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# Research insights
## The complexity of accounting

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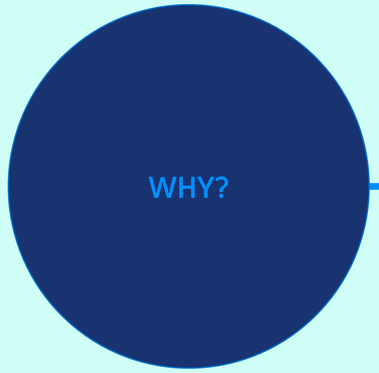
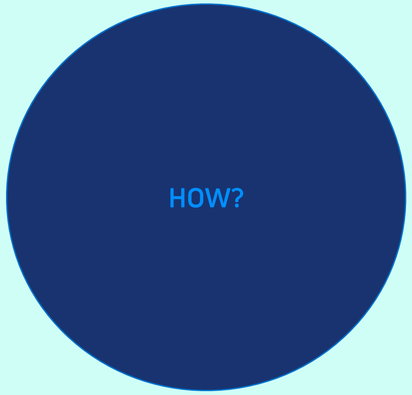
USER RESEARCH

presented by nets



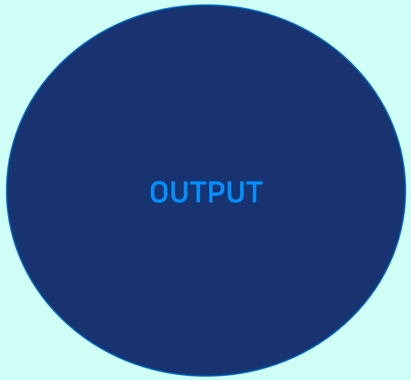

## Adding more value to our Easy product

Merchant value chain expands beyond online payment and it will add value to our Easy product to be able to streamline or contribute to the full value chain, e.g. via automation and connection to relevant players. This project is exploring the process and steps related to bookkeeping from a merchant perspective.



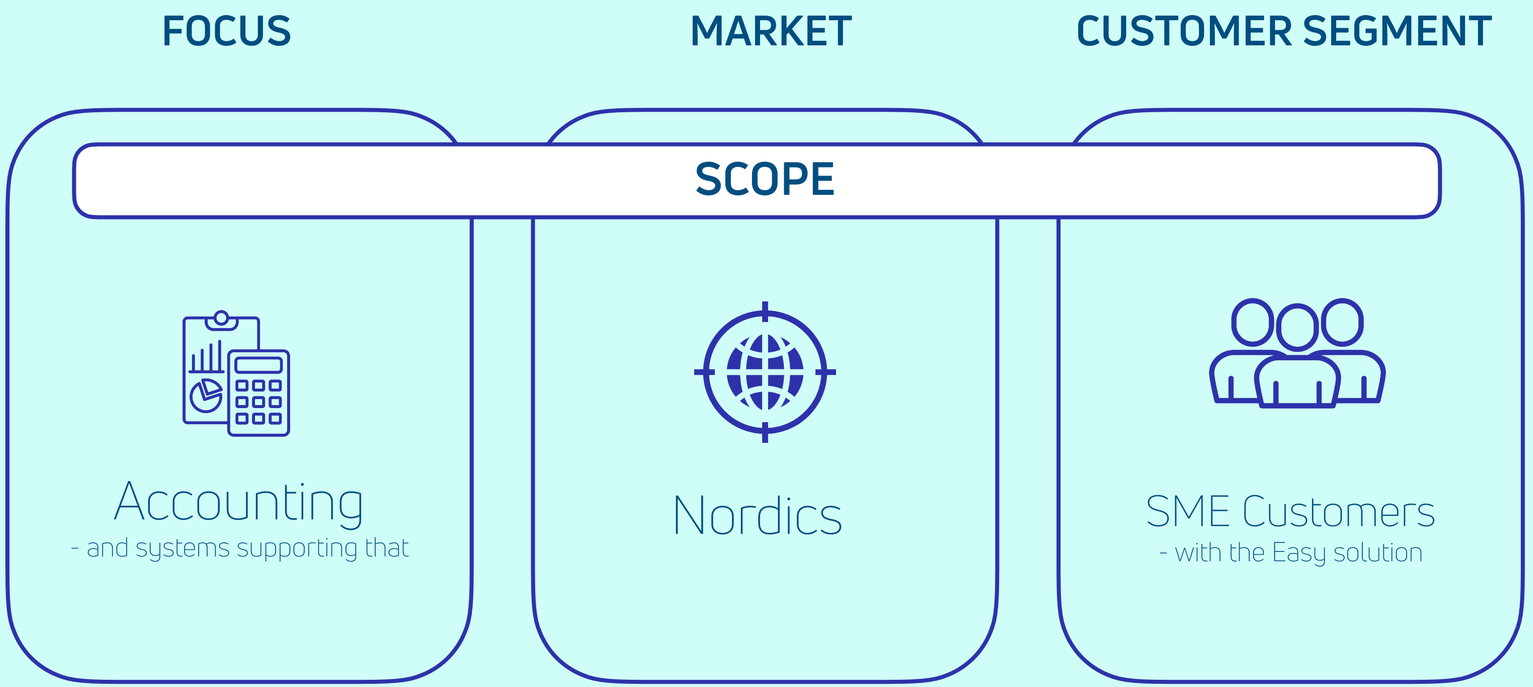

## Identify the pain and unmet needs

We want to understand the current process and set-ups in relation to bookkeeping. This is done by talking to merchants and accountants to understand how they interact with the different systems required, as well as how Easy and Nets is supporting that proces.




## Connecting insights

The goal of this project is to understand how a more automated bookkeeping process can bring value, this by focusing on value for the different relevant users (merchants and accountants), as well as for Nets. Interviews with accountants, ERP providers and internal stakeholders has been done to get the full picture of how the we shall annonce and implement the integration to our chosen integrator, Zwapgrid, as well as how the Easy portal can contribute to a more frictionless bookkeeping.




The project is limited to the Nordics,
as we assume the knowledge collected
can be used as a baseline when
communicating the value in DACH

# Bookkeeping is done deferentially and requires a lot of manual work as it has to adapt to the systems the business is built on

## The merchants

The accountant are creating their own system, set-ups and manual work-arounds the complex business environment they are supporting.

