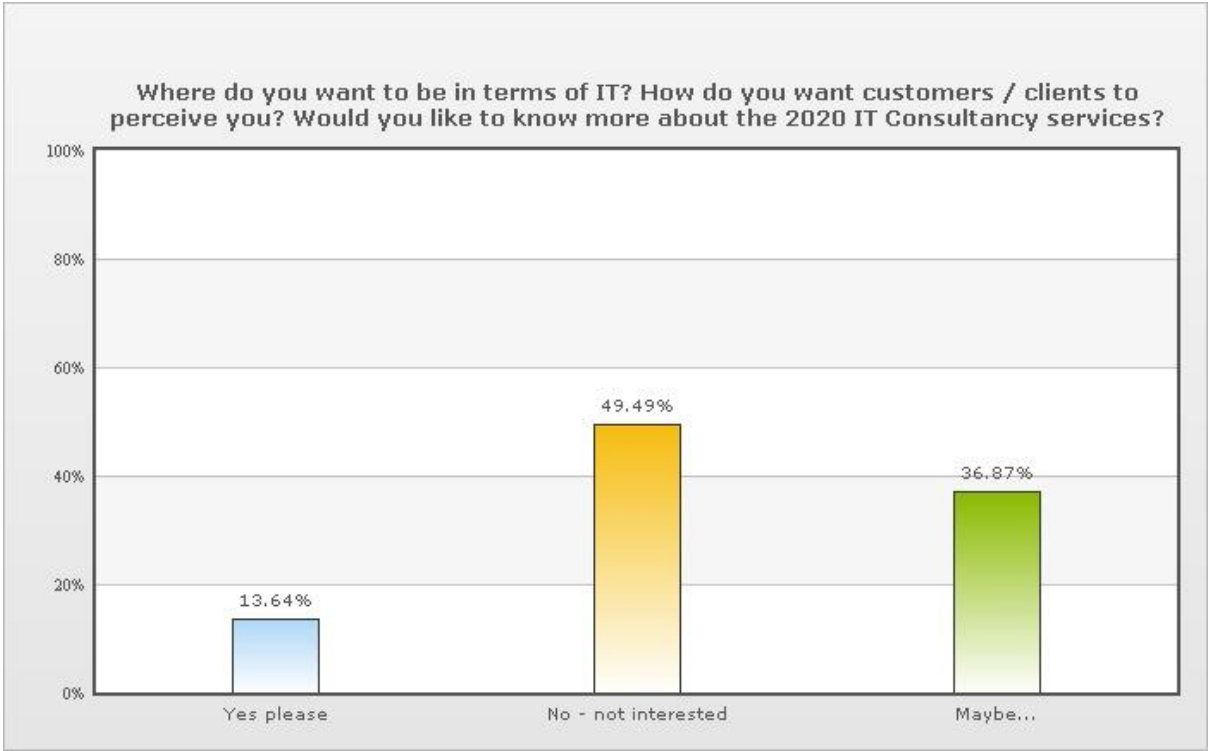
Technologies



Commentary – Technologies

There appear to be lots of plans to implement new technologies in the next 12 months, with cloud products and website upgrades highest on the agenda. Business advisory tools are also in demand.

IT Consultancy



Commentary – IT Consultancy

50% are happy as they are, the other 50% might be interested.

Please see over the page for further information of how we can help.

Practice IT and Procedures Review

Below are the key areas Kevin Salter FCA reviews when assessing technology in a practice. The review usually takes one day and a comprehensive report with recommendations is provided after the visit. The review will identify ways in which IT can be improved to increase efficiencies in administration and production. The review will help the practice develop an effective IT strategy and manage change. Follow up visits to help implement any changes are also available.

A typical IT review includes:

- “Walk around” the offices - first impressions of Visible IT and systems
- Meetings and discussions with staff/partners
- Identify software and procedures
- File and working papers review to identify processes and methodologies
- Accounting and efficient use of software
- Payroll processes
- Tax and tax planning
- Administration and practice management systems
- A written report with action points

For further details please contact us

Kevin.salter@the2020group.com

T. +44 (0) 121 314 2020

www.the2020group.com