

STUDY ON BENEFITS AND ISSUES OF CLOUD COMPUTING IN ACCOUNTING FOR BUSINESS PERFORMANCE

Nirmala S M.com NET (PhD) *¹, Dr. G. Indhumathi²

¹*Research Scholar, Department of Commerce, Mother Theresa Women University, Kodaikanal, Tamilnadu, India.

²Assistant Professor, Department of Commerce, Mother Theresa Women University, Kodaikanal, Tamilnadu, India.

ABSTRACT: Accounting has been assisting every commercial activity ever since the beginning of trade, as simplified as it was at that time. Due to the need to efficiency and accurate translate the economic reality into figures, accounting has been continuously improving, and further more the information technology expansion and the emergence of internet have also shaped these are of recording. In fact the 21st century has been marked by several stages in the process of information technology enhancement. One of the most rapidly adopted paradigms is cloud computing in various field, cloud accounting is one of paradigms where it enhance the business performance and accuracy for their financial data with high cyber security and hacking concerns a major impact on the business environment considering its various benefits. Therefore this study is concentrating on study of concept of cloud accounting and analyses of various clouds accounting software available and benefits and issues of if for business performance.

KEYWORDS:traditional accounting, cloud computing, cloud accounting, software and business performance.

1. INTRODUCTION

From using calculators to spreadsheets to tally and quick books, accounting over the years continued to advance with new technologies and tools. Currently cloud accounting has emerged as the latest facet for managing accounting and financial tasks. The recent hype over cloud accounting solutions is justified considering the huge benefits it provides. When you compare traditional accounting systems most differences offer us a positive view of the latter when we compared against the traditional accounting practices the cloud accounting benefits clearly stand out accounting task powered by cloud storage and cloud computing can give a company a lot of flexibility, robust control and smooth operational ease.

Cloud accounting host and maintain the accounting tasks across multiple servers. It users can store accounting data remotely on different servers and can access them for accounting tasks across various several devices with a financial data is stored on the internet leading to cyber security and hacking concerns. Now a day's cloud accounting has acquired space for all kinds of companies especially small and medium scale industry where head office can access up to date accounting data irrespective of waiting for branch to report.

2. REVIEW OF LITRATURE

- ❖ Raihansobhan MBA student from university of Dhaka Bangladesh has conducted research on "The concept of cloud accounting and its adoption in Bangladesh". This paper explained about 3 model of cloud accounting namely IAAS (infra-structure –as- a services) , PAAS (platform –as-a services) and SAAS (software –as-a services) and research aimed affective, secure and flexible and larger storage of cloud accounting and also had inputs for adoption of cloud accounts in developing countries.
- ❖ In the year 2017 Deepak Gupta, MeerpurRewari and silky Jain had conducted research on "Impact of cloud accounting on business performance". The research has been conducted to examine the impact of cloud accounting technology on the key operational modules used for obtaining accounting data for financial reporting and also analyse the various security issues in cloud computing in accounting.
- ❖ Shahan Mohammed and Ali Mohammed from department of accounting Quechan branch, Islamic Azad University, Iran in the year 2014 have conducted research on "Effect of cloud computing in accounting and comparison with the traditional model". This paper concentrated on reduce cost of accounting with no hardware and software and aims to examine cloud computing and its impact on accounting along with the pros and cons of this technology by comparison with models will be traditional.

3. STATEMENT OF PROBLEM

The recent era is introduced cloud accounting with financial and accounting data is stored on the internet leading to cyber security and hacking concerns. Since cloud accounting is step into all kinds of companies need to understand whether these accounting have feasibility and accessibility for small and medium scaled industries.

Since cloud accounting has many benefits and issues on business performance its necessary to understand in detail concept of cloud accounting, various cloud accounting software and its benefits and issues on business performance in recent era.

4. OBJECTIVES OF STUDY

- ❖ To understand the cloud computing in accounting concept
- ❖ To analyse the various cloud accounting software available to make easy of accounting work for enhancing of business performance.
- ❖ To examine the benefits and issues of cloud accounting for business performance.

5. RESEARCH METHODOLOGY

Research design:

The research design for the current study is conceptual study.

Method of data collection:

The study has been conducted based on the secondary sources of data which are available on the internet and related research papers along with the expert opinions has been considered

Limitation of the study:

- The study is limited on only information available
- The study is restricted to only benefits and issues of cloud accounting
- Time constraint for the study is very limited for a period of less than a month. So the result may very
- The result of study cannot be generalise for entire cloud concept

6. DATA ANALYSIS AND INTERPRETATION

Understand the concept of cloud computing in accounting.

CLUSTER COMPUTING:

Cluster computing is a collection of interconnected computers that work together which are interconnected with low accessibility capacity; clusters are connected through LAN (local area network).