It is more complex to have an external accountant set-up as it requires time to onboard them to the various systems.

The choice of having accountant done internal is not only defined by size or revenue, but by the complexity of the business set-up.

## Internal

The Easy administration portal is not the main touchpoint when it comes to bookkeeping.

The Nets settlement set-up is our primary offering to our merchants when they are signing up with Easy, although that most merchants prefer gross settlement, receiving an invoice before the amount is deducted.

The limited amount of self-service options in the Easy administration portal, such as changing e-mail, causes a high amount of support cases related to bookkeeping, invoices, settlement and fees.

# Research approach

# How does **the current experience** in relation to bookkeeping look from different perspectives?

- Explore **the pains and unmet needs in relation to bookkeeping.**
- Explore how we (Easy) **support the current process of bookkeeping.**
- Explore and identify how we (Easy) can contribute to **the best to-be experience** with bookkeeping.

RESEARCH APPROACH - INTERVIEW SET-UP

Intro | General information and business set-up (systems - bookkeeping/ERP/ shop platform and accountant) | Mapping out the process related to bookkeeping (focus on programs, data, persons involved, time) | Visualise daily tasks and external expenses | Documentation and reports (settlement reports, invoices) | Our portal(s) (Easy and NetAxept) | Automated bookkeeping | Outro

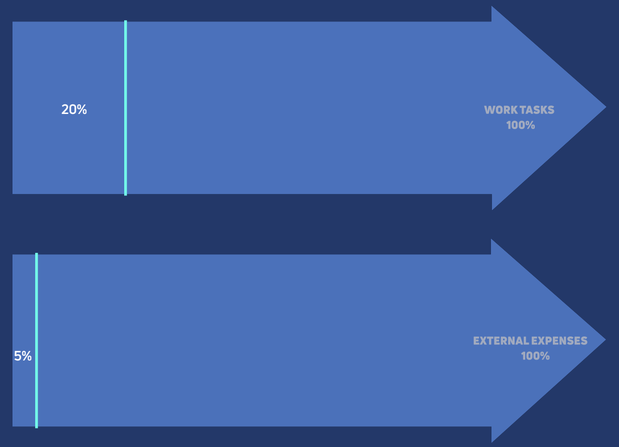
15 minutes | 30 minutes | 15 minutes | 1 hour

## Visual mapping exercise

We used a visual mapping exercise in Figma, to support our merchants when talking about the process. We focused on: tasks, the programs used, the data/ documentation needed, the responsible and the frequency of the tasks.

## A visual task trying to identify the expenses and time used

We chosen to emphasise the time spent, as well as the expenses related to bookkeeping visually, so we can identify how much a more automated process will save our merchants in the future.



# Insights

I. The process of bookkeeping

II. Internal complexity and the many systems

III. Accounting done inhouse or external

IV. The documentation needed in relation to bookkeeping

V. The value of automating a bigger part of bookkeeping

# The process of bookkeeping

THE PROCESS OF BOOKKEEPING

# The accounting lifecycle

**1.**
Analyse and record transactions

Gather records of business transactions;
receipts, invoices, bank statements e.g.

**2.**
Post transaction to the ledger

The ledger is composed of journal entries
includes the date of transactions, amount,
affected accounts with account number, and description -
reference number (check number, brief description with transaction)

**3.**
Prepare and unadjusted trial balance

Prepare unadjusted trial balance; meaning summing up the total
credits and debits in each of the company's accounts
to calculate individual balances for each account

**4.**
Prepare adjusting entries at the end of the period

Makes sure that your financial statements
only contain I information relevant to the
particular period of time you're interested in.

**5.**
Prepare and adjusted trial balance

Create another trial balance where you
take the adjusting entries into account
to prove that all of your ledger's credits and
debits balance after all adjustments

**6.**
Prepare financial statements

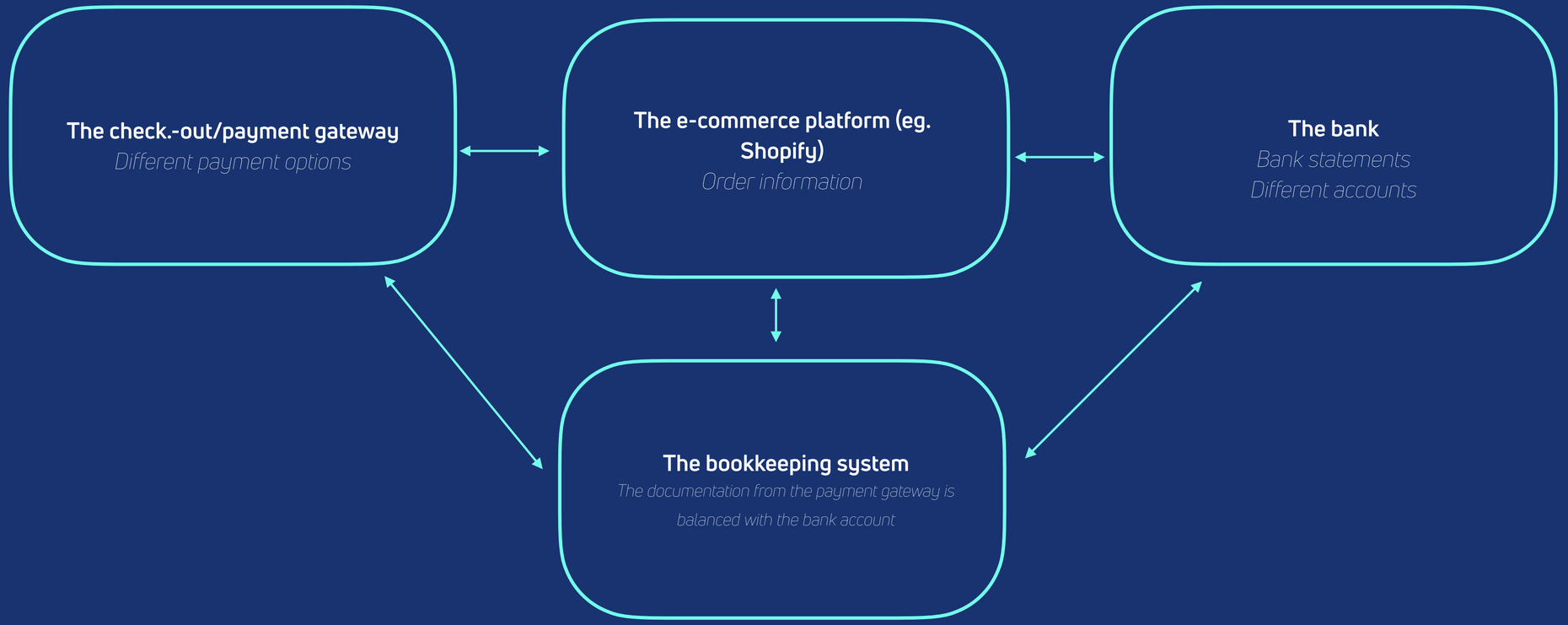
The financial statement tell
you where you money is
and how it got there.

