



2025

State of the Industry Report



CAN

Practices are **growing**

This past year, Canadian accounting practices grew revenue, earned more profits, and added clients - all great news. When asked about AI and the future of their practice, they say they are far more excited than they are worried.

We are proud to present the latest State of the Industry Report for the accounting and bookkeeping industry in Canada, packed with data-driven insights that will inspire and empower you.

This report examines insights gathered from 250 accountants and bookkeepers, who were asked about growth metrics, practice offerings, pricing structures, and technology. We also asked levels of optimism and challenges that the industry is facing.

We are confident that you'll find this report useful and insightful, serving as a reliable and robust benchmark for the industry.

How to read this report

1 We broke it down by firm size

This report, commissioned by Xero and facilitated by Quadrant Strategies, shares insights from a survey of 250 accountants and bookkeepers who work in practices across Canada.

We want you to be able to see how practices like yours responded so, throughout this report, we show results on a total level (i.e., all respondents) as well as the following practice sizes.

Total	All respondents
Sole practitioners (SP)	1 employee/themselves
Small practices	2-10 employees
Medium practices	11-50 employees
Large practices	51+ employees

Throughout the report, we use definitions specific to this report and have combined some answer options together to create groupings, to make it easier to read. Where we use these narrative devices, we indicate this in the chart and include the definition in the glossary.

2 Key definitions

Advisory services

We frequently use the term “advisory”, by which we mean any of the following services.



Time period

Reference to the “past year”, “next 1 - 2 years” or “this year” relates to the relevant period from time of fieldwork.

Value-based pricing

Refers to how practices bill their clients, “value-based pricing” is when fees are determined on the perceived value delivered.

[SEE METHODOLOGY & GLOSSARY](#)

Please note that some survey options have been edited for readability. Where respondents selected ‘Other’ or ‘None of the above’, these options have been omitted in reporting due to low selection rates.

Disclaimer: Xero does not provide accounting, tax, business, or legal advice. This guide has been provided for information purposes only. You should consult your own professional advisors for guidance directly relating to your practice or before taking action in relation to any of the content provided.

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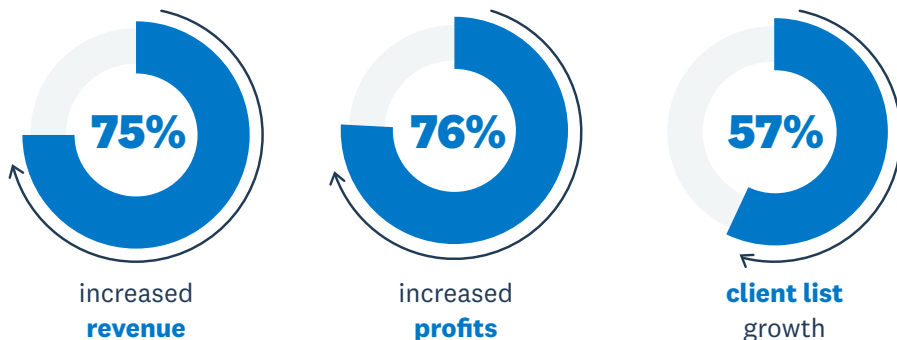
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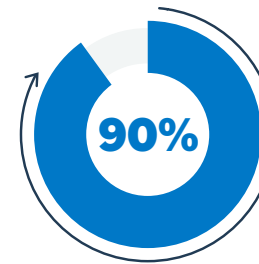
1 It's been a year of growth for the accounting and bookkeeping industry and optimism is high for another good year

80% of accounting practices of all sizes are feeling optimistic about the future. This confidence is driven by reported growth over the past year indicating a resilient and progressive industry. 75% have seen increased revenue and 76% increased profits, with 57% seeing growth in their client list. Sole practitioners are seeing the biggest increase in revenue and client list growth, with large practices experiencing the most growth in profits.

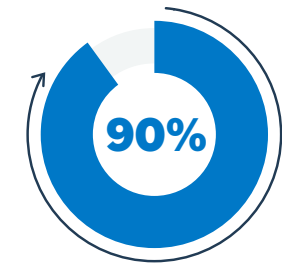


2 Adding new services and operational efficiency are proven drivers of growth

Practices have increased revenue and profit largely because of expanding their service offerings. A key opportunity here is advisory services, which practices report are in greater demand, and which pair effectively with value-based pricing and the higher margins it offers. Operational efficiency is the main enabler of client list growth, as well as being a driver of profitability and revenue growth—a trend which practices expect to continue in the context of ongoing technological change.



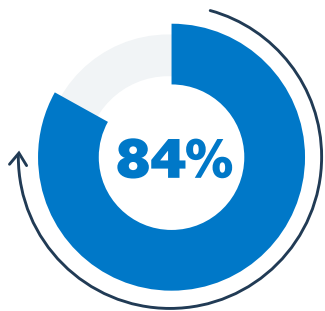
of practices that offer advisory services **agree that these services have resulted in practice growth**



of practices that use it **agree that VBP has made their practice more profitable**

3 Cloud adoption is key to helping practices maximize operational efficiency and service quality, and best position themselves to leverage AI

Operational efficiency is enabling practices to take on more clients, and cloud software plays a vital role by saving time and streamlining workflows. Yet with only 59% of client engagements currently using the cloud, there's room to grow. As AI emerges as a defining force in the industry, cloud software provides the essential foundation for integrating this next wave of innovation. While practices have some concerns—particularly around training, data quality and security, and cost and implementation—there is significant optimism surrounding AI's potential to enhance decision-making and increase efficiency, and most accountants and bookkeepers feel prepared to utilize it.



of accountants and bookkeepers feel **prepared to start incorporating AI**

AI optimism meter ✨



90% are optimistic about AI's impact on their practice



GROWTH

Practices of all sizes have had a successful year and expect that trend to continue



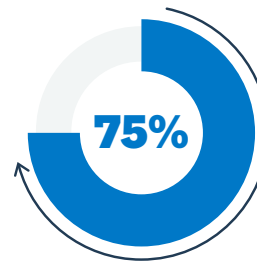
Driven by the addition of new services and efficiency gains, practices are growing their revenue and profit, as well as their client list. Despite various perceived challenges for the industry, they feel optimistic about future growth.



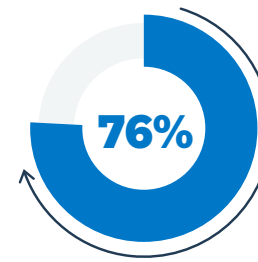
1.1

Practices of all sizes reported revenue, profit, and client list growth

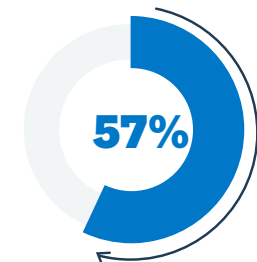
The fact that growth in profits exceeds growth in client lists points to practices earning more per client, which boosts their resilience and makes growth more likely in the next year and beyond.



increased revenue



increased profits



client list growth

- Q. Thinking about this time last year, how has your practice's revenue changed? Total (250)
- Q. And how have your practice's profits changed since this time last year? Total (250)
- Q. Since this time last year, how has your practice's client list changed? Total (250)

SEE FULL DATA IN APPENDIX

1.2

Additional services and efficiency gains are key drivers of growth

Across all practice sizes, the adding of new services was viewed as the main driver of profit growth over the past year. It was also seen as a major driver of revenue growth across practices. But while additional services was the leading revenue driver for medium and large practices, it trailed client growth and improved efficiency for small practices and sole practitioners.

