The 2023 accounting firm automation opportunity report

1000+ accounting professionals weigh in on how automation affects services, competition, efficiency, and more.

Contents

Introduction

Automation is universal.

Around the world, industries as diverse as agriculture, retail, and healthcare use it to drive efficiency, consistency, and cost savings. The same technological principles that send appointment reminders and heat your home also land spaceships.

In accounting firms, automation collects scattered information and transforms it into insights. It puts the right data into the right hands at the right time, increasing productivity and empowering firms to better advise their clients.

In this report, more than 1,000 accounting firm professionals—a majority of them with experience in automation—shared their opinions on the impact of financial automation on their firms. This includes:

- How automation boosts client advisory services (CAS) delivery and results.
- The benefits of a unified automation for AP, AR, spend, and expense management.
- The effect of automation on the competitive landscape.
- Areas of opportunity to expand financial automation.
- Firms' plans for automation investment.

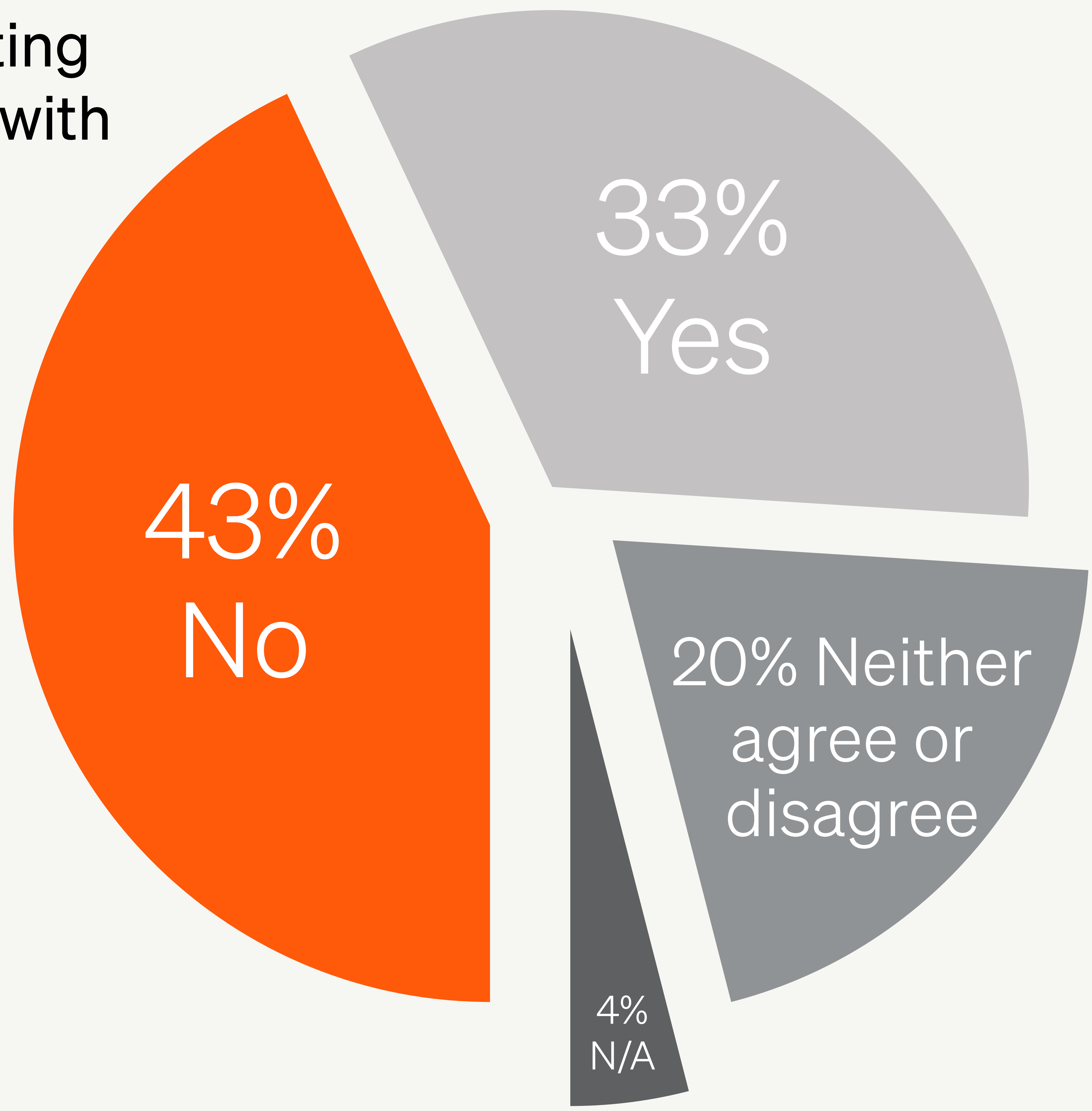
89% of accounting professionals said that automation in financial operations makes their firm more profitable and efficient.

About the research

The survey was conducted from October through December 2022. Responses were gathered from a variety of industry bodies, including Accounting Today, CPA Practice Advisor, the American Institute of CPAs, and CPA Academy. The total sample size was 1,190.

The sample includes just over two in five respondents that indicated they are already using accounting software with automation capabilities. A slightly smaller proportion (one in three) state that they are new to automation.

Are you new to adopting accounting software with automation?



Top takeaways

Client advisory services (CAS)

Automation increases accuracy and capacity.
85% of survey participants offering CAS said that automation improves the quality of data. For those offering CAS, AP, and expense management, 61% agreed that automation enables them to provide services they could not offer otherwise.

New opportunities

Automation presents growth opportunities—in AP, spend, and expense management.
Accounting firms may be missing growth opportunities when it comes to new services and automation. Firms that don't offer AP or expense management services reported they routinely handle tasks related to these services. Additionally, nearly one-third of those offering expense management services said they do not use or are unsure if they use expense management automation.

Automation unification

Firms welcome it.
77% said they would benefit from combining AP, AR, spend, and expense management automation. They cited the main benefits as saving time, closing the books faster, and putting client data in one place. Additionally, one in two say that a unification will ensure a greater level of accuracy.

Focus on growth

A growth-focused majority means more competition for those who aren't automating.
70% said their firm plans to grow their client base with current service offerings, and 51% said they will grow their client base by adding new services. Firms that lag on automation adoption may face disadvantages when looking for additional business.

Closing the books

Firms experienced with automation report a higher percentage of continuous closes.
More than one-third of firms said they close within two days and 3% said they have a continuous close. Of that 3%, firms experienced with automation more often report a continuous close when compared to firms new to automation.

Automation investment

Firms are ramping up.
61% of firm leaders indicated that they will increase their investment in financial automation during the next 12 months.

Automation boosts CAS performance

Client advisory services (CAS) stand among the fastest-growing practices for accounting firms. A 2022 report from CPA.com and the American Institute of CPAs (AICPA) noted a double-digit trend in growth for CAS practices since 2018. More than 80% of the automation survey participants provide CAS.

These advisory capabilities benefit from understanding the true scope of financial performance and cash flow. Data and insights from CAS (such as accounts payable, spend and expense management, and accounts receivable) are pivotal for forecasting, identifying trends, and more. However, a higher volume of data may result in more touch points—and a higher chance of errors—for firms that rely on manual processes.

85% of survey participants providing CAS agreed that automation improves the quality of financial data. Automation offloads manual tasks that invite errors—like data entry and expense coding—and helps provide the necessary reporting and auditing for advisory.

Automation can also provide more opportunities for CAS expansion, with 61% of those providing CAS, AP, and expense management agreeing that they could not offer the services they currently do without automation.

More than **60%** of survey participants offering CAS, AP, and expense management said they **could not offer** the services they do without automation.

"To provide amazing CAS, we cannot mess around with inefficient and manual work processes. The true value EisnerAmper provides is the advice and guidance clients need to help grow their businesses and manage their finances."

