


# THE ROI OF OUTSOURCING ACCOUNTING

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When a business grows to a certain size and scale, a vital decision must be made: Do you create an accounting team in-house, or do you outsource it? On the surface, it may look like either of these options come with particular benefits. And while keeping accounting in-house can be effective in some cases, there are many advantages to outsourcing accounting that traditional accounting cannot provide. Modern outsourced accounting providers leverage modern technology to allow for more efficient financial oversight, streamlined processes, higher security, real-time access, and more.

A man in a blue suit and tie is shown from the chest up. He is gesturing with his right hand towards several floating, semi-transparent digital icons. These icons include a checkmark, a car, a bar chart, a globe, a shopping cart, an envelope, a location pin, a group of people, and a telephone. The background is dark and filled with faint, glowing digital patterns and lines, creating a high-tech, futuristic atmosphere.

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## THE COSTS AND ROI OF TRADITIONAL ACCOUNTING

The idea of outsourcing your financial operations to a third party can be challenging to get used to if you come from the traditional accounting world. But it can lead to major improvements in how your business runs. To begin to understand what outsourcing accounting can do for a business, it helps to consider how much traditional accounting can cost.

### ➤ HIRING AND TRAINING

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When hiring in-house accountants, you want to look for applicants with a proven track record and experience at other businesses. It takes time to create the position, write the job listing, and consult with recruiters to find just the right person. It will also take a series of interviews that takes time away from the business.

Training is also crucial for new employees and can vary based on the education and experience of a new hire, but no new employee will be up to speed on the first day. Training carries a time cost that could slow down work until the new hire catches up.

### ➤ SALARY AND BENEFITS

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Accountants usually need a bachelor's degree to carry out all the tasks required in the profession efficiently. And some may come with a master's degree and a wealth

of experience in the industry. So hiring one will cost you. According to U.S. News & World Report, the median salary of an accountant is \$73,560. If all you need is a bookkeeper, you could pay less — around \$45,000. But if you need more senior staff, like financial managers or analysts, you could be looking at over six figures. And you also have to take into account health care, bonuses, and other benefits.

### ➤ SOFTWARE AND DEVICES

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If you want your in-house accounting department to be efficient, that will also cost you. If you choose cloud accounting software, you are looking at a monthly charge. If you host the software in-house, you can add the cost of hardware and the resources to keep the software running. You may also have to hire a consultant to help you choose and implement the right software, as well as pay technical staff to handle any support issues.

## THE ROI OF FINANCE AS A SERVICE

The biggest difference between traditional accounting and outsourced accounting is the cost structure. With traditional accounting, the costs are variable and unpredictable. A change in the job market could mean it costs more to hire employees. A software error could turn into a hefty consulting fee.

By choosing to outsource your business's financial operations, you get:

- Clearer expenses
- Predictable ongoing costs
- Pricing that scales logically with your needs
- Consistent costs that don't spike with a new hire
- Up-to-date software included
- Strategic financial support

The price of outsourced accounting is based on a business's headcount and unique needs. For a medium-sized business, this can cost less than the salary of a CPA. For a small business, it could cost much less than hiring a bookkeeper. And you get more than just an employee. The finance as a service (FaaS) model often includes all the software, systems, processes, and people to run your financial operations. Add those costs to the calculation, and you get an idea of how much money outsourcing can save your business.

The cost of having your own accounting department will also grow over time, even if you don't hire new employees. Yearly raises, software updates, and increasing operating costs will add to the expense. And if you need to hire a new employee to scale, that cost will spike. Outsourcing can save you money and enable your business to budget future expenses more efficiently with consistent pricing.



## THE ADDED BENEFITS OF OUTSOURCED ACCOUNTING

So far, we have compared in-house accounting to outsourced accounting based on cost, as if they were they are equal in other aspects, which they are not. Finance as a service comes with extra benefits that traditional accounting does not have. With finance as a service, you get:

A modern standardized software stack that integrates with your systems and automates workflows and data retrieval

A professional, experienced finance and accounting support team

Access to your financials from anywhere, in real time, via cloud-based accounting software.

These features bring more benefits than just cost savings.