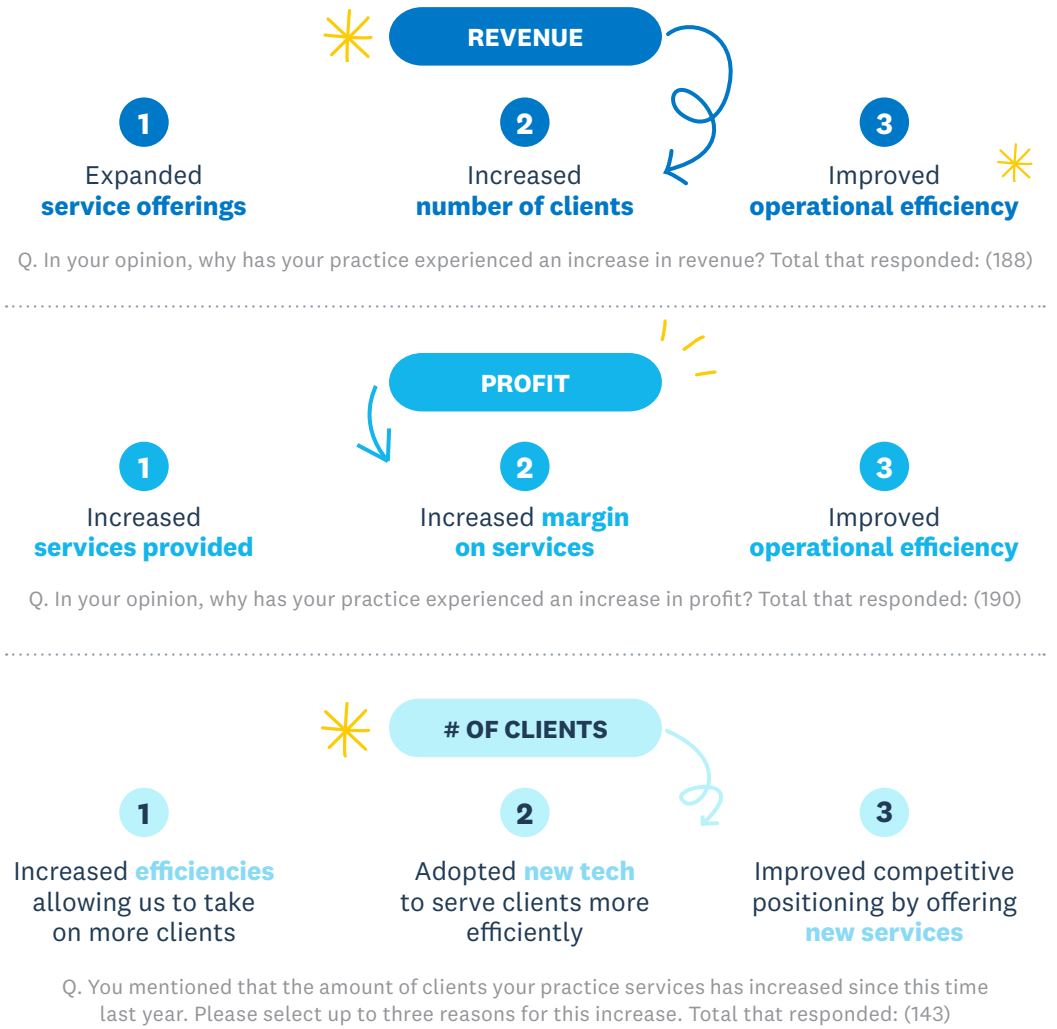
Increased efficiency has also been a prevailing theme, driving growth across revenue, profit and clients. For practices' client lists, this has been the number one driver of growth, with accountants and bookkeepers highlighting the time saved as a crucial factor in enabling them to take on more clients. Though, as we'll see, not all practices are focusing their efforts on the same activities.



IN PRACTICE

Operational efficiency and adding new services are proven drivers of growth across the board and should, therefore, be key focus areas for all practices going forward.

Top reasons for **growth**

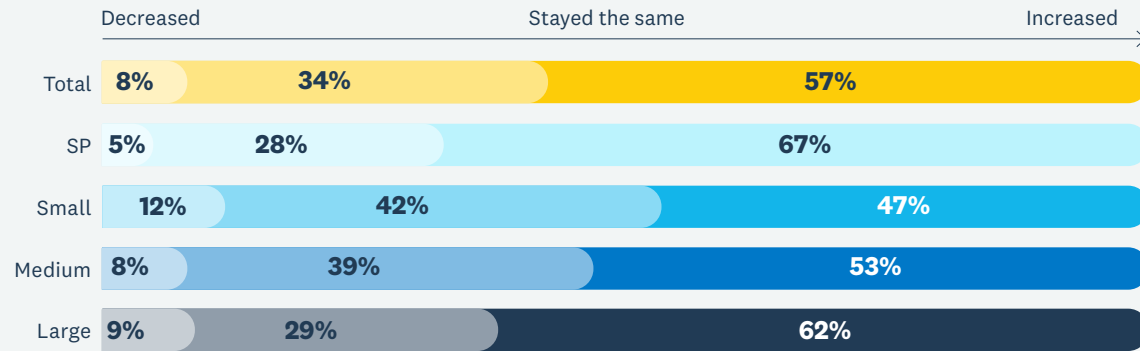


SEE FULL DATA IN APPENDIX

Small and sole practitioners are taking differing approaches to client list growth

Small practices are focused primarily on efficiency through operational improvements and adopting new technologies. While sole practitioners are also pursuing operational efficiency, they are prioritizing marketing and re-engaging previous clients, which is contributing to client growth.

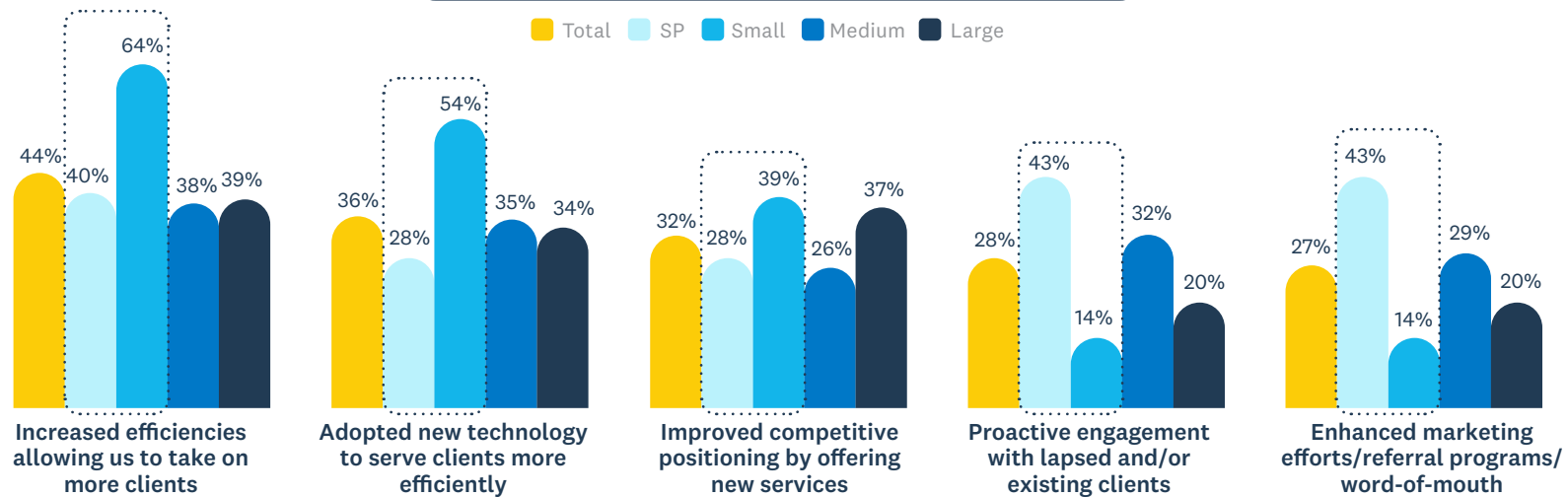
Client list growth



Q. Since this time last year, how has your practice's client list changed?
Total (250), SP (60), Small (60), Medium (64), Large (66)

Top reasons for expanded client list

SEE FULL DATA IN APPENDIX



Q. You mentioned that the amount of clients your practice services has increased since this time last year. Please select up to three reasons for this increase.
Total that responded: (143), SP (40), Small (28) - low base size, Medium (34), Large (41)

1.3

Value-based pricing, when used, is almost always a driver of profitability

Practices that charge based on perceived value rather than time spent, otherwise known as value-based pricing (VBP), overwhelmingly feel it has made their practice more profitable.



