



CATALYST PODCAST EPISODE 6

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EPISODE: 6 - Data Makes Your Practice Smarter

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JS: Hello and welcome to CA Catalyst podcast, Small Firm Big Impact. I'm your host John Schol, Chief Executive at Malloch McClean. There's more data being created each minute than ever before. So in this episode of Small Firm Big Impact, we're taking a deep dive and deciphering data in a digital world. Now try saying that five times really quickly. With so much data being created, how do we take advantage of it to enhance our clients businesses as well as their own? And how do you best manage and protect it? With me to share their opinions and experiences are Sarah Giannikouris, managing partner and co-founder at TCA Accountants and Bookkeepers located in Darwin, Australia. And Vinay Iswar, Managing Director at BetterCo, an accounting and business advisory team based in Auckland, New Zealand. Vinay, Sarah, Welcome to you both.

SG: Thanks for having us.

VI: Hi John. Hi Sarah.

JS: According to a recent survey by McKinsey Global Institute, data driven organisations are 23 times more likely to acquire customers, six times more likely to retain them, and 19 times more likely to be profitable. Does this surprise you?

VI: I don't think it surprises me at all really. If you've got data, you've got a baseline or some information where you can make more decisions. Those with more data are going to be more powerful. So no, it doesn't surprise me, I guess the amount of extra profit that they might make 19 times more likely, or six times more likely to retain these new customers surprises me.

JS: Sarah?

SG: I'd agree. So I think when you've got data, you can really analyse that data and look at what is it that the customer wants? What are they like, what are their habits? and from there, you can make strategic decisions in your organisation to appeal to the customer's desires. If you can unlock that data and analyse it, to understand that customers behaviour, you can definitely turn your business into something more profitable, you can limit the services that aren't really appealing to customers and really increase the services that customers really do want. And you've also got the ability through customer surveying and also looking at their behaviours to attract new markets and examine what's selling what's not selling and appeal to the needs of the of the buyers.

[02:08] JS: So clearly data driven organisations have a big impact. But how do we live it? But how do we deliver this impact? And would you say your firm's are data driven?

SG: I would say our firm's definitely data driven. So back in 2018, we came to the realisation that because of advancements in technology and automation, a fundamental shift was taking place in the accounting industry. We didn't know

exactly how this was going to affect us. But we knew we needed to pivot our service offerings and target customers better. We'd heard about futurism - and we reached out to a consultant who introduced us to first principles thinking. So our team conducted a strategic foresight environmental scanning exercise, which involved researching, collecting data, looking through scholarly articles, documenting opinions from industry leaders and influencers, and we scoured the web, to source data and opinions about the future of the accounting industry. From our findings, we used the data to gain a fairly credible understanding of what is going to happen, what's projected to happen within the accounting industry within the next 10 years. And we came up with a number of commercialization ideas, which were driven by what the data was telling us.

[03:14] JS: So what sort of data insights would you use to advise your clients? Sarah?

SG: It really depends on the customer and the problem that they're faced with and they're trying to solve. We often like to work with our clients to understand risks, and to manage and mitigate risk. So the idea is to identify if there's a dependency on a particular customer, group or service offering and brainstorm ways in which you can improve the service delivery and lower the risk of losing them, or the risk of something going wrong in the organisation. For one client we did some competitor analysis with them. They were wanting to reach out to new markets across Australia, but didn't know which region they would like to roll out to. They wanted to understand what the landscape was. So we worked with them to understand which regions had the most competitors, who are offering similar services. We drilled down at the state level, the council district level and the suburb level, and we compared it against the ABS population statistics in each of those locations to create a ranking or a ratio for each region. From there, we were able to reveal how saturated the marketplace was in each of those locations. So it was quite valuable for them.

[04:16] JS: Would you say that these types of services enrichen the relationships that you have with your clients Sarah?

SG: Definitely. One of the other things that we did recently with another client was just helping them develop their marketing strategy. So we examined what data that they did have already access to in their business, and we broke it down by age, gender, income, industry, location, even marital status, we looked at Google Analytics reporting on their website, we looked at how much each customer was spending, volume of customers for each service type. When you're looking at setting a budget, a lot of companies just take a blanket approach, end up wasting so much money. Whereas when you take the time to develop a strategic marketing plan and strategy, you can then have really targeted marketing and really reduce your budget and really increase your leads and converting those leads into sales.

