

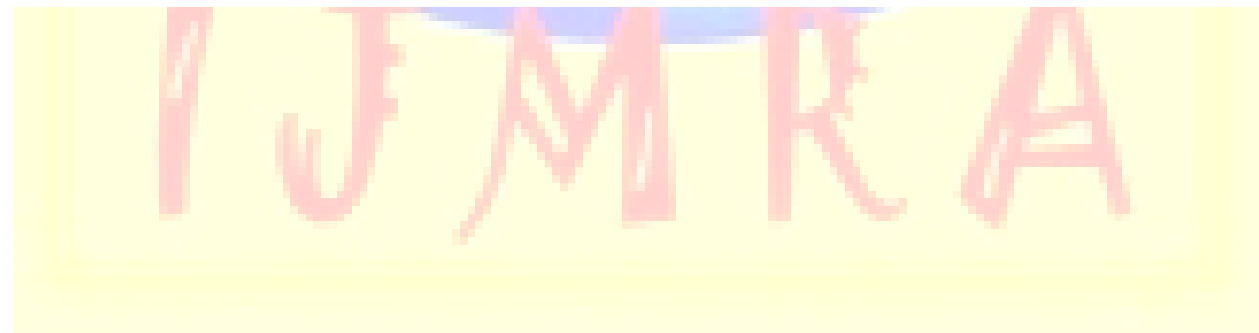
CLOUD ACCOUNTING...TO CLOUD OR NOT TO CLOUD

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Abstract

In the fast paced business world of today, adoption of the latest technological advances is essential for sustainability and growth. One of the most exciting changes in the accounting industry is cloud accounting. Cloud accounting simply puts accounting system in a private space online so that it is fully accessible via a browser or a secure remote connection. The small-business accounting software market has great potential for growth. The mixed attitudes of those from small businesses may be quickly influenced as the cloud accounting software market matures. There are innumerable numbers of accounting software's available in the market these days. The choice of software depends on different types of business, the solutions required and the features that benefit your business. The best accounting software should help business become more efficient and less burdened with tedious tasks.

Key words: Book Keeping, Accounting, Cloud based accounting



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1. INTRODUCTION

In the fast paced business world of today, adoption of the latest technological advances is essential for sustainability and growth. One area of technology that more and more businesses are taking advantage of is the cloud, which allows data to be stored remotely on servers across the world.

National Institute of standards and technology , USA (NIST) defined Cloud Computing “ it is a model for enabling ubiquitous, convenient, on demand network to access to a shared pool of a configurable computing resources (e.g. networks , servers, storage, applications and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. The main idea behind the usage of Cloud Computing is that customers only use what they actually need and only pay for what so ever they actually use.

Accounting in cloud computing is a recent discipline. One of the most exciting changes in the accounting industry is cloud accounting. Cloud accounting, also referred to as “online accounting”, serves the same function as accounting software that you would install on your computer, except it runs on our servers and you access it using your web browser, over the Internet. Your data is securely stored and processed on our servers—or “in the cloud”. This means you are able to access your business financials from anywhere and using any device, as long as you are connected to the internet.

Online accounting software helps you get away from your desktop and out conducting the more enjoyable and advantageous parts of running your business. Using cloud-accounting services you can easily create professional invoices, manage client contact information and oversee projects from anywhere, even via your mobile device. There are many advantages to using an online solution over traditional software. The most attractive are added mobility, easy data backup features and time-saving tools. Since these solutions are browser-based, you can access your account from anywhere regardless of the platform used. Additionally, the service backs up your data so you don't have to manage your own backup. Time-saving features include automated recurrent billing, tax calculations and reporting.

In this context it is important to study various accounting models and software's and to identify if possible one accounting software which is complete from different points of views for cloud environment. This research is divided into two parts, the first part focuses on the level of confidence and in cloud based accounting software reliability and security and what is the likelihood of moving to cloud based accounting and the second part focuses on what cloud based accounting software are available and their features and to find any one which is more comprehensive.

2. RESEARCH OBJECTIVES

- To understand the concept of Cloud based accounting

- To find out the difference between traditional and cloud based accounting
- To study the significance of cloud based accounting in contemporary world
- To analyse various cloud based accounting software's

3. RESEARCH QUESTIONS

- The following research questions were derived to guide this study.
- What is the level of confidence in cloud based accounting?
- What is the likelihood of moving to online accounting?
- What are the major concerns relating to Cloud Accounting?
- Is there any taxonomy for concepts related to accounting process in cloud computing?
- What are the existing pricing schemes for cloud or grid computing?
- To identify one accounting model which is complete from different points of views for cloud environment?

