

# Dext

## Guide to filling the e-commerce accounting niche

Getting the most out of your new accounting software



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## Where e-commerce accountants and businesses are now

There's no qualification or certification that makes you an e-commerce accountant. Having e-commerce clients makes you an e-commerce accountant, for now. That's why you have a range of experiences. For example, if you go to an e-commerce accountant, they might be still putting it all into a spreadsheet and manually sorting the data, or they might have looked into marketplace products, like Dext Commerce.

COVID has accelerated the shift to e-commerce, as many will intuitively know. If you think about all the high street shops, those that didn't have an online platform and haven't got the footfall going through the door, how do you make any sales? But those businesses with a solid online presence have not seen the downturn in sales that was initially expected.

All of this is borne out in our original research, where we analysed 100 million business transactions to measure post-pandemic spending. Software and technology spending rose 66% above pre-pandemic levels with a boom in digital advertising. There was a 2000% increase in GoCardless spending volumes in the UK between March 2020-2021, as direct to consumer sales took off. But of course, these trends were also noticeable before the pandemic hit, and are unlikely to go away even if things go back to what we think of as 'normal'.

## Introduction

According to our in-house Dextperts Paul Lodder and Katie Hoare, right now, to be an e-commerce accountant just means that you're an accountant who looks after clients who have online shops – that's all. And current processes & systems may mean you are not completing the work as efficiently and as timely as you would like. Here's what you can do to change that, and become a real game changer for e-commerce business owners.



**Katie Hoare**

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**Paul Lodder**

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## How the changes are affecting businesses

The digital shift has massively increased the reach of businesses, opening up opportunities. Whereas some businesses might traditionally have sold in their village or in their town, they now may have global reach. And so there's little or no limitation on the numbers of things that they can sell, like there would be in a corner shop, which has only so much space or passing traffic. There are also fewer barriers to entry: anyone can set up an eBay shop in an afternoon, with limited initial costs.

Along with these lower barriers to entry have come other changes: consumers have come to expect things like free shipping and next day delivery because of subscription-based services like Amazon Prime, so business owners may need to consider using more, or specific, suppliers and vendors. And of course, they definitely need a website, and possibly someone to handle shipping and other logistics – maybe not initially, but as the business grows, and that can happen faster now.

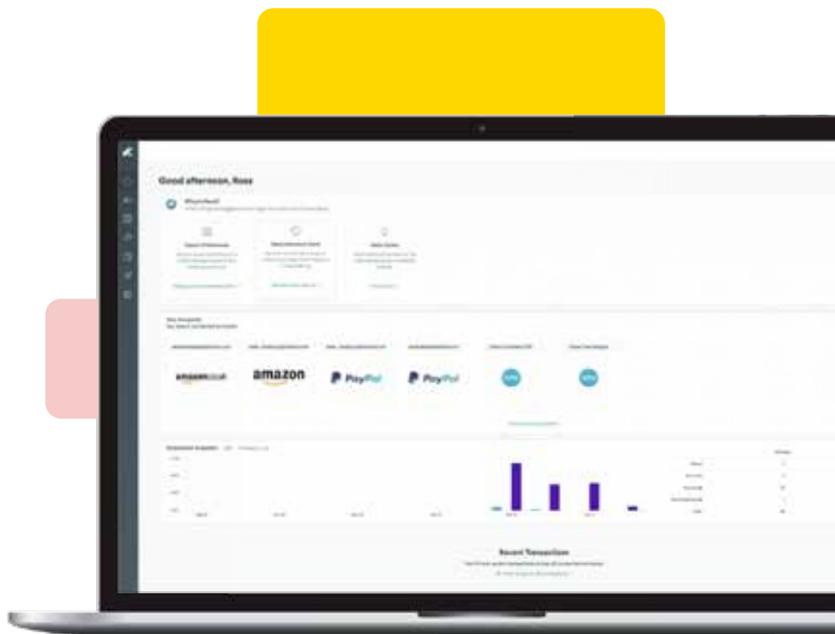
## Serving e-commerce businesses well

Anyone can call themselves an e-commerce accountant. But a good e-commerce accountant is someone who does their homework and finds the right products to help clients, says Katie – much like what makes any accountant a good accountant anyway. Taking the time to think about their workflows and sourcing the most appropriate tools to support them.