JS: Vinay, would you say your firm's data driven? And if so what sort of services are you wrapping around that?

VI: We are definitely data driven. We first look internal before we even go and measure, we'll look at benchmarking of industries, we go and figure out what data the clients are looking at first and typically, it's not enough. Or they're measuring the wrong thing. So we start with internal data first. And we keep it really simple. And then we go and measure that against some more complicated, maybe industry specific data, or my favourites are more, size of business as opposed to industry, just because industry can be like, let's say, you're, you're a lawn mower guy, everyone's view of a lawnmower guy is completely different. It could be a one man band, or a guy that's a franchisee, or franchisor, with 100 people under him. So I think it's more important to look at the size of business and compare the data that we see and steal [laughs] from, from the web, and all the different sources and measure it up against the client.

[05:59] JS: So when we talk about data, obviously, the output or the use of that data is only as good as the input. How do you best collect the data? And how do you know that it's correct? Sarah?

SG: It really depends how and where it's stored. We did some work earlier in the year with a client, and the data was locked in in a PDF. -We ended up moving across and using robotic process automation. So we programmed the bot to scrape the data, but we classified each element on the page as something recognisable for the bot. So when the bot was scanning through the data, it was just taking out the elements that we actually wanted, there was a lot of other stuff in there, that was really irrelevant. Something which used to take two or three days for someone to do manually copying and pasting from a PDF across into a tabular form and then you've got risks of human error, the bot was able to scrape it within three to four seconds and move it across into a really clean tabular form. We also built in some checks and some calculations that the bot did to make sure that the balances matched. So the tool that you would use, would really depend on where the data is. If it's not a large volume of data, we'll obviously store it in Excel, or in whatever relevant format. But if it's larger sets of data, or if we wanting to, say look at three or four different systems, that that we want to pull information from, to model the data, then we would move the data into an SQL database, where we can house the data and securely house it and model the data quickly and easily.

[07:26] JS: Vinay, you're talking about that internal data that clients are collecting? What sort of software do you use to collect that data?

VI: We typically ask questions, first of what they're actually using. And unfortunately, most of the time, that's not very technical. And it is just an Excel spreadsheet. So we will start with the spreadsheet. Our end goal is always to get the data the same, so we can use it. We have partners that do the...let's call it dirty work for us. So I'm not too familiar with the names of the software, but if we tell him what we want to get out of it, like Sarah said, that can happen really quickly, rather than three to four days, it could be three to four seconds for them. Might be a bit of pain up front, but I'd still rather spend a couple hours up front building it and then getting that data the next day, than a week later. So the software's not important to me, I guess how we

can utilise the data at the end is quite important and for us unfortunately, most of the time, it's like how do we get it back into a basic Excel document so the client can use it thereafter as well. Which is why we just outsource most of that data driven stuff. Now we just say, look, this is what we want to get. They come back to us and we make sure it's usable for us and the client.

[08:35] JS: So no matter what we do, we have to clean the data first,

VI: Always

JS: The old adage garbage in garbage out, right?

VI: Yep, totally. And that's the biggest start, we always ask who's doing it? And how, how is it getting there. Because, like I said, it's the end goal that counts, we just want to know that it's all gonna be the same.

SG: I'll just jump in quickly and add something to that. I think the data modelling process is really important. But I think what's probably even more important is the questions that you're asking at the beginning, is what is the business problem that you're trying to solve? And quite often we'll be approached by clients and they think that their business problem is this, but then when you actually question them a bit further, and dig a little deeper, you find all of these other connecting factors. And so you think, okay, so on the surface, it looks like this is the business problem. But there's all of these other deeper layers that you've got to uncover. It's actually what's underneath. Is just spending time to really understand what the business problem is. So that when you are looking at where the data is trapped, and what data you're wanting to actually get, you're not having to go in twice, you have a really clear understanding of the big picture and then have a really good understanding of the data you're going to need to be able to answer that question accurately and properly. Then you go away and do the data collection process because once you've got the data, and they've got the questions that you really want answered, the modelling part can be achieved a lot more efficiently.

[09:52] JS: So we need to set the systems up right to begin with or really understand the problem we're trying to solve.

SG: Definitely. It can get really messy if you'd kind of pivot halfway through the project and that's where costs blow out, and timelines blow out. So really having a good understanding of what the business problem is and what questions you need answered. And the underlying factors is really important.

