



THE 2019 K2E CANADA, INC.

**Accounting and Bookkeeping
Operations and Technology
SURVEY**

**SAMPLE
REPORT**

*Delivering critical decision-making data
to firms and companies of all sizes*

Letter from the Founder

Dear Stakeholder,

Thank you for participating in the 2nd Annual Canadian Accounting and Bookkeeping Operations and Technology Survey (CFOT Survey).

I am exceptionally proud of providing the only survey in the profession where accountants and bookkeepers in firms and employed accountants and bookkeepers throughout Canada are given the opportunity to provide their input. We were not bound by the constraints of surveying only one-member base, one association or one affiliation. We caution you to scrutinize all surveys and survey data where the demographics of respondents are not revealed, or the survey results are for one membership-group only. When one population or membership is surveyed, the data will pertain to that membership group primarily, not representative of the greater population of accountants, tax professionals and bookkeepers nationally. The CFOT Survey is national and was promoted through many diverse channels; the data has statistical validity and is a true reflection of the status of the accounting and bookkeeping population in Canada as a whole.

This report includes the tables and charts for the combined accounting and bookkeeping firms and employed accountants and bookkeepers in organizations.

New this year is an overview of the results by Colin Ellis the editor of the Canadian-Accountant. Also new is the Executive Summary which provides the highlights of each question. We have again included six thought studies by noted members of the bookkeeping community.

In an effort to assist you with navigating this resource, you might first read Colin's overall summary and then the Executive Summary. You can use the Table of Contents to prioritize the sections that interest you most. Within each survey question result area, you will see all responses by the size of firm; this design helps you to more easily benchmark your firm against others of a similar size. With each question, you will find a brief write-up where we discuss the data and trends that are unfolding and provide some consultative commentary.

We appreciate our vendor sponsors who helped to offset the expenses we incur in producing this resource. We are thankful for the thought-leaders who contributed articles sharing their unique insights into the accounting and bookkeeping communities in Canada.

The 2018 CFOT Benchmark Survey was conducted from December 18, 2018 through February 25, 2018. The analysis in this benchmark study is based on the detailed responses of 2,535 Canadian accounting and bookkeeping professionals. We received responses from all ten provinces and the three territories.

During the development stage of the survey, we had the questions reviewed by key members of the accounting and bookkeeping community. Once the survey was constructed and complete it was sent to a test group to get feedback and adjustments were made based on their feedback.

Requests to participate in the survey were then sent to various databases and social media groups. In addition, we asked our sponsors to help us in expanding the reach of the survey to their respective accounting and bookkeeping bases. The respondents came from all ten provinces and the three territories.

The sample size was 15,000. With the responses that we received, the survey's confidence level is 99%, with a margin of error of 3%. I am fully confident in the validity of the data for firms of all sizes.

The survey was a team effort and I want to pay tribute to Ward Blatch, Randy Johnston, Marilyn Benninger, Nancy Salmon, Imran Buhary and Donia Andrei. I greatly appreciate their efforts.

I am pleased to present you with our 2nd Annual CFOT Survey report; thank you for your participation.

Respectfully,

A handwritten signature in black ink that reads "Alan Salmon". The signature is written in a cursive, flowing style.

Alan Salmon FCPB
alan@salmon.ca



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How to value price setting your clients up with a cloud accounting package

BY MARK WICKERSHAM FCA (AUTHOR OF "EFFECTIVE PRICING FOR ACCOUNTANTS")

Most accountants and bookkeepers are working way too hard for too little reward. We're over-worked and not earning enough. The root cause is pricing too low and pricing wrong.

Here's the problem if you don't change the way you price. The old-fashioned, redundant, way of pricing in our profession is based on time. Pricing based on how long the work takes. It's flawed for so many reasons and here are two big ones:

1. **Clients hate it.** They don't get to know what the price is until after the work is finished and the hours added up. The bill is always a surprise to them.
2. In this increasingly digital world, compliance tasks that used to be manual, are being automated. **It's taking less time to do things.** If you bill based on the hour you will see prices coming down. You will make less money.

As part of getting ready for a new digital world, where cloud accounting is the norm, we need to change the way we price our services.

A better way to price

When we drill it right down there are only two ways to price. One is cost-plus pricing. This is where you price by adding up costs and adding on a margin for hoped-for profit. Time-based billing is a form of cost-plus pricing. It's a bad way to price.

There is one other way to price.

I'm sure you've heard of value pricing. Unlike cost-plus (which focuses on internal costs) it focuses on the client and what they want. Value pricing means arriving at a price based upon the client's perception of value.

Let's make this practical.

We'll apply value pricing concepts to a valuable service you can offer; setting clients up with a cloud accounting system, such as QBO.

The opportunity

Before long all your clients will need to be on a cloud accounting system, such as QBO. There will come a day – and sooner than you think – when software companies will stop supporting desktop systems. Software companies are committed to the SaaS model; online cloud accounting systems are the future. So the first thing you need to do is get all your clients who are not currently set up on a cloud accounting system to move across.

