18 months into the pandemic, it is clear that our collective fight against coronavirus is far from over. Despite positive indications coming from different parts of the world due to extensive rolling out of various vaccines, new variants of COVID-19 continue to spread and put pressure on Governments’ capacity to respond and protect their citizens. For many ASEAN countries, race towards herd immunity is a key priority and important step in the long recovery process.

As we continue to monitor the situation, AFA and our member organisations are working on our priorities for the region. Development of the ASEAN accountancy profession is a continuous process that need to be maintained despite the many limitations and restrictions introduced by Governments in the region as part of their COVID-19 protocols. I am pleased to share that we have successfully transitioned most of our plan for 2020 into virtual events and activities. I would like to invite you to read more on this in our AFA Annual Report 2020.

Our first edition of AFA Connect for 2021 focuses on our initiatives for the ASEAN Small and Medium Practices (SMPs). Supporting ASEAN SMPs and Small and Medium Entities (SMEs) has been one of our priorities, as we continue to recognise the important role in supporting the region’s economy. Through publication of the AFA Research Report 2020 and introduction of our ASEAN SMP Webinar Series, we look to contributing further to the development of ASEAN SMPs in particular, as they embark on their digital transformation journey.

### ASEAN SMP Webinar Series

The AFA Research Report 2020: ASEAN SMPs – A Report on Technological Competency Skills published in December 2020 identified several key findings, including how SMPs included in the report view technology implementation as a significant challenge due to high investment cost and insufficient technological knowledge and IT skills. The report as part of its suggestions
recommended for stakeholders to assist SMPs by focusing on areas the require crucial improvements, to assist SMPs with their digital transformation journey.

As a follow up to the report, AFA introduced the ASEAN SMP Webinar Series as a platform for mutual learning and sharing. The series focuses on current issues relevant to ASEAN SMPs and their solutions.

The first webinar was held earlier this year, looking at key findings and recommendations from the AFA Research Report 2020 and recent initiatives introduced by Professional Accountancy Organisations (PAOs) to support SMPs digital transformation journey. I would like to highlight the following advice for SMPs that are still hesitant to start with or at a very early stage of their digital transformation journey, as raised by our experts at the webinar:

1. Digital transformation is a necessity to stay relevant, start now!
2. Understand your clients (and stakeholders) better and focus on their needs, aspirations, and what they consider to be valuable. A good place to start is to do a survey to understand clients' needs, areas to improve, and how do they think SMPs can help.
3. Step up! SMPs need to show their importance to clients' business journey and become their trusted advisers.
4. Learn from the best (and their experience)! Make us of plenty learning resources available online.

I would also urge you to read an article by our Executive Director, highlighting some of the key take outs from the webinar, or simply watch the recording of the webinar.

Supporting our SMPs
This edition of the AFA Connect presents articles from ACCA, CA ANZ, and JICPA, our three Associate Members and supporters of the AFA Research Grant 2018 that gave birth to the AFA Research Report 2020. The articles compliment the sharing presented at the first ASEAN SMP Webinar Series, providing SMPs (and their stakeholders) with further information and resources that can help SMPs with their digital transformation.

I hope you find this edition of the AFA Connect useful.

Stay safe and take care!
Supporting SMPs and the Sustainable Recovery of Small Business Sector – How ACCA is Doing It

SMPs and their SME clients have a vital role to play in economic recovery during a turbulent Covid-19 time, so what support is ACCA offering them?

ACCA has almost 50,000 members working in public practice with a majority of those working in small and medium sized practices (SMPs). As such, it’s a core part of our strategy to ensure that we use the power of our connections to offer support, guidance and advice for accountants working as SMPs, and their SME clients.

SMPs have always been trusted advisers to smaller businesses. The global Covid-19 crisis has heightened the importance of this role and it has accelerated the transformation process for many smaller practices.

The digital transformation of SMPs is key to keep up with the pace of external changes including changing client’s demands, and ensuring continued operational success. SMPs are now seeing superb client opportunities in diverse areas such as business resilience and continuity, supply chain management, and broader digital transformation.

As catalysts for innovation, SMPs can help businesses develop new revenue streams, transform their business models and support growth and share best practices. But this demands new capabilities and skills within the firm, and potentially culture change too.

ACCA has created various global and regional practical initiatives and resources to support the SMP community in their transformational

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journey that is so crucial in supporting sustainable recovery of small business sector.

