

Accounting “In the Cloud”: A New Paradigm of Accounting.

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Abstract: Accounting, the dialect and technique of assessment of business accomplishment is constantly conforming to the fiscal framework. The automation of accounting information was first started in the year 1950, and what succeeds subsequently was a non-reversible process. Cloud accounting is somewhat a modern concept. Accounting is a quite conservative area and a particular subject related to modern information technology. Due to globalization and innovation in market competition, in recent years, the availability of the latest financial and accounting data which can be accessed from anywhere of the globe and at any time becomes essential for the business. The cloud computing is an allusion or metaphor for the internet as till date there is no unified definition of cloud based computing is available. As long as the users use a terminal to connect the internet, they can enjoy limitless resources and computing capability as in cloud based computing every data or the resources are put together in the cloud storage center. The main objective of this paper is to explore the concept, background, benefits and challenges in adoption of Cloud Based Accounting in any organization. This study is descriptive and conceptual in nature. This article is conducted on the basis of secondary data. This paper is aimed at searching the existing literatures related to Cloud Accounting and cloud technology. Finally, we can conclude that the cloud based accounting technology helps and assist accountants to do their activity and can, in fact, the cloud based accounting makes accountant job a lot easier.

Key Words: Cloud Accounting, Technology, Business, Accounting, Emerging Trend etc

Introduction

Accounting, the dialect and technique of assessment of business accomplishment is constantly conforming to the fiscal framework. The automation of accounting information was first started in the year 1950, and what succeeds subsequently was a non-reversible process. From the last few years the accounting process has been constantly developed. While providing comfort and satisfaction to the consumer, the latest innovation and development causes it more challenging and better. By maintaining the speed with the quick progressing technological developments, the modern accounting has arrived at the current position after experiencing steady changes in the last few years.

The technology of cloud is one of the greatest technological developments in the present time. The cloud database makes the software and information available online, which can be accessed by the users from any computer device with an internet connection from anywhere and at any time. In cloud computing through cloud software assistance provider, the consumer can open the software apps from far away by using internet. Similarly, the accounting information's is uploaded into the cloud where it is processed and reverts to the

users, called as cloud accounting. In cloud, every app gathered information or data off-site, not from the user's computer, which leads to decrease the installation and maintenance burden of the business as the cloud software is not necessary to install on individual computers.

Cloud accounting is somewhat a modern concept. Accounting is a quite conservative area and a particular subject related to modern information technology. Due to globalization and innovation in market competition, in recent years, the availability of the latest financial and accounting data which can be accessed from anywhere of the globe and at any time becomes essential for the business. Due to regular modification and advancement in the accounting process in the last few years from manual procedure or approach to innovative and technologically advanced variants which made the accounting process more simple and handy. The latest switch in accounting in the direction of advanced technologies has vastly increased its ability to assist users. Cloud based accounting; the latest trend in accounting is anticipated to make accounting process cheap, time saving and easily available.

Objective of the Study

The main objective of this paper is to explore the concept, background, benefits and challenges in adoption of Cloud Based Accounting in any organization.

Research Methodology

This study is descriptive and conceptual in nature. This article is conducted on the basis of secondary data. This paper is aimed at searching the existing literatures related to Cloud Accounting and cloud technology. The secondary data have been collected from the journals, published books, newspaper articles and the internet sources are also used

Significance of the Study

This article aiming on cloud-based accounting, its benefits and issues which is reinforced by different studies which describes the significance of investing the above stated research objective. As stated earlier by having the adequate knowledge of the cloud based accounting would help the accounting professionals not only to survive in the changing business world also to flourish in their profession.

The Concept of Cloud

The cloud computing is an allusion or metaphor for the internet as till date there is no unified definition of cloud based computing is available. As long as the users use a terminal to connect the internet, they can enjoy limitless resources and computing capability as in cloud based computing every data or the resources are put together in the cloud storage center. Ping and Xuefeng (2011), was the authors who first defined the concept of cloud accounting. As per them, cloud based accounting is a process of utilization of information computing in internet to make a virtual accounting information system. They defined cloud accounting as the sum of cloud computing and accounting.