## MODERN SOFTWARE

We are in a technological age where things change quickly. While we can argue about whether some of these technological changes were for the good, modern accounting software has transformed the industry, with new features to help you run your business more efficiently added every year.

Modern accounting software runs on the cloud, where it can be accessed by anyone who needs it from anywhere, and it is always available. It is automated and connected to all of your financial data, operational data, and even third-party supporting data, so numbers are always accurate, up-to-the-minute, and free of manual data entry errors. Reports can be generated on-the-fly quickly and easily, shared with others, and tweaked until they fit a business. Modern accounting software works for you instead of being a chore that requires you to do even more work.

But these features come with a price tag. First, there is the cost of the software. Then you may have to pay for support. But the biggest problem is likely inertia. If your company lacks technical staff, this software may never get updated. You must update software to gain access to the latest features, to fix bugs, and for security reasons, but updates often require other technical changes. So updates often get delayed.

When you outsource your accounting department, you also outsource this technical work. Your accounting software will always be up to date with all the latest features to help your business grow and run efficiently.

## STREAMLINED PROCESSES

Your outsourced accounting provider will have a knowledgeable team of experts to take care of all the technical details of managing your accounting software stack. They will be able to troubleshoot any issues you and your team may have using it and provide technical support. They will also be there to train your staff to use it effectively to gain insights into your business and grow.

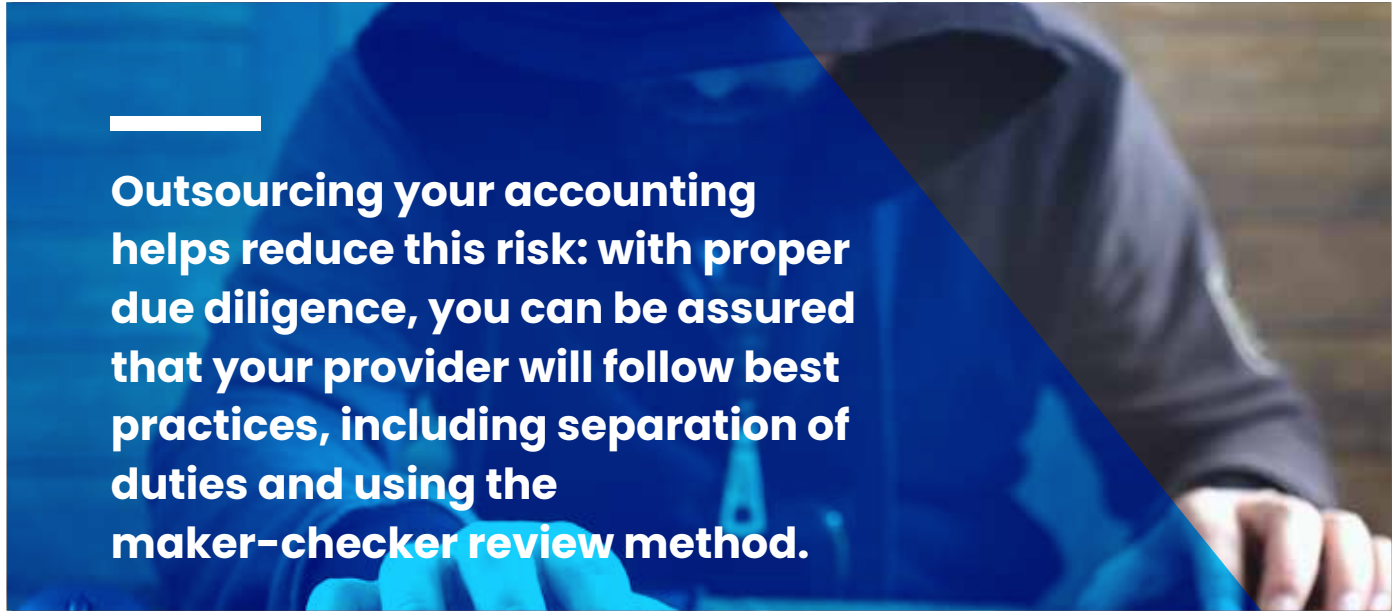
Employees of outsourced accounting providers are experts in their field and undergo continual training in both accounting principles and the technology they use to ensure their clients get timely, accurate financials. The predictability and reliability of the finance as a service model provide increased peace of mind to company leaders.

