THE IMPACT THAT CLOUD COMPUTING HAS ON THE FINANCIAL ACCOUNTING PROCESSES OF COMPANIES. A CASE STUDY ON CHOOSING A CLOUD ACCOUNTING PROVIDER

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Abstract
More and more companies in Romania and around the world are turning to Cloud solutions to avoid blocking money on equipment and licenses. Companies are looking to benefit from the facilities offered by Cloud, such as obtaining up-to-date informations in real time or accessing accounting data remotely from any device, using the internet. These benefits are complemented by the low cost of cloud solutions: reducing IT staff for technical support and and minimizing the costs that arise with the development of companies. As there are many actors in the accounting market, companies have the opportunity to choose from a multitude of Cloud platforms, which offer various facilities. The purpose of this research is to identify how companies choose to outsource their accounting work by moving them to the Cloud to reduce all processing costs and what is the trend in the near future. presentation aims to be a "learning lesson" for companies looking to migrate to Cloud Computing. I will use the case study as a research methodology.

Keywords: *Cloud accounting, technology, quantification, implementation*

JEL Classification: M15, M41

1. INTRODUCTION

The computers and Cloud accounting software has transformed the way accounting works in an office and in the business environment. Programs such as Peachtree and Microsoft Excel have brought calculations and accounting to personal computers.

The idea of cloud-based accounting, where the program and data are hosted on a separate computer, began in the late 1990s with NetSuite. Later, in the early 2000's, Xero, based in New Zealand, developed cloud-based accounting software and gained a large market share in Australia and New Zealand. Over time, traditional desktop accounting companies in the United States, such as Intuit, saw the benefits of a cloud-based system and switched to the Cloud. Cloud-based accounting is versatile enough to improve the operations of both small and large companies.

With cloud-based accounting, the accounting team, senior management and other professionals can access accounting information anywhere, anytime. This allows management and senior leaders in the company to get information and make decisions faster. They are no longer as dependent on other members of the accounting staff to provide the necessary information.

The development of companies generates high costs of licensing, systems management, software maintenance, database fees. The study "Cloud Adoption 2012", requested by the Association of Directors of Information and Communication Technology in Romania reveals that in our country 55% of large companies use technologies belonging to Cloud Computing. The complexity of accounting practices depends on the size of the company. In small and medium-sized companies, the accounting activity is relatively limited, and the volume of documents collected and processed as well as the accounting processes are reduced. The situation changes in the case of large companies that process a large database: the investment required to purchase ERP software has increased over time, and companies have sought more cost-effective solutions.

Cloud Accounting allows large companies to get rid of a number of accounting operations and processing. However, the multitude of Cloud Accounting platforms makes it difficult to choose the optimal one. In an effort to minimize costs, companies have already begun to migrate from one platform to another. I will try to reveal the causes of this migration and the current trend in choosing a Cloud Accounting platform.

2. LITERATURE REVIEW

The complex and diverse business environment has put pressure on Cloud Accounting platform providers to create applications that increasingly meet the needs of companies. As a side effect, this has led to the emergence of a multitude of cloud platforms that offer various services and make it difficult for companies wishing to choose this technology to make the best choice.

We read a series of articles with various authors to get an idea of how companies in different countries understood to choose the Cloud platform they are going to use. I found that there are many differences, depending on the country, the area of activity, the business environment and its specifics.

Bönnen et al. (2016) points out that the biggest risk in the implementation of a Cloud platform is the fact that the chosen solution does not correspond to the needs of the respective business environment. A number of operational, strategic, compliance or financial risks are listed.

