

# THE DIGITAL DISRUPTION INTERVIEW

This interview took place at Cape Town's V&A Waterfront following the conclusion of the SAICA and Xero Business Roadshows in September. The breakfasts were hosted in Durban, Bloemfontein, Johannesburg and Cape Town.

## WE INTRODUCE TO YOU

*Interviewer:*  
Matt Knight  
Project Director for Commercial  
Delivery and Business  
Development, SAICA



*Interviewees:*  
Colin Timmis  
Head of Accounting  
(South Africa), Xero

David New  
Sales Director, Spotlight  
Reporting

Alex Clark  
Account Manager  
(South Africa), Receipt  
Bank



## SOUTH AFRICA FIRST IMPRESSIONS

MATT KNIGHT:

*Hi guys, it was great to have spent some time with all of you this week and hear your thoughts on where technology is changing accountancy and how you're playing an influential role in those changes. Nearly 1 500 joined us at the four events and the webcast, so we're impressed with how it went. But what were your impressions?*

COLIN TIMMIS:

We were really impressed. We found that members are hungry to know what's going on. If you look at the Johannesburg event, it was full despite there being other events and expos that same week.

ALEX CLARK:

Yes, I was encouraged by the engagement. There was a lot of curiosity actually.

DAVID NEW:

I was blown away by the sheer attendance. Digital disruption is here; that much is pretty clear now.

## SOUTH AFRICA'S CHALLENGES

MATT KNIGHT:

*How about the four different regions we went to ... Were the member responses quite similar or do the challenges differ quite significantly according to where you are?*

COLIN TIMMIS:

The overall challenges are the same in that some members were looking at this for the first time while other members were looking to upscale or develop their cloud platforms so that they can offer a better service to their clients.

DAVID NEW:

I agree, and I think that the desire to change is the same. Most recognised the changes happening around them, and understood that it had implications for their work.

ALEX CLARK:

Yes, each of the four cities had different socio-economic environments but the responses were very similar.

COLIN TIMMIS

Also, I think if you look at the ages of the attendees, it was really diverse, young and old were there. That's something quite unique and hard to find at different CPD level events, but in this case, I think that the content and discussions were helpful for all members of all ages because it's current.

## CLOUD: THE ACCOUNTING DISRUPTER

MATT KNIGHT:

*Let's discuss technology. It's completely impacted and disrupted a number of industries when you look at the arrival of Airbnb in the hotel industry, or Uber in the taxi industry, Zillow in Real Estate, or the likes of Tesla in Energy and Utilities. What is the main opportunity you think that cloud applications present for accountants?*

COLIN TIMMIS:

Well, it's a hugely positive thing for accountants. CAs can now use the skills they have and the skills they have learnt more effectively and, mostly, more efficiently.

ALEX CLARK:

Working in the cloud also allows firms to work more intelligently so that they can add real value to their clients. It gives them the chance to enjoy what they're doing. In other words, once you move your data to the cloud, it opens a whole world of opportunities: your clients' data is available to view and analyse at anytime from anywhere and you can take advantage of new tools to save time processing that data.

COLIN TIMMIS:

It's also changed some of the playing fields in that it is no longer about Big vs Small, but rather Fast vs Slow. Tech brings advantages, so it's critical to add that to the technical CA expertise to ensure their skills and value proposition is positioned correctly.

DAVID NEW:

Yes, for me that need to be 'relevant' comes back to education. The surveys that Xero have done show that businesses want CAs to be the trusted accountant. Technology, then, simply enables that to happen even more. That then opens up efficiencies, so that time can be deployed elsewhere, more efficiently. If it can be automated, it should be automated.

COLIN TIMMIS:

Exactly. Tools save time, and accounting is directly changing and benefitting because of that.

## GLOBAL TRENDS AFFECTING SOUTH AFRICA

MATT KNIGHT:

*Colin, you're obviously very close to what Xero's been doing in the UK and globally, and then David and Alex, you've both come all the way from Sydney and London respectively to be with us this week ... So what do you think are the big global trends in the accounting profession that we can expect to see in South Africa soon?*

ALEX CLARK:

Certainly in the UK and increasingly in South Africa, clients are looking for more from their accountants. It's that advisory piece again that is so important, and which is enabled through accurate data and platforms – and a smart strategy that drives all that.

COLIN TIMMIS:

People want to be able to use good tech in their business, just like they have access to in their private life. Tech that is simple, saves time and brings enjoyment. Good accountancy software should offer all those things and Accountants in practice and business should ensure that they lead their clients in this area, rather than being led by them. Research shows that clients want tech savvy accountants, and will move if necessary.

DAVID NEW:

Absolutely. In Australia, the relationship between a motivated client and a good advisor has become a

must-have relationship. Clients are all too aware about how much value an accountant — armed with all the necessary finance and tech skills — can bring to their business.

