



White Paper

Maximize your ability to attract, win, and profit from your tech stack

Explore how the right financial management system empowers accounting practices to provide in-demand, higher-revenue advisory services.

Sage

Executive summary

Until recently, accounting practices mostly served the role of a historian. They entered transactions, provided basic financial information, and kept the books up-to-date. So, when digital business transformations first took hold more than a decade ago, practices adopted digital accounting solutions that helped them handle those basic bookkeeping functions.

But shifting market forces and customer demands are changing the landscape. Today, clients want their accounting practice to give them a look ahead, not behind. CEOs and business leaders face intense pressure to reduce costs and fund growth. They need a unified view of their business and full visibility to be able to make faster, more informed decisions about cash flow, inventory, budgets, launching a new product, and lowering operating costs.

Too often, companies lack that level of expertise in house. According to Gartner, only **one-third** of finance leaders say their teams have sufficient competencies required for a digital finance function.¹

This digital skills gap creates a watershed moment for accounting practices. Businesses of all sizes are seeking practices that will take them beyond basic bookkeeping. They want a strategic financial advisor to help them transform into a data-driven company. They seek a partner who can show them a holistic view of the business using financial and non-financial data, run scenario modeling, and help them identify growth opportunities.

But there's one potential roadblock for practices looking to leverage this opportunity: their technology stack. Legacy systems won't help practices provide the type of financial transparency and robust analyses that today's clients expect. Only practices with a modern financial management system at the center of their technology stack—one that integrates AI and other intelligent features into their platforms seamlessly—will be equipped to meet their clients' rising expectations.

This white paper explores the evolution of accounting practices, unpacks why modern financial client advisory services are the fastest path to growth, and explains the key technology that practices must have to truly seize the opportunity and efficiently deliver higher-level services.



¹ Gartner for Finance, [The Digital Future of Finance: 10 CFO Opportunities to Accelerate Digital Transformation](#), 2021

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The rise of modern financial advisory services

At some point in their journey, every company looks for ways to add value and grow their business. For accounting practices, finance-as-a-service represents the logical next step. This often means adding financial or tax advising services within a package commonly referred to as “client advisory services.” Nearly **80% of accounting practices** surveyed by Spotlight Reporting say they plan on offering or expanding their advisory services in the future.²

One of the major driving forces for this shift is a lack of talented finance professionals in the market today. A Deloitte poll conducted in mid-2022 showed that **82.4%** of public companies and **68.9%** of private companies expect to face talent recruiting challenges in 2023.³ This deepening shortage of qualified financial professionals means that more companies will seek guidance from outside organizations to fill in the gaps.

But the level of financial advisory services that practices can deliver directly correlates to the sophistication of their technology stacks. Practices that still rely on outdated business processes, like exporting data to spreadsheets and manually creating reports, struggle to deliver timely analyses with rich insights for their clients.



And while client needs are fueling the rise in advisory services, accounting practices also face competition from new players. Managed Service Providers (MSP) and Business Process Outsourcing (BPO) companies are moving into financial advisory and quickly taking the role that traditional accounting practices once held.⁴

These companies are digital-native and already use modern technology to serve their clients’ needs, further raising the stakes for accounting practices that haven’t yet moved into advisory services. MSP and BPO companies also tend to specialize in specific industries. As such, they can clearly explain the value they’re bringing as strategic financial advisors beyond traditional bookkeeping.

² CPA Practice Advisor, **“Advisory Services Continue to Grow in Accounting Firms,”** Mar. 21, 2022.

³ Deloitte, **“Most Public Companies Are Challenged in Attracting Finance and Accounting Talent, Deloitte Finds,”** Sept. 21, 2022.

⁴ ISG, **“Index Insider: BPO is Driving Growth in the BFSI Sector.”**

The growth opportunities for practices that answer the call

A rapidly changing business environment has created a pressing need for deeper financial insights driven by real-time data. Yet many small-to-midsize businesses can't accomplish this on their own, especially with manual non-financial software like Excel.

