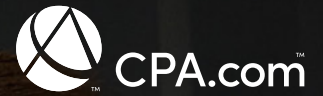




bill

Preferred partner solution of



The art of verticalization: An accountant's step-by-step guide

Introduction

As the accounting landscape evolves, one thing is clear: specialization is the new competitive edge. Accounting firms have an emerging opportunity to transform from generalists to specialists.

While businesses share foundational accounting principles—such as revenue recognition, expense tracking, and financial reporting—the positive impact of accounting services can multiply based on industries. These industry-specific intricacies are untapped goldmines for forward-thinking accounting firms ready to distinguish themselves as indispensable partners.

Welcome to verticalization: the strategy of building in-depth knowledge, benchmarks, and service delivery for specific industries. This model allows you to build standardized processes, tech stacks, reports, and dashboards for verticals, offering exceptional value to clients while lowering the firm's costs and boosting ROI.

It's also an approach that pairs well with client advisory services (CAS), with [a recent survey](#) showing that CAS practices reporting revenue of 50% or more from defined industry niches have a median revenue that is nearly 40% higher than all respondents.

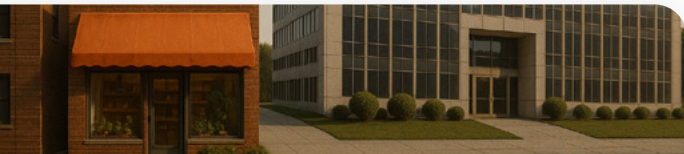
This guide discusses:

- Verticalization as a CAS growth strategy
- Industries that firms are focusing on and how to research verticals
- How to build, market, and scale your verticals



Understanding verticalization

Verticalization is the strategy of building specialized processes, technology systems, and services to support chosen vertical markets. To fully grasp this concept, it's essential to first understand a few related terms:



Client niches

These can be defined by specific industries or by type of company, such as small startups or mid-sized service providers.



Client verticals

While niches can also refer to types of companies, verticals refer to specific industries such as construction or healthcare. Aligning your services with a vertical allows you to expand support beyond services and into specialized tech stacks, processes, reporting, and dashboards.

Verticalization as a CAS growth strategy

Serving vertical markets is the pathway to greater efficiency, higher profits, engaged staff, and happier clients. Successful verticalization relies on standardizing processes and using best-in-class technology, which reduce repetitive tasks and accelerates service. In the end, all team members can serve clients in the same way.

Efficiency and profitability are certainly two top value propositions. According to the [2024 CPA.com and AICPA PCPS CAS Benchmark Survey](#), defined client verticals increase both. The study shows that top performing firms are embracing verticalization at a higher rate—with the highest number of firms clustered around 4-6 verticals.

These verticalized top performers more likely agreed with the statement: "These verticalized top performers more likely agreed that clients are much more likely to refer if their CAS practice has expertise in their industry." This suggests that high-performing firms have more developed strategies for serving verticals and they have built the trust required to grow through referrals and word-of-mouth.

The survey also strongly indicates that verticalization

improves growth and CAS success. Consider a few telling stats:

- Firms that report revenue of 50% or more from defined industry verticals see more success in CAS, beginning with growth. This same group reports a median 20% growth over the previous year and a projected 17% growth for the current year.
- The median CAS revenue was 38% higher than all respondents, and the median CAS services net revenue (average billings) per client was 51% higher.
- Firms focused on a client vertical strategy also report a 10% higher net client fee per professional, and higher median percentage of revenue from bundled services.

Overall, by focusing on specific industries, firms can streamline their processes, develop expertise, and ultimately deliver more value to their clients. Verticalization opens the door to repeatable, scalable and higher-value advisory services.

“ I got into the habit of asking all my clients whom they knew they could refer us to. It started growing and growing and growing, and we became a major player like BILL.

