



Private Companies
Practice Section

CAS Benchmark Survey

2018 Executive Summary

ACKNOWLEDGEMENTS:

Many organizations and individuals provided their expertise to make the 2018 CPA.com and AICPA PCPS Client Accounting Advisory Services (CAS) Benchmark Survey possible. The commitment of the AICPA PCPS team, the Digital CPA community and consulting firm [ConvergenceCoaching, LLC](#) provided us with the support required to create the first comprehensive study of Client Accounting Advisory Services practices and statistics. We are pleased to have participation from 119 CAS organizations across the United States in this first-ever CAS Benchmark Survey.

About CPA.com

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About PCPS

Private Companies Practice Section (PCPS) is a voluntary add-on firm membership section of the AICPA that supports CPA firms in the everyday intricacies of running a practice. PCPS provides targeted and customizable practice management resources in the areas of technical toolkits, business development, human resources, benchmarking and succession planning to over 6500 firms of all sizes nationwide. The PCPS Executive Committee, made up of CPA volunteer practitioners, steers the development of resources and programs to help improve the quality of services and operating success of [PCPS](#) member firms.

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Welcome to the 2018 CPA.com & AICPA PCPS Client Accounting Advisory Services (CAS) Benchmark Survey Executive Summary

Introduction

Client Accounting Advisory Services (CAS) practices are growing and growing fast! The inaugural CAS Benchmark Survey shows that practices of this kind are growing at a rate more than double the 5% median CPA firm growth rate reported by the [2018 AICPA PCPS and CPA.com Management of an Accounting Practice \(MAP\)](#) firm benchmarking study.

Boasting a healthy median growth rate of 12% and projecting 15% growth in the year to come, the value-added CAS service line holds great potential as an avenue for firm growth, and adds a growing, consistently recurring revenue stream devoid of seasonal ebbs and flows.

Bookkeeping and client write-up services have long been a part of CPA firm offerings and were historically labeled as a less-strategic service priority. All that has changed. Client Accounting Advisory Services include engagements where organizations advise clients in various financial and accounting-related decisions and strategies. The service offering varies widely and includes virtual or outsourced controller or CFO services, financial state-

ment preparation services, and/or business process outsourcing for accounting clients. This next generation **CAS practice is now an integral part of many firms' advisory offerings**, transformed by client demand, emerging technologies, and a broader push by firms into advisory services.

Today, CAS practitioners advise clients in various financial and accounting-related decisions and strategies. "CAS is still in the early stages. Maybe in the second or third inning, with still a lot of opportunity to advance." says Erik Asgeirsson, CEO at CPA.com. "To further CAS, we need to develop clear KPI's and benchmarks to help firms measure progress. This survey seeks to understand and then influence a standardized approach to measurement that will

help firms evaluate their success and accelerate their growth. With this first comprehensive benchmark study of CAS practices, leaders can begin to understand successful strategies. In some ways, this study begins defining the rules of a game that is only just beginning.”

The template for **managing a technology-enabled, truly-advisory CAS practice is still highly inconsistent** and this study reveals that the form, size, structure, and services offered in this broad category vary widely. To further complicate matters, many firm leaders continue to evaluate and measure CAS practices through the same lens as other firm practice areas, many of them relying on the traditional David Maister profit formula elements: Leverage x Utilization x Billing Rate x Realization x Margin = Net Income Per Partner. It’s a flawed approach because the comparatives to compliance practice models don’t work – particularly related to utilization and billing rate multipliers. Using traditional measures can result in inadequate resource planning and hamper firmwide buy-in.

This survey aims to normalize this service offering, providing CAS practice leaders information on CAS practice financial results and management methods so that they can benchmark themselves

alongside peer respondents. In addition, this survey summary will supply ideas for best practices to help ensure CAS service lines grow and thrive. Lastly, because this is a first-year survey, it serves to elicit inputs and suggestions that will make the data more valuable to CAS practice leaders and other stakeholders in subsequent survey years.

The national results of this CAS Benchmark Survey are reported as medians* and broken into segments by size of CAS practice annual net client fees, ranging from CAS practices with less than \$250,000 in annual net client fees to those with \$3 million or more. In addition, benchmark data is broken out for three types of CAS practices: those that are part of a CPA firm, those that are part of another organization (like a wealth management services provider) and those that are stand-alone CAS practices. Responses were gathered from May through July 2018 and reflect firms’ 2017 financial results.

This summary provides insights developed from the first survey along with suggestions for CAS practice leaders to consider going forward.

**The median value represents the middle value in a data range (not the average). Median values help to prevent unusually large or small data points (outliers) from skewing results.*

Top Performer Comparison

Typically, practices would use net income or margin as a measurement of high-performing practices. While we would expect CAS practices to have higher margins than traditional compliance practices based on anecdotal input from CAS practice leaders, the aggregate CAS Margin data submitted in this first-year survey skews very high, far above what we would expect.

Therefore, this first-year CAS Margin data has been deemed unusable for the purposes of creating a top-performer category. Privacy policies in place for survey respondents prevented the survey producers from reaching out to participants to address data discrepancies, something that will be addressed in future surveys.

As a result, another measure, Net Client Fees Per Professional (NCFPP), has been used to identify top-performing firms. This measure has been chosen based on the conventional idea that the more revenue placed in each professional's hands to manage, the more leverage applied and the more profits the practice is likely to retain. By professional, we mean client-facing individuals, excluding administrative staff. According to the 2018 AICPA PCPS MAP Survey, the median Net Client Fees Per Professional for all firm services across all firm

sizes is \$164,323. Other benchmark studies within the CPA profession show high-performing firms averaging about \$273,000 in fees per professional, again for all firm services.*

For the purposes of this survey, "Top Performing" CAS practices include the top 25% of CAS practices with regard to Net Client Fees Per Professional (NCFPP). We acknowledge that not every CAS practice is striving to be a "Top Performer," but the benchmark can be useful to understand the strategies of high-performing practices.

