

Accounting in digital age :-by using a new business model cloud accounting

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There is a growing trend for businesses today, whatever their size, to move to the “cloud”. The cloud is an online platform to make data and software accessible, anytime, anywhere and from any device. Gone are the days of being chained to your desk in a small cubicle. Now, with your data in the cloud, you can be fully flexible and enhance collaboration both within your business and with others.

Meaning of cloud computing

Cloud computing is a term used to refer to a model of network computing where a program or application runs on a connected server or servers rather than on a local computing device such as a PC. This hosted application can be accessed by any internet enabled device such as PC, tablet or a smartphone.

cloud accounting means storing and accessing accounting data over the internet where software is hosted on remote servers, similar to the SaaS (Software as a Service) business modeling data is sent into “the cloud,” where it is processed and returned to the user.

History of cloud accounting

The idea of cloud accounting originated in New Zealand in 2006 with Xero. Xero has always been a cloud-based accounting solution; it never developed or sold a traditional desktop version of its accounting software. Xero grew quickly in New Zealand, and then moved to Australia.

Amazon's rollout was one of the cloud services in 2006. Cloud computing is need of the hour because of its far reaching advantages in many areas in computing, especially big data without cloud computing is difficult to manage Alibaba's jump in 2014 (Hong Kong,) signified the beginning of a new era in cloud computing where not just the scale, but also every other single aspect in a cloud service will meet with much elevated complexities.

Objectivity :-

The aim behind this research is

- ❖ To have an overview of Cloud Accounting
- ❖ To analyse the need of cloud accounting in present scenario
- ❖ To understand the impact of Cloud Accounting in the present scenario with insights from accounting professionals
- ❖ To gain insight on the specific risks and risk variances associated with using cloud accounting in organisations.

Methods

Primary data has been collected from Accounting professionals of various organisations. Secondary data has been collected from sources such as professionals, books, journals, websites, etc. The data collected has been helpful in understanding of concepts.

Review of literature

Otilia Dimitriu, Marian Matei (2014) in their article “A New Paradigm for Accounting through Cloud Computing”

M. Thirmal Rao, T.G.Jyotsna, M.A. Sivani)(2016) in the research paper-Impact of cloud Accounting

Sandeep Kelkar (2013) in the research paper- impact of Cloud accounting

The need of a cloud accounting services and solutions.

1. Since cloud accounting services and solutions are very cost effective and efficient, businesses with a tight budget should definitely consider cloud accounting strategies for their businesses.

2. Businesses which employs remotes employees can derive great benefits with cloud accounting solutions in terms of flexibility, convenience, and accessibility.

3. Small and medium businesses, along with budding businesses, which can't afford to have in-house data security measures can avail military grade data security measures from cloud accounting solutions and service providers.

4. Businesses which don't have skilled manpower to handle IT-related issues and disaster management protocols should also opt for cloud accounting solutions to ensure the safety of their precious customer data.

Models of Service Cloud or service models or types of service

All cloud services can be classified according to these sources, cloud computing services offered in 3 forms
SaaS, (Software as a Service),
IaaS (Infrastructure as a Service),
Paas (Platform as a Service)

Comparing Traditional Accounting VS Cloud Accounting

Traditional Accounting	Cloud accounting
Traditional accounting software, on the other hand, requires a company to have a dedicated hard drive on which accounting software is installed and financial data is recorded.	Cloud accounting software utilizes the Cloud to store accounting data. It makes financial information accessible to owners and employees anywhere with an Internet connection
In traditional accounting,accountant have to rely on the local device to work on accounting data.	Cloud accountant does not have to rely on the local device to work on accounting data, saving him the expenses on the local infrastructure setup and maintenance.

Concern which hope to maintain solid control over their accounting and financial data and enforce restricted access to such data.	You can access the application over the internet and collaborate with any number of users simultaneously. And your existing application data can also be migrated to the cloud with ease
Traditional accounting practices, was greatly susceptible to human errors, especially in the aspect of accounting data entry tasks	Cloud accounting solutions and software assisted accounting, has however, vastly decreased the rate and scope of such errors, by automating a major portion of accounting data entry tasks. Plus, with the help of the cloud, multiple users can work on the same file at the same time, which further helps with maintaining and monitoring error free accounting data.

