Technology stack in The Modern Firm®

Technology in the modern business model

Imagine you are in line at Starbucks. The man at the counter orders a cheeseburger. Then, the woman behind him orders a coffee but insists that the barista make it in the Keurig coffee maker she's brought with her. Both orders are fulfilled.

Completely absurd, right? When would Starbucks ever allow the client to dictate what they sell and how products are delivered? *Never* is the right answer, because Starbucks has a defined business model in place and does not deviate from it.

As absurd as the above example is, it's how many traditional firms still operate—allowing clients to dictate the client accounting services (CAS) model in terms of technologies used and services provided.

One of the most important principles about operating a business is also one of the simplest:

You're in charge. You define the services you offer and how you deliver them…not the client.

A business model is made up of three main components: what you sell, who you sell services to and how you deliver those services. In this eBook, we concentrate on the delivery part of the business model, which requires building a modern technology stack.

Just like in the Starbucks example, developing and sticking to the right business model is critical to your firm's success. Why? Because a business model that's not executed is not a business model at all.

Now, let's dig in to technology and how it supports a modern business model for today's firms.

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Technology for the modern CAS business model

Simply stated, the client accounting services (CAS) technology stack is the defined set of applications the firm uses to service its clients.

Traditionally, firms utilized stand-alone accounting applications and spreadsheets running on local computers. That approach required a significant amount of manual processing and movement of files to get the work done. It took time to summarize information, re-key and reconcile. As a result, the reports often came out long after month-end, which is a less-than-ideal situation as the value of the information to the client decreases by the day.

A modern cloud-based technology stack allows firms to collaborate with their clients and complete accounting processes automatically. It enables real-time capture of data and the ability to deliver beautiful client-friendly reports, providing critical business information quickly and enabling firms to provide proactive advisory services.

Today's CAS tech stack takes advantage of integrated applications and automation via Application Program Interfaces (APIs). APIs digitally transfer data between business applications in real-time without re-keying data. The firm's tech stack centers around the accounting programs the firm supports for clients (e.g., Intuit QuickBooks®). The accounting hub then integrates applications with APIs for automation of key business processes such as payables, receivables, timesheets, payroll, expense reports and more.

For business applications without built-in APIs, members of the CAS team can utilize automation tools such as machine learning and robotic process automation to capture and process information "auto-magically" from other applications such as inventory, job costing and purchase orders.

The benefits of using a standardized technology stack are obvious. Once firm members learn to use an application effectively, they can document that information and teach others in the firm. As expertise develops and expands, team members can apply the knowledge and benefits more effectively to other clients. The more expertise the team develops, the more broadly the firm can standardize and train clients to become even better clients. And as more applications are added to the tech stack, automation replaces the manual steps the accountant used to perform—freeing up time to provide higher-level advisory services.

A unique aspect of CAS is the high level of touchpoints the firm has with these clients—sometimes as frequently as daily, weekly or monthly. In contrast to the challenges of persuading occasional clients (e.g., annual business, individuals) to adopt the firm's business model, the regular contact with CAS clients provides multiple opportunities for them to thoroughly understand and adopt the firm's business model.

Standardizing what you sell with collaborative, cloud-based technologies and training clients to understand and adopt your system is truly the holy grail of efficiency and profitability (assuming you price appropriately).

The business process you're solving for will dictate the technology solution required. To show you how that's done, let's focus on the business process and the Rootworks recommended technology solution that supports a high-performing CAS system.

Business process

When considering the right vendor and technology, there's a list of criteria firms should follow to create a cohesive and truly modern end-to-end offering for serving today's business clients. Consider each element carefully and be sure to adhere to this list.

Defining and selling products

The goal is to create an "off-the-shelf" set of client accounting products. Your services should be repeatable across clients, scalable and support ease of growth with fewer staff members. Define multiple package levels, and remember that all business clients are not created equal.

■ Create a sales kit

To close the deal, have a professional set of sales enablement materials ready to present to prospects and clients, complete with all CAS value propositions. A sound sales kit should include:

- A sales presentation
- A one-page information sheet summarizing your accounting product and pricing levels
- A proposal

Design your sales materials to educate and prompt prospects and clients to purchase.