A side-by-side comparative chart is on the next pages to illustrate some differences in both approach and results between the 119 CAS practice respondents, 90 of whom provided NCFPP for their practices, and the 25% who represent the Top Performing CAS practices in the survey.**

**This statistic is an average of net client fees per professional data from the Rosenberg Survey and 2018 INSIDE Public Accounting National Benchmarking Report (IPA). The average includes Rosenberg Elite Firms, firms from \$2 - \$20M, and IPA Best of the Best firms.*

***The data set supplied for each attribute of this table has a different number of respondents, so tying the data cell to cell is not possible.*



Top Performer Comparison Chart

Benchmark Attribute	Median All CAS Practices	Median Top Performing CAS Practices (NCFPP ≥ 75% quartile)
Number of Firm Respondents in this Category	119	23 of 90 who supplied NCFPP
Net Client Fees for Overall CAS Practice	\$895,000	\$1,625,000
Net Client Fees per Professional	\$94,118	\$180,000
Total CAS Clients Served	75	125
CAS NCF (average billings) per Client	\$8,778	\$15,530
CAS Clients per Employee (FTE)	8	11
CAS Practice Growth Rate	12%	10%
Projected CAS Growth Rate	15%	10%
Realization	80%	78%
Realized Rate per Hour for CAS Employees	\$82	\$130
CAS Practice is Part of a CPA Firm	76%	87%
Practice Grew by Transforming a Write-up or Bookkeeping Practice	24%	30%
CAS Marketing Expenses as a % of NCF	0.78%	1.06%
Average CPE & Training Hours per FTE	27	28
What % of Total CAS Revenue are Annual Agreements Billed Monthly	25%	70%
Perceived Employee Engagement (“actively engaged” or “engaged”)	83%	78%
CAS Employee Turnover Rate	5%	8%
CAS Staff Member Works Remotely	60%	65%
CAS Staff is 100% Dedicated to CAS Services Only	22%	39%
Equity Partner Leverage	13	19
Average Total Hours per FTE (includes equity partners)	2,080	2,108
Average Total Billable Hours per FTE	1,328	1,422
Has In-firm Client Satisfaction Survey Process	27%	39%
Overall Client Satisfaction: “Somewhat” to “Highly Satisfied”	69%	71%
Traditional Accounting Services Offered: Tax Services	83%	91%
Traditional Accounting Services Offered: Audit & Assurance Services	64%	83%
Traditional Accounting Services Offered: Wealth Management	32%	48%

Potential Challenges for CAS Practices with Higher NCFPP

With all measures, practitioners must be careful to understand the risks of over-emphasizing any specific benchmark. Focusing heavily on increasing NCFPP would mean spreading more client work across fewer people. Doing so without also leveraging increased efficiencies, better business processes and/or technology support/automation could expose your CAS practice to these potential challenges:

Needing to slow down your firm's growth engine due to a lack of capacity or overloading your people.

Talent being spread too thin, for too long, which may lead to burnout and be the cause of the slightly higher employee turnover percentage this survey reveals for the high-NCFPP respondents.

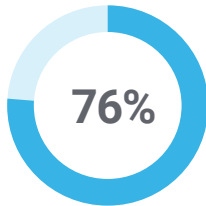
Lower employee engagement levels which could lead to higher turnover.

Misunderstanding your practice's lower realization, which doesn't necessarily mean lower profits.

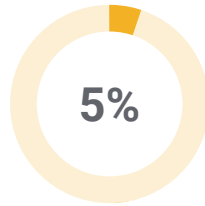
While CAS practice respondents with higher NCFPP did post slightly lower realization rates than the aggregate CAS practices, they also reported higher average billing rates, which would lead to higher overall net fees.

Organization Information

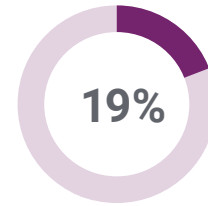
119 CAS practices participated in the CAS Benchmark Survey. Not all practitioners provided data for all questions, so the denominator used to calculate percentages is less than 119 for some measures. Firms were asked about their CAS practice organization type or structure and most, **76%, were part of a CPA firm.**



PART OF A CPA FIRM



PART OF ANOTHER NON-CPA ENTITY



STAND-ALONE CAS PRACTICE

It is gratifying to see that nearly **one fifth of all respondents were stand-alone CAS practices – a testament to the self-sustainability of this service line.** CAS practice leaders within CPA firms often speculate that CAS practices operating outside of CPA firms have a competitive advantage. Some say they believe this is due to stand-alone CAS practices being nimbler or having fewer partner inputs required to drive change. Stand-alone CAS practices share that they sometimes miss the technical expertise that an array of other professionals might offer within a traditional CPA firm that might enable them to offer a deeper level of service to their clients.

There are some material differences in performance between the practice types that can be found in the Financial section of this summary report. It is worth noting here that **CAS practices who are not part of CPA firms are experiencing stronger growth.** As you'll see in the Financial Information section of this summary, they reported that net client fees grew at a rate of 20% and were projected to repeat that rate in the current fiscal year.