Ninety percent of companies with 50–200 employees use Excel to plan and budget.⁵

Yet nearly 40% of tasks associated with closing the books now take place outside of core financial applications.⁶

That's why a growing number of companies are seeking guidance from a strategic financial advisor. If price were no issue, 68% of clients say they'd want their chosen practice to give them strategic consulting.⁷ Another 41% say they'd want practices to manage some of their financial operations.⁸

To answer the call, practices must embrace a new model of financial advisory services—one that combines a solid foundation in transactional accounting with advisory services like regulatory compliance, digital transformation, business planning, equity/investment, budgeting, and forecasting. A modern technology stack will help practices create this value-added approach, empowering them to:

Financial advisory value delivery model



- **Offer new value propositions.** Practices that combine their industry expertise with technology can give clients a richer perspective into their business by looking at performance by P&L, product code, department, item, and more.
- **Acquire new clients with more complex needs.** Modern software allows practices to expand their ideal customer profile beyond smaller clients and tackle larger clients' problems confidently.
- **Generate more revenue.** Practices that offer advisory and consulting services charge 43% more on average than practices that don't.⁹

⁵ Sage, "[3 Signs You've Outgrown Excel for Budgeting and Planning](#)," Oct. 9, 2018.

⁶ Sage, *Tech Dossier: How a Cloud-Native Accounting Platform Can Streamline Finances*

⁷ CPA.com, [Business Model Trends for Accounting Advisory Services](#), 2020

⁸ CPA.com, [Business Model Trends for Accounting Advisory Services](#), 2020

⁹ CPA.com, [CAS Benchmark Survey](#) 2020

What higher-value services look like



Transactional

A practice enters bank transactions and reconciles cash accounts for month-end close to give a professional services organization (PSO) an accurate, timely picture of their monthly finances.

Advisory

Why not give the PSO's executives insights to help them make faster decisions, get employees on the right projects at the right time, and connect them to other services that can expand their business and grow their clients? Start by streamlining the PSO's processes. Integrate its financial management system with its expense and data visualization software to reduce the time it takes to complete tasks like new project creation, expense report processing, invoicing, revenue recognition, AP, and reporting.

Introduce intuitive workflows, such as improved time sheet entry and spend management, to track current spend against projects. Replace the PSO's quarterly budget and re-forecasting cycles with an automated one that's cloud-native, ties expenses to headcount directly, and tags everything to the correct general ledger dimension.

That way, you can give executives head-count dynamics, run models showing the potential impact of changing salaries or start dates, and distribute final budgets a week before the period starts. Because financials and budgets are organized by project, client, office location, employee, and vendor, you can help executives see big-picture revenue trends and review gross margin by customer, customer group, and project category to boost the PSO's profitability.

Transactional

A practice provides a nonprofit client with a quarter-end board packet that reviews historical information for the prior month, quarter, and year compared to budget.

Advisory

Why not help the nonprofit's leadership uncover new sources of funding, like restricted or unrestricted contributions? Start by working with the nonprofit to optimize its operations so leaders can spend more time focusing on their mission. Consider automating AP processes so employees and budget managers at the nonprofit are self-sufficient and can leverage efficient, paperless approval workflows.

Automate any multi-currency transactions, intercompany transactions, and global consolidations so your staff gets the information they need in just a few clicks. Integrate their donor management system and payroll provider for improved productivity.

Use dimensions to provide granular insights into different aspects of the organization, and offer recommendations on ways it can save money. Review the nonprofit's funding sources and advise it on best practices and ways you can help it tap into new sources—such as grants, program funding, large gifts, and additional services—to expand its mission.

Why a legacy technology stack is holding your practice back

Accounting practices that still rely upon older, basic accounting software for their General Ledger (GL) lack the ability to provide financial advisory services efficiently and serve clients with more complex needs. Legacy systems slow practices and create inefficiencies, making it difficult to meet deadlines and ensure compliance without adding to the practice's head count. Legacy systems also lead to client turnover and lost opportunities.

