



# **Good Bad Ugly**

**Insight Poll | Modern Technology 2020**

Benchmarking Report and Insights for  
Australian Accounting Firms

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# Insights & Trends

## Good Bad Ugly Insight Poll

### Modern Technology 2020

A key deliverable for the 2020 Good Bad Ugly technology poll was to identify the main technology stack across different revenue groups in the profession.

In addition, identify the popular third party apps and services provided by key technology suppliers to the profession.

Recent feedback on the Technology poll from participants included not only general technology adoption but specifically 'what do firms of similar size utilise'. As you can see from the 2020 analysis and the 250 participating firms, there are key differences between smaller and larger firms and the technology they implement. Larger firms of \$4m revenue are utilising the longstanding providers such as MYOB and APS, with trends showing Xero starting to increase market share with larger firms.

Although there have been any number of technology advances

in the past decade, the key challenges for the accounting profession remain:

- Fully utilising your existing systems
- Lack of integration
- Data security

These challenges can be the deficiency of the practice, industry suppliers or a combination of both.

Analysing five years of Good Bad Ugly technology data, results show that one in five firms have removed their server infrastructure during that time with now 29% of participants removing the need for a server.



A clear majority of these are smaller firms generating less than \$4m in revenue.

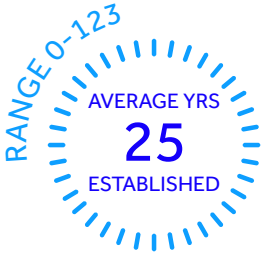
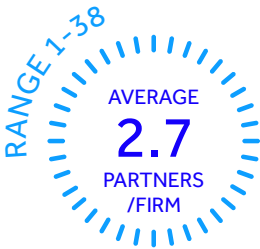
Security is still a of moderate or high concern for 75% of participating firms, with most of these firms taking steps to invest in security over the last 12 months. Again, there was a clear difference in results with larger firms much more security conscious than smaller firms. Interestingly, 15% have no idea where their data is hosted?

New to the 2020 Good Bad Ugly technology poll this year

was third party client add-ons. No surprise that the most popular add-ons being payroll, point of sale and inventory. A key insight was clients of larger firms were implementing a reporting add-on compared to smaller firms barely rating it as an option. Larger firms also rated significantly higher that their clients will increase the take up of third party apps over the next 12 months. Curiously, approximately 25% of participants do not actively promote or refer add-on business apps to clients, with another 20% only doing so when asked directly by clients.

Business Fitness has always been on a mission to help accounting practices boost productivity and growth, and the current environment has been a timely reminder of what we set out to do when we started Business Fitness almost 20 years ago – and that's to help you standardise, streamline and systemise your processes. This ethos has never been more significant as we all adapt to new ways of working. We hope you enjoy the 2020 edition of the Good Bad Ugly technology poll.

2020  
technology poll  
participants



	\$0 - \$500k	\$501k - \$1.5m	\$1.5m - \$4m	\$4m +	Undisclosed
By revenue	19%	25%	30%	21%	5%
	1 partner	2 partners	3 partners	4 partners	5+ partners
By partners	43%	27%	11%	6%	13%



### 3 biggest technology challenges in 2020

1 Fully utilising  
your existing  
systems

2 Lack of  
Integration  
between  
systems

3 Data  
security

Technology rating during Covid-19 crisis  
(including remote working capacity)

1=poor / 5 = excellent  
**4.1**



## Most popular tech stack by revenue group

	Practice Management	General Ledger	Tax	Corporate Compliance	SMSF
\$0 - \$500k	Xero Practice Manager	Xero	Xero	NowInfinity	N/A
\$500k-\$1.5m	Xero Practice Manager	Xero	Xero	CAS (by BGL)	BGL 360
\$1.5m - \$4m	Xero Practice Manager	Xero	Xero	NowInfinity	BGL 360
\$4m +	MYOB	MYOB	MYOB	CAS (by BGL)	BGL 360

	Document Management	Workpapers	Portal	Advisory
0 - \$500k	DropBox	In-house	e-signing software*	Excel
\$500k-\$1.5m	HowNow by Business Fitness	In-house	e-signing software*	Excel
\$1.5m - \$4m	HowNow by Business Fitness	Smart Workpapers by Business Fitness	e-signing software*	Excel
\$4m +	MYOB	MYOB	MYOB	Excel

