App Advisory

The Definitive Guide for Accounting Firms

KARBON | App Advisory Plus

Contents

appadvisoryplus.com
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Introduction

The single-serve accountant-client relationship has become a thing of the past. A job is no longer a once-a-year tax return, but a full year with the client.

While compliance is still at the core of most accounting practices, it now shares the focus with business advisory services. And this shift has created ongoing relationships and set a path to growth—for both accounting firms and their clients.

The services your accounting firm can provide are vast—business and growth advice, financial planning, mortgage broking, and any other service, product, or consultation that the firm is in a position to deliver. One service that is rising in demand is App Advisory.

The fact you are trusted by your clients, have existing knowledge about their business, accounting processes, and technology, places you in the perfect position to provide App Advisory as a service. And doing so can add an additional revenue stream for your firm, and strengthen customer loyalty and satisfaction. When done right, it's a win-win—as the very best services are.

This guide provides you with a blueprint for offering App Advisory as a service to your clients. It draws on our knowledge and experience and contains practical guidance alongside access to resources to support you in introducing your own App Advisory service in your practice.

Access free App Advisory tools

App Advisory Plus can help your accounting practice implement and offer App Advisory services, and carry out systems advisory projects for your clients. Register for your free account for access to the resources in this guide.

CREATE YOUR ACCOUNT

What is App Advisory?

App Advisory or Systems Advisory is a service your accounting firm can offer to your clients to assist them in improving their business systems. App Advisory as a service will commonly:

- Offer an independent assessment of a businesses' processes and problems
- Research potential solutions to those problems
- Present solutions, including any workarounds
- Implement those solutions and configure integrations, or liaise with apps or consultants that can
- Provide support or training

Your advisory role is to look at what's going on in a business, identify their problems, determine their goals, and then find ways to help them solve those problems and achieve those goals.

You use your knowledge or research to determine whether apps, or integrated app stack solutions, can be used to solve those problems within the budget constraints of the business.

But it's not just about the technology. You need to help them implement the processes and people that will enable them to use the technology. Your firm might assist by offering setup, training, and support services related to the app(s), or app stacks you recommend.

"When delivering App Advisory, we acknowledge that apps won't provide all the answers. They are there to assist our clients to achieve their goal, but they won't automate everything and anything". — Joe David, Founder and Managing Director at Nephos.

Offering App Advisory as a Service

Your firm can provide App Advisory as a service through:

- Specialist in-house staff
- In partnership with App Advisory Plus or other consultants

A useful way to distinguish between the types of App Advisory Services you can offer is by considering whether you will be solving your clients' administrative problems, or operational problems.

Finance Function Advisory

You will almost certainly start your App Advisory journey by offering finance function related App Advisory services. This is for two reasons:

- These are the apps related to the financial processes, which you already understand
- You probably already provide data-processing or business advisory services (or have the skills to do so), which these apps help with

You will either:

- Use apps to help you offer services.

Here the client may not know or care about the app you use, or know how to use it, except where they provide data input (i.e. data capture apps).
- Advise your client on the apps they should use to get to the outcomes they want. Alongside this, you might provide setup, training, and support services.

In either case, you need good processes in place that are regularly reviewed and updated, assisted by staff who are trained on how to use and improve them.

Although you may have a standard finance function app stack, it's still important to scope the requirements of a business to make sure that the apps you are recommending are a good fit for their requirements.

Related Resource: Explore your virtual finance function app stack options using App Advisory Plus

Operational Systems Advisory

Operational systems advisory involves scoping requirements, researching, and recommending industry-specific apps. It's unlikely that you will be leading in the implementation and support phases. But you may be involved from a project management perspective as someone with oversight of project timelines—particularly where there are multiple apps being integrated as part of the wider project.

Operational systems are related to finance systems but you will probably have less of an understanding of what these are across the businesses you support. Despite that, there are a couple of factors that make it more likely clients will ask you to support them with their operational systems.

- You may be the only professional advisor that they engage with regularly, and they trust your advice.

- There is a natural crossover between financial and operational systems, with the latter driving the former. You've already supported them with streamlining aspects of their finance function, so they now want you to help with their operations.

