CORE|DATA

ACCOUNTANTS SURVEY

A SUMMARY FOR A COUNTRY PRACTICE

AUGUST 2020

ABOUT US

CoreData Research is a global specialist financial services research and strategy consultancy, founded in 2002 and headquartered in Australia, with operations in Sydney, Perth, London, Boston and Manila.

It provides clients with bespoke and syndicated research services through a variety of data collection strategies and methodologies, along with consulting and research, database hosting and outsourcing services.

CoreData provides both business-to-business and business to-consumer research, while the group's offering includes market intelligence, guidance on strategic positioning, methods for developing new business, advice on operational marketing and other consulting services.
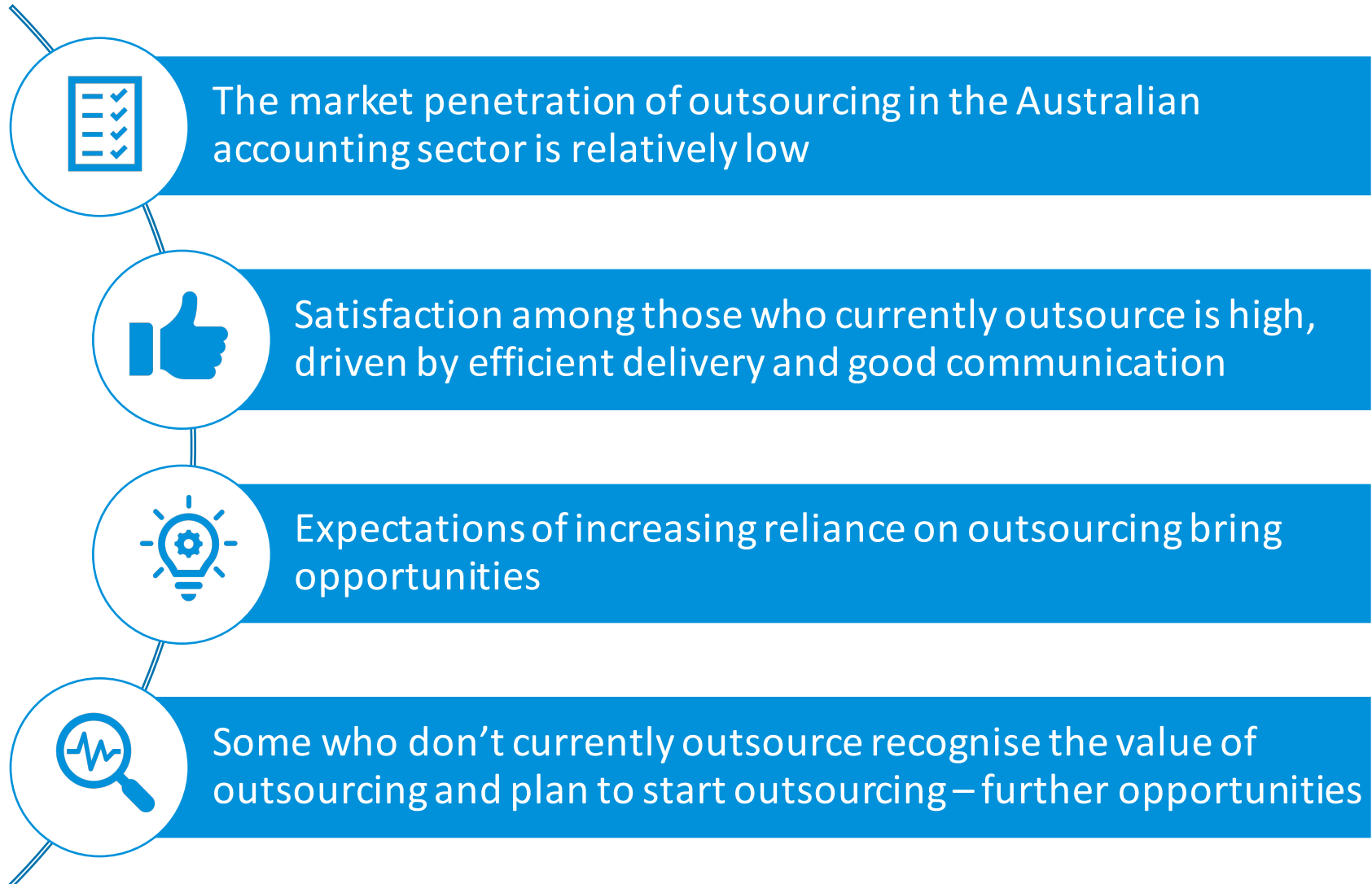
GLOBAL PRESENCE, LOCAL FOCUS

Key findings

The market penetration of outsourcing in the Australian accounting sector is relatively low

Satisfaction among those who currently outsource is high, driven by efficient delivery and good communication

Expectations of increasing reliance on outsourcing bring opportunities

Some who don't currently outsource recognise the value of outsourcing and plan to start outsourcing – further opportunities

Key findings

Accounting practices are optimistic about medium-term business growth, despite COVID-19 and other risks
Four in five (80.5%) accounting practices expect their business to grow over the next five years. Reflecting the uncertain short-term economic environment amid the ongoing COVID-19 pandemic, they are less optimistic about their short-term growth with only 56.0% expecting their practice to grow in the next 12 months.

Three in 10 accounting practices see talent management as the major challenge to business growth
Unsurprisingly, talent management is a more challenging issue for larger accounting practices, with around two in five practices with more than five accountants seeing recruiting or retaining skilled and qualified talent as a challenge (44.0% and 39.6% respectively). These practices are also more likely to expect recruiting or retaining skilled and qualified talent to be harder in the next five years (40.0% and 37.5% respectively).

Cyber security is a common concern among all tiers of accounting practices
Seven in 10 (70.0%) accounting practices are concerned about cybercrime risk. Encouragingly however, the vast majority (86.5%) have already invested in measures to protect against cybercrime.

Data processing and auditing are the most commonly outsourced functions
Almost three in 10 (27.5%) accounting practices currently outsource accounting functions/roles to other firms. The most commonly outsourced functions are data processing and auditing (both 49.1%), as well as bookkeeping and tax return preparation (both 43.6%).

Key findings

Satisfaction with the current accounting outsourcing experience is high
Four in five (81.8%) accounting practices are satisfied with their current accounting outsourcing arrangements. Efficiency of delivery and good communication are keys to ensuring a valued outsourcing experience. Those who are neutral about their outsourcing experience tend to find the cost of outsourcing higher than expected due to extra reviews done onshore.

The value of outsourcing is widely recognised
Four in five (78.2%) accounting practices also recognise the value outsourcing arrangements has added to their practice, particularly by allowing onshore staff to spend more time on servicing existing clients, reducing workload on onshore staff and reducing operational costs.

Reliance on outsourcing accounting functions is expected to increase in the next five years
More than half (52.7%) accounting practices expect their reliance on outsourcing accounting functions/roles to increase in the next five years. Only 5.5% expect their reliance to decrease over this period.

However, the intention to outsource among practices who currently don't is weak
Among those who are currently not outsourcing, almost one in four (22.8%) have outsourced accounting functions/roles in the past, with many of them abandoning the relationship due to poor quality of work and poor experience. Only 13.7% of accounting practices who currently don't outsource are likely to outsource in the next five years, with bookkeeping (45.0%) and tax return preparation (40.0%) being the top functions to be outsourced.