



STATE OF THE INDUSTRY

# Leveraging the app advantage

2024 Canada



**Special report**

# About this report

## This report provides insight into app usage among practices in Canada, specifically for their small business clients

This report (commissioned by Xero) is based on an online survey of 251 accountants and bookkeepers, from Xero's database and independent panels, who have small business clients.

The information and commentary in this report is a guide only and should not be taken as taxation, financial or legal advice. We recommend you check with an independent expert that what you're doing is right for you and your practice.

**For definitions used in this report, please see page 29.**



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## FOREWORD

# The ever-evolving role of technology in accounting

Technology has become increasingly intertwined with accounting, and cloud technology is increasingly becoming a hot topic amongst businesses big and small. This shift has placed more importance on the need for an integrated, effective ecosystem of connected apps to drive growth. However, with so many options on the market, it can be difficult for small businesses to select the apps that will fit their needs.

This is where practices can come in. At Xero, we've witnessed an evolution fueled by innovation, where accountants and bookkeepers are not just adapting technology for themselves but also becoming advocates for apps. Many practices foster close, trusted relationships with small businesses. As key advisors, their word carries weight with small business clients – and when they offer advice on apps based on knowledge of their clients' businesses, they can add significant value for their clients while creating new areas for sustained practice growth.



**Ben Richmond**

Xero Managing Director,  
North America

Our report focuses on the use of apps by Canadian practices with their small business clients to enhance relationships, improve efficiency and drive business growth for themselves and their clients.

**Based on data across large and small practices surveyed, we share insights on app usage amongst practices, the overall benefits of app adoption for both practices and their clients, and the opportunities that lie in leveraging app expertise as a service offering.**

Join us on this journey to find out how customizing Xero with apps can help allow you to find greater efficiencies, time savings, and new income streams. Thanks to technology, the future of accounting is brighter and bolder than ever.



**Chapter 1:**

# How Canadian practices serve small businesses

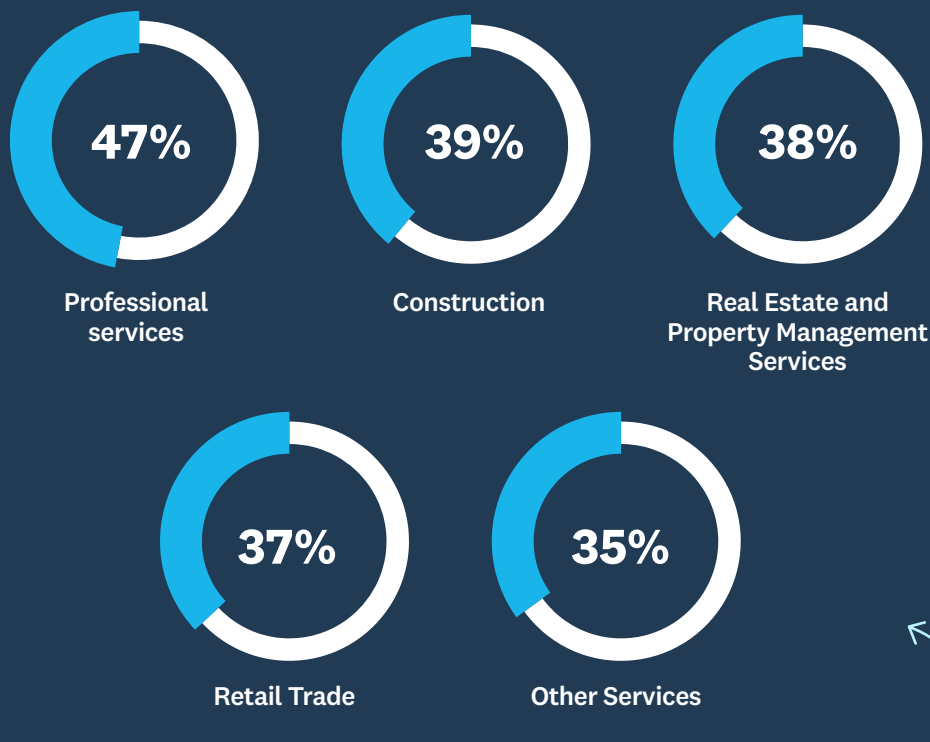
## UNDERSTANDING CANADIAN SMALL BUSINESS CLIENTS

# Practices serve clients across a broad range of industries

On average, surveyed practices service clients from 5 different industries\*, with the most commonly mentioned being **professional services, construction, property and real estate, and retail.**

This diversity requires practices to understand and manage an array of differing business needs and priorities.

### 1. Industries practices' small business clients operate in



Practices service an **average of 5** different industries

\*See appendix (1) for the complete list of industries.

This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients.

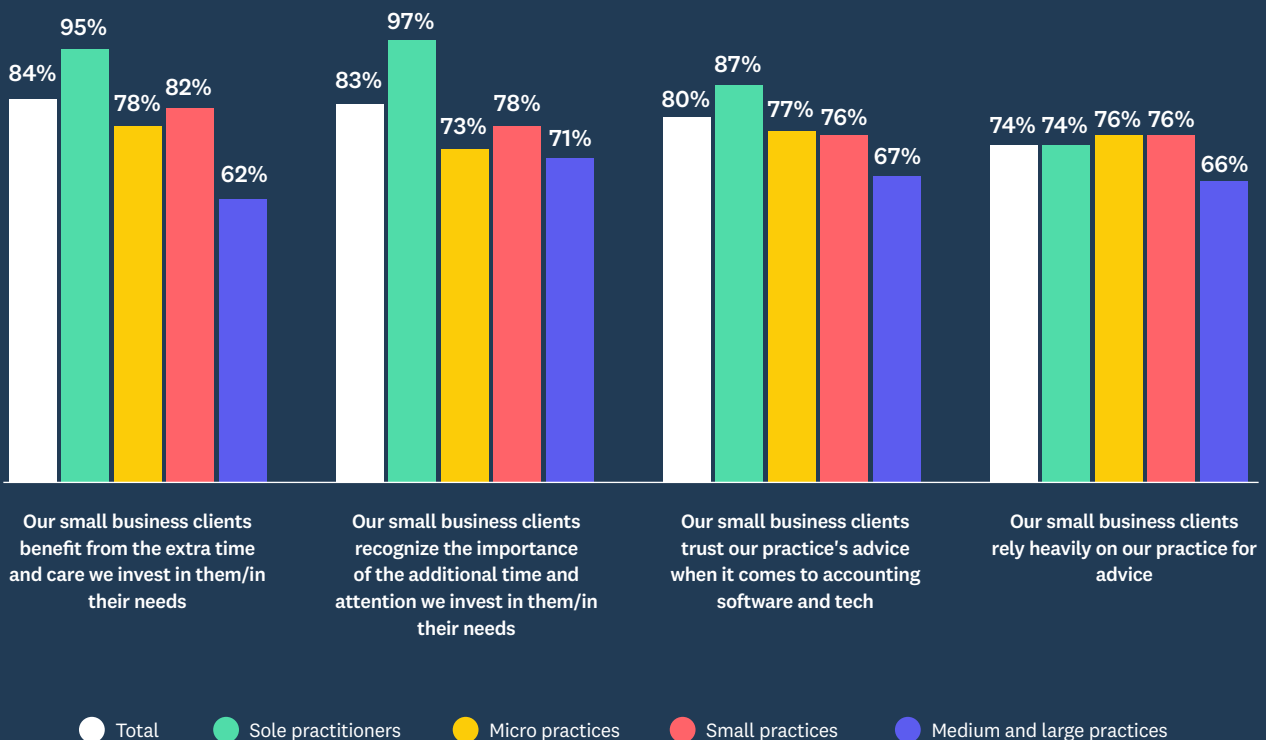
## BUILDING STRONG CLIENT RELATIONSHIPS

# Small business clients recognize the importance of the additional time and attention invested in them

Spending extra time and care on small business clients has benefits to both practices and clients. 83% of practices reported that their clients recognize the importance of the additional time and attention invested.