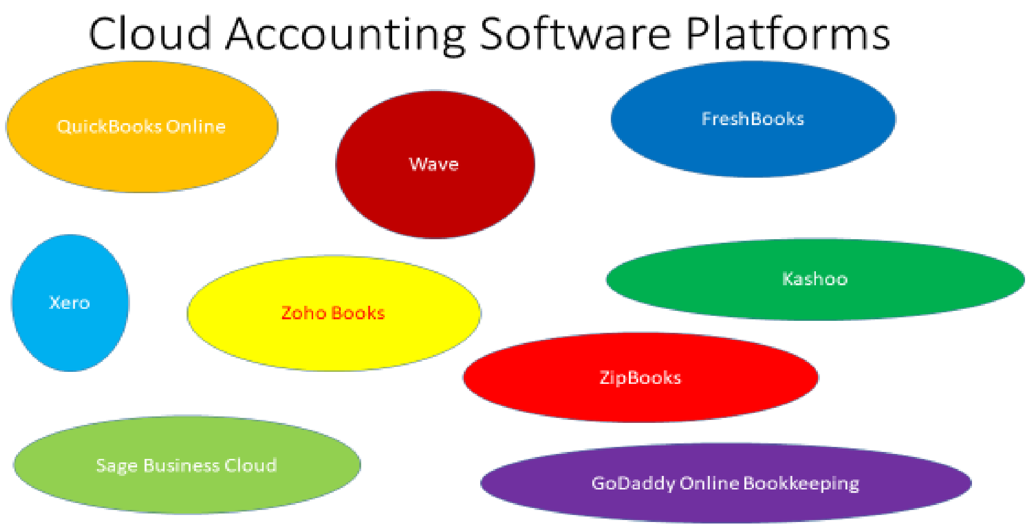
Vikram Singh Rao (2019) presents the emerging trends in accounting and how the benefits of Cloud accounting are perceived by managers and accountants.

Christauskas and Miseviciene (2012) offered a starting point for small to medium sized business to enter the field of Cloud accounting, where it is expected to make accounting easily accessible, less expensive and time saving, increasing the efficiency of the firms.

3. EXISTING CLOUD ACCOUNTING PLATFORMS

Accounting is a laborious document profession. Invoices, receipts, debit and credit notes, bank statements, cash memo and other documents occupies a large area of any accounting business. All these documents require big amounts of storage capacity. Accounting based on Cloud makes it easier to manage and store these documents.

Cloud Computing started in 2006 when Xero entered the scene. Unlike the competition, Xero does not produce a desktop and enterprise offering, being designed as a cloud-based solution. Today, most platforms offer the essential functions of double-entry accounting, differing in the unique features required for certain types and sizes of business.



There are many cloud computer programs, different in cost, functional and technical capabilities. The most used cloud accounting software platforms are Oracle NetSuite and Sage Intacct and they are designed for any business that needs easy and fast access to accounting software. They provide such excellent services to organizations of all sizes and fields. At its inception, NetSuite targeted small and medium-sized businesses but reached the level of support for large businesses. Due to the development of new features and numerous improvements, many companies have turned to their services. Sage Intacct also worked hard to develop their own programs to attract new customers. Both Sage Intacct and NetSuite offer cloud-based solutions, with the implemented architecture leading to the creation of robust platforms, making them the most sought-after software. The main customers for both solutions are medium and growing companies. The choice that companies make is based on their needs, there are some significant differences between the two platforms.

4. RESEARCH METHODOLOGY APPROACHED

The research methods used are the articles examined in terms of how different cloud platforms are perceived and the causes that led to different migration of companies from one cloud provider to another. Thus, in the article published by Susan Honea entitled "Best cloud accounting software for 2022" we are presented with the main benefits offered by available cloud accounting software and a ranking of them in the author's vision. The articles "Cloud accounting: a new business model in a challenging context" by Otilia Dimitriua and Marian Mateia and "International Journal of Multidisciplinary Research and Growth Evaluation" by Abram Yuda Sibuea from Universitas Sumatera Utara, Medan, Indonesia presents the main advantages and disadvantages of Cloud Comuputing which causes companies to migrate or not a digital accounting. The migration of clients between Intacct and NetSuite was chosen as a case study. A number of customers have changed their loyalty from Intacct to NetSuite: MongoDB, a reputable database software company, has switched from Intacct to NetSuite. The reason for this decision was to implement stricter controls and increase capacity to strengthen the 12 branches they have around the globe. MongoDB was preparing for an Initial public offering. Digital marketing company SheKnows has switched back from Intacct to NetSuite to make more purchases possible. And in this case, QuickBooks was overlooked. The choice of NetSuite was made because it offers more advanced accounting capabilities.

We can't ignore the growing number of customers who use free platforms, such as Wave, which offers 100% free cloud-based accounting services, and which forces other cloud accounting software to reduce the cost of licenses.

