



State of the industry | Special report

Leveraging the app advantage

Australia 2024



About this report

Commissioned by Xero, this report offers insights into app usage within Australian accounting and bookkeeping practices. The following pages explore how using digital tools can positively impact practice performance – commercially, internally, and through client services and relationships.

This report is based on discussions and a survey with 249 accountants and bookkeepers in practices across Australia, recruited from Xero's customer database. The report findings reflect their anecdotal experiences relevant to their particular clients and practices.

Ultimately, the data and insights in the following pages aim to provide foundational benchmarks across a range of key measures, enabling accountants and bookkeepers to make positive changes within their firm.

The information and commentary in this report is a guide only and should not be taken as taxation, financial or legal advice. We recommend you check with an independent expert that what you're doing is right for you and your practice.

Definitions

This report uses terminology to compare different practice groups. Groups are referred to based on the corresponding number of employees (including themselves):

SOLE 1 employee

SMALL 2 to 10 employees

MEDIUM & LARGE 11+ employees

'Past 12 months' refers to the past 12 months at the time of survey fieldwork. We have edited the survey options for readability.

Xero Practice Suite includes: Xero Analytics, Xero Practice Manager, Xero Projects, Xero Sign, Xero Tax and Xero Workpapers. *Referenced on page 12.*

Apps: software that is web-based that helps practices complete jobs/tasks.



App Delayers: selected 'no' in question C1. *Does your practice use apps to complete tasks and/or services?*

App Adopters: selected 'yes' in question C1. They also stated 1, 2, 3 or 4 in question C2. *How many different apps does your practice use that integrate with Xero? If your practice only uses one app, please write 1 below.*

App Masters: selected 'yes' in question C1. They also stated 5 or more in question C2.

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An overview of how practices are utilising apps in Australia

Cloud technology has transformed accounting and bookkeeping over the past couple of decades. Australian practices have been at the forefront of this change, using an array of cloud-based apps and integrations built on this foundational infrastructure to enable tangible advantages, like time savings and diversified value offerings.

Now, the network effects of this evolution are becoming clearer. From revenue and profit increases to greater client gains, this report shows that firms powered by integrated app stacks are growing faster and experiencing more benefits than their non-app-using counterparts.

However, a small subset of practices remain bound to desktop systems and legacy processes. Here lies a huge opportunity for transformation – which we often talk about in broad strokes.

But with business apps and integrations, digitalisation has become truly accessible, be it starting small with a free trial recommended by a peer or adding to an existing stack to service clients, either broadly or in a niche.

Today, any practice – regardless of size and resource – can use best-in-class apps and integrations to support its goals. So wherever you are on your journey, we hope the insights and tools within the pages of this report inspire you to keep evolving your firm – in turn, powering the industry into the next decade of positive growth.

Ian Boyd
GM Partnerships, Xero APAC

How does your practice stack up?



Based on the survey data, we've identified groups of app users.

We recommend using these profiles as a reference point throughout the report (note the colour coding) to consider how apps could help you level up your firm in the years ahead.



APP MASTER

USES 5+ APPS THAT INTEGRATE WITH XERO

App Masters likely rely on their tech stack to keep their practice running smoothly. They've most likely used apps that integrate with Xero for more than four years (46%) – if not always (40%). Almost all (90%) offer advisory services.

Attitudes and beliefs

App Masters are growth focused and optimistic about the future. You can expect just over half (51%) to attribute practice profit growth directly to using apps that integrate with Xero (among other reasons), and the same can be said for almost a third (32%) when it comes to revenue growth.

Of all the groups, App Masters feel the most positive about industry changes,* including the shift of the accountant's role from traditional accounting compliance to advisory (68%), and managing hybrid and remote teams (45%). They're also the most likely* to increase app usage in order to manage change (68%), among other tactics.

[Click here to meet some App Masters](#)

How does your practice stack up?



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APP ADOPTER

USES 1 - 4 APPS THAT INTEGRATE WITH XERO

App Adopters lean on digital tools for a variety of practice tasks. Almost all (93%) offer bookkeeping as a service,* and two-thirds (67%) offer advisory services.

They've most likely used Xero integrated apps for two to four years (27%) or for more than four years (29%).