When we asked **participants what they thought the benefits of being a stand-alone CAS practice or being part of a CPA firm were, they cited the following:**

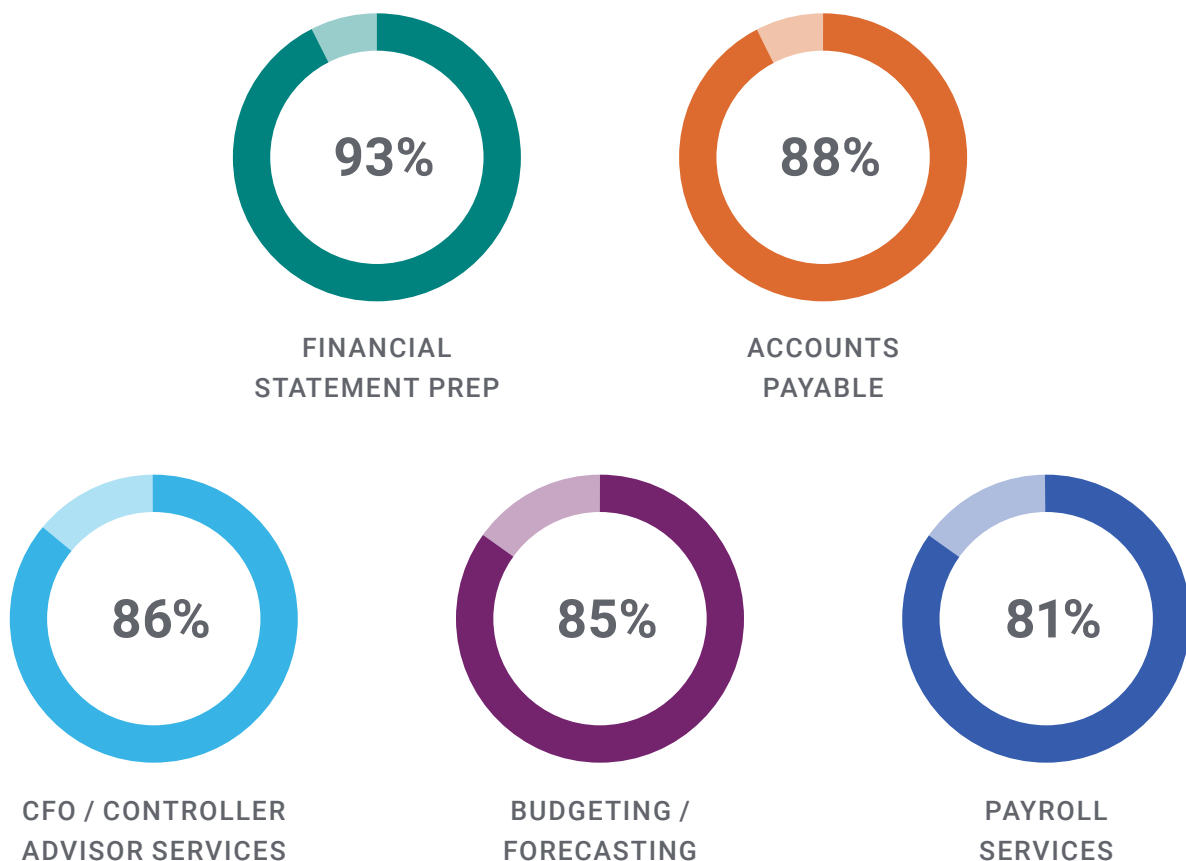
BENEFITS TO BEING PART OF A STAND-ALONE CAS PRACTICE	BENEFITS TO CAS PRACTICE BEING PART OF A CPA FIRM
Greater Autonomy 79%	Access to Qualified Leads 85%
Separate Brand Identity 67%	Operation Support: IT, Marketing, HR 79%
Use of CAS Measures vs. Traditional CPA Firm Measures 54%	Shared Organizational Brand 76%
Lower Cost Structure 54%	Access to Qualified Staff 72%
No Peer Review 50%	Access to Technical Support 70%
	Financial Strength 70%
	Organization Provides Structure 62%

While stand-alone firms listed “no peer review” as a benefit, CPA firms may be able to differentiate and position themselves in the marketplace because they have peer review. The rigorous, outside review of accounting and auditing practices that CPA firms undergo may reassure CAS clients that their financial reporting is being completed according to a high standard of quality and professionalism than those who lack the oversight.

Leaders were asked **how their CAS practices initiated** and 65% indicated that their practice grew organically through new client sales. Twenty-four percent of CAS practice leaders indicated they transformed a write-up or bookkeeping practice, while 30% of Top Performing firms grew their CAS practices this same way.

Attributes of CAS practices have varied widely for years, and no attribute is more obviously different than the names that firms use when referring to this practice area. **It seems that this is settling down to two primary practice names with 45% of respondents referring to the practice as Client Accounting Services and 37% referring to it as Outsourced Accounting Services.**

CAS reporting structures are also normalizing, with 62% of CAS service line leaders reporting to “Accounting Services” or to themselves. Respondents were asked which CAS services they offer and it is clear the breadth of these service offerings is considerable. **The Top Five Client Accounting Advisory Services Offered were cited as follows:**



Organization Investment Comparison Chart

CAS practice leaders were also asked to share which investments they have made to build their CAS practice. In the table below, it is apparent that a greater percentage of Top Performers made investments in all of these areas as compared to all respondents. Twelve percentage points separated all firms and Top Performers who either invested in the CPA.com CAS Certificate program or consulted with a peer organization currently offering CAS services.

Investments Made to Build or Grow CAS Practice	All Respondents	Top Performers
Attended Vendor Conferences	63%	74%
Attended Vendor Training or Certification Programs	61%	70%
Invested in Outside Learning Opportunities for Our Staff	50%	70%
Invested in the Creation of a Marketing Plan	39%	43%
Attended a CPA.com CAS Workshop	35%	39%
Consulted with an Organization Currently Offering CAS Services	23%	35%
Invested in the CPA.com CAS Certificate Program	23%	35%
Conducted a Strategic Planning Retreat	29%	30%
Attended AICPA Trusted Client Adviser Workshop	16%	22%
Employed an Outside Consultant	15%	22%
Other	8%	9%
None	7%	4%



Financial Information

The survey asked questions to gather financial information and insights into the performance of CAS practices. Of the 90 respondents who shared their CAS Net Client Fees, the breakdown of NCF from CAS, Number of CAS Clients Served, Median Annual Fees Per Client and Median NCF Per Professional was as follows:

Size of CAS Practice	Number of Respondents	Median Net Client Fees from CAS	Median # of CAS Clients Served	Median Annual Fees per Client	Median NCF per Professional
< \$250,000	21	\$75,000	13	\$4,192	\$25,000
\$250K - \$500K	10	\$300,000	46	\$6,264	\$72,917
\$500K - \$1M	18	\$737,500	34	\$19,596	\$119,353
\$1M - \$2M	18	\$1,523,815	173	\$10,225	\$132,093
\$2M - \$3M	10	\$2,284,500	105	\$19,632	\$150,945
> \$3M	13	\$7,000,000	330	\$15,530	\$137,241

A key to financial performance may be to increase your overall NCF per client and NCF per professional. Benchmarking your firm's statistics against the numbers for your CAS practice size can point to potential areas for improvement.