5. RESULT OF THE PERFORMED STUDY

Startups and developing companies are changing their "on-premise enterprise resource solutions" to more cost-effective, cloud-based Enterprise Resource Planning (ERP) systems. Many ERP systems, including QuickBooks, do not currently offer solutions that fit all business models. Cloud development features of ERP software and their features enable business owners to move to complete ERP solutions. However, these platforms do not consider the national peculiarities of the business operations. For choosing softwares is necessary to expand the analysis tools according to the size of an enterprise, its type of activity and other additional conditions.

Companies choose between different platforms according to their needs, following the evaluation of three major factors: 1. Focusing on international management; 2. Ability to support M&A (Mergers and Acquisitions) activities; 3. The degree to which costs are reduced.

Following the research done at several companies that have adopted Cloud, we noticed slight discrepancies between the theoretical advantages offered by the various platforms and the practical ones, which we present in the following figure (Fig. 1).

Figure 1. Theoretical advantages vs practical application

THEORETICAL ADVANTAGES	PRACTICAL APPLICATION
Lower costs	No significant cost saving
Better customer experience	A slight improvement in the relationship with customers
More flexibility	Better adaptability to customer needs
Better communication and teamwork	This has made a whole series of processes more fluid
Strong Security	No security issues were reported
Easier mobility	Perhaps the biggest advantage of Cloud
Easy scalability	Easier connection of new work points
Automatic updates	An almost unnoticed advantage

Oracle NetSuite and Sage Intacct provide commendable services to companies of all sizes and domains. Sage Intacct is considered the best in the class in software development. It is made so that it can be easily integrated with a wide variety of programs and software. This easy integration makes it an excellent choice for any upgrade that an organization needs and requires.

Instead, NetSuite deployment services can provide large-scale applications. This can be beneficial for many organizations, as the software manages not only accounting services, but also administrative and organizational responsibilities.

6. CONCLUSIONS

We wanted to analyze and draw some conclusions about how companies choose between one provider and another of Cloud Accounting to understand the causes behind these choices and trends in this area.

In the studied articles we noticed a series of difficulties and risks faced by companies that want to take the step towards digital accounting, such as external factors (presure from competitors, presure/suport from government), organizational factors (for example support from top management), technological factors (which include data security, reliability and profitability) and environmental factor (regarding sustainability of the environment). When choosing software products, all their advantages and additional features (cost savings, convenience, increase of the efficiency of the accounting service, mobility) should be compared with weaknesses and threats, especially related to privacy, trust, and data security.

In our opinion, the methodology to be used for analysis of advantages and disadvantages of implementing accounting software based on cloud technologies is SWOT analysis.

STRENGTHS:

- ensuring accuracy and quality of data;

- better hardware resources utilization;
- access from anywhere through internet
- cost reduction and saving time;
- data recovery;
- automatic support and free updates
- reduction in information technology staff;
- data analysis and forecasting.

WEAKNESSES:

- lack of trust in providers;
- dependence on reliable and fast Internet connection;
- inability to use previous software versions;
- interoperability between programs, applications, and clouds by different providers;
- lack of knowledge and work skills;
- integration with existing architecture;
- probability for cloud software's speed or functionality to be limited;
- technology challenges.

OPPORTUNITIES:

- the digital transformation of accounting practice;
- improving accounting activity
- automated accounting data gathering
- mobility;
- information agility, real-time decision-making;
- efficient use of computer system resources;
- big data;
- movement from operational accountant's role to role of strategic advisor;
- possibility to try the cloud software before buying;
- access to a wide selection of advanced accounting applications and financial technology tools;
- obtaining competitive advantages over the enterprises which do not use cloud technologies.

THREATS:

- dependence on offerings and pricing from providers;
- data security dependens on providers;
- risk of hacker attacks;
- lack of proper legislation and regulation;
- uncertainty about the privacy, ownership, location of data and control over it;
- accounting data loss or theft;
- cloud services' unavailability;
- difficulties in changing service provider;
- lack of protection of intellectual property in the cloud;
- choosing the wrong cloud model, service category or provider;

Not to be overlooked is the fact that the multitude of cloud accounting platforms has as main effect, in the opinion of the authors, the decrease of the cost of purchasing licenses. This will cause more and more companies to move to cloud platforms in the future

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