VI: I'll double down on that. Because we, like I said before, we don't actually do most of the scraping ourselves, we outsource it. And so if we're telling someone else what to go look for, we have to be quite specific. And they need to know what the business problem is, which is a question they ask us. So yeah we come from the business first, and then data second, I guess is probably the best way to describe it.

[10:34] JS: So for many people listening to this podcast, we're talking about scraping, we're talking about bots, and a lot of people will be going, what on earth is that? And who actually does that within your business? So Sarah, what's the process when you get this data? Who does what on your team to bring that to life?

SG: We stumbled across the concept of Robotic Process Automation back in 2018. And it was just a really good opportunity for us to solve some business problems that we couldn't solve using traditional methods. We self trained, we also got a mentor to support us through the process. The mentor was located overseas and she had worked for the company, the software that we've chosen to use is UiPath. And at the same time, we also brought in a couple of interns through the Navitas professional year programme, IT interns, and they kind of came along the learning journey with me. And we learned all about robotic process automation, and how we could use that in our own business to automate processes. It's taken us a couple of years to get to where we are now. But when you get a customer approach you and they say we've got this business problem, we have to repeat these processes every day or every month, or three times a day. And it just takes so much of our

staff's time. And then when you have turnover of staff, the staff walk out the door and all of that knowledge and training goes with them. The idea of robotic process automation is you take a simple process that is needing to be repeated constantly and it could be something as simple as moving data from one system to another system. But once you add a layer of automation over that process, you can repeat that process over and over and over again. So the return on investment might take you 12 months to achieve, but the ongoing savings that could be achieved are phenomenal. Not only that, but staff enjoyment in the office goes up, because now this really awful process has been taken off everyone's shoulders, and it's been automated, it's like a victory in the team.

[12:27] JS: Vinay, can you give us an example of a client in your business that you used the data analytics for? And perhaps just tell us the process that your team would actually go through, from identifying the need through to actually delivering the service and giving the client that information?

VI: Yeah, probably two part. For us, the outsource option first, which is obviously the easy one, because we don't do it. The client has many, many processes internally and they have different manufacturing systems, so can't name names, so.

JS: So can you give me an example of what sort of industry this customer might be in?

VI: Print and packaging, this one. So you can imagine, like these archaic, print machines that have just been there for 20 years, they actually have pathetic software, but they have really good data inside them that they can rip out. So we managed to get it into a hub where our outsourcing partners could actually utilise the information. These blokes actually 67, both of them and the reason they worked with us is because they knew that they had a succession plan to eventually be out and they knew that they needed to bring it into 2020, to exit. They didn't care how it was done, or what the tool was, all they cared about was, how easy is it going to be

to use? And what is it going to cost? And so those were two really important things that came up at that time and keep coming up with the conversations we're having. Because data is expensive to begin with, but extremely cheap, long term.

[13:50] JS: So are you having to identify what value that data will have once it's been mined?

VI: We make that decision first. We definitely talk about that first.

JS: Can you give me an example Vinay of what a decision a client might have to make? And how often they would make it and what sort of values created for that?

VI: If we go back to the manufacturing client, print and packaging. They thought that their team was working really, really hard. And I said, well, how do you know that? And they said, because we can see it. So I said what sort of information do you have to tell you that they are actually working hard when you're not there. All we did was talk to some automation guys. So now these guys all...this sounds really inhumane, but it's not! [laughs] They scan in at the start, when they start their shifts, and when they're on the machine, it's actually programmed to say, okay, I'm on that machine. And we get all the number of sheets that come out during that time. And it actually it really helps with health and safety as well. They found out that there was one particular guy who was on the most dangerous machine, was doing full days, he wasn't really taking lunch breaks or, or breaks at all. I guess that was an unintended positive consequence of of good data. They thought the world of him because he worked really hard, but what they realised was the data was telling them that, hey, this is really dangerous.

[15:05] JS: And so what happened to that employee where that was identified?

VI: He was just forced to take a break every hour and a half, go for a walk around the shop floor and just come back.

JS: And once he realised that what was expected was being inspected, did that change his behaviour and did that change others around him?