Cloud Based Accounting: An Overview

For to completely know the value produced by cloud based accounting, it is important to aware of the cloud computing potential in the business prospect. Cloud computing is not any more a new paradigm and without using the software and hardware license of computer, the cloud computing is normally adverts to the business running in the internet. There are several

other names of accounting in cloud or cloud accounting is exists, i.e., actual time accounting, cloud financials, web based accounting or online accounting etc. The stand alone accounting has been slowly replaced by cloud based accounting. At present, financials managements are attracted by practical and cost effective accounting results that, alongside executing automatic assignments and distributing detailed statements, are also adaptable enough to settle in every market environment and business requirements.

In order to capacitate the managers to take good, accurate and timely decisions related to investment and financial matters, the business requires a suitable, convenient and valuable accounting application to gather and process financial information's. The cloud accounting software is developed to solve the above mentioned issues and to help the accountant to perform their duty easily and as time passes by, more and more organizations are identifying the value and usefulness of cloud accounting for saving money and time. With the help of an integrated online system, the businesses bringing down the number of employees needed by the department of accounting as a cloud based accounting system assure the chances to discourse various complicated activities and demands. Following are the few activities performed by cloud accounting services:

- Automatic creation of accounting data for various affairs and transactions.
- Automatic survey of accounting information to secure the correlation between management accounting and financial accounting for the concern accounts.
- Evaluation of artificial financial statements or necessary periodical reports and dashboards
- By using various reporting standards like GAAP, IFRS etc, the chances to use different accounting scheme for the making of accounting reports.
- The chances to measure and evaluate different accounting formulas and rates and prepare financial statement and reports whenever required.

Why Cloud Accounting?

As per users, the online or cloud accounting is helpful for both business and accounting professionals. The most important benefit of cloud technology is the capability to approach resources indirectly and based on request, leads to improve company's efficiency which influences the whole economic world.

The cloud based accounting facilitates its users to access their information at any point of time and from anywhere, this is because of the original place of financial information which is on the provider information center and due to the accessed over the internet. Every organization, small or large has the chance to attain advanced technology for a lower price. Based on their requirements, they have pay only a periodic subscription fee rather than investing in costly applications and hardware. There have been lots of factors which influence a business to use cloud technology in preparing the accounting reports. Some of them are:

- Keeping focus on the affairs of business.
- Business agility or the ability to adapting to changing market environment.
- Decreased the capital expenditures.
- Company that has different staffing demands can benefit from cloud service.
- Able to access to the information available and application from anywhere of the globe with the help of internet.
- Cloud services helps to maintain staffing efficiency.

Benefits of Cloud Technology in Accounting

The accounting software globe has been quickly moving towards cloud computing. Many accounting software trader has been shifted their services to the cloud and supply various types of cloud accounting solutions. Big accounting firms like Deloitte, Ernst & Young, Sage or SAP, PricewaterhouseCoopers, KPMG have already giving their cloud offers and also advertise which includes the functionalities and advantages with the help of various cloud services.

Cloud computing takes the accounting software to a complete new aspects. With help of certain set of applications which shared through an internet connection, performing accounting in the cloud normally means that everybody in the customer company can access the similar accounting information's, at a single time and from anywhere of the earth. The benefit ensured by using cloud accounting includes the following areas:

- It decreases the cost as in cloud accounting the capital expenditures in IT equipments and software licenses are not required.
- With the help of distant network access it facilitates geographically unlimited access.
- Through improved business agility and flexibility it increases the performance of business.
- It offers automatic backup, processing capacity and limitless data storage for the user's data.
- The customers using upgraded latest version of the software and enjoying up to date features as the service in cloud is continuous and there is no up gradation fee required.
- Cloud accounting software is user-friendly in nature which makes the accounting features and language, easy to understand and use.
- It creates better communication and collaboration process which enables the businesses to provide their accounting data to their customers in a very short period of time.
- Immediate updation of accounting data.
- Security of accounting data: Cloud based accounting helps to keep all accounting information secured.
- Cloud accounting can fix any software issues or problems immediately.
- Cloud accounting enables automatic data back up and restoration facility for their users.

