



## CLOUD ACCOUNTING : ADVANTAGES AND CHALLENGES

**Dr. Mahendra N Prajapati**

*Assistant Professor (Accountancy), Government Arts and Commerce College, Jadar,  
D-S.K.Hemchandracharya North Gujarat University (HNGU), PatanGujarat, India*

### **Abstract**

*Accounting, being the language of business has been serving each exchange since its start. It has been helping each business movement starting from the start of exchange, however rearranged as it seemed to be around then. The act of Accounting has been worked on altogether by the development of bookkeeping programming utilizing the cloud innovation, which is one of the enormous IT advancements throughout the past ten years. Cloud accounting, as another method of bookkeeping data model, assumes a significant part in big business accounting informationization process. Contrasted and the conventional accounting informationization framework, cloud accounting brags the benefit low speculation cost, low upkeep costs, low boundaries to passage, while as the persistent advancement of cloud accounting, applicable issues raised starting with one then onto the next like unfortunate security and special administrations. The outcome is cloud bookkeeping - another plan of action that upholds the accounting calling. This paper endeavours to comprehend essential thoughts of Distributed computing as well as Cloud accounting alongside to exploit mechanical progression of cloud or not and challenges looked in not so distant future.*

**Keywords:** *Conventional Accounting, Cloud Computing, Cloud Accounting.*

### **Introduction**

Accounting, the language and study of estimating business execution, has been consistently adjusting to the financial setting. Conventional accounting data framework is restricted by many elements including the deficient arrangement of equipment offices, absence of amazing skill, high starting speculation costs, complex support process, which limits the improvement interaction accounting data of certain organizations, and extraordinarily debilitates the venture's seriousness. The development of cloud bookkeeping is changing client assumptions and accountant are reevaluating the manner in which they work to meet the new, frequently uplifted, requests. Individuals are prepared to not be attached to the desk work in their business; they need to zero in on the things they are generally enthusiastic about. Innovation is assisting them with tracking down a superior work/life joining. With distributed computing, organizations can have up to the hour, even moment, monetary data that can be completely available and overseen by their accountant.

As a mixture mix of distributed computing innovation and conventional accounting, cloud accounting has drawn in a ton of consideration all over the planet, and many organizations in China are trying to manage the mind boggling accounting business needs through web based accounting applications. Development of cloud accounting is right now a hot issue in the business and the scholarly world, and it enjoys a flat out benefit regarding cost, effectiveness, dependability, and so on. Nonetheless, cloud accounting experienced numerous hardships in the advancement cycle, so how to take care of these issues and make a superior, quicker improvement of cloud accounting deserve our top to bottom review.



## **Cloud Computing**

It is otherwise called Software as a Service (SaaS), is another sort of business applications uniquely worked for Modern times. The supplier of the application fosters a group, versatile framework, which is gotten to by its clients through the web, with practically no earlier obtaining or establishment of equipment assets. Refreshes are performed consistently by the cloud seller.

## **Cloud Accounting**

Accounting cloud is a fundamental mode that can be run straightforwardly through the Web without the requirement for disconnected capacity and disconnected programs. Utilizing the accounting cloud-based model, clients can get to their records from their own terminals any place there is a Web association. Accounting cloud can be characterized as another age of accounting data framework laid out on the Web and furnishing undertakings with accounting, accounting the board, accounting navigation and different administrations.

## **Similitudes and Contrasts between Cloud Accounting and Conventional Accounting**

Cloud accounting and conventional accounting programming are the two devices utilized by current accounting to keep accounts. Regardless of which device you use, the intention is something similar. Present day accounting programming involves twofold passage accounting as the accounting guideline, and current accounting cloud application programming and conventional accounting programming are run by this rule. We might in fact get an end that "Conventional accounting + Cloud Computing = Cloud Accounting".

Utilizing the conventional accounting programming requires accounting staff part should reinforcement consistently upon the arrival of the accounting information to forestall information misfortune or harm, and all the accounting information on the accounting distributed computing framework is constant section to the Web "cloud", by and large no reinforcement is vital, and in the event that the information mistake happened, accounting distributed computing framework can be through a bunch of blunder remedy framework for revising the mistakes. These qualities cannot be acknowledged in the customary accounting programming.

