

CLOUD ACCOUNTING SOFTWARE APPLICATION &CHALLENGES

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Abstract

A company's ability to acquire, process, and disseminate information while remaining adaptable and responsive is critical in today's rapidly changing world. Organizations and information systems have grown closer over the years because of this. Cloud accounting is a relatively new idea in the world of accountancy services. Using this service, many devices can be connected to servers around the world from any location with an internet connection. In order to talk about this new flanged technology, researchers conducted a comprehensive study to determine how much accounting professionals are aware of cloud computing. When it comes to cloud accounting, this study is looking at the causes that contributed to its rapid rise in the accounting business, as well as its position in accounting firms. The accounting business was selected because of the widespread use of cloud accounting and the uniformity of the services provided by the accounting industry. Despite the fact that the number of people using this new software is steadily rising, many businesses and corporations are still hesitant to make the transition. This research examines the accounting firms' awareness of could accounting and its impact.

Keywords- Cloud Accounting, Accounting Software, Accounting Users

Introduction

Now a day we are coming across a term "Cloud Accounting" now the question arises What is Cloud Accounting. Cloud Accounting term is made of two things Cloud + Accounting.

Cloud: -The term cloud refers to servers that are accessed over the internet and we can use the resources available on that servers like software's, database, etc. Cloud allows users to access network based communication system all over the world like **Whatsapp**. It is a cloud based infrastructure for communication. All the massages and information is stored in service provider hardware and can be access from anywhere.

Accounting: - Accounting is the process of recording financial transactions pertaining to a business. The accounting process includes summarizing, analyzing, and reporting these transactions to oversight agencies, regulators, and tax collection entities. Accounting is one of the key functions of almost any business. It may be handled by a bookkeeper or an accountant at a small firm, or by sizable finance departments with dozens of employees at larger companies.

Literature Review

This review examines various sources of secondary data available in different publication and on different websites online. Previous research on the topic under consideration by other academics in the field is considered. The study's researchable concerns were identified following a thorough evaluation. The research was able to make comparisons with current conditions by using primary data from numerous publications, books, and journals. The secondary data provided insight into the value and practicality of cloud accounting for accounting businesses of various sizes. Ghosh (2015) India's emergence as an electronic accounting market has been examined. With the support of the cloud's infrastructure, businesses can create their own accounting software, and they might then use cloud apps to keep track of their finances via mobile devices. Firms no longer have to spend money on hardware or software upgrades or maintenance because of this.Gupta(2013) SMBs' cloud computing needs and business needs differ greatly from those of major corporations, as seen by the five reasons discussed in this article. The most important aspects are ease of use and convenience, followed by safety and privacy, and finally cost savings. SMEs don't trust cloud computing, and they prefer their traditional, more efficient means of sharing and cooperating with their stakeholders over cloud-based solutions.

Objective of the Study

1. To get a grasp on the cloud accounting idea.
2. To weigh the benefits and drawbacks of using cloud-based accounting software.
3. To study the awareness of the cloud computing application in accounting users.

Research Methodology

This study relies heavily on secondary data which has been released in a number of ways. From the web to media articles and working papers in a variety of media were gathered data. This study relies heavily on secondary data. A number of literature reviews have been published by scholars working on the topic. As well as in print and on the internet journals of all kinds.

Cloud Accounting: - A Brief History

Earlier accounting was dependent on pen and papers i.e. manual accounting was done in books called "Khata". After introduction of computers the accounting shifted from manual to digital but still there are no dedicated program or software's to manage the complexity of accounting need of an organization. Around 4 decades back manufacturers develop much software's to solve these complexities and termed as accounting software's designed specifically for accounts users and to ease their accounting work.

Again accounting is moving forward with advancement in technology and a new term has arrived Cloud Accounting. Cloud accounting gives flexibility to its users in many fields as compared to accounting software which we will discuss further.

What is Cloud Accounting

Cloud accounting means performing accounting operations like recording, summarizing, analyzing and reporting financial transaction using software's accessible through internet by using browser available in user's devices like laptop, tablet, etc. like internet banking, emails, etc.