Attitudes and beliefs

App adopters are likely to have experienced revenue growth (67%) and profit gains (62%). However, only one in five (20%) believe using apps that integrate with Xero directly contributed to practice revenue growth (among other reasons), with 29% saying the same for profit growth.

When it comes to change, App Adopters are just behind App Masters in terms of resilience.* Almost four-fifths (79%) are optimistic about the future of the industry. They generally feel positive about the shift of the accountant's role from traditional accounting compliance to advisory (54%), and managing hybrid and remote teams (41%). Over half (56%) say they're increasing their use of apps to manage industry changes.



APP DELAYER

DOES NOT USE APPS

App Delayers are yet to embrace integrations within their practice – they do not use any apps.

Attitudes and beliefs

Compared to their counterparts, App Delayers are the least likely to feel optimistic about industry changes.* Under half (44%) feel positively about the shift of the accountant's role from traditional accounting compliance to advisory. Similarly, only 24% feel positively about the risk of disruption due to emerging technologies (artificial intelligence, blockchain, cryptocurrency).

*See appendix. Groups are based on the number of apps used, excluding those who selected 'Don't know.'



APP MASTER

Jolene Lutman
Director

Centegrity

"I started my practice 15 years ago when I was working in banking as a Business Analyst. I had a growing family, and my brother – an accountant – suggested I try my hand at bookkeeping. I started small with just me and a few clients, and slowly built up the firm. By the time my third child came along, I had enough work that I didn't need to return to my role at the bank.

"In the early days, we were using desktop accounting software. It wasn't until a client introduced me to Xero that I realised we needed to move our entire firm to the cloud, and we haven't looked back. Technology has had a huge impact on Centegrity; it's helped us quadruple our revenue.

"The other advantage of moving to Xero was having access to its ecosystem. We started with [XPM](#) and Xero Tax, and added to this over time. Now, apps are essential to our operations. The right app stack can be instrumental to growth. It's all about finding the right tools to help you become the best version of yourself – personally and professionally."



APP MASTER

Brett Edmonds
Partner

Oracle Accounting & Wealth

"My wife and I established Oracle Accounting and Wealth in 2001, initially as a sole practitioner business, which is a common starting point for many accountants. Whilst I was involved in the initial startup and running, it wasn't until about a year later that I became fully involved, as I was working in IT at the time. I've always been fascinated by technology and its potential to simplify our lives, so I took on a significant role in the company to ensure that we had the best software set up (app stack), which continues to this day.

"Over the past thirteen years or so, we've embraced an extensive suite of applications. [Xero Practice Manager](#) (XPM), Xero Tax and Xero Blue form the foundation of our stack. We also use specialised tools like [Hubdoc](#), [FYI](#), [CAS360](#), and [Simple Fund 360](#), among several others.

"Beyond workflow efficiencies, some apps, such as Ignition, not only improve our workflow but also enhance our professional image when we interact with new or existing clients. From online proposals with custom branding to automated billing, the right apps can create a seamless experience for all parties.

"However, the real advantage is how these tools integrate with one another. You can't put a number on the value that comes from this level of connectivity. It's exciting to see this continually evolve."



APP MASTER

Minna Zhu
Partner

Consolid8

"Consolid8 started in 2008 as an early adopter of cloud accounting. We're technology-driven across all divisions of the firm, from advisory to business services and, of course, our core accounting and bookkeeping arm. Digital literacy is a must in our team; we value it as highly as we do IQ and EQ.

"We've had a long journey with apps that started with beta testing emerging software over 10 years ago. Consolid8's app stack has grown significantly since then, both in the tools we use to manage our internal operations (such as [CAS360](#) and [ATOmato](#)) and those we use for our clients.

"The team has elevated their skillset by testing and integrating different apps. This is a real advantage nowadays – not just from an efficiency and accuracy standpoint but also from an employer branding perspective. We've trained our employees to understand how the flow of information between systems can provide a holistic picture of our firm and the businesses we serve. This makes a lot of sense commercially and technically; we're constantly pioneering in this space, looking for ways we can improve and grow."