Surveyed practices say that their clients rely heavily on them for advice. This suggests that such practices have built up a strong and valued understanding of specific clients' needs through the time and effort spent with their businesses.

### 2. Agreement with statements about surveyed practices' small business clients



This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients.

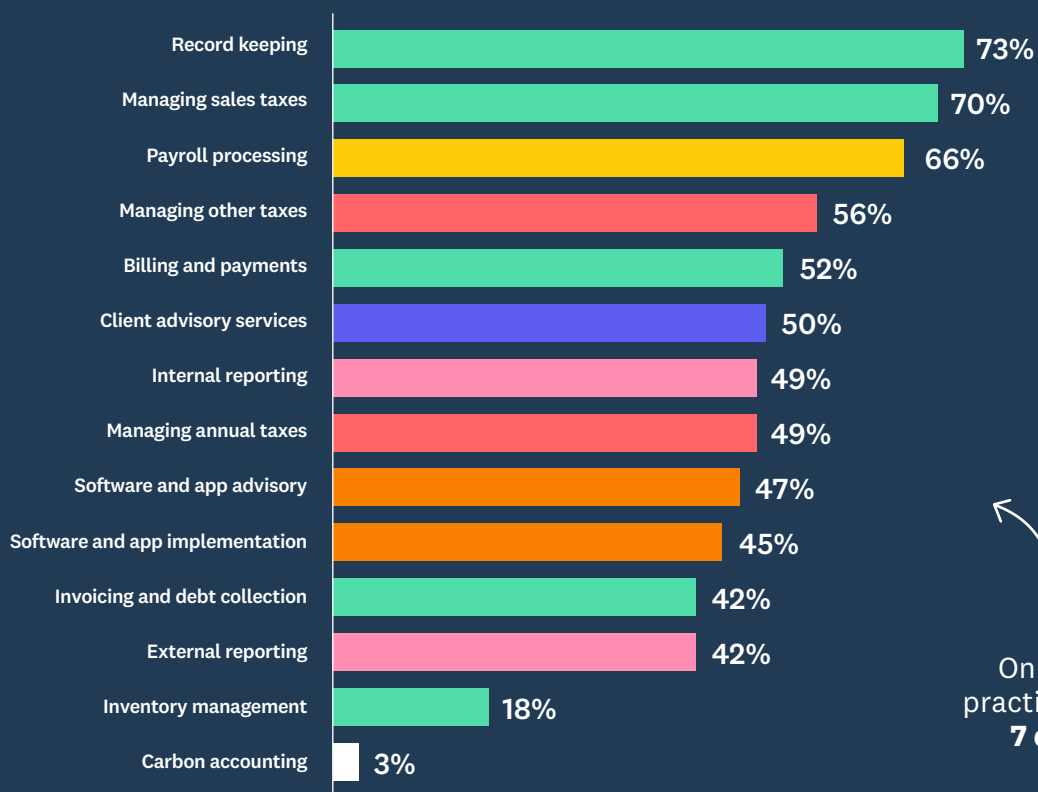
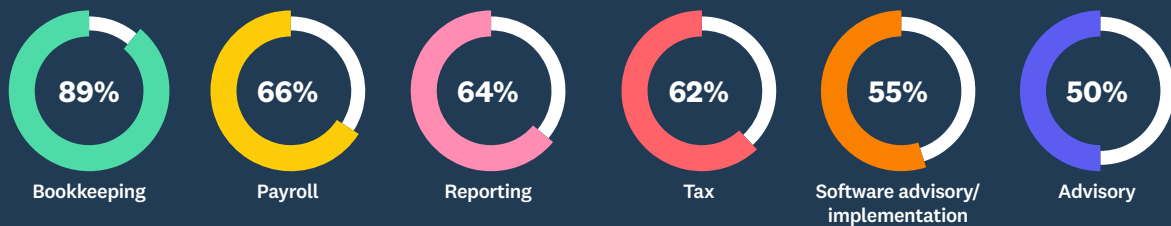
## KEY SERVICES FOR SMALL BUSINESS CLIENTS

# While bookkeeping remains the most commonly offered service, there is room to diversify

89% of practices surveyed offer bookkeeping services to their small business clients. For example, 73% of practices offer record keeping to small business clients.

At the same time, survey results suggest that advisory and software advisory/implementation are more specialized areas with only 50% and 55% of practices offering these services. There is an opportunity for practices to expand into these areas to deepen their relationship with clients, making them better partners, and also to differentiate themselves within the market by opening new revenue streams.

### 3. Services practices offer to small business clients



On average, practices offer **7 different services**

This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients.



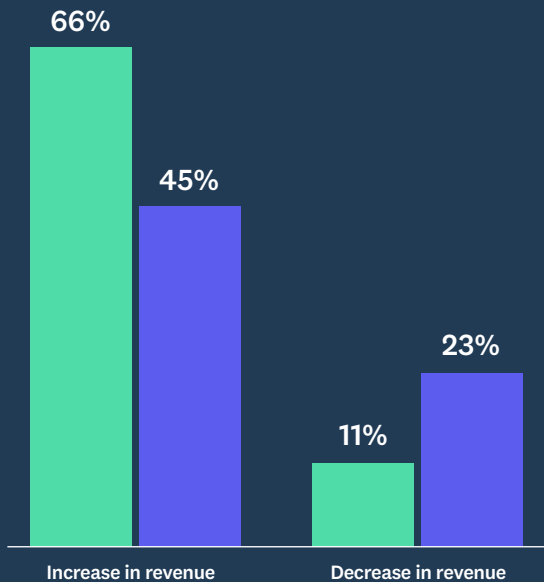
## LINKING APP USAGE TO PRACTICE GROWTH

# Practices that use apps for multiple services are more likely to experience growth

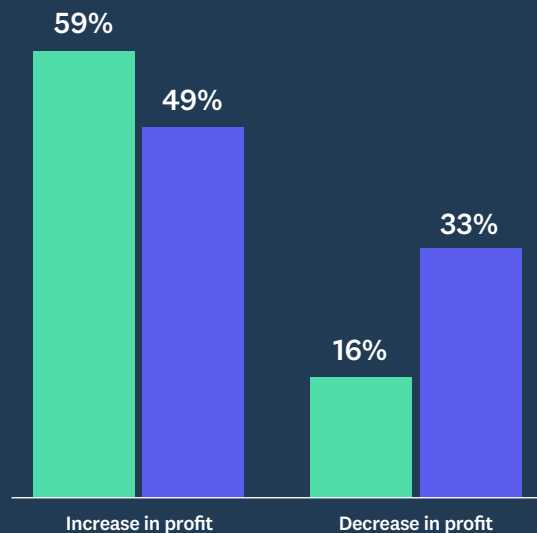
Not only do apps alleviate the day-to-day pressures of running a busy practice, those with a more established and integrated app stack tend to see higher returns. In fact, 66% of surveyed practices that use apps for multiple services report an increase in revenue over the past 12 months, which is a further 21% compared to 45% of those who use apps for just one service.