Cloud Accounting Vs accounting software's

	Cloud Accounting	Accounting Software's
Location	Software is installed in vendor's cloud servers	Software is installed in servers kept in company data center
Cost	Monthly or Annual charges as per usage	Cost of server hardware, Software, expertise to manage system
Backup & Security	Vendor of cloud is responsible for back up and securing the system	The company is fully responsible for backup and security of software's
Updates	The responsibility of update is on vendor	The responsibility is on Companies IT department.

Working of Cloud accounting

In Cloud accounting users of financial information like accounting staff, auditor, management, etc. receive their login credential from vendor of cloud accounting software and can access the system through web browser from anywhere with the help of a system like laptop, tablet, etc. as the accounting software is installed in vendor's server and can be accessed through web browser with the help of internet. The software is integrated or connected with other modules of organization like payroll, purchase, inventory, bank accounts, etc. so that all the transactions are posted or updated on real-time to their correct ledger showing real-time financial position of organization. Users can have customized their dashboard as per their requirement like for some user's bank account and cash account balance is critical and get monitor it all the time.

Benefits of Cloud Accounting

The advantages of cloud accounting states why it is important for organization to manage their financial data and it is also becoming popular between professional's to use this new technology.

Accessibility: -

If anyone needs to access a cloud accounting software, he only needs an internet connection with browser and valid credentials. The user doesn't need specific system or need not to be in organization premises to perform their duties.

Automation: -

As all the modules of organization are connected with cloud accounting and all the transaction gets updated on real-time as there will be no time consuming data entry operation and can be able to close our financials more easily and quickly.

Overhead expense: - Every organization wants to cut or minimize their cost wherever they can without affecting the efficiency and output. For using cloud accounting software organization doesn't require to purchase server of high cost, to pay IT staff to maintain the system. Organization can also avoid costly updates and maintenance as the responsibility for updates and maintenance on vendor.

Data Security and Backup: - As the data is stored in cloud, People in your office cannot steal hard drives or devices with sensitive information because data is not stored on the device itself. And, there's no need to share data through insecure methods like flash drives or emails. The vendor takes the backup of system on regular intervals and maintains it on multiple locations to reduce the risk of natural or manmade disaster.

Expansion: - As the organization grows or expands it doesn't have to purchase server and increase IT persons to manage them, Organization can increase the scalability of cloud software as their business grows or expands by only purchasing or adding **server space** as their requirement. As cloud accounting software can be accessed from anywhere, it doesn't have geographical limitations.

Implementation: - As there is no need to spend time on purchasing servers, software, installation, maintenance and to train IT team an organization can adopt cloud accounting system and start their accounting works faster than Accounting software.

Challenges of Accounting Software

Expensive: - Accounting software's are costly/expensive as organization has to pay for server, installation, require expertise for consultation and for updates also.

Security: - As the software is installed in the system there is a risk for data theft as one can easily access the data and can make copy of information in drives. Back up of data is also a time taking process and expensive also so organization doesn't want to do it on regular intervals and give rise to risk of losing data.

Accessibility: -As the software is installed in particular device/system or server users have to use that system or he need to be on the organization network to perform their work. For this user need VPN if they are outside the premises of organization and it also increase the cost as the VPN service is chargeable?

Cloud accounting for small business and startups

For Small businesses and startups, the important issue is to use and manage their financial resources and is not able to purchase expensive accounting software for their Accounting needs. But as the Cloud accounting system is introduced now they have a chance to utilize the benefits of cloud accounting by paying only a reasonable amount on monthly or annually as per their usage and need not to pay high price for server, software and for their maintenance. Now a day most of the manufacturers are releasing cloud version of their accounting software and guiding their clients towards the use of cloud technology.

Conclusion: -

Accounts and finance are the important branch of every organization, without its proper management an organization cannot survive in market for long. To make strategy and decision management need clear and fair financial position of their business. A proper and effective accounting system required to achieve that. Cloud accounting software is the latest technology for accounting professionals with better advantages through which they can perform their duties for efficiently and effectively.

Cloud accounting software addresses all the common issues related to Accounting software discussed earlier whether it is cost, implementation, security, accessibility, etc. As per the requirement of the organization Cloud accounting software is available from startups to established organization and from proprietorship to Multinational Corporation. Everyone can utilize the benefit of it as cloud has become a hub for technological innovation and development. Every organization needs to be flexible and should adapt to the changing environment and technology to survive in this competitive world.

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