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9 SIGNS IT'S TIME TO OUTSOURCE YOUR ACCOUNTING



As your business grows, focusing your attention on the strategic aspects of running your company is of primary importance. While your accounting function requires your attention, it does not create revenue and therefore is secondary to production.

For some small businesses, this mindset may seem to work. However, as a business grows and expands, proper maintenance of accounting processes is essential. At some point in the development process, every business owner is faced with a decision: do I focus on the long-term health of the business or work the day-to-day back office functions. If you are a business owner and find yourself up at night worrying about any of the following, then it is time to consider outsourced bookkeeping.

1. The accuracy of your financial data
2. The lack of efficient and effective reporting
3. Your reports don't provide real-time insights
4. The Lack of strong financial management internal controls
5. Excessive time spent generating reports and data utilizing excel or manual applications
6. The fact that your accountant is your IT specialist
7. Integration issues between multiple business applications
8. The annual cost associated with software upgrades and your current accounting team
9. The level of expertise that is available from your current accounting team

SOLUTIONS

THE ACCURACY OF YOUR FINANCIAL DATA

Accurate, well-recorded data is the key to any business's success and improvement. Cloud accounting services will implement data entry processes that standardize the method for input so you no longer have to wonder about the accuracy of the data you receive. Data issues can arise from many sources such as insufficient training, poor communication and lack of use of technology (too much manual manipulation) or even utilizing the wrong resources to translate data. With cloud accounting services, the data entry process will be standardized by individuals who are experts at what they do. The highest use of technology and the increased visibility of the information also help to eliminate problems with inaccurate data.

THE LACK OF EFFICIENT AND EFFECTIVE REPORTING

Many businesses operate with an accounting function that is far too inefficient, which leads to a great deal of wasted time spent on simple tasks and not enough focus on high-level reporting. The outsourced cloud accounting function allows for increased efficiency as part of the standard. In addition, these outsourced accountants likely utilize top-of-the-line software and know it well. The increased time made available by the capabilities of the software and the expertise of its operators provide endless reporting options for your

management. It's important to constantly evaluate performance that is critical to your business. Your internal accounting staff likely does not have time to squeeze one more transaction into their day, let alone develop custom reports on demand. With outsourced cloud accounting services, that is part of the standard.

YOUR REPORTS DON'T PROVIDE REAL-TIME INSIGHTS

There is increased pressure on CFOs to provide *more*. More data, more insights, more guidance, more financial metrics and more operational metrics. With limited resources it is difficult to make real-time reporting a priority. Furthermore, when there is turnover within the accounting team it is the reporting that takes a backseat to daily transactional processing. The combination of advanced technology and a round-the-clock team of experts ensure that data is in the system in real-time and is accessible through the cloud 24/7. Cloud based software maintains features that provide basic and robust reporting that is solid and reliable.

THE LACK OF STRONG FINANCIAL MANAGEMENT INTERNAL CONTROLS

It may sound like an oxymoron, but you are more likely to manage your outsourced provider better than you manage your internal accounting function. Why is that? Outsourced processes are better defined and documented leading to greater transparency. The segregation of duties that is often not available within an organization becomes a lost concern with outsourcing. Outsourcers will typically provide clear metrics for your organization in terms of savings and up front ROI. That continuous improvement is typically not even an option in most small to mid-range businesses.

In addition, many small to mid-range businesses do not have access to a controller or CFO who could review data and examine KPIs and metrics that show abnormal activity. While no outsourced provider can eliminate risk, the implementation of certified processes and controls will certainly reduce the risk for error.

EXCESSIVE TIME SPENT GENERATING REPORTS AND DATA UTILIZING EXCEL OR MANUAL APPLICATIONS

Unfortunately, installing a software package and then failing to maintain it seems to be the practice for many businesses. As a result, the accounting team resorts to working outside the system by exporting data into Excel and presenting reports and other ad hoc information from these spreadsheets. In some of the worst case scenarios, accountants are still writing up journal entries by hand!

With experts who know the software inside and out, cloud accounting services do not allow this to be an option. All of the data in the system is viewed in real-time with complete transparency.

THE FACT THAT YOUR ACCOUNTANT IS YOUR IT SPECIALIST

A typical accounting department is often forced to troubleshoot their own software issues and apply any new updates on their own (if they keep their software updated at all). These trends add to the inefficiency of their department and often lead to outdated software. A reputable outsourcer is going to have access to state of the art technology that is cloud-based. You will save time and money by moving the risk and the investment in technology and infrastructure to your cloud accounting services provider. This means that you don't need to worry about software issues or staying up to date on the latest technology! You will have access to world-class software and applications that are **current and on-demand**. The capabilities of the software will grow with your business and all you need to access your accounting information is an internet connection.

INTEGRATION ISSUES BETWEEN MULTIPLE BUSINESS APPLICATIONS

With many accounting departments there are integration issues between the financial applications and other systems that the business uses to operate such as POS (Point of Sale), payroll, or CRM (Customer Relationship Management). Outsourced accounting providers utilize cloud-based software that employs high levels of functionality. While the sole purpose is accounting, many of these software's offer applications that fit into your existing business model or offer the ability to easily and seamlessly custom integrate with an industry standard you cannot live without. This allows you to customize exactly what systems you want to maintain and/or integrate.

THE ANNUAL COST ASSOCIATED WITH SOFTWARE UPGRADES AND YOUR CURRENT ACCOUNTING TEAM

Most organizations are not looking to grow the accounting department due to the ensuing costs. Outsourced accounting saves you money by eliminating costly benefit packages to a full-time or part-time employee. When you outsource accounting, you only pay for the actual accounting - nothing else. This saves in productivity costs, as well as payroll costs. The cost benefit analysis of outsourced accounting vs. in-house bookkeeping can save up to 40% in monthly costs.

Outsourcing also provides a centralized accounting department that offers you the options to scale up or down according to your needs. You don't need additional workspace, office furniture, computers or software. The financial savings can be significant and they are a result of overall cost reduction, efficient invoicing and managed payables.

THE LEVEL OF EXPERTISE THAT IS AVAILABLE FROM YOUR CURRENT ACCOUNTING TEAM

No matter what range of the spectrum you are on in your organizational timeline, your cloud accounting services provider has a team of experts that can help you and has experience at every step, from start-up to transactional processing to strategic analysis and decision making. The idea behind outsourcing your accounting is to let someone who does it more efficiently and with more knowledge do it for you. You will have access to a vast array of knowledge and when you outsource, you are hiring a team of experts in all areas of accounting. There is no longer a need for a separate AP clerk, AR clerk, Payroll Specialist and CFO.

SUMMARY:

As a business owner you should be focusing on growing your business, not the back office day-to-day functions that don't generate revenue. If you find yourself feeling the pressure of maintaining your data and are worried about its accuracy and visibility, then cloud outsourced accounting is your game-changer.