Embracing cloud-based bookkeeping tech to help save time and money

How cloud bookkeeping solutions can help you focus on growing your private company

Bookkeeping Connect

A PwC Product

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With over 33 million small businesses, medium businesses and private companies in the US, 99.9% of all businesses fit into these categories. And in today's competitive landscape—even with a strong economy— small businesses are facing existential challenges. In January 2024, The Economics Daily (TED) reported that only one-third (34.7%) of businesses established in 2013 were still operating in 2023.

The data shows that almost half of new businesses fail within the first five years, and 65% fail before year 10. Those that endure for the long haul (15+ years) are in the minority, roughly 25%. Cash flow issues top the list of reasons cited for small business failures in most cases (more than 80%). Although these statistics have been relatively consistent since the 1990s, this need not be the case.

Regardless of size, tech-savvy organizations focus on three things: their technology, processes and people. To enhance and refine their operations—and increase their chances of not only surviving but also thriving—they:

Improve their technology toolsets and leverage the cloud for data insights

Gain administrative efficiencies that provide their workers more time for value-added tasks

Take control of their bookkeeping and administrative processes

Following their lead and doing this can help better position you for success in the digital era. And this can help drive profits and sustainable outcomes for your business.

You can't manage
what you don't measure

Are you spending more time manually completing bookkeeping and administrative tasks that keep you from focusing on your business?

- Paying bills (writing and mailing paper checks)

- Updating accounts

- Recording time

- Maintaining your internal systems

You're not alone—far from it. Many small businesses are reluctant to digitize administrative tasks. Change is hard, and implementing new technologies can feel daunting. But the payoffs are worth it.

So how can technology help you streamline your processes? Pretty much in all the ways you might need it to. But there are a few things you need to determine before you decide what tools will be most effective for your needs.

First and foremost, it's important to recognize that you can't manage what you don't measure. And you need to know what to measure so you can decide which tools will help your organization thrive.

First things first: basic questions for small business bookkeeping

While the individual needs of your business will vary, there are some basics you need to be aware of:

- Is your company growing or shrinking?

- How many hours are your people working?

- How much of that time is productive?

- When should you hire more?

You should also take stock of the metrics that matter most to your business. You need to have a firm grasp on your invoices and be mindful of whether you're actually collecting on what you bill:

- Are you keeping track of the health of your company?

- Are you discounting products or services? If so, how much?

- How is that impacting your company's value?

- Where are you focusing your dollars and resources? If it's not on the most valuable—or profitable—customers you could be working with, why not?

After you've done this, you'll likely agree that improving data insights and reporting is an important priority. And you can then move on to determining how exactly to get the data you need.

Finding KPIs for small business or private company bookkeeping

After you define the data you need—specifically, key performance indicators (KPIs)—you'll need to find the data. For this process, you'll need to determine which systems to implement.

There are myriad tools and platforms you can utilize to help you do this. Bookkeeping Connect is a cloud-based bookkeeping software solution designed to help you run your business. It does this by enabling you to leverage insights and identify areas for improvement.

Bookkeeping Connect automatically gathers the financial and operational data that can help drive your company's KPIs: profitability, spend, receivables and working capital.

This taxonomy can help you prioritize which specific areas need more analysis and attention:

- **Profitability:** How profitable is your business? Does that change over time or seasonally?

- **Spend:** How much are you spending each month? Are you spending in the right areas?

- **Receivables:** Do your customers pay you in a timely manner? Are you effectively managing this process?

- **Working Capital:** Are you managing your cash flow to improve your uses of cash?

Moving bookkeeping to the cloud

For a broad and unbiased analysis of your spending, you need to choose the right bookkeeping software tool for your business. It should be one that also provides a holistic view of your operations and real-time visibility.

With cloud-based bookkeeping technology, you can transform the information you've catalogued into insights. These insights can help you make the most informed business decisions about:

- Identifying new business opportunities

- Increasing operational efficiency

- Cutting costs

- Improving overall performance and profitability

So how do you know which bookkeeping technology solution is the right one? **Is it one that can help you get the insights you need so your business can evolve into a tech-savvy enterprise? There are three primary ways you can do just that:**

1. Embrace the cloud with a cloud-based bookkeeping technology solution

2. Choose a tool that offers services for billing and invoicing, expenses, operations, payroll processing, human resources and accounting

3. Select a business intelligence solution that can transform your data into actionable insights

1. Embrace the cloud

Cloud computing is already here. Those who adopt an opportunity mindset will reap the benefits. Those who fear the cloud risk being left behind.

Embracing the cloud can shift the entire way you do business. It can help you increase efficiency and mobility, reduce costs, enhance security, and gather business intelligence.