This represents a huge opportunity when you understand value pricing.

I have carried out many surveys over the last 4 years and discovered some interesting facts about how the profession prices moving clients to a cloud accounting system. I have surveyed thousands of accountants and bookkeepers. When I ask how much is charged for moving clients across to a cloud accounting system (assuming the books and records are up to date and reconciled) I find:

- 30 - 40% of respondents don't charge for this service. They do it for free.
- About 40 - 50% charge a nominal fee of less than \$850. This is too cheap.
- Less than 10% charge in excess of \$1,500 every time.

So what do we learn from this?

Too many people do this work for free. And yet this is a valuable service.

And most who do charge have a low price, probably because they are basing it on time. For sure, moving a client's accounting system to

QBO (when their records are up to date and reconciled) does not take long. But that's because you're the expert and know what you are doing. It's very valuable work and should be charged based upon the value.

Some accountants and bookkeepers have figured out a better way to price and turn this into a highly profitable service. Those firms are using value pricing.

How to price moving clients to a cloud accounting system

You need a pricing system. A system for getting over \$1,500 every time you set up QBO for a client.

Here are some of the key things you must do:

1. **Add more value.** The more value you provide, the higher the price you can charge. So what more can you do to help the client get more out of their new cloud accounting system? For example, you could offer telephone support, training or set up powerful customised reports
2. **Give clients choice.** Everyone values things differently. The trouble is, it's difficult to know for sure which clients would see this service being worth \$2,500 and which only \$1,500. The first step of the solution is to use menu pricing; create different packages/bundles and let the client choose.

Think of this as offering a Bronze, Silver and Gold package. You will find many clients will choose your middle option, i.e. they choose to pay you more. Take some of the most valuable items from step 1 above and build them into premium offerings.

3. **Get better at explaining the value of everything you do.** For each element of your service (e.g. setting up a chart of accounts) have a system of explaining what it is you do, why you do that, how the client benefits and the pain you are taking away. For example, make sure you quantify how many hours you are saving the client by doing this for them. For the average small business owner who does not understand accounting systems and the importance of a chart of accounts it can typically take 10 hours to set up a cloud accounting system. Unlike you, they don't really know what they're doing. Their time is precious and they shouldn't be wasting 10 hours doing something you can do for them.

The key to getting a price of \$1,500 or more every time you set a client up on a cloud accounting system is to have a pricing system in place.

If you want to find out more, I run a free webinar several times a year where I teach a pricing system for setting clients up on the cloud. Look out for my next webinar.



Mark Wickersham FCA – Chartered Accountant, public speaker and #1 best-selling author – is known as the most sought-after profit improvement expert in the accounting community.

Mark is a widely published author on practice issues. In May 2011 his book, "Effective Pricing for Accountants", was a number 1 Amazon bestseller. He is the author of "A Practical Approach to Value Pricing" and "How to Build a Successful Bookkeeping Business".

Mark has a monthly live training programme where you can join him to learn value pricing and get your questions answered. This is completely free, and you can register your complimentary place [here](#).

You can join his Facebook group, "Value Pricing with Mark Wickersham" [here](#).

Executive Summary

The second edition of the Annual Canadian Accounting and Bookkeeping Firm Operations and Technology Survey examined the inner-workings of accounting and bookkeeping firms, including operations and the technology being used by firms of all sizes. Guidance and direction for the development of this survey instrument was provided by an advisory board composed of accountants and bookkeepers with established credibility in the profession. To ensure validity and national participation from accounting and bookkeeping professionals, the survey founder collaborated with social media and vendors to promote the survey. In addition, we promoted it via our extensive database of Canadian accountants and bookkeepers. The sample size was 15,000. With the responses that we received, the survey's confidence level is 99%, with a margin of error of 3%. I am fully confident in the validity of the data for firms of all sizes.

The findings reported reveal the overall responses and further expand on the results to show responses based on size of firm. The survey results provide benchmarking statistics to help guide decision-making centered on operations, management and technology planning.

KEY FINDINGS BASED ON THE RESPONSES TO THE SURVEY INCLUDE:

Demographics (Q1-Q10)

- ✔ **Q1:** 33% of the respondents were from accounting firms; 27% from bookkeeping firms and 40% were employed accountants and bookkeepers.
- ✔ **Q2:** 56% of the respondents were female and 42% were male.
- ✔ **Q3:** The median age for respondents was 48.
- ✔ **Q5:** 69% of the respondents were self-practitioners; 25% were from firms with 2-5 partners (small); 3% from firms with 6-10 partners (medium); and 2% from firms with more than 10 partners (large).
- ✔ **Q6:** 44% of the respondents were solo practitioners with no employees, 13% have 1 employee, 23% have 2-5 employees, 7% have 6-10 employees, 6% have 11-25 employees, 4% have 26-50 employees, 2% 51-100 employees and 1% have more than 100 employees.
- ✔ **Q7:** 84% were key decision-makers in firms (CEO, Partner, Managing Partner, Shareholder/Owner, or Sole Practitioner).
- ✔ **Q8:** 76% of all respondents provide Accounting Services, 93% provide Bookkeeping Services, 79% provide Tax Preparation, 52% provide Tax Planning Services, 76% provide Payroll Services, and 66% provide Business Consultation.
- ✔ **Q9:** Only 20% of respondents have a succession plan.
- ✔ **Q10** 20% of the respondents are planning to retire in the next three years.

