



Wired Accountants – Reality in 2002?

To outsiders the financial services market has a conservative image, and appears to be slow in adopting new technology and business practices. A recent report shows that new online financial services are gradually becoming more commonplace including electronic tax submission by businesses, covering more than 6 million employees in the UK (National Audit Office statistics). Even if individuals are more reluctant, where the Tax Office targets for 2005 will be missed, this is an area of more focused interest. Online banking transactions are increasingly popular, with more than 5.5 million users now banking online (MORI Jan. 2002), so that business and finance now has a 5.77% share of the total online traffic from UK users and 15.75% of the UK hits (Hitwise Jan. 2002). Following a number of incidents worldwide, including the Enron scandal, the financial regulatory bodies are becoming stricter about both qualifications and management of business processes in the financial world, and are expecting financial professionals to update and prove their qualifications.

So, is accountancy training and development moving with the times? Are new accountants using online learning? Has it penetrated the Continued Professional Development world in order to help existing qualified staff keep up-to-date?

Awarding bodies

Like other professions, the accountancy world is managed by institutes which regulate the qualifications and behaviour of their members. The main bodies include the ICAEW (Institute of Chartered Accountants in England and Wales, with 120,000 members in Europe), ACCA (Association of Chartered Certified Accountants), CIMA (Chartered Institute of Management Accountants), and ICAS (Institute of Chartered Accountants in Scotland). In general these institutes do not provide training in their own right but have alliances and partners who supply the market.

Each awarding body in the UK has its own defined area of strength, whether that is volume of students, attracting overseas students, finance within a management role, or applicability to the work environment.

Awarding bodies in the U.S., Canada and Australia have similar approaches, although there is an obvious geographic barrier which ensures that candidates and members tend to choose local institutes. Some international alliances such as that between the ACCA and CMA in Canada, or ACCA and ICA of Australia means that members may share courses and learning environments. In these larger countries regional offices are given more freedom to determine the exact nature of their offerings, and may therefore have adopted e-learning to different extents.

The Global Market

Overall, from a UK perspective e-learning is just beginning to be adopted in the accountancy market. Those organisations which have a strong overseas membership are most focused on using e-learning as a method of communicating with their students and members, driven by the geographic distance, time differences and lack of local qualified teachers. The North American market is more advanced than Europe, mainly because of the cultural acceptance of online working and cheaper communication charges. The Australian market is also showing greater inroads, possibly driven by the geographic distances and a more advanced national e-learning culture than in Europe.

The e-learning market in accountancy is still new, and in Europe, mostly unproven. The next two years will probably see more advances as technology improves and the acceptance of e-learning in the wider corporate context becomes more pronounced.

The Business Drivers

There is a general feeling within accountancy awarding bodies that "we must move into e-learning", a thought which is common to awarding bodies in other areas such as HR (e.g. the CIPD), marketing (the CIM), and in fact in a number of larger business corporations. However, the real business driver for that move other than a vague need to keep up with the times is more difficult to find. The most obvious factor is the ability to attract and retain overseas students, and those bodies with, or with a desire to have many overseas students may progress more quickly.

There is a lack of drive from the customers – the accountancy practices. The main focus at the initial qualification level is on getting the students to pass the exams and therefore be able to focus on real customer projects, and become fully productive members of the company. Those companies who provide generous study leave in order to complete the qualifications, are particularly concerned at utilising a cost-effective and speedy qualification process. The accountancy practices still select their awarding bodies based on the match to their needs in terms of subject matter, approach, perceived levels of quality or speed of qualification, and e-learning is not currently a differentiator.

At a CPD level, especially in the UK, the focus on "billable hours" is a key factor in keeping many employees away from e-learning, in that the culture of the organisations does not yet recognise time online at the desk as official learning time. More senior members may be put off by their own lack of knowledge of the technology and therefore avoid online solutions. The lack of extensive mandatory elements in CPD study may also reduce the drive for accountants to continue to learn, unless based on a specific need (such as a change in legislation), or project.

In the UK, the tight-knit conglomerate structure of the awarding bodies associated with a limited number of training suppliers and content developers, highlights the fact that there is no one decision-maker. Therefore determining a clear picture on need and demand for e-learning is difficult. The awarding bodies may be remote from innovation in the e-learning marketplace and many of the content developers and trainers focused on classroom training, may have little interest in changing the status quo.

Certainly, the content developers are very much divided into those who are interested in e-learning and those who wish to continue with the standard methods. There is still a major market for high quality books, and in particular for "exam anticipation" documents. Many organisations do not see e-learning as a way forward, and are content to produce both printed matter and classroom presentations as mechanisms for learning. In many cases publishing houses, colleges and teachers have a vested interest in preserving this approach to learning in order to maintain their business.