VI: So we catch up with these clients quarterly - they actually had a really positive response from it. Because there was this conundrum where the staff probably thought they were overworked, and no one cared about the health and safety, but it's just because it was never discussed. So once they had their systems to say I'm on this machine, and I am doing my job, and it was there to also keep them safe, then all of a sudden, they just felt better about being on the shop floor and that everybody cared. And they use the information together to look after each other. So when this guy goes for a walk, he's actually now trained a junior guy to use that same machine. So if he's on lunch, it still can be run and this other guy's learning about it. The positive outcome was, you know, no loss in productivity, increase in health and safety and an increase in morale really.

[16:02] JS: The second, third, fourth consequences from that initial data discovery that create a real value for the customer.

VI: Yeah, all unintended.

JS: Yeah, I just find that absolutely fascinating. I just want to get back to you for a minute, Sarah, just on whether you think all clients out there, that have some form of software, do you think everyone's data rich?

SG: Every business is sitting on a goldmine of data, and most of the time, they've never even stopped to contemplate or consider the value it might bring to the organisation by understanding what that data is telling them about their business operations, or they just put it in the too hard basket. "Oh this will cost too much money to work out" or "I don't have the time to sit down and understand what the data is telling me, because I don't know how to build reports". Or "if I have to pay someone that's going to cost me a lot of money". I think there's definitely a lack of education where the clients are concerned and in them understanding the value it

could bring to their organisation.

[16:57] JS: And Vinay, when you are talking to clients, are they positioning to you that they need to do something with their data? Or are you getting them into your office, are you stopping them sitting them down and talking about what the opportunities are within the gold mine that they might already have?

VI: I think it's both. I think most of the time though, we'd be the ones pushing, for sure. And not everyone's receptive of saying, hey, you're sitting on lots of information, and you've got good data, let's suck it out and do something with it. We found that it's, almost depends on the life cycle of when these people are in business. And we thought most people who didn't want the data would be someone who was looking to exit because they didn't want to waste the money, and we found the opposite. There's those people looking to exit, that are trying to add more value to this business hurriedly, really fast, so they can have a quality exit. And the other ones are the ones that are right at the start of their journey. Those people are really data driven too, because they can make decisions. And we're finding the ones in the middle, who have been around a little while - not mature or not in a startup, are just saying why would I do this? So those are the ones that are the hardest ones to have the conversation with to say that data is useful.

[18:08] JS: And Sarah, how are you finding your conversations with your clients around data and the opportunities?

SG: There's this fear from the business owners that "all this is going to cost me a lot of money, I just don't know that it's going to bring me a lot of value". I think it's really important as a business to build up some portfolio cases. So maybe cherry pick a couple of clients that you're working with already and you see that you could add real value to and maybe offer them to do some data analytics as an entry point, to get your business into the space. By doing a couple of portfolio pieces and having the clients be willing to be contacted as reference points, put it up on your website, to really showcase the benefits and the value it could bring to an organisation, I

think most business owners, they like to feel like they're in control, that it was their idea.

[18:53] JS: Can you give me an example Sarah of one of your clients that you've turned around and engaged with one of these types of projects that you didn't think would be interested or were a bit apprehensive to start with?

SG: The client that I mentioned before, where all the data was trapped in PDF and they had been for years, they'd been manually copying and pasting information across - they were sending the data across to an outsourced service provider in the Philippines and it was being done manually but it was taking days for the final product to be produced and there was a lot of human error. Selling the idea of using technology to automate that process initially, there was this really like, "oh, how much is this gonna cost me?" "Like, I'm only paying, say like \$300 for this by sending it to an outsourced service provider in the Philippines." But my response to that was, "yeah, but it's taking a week. And the data is not always accurate because there's human error, there's transposition errors, what impact is that going to have on your organisation?" So it's a bit of a negotiation, you definitely need to have those portfolio pieces to show the client, to help them and to educate them. So in this particular case, I attempted to measure the impact or the risk that it would have on the organisation if they continued to rely on this outsourced service provider to carry out these tasks. And then I compared that against, this is your projected cost for this exercise. If we were to do this for you, this is the value that it will bring back to your organisation. And the payback period might be like I said before, six to 12 months. But once you've achieved the payback period, the rest is just benefit and profit and value.

JS: Vinay, what data are you using in your own business to create value?

