

# HOW 3E ACCOUNTING'S DIGITAL-FIRST STRATEGY PROPELLED ITS SUCCESS AS A LEADING ACCOUNTING FIRM

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First founded in 2011 by Lawrence Chai, 3E Accounting is now a leading accounting firm with over 40 employees. It boasts a presence in more than 80 countries around the globe and is considered a pioneer in accounting robotics.

In a time when other firms are struggling to switch to digital, 3E is thriving. The Singapore team successfully built and launched a presence in Hong Kong in July 2020. The Virtual Opening was organised completely online from Singapore headquarters through video meetings with Hong Kong partners and employees.

Though three-quarters of Singaporean firms are accelerating digitalisation due to COVID-19, many businesses are struggling to successfully complete their own digital initiatives<sup>1</sup>. Instead of achieving flexibility and agility, firms are struggling with fragmentation, employee burnout<sup>2</sup>, and redundant costs. It's a topic that weighs heavily on many business leaders' minds.

3E has invested over \$2 million in the research and development of digital solutions that include AI-backed algorithms and financial robots. They are set to grow even more throughout 2021. This case study will help you understand how 3E pushed ahead of the game and developed processes in line with Singapore's Smart Nation initiatives long before the pandemic began. You will also learn how to apply their learnings to your own business.

## Digitalisation from the ground up

From the moment Lawrence, a Fellow Member of the Association of Chartered Certified Accountant (ACCA), founded 3E Accounting nearly a decade ago, he envisioned a robust, resilient accounting firm that could offer employees a benefit many others could not: work-life balance. Few small businesses can compete with top firms on salary. To make the most of limited human resources and keep costs low, they must provide value in other forms.

Lawrence focused on building loyal relationships with his employees, many of whom were working mothers. He found that they tended to be loyal, hardworking, and appreciative of the flexible work opportunities he offered in a time when many other firms demanded strict hours and daily in-office presence.

Lawrence credits 3E's success in digitalisation to the fact that they began with a clear initiative: to make their employees' lives easier. Their journey first began with the use of simple Microsoft Excel formulas and company laptops with VPN servers, so that employees could work from home.

Because 3E saw its human resources as assets critical to the company's growth and success, digitalisation-related costs were viewed as long-term investments rather than burdensome expenses. This approach to HR earned 3E the TAFEP Exemplary Employer Award in 2016.