Merits of Cloud Accounting

1) Accessibility

When using cloud accounting software, users can access data from anywhere with an internet connection. Business owners and employees can work away from the office, yet still provide input to their teams, enhancing collaboration with their staff. The ability to access real-time information can also enhance efficiency by speeding up the decision-making process.

2) Larger volumes of data

Any larger volumes of data can be stored compared to traditional in-house servers, and a backup of historic information will always be recoverable. The cloud stores information on multiple servers, so data is saved in more than one place. In an emergency situation when paper records are lost, backups are immediately available.

3) Economical

With cloud computing, you can save substantial capital costs with zero in-house server storage and application requirements. The lack of on-premises infrastructure also removes their associated operational costs in the form of power, air conditioning and administration costs.

4) Sharing Data

Sharing data is also easier. With cloud accounting, users simply need access rights to the same system with their unique passwords. This process removes the need of emailing large files or sharing via flash drive. One can avoid emailing files to individuals and instead send a web link to recipients through your email

5) Disaster Recovery: It is highly recommended that businesses have an emergency backup plan ready in the case of an emergency. These files are stored at a remote location and can be accessed through an internet connection.

Demerits of Cloud accounting

1) Data Security: There are concerns with the safety and privacy of important data stored remotely. In a multi-tenant cloud architecture where multiple users are hosted on the same server, a hacker might try to break into the data of other users hosted and stored on the same server.

2) Accessibility: If you have no internet connection, you have no access to your data. cloud storage works on internet connection. For e.g There are places and times when this just isn't possible. Thus, you run the risk of not all parties being able to work on the same project.

3) Cost

There are advantages and disadvantages related to the cost of cloud storage. Real cost savings can be achieved, but there is also a cost associated with using the cloud.

Cloud accounting software accounting according to the size of the firm

I.FRESH BOOKS: Fresh Books is a cloud-based accounting software service designed for small enterprises. It basically sends invoices and receives payment for their services. It was founded by Mike McDermentand Joe Sawadain 2003

II.XERO: Xero is a software company that develops cloud based accounting software for small and medium enterprises. It was founded by Rod Drury and his personal accountant when they felt that traditional desktop accounting software had become outdated and decided to create a modern cloud-based product.

III. ZOHO: Zoho is a cloud software and system developer for business management. The company was founded in 1996 by Sridhar Vembu and Tony Thomas in Pleasanton, California and has development offices in India.

IV.QUICK BOOKS: Quick books are accounting software which is marketed and developed by Intuit. It is basically used by small and medium enterprises for accounting functions and cloud based services, which deals with payments, payrolls etc. Intuit was founded in 1983 by Scott Cook and Tom Proulx in Mountain View, California, USA.

V.GO DADDY: Go Daddy bookkeeping facilitates tools for tracking income and expenses. Their services are directly collaborated with Amazon, eBay etc. GoDaddy was founded in 1997 by Baltimore, Maryland, entrepreneur Bob Parsons