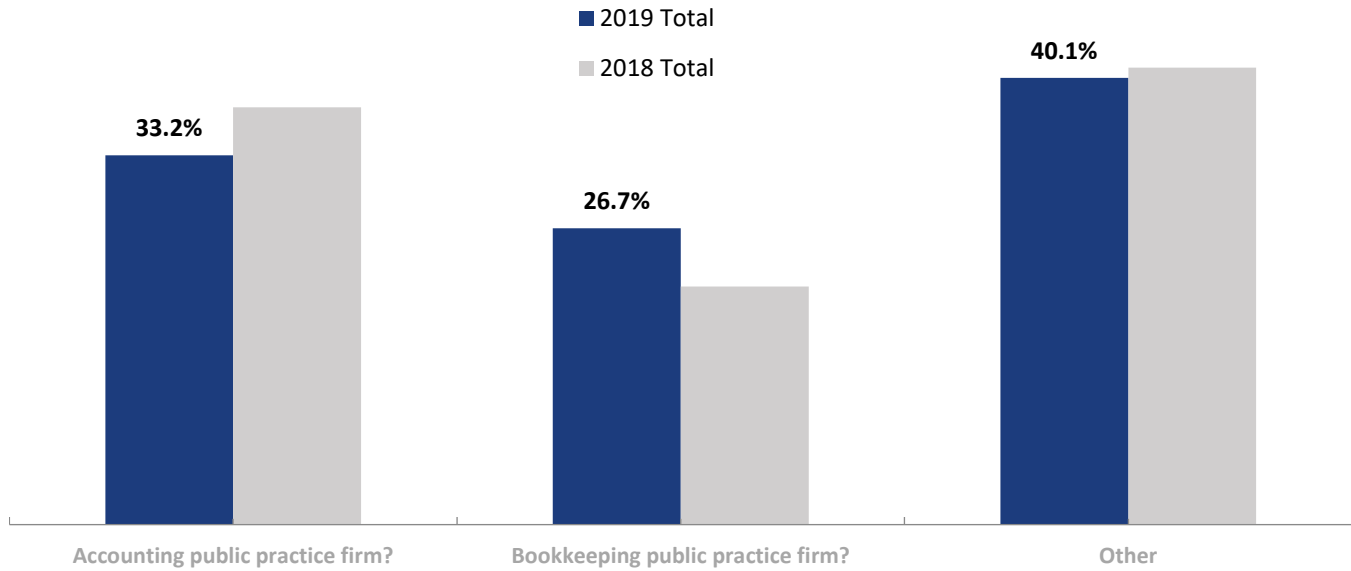
Accounting & Bookkeeping Firm

SURVEY RESULTS

Q1

Which of the following most closely fits your profile? If you are the owner, partner, or a staff member of a public accounting firm, please select “ACCOUNTING PUBLIC PRACTICE FIRM” below. If you are the owner, a partner, or a staff member of a public bookkeeping firm, please select “BOOKKEEPING PUBLIC PRACTICE FIRM.” If you are none of the above, please select “OTHER.”

2019 Top Answers



Observations & Trends: The breakdown between accounting firms, bookkeeping firms and other employed accountants and bookkeepers is not very different than the 2018 breakdown.