Benchmarking app usage by practice profiles



Click on the app tiles to check out popular apps in these categories

1. The top tasks/services practices use Xero integrated apps for:

1. Bookkeeping	65%				
2. Practice management	46%				
3. Doc/email management	44%				
4. Workflow management	43%				
5. Client onboarding	32%				
6. Advisory	25%				
7. Corporate compliance	22%				

Head to the [Xero App Store](#) to explore more ways to work smarter with apps.





APP ADOPTER



APP MASTER

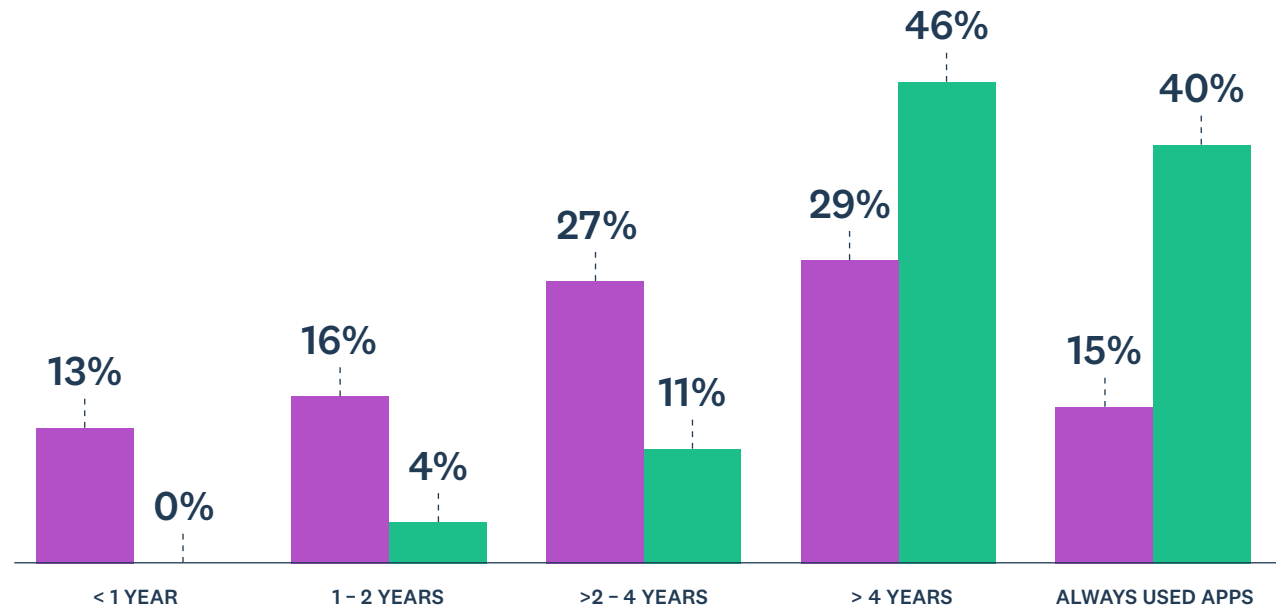
“When it comes to embracing technology, we’ve all had to start somewhere. But in recent years, apps have made digitalisation accessible, and naturally, evolving your existing stack makes sense as you become more confident with different tools.

“Many software providers now offer free trials, demos and educational webinars, which are great ways to test integrations and see where you could add value to your workflows. If you have a team, be sure to get them involved. Xero offers training, as do some app partners, so there’s a lot of knowledge sharing to tap into. If everyone in the firm is invested, you’re more likely to keep up with the latest developments to expand on your firm’s digital foundations over time.”

Brett Edmonds
[Oracle Accounting & Wealth](#)



