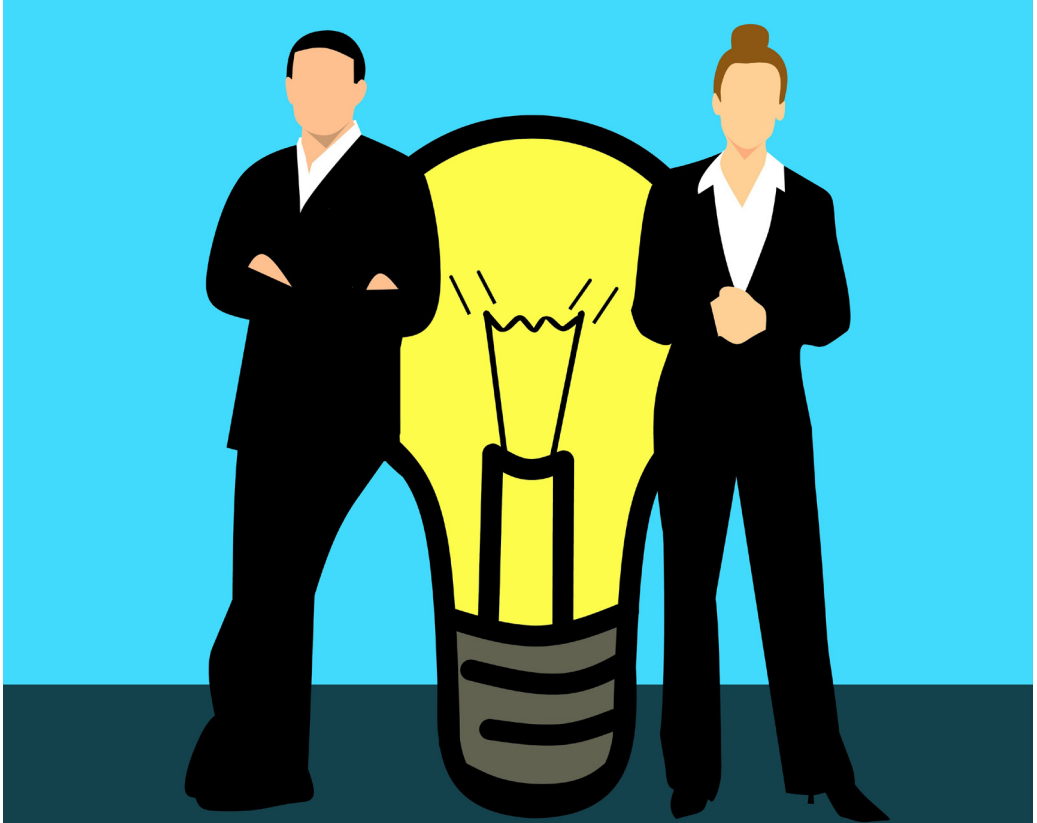


# WHAT ACCOUNTANTS COULD DO NEXT



**A conversation with  
Ian Bowden, Tax Technology Partner  
BDO**

Extract from a book commissioned by:



Powerful Accounting Software

# Introduction

If technology has resulted in arm's length commodification of services, is it also providing the accountancy profession an opportunity to develop a closer relationship with the client?

A book commissioned by iplicit, to be published by DECISION magazine, looks at how IT has a role in enabling a practice to add value, whether in fact technology can assist the migration to providing a more advisory role and service to the client.

This is one of the papers to be included.



# Knowing what can make a difference

**How is an accountancy practice able to provide value-added to the client in service areas which are becoming more commodified and price driven? Can technology assist the migration to providing a more advisory role and service to the client?**

Ian Bowden, tax technology partner, BDO: “This isn’t going to be a popular answer for many accountancy practices, but certain service areas are commodities. Accountancy practices have been trying to fight against this for years, believing that the annuity income that tax compliance brings is the backbone of their service offering, and from that they will build their relationship with their client and win a wealth of advisory work or an M&A mandate.

