

E-BOOK

How to transform into a paperless practice

*Practical tips for adopting technology
and managing change from leading
accounting consultancy Smithink*



How are Australian practices progressing towards becoming paperless?

71% of Australian practices aim to run a paperless office.¹



Paperless working – brought about by increasingly advanced software – has long been a strategic goal for many Australian accounting practices.

However, a 2020 Sage survey of 175 Australian small to large-sized practices reveals less than 10% have achieved this goal.²

This is not to say that many practices are firmly on the road to becoming paperless. Our research reveals around half of the practices we surveyed are currently at least 50% paperless. Interestingly, smaller practices have seen more progress towards this goal than their larger counterparts, with 21% of sole practitioners reporting they are 100% paperless.

In this ebook created jointly with leading Australian accounting consultancy Smithink, we share some of the best practice insights its founding director, David Smith, has gleaned from his years of work helping practices transition to paperless working.

Read on to discover the key challenges practices face on the road to success and the practical steps you can take to become a paperless practice.

¹Sage and Smithink Accountants Survey, 2020

²Sage and Smithink Accountants Survey, 2020

Overcoming the cultural barriers to progress

Some of the most significant challenges preventing many practices from entering a new paperless era are in fact cultural. These include:

Resistance to technological change

Based on his experience working with countless accounting practices, David has observed that resistance to technological change is a key challenge that must be overcome in order to become a paperless practice.

“Older generations of accountants may struggle with technology more so than their younger, more tech-savvy peers. And more often it’s the older generation who are in leadership positions in many firms,” he says.

“They have developed successful work practices over many years, so they often pose resistance to any changes of these proven work practices.”

“This issue must be addressed. If a business is to move to paperless working, it must be adopted by everyone. A failure of the leadership to adopt paperless working will limit the ability of the business to become paperless. A focus on processes, training and technology is required.”

Reluctance to invest in change

In addition to technological resistance, David has observed that without a clear understanding of the benefits of becoming paperless, many practices are reluctant to invest in the change required.

“Many accountants believe that moving to paperless working will involve significant time and cost. In a world where resources are scarce, they’re reluctant to commence a project of this magnitude, particularly when they are unsure of the benefits.”

This, however, can be overcome by understanding the considerable benefits paperless working can provide practices, says David.

“It’s an investment in the future of the firm that will deliver more efficient working and exchange of information with clients.”

“Firms will also realise recruitment benefits, as they will be seen as utilising the latest technologies, which will attract higher calibre candidates.”

“There are also immeasurable marketing benefits to paperless working. Existing and new clients will appreciate that the firm is striving to improve its service offering and become a technology leader.”

“Investing in new technology will also deliver new capabilities that can assist in unforeseen ways. For instance, many practices are finding the benefit in having electronic signature technology available in the wake of the COVID-19 outbreak.”

³ Sage and Smithink Accountants Survey, 2020

94% of Australian practices believe they can improve on their efforts to become a paperless practice.³



What steps can your practice take to transition to paperless working?

Figuring out where to start on the path to becoming a paperless practice can be the hardest step to take. Here we outline some of the key areas of your practice that you should focus on to start the transition to paperless working.

01

Rethink your practice's processes

Conducting a thorough review of your processes will help you identify which ones can be eliminated and how you can enhance efficiency across your practice.

As you conduct your review of each process, David recommends keeping the following questions in mind to help you spot opportunities for paperless working:

- How can paper be eliminated at every step?
- Can paperless working eliminate steps in the existing process?
- What technologies are needed to support paperless working?

A review of your processes shouldn't only be limited to those within your practice. Also consider how you can eliminate current processes when exchanging information with clients, and how these can be performed without paper, for example, with electronic signature technology.



02

Get your clients involved

As with the resistance often felt by older generations of accountants to change, your clients may display similar reluctance, says David.

“A real or perceived barrier to paperless working is the reluctance of clients to accept paperless processes when working with your firm. As is the case internally with older staff, older clients may struggle with accepting this change.”

Replacing paper-based ways of working means adopting a technology mix that many clients may be unfamiliar with. This includes using client portals, mobile devices, eSignatures and PDF applications.

David says communicating with your clients is key to lowering their resistance to change.

“Constant communication with your clients is required to explain the benefits of your new technology and processes. It’s important to provide your clients with training on how they can interact with new technology, including providing them with instructional videos,

webinars and podcasts. It’s also recommended that you create a help desk to assist clients who need support.”

While some practices may feel that offering clients the choice to adopt new, tech-based processes is the right way to go, David disagrees.

“Giving clients choice as to whether they wish to adopt new technologies will most likely be counter-productive, as many will opt for the status quo. Firms should announce to clients that they will be changing to paperless exchange of information and only then deal with the clients that for one reason or another cannot change. Price can be used as an incentive to change. Clients wishing to continue to use paper may have to pay extra.”



