2026 Accounting Firm
Technology Survey

Becoming a Modern Firm: The 5 Stages of Development

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01. Introduction

The accounting profession is at a critical juncture, and many firms recognize the need to evolve. Until recently, comprehensive research has been scarce on mapping the specific stages of this transformation. The 2026 Accounting Firm Technology Study was fielded to better understand that critical knowledge gap and develop a definitive stage-based framework that identifies and categorizes accounting firms according to their operational maturity levels. The findings from the study capture the current state of the profession's modernization journey and reveal patterns that distinguish firms at different stages of their transformation.

Key Findings

The most modern firms report 23% more revenue per employee, and:

- 76% host at least three quarters of their data and apps in the cloud, compared to 33% of less modern firms.
- 69% are seeking to grow in the next year, compared to 46% of less modern firms.
- Have significantly more knowledge and higher comfort levels with AI than less modern firms.

Findings across all stages:

- Half of all firms have migrated at least 75% of apps/data to the cloud.
- IT and security emerged as universal priorities across all stages of development.
- Firms spend an average of 6% of annual revenue on technology, regardless of size or development stage.
- AI knowledge is climbing: 47% feel knowledgeable, up from 35% last year. Even so, 97% still have concerns.
- 56% of firms use ideal client profiles to guide business decisions.

This research provides accounting firms with critical insights at a time when modernization decisions directly impact competitiveness and profitability. By documenting the specific practices that distinguish firms at different maturity levels, this framework offers practitioners a clear view of the operational gaps that may be limiting their growth and efficiency. The following analysis reveals not only where the profession stands today but also that advancement through the development stages correlates with measurable business outcomes, suggesting that strategic investments in the right areas can strengthen a firm's operational foundation and development potential.

Purpose of the Research

- **Establish a comprehensive modernization framework** through a data-driven model that categorizes accounting firms into distinct stages of development.
- **Quantify the impact of modernization,** revealing a correlation between modern tools/strategies and business outcomes.
- **Identify current state and future intentions** to understand where firms stand today and their priorities for the future.
- **Expose gaps** in awareness of essential tools and practices.

Demographics and Methodology

A 10-minute online survey was conducted in July 2026 among 507 decision makers/influencers at accounting firms nationwide. The survey measured the adoption of technology and workflows, IT and security infrastructure, and firm management practices to benchmark the profession's current performance across key indicators.

The distribution of respondents by firm size closely reflects the actual composition of the accounting firm market and includes:

48% 243 respondents | identifying as small firms (1-5 employees including sole practitioners)

28% 142 respondents | identifying as mid-sized firms (6-20 employees)

24% 122 respondents | identifying as large firms (21+ employees)

Significance was tested at the 95% confidence level.

Definitions

"Cloud" is defined as storing, managing, and accessing your firm's data and applications through the internet rather than a locally installed program or on-site servers.

The Modern Firm Assessment

Find out where your firm stands.

Take our quick Modern Firm Assessment at **rightworks.com/modern-firm-assessment** to see your firm's development stage, and discover how to move to the next level of growth, security, and performance.



02. A Study of Modern Firm Development

To understand where accounting firms stand in today's evolving business environment, a comprehensive assessment framework was developed that evaluates three critical areas of modern practice management. By scoring firms across technology capabilities, security readiness, and business management, the framework determined how well a firm is positioned to operate as a truly modern practice.

Three Key Assessment Areas

1. **Technology and Workflows**
   A firm's technology infrastructure determines how well it can serve clients and compete in today's market. This assessment evaluates core technological infrastructure through questions such as:

   Does your firm...

   - Access most of your data/apps through one website or online portal?
   - Have the ability to support remote workers?
   - Enable access to multiple applications through single sign-on (SSO)?

2. **Security and IT Administration**
   A firm's approach to cybersecurity and data protection reveals how well-prepared it is to manage today's digital risks. This assessment examines security readiness through questions such as:

   Does your firm...

   - Outsource IT to an outside firm?
   - Provide extra layers of security on firm devices (e.g., multifactor authentication)?
   - Provide cybersecurity awareness training to all staff?

3. **Firm Management**
   A firm's ability to effectively manage operations, clients, and long-term vision can create a profound shift from merely surviving to truly thriving. This portion of the assessment evaluates these capabilities through questions such as:

   Does your firm...

   - Have a documented strategic growth plan?
   - Review client profitability to identify low-margin/unprofitable accounts?
   - Require clients to use the same apps/systems that your firm uses?