This type of App Advisory is not as closely related to your existing accounting and tax services. And offering these services is unlikely to lead to much in the way of internal efficiency for your firm—if you don't have a process for delivering these services then there's a good chance it will cost you more than you gain.

Advising businesses on their operational processes carries more risk because these are systems that are more likely to be vital to the immediate effective functioning of the business. If they go wrong, then the business is more likely to suffer the loss of customer goodwill than they would if financial processes went wrong. Therefore, it is imperative that any recommendations for system change fit the needs of the business, and are implemented properly.

App Advisory Plus offers full-service operational systems advisory, and partners with accountants to provide a route to offer these services to clients without having to recruit in-house staff.

"You have a duty of care to your clients to ensure they operate efficiently and make great decisions. You can't make great decisions when your data flows were built in the 90s."

— Trent McLaren, VP of Client Success at TOA Global

The Benefits

Why you should offer App Advisory as a service

Adding App Advisory to your accounting firm's service offering can enable you to:

- Increase the value you provide to clients
- Differentiate your offering from competitors and attract new clients
- Deliver new and increased revenue
- Help your clients to grow, and grow your service offering for them
- Improve client retention
- Drive efficiency in your firm by encouraging your clients to use the right tools

Many traditional compliance processes like bookkeeping and account preparation are becoming increasingly automated. As this trend continues the cost of these services will reduce, and some revenue will shift from accountancy practices to technology companies.

But as an accountant, you are in a unique position. And this should be used to your advantage. The fact you are trusted by your clients and have knowledge about accounting processes places you in the perfect position to move into other areas of business advice.

If you can build stronger relationships with your clients by supporting them with their business processes, you can differentiate your firm, insulate yourself from any downward pressure on fees, and develop new revenue streams through App Advisory work.

Because App Advisory is really about helping a business improve their processes, when it is done well it will help your clients grow. Or it might help them achieve personal goals like

working less. When you provide that kind of service, your clients will value your relationship, which naturally leads to client retention.

"The cloud is the present and future of business, so any firm with aspirations of success will need to offer some kind of App Advisory moving forward. Firms need to upskill staff and prepare for the future in order to stay relevant." — Joe David, Founder and Managing Director at Nephos.

Roles & Responsibilities

When offering App Advisory Services, you must make clear what everyone's individual responsibilities are within your firm. This will often require communication of knowledge between members of staff in different roles, so it's important to define these roles clearly. Each of these roles have their own responsibilities and will need to be provided with their own training.

The Identifier

The role of the Identifier is to spot opportunities. These can be found through the interpretation of financial and non-financial data, and analysis of written information and client discussions.Identifiers will be client-facing (communicating with clients or delivering work for them for manager review), typically client managers and their teams, and play a vital key role in the sales process.

Firm owners can also take on this role, but staff in touch with clients more often are well placed to proactively identify opportunities.

The Identifier needs to pass relevant information over to the Facilitator in order to kick off the sales process.

Related Resource: Learn more about identifying App Advisory opportunities

"As with any area of advisory services, it is essential to have relationships with clients. You need to know what they do and what they are trying to achieve to understand how you can be helpful. In an accounting or bookkeeping firm, it all starts with daily bookkeeping where you are regularly talking to clients and able to understand their pain points. This opens up the opportunity to discuss advisory services, one of which might be app related." — Will Farnell, Founder at Farnell Clarke, and Author of The Digital Firm.

The Facilitator

The Facilitator is someone who analyses and converts those identified opportunities into new leads. They usually own the relationship with the client or prospect in the practice. This could be the same person as the identifier.

The Facilitator will:

- Carry out any initial discussion
- Ensure the client understands the process (provide them with a brochure)
- Provide the fact-finding form and answer any questions that come up around what information to provide
- Work with the Researcher to make sure that all information required to quote is obtained
- Make sure that the client/prospect understands their options through a call
- Ensure a smooth transition onto the next stage
- Keep informed about the status of any further work that goes ahead

You don't need a detailed knowledge of apps to facilitate the process. In fact, it is important

not to give up-front recommendations. This is someone else's job.

