



A Critical Overview on Cloud Accounting

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Abstract:

As the language of business, accounts have served every firm since its inception. Because cloud-based accounting software is one of the tremendous IT advancements in the recent decade, the practice of accounting is greatly improved. Today, with the progress of cloud technology, the ever-changing corporate environment is increasingly competitive and sophisticated. The accounting department used cloud computing solutions to give all stakeholders relevant and specific information and an in-depth business picture like other business sectors. Although cloud accounting is becoming more widespread every day, many business owners and professionals are not clear what it is, its advantages, or how future accounting will be shaped. This paper intends to give a theoretical overview of the concept, benefits, weaknesses, and comparisons with the traditional cloud accounting industry and certain crucial elements that may impact the business of accounting in the following years. This article collects and prepares the information according to accountants' and expert viewpoints' most recent studies and research.

Keywords: Accounting software, Cloud accounting, Cloud technologies, Cloud computing, Accounting.

Introduction:

Accounting is a changing sector, which is primarily influenced by huge technological improvements. Cloud accounting changes client expectations, and accountants rethink how they work to meet the new, often increased, demands. People want to concentrate on the most enthusiastic matters rather than be bound to bureaucracy in their business. Technology helps people to find a better integration of work and life [8]. Businesses can have financial



information that is fully accessible and managed by their accountant in up to one hour or one minute with cloud computing.

The next generation of computers is cloud computing. A cloud is called a network representation computer infrastructure. From the supplier standpoint, dynamic, high power in processing and storage are the main characteristics of cloud computing. Clouds might save the planet; people may have everything on the cloud they need. The next natural step in developing on-demand IT services and products is cloud computing [9]. The cloud is an Internet metaphor based on how it is depicted and is an abstraction of the complicated architecture it hides for computer network schemes. It is a computer style that provides "as a service" IT-related skills that enable users to access Internet-based technologies (e.g., the cloud) without knowing, knowing and controlling the technological infrastructure they support.

The rise of cloud technology is one of the most significant technological trends at present. The cloud is a platform for online access to data and applications from practically every device that has an Internet connection, anytime and everywhere. Users in cloud computing employ a cloud application service provider to access software applications remotely through the internet or other network. Data are also transported to the "cloud" where it is handled and returned to the user in the cloud accounting system [1]. All app functions take place off-site, not on a desktop that frees the company from the installation and maintenance of software on individual desktop computers.

Traditional accounting software is often purchased as a package and installed as a service on each user's desktop. If organisations access accounting data through the internet, they acquire accounting software from an expert service provider and not from the software itself. Cloud accounting solutions, therefore, revolutionise the way accounting apps are utilised and the entire business environment is modernised.

This paper gives a theoretical overview of several key cloud accounting difficulties at a single location. The study aims to combine the various aspects of cloud accounting so that readers can comprehend the importance of cloud accounting in a business environment and present a comparison view of conventional accounting. The study will also try to identify in the probable future weaknesses and possible modifications in accounting. This subject doesn't have so much documentation or academic literature that can act as a survey and supply much information. There are detailed technical studies, market analyses and surveys among the

articles offered. The study is qualitative, and information is collected from the perspective of many business practitioners, in particular the accountants. There have also been a modest number of published articles to see the researchers in this field.



Figure 1: cloud accounting

Review of literature:

Cloud accounting is an accounting application accessible via an internet connection from anywhere. The literature gives a wide range of definitions of cloud accounting. Cloud accounting and cloud computing are confused. Cloud computing has been defined by Mell and Grance (2009) as a handy approach that provides on-demand network access to configurable computing resources that are readily available and that require low effort by service provider administration and interactions. Mell and Grance (2011) identify certain benefits in another study, such as enhanced data security, increased financial reporting quality, accelerated decision making, efficient use of organisational resources offered to the accounting discipline by cloud computing.

Shkurti and Muca (2014) examined hardware and software cost reduction, the reduction in operative costs and the ability to develop new products as the major benefits from cloud computing and security implementation; consistent, high cost information; and the combination of existing accounting systems. By studying cloud computing amongst accounting practitioners in Malaysia, Tarmidi et al. (2014) found that while many respondents believe that cloud computing is an advanced technology to shape the business process, they do not know and do not have a clear understanding of which cloud-based technology.