4. RESEARCH METHODOLOGY

Descriptive research is used as the main objective of the study is to describe the data and characteristics about what is being studied. It is the description of the state of affairs as it exists as present researcher has no control over the variables of this type of research. Present study is based on the secondary data. The secondary data have been collected from company's websites, internet, articles and other literature in the field. The data has been edited, classified and tabulated as per the requirements of the study. The nature of the study is such that quantitative, statistical and mathematical tools have been used to analyze the data so collected and then findings and inferences were drawn.

5. LITERATURE REVIEW

Today's businesses have access to a wide array of online, electronic bookkeeping applications which make this job so much easier. Especially within the past few years, we've seen a lot of important advancements in technology which have made bookkeeping easier.

- Credit card transactions can be automatically added to the books.
- You can use a camera phone to upload a receipt.
- You can collaborate with business partners through a single application.

Bookkeeping is so much easier now than it's ever been before. Even if you don't understand accounting, you can still manage your own books. Online accounting software helps you get away from your desktop and out conducting the more enjoyable and advantageous parts of running your business. Using cloud-accounting services you can easily create professional invoices, manage client contact information and oversee projects from anywhere, even via your mobile device

Let's start with the basics. What is "The Cloud?" The "Cloud" is a computer platform designed to run applications and software anytime, from anywhere, from any device. With the Cloud, your hardware becomes simply the delivery method for virtually accessible data via a secure Internet connection. In the Cloud, you no longer install and run accounting software over your desktop computer. Instead, through a secure login portal, the Cloud delivers your software to whatever device you are using to access the internet, from any location, at any time. Cloud accounting simply puts your accounting system in a private space online so that it is fully accessible to you via a browser or a secure remote connection.



Two Ways to Be in the Clouds

There are primarily two ways to have your accounting system in the cloud. First, it can be "hosted." This means that the current software you are using on your desktop, such as QuickBooks or Sage, does not change. Neither does your company file.

The only thing you do differently once it's set up is click a different icon to start the software. Once you log in, most everything else is the same. There are a couple of differences in printer access, Microsoft Excel® access, and some of the other interfaces, but it's essentially the same experience.

So if it's the same, why would you want to move to the cloud? Because it completely eliminates the passing back and forth of the file among you, your CPA, your bookkeeper, and anyone else that needs to update or access your accounting file. No more restores. No more DropBox or YouSendIt downloads.

Hosting saves a ton of time because the people you grant access to can login to your file from anywhere.

The second way to have your accounting system in the clouds is to switch to an online accounting system. In industry jargon, this is called SaaS, which stands for Software as a Service. Examples of online accounting systems include QuickBooks Online, Xero, Wave, and Kashoo. These systems have fewer features and will only be right for a client with a need for a simpler accounting system.

When you switch from desktop accounting software to SaaS, it will likely require conversion, setup, and training. It's a major change.

Cloud-Based Accounting vs. Traditional Accounting

While a majority of start-ups are moving their accounting to the cloud, there are still those that are skeptical. When you actually take the time to compare cloud-based accounting with traditional methods, you'll see why there's no reason to not take to the cloud....

Here are a few of the differences between cloud-based and traditional for some of the most important aspect of accounting and financial management:

Cost

Cloud Accounting: With cloud-based accounting, cost savings are abundant and immediately realized. You pay a low monthly fee rather than a significant upfront cost. Once on the cloud, you no longer require an in-house accountant or bookkeeper.

Traditional Accounting: While a traditional accountant may be more "comfortable" the costs are noticeably higher. Hiring someone in-house, even on a part-time basis, requires you to cover payroll taxes. The software is an additional expense that can't be transferred or shared.

Verdict: Hiring a cloud-based accountant can provide a higher level of service, experience, and education at a more reasonable rate.

Accessibility

Cloud Accounting: On the cloud, you have access to your books at any place with an internet connection, any time. You can also collaborate in real-time with professionals such as your cloud-based accountant, controller, CFO, Tax CPA, or financial advisor.

Traditional Accounting: You're subject to only discussing financial matters in-person when both can find a time to meet.

Verdict: Cloud-based accounting gives you the freedom to talk about your accounting and financial questions when and where it's most convenient for you.

Flexibility

Cloud- Accounting: Whether you are preparing for an investor meeting, or reviewing last month's budget with your executive team, your information goes with you.

Traditional Accounting: You're at the mercy of your accountant, hoping that you get the information in time. You're only in as much control as your ability to get the information from your accountant in a timely manner.

Verdict: Don't continue waiting on simple reports from your bookkeeper, The information is yours, you should control it.

Automation

Cloud Accounting: Cloud-based accounting programs are adding features and add-ons, to continually improve. The third party developer sphere around these products has also matured, giving you more options than ever before.