“But I believe that clients should be paying their tax accountants for their technical knowledge, insight, experience and the advice they can provide, not to manipulate and transform large quantities of data for inclusion in a tax return which historically is exactly what they have been doing.”





*Ian Bowden*

“The abundance of data means the profession needs to change, to look at a lower cost for the services which can be commodified, and to find ways to add value to their clients. In commercial terms, accountancy firms have got to disrupt themselves.”

• **Can technology assist the migration to providing a more advisory role and service to the client?**

**Ian Bowden:** “Repeatable tasks and data wrangling should be performed by systems and automation, not by people. Using systems and automation means that more data can be analysed more quickly and in a systematic and consistent manner every time. To give you an example: we have experience of a recent HMRC enquiry where the inspector requested a sampling approach as a form of evidence to underpin a claim. Sensible so



far. However, they mandated a minimum sample size of 99% of the data. Providing that level of sampling manually would have been near impossible, but with technology it didn't matter whether there were a thousand rows or a million. When it's applied appropriately, technology will do the heavy lifting and you can be assured that it will have applied the same standard of analysis to every single row of data, every single time.

“At the moment, probably 60% of our time in a compliance engagement is spent taking data from clients and reviewing it line by line, cleaning it up and transforming it into a useful form before we can do any real work. That's where the application of technology makes a real difference, although we are still reliant on the initial descriptions out of their system.”

**• Is there a risk that the actual functionality of accounting software is becoming commodified and that ironically companies are getting less sophisticated information at a time when there is growing complexity?**

**Ian Bowden:** “I don't think that's the case currently. There is enough competition out there for the accounting software vendors to keep pushing the boundaries to try to make their features more comprehensive to drive their market share; and accountancy firms also help influence the strategic direction of many of the software tools.

“Sometimes however some of those features that drove a purchasing decision don't find their way into the deployed



product. Getting a good implementation partner and defining the right scope is key. What I would say however is that even with Excel, which is still a key tool for many companies, we often find that they are using only around 2% of its potential functionality.

“Tools like Excel have been calculators for years, and continue to be important, but there are new emerging solutions which often provide better, less labour intensive and more assured outputs.

“To give a couple of examples: VAT, which is very transactional in nature, lends itself to data processing and automation because where VAT software adds value is through the identification of duplicate entries and inconsistent treatments. Identifying these early in the process can be a big win.

“Secondly, in terms of large global tax consolidation processes, I think there is an opportunity for entity stratification strategies to remove much of the labour intensive ‘noise’ that only increases risk. Entity stratification is where entities are analysed using an established and validated model before year end to establish their historic and current relative materiality to the group, not just by size but by risk and contribution.

“Using this approach allows a detailed focus to be applied where it matters, on those material entities, and small, less material entities can be automated and the system can look for errors. This type of approach is increasingly allowing tax functions to better manage their year-end processes.



“Corporation tax isn’t generally a contentious area when it comes down to data errors, although we are looking forward to seeing the impact of virtual real time reporting, akin to the current provisioning process when Making Tax Digital for Corporation Tax arrives with us. That will be live for everyone in 2026. In advance of that, clients need to be looking at their VAT, employment taxes, and transfer pricing data.”

**• Where, in your experience do companies fail to get the best out of their accounting software, and why? And what specifically do mid-tier organisations require which isn’t being met by entry or enterprise level accounting software?**

**Ian Bowden:** “People are the biggest blockers and organisations often don’t prioritise the change management piece. I’m not a psychologist, but a successful system implementation is dependent on effective change management and sympathetic implementation because the fear of the unknown will always mean there is going to be some degree of reticence to do things differently. While invariably process change sits alongside system change, it is something that cannot be fixed with technology.”

“Because the same data will be used for multiple purposes, I do think there has to be a move away from looking at ‘best in class’ point solutions and to instead look at ‘best in class’ in terms of integration between solutions. Every vendor has written good enough point solutions, but the key is integrating them to create a single tax ecosystem for the business. Firms need to look at how they can create this level of integration with their clients.