2. How long practices have been using apps that integrate with Xero for:





APP DELAYER

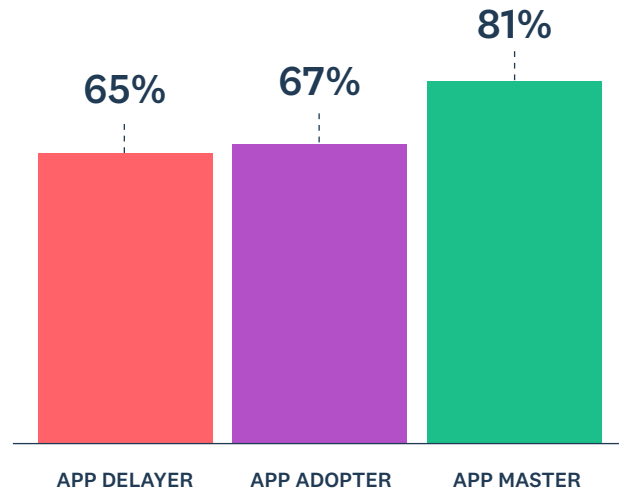


APP ADOPTER

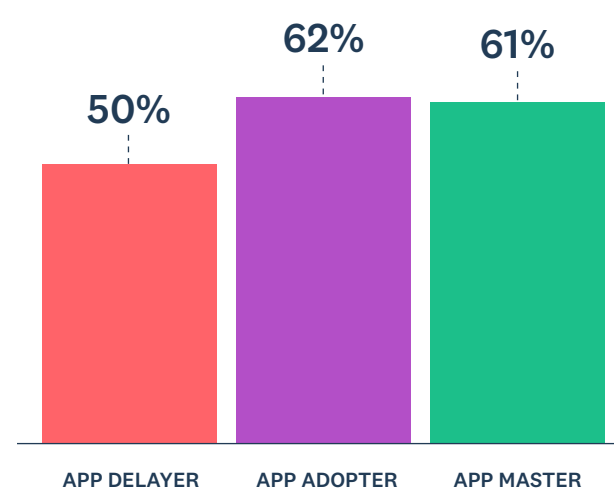


APP MASTER

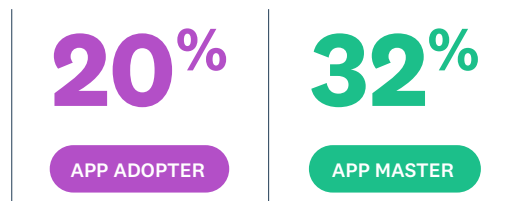
3: Proportion of practices that experienced revenue growth in the past 12 months



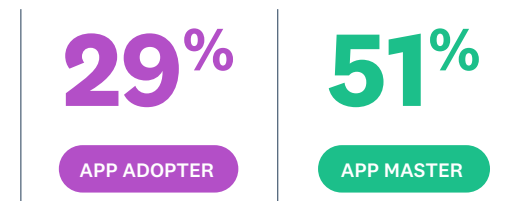
4: Proportion of practices that experienced profit growth in the past 12 months



5: Proportion of practices that cite using apps that integrate with Xero as a reason for revenue growth



6: Proportion of practices that cite using apps that integrate with Xero as a reason for profit growth



This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients.





“Beyond practice management, apps can add a great deal of value to your firm’s advisory offering. There are a couple of elements to this, the first being financial analysis. We use tools like [Fathom](#) to run monthly and quarterly reports that track our clients’ cash flow, budgets and forecasts. Most of the apps in the advisory category integrate with other software in the Xero ecosystem to help us – as advisors – develop a deeper understanding of a business’s operations.

“Secondly, we can draw on our knowledge of apps to advise clients on building their own stacks. We’ll investigate during the onboarding process to understand everything from industry-specific insights to accounting and bookkeeping requirements, as well as a business’s existing systems and processes. Then, we can use our expertise to help them select and integrate the right tools.

“Everyone is different, so sometimes, having a range of apps from the same category you can recommend will give your clients (and you) a greater chance of finding the right fit. By incorporating app selection into the onboarding process, you can show your clients that you truly understand their needs – all while building the foundations for a successful partnership.”

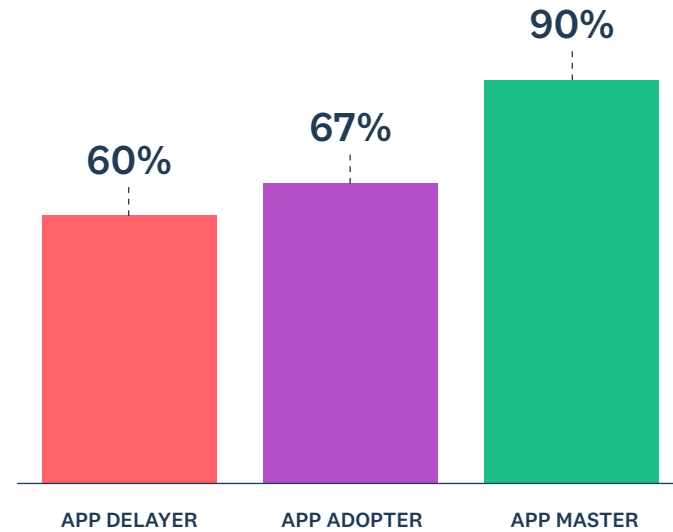
Minna Zhu
[Consolid8](#)



7: Average number of new clients added in the past 12 months



8: Proportion of firms that offer advisory services*



*Advisory services include compliance and business advisory, forecasting, budgeting and financial strategy.