John Delalio
Partner, Cloud Accounting Services, Eisner Advisory Group LLC

Cutting down the close cycle

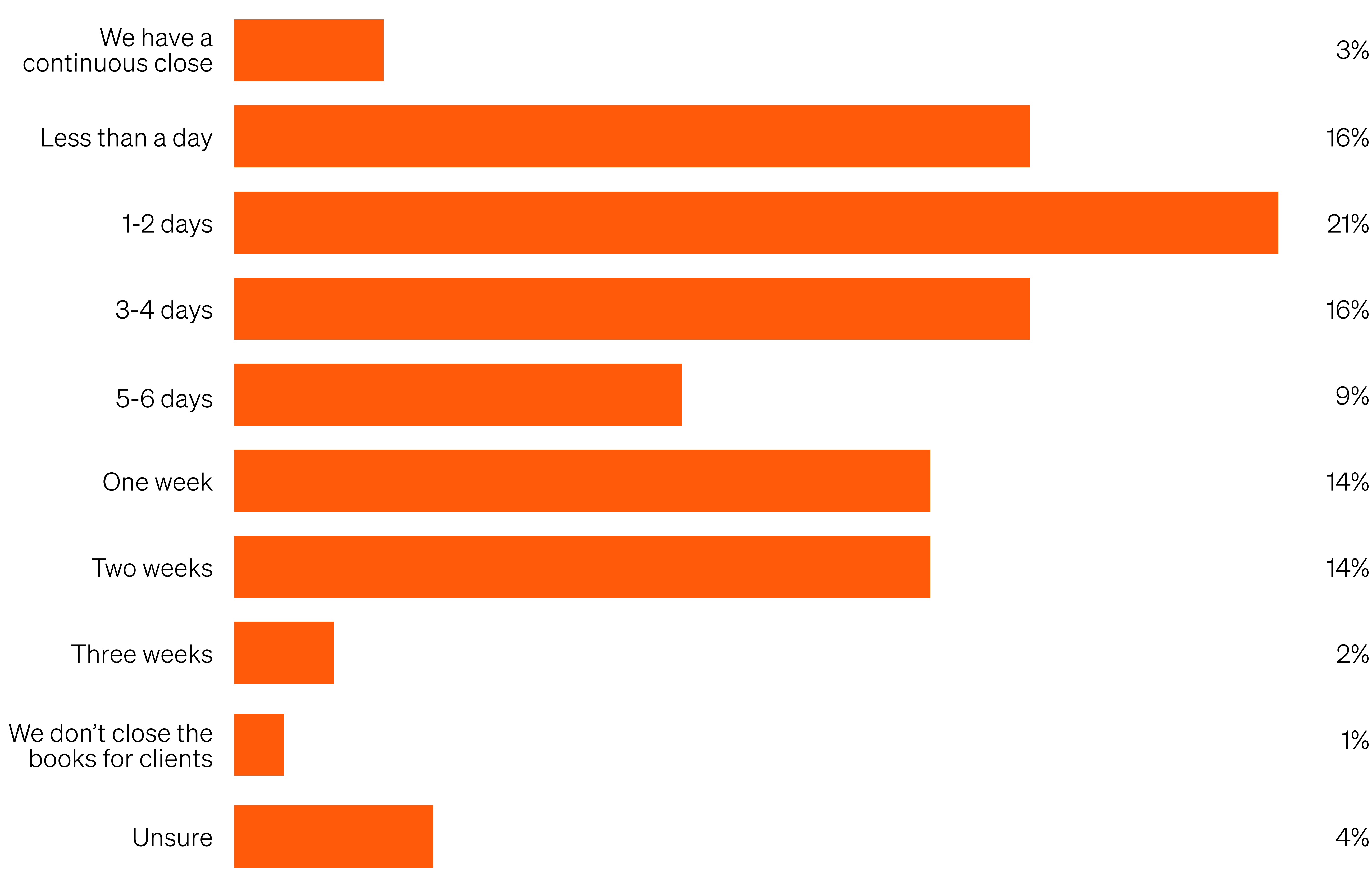
Is the 30-day close becoming extinct? According to the survey results, many of the firms familiar with automation are expediting their closing processes to a week or less. 62% said they close the books for the average client in less than a week, and 30% said they take between one week and three weeks.

A small percentage (3%) indicated that they offer a continuous close, which leverages real-time data and automation to perform closing tasks every day instead of waiting until the end of the month or quarter. Firms with automation experience reported higher percentages of continuous closes. For example, 6% of firms with more than 50 employees who are experienced with automation say they have a continuous close compared to 1% of firms of the same size who are new to automation.

According to the survey data, the overall 3% of firms offering a continuous close share interesting traits. Nearly all of them offer CAS and more than half offer AP and expense management services, which are critical data sources for closing the books.

"The continuous close is closer to concept than reality for most accounting firms. The firms offering it now have two things in common. They know how to make technology work for them and their clients. And they have a competitive advantage over other firms," said Kevin Au, Vice President of Product Management for BILL.

Time it takes accounting firms to close the books each month for an average client



Widespread support for automation unification

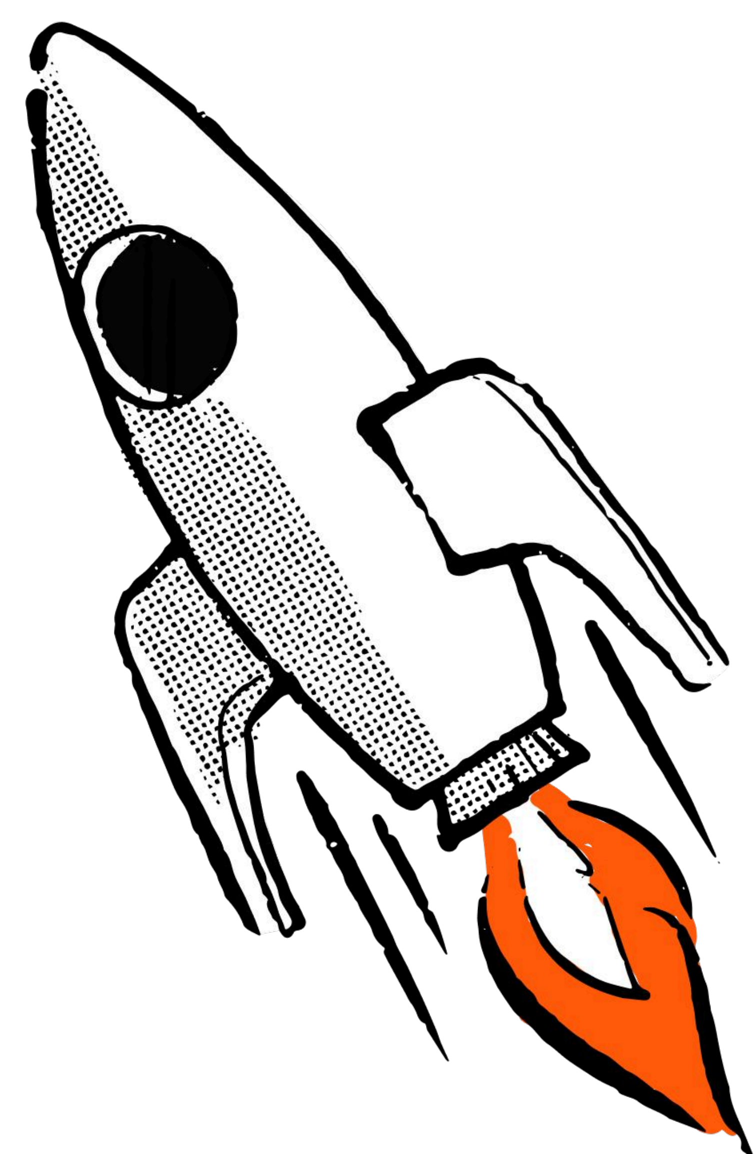
How can automation increase benefits for accounting firms? According to 77% of survey participants, by combining automation for AP, expense management, and AR.

When asked why, accounting professionals prioritized efficiency and speed—two traits that consistently emerged as highly valued according to the survey results. 90% said it will save time for their firm and 74% said it will help them close books faster.

Participants also pointed to the fact that integration will help enhance advisory capabilities and client service. Roughly half indicated that it will help them provide guidance quickly and increase their visibility into client performance. Nearly 40% said it will offer more insights for informed decision making.

Write-in responses from participants in favor of this idea included speeding up client conversion and training, simplifying cash forecasting, and increasing process efficiencies.

