

Let's chat

Moving to cloud accounting – the next step for business owners in PNG



Gone are the days when a business owner could have been content with simply having a company website and minimal social media presence. In today's always online world, it is crucial to integrate digital technology with your current business operations so you, as a business owner, can access information constantly and instantly, and automate your business processes.

Accounting, a core element of any enterprise, is one aspect of your business which can be easily automated to a certain extent through cloud accounting.

Traditionally, an accounting program would be on a desktop or a server located in an office and you, your manager, finance team member or external accountant would only be able to access it when you were in a specific location that had a connection. With cloud accounting, the accounting package is stored on the internet (via the cloud), and can be logged into via a browser, thus you are not tied to any one location. The

opportunity to easily manage finances in real time, anytime and anywhere online is proving to be a hit amongst business owners.

Cloud accounting has completely changed the way in which businesses and accountants operate. The access to cloud accounting allows you, your accountant and trusted business adviser to stay connected with every aspect of your business. This is now done through the use of applications that connect the accounting platform to other business functions, such as inventory management, accounts payable/receivable and job management.

Benefits of cloud accounting

Benefits of cloud accounting, include, but are not limited to:

- improved access to financial information
- reduced capital costs relating to the accounting function

- increased flexibility to make better-informed decisions
- improved capabilities to maximise growth opportunities.

1. Improved access to financial information

Cloud accounting gives you and your advisers easy access to your financial information from anywhere, anytime and on any device.

According to Michael Collins, Director, PwC Private Clients, “Many of our clients who operate their own businesses travel a lot as part of their business. They primarily obtain their financial information by being in the office and connected to the computer network. If they are out of the office, they do this via email. With cloud accounting, they can access their accounting system on the go through their mobile device. This gives them added flexibility and peace of mind as they can monitor their business’ performance no matter where they are.

Collins adds, “As an example, one of our clients recently took a six-week holiday through North America and Europe. And with cloud accounting, he was able to access his business’ financial information through his iPad. This allowed him to stay connected to his business even while he’s away.”

2. Reduced capital costs relating to the accounting function

Cloud accounting gives you an enhanced ‘accounting software package’ on any internet-capable device so you do not have to purchase computer servers, desktop computers and other hardware.

You also do not need to worry about backing up your financial information or upgrading your accounting software and the associated computer hardware. The cloud accounting provider takes care of these for you.

With cloud accounting, you can analyse and monitor almost anything and everything that has to do with your business’ financial data on your mobile device. This gives you the opportunity to use the business’ capital in more productive ways to obtain greater returns for the business and yourself.

3. Increased flexibility to make better-informed decisions

Improved flexibility is another advantage of moving to cloud accounting. Having your accounting function in the cloud allows your team to upload copies of source documents, such as bank statements, invoices and payment receipts, and enter transaction information and journal entries. Additionally, you can easily track cash flows, customer satisfaction, and other such metrics to find flaws and opportunities to improve your business. This enables you to access up-to-date information, which is essential in increasing your business flexibility and making better-informed decisions.

Collins adds, “Many of our entrepreneur clients obtain their financial information when the business’ accountant completes their financial reports on either an annual or periodic basis. This is a traditional accounting method that provides business owners with a historic, or in many cases, an out-of-date view of their businesses. In contrast, cloud accounting allows them to look at their company’s financial reports in real time and be better informed when making business decisions.”

There are also a number of additional applications that you can use to get a high level and detailed analysis of your business’ performance. These provide you an opportunity to see the impact of your business decisions and consider whether to continue or alter the course of action chosen.

4. Improved capabilities to maximise growth opportunities

With real time data available, you and your trusted business advisers could have richer discussions, thus putting you in a better position to address potential challenges, identify growth opportunities and achieve your business and personal goals.



Concerns about shifting to the cloud

Given the benefits of cloud accounting, why hasn't it gained much traction in PNG? There are two possible reasons:

1. The price and reliability of internet access

Many business owners are concerned about the cost and reliability of internet access in PNG. According to the National Research Institute of Papua New Guinea, businesses incur significant costs to get dependable internet connectivity. They also spend a substantial amount to put in place solutions to manage connectivity disruptions, and to cover the indirect costs to its customers.

While this is a barrier it can be overcome as the additional internet costs can be offset from other savings and users can still work offline while internet access is disrupted. Provided the work performed offline is uploaded to the cloud once the internet connection is restored, the data will simply sync back to the cloud.

2. The security of data in the cloud

Many business owners are concerned about the security of their data in the cloud. This may be fueled by the number of prominent cyber attacks that have occurred recently.

While this is a concern, in our view, the data security relating to cloud accounting is better than the current data security systems used by most owner-operated businesses. This is due to the cloud accounting provider applying multiple levels of security to protect the accounting software and the user's data. While most business owners sometimes overlook to upgrade their information technology security, this should never happen to a cloud accounting provider.

Moving your PNG business to cloud accounting

As an entrepreneur, you have a lot to gain by adopting cloud accounting. However, there are many cloud accounting options available so understanding the best fit for your business is important.

Overall, PNG businesses could experience a number of benefits upon embracing cloud accounting, particularly in increasing productivity and efficiency. These include reducing the overall burden of maintaining their accounts, and finding new ways to improve business processes.

If you are a PNG business owner and would like to find out more about cloud accounting, please contact our Private Clients team.

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