Traditional Accounting: Manually inputting information into different systems only leaves room for mistakes and errors.

Verdict: Instead of double or triple-entry of data into different software programs, many of these processes can now be automated, including payroll processing or inventory management.

Updates/Upgrades

Cloud Accounting: Most cloud-based accounting systems update and upgrade automatically. It also allows for gradual improvements that are less intrusive to your business continuity.

Traditional Accounting: When you purchase desktop software, you are paying for that software at a point in time. Some minor updates are free, but major version upgrades require the purchase of new software. Many companies choose not to upgrade, saving money on software, but usually missing out on key features, which would save hours on routine processes.

Verdict: Don't subject yourself to the growing pains of updates and upgrades in traditional accounting software. Take advantage of the gradual updates automatically included in your cloud-based accounting system.

Backups

Cloud Accounting: Automating the backup process is one of the cornerstones of cloud-based computing. There is one single source of information that is consistently backed-up to avoid the risk of data-loss.

Traditional Accounting: Backups have to be done manually, if you remember to do them at all.

Verdict: Take another responsibility and risk off your plate. Rely on cloud accounting to make sure all your information is backed up correctly and consistently.

To Cloud or Not to Cloud?

There are of course some things to consider before moving to the Cloud. The Cloud is here to stay, and it will affect your firm in some way in the coming years. Continuing to educate yourself about cloud computing will help you to decide if it is best for your firm at this point.

Making a move to the Cloud could propel your firm into a new level of success. Here are 8 ways Cloud Accounting may be a good business move for your firm.

1. Reduced costs

Your firm might see a reduction of costs in several areas upon moving to the cloud.

- Cloud implementation means you could pay a Cloud hosting monthly or annual fee with relative minimal upfront costs instead.
- In the Cloud, the only hardware purchase and maintenance costs you will pay will be related to your local desktops/devices.
- With the Cloud, some hardware is off-site. With less plugged in at your office, your power consumption costs decrease.

2. Easier to transition to a paperless office

The Cloud allows for real-time virtual storage which can be accessed by any of your authorized users at any time. Get rid of those bulky client files, show your concern for the environment, and make it easier to collaborate with team members with the Cloud.

3. Reduced downtime

When your employees can't work because of a technology issue, you're wasting money. Your Cloud technology will be maintained by your hosting provider. As long as you choose an experienced and knowledgeable technology partner, you will experience improved uptime.

4. Work from anywhere

You and your employees can access the Cloud from anywhere, anytime, with any device as long as you have an Internet connection. Can you imagine the boost to employee morale if your team can work from home after they tuck their children into bed during tax season?

5. Secure data

With Cloud Computing, your data is only accessible through a secure login eliminating confidentiality concerns related to theft. And because all of your information is safely and securely stored off-site, natural disasters won't shut down your ability to do business. As long as you have access to the internet through any computer or device, your business can move forward.

6. Eliminate your technology headaches

You run an Accounting business, not a technology company. Cloud implementation means you can stop worrying about your technology and let the experts handle it. You can focus on your firm and your clients.

7. Scalability for future growth

The Cloud allows you to take on more clients, hire more accountants, and expand to more locations. Go ahead and grow - without increasing your technology infrastructure up-front costs.

8. Everything you need in One Place

With some CPA Cloud Accounting platforms you have the ability to run all of your Accounting programs through one dashboard including:

ONLINE ACCOUNTING SOFTWARE: WHAT TO LOOK FOR

The best accounting software for your company depends on the needs of your company. Do you need to manage employees or inventory? Do you work with other freelancers? Are you looking for mobile expense and time tracking? When comparing top accounting software, Top Ten Reviews considered the following:

Accounting & Business Features

You will want an accounting solution that offers the tools your specific business requires. If you

need to manage items, you will want to make sure the service you choose has that capability. All services should provide basic accounting tools to manage your estimates, invoices, billing, expenses and customer information. If you manage inventory, you will also want one that can manage vendors and purchase orders.

Time-Saving Features

If the software cannot help you become more efficient and save you time, you may as well keep doing what you are doing. Online accounting services should provide numerous automated and convenient features to help you become more efficient. Features we looked for include the ability to import bank feeds, automated billing features, preconfigured reporting options and online time sheets. Some even provide online portals where customers can view their account information and pay bills, greatly decreasing the time required to manage simple customer requests.

Remote Access & Mobile

While all the reviewed products are browser-based and online, the extent of their mobile services vary. Most mobile accounting tools offer apps for iPads, Android phones and Android tablets. Some also provide apps for Windows-based mobile phones. The mobile tools provided also vary. Most online accounting services provide mobile tools for creating invoices and tracking expenses, but some provide more advanced tools such as electronic signature gathering, receipt capturing and basic customer relationship management (CRM) tools.