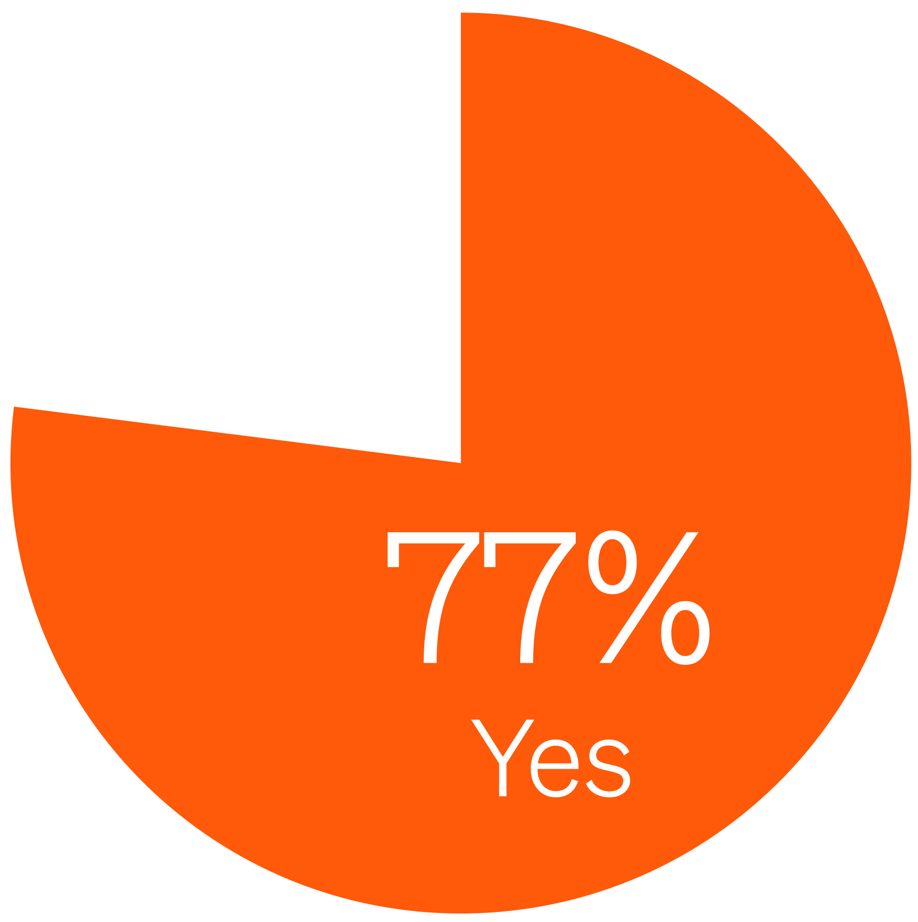
“Automating manual tasks represents an important step and is becoming more table stakes at this point. Firms that simplify their technology stacks can become even more efficient. Each improvement increases the opportunities for deeper client advisory services and more profit,” commented Au.



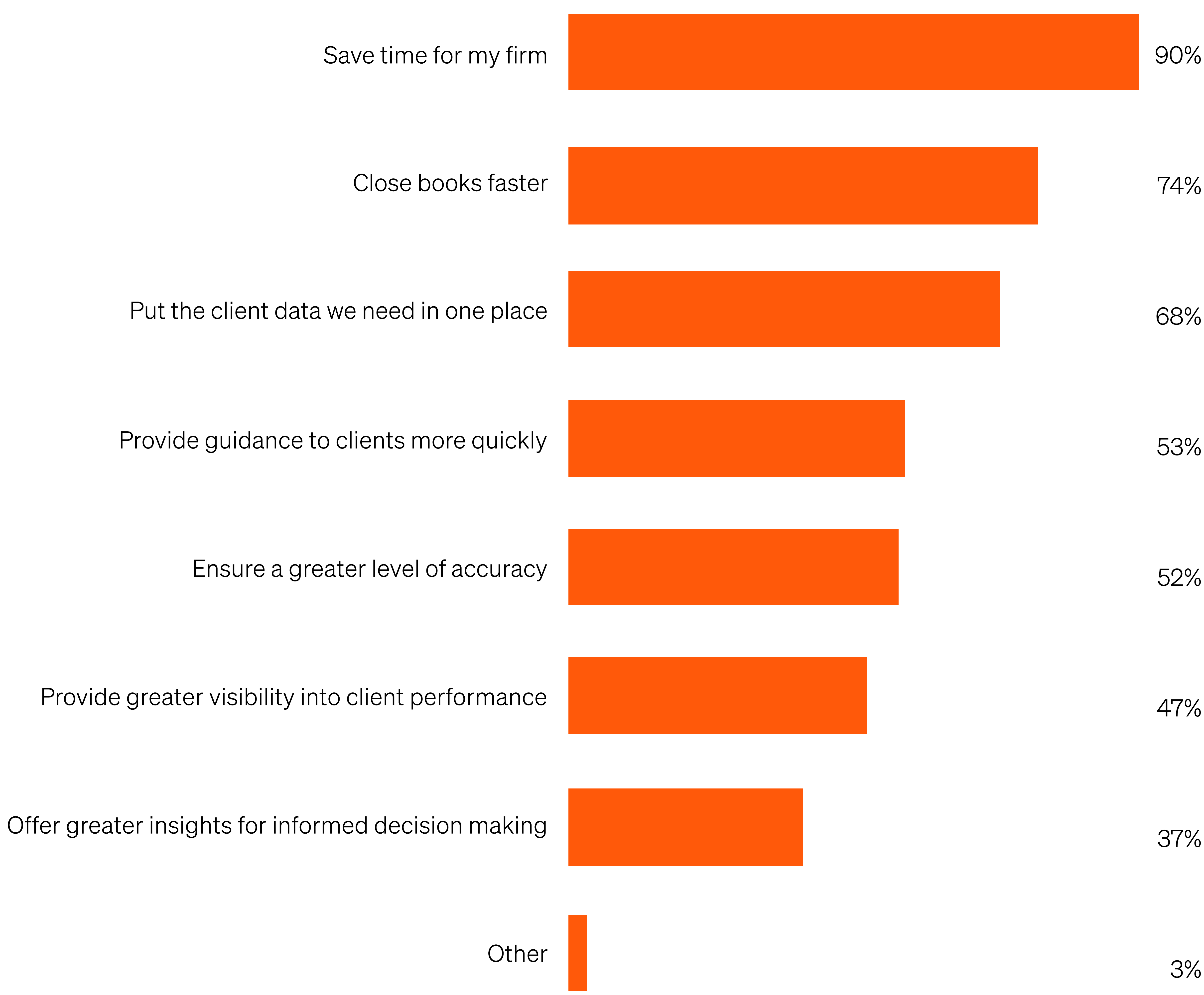
The top three reasons for having AP, expense management, and AR automation together, according to survey participants:

1. Save time for my firm
2. Close books faster
3. Put the client data we need in one place

Do you think combining AP, expense management, and AR automation will benefit your firm?



How firms say combining AP, expense management, and AR automation will help



Automation investment plans and the competitive landscape

Accounting firms' enthusiasm for automation extends to hard dollars. Sixty-one percent of firm leaders agreed they will increase their investment in automation, with the percentage increasing to 73% for those who combine AP and expense management automation.

Growth plans are also influencing automation investment strategies. The survey shows that growth is a priority for firms, with 70% saying they will use their current offerings to grow and more than half planning to introduce new services.

With a limited market for talent, respondents also indicated that automation provides a hiring advantage. 57% agreed that automation helps them attract talent, with that percentage rising to almost 70% for firms with 51+ employees.

The focus on automation and growth may create a more competitive environment for accounting firms. New accounting automation users are seeing results quickly, with 90% reporting that it saves them a significant amount of time. As firms become more sophisticated in their automation use, late adopters may face limits in capacity and services to fuel their growth initiatives.

"We focus on and invest in technology because we understand and respect the way it affects competition in the marketplace. Ultimately, if you don't use technology to its fullest, you will fall behind your competition."

Matthew E. Lescault
President, Lescault & Walderman

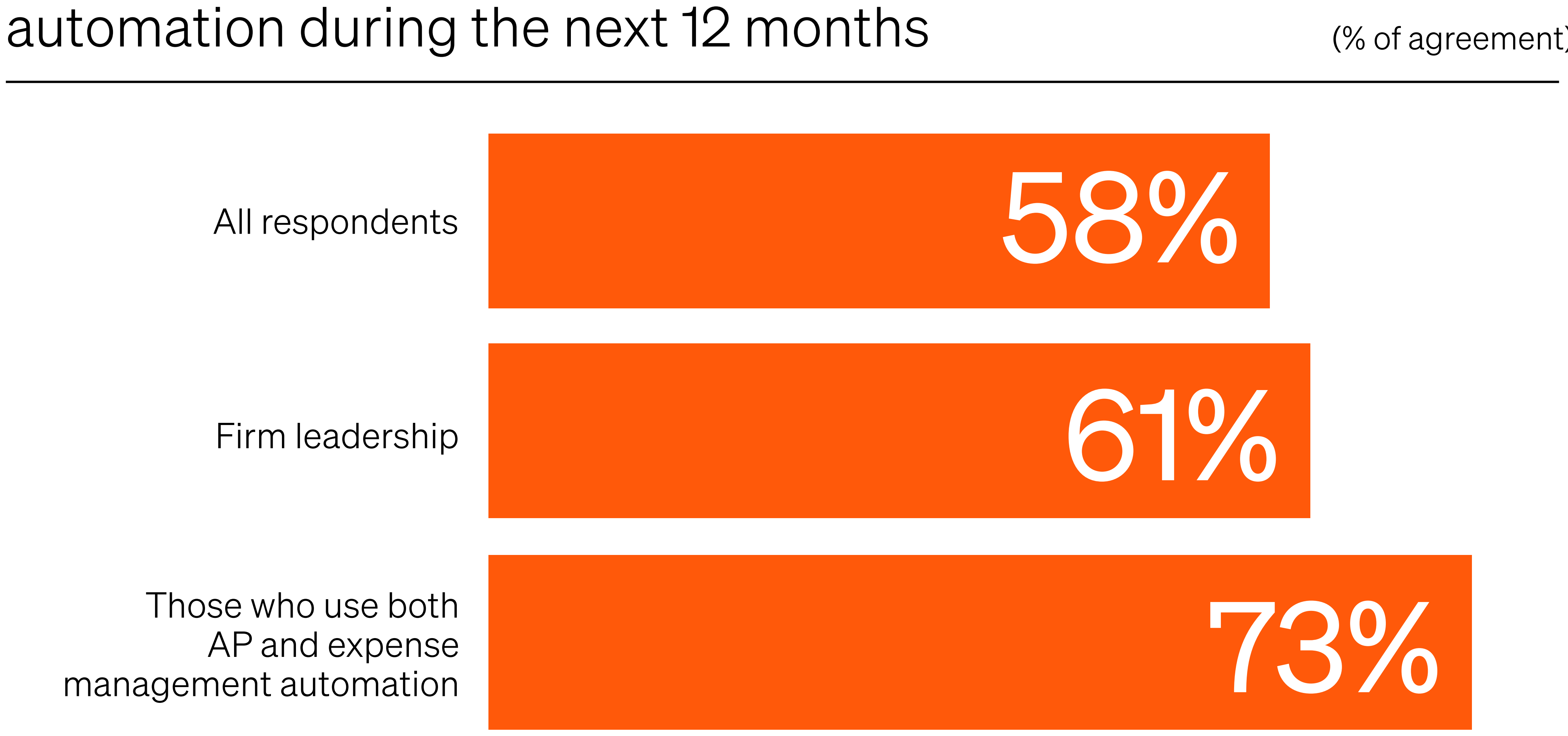
Are lifestyle firms overlooking automation opportunities?