The skill of the implementer is to take a system from delivering 85% of the answer to 95% or 100%.”

“As a keen sportsman I have benefitted from how technology has made my chosen sports easier and more fun. ‘Weekend warriors’ have for many years now been able to take advantage of trickle-down technology previously only available to elite athletes.

“Marginal gains was a mantra popularised by the former Team Sky cycling team many years ago now, yet today much of the technology used by them (now Ineos Grenadiers) is widely available and can be seen on our roads every Sunday morning. It is essentially the same with accounting software.”

“The future is real time reporting and mid-tier firms need to build a simple technology strategy that takes advantage of





other people's innovation. The reduced risk approach is to adopt 'best in class' market standard software which supports your requirements and then use low level code around the edges to ensure seamless connectivity."

**• From your experience or observations, what are the catalysts which prompt a mid-tier company or accountancy practice to introduce new software? What are the issues which affect the decision-making process and timing - risk, worry about disruption at a time when organisations are increasingly busy, inherent reluctance to change, 'nobody got fired for buying IBM' syndrome, - and how in your view are they best addressed?**

**Ian Bowden:** "There is some reluctance to selecting smaller vendors or advisers because the larger players are considered 'safe', and I think that will be with us for a while. If you're a mid-tier firm you're not going to get the attention of the bigger names in software as they are focussing on the larger organisations and may well be solving problems that the mid-tier don't have.

"Having someone with you on your journey who can demystify the sales spin, understand your requirements and help you assess the relative strength of the various options is invaluable and that is where I've been focussing with my team.

"Accounting firms shouldn't try to be technology houses, but they are able to influence the direction that the technology takes.



“An architect doesn’t make their own bricks but will advise on the most suitable product to build their design. Independence, knowledge, experience and knowing your client are the key requirements.”

“The interesting point here though is that the main issue often isn’t competition between software houses, or even accountancy firms. It’s apathy; firms sticking to what they have always done simply on the basis that it has worked to date.”

“What we are seeing increasingly however is that the new tax professionals entering the market don’t want to do things the same way we did when we were growing up, so they will leave organisations who don’t embrace both change and technology. They’ll vote with their feet.”

• **Where might IT add value to the accountancy practice going forward?**

**Ian Bowden:** “The main challenge for years for an IT function has been about keeping systems operating and applying upgrades and patches. Going forward I believe they need to be more dynamic, innovate more and help the businesses they support become aware of and utilise new technologies.

“The future of IT in accountancy is very much around transformational activities and finding better, more effective ways of doing things. A significant part of accountancy is in



essence about applying a set of rules to different sets of numbers. Systems are good at that up to a point.

“Where decisions need to be made, or there’s a requirement for interpretation, that’s where the adviser element adds value.

“More mainstream vendors will enter this market and I can see a time when Amazon could be doing my personal tax return. They have most of my spending history anyway!

“That said I do always like the idea of an accountancy firm doing my corporate tax accounts, because there will be judgement decisions where experience matters.”

Ian Bowden was in conversation with Larry Dillner, editor, DECISION magazine, and Paul Sparkes, commercial director, iplicit, for one of a series of papers to be published as a book in 2023.

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## About iplicit

Providing a cloud-based finance and management software solution that allows businesses to focus on what really matters. Tailored for those frustrated by on-premise legacy software, iplicit provides greater flexibility and enhanced levels of reporting, integrating with other cloud applications for a seamless migration path from a user's existing system, enabling organisations to 'step up' to next generation finance software without losing the functionality they currently enjoy. iplicit received the Accounting Excellence award for mid-market and enterprise software of the year in 2020, and the top product for enterprise accounting/ERP in the Accounting Web software awards, 2021.

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## About DECISION magazine

First published in 1988, DECISION magazine reflects the business lifestyle, the trials and tribulations, the hopes and aspirations of directors and managing partners responsible for businesses with a turnover of £5million and above across the south of England and London.

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