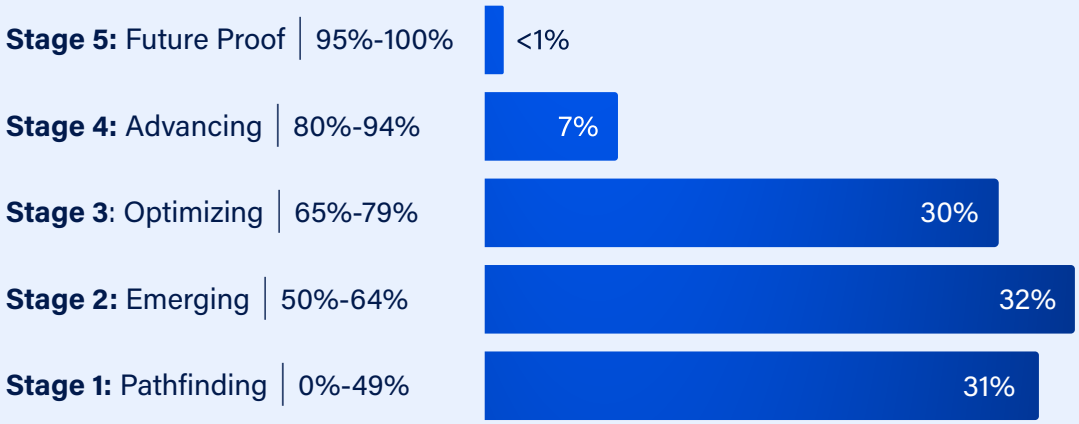
This study examined the three key assessment areas through 27 detailed questions and numerous follow-ups, with individual questions weighted by their impact on firm development. Each firm received a percentage score quantifying its operational maturity and modernization progress within The 5 Stages of Modern Firm Development.

Introducing The 5 Stages of Modern Firm Development

The 5 Stages of Modern Firm Development provides a progressive framework where accounting firms advance through sequential stages toward complete modernization. The journey begins at Stage 1: Pathfinding, where firms take their first steps toward transformation. As firms strengthen their technology infrastructure, implement comprehensive security measures, and develop sophisticated management practices, their completion scores increase, advancing them through the stages. The framework culminates at Stage 5: Future Proof, representing 95%-100% completion and comprehensive firm development and modernization.

Percentage of Survey Respondents by Stage of Development

Based on total respondents (n=507)

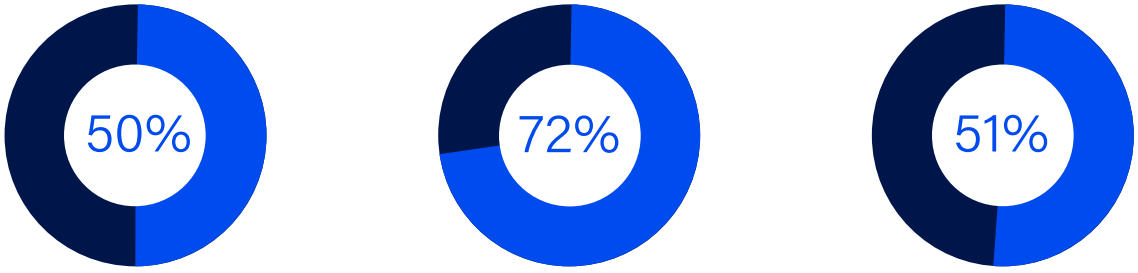


What We Learned

With an average completion score of 58%, the typical firm surveyed falls into Stage 2. While the results revealed sharp differences across development stages, one priority proved universal. Regardless of where a firm sits on that spectrum, security and IT administration ranked as top concerns, which makes sense given the sensitive financial data accounting firms handle every day.

Key Assessment Area Completion: National Averages

Based on total respondents (n=507)



Advanced firms are consistently more invested in technology, both in adopting it and in planning how they'll use it. The pattern holds across the cloud, where they're far more likely to host most of their data and apps and to have a formal strategy guiding their cloud decisions. The same divide shows up with AI, where 46% of early-stage firms are very or moderately comfortable using it, compared to 73% of advanced firms.

This technological confidence appears to align with firm growth ambitions, with nearly 70% of firms in the top three stages working to grow in the next year. By contrast, roughly half of Stage 1 and Stage 2 firms plan to stay the same size or downsize.