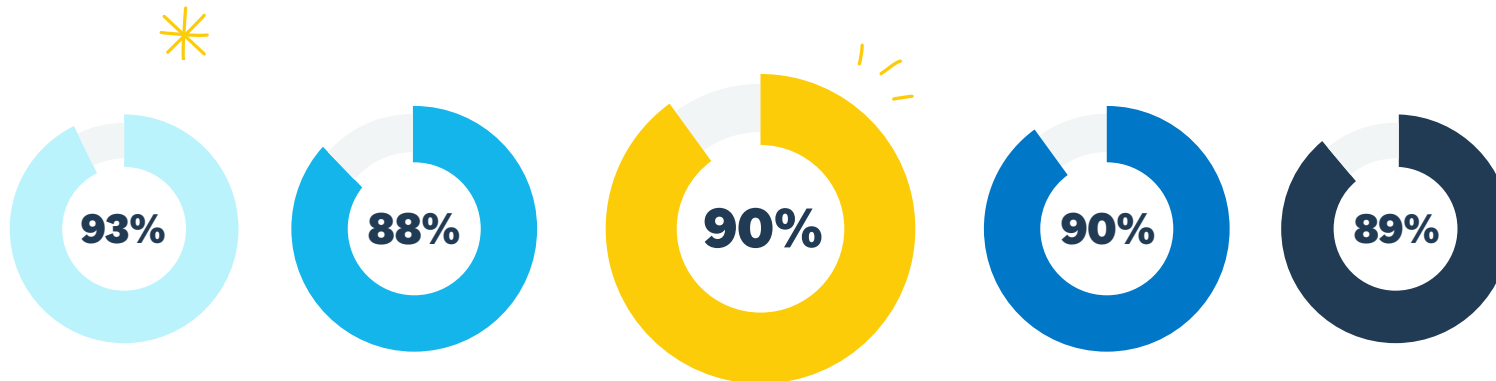
IN PRACTICE

Value-based pricing presents an opportunity for profit growth, and its integration into pricing models across all services is worth exploring.

Agreement VBP makes their practice more profitable



■ Total ■ SP ■ Small ■ Medium ■ Large

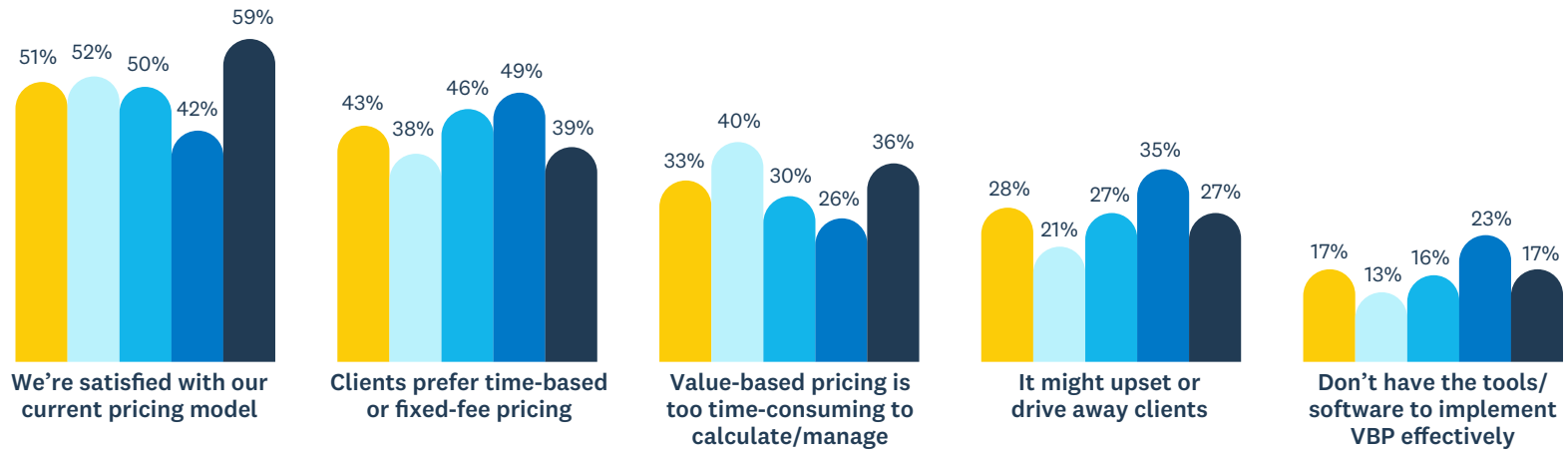


Q. To what extent do you agree or disagree with the following statement? Value-based pricing has made my practice more profitable. Total that responded: (239), SP (57), Small (57), Medium (61), Large (64)

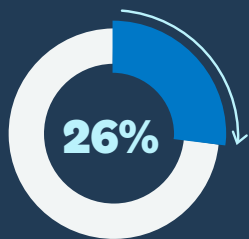
SEE FULL DATA IN APPENDIX

Barriers to using value-based pricing

■ Total ■ SP ■ Small ■ Medium ■ Large



Q. Why do you not bill more clients using value-based pricing models? Total that responded: (224), SP (52), Small (56), Medium (57), Large (59)



Amount of client engagements VBP is used for

1.4

Despite benefits, value-based pricing is underutilized

Despite profitability benefits, practices (96%) who use value-based pricing only do so for 26% of client engagements. VBP is seemingly being under-utilized, despite its perceived value, mostly due to practices being comfortable with current pricing models and thinking their clients prefer other models of pricing.

Q: What percentage of your practice's client engagements do you bill in the following ways? Total (250); Those who use VBP (239)

[SEE FULL DATA IN APPENDIX](#)



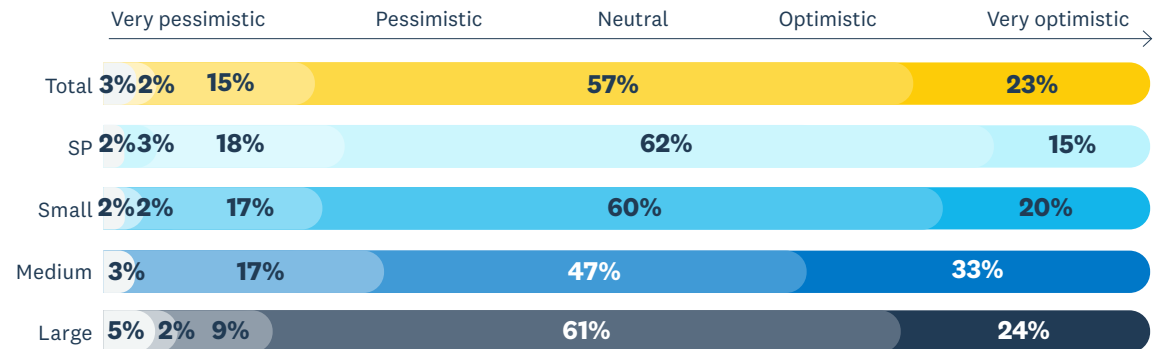
1.5

Practices are feeling optimistic off the back of a positive year despite some concerns about tech and economic uncertainty

Challenges around new technologies are the top concerns for practices, followed by dealing with an economy that is facing upheaval. In this context of change, practices are also concerned with evolving client expectations. Encouragingly, practices were least concerned about maintaining profitability under pricing pressures, which indicates that practices are confident about growth and sustainability over the coming years, with 80% of all practices reporting feeling optimistic about the future of their practice.

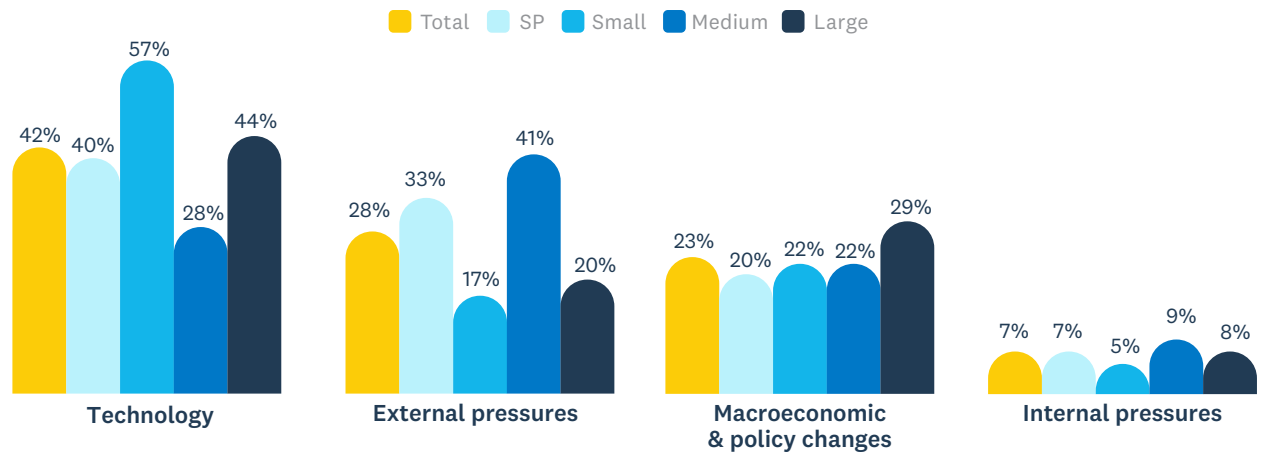
[SEE FULL DATA IN APPENDIX](#)

Practice optimism



Q. How do you feel about the future of your practice over the next 1-2 years? Total (250), SP (60), Small (60), Medium (64), Large (66) | Note: This survey took place from March 25th - April 4th, 2025, and therefore may not be representative of changing macroeconomic conditions.