Challenges of Cloud Technology in Accounting

Like every other software, the accounting in cloud also has various drawbacks and challenges which may differ from different user's point of view. When refers to possible defect that may arise in cloud accounting, the most familiar issue is related to security and protection of the consumers accounting and financial information from the unauthorized access, data theft or software hacking. Apart from that, the challenges of cloud accounting are describes as follows:

- Cloud Software and computer always needed a constant internet connection, which not possible always.
- Many of the risks of moving to the Cloud put forth by legacy vendors are unjustified.
- It requires high speed internet connection, as in low speed it does not work properly.
- As stated above security is the major issue facing by cloud technology. It becomes more challenging when any confidential files are there.

- It is necessary to have internet connection every time for cloud technology. If you are connected to any unsecured network it is very risky as you may allow any unwanted guest to access the information.
- As the information of any business is stored in cloud i.e., in a unknown server means the business losses control over the data.
- Lack of coordination: The standard accounting package provided by the provider doesn't suit all the needs of clients. Sometimes an organization may have needs which are not matching the standard accounting package services.

Aspects to Consider when Adopting Cloud Based Accounting

As every organizations configuration is unique and because of that it necessary to appraise and assess the firms data and resources carefully which includes the service usage and agreement terms. Organizations should even think about hiring a qualified professional counselor to help them in deciding the suitable accounting solution. There are two aspects need to consider by the business firms at the time of adopting cloud accounting. These are:

- **Technical aspects**

As the market of cloud accounting offers a huge variety of accounting solutions, future users should select which means or approach can meet the firms objectives in future course of time. While selecting the appropriate cloud accounting service, the most significant initiative should take by the firm is to completely study the company's definite attributes. The correct selection of cloud solution will certainly enhance the firm's versatility to the market and improve its competitiveness.

- **Financial and Pricing Aspects**

Financial and Pricing aspects includes the costs or capital expenditures caused by the cloud based accounting solution. The costs caused by the cloud based accounting solution, includes the periodical maintenance expenditure, the cost of implementation and customization and employee training expenditure.

Conclusion

In recent years the world is witnessing a massive advancement and development in the field of information technology. As technological utensils and devices are scattered in almost all parts of human life, it reduces the gap between human society and technology. Now a day the firms are looking for a modern mode of doing business in order to adapting themselves in such a challenging and ever changing business atmosphere. As days goes by the cloud accounting concept is become more famous and growingly more business firms are adopting cloud based software to uplift and enhance their effectiveness and to enjoy other advantages. By providing up to date accounting information in a particular time through internet, the cloud based accounting model enables all business contributors like accountant, shareholders, auditors and customers to work together closely. When it comes to managing the company's financial resources, the company's across the whole world are grasping the benefits of the cloud technology. Today, a very less number of business firms are depending on hard drive to store and utilize their financial information's. The major drawback of cloud based accounting is the mammoth number of regulations which safeguard the scrutiny of the clients in terms of pursuing demands, responsibility and compliance and enforcement.

Through a theoretical approach, this article includes the state of the art for the cloud based accounting concept by comprising both accounting information and information from the IT fields. The concept of cloud accounting is still in a way of transfiguration or metamorphosis and till date many business firms have no idea about this particular solution. As the cloud accounting is a very new concept in the market and it is located between the border of information technology and accounting, the study includes the information's from both the subject area and put forward a comprehensive view point with respect to concept, advantages and drawbacks. Finally, we can conclude that the cloud based accounting technology helps and assist accountants to do their activity and can, in fact, the cloud based accounting makes accountant job a lot easier.

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