Findings

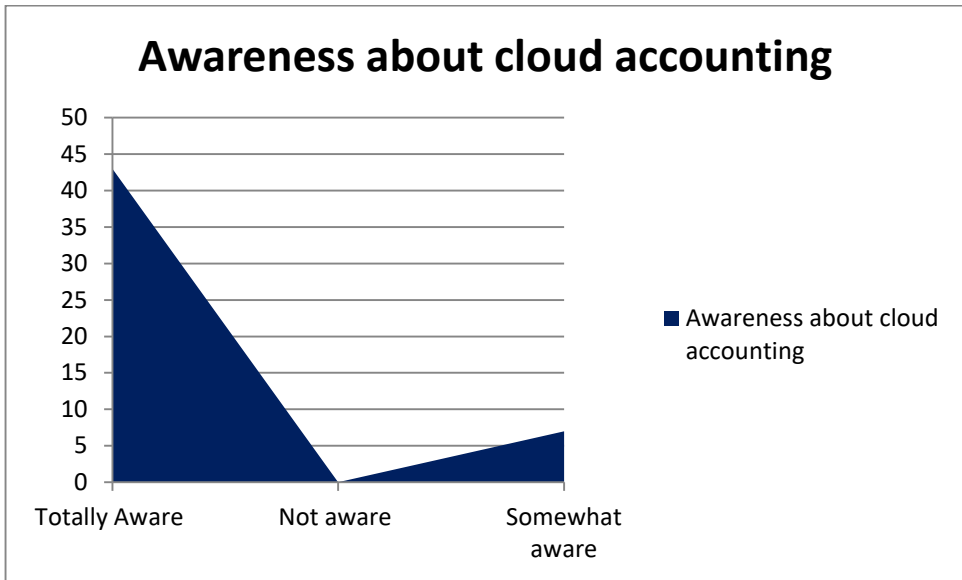
1)The reliance on cloud computing services is rapidly increasing. This brief talk will outline some of the concerns pertaining to the further development of cloud computing into a mature technology that meets its original goals.

2)A Computer world study has shown that 42% of IT decision makers intend to raise spending on Cloud computing in 2015, while Bill McNee, Founder and CEO of Saugatuck Technology, says that over 60% of enterprises will have half or more of their infrastructure on Cloud-based platforms by 2018.

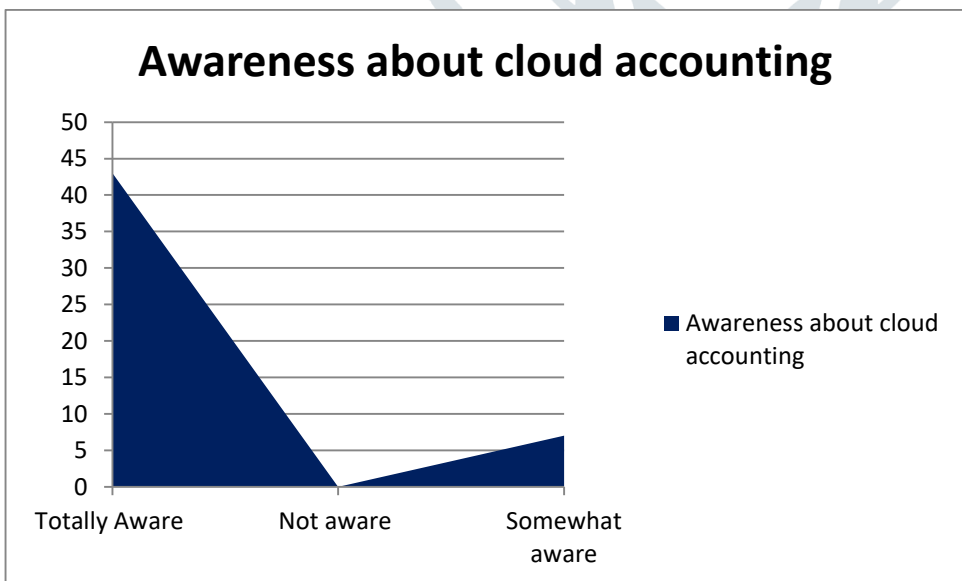
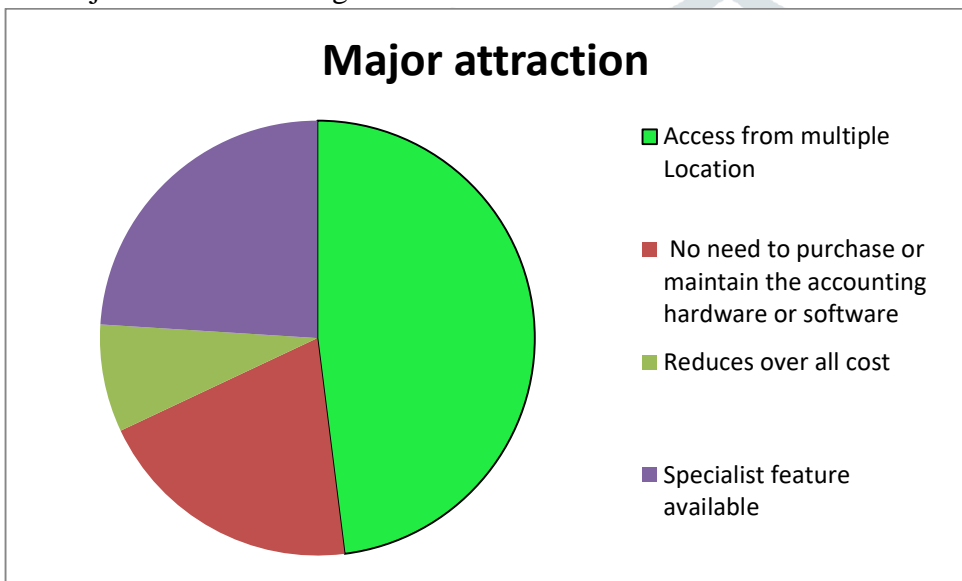
3) In 2014, The Chartered Institute of Management Accountant revealed that only 19% of organizations use Cloud technology to record daily finance transactions - compared with 31% for CRM and 59% for other business processes