Biggest industry challenges



Q. Thinking ahead to the next 1-2 years, what do you see as the biggest challenge ahead for the accounting and bookkeeping industry? Total (250), SP (60), Small (60), Medium (64), Large (66)

ADVISORY

Advisory services are a key driver of growth



As we've seen, offering more services was the main driver of both revenue and profit growth, indicating that practices are strategically offering advisory to boost their growth. This is likely because advisory services are both in demand and higher margin, pairing well with value-based pricing. These services also support stronger client relationships as clients are increasingly looking to practices to be trusted advisors.



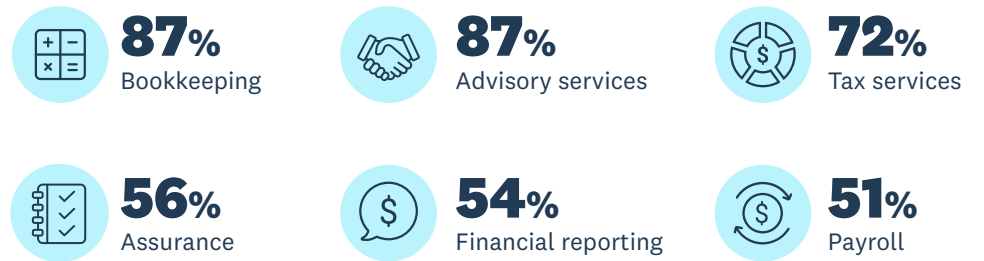
2.1

Advisory is as widespread as bookkeeping

Practices of all sizes are offering advisory services at a similar rate as bookkeeping. Advisory services are the most popular offering for small and large practices. Sole practitioners appear to have the most diverse offering, with several service categories being offered more frequently by sole practitioners than by any other practice size.

It is possible we are seeing an increased offering of advisory services in response to AI, as new technology can enable practices to offer a wider scope of services.

Services offered, by category



Q. What services does your practice offer to clients? Total (250)

SEE FULL DATA IN APPENDIX

2.2

Advisory services are often higher margin and contribute to overall growth

The main reasons that practices offer advisory services are that they are higher value (driven by higher margins), clients expect them, and they are part of the practice's growth strategy. Advisory services take the first and second spot in the top 5 high-margin services, followed by more traditional bookkeeping services.

Top 5 high-margin services

SEE FULL DATA IN APPENDIX



Advisory services

51%

Tax planning and advisory

49%

Business advisory



Bookkeeping

40%

Accounts receivable

39%

Accounts payable



Assurance

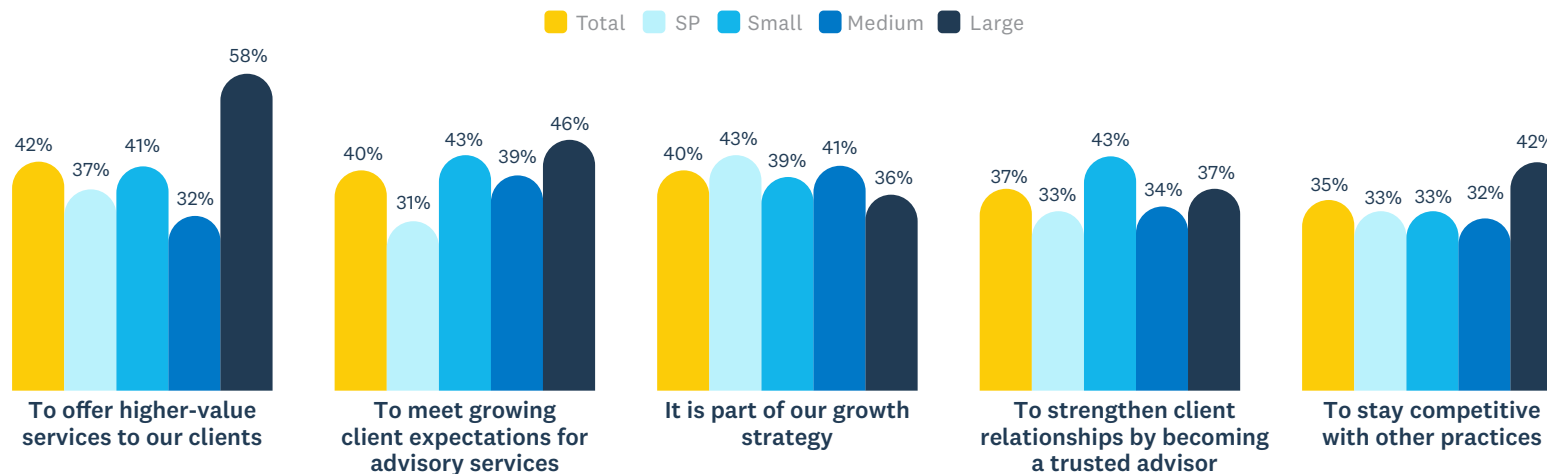
38%

Audits and/or reviews of financial statements

Q. Thinking about the following services that you offer to clients, please select the three that have the highest margin. Total (250)

Top reasons for offering advisory services

SEE FULL DATA IN APPENDIX



Q. Why does your practice offer advisory services? Total that responded: (218), SP (54), Small (49), Medium (56), Large (59)

2.3

Pairing advisory services with value-based pricing strengthens the overall value proposition

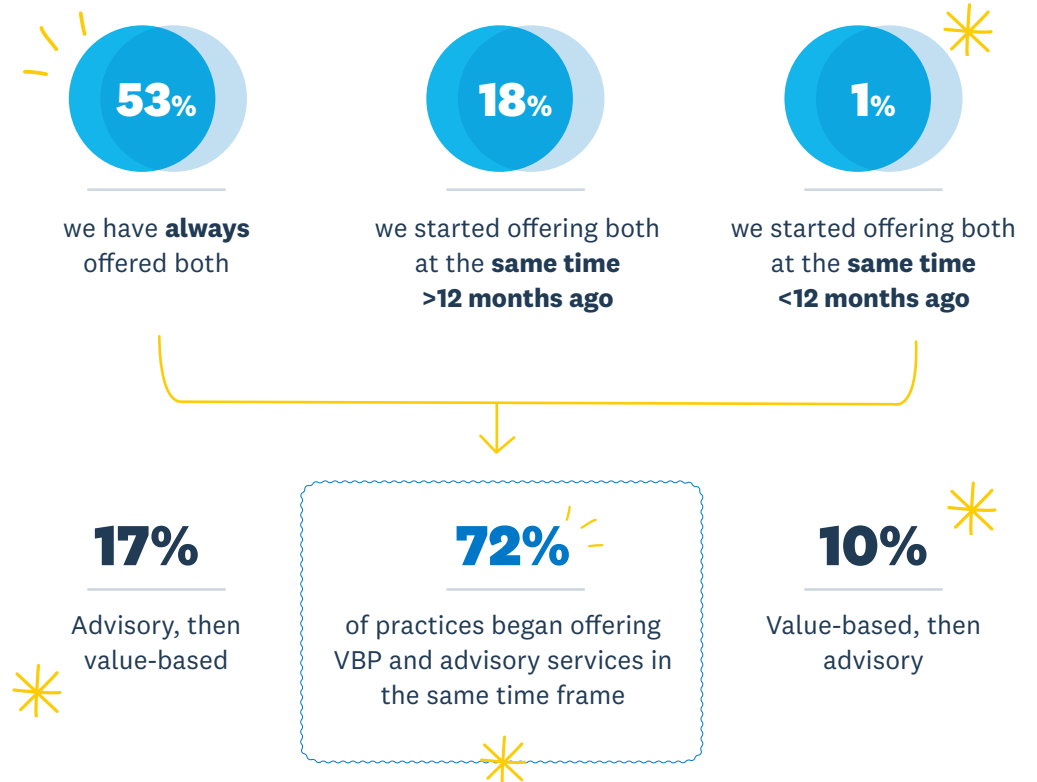
Practices tend to move into advisory services and VBP at around the same time. This suggests that they complement one another to increase profitability and growth by delivering these sought-after services at higher margins.



IN PRACTICE

Roll out advisory services and value-based pricing together to minimize disruption and avoid repeating change management with clients.