The Researcher

As the name suggested, the Researcher's job is to explore and decide on the best options for your client.

It is their responsibility to:

- Help the facilitator assess the lead and determine the next steps
- Join the facilitator on a call to go through the next steps with the client/prospect
- Undertake detailed scoping and research
- Produce a report of options to go through

Research duties would normally be undertaken by your 'cloud champion', or App Advisory Plus can assist with this as well. Your Researcher should be someone who:

- Has enough capacity to dedicate to completing the research thoroughly
- Is an excellent problem solver
- Has a good understanding of integrations

The Implementer

Finally, there is the Implementer, who acts as the project manager of the service delivery

Their job is to:

- Produce a project plan
- Project manage the implementation
- Carry out the implementation and/or liaise with implementation partners
- Provide updates to relevant stakeholders
- Conduct training

Ultimately, the Implementer is responsible for ensuring the services and related projects are carried out smoothly from start to finish, and everyone involved remains updated and satisfied.

Get Your App Advisory Plus Training and Support

App Advisory Plus offers training and support to practices that want to offer App Advisory services to clients. Get in touch to discuss our support packages.

GET IN TOUCH

Opportunities

Cross-selling and marketing your service

If you are not yet convinced whether delivering App Advisory is a smart move for your firm, look to your existing clients and explore whether they will benefit from this service.

Segment Your Clients

Segmentation involves assessing the profile of your clients, which will enable you to tailor your services to meet the needs of those clients.

Collecting data across your clients helps to:

- Understand areas where knowledge gained through research can be re-applied
- Target your marketing efforts

When you understand your clients in this way, you can focus your energies on specific demographics and services, and will also simplify the task of marketing those services. Knowing exactly who you're trying to reach is the first step in creating an effective marketing campaign.

Using Data

Data is crucial in determining what services you might already have a market to sell to, and which clients need the most help.

Very few of the useful data fields are static, therefore analysis of this data should be an ongoing process rather than a one-time activity. Things change, and your technical advice will need to adapt to new information. A live system like Xavier Analytics or Silverfin

that can hold this data and provide regular insight will help with this.

Here are some common ways you can segment your clients:

- Industry
- Business size or complexity
- Business revenue
- Location
- Age
- Level of tech-savviness
- Type of service

Related Resource: Learn how to segment your clients and what data fields are important to track

Simple Email Campaigns

Segmenting your clients will ultimately leave you with groups of clients linked by similar attributes. Some of these groups may seem like a good fit for your App Advisory Service offering. You can test the market by sending targeted email campaigns.

Think about the problems that these segments have and send them content around how technology can help to solve them, with a clear next step.

"Our marketing is centred around word of mouth and social media, but the biggest effort we made was rebranding. We want to be perceived as a tech firm and specialist in the tech sector, so we branded ourselves that way."

— *Joe David, Founder and Managing Director at Nephos*

Pricing

How to price your App Advisory services

Pricing any service is challenging. This is particularly true for a relatively new offering such as App Advisory. Your clients will always want a cost estimate, so it is always a good idea to:

- Agree to a detailed scope of work
- Use a fixed lower and upper estimate of charges
- Identify additional out-of-scope items that can arise during a project and will be priced separately

Time-tracking is crucial to help you understand performance and ensure you are pricing your service correctly. Karbon's Time and Budgets functionality is ideal for this.

What stages are chargeable?

- ✖ Fact-Finding
- ✔ Scoping
- ✔ Research and Evaluation
- ✔ Implementation
- ✔ Support

Should you charge for app research and evaluation?