**7.**
Closing books

Typically done by the end of the year where it
resets the temporary accounts (revenues and
accounts) to start the new year fresh and you
make adjusting entries called closing entries.

# The real world

*"I have a 102 orders in my shop platform, have they been payed?*
*I have to login to the Easy portal to see if it has been payed, and then I have to Allign it with my bank-account."*



THE PROCESS OF BOOKKEEPING

## Responsible: 1 financial offer and 2 controller

### Daily x 20

- Daily reports via e-mail
- Daily reports via e-mail
- Control if the file from Easy matches the orders
- Control if the file from Easy matches the orders
- Download reports from portal and check if they match in Navision Stat
- Download reports from portal and check if they match in Navision Stat
- Download reports from portal and check if they match in Navision Stat
- Download reports from portal and check if they match in Navision Stat

### Every friday

- Does Navision Stat match the bank statement from the 4 different accounts
- Download report and match it against Navision Stat

**Week 1**

- Does Navision Stat match the bank statement from the 4 different accounts
- Download report and match it against Navision Stat

**Week 2**

- Does Navision Stat match the bank statement from the 4 different accounts
- Download report and match it against Navision Stat

**Week 3**

Done within the first 10 days of the next month due to delayed in payout from payment providers

- Consolidate everything in excel and goes through it with an external finance responsible (internal) (Sikkerhedsstyrelsen)
- Download report and match it against Navision Stat