Additional Business Services

Other services exist that make your accounting solution more functional. Most require an additional fee or subscription. The most sought-after service is credit card processing so small-business owners can process credit and debit cards. Other popular services include integration with eCommerce sites, payroll processing (including subscriptions configuring tax deductions), access rights for their accountant or CPA, and inventory management. The most adaptive online accounting services provide integrations for a wide range of products so you can add to the business solution as your company evolves.

What Type of Buyer Are You?

Before evaluating your options, you must determine what type of buyer you are. Over 90 percent of buyers fall into one of these three categories:

Growing small-business buyers. These businesses are on the verge of upgrading basic systems, to more robust small-business accounting systems that will support sophisticated functions (such as demand forecasting, intercompany accounts, increased data storage and others). Growing businesses upgrade their systems for a range of reasons. Industry-specific functionality will become important when a small company reaches a certain size threshold.

Enterprise buyers. These buyers represent businesses and organizations that need the functionality of a full enterprise resource planning (ERP) suite. Usually, these systems will include functionality for multi-company consolidation, international operations and foreign currency and other concerns relevant to large entities. Seamless integration is usually more important than specific features

Best-of-breed buyers. These buyers are focused on specific functions. For example, nonprofit organizations need to look specifically for systems that can perform fund accounting. This method tracks funds in such a way that different grant providers can see the right report on how each fund amount has been used. Meanwhile, in education, universities and colleges often need software specific to higher ed, for example to track the disbursement of financial aid. Construction companies or engineering firms, on the other hand, usually need a system that can break down costs by each project, location and other characteristics. For best-of-breed buyers like these, functionality is often more important than integration.

ACCOUNTING SOFTWARES

To find the best accounting software for small businesses, we researched a wide range of accounting software from different sources and out of these we have narrowed down our research to 5 software's

Tally.ERP 9 is a business accounting software for accounting, inventory, and payroll. It is economical and one of the most popular ERP software solutions available in the industry. Tally ERP 9 has all the features required for high-performance business management. Tally.ERP 9 software is a complete product that retains its original simplicity yet offers comprehensive business functionalities such as Accounting, Finance, Inventory, Sales, Purchase, Point of Sales, Manufacturing, Costing, Job Costing, Payroll and Branch Management along with capabilities like Statutory Processes, excise etc. Whatever the demands, Tally ERP 9 makes life a lot easier. With an ideal combination of function, control and customizability built in, Tally.ERP 9 permits business owners and their associates to do more.

BUSY accounting package is an solution for Small and Medium businesses. It has more than 1,20,000 installations, and is one of the leading business accounting softwares in India Accounting Software is integrated business software for all level of the business. It is one of the leading business accounting software of the India. It has been upgraded by new features like Payroll, Job Work, Configurable Balance Sheet, Web-based Report. Busy Business Accounting Software is a complete business management solution that provides total support to business and management activities. Busy software helps to enhance the total performance of an organization. Busy Accounting software evaluates and analyses all the aspects of a business in an easy and simplified method. It is one of the finest software available in the market today for all kinds of business.

Reach Accounting Software is an Online Accounting Software based in India catering to Small & Medium Businesses. There are software modules for Accounting, POS and CRM. The best part about Reach is all the business operations are bundled in one software so that the business owner can track every aspect of business.

ProfitBooks is amazingly simple and fastest amongst the list of accounting software for small businesses. ProfitBooks is a cloud based application which allows businesses to create invoices and estimates, manage payroll management (employee management, salary processing etc) Businesses can assign role-based access to each employee ProfitBooks aims to replace different softwares used in the office with one powerful application. “For businesses having multiple branches at different locations, desktop baed software only increases the difficulties while synchronizing the data” said Harshal Katre, founder, ProfitBooks. Profitbooks is hosted at central location and data is always synchronized. This saves lot of time of accounts team in reconciliation and manual work. This reduces errors in calculations and helps to take quick decisions.

Saral is one of the top accounting packages for India. It very efficient for maintenance of books of accounts of an Organisation. Signup for a free account to download Saral Accounts.

Saral Accounts is the software for maintenance of books of accounts of an Organisation. Using Saral Accounts, the user can create books of accounts of any nature of Organisation namely, manufacturing, trading, service or non-profit. The essence of the software is the ease with which the user can work on all aspects of the software namely, data entry, view and reports.