SOLE

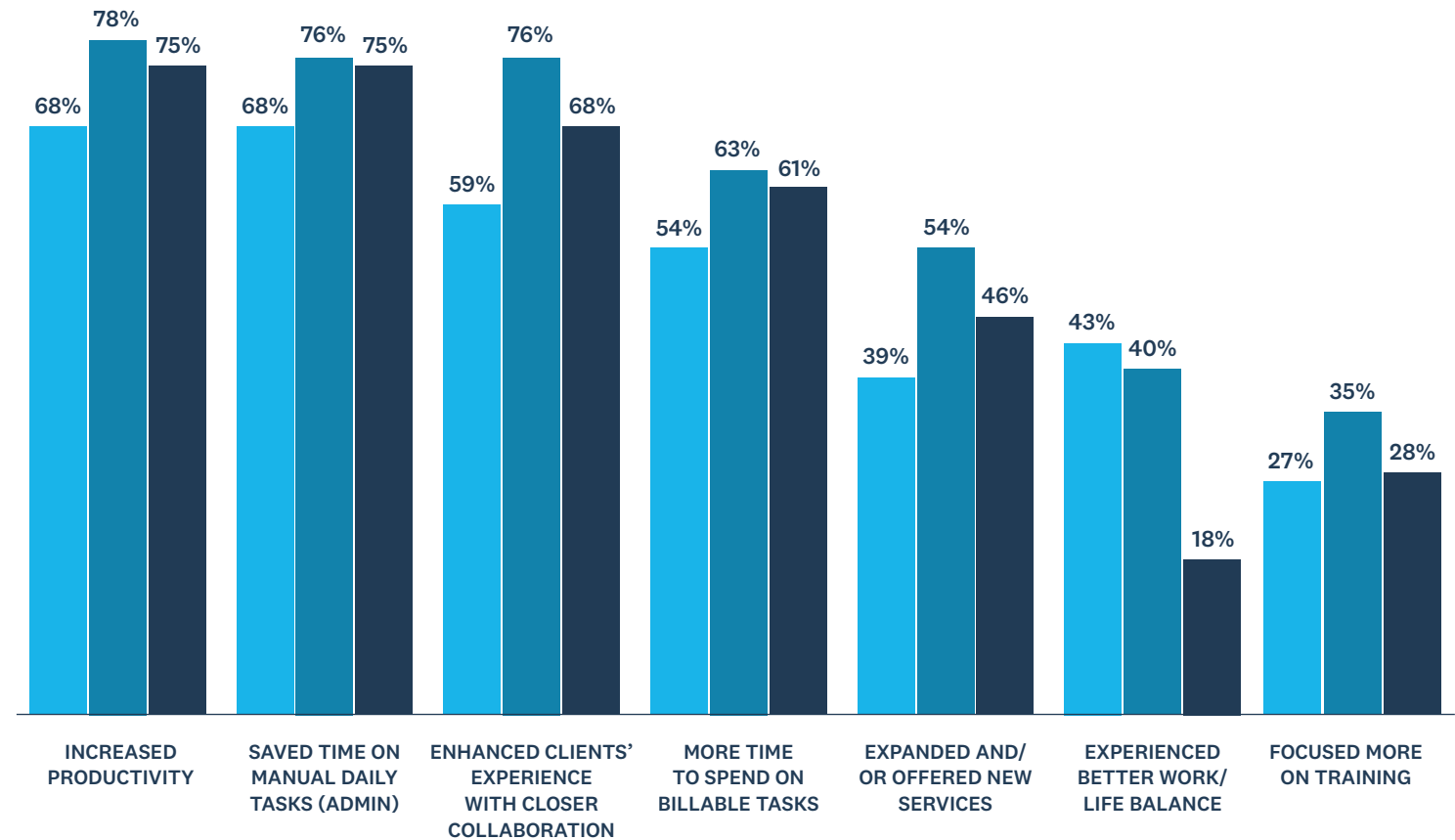
SMALL

MEDIUM/LARGE*

4

AVERAGE NUMBER OF
DIFFERENT **BENEFITS**
EXPERIENCED BY
PRACTICES (TOTAL)

9: Proportion of practices that have experienced benefits (listed) since using apps that integrate with Xero



This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients. *Low base for medium/large practices.