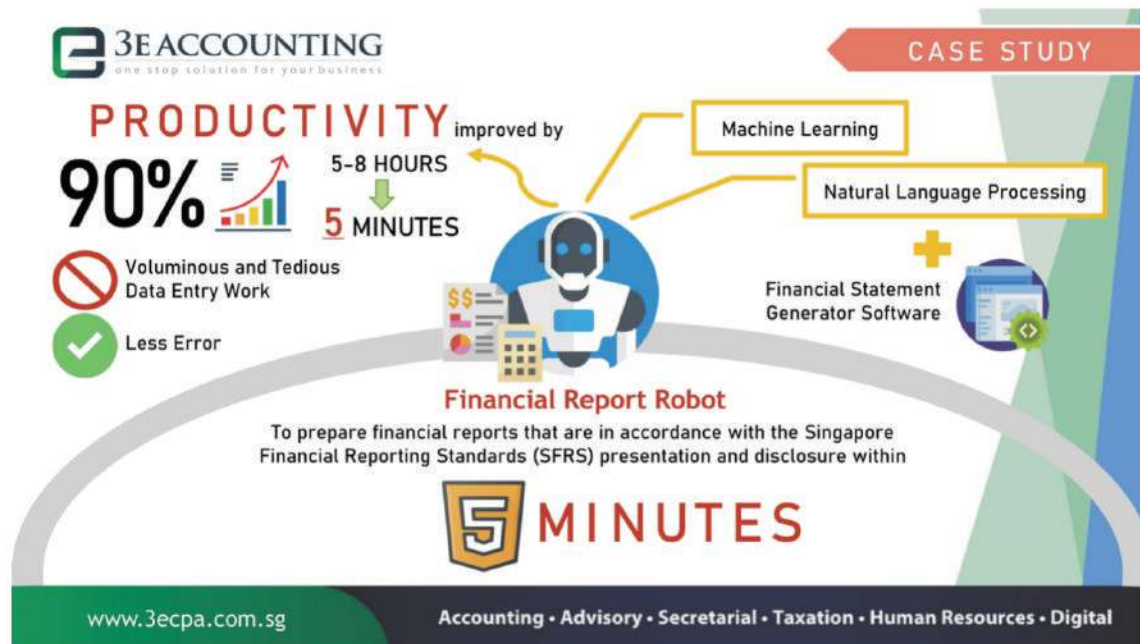




Of course, digitalisation also brought other benefits such as saved time and expenses. Accounting is an industry built from repetition. But humans are inefficient, expensive, and prone to error. For repetitive, straightforward tasks that require little creativity, automated solutions like robots are preferable.

Lawrence explains, "In the beginning, we would manually send tax season reminders to tens of clients. But as our client list grew, it became impossible to keep up. I was trying to manage emails to thousands of clients, to the point where I could do nothing else in my day. Digitalisation became a matter of necessity so that we could scale our client list."

Despite his accounting background, Lawrence is passionate about tech, computers, and digitalisation. This natural interest in automation was a key motivation for him to continually improve upon solutions. Though they started with Excel formulas, the firm successfully developed its Financial Report Robot in 2020, cutting down the time spent preparing Singapore Financial Reporting Standards (SFRS) compliant reports from hours to just minutes.



Lawrence believes that AI and robotics are the future of accountancy. 3E is spending to create even more robots, including a bookkeeping robot and a human resource robot. Artificial intelligence tools such as natural language processing are also being developed. He foresees a 99% increase in productivity with these tools by 2025.





Because much of the busy work is automated, Lawrence can make strategic hires that contribute to the firm's growth. It is this strategy that enabled them to grow their accounting network to cover countries like China, Australia, UK, and Germany in just 13 months between 2016 and 2017. Few other firms have been able to achieve the same international presence with such a lean team.

## Key takeaways and guidelines for businesses wishing to emulate

### Concerned about the role of humans in a world full of robots? Don't be

Employees may push back against digitalisation out of fear that they will be replaced by robots. Lawrence believes this is a concern based on unnecessary fearmongering. "Ultimately, the robot is still a machine capable of error," he says. "They are tools that still need skilled, creative, and strategic operators. Humans are the final piece in the puzzle."

He believes that strategic and creative analysis will never be replicated by robots. For example, though robots and algorithms can condense data, humans must oversee the selection of data which needs to be tracked. Additionally, digital tools cannot manage or maintain interpersonal relationships. Employees can compete in the modern job market by proving mastery of soft skills such as problem-solving, negotiation, and conflict resolution.

Like many industries, accountancy is undergoing a radical transformation thanks to technological advances. The accountancy industry is full of careers that empower and excite. Far from being a casualty of digitalisation, the accountancy industry is powering to new heights on a rising wave of global innovation.

### Get leadership onboard

Digitalisation must be driven by the company's leaders. If leaders in the company understand the usefulness of digital tools, they can encourage change and actively encourage employees to share feedback on what other processes can be improved. This top-down approach can foster a company-wide appreciation of digital transformation as a cost-cutting investment that will offer long-term benefits.

### Invest in a team dedicated to digitalisation

Business leaders may be apprehensive about implementing digital solutions. A 2019 survey by Cloudability reported that 58% of respondents overspend on cloud resources, with a majority of these respondents exceeding their budget by over 25%. Digitalisation is costly and time-intensive; it should not be taken lightly.

To avoid silos and disparate infrastructure, gather a team of employees dedicated to digitalisation. They will be responsible for designing cohesive digital infrastructure for your company. At 3E, this takes the form of a Digital Research and Development (R&D) team full of managers and software engineers, spearheaded by Lawrence—the Chief Technology Officer (CTO). Smaller companies can create a CTO or digitalisation manager position, then make an external hire or promote an internal employee.