The awarding bodies are now consolidating their routes to market. The ICAEW bought 50% of Accountancy and Financial Publishing (AFP) from tutorial organisations FTC and ATC in late 2001. AFP was established in 1995 as a joint venture between ATC and FTC to publish ICAEW study systems for their students. BPP, a training provider, now owns specialist financial content developer EQL.

A major barrier for an awarding body, which has limited income from customers, is the cost of entry into e-learning. The development of a good online portal, with a variety of key features such as synchronous and asynchronous discussion, content, tests/exams, and the associated hardware and software infrastructure can cost from half a million pounds upwards. Partnerships between the awarding bodies and other businesses may be the only solution. In some cases the real business drivers may come from either content developers or training bodies who see a move to e-learning as a competitive advantage, with a definable Return on Investment.

e-learning Solutions

BPP

By far the earliest adopter in the UK in terms of e-learning is BPP. The development of their Virtual Campus, a learning portal with access to a number of courses and supporting services

from the BPP Web site, was launched in 2000 for ACCA students. Estimated cost is in the region of £500,000. Even so, they are only just starting to make use of its capabilities. The first users of the Virtual Campus were the technician students, but in late 2001/early 2002 the complete professional qualifications were launched. It is probably too early to say how successful the Virtual Campus is; there may be a time delay in understanding its effectiveness, as like most similar products it may require a few "generations" of students to pass through it before a valid judgement can be made.

EQL, a content development firm specialising in financial topics, and owned by BPP, has developed some good quality self-paced learning via CD-ROM or offered over a network, mainly for ACCA. Unlike many other "CBT" development organisations, it is obvious that EQL take learning approaches and student needs into consideration, and are not just focused on transmission of knowledge. Although some improvements could be made, the overall look and feel of the product is good, the content is tailored to the accountancy audience and there is a challenging assessment of work. The firm also develops content for a number of other awarding bodies, such as ICAS.

Apart from the work of ACCA/BPP, 2001 saw only tentative moves into e-learning in the UK. However, the pace of change is accelerating as 2002 begins, with varying levels of success and sophistication. Some examples are described below.

ICAEW

In July 2001 the institute announced it was developing an e-learning programme for those on the Association of Accounting Technicians fast-track route to the chartered qualification. In September the first AAT students accessed the online site which contains self-study instructions, content, tests and exercises with support from tutors via email and a discussion area.

The new programme allows a prospective accountant to study for the AAT qualification for the first two years, and then pass a top-up paper and three Professional Stage papers to complete the Professional Stage of the institute's ACA qualification. The students can take these top-up papers online.

There was a good take up on this course, and it proved successful as in January 2002 the first results were announced with 97 out of 110 candidates passing the paper which covers areas of Audit and Tax in the Professional Stage syllabus. Although not sophisticated, this site is a first venture for ICAEW and is a major step forward for them.

In January 2002 the ICAEW announced that students could also receive their exam results on their mobile phones, so the organisation now seems to have "e" firmly on its radar.

ACCA

Apart from its use of the Virtual Campus via its ACCAdemy portal, ACCA also provide ACCACommunities, which are non-moderated community discussion areas that anyone can set up. Although they can be generated by trainers, the long term objective should be for them to be set up on an as-needs basis by students, or even members, to share problems. There is no structure or management of these areas. There are probably a number of motivational and cultural aspects that will need to be considered in more detail if ACCA are to make a success of the community and discussion options. However, their approach to moving core learning capabilities online – from content to community discussions and mail features, implies that they have a good grasp of the future use of e-learning.

ACCA has a link with Oxford Brookes University to provide a BSc Hons. Degree, which will allow candidates to diversify once they have met their initial Part 1 and 2 qualifications, and provide greater flexibility in learning.

CIMA

Some groups in the UK are experimenting with online synchronous meeting/presentation sessions. CIMA recently offered an online broadcast to its members.

The Institute also offers CD-ROMS for some of its courses, but it is only recently that Nelson Croom developed the online "Intuition" modules for CIMA. They involve 20 hours of material

including models, case studies, references and downloadable elements, so it appears that this organisation is also looking more seriously at its online presence.

Foulks Lynch

Foulks Lynch offer standard textbooks, multimedia such as audio files, distance learning courses for ACCA and CIMA, and are now offering online courses based on a specially customised version of Lotus LearningSpace. They appear to be taking tentative steps into the e-learning arena.

FTC

As a contrast to publishing companies BPP and Foulks Lynch, the Financial Training Company has its origins in classroom training. It still focuses on this area, but has developed some "Masterclass" e-learning courses, although they are currently only available on CD. They consist of 20-30 minute Flash movies, and lecture notes, examples and questions are provided with the movies.

ATC

ATC have an "Inter-active Study System" which provides online study content for a limited number of units in the ACCA courses. It is essentially hypertext versions of text documents. They also have an online area for registered students to view exam details and results. Their development of any online solution is very limited, and they have chosen the low-cost option. Their strong classroom bias and strength in Central Europe could possibly be major influences on their direction and lack of stimulus to provide extensive advanced e-learning solutions.