When asked what their plans are for the next one to two years, 11% of respondents said they want to keep their client base steady with no changes. These firms often hold other priorities than growth, including ones that speak to work/life balance and personal development.

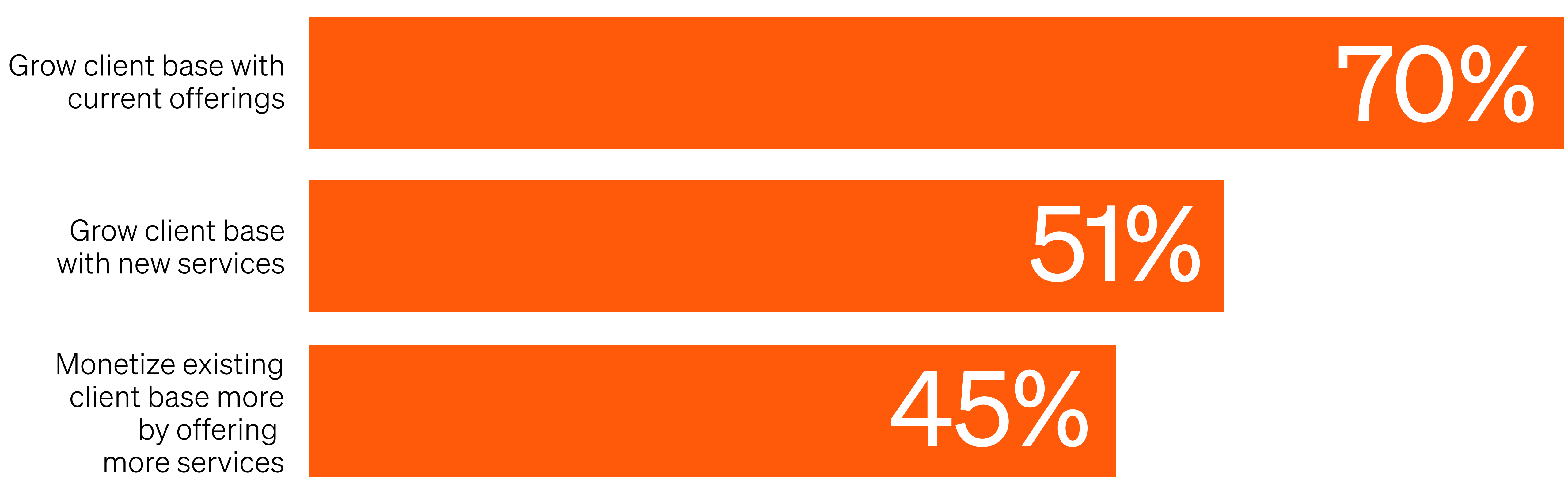
However, while 76% of lifestyle firms said automation saves them time, only 41% said they will increase their investment in automation—this despite the fact that automation investment can help lifestyle firms to increase efficiency and maximize the amount of time they can spend outside of their firms.

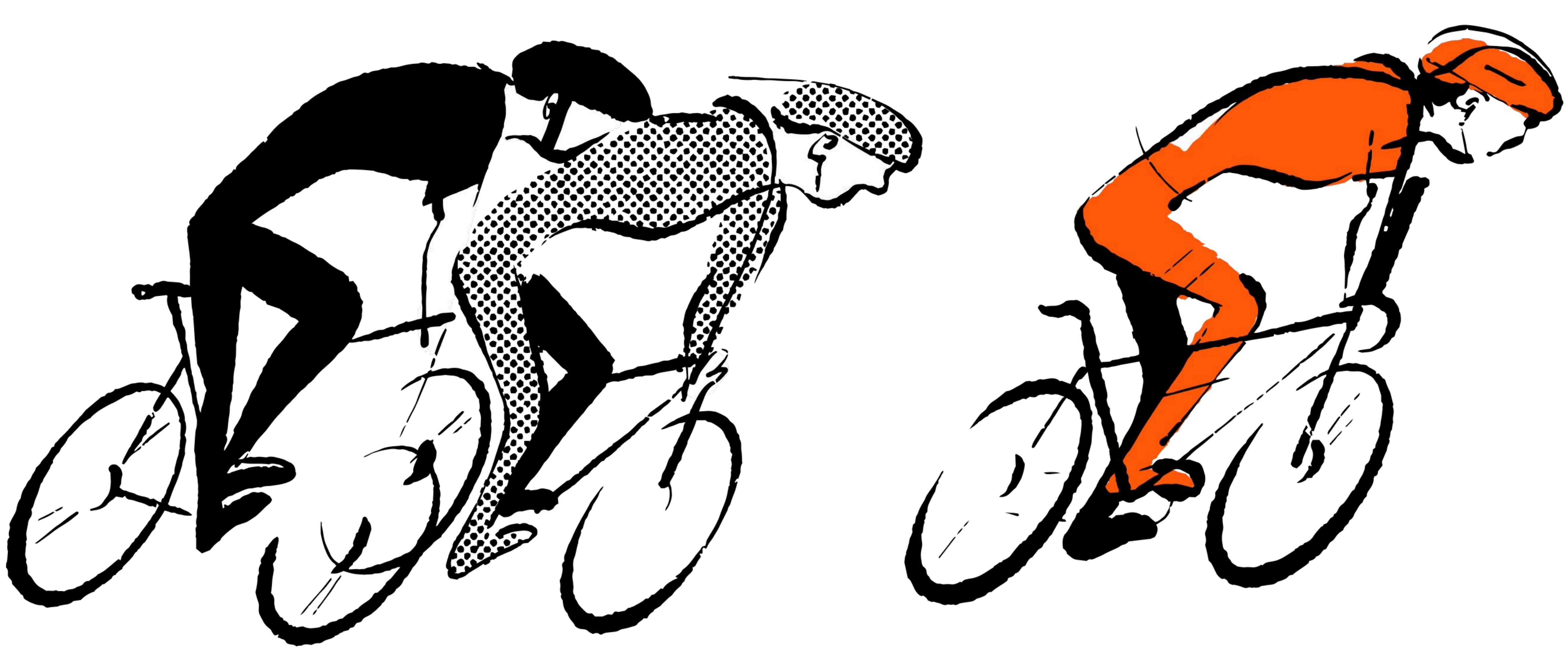
57% agreed that automation helps them attract talent, with that percentage rising to almost 70% for firms with 51+ employees.