– Steve Chaney, Partner, Chaney and Associates
Vertical specialty: Faith-based organizations



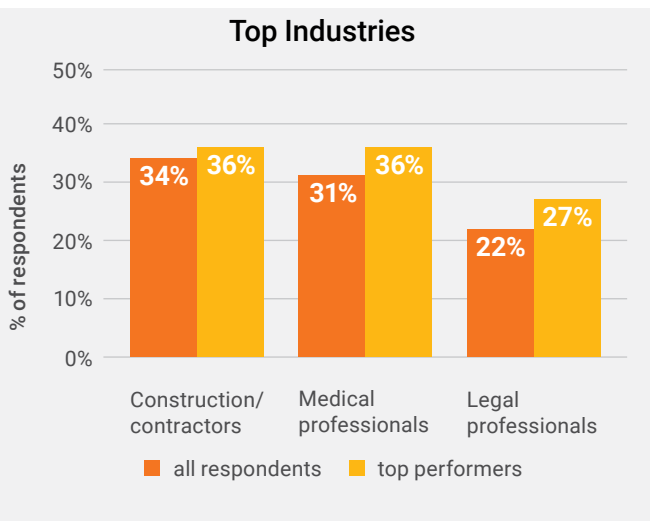
Verticalization makes delivering business insights to clients more accessible

Verticalization supports more than increased profits and efficiency. It builds strong ties with clients. Case in point: **Ledgerly Consulting**. Brittany Malidore, Managing Partner and Co-founder, understood that non-profits need advisory support, but often can't afford it. The firm made it their mission to make advisory more accessible with technology.

The firm's focus paid off. According to Brittany, before standardizing, “We spent 90% of our time figuring out the ‘what’—what did you spend money on? Where is the document? How do we classify it? Now, we spend 95% of our time on things like financial analysis, general ledger hygiene, and having strategic conversations with clients. That's what these organizations really need—not just clean books, but strategic guidance to help them grow and succeed.”

What industries are firms most focused on?

The CAS Benchmark Survey provides insight into the top industries firms have embraced.



These verticals represent large markets and prime opportunities for verticalization, based on market share alone. It's important to note that the survey also indicated that 36% of respondents do not specialize by industry. This represents a large part of the profession not taking advantage of the value a vertical approach offers.

Of course, different verticals have different needs. To get an idea of what's involved in supporting verticals, we've spotlighted a few and their respective needs.



Medical professionals

- Intricate billing scenarios with insurance reimbursements, co-pays, denied claims, appeals processes, and more.
- Managing spend across different offices or branches.
- Regulatory compliance and reporting and unique tax considerations.



Nonprofits

- Sophisticated cost center tracking and allocation to demonstrate how resources support the organization's mission versus administrative functions.
- Need to track resources according to donor restrictions.
- Grant compliance and reporting.



Real estate

- Lease accounting.
- Diverse revenue streams with different recognition patterns.
- Sophisticated depreciation calculations using different methods for buildings, improvements, and personal property.

Here are a few research points to consider:



Do your research on potential verticals

Before diving into verticalization, it's crucial to conduct thorough research to identify the most suitable industries. You'll want to evaluate in-firm expertise, technology requirements, and what clients fit your ideal client profile.

Are there industries that make sense to focus on considering your firm's mission and values?

Are there verticals you are passionate about serving?

Do you have the expertise on staff to support your vertical of choice?

What is the tech stack investment to support certain verticals?

Turn to peers for advice via conferences, networking, social media and other channels to understand industry trends and opportunities.

Are there underserved verticals or those with higher regulation needs (e.g., reporting, audits) that are a good fit for you?

Plan your verticalization strategy

Once you've identified potential verticals, it's time to develop a comprehensive plan for implementation. Ask yourself what you want to accomplish and what are your indicators of success. From there, begin planning for resources and technology.

Action	Examples
Define what you want to accomplish through verticalization and how you'll measure success.	<ul style="list-style-type: none"> • Client growth within the chosen industry • Number of verticals you plan to develop • Margin increase as you scale • Recognition as an industry expert within the market
Assess your current resources and determine what you need to develop, launch, and scale your vertical strategy.	<ul style="list-style-type: none"> • Team skills and expertise: identify any gaps in knowledge or experience related to your chosen vertical. • Technology requirements: determine what software and tools you'll need to serve your vertical clients effectively. • Training needs: plan for upskilling your team to ensure they can provide specialized services in your chosen vertical. Training will also be required on any vertical-specific technology or app.
Technology plays a crucial role in successful verticalization. All verticals are not created equal. They have different technology needs, goals, and reporting requirements. To ensure quality service delivery and scalability, firms need a standardized technology stack to support vertical clients.	<ul style="list-style-type: none"> • Standardize technology for vertical service delivery and scalability. Every team member and every client should work within the same technology stack. • Incorporate industry-specific technology. Team members should be fully onboarded and trained on specialty apps. • Adopt new technologies when they create efficiencies, capacity and new capabilities, including automation and AI solutions. • Choose a platform that is trusted, stable, and innovative in functionality over time. This will enable the tool to grow to multiple industries as you expand.