Professional Insights
A series of Professional Insights reports focusing on transformation were released to guide SMPs in their transformational journey, talent management and digitalisation:
- **Careers in SMPs** - covering different aspects of talent attraction, development and retention in small and medium practice sector.
- **Responsible SMP pacesetters** - reflecting on the broader social role of the SMPs, supporting small businesses and economies.
- **Facilitating Business Diversification and Technology Adoption for SMPs**.
- **The Passionate Practitioner** - developing the digitalised small and medium practice.

A global Hub to connect, inform and support
A new global Practice Connect online hub with articles, reports, podcasts and guides that help smaller practices grow, navigate the digital transformation, and train and develop their team. The innovative hub is a collaborative space where SMPs from all around the world can connect, share and learn from each other. The online guides cover:
- **Starting your practice**: Whether you are going it alone or setting up in a small team, we provide information on rules and standards, naming and structuring your practice, what tech to use, and more.
- **Growing your practice**: The resources on offer – podcasts, articles, guides and community meetings – aim to support you in growing sustainably, leveraging technology, improving processes, developing your services, and branding your practice the way you like.
- **Developing talent**: We offer expert advice on how you can attract, recruit, develop and manage top talent.
- **Networking and events**: Discover industry innovations, stay on top of regulations, plus network with, and learn from, like-minded professionals from the global SMP community. Through the Practice Room meetings, you can ask questions and share your experiences with some of today’s most forward-thinking minds in accountancy.

The Hub also has The Practice Room, which includes a series of virtual sessions hosted by 15 international practitioner members, where SMPs can gather to talk, share, be heard, exchange ideas and learn from other like-minded practitioners. Over 50 sessions have been scheduled for the first six months, covering broad topics - various issues related to digitalisation, such as transforming a traditional practice into a digital one, to automation, use of apps and AI (Artificial Intelligence), talent management and development, sustainability, marketing and branding, practice growth strategy, and wellbeing. All the sessions are open to all and free of charge.

Malaysia connections
In 2020, we launched SMP100 Malaysia, a community for SMPs to connect, exchange ideas, share experience and grow together to meet the evolving demands of SMEs. Virtual and in-person programmes were put together with various partners to support SMPs in important areas such as improving attractiveness to prospective clients and
talents, enhancing audit quality, digitalisation, branding, leadership skills, practice management, quality management, diversity and sustainability.

Also in Malaysia, our team facilitated access to working capital financing for its SMP members via a partnership with CIMB Bank under preferential conditions. This support is essential for small and medium-sized practitioners responding to the impact of the pandemic.

**Singapore collaborations**

In Singapore, we launched two projects aimed at SMPs and their SME clients. **AccXelerator Programme** is a six-month business transformation programme aimed at helping SMPs increase their revenue through technology adoption and venturing abroad with new innovative services. Our ACCA Singapore team also worked with the Singapore Accountancy Commission (SAC) to publish a report on **Professional Services Progression Pathways** and an accompanying guide. Its aim is to help Singapore SMPs to pivot seamlessly from their current services to more innovative services by identifying their “personas” and use the various progression pathways recommended in the guide.

**Save our SMEs**

In addition to the practical initiatives and resources advocating the value of the accountancy profession, ACCA entered into partnerships with global partners and launched some regional SME support programmes, such as signing a Memorandum of Understanding (MOU) with the International Chamber of Commerce (ICC) United Kingdom. The MOU saw ACCA joining forces with the ICC in its Save Our SMEs (SOS) global campaign, as well as sharing professional insights research.

**Informing policy**

Our focus has also been placed on policy recommendations. Members of ACCA’s **SME Global Forum** issued a call to action supporting ACCA’s plea to governments around the world to review economic rescue packages.

The Forum emphasised how the well-being of SMEs is paramount for the social and economic health of communities. The call to action advised that governments should involve accountants and SMPs in discussions related to SME support schemes. SMPs are assurance providers to SMEs, they have an important role in supporting SME survival and they possess the robust financial data about the current state of small businesses. As part of the small business community, SMPs also should have the opportunity to directly benefit from government support schemes.

**Building back stronger and better**

As can only be expected with a global pandemic, not all countries and jurisdictions are moving out of the crisis at the same speed. Many are still struggling with Covid shocks, and given SMEs and SMPs are the lifeblood of so many economies, it is crucial their support is sustained as we all work together to build back stronger and better.
How Finance Professionals can Create Impact with Analytics

Data analytics and visualisation – the twin foundations of good decision-making – are a way of gaining fresh insights and getting the benefit of hindsight.

Adopting cloud technology enables small-to-medium enterprises to access raw business data in almost real time. Analysing this data – known as data analytics – is simply a way of gaining a better understanding of various aspects of an organisation that were perhaps once siloed in different sources. Analysing these complex scenarios and interdependencies yields insights, leading to better informed business decisions.