APP ADOPTER



APP MASTER

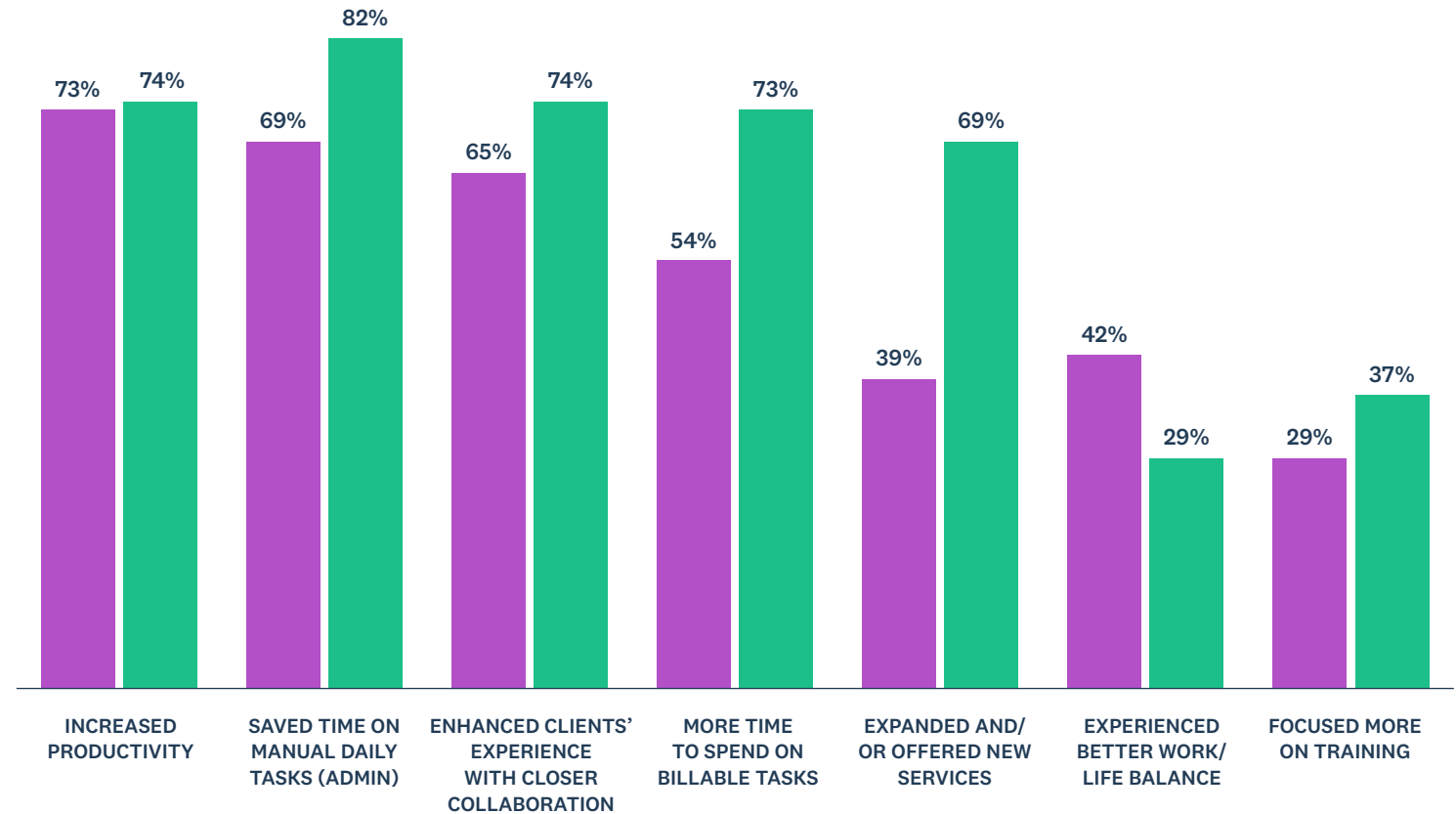
4

AVERAGE NUMBER OF DIFFERENT BENEFITS EXPERIENCED BY APP ADOPTERS

5

AVERAGE NUMBER OF DIFFERENT BENEFITS EXPERIENCED BY APP MASTERS

10: Proportion of practices that have experienced benefits (listed) since using apps that integrate with Xero



This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients. *Low base for medium/large practices.





“When building an app stack, start by assessing your practice. Identify the gaps and pain points, then look at the capabilities of different tools to try and solve these problems. If you’re unsure about where to start, speak to your peers or reach out to the providers directly. Some of the apps I value most in my firm come from building great relationships with the teams behind the software. So, it’s worth heading to events like Xero Roadshow and Xerocon to form face-to-face connections with app partners.

“Most importantly, before taking on a new app, you need to understand how it will integrate with your existing systems. Remember, it takes time to implement something new, but if you’ve done the research, it will be worth the investment.”

Jolene Lutman
Centegrity



11. App usage by practice size

75%

use apps that integrate with Xero

67% SOLE

81% SMALL

83% MED/LARGE

22%

don't use apps

32% SOLE

16% SMALL

13% MED/LARGE

13%

use apps that integrate with another accounting software

6% SOLE

16% SMALL

24% MED/LARGE

10%

use apps that integrate with Xero **and** another accounting software

5% SOLE

12% SMALL

20% MED/LARGE

12. Average number of apps that integrate with Xero used



*Low base for medium/large practices.



Whether you're new to the app world or an old hat, here are **three key steps** to building the ultimate app stack to help skyrocket your practice growth.

1. Identify the key pain points in your practice

→ Trying to solve all your problems with multiple apps at once can be overwhelming for you and your team. Instead, focus on a key pain point in your practice.

Ask yourself, where do you spend too much time and energy? What processes could be automated or made more efficient? If you have a team, talk to them to get a well-rounded view of how things are going.