GRID COMPUTING:

Grid computing is practice of joint multiple computers geographically distributed one which is connected by same networks with support from main server or administrators to accomplish the same tasks.

CLOUD COMPUTING:

It is one of the new technology which runs with on – request accessibility of PC framework of assets. It is also had value advantages of Information and processing power anywhere and any devices in all over the world without direct dynamic administration by the client. The term is commonly used to portray server farms accessible to numerous clients all over the world over the internet with high security of data.

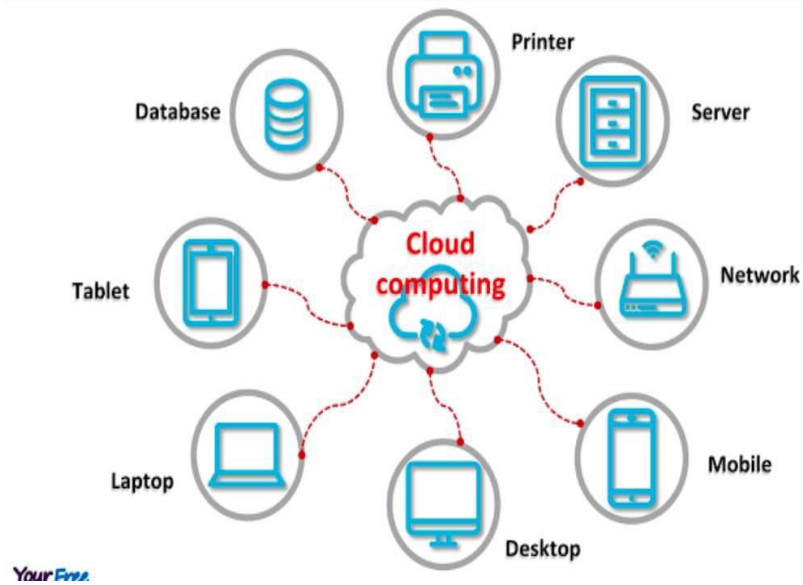


Figure 1. CLOUD COMPUTING METAPHOR

TYPES OF CLOUDS

Public Cloud:

Public cloud is one of cloud platform that uses the standard cloud computing model to make resources such as virtual machines, applications or storage. It is one of the remotely available to users. It may be free or offered through a variety of subscription or on – demand pricing schemes. Ex IBM, Amazon, Google etc.

Private Cloud:

It is a single-tenant environment it means the organisation (tenant) which subscribed the cloud will not share resources with other users and accessibility is not available to others. It requires high level of security and privacy for data. Ex- Microsoft

Hybrid Cloud:

It is a mixed of storage and services computing environment. It associated with a private cloud services and a public cloud and also infrastructure such as Amazon web services (AWS) and Microsoft Azure which associated among the various platform.

CLOUD SERVICE MODELS

Software as a service (SaaS):

It is a way of delivering application over the internet as a service. Instead of install and maintain the software. You're required to access it via the internet. These will freezing yourself from complex software and hardware management. Ex word 365, G-mail, face book etc.

Platform as a service (PaaS):

Platform as a service is one of the services by cloud computing where users can able to manage data, application, runtime and middleware and operating system. The users are not permissible to handle servers, storage networking and virtualization. Ex: - studio, builders, banks engineering etc.

Infrastructure as a service (IaaS):

It is one of service model of cloud computing. It is a online services that provide high-level APIs (application programming interface) used to difference various low-level details of underlying network infrastructure like physical computing resources location, data portioning, scaling, security, backup etc. Cloud provides manages both SaaS and PaaS and information technology infrastructure such as storage, server, networking and virtualisations.