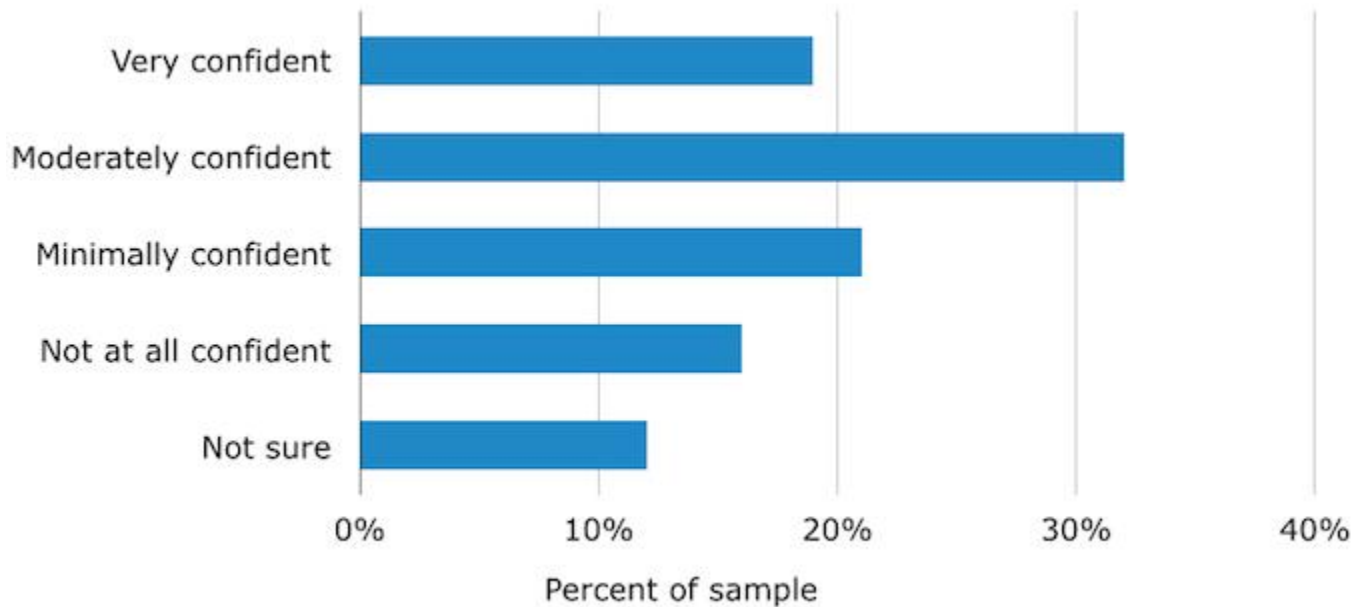
6. DATA FINDING AND ANALYSIS

Small businesses been slower to adopt cloud-based solutions for accounting than for other business operations. Indeed, our research at shows a lower-than-average preference for cloud-based deployment among accounting software buyers from small businesses . And outside reports reflect even lower percentages: A recent survey showed that only one-quarter of chief financial officers (CFOs) plan to adopt cloud-based accounting software within the next five years. an online survey of small businesses to gauge the level of confidence in cloud accounting, the likelihood of adopting a cloud-based solution and what the major concerns regarding this movewere([by NoelRadley](#)Market Research Associate, Software Advice)

Many Confident in Cloud Accounting's Reliability and Safety

The majority (51 percent) expressed moderate to high levels of confidence in the reliability and safety of cloud-based accounting software, with the highest number of respondents reporting they are “moderately confident” (32 percent) and another 19 percent saying they are “very confident.”