COLIN TIMMIS:

I think we will see more opportunities for CAs to assume their rightful position in their clients companies by becoming true advisors and forming advisory boards focused on business growth and strategy, as most CA's have the experience and skills to fulfil this role but have become bogged down in compliance work.

## "REAL CPD" IS INNOVATIVE LEARNING

MATT KNIGHT:

*What advice would you give the firms?*

ALEX CLARK:

I loved it when this question came up during the week. My immediate answer was, 'don't be afraid to take advice'. We're facing constant change, and that means constant learning.

COLIN TIMMIS:

For sure, we've lost the essence of CPD! It's become a tick-box exercise.

We need to get back to its roots – which is about having an attitude of willingness and submission to learning new things. It's all about an attitude, a new outlook on learning and searching out resources that allow us to equip ourselves for a world being transformed by tech.

We need to get back to genuine learning which has less to do with hours logged and more to do with a desire to search for solutions and add value.

ALEX CLARK:

Yes, and hats off to SAICA for highlighting that through the roadshow and putting this 'firm of the future' discussion directly in front of the members.

A few more things I would add to what Colin said is that you need to be proud of the business you've built. And also to be careful not to isolate yourself. Those that can build a connected community are often the most successful.

DAVID NEW:

There was that slide that Colin showed [see image to the right] during the roadshow about the shark and the fish. Essentially, it's all about early adopters.

COLIN TIMMIS:

I couldn't emphasize that point enough — it's that need to be strategic in your own practice. You can't advise a client about being strategic if you are not even strategic in your own practice.

DAVID NEW:

Purpose hiring is another trend ...

COLIN TIMMIS:

Yes, more hiring of staff with customer relationship skills — what some call a CSC or customer services consultant. People that are more front-facing and able to support clients and deal with any documentation logistics or process development.

We also see staff coming into practices that have a digital background or focus to ensure a client's accounting platform is optimal.

## YOU AND YOUR CLIENTS ARE STILL CENTRAL TO CLOUD TECH

MATT KNIGHT:

*Is it any different for the smaller firms embarking on the cloud accounting journey? What's your experience of those who have adopted current technology?*

ALEX CLARK:

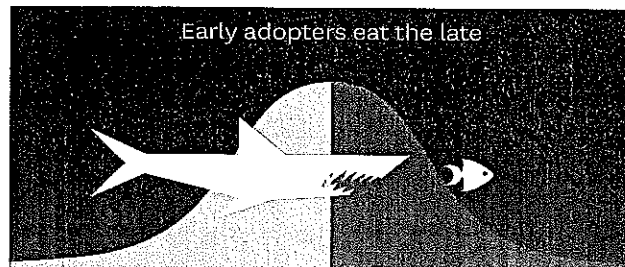
The messaging for SMPs has to be about what you want to achieve, and once you have that, you have to commit to it. You have to believe in it.

COLIN TIMMIS:

The question is what type of firm you want to be. As many have said, 'You can't be all things to all people' and 'Not everyone is your client'.

ALEX CLARK:

Agreed. You need to be asking 'Who do you want to work with', 'who don't you?' ... What's your ideal client?



DAVID NEW:

Technology plays a huge part in that decision. Having clients who trust the decisions you will make on the best platforms and digital strategies for their businesses, will make for a much more enjoyable journey all round.

ALEX CLARK:

There's a guy called Michael Gerber who said that you 'need to spend time working on your business, not in your business'. In other words, just by spending 10-15 minutes a day on how to make your business better will lead to remarkable improvements. Small practices are ideally placed to be more agile to make change, including incorporating new technology to do just that.

COLIN TIMMIS:

At the end of the day, software is simply the enabler. You're still doing business with people — but software removes so much of the unwanted baggage.

81% agree technology is crucial to accounting roles now and in the future

More than half (52%) of SMEs think accounting roles will change significantly in the next 10 years.

In a time of great upheaval, accountants remain calm:

72% are not worried about their future in the profession. That's because they understand that, for all the challenges that technology brings, it also offers opportunities for those willing to grab them.

SOURCE:

"South Africa: State of Accounts", research piece by World Wide Worx in conjunction with Xero, where 600 accountants and small business owners were interviewed

## CLIENTS WHO DON'T WANT TO EMBRACE CLOUD

MATT KNIGHT:

*What about those clients just not interested in making the move to the cloud when perhaps many or most of your other clients are already heading that way?*

COLIN TIMMIS:

Generally people don't want to go because they don't know what they don't know. Again, it's about education.

ALEX CLARK:

People don't know they have a 'problem' until you bring a solution. So, the reason behind the change – the benefits and so forth – must be explained clearly.

DAVID NEW:

Yes, and there must be internal buy-in, that both you and the client are clear around common objectives. There's no point bringing a client kicking and screaming into cloud accounting if there's no genuine buy-in and desire.

