

# Chapter VII

## Emerging E–Services in Accounting: A Longitudinal Case Study

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### ABSTRACT

*This chapter analyses and provides an example of the introduction and first years of the management of accounting services and e-services in a professional accounting firm. It argues that e-services, as a result of adoption and use of Web-based digital technology, are slowly emerging within the accounting field. Further, the change to e-services implies a significant change in the business model for professional service providers as well as acceptance and adoption of the new services among customers. Furthermore, the author hopes that by identifying development and learning issues, the case cannot only be used for implementation of similar initiatives within other organizations but will also assist students in their understanding of the process of change and e-service management.*

### INTRODUCTION

Within many disciplines the utilization of Internet technology has moved traditional business processes to the electronic environment and changed the business models for professional services (Kotler, Hayes, & Bloom, 2002). Web utilization has given many companies “Internet presence” and provided them with opportunities to develop and expand new services. The concept of

electronic services, known in short as e-services, has emerged in academic literature and practice. Although the term “e-services” is commonly used in business and information science journals, a generally accepted definition of the concept does not seem to exist (Stafford, 2003). For this study, based on Rust and Kannan (2002), an e-service is defined as “the provision of service over electronic networks”; where in this study the term “networks” implies the Internet.

The objective of this case study is to analyse and provide an example of the introduction and first years of the management of accounting services and e-services in a particular professional accounting firm in order to identify development and learning issues, which can be used for implementation of similar initiatives within other organizations in the future. The focus is on the perceived problems and opportunities in transforming services into e-services as well as the operational and strategic solutions used by the company to solve the emerging problems. The professional accounting firm in this study is a service provider of financial, accounting, and taxation related services for client companies, but not internal or external auditing services. The accounting firm uses information technology both to provide services to the clients and to support its own internal operations for internal administration and accounting. This case study will not distinguish between internal and external use, but will discuss the introduction and utilisation of Internet technology as a whole.

The introduction of e-services and the change in the business model are examined via a longitudinal case study over a period of three years, from 2004 until early 2007. Extensive investigation was undertaken to find an agency that would be among the forerunners in digital accounting systems use, preferably in the post-implementation phase of a Web-based accounting software adoption. Besides being on top of technology, the selection criteria included the researcher having relatively open access to the company for further studies and permission to publish the findings. The case agency was previously unknown to the researcher. Data were collected with multiple semistructured interviews and open discussions being conducted at six-month intervals with the business owner and employees. The data were transcribed, analysed, and codified into themes, and emerging issues were examined. Each interview candidate viewed the findings and was invited to comment on the issues. Further, the

researcher had access to company documents and notes but with regard to client confidentiality, full access to all documents was not possible to obtain. Data triangulation (Denzin, 1989) was obtained by comparing feedback, interview data, and participant observation. However, since the research was undertaken by only one researcher, which did not facilitate investigator triangulation, the findings may be subject to bias. Further, data collection was limited to the accounting agency, thus neither the ASP vendor providers' nor the clients' opinions have been investigated.

## **BACKGROUND**

Accounting is about providing useful information to users for decision-making and in a standardised format that allows for comparability and understanding (Wallman, 1997). The users of accounting and business information are both internal, within the enterprise itself, and external, for example the taxation authorities, investors, financial institutions, and auditors.

An enterprise can prepare the financial information itself or purchase the services. In Finland approximately 90% of book-keeping records, financial, and fiscal reporting in companies is provided by accounting agencies (Association of Finnish Accounting Firms, 2006). Finnish companies thus heavily rely on external accounting service providers. The high number should however be compared to the existing large number of small and medium sized enterprises (SMEs) in Finland and in the EU (Ghobadian & Gallea, 1996). Further, the most common category of clients of Finnish accounting firms is micro-entities and small companies (Lith, 2004). Previous research has found evidence that SMEs tend to contract out non-core business functions to service providers due to reasons such as cost savings and lack of expertise (for example, Lacity & Willcocks, 1998). In Finland, like in many other countries, accountancy is legally regulated (subject to the

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