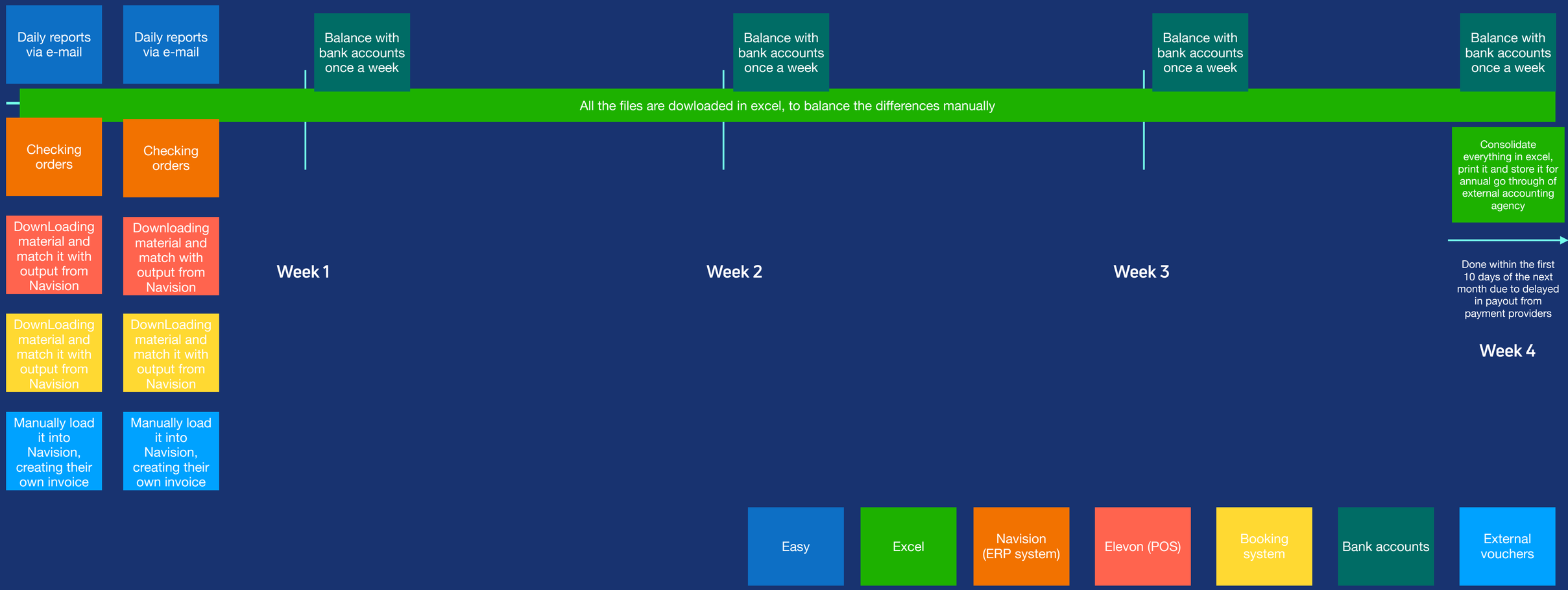
**Week 4**

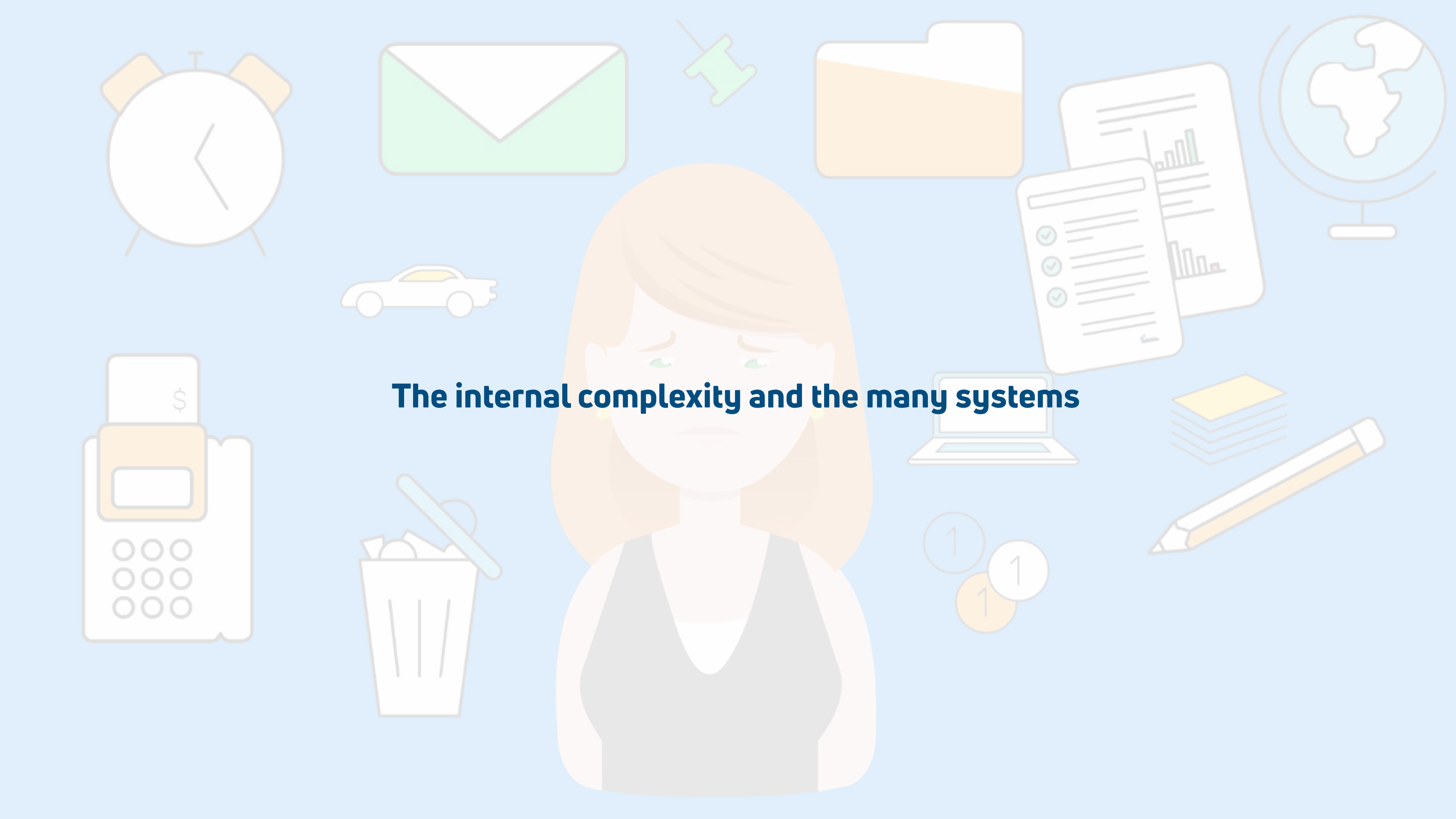
- Easy
- Excel
- Navision Stat (ERP system)
- Husweb
- NetAxept
- Infax (Travel expenses and purchasing invoices)
- Bank accounts