[20:27] VI: I'll use the most recent example. So we recently had a look at all clients that we look after, we just scraped some data to figure out what everybody's

turnover was this year, compared to last year, because of COVID. We wanted to know the difference and the difference in their bank balance, that the same time last year versus this year. And we wanted to do that for two reasons - the first one was, we wanted to make sure that the director that was looking after that particular client, was spending the right amount of time with that client. And then also, we wanted to make sure that if we could pick up a client who was having an issue, that for whatever reason didn't tell us or we didn't find out, we could pick that up with the data. Because we only measured turnover and bank balance, it was surprising to see that some of the clients were up in that sort of top 20% of our client base. So once we got the data, we've decided to push a whole bunch of clients across to different directors who have more capacity. So that should be a win win for us and a win for the client to get a bit more value and do some of these things like data driven decision making. Let's just say I spend most of my time with the top 10 clients, I could be neglecting the next five biggest. And those five could be bigger than another director's top 10. So we just wanted to get that spread right, to make sure that our entire top 20% of clients was getting 80% of the value from all the directors.

JS: So you extracted it out of Xero across all your client base and from there, you're able to mine it and select who the top 20% were based on this year versus last year at the same time, I presume?

VI: At the same time. Yeah, April to September, we did.

JS: And from that you're able to then re-allocate those clients across your directors to make sure that you're servicing that top 20% as well as you can?

VI: Exactly, yep. We haven't moved all of them. We just wanted to check that we were spending the right amount of time with those top 20%, most of them were correct. We were spending the right time with the right clients. There's just a couple that we were surprised by, that were turning over a little bit more than we thought - whether that was because of Covid, or just because of client growth. And so we

think they're probably more suited to another director, and that director can go in, has a bit more time and spend more time with that client.

JS: So for the hundreds and hundreds of practices that are using something as simple as Xero, you can just extract that information out, mine it and get great value, very simply.

VI: Yeah, and very quickly.

[22:58] JS: Fantastic. Sarah - have you done anything inside your own accounting practice that would be a good example of data mining?

SG: Yes, definitely. We wanted to try and smooth out the bottleneck of tax time. As much as we appreciate the individual clients and the revenue they bring into the organisation, I really detest tax time. Because all of the work that we're doing with our business clients, and all of the growth strategies that we're implementing, and the new service offerings that we're working towards delivering, everything stops moving, because of tax time. But about four years ago, it was causing havoc for us in our business. So what we did was we did an exercise where we examined our client database, we segmented our client base, we used data from the tax returns to work out the age of our individual clients, the gender, the type of service we delivered to them, whether they're an individual client, rental property client, sole trader, we looked at their turnover, we looked at the time of year that they came in to get the tax return done. And from there, we were able to create some really good visual representations. Our findings actually showed that a lot of the clients that came in to do their tax returns late, we had a high proportion of men aged between 25 and 38. What it did is, it helped us develop a strategy on how we could reach out to some of those clients and offer for them to come in later in the year and to receive a benefit or value from us in some way. So we cherry picked the most difficult clients - the sole traders that come in with their shoe boxes full of receipts, and we wanted to target that group. So we're able to isolate that group out, have a

look at their behaviour and then we created a bit of a marketing strategy, where we reached out to those clients and we offered them an alternative solution to what we had done previously. We looked at the idea of reaching out to them in the month of June, and having a chat with them, having a conversation with them, just helping them get organised and then we discussed the option of maybe giving them a 10% discount if they came in the month of November. By the time they actually came in, they knew that they were getting the value of having a 10% discount and we also assisted them in getting organised so that when they did come in, it wasn't such a hassle. We explained to them or educated them and said, look, we'd like to do your tax return in two ways this year, break it down. So drop off your paperwork first, come in, we'll sort through it, we'll semi prepare it and then get you to come back in. That was very successful. And we now no longer have that, that pressure, that added burden where everything stops because tax time hits.

[25:28] JS: Sarah that's a great example. And I'm sure many of our listeners will be thinking exactly the same thing and then I've got that problem and I wish I'd solved it like you have. And I think it's just a great example of how we can use data to help our clients get the results that we need them to get. So well done with that, that's a great initiative.

[25:45] JS: Now, I just want to touch on next, the data security. So we'll, we'll go on to that. Vinay, what are you doing with your data security?