2. Explore all the information in the Xero App Store

→ The [Xero App Store](#) is the place to go to find more information on building the right app stack for your practice.

Visit our '[Build your practice app stack](#)' page, and click through for details on featured apps to see which tools best fit your needs.

3. Start some trials and talk to the experts

→ The best way to see if an app will work for your practice is by experiencing it yourself! Start by shortlisting the apps you're interested in, and check to see which ones offer a free trial. You can then connect your Xero account and start a trial with just a few clicks from the Xero App Store.

While testing out these different apps, reach out to your Xero Account Manager or the provider directly to help you get set up and take full advantage of the different features.

Method

Quantitative survey and sample specifications

We spoke to 249 accountants and bookkeepers in practices across Australia, recruited from Xero's customer database. Respondents identified with the following job titles:

Job role	SAMPLE SIZE	%
Qualified accountant/CPA/chartered accountant/accountant	117	46%
Outsourced/independent bookkeeper	56	24%
BAS advisor	35	15%
Tax compliance manager/tax advisor	17	6%
Other	12	4%
Business consultant	6	3%
Virtual CFO/financial advisor/CFA	4	2%
Payroll specialist	2	1%

Respondents comprised a mixture of individuals with various decision-making responsibilities. However, the majority identified as a **practice owner, partner or director (73%)**. By region, we spoke to individuals across Australia – primarily in Victoria, New South Wales and Queensland.

Region	SAMPLE SIZE	%
Victoria	85	33%
New South Wales	74	30%
Queensland	44	18%
Western Australia	22	9%
South Australia	11	4%
Tasmania	8	3%
Australian Capital Territory	3	1%
Northern Territory	3	1%

Weighting

The sample within this report has been weighted to represent practice size across the Australian market. Medium and large practices have been grouped throughout the report.

Practice size	SAMPLE SIZE	%	Margin of error at 95% CI*
Sole practitioners	99	41%	9.45%
Small practices	108	48%	9.02%
Medium practices	38	9%	15.66%
Large practices	4	2%	48.94%

*Confidence Interval

Appendix



How does your practice stack up?