Confidence in Cloud-Based Accounting Software



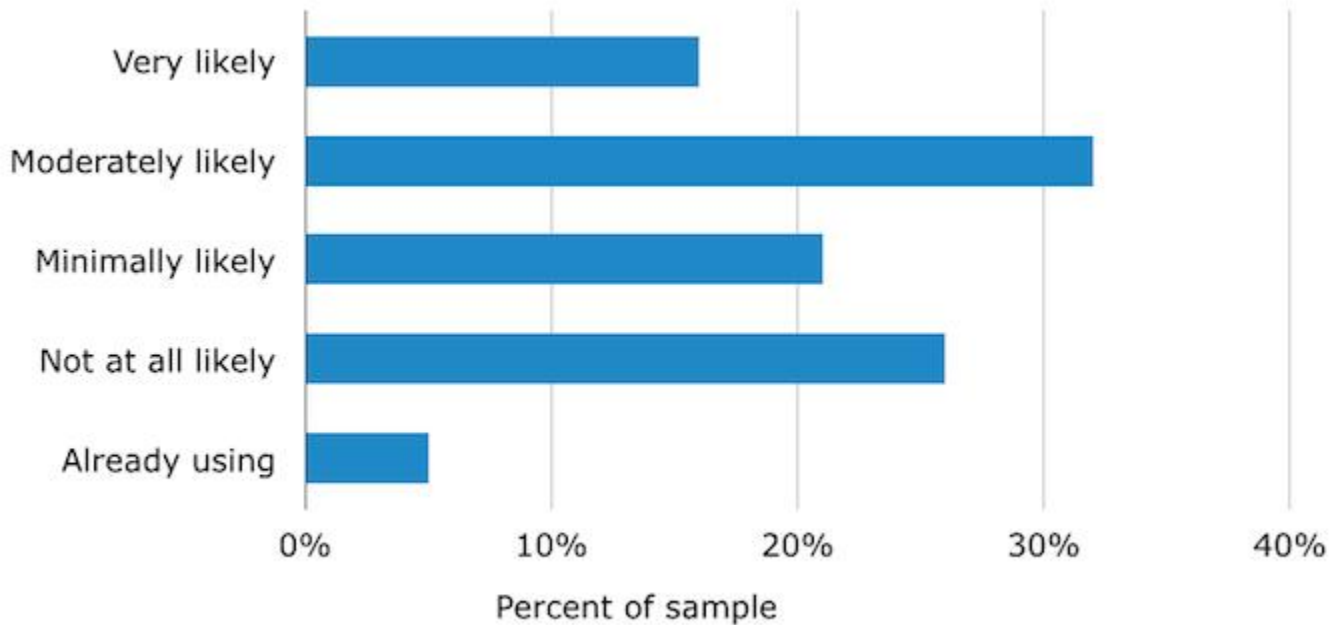
Source : <http://www.softwareadvice.com/people/noel-radley/>

However, a significant number still had their doubts: 22 percent indicated they were “minimally confident,” 16 percent said they were “not at all confident” and 12 percent were “not sure.” Thus, confidence in the reliability and safety of cloud-based software is approximately a 50-50 split between those who are confident, and those who are not confident or are unsure.

Over Half Would Consider Moving to the Cloud

Further supporting that small-business preferences straddle cloud-based and on-premise deployments, when we polled respondents on the likelihood of choosing a cloud-based accounting solution, we once more found a nearly even split. Just over half were amenable, with 32 percent of respondents saying they were “moderately likely” to move to the cloud and another 16 percent saying they were “very likely” (not to mention the 5 percent who chose “not applicable” because they were already using cloud-based software).

Likelihood of Moving to Cloud-Based Accounting Software



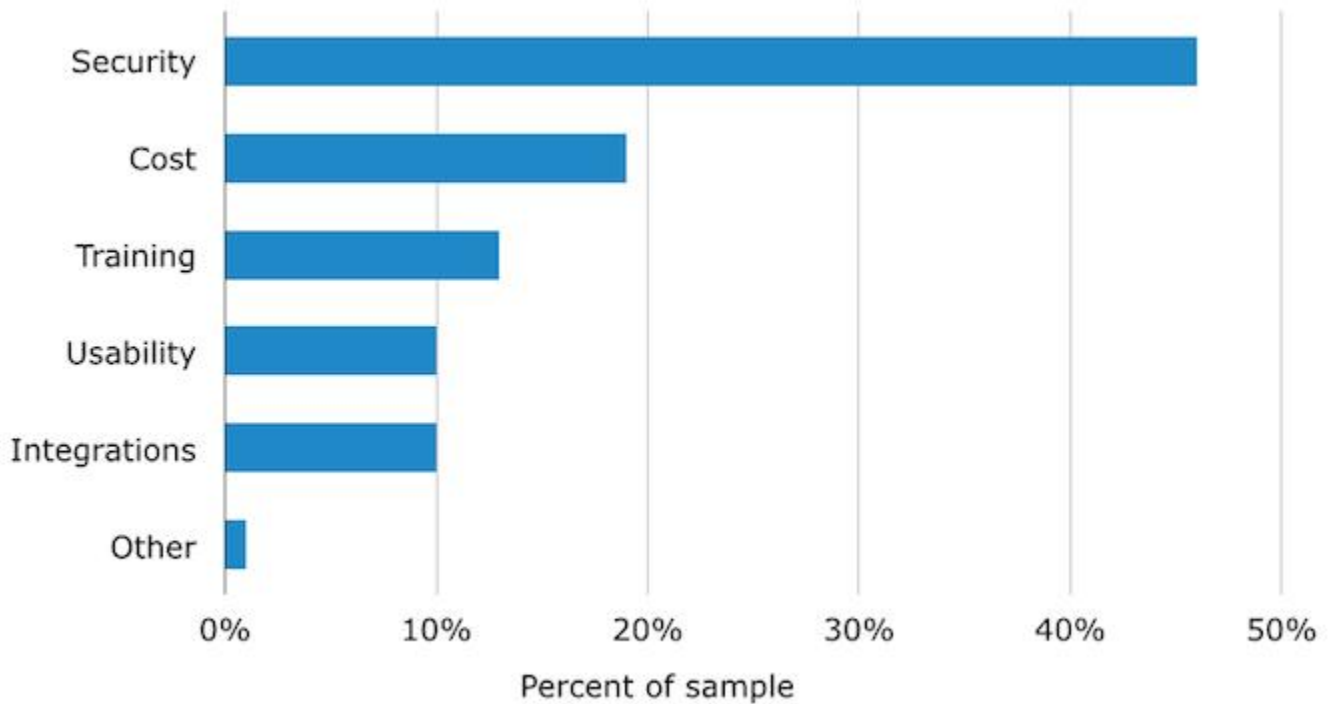
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As for the remaining 47 percent of respondents, they were either “minimally likely” to adopt a cloud-based solution (21 percent) or “not at all likely” (26 percent).