VI: We took the approach of again, outsourcing. So we told our IT guys, the areas that we thought were a concern for us, in terms of where our sensitive information was stored, how it got there, who could access it, if someone was wanting to threaten us, or blackmail us, or scam us, how they could use that information, or tap into our information. Because there was a lot of cloning going on, like of our emails. And so there'd be someone that would email, it'd look like it would come from me, it would look really, really legit. They would have been watching for a couple of months, and just in the background to see how I talk and then send the email from

an email address that's not mine, but looks like mine. So that's just one example where we said to the IT team, this is happening, what can you do to stop it? It costs money, I'm not gonna lie like it costs money to look after your integrity. But the cyber risk is way too big now, even compared to a year ago, compared to six months ago. It's an industry now, where these people are making enormous amounts of money overseas, by scamming little businesses like ourselves who have information to hundreds, if not thousands of other businesses. We back up every day, multiple times a day, everything's authenticated, two factor authentication. Everything goes into quarantine before it comes out to us, if it looks dodgy, we have to release it. I think the important thing for us was that we know where our circle of knowledge is, and this was an area that was outside of our knowledge, and we didn't want to spend the time understanding other than knowing where the risks were. We just said to the IT team, how can you protect us? And where they said they couldn't, we went to the insurance companies and said, how can you protect us? We've got a solution now where we feel pretty comfortable. And there was only one area where both could not help us, so we wrote that out of our product line really, we only do that for one client now. And that's because they pay us too much and there's minimal risk.

[27:54] JS: What about you Sarah, does data security keep you up at night?

SG: Oh, it definitely keeps me up at night. There was an incident just the other week where I heard of an individual who had been approached across the weekend and she received a call from the ATO on a Saturday, apparently saying that she had been fraudulent, and they had done an audit of her tax return, they asked her who prepared your tax return?, she gave them the information, they then went online looked up that accounting firm, found the phone number for that accounting firm, and then phone spoofed her, so the the concept of phone spoofing - is sophisticated crime organisations can take any phone number they want, and they can add it as an overlay over the top of any phone number. So their real number underneath is hidden. Then you've got the caller ID display on the caller ID display,

they're able to replace, and nominate any phone number they want. So once she had told them that information they said, well, if you don't believe us then speak to your accountant, they're going to be calling you shortly.

JS: Wow

SG: So the trusted adviser, being the accountant, she receives a phone call from, within a few minutes, from this random person who's apparently works at this accounting firm, saying to her, yeah, everything that the ATO were saying to you is true, you need to pay this money today, otherwise, you'll be arrested.

JS: No way

SG: She paid \$7,000,

VI: Woah

SG: She lost \$7,000. It's scary to think the capabilities and sophistication of, of these attacks and these cyber criminals. Gone are the days where you've just got this email, random email that comes from an African nation saying, your late cousin has died and left you an inheritance of a million dollars, please contact us with your account details, so we can transfer it to you. It's not like that anymore. They're so sophisticated now, and they're targeting accountants, they're targeting tax agents, they're targeting organisations that hold and possess sensitive information. All they need is the name of the accountant, the name of the client, and the phone number. And that can do some serious damage. It's really important before you sign up and start uploading information, or integrating it with your other applications, that you do take the time to really review and understand the security implications, and examine the data that you're about to store in those locations. The other thing as well is obviously, our obligation as tax practitioners and tax agents to not divulge any sensitive client information to a third party without consent. And making sure that your legal documents and your terms of engagement documents are really up to

date. We contacted a legal firm to help us draft our terms of engagement documents and working with cloud service providers you need to disclose the location, you need to disclose that you are using cloud storage facilities, what they are, where they're located, where the servers are potentially located. We built that into our terms of engagement document. And we made sure that when our clients, before they came in and used our services, we made sure that they had access to our terms of engagement document, so it's on our website, when they made a booking with us, we've included a link to the terms of engagement document in the email, the booking confirmation email, we've left a copy available to them to access in our front office. And we also get them to sign before they come into their appointment that they've read and agreed to the terms of engagement. And built into that is our privacy policy. A really important step that I don't believe is being taken serious enough is making sure that when we are disclosing to clients where their data is being stored, and how it's being used.

[31:08] JS: Yeah, look, I think that was a sobering story in some really good advice there for anyone listening. Vinay, can I just close the loop on what you were saying before about cloning. Did you ever find out who that was?