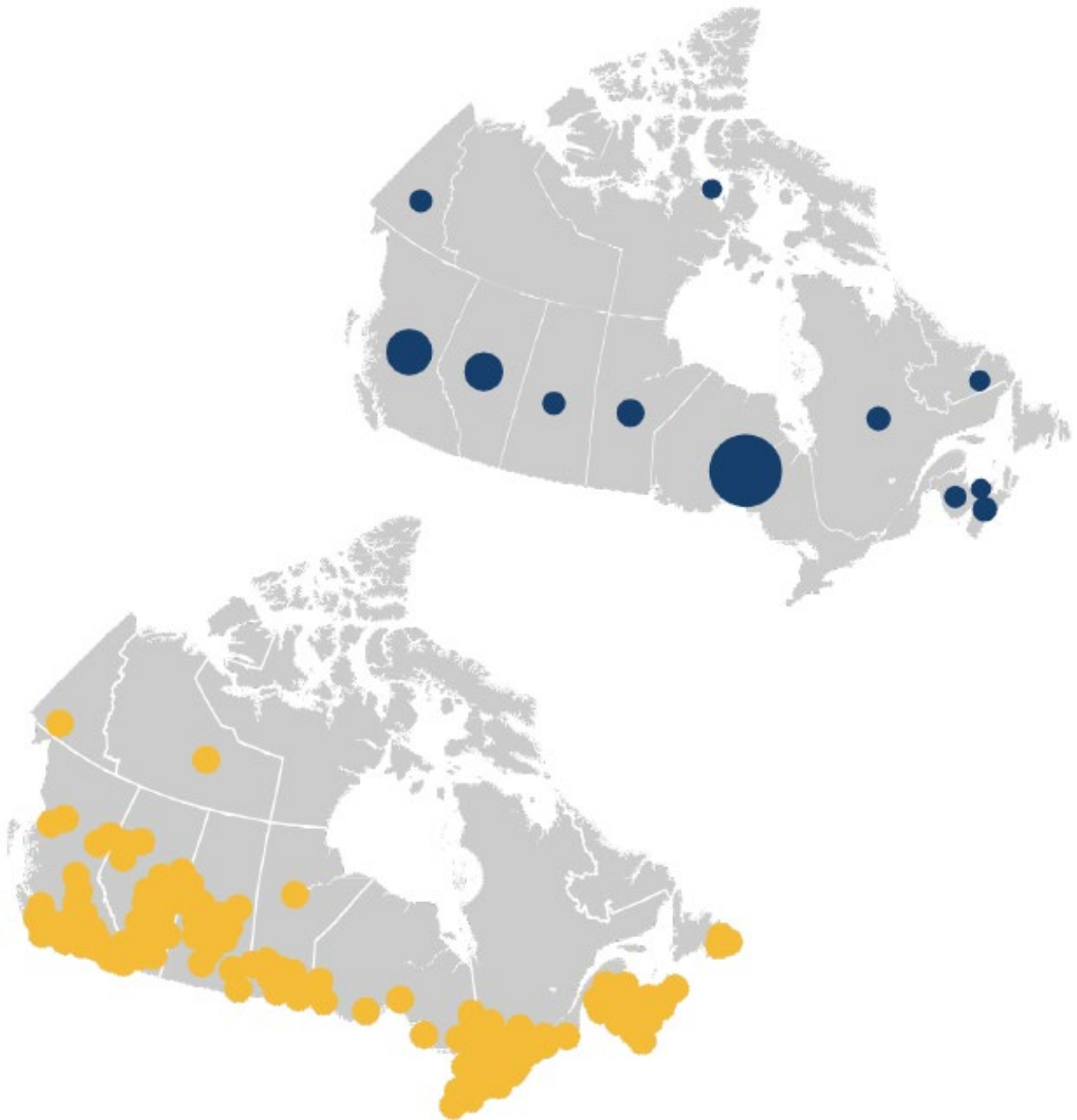
Answer Options	2019 Total	2018 Total
Accounting public practice firm?	33.2%	37.5%
Bookkeeping public practice firm?	26.7%	21.4%
Other	40.1%	41.1%

Q4

What is your postal code? Please enter in the format A1A 1A1.

2,075 accountants and bookkeepers responded to the 2019 survey which is excellent. They came from every province and territory. The two maps below show the distribution by province and city.