\* Do not use a portal

### Other popular tools include:

- Microsoft Teams
- Zoom
- Practice Ignition
- Slack
- FuseDocs

## Practice management software

	2016	2017	2018	2019	2020
Xero Practice Manager	20%	30%	32%	41%	43%
MYOB	37%	32%	34%	30%	28%
Handisoft	22%	16%	16%	12%	10%
APS	10%	13%	11%	10%	11%
Karbon	-	-	-	3%	5%
CCH iFirm	4%	4%	5%	3%	4%
Reckon Elite	2%	2%	2%	1%	1%
Other	3%	2%	3%	4%	7%
N/A – do not use practice management software	2%	1%	3%	2%	1%

- 2020 & 2019 – firms use multiple practice management systems therefore greater than 100%
- Other – includes QBOA, Greatsoft, Microsoft

## Practice management software by revenue group

	\$0 - \$500k	\$500k - \$1.5m	\$1.5m - \$4m	\$4m +
Xero Practice Manager	37%	52%	51%	22%
MYOB	22%	22%	24%	46%
Handisoft	20%	13%	7%	2%
APS	0%	2%	9%	34%
Karbon	7%	0%	0%	0%
CCH iFirm	4%	9%	3%	0%
Reckon Elite	9%	2%	7%	2%
Other	2%	0%	1%	2%
N/A – do not use practice management software	7%	5%	4%	4%

## Current provider average ratings



### Has the rating improved, got worse or stayed the same in the last 12 months?

	2017	2018	2019	2020
1 – Extremely worse	0%	1%	2%	1%
2	8%	11%	16%	10%
3 - Stayed the same	68%	68%	63%	72%
4	21%	18%	18%	15%
5 – Greatly improved	3%	2%	2%	2%

### Are you considering changing provider in the next 12 months?

	2017	2018	2019	2020
Yes	25%	26%	23%	25%
No	75%	74%	77%	75%

### Which practice management software is being considered?

	2017	2018	2019	2020
APS	3%	2%	12%	8%
CCH iFirm	13%	3%	9%	5%
Greatsoft	-	-	14%	21%
Handisoft	3%	5%	14%	10%
Karbon	-	-	-	11%
MYOB	5%	5%	21%	13%
Xero Practice Manager	60%	71%	72%	60%
Other	16%	13%	20%	11%



## Document management software

	\$0 - \$500k	\$500k-\$1.5m	\$1.5m - \$4m	\$4m +
HowNow (by Business Fitness)	2%	20%	23%	22%
MYOB	4%	10%	16%	26%
Handisoft	11%	10%	7%	2%
CCH	4%	3%	1%	2%
DropBox	26%	2%	3%	0%
Google Drive	4%	3%	1%	0%
Virtual Cabinet	0%	0%	9%	4%
Box	0%	3%	4%	4%
HowNow Online (by Business Fitness)	7%	3%	1%	0%
Interwoven, Filesite or Desksite	0%	0%	0%	12%
Sharepoint	7%	10%	5%	4%
Suite Files	7%	5%	8%	4%
Nimbus	0%	0%	1%	0%
APS	0%	0%	0%	6%
FYI Docs	0%	12%	9%	6%
OneDrive	9%	0%	0%	0%
Other	4%	4%	2%	2%
Not applicable – rely on Windows Explorer	15%	17%	7%	6%

## Client portal software

	\$0 - \$500k	\$500k-\$1.5m	\$1.5m - \$4m	\$4m +
HowNow Portal (by Business Fitness)	6%	12%	12%	12%
MYOB Portal	13%	13%	15%	28%
DropBox	15%	12%	12%	6%
Other	4%	4%	5%	12%
CCH Portal	2%	10%	8%	2%
Nimbus	0%	0%	2%	6%
Box	0%	0%	3%	2%
Portal by BGL	0%	2%	1%	0%
Handisoft	4%	7%	1%	2%
Virtual Cabinet	0%	0%	5%	8%
Suite Files	0%	3%	1%	0%
Xero – Document Packs	20%	18%	14%	8%
Use an e-signature solution - not a portal	28%	25%	27%	16%
N/A – do not use a client portal	9%	5%	3%	2%