VI: It's different people all the time. There's entire organisations that fill an entire floor of 100 people that are just there to... and this is not a bot, this is a human, watching... all I have to do is look at the website, figure out who the Managing Director is of the accounting firm...and this is one of the reasons why we don't have clients on our website, is because if they can attach the two together, they just go and email that person because clearly it's going to be one of our better ones. And they're going to have a relationship with me. And if it comes from the managing director to say that they have to do something right now they're probably going to do it. Everything works so quickly now on a phone, most people, if you go and look at the data [laughs] will show that they check the emails on their phones first. So our clients don't sit behind a computer, right? We do, but they don't. And so it will say my name, and

nothing else. And I'll say do this now. And typically, if I tell the client to do something, they will do it. So yeah, all they need is my name and the client. And it's pretty easy to email and clone me. So all they're cloning is my name. The email could be APG at xwz.com, but you don't see that on a phone unless you click the button. That's yeah, that's as simple as it is.

JS: Wow. So Sarah, do you have a cyber risk plan? And what does that involve?

[32:35] SG: So there's quite a few parts to our risk plan. What we've done is we've spent some time with our IT provider in really understanding the IT world and what the risks are and understanding and educating our staff in understanding and looking out for dodgy emails and knowing how to behave in our office space. Every new employee that comes in, we spend time with them, educating them on the risks to the organisation and what their responsibilities are as an employee.

VI: I think just on that employee side, one of the things we did was put it in as almost like a fireable offence, if you don't follow this cyber plan or the risk plan, like two factor authentication is a bare minimum, whereas two years ago, it was an annoyance. Saving passwords for your Xero, without two factor authentication was common practice. If anyone in my team is doing that, it's pretty much a fireable offence. So if you put it into your contract - employee contracts - it comes down to the actual practitioners who are there using the data every day, it starts with them.

JS: Yeah, so it's understanding what those threats are, where those greatest vulnerabilities are, making sure you have some sort of policy and maybe getting the team members to sign off on them?

[33:45] SG: Definitely.

VI: I think it's really important to make sure that everyone in the organisation agrees that there is a risk and where those risks lie and what they can do to mitigate those risks.

SG: As a minimum, what we did is we looked at the guidance material that was outlined in the tax practitioners board recommendations. So on their website, they outline minimum requirements for best practice. So our plan obviously, makes or covers off on the fact that we have implemented those best practice methodologies. We kind of went a step higher - internally, I spent some time with our IT team and I looked at ways in which we can go deeper. And he was amazing, he went in at a system level, like bypassed the antivirus protection and he went deeper to what they call the base programme of the heart, and he did something called kernel hooking. And what that is, is he's set up a programme that runs in the background, and he can programme it to do certain things. So if someone attempts to download a particular file type, the kernel will basically block that activity. So a lot of the programmes are usually JavaScript programmes like dot j s files, or zipped files. So we've got this added layer of protection that's deeper than even if one of our employees accidentally clicks unsuspectingly, on that zoom link, and downloads that encryption software, to our to our system and the ransomware potentially could take over, the kernel would block that threat. So it goes deeper than antivirus. What I've also done was because of there's a lot of programmes we're using these days that are cloud based, each user has their own username and password and then they've obviously got their two factor authentication. I didn't particularly want to be giving out staff to have passwords where they could say access our systems or the client data or any applications where client data is stored, I didn't want them to be able to do that from their homes or out of work times. We ended up using a password management system, and called LastPass. And as an enterprise user, I've created user profiles for each of my staff. So I haven't shared passwords with any of my staff or any of our applications. It's nothing for email, Google Drive and nothing. They don't actually have passwords. They've just got their one user profile that they access and they need to remember one password only. We went one step further and we locked it down to this IP address. They can only access that password management system when they're physically here in the office. It's not that I don't

trust my employees, but what I can't control is what happens outside of this environment. We have put in place some additional layers of protection as a risk management plan. Also really understanding in the event that we were to have a data breach, we've built into the plan what we need to do to notify if there is a data breach. On the tax practitioners website, it outlines the steps you need to take in your management plan and that would involve contacting the Office of the Australian Information Commission for assistance regarding the breach, Again, PI insurance coverage and insurance coverage, just like Vinay had said, we've got cybersecurity coverage in our insurance plan, I know it costs money, but it's really important that you have that insurance coverage, because there are really sophisticated criminals out there that are targeting accountants, and can do a lot of damage to your reputation. And the legal costs associated with that could be phenomenal. So it's really important to have that protection in place. But it's also important to be compliant with the guidelines that have been set out by the tax practitioners board, so that that insurance coverage will apply in the event that something does happen.