CAS Practice Type Impacts CAS Growth Rates and Average NCF Per Client

Earlier in this summary, we explored the advantages of running a stand-alone CAS practice. Another advantage might be a faster overall growth rate, **with stand-alone CAS practices indicating their Net Client Fees grew at 20% in the prior year, and are projecting to grow at the same rate in the current fiscal year**, too. The average annual fees per CAS client are over three times higher than CAS practices that are part of a CPA firm or other organization, with stand-alone CAS practices averaging \$22,175 per client.

The realized rate per hour is considerably lower for stand-alone CAS practices, which may point to their under-scoping or underpricing their pre-packaged services or not feeling they can charge the higher rate

per hour commanded by their CPA firm counterparts. Stand-alone CAS practices may not have high pricing self-esteem, but they do have rigorous billing practices, with 63% requiring pre-payment for services, as compared to only 34% of CPA firms and 39% of all CAS practice respondents requiring the same.

Type of CAS Practice	All CAS Practices	Top Performers	Part of a CPA Firm	Part of a non-CPA Entity	Stand-alone CAS
# Who Answered This Question	119	23	88	6	22
Actual Growth in NCF Prior FY	12%	10%	11%	–	20%
Projected Growth in NCF Current FY	15%	10%	15%	–	20%
Median # of CAS Clients Served	75	125	100	30	25
Median Fees per CAS Client	\$8,778	\$15,530	\$7,035	–	\$22,175
Median NCF per Professional	\$94,118	\$180,000	\$97,500	–	\$97,321
Realized RPH CAS EEs	\$82	\$130	\$88	–	\$51
Realization	80%	78%	80%	–	85%
Requires Prepayment of Services	39%	35%	34%	40%	63%

CAS Expenses as a Percent of CAS Net Client Fees (NCF)

With the usual rule of thumb for finance industry marketing expenditures at 2-3%* of revenues, CAS Survey respondents appear to be under-investing in this important growth engine. For those who are part of a CPA firm, they may rationalize this lower investment in marketing because their CPA firm affiliation provides them access to a pipeline of leads and referrals. Training expenses are in line with usual CPE benchmark studies, at a median of 1%. Software expenses would be expected to climb as a practice grows, given the incremental cloud licensing expenses most firms will encounter as they add additional clients to their platforms.

**Percent of net revenue in the 2018 IPA survey is 1.9 to 2.6%*

CAS Expenses	All Respondents
CAS Marketing Expenses	0.78%
CAS Training Expenses	1.00%
CAS Software Expenses	2.41%



CAS Billing Practices

When the CAS billing practices of Top Performers are compared with all CAS Survey respondents, there are some marked differences in billing practices. Top performers are far less likely to use fixed price billing methods and are far more likely to bill on an annual agreement basis than their peers.

CAS Billing Practices	All CAS Practices	Top Performers
Annual Agreement Billed Monthly – % of Total CAS Revenue	25%	70%
Time & Materials Billing – % of Total CAS Revenue	53%	60%
Organization Requires Prepayment for CAS Services	39%	35%
Fixed Price Billing – % of Total CAS Revenue	40%	14%
Value Billing – % of Total CAS Revenue	10%	10%
Not-to-Exceed Pricing - % of Total CAS Revenue	7%	–
Packaged Options or Pricing Tiers – % of Total CAS Revenue	5%	–
Other - % of Total CAS Revenue	5%	–

The majority of Top Performers bill using annual agreements billed monthly, so the use of hourly billing is likely for short-term projects. In future surveys, we will rephrase this question to better clarify which billing practices are prevalent and when they are used.

Staffing by the Numbers

Staffing Statistics by Practice Type

When examining staffing statistics by practice type, **Top Performers tend to have more full-time equivalent (FTE) team members, employ more CPAs, bill and work more hours per FTE, invest in slightly more CPE and training hours, and leverage more work to staff as compared to all CAS practice respondents.**

Stand-alone CAS practices have fewer team members and CPAs, fewer chargeable and total hours worked, invest in fewer CPE and training hours and have less leverage than their Top Performing counterparts.

Firms that employ utilization and chargeable hour measures to gauge the team’s capacity may find themselves understaffed as a result. If a CAS practice is structured where each person manages all of the work – accounting transactions, financial statement preparation, special projects and all of the calls and client service emails for their assigned clients (versus being more leveraged), then the CAS work can be very high volume as compared to a traditional compliance engagement which doesn’t have this number of touchpoints year round. When utilization differs, it isn’t because the CAS volume is less, it is because the CAS team members are unable to properly account for and enter each touchpoint as billable. In these cases, CAS leaders would be better served gauging capacity and the need to hire based on revenue per professional or person.

Another traditional measure, the billing rate multiplier, may not apply in the CAS practice either, because the lower cost per hour for non-certified staff may lead to lower-than-appropriate billing rates per person.