## SECURITY

Because finance-as-a-service providers have a well-trained, experienced technical staff on hand to manage their client's data and the software that uses it, the data is more secure. Instead of being stored on a local computer where it has to be transferred to others via email, USB drives, and other methods, the data is stored in the cloud in an encrypted state, meaning only those with the right to access it can. Backups of the data are made regularly and stored in multiple locations so that the data is never lost. Data stored locally is vulnerable to viruses, ransomware, and physical theft. When you use cloud-based accounting software, data is protected by anti-virus and anti-malware software that is always up-to-date.



## REDUCED FRAUD



**Outsourcing your accounting helps reduce this risk: with proper due diligence, you can be assured that your provider will follow best practices, including separation of duties and using the maker-checker review method.**

Internal controls assure that information entering the accounting system is accurate, timely, and classified in the right way during the right time. Furthermore, checks and balances help reduce the possibility of fraud. In a small business, when you have just one or two employees managing your books, the risk of fraud is high. The person who pays the bills could be the same one that reconciles the bank statements, and because these duties aren't separated, there is an opportunity for theft.

Outsourcing your accounting helps reduce this risk: with proper due diligence, you can be assured that your provider will follow best practices, including separation of duties and using the maker-checker review method. This approach is a system that requires two individuals to be responsible for each recorded transaction. One person makes the entry, and the other checks it for accuracy.



## ACCURATE, RELEVANT FINANCIAL REPORTING

Outsourcing your accounting can prevent inaccurate, late, or meaningless financial reporting. Many times, an in-house bookkeeper will have more than one job title. They may be responsible for providing financial reports, but data entry, recording invoices, and paying bills may take priority. When this happens, financial reports could be left for later or hastily completed.

For the leaders in your company, these reports are critical to cash flow and making decisions that guide the future of the company. Financial reports will always be on time with outsourced accounting because the professionals working on them are well-trained, experienced, and only focus on their core tasks.

## STRATEGIC FINANCIAL GUIDANCE

Your outsourced accounting provider can be more than just an accounting department. They can become your strategic financial partner. For a fraction of the cost of a small accounting department, your company can have access to top talent. In accounting, there is no substitute for specialization and industry experience. Your outsourced accountants will be well-versed in using cutting-edge technology like machine learning and artificial intelligence to bring you the type of insights unavailable in the past with traditional accounting.

## MAKE PABS YOUR ACCOUNTING DEPARTMENT

With PABs, you can work with transformative industry veterans that continue to shape and guide the PABS vision. Our full-service team is dedicated to your business and committed to your success. Together, we partner with you to deliver exceptional results across the full spectrum of your tax, accounting, and bookkeeping needs. PABS is not only by your side; we are on your side.





## REFERENCES:

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- <https://www.salary.com/research/salary/benchmark/bookkeeper-salary>

## ABOUT PACIFIC ACCOUNTING AND BUSINESS SERVICES (PABS)

PABS provides a full range of accounting services. PABS knows that running a business is hard work. For the past 14 years, PABS has provided businesses across the globe with precise, consistent, high-quality accounting, tax, finance, and bookkeeping services. As leading experts in financial management, our team of 550+ skilled and experienced professionals based in six locations globally is ready to customize innovative, proven solutions to meet your unique needs.

Our 3200+ clients cover multiple sectors and business cycles, including tax and accounting firms, nonprofits, franchises, and SMBs (small and medium businesses). Our professionals are dedicated to understanding your industry-specific needs, ranging from automotive, online retail, and manufacturing/distributors to restaurants, construction, property management, and more.

Our degreed, experienced, and customer-focused accounting professionals have a proven track record of delivering results. We have deep knowledge of cost reduction and growth strategies and are proficient in industry-leading best practices in accounting, software, and technology. PABS provides secure, real-time, cloud-based access to dashboards, customer portals, and accounting software that can be accessed anywhere at any time. We know what it takes to build a sound and professional tax and accounting practice.

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