## **Advantages of Cloud Accounting**

Cloud accounting gives web based accounting administrations through the Web stage, so contrasted and the conventional accounting data framework, it enjoys an outright benefit in input costs, support costs, obstructions to passage, and information unwavering quality, as well as simple to advance in the endeavor.

### **1. Security**

Cloud accounting is likewise significant, on the grounds that it keeps generally monetary data got. While choosing a significant cloud specialist organization, the security level is rising. Online frameworks present an equivalent degree of safety, as well as a similarly productive interior controls contrasting with the conventional programming. Conventional accounting applications, organizations utilizing them are liable for client access the board as well concerning advanced and actual capacity of reports.

### **2. Lower Expense**

The costs included while utilizing accounting programming incorporate both the direct front speculation and the later upkeep costs. An organization's underlying speculation can be considerably diminished through cloud accounting contributions on the grounds that, with this plan of action, there



is no equipment or programming licenses to buy. Particularly for little estimated organizations that can't bear the cost of costly foundation and the product execution process (counting coordinated frameworks), these arrangements permit them to run their inside cycles and activities utilizing similar IT frameworks utilized by their more evolved rivals. These tasks are, typically, tedious, and cost producing. Choosing a distributed computing accounting arrangement essentially decreases the two expenses and the time doled out for playing out the separate tasks.

### **3. Maintaining Spotlight on the Business**

Organizations are understanding that running an IT office isn't their center capability, they are better legal counselors, specialists or handymen. Purchasing cloud administrations, either as a solitary application or their whole datacenter is in many cases more savvy, more dependable and allows them to redistribute their restricted assets to developing their business.

### **4. Access from Anyplace**

Staff, providers and clients can access and refresh data from any area, with compelling reason need to move to the workplace. As the accounting applications are remembered for the "Portable" age (Phillips, 2012), access can be performed box any viable cell phone.

### **5. Staffing Efficiency**

Cloud services can assist in maintaining an effective IT team by outsourcing people or key technological specialisations as the firm sees fit.

### **6. Real-Time Information Updating**

Traditional accounting systems frequently had issues with updating accounting data. When a single figure needed to be updated, each place it appeared, including forms, ledgers, and other documents, required manual entry of the change. When fresh data is entered into cloud accounting, it automatically fills in all of the necessary places. This avoids wasting time, money, and possibly causing headaches if any places are overlooked.

### **7. Adaptability**

Using new software using cloud computing technology is considerably simpler than installing it traditionally. In addition, updating software is done much more frequently and easily by cloud service providers compared to small and medium-sized businesses.

### **8. Automatic Data Back Up and Restoration**

When it comes to automatic data backup and restoration, cloud accounting surpasses traditional accounting in another area. Not very long ago, data backup had to be scheduled into the workweek on a daily, weekly, or monthly basis. The most recent accounting data then needed to be manually backed up. Automatic data backup is possible with cloud accounting, eliminating the chance of forgetting to perform it and lowering the risk of human error. Instead, accounting data is automatically backed up and saved to a remote place. In the event of a break-in, fire, or other occurrence that could put confidential and vital information at risk, this aids in securing the data.

### **Challenges of Cloud Accounting**

Apart from having so many advantages, Some of the major challenges of cloud technology are listed below :



## 1. Safety Issues

Another key issue with using the cloud is security because it's possible for data, particularly confidential files, to go viral in the event of a service interruption. Accounting cloud offers businesses many benefits for innovating their accounting technology, but it also creates several issues for the growth of the professional accounting sector. One inescapable major issue limiting the growth of the accounting cloud is cloud computing security. Currently, between 60% and 80% of businesses are hesitant to share their internal accounting information and economic trade data on the Internet cloud due to security concerns. After all, no one wants their accounting information and economic trade data to be leaked to rival businesses, which would be fatal for businesses. Although the majority of accounting cloud providers can offer businesses high data protection technology, most businesses are hesitant to use their own trade secrets as bets in order to quickly try something new. It appears that the main challenge facing cloud development is how to improve the security of cloud computing and the Internet in order to allay concerns about Internet cloud accounting. However, the Internet cloud platform structures have greater technical and financial requirements, which increase the risk for software providers and lengthen the development cycle for suppliers. This is one of the factors that limits the growth of the accounting cloud.