While building an app stack requires an initial upfront investment from practices, leveraging multiple apps can streamline processes and drive substantial revenue growth that outweighs short-term costs with greater profitability over time.

### 4. Proportion who experienced change in revenue over the past 12 months



### 5. Proportion who experienced change in profit over the past 12 months



● Uses apps for multiple services    ● Uses apps for one service

## CASE STUDY

# How accountant Jules Hawkins helped the Windsor International Film Festival put on the largest volunteer-run film festival in Canada



**Vincent Georgie**

Executive Director and Chief Programmer, WIFF

### Using Xero to help festival organizers scale up without slowing down

The Windsor International Film Festival (WIFF), led by director Vincent Georgie, is a renowned independent film festival, hosting over 45,000 cinephiles a year.

It didn't start off this way. In order to meet increasing demand, the WIFF team approached Jules Hawkins, co-founder of Hawkins & Co. and Xero ambassador, in 2022 to create a financial system that could support the load of bigger and better.

### The problem: Growing pains, growing challenges

The WIFF team had three new challenges that strained the capacity of their existing system: hosting a 'comeback' festival after COVID, registering as a charity, and managing a \$500,000 federal grant.

"The conversation started off about bookkeeping and became 'how can we boost your tech stack to streamline operations,'" said Jules. "WIFF needed software that had robust reporting functionalities and could scale with them."

**Jules Hawkins CPA, FCA**  
Hawkins & Co. Accounting



## The solution: Building a foundation for growth

WIFF would need a system that could manage their purchase receipts and expenses, and integrate with existing platforms.

“We built WIFF an ecosystem that would serve the organization, rather than just a freestanding ledger,” Jules explained.

**“We started with a general ledger, supported by tools like Hubdoc for bank statements and Plooto to manage vendor payments, and relied on Xero’s robust reporting functionality to address the increased reporting requirements.”**

## The result: Stronger insights, stronger connections, a clear path forward

WIFF has put on two successful festivals in the years since the transition.

“We went from shoeboxes and Excel sheets to this powerful new system,” said Vincent. “The sheer volume of transactions could have been overwhelming, but thanks to Xero, it’s not. It’s made our lives much easier.”

## Creating new insight into data

The Xero stack, combined with real-time reporting, has given the team a new visibility into their data.

“We can see very accurately where we’re at and what’s happening. As we pull information for grant applications or board meetings, we can find specific data and trust that it’s going to be as accurate as possible,” said Vincent. “Even our auditors have praised our tech stack.”

## Forging a stronger partnership

The key to a successful migration is a solid working relationship. “It started with trust. Jules wholeheartedly endorsed Xero, no question about it,” Vincent shared.

“We worked closely with Vincent and his team to tailor the solution to their needs,” Jules added. “It’s been an extremely constructive and mutually respectful partnership.”



## Chapter 2:

# App usage to support small business work

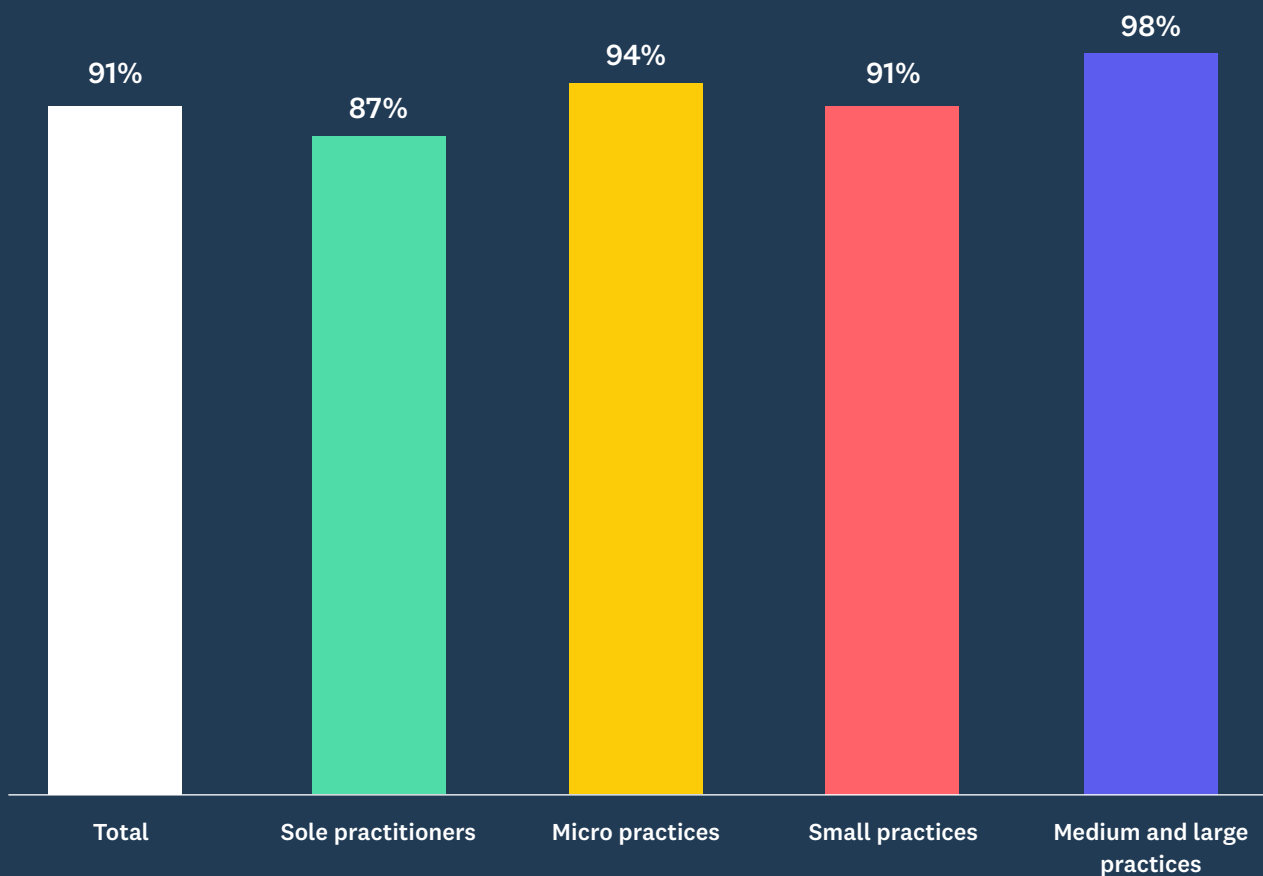
## USING APPS FOR SMALL BUSINESS CLIENT WORK

# Most Canadian practices use apps to help their clients

**9 out of 10 practices surveyed state they use apps for the work they do on behalf of small business clients**, suggesting a high overall adoption rate for practices in Canada.

However, adoption varies depending on the size of the practice. Sole practitioners are the least likely to adopt apps, with only 87% reporting they use apps for small business client work. In comparison, medium and large practices report an adoption rate of 98%.