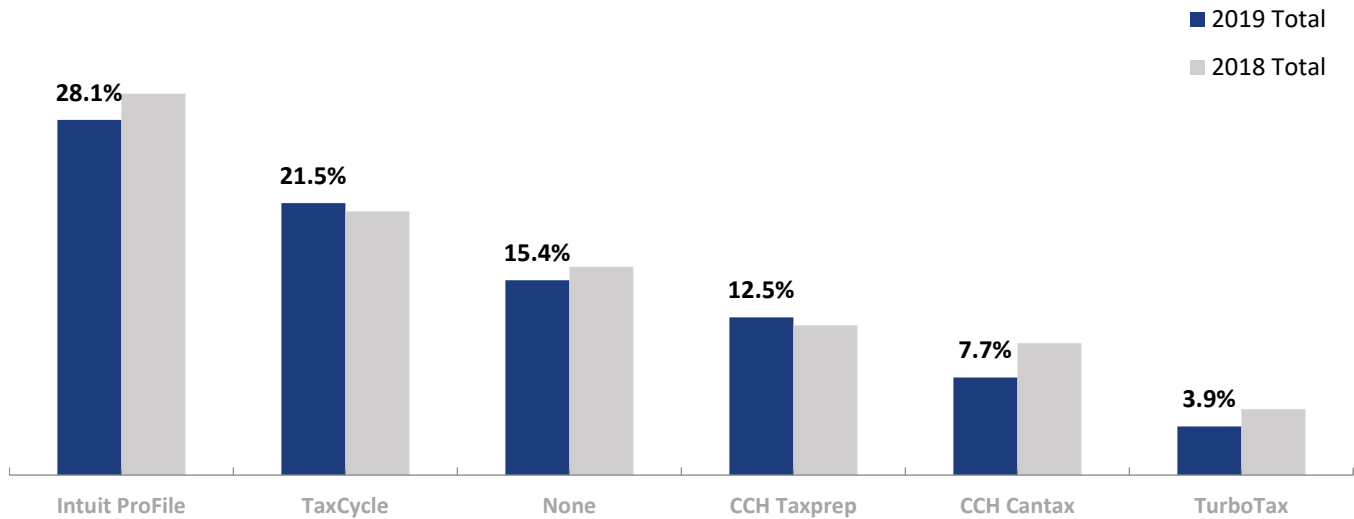
Province City



Q77

Please identify your firm's TAX software.

2019 Top Answers



Observations & Trends: There is very little change year over year in this category.

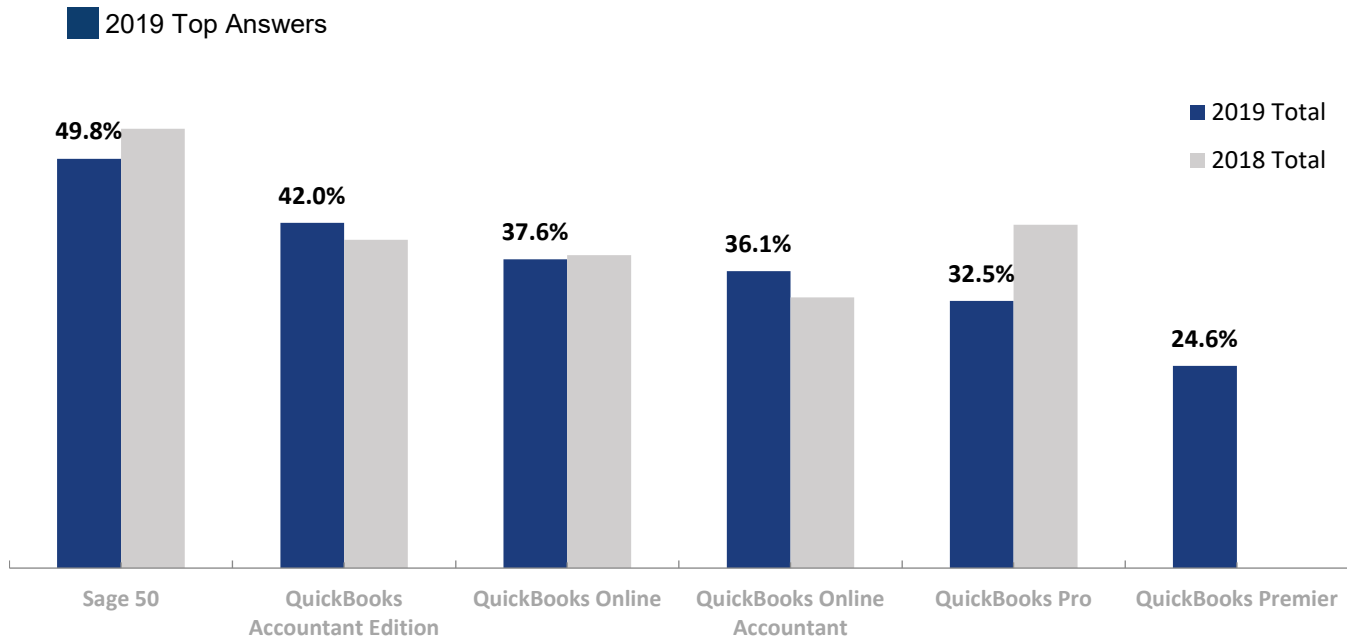
Answer Options	Sole Practitioner	2-5 partners	6-10 partners	More than 10 partners	2019 Total	2018 Total
None	18.3%	9.4%	0.0%	4.8%	15.4%	16.5%
CCH Cantax	8.1%	7.3%	7.4%	0.0%	7.7%	10.4%
CCH iFirm Tax	1.0%	0.9%	0.0%	0.0%	0.9%	0.8%
CCH Taxprep	6.7%	21.8%	48.1%	57.1%	12.5%	11.9%
Thomson Reuters DT Max	4.0%	2.6%	0.0%	0.0%	3.4%	4.4%
Intuit ProFile	27.8%	29.1%	29.6%	23.8%	28.1%	30.2%
TaxCycle	22.2%	21.8%	14.8%	4.8%	21.5%	20.8%
TurboTax	4.8%	1.3%	0.0%	4.8%	3.9%	5.2%
UFILE PRO	1.7%	0.4%	0.0%	0.0%	1.3%	0.8%
Visual Tax	2.6%	3.0%	0.0%	0.0%	2.5%	2.4%
Other (please specify)	2.8%	2.6%	0.0%	4.8%	2.7%	2.6%

Other Answers :

- Future tax
- H&R Block
- MyTax Express
- Studio Tax
- Taxtron

Q84

Please identify your firm's CLIENT accounting system.
(Select all that apply.)



