



MAKING IT AMAZING

Interview with
DAN MEPHAM
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COMMISSIONED BY

HBTECH
IT FOR BUSINESS

Why do we have the paradox that instead of improving agility and cohesion, 'enabling' more flexible working patterns, the opposite can be the case with IT investment?

Instead of better information flow, for example, access to relevant data is more complex, while any expected reduction in the operational costs of the business fail to materialise.

The implications are increased vulnerability, as well as an impact on effectiveness, an increased difficulty in remaining competitive and being on the same wavelength as their customers.

For a report being researched and written by DECISION magazine for HB Tech, companies consider what they need to address if IT is to deliver key objectives.

This is one of the papers to be published in the report.

IT'S LIKELY THAT an acquisitive business will recognise the need to be "ahead of the game with IT," and accountancy firm SG Professional Services Group is no exception. But after bringing on board three practices on board with three more in the pipeline, managing director Dan Mepham provides a salient caveat.

The acquisitions have introduced different levels of IT competency, and it's not a given that the firms concerned - and their clients for that matter - will be up to speed.

"We are sorting out the IT one office at a time," he says. "I would be ahead of the curve if we can; it's better to invest in good IT early than try to catch up later, but we don't aspire to having the latest tech for the sake of it. It would be an impossible task to adopt every latest development immediately, so it's much better to take a step back and consider what is necessary both from an operational point of view and also what our clients and potential clients are demanding. People think new software must be better because it's new, but there have to be specific benefits or it means IT is simply being introduced for the sake of it."

The origins of the group started in the mid 1990s with a niche of fixed-fee accountancy services for IT

contractors who operate as limited companies. The monthly fixed fee model was unusual at the time for its price transparency rather than the traditional accountancy approach of charging for every twenty-minute block of time. The firm's founder, Richard Stilwell, was able to offer that model as the target market were by definition IT literate and so could reasonably be expected to input their own financial data. "A lot of small businesses in the early nineties wouldn't know what to do with a spreadsheet but you could guarantee that an IT contractor would, so that made our life easier," says Mepham.

Not surprisingly, the firm was an early adopter of accounting software Xero and FreeAgent but took the decision to build the main system around its own, bespoke, Excel spreadsheet. "At one point we had about 2000 clients using a bespoke Excel tailored to contractors," says Mepham. "Even with economies of scale, it would have cost a couple of hundred grand a year to move everyone to FreeAgent, and a lot of clients wouldn't have seen the benefit of it. So we stuck with Excel, offering FreeAgent as an add-on."

He's clearly a great fan of Excel: "It still does what we need most of the time," he asserts. "Clients' data

can go straight into our system and we have direct links to their business bank account instead of them sending us paper statements. That's one of the biggest changes. And we use just a spreadsheet to keep records of potential new clients – though people are always on at me to put them into a customer relationship management system.”

The core SG Accounting brand is positioned as a premium, bespoke service, which caters for those clients – around 2000 - who want a traditional accountant-client relationship.” Mephram explains: “We do as much as we can online but we still like to see clients face-to-face where we can.”

Meanwhile, he set up another brand, Aardvark Accounting, a lower-cost option to cater for the 800 or so clients who actively wanted to use FreeAgent – typically IT literate clients who like to do everything online and don't need as much 'hand-holding' or personal contact. “Aardvark is for people who know what they're doing, have the time to do it, and just want us to press the button when they've done it,” says Mephram.

More recently, the group has launched a third brand, called Taxevo, also a fixed-fee model targeted at contractors, typically creative

freelancers. The three businesses are marketed separately, and the accounts are held on separate systems but with a shared support team. “The output, the finished accounts, are the same with the different brands but the middle bit of how we process their data is different, depending on how clients send it,” explains Mephram. “Our logo strapline is 'accountancy for the modern age'.”

With everything on Citrix, the remote desktop cloud-based system, rather than physical servers, SG Professional Services Group have found it easier to add in the data brought from new acquisitions, and it's backed up to five locations in two countries using Office 365.

“It means we can see anything at any time,” says Mephram. “Last week I spent each day in a different office, but I knew what was happening across the group because I can log in from anywhere and I have the same desktop wherever I go.”

The group also has a cloud-based, online human resources system enabling staff to book holidays, report sick days and see who else is in at each of the five offices. Another recent development has been new payroll software that the business uses in-house for staff to log timesheets and

expenses; this has also been rolled out as a service to contractors.

IT will continue to make accounting much easier and more efficient, says Mephram. For example, software tools like Receipt Bank mean clients can scan receipts and input them directly to the accounting system. "It frees up time so you're paying your accountants to give you tax planning advice rather than typing up into Excel what's on your receipt. Then there is functionality which could, for example, automatically recognise that a payment to Costa was for subsistence and that a payment to the Dartford Tunnel was for travel."

Although he can see that artificial intelligence will increase automation of the transactional side of accountancy, Mephram doesn't see AI a threat to accountants just yet. "People have become more knowledgeable than ever before because of IT," he observes. "When new clients come to us they have already researched every conceivable question. A little knowledge is a dangerous thing though, for example in tax. It can lead to a false sense of security and important information can be missed."

In this context, much of the group's success - it's in the top five of its kind in the country, despite competition

having increased by five-fold in the past few years - comes from personal service.

This might sound counter-intuitive given the emphasis on online engagement, but as Mephram points out: "We use Skype a lot but it's no substitute for shaking someone's hand. New clients will still come from recommendation and many of those referrals were down to us meeting people face-to-face in the first place."

This has implications for how advisers communicate with clients. "People buy into us because we are a personal service, and that isn't incompatible with a digital proposition," remarks Mephram. "If they get a generic email from an automated system then it could define us as a production-line firm. I'm sure most of our clients would rather get a chatty two-line email saying 'hi John, how are you?'"

Adopting a more tailored approach reduces the likelihood of clients treating their accountants as a name in their contracts: to be dropped on a whim if there's a better price elsewhere. "I know of some firms whose clients have terminated their contracts by email," says Mephram. "That wouldn't happen if you had met them in person."

“I have been the first person someone has phoned when they needed financial advice because their mother had died. They can't have candid and emotional conversations with their computer about divorce, and how can a computer advise on selling a business, which is a bespoke transaction? If an adviser has met the client, they should be in a better position to tailor their advice to them.”

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Researched and written by DECISION magazine
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