### 6. Proportion that use apps for work on behalf of small business clients

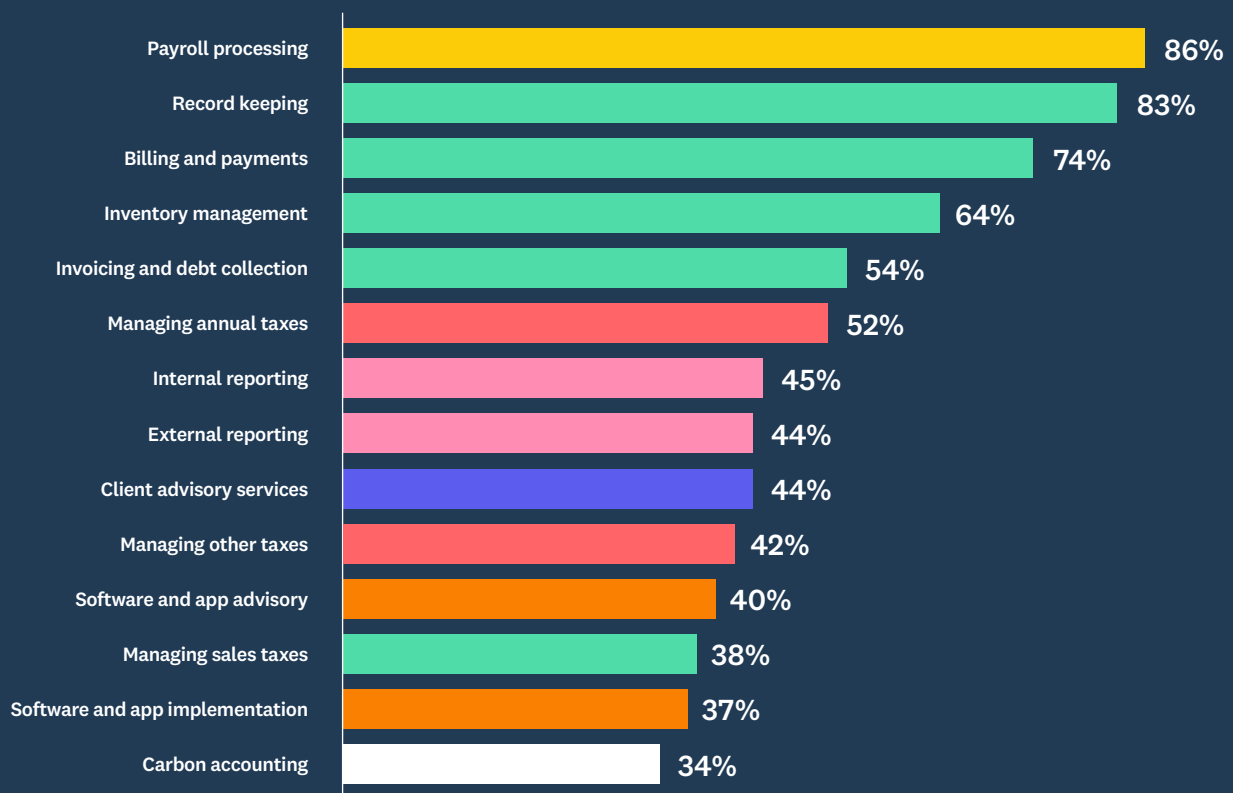
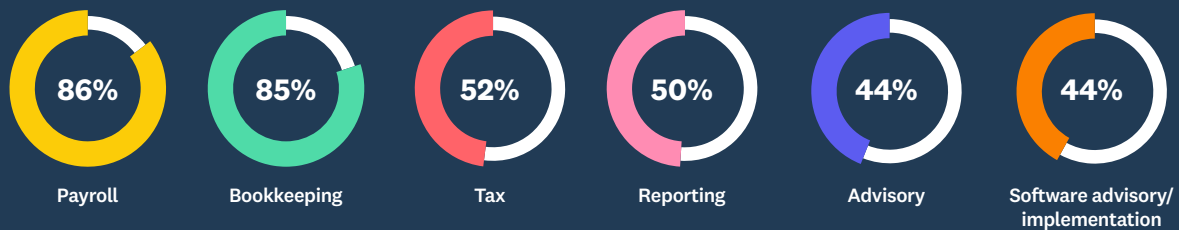


# Practices focus their use of apps on frequently offered services

**83% of the surveyed practices use apps for record-keeping** when doing work on behalf of their small business clients.

Bookkeeping services can be highly reliant on apps, with 85% of surveyed practices using them for tasks such as record-keeping, billing and payments, and inventory management. This might be due to the core nature of bookkeeping among practice services, making it a prime target for greater efficiencies through app usage. Bookkeeping also tends to involve highly repetitive and data-intensive tasks which practices may find well-suited for app-based automation.

## 7. Services to small business clients that practices use apps for



This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients.

## BENEFITS FOR SMALL BUSINESS CLIENTS

# Greater app usage benefits both practices and their small business clients

Practices say that adopting apps has benefited their practices. Over 7 in 10 surveyed practices cite results that include helping clients **save time on manual daily tasks**, **run their businesses more effectively**, and have a **better experience with accounting software** overall.

In addition, 71% of respondents said that their small business clients rely on them to recommend apps that suit their needs, suggesting that clients are benefitting from practices' first-hand knowledge and experience in selecting the right software to support their needs.

### 8. Agreement with each statement about clients' and apps



This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients.

## BENEFITS FOR PRACTICES

# In an uncertain economic climate, apps can bring stability and drive growth for practices

Out of the practices surveyed, 24% that experienced revenue or profit growth claim that their **use of apps was a direct reason for this growth.**

Apps that integrate with accounting software help to streamline processes and eliminate many manual tasks. This frees up staff to concentrate on tasks that require more attention and care, such as deepening client relationships, onboarding more clients, or developing new services – all of which can support further revenue and profit growth.

### 9. Reasons for revenue or profit growth

72%	Increased number of clients
62%	Increased our fees
54%	Clients requesting more services
42%	Offered new services to clients
37%	Increased automation of manual tasks
28%	Providing more advisory services
27%	Streamlined internal processes
24%	Use of apps that integrate with accounting software
22%	Increased number of staff
21%	Experienced better retention of staff
19%	Introduced/improved staff training
13%	Offering app advisory as a service

This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients.





**Chapter 3:**

# Introducing app advisory as a service

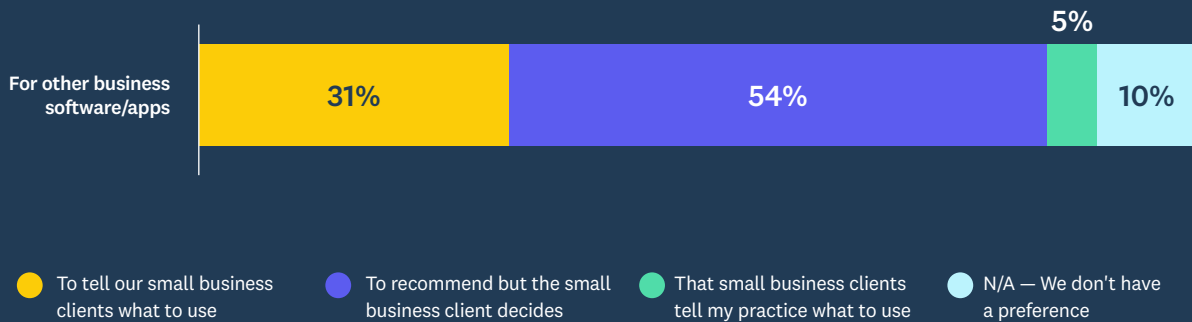
## THE ROLE OF PRACTICES IN RECOMMENDING SOFTWARE

# Practices are keen to influence what software small business clients use

As they gain familiarity with app stacks and software, practices have become more confident in their ability to provide their clients informed tech advice, with 71% of surveyed practices saying their clients rely on them for [app recommendations](#). Many are taking an increasingly proactive approach in providing this advice, likely reflecting a growing confidence and expertise with business software and familiarity with what clients want and need beyond traditional bookkeeping services.