Which did you offer first: advisory or value-based?



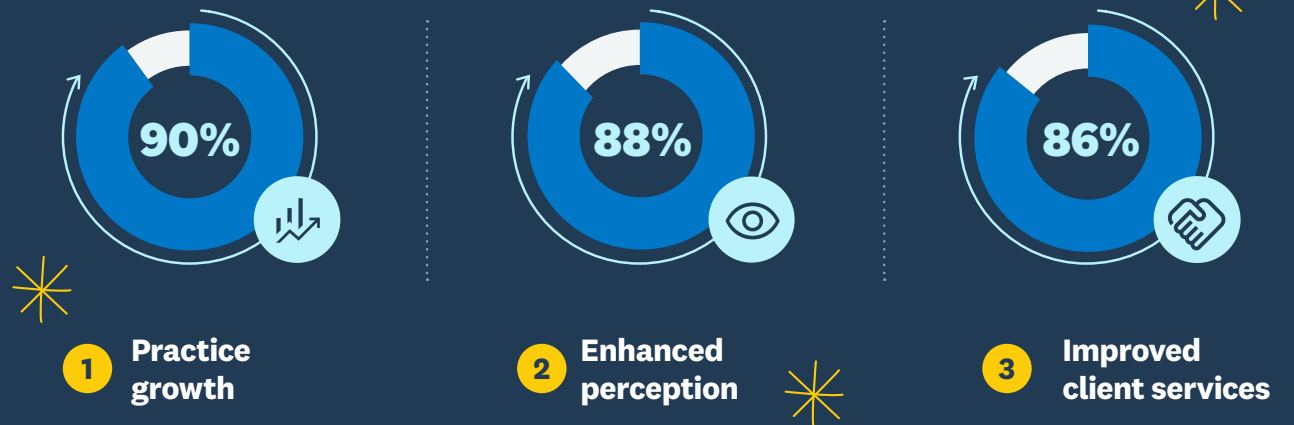
Q. Which of the following best applies to your practice? (Asked length of time practice has offered advisory services, VBP) Those offering both advisory and VBP (210)

Agreement with advisory benefits

2.4

Offering advisory services helps improve service offerings more broadly

A significant number of accountants and bookkeepers in practices that offer advisory services agree that it has created growth in their business. Client relationships have also been strengthened with enhanced perception and improved client service as associated benefits.



SEE FULL DATA IN APPENDIX

Q. To what extent do you agree or disagree that the following changes have happened to your practice since you started providing advisory services? Total that responded: (68)

TECH

While cloud-based software is commonly used, expanding its adoption is key to helping practices fully leverage the potential of AI



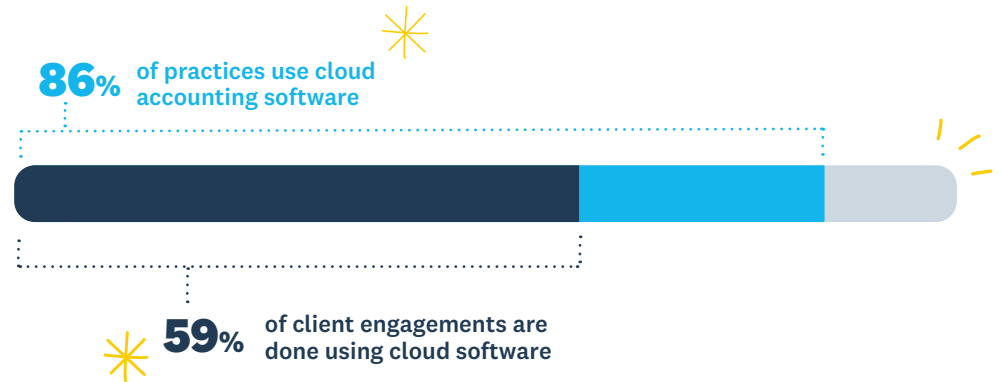
Cloud software is widely used across the industry today, but there's still room for broader adoption. Practices say cloud software is leveling up their efficiency, quality, and growth. As AI rapidly becomes a defining force in the next wave of innovation, cloud adoption is no longer just a competitive advantage – it's a prerequisite. The industry recognizes the impact of AI – it's top of the list of concerns for practices, but they are poised to take on the challenge and see the myriad of opportunities it presents.



3.1

Cloud software is used by the majority and is seen as improving service quality and value, but there's room to increase usage with clients

Adoption of cloud-based software has been a significant change in the way practices work. Accountants and bookkeepers across all practice sizes agree that cloud software enables efficiency, improves client service quality, and increases practice value and growth. As we've seen, efficiency has been a key driver of growth across revenue, profit, and client list over the past year. However, practices only use cloud software for just over half of client engagements, so maximizing engagement will allow practices to reap the full benefits it provides.



Q. Which of the following accounting software, if any, does your practice use to do work for or with clients? Total (250)

Q. You mentioned your practice is currently using the following accounting software for doing work for or with your clients. What percentage of your clients does your practice use each of the following for? Showing average among those that use cloud accounting software for client engagements (210)

Benefits of cloud accounting software

■ Total ■ SP ■ Small ■ Medium ■ Large

Efficiency



Client service quality & adaptability



Practice value & growth



SEE FULL DATA IN APPENDIX

Q. To what extent do you agree or disagree with the following statements about practices that use cloud accounting software? Total (250), SP (60), Small (60), Medium (64), Large (66)



IN PRACTICE

Cloud software continues to underpin growth across the industry, and its adoption should be a priority for practices who have not yet made the switch.



3.2

Practices see AI as the biggest industry impact

In the next 1-2 years, accountants and bookkeepers see AI and automation as the greatest industry opportunity, but also one of the biggest challenges.



Honestly, the next 1-2 years are gonna be wild for accounting! AI and automation? Total game-changers - imagine bots handling data entry while we dive into high-value advisory work. But here's the kicker: clients now expect answers yesterday. If our tech lags, we're toast..."

- A surveyed large practice

Biggest opportunities

in the next 1-2 years

- 1 **31%**
Leveraging AI and automation
- 2 **17%**
Expanding advisory services and strategic consulting
- 3 **10%**
Positive tax reform/regulatory developments

Q. Thinking ahead to the next 1-2 years, what do you see as the biggest opportunity ahead for the accounting and bookkeeping industry? Total (250)

SEE FULL DATA IN APPENDIX

Biggest challenges

in the next 1-2 years

- 1 **27%**
Understanding and utilizing AI
- 2 **17%**
Dealing with economic uncertainty
- 3 **16%**
Adapting to technological changes

Q. Thinking ahead to the next 1-2 years, what do you see as the biggest challenge ahead for the accounting and bookkeeping industry? Total (250)

SEE FULL DATA IN APPENDIX

VS



3.3

AI does present some challenges for the industry

Accountants and bookkeepers are mostly concerned about acquiring the skills and knowledge needed to adopt AI as well as the continuous learning required to keep up with rapid advancement in this technology. There are also questions around data quality and security as well as privacy and ethics. Furthermore, there is a perceived cost of time and resources associated with implementing this technology in practices and workflows.

AI costs

“Implementing AI solutions typically involves high upfront costs, including software license purchases, hardware upgrades, training costs, and more. This can be a major obstacle for small accounting firms or independent practitioners.”
A surveyed large practice

AI security concerns

“The use of AI technology involves data privacy and ethical issues. Data leakage or abuse may have a serious impact on corporate reputation and compliance.”
A surveyed sole practitioner

Note: Analysis is based on hundreds of verbatims - quotes chosen to bring key themes to life.



3.4

However, practices are focused on AI's huge potential

AI is perceived as being an exciting tool that can augment existing drivers of growth, such as efficiency and advisory service offerings.

Higher-value client service



AI can analyze historical data to forecast trends, helping firms provide strategic insights to clients."

A surveyed sole practitioner



AI analyzes financial data in real time, enabling companies to make quick decisions based on the latest financial metrics."

A surveyed large practice



AI helps customers to grow strategically by using AI-generated financial forecasting to advise them on when to build their firm rather than merely providing reports."

A surveyed sole practitioner

AI Optimism meter



SEE FULL DATA IN APPENDIX



90%

Q. What kind of impact do you think AI will have on your practice in the next 1-2 years? Total (250)

Increased efficiency & improved accuracy



AI and automation can significantly reduce manual time, especially in data entry, billing processing, report generation...increasing productivity and enabling accountants to spend more time on analysis and strategic decisions."