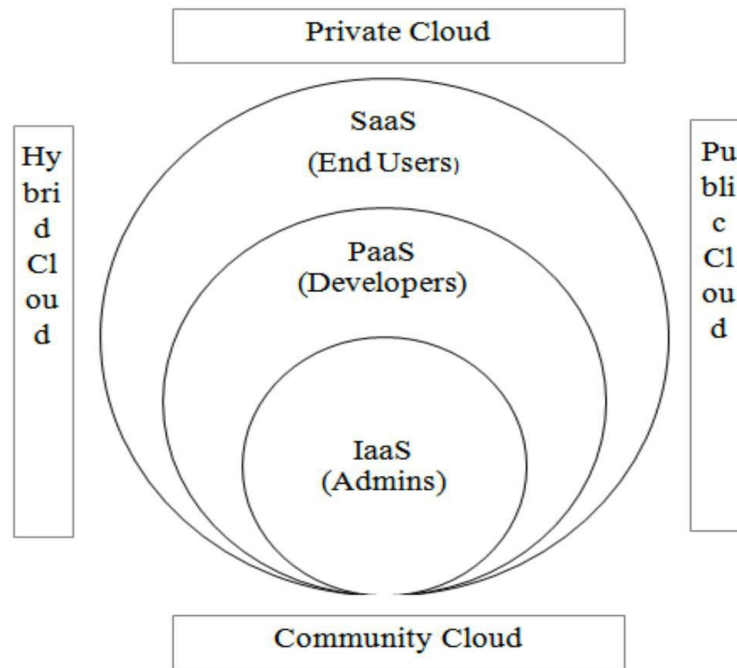


Figure 2. SERVICE MODELS OF CLOUD COMPUTING

TRADITIONAL ACCOUNTING MODEL:

Traditional accounting software model has licensed by the company and it's the owner of that accounting software model, platform and location will be chosen by the company. It need to be manage hardware, software, operating system, SQL, server etc need to be arrange to their employees this makes the company to bear maintenance cost, IT resources, technical supports and other hardware and software management cost. Traditional accounting software has major drawback to limited licensed for accessibility of data.

CLOUD ACCOUNTING SOFTWARE:

Cloud accounting is the practice of using an accounting system that accessed through the internet and also called desktop accounting system. Because cloud accounting systems are internet based users can access accounting records anywhere and on any device that has an internet connection using an application or web browser. Cloud accounting is required to use cloud accounting software or web based accounting software which is hosted on a remote server. Users send data to "the cloud" where it is processed and returned to the users.

The software applications can be accessed by users via the internet or other network via a cloud application service provider the company which are implemented cloud accounting model need not to have a set up of individual desktops with software and hardware structure because everyone in the company can access the cloud on their own devices. This also allows remote teams or branches to access the same data and the same version of software.

Major benefits of cloud based accounting software is that data backups and disaster recovery is often a part of your account

7. ANALYSE THE VARIOUS CLOUD ACCOUNTING SOFTWARES AVAILABLE FOR ENHANCING BUSINESS PERFORMANCE.

Online accounting software is popularly known as accounting on the cloud. The cloud accounting software is popular among start-ups and small business and entrepreneur and is expected to do mandatory by 2025. It is one of the business accounting software models that is shaping clarity of all finance and accounting data across multiple businesses and branches.

The large industries have invested for huge cloud accounting infrastructure like ERP system where as cloud accounting is very much useful for small and medium scale industries to stay up to date accounting data.

REAL BOOKS

Real book is one of the best cloud accounting software in India. It is useful for small and medium business with multiple branches and multi-companies under one head. It can be added multiple users at a time in different branches, real book provides integrated service like billing, bar-coding, inventory, several MIS reports on taxation like GST returns with prescribed and in depth on GSTR-1, GSTR-2 and GSTR-3 reports. It leads

billions of records and transaction operations simultaneously and can be restricts accounting data across multiple business and branches.

The large industries have invested for huge cloud accounting infrastructure like ERP system where as cloud accounting software is very much useful for small and medium scale industries to stay up to date with accounting information.

Reach

It is one of the business automation software. This software designed with features of dashboard, CRM, Inventory, management, billing and invoicing. It also integrates with management accounting, tax management and many more integrated with an ERP system. This report can be access through mobile apps or any computers. This software can be use at a time for 21 different business from end to end.

Zoho Books

It is one of the top most required a cloud accounting software in India. Zoho books are easy-to-use online accounting software for small business to manage their finance and cash flow. It provides readily invoices, reconcile bank transaction track inventory report, strong GSTN filing system through API it allows automate GSTN filling. It is first online accounting software in India to launch the GSTR reports.

Quick Books

It is one of registered product of intuit it provides all the accounts based service with distinguish features of bank integration. Company can connect their bank account to transactions. It also provides APIs to integrate business to third – party apps. It is also includes GST- R1, GST-R2 and GST-R3.

Profit Books

It is simple and fastest among the list of business cloud accounting software India for small business. It facilitates to manage inventory, invoices, track expenses purchase and sales management, warehouse and customer, suppliers report management through online simultaneous for all the branches.

Zip Books

Zip books is simple cloud accounting software, it provides streamline for all accounting, financial operations with inventory, sales, purchase and CRM modules, like other fully fledged ERP system. It has complete sales and cash cycles to manage all the day-to-day transaction in different branches. Zip book also has zip ERP system for large business.

Align Books

It is an integrated multi-location, multi-language and multi-currency cloud accounting software loaded with rich features and dash boards. It key module include sales, purchase, finance, inventory, production, payroll and asset management, MIS and E-mail \ SMS notification etc.

