



Open Letter to Accounting Firms

As an accounting firm which option would you choose if you had the choice.

- 1. Would you rather obtain the cheaper solution with limited user access!**
- 2. Would you rather pay from 20% to 30% more and get an unlimited user licence!**

Number 2 the Accfin Sky Licence on a 30 User unlimited system will save your firm R400,000 in time.

If you want to understand how we get to this please read on.

Addressing the Confusion in Pricing Models

There is major confusion and mis-understanding regarding the pricing of back-office systems among South African accounting firms. Unfortunately, the demise of Caseware has caused panic among South African Caseware accounting firms because of the sunset of tax and secretarial products. It's blatantly apparent that accounting firms do not understand how the different license models of the competitive vendors work, often going for the cheaper solution without understanding the long term consequences of their decision.

Accounting firms need to adopt a more comprehensive approach in the way they select a back-office system and understand how the license models work.

No longer are tax and secretarial departments in an accounting firm isolated to a few people in departments. In today's modern world, these systems need to be rolled out to the whole firm to embrace efficiency. Embracing the modern digital world is crucial for enhancing efficiency and staying competitive in the long term.

A question that every firm needs to ask. **“Are we adopting the right systems to take care of the future of the firm considering hectic increases in compliance on all fronts”. And “have we sat down and considered all the options available”.**

Accounting firms must modernise and should take advantage of the integrating in a digitised world.

The standard response from an accounting firm when they are buying a tax system is that I only have 4 tax users. This is not true as the 4 users may be the ones interacting with e-filing,



and there could be 30 people in the firm. The majority of the non-auditing firms are tax-centric and this makes most of the people in the firm involved in some form with tax!

Understanding the Different License Models

There are two primary license models. The first is the **number of users model**, and the second is the **number of clients per firm with unlimited users**.

Number Of Users Model

Let's take the tax module as an example. This model will have a cost per user of say R7,000 per year, increasing for each user added. The major limitation here is the number of users, because in a medium or larger firm there is always going to be a need for more users and once the firm has made the decision on this model they are locked in perhaps for ever, and the vendor has the advantage, because it is difficult to change. Taking this model across the whole firm for all modules will increase the costs substantially. This will always suit the vendor as where there is growth in the firm and the firm needs more users, there is always more for the vendor.

Consequently, to keep costs low, accounting firms often limit the number of licenses they purchase, which can lead to inefficiencies as not all team members have access to the software they need.

Number of Clients per Firm with Unlimited Users

Taking the tax module which will have a price of, say, R40 – R60 per taxpayer per year for all tax services. This fee which should be looked on as a disbursement charge to each taxpayer will be multiplied by the number of taxpayers in the firm, with the proviso that every person in the office will have access to the tax system, thus reducing the cost per user substantially. Our experience indicates that more users in the firm will sign on as users.

As the firm grows and more users are added the cost per user goes down, but the total cost remains the same. By adopting this method there is never a fear of adding users. As



compliance starts to bite hard the fee growth charged by the vendor is based on taxpayer revenue growth.

The Price Differential

Number of users model - 4 user at R7000 per user is R28000 in total.

Number of clients model - 1000 taxpayers at R40 per taxpayer equals R40000, but the 16 users who would need partial access can have access. Therefore the cost per user for 20 (16+4) is R2000, even though some of the users are partial users.

Licence model	Description	Cost Structure	Advantages	Limitations
Number of users	Cost is based on the number of individual users accessing the system.	R7,000 per user per year, increasing with each additional user that is added.	Simple to understand and budget for.	Limits the number of users; higher costs as more users are added. Firm loses efficiencies
Number of Clients	Cost is based on the number of clients on the system, with unlimited users in the firm having access to the system.	R40 per taxpayer per year for all tax services, multiplied by the number of taxpayers.	Everyone concerned with tax has access; lowers costs per user. Creates efficiency across the firm	Client numbers can vary as the firm grows. Prices are only changed on an annual basis.



Enhanced Efficiency and Cost Savings

With Accfin Sky's unlimited user license, all members of a practice can access the software without additional per-user costs. This approach enhances overall efficiency by ensuring that all team members across the whole firm can utilize the fully integrated suite, which includes various modules such as Sky Tax, Sky Sec, Sky Time, and Sky Debtors. This integration provides comprehensive support for accounting firms, improving their operational effectiveness.

The benefits by allowing accounting staff to prepare the tax returns of company directors and trusts while they are working on financials or audits, significantly reduces time costs and improves efficiency. These savings will filter through the practice, and with the methodology we use in tax, 40 minutes per taxpayer will be saved per annum improving the efficiencies even further.

More important of all each user on average who is not involved directly in tax will save at least 1 hour per week by having access to the integrated data set on tap.

Let's work out the time saved. Say 20 users save 1 hour per week and we will take 40 weeks p.a. Therefore the time saved is times $40 \times 20 = 800$ hours and at an average time cost rate of R500 per hour the saving R400,000, substantially more the most licence fees.

Added Value from Company Secretarial and Beneficial Ownership Aspects

Moreover, the company secretarial aspects and beneficial ownership aspects can add tremendous value to the team. By having instant access to this crucial information, the firm can ensure accuracy and compliance while streamlining the preparation process. E.g. Company Registers and all the company secretarial documents are available on tap creating much time saved.

This comprehensive approach not only enhances the quality of the financials but also provides a deeper insight into the clients company's structure and ownership, which is invaluable for strategic decision-making in providing services.



For more detailed information about the features and benefits of Accfin Sky, visit [Accfin Sky Software](#).

Conclusion

At Accfin Software we have significant case studies on efficiencies which will prove the concepts discussed in this paper.