



# TECHNOLOGY READINESS ASSESSMENT IN SMALLER ACCOUNTING FIRMS

Recommended by the PAIB Committee and  
approved by Council on October 20, 2022

The following article has been drafted by the PAIB Committee based on research material adapted from internet publications.

This article seeks to provide guidance to smaller accounting firms when assessing the firm's operations in the context of technology readiness. Just the thought of exposure to any type of assessment can be intimidating but it is critical for growth and development since it is instrumental in ensuring relevance and competitiveness.

The global pandemic has created a sense of urgency in the accounting profession, which requires businesses to examine how they operate as providers of services. According to the Association of Chartered Certified Accountant's (ACCA) recovery roadmap checklist for data requirements and transformation (August 2020), we need to "Understand the organization's immediate technological resilience capabilities and capacity management, for e.g. remote access demands aligned to the initial workforce plan, identify and communicate with key third-party IT suppliers to understand levels of resilience and immediate risks, and evaluate how technology can be used to support more effective stakeholder engagement as part of the organization's strategy."

### **Where is your firm in adopting current and trending technology now being termed the Fourth Industrial Revolution (4IR)?**

Olarewaju, 2015 stated "Accountants...now find it harder to remain insulated from what goes on outside of their countries' border". This may well be an accountant's predicament where clients have the ability to access accounting services globally through online facilities such as cloud-based computing. There are ten technological trends that an accountant should be aware of when evaluating the firm's operations, with the intention of determining how to ensure the firm remains relevant and competitive. They are:

1. Cloud-based computing
2. Social collaboration – social platforms
3. Mobile technologies
4. Big data
5. Digital Services
6. Cyber Security
7. Robotics
8. AI- Artificial Intelligence
9. AR/VR- Augmented Reality/ Virtual Reality
10. Online Payment Systems

Surveys done by ACCA and the Institute of Management Accounting (IMA) revealed that business operations in the years ahead will incorporate mobile technology predominantly within many systems. Mobile devices are already being combined with cloud services to provide continuous access to specialized accounting software. The larger accounting firms are developing their own mobile applications to remain attractive and maintain constant contact with their clients. The opportunities provided with these advancements include easier accessibility and data sharing globally, lower upfront costs, lower operating costs, fewer physical space limitations and new products and services can now be developed easily.

Digitization will continue to have a direct relation to how accounting firms strategize. Automation of processes will impact on the reduction in work force and possible decrease in operating cost for those who adopt digital systems.

### **Undertaking a Technology Readiness Assessment**

A Technology Readiness Assessment (TRA) includes examining the firm's operations, the clients' adaptability as well as emphasis on technology and performance. It also examines the firm's strengths, weaknesses, opportunities, threats (SWOT) and is an in-depth analysis of the firm's IT Infrastructure in relation to the following:

- *The computer systems hardware platforms:*
  1. Are the servers and computers compatible and have the software requirements for scalability and seamless functionality?
  2. Is the server specifications able to support all services and growth of the organization?
- *The operating system platforms:*
  1. Does the server have a true server operating system (OS) and does it have the required storage capacity?
  2. Is the OS updated?
  3. Is the antivirus software adequate and properly deployed throughout the network?
- *The Domain, Data management and Storage:*
  1. Is there a domain system set up and is there sufficient protection built into the system?
  2. Does the network file shares have file version control enabled or rights management access control as part of the Domain system?
- *The Networking/ telecommunications platforms:*
  1. What type of network is deployed; is it CAT 6 or one more sturdy and efficient?

2. Are there HW/SW Firewall to protect the network resources?
  3. Are there sufficient monitoring of internet access to manage intrusion detection risk?
- *The Internet platform:*
    1. Is the internet speed efficient for current and future needs?
    2. Are there any backup internet option such as a second wireless provider in event of failure?
  - *Support and system integration services:*
    1. Is there good support for the system such as an internal or a contracted IT person?
  - *The software performance:*
    1. Is the enterprise software application updated and does it meet the needs of the firm without continuous challenges?
    2. Is the support software such as team view for off-site/remote access and others adequate and is sufficiently configured to ensure high productivity?
  - *Risk Management:*
    1. Is the company able to outsource the management of the IT function or will it be managed in-house?
    2. Is there an adequate disaster recovery plan?
    3. Are clients able to access their data independently?

### **Recommendations after undertaking a Technology Readiness Assessment**

After undertaking a TRA a firm may need to redefine the role of the Information and Communication Technology by developing a budget and placing more focus on the following areas over a specific periods, for eg. two to four years:

#### *Hardware and Network*

- Server Management
- Storage Management
- Standard Desktop Support
- Network Management
- Printer Management

#### *Value Added Services*

- Asset Management
- Risk Assessment
- Business Continuity

### *Software and Application*

- OS Management
- E-mail Management
- Patch Management
- Migration Services
- Deployment Services

### **Further suggestions on key areas:**

#### *People*

- Continuous training for your human resource within a properly defined training plan reviewed annually.
- Ensure you attract and retain key human resource.
- Compliance and adherence to confidentiality must be maintained.

#### *Process*

- Implement a Management Framework such as an Information Technology Infrastructure Library.
- Implement a three year IT Strategic Plan which is reviewed annually.
- Seek to engage continuous process improvement.

#### *Technology*

- Engage true server operating systems hardware and software.
- Implement a structured infrastructure upgrade and preventative maintenance plan.
- Ensure there is a centrally managed antivirus software.
- Ensure an efficient domain system is in place to manage access control and security.

In closing, a firm should engage in a technology readiness assessment as the benefits of such an in-depth review of the operations and use of IT systems will provide a good foundation to strategize and grow.

Sources: Adapted from articles in:

- Accountancy Futures Academy, ACCA, 2013
- Digitisation and the Global Pandemic – ACCA Think Ahead, 2020