Accountants are recognising that they can use data analytics to discover trends, metrics, and insights from data.

Data analytics and data visualisation are distinct concepts says, Lance Rubin CA, partner at The Outperformer. “Unlike with fish and chips – you can feel satisfied from one or the other or both – you cannot really get the benefit from data analytics without data visualisation.”

What’s it all about?
Each company will have its unique data and specific
reasons for analysing it. Here are three key concepts:

Descriptive analytics: This is about summarising what has happened in an organisation and what is happening.

Predictive analytics: This is using data, machine learning techniques and statistical algorithms to determine the likelihood of future results based on historical data.

Prescriptive analytics: This applies filters and sharp focus to answer particular questions precisely and accurately.

**Is analytics for everyone?**

Data analytics and data visualisation are useful for firms that have a workflow running predominantly in the cloud. Some businesses are particularly suited to analytics and visualisation, says Warwick Russell CA, co-founder of SMEtric Insights: “Businesses with lots of data, or businesses using a number of different systems and who want reporting all in one place, rather than having to dive into each system for reports and/or export report into Excel or CSV files to then put together.”

Data analytics, which underpins visualisation, can provide SMEs with both big-picture and granular insights. “Visualisation with the right design and purpose can be used by any organisation to look at key business drivers,” Rubin says. For these techniques to be useful, an organisation needs to recognise the value it can unlock from the data.

**Where does the data come from?**

Rubin notes that raw data can be sourced from three interrelated areas:

- internal accounting (Xero, QBO, MYOB, SAGE, etc)
- internal operations (practice management, inventory, CRM, payroll, other operational workflow tools, such as WFM, SimPro, Unleashed, Deputy)
- external data (website traffic, social media, competition pricing data or relevant information such as exchange rates or even the weather).

Smaller businesses can connect their accounting platforms with affordable, cloud-based workflow solutions and access data from various areas of the business beyond basic accounts. “The usefulness of the data analysed is notably improved by accessing and integrating the operational data,” says Cameron Lynch CA, founder of Etani Business Platform.

**How should analytics be set up?**

Analytics can be grouped into dimensions. Here are six key factors for organising data analytics and visualisation for excellence:

1. **User profiles and requirements:** What are the user or customer needs? The starting point is a candid and complete understanding of current and anticipated stakeholder need - the client’s needs in order to influence and guide decision making and from a staff perspective, an exploration of what’s being done currently and why.

2. **Data governance and quality:** Maximising the value (accuracy, completeness, consistency) of data through analytics makes it an invaluable asset. Data quality should be addressed at the source, even if it means staff training or process redesign.

3. **Demand management and prioritisation:** Avoid devoting too many resources to the customers who shout the loudest. Establish clear priorities guided by business strategy and effective customer segmentation.

4. **Solutions development:** Adopt a collaborative approach to deciding key stakeholder needs and triggers.

5. **Leadership and resourcing:** Leadership needs to embed analytics and visualisation in the business strategy and organisational structure, as well as staff skills. It requires a commitment of time and energy.

6. **Technology platform:** The right technology and infrastructure are essential to maximising impact and effectiveness:
   - adopt software-as-a-service or a cloud-based platform
   - define specifications before buying
   - don’t get feature happy – focus on user profiles and needs
   - aim for controlled self-service
   - develop a mobile-first mindset.
What are the pitfalls?
“The biggest barriers companies face in extracting value from data and analytics are organisational; many struggle to incorporate data-driven insights into day-to-day business processes,” write Nicolaus Henke et al in McKinsey Global, 2016. “Another challenge is attracting and retaining the right talent – not necessarily data scientists but business translators who combine data savvy with industry and functional expertise.”

Good visualisation requires quality client data, access to software APIs, and staff who are willing to share data. You may need to enlist the assistance of a CFO or management accountant who can spot if any data doesn’t make sense. Some staff may need to be persuaded that sharing data will free up their time to act on the insights, improving the overall value of the data.

How should visualisations be presented?
While analysing data may come naturally to number-loving accountants, data visualisations can unlock their creative juices. Visualisations are crucial to helping clients who are not numerically minded understand what the data can tell them. Russell recommends keeping visualisations simple by utilising easily distinguishable colours; or, for an excellent user experience, engage a good graphic designer.

Colours that reflect the client or business’s colour palette are also powerful, Rubin says. “For most business owners, simplicity is the key, so looking at the most important insights and how colours can be used to draw attention is helpful,” he says. “Of course, this takes a level of understanding of the business, their performance levers and the individual stakeholders reviewing the data in question.”