In contrast, a modern system starts with robust GL software at its core. It then integrates both financial and non-finance solutions seamlessly into one highly functioning technology stack that touches every aspect of a practice. This allows practices to drive efficiency and free up staff to spend more time working with clients.





Warning signs that your practice needs a more robust technology stack:

Growing clients

As client businesses expand, they can quickly outgrow their existing accounting software. This can lead to inefficient business processes and an inability to provide an accurate picture of what’s really happening within the client’s business.

Performance issues

Companies today generate huge volumes of data, and basic accounting software can’t keep pace. This is especially true when companies must mitigate corrupted files to prevent data loss.

Manual processes

When employees must rekey data into multiple systems, export it into spreadsheets, and manipulate it manually, it increases the risk for errors and erodes trust in the financials and, ultimately, your services.

Client turnover

An increase in turnover could indicate that existing clients don’t feel like they’re getting the appropriate level of services they need and must look elsewhere to access the services they want.

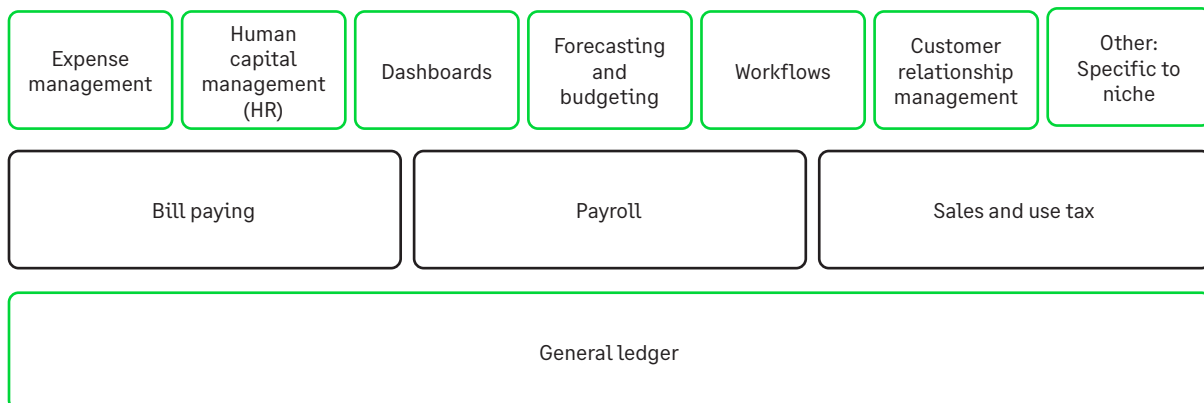
Lost opportunities

If it’s getting harder to convert prospects into clients, it could be because they don’t perceive your practice as being a strategic financial advisor that can provide the business insights they need.

Client size

If your ideal customer profile hasn’t changed or you’re still selling advisory services for \$1,000-\$2,500 per month, then you’re not taking full advantage of market opportunities. For example, you can serve 100 clients at \$1,000 per month or 10 clients at \$10,000 per month.

Technology to automate your practice



Source: CPA.com Client Advisory Services (CAS) Roadmap Workshop.

Eight must-haves of a modern financial management system

Accounting practices looking to make the shift into higher-value services should evaluate the effectiveness of their current technology stack and determine if they need to upgrade their financial management system. As they perform their assessment, practices should consider:

- The types of businesses and industries they want to serve.
- How their current accounting software enables higher-value services.
- Efficiencies that can be gained by streamlining tasks and automating workflows to eliminate manual processes.

By building a technology stack around a modern financial management system, practices can standardize client onboarding, improve practice effectiveness, increase profitability, and boost revenue. Top-performing firms have a 47% margin vs. 34% for lesser-performing firms.¹⁰

In addition, the right technology partner not only offers a comprehensive program designed to help practices make the shift to financial advisory services, but also provides a dedicated console to make managing clients easy.