Online assessment

Online assessment and evaluation is an area that almost all training companies are considering. One reason for this interest may be that there is a more obvious business ROI model; physical classrooms and invigilators may not have to be booked. If the questions have simple multiple-choice answers, then many software products on the market can automatically mark exams and return the results to the student instantly, so reducing the need for human examiners. Students do not have to wait for long periods of time for results, and so can progress more quickly. The security implications - "did the named person take the test?", validation of the exams by the awarding bodies, and the process for marking of complex answers online need to be resolved before online assessment is the norm, but it is likely to be a major area of progress in 2002.

As an example, in February 2002 CIMA introduced web-facilitated computer based assessment as part of the qualification, so that people may both take and re-sit exams without having to wait for a more rigid bi-annual calendar of events. It appears to be a popular move.

Overseas

In addition to initial qualifications, which are often done in conjunction with other accountancy bodies, there is a strong focus overseas on continued professional development, as shown by some of the examples below.

In Canada the British Columbian branch of ICA has two-hour online learning modules through its "breakfast clubs". These seminars are pre-recorded 2 - 4 hour sessions of audio and slides presented by an expert in the subject matter, on a wide range of topics in the tax, accountancy and financial management world. Recent new topics include "Stock Based Compensation" and "Civil Penalties". They are supplemented by additional material available as handouts. Users are allowed to use a seminar for 60 days.

The online courses offered by the CMA in Canada are very popular and demand is increasing. They cover topics such as "Balanced Scorecard" and "Target Costing". They are aimed at the CPD market for financial and strategic management professionals. The modules are self-paced and include assignment exercises. There is also a series of "Business Leader Seminars" presented in the areas of Strategic Management, Quality Management and Company Growth Strategies by Canadian business leaders. The organisation also provides Internet discussion groups, both public and private to members which provides asynchronous discussion threads accessible via a simple, secure interface. Members can make use of the ACCAdemy via a reciprocal partnership arrangement. The demand for online learning is growing very rapidly in Canada, and CMA see a major increase in their offerings over the next year.

As an additional thread the CMA are offering live "Webinars" on specific topics lasting 30-60 minutes in association with Venture Tech Network. They use tools similar to WebEx, which requires a PC connection for content as well as a telephone connection for audio. There are more sophisticated voice-over-IP tools which will combine the two together via the PC but they are more expensive, and as CMA are offering the current sessions for free, this option is probably not viable financially.

The ICA in Australia offer a "CPEonline" service including monthly online seminars and recorded conference proceedings. They have recently launched (October 2001) an online tool in association with Harvard Business School Publishing called Harvard ManageMentor which consists of online resources and assessments covering 28 topics on management responsibilities and competencies, mainly aimed at companies who will install it on their internal intranet.

These overseas groups are 1 to 2 years ahead of Europe in terms of providing e-learning offerings.

Conclusions

The market in the UK has moved from virtually non-existent in 2000, to small efforts by some key players in 2001, to a much more active market with a wider variety of offerings in 2002.

The incestuous nature of the accountancy qualification industry, and the fact that there are often three groups involved in any one solution (awarding body, training organisation and content provider), means that it is difficult for innovative approaches to be adopted quickly, and that many of the offerings can be similar.

The training companies are the organisations which are likely to have the greatest potential in driving e-learning into the accountancy marketplace. Many of those companies originate from the traditional publishing market, which is now looking for new sources of revenue. The limited number of companies in this arena is both a strength and weakness. Their monopoly position means that they have the ability to maintain the status quo of mainly classroom-driven solutions, and to limit innovation. Equally if any one of them takes a strong position advocating e-learning then the whole industry may move in that direction fairly quickly in order to maintain competitiveness.

Challenges in the European marketplace are finding e-learning solutions either for which a premium is paid or where volumes are high enough so that they are cost-effective. Rapid changes in legislation and regulatory requirements may be just such a driver to trigger a greater look at live online masterclass sessions involving experts and peer-level discussions.

Blended solutions should be considered as the most effective overall learning solution for candidates and members, in order to provide a choice of learning styles and matching the learning requirement with the best delivery mechanism. They also allow a gradual transition from standard learning methods.

With time, younger employees who have been used to learning online in other areas of personal development, and even those slightly older staff who have been working elsewhere towards other qualifications such as Masters degrees, may create an increased demand for e-learning over the next 5 years. The changing nature of the accountancy role with a move towards more of a business advisor role may also generate higher levels of need for more advanced forms of e-learning.

Culture, both of the profession and of the UK/European nations, will have a major impact on the initial reaction to any e-learning offerings and the speed of uptake. The accountancy market was never going to be the first to adopt e-learning, but external drivers may ensure it is in with the pack in 2002-2003.