While cloud strategy and growth plans were not factors used to determine stage classifications, the strong correlations suggest that technological optimism and growth mindset may be defining characteristics of a firm's trajectory.

This relationship becomes even more compelling when you consider that the most advanced firms generate 23% more revenue per employee, despite averaging the same investment in technology, which is 6% of annual revenue across the board—regardless of firm size or development stage.



The most modern firms report 23% more revenue per employee.

Advanced Firms Stages 3, 4, and 5		**Early-Stage Firms** Stages 1 and 2
The majority (74%) have 6 or more employees	VS.	The majority (61%) have 1-5 employees
69% are looking to grow in the next year		50% plan to stay the same size or downsize
76% host at least 75% of apps & data in the cloud		33% host at least 75% of apps & data in the cloud
73% are very or moderately comfortable using AI		46% are very or moderately comfortable using AI



Firms spend an average of 6% of revenue on technology, regardless of size or development stage.

A firm's trajectory tracks less with what it spends and more with how it operates. The most advanced firms lean into the cloud, AI, and growth strategy, and generate 23% more revenue per employee on the same 6% tech budget as everyone else. The rest of this report unpacks the how: the technology firms are adopting, the security protecting it, and the practices shaping how modern firms are managed.

03. Key Assessment #1: Technology and Workflows

A firm's technology stack has become the operational backbone to serve clients efficiently, scale operations, and remain competitive in today's market. Its importance shows up in where firms feel the greatest pressure to change.

Out of 427 survey respondents who answered an open-ended question about a change that would most transform their firm, the top three themes all centered on technology.

Top Game-changer Themes:

1. AI (23%) Respondents were broadly enthusiastic about AI's potential to speed up research, drafting, review, and data entry so they could focus on higher-value advisory work, but that optimism was consistently tempered by concerns about data security, accuracy and reliability, and affordability.

2. Automation (14%) Respondents focused on automation consistently viewed it as a way to eliminate repetitive manual work, such as data entry, reconciliations, and routine tax preparation, so they could free up staff time and redirect it toward higher-value advisory and strategic work.

3. Software integration and connected systems (11%) Respondents want one connected ecosystem, elimination of duplicate data entry, and seamless movement of information between tax, accounting, CRM, document management, billing, and other systems.

> *AI has been the biggest changer for us thus far. It helps us simplify tasks and automate processes.*

Cloud Adoption

Advanced firms are more invested in the cloud, with 76% hosting at least three-quarters of their data and apps, versus just 33% of early-stage firms. That gap extends to strategy. While 83% of all firms intend to maintain or expand their cloud use over the next two years, early-stage firms are far less certain. Only 3% of the most advanced firms are unsure or lack a formal cloud strategy, compared to 28% of Stage 1 firms.

What is your firm's cloud strategy over the next two years?

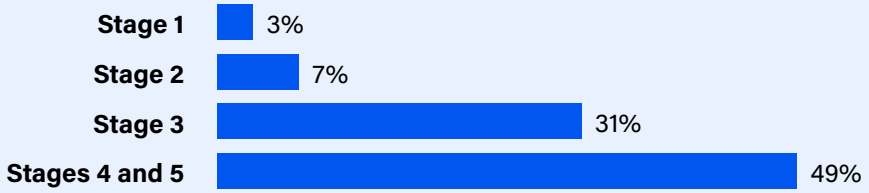
	All Respondents	Stage 1	Stage 2	Stage 3	Stages 4 and 5
Expand cloud use	40%	31%	43%	43%	51%
Maintain current level	43%	40%	42%	49%	43%
Reduce cloud use	2%	2%	2%	1%	3%
Not sure/no formal strategy	15%	28%	13%	7%	3%

About half of firms have migrated more than 75% of their data and apps to the cloud.

Nearly half (49%) of all firms have migrated at least three-quarters of their data and applications to the cloud. But the sharpest divide isn't firm size; it's firm maturity. Fewer than one in five Stage 1 firms have reached that threshold, compared to 89% of Stage 4 and 5 firms. Full migration tells the same story. Just 3% of Stage 1 firms have moved everything to the cloud, versus 49% of the top two stages.

Complete cloud migration by development stage

Based on total respondents (n=507)



Navigating Cloud Migration Challenges

The path to the cloud presents consistent challenges across the profession. A lack of technical expertise and resources stands out as the primary obstacle at 33%, and firms cite it regardless of how far along they are in their migration. It weighs most heavily on firms that have moved little or nothing to the cloud, half of which (50%) name it their biggest challenge.