Eight must-haves of technology stacks built with financial management systems at the center:



1. Cloud-native. A recent survey found that 63% of organizations use some sort of cloud-based financial platform,¹¹ but not all clouds are alike. Cloud-enabled solutions are made in an on-premises environment and are typically connected to the cloud with legacy software. They are also more costly to maintain due to multiple versions, installing updates, granting internal and external user access, etc. Cloud-native solutions are designed and built in the cloud and have distinct advantages, such as scalability, faster implementations, and more robust integrations with other software like Salesforce.



2. Modern architecture. There is more to consider than the core financial functions of GL, AP, AR, and order entry. Your financial management system needs to have a robust set of features to support those accounting processes and accommodate you and your clients' ever-changing business. For organizations with more than one entity, multi-entity support and fast consolidations help simplify monthly reporting. A single chart of accounts provides a unified view with full visibility across the board. And for reporting, being able to tag each financial transaction with key dimensions—such as customer, geography, or even user-created dimensions—creates better transparency when it comes to looking at the big picture and advising clients.



3. Financial reporting and dashboards. Data-driven decisions that transform organizations require broad and deep visibility into financial and operational data. Where other systems rely on external tools for visibility, modern financial management systems provide built-in tools to display real-time, drillable source data. By approaching data from multiple directions through multiple tools, advisors and consultants can pull and analyze information from the GL, subledgers, and supporting data objects. They can then share that information directly with clients through customizable dashboards with key metrics and KPIs. Incorporating financial and non-financial data not only gives clients a richer picture into their business performance, but also helps you provide clients with actionable insights to make informative and strategic business decisions.

¹⁰ CPA.com, [CAS Benchmark Survey, 2020](#)

¹¹ MIT Technology Review, [“Five Risks of Moving Your Database to the Cloud”](#) Jan. 25, 2022



4. Budgeting and planning. The insights that power high-value financial advisory and strategic consulting services can be a nightmare for practices that rely on spreadsheets. Today's CEOs and business leaders expect instant answers to pressing questions. *How can the business make more money? Why are we behind plan on our flagship product? What can we do about it? Where is our next opportunity? What are we missing?* The most effective business planning and forecasting solutions have seamless GL integration, what-if scenario modeling, rolling forecasts, and the ability to provide SKU-level, driver-based revenue planning or detailed employee planning so you can help clients take corrective action fast before the window closes.



5. Automated workflows. Automating business processes reduces errors and improves accuracy, cutting costs and saving time. Yet many practices are still beholden to manual processes, error-prone spreadsheets, and chasing emails, Excel workbooks, and colleagues to bring all the pieces together. Modern systems come with robust workflows that can automate routing, approval, and distributions of GL, AR, AP, purchasing, order-to-cash, time and expense, revenue recognition, fixed assets, and intercompany tasks for your practice and client. This includes bill and payment approvals, journal entry approvals, invoice creation, bank feeds, and ACH payments. Best-in-class systems allow practices to build their own customized workflows, so the software can do tasks like send an invoice automatically once a quote is approved.

Through automation, practices can potentially cut hours down to minutes, allowing advisors and consultants to spend more time being strategic and engage with clients on a deeper level. It can even help practices drive profitability. Practices are **3.5x more likely to successfully increase prices** when they communicate the value of automation to their clients.¹²

*Up to 40% of time can be saved with finance automation.*¹³



6. Scalability. A modern financial management system should be scalable enough to support businesses as they grow from inception to IPO and beyond without forcing your practice or client to change the way they operate. As businesses grow and start adding more entities and currencies, their business starts to get more complex and specialized. Once clients outgrow their existing software, a practice must choose whether they want to keep those clients or risk losing them to another practice that will better serve their needs. Keeping the client's business means a practice will end up adopting inefficient manual workarounds to support its current system or bear the expense of moving them to a new system, which can be costly. A powerful financial management system will eliminate these issues and allow you to extend the lifetime value of a client.