THE PROCESS OF BOOKKEEPING

## Responsible: “Different employees depending on the system

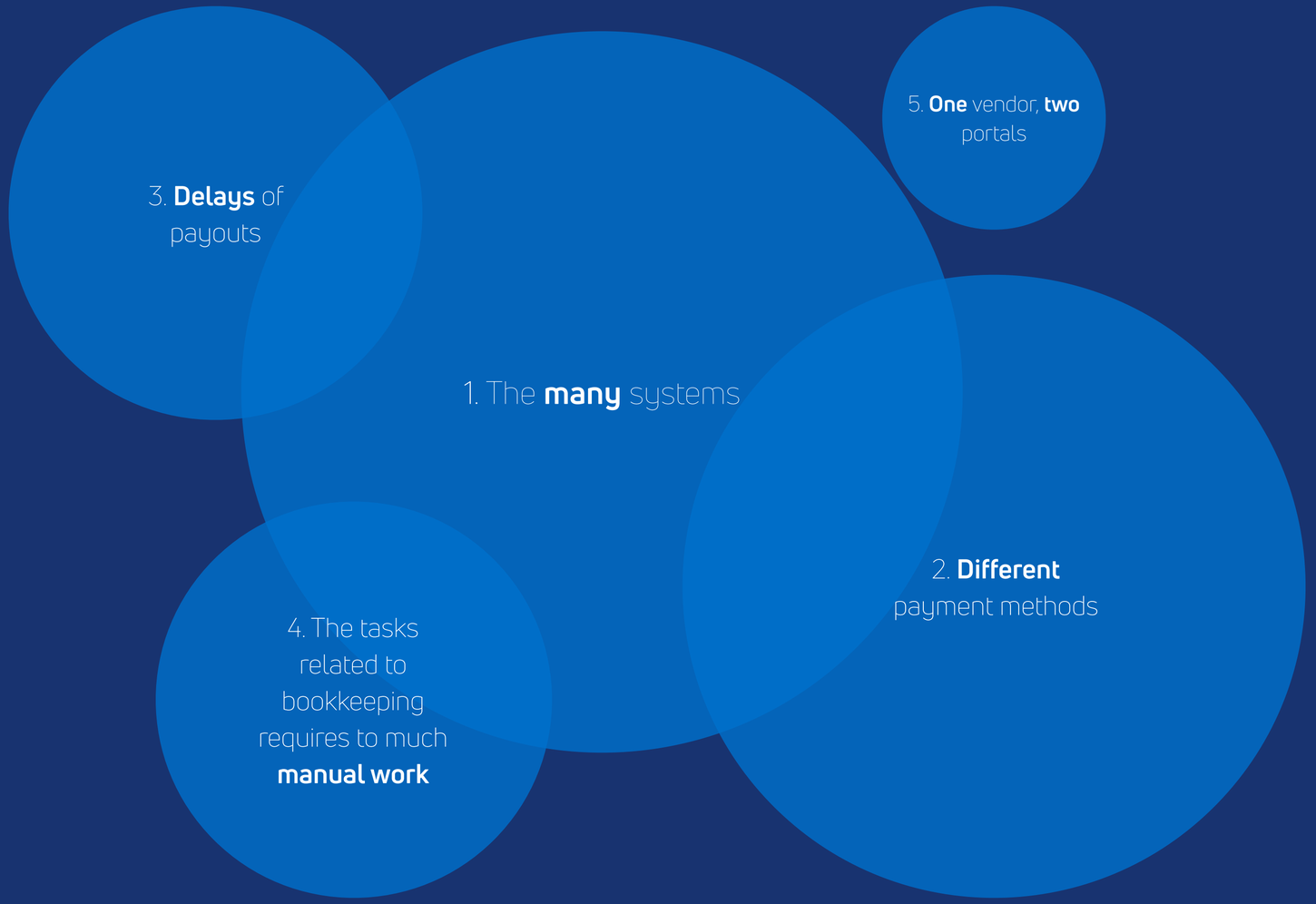
### Daily x 20





# The internal complexity and the many systems

INTERNAL COMPLEXITY AND THE MANY SYSTEMS



INTERNAL COMPLEXITY AND THE MANY SYSTEMS

# E-commerce is complex and high on systems

An e-com merchant is not limited to an e-commerce platform, a bookkeeping system and a payment gateway, but has many background systems running to maintain their business (product information management system, warehouse management, communication platform...)

*"You need a lot of systems to make it work."*

# Bookkeeping done for a POS merchant is not as complex as bookkeeping for an e-com merchant

That is due to the fact that it is two different stages where you get the data from.
By the end of the day you close the terminal and the cashier and balance it - the products are bought and paid for.
The data within e-com a stored while it is processed.

INTERNAL COMPLEXITY AND THE MANY SYSTEMS

*"We have so many systems accepting different payment options provided by different payment providers, so we need one employee for each system, 9 in total"*

# Merchants are having various payment providers and payment options

Merchants tend to have more than one payment provider/one check-out to meet the needs of their customers.

A merchant is mentioning that giftcards is one of their primary payment options and they have a separate system for that.
Another merchant is mentioning that a large number of their customers wants to pay via invoice.

INTERNAL COMPLEXITY AND THE MANY SYSTEMS

# Merchants are having a bookkeeping system and an ERP system

Alongside the business is growing the need for digitalise overview and maintaining are increasing, so medium size merchants does not settle with only a bookkeeping system together with their e-commerce platform and check-out.

*"We have so many systems accepting different payment options provided by different payment providers, so we need one employee for each system, 9 in total"*

INTERNAL COMPLEXITY AND THE MANY SYSTEMS

# The payouts in the bank is depending on the chosen payment method

If Easy isn't the acquire of the payment method, it might be present in the bank before it is stated as payout in the Easy portal, which create complexity when having to post it in the bookkeeping system.

*"Swish is creating a massive work load for our internal accountant. She has her own excel file, downloading the daily Easy statement, the bank statement and the swish payments and then calculating the fees in a separate document."*

*"I have one for Swish, one for credit card, one for foreign cards, one for manual billing, how should I be able to keep track on all these systems, let alone remember the different logins."*

INTERNAL COMPLEXITY AND THE MANY SYSTEMS

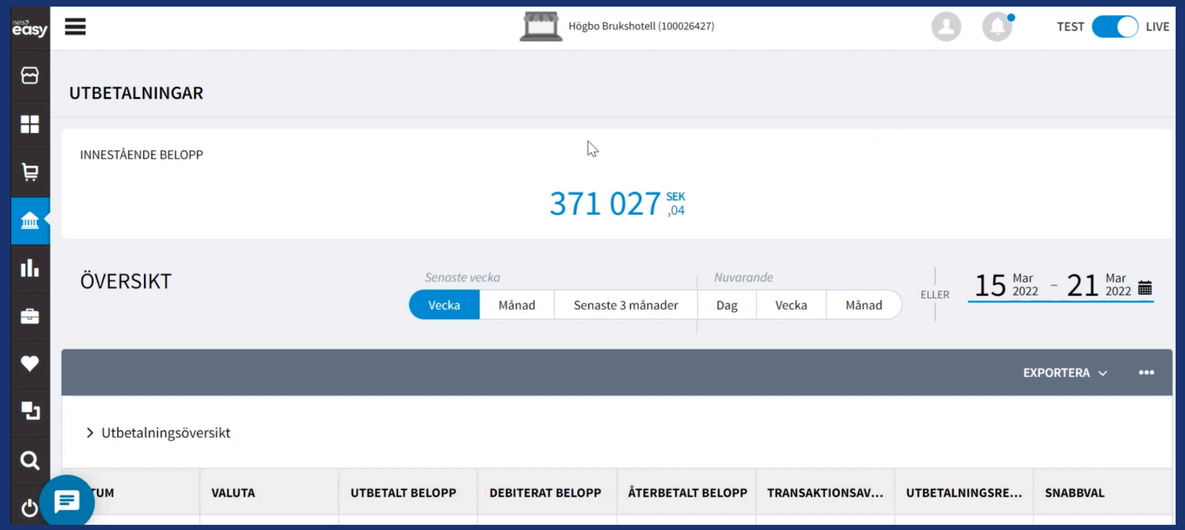
All merchants has their payment solution through their e-commerce platform, and a transaction is done through the check-out, but that doesn't mean the money will be in the account connected to your check-out, there is a delay in payout from Nets, and every other payment provider, meaning it causes friction e.g. if there has to be made a refund