## Electronic accounting workpapers provider

	Up to \$500k	\$500k-\$1.5m	\$1.5m-\$4m	\$4m +
Use our own in-house workpapers	50%	33%	42%	36%
Smart Workpapers (by Business Fitness)	22%	28%	27%	22%
Xero workpapers	15%	20%	15%	10%
MYOB Workpapers	9%	7%	8%	26%
Change GPS	2%	5%	1%	0%
MyWorkpapers	0%	0%	4%	4%
Other	2%	6%	10%	10%
Do not use electronic workpapers	13%	13%	5%	2%

## General ledger software used to generate statutory reports and notes to the accounts

	Up to \$500k	\$500k-\$1.5m	\$1.5m-\$4m	\$4m +
HandiLedger	20%	18%	8%	2%
MYOB MAS	0%	5%	8%	14%
Xero	57%	57%	65%	34%
XPA by Reckon APS	0%	0%	9%	26%
MYOB Accounts	13%	13%	18%	30%
MYOB AO GL	11%	2%	2%	0%
Other	0%	2%	2%	2%
CCH iFirm	4%	5%	3%	0%
Client's ledger system to produce reports	4%	2%	0%	4%
Reportance by Business Fitness	2%	0%	1%	2%



## Tax software

	Up to \$500k	\$500k-\$1.5m	\$1.5m-\$4m	\$4m +
Xero	50%	58%	59%	28%
MYOB	22%	22%	20%	46%
HandiLedger	17%	17%	7%	2%
XPA by Reckon APS	0%	2%	9%	28%
CCH	4%	2%	3%	2%
Elite	2%	0%	1%	0%
Other	11%	0%	1%	2%

## Corporate compliance software

	Up to \$500k	\$500k-\$1.5m	\$1.5m-\$4m	\$4m +
CAS (by BGL)	20%	35%	32%	46%
NowInfinity	24%	27%	38%	28%
MYOB	9%	12%	11%	22%
Handisoft	7%	12%	4%	2%
Smart Corp	4%	3%	1%	0%
APS	0%	0%	3%	8%
ASIC	15%	6%	2%	0%
Other	4%	4%	5%	2%
Not applicable	22%	3%	4%	0%



## Business advisory software

	Up to \$500k	\$500k-\$1.5m	\$1.5m-\$4m	\$4m +
Excel	46%	53%	54%	52%
Spotlight	6%	15%	11%	26%
Fathom	0%	5%	11%	20%
Futrli	2%	7%	8%	26%
MYOB Profit Optimser	2%	2%	4%	6%
BStar	0%	0%	3%	16%
Castaway	0%	5%	9%	22%
Cashflow Story	2%	4%	1%	16%
Calxa	2%	5%	2%	2%
MYP	0%	0%	1%	6%
Other	11%	7%	15%	10%
Not applicable	30%	17%	9%	6%

# Future purchases

Technologies firms are planning to implement/change in the next 12 months

	Up to \$500k	\$500k-\$1.5m	\$1.5m-\$4m	\$4m +
Client Portal	4%	25%	27%	28%
Document management software	17%	32%	19%	32%
Integrated workpapers	20%	27%	16%	30%
General Ledger	9%	10%	5%	14%
Practice Management software	20%	25%	18%	28%
Workflow Management software	24%	12%	5%	18%
Business Advisory software	20%	20%	12%	24%
Tax software	13%	10%	8%	18%
Corporate Compliance software	11%	8%	14%	14%
SMSF software	7%	5%	0%	6%
None of the above	17%	32%	19%	32%





# Server Infrastructure

## Current server infrastructure (servers) host location

	2016	2017	2018	2019	2020
Internally on your firm's premises	74%	64%	63%	56%	50%
Externally by a specialist provider	18%	20%	22%	25%	21%
Not applicable – do not have server infrastructure	8%	17%	16%	19%	29%

## When will you move to an externally 'hosted' server infrastructure?

	2016	2017	2018	2019	2020
No plans to have server hosted externally	55%	52%	48%	52%	69%
Within the next 3 years	24%	34%	38%	36%	18%
Within the next 12 months	21%	14%	14%	12%	12%

## When will you remove your server infrastructure and becoming a fully 'Software as a Service' (SaaS) company

	2016	2017	2018	2019	2020
No plans to become fully software as a service firm	62%	56%	57%	55%	61%
Within the next 3 years	24%	32%	34%	33%	27%
Within the next 12 months	15%	12%	9%	12%	12%