## 2. Network issues and poor internet connections

Since cloud computing relies on a constant internet connection, this may not always be possible. Low speed does not suit it well. Frequent data reading and writing, as well as heavy data transfer, might result in network congestion issues like delay. The accounting cloud computing application's reliance on the network, which is built on the Internet platform, causes network transmission capacity to be another bottleneck. The magnitude of the network bandwidth limits the effectiveness of information transmission over the Internet for cloud accounting. The basis for this problem's resolution must be the advancement of Internet technology. Offering dedicated servers for cloud accounting computing and streamlining network nodes are also viable options.

## 3. Loss of control

The business loses control over the application and becomes dependent on the vendor, who is in charge of its upkeep, management, and updates. Thus, businesses accept the risk that, in the event that a programme performs incorrectly, it will become inoperable until the software supplier fixes the issue. However, traditional accounting software purchased from a third party also carries this risk.

## 4. Dependency

The business becomes dependent on an application that is housed and operated in the cloud, taking on the risk that, in the event that a new accounting application is to be used, the previously created data will no longer be accessible or useful through the new application.

## Conclusions

The Internet accounting cloud will undoubtedly be a future trend in the growth of firm informatization as a result of The Times' advancement and technological innovation. The Cloud is used by cloud accounting software to store accounting data. Owners and employees can now view financial data from any location with an Internet connection. More and more companies are using cloud computing daily. An vital requirement in the actual framework of globalisation, the accounting software installed on the cloud allow accountants to operate with and for their clients from any time and place. The trends in information and communication technologies and the quick development of this cutting-edge subject, however, appear to have a bigger impact on accounting than may be apparent at first



glance. To the extent that accounting firms adopt cloud computing, the strain of creating half-yearly or annual reports may be reduced while also allowing for the instant study of enormous volumes of data. Although we want to investigate cloud accounting, the road is also filled with obstacles, we believe that with the maturation of cloud computing technology and application of the promotion, the accounting of the cloud in our country's financial management field will eventually become a viable industry. The progress of the cloud is also our accounting in the accounting profession and the progress of the Internet. This is the reality that cloud accounting will play a big part in the near future everywhere in the world.

## References

- 1 Dimitriu, O., & Matei, M. (2015). Cloud accounting: a new business model in a challenging context. *Procedia Economics and Finance*, 32, 665-671.
- 2 Pacurari, D., & Nechita, E. (2013). Some considerations on cloud accounting. *Studies and Scientific Researches. Economics Edition*, (18).
- 3 Zhang, C. (2014). Challenges and strategies of promoting cloud accounting. *Management & Engineering*, (17), 79.
- 4 Al-Nsour, E., Weshah, S., & Dahiyat, A. (2021). Cloud accounting information systems: Threats and advantages. *Accounting*, 7(4), 875-882.
- 5 Khanom, T. (2017). Cloud accounting: a theoretical overview. *IOSR Journal of Business and Management*, 19(6), 31-38.
- 6 Ou, L., & Zhang, Z. (2021, April). Research and analysis on cloud accounting of enterprises under the background of new economy. In *Journal of Physics: Conference Series* (Vol. 1852, No. 4, p. 042077). IOP Publishing.
- 7 Ionescu, B., Ionescu, I., Tudoran, L., & Bendovschi, A. (2013, June). Traditional accounting vs. cloud accounting. In *Proceedings of the 8th International Conference Accounting and Management Information Systems, AMIS* (pp. 106-125).
- 8 Phillips, B. A. (2012). How cloud computing will change accounting forever. URL: <https://docplayer.net/2537016-How-the-cloud-will-change-accounting-forever.html>. (15.02.2021).