A surveyed small practice



Automation reduces human error. By automating tasks like calculations and data processing, we can avoid mistakes that would normally happen when done manually."

A surveyed medium practice

Note: Analysis is based on hundreds of verbatims - quotes chosen to bring key themes to life.

3.5

Accountants and bookkeepers feel ready to start incorporating AI and have plans to use it across different areas

SEE FULL DATA IN APPENDIX

Xero Insight

IN PRACTICE

Cloud-based software can enable practices to benefit from AI that is already embedded in its tools. Xero has an exciting vision when it comes to AI, with AI underpinning many of its products already, including bank reconciliation predictions, Hubdoc data capture, Xero Expenses, and cash flow forecasting in Xero Analytics Plus. Furthermore, Xero released its GenAI conversational interface, Just Ask Xero (JAX) tool in early 2024.

<https://www.xero.com/ca/media-releases/xero-unveils-its-ai-vision-to-reimagine-small-business-accounting/>

84%  reporting they are **ready to start incorporating AI** into their workflows. 



Q. How prepared is your practice to start incorporating AI into client and practice workflows? Total (250)

Top 5 uses for AI

- 1 To enhance...**
decision-making through AI-driven insights, forecasting, and analytics
- 2 To deliver...**
faster and more responsive client service through AI-powered tools (e.g., chatbots, virtual assistants)
- 3 To streamline...**
tax compliance and regulatory reporting using AI
- 4 To automate...**
routine tasks (e.g., data entry, bank reconciliation, invoice processing)
- 5 To assist...**
with strategic planning and business forecasting for clients using predictive analytics

Tied

Tied

Q. How is your practice currently leveraging/planning to leverage AI and machine learning technologies? Total (250)

SEE FULL DATA IN APPENDIX



Sole practitioners, small and medium-sized practices view AI as enabling automation and speedier, more responsive services. For large practices, however, AI is more often seen as an opportunity to upskill staff and identify and mitigate financial risks for clients via AI-driven predictive models.

SEE FULL DATA IN APPENDIX

Practices are most focused on using AI for the following

Sole practitioners

- To enhance decision-making
- To deliver faster and more responsive client service
- To streamline tax compliance and regulatory reporting using AI

Small practices

- To enhance decision-making
- To deliver faster and more responsive client service
- To automate routine tasks
- To assist with strategic planning

Medium practices

- To automate routine tasks
- To enhance decision-making
- To streamline tax compliance and regulatory reporting using AI

Large practices

- To enhance decision-making
- To upskill staff
- To identify & mitigate financial risks for clients via AI-driven predictive models

Conclusion

This report presents an exciting picture, backed by data, of a robust accounting and bookkeeping industry. Despite a somewhat unpredictable context, most practices saw growth in their revenue, profits, and client list in the past year and are feeling positive about the opportunities offered by new technologies and new services. While potential economic disruption, technological developments, and potential regulatory changes are on the horizon, accountants and bookkeepers have high levels of optimism about the future of their practices.

Expanding their service offerings, specifically with advisory services, has triggered some of the growth seen in the last 12 months. Advisory services offer high margins, are in demand from clients, and work well with value-based pricing models.

Adopting cloud-based software in recent years has enabled practices to be more efficient, which is a key driver of growth in revenue, profit and, in particular, client lists. Going forward, it is clear that AI is a moving train that practices need to jump on, though concerns around lack of technical expertise, data quality and security, and the cost and challenges of implementation are prevalent. However, many practices see the vast benefits of AI and are ready to start embedding this tech into their workflows. It seems the industry recognizes the need to keep up with the pace of technological advancement to stay competitive and continue growing.





Xero recommendations **Automate to advise**



- 1 Focus on operational efficiency and adding new services**, which are proven drivers of growth in all three areas of revenue, profit, and client lists.
- 2 Leverage AI and automation** to streamline tasks, while driving growth through expanded offerings, strategic advisory, and an enhanced client portfolio.
- 3 Incorporate advisory services** with value-based pricing and add greater profitability to these in-demand services.
- 4 Fully embed cloud-based software** to experience the benefits of growth, quality and efficiency.

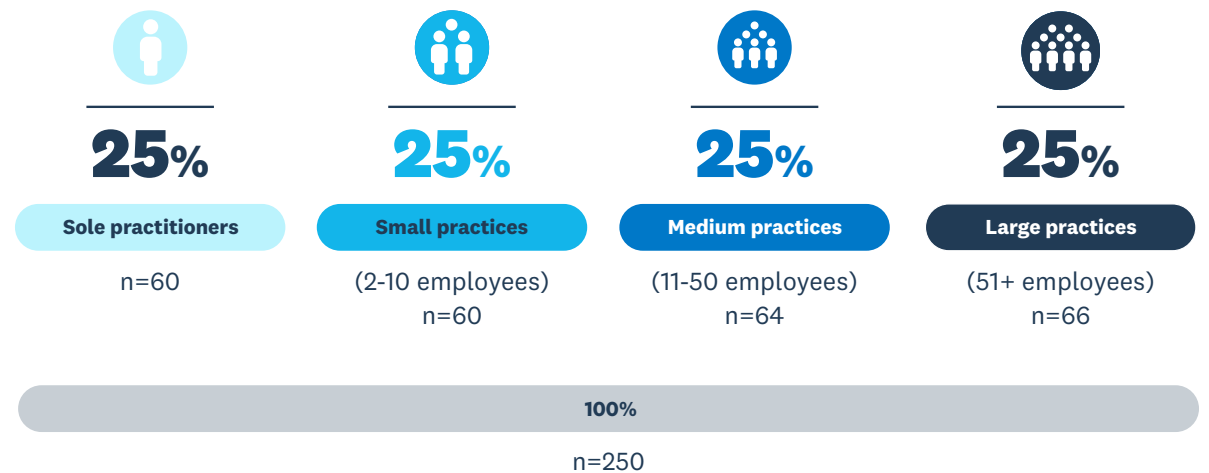


Methodology

From March 25th to April 4th 2025, we spoke to 250 accountants and bookkeepers who work in practice across Canada via an independently recruited online survey. Feedback was gathered from a mixture of job roles and individuals with various decision-making responsibilities.

Data was post-weighted to ensure that each of the four practice sizes makes up 25% of the overall sample. We have included flags on relevant pages where base sizes are low (<30).

How our data was weighted



Glossary

Service categories

Services are grouped into the following categories from which respondents selected all that apply to their practice's offerings:

Bookkeeping

- Accounts receivable
- Accounts payable
- Record keeping
- Preparing and filing GST/HST/PST/RST
- Inventory accounting

Tax services

- Preparing and filing of income taxes
- Preparing and filing taxes other than income and payroll taxes

Payroll

- Payroll processing (including payroll tax prep and filing)

Advisory services

- Analyzing business performance
- Planning and budgeting
- Business advisory
- Software and app advisory
- Tax planning and advisory

Financial reporting

- External reporting
- Internal reporting

Assurance

- Audits and/or reviews of financial statements
- Limited/special purpose audits or other assurance engagements

Benefits of advisory services categories

To report on the perceived benefits of advisory services, we grouped data into the following categories:

Practice growth

- Offering advisory services has expanded the types of industries or clients we serve
- Offering advisory services has increased our profitability per client
- Offering advisory services has increased the number of clients we serve

Enhanced perception

- Clients view us as more knowledgeable and confident because we offer advisory services
- Our services are more trusted by clients because we offer advisory services
- Advisory services have helped differentiate our practice from competitors

Improved client service

- Our clients' needs are better met since we started offering advisory services
- Our client retention has improved because we offer advisory services
- Clients value our services more because we offer advisory services

Benefits of cloud accounting software categories

To report on the benefits of using cloud accounting software, we grouped data into the following categories:

Efficiency

- Run more efficiently
- Operate more cost-efficiently
- Collaborate more effectively (with staff/clients)
- Have more productive staff

Client service quality & adaptability

- Provide better service to their clients
- Adapt faster to changing client needs
- Provide better protection for client data
- Produce more accurate work

Practice value & growth

- Are worth more if sold
- Attract and retain top talent
- Scale more easily as they grow



Appendix

Revenue changes since last year

Q. Thinking about this time last year, how has your practice's revenue changed?

Showing % selected	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66
Decreased NET (Decreased significantly + Decreased slightly)	4%	5%	7%	5%	2%
Decreased significantly	1%	0%	2%	2%	0%
Decreased slightly	4%	5%	5%	3%	2%
Stayed the same	20%	17%	18%	25%	21%
Increased slightly	58%	57%	60%	59%	58%
Increased significantly	17%	22%	15%	11%	20%
Increased NET (Increased significantly + Increased slightly)	75%	78%	75%	70%	77%