Easy/Nets

**The** Ecommerce platform

Bank

INTERNAL COMPLEXITY AND THE MANY SYSTEMS



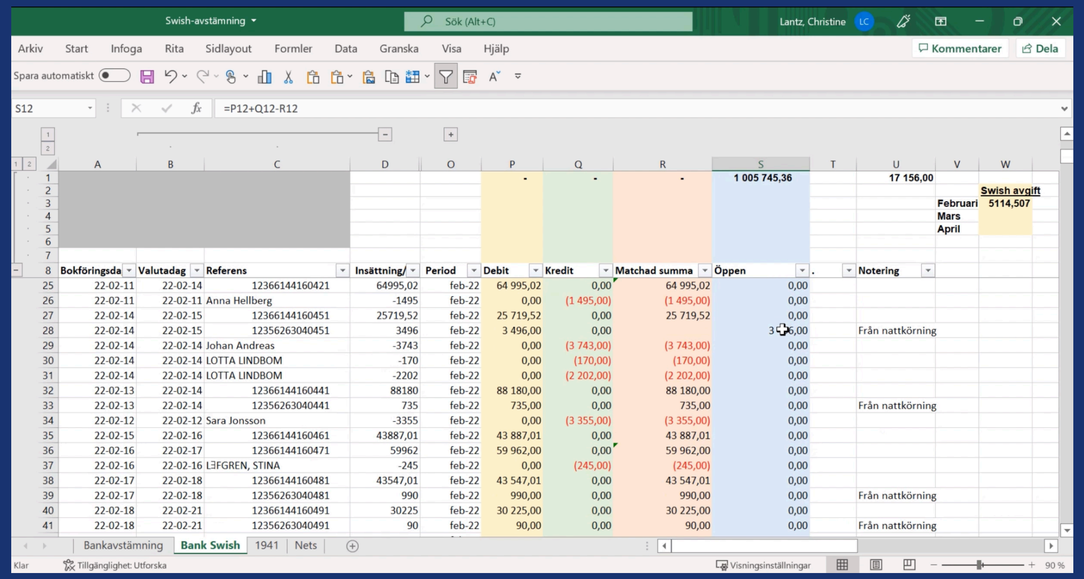

Merchants are checking the deposit in the Easy portal to make it balance with the bank and the ERP system/e-commerce platform.

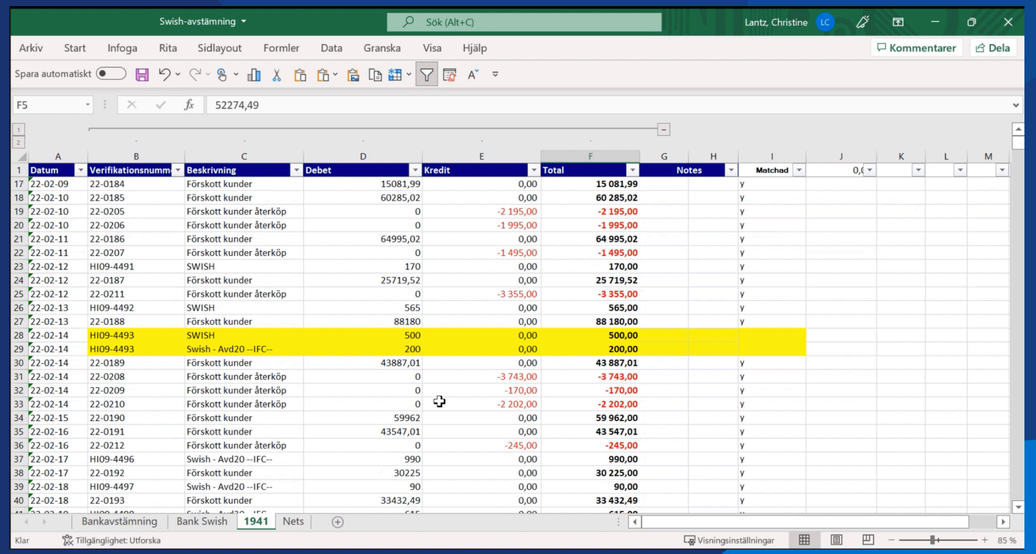
*"I am checking that amount almost daily, otherwise I would only be able to my job on special days."*

INTERNAL COMPLEXITY AND THE MANY SYSTEMS

# There is not one way to do it

Even with the same e-commerce platform, the same payment provider and the same ERP system, merchants are doing it differently and that is due to the fact that bookkeeping is complex and a larger part of the process is manually, meaning downloading, controlling and uploading files to the main system.




**4. The tasks related to bookkeeping requires to much manual work**

# The complexity of bookkeeping is present independently  to the size of the company

Both small and medium size merchants are making workarounds when it comes to bookkeeping. Everyone has some sort of manual set-up of some of the processes to cater for the different systems they are working in.

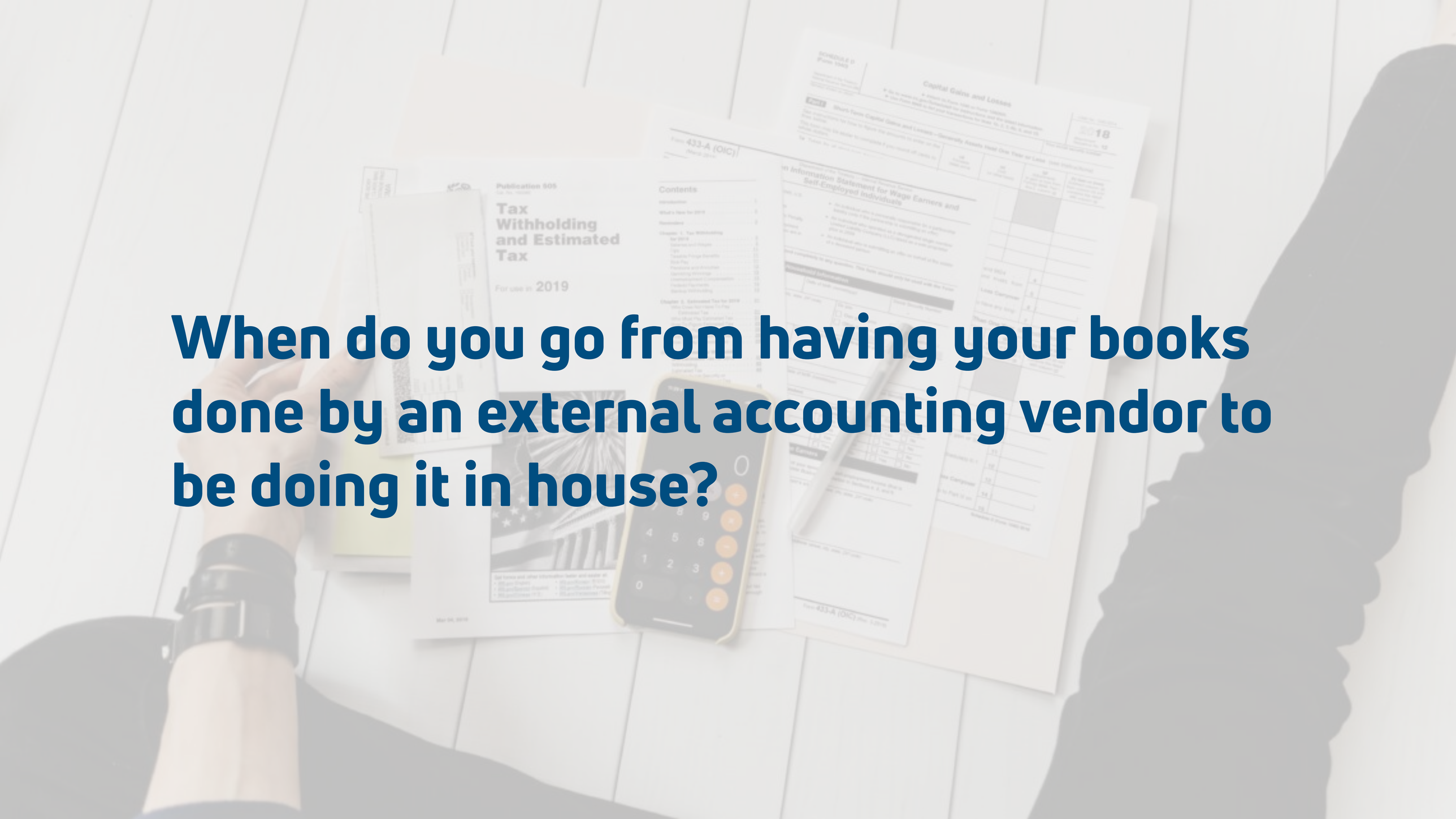
*"Even though we our primary income is from our physical shop, we are getting more and more transactions on our newly opened webshop…., I stil have to manually download it and sync it with our own excel set-up to put into our main system."*