Beyond technical barriers, respondents in total also named budget constraints (27%), internal resistance to new technology (26%), and a lack of understanding of available options (25%) as impeding progress.

What are the biggest challenges when moving data/applications to the cloud?

Total answering: Those who have at least some data/apps in the cloud

Lack of technical expertise/resources	33%
Budget	27%
Internal resistance to new technology	26%
Lack of understanding choices	25%
Lack of time	23%
Current technology hampers moving to the cloud	17%
Other	11%
None	21%

Realizing Cloud Migration Benefits

Consistent with last year, the biggest benefit of moving data and apps to the cloud is by far accessibility from anywhere/remote access, cited by 83% of respondents. It was the top-ranked benefit regardless of firm size or development stage.

Close behind, nearly three-quarters of firms (74%) point to reliable data backups, a sign that firms increasingly view the cloud as a safeguard for business continuity rather than a convenience. More than half of firms (52%) also cite cybersecurity as a main benefit, reflecting a growing recognition that reputable cloud providers can offer stronger protection than many firms can maintain on their own.

What are the benefits, if any, of being in the cloud?

Total answering: All respondents

Accessible from anywhere/remote access	83%
Data backups	74%
Cybersecurity	52%
Ease of use	46%
Team collaboration	40%
Application performance (speed)	28%
Other	2%
None	2%

Beyond the benefits captured in this survey, cloud adoption reshapes what a firm can offer its clients. The same remote access that helps firms recruit talent beyond their local market also widens their client base, freeing them to serve businesses and individuals well outside their immediate geography. Cloud-based portals give clients a single, always-available place to share documents and check on work, which shortens response times and removes the back-and-forth of email attachments and in-person drop-offs. The result is a client experience defined less by proximity and more by convenience.

Remote access is the top-cited benefit of cloud adoption, selected by 83% of respondents.

AI Perceptions & Usage

AI adoption among accounting firms has accelerated sharply over the past year. More than three-quarters of firms (77%) now use AI in some form, a substantial jump from 51% a year ago. In the span of a single year, AI has gone from a tool used by roughly half the profession to one used by the clear majority of it.

That momentum is mirrored in how firms feel about the technology. Knowledge levels, while still a work in progress, have improved with just over half of respondents (47%) describing themselves as very or moderately knowledgeable about AI, up from 35% last year. Comfort has crossed a more meaningful threshold. A majority of firms (54%) now say they're very or moderately comfortable using AI, a reversal from last year, when most (56%) reported being only slightly or not at all comfortable. Firms aren't just adopting AI faster; they're growing more confident in their ability to use it.

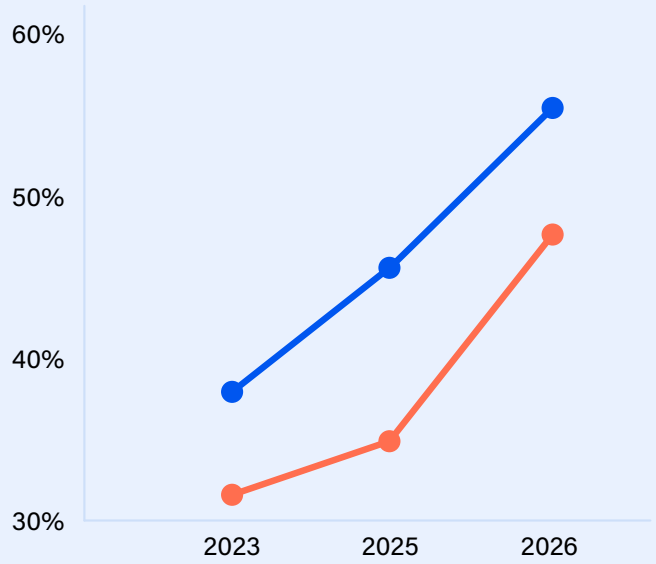
Growing Comfort and Knowledge with AI (2023-2026)

How comfortable are you/would you be using AI in your firm?

Very/Moderately Comfortable

How knowledgeable do you feel about AI?