When deciding whether to charge a client for conducting app research and evaluation, you need to determine the principal beneficiary of the research. To understand that, you need to ask:
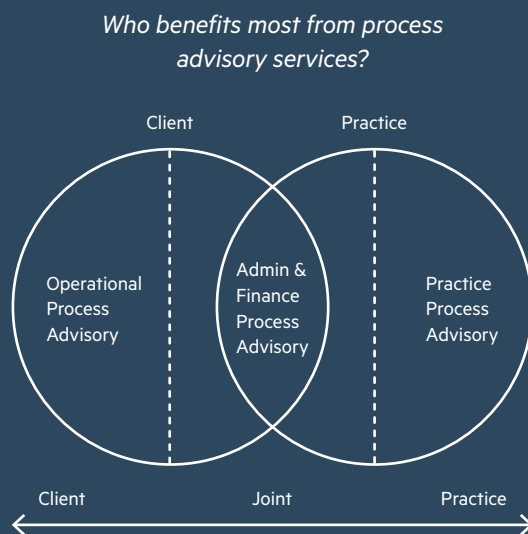
- Is the research highly specific, or are you likely to use the knowledge to provide

services across other or potential clients?
- How many clients do you have that are likely to pay for those services?
- Will the research help you to market services to potential clients?
- Is the return expected to be high enough to absorb the cost of the research?

If the return is high enough, you are the principal beneficiary. The client will benefit from you being able to offer better service through your understanding of the software, and you can charge them for providing a better service. Typically the categories of apps where the return is high enough not to charge are:

- Receipt and invoice processing
- Credit control
- Forecasting
- Reporting

Who benefits most from process advisory services?

If the research is highly specific, and/or the likely return is not high enough for you to absorb the cost, then you need to charge for the service.

This includes one-off research, even where you consider it might be potentially useful in the future. One reason for this is that the research you do now may not be relevant in the future due to differences in scope, and evolution of technology.

This leads to the question of how to charge. There's no right answer here, but things to consider include:

- What is the value to the client?
- How much research is being completed?
- How many options will be considered?
- To what extent will the options be explored?
- Surface research—looking at the app's website and support material to identify features that meet requirements
- Detailed research—testing how things work
- How much time is it likely to take?
- Who is doing it?
- What is the opportunity cost of them doing the research?

"We provide fixed fee pricing for our service with a specific remit. This fee is derived based on the scope of the work and the complexity of the business and processes we are covering. This provides the client with comfort on the scale of the work whilst also enabling us to charge additional fees if the scope increases." — Ryan Pearcy, Director at Scrutton Bland.

Crowdsourcing

The risks of crowdsourcing App Advisory

Online communities are best suited to asking questions that are narrow in their scope and do not require detailed context or explanations. Most answers are usually short and quick to read but lack the detail and context required to be reliable.

This could be ok if you have asked a very specific question—the scope is narrow so the chance of misinterpretation is lower, although still possible. If not, however, there are risks:

- Research time is spent on app recommendations that are irrelevant
- Recommendations are made to your clients that are unsuitable, which if acted on could lead to loss of client goodwill

This is particularly problematic when considering apps that support operational processes, as problems can result in immediate loss of customer goodwill for the business.

If you have proper App Advisory processes, you don't need to rely on online communities for advice.

The Process

The 5 stages of delivering App Advisory

1. Initial Inquiry and Fact-Finding

Stage one involves collecting initial information about your client's processes and problems. You won't charge your client for this, so aim to efficiently collect enough information to understand what to do next and to generate a proposal for the next stage.

2. Scoping (Systems Review/Process-Mapping) and Planning

Scoping is the first chargeable stage. It involves analysing the problem in more detail, to an extent where it wouldn't be reasonable to do it for free. Activities typically include:

- System reviews
- Process-mapping
- Listing and categorising requirements
- Next stage proposal

3. Research and Evaluation

At this stage, you're committing yourself to evaluate features and functionality in detail. Activities include:

- Shortlisting solutions
- Evaluation
- A recommendations report

4. Implementation

This is the process of putting your recommended systems in place. There's a lot to consider when implementing new systems, and it needs to be done carefully.

5. Support

Providing support for apps can provide monthly recurring revenue and can also increase the 'stickiness' of a client (if you get it right).

Stage 1

Handling the initial inquiry and fact-finding

Fact-Finding and Managing Expectations

Once the client has shown an interest in improving their business, you need to get more information to understand their problem so you can determine what to do next. Help your client understand the process you'll go through for this so that they know what's happening and when to expect charges.