**4. The tasks related to bookkeeping requires to much manual work**

# More and more merchants is present in both the physical and digital world - so why have two different platforms

Merchants having Nets both for e-com and POS is frustrated about the fact that they have to enter two different portals to get the documentation needed for bookkeeping

*!I am working in enough systems already, having to deal with the same provider on two different portals seems a little unnecessary from my perspective, and the fact that they are not really the same and the set-ups with you are different, that is just adding complexity to a thing that is already to complex.."*




# When do you go from having your books done by an external accounting vendor to be doing it in house?

ACCOUNTING DONE INTERNAL OR EXTERNAL

A

Choosing to have an internal or external accounting is not only decided by the size and revenue of the company

B

External accountants are meeting the complexity of their clients and let the merchants focus on their core business (especially in DK and SE)

C

The choice of changing to an internal accounting set-up is made based on expenses and time

ACCOUNTING DONE INTERNAL OR EXTERNAL

*"A growing company moves very fast into teaming up with a bookkeeping agency, alongside they might want to recruit their own financial team, but tends to still keep the agency and share the tasks between them."*

A

Choosing to have an internal or external accounting is not only decided by the size and revenue of the company

ACCOUNTING DONE INTERNAL OR EXTERNAL

## The complexity of the internal set-up underlines whether the process for accounting is done internal or external

Bigger merchants might have an external accounting agency to be doing their books, maybe as a collaborative task, but they also tend to choose going the internal way due to the complexity of services and products they are selling as well as the internal set-up

## When you have a yearly revenue larger than 5 mil. Sek, the books has to be annually approved by and external accounting agency.

Bigger merchants might have an external accounting agency to be doing their books, maybe as a collaborative task, but they also tend to choose going the internal way due to the complexity of services and products they are selling as well as the internal set-up

A

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ACCOUNTING DONE INTERNAL OR EXTERNAL

# The biggest difference on external vs. internal accounting is when you look at public vs. private merchants

Public merchants are always having an internal financial team focussing on bookkeeping. When it comes to private merchants, with an administration team on more then 5-8 employees, they have accounting done internal.

A

Choosing to have an internal or external accounting is not only decided by the size and revenue of the company

ACCOUNTING DONE INTERNAL OR EXTERNAL

# “I have a stack of NemID and 50 plus logins - sometimes I use the merchant login, but it is a huge mess. I have it stored on an excel sheet.”

Accountants are working around their merchants - they serve them the best way, but they are also recommending them to collect all their expenses, as it will safe them time and money on the long wrong.
The complexity of the expense related to bookkeeping is deciding how detailed it is done.

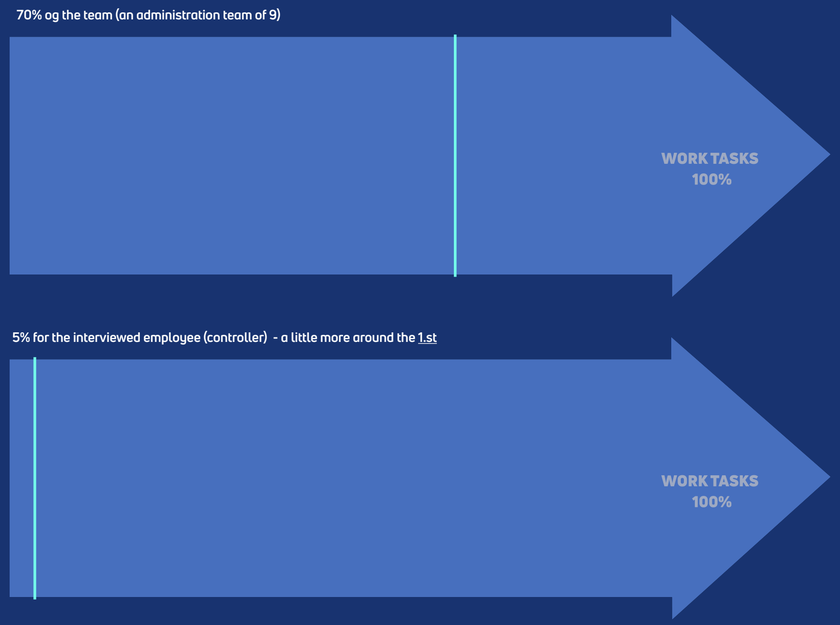
*“If a merchants shows up with a tight budget, I am only doing it according to that budget, I am still doing my job with a high standard, but they have to pay up if they want it done down more detailed.”*