Ebenezer et al. (2014) have tried to see if cloud computing in the accounting system can be employed. They conducted quantitative and qualitative research and found that 64 per cent of accountants have enormous knowledge of cloud computing by collecting main data from



accountants and student, which suggests that it can be used for cost-effectiveness and speed in accounting, but 91 per cent think it is not free from data confidence security issues. Gupta and Gaur (2018) proposed concentrating in their Cloud Accounting Impact Study on security and dependability elements for cloud computing and not disregard human factors [7]. They proposed that accountants should have a profound understanding of cloud technology and not depend solely on cloud providers to implement cloud technology successfully.

In Mishra and Mohanty (2017), cloud accounting is described as online accounting that functions on users' PCs as application software, provides Internet services and enables access to users on remote servers. They also think that cloud-based software is a threat to those not interested in using it and are not prepared to take advantage of the cloud.

Ali and Thakur (2017) recommended that cloud-based accounting should be made aware of the importance of chartered accountants since they engage in internal and external consulting services connected to an organisation's accounting system. They observed that 75% of the chartered accountants do not use cloud accounting due to data loss security and extra migration costs from traditional to cloud accounting. Yoo and Kim (18) analysed cloud computing aspects such as task features, technology characteristics, environmental and organisational factors and their implications.

Tulsian (2012) researched the impact of cloud accounting on SMEs and stated that enterprises should use cloud accounting to enhance customer relations through increased communication and collaboration, therefore helping them resolve the issue of transporting data back and forth. Accountants can play a significant role in gaining new technological insights that help renew business success. Applications experts should adapt to new technology and discover new ways to work in the digitalised environment to decrease repeated administrative processes and costs provided to qualified human resources for their skills and knowledge. Cloud technology and model can help them on this journey easily, easily and affordably.

Graduates of accounting in the field of new technology need to be trained from the very start of their studies. Aryanti and Adhariani (2020) observed that learning about work ethics, teamwork, time management skills, financial statements, analytical knowledge, Microsoft's Office programmes, and various curricula are vital for their careers to be pursued by accounting students. Alimbudiono (2020) recommended that accounting knowledge be focused on strengthening the competence and attitudes of a qualified public accountant.



A qualitative investigation based on the cloud accounting literature was undertaken by Dimitru and Matei (2014). They examined these technologies from the standpoint of business and accounts. They discovered that the popularity of the Cloud concept is expanding daily, with more organisations using cloud-based software to benefit from the advantages and progress it offers. It gives all participants, and potential users access to current financial data through the internet.

Reasons For Using Cloud Services:

A corporation uses cloud services for a number of reasons. The following are:

1. Keeping the business focus: companies realise that IT is not their core competence, they are better lawyers, physicians or plumbers. Cloud purchased services are more cost-effective, more reliable and allow them to redeploy their limited resources to build their business, either in the form of a single application or their full datacenter.
2. Business agility: Businesses with substantial technological investments cannot take advantage of market shifts or respond to competitive pressures as capital, personnel or time does not exist to respond. Cloud services eliminate such obstacles, enabling enterprises to adapt their technological demands continuously to their business without the expenditure of a data center.
3. Low Capital Expenditures: Large capital investments may be avoided or completely eliminated in lieu of regular monthly payments. Capital can be preserved as it might be particularly vital to small and medium-sized enterprises to keep capital and operating expenses to a minimum.
4. Scale: Cloud services can be provided by companies that have peak seasons or seasonal requirements, allowing them to temporarily dial-in greater capacity to seasonal peaks with no hardware or software that would otherwise go unused throughout slower seasons of the year.
5. Access from anywhere: one of the biggest benefits of cloud services is being able to do business without borders. Authorised users have access to the programmes and data anywhere internet is available.
6. Staffing effectiveness: cloud services can assist keep the technology workforce efficient, outsource essential technical expertise and/or technological employees meaningful to the enterprise.



