# Outsourced Accounting or In-House Execution: What Do You Need?


In a growing business, the accounting requirements also grow exponentially. When you are improving your revenue and adding to your successes, you are also adding to the burden of your accounting and complicated bookkeeping.

In such a scenario, business owners, who have a low technical know-how of the field, face major issues. If they drag the task too much and keep achieving accounting and bookkeeping on their own, they can even end up making mistakes and irreparable damage.

Hence, we suggest outsourced accounting. You can hand over the entire task to a third-party provider, who is equipped to manage growing demands and the dynamic nature of accounting and bookkeeping.

But, there's always this question: Do you need in-house or outsourced accounting?

Today, we have cleared the confusion. Here's the ultimate comparison between in-house and outsourced accounting. We have further discussed many factors of outsourced accounting services to help you make the right decision.

## Comparing In-House and Outsourced Accounting

Here's the ultimate outsource vs in-house accounting management comparison. We have compared both based on cost, quality, reporting, and feasibility. Dive in and start exploring.

### Cost

Due to various reasons, cost becomes the major roadblock in your accounting activities. When you hire an employee, you pay for their salary, insurance, training, etc. When you outsource accounting, you pay for the services you use.

If you give around USD 40 per hour to an accountant, then you need to give only USD 20 when you outsource accounting management.
Let's make this clear:

When you hire an accountant as well as a bookkeeper, you need to offer them the following:

- Salary
- Yearly appraisals
- Sick leaves
- Insurance
- Perks
- Training

A reliable accountant will cost you more. You may need to pay more salary and offer more perks, such as accommodation.

If you collate the expenses of an employee, you will realize that it will cost you a big chunk of your income.

With outsourced accounting companies, the situation is different. You have a pricing model, according to which you pay a fixed price. The billing is pay-as-per-your-use. You can pay a given amount every month to receive uninterrupted services.

Of course, the payments of the outsourced accounting partner will increase in some time. However, the entire bill is still less, as the additional costs are mitigated, such as the training costs of an employee.

So, the outsource accounting vs in-house is clearly in the favor of outsourcing as far as cost is concerned.

## Quality

With an in-house accounting team, you will get to meet them, brief them, and personally discuss issues. But, this feasibility doesn't guarantee quality. You may hire accounting employees with a less overall experience, which can give you low-quality work. Even if your team is efficient, there may be some loopholes that the outsourced accounting services can fill.

This is because when you outsource accounting services, you get a team of experts. Since the major function of the business is accounting for the partner, they have top-notch employees for this task.

Additionally, the outsource accounting company needs to cater to many clients.

Both these factors drive quality in outsource accounting services.

## Reporting

For every business, financial reporting is a complex process. Further, this process is also varied in different businesses. The defining factors are business requirements, transactions in a month, industry environment, and regulations.

Your in-house accountants can prepare reports and offer you a good insight into what's going on in the business. But, they need the knowledge to consider the dynamic nature of this reporting. They should be able to create reports according to business needs.

If you hire a team of 10, then you can ensure the above requirements.

If not, then you need to outsource accounting services to alleviate the issue.

Your outsource accounting company has years of experience and a team of skilled professionals. They help in analyzing your business requirements and customizing reports accordingly.

When you always have access to custom reports, you are able to make better decisions. For every decision, you can clearly analyze whether your business is ready for the change or not. This type of data is necessary for the growth of the business today!

## Feasibility

The final comparison between outsource accounting vs in-house is on feasibility.

With an in-house team, you need to spend time on accounting. As the business owner, you have to keep a check on employees and get work done. This consumes time.

When you outsource accounting, you don't need to stay on the call with the provider all the time. You can inform them of the requirements and receive results without any hassle.

Further, it is necessary to note that accounting and bookkeeping services are not the major or critical operations of your business. You can easily spend this much money and time on critical business functions rather than accounting and outsourcing.

## Comparison Chart

| Comparison Factor | Difference |
|---|---|
| **Cost** | • In-house the cost of hiring, managing, training, and r more.<br>• Outsource accounting is a pay-per-use model. You ne |
| **Quality** | • The quality of in-house accounting is average; depen employees you are hiring and the level of technology accounting.<br>• The quality of outsourced accounting is top-notch be employees and the latest supporting technology. |
| **Reporting** | • Reporting in-house is often shifted to the backseat be responsibilities.<br>• Reporting with outsourced accounting is on time and you make better crucial decisions. |
| **Feasibility** | • Team management and error-free accounting requir can be a hassle.<br>• Outsource accounting gives you error-free accountin feasible. |

## Why Businesses Prefer Outsourced Accounting?

There are many reasons why businesses prefer outsourced accounting companies over in-house management. We have explained these reasons below. Read why you need to outsource accounting management.

### Expert Advice

Many businesses revealed that outsource accounting is the choice for them because of expert advice. As a startup, small, or medium business, you can't always spend a huge chunk of your money on accounting. Therefore, you may not hire a person with 5-10 years of experience.

But, your outsource accounting partner can and they should. You can easily take help from these experts wherever you are stuck. You can get through critical accounting problems easily with this support.

### Compliance

Accounting professionals always stay updated with the latest law requirements. They know the market and they are the first ones to know when there's a change in regulations. But, what makes the difference here is that with the experience of your accounting partner, they can implement these changes sooner than you can. So, this means that they can help you maintain compliance without any glitches.

### Productivity

When you outsource accounting service is optimum, you can gain the following:

- Streamlined accounting processes
- Up-to-date books
- Proper financial analytics
- Budget control

With the management of the above activities, the performance of your accounting department automatically improves. You are able to avoid issues, reduce time, and enhance operational efficiency.

### Time-Management

You can manage your time well with an outsourced accounting partner. This is because your outsourced accounting service will help you with cash flow management, report generation, capital optimization, and financial analysis. When these activities are taken care of, you can spend your valuable time on improving and progressing core business functions.

For instance, a software development firm can focus on offering state-of-the-art products to users rather than spending multiple hours every week in accounting and bookkeeping.

## Is Outsourced Accounting Relevant in 2021?

Yes, absolutely.

Think about it, we are working from home. Already there's so much to manage. You, as a business owner, can only focus on critical business operations. There's no point in spending time on accounting and bookkeeping, isn't it?

This makes outsourced accounting an optimum choice in 2021.

Even the companies that are not operating from home are still moving their structure. They are preparing for unplanned situations. This requires time and resources, which you can only free up if your accounting management is handled by a third-party.

## The Trend in Accounting in 2021

There are so many trends in accounting, some of which are triggered by the pandemic.

For example:

- Cloud adoption
- Automation
- Outsourcing

Businesses are now operating with remote workforces. They are mitigating costs of office space and management. As a result, outsourced accounting is being considered as the top option for further cost optimization.

For this reason, outsource accounting management is in demand.

Additionally, outsource accounting companies save you from hiring new employees, managing them, and training them. You can just partner with a outsource accounting service and receive the benefits that we have discussed above.

## Summary

When you outsource accounting, you are not only reducing the burden of accounting tasks but also improving the efficiency of your organization. When your books are up-to-date, and accounts are perfect, you are able to generate reports quickly. This means that you are able to make crucial financial decisions rapidly based on data-driven insights.

If you are already thinking about finding an outsource accounting company, then look no further. Paysquare can help you. We have served various companies and helped them improve their accounting and bookkeeping tasks. With the experience of 20+ years along with a team of experts, we can help you too.

Contact us today or visit our website for more details!