Staffing Statistics by Practice Type	All CAS Practices	Top Performers	CAS Practice Part of a CPA Firm	Stand-alone CAS Practices
Total CAS Employee (FTEs)	7	10	8	7
Number of CPAs	2	3	3	2
Average Total Billable Hours per FTE	1,328	1,422	1,329	1,164
Average Total Hours Worked per FTE	2,080	2,108	2,081	2,000
Average Utilization per FTE	66%	68%	64%	77%
Average Total CPE and Training Hours	27	28	28	19
Equity Partner Leverage***	13	19	14	–
Supervisory Position Leverage	2	2	2	1

***Equity partner leverage (Chargeable staff / Equity partners) is calculated by taking the total number of chargeable hours for all staff excluding equity partners and dividing it by the chargeable hours for the equity partners. Supervisory leverage (chargeable staff / supervisory-level employees plus Equity Partners) is calculated by taking the total number of chargeable hours for all staff excluding supervisory-level employees and dividing it by the chargeable hours for supervisory-level employees and partners.

Note: The report indicate a dash (“-”) where there was not enough data collected to include in the report.

Firms that seek to adjust staffing based on the median CAS clients per employee statistic reported for top-performing firms may find themselves over- or under-staffed as a result (see the side-by-side comparative chart on page 9). Instead, practice leaders must take into account their particular niches, average client size, and especially average number of transactions and touches that each client receives when gaging the appropriate number of clients that each staff person can manage. The survey's benchmark can be used but only as a guideline while taking into account your firm's particular client profiles.

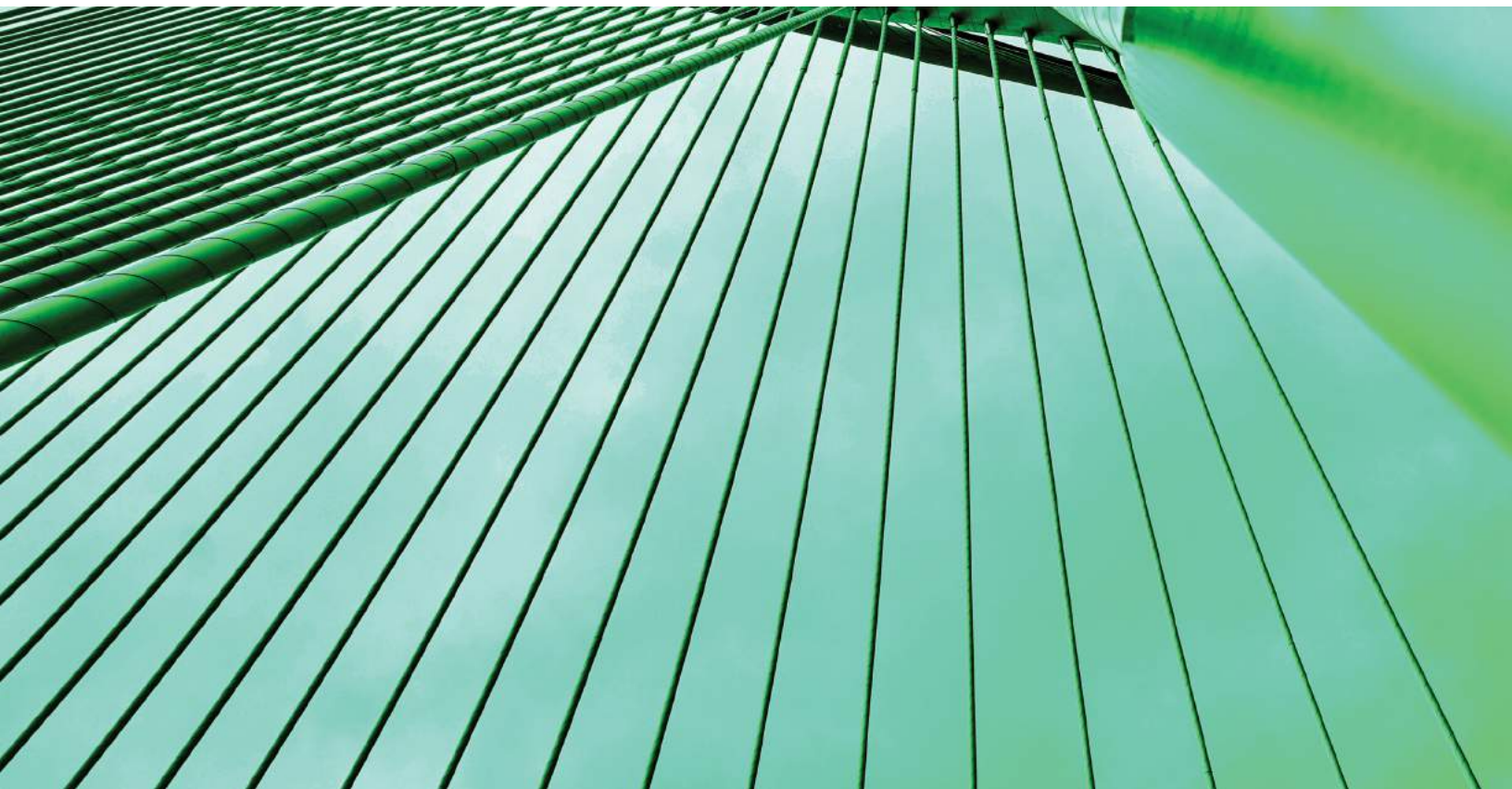
See the [2018 CAS Benchmark Survey Results](#).

Staffing Policies & Practices

When comparing the staffing policies and practices of Top Performers, a higher percentage of Top Performers dedicate staff to their CAS practice (versus sharing them with other service lines) and work remotely. Top Performers have a lower perceived employee engagement rate, perhaps due to the increased workload per person, and, unfortunately, a lower percentage perceiving that they pay their CAS team members on par with other professionals in the organization.