Observations & Trends: What is interesting is the percentage of clients using online solutions at 34%, while only 24% of firms use online for write up/bookkeeping software.

Answer Options	Sole Practitioner	2-5 partners	6-10 partners	More than 10 partners	2019 Total	2018 Total
N/A or None	4.9%	3.4%	0.0%	0.0%	4.4%	3.4%
Unsure	1.1%	3.9%	7.7%	4.8%	2.0%	1.0%
Adagio by Softrak	1.0%	3.0%	11.5%	14.3%	2.0%	
Connected Accounting by Accountek	0.1%	0.9%	3.8%	0.0%	0.4%	
Dynamics 365 for Financials	0.8%	1.3%	3.8%	0.0%	1.0%	
Kashoo	1.1%	1.3%	3.8%	4.8%	1.3%	
Oracle NetSuite	0.4%	0.9%	0.0%	4.8%	0.6%	
QuickBooks Accountant Edition	38.7%	50.6%	50.0%	47.6%	42.0%	39.9%
QuickBooks Enterprise	9.0%	21.0%	38.5%	42.9%	13.4%	15.3%
QuickBooks Pro	29.4%	36.9%	65.4%	47.6%	32.5%	41.8%
QuickBooks Premier	21.0%	30.5%	50.0%	47.6%	24.6%	
QuickBooks Online Accountant	36.2%	33.9%	42.3%	52.4%	36.1%	32.9%
QuickBooks Online	34.3%	42.5%	65.4%	57.1%	37.6%	38.1%
Quicken	4.4%	5.6%	26.9%	14.3%	5.5%	4.5%
Sage Business Cloud Accounting – formally Sage One	8.5%	12.9%	23.1%	23.8%	10.2%	11.3%

Q84

Continued

2019 Top Answers

Answer Options	Sole Practitioner	2-5 partners	6-10 partners	More than 10 partners	2019 Total	2018 Total
Sage 50	46.6%	54.5%	80.8%	66.7%	49.8%	53.5%
Sage 50C	9.3%	11.2%	11.5%	23.8%	10.1%	
Sage 100	1.7%	3.4%	11.5%	9.5%	2.5%	1.8%
Sage 300	1.6%	3.4%	15.4%	23.8%	2.8%	2.9%
Sage Intacct	0.1%	1.3%	0.0%	0.0%	0.4%	0.3%
Wave Accounting	9.5%	11.2%	7.7%	4.8%	9.7%	11.0%
Xero	8.8%	15.5%	11.5%	14.3%	10.5%	7.3%
Other (please specify)	9.3%	8.6%	26.9%	9.5%	9.6%	9.7%

Other Answers :

- Acomba
- AgExpert
- DacEasy
- Caseware
- Esilaw
- Excel
- Freshbooks
- NewViews.
- PCLaw
- Pen and paper
- Sage Business Vision
- SAP Business One
- Vigilant
- Yardi
- Zoho Books

Q95

How likely are you to implement a Web Hosted/Cloud-Based/Software-as-a-Service version of the following applications over the next two years?

2019 Top Answers

	Very likely	Likely	Unsure	Not Likely
Accounting	31.8%	17.6%	19.5%	31.1%
Tax	16.6%	14.0%	23.9%	45.5%
Payroll	23.5%	17.5%	19.3%	39.7%
Practice Management	20.2%	12.9%	22.7%	44.2%
Time and Billing	20.6%	13.6%	21.6%	44.2%
WorkFlow	23.5%	13.9%	21.0%	41.6%

Observations & Trends: It is surprising that only 37% of the respondents are Very Likely or Likely to implement a Work Flow solution. In the cloud work flow is a proven method of reducing costs. Accounting solutions are 49% Very Likely or Likely to move to the cloud for the reasons noted in a previous observation.

Accounting

Answer Options	Sole Practitioner	2-5 partners	6-10 partners	More than 10 partners	2019 Total
Very likely	31.6%	33.3%	15.4%	40.0%	31.8%
Likely	19.8%	11.1%	15.4%	20.0%	17.6%
Unsure	15.8%	27.8%	42.3%	25.0%	19.5%
Not Likely	32.8%	27.8%	26.9%	15.0%	31.1%

Tax

Answer Options	Sole Practitioner	2-5 partners	6-10 partners	More than 10 partners	2019 Total
Very likely	15.3%	20.5%	11.5%	25.0%	16.6%
Likely	15.0%	10.2%	11.5%	25.0%	14.0%
Unsure	20.8%	30.7%	38.5%	30.0%	23.9%
Not Likely	48.9%	38.6%	38.5%	20.0%	45.5%