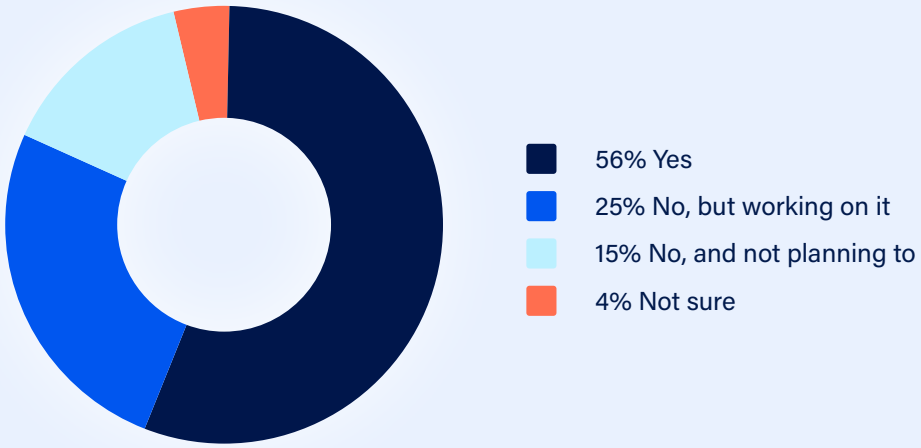
Very/Moderately Knowledgeable



Among firms using AI, the most common application is researching tax and compliance topics, cited by 77%. Client communications follow at 61%, and 56% report using AI within a secure environment built to protect sensitive or regulated data, a sign that firms are increasingly mindful of the risks of handling client information. Beyond these core uses, 35% apply AI to automate tasks and processes, and 34% use it for advanced data analytics that improve client service and inform strategic decisions.

Do you use AI within a secure environment designed to protect sensitive/regulated data (unlike "ChatGPT" and other general-purpose consumer tools)?

Total answering: Those using AI (n=390)



The AI Impact

The impact firms report is concrete and centered on efficiency. By far the most common measurable benefit is reduced time spent on specific tasks, selected by 62% of firms. More than a third also point to improved client communication and response times (38%) and improved quality of work (35%), suggesting AI's value reaches beyond speed into the quality of what firms deliver.

What measurable impact, if any, has AI had on your firm?

Total answering: Those using AI (n=390)

Reduced time spent on specific tasks	62%	**Reduced staffing costs or need to hire**	11%
Improved client communication/ response times	38%	**Other**	3%
Improved quality of work	35%	**No impact**	5%
Increased capacity to take on more clients	22%	**Too early to measure**	22%
Improved staff satisfaction	14%	**Don't know**	<1%

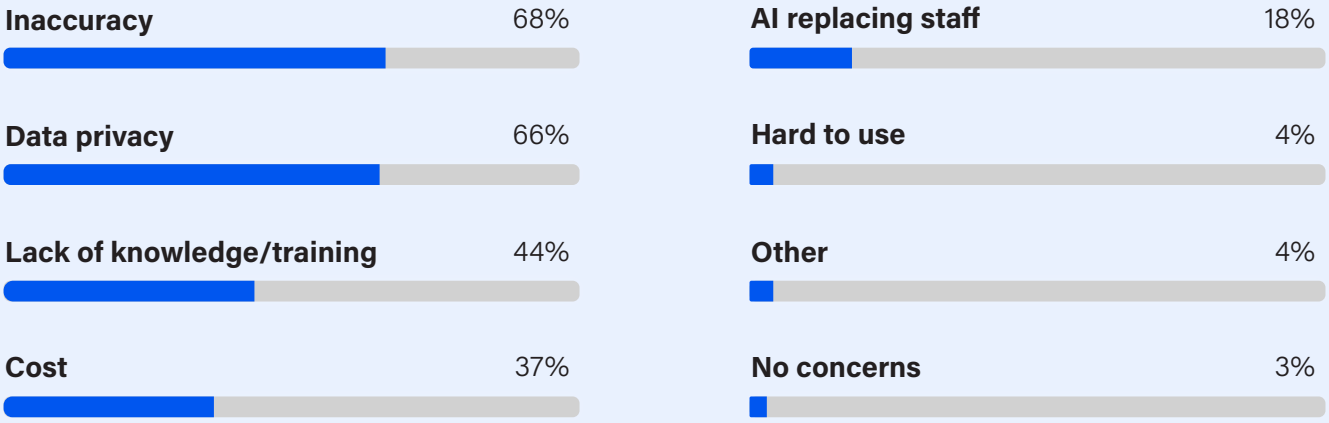
Predictable AI Concerns

Even as adoption climbs, caution remains nearly universal. Nearly all firms (97%) report at least one concern about using AI, essentially unchanged from last year. Inaccuracy is the leading worry, cited by 68% of respondents, an understandable priority in a profession where precision is nonnegotiable. Data privacy is a close second at 66%, up sharply from 54% a year ago, reflecting growing awareness of what's at stake when sensitive client data meets AI tools. The picture that emerges is a profession moving quickly to adopt AI while keeping a clear and healthy eye on its risks.