We will increase our investment in automation during the next 12 months



Top three growth goals for accounting firms



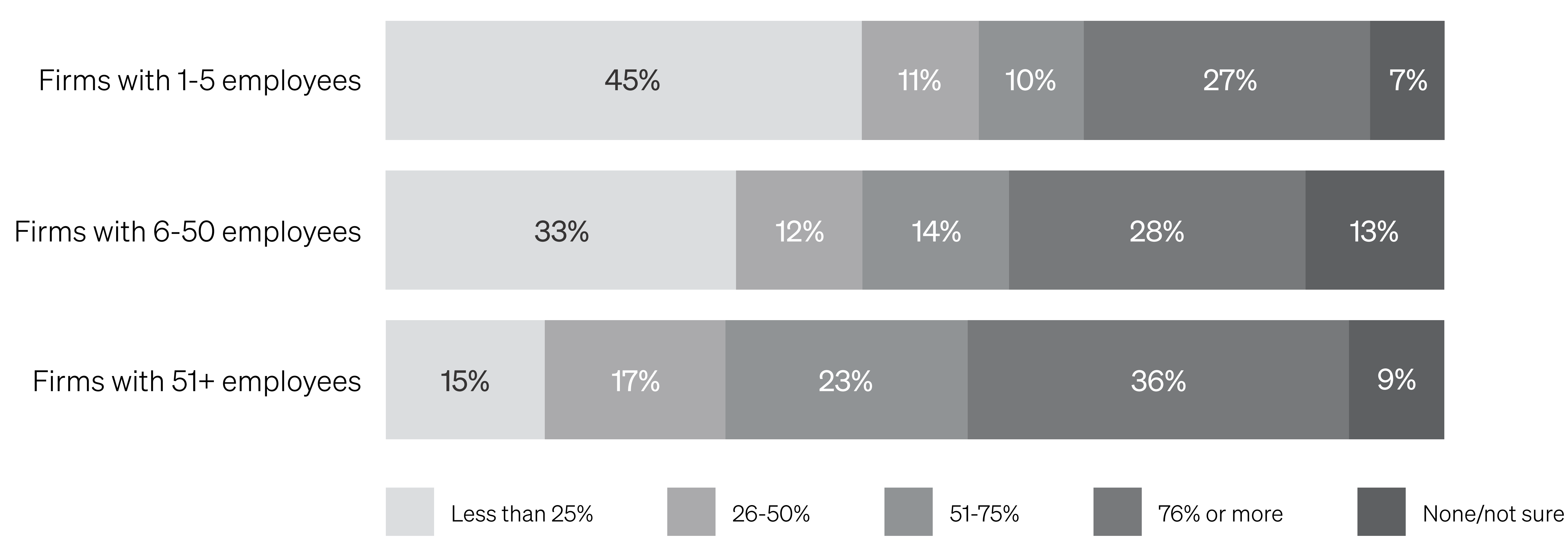


The next waves of accounting automation

Survey responses suggest there is more room for firms to develop automation benefits.

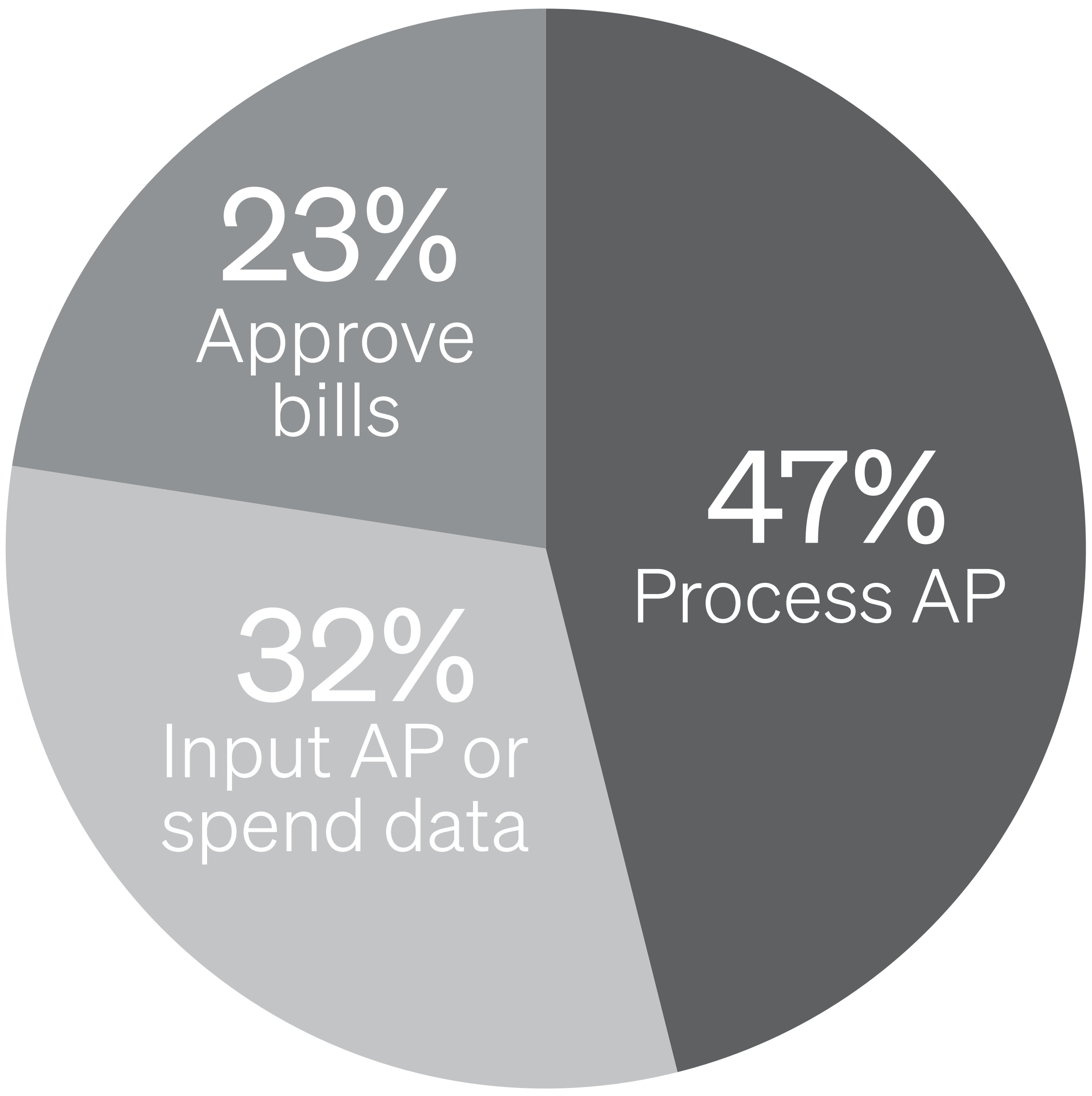
1. One-third of the survey participants said they are new to adopting accounting automation. Yet, 90% of this group agreed that automation saves them a significant amount of time, suggesting that they're seeing results quickly. Speedy results may spur this group to further their automation adoption plans.
2. Even participants that don't offer AP or expense management services reported they routinely handle tasks related to these services such as organizing receipts. Adopting more automation measures for AP and expense management may lead to more efficiency and time savings for these firms.
3. There is more potential to expand AP automation and standardization to clients. Of respondents offering AP services, 51% require clients to use their preferred AP solution and 69% are advising clients to stop using paper checks. However, more than half said they still use computer-printed checks to pay client bills. The results suggest that there are more opportunities to expand AP efficiencies with standardization and automation.
4. Expense management automation adoption has room to grow. 32% of those offering expense management services said they do not use or are unsure if they use expense management automation, meaning they may be relying on manual processes.