Business leaders agree that cloud has become an integral part of both organizational strategy and day-to-day operations. In fact, 78% of executives who responded to PwC's 2023 Cloud Business Survey said their companies had adopted cloud in most or all parts of the business. Taking the leap puts you in good company.

The benefits of cloud-based technologies range across the entirety of the business world.

More than half of business leaders see cloud as a strategic platform for growth and innovation. Businesses that adopt the cloud often report increased process efficiency and reduced operational costs.

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Don't get stuck behind the curve. There are downsides to not embracing the cloud. Potential impacts include:

Lack of mobility

Time wasted

Security risks

Money lost

IT interruptions

Reduced business intelligence

2. Choose the right tools for your cloud toolbox

Cloud technology can help transform your organization into a data-driven, automated, well-oiled machine. Ideally, a bookkeeping software solution that better leverages this technology would also offer the following tools for your cloud toolbox:

Bill payment software

Enables you to easily manage the bill payment and invoicing process. It should also support electronic payments.

For example, a tool like Ramp can help reduce the cost of paying bills. It can help simplify, digitize and automate your bill payment process.

Expense software

Helps greatly reduce or eliminate manual data entry making it simple to keep track of receipts from your mobile phone. A good solution will automatically record, report and submit expenses to generate real-time reports.

Intuitive, automated and accessible tools like Ramp, Expensify, Brex or SAP Concur would fit that bill.

Operations software

Should provide a system/workflow for managing your revenue cycle. It should have the ability to capture relevant data points to gain actionable insights. This can include point of sale systems for restaurants/retail, sales order and invoicing, customer management, time tracking, etc.

The right operations software can help you streamline your operations, capture valuable data and increase efficiency.

Human resources and payroll software

Should provide payroll, benefits administration, HR and compliance functionalities. At tax time, it should also help streamline and automate the calculation, payment and submission of your local, state and federal payroll taxes. This can help confirm that you're in compliance with year-end forms and taxation to avoid critical errors.

A solution like Gusto allows you to run your entire payroll correctly in a short period of time.

Accounting/general ledger software

Will enable you to track your transactions, report on results and produce budgets. A robust solution will also allow you to record information on both income and expenses collaboratively. You can then use this data for a variety of functions.

Look for budget features that enable you to estimate future expenses and revenues like QuickBooks Online. Larger businesses may find the advanced workflows and scalability of Sage Intacct beneficial as they prepare to grow.

3. Use business intelligence to transform data into insights

The final step in boosting your organization's efficiency is extracting actionable insight from the data to improve business intelligence. This can help you to:

- Use your data to make informed business decisions

- Increase efficiency, cut costs and create new business opportunities

- Improve your firm's profitability and performance

So how do you transform your data into insights you can act on? You need a business intelligence solution that can connect the dots for you. A tool to breathe life into stale data and help you better understand how your business is performing.

The right business intelligence tool can retrieve data. It can then analyze this data and present it via intuitive, graphical dashboards. From there, you're on your way to making informed, data-driven business decisions. And this will help you gain a more holistic perspective of your organization.

How will you know if you've found the right tool?
The right solution should provide:

1. Clean, consistent data correctly classified and consistent across your tools

2. Performance tracking to track your company's performance against KPIs using financial data

3. Advanced analytics to provide insights and suggest actions to improve company performance

4. Benchmarking data that shows how your company compares to peers and identifies improvement areas based on select KPIs

You can't afford not to embrace bookkeeping tech

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The future of bookkeeping is already here. Failure to embrace the available technology is fraught with risk. Can your business afford risking a lack of mobility, a loss of financial opportunity—or worse?

- Think about the amount of time you spend invoicing. Are you sending those documents out on time?

- What about your expenses? Do you avoid submitting expenses because the process is tedious or laborious?

- Is your time tracking application for operations as efficient as it could be?

- Are you still writing and mailing paper checks?

- Do you have a way to determine the ratio of labor cost to material cost?

The list of these questions is potentially endless. A smooth, automated, data-driven technology toolset can help drive profitability. More importantly, it can also help you spend more of your time growing your business.

Bookkeeping Connect provides cloud-based automated bookkeeping.

This solution helps you manage your expenses, billing and collections, payroll, and reconciliation. Featuring a business intelligence component, it helps extract and classify data. It also enables you to track performance against KPIs, provides insights and suggested actions, and facilitates benchmarking against peers. It's bookkeeping and business insights made simple.

Take the next steps to digitize your business processes. Cloud technology can help your company stay competitive, and Bookkeeping Connect can help you make a smooth transition.

Learn more

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