97% of firms have concerns about AI

What are your biggest concerns about using AI?

Total answering: All respondents



AI in Action

When asked how AI has been implemented, the profession's cautious approach becomes even more apparent. Among firms that have ventured into AI, the applications remain primarily focused on lower-risk, administrative tasks.

> *AI is most valuable not as a replacement for my expertise, but as an intelligent research assistant, strategist, and document drafter that dramatically reduces the time spent on routine tasks.*

Of respondents using AI, 77% of firms are using it for tax and compliance topics, with another 14% working on implementation. Communication follows as 61% are currently using AI for drafting emails, summarizing conversations, and creating marketing content—areas where errors carry minimal professional liability. The most sophisticated application, advanced data analytics to improve client services and inform strategic decisions, sees the lowest adoption at just 34%, though 37% are actively developing these capabilities.

Technology Adoption Snapshot

Cloud migration has become the foundation of modern practice management, with 88% of all firms using secure portals for document delivery and 83% supporting remote workers. Full digital transformation, however, remains incomplete. Only 36% operate entirely paperless, and just 63% access their apps and data through a centralized website or online portal.

That development gap closes at the top of the spectrum, where the most advanced firms (Stages 4 and 5) show near-universal adoption of these capabilities. Every firm in this group (100%) uses secure portals for sensitive document delivery, 97% can support remote workers, and 92% access most of their apps and data through a centralized website or online portal.

The same technology that unlocks flexibility and efficiency also raises the stakes. Every portal, cloud-hosted file, and AI tool expands the surface area a firm has to protect, and firms clearly feel it. Data privacy sits among the top concerns about AI, security ranks as a leading benefit of the cloud, and the most advanced firms have paired their technology gains with secure portals and protected environments. As firms develop, the question is no longer what technology can do for them, but how well they can safeguard it. That question is where we turn next.

Does your firm...	Total	Stage 1	Stage 2	Stage 3	Stages 4 and 5
Use a secure portal to deliver/receive sensitive documents	88%	67%	94%	99%	100%
Have the ability to grant/restrict immediate user access	86%	76%	85%	95%	97%
Have the ability to support remote workers	83%	62%	89%	96%	97%
Use artificial intelligence (AI) in any capacity	77%	53%	83%	91%	95%
Access the majority of your data/apps through one website or online portal	63%	38%	62%	82%	92%
Allow access to multiple applications through single sign-on (SSO)	53%	29%	53%	70%	87%
Only deliver/receive digital documents (i.e., paperless)	36%	27%	37%	40%	57%

04. Key Assessment #2: Security and IT Administration

As accounting firms handle increasingly sensitive client data from tax returns to confidential business information, proper data protection has become critical for success. Most firms lack the specialized expertise needed to manage complex cybersecurity threats and compliance requirements on their own, making the decision to rely on internal resources or partner with external IT and security experts a defining factor in a firm's modernization and development.

The survey data provides a clear picture of how accounting firms approach IT and security, particularly their willingness to invest in professional expertise and security solutions. This provides valuable insight into their development stage in an increasingly digital and high-risk business environment.

Firm Maturity Reshapes IT Management Strategy

How a firm manages its IT shifts as it develops. Among the least advanced firms, managing technology entirely in-house is still the norm with 61% of Stage 1 firms handling IT completely on their own. That share falls through stage advancement, down to 27% at Stage 2 and roughly 10% among Stages 3 through 5.



76% of firms in the top two development stages employ both in-house and outsourced IT management.

The hybrid model, which blends internal staff with an outside firm or consultant, has become the clear preference. Hybrid management rises from 20% of Stage 1 firms to 76% of those at Stages 4 and 5. The pattern suggests that as firms grow more sophisticated, they recognize that modern IT, with its security demands, complexity, and constant change, is too much to shoulder alone, and they turn to external expertise while keeping institutional knowledge in-house. Across all firms, that shift is already well underway with just 31% now managing IT entirely in-house, while roughly two-thirds (68%) rely on outside support in some form, whether hybrid (45%) or fully outsourced (23%).