Building your vertical focus

Now that your plan is set, it's time to bring it to life. Start small, nurture your progress, and let momentum grow naturally. Every big success begins with small, thoughtful steps.

Begin by focusing on one ideal vertical. This allows you to refine your processes, technology, talent, and go-to-market strategy before expanding into other industries. Working through the bugs will ensure a smoother rollout with other verticals.

Action	Examples
Once you're all in with a vertical, develop a targeted marketing strategy to attract new clients. You'll want to explore multiple channels and approaches to reach as many prospective clients as possible.	<ul style="list-style-type: none"> Engage with local and professional organizations related to your verticals. Attend their trade shows or write thought leadership articles for their publications. The more you're seen as an expert, the more appealing you are to prospects. Utilize online advertising to reach potential clients. Look into LinkedIn and Google ads to start. Be sure to identify a budget for advertising before you dive in. Form strategic partnerships with industry-specific service providers. Leverage internal firm referrals to tap into existing networks. Collaborate with industry partners to expand your reach. Consider using resources like the CPA.com & AAM CAS marketing toolkit to support your marketing efforts.
This is another good way to appeal to certain verticals. Consider developing and implementing processes and services tailored to your chosen vertical.	<ul style="list-style-type: none"> Industry-specific report templates Specialized financial analysis tools Workflows that address the unique challenges of your vertical

Scaling within a vertical

As you begin to see success with your initial vertical, you can start to think about scaling your efforts. Scaling is an essential part of growth and firms that have mastered scale represent your top performers. By this point, you've likely also worked out the bugs and have gained greater confidence in verticalization skills, so scale, scale, scale!



Document and refine processes

Create a comprehensive playbook that outlines your verticalization strategy, processes, and best practices. This will make it easier to launch new verticals in the future and ensure consistency across your firm.



Expand

Once you've established a strong foundation with your inaugural vertical, consider expanding into additional industries. Apply lessons learned from your first launch to ensure a smooth transition into other industries.



Partner with vendors

Consider partnering with solutions like BILL to streamline your operations and support vertical expansion.



Leverage technology for growth

Technology can play a significant role in this process, enabling you to streamline and automate workflow to better serve your vertical clients.

Own your vertical

Verticalization is a powerful strategy for accounting firms looking to gain competitive advantage, increase profitability, and bolster efficiency. By carefully researching potential verticals, developing a comprehensive plan, and executing a focused strategy, you can successfully verticalize services and scale operations with far more ease.

Remember that verticalization is an ongoing process that requires continuous refinement and adaptation. As you develop expertise in your chosen verticals, stay open to new opportunities and be prepared to evolve your strategy as the market changes.

Resources

Learn about how financial operations automation supports verticalization by visiting the [BILL Accountant Resource Center](#). This is a free educational resource for accounting firms looking to use technology to grow and add efficiencies.

Financial operations automation, including AP, AR, spend management, and procurement, helps your clients maximize cash flow, secure access to credit and capital, and streamline vital processes. To see how financial operations automation supports verticalization, sign up for a [BILL demonstration](#) or [risk-free trial](#).



About CPA.com

CPA.com brings innovative solutions to the accounting profession, either in partnership with leading providers or directly through its own development. The company has established itself as a thought leader on emerging technologies and as the trusted business advisor to practitioners in the U.S., with a growing global focus. Our company's core mission is to drive the transformation of practice areas, advance the technology ecosystem for the profession, and lead technology research and innovation efforts for practitioners. A subsidiary of the American Institute of CPAs, the company is also part of the Association of International Certified Professional Accountants, the world's most influential organization representing the profession. For more information, visit [CPA.com](https://cpa.com).

About BILL

BILL (NYSE: BILL) is a leading financial operations platform for small and midsize businesses (SMBs). As a champion of SMBs, we are automating the future of finance so businesses can thrive. Our integrated platform helps businesses to more efficiently control their payables, receivables, and spend and expense management. Hundreds of thousands of businesses rely on BILL's proprietary member network of millions to pay or get paid faster. Headquartered in San Jose, California, BILL is a trusted partner of leading U.S. financial institutions, accounting firms, and accounting software providers. For more information, visit bill.com/for-accountants.



Preferred partner solution of