Profit changes since last year

Q. And how have your practice's profits changed since this time last year?

Showing % selected	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66
Decreased NET (Decreased significantly + Decreased slightly)	4%	3%	8%	5%	0%
Decreased significantly	0%	0%	0%	0%	0%
Decreased slightly	4%	3%	8%	5%	0%
Stayed the same	20%	17%	20%	25%	17%
Increased slightly	58%	63%	58%	50%	62%
Increased significantly	17%	17%	13%	19%	21%
Increased NET (Increased significantly + Increased slightly)	76%	80%	72%	69%	83%

Number of clients changes since last year

Q. Since this time last year, how has your practice's client list changed?

Showing % selected	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66
Decreased slightly	8%	5%	12%	8%	9%
Stayed the same	34%	28%	42%	39%	29%
Increased slightly	57%	67%	47%	53%	62%

Reasons for increased revenue

Q. In your opinion, why has your practice experienced an increase in revenue?

n=Those that experienced revenue increase

¹ (e.g., advisory, consulting, or higher-value services)

² (e.g., streamlined workflows)

³ (e.g., compliance opportunities)

Showing % selected	Total n=188	SP n=47	Small n=45	Medium n=45	Large n=51
Expanded service offerings ¹	52%	47%	49%	56%	57%
Increased number of clients	51%	57%	56%	49%	43%
Improved operational efficiency ²	50%	51%	53%	42%	51%
Increased client demand for additional services	47%	43%	49%	53%	43%
Increased pricing for services	33%	34%	22%	38%	39%
Benefited from regulatory changes ³	22%	26%	18%	27%	20%

Reasons for increased profit

Q. In your opinion, why has your practice experienced an increase in profit?

n=Those that experienced profit increase

¹ (e.g., streamlined workflows, reduced overhead)

Showing % selected	Total n=190	SP n=48	Small n=43	Medium n=44	Large n=55
Increased the number of services we provide	57%	63%	58%	55%	55%
Increased margin on services we provide	51%	42%	58%	52%	55%
Improved operational efficiency ¹	49%	63%	40%	43%	47%
Increased automation of manual tasks	32%	35%	28%	32%	33%
Improved staff retention	28%	19%	26%	43%	27%
Introduced/improved staff training	27%	27%	23%	30%	27%

Reasons for expanded client list

Q. You mentioned that the amount of clients your practice services has increased since this time last year. Please select up to three.

*low base size

n=Those that experienced client list growth

¹ (e.g., inflation, recession risks)

Showing % selected	Total n=143	SP n=40	Small n=28*	Medium n=34	Large n=41
Increased efficiencies allowing us to take on more clients	44%	40%	64%	38%	39%
Adopted new technology to serve clients more efficiently	36%	28%	54%	35%	34%
Improved competitive positioning by offering new services	32%	28%	39%	26%	37%
Proactive engagement with lapsed and/or existing clients	28%	43%	14%	32%	20%
Enhanced marketing efforts/referral programs/word-of-mouth	27%	43%	14%	29%	20%
Expanded services into new/niche industries or markets	23%	30%	21%	24%	17%
Established strategic partnerships/collaborations	21%	13%	32%	24%	20%
Clients needing more support due to economic challenges ¹	21%	25%	7%	21%	27%
Gained new certifications/completed specialized training	19%	15%	29%	15%	20%
Hired more staff, enabling us to serve additional clients	17%	13%	11%	26%	20%
Merged with or acquired another firm	10%	15%	4%	6%	12%

Agreement VBP makes their practice more profitable

Q. To what extent do you agree or disagree with the following statement? Value-based pricing has made my practice more profitable.

n=Those that utilize VBP

Showing % selected	Total n=239	SP n=57	Small n=57	Medium n=61	Large n=64
Disagree NET (Strongly disagree + Somewhat disagree)	3%	0%	5%	0%	8%
Strongly disagree	1%	0%	2%	0%	2%
Somewhat disagree	2%	0%	4%	0%	6%
Neither agree nor disagree	7%	7%	7%	10%	3%
Somewhat agree	48%	51%	60%	39%	42%
Strongly agree	42%	42%	28%	51%	47%
Agree NET (Strongly agree + Somewhat agree)	90%	93%	88%	90%	89%

Client engagement billing models

Q. What percentage of your practice's client engagements do you bill in the following ways?

n=Those who use VBP (239)

Showing average	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66
Value-based pricing model ¹	26%	28%	25%	24%	26%
Based on the number of hours worked ²	25%	23%	25%	25%	26%
Fixed installment fees (monthly, quarterly, or annually)	25%	24%	27%	24%	26%
Fixed fees per piece of work	24%	26%	23%	26%	22%

¹ (i.e., fees are determined based on the perceived value delivered to the client, rather than the time spent, fixed fees, or historical pricing)

² (i.e., time-based billing)

Practice optimism

Q. How do you feel about the future of your practice over the next 1-2 years?

Showing % selected	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66
Pessimistic NET (Very pessimistic + Pessimistic)	4%	5%	3%	3%	6%
Very pessimistic	3%	2%	2%	3%	5%
Pessimistic	2%	3%	2%	0%	2%
Neutral	15%	18%	17%	17%	9%
Optimistic	57%	62%	60%	47%	61%
Very optimistic	23%	15%	20%	33%	24%
Optimistic NET (Very optimistic + Optimistic)	80%	77%	80%	80%	85%

Biggest industry challenges

Q. Thinking ahead to the next 1-2 years, what do you see as the biggest challenge ahead for the accounting and bookkeeping industry?

¹ (e.g., inflation, rising costs)

² (e.g., technology companies, banks)

Showing % selected	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66
Technology <i>NET</i>	42%	40%	57%	28%	44%
Understanding and utilizing AI	27%	25%	37%	19%	26%
Adapting to technological changes	16%	15%	20%	9%	18%
External pressures <i>NET</i>	28%	33%	17%	41%	20%
Evolving client expectations	11%	12%	8%	17%	6%
Increased competition from non-traditional providers ²	8%	12%	2%	11%	9%
Maintaining profitability under pricing pressures	8%	10%	7%	13%	5%
Macroeconomic & policy changes <i>NET</i>	23%	20%	22%	22%	29%
Dealing with economic uncertainty ¹	17%	17%	17%	14%	20%
Managing regulatory changes and government mandates	6%	3%	5%	8%	9%
Internal pressures <i>NET</i>	7%	7%	5%	9%	8%
Recruiting and retaining skilled staff	7%	7%	5%	9%	8%

Services offered

Q. What services does your practice offer to clients?

¹ (e.g., billing and payments)

² (e.g., invoicing and debt collection)

³ (e.g., reconciling bank records, managing documents including invoices and receipts)

⁴ (e.g., preparing reports for external stakeholders such as investors, boards - includes compilations but not assurance)

⁵ (e.g., preparing reports on financial and operational information for internal stakeholders such as employees)

Showing % selected	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66
Bookkeeping <i>NET</i>	87%	93%	72%	94%	89%
Accounts payable ¹	55%	63%	48%	55%	53%
Accounts receivable ²	48%	52%	40%	55%	44%
Record keeping ³	43%	45%	38%	41%	47%
Preparing and filing GST/HST/PST/RST	33%	37%	27%	38%	30%
Inventory accounting	24%	17%	17%	31%	30%
Advisory services <i>NET</i>	87%	90%	82%	88%	89%
Tax planning and advisory	50%	50%	50%	47%	53%
Business advisory	43%	48%	37%	45%	42%
Analyzing business performance	40%	33%	42%	42%	41%
Planning and budgeting	39%	33%	35%	48%	41%
Software and app advisory	26%	25%	25%	31%	24%
Tax services <i>NET</i>	72%	80%	58%	75%	74%
Preparation and filing of income taxes	48%	53%	33%	58%	48%
Preparing and filing taxes other than income and payroll taxes	45%	37%	47%	44%	55%
Assurance <i>NET</i>	56%	73%	50%	53%	47%
Audits and/or reviews of financial statements	45%	55%	47%	41%	36%
Limited/special purpose audits or other assurance engagements	22%	25%	17%	23%	24%
Financial reporting <i>NET</i>	54%	65%	47%	50%	56%
External reporting ⁴	36%	33%	37%	38%	38%
Internal reporting ⁵	36%	42%	37%	30%	38%
Payroll <i>NET</i>	51%	50%	57%	47%	50%
Payroll processing (including payroll tax prep and filing)	51%	50%	57%	47%	50%

Highest margins by individual service

Q. Thinking about the following services that you offer to clients, please select the three that have the highest margin.