03

Invest in training your staff

Changing work practices is difficult. Therefore, significant training will be required to help your staff transition to paperless ways of working and adopt new technology.

David recommends appointing a “paperless champion” within your firm – someone who can support staff and evangelise the benefits of change.

“A paperless champion should be appointed. It’s this person’s role to determine the training required for staff, provide personal assistance to those who are struggling, and to respond to questions and concerns.”

“They need to support the leadership team so that they can successfully change and hopefully become advocates for change. The champion should also assist in reengineering processes and seek out technologies that will further drive adoption of paperless working.”

“Where barriers arise, the champion should focus on how they can be overcome.”



What mix of technology do you need to support paperless working?

Enabling a paperless practice will of course mean investing in a range of technologies that help eliminate the paper-based processes of your firm.

To this end, technology adoption is firmly on the radar for Australian practices. Our survey reveals that getting the most from technology is the second most pressing issue facing practices, after growing their firm. In addition, tech savvy was the third most desired skill for accounting practices when hiring new staff.

David believes the following software and hardware technologies are vital to enabling paperless working:



Document management system

A document management system is a digital filing system that's often included within modern practice management software. By linking documents to client records and offering search tools, it enables staff to quickly access and easily store electronic files. Full text indexing is a must to ensure the entire repository can be searched to quickly find information.



Workpaper system

Since workpaper preparation is a key activity, adopting a quality workpaper application is critical to systemising the production and management of client work. Often included within modern practice management software, a workpaper system enables you to prepare and review substantiation documents without paper. It makes it simple to manage queries, create tasks, draft journals and compile a working paper file with spreadsheets, scanned documents, review points and other files.



Client portals and mobile device applications

A client portal is another feature often included in modern practice management software, that provides clients with a secure self-service digital hub to exchange paperless information with your practice – often via a mobile device. It allows them to upload information required by your practice or receive correspondence or final reports from you, saving practice staff considerable time sourcing and sending documents manually. As noted earlier, work is required to encourage clients to adopt the use of a client portal.

Another benefit of client portals and mobile device applications is that they are generally more secure than exchanging information via email. This is an important consideration, considering the potential risk practices face from cybercriminals.



eSignature technology

A key component of exchanging information with clients is to provide an eSignature facility that enables a client to sign documents digitally. This means documents don't need to be printed, signed and then sent back to the practice (by either scanning or sending back paper).



PDF application

Adobe's PDF (Portable Document Format) is the standard format used across the business world to exchange and hold most documents. A sophisticated PDF application should be adopted to allow easy manipulation of these documents.



Scanning technology

This is a must to ensure you can quickly scan paper documents you receive, whereupon they can be converted into a PDF and stored in a document management system.



Enabling use of multiple screens

Most firms have now adopted a multi-screen desktop environment. To successfully move to paperless working, David recommends that each employee should be working on a computer with a minimum of three screens. This enables accounts to be on one screen, tax information on another and workpapers on the third. Perhaps a fourth is also required to display client-supplied information. With all information in front of the accountant, workpapers can be easily prepared and reviewed.



Technology to facilitate the digital exchange of information with the ATO

As the Australian Taxation Office (ATO) increasingly moves toward a paperless exchange of information, your practice must adopt technology that can easily read and process digital ATO documents. To this end, modern practice management software typically provides the functionality required. By digitally exchanging information with the ATO, you will likely create significant opportunities to reengineer your practice's processes. In some cases, you may be able to completely automate processes related to some documents, like for instance with assessment notices.



Utilising mobile devices for handwriting and voice capture

Meeting notes need to be captured and easily stored. Many tablets and laptops allow you to capture handwriting with the use of a stylus. Your digital handwriting can then be easily stored in a document management system. Many can convert the handwriting to text, although effort is required to "teach" the system an individual's handwriting style. Voice recognition is also a valuable tool and may assist those with poor keyboard skills.



The need for a plan



Moving to paperless working is a significant project that will impact all facets of your practice. Before commencing on work to change your processes and adopt new technology, it's critical to formulate a solid plan.

When doing so, David recommends ensuring the following:

- Your practice has people with the required skills to achieve a successful outcome. These people must be given time to focus on the project. Keep in mind that as a result, some productivity will be lost, which will be a real cost to the firm.
- You have the financial budget to support the acquisition of required technologies.
- Required training is planned and prepared.
- The leadership team fully supports the paperless initiative. This might require a variety of workshops and presentations.
- With respect to reengineering processes, who should be involved? And how much time will they need?
- Formulation of an overall timeline showing activities, responsibilities and completion dates, so progress can be tracked.

How can Sage help you become a paperless practice?

Learn how the range of Sage solutions and our experienced consultants can help your practice eliminate paper-based processes, save time and work more efficiently.

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