A clear majority of the practices surveyed want some involvement over what their clients use; only 1 out of 10 say they don't have a preference over decision-making on software. However, most prefer to leave the decision ultimately to the client, with 54% of respondents saying they are happy to offer recommendations. Doing so puts the power in their client's hands and helps foster trust in the practice as a reliable advisor.

### 10. Practices preferred decision making for small business clients' software



This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients.

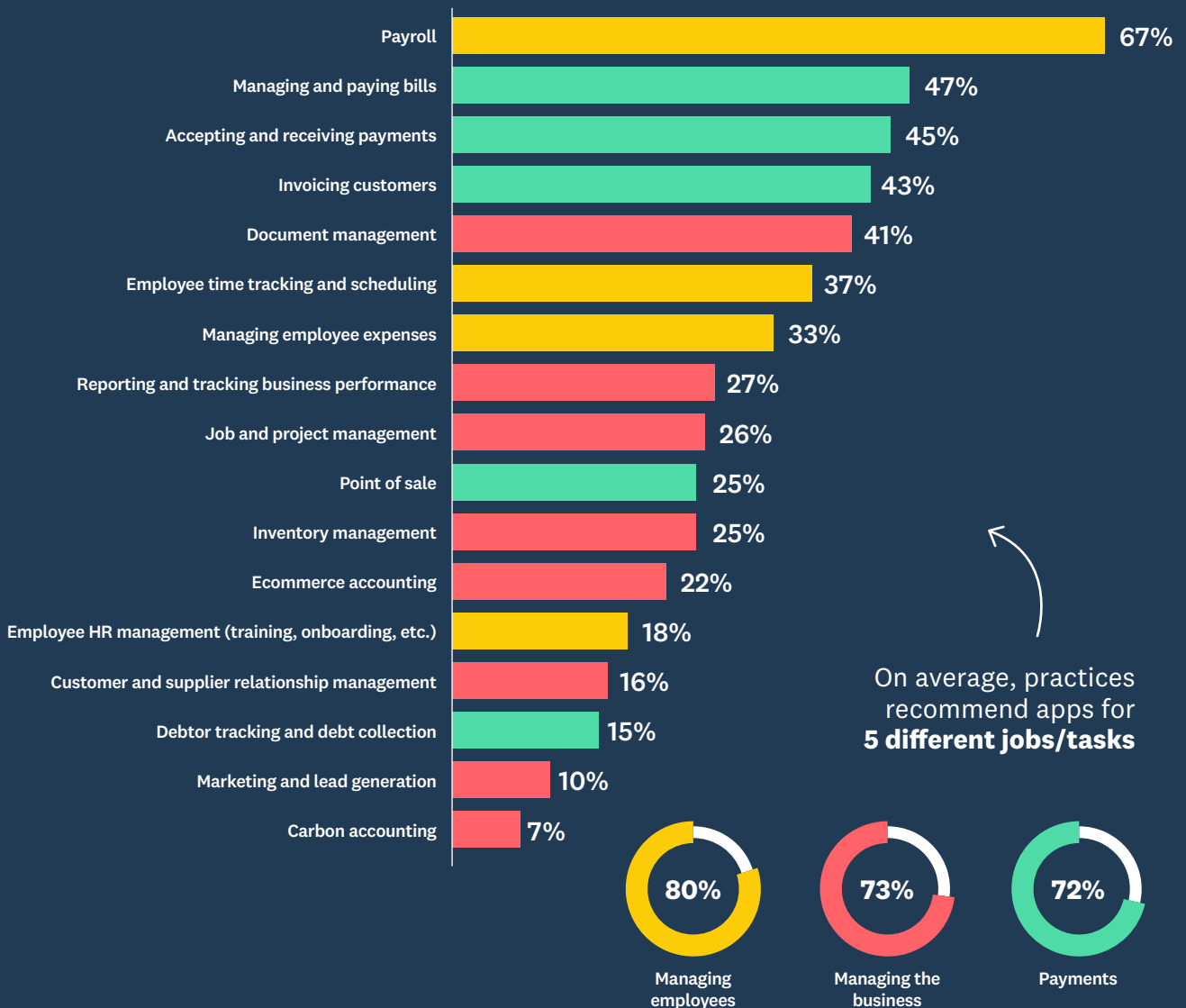
## RECOMMENDING APPS FOR SMALL BUSINESS TASKS

# Practices recommend small business clients to use different apps depending on the job at hand

On average, surveyed practices recommend their small business clients use an app stack that incorporates apps for 5 different jobs or individual tasks.

The survey showed that 67% of practices recommend payroll apps to clients. However, the range of recommended apps is notably broad, suggesting that practices make bespoke recommendations based on the individual needs of their small business clients.

### 11. Jobs/tasks practices recommend small business clients use apps for

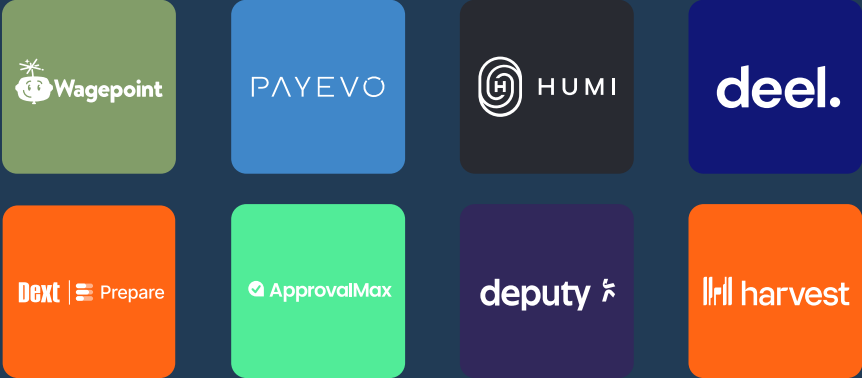


This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients.

# APPS TO OPTIMIZE SMALL BUSINESS TASKS

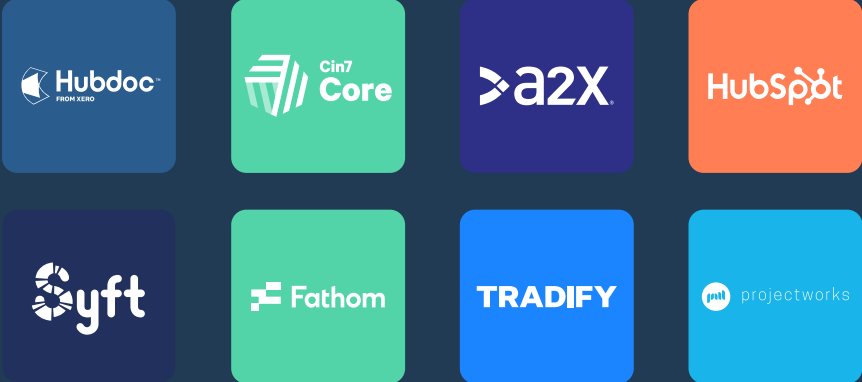
## Looking for apps to recommend to your small business clients?