[37:11] VI: everyone who's listening to this podcast should check their insurance to see if there's a separate cyber risk policy there. It is not something that is normal anymore. Because it's not fit for purpose for most businesses. But for accountants, and lawyers, it needs to be in there. Because we're the ones who are vulnerable and not all insurance providers are going to tell you that you need it and it's not as obvious as something like PI insurance. Everyone just thinks that, oh, if we get hacked, that's covered by our PI insurance, it's not covered.

JS: And there's a whole lot of fine print in there. So we've just really got to understand our responsibilities, create a plan, make sure we follow the plan and make sure we have perhaps a recovery plan there as well, if something should go untoward because it sounds like there's all sorts of things out there happening all the time. And we don't know when it's going to be us that's going to be involved in a data attack.

[38:00] SG: Yeah, and it's really important that the tax office be made aware if there is a data breach, because they can add security measures onto the affected client's accounts to prevent identity theft or fraudulent tax returns being prepared and things like that.

JS: So we've talked a lot about security. But where do we see data management heading in the future?

VI: I think for me it's an enhancer. It's not something that is going to be top of mind for most people, it's a bit of a word that people shy away from, because they don't understand it. But once you have a little bit of education around it, figuring out how that data is going to enhance your advice to your client, enhance your business and then enable the human to do a better job. I think humans are still important, but data is going to be even more important in the next wee-while because the people who have more data are going to go past you even faster than they did a couple of years ago.

SG: I think what we're going to see is the role of a data analyst inside an accounting practice. So they can begin offering new services to their client base, it's great to have access to third party providers. But again, clients are always wary of the risk of their data falling into the wrong hands. And I believe that they would be more likely and more inclined to trust an accountant who's got an in-house data team, as opposed to outsourcing the role completely. And I think firms who kind of adopt a hybrid approach, would be quite successful. So having the data being collected or having a team member that can go out on site and sit within the company, and be the face of the project, to reassure them that this is real, my data is safe.

[39:40] JS: So there's a big opportunity here for accountants to create a hub. I mean, everyone's using third party vendors, there's increasing compl - there's an increasing complexity of technologies and the use of mobile phones, cross border data exchanges, cross border information, security threats, all these things are happening,

clients won't have a clue necessarily how to manage all that. So Chartered Accountants have this opportunity to own the space.

SG: And it doesn't take too much really to cross train your existing staff, to learn how to use tools like Microsoft Power BI, because the data is trapped in all of these different locations. If you really need to drill down deeper into what's really going on in the organisation, you've got all of these other places where data is trapped. And having a tool like Microsoft Power BI, where you can take all of these different data sets, you can link the data together, and you can model the data and create custom visual representations and do some custom work with the client, you can really add value,

[40:35] JS: So there's a real opportunity for accountants to be the kings and queens of the new data driven world.

SG: Definitely.

JS: Vinay?

VI: Yeah, I think we're the trusted adviser. So if you've got data, most people are scared of it. But if the trusted advisor can use that to help you grow, or sell or do a potential exit, or even raise capital, data makes you look smarter. So it's definitely something that everyone needs to take on board. Whether you do it at a micro level or a macro level, or make it your key focus or just a small focus. It's got to be something that's inside your business at some point.

JS: Look thanks very much, team. I've learnt so much today. And I've written down so many notes that I want to take away and implement some ideas in my own business.

Thanks again to Sarah Giannikouris, managing partner and co founder at TCA accountants and bookkeepers, and Vinay Iswar, managing director at BetterCo. My learnings from today's chat is to break it from the herd don't lose human

intelligence through processing. Robotic Process Automation is the future and to educate clients on the value of data. But above all, know the risks, take precautions and never forget that data makes you look smarter. Thanks so much team.

SG: Thanks so much for having me.

VI: Thanks John.

[41:44] If you haven't seen or used it already, the CA ANZ Business Data Insights Playbook is really useful. Just search for CA ANZ data analytics in your browser. And don't forget there's some really fantastic resources that your membership with CA ANZ gives you here to the CA Catalyst section of the CA ANZ website where you can find practical resources and tools like case studies and playbooks. Also on the CA ANZ website, you'll find the library and the tools and resources hub, with plenty of practical information and great insights to support you in practice. And lastly, my personal favourite, LinkedIn learning which is free for CAs and can be tailored to your personal learning needs. This has been Small Firm Big Impact, I'm John Schol, speak with you again soon.

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