How does your practice feel towards changes to the industry?

(All respondents; App Delayers n=55, App Adopters n=116, App Masters n=50).

	APP DELAYERS	APP ADOPTERS	APP MASTERS
The shift of the accountant's role from accounting compliance into advisory services like data analytics and valuation, forecasting, budgeting and planning	44%	54%	68%
Managing hybrid and remote teams	31%	41%	45%
The risk of disruption due to emerging technologies (e.g. blockchain, AI, cryptocurrency)	24%	36%	34%
Talent and staffing shortages in the accounting sector	10%	13%	7%
Increases to inflation and cost of living	15%	12%	5%
Changing regulations and legislation as a result of the economic environment	24%	20%	18%
Additional reporting requirements and obligations as a result of Environmental, Social and Governance (ESG) prioritisation in businesses	11%	27%	15%
Shifting client expectations as a result of the economic environment	35%	31%	17%
NET: Feels very or somewhat positive about at least one of the above	69%	79%	83%

What services does your practice offer to clients?

(All respondents; App Delayers n=55, App Adopters n=116, App Masters n=50).

	APP DELAYERS	APP ADOPTERS	APP MASTERS
Bookkeeping	84%	93%	90%
Advisory, including compliance and business advisory, forecasting, budgeting, and financial strategy	60%	67%	90%
Corporate compliance	51%	40%	55%
Compliance excluding SMSF	50%	40%	58%
SMSF compliance	44%	34%	51%
Other	8%	12%	11%



How is your practice managing the changes to the accounting industry?

(All respondents; App Delayers n=55, App Adopters n=116, App Masters n=50).

	APP DELAYERS	APP ADOPTERS	APP MASTERS
Adopting new software	45%	61%	74%
Increasing usage of apps	18%	56%	68%
Introducing training for existing staff	35%	50%	68%
Outsourcing work	17%	15%	43%
Hiring outside of accounting and bookkeeping roles (e.g. admin, marketing, HR)	6%	13%	26%
Offering training schemes to entry level staff	17%	13%	25%
Other	10%	8%	13%
Average number of actions practices are taking to manage changes	1	2	3

Chapter one: Benchmarking app usage by practice profiles

1. For which of the following does your practice use apps that integrate with Xero?

When we say apps we mean software that is web-based that helps you complete jobs/tasks that are part of your practice. (Those who use apps that integrate with Xero; n=187).

2. How long has your practice been using apps that integrate with Xero?

(Those who use apps that integrate with Xero; App Adopters n=116, App Masters n=50).

Chapter two: Why apps? The link between digital tools and practice growth

3. Thinking about the past 12 months, how has your revenue changed?

(All respondents; App Delayers n=55, App Adopters n=116, App Masters n=50).

4. Thinking about the past 12 months, how has your profit changed?

(All respondents; App Delayers n=55, App Adopters n=116, App Masters n=50).

5. In your opinion, why has your practice's revenue increased?

(Those who have experienced revenue growth; App Delayers n=35, App Adopters n=77, App Masters n=41).

6. In your opinion, why has your practice's profit increased?

(Those who have experienced profit growth; App Delayers n=26, App Adopters n=71, App Masters n=31).

7. Thinking about the past 12 months, how many new clients has your practice added?

(Those who use at least one app in the Xero Practice Suite n=82, those who do not use any apps in the Xero Practice Suite n=48).

8. What services does your practice offer to clients?

(All respondents; App Delayers n= 55, App Adopters n=116, App Masters n=50)

Chapter three: The benefits of building the right app stack

9. Since using apps that integrate with Xero...

(Those who use apps that integrate with Xero but have not always done so; sole n=56, small n=63, medium and large practices n=25).

10. Since using apps that integrate with Xero...

(Those who use apps that integrate with Xero but have not always done so; App Adopters n=100, App Masters n=30).

Chapter four: App usage by practice size

11. Does your practice use apps to complete tasks and/or services?

(All respondents; sole n=99, small n=108, medium/large n=42).

12. How many different apps does your practice use that integrate with Xero?

(Those who use apps that integrate with Xero, excluding those who selected 'Don't know'; sole n=63, small n=78, medium/large n=26).



Beautiful business