Top Concern About Web-Based Software Is Security

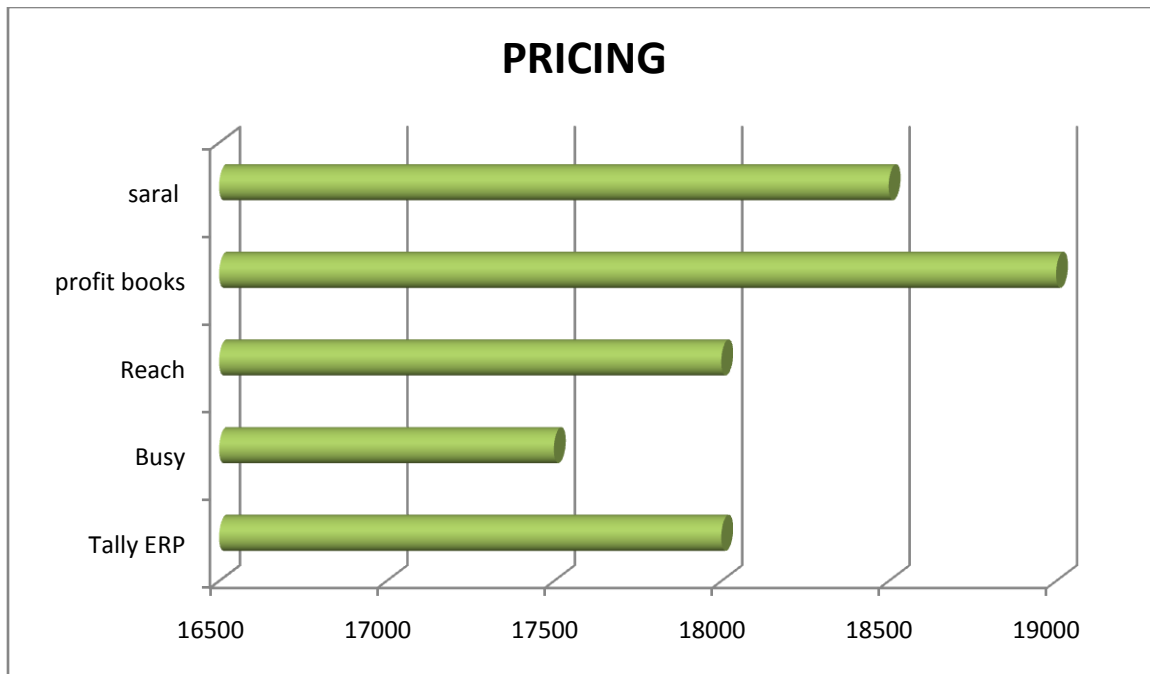
. Many small businesses haven’t moved to the cloud precisely due to concerns about security. In fact, 46 percent of our respondents say that security would be their top concern when facing the possibility of adopting cloud-based software for accounting.