4)Majority of the responding accountant believe that security, budget, reliability, hacking, theft, attacks would be the major factor which will affect overall adaptation of cloud accounting.

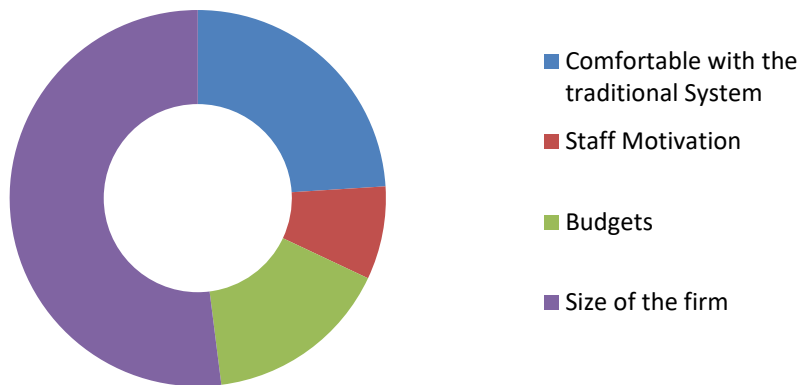
5)Cloud accounting may lead to a major shift towards the concept of Triple entry accounting-a system in which all accounting entries which have the involvement of outside parties are cryptographically secured by a third entry.



the major benefits of using cloud based software



factor affecting the adoption of cloud computing



Conclusion

Although both cloud accounting and traditional accounting still uses the same accounting fundamentals, at the end of the day, it all comes down to the operational preference and capacity of businesses to choose which way they want to go.

However, there is a fundamental hurdle within the finance function surrounding the security of Cloud information, and accountants must overcome such misconceptions in order to realize the benefits to Cloud accounting, which clearly outweigh the negatives.

The main driving force behind cloud computing are Include wireless networks, reducing storage costs And improving the software for online processing. With facilities Cloud computing cloud service customers will be able to load More inject into your system, reduce costs, Experience, new services, and removes unused capacities.

References

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Excellent high-level overview of cloud computing with conceptual diagrams illustrating cloud computing architecture

Architecting the Cloud: Design Decisions for Cloud Computing Service Models (SaaS, PaaS, & IaaS) by Michael J. Kavis Published January 2014 Pragmatic, hands-on guide to cloud architecture

Cloud Computing Protected: Security Assessment Handbook by John Rhoton Published January 2013 The author's third book on cloud computing presents an in-depth analysis of cloud security challenges for the modern enterprise organization

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