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Accountants Head to the Cloud

The AICPA ramps up its endorsement of software-as-a-service solutions for small and midsize businesses, citing lower costs and "competitive advantages."

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Unlike the development curve of many business trends, the use of cloud computing to lower accounting costs has gained an early foothold among smaller companies. There is practically limitless room for growth; what almost everyone regards as the most successful cloud software provider to date, salesforce.com, started out at the lower end but now continues to find a berth in larger and larger companies.

The American Institute of Certified Public Accountants is pushing to accelerate adoption of cloud solutions among its 350,000 members, focusing especially on small and midmarket companies as well as CPA firms. The AICPA's first official endorsement of a cloud vendor, payroll-solutions provider Paychex, came several years ago. But the institute has rolled out more such partnerships with increasing frequency, including with bill.com for invoice management and payment in 2008, financial management and accounting software maker Intacct a year ago, and tax-automation supplier Copanion at year-end 2009.

Another cloud vendor will receive the institute's stamp of approval this spring, according to Erik Asgeirsson, chief executive of CPA2Biz, an AICPA subsidiary that provides the parent with technology and marketing services and advocates the use of accounting automation by small businesses.

The pitch is that the cloud offers a steep drop in information-technology costs, since applications are hosted by the vendors and provided on demand, rather than via physical installations or seat licenses. "It is extremely important for CFOs, controllers, and CPA firms to leverage this new way of doing business," says Asgeirsson. "Putting these solutions in place provides sustainable competitive advantages."

It's a forward-thinking stance for the accounting profession, which traditionally hasn't had a reputation for being in the forefront of technology development, notes Dan Druker, senior vice president of marketing and business development for Intacct. "Having AICPA say cloud computing is the way to go brings it a lot of credibility," he says.

For companies that can afford to manage their data internally, the hang-up with using cloud solutions has always been concern that the information will be less secure if stored off-site. But many small and midsize companies will find that cloud solutions make it affordable to achieve the necessary level of security, especially given new federal and state regulations for protecting customer data, says Jim Bourke, partner in charge of technology at Northeast regional accounting firm WithumSmith+Brown.

Asgeirsson says the AICPA did extensive due diligence on the security practices of the vendors it is marketing to its members. The organization has also signed codevelopment deals to add content to some of the applications, such as its guidance on various accounting issues and industry-specific best-practices recommendations.

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