## CAS(SA) GET BACK TO WHAT THEY'RE GOOD AT

MATT KNIGHT:

*How have the most successful accounting firms made the transformation from being primarily a compliance house to one that's offering advisory services to their clients?*

DAVID NEW:

Ultimately, they've done it through adopting tech, and by bringing efficiencies into their business by adopting tools like Xero, Receipt Bank and Spotlight Reporting. To me, that has been the real significant change in the industry.

ALEX CLARK:

I always talk about 'work smarter, not harder'. Tech gets you back to doing what you're good at.

DAVID NEW:

It needs to be about a new service offering for all – or as many of your clients – as possible. This is not a band aid fix, this is about re-engineering your work processes for a far more beneficial service to your clients.

ALEX CLARK:

We have seen some significant trends in the industry recently that have been highlighted by some recent stats: 72% of clients move accountants because they're not getting the services they want from their current one, and firms that have adopted cloud technology add, on average, five times more clients than those who don't. In South Africa specifically, 49% of SMEs see technology as an essential component in their business. Even Accenture predicted that 40% of transactional accounting will be automated by 2020, so the more technology embraced by firms, the better equipped they will be to succeed.

## CLOUD = AN ENERGISED WORKFORCE ENABLER

MATT KNIGHT:

*Cloud accounting can assist in staff retention, but what about the other side of the coin. Automation might require less time capturing, etc. Won't this lead to requiring less staff?*

DAVID NEW:

On the staff retention side – sure, there's increased work satisfaction because you're giving people the opportunity to do the work they enjoy. But cloud also attracts staff. More and more graduates are heading to the cloud-based firms because it's more attractive.



**ALEX CLARK:**

It also ties in with where SAICA are going with CA2025 – creating a new focus on training that matches where accounting is moving.

**COLIN TIMMIS:**

On the 'less staff because of automation point' – yes, the software frees up time and certain staff tasks because it's automated – but that means a more client-facing staff, not highly skilled staff doing

mundane data capturing and so forth. They can now use the software to solve many problems – and they don't have to know the software intensely – it's simply the enabler, and designed to be very user-friendly. All the solutions are designed to be low maintenance.

**MATT KNIGHT:**

*Thanks for your time guys, great insights - and safe travels, David and Alex!*

Using web-based tools to better manage your businesses, has come into the spotlight in banking through the many APIs available to consumers via banks that are willing to enable an open platform. Much like the iPhone introduced many apps to its users and left the likes of the Nokia 3210 behind with its singular ability, so are APIs set to revolutionise how businesses transact, track and monitor their finances.

Banks that open their platforms to unique financial applications available in the financial web are able to ensure that businesses can get the best of both sound trusted banking and enhanced seamless financial engagement. Sasfin endeavours to be such a bank and has taken the initial step of being the first SA bank to offer direct feeds into Xero Accounting Software.

Michael Sassoon, Executive Director, Sasfin Bank



Technology has certainly played an important role in [supplying information based on real-time information]. Today, accountants can promptly access information in real-time: software connects directly to bank feeds, with receipt scanning tools facilitating access to a live ledger. They're more agile and better informed than they've ever been before. This makes them especially well-placed to serve as business and management

advisors – and SMEs are very willing for them to serve in this capacity. Some 62% of the SMEs we surveyed state that added value is an important factor in selecting an accountant for their company. ■

**SOURCE:**

South Africa: State of Accounts, research piece by World Wide Worx in conjunction with Xero, where 600 accountants and small business owners were interviewed.

**The companies that supported the SAICA Roadshows:**

COMPANY	WEBSITE	PRODUCT
Xero	www.xero.com/za	Xero brings all the information accountants need together in one easy-to-navigate space. Beautiful, powerful tools put you in charge of your clients' accounts and your own workflow.
Sasfin Bank	www.sasfin.com	Sasfin Bank has an open and trusted platform into unique applications available in the financial web, which allows seamless financial engagement. Sasfin is the first SA bank to offer direct feeds into Xero.
Spotlight Reporting	www.spotlightreporting.com	Integrated reporting and forecasting that allows you to create insights to inform better business outcomes for your clients.
Receipt Bank	www.receipt-bank.com	Collect your clients' financial data instantly, with no chasing and no data entry.
PayFast	www.payfast.co.za	Negating unpaid invoices. The 'Pay Now' link allowing customers to pay immediately through various payment methods. This allows for faster payment and gets rid of manual procedures with automatic invoice recon.
CloudConvert	www.cloudconvert.co.za	Conversions to Xero and Xero API integrations
PaySpace	www.payspace.com	Cloud-Based Payroll Software enabling Accountants to expand their service offering into Africa.
Lulalend	www.lulalend.co.za	Lulalend is an online provider of business funding to South African SMEs. We provide fast access to working capital for your business. Apply online and receive funds of up to R500,000 within 24 hours.
CaseWare Africa	www.caseware.co.za	CaseWare provides auditing and financial software. With over 20 000 users in South Africa, it is used by small to large accounting and auditing firms, municipalities, public entities and blue chip companies in the private sector.