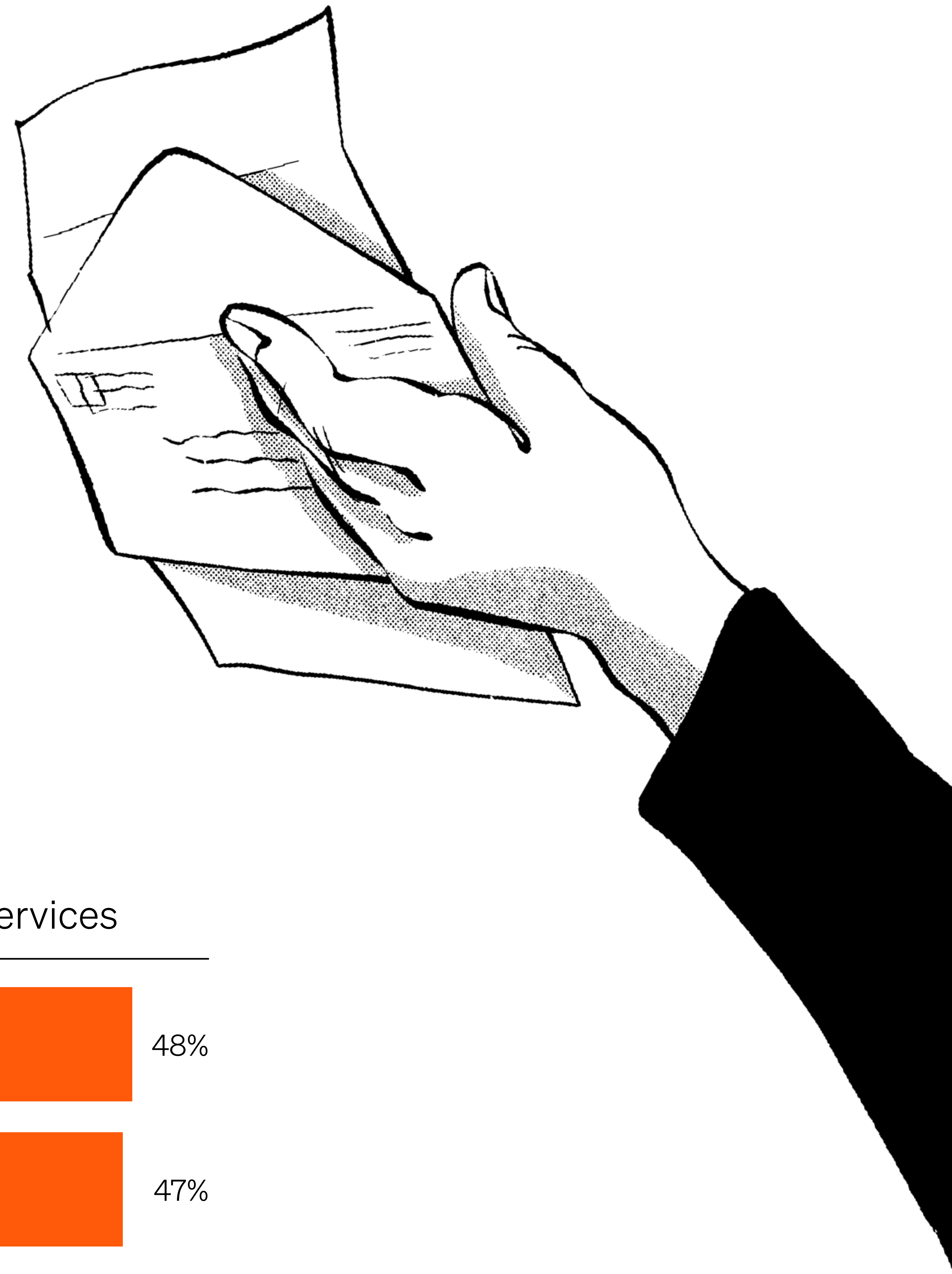
Percentage of AP clients using bill pay automation



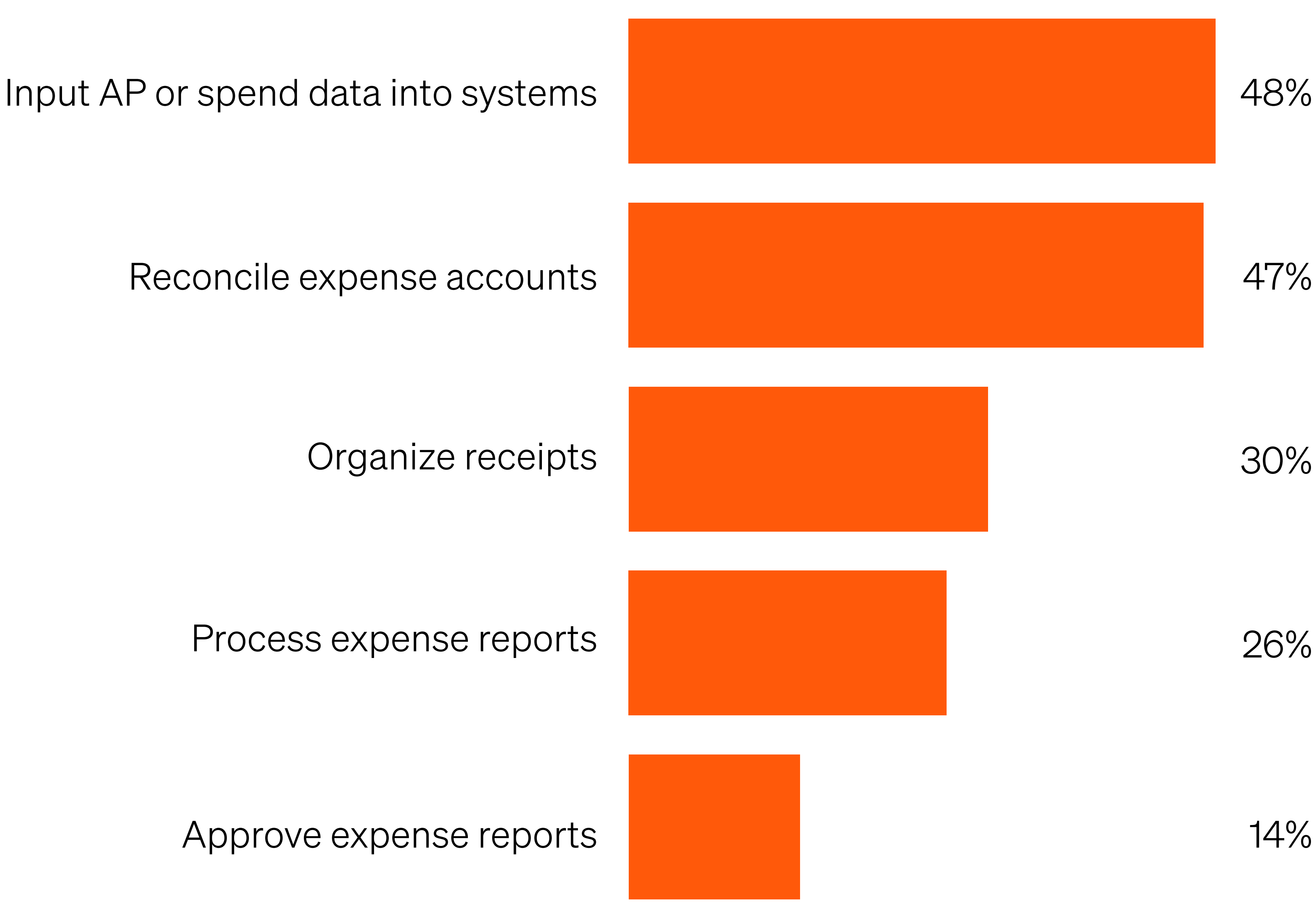
What activities do you engage in during a typical work day for your clients?*

Firms that **do not** offer AP services





Firms that **do not** offer expense management services



*Participants were invited to select all answers that apply.

Resources for automation information and planning

Automation continues to pay off for accounting firms, which report benefits such as efficiency, hiring advantages, profits, and more as a result of their investments. As automation sophistication increases, so does the opportunity to boost return on investment.

For those interested in furthering their automation efficiencies, here are resources that will support your research.

Automation

- The highly automated firm: What it looks like in practice—and how to achieve it
- Harnessing technology: A vital pillar for a thriving CAS practice

Spend and expense management

- Leverage expense management technology to power your firm's growth
- How to move one step closer to continuous close

Accounts payable

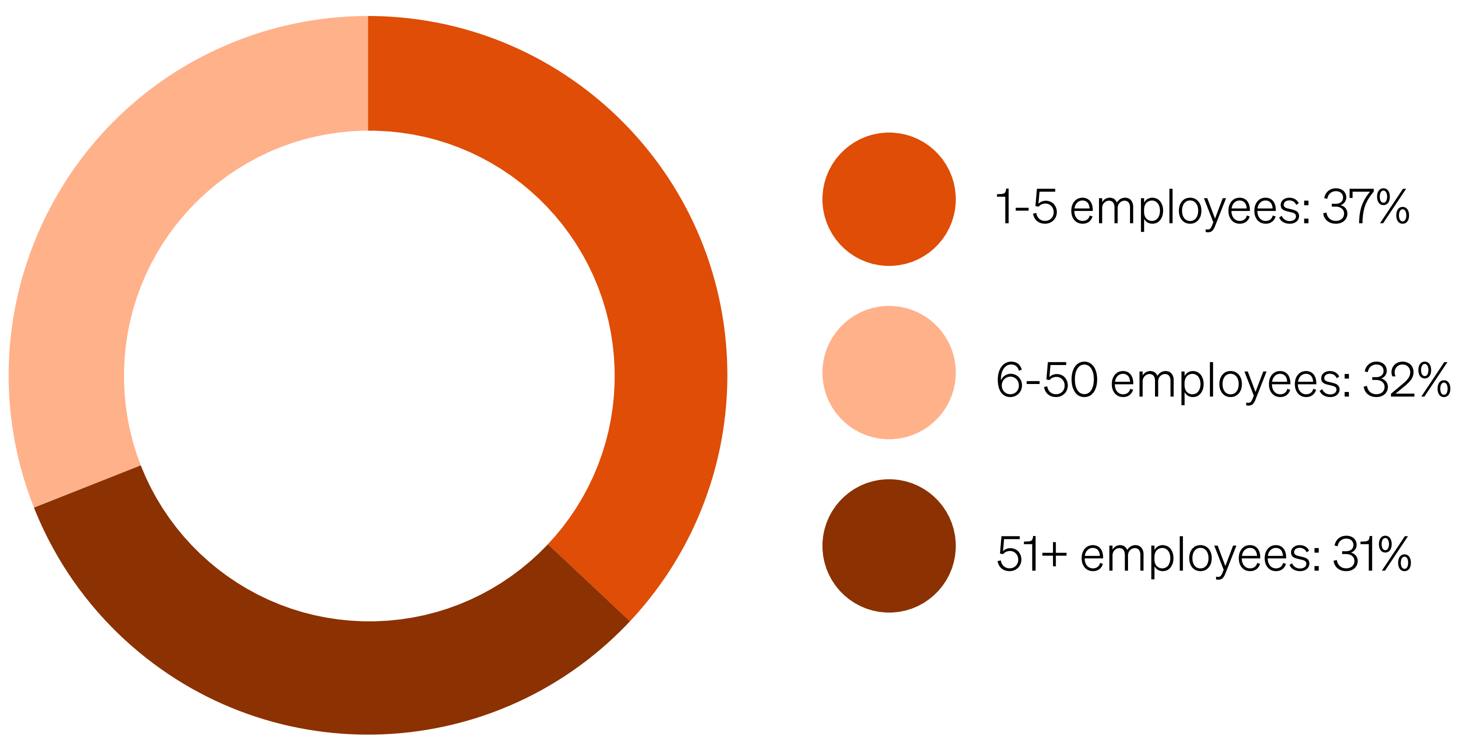
- Accounts payable approval workflows: A best practices guide
- Taking Automated AP Services Past That First Client