Top Concerns with Cloud-Based Accounting Software

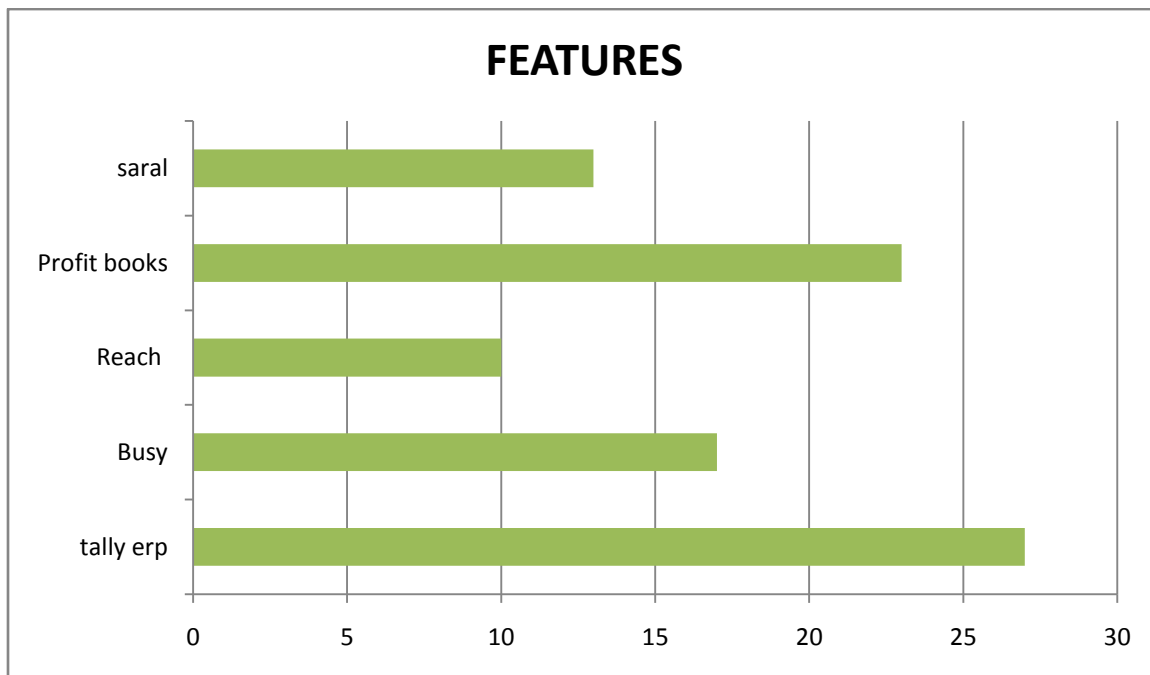


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Nineteen percent said the cost of cloud software was a top concern. Thirteen percent were concerned about training staff to use a cloud-based solution, and 10 percent thought usability could be a problem. Finally, since many small businesses need their accounting software to integrate with other applications, such as point-of-sale (POS) or invoicing systems, 10 percent mentioned that this was their top concern.



The pricing of most of the cloud based accounting software's are same. free trial version is also available for most of the software's and the payment can also be made on monthly basis. The above mentioned prices are on annual basis.



The features offered by most of the cloud based accounting software's are Budgeting, Expense management, POS invoicing, Tax Handling, Asset Management, CRM, Payroll Management, Purchase Management Multi Currency, Online Banking Integration, and Payment Handling

7. KEY FINDINGS:

1. Over half of respondents express moderate to high levels of confidence in cloud-based accounting solutions, with 32 percent indicating "moderate" confidence.
2. Half of small-business respondents say they would be "very likely" or "moderately likely" to move to a cloud-based accounting solution.
3. The top concern with cloud-based accounting (cited by 46 percent of respondents) is security; cost and training were other key concerns.
4. The pricing of most of the cloud based accounting softwares are similar. The pricing options depends on various factors such as number of users, basic version or enterprise version , depending on the modules chosen etc.
5. Tally is the most popular accounting software in India. What the users are not aware is tally can be customised as per requirements. One needs to contact the resellers for customisation of Tally.
6. You will not miss web based access in Busy as it has the option of Web based reports, though the software primarily is installation based. . Busy Accounting is probably one of the most popular Accounting Software for India.
7. Reach software is easy to use and affordable and has more features then any other software
8. Profitbook is strong online Accounting software. It fits the manufacturing firms as it allows to manage inventory and at the same time it's also fits service companies because to its project management and time tracking features. The company also plans to launch an inbuilt CRM. Profit Books, however lacks online bank integration.
9. If the requirement is for an inventory based accounting software, which can run offline as well, Saral is a good option to choose. They however lack the project management and time tracking feature.

8. CONCLUSIONS

In conclusion, our study confirms that the cloud-based accounting landscape remains a transitional space caught between an on-premise past and the almost-certain future of ubiquitous cloud-based accounting. Not only is user adoption low for cloud-based accounting software, our study finds that attitudes, too, are split down the middle, with respondents divided evenly on issues of confidence and security.

The small-business accounting software market has great potential for growth. What's more, we feel that the mixed attitudes of those from small businesses may be quickly influenced as the cloud accounting software market matures.

There are innumerable numbers of accounting software's available in the market these days. The software's mentioned in the research are the most popular in India and are regarded as the best but not in the order of their rankings. To find out which accounting software suits your business depends on the features offered by that particular software. Thus the software you choose depends on your business, the solutions you need and the features that benefit your business.

The best accounting software should help you become more efficient and less burdened with tedious tasks

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