How is IT managed in your firm (e.g., application software, network, security, hardware, etc.)?

	Total	Stage 1	Stage 2	Stage 3	Stages 4 and 5
Completely in-house	31%	61%	27%	10%	11%
Completely outsourced to an outside firm/consultant	23%	19%	20%	33%	14%
Both in-house and outsourced to an outside firm/consultant	45%	20%	53%	57%	76%

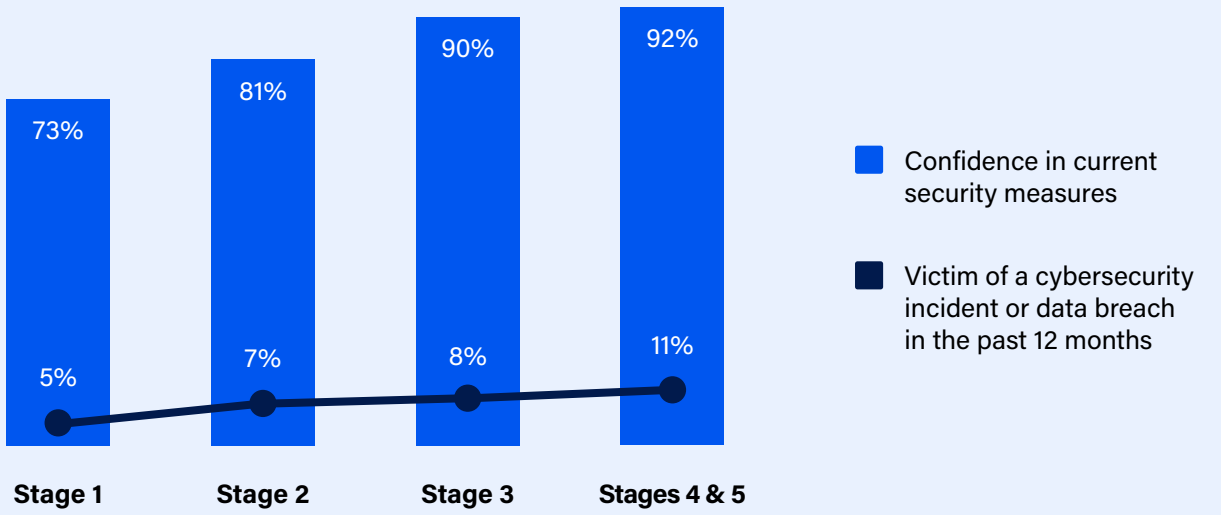
Rising Confidence, Steady Risk

Confidence in security rises steadily as firms mature, climbing from 73% at Stage 1 to 92% among the most advanced firms. Actual incidents, however, tell a different story. The share of firms reporting a cybersecurity incident or breach in the past year stays low across every stage, between 5% and 11%, and shows no meaningful decline as confidence grows.

Part of the explanation is visibility. Advanced firms have the monitoring and logging to actually detect incidents, while early-stage firms may simply not see them, meaning the Stage 1 low incident rate may be a sign of undetected breaches rather than proof they're safer. The pattern is a reminder that confidence reflects better tools and awareness, not the disappearance of risk.

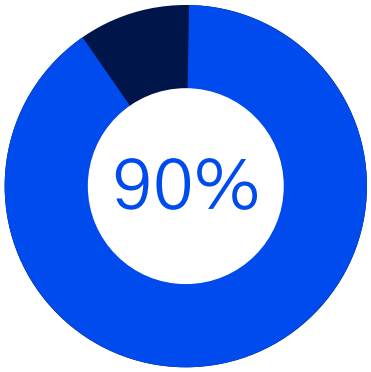
Security confidence vs. reported incidents, by development stage

Total answering: All respondents



Security Measures Show Mixed Adoption

As accounting firms handle copious amounts of sensitive client information, proper data protection has become critical for success. However, the survey data reveals mixed adoption of security measures across the profession, with firms showing strong implementation of fundamental protections while significant gaps remain in advanced capabilities.

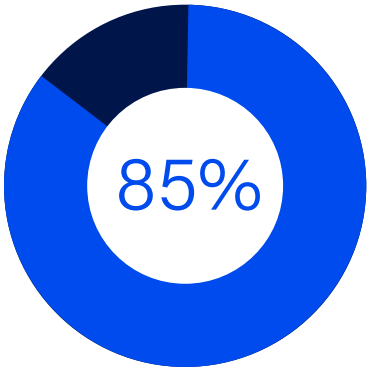


90% provide layered device security such as multifactor authentication.