Gathering client requirements can be standardised by creating a form using a tool such as Cognito Forms. And it can help to manage client expectations and give them confidence by providing a professional service brochure. Standardising as much of this process as possible will mean:

- You don't forget to ask questions
- There's less room for misinterpretation
- It's easier to involve other people including third parties
- It's cheaper for you to manage and demonstrates some commitment from the business

Related Resource: App Advisory Plus' fact-finding forms and white-labelled brochure

Process Assessment

When you have the information required from your client, you can assess their current situation to determine whether assisting them will be valuable for your firm and your client.

Questions to consider include:

- Do you already have knowledge of this process in-house, or is it likely we'll need to do research or involve a third party advisor?
- If you have enough of an understanding, is their budget realistic?
- Do you have the capacity to deliver to the time-frame they've indicated?

Client Call/Second Stage Fact-Finding

If you're not sure about some things, you may need to ask the business to expand further.

Or, if you need to get some more detailed information about the requirements specific to a given industry or type of problem, you might do a secondary fact-find so that you have more specific information.

Again, this can be a form that the client would go through, perhaps with a little extra help from you.

Proposal

At the conclusion of the fact-finding process, you will have concluded whether you will move into some chargeable scoping and research.

At this point, you need to produce a proposal either for further research into their current systems and processes to understand the requirements further, or you can go straight into App Research if you are confident you have enough information about the requirements.

One of the most challenging parts of this stage is determining where the initial (free) fact-finding process stops, and chargeable advisory starts.

Here are some indicators:

- You've spent more than an hour without having charged anything
- From the initial fact-find, you have lots of questions
- There are multiple people or apps involved in a process and it's not obvious how they are or should be interacting
- You don't have enough information to draw up a detailed list of requirements

Another difficulty is pricing a proposal. Although you might know what you need to do next, it isn't always easy to determine how long it will take.

From experience, here's some minimum time requirements for different activities you might undertake in the scoping stage:

- A half day to map a process and help compile a list of requirements
- A half day to research an app based on requirements
- A half day to conduct a systems review

This will differ depending on the scale and complexity of the project as well as the systems involved.

Stage 2

Scoping the problem and planning the solution

Process Mapping

The basic concept of process mapping is simple. It is the activity of looking at the triggers, actions, and outcomes of a process, and making note of them. These may occur daily, monthly, or annually. In any case, your organisation needs to understand what should happen and who is responsible. At every action stage of the process you need to ask:

- What is happening?
- Why is it happening?
- Who is doing it?
- How long is it taking?

There are three types of process maps:

- An 'as-is' process: detailing what happens now
- An 'ideal' process: detailing what you would like to happen
- An 'updated' process: detailing what is happening following process change

In the context of App Advisory, the benefits of process mapping include:

- Identify problems in processes
- Highlight areas for further review
- Understand priority areas to improve
- Identify requirements for software
- Provide a clear picture of the process that everyone can understand and agree on, in order to direct research into solutions

Related Resource: Reviewing and improving your process management

Systems Reviews

A systems review is likely to be conducted alongside the process mapping. It allows you to gain a deeper understanding of the process that you have mapped, including answers to questions around the detail of a system setup.

System settings are often a great place to start system reviews. Investigating these will help you to understand:

- Permission capabilities, alongside settings for different users
- Integration capabilities and settings for any activated integrations
- Information that is being stored
- Functionality that is being utilised
- Customisability of the system

Overall, systems reviews allow you to assess whether the existing systems are suitable for what is required.

Planning

The purpose of planning is to scope the features you're looking for, to help you assess and evaluate the software.

- List requirements
- Categorise them as essential or desirable
- Structure your requirements by breaking them down into smaller elements

"With thousands of integrated cloud-based apps it's impossible to provide advice without first understanding a business' processes. Every business is unique, and recommending the wrong solution can have devastating results for them and your relationship. Completing a full scoping exercise significantly reduces this risk."