Importance Of Cloud Technology in Accounting:

In today's business world, cloud accounting can be useful in many ways, which can be summed up as:

- **Less expenses** One of the earliest aspects of traditional cloud accounting is cost [2]. Companies do not acquire a programme or buy and install a server for it with a cloud-based solution. This decreases IT fees and helps completely avoid installation fees. As accounting rules and tax rules change, upgrades are not required to buy and install. Instead, the monthly or annual subscription costs contain the update costs, which the supplier will perform as necessary.
- **Update of real-time information** The update of accounting information is one of the typical challenges with traditional accounting systems. If one figure had to be changed, it entailed recording the change by hand, including forms, booklets and other papers at each point the figure occurred. When fresh data is input with cloud accounting, it fills in every place. This saves time, money and even headaches if any places are missed.
- **24/7 All Accounting Information Accessibility** Access to specific financial information was limited with traditional accounting by the time the accounting officer was available, or when one could reach the office to check documents or even the desktop computer which contained the information. The classical method in this aspect is outweighed by cloud computing [3]. As long as you have access to the internet, your accounts are as close as your mobile device. For instance, if a corporate owner that used to travel on the road often had to maintain in touch and keep financial statements. The business owner could still access the financial data and transactions when he/she brought a mobile device with them. Even though they are not in the office, they still play and basically do business with them in the workplace.
- **Financial information security** It is also vital to have cloud accounting because all financial information remains protected. A person could think- by storing the information on a desktop, but that is likely to produce long-term difficulties. There may not only be a person in the office who wants to rob the financial information but there can be no way to recover the person in the workplace. However, if all financial records are saved via the internet, no losses occur even if the desktop and hard disc files have been removed. After all, cloud access is still available.
- **Widespread access to teams** Entire corporate teams benefit from cloud accounting since information is always available to all authorised users. It's easy to scal. It's simple to add new



users - merely by creating an authorised password and profile. Better still, it facilitates cooperation. You no longer have to meet and review essential documents in a single workplace. All authorised users with an internet connection can simultaneously view accounting data from anywhere.

- Instant fixes In the case of issues with the application, users had to wait patiently for the next update to correct the bugs during the preceding paper-based systems. Fixing software faults is one of the most essential of advantages of cloud accounting.
- Allows for improved workplace cost-efficiency Regardless of how competent or efficient an enterprise is, improvements may always be made. Cloud accounts can help with some of the problems that are caused by a business, either looking for ways to stay in contact with customers or trying to make the business safer. Many business instruments, for instance, need to be fully paid for. But one of the best things with cloud accounting is that 'pay as you go' can be beneficial. A monthly plan can even be established, and if someone has a low budget, it is a good approach to compensate.
- Automatic data retrieval and restore In the automatic backup and restore of data, cloud accounting is another area where traditional accounting overrides. It wasn't so very long ago that the workweek had to be organised daily, weekly and/or monthly data backup. And then one had the recent accounting information to be manually backed up. Cloud accounting enables the automatic backup of data, removes forgetfulness, and reduces the chance of human mistakes. Instead, accounting data is automatically backed up and stored offline. In the case of a break-in, fire or other occurrences that can risk-sensitive and critical information, this ensures information secure. And, in the event that a business has one of these consequences, the cloud-based supplier may help restore data, back up and operating operations promptly to minimise consumer impact and discomfort.

Drawbacks of cloud technology:

Some of the key weaknesses of cloud technology are:

- Cloud technology requires an internet connection that cannot always be connected.
- Low speed is not working well.
- Security is another big concern for cloud use because it is possible that data may become viral, even confidential information, due to disruptions to service.



- With the increasing familiarity of cloud storage, the data they hold become a target. When someone returns data to the cloud, a group of individuals is entrusted that are never met.

Some firms – usually large companies with plenty of sensitive information such as banks and medical institutions – will gain from keeping their data protected.

- It can be a risk by permitting remote working during travel because unsecured Wi-Fi connectivity allows undesirable persons to access the data. In fact, a bigger online service can deliver greater security than you can manage on your own if someone operates a tiny company.

- A large number of finance and technology leaders worry about migrating from a financial system to a familiar one, such as Cloud ERP. They worry that software updates will take place and that financial data will be owned, stored and recovered, available, safe, and used to a new system. Most of this is a mistake. Much of the cloud misunderstanding is split across historic software providers that lack solutions with a genuine Cloud multi-tenant design. Many of the worries of legacy sellers transitioning to the cloud are unwarranted.

