MEDIA RELEASE

Xero research: Technology adoption generates 54 percent more revenue for pacesetting accounting firms in Singapore

Singapore — November 13, 2019 — Xero, the global small business platform, today released its annual Accounting Industry report for 2020. The report sheds light on the best practices of pacesetting firms in Singapore and Hong Kong. Such firms make up the top 15 percent of the market and boast high growth and revenue rates, serving as a benchmark for other firms looking to achieve success in 2020 and beyond.

Xero surveyed 349 accounting and bookkeeping companies in Singapore and 146 in Hong Kong for the study. The accounting businesses were assessed based on a range of criteria concerning technology adoption and business performance.

The report reveals that on average, pacesetting firms generate 54 percent more advisory revenue, at S$176,800, compared to regular firms at S$95,400.

Below are three key findings from the Xero research:

Data automation tools dramatically improve firm efficiency
The report reveals that pacesetting accounting firms were able to cut down client servicing hours by almost two fifths, from the industry average of 410 hours to 170 hours per client. Their success stems from the adoption of data automation apps. The adoption rate of data automation apps by pacesetting firms (67 percent) is almost more than double that for other Singapore firms (34 percent).

This despite the fact that apps such as Hubdoc, Datamolino, Receipt Bank and Auto Entry help to reduce costs for accountants by automating the process of fetching, collecting and extracting information from documents.

In addition, pacesetting firms have adopted cloud accounting at a faster rate than their counterparts across all practice types. The access to their clients’ real time information online allows them to provide accurate strategic advice on demand, saving time and effort for both parties.

There is an opportunity for Singapore firms to grow their advisory services
Compliance revenues made up a little under three quarters (73 percent) of practice revenues for firms in Singapore over the last 12 months, far exceeding revenues for complex advisory (15 percent) and repeatable advisory services (13 percent).

While advisory services are typically optional for clients, Xero research has found that they offer the most direct path for advisors to help clients grow their business. In fact, in the last 12 months, repeatable advisory firms outearned compliance firms by an average of almost S$80,000 and complex advisory firms outearned them by an average of almost S$200,000. This highlights the monetary value that clients place on advisory services provided by trusted accounting partners and the necessity for compliance firms to start making the transition.

Meanwhile, accountants in Hong Kong are transitioning beyond compliance services at a much faster rate than their Singapore counterparts. Repeatable advisory practices made the most revenue in Hong Kong in the last 12 months.

**Singapore accounting firms are growing advisory revenue through tech adoption**

Singapore accounting firms have grown their business revenue by eight percent in the last 12 months, slightly behind their Hong Kong counterparts (10 percent).

However, with regards to tech adoption, close to seven tenths of pacesetting firms in Singapore are already using automation apps compared to less than half of pacesetting firms in Hong Kong. As a result, Singapore firms are seeing average total advisory revenue of S$176,800 (HK$1,004,710,50), almost two fifths more than Hong Kong pacesetting firms.

In particular, adoption of financial forecasting, budgeting and reporting apps like Spotlight Reporting and Fathom increased. More than a fifth of pacesetting firms (21 percent) have adopted apps that support them with forecasting, budgeting and reporting, versus less than one tenth of other practices (seven percent).

Kevin Fitzgerald, Managing Director for Asia, Xero, said, “Now more than ever, Singapore SMEs are looking for trusted advisors to help them ride out the economic slow down and make their businesses more resilient to face an uncertain future. This is a key moment for accountants to embrace the insights offered by data automation tools and in doing so, become trusted partners to their small business clients. By encouraging clients to run their accounting on the cloud, accountants will be able to tap on meaningful business insights to plan and forecast for their clients’ futures.”

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About Xero

Born in the cloud, Xero is a beautiful, easy-to-use platform for small businesses and their advisors around the world. Xero provides its 1.8 million subscribers with connections to a thriving ecosystem of 800+ third-party apps and 200+ connections to banks and financial service providers. On the inaugural 2018 Financial Times FT1000 High-Growth Companies Asia Pacific list, Xero was the fastest growing tech company in the $200 million+ segment. Xero won ‘Bookkeeping software of the year’ from the Institute of Certified Bookkeepers UK in 2018, and was rated by Canstar Blue as the best accounting software in Australia from 2015-2018 and in New Zealand in 2019.