— *Ryan Pearcy, Director at Scrutton Bland*

Stage 3

Researching and evaluating solutions

Shortlist Solutions

Search for Apps

Search for apps using App Advisory Plus' App Directory or App Stack tools. These allow you to filter, helping you to find a shortlist of potentially relevant apps. App Advisory Plus provides filters including:

- Sector
- Category
- Integrations (accounting and non-accounting)

Search for App Information

The aim of this element is to further shorten the shortlist by reviewing key information such as key features without spending extensive time on research. This can be done using a combination of the app's directory listing, website, and help centre articles.

The app directory listing will provide a quick overview of the product, key info, and key features. Aside from functionality, it's important to review things like support channels and availability, plus implementation support.

Most vendors are reasonably good at presenting high-level features of their app on their main website. But you might have to try key-phrase searches in their help centre or blogs to identify all features. If you can't find information about a feature, it's reasonable to presume it doesn't exist.

Evaluate Solutions

At this stage, you're committing yourself to evaluate features and functionality in detail. This is going to be more time-intensive.

Start with the apps that appear to meet the most requirements from your initial research. It's difficult to say exactly how many options you should consider, but consider evaluating at least two or three.

- Review help centre articles and videos
- Provide the requirements to the shortlisted vendors
- Organise a tailored demo with each
- Start a trial to test the functionality and integrations

Related Resource: Selecting the right technology for the modern accounting practice

Present Research Findings

It's important that the research findings are presented back to the business in a way that makes it easy for stakeholders to understand and make a decision on the next steps to take.

Related Resource: Try App Advisory Plus' report templates by building an app stack and creating a report

Stage 4

Implementing the solutions

Implementing apps can be a complex business. At the outset of any implementation, consider whether you have the skills, experience, and resources available to offer implementation yourself, or whether you need to recommend a professional third party implementer.

Many apps will also offer assistance in this area themselves, such as Karbon's implementation services.

Typical Project Stages

- Project plan
- Setup
- Migration of data
- Data review
- Testing in a non-live environment
- Dual running
- Staff training
- Testing in live environment

Testing in a Non-Live Environment

An example of testing in a non-live environment would be using a test accounting platform to make sure that the functionality of a new integration is working as expected before switching to the live accounting system.

Benefits include:

- Comparison of new and existing if running parallel
- Mistakes do not need to be corrected

Reviews

You should also plan in reviews at each stage of the implementation to make sure the project is on track and the business case still applies.

Related Resource: 6 steps to introduce a new system to your firm

Stage 5

Providing ongoing support

For finance function apps that you have implemented, the client will likely be expecting support from you. Regardless of whether you have an agreement in place, you'll be the first point of call if something goes wrong or needs adjusting. So it's important that you have a defined service level agreement signed off with the client.

You may choose to provide a monthly retainer or an hourly support service. In either instance, it's important to have a system for monitoring time to act as a control against over-servicing.

Sometimes it's difficult to define up-front what the support requirements will be, so an hourly rate may suit better in the short term, before moving to a monthly retainer once the needs are better defined.

Here are some key considerations when you're thinking about offering a support service:

- Ensure staff are trained and can get support themselves
- Assign support responsibility
- Set client expectations
- Monitor and review use, quality, and satisfaction

For industry-specific apps, it's unlikely that you will have provided implementation services and unless you are working in a specific niche, you probably won't have enough repeatability to justify offering support services for these apps outside of the accounting integration. App providers will almost certainly have support teams to handle this.

Often finance function and operational systems advisory go hand in hand, and there's a key role for advisors in understanding the flows of data. As a business changes over time or app enhancements are released, it will be important that these flows stay relevant and workflows are continually optimised.

Therefore a regular support service that you could offer across these clients would be process review and improvement check-ins. These are designed to make sure that any desired or required iterations are properly scoped and implemented.

Conclusion

It has never been a better time

It has never been a better time to provide App Advisory as a service. With more communication touch-points with clients and technological advancements, you have a greater understanding of your clients' business needs and processes than ever.

And as more transition to remote work and technology continues to advance, keeping track of what systems are the best to take their business forward becomes more challenging—and more needed—for those who don't live and breathe it every day.

This is why App Advisory should be the next service you include in your firm's 'suite of services'.