Suitability Of Cloud Accounting:

Two advantages are to be taken into account, both cloud and traditional accounting programmers while making a purchasing decision. In the next few companies, cloud accounting can be used and offer more benefits: In the following:

- Significant businesses with remote staff, because they can decide to make the convenience of a cloud solution accessible and hence have to invest in Cloud accounting software less often than traditional accounting software.

- Why can small organisations that cannot afford appropriate protection as numerous cloud computing corporations safely protect their information from security risks.

- Companies that are interested in avoiding future technology mishaps in the office, which might destroy hard discs and thereby data (fire, flood, burglary, etc.) Although cloud accounting benefits, some companies may still opt to use conventional accounting software.

Some scenarios in which conventional software may be useful include:

- Companies that desire tight accounting data control and don't want to be accessible anyplace an unsecured wireless network is present.



- companies which have particularly sensitive financial information (banks...) since they do not want any third party to access it, and by keeping it in-house, they can fully manage the level of security.
- Why Companies with an unknown future, as a firm must sign a usage contract – which can be troublesome for a company that does not know the time around.

Myths Associated with Cloud Technology:

The customer carries some myths about cloud technology, and the true scenario can be summed up as:

- The cloud is the latest trend in technology. Reality: Customers are probably unaware of this (few), but technologists have been expanding cloud computing platforms since the 1990s, improving and using them. That is right. That is right. For more than 25 years now, cloud computing has been around [6]. It's only been in the past decade, though, that a tailwind has caught and begun to influence companies enormously. Most notably, the availability of corporate desktop applications has been abolished by cloud computing [4]. This indicates that software providers will not provide desktop tablets or word processing applications with service and maintenance in a few years. That's not a fad, therefore.

- No cloud computing is done by small firms. Reality: Unwittingly, the small business customers are in the cloud longer than some big companies. All of these useful apps – Gmail, AdWords, AdSense, LinkedIn, Evernote, Skype, or OneDrive – are instances of cloud service. All applications are cloud services. In reality, more small companies connect into the cloud to better services and operations.

- My tiny business has too much cloud computing. Reality: Most vendors of cloud computing acknowledge that every company has no one-size solution. There are currently several companies offering pricing options to match small enterprises' specific demands. Including all operational extras in any cloud-based service. System maintenance, updates and backup techniques are often part of an entire-Service package, and extra hardware and bug patches and IT professionals support and arrange everything. It does not include headaches, trouble, perspiration or, especially, extra money.

- My financial information in the cloud is not secure. Reality: The small business customer is incomprehensible when sharing or retaining private financial information in the cloud, even many major companies. However, security is essential to every cloud service



provider's business, and it invests extensively inadequate security measures to keep data secure. For instance, several cloud accounting businesses have their own "white hat hackers" among their workforce to constantly probe, push and penetrate weaknesses testing apps. They even use specialist teams of cloud computing security experts [5]. They have procedures in place to ensure compliance with international and domestic regulatory and industrial requirements. And naturally, they regularly offer their software security updates.

Conclusion:

Software for cloud accounting uses the cloud to store accounting data. This makes financial information wherever with an internet connection access to owners and employees. Cloud computing is becoming more and more enterprise every day. People worldwide use the cloud to communicate with clients and make their own company activities more productive, to range from connected appliances to internet-based education. One company practice, as does an ever-increasing number of companies, is the accounting industry. Nowadays, small businesses worldwide benefit from the cloud for their financial management, and less and less start-ups now rely on their hard drives to store their accounting information and access it. Cloud computing might be highly advantageous to accounting companies so that massive data quantities may be analysed promptly and the strain of generating half an annual or half announcements could be reduced. In an economy that needs better services that take less time and reduce costs, this technology has possibilities for companies and accounts. Customers who can perform their own bookkeeping and fiscal work could increase the role and services of the accountant to that of a trusted business advisor by implementing cloud computing.

Although cloud accounting will play a major role around the globe in the near future, comprehensive research papers on this topic, which may provide an overview of the cloud accounting phenomena, have not been published. In this article, the author aims to help comprehend whether or not the technology of cloud advancement can be beneficial, as data from recent studies and expert viewpoints have been collected. In addition, it offers a quick cloud overview that may be beneficial to aspiring scientists in this subject. However, due to the lack of appropriate literature, the paper may be weak.



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