Thanks to the rising popularity of no-code digital infrastructure solutions like Airtable and Zapier, some businesses have actually skipped the developer team and invested in a no-code role instead. No matter which you choose, support your digitalisation expert by facilitating coordination with both management and employees.

### Digitalisation is best approached from an employee-first perspective

Lawrence emphasises that there is no "right" way to digitalise. Technologies can be adopted piecemeal depending on which processes are most challenging for employees. He urges, "If you aren't sure what your employees need help with, ask them. We have an anonymous feedback form, and we regularly ask everybody what they're struggling with."



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**Accountancy Industry Digital Plan**

Smart Nation SINGAPORE    An initiative by SG:D    Sector Lead    In collaboration with ISCA    Supported by ACRA    SATP    SkillsFutureSG

- Digital Solutions for Getting Digital Economy Ready**
  - ✓ Streamlined Operations
  - ✓ Optimized Resources
- Digital Solutions for Growing in the Digital Economy**
  - ✓ Connected Businesses
  - ✓ Consolidated Insights
- Digital Solutions for Leaping Ahead**
  - ✓ Innovative Services
  - ✓ Intelligent Business

Robotic



From there, business leaders can seek out tools or software that could solve employees’ problems. Whether it’s a new communication platform, a machine learning algorithm, or automated KYC checks, listen to what your employees want.

### Continually seek out feedback—and listen

Digitalisation is never “complete” or “finished”. Any tool should be continually improved—or, at the very least, reviewed every few months to ensure it is still useful and relevant.

Lawrence shares, “At the very beginning of our journey, we developed a solution to help our employees to communicate and manage their workload more efficiently. But the first version we came up with was not user-friendly at all. So we actually went back to the developer and redeveloped the whole thing according to our staff requirements. They were much more satisfied.”

Listening to feedback and tailoring solutions for your workforce will help you ensure that your investment is meaningful. “There is no point in spending money on a solution that is never used,” says Lawrence. “That is the biggest cause of digitalisation failure.”

Listening to staff feedback cannot be done on a superficial level. Any technology implemented must be user-friendly and practical, delivering real and measurable results.

### To grow, select employees who are passionate about tech and innovation

When you hire employees who are passionate about technological advancements, it will not be a waste to invest in their growth through seminars or extended learning.

At 3E, Lawrence develops his employees by offering yearly allowances which can be used for personal growth. He explains, “There are many courses and programmes that last just two or three days. They attend, then come back with a deep understanding of a concept such as robotic process automation or artificial intelligence.” From there, the employee can spearhead specific projects and develop their role further according to the competencies they’ve mastered.

Employees who want to enter STEM spaces don’t necessarily have to have a technical background. For Lawrence, passion is critical. Employees who are concerned about being rendered as obsolete can do research to understand what companies will be looking for in the future, and take supplementary courses or certifications through sites like Coursera, AWS, and Singapore’s own SkillsFuture portal.

#### Top 5 Soft Skills

- 1 Creativity -
- 2 Persuasion -

#### Top 10 Hard Skills

- 1 Blockchain new
- 2 Cloud computing -1





## A digital-first strategy for lasting success

3E Accounting has proved there is significant potential to be unlocked by following Singapore’s Smart Nation initiatives. It is one of a few firms that have successfully avoided disruption despite constant external flux.

Inspired by 3E’s digital transformation and wondering where to start for your firm? You do not have to walk the journey alone! ACCA’s new [Practice Connect](#) is a hub created to connect, inspire and support small medium practices. Tap onto this platform to connect globally with ACCA practitioner members and access all the resources, insights and innovative tools you need to help your practice stay ahead and relevant in a fast-changing business landscape.

If you wish to take immediate action, the 6-month ACCA AccXelerator Programme is designed to support your long-term business strategy formulation and digital transformation to future-proof and grow your business. You can contact Mitchell at [Mitchell.tee@accaglobal.com](mailto:Mitchell.tee@accaglobal.com) to enquire more.