8. ANALYSES THE BENEFITS AND ISSUES OF CLOUD ACCOUNTING FOR ENHANCING BUSINESS PERFORMANCE

Cost Savings

Since cloud accounting is pay-as-you-go system also applies to the data not required a separate software and hardware structure as its anywhere and any devices can be operate will leads advantage to company as cost savings.

Security

Since cloud host's full time job is to carefully monitor security. It is significantly more efficient than a conventional in-house system.

Flexibility

The cloud accounting business more flexibility overall verses hosting on a local server and company required extra bandwidth. A cloud – based service can meet extra demand rather than undergoing a complex update of IT infrastructure.

Mobility

Cloud accounting is allow mobile access for corporate date via Smartphone's and any devices due to this employee can complete their work at any place rather than working at the office within typical time structure.

Increased Collaboration

It helps to the company for collaborate their employee work. This may lead the team members to view and share the information easily and securely across a cloud-based platform. It also provides collaborative social space to connect employees across your organisation.

Disaster Recovery

Now a day's maintenance of data is tremendous task. Cloud accounting gives a facility for recovery of accounting data from natural disasters to any other reasons made company to loss data. Users can claim disaster recovery within four hours or less irrespective of kinds of data.

Automatic Software Update:

Another very crucial advantage of cloud accounting is automatic software update. Through internet based accounting software used in cloud accounting which automatically update itself through internet. Company need not to spend separately for updating of software. Traditional accounting information models required more time and cost to update the software.

Competitive Edge and Sustainability

While cloud computing is increasing in popularity at advantages to have all the benefits in the employees fingertips. Compare to traditional one will keep all data local.

Since cloud infrastructures support environmental proactively powering virtual service rather than physical products and hardware and cutting down on paper waste improving energy efficiency and reducing computer related omissions will make company to sustain for longer periods.

ISSUES OF CLOUD ACCOUNTING:-

Security

Topmost concern about cloud accounting is security issues in cloud accounting. It is because data are stored and processed by a third-party vendor which cannot be managing and investigated every day. As large number of people access cloud account it becomes vulnerable. If anyone got password can hacks the cloud account and can be access the business.

Cost Management

Though cloud accounting enables to access application software over a fast internet connection. This makes affordable but challenging and expensive is tuning the organisation's needs on third party management and another important expenses are transferring data to a public cloud.

Control Governance

Another ethical issue in cloud accounting is managing and control over asset management. It is required dedicated and expertise team with agreed policies and procedures to maintain governance on management of cloud account.

Lack of Expertise

With the increasing workloads on cloud technologies and continuously improving cloud tools. Companies are facing problem to appoint a good cloud accounting experts. Hence company need to spent on training for IT staff to minimize the challenge.

Internet Connectivity

All the cloud accounting services are dependent on a high-speed internet connection. So the business that are relatively small and face connectivity issue should ideally first invest in a good internet connection.

Compliance

The major risk of cloud accounting is accept and following of compliance. Compliance means a set of rules to maintain data storages by government bodies. If government has implemented new policy and procedure need to update both in cloud data centre and organisation.

Multiple Cloud Management

Many companies have started to invest in multiple public clouds, multiple private clouds organisation the combination of both called the hybrid cloud, due to this competition has been increased in IT market. It is new

challenges to an organisation to find a better cloud computation performance depend on cloud provider it is one of major issue or investigate the right cloud service provider.

9. FINDINGS AND RECOMMENDATIONS:

- ❖ Cloud accounting concept has more advantages to a company than traditional accounting method.
- ❖ Cloud accounting will give assurance for the accounting confidential data.
- ❖ Employees can access data for work in any device and any where option and it collaborate the employees work is possible.
- ❖ Installing cloud accounting software will resolve other than accounting requirements ex- GST attached software, bank affiliated software.
- ❖ Cloud accounting data recovery is very fast and through control of data quality, sustainability of the company will be longer period.
- ❖ The company need to clearly identify the data which will be passed to cloud.
- ❖ Need to define properly requirements for technical and legal security
- ❖ Carry out a risk analysis to identify the security measures essential for the company.
- ❖ Accurate selection of types of cloud for the planned data processing is recommended.
- ❖ Company need to choose a service provider offering sufficient guarantees for accounting data.

10. CONCLUSION

In conclusion, cloud computing in accounting is recently new technology development that has the potential to have a great impact on the world. It has benefits that is provides to its users and business is that reduction of maintenance cost, software up gradation and focus more on the business itself.

But there are other challenges the cloud computing in accounting has must overcome that may compliance towards government, security issue etc people are very conscious about whether their data is secure and private data must be completely hand over to their party, because there is no standard or regulations worldwide provide data through cloud computing since this research has been found out that cloud has many benefits to a business rather than issues. But once there are standards and regulations has been implemented worldwide. Cloud computing in accounting will revolutionize the future era.

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