2019 Top Answers

Payroll

Answer Options	Sole Practitioner	2-5 partners	6-10 partners	More than 10 partners	2019 Total
Very likely	22.8%	26.3%	15.4%	26.3%	23.5%
Likely	18.6%	13.6%	15.4%	26.3%	17.5%
Unsure	16.0%	26.8%	38.5%	26.3%	19.3%
Not Likely	42.6%	33.3%	30.8%	21.1%	39.7%

Practice Management

Answer Options	Sole Practitioner	2-5 partners	6-10 partners	More than 10 partners	2019 Total
Very likely	18.0%	25.9%	23.1%	25.0%	20.2%
Likely	12.8%	11.8%	11.5%	30.0%	12.9%
Unsure	20.0%	28.8%	38.5%	25.0%	22.7%
Not Likely	49.2%	33.5%	26.9%	20.0%	44.2%

Time and Billing

Answer Options	Sole Practitioner	2-5 partners	6-10 partners	More than 10 partners	2019 Total
Very likely	19.3%	23.5%	30.8%	20.0%	20.6%
Likely	13.0%	14.6%	7.7%	30.0%	13.6%
Unsure	18.5%	27.7%	38.5%	35.0%	21.6%
Not Likely	49.2%	34.3%	23.1%	15.0%	44.2%

WorkFlow

Answer Options	Sole Practitioner	2-5 partners	6-10 partners	More than 10 partners	2019 Total
Very likely	21.4%	30.0%	26.9%	20.0%	23.5%
Likely	13.8%	11.7%	11.5%	40.0%	13.9%
Unsure	19.1%	24.9%	34.6%	25.0%	21.0%
Not Likely	45.7%	33.3%	26.9%	15.0%	41.6%

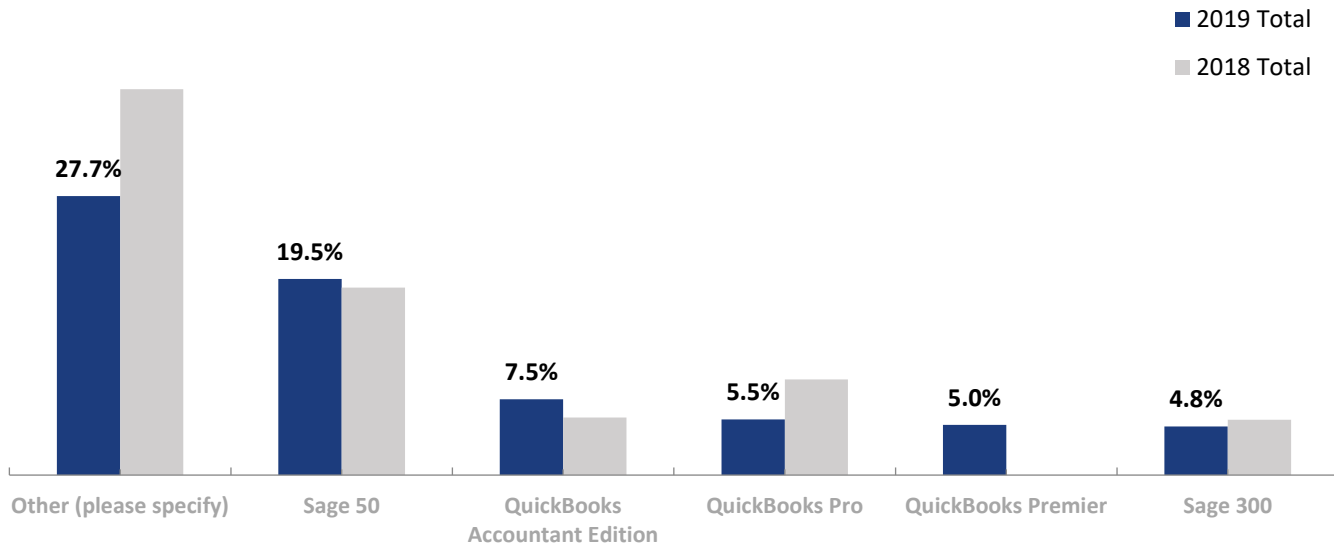
Industry Accountants & Bookkeepers

SURVEY RESULTS

Q138

Please identify your ACCOUNTING system.

