A New Paradigm for Accounting through Cloud Computing

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Abstract

Nowadays, the impact of globalization, the rapid advances in science and technology, the rise of big data, the wide spread of internet-based applications and even standardization have created the proper context for the emergence of a new concept -cloud accounting. The digitization of business, the increasing amplitude of virtual reality, the metamorphosis of traditional computer business schemes towards cloud-based solutions are underlying drivers of change that shape the actual principles of the market. On the other hand, accounting is an essential component of the framework that sustains any enterprise’s activity. The focus of this article is the impact of the cloud computing paradigm on the accounting domain. We highlight different points of view and definitions assigned to the concept of ‘cloud accounting’, and also, the benefits and possible risks determined by the adoption of these services, particularly in relation to the accounting department. Our approach is specifically centered on the financial implications and the pricing offerings that come along with cloud computing. Furthermore, the paper analyzes the key aspects that should be considered by any company when deciding to choose the right accounting system. Understanding the specific requirements of the business is vital - be it online or offline."
business models, will collectively form different expectations and economic values. The increasing complexity of the business environment, along with enhanced competition at a global level and the reduction of the business cycles are preconditions that would challenge the accounting profession. On the other hand, the continuous need for global accounting standards and practices is also influencing the future of accountants.

Regarding the development of technology, companies and therefore the accounting department are generally influenced by: the digitisation of business, the intense potential created by the internet, the implications of big data and the growing importance assigned to data mining. In this context cloud computing made its way and created new business models. The impact of cloud computing is presently undisputed and will provide the basis for future metamorphosis of the economic field [2].

The accounting profession must firstly achieve the insight regarding these forces that will reshape the future of the organizations they support. Secondly, accountants should objectively evaluate the effects of these changes in relation to the entire accounting system: standards, processes and staff. Thus, the impact of future change includes all accounting aspects, from the role of accounting employees, through to the content of financial reporting standards and the reformation of tomorrow’s accountant.

The following article presents in a qualitative manner, the implications of cloud computing in the accounting field. The study introduces the concept of ‘cloud accounting’ through different definitions and opinions especially those from the IT domain (which is in fact, the very origin of the cloud computing phenomenon). Through an exploratory research we described the benefits and possible risks determined by the adoption of these services in the accounting area.

The article is built upon a theoretical approach and presents the state of the art for the cloud accounting paradigm. Furthermore, we should mention that this notion is fairly topical in the business environment and the available information on this subject is especially related to the information technology industry. Very little has been written about cloud accounting from the accountants’ point of view. Therefore, the paper is mostly based on the knowledge derived from the “technical” angle. Other aspects discussed in this paper are the implications that come along with the adoption of cloud accounting solutions, both technical and financial.

### Nomenclature

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<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ACCA</td>
<td>Association of Chartered Certified Accountants</td>
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<tr>
<td>CAI</td>
<td>Cloud Accounting Institute</td>
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<tr>
<td>CSP</td>
<td>Cloud Service Provider</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>IMA</td>
<td>Institute of Management Accountants</td>
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### 2. What is Cloud Accounting?

In order to fully understand the valued created by cloud accounting, it is imperative to realize the potential of cloud computing in the business landscape. Cloud computing is no longer a new paradigm and it generally refers to business performed over the Internet, without the use of computer hardware or software license.

In 2008, Buyya et al. defined cloud computing as ‘a type of parallel and distributed system consisting of a collection of interconnected and virtualized computers that are dynamically provisioned and presented as one or more unified computing resources based on service-level agreements’ [3]. It can actually be considered ‘the next generation of computing’. In other words, cloud computing means: offering computer hardware and
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