These perceptions and the fact that Top Performer team members bill and work a higher number of hours than their peers are all likely factors in the higher Top Performer turnover percentage. It is important to note, though, that turnover percentages reported for all CAS respondents and Top Performers are lower than the national average employee turnover rate reported in various benchmarking studies across the profession, which in 2018 averaged 11%.

Staffing Policy & Practice Statistics	All CAS Practices	Top Performers
Perceived Employee Engagement Level is "Actively Engaged" to "Engaged"	83%	78%
CAS Team Members Work Remotely	60%	65%
CAS Staff Almost Always Paid on Par With Other Professionals in the Organization	62%	52%
CAS Staff is 100% Dedicated to CAS Services Only	22%	39%
CAS Employee Turnover Rate	5%	8%



Business Development Practices

Client Accounting Advisory Services (CAS) are a blend of project-based and recurring services, depending on an organization's service mix. **A strong business development engine is important with either type of service, but especially with project-based services.**

Survey respondents shared a variety of business development data that supports the healthy 15% growth rate projected by all respondents. For instance, CAS practice leaders report that client attrition, or turnover, is a very low 5% overall and their close rate for new CAS prospects is 60%. It would be interesting to experiment with billing rates or overall fees per engagement to find the ideal set point for proposals where the price was high enough to begin reducing the close ratio. It feels as if there is room to raise pricing to reflect value.

Twenty percent of CAS practices report their growth is off the charts and if they close everything in their pipeline, they'll be challenged to serve it. And, a healthy 41% report that their pipeline indicates that they have the opportunities to grow the way they plan.

It is encouraging that only 15% of CAS practices report an anemic pipeline. And, 13% of CAS respondents do not yet track sales opportunities using a pipeline report, something that would help them manage their sales process and close more business when they begin.

When asked about barriers to sales success, there were a number of challenges experienced by CAS respondents including difficulty having clients understand the value of CAS, prospects being price sensitive and referral sources not fully understanding CAS services and thus referring the wrong work. Investing more in marketing would help CAS practices address these issues.

Barriers to CAS Sales Success	All CAS Practices	Top Performers
Clients don't understand the value of CAS or confuse it with lower-value bookkeeping	72%	83%
Prospects are price sensitive	76%	78%
Referral sources don't understand CAS services and pricing and either don't refer or refer the wrong work	20%	26%
We are so busy with client service that we are having a hard time managing the sales process in a timely manner	32%	22%
We don't encounter significant barriers	8%	4%

When asked for their **top 3 CAS practice lead sources, two-thirds of all respondents indicated their leads come from existing clients versus 78% of the Top Performers.** Among both survey groups, existing tax client referrals, converting existing bookkeeping clients, and internal referrals also figured prominently in the results.

Top Lead Sources for Qualified CAS Referrals	All CAS Practices	Top Performers
Existing Client Referral	67%	78%
Existing Tax Client Referral	42%	48%
Internal Referral	35%	48%
Converting Traditional Bookkeeping or Accounting Clients to CAS	45%	30%
Other Referrals	26%	26%
External Third-party Referral	30%	17%
External CPA Firm Contact Referral	25%	17%
Thought Leadership	10%	17%
Advertising	10%	13%
Social Media	12%	13%
Other	10%	13%
Existing Audit Client Referral	6%	4%
Public Relations or Press	3%	–
Wealth Management Referral	1%	–



Top CAS Industry Specialties

Specializing in specific industries can differentiate a CAS practice and result in increased efficiency in the delivery of services. The top industries served by CAS practices and Top Performers were:

Top CAS Industry Specialties	All CAS Practices	Top Performers
Professional Services	52%	74%
Small Businesses (not an industry per se)	43%	61%
Nonprofits	30%	39%
Real Estate	24%	39%
Health Care Facilities	22%	22%
Technology	20%	17%
Retail Trade	15%	17%
Individuals	10%	17%
Midsized Businesses (not an industry per se)	14%	13%
Restaurants	14%	13%
Construction	17%	4%
Agriculture/Farming/Forestry/Fishing	9%	4%
Manufacturing	9%	4%
Franchising	6%	4%
Government Contractors	5%	4%
Wholesale Distributors	5%	4%
Other	11%	4%

Technology

Cloud-based accounting, billing, expense management and other software technology platforms enable CAS practices to automate processes, operate efficiently, and easily share data with and deliver insights to clients. CAS practice leaders will gain scalability and a competitive advantage by automating processes and workflows, minimizing inefficiencies and errors and maximizing insights available from client data. This survey endeavors to share information regarding various technologies used in managing a CAS practice today.

General Ledger Solutions and the Cloud

In 2018, it would seem by now that all CAS data assets would be in the cloud, but that would be a false assumption. **In fact, only 61% of all CAS Survey respondents and just over half of CPA firm (55%) and Top Performer (57%) respondents report supporting only cloud-based G/L accounting software for CAS services. Contrast that with 83% of Other Organizations and 81% of Stand-alone CAS practices that indicated their General Ledger software is in the cloud.**

It is likely that non-CPA firm CAS practices have more latitude to choose which software they are willing to support, whereas CPA firm CAS practices may feel pressure from fellow partners to support clients who have a variety of G/L solutions. Supporting multiple software versions and configurations may lead to lower efficiency and reduce practice profits.

Not surprisingly, Intuit's QuickBooks™ desktop and online solutions are in use by over three-quarters of all CAS practices and over 80% of Top Performers, while Sage's Intacct™ middle-market solution is in use by 40% of all respondents and 57% of Top Performers. **When Top Performing CAS practices concentrate on fewer G/L solutions, this can lead to increased efficiency.**

Below are the top selections for G/L Accounting Services Software. See the [2018 CAS Benchmark Survey Results](#) for additional information.