# SMSF

## SMSF software

	Up to \$500k	\$500k-\$1.5m	\$1.5m-\$4m	\$4m +
BGL 360	30%	60%	47%	52%
BGL Desktop	7%	4%	4%	12%
Class Super	9%	28%	43%	50%
SuperMate	2%	3%	1%	2%
APS	0%	0%	1%	2%
Client's Accounting System plus workpapers	6%	0%	0%	0%
Sage Superfund	4%	2%	0%	0%
Other	2%	4%	3%	2%
Not applicable	39%	7%	4%	2%

## How many SMSF portfolios does your firm administer?

	2017	2018	2019	2020
Highest	2000	1000	1200	7000
Upper Quartile	149	150	120	120
Median	70	80	50	63
Lower Quartile	22	25	15	20
Lowest	0	0	0	0
Average	120	115	99	145

## On average, what percentage of your client base are using the following accounting packages?

	2017	2018	2019	2020
Xero	39%	42%	45%	53%
MYOB Desktop	18%	16%	10%	5%
MYOB AR	14%	13%	13%	16%
MYOB Essentials	-	6%	6%	8%
Quickbooks Desktop	5%	4%	2%	2%
QBO	3%	4%	5%	6%
Reckon One	-	-	1%	1%
Sage One	-	-	1%	1%
Other	17%	15%	17%	8%

# Security

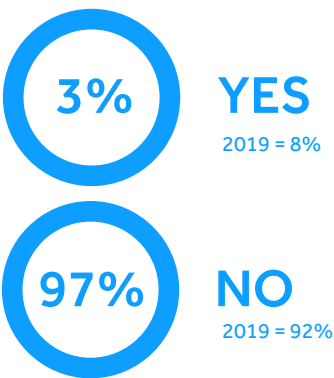
Has your firm taken any steps to invest and improve firm security in the last 12 months?

YES	81%
NO	16%
UNSURE	3%

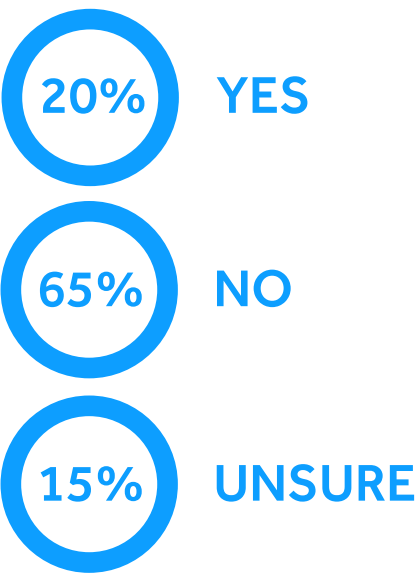
How concerned are you regarding data security?

	2019	2020
VERY CONCERNED	46%	35%
MODERATELY CONCERNED	33%	39%
SLIGHTLY CONCERNED	18%	23%
NOT CONCERNED	3%	3%

Has your firm been hacked in the last 12 months?



Is any of your data hosted outside of Australia?





# Client add-ons

19%

of clients have “add-on” third party software integrated into their core accounting system

## Add-on solutions commonly integrated

PAYROLL HR 54%

POINT OF SALE/E-COMMERCE 50%

INVENTORY 46%

INVOICING & JOBS 40%

BILLS & EXPENSES 31%

REPORTING 16%

49%

OF CLIENTS USE THEIR ACCOUNTING SOFTWARE TO SEND ELECTRONIC INVOICES

38%

OF THOSE SENDING ELECTRONIC INVOICES OFFER AN ONLINE PAYMENT SERVICE

4%

OF CLIENT BASE ACCESS LOANS/ FINANCE FROM INSTITUTIONS THAT HAVE DIRECT LINKS WITH THEIR ACCOUNTING SOFTWARE PROVIDER



# Who is Business Fitness?

 **HowNow**

 **Smart Suite**

 **Good Bad Ugly**

 **Reportance**

Interested in finding out more?

 **Business  
Fitness**

1300 333 424

[info@businessfitness.com.au](mailto:info@businessfitness.com.au)

[www.businessfitness.com.au](http://www.businessfitness.com.au)