Explore creative ways to present and engage with data differently based on the situation, he says.

What are the benefits of data visualisation?
A little good data visualisation goes a long way. Here’s what three experts in the field have to say on its impact:

Professor Erik Brynjolfsson, MIT Sloan School of Management: “Companies in the top third of their industry that use data-driven decision-making were, on average, 5 per cent more productive and 6 per cent more profitable than their competitors.”

Lance Rubin, financial modelling expert, The Outperformer: “Decision-making is best served visually [to many non-financial leaders] and data visualisation is a key part of serving hindsight and insight in a way that is consumable to non-accountants or business owners.”

Warwick Russell, co-founder, SMEtric Insights: “You can see what’s happening at a glance so you can spend more time acting on the numbers than trying to find or interpret the numbers from Excel spreadsheets. Staff can be given different levels of access to relevant dashboards. They can see what they need to see, more easily understand it, and have greater confidence in making decisions.”

Want to learn more about data analytics and visualisation?
Download the Business Data Insight Playbook and learn how to harness the capabilities of Data for insights, impact and growth.
The SMP Committee of the Japanese Institute of Certified Public Accountants (JICPA) recognized the necessity of tackling various SMP-related issues, identified through surveying Japanese SMPs and those pointed out by regulatory authorities in 2019. The Committee has since been making improvements on those issues and the following three areas on supporting SMPs’ digital transformation: a) IT community, b) Joint IT Infrastructure Center and c) Data Analytics using IT tools.

**IT Community**
The IT Community is an environment provided by JICPA where member firms cultivate a network. The activities not only include physical events, but also virtual events such as webinars.

There are two primary factors for accounting firms staying current with the global IT trend: “infrastructure” and “technology used in practice”. IT functions required at accounting firms are quite different from those required in other industries. There are various laws, regulations, and requirements, for instance regulations regarding data protection, to be complied with by the accounting firms.

The network assists SMPs in overcoming lack of information and finding effective means of gaining information on both factors mentioned above, which can otherwise be difficult to accomplish for small firms lacking adequate resources. This was and continues to be the main objective of JICPA creating a community for member firms to cultivate a network.

The sense of community also allows IT specialists to feel connected with specialists at other firms. Further, by joining the network, SMPs are able to advertise having a well-developed information network and a rich IT environment comparable to those of larger firms, which can be a quality young talent find attractive.

Thanks to this network, information is distributed equally across all member firms.
The network is supported voluntarily by SMP partners and IT specialists, who are members of JICPA.

**IT Infrastructure Center**
The IT Infrastructure Center is a voluntary effort of mutual aid by SMPs, separate and has no direct capital ties with JICPA. However, JICPA recognizes the importance of promoting digital transformation within SMPs and supports the Center’s initiatives strongly and elaborately through providing information and exchanging opinions.

One of the unique features of the Center will be a shared cloud-based platform used by the member firms. Needless to say, client data will not be shared among firms. Each firm’s information assets will be separated from the shared platform and not be accessible without a viable access key. Based on the newest methodology provided by JICPA, all workpapers will be digitalized and accessible from any location. This will enable complete remote work and virtual practice.

Data transmission will be protected by a secure mechanism, allowing minimum in-person conferences and use of paper. Cybersecurity will be managed as well as data, which will be stored in a secure environment.

Some of the benefits of SMPs joining the Center are increased reliability, improved risk management, information sharing, and significantly reduced investment cost thanks to joint investment.

**Data Analytics**
IT tools these days have evolve at a rapid speed and have increased in its types and varieties. Hence, it is difficult for SMPs to gather information on how these tools can be applied to audit practices. JICPA aims to support SMPs in improving their audit quality through promoting the use of IT tools, which will allow professional accountants practicing audit to understand new technology and recognize the significance and necessity of employing new auditing techniques.

Two specific action plans of the SMP support working group within JICPA are: “Studying and researching IT Tools that can be applied to assurance and advisory services, including research on how to use them” and “Feedback to SMPs through education and training”. More specifically, the current two main themes are; how AI and BI tools can be used in assurance and advisory services, and considerations on data analytics scenarios such as methods for risk assessment using clients’ financial and non-financial bigdata. JICPA hosted and will continue to host actual laptop training sessions for SMPs, using sample data.

**Conclusion**
JICPA believes the use of IT can contribute to recruitment and employee retention for SMPs. In fact, it is becoming increasingly difficult for firms to practice audit, assurance, and advisory services without the use of technology.

Technology will allow firms to reallocate human resources to higher value-added services and will contribute to both growing talent within the firm and attracting young talent from outside the firm.