G/L Accounting Services Software	All CAS Practices	Top Performers
QuickBooks® Online	83%	91%
QuickBooks® Desktop	78%	83%
Sage Intacct®	40%	57%
Xero™	23%	30%
Sage 50c	14%	22%
Thomson Reuters (CSA or ACS)	16%	17%
NetSuite®	8%	13%
Sage 100c	10%	9%

A Look to the Future of CAS

Disruptive technologies and nimble interlopers promise to change the game of accounting forever. Smart CPA firms and accounting organizations are finding ways to deliver more value and provide enhanced advisory services to clients by providing Client Accounting Advisory Services (CAS). The market for CAS is promising according to this first CAS Benchmarking Survey, with respondents posting a median growth rate of 12% and projecting a median growth rate of 15% in the year to come.

Reflecting on the learning from this survey, CAS practice leaders will benefit when they:

1

Work to “normalize” the benchmarks or measures that are used to define success for this practice area. Coming together as a community to define the nomenclature and measurements used will help drive consistency in measurement – and elevate the perception of the practice. This survey is a first step toward normalization.

2

Realize that the measures of success used for traditional CPA compliance firm services are less likely to be the same as those used to drive success in a CAS practice.

NEW CAS MEASURES	TRADITIONAL CAS MEASURES
<ul style="list-style-type: none">• Net Fees Per Professional• Net Fees Per Client• Realized Rate Per Hour• Leverage• Margin• Revenue Sourced or Sold• Client Satisfaction• Employee Engagement Measures	<ul style="list-style-type: none">• Utilization• Charge Hours• Realization

3

Invest in technology to enhance workflows and automate processes to maximize efficiency and leverage resources. Develop data analytics and reporting capabilities to prepare for increasing client demand for deeper insights from their financial data.

4

Increase investments in marketing and business development to be closer to the “norm” of 2-3% to properly position and differentiate the service, generate leads and manage the sales pipeline process.

5

Differentiate the firm by focusing on a specific industry. Doing so will increase credibility, focus marketing and business development efforts, and increase efficiency.

6

Identify the ideal target client for CAS services based on their industry, size, geography, need budget for services and psychographic factors, too. Be rigorous about selling to those ideals.

7

Elevate their pricing self-esteem and implement assertive pricing and packaging options for clients that reflect the value of the service and increase the revenue produced per person. To accomplish this:

- **CAS practices within CPA firms must move away from the “old story” that “para-professionals” can’t command the rates** of those who are certified and instead focus on recovering the value of the solution to clients.
- If billing by the hour, raise rates or prices incrementally and set a goal to increase billing rates over time more than or equal to rise in labor.
- Perform a review of all clients and the last time fees were increased.
- Increase rates for all new clients going forward.
- For larger clients, undergo strategic account planning to identify client needs and demonstrate ability to increase “value added.”
- Specialize in higher value services (like outsourced CFO services) to aid in this.

8

Invest in CAS learning “shortcuts” like the CPA.com CAS Workshop, the AICPA Trusted Client Adviser Workshop, the Digital CPA Conference or the CPA.com CAS Certificate program to learn best practices and develop relationships with others who are on the same journey.

9

For those within a CPA firm, learn about the performance and advantages of stand-alone CAS practices and see what changes to drive to capitalize on these. **For those within a stand-alone CAS practice, understand the benefits that CPA firm CAS practices enjoy.** Identify the steps to take to realize the benefits of each other.

10

Keep nurturing talent, dedicate staff to CAS and invest in learning. Illustrate the career paths and options for the CAS professional, allowing them to see diversity, specialization, and growth potential for their career which has been perceived to be lacking in the traditional accounting service lines. Doing these things will help **maintain the below-the-national-average employee turnover rate reflected in this survey.**

11

Continue the use of remote staff to drive employee loyalty, engagement, retention and the ability to recruit outside of the firm's geographic area.

"...highly flexible working arrangements enhance the degree of employee loyalty. Not only do millennials appreciate not being tied to strict hours or locations, they also value the trust their employers demonstrate in granting that flexibility." – From the [2018 Deloitte Millennial Survey](#):

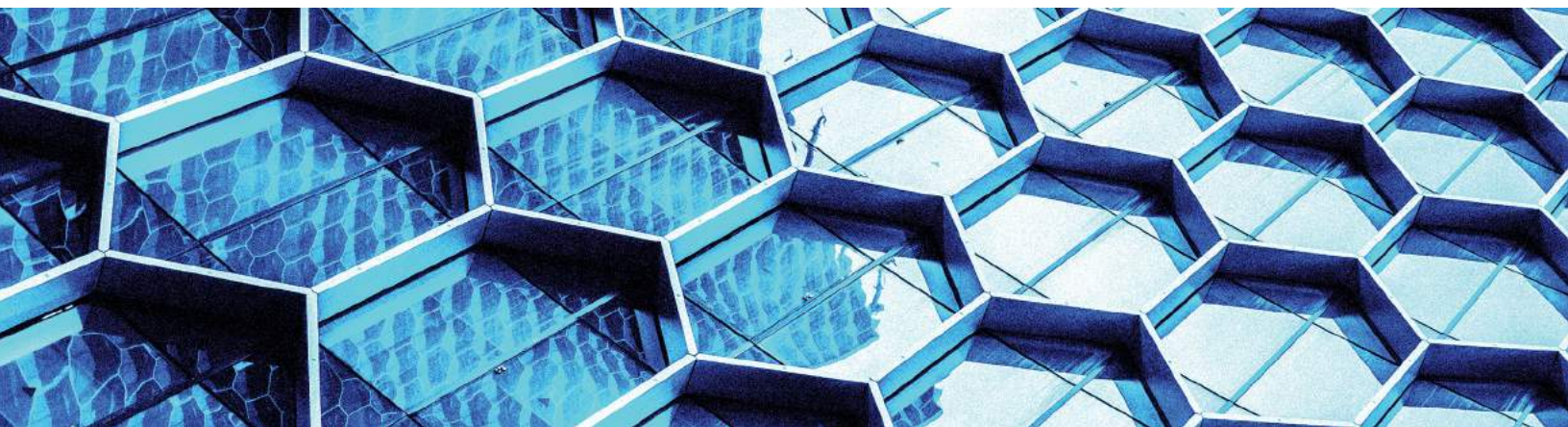
12

Compare the firm's benchmarks to Top Performers as well as to other CAS practices of similar size, geography, of the same practice type and of different practice types. See what there is to learn or change based on the analysis.