CAS

- 5 Guiding principles to create a roadmap for your advisory practice
- A guide to spend management and your CAS practice
- From expense tracking to spend management: The next CAS opportunity for accounting firms

Overview of participants

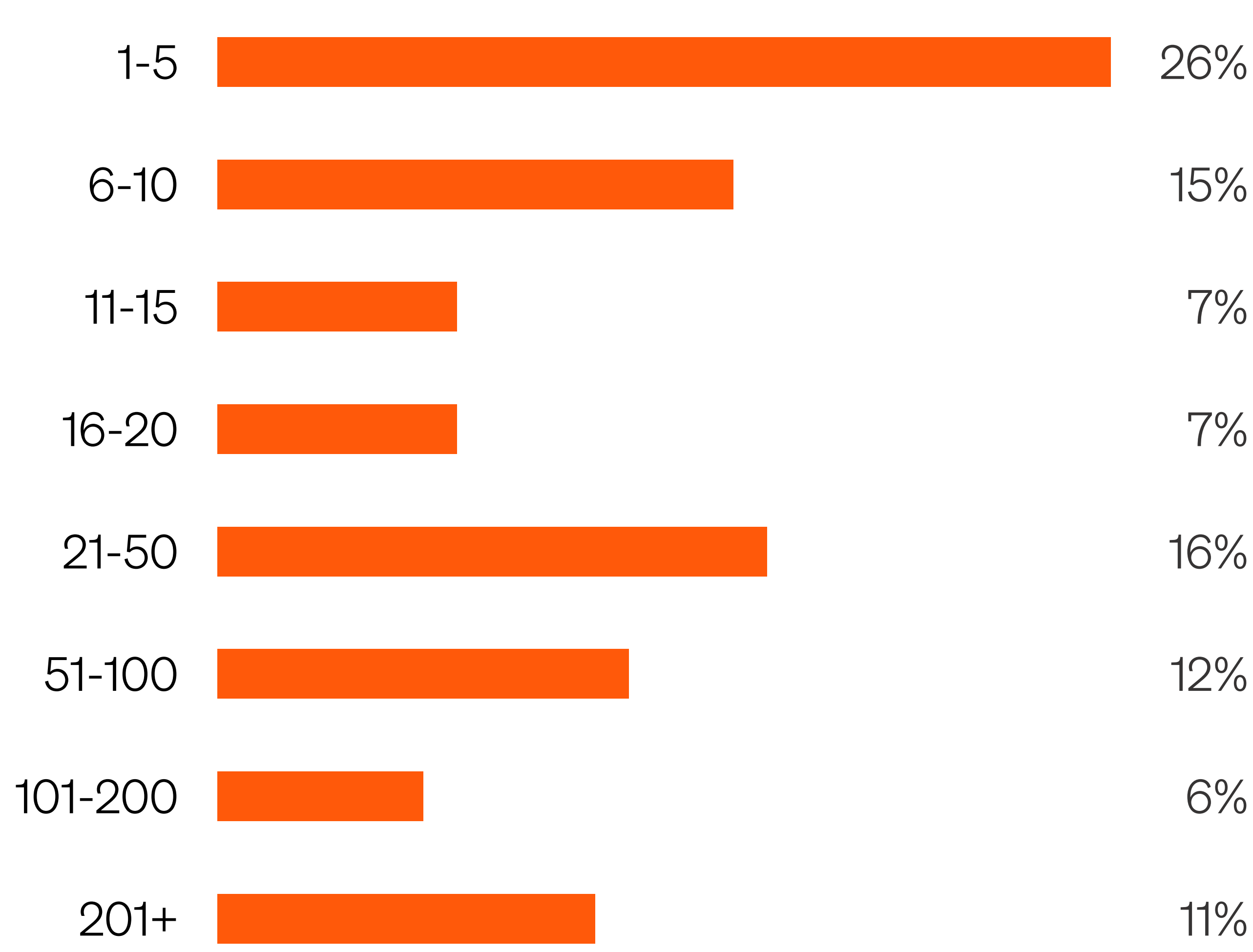
Number of employees at firm



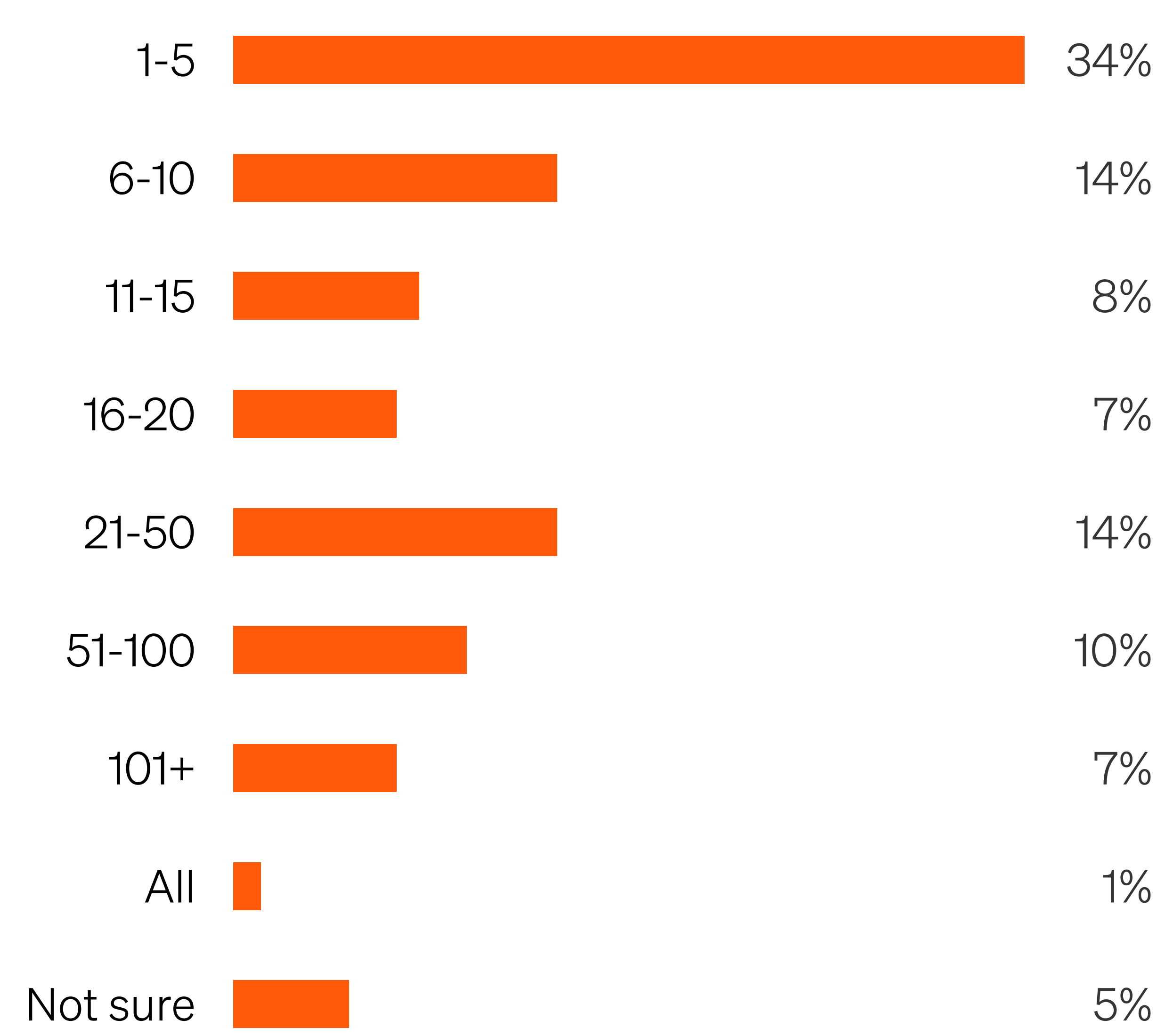
Titles of participants

Number of clients for the entire firm

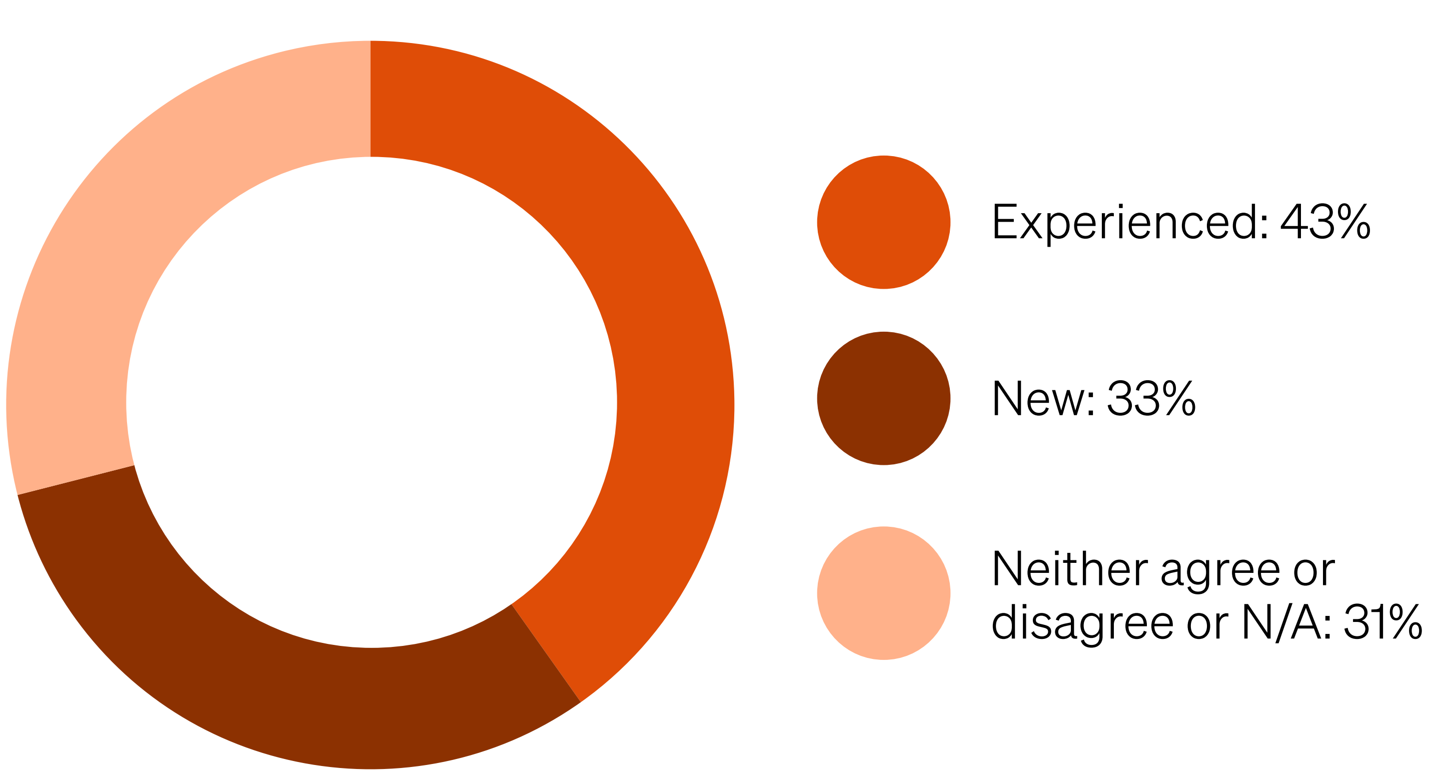
Number of AP Clients



Number of expense management clients



Accounting automation experience



About BILL