7. Open ecosystem. No single vendor can provide every technology your accounting practice will need. You also don't want to end up using technology that isn't a good fit for you or your clients. Seek solutions with open, robust partner ecosystems. That way, if you need to bring in online usage data for billing, connect to a specialized e-commerce engine, point-of-sale system, or even a sophisticated warehouse barcode system, you can do so easily. Look for partners that offer a robust marketplace of vetted solutions that will help you break down internal silos and increase your decision-making capabilities for the benefit of your clients.



8. Artificial Intelligence. AI offers the potential to transform the work of your finance and accounting team, so they spend less time on routine tasks and more time on analysis. This can create better, faster decisions, and give employees more time to work with clients. Modern financial management systems are already integrating AI into their products. They may, for example, use AI to power outlier detection, which flags potential anomalies. AI also offers the ability to continuously monitor transactions, automate routine tasks, and even make recommendations based on the data. These features bring potential benefits to your organization and will work in the background, letting you focus on what matters most—servicing your clients.

¹² CPA.com, [Business Model Trends for Accounting Advisory Services, 2020](#)
* Close the Books 2020 – Sage Intacct

¹³ PwC, [Finance Effectiveness Benchmarking Report 2019-20](#), October 2019



Can one system do it all?

Over the past few years, leading accounting practices have turned to standardization in their quest to automate business processes, increase profitability, and deliver added value to their clients. Fifty-seven percent of top-performing practices use one or two GL systems.¹⁴

As practices continue to embrace financial advisory services, they should carefully consider whether the time is right to move all their clients to a single financial management system. Doing so can help ease the cost and complexities of having employees learn and run multiple software programs while also giving clients a single platform that's designed to scale as their business grows.

¹⁴ CPA.com, [CAS Benchmark Survey, 2022](#)

The value of choosing the right technology partner

An innovative technology partner like Sage can help accounting practices establish and grow their financial advisory practice. With decades of expertise in the financial industry, Sage understands the type of valuable insights today's financial leaders need to expand their businesses.

As the American Institute for Certified Professional Accountants (AICPA) only preferred provider, Sage Intacct bridges the gap for practices, offering a best-in-class financial management system that allows practices to perform transactional, compliance, transformation, intelligence, and strategic tasks—everything from AR, AP, and cash management to planning, forecasting, and modeling.