According to Paul and Katie, an appropriate e-commerce accounting tool collects information from as many different varied sales platforms as possible. It needs to be able to gross up the transactions – most platforms bring it in net (after the deduction of any fees), but it's really important that it's gross, because otherwise the tax may be calculated incorrectly.

A good tool also needs to be able to standardise the way in which the information is presented, because each of the different platforms is different. However, the software should be able to support different local tax requirements, such as GST or VAT. And then, it needs to be able to create reports that are helpful for both insights and for compliance reporting.

Most importantly, though, these insights need to come in real time. That's because if you're trading online, you've got to know exactly where you are in terms of stock levels, activity, and cash flow, because you don't actually have visibility of it. Knowing things like which platform performs better than another – is Shopify better than Etsy? Is there any point spending money on marketing? Or discounts on sales? – those are the insights you need, but in real time.



## The right tools for the job

These are insights that you can get real time from an accounting tool like Dext Commerce. For example, clients may newly meet the VAT threshold, and with Dext commerce, you'll get real-time insights to ensure that any registration for VAT is made before the threshold has been crossed and not potentially months after.

## An opportunity to find a new niche

It is an opportunity for accountants to position themselves as experts in a growing niche area and be seen as more of a modern, forward-thinking accountant. If they are e-commerce experts, they will also have lots of other clients in e-commerce. And they'll be able to use knowledge from one client and say, "Look, have you thought about selling on Etsy for a bit? Because that

seems to be gaining a lot more traction?" You obviously can't divulge any client information, but you can pick up trends or ideas or feels for it.

Why aren't more accountants positioning ourselves in this sector, which is growing? You know, why are we sticking with construction? Well, there's nothing wrong with construction. But why not pick the sector which is only moving in one direction at the moment?

There are many opportunities for advisory services that come along with it, like all the tax planning – because people are setting up these businesses, but they've not thought about all the tax.



There is also the opportunity for accountants to make sure clients have got the right structure for their e-commerce business. Should they be a company? Should they be a sole trader? What's their plan for the business? How will they scale or expand into a new area? What about benchmarking, to compare one supplier or sales platform against another in terms of fees or interest? Because people usually look at turnover, but they don't always consider the charges imposed. There's usually a lot of questions that you should be considering. It's the full service.

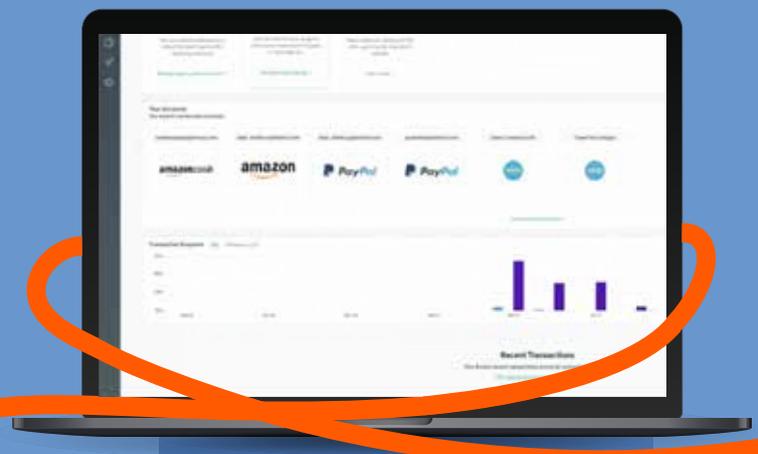
## Becoming a virtual FD

By using technology like Dext, you can be the firm of the future and start to provide a Virtual FD service. You can position your firm as more than just an accounting and taxation provider and really expand your advisory services. With the advancement in technology and by using Dext you can expand your outsourced services that are necessary for running a business efficiently and effectively. This ultimately allows you to help your clients achieve their personal and business goals.

## Tried Dext yet?

Start a free trial today to see how our powerful tools will make it easier for clients to submit their paperwork, automate the processing of data and give you a real-time overview of client financials.

[Start free trial](#)



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