■ Communicate your value proposition

To clearly communicate the value of your products and services, you'll need the following technology:

- A modern website that clearly communicates your product offerings (e.g., a Rootworks website)
- An application to create beautiful sales presentations (e.g., Microsoft PowerPoint, Google Slides; Rootworks offers ready-made sales presentations)
- A spreadsheet application to create a pricing calculator and standardize your pricing model (e.g., Microsoft Excel, Google Sheets; Rootworks offers ready-made pricing calculators)
- A proposal tool to create a high-quality proposal that can be digitally signed and securely take payment information (e.g., Proposable)

■ Technologies

Rootworks, Microsoft PowerPoint, Google Slides, Microsoft Excel, Google Sheets, Proposable

> **Define multiple package levels, and remember that all business clients are not created equal.**
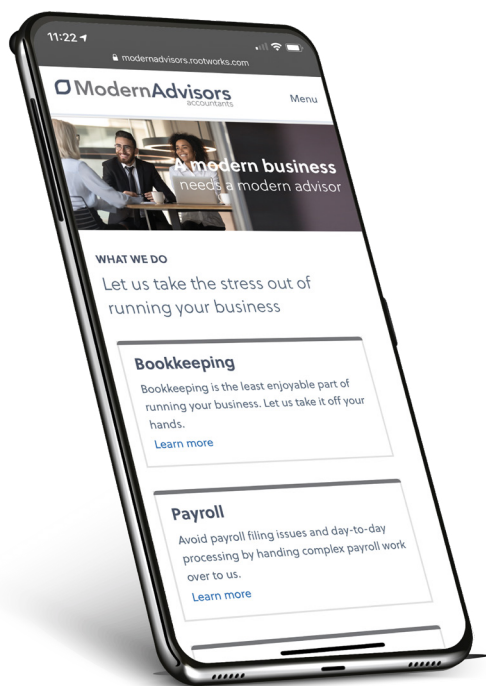
Client experience

Client experience should always be at the forefront of the technology decision process. The client experience should be frictionless. This means offering a model that supports on-demand access to technology, real-time data and communications exchange, and an intuitive interface. Offer CAS that mitigate work for clients and streamline the process end to end.

Today, client experience must extend to mobile. This means choosing technology that provides a dynamic online and mobile experience—one where business owners have virtually everything they need in their pocket.

■ Communication

Set up a channel for each of your business clients in a collaboration/messaging app (e.g., Microsoft Teams, Slack) and connect them to their assigned team at the firm. Have your team send messages and share files directly with the client (and vice-versa). Use the app's video feature for all meetings.

■ Documents

For all non-transactional financial information, have the client set up a cloud storage drive (e.g., Google Drive, Microsoft OneDrive) to digitally store documents, such as:

■ Tax returns

■ Financial statements

■ Insurance policies

■ Real estate documents

■ Other non-transactional documents

Store all other transaction-related documents directly with the transaction. If you use QuickBooks®, store the document in the system with the transaction. If you use Bill.com, store the document within that system.

Each of the recommended tools support a superior client experience. And whether they're used for communicating with the firm, accessing a document or approving a bill or expense report, the client will have everything accessible via their mobile device.

■ Technologies

Microsoft Teams, Slack, Microsoft OneDrive, Google Drive

> **To ensure superior client service, you must offer technologies that provide a dynamic online and mobile experience.**

Platform

The client accounting software solution you choose should serve as the hub of your product offering. It's important to select this solution wisely.

QuickBooks Online (QBO) is the clear winner in this space. With its market share, APIs, integrations and brand awareness, QBO makes perfect sense as the core of your tech stack.

Firms often ask whether it makes sense to support other core solutions. If you have expertise in multiple platforms, then the answer is *yes*—select the platforms that meet the standards of client experience you've set for your firm. However, if you're a small firm or have limited expertise in other solutions, then it's best to standardize within QBO.

■ Technology
QuickBooks Online

Connected tools

Once you've selected your standardized platform, it's time to add connected tools that support the business processes that support your clients' needs.

■ Payroll
It's important to select a payroll tool that can scale with your practice, is cloud-based and offers clients a superior experience. You'll want a solution that seamlessly integrates with QBO, and there are a few tools that fit this category:

■ RUN Powered by ADP® Payroll for Partners

■ Intuit Online Payroll

■ Gusto

■ Accounts payable
In this category, Bill.com is the market leader. It's the most robust of the tools available and deeply integrates with your platform solution.
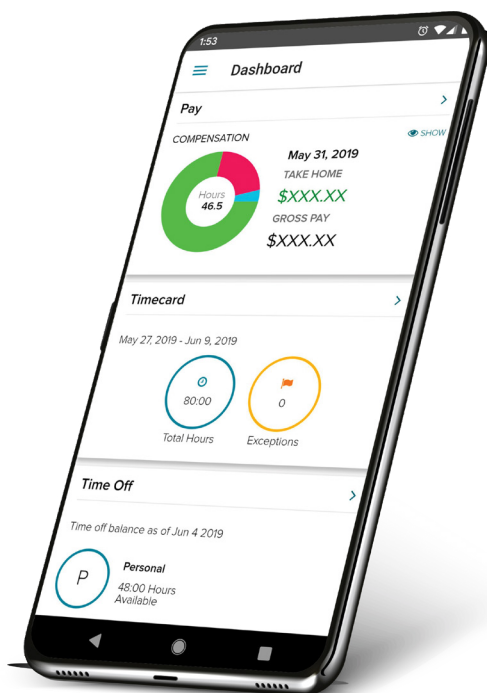
■ Receipt management
A significant portion of business expenses are paid via credit card or using an online banking tool like Chase Bank. It's important to educate your clients on the need to capture those receipts for IRS purposes. A product like Dext's Prepare with Receipt Bank is our tool of choice to solve this challenge. Dext's product also supports deep integration with QBO, and offers an elegant mobile solution for your clients.

■ Employee expense reimbursement
This tool needs to perform a bit of a balancing act. It's important to manage receipts and approval for client employee reimbursements with a tool that's easy for the client's employees to use, provides the client with robust management capabilities, and offers deep integration with your core accounting solution—QBO. We recommend Expensify to solve these challenges.

■ Technologies
RUN Powered by ADP® Payroll for Partners, Intuit Online Payroll, Gusto, Bill.com, Dext Prepare with Receipt Bank, Expensify

Digital

Whether working with staff or clients, your entire end-to-end business process should be digital. This includes everything from scheduling appointments, paying invoices, document exchange, payroll submission and more. At the end of day, it's about having a digital-first mindset.

Let's start with appointment scheduling. Based on ease of use, Calendly is the recommended tool here. Calendly eliminates the need for back and forth communication on day and time availability by providing a direct link to your calendar where clients can easily select and book an appointment.

■ Technology
Calendly

Real-time reporting

Historically, the report was the product. Today, however, the entire process (or more precisely, set of processes) is the product—and reporting is one of its most important elements.

Reporting is much more than just a financial statement generated 30 days after the end of the month. Clients expect to be financially guided by their advisor. That means real-time reporting with financial data that's updated on a regular basis.

Depending on the product or service offering the client is purchasing from your firm, you may be monitoring their financial data on a daily basis,

which would provide the most relevant near real-time reporting.

It's vital to have clarity with your clients regarding the information they want to consume and the method by which they want to consume it. More than likely, they'll want the numbers, but they may also ask for charts that highlight performance trends and KPIs.

These types of reports should come from your core accounting system, which means you'll need a reporting tool (e.g., Fathom) that integrates with your platform to produce meaningful, beautifully presented reports.

■ Technology
Fathom

Client onboarding

Onboarding and educating clients should not be an anomaly; it should be a standard business process within your firm.

For most firms, however, client onboarding is an afterthought that results in every client being onboarded differently. This often creates unnecessary double work for staff, not to mention confusion that can also affect clients.

Put simply, an unstructured onboarding process is a massive time-waster. When you build client onboarding directly into your system, you create a uniform process for bringing on new clients— a win for both your staff and the client.

As soon as you've built your standardized system, appoint an onboarding champion and let them build out the resources necessary to get clients onboarded. Set up a process for staff to onboard and train your clients and train your entire staff. Then, stand back as your team rises to the occasion and onboards clients using your well-designed client accounting system.

Final words...

Today's business clients have a real need for client accounting services. The ever-expanding complexities of managing a small business keeps clients in the back office and away from their true passion—growing their business and interacting with their clients.

Help your clients lose the headaches associated with figuring out an accounting system on their own by offering an affordable and streamlined service. They'll quickly see the value of working with your firm for all their client accounting needs—which will also be the gateway to strengthening your client-advisor relationship and growing your advisory services business.

Using advanced cloud-based solutions and a modernized approach will help you build out your client accounting model. And Rootworks can show you how.

Want to learn more about building a high-performing client accounting practice?

At Rootworks, our team is committed to helping our members build profitable and sustainable solutions. We're continually developing the tools and resources our members require to grow a successful enterprise.

For more information on Rootworks and our resources for The Modern Firm, please contact sales at membership@rootworks.com

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