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See how automated financial operations will help your firm grow and maximize productivity by viewing a demonstration of BILL.

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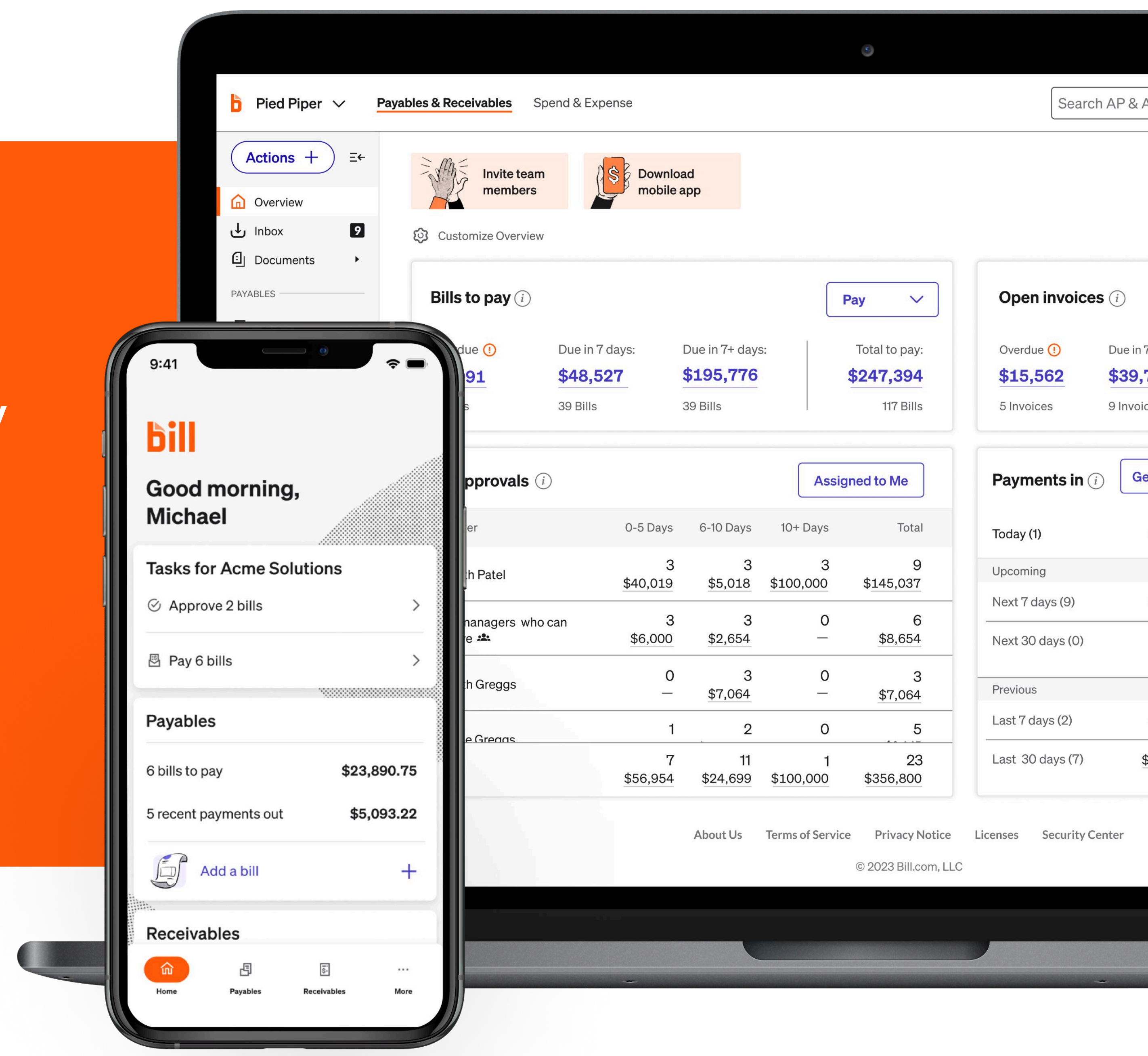

"The automation BILL provides is unbelievably important. It has made our firm measurably more efficient and profitable."

Nick Pasquarosa
Founder and CEO, Bookkeeper360

"BILL Spend & Expense reduces overspending and saves time with auto-categorization. This means for an average client with 50 team members, they might save about $600 per month using it."

Jody Grunden
Partner, Anders CPAs + Advisors,
Founder & Head of Summit CPA