2019 Top Answers



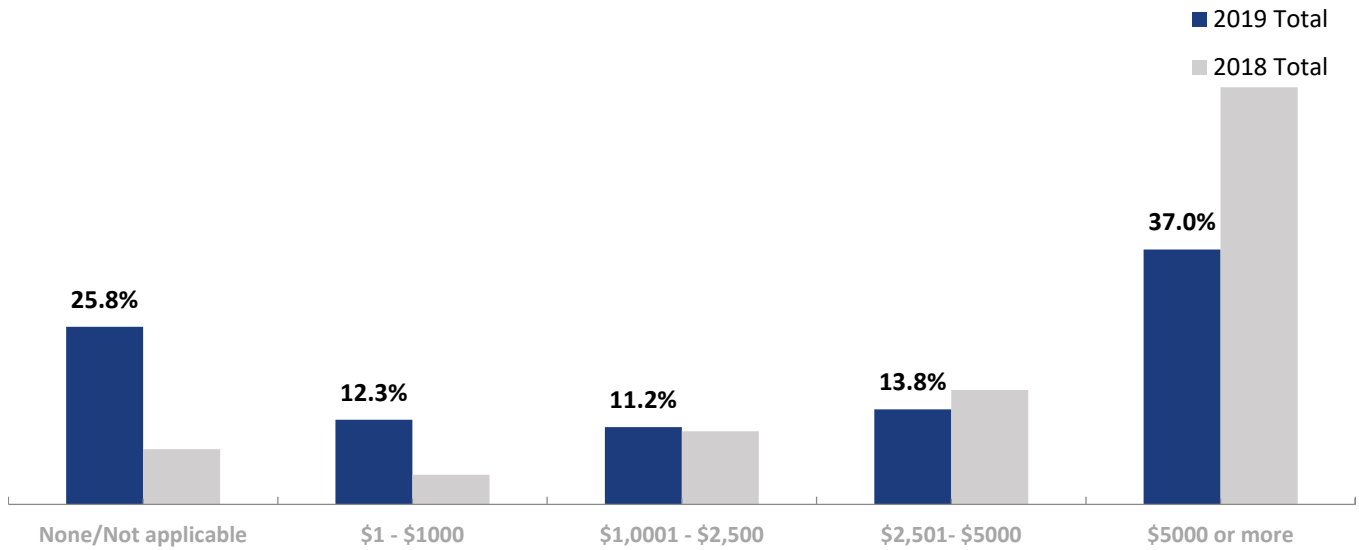
Observations & Trends: Sage 50 is the leader at 20% with the versions of QuickBooks coming in a close second at 19%.

Answer Options	None / NA	1	2 - 5	6 - 10	11 - 25	26 - 50	51 - 100	More than 100	2019 Total	2018 Total
N/A or None	13.0%	3.6%	1.3%	0.0%	1.2%	2.4%	0.0%	4.7%	4.0%	4.1%
Unsure	2.8%	0.0%	1.3%	3.4%	2.4%	1.2%	3.2%	6.7%	3.0%	3.5%
Adagio by Softrak	1.9%	0.0%	1.3%	1.7%	3.7%	4.9%	1.6%	1.3%	2.0%	
Connected Accounting by Accountek	0.9%	0.0%	2.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	
Dynamics 365 for Financials	0.0%	0.0%	0.0%	5.2%	2.4%	2.4%	3.2%	5.3%	2.4%	2.2%
Intacct	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	0.0%	0.1%	
Kashoo	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Oracle NetSuite	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	3.2%	8.7%	2.3%	1.9%
QuickBooks Accountant Edition	20.4%	15.7%	12.8%	3.4%	2.4%	1.2%	3.2%	0.7%	7.5%	5.7%
QuickBooks Enterprise	0.0%	0.0%	3.8%	3.4%	7.3%	6.1%	11.1%	1.3%	3.6%	3.1%
QuickBooks Pro	2.8%	8.4%	10.3%	12.1%	6.1%	7.3%	0.0%	2.0%	5.5%	9.5%
QuickBooks Premier	7.4%	9.6%	6.4%	10.3%	3.7%	3.7%	0.0%	1.3%	5.0%	
QuickBooks Online Accountant	8.3%	16.9%	3.8%	0.0%	1.2%	2.4%	0.0%	1.3%	4.4%	3.1%
QuickBooks Online	6.5%	4.8%	6.4%	6.9%	3.7%	1.2%	1.6%	0.0%	3.6%	2.4%

Q150

What is your annual TECHNOLOGY PURCHASING budget?

2019 Top Answers



Observations & Trends: The median per person technology budget is in the area of \$2,500.

Answer Options	None / NA	1	2 - 5	6 - 10	11 - 25	26 - 50	51 - 100	More than 100	2019 Total	2018 Total
None/Not applicable	44.9%	22.1%	26.8%	25.0%	25.3%	17.1%	20.3%	20.0%	25.8%	8.0%
\$1 - \$1000	26.2%	36.4%	19.7%	5.4%	1.3%	3.9%	3.4%	1.5%	12.3%	4.3%
\$1,0001 - \$2,500	15.9%	24.7%	21.1%	10.7%	2.5%	14.5%	3.4%	1.5%	11.2%	10.6%
\$2,501- \$5000	12.1%	15.6%	18.3%	30.4%	17.7%	17.1%	6.8%	3.7%	13.8%	16.6%
\$5000 or more	0.9%	1.3%	14.1%	28.6%	53.2%	47.4%	66.1%	73.3%	37.0%	60.5%