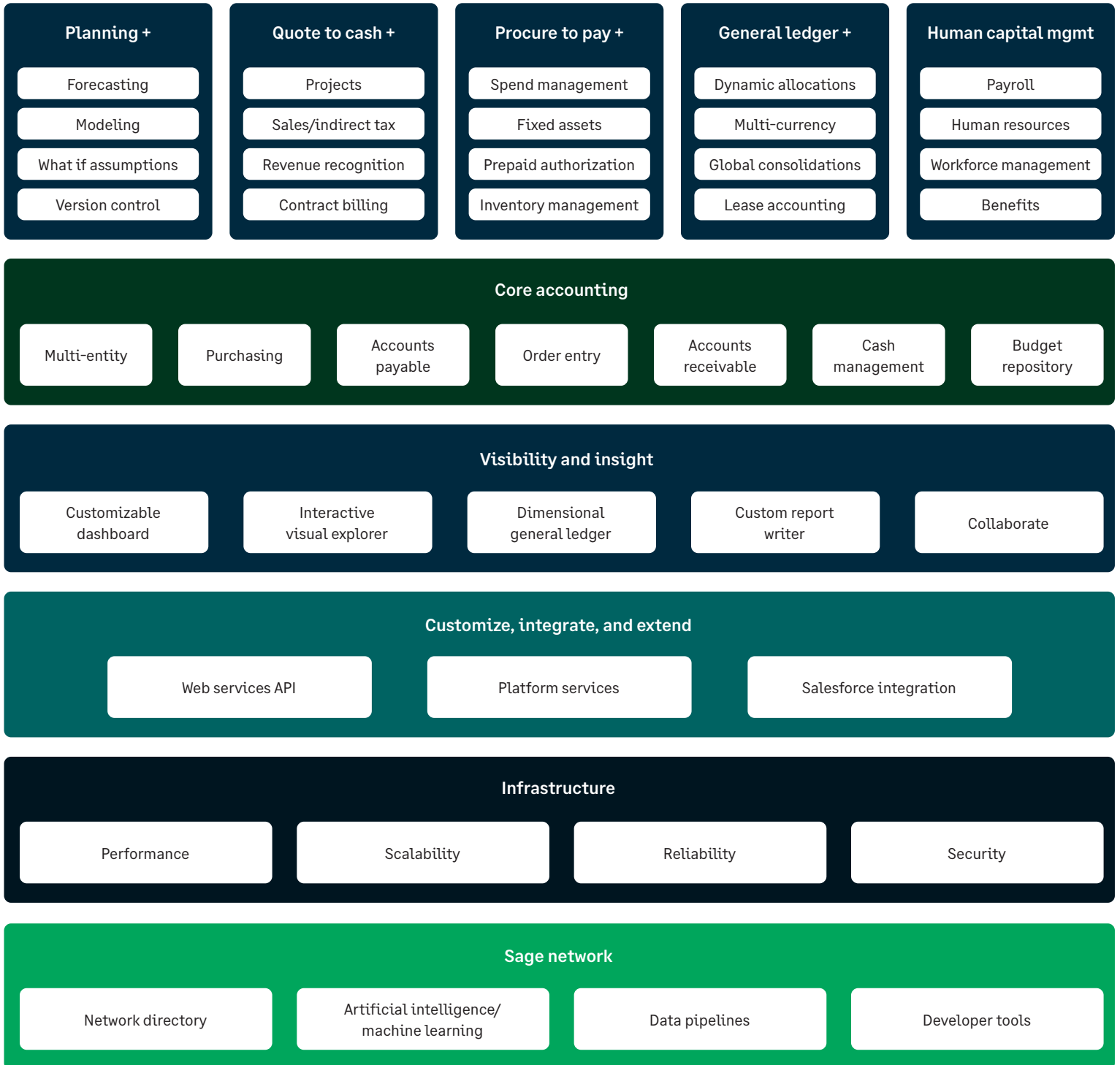
The Sage Intacct GL is designed with the most innovative and flexible architecture on the market today. With the GL at the core of their technology stack, practices can build integrated reports and access financial and operational performance data in real time with intuitive dashboards. Employees can use Sage Intacct to drill down into reports with one click, better understand what's happening in their clients' business, and discover rich insights with dimensions and allocations.

Practices can increase staff productivity by using Sage Intacct to automate complex processes and perform multi-entity consolidations in minutes. Additionally, practices can leverage AI features that are built right into the software.

With Sage Intacct, practices can also access 350+ integrations within the Sage Intacct ecosystem, helping them scale up their technology stacks and modernize the data and systems clients are using across the business.



Sage Intacct solution map





Where to begin?

Small and midsize accounting practices may shy away from adding financial advisory services because they're concerned about the cost and complexity of revamping their technology stack.

To help practices know exactly what to expect, Sage asked leaders at top-performing financial advisory practices to reveal their success secrets. This eight keys guide covers the most important steps—from getting executive buy-in to goal setting, training, and standardization.



[Get the 8 keys](#)

Grow your practice and become a strategic financial advisor

Offering basic bookkeeping services may have helped your practice thrive in the past, but today's CEOs and business leaders expect more. They need strategic financial advisors to help guide their business and show them the best path to growth.

Practices may be able to increase monthly client revenues by as much as 50% by embracing financial advisory services—like compliance, transformation, intelligence, and strategy—along with their transactional services.¹⁵

Modern technology stacks with powerful GL software at their core open the door to growth, giving practices the tools they need to seize new opportunities, advise their clients strategically, modernize their business processes, and free up staff to perform more strategic work.



¹⁵ CPA.com, [Business Model Trends for Accounting Advisory Services, 2020](#)



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