¹ (e.g., invoicing and debt collection)

² (e.g., billing and payments)

³ (e.g., reconciling bank records, managing documents including invoices and receipts)

⁴ (e.g., preparing reports for external stakeholders such as investors, boards - includes compilations but not assurance)

⁵ (e.g., preparing reports on financial and operational information for internal stakeholders such as employees)

Showing % selected	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66
Advisory services					
Tax planning and advisory	51%	57%	47%	50%	51%
Business advisory	49%	55%	45%	41%	54%
Analyzing business performance	37%	45%	40%	30%	33%
Planning and budgeting	37%	45%	38%	32%	33%
Software and app advisory	35%	27%	47%	30%	38%
Bookkeeping					
Accounts receivable ¹	40%	52%	29%	43%	31%
Accounts payable ²	39%	34%	52%	43%	29%
Preparing and filing GST/HST/PST/RST	36%	36%	56%	33%	20%
Record keeping ³	28%	22%	13%	42%	32%
Inventory accounting	28%	20%	30%	30%	30%
Assurance					
Audits and/or reviews of financial statements	38%	39%	39%	35%	38%
Limited/special purpose audits or other assurance engagements	16%	13%	20%	7%	25%
Payroll					
Payroll processing (including payroll tax prep and filing)	36%	33%	35%	33%	42%
Tax services					
Preparing and filing taxes other than income and payroll taxes	36%	45%	43%	32%	28%
Preparation and filing of income taxes	30%	28%	25%	27%	38%
Financial reporting					
External reporting ⁴	22%	25%	9%	25%	28%
Internal reporting ⁵	22%	36%	9%	16%	24%

Reasons for offering advisory services

Q. Why does your practice offer advisory services?

n=Those that offer advisory services

Showing % selected	Total n=218	SP n=54	Small n=49	Medium n=56	Large n=59
To offer higher-value services to our clients	42%	37%	41%	32%	58%
To meet growing client expectations for advisory services	40%	31%	43%	39%	46%
It is part of our growth strategy	40%	43%	39%	41%	36%
To strengthen client relationships by becoming a trusted advisor	37%	33%	43%	34%	37%
To stay competitive with other practices	35%	33%	33%	32%	42%
To increase profitability and grow revenue for our practice	34%	43%	31%	34%	29%
To service clients we wouldn't otherwise be able to support	30%	30%	24%	32%	32%
To differentiate our practice from competitors	29%	37%	18%	38%	24%

Agreement with advisory services benefits

Q. To what extent do you agree or disagree that the following changes have happened to your practice since you started providing advisory services?

*Low base sizes

n=Those who offer advisory services, but haven't always done so

Showing % selected	Total n=68	SP n=22*	Small n=13*	Medium n=16*	Large n=17*
Practice growth <i>Average</i>	90%	92%	87%	86%	94%
Offering advisory services has expanded the types of industries or clients we serve	91%	95%	85%	88%	94%
Offering advisory services has increased our profitability per client	90%	91%	92%	81%	94%
Offering advisory services has increased the number of clients we serve	90%	91%	85%	88%	94%
Enhanced perception <i>Average</i>	88%	92%	74%	88%	94%
Clients view us as more knowledgeable and confident because we offer advisory services	91%	95%	77%	88%	100%
Advisory services has helped differentiate our practice from competitors	88%	91%	77%	88%	94%
Our services are more trusted by clients because we offer advisory services	85%	91%	69%	88%	88%
Improved client service <i>Average</i>	86%	85%	82%	88%	90%
Clients value our services more because we offer advisory services	90%	91%	92%	88%	88%
Our client retention has improved because we offer advisory services	85%	86%	77%	81%	94%
Our clients' needs are better met since we started offering advisory services	84%	77%	77%	94%	88%

Agreement with cloud accounting software benefits

Q. To what extent do you agree or disagree with the following statements about practices that use cloud accounting software?

Showing % selected	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66	
Efficiency	<i>Average</i>	85%	88%	82%	87%	84%
Run more efficiently		88%	93%	83%	92%	83%
Operate more cost-efficiently		87%	88%	83%	89%	86%
Have more productive staff		84%	88%	80%	88%	82%
Collaborate more effectively (with staff/clients)		82%	83%	82%	80%	85%
Client service quality & adaptability	<i>Average</i>	84%	92%	80%	80%	81%
Produce more accurate work		86%	95%	82%	78%	88%
Provide better service to their clients		84%	92%	78%	86%	80%
Adapt faster to changing client needs		83%	93%	78%	84%	77%
Provide better protection for client data		81%	88%	80%	73%	80%
Practice value & growth	<i>Average</i>	79%	88%	75%	75%	79%
Scale more easily as they grow		85%	92%	83%	81%	83%
Attract and retain top talent		80%	88%	73%	77%	80%
Are worth more if sold		73%	83%	68%	66%	74%

Biggest industry opportunities

Q. Thinking ahead to the next 1-2 years, what do you see as the biggest opportunity ahead for the accounting and bookkeeping industry?

Showing % selected	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66
Leveraging AI and automation	31%	33%	35%	28%	27%
Expanding advisory services and strategic consulting	17%	13%	15%	14%	24%
Positive tax reform/regulatory developments	10%	12%	5%	16%	8%
Positive macroeconomic developments	8%	8%	10%	6%	8%
Driving adoption of ESG reporting and consulting	8%	10%	3%	11%	8%
Expansion of blockchain and cryptocurrency accounting	8%	13%	7%	6%	5%
Driving tech adoption among small businesses	8%	3%	15%	9%	3%
Real time financial reporting and insights	7%	2%	8%	5%	14%
Expanding outsourced CFO and financial leadership services	4%	5%	2%	5%	5%

AI practice impact

Q. What kind of impact do you think AI will have on your practice in the next 1-2 years?

Showing % selected	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66
Negative NET (Very negative + Somewhat negative)	3%	0%	5%	5%	3%
Very negative	2%	0%	2%	2%	3%
Somewhat negative	2%	0%	3%	3%	0%
No impact	6%	7%	8%	6%	5%
Somewhat positive	57%	67%	50%	50%	61%
Very positive	34%	27%	37%	39%	32%
Positive NET (Very positive + Somewhat positive)	90%	93%	87%	89%	92%

Preparedness to incorporate AI

Q. How prepared is your practice to start incorporating AI into client and practice workflows?

Showing % selected	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66
Unprepared NET (Very unprepared + Somewhat unprepared)	7%	5%	7%	6%	9%
Very unprepared	3%	0%	3%	5%	5%
Somewhat unprepared	4%	5%	3%	2%	5%
Neither prepared nor unprepared	6%	8%	2%	6%	6%
Somewhat prepared	56%	57%	57%	56%	53%
Very prepared	28%	27%	27%	28%	30%
Prepared NET (Very prepared + Somewhat prepared)	84%	83%	83%	84%	83%
We are already using AI in workflows	4%	3%	8%	3%	2%

Uses/intended uses of AI and machine learning

Q. How is your practice currently leveraging/planning to leverage AI and machine learning technologies?

¹(e.g., chatbots, virtual assistants)

²(e.g., data entry, bank reconciliation, invoice processing)

Showing % selected	Total n=250	SP n=60	Small n=60	Medium n=64	Large n=66
To enhance decision-making through AI-driven insights, forecasting, and analytics	40%	38%	45%	36%	39%
To deliver faster and more responsive client service through AI-powered tools ¹	33%	38%	33%	34%	27%
To streamline tax compliance and regulatory reporting using AI	33%	38%	27%	36%	30%
To automate routine tasks ²	32%	33%	32%	44%	18%
To assist with strategic planning and business forecasting for clients using predictive analytics	32%	33%	32%	31%	30%
To improve accuracy and reduce errors in bookkeeping and accounting tasks	31%	30%	28%	34%	32%
To upskill staff by integrating AI tools and processes into workflows and training	30%	20%	30%	34%	35%
To attract and retain tech-savvy clients by demonstrating the use of advanced AI tools and technologies	27%	30%	27%	23%	27%
To identify and mitigate financial risks for clients through AI-driven predictive models	27%	25%	22%	25%	35%
To reduce costs on staffing, resources, and operational efficiencies	24%	33%	20%	25%	18%
We have no plans to adopt AI	3%	0%	10%	0%	2%
We are not using AI yet but plan to adopt it in the future	2%	2%	3%	2%	3%



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