Network Protections and Layered Device Security

Accounting firms have widely adopted two fundamental security measures. Internet connection and network safeguards lead adoption rates at 94%, indicating nearly universal recognition of basic network security needs.

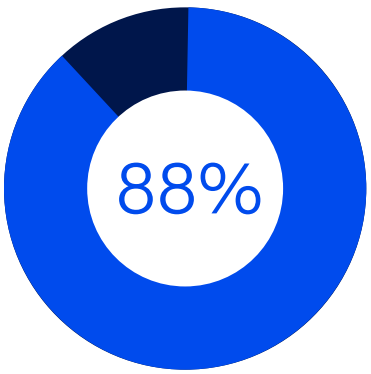
Although 90% of firms say they provide extra layers of security on firm devices, such as multifactor authentication, among those 458 firms, only 43% have Endpoint Detection and Response (EDR) on all devices, and only 23% are working to implement it. While firms may feel protected by entry-level measures, they are still vulnerable to sophisticated attacks that bypass perimeter defenses.



85% back up firm data regularly, beyond what software vendors provide.

Data Backups

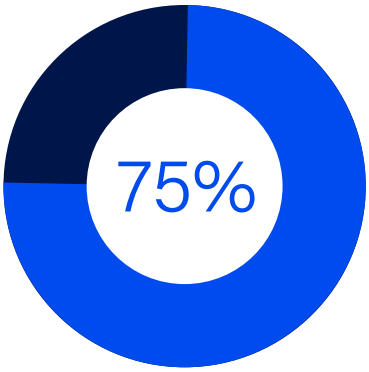
The survey found that 85% of accounting firms have data backup solutions beyond their standard software provisions, and the majority of them (83%) maintain backups for at least two years. Although this is a strong adoption rate, it reveals that 15% of firms are relying solely on basic software backup capabilities. This is surprising given the critical nature of financial data and the regulatory requirements for accounting firms to retain client records for extended periods.



88% employ advanced email security measures.

Email Security and Threat Detection

Eighty-eight percent of firms employ email security measures, suggesting heightened awareness of email-based threats. This awareness extends to broader threat monitoring, with a strong majority (82%) receiving alerts about failed logins, unusual activity, and data breaches, all critical capabilities for detecting risks that could severely impact operations.

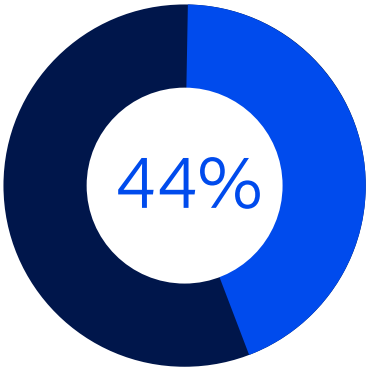


75% provide cybersecurity awareness training.

Cybersecurity Training

Crucial for reducing employee-related risks, cybersecurity training is implemented company-wide by 75% of firms, yet of those 378 firms, only 69% report conducting it regularly. Although the majority report that the training is accounting-specific, less than half are structured and instructor-led, and just 58% include phishing simulations to test employee response to potential threats.

Since human error is a leading cause of breaches, better, more consistent training is a low-cost way for firms to strengthen their security posture.



44% can remotely wipe devices if lost or stolen.

Mobile Device Management

Mobile device management represents the most significant gap in security coverage, with only 44% of firms providing capabilities to remotely manage or wipe devices if lost or stolen.

This data is particularly concerning given the increasing use of mobile devices for business operations and the sensitive nature of accounting data.

Security Adoption by Firm Size

While cyber risks are universal, the resources to address them are not, particularly for small firms. Smaller firms show strong adoption of fundamental protections, with 93% implementing network safeguards and 88% providing device-level security measures. Yet, the research shows smaller firms consistently lag behind their larger counterparts across nearly all security measures, with the most pronounced gaps in mobile device management (33% vs. 64% for large firms) and cybersecurity training (68% vs. 86% for large firms). The gaps often reflect budget more than intent, especially for small firms weighing every added expense against an already thin margin.

> *I am a one-person/owner business. Having to add any additional expensive tech costs would reduce