13

Provide feedback to CPA.com on their ideas to enhance this survey in future years.

This 2018 CAS Benchmark Survey is just the beginning. And, like CAS itself, it will only get better from here.



About the Survey

Below is some important information regarding the 2018 CPA.com and AICPA PCPS Client Accounting Advisory Services (CAS) Benchmark Survey Results Report.

Personalized reports (available to qualifying survey participants) include an Excel workbook that has been built especially for each firm. The workbook includes multiple spreadsheets with a compendium of national statistics for firms and CAS practices of various sizes. Reports are in “xlsx” format, which can be opened in Microsoft Excel 2007 or more recent version of Excel.

If you cannot open your spreadsheet, please email inquire@hq.cpa.com to request an alternate format.

Private and Confidential

We encourage sharing of this Executive Summary and the CAS National Summary Report with colleagues and peers as many firms are still considering details of building a Client Accounting Advisory Services practice.

Medians

Statistics have been prepared using medians. The median value represents the middle value in a data range (not the average). Median values help to prevent unusually large or small data points (outliers) from skewing results.

Multiple Choice Questions

Results for multiple choice questions (e.g. Traditional Services Provided, CAS Services Offered, Bill Management Software Used, and others) are based on firms that provided information for that section. This approach delivers the most accurate picture of the data by eliminating “nil” or “zero” answers, because not all firms provided data for all questions.

Geography and Age of Practice Not Notably Different

The survey had input from participants across the U.S., with a solid concentration of participants in the Northeast, Midwest, South and West. A small number of Canadian firms also volunteered their benchmark data. **Differences based on region or**

geography were not material and, as a result, we have chosen not to report on geographic difference in this summary. Participants can run reports by geography if they choose to do so.

The median years that participant organizations have been in business was an impressive 31 years and the CAS practices were a median of 8 years old (which not surprisingly is around the same time cloud technology solutions were becoming more widely adopted). Like geography, **the age of the practices did not materially impact performance.**

Survey Platform

The use of a dynamic platform makes it possible for survey respondents to get the added value of the comprehensive benchmarking data. Survey participants can return to the dedicated site (casbenchmarksurvey.com), making it convenient to analyze and compare the data that are of greatest interest to them. Content categories include organization information, technology financial, staffing, staffing practices and business development.

Survey respondents can immediately access their own data on the platform and compare inputs against results for firm segments, including not only firm size by revenue, CAS practice by revenue and total FTEs, but also, years offering CAS services and others (see

filter options below). Qualifying participants also can access their pre-filtered personalized reports. With the filtering options, it's possible to micro-slice the data many ways, giving you a 360-degree view of your CAS practice and how it relates to other practices. The platform also makes it possible to compare your results against the 25th and 75th percentiles, which adds value to your benchmarking. In addition, with future surveys on the platform, firms will be able to compare their own and collective data relative to prior survey information.

Filter	Value
Region	Any
Years in business	Any
Years offering CAS Services	Any
CAS practice organization	Any
CAS practice founding	Any
CAS net client fees earned	Any
Total CAS employees (FTEs)	Any
Traditional accounting services offered	Any
CAS reporting structure	Any
Investments in CAS business	Any
Organization-wide net client fees earned	Any
NCF per professional	Any
CAS margin as a % of CAS NCF	Any

Inaugural Year – Lessons Learned

This is the first fielding of this survey and, as such, there are lessons we're already learning.

CAS Margin

There must have been a misunderstanding of the request for the CAS Margin (CAS Revenue minus CAS Expenses) dollar value. The intention was to take the CAS Margin (\$) and divide it by the CAS Revenue (\$) provided by respondents to get the CAS Margin (%). A typical CPA firm today is averaging a firm-wide margin of 28-30% according to various benchmark studies, but the median CAS Margin for all respondents was 49%, with many CAS Margins well over 50%. CAS Margins would be expected to be higher than overall firm margins, given that many CAS practices are packaging and pricing their offerings with a focus on value rather than hours worked. Even so, the CAS

margin data gathered feels too high and has been determined to be unreliable. Because of privacy policies, the identities of any firm submitting data were not disclosed to study analysts, so the CAS Margin dollar values outside of the range of norm could not be further validated or refined.

As the next CAS Benchmark Survey is created, input will be garnered from CAS practice leaders (you, included!) to understand if the errant data is a result of the questions around margin not being structured clearly, a result of CAS practice leaders not having access to the data requested to provide it easily and/or accurately or if CAS margins truly are that much better.

Other Important Information

FTE (Full Time Equivalent)

In 2018, the CPA.com & AICPA PCPS CAS Benchmark Survey asked participants for a count of employees based on full-time equivalency (FTE) calculations, where 1 FTE is 2080 hours (52 weeks x 40 hours). That is, if an organization had one manager who worked 2,310 hours, they should have entered 1.11 FTE managers. This response would be equivalent to a firm that had 2 managers, one of whom worked 1,000 hours, and one of whom worked 1,310 hours. This allows the survey to accommodate the growing prevalence of part-time work.

Too Few Respondent Areas

There may be some areas where not enough responses were gathered to provide meaningful benchmarking statistics according to a particular filter. At times a particular survey question is 'not applicable' for a particular firm or CAS practice-sized respondent. Under these circumstances, the reports indicate a dash ("-") where there was not enough data collected to include in the report.

Thank you again for your participation. Please feel free to send your feedback and questions to inquire@hq.cpa.com.



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