### Apps for managing employees

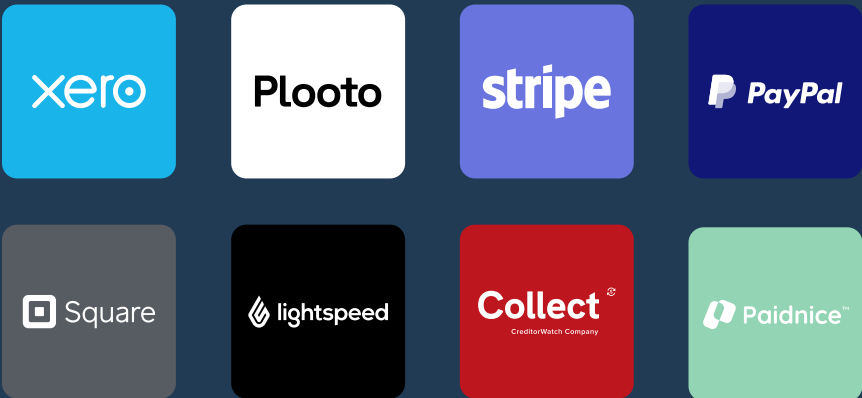


Click on an app tile to find out more

### Apps for managing the business



### Apps for managing payments



## CAN APP ADVISORY BE A BILLABLE SERVICE?

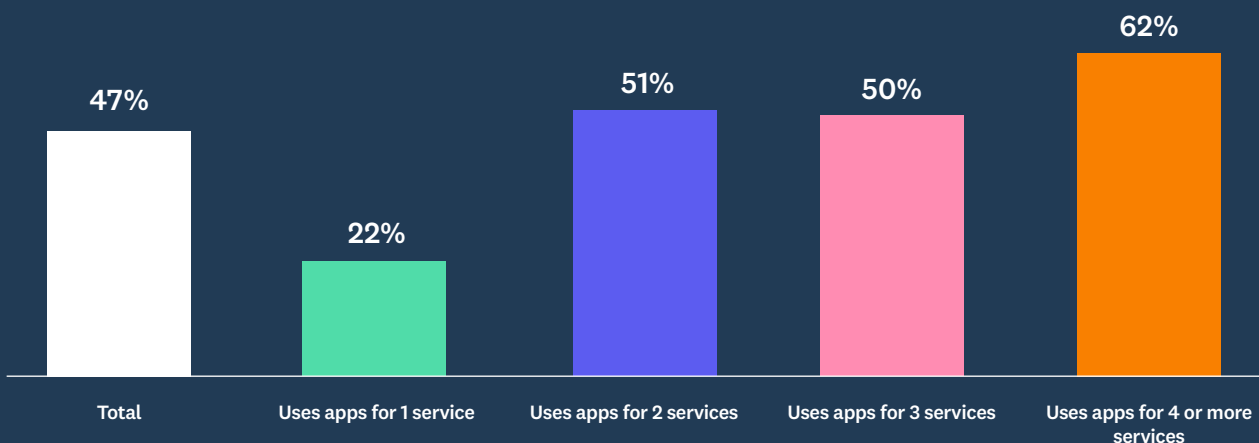
# Yes; however, few practices offer advisory as a billable service

**Only half of practices surveyed offer client advisory services, while an even smaller figure (47%) offer app advisory as a billable service.** Compared to other billable services – record keeping, for example, is offered by 73% of respondents – there appears to be a significant opportunity to turn valuable advice into revenue.

For example, many practices already play a critical role in their clients’ business decisions, with 71% of respondents stating their small business clients rely heavily on them for advice on which app to use. Few, however, are monetizing the value that they bring to clients.

Practices that use apps are more likely to offer app advisory as a billable service. Among the surveyed practices, 62% of those using apps for 4 or more services offer app advisory, compared to just 22% of those using apps for only 1 service. This suggests an improved understanding of and confidence in one’s own app adoption can help to build out advisory as a revenue-generating service offering.

### 12. Proportion that offer software advisory



This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients.



**Chapter 4:**

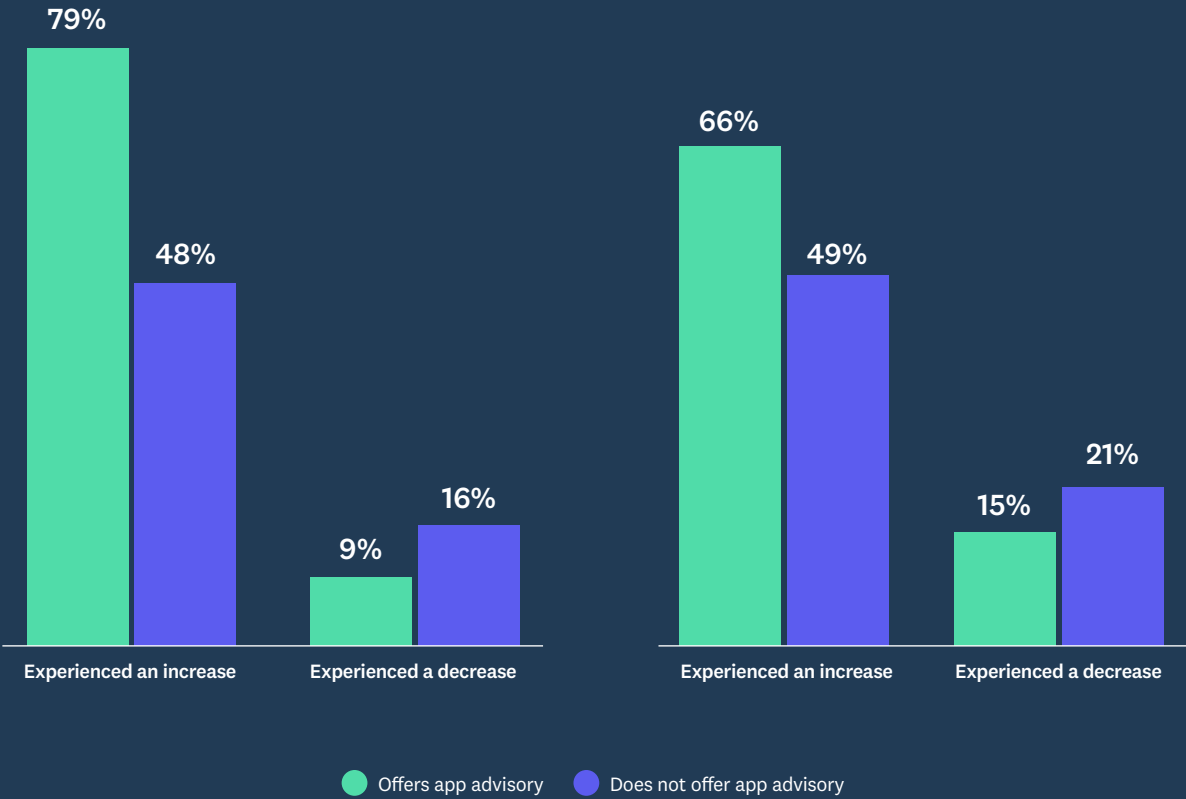
# Leveraging app advisory for success

# HOW APP ADVISORY CAN DRIVE PROFIT FOR PRACTICES

## App advisory contributes to both revenue and profit growth

Surveyed practices that offer app advisory as a billable service were more likely to experience growth in both revenue and profit. Almost 8 in 10 respondents who offered app advisory services noted an increase of revenue over the past 12 months. These practices were also more resilient than the ones who did not, with the majority experiencing a positive impact to their bottom line.