"App Advisory is all about helping small businesses set up correct data flows so they can make smarter decisions. It's that simple. Don't overthink it, just do it. Your clients need you more than ever right now." — Trent McLaren, VP of Client Success at TOA Global.

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✔ Task Automation
✔ Client Task Automation
✔ Client Work Scheduling
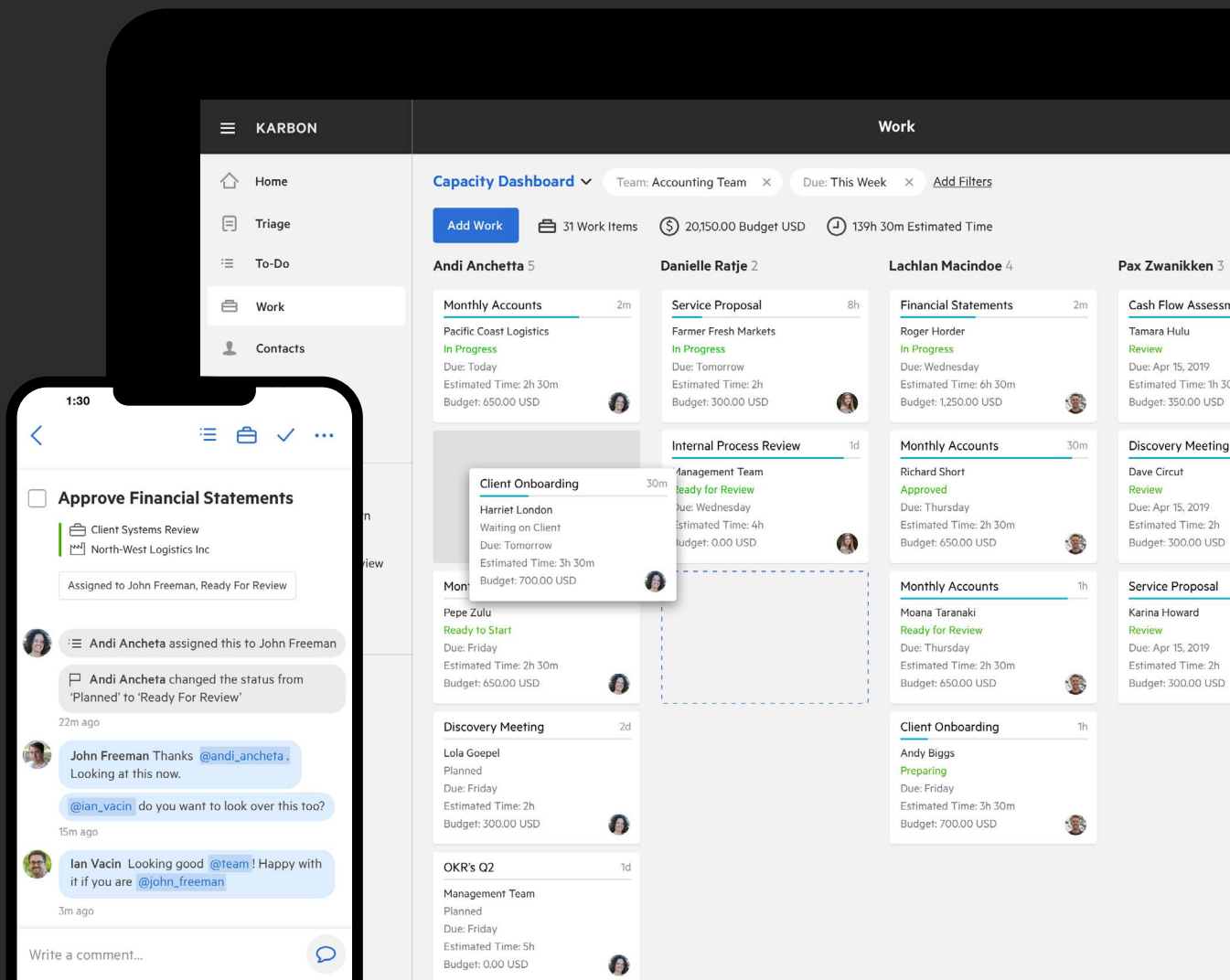
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