B

External accountants are meeting the complexity of their clients and let the merchants focus on their core business (especially in DK and SE)

ACCOUNTING DONE INTERNAL OR EXTERNAL

Our merchants are spending too much time on tasks related to bookkeeping.
It is taking up time from their core business area and main tasks, which will thereby be less prioritised



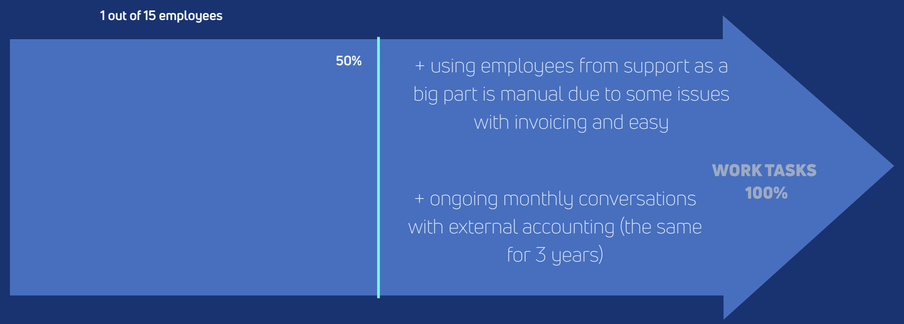

C

The choice of changing to an internal accounting set-up is made based on expenses and time

## ACCOUNTING DONE INTERNAL OR EXTERNAL

They need to ask for help from employees outside the administration and without the economic background.

+ one "cleaning lady" dealing with the general costs and payments in the company, hired 11 hours a week, spending 60% on bookkeeping




C

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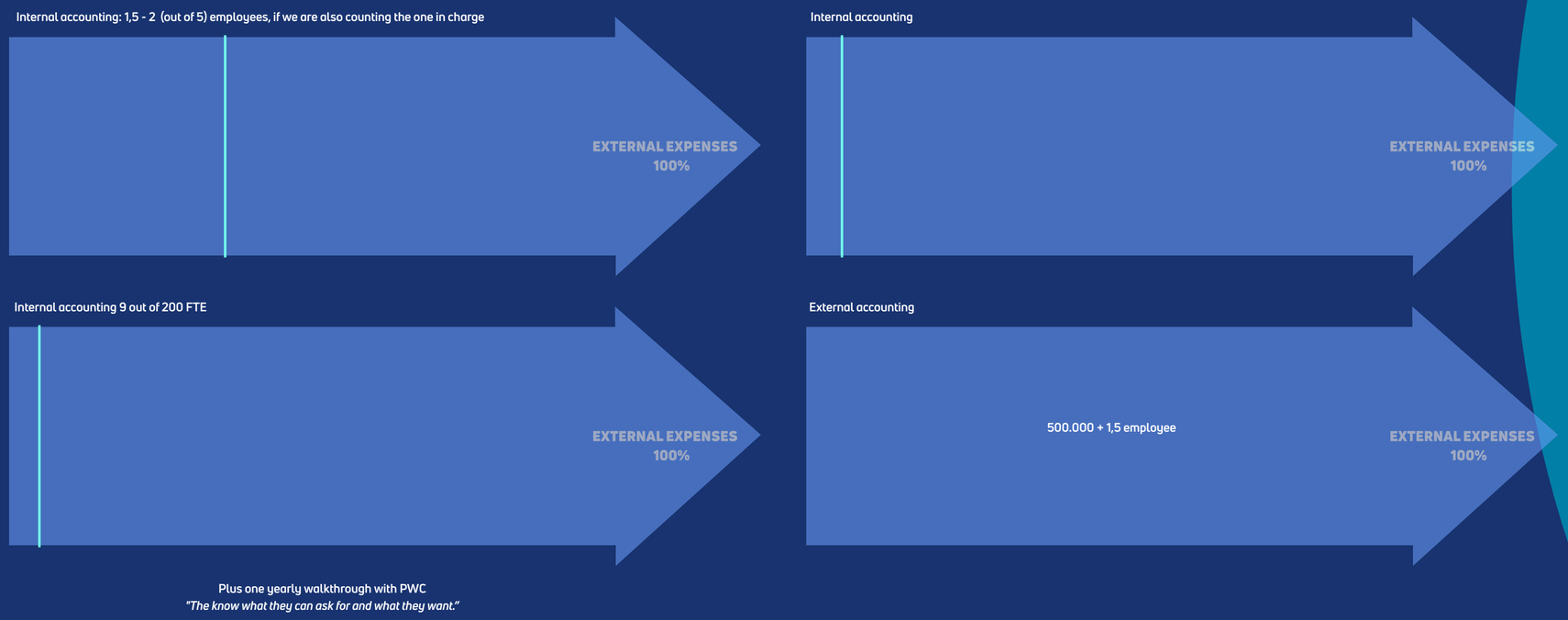
ACCOUNTING DONE INTERNAL OR EXTERNAL

# The merchants had some difficulties in answering how big of a percentage of their total expenses went on bookkeeping




Plus one yearly walkthrough with PWC
*"The know what they can ask for and what they want."*

C

The choice of changing to an internal accounting set-up is made based on expenses and time

# When you have a yearly revenue larger than 5 mil. sek, the books has to be annually approved by and external accounting agency.

Bigger merchants might have an external accounting agency to be doing their books, maybe as a collaborative task, but they also tend to choose going the internal way due to the complexity of services and products they are selling as well as the internal set-up

*"We went from a yearly external accounting budget higher than 800.000 to one internal economic officer and much more flexibility."*

C

The choice of changing to an internal accounting set-up is made based on expenses and time

INVOICES

# A large number of our support cases is related to bookkeeping

## 17% of our support cases is related to invoice

The most frequent cases:

Can I get a copy of my invoice?
Changing my information, such as entering a new e-mail so I can have my invoice send?
Difficulties in understanding their invoices
Missing payment
Don't understand how to pay

# Mistakes and wrong number on the invoice is often caused by manual typing mistakes

"If you as a merchant don't sign up for the standard pricing model you agreement has to be typed into SAP manually and that can cause mistakes."

## The value of making the bookkeeping proces more automated

*“Bookkeeping in the cloud,*
*not it is almost a hygiene*
*factor, everyone is doing it.”*