**13. Change in revenue over the past 12 months**    **14. Change in profit over the past 12 months**



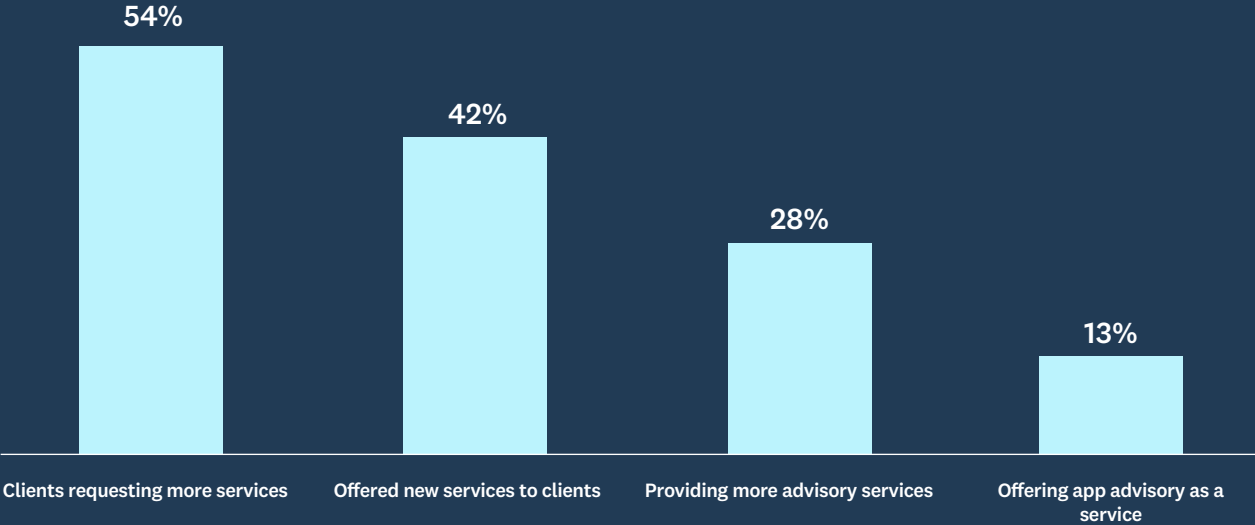
This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients.

# The wider associations of app advisory can lead to commercial growth

54% of surveyed practices cite client requests for more services as the reason for revenue and/or profit growth and 42% point to the introduction of new services. This suggests that client demand for new services is encouraging practices to expand their offerings, ultimately driving commercial growth.

Currently, there is room for more practices to offer app advisory as a service, presenting an opportunity in the market. **Building such an offering capitalizes on what many practices already offer pro bono to their clients. It also helps practices be more resilient to economic changes by expanding their offerings, differentiating themselves from competitors, and is one route to maximizing the value they already bring to small business clients everyday.**

## 15. Reasons for revenue and/or profit growth



This information is based on the anecdotal responses of the survey participants, relevant to their particular practice and clients.



## APPS TO OPTIMIZE YOUR PRACTICE

# Interested in optimizing your app stack?

### Apps for tax



Click on an app tile to find out more



### Apps for reporting and advisory



### Apps for bookkeeping



### Apps for practice management tasks



# Conclusion

The case for apps and app advisory is clear. With a broad range of benefits — time savings, increased productivity, and more time to spend on advisory — practices of every shape and size have a lot to gain. These benefits don't stop at the practice team, either. Practices say clients who have integrated apps into their accounting have reaped the benefits — saving time and working more efficiently.

As accounting and technology become more deeply entwined, clients will continue to look to their advisors for expert support and advice. Surveyed practices who use apps frequently are in a key position to share their knowledge with their clients — turning their expertise into a service helps to both deepen their relationship with clients and maximize the value they bring.

App usage can also help drive growth for the business. Thanks to the customizable and stackable nature of apps, accountants and bookkeepers can tailor their apps and software to meet the needs of their practice and clients. Surveyed practices using apps operate more efficiently and are more likely to experience increases in revenue at a higher rate than those not using apps. Plus, the survey shows that revenue continues to grow the longer practices use apps, stimulating **potential growth for practices that are both new to or well established in app usage.**



## HOW XERO CAN HELP

**With the ability to streamline daily tasks, better support clients, and earn more for your practice, there's every reason to explore the Xero app ecosystem for yourself.**

**Whether you're new to the app world or have already started to implement apps, we're here to support you.**



**1 Build the right app stack for your practice**

- The Xero App Store is the place to go to find out more information on selecting the best apps to help increase efficiency, boost profitability, and expand opportunities. You'll find apps used by practices like yours and can [make recommendations](#) to your clients in one click.
- [Visit the Xero App Store.](#)

**2 Get support to get growing**

- When you become a Xero Partner, there's an entire team to help you, including accountants and CPAs. With a deep knowledge of accounting and Xero's ecosystem, we're here to help you customize your tech stack, train your team, and onboard clients.
- [Learn how Xero can help your practice grow.](#)



# Method and appendix

# Definitions

Practice groups based on size (including themselves):

- **Sole practitioners** (1 employee)
- **Micro practices** (2 - 10 employees)
- **Small practices** (11 - 20 employees)
- **Medium and large practices** (21+ employees)

**Apps:** software that is web-based.

**Small business clients:** practices' clients that have up to 50 employees (including sole proprietors)

N.B. We have edited the survey options for readability.

## SERVICES OFFERED BY PRACTICES ARE GROUPED AS FOLLOWS:

- **Bookkeeping:** invoicing and debt collection, billing and payments, record keeping, managing sales taxes and inventory management
- **Tax:** Managing annual taxes and managing other taxes
- **Reporting:** External reporting and internal reporting
- **Software advisory/implementation:** Software and app advisory and software and app implementation
- **Advisory:** Client advisory services including forecasting, budgeting, and financial strategy
- **Payroll:** Payroll processing

'**Past/Next 12 months**' refers to the past/next 12 months at the time of survey fieldwork.

## JOBS/TASKS PRACTICES RECOMMEND SMALL BUSINESS CLIENTS USE APPS FOR ARE GROUPED AS FOLLOWS:

- **Managing employees:** Payroll, employee time tracking and scheduling, employee HR management (training, onboarding, etc.), managing employee expenses
- **Managing the business:** inventory management, document management, job and project management, reporting and tracking business performance, customer and supplier relationship management, ecommerce accounting, carbon accounting, marketing and lead generation
- **Payments:** Accepting and receiving payments, managing and paying bills, invoicing customers, point of sale, debtor tracking and debt collection

# Method

We spoke to 251 accountants and bookkeepers in practices across Canada, recruited via Xero’s own customer database and independent research panels. Data from the two surveys has been merged to form one dataset and the sample within this report has been weighted to represent practice size across the Canadian market. Fieldwork and report analysis conducted by partner agency One Picture.

Practice size	Number of responses	Weighted %
Sole practitioners	38	41%
2 - 10 employees	82	47%
11 - 50 employees	109	10%
51+ employees	22	2%

We spoke to practices from across Canada:

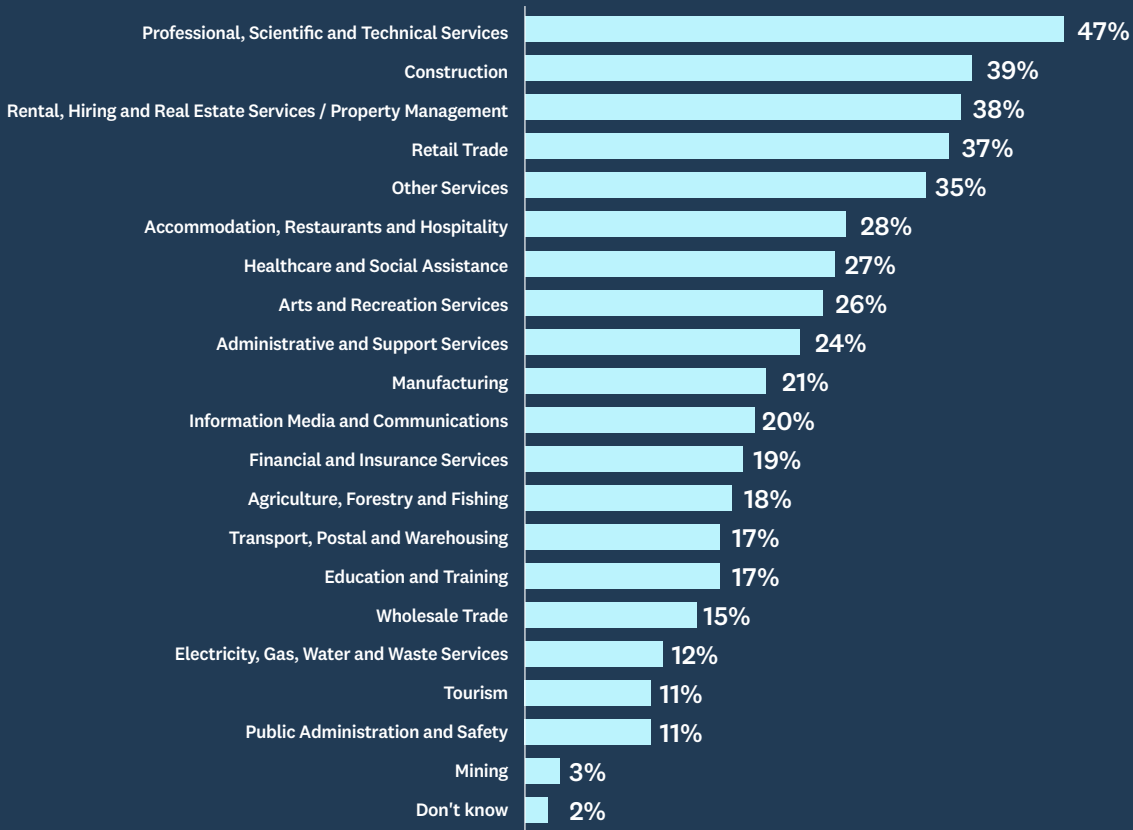
Region	Number of responses	Weighted %
Ontario	113	42%
British Columbia	41	19%
Quebec	36	11%
Alberta	32	17%
Nova-Scotia	10	4%
Manitoba	5	3%
Saskatchewan	4	1%
New Brunswick	2	1%
Prince Edward Island	2	0%
Newfoundland and Labrador	2	1%
Other	4	0%

Job role	Number of responses	Weighted %
CPA/Chartered accountant/ Accountant	122	45%
Outsourced/Independent Bookkeeper	50	30%
Virtual CFO/Financial Advisor/ CFA	12	6%
Tax preparer (non-credentialed)	15	5%
Business consultant	14	3%
Payroll specialist	12	3%
Enrolled agent	12	2%
Other	14	6%

# Appendix

## 1. Industries practices' small business clients operate in.

Thinking about your practice's small business clients, what industries do they operate in? When we say "small business clients" we mean clients that are self-employed or have up to 50 employees. Sample: All respondents n=251



## **2. Agreement with statements relating to practices' small business clients.**

We'd now like you to think about your relationship with your practice's small business clients i.e. clients that are self-employed or have up to 50 employees. To what extent do you agree or disagree with the following statements. Sample: All respondents; total n=251, sole practitioners n=38, micro practices n=82, small practices n=45, medium and large practices n=86

## **3. Services practices offer to small business clients.**

Which of the following services does your practice offer to small business clients? When we say "small business clients" we mean clients that are self-employed or have up to 50 employees. Sample: All respondents n=251

## **4. Proportion who experienced change in revenue over the past 12 months.**

Thinking about the past 12 months, how has your practice's revenue changed? Sample: Those that use apps for one service n=41, those that use apps for 2 or more services n=186

## **5. Proportion who experienced change in profit over the past 12 months.**

Thinking about the past 12 months, how has your practice's profit changed? Sample: Those that use apps for one service n=41, those that use apps for 2 or more services n=186

## **6. Proportion that use apps for work on behalf of small business clients.**

Which of the following does your practice integrate with other apps/software when doing work with or on behalf of your small business clients (i.e. billable work)? When we refer to "apps", we mean software that is web-based and when we say "small business clients" we mean clients of yours that are self-employed or have up to 50 employees. Sample: All respondents, Total n=251, sole practitioners n=38, micro practices n=82, small practices n=45, medium and large practices n=86

## **7. Services to small business clients that practices use apps for.**

Which of the following does your practice use apps that integrate with accounting software for when working with or on behalf of your small business clients (i.e. billable jobs, tasks or services)? When we refer to "apps", we mean software that is web-based and when we say "small business clients" we mean clients of yours that are self-employed or have up to 50 employees. Sample: Those that use apps and offer each service n=235

## **8. Agreement with each statement about clients' and apps.**

To what extent do you agree or disagree with the following statements? When we refer to "apps", we mean software that is web-based and when we say "small business clients" we mean clients that are self-employed or have up to 50 employees. Sample: Those that use apps n=235

## **9. Reasons for revenue or profit growth.**

In your opinion, why has your practice's revenue increased over the past 12 months? In your opinion, why has your practice's profit increased over the past 12 months? Answers to both questions merged. Sample: Those that have experienced revenue or profit growth in the past 12 months n=169



**10. Practices preferred decision making for small business clients' software.**

For other business software/apps, my practice prefers... Sample: All respondents n=251

**11. Jobs/tasks practices recommend small business clients use apps for.**

Which of the following jobs or tasks does your practice recommend small business clients use apps that integrate with their accounting software for? When we refer to “apps”, we mean software that is web-based and when we say “small business clients” we mean clients that are self-employed or have up to 50 employees. Sample: All respondents n=251

**12. Proportion that offer software advisory.**

Which of the following services does your practice offer to small business clients? When we say “small business clients” we mean clients that are self-employed or have up to 50 employees. Sample: All respondents n=251, those that use apps for 1 service n=41, those that use apps for 2 services n=47, those that use apps for 3 services n=42, those that use apps for 4 or more services n=97

**13. Change in revenue over the past 12 months.**

Thinking about the past 12 months, how has your practice's revenue changed? Sample: Offers app advisory n=119, does not offer app advisory n=132

**14. Change in profit over the past 12 months.**

Thinking about the past 12 months, how has your practice's profit changed? Sample: Offers app advisory n=119, does not offer app advisory n=132

**15. Reasons for revenue and/or profit growth.**

In your opinion, why has your practice's revenue increased over the past 12 months? In your opinion, why has your practice's profit increased over the past 12 months? Answers to both questions merged. Sample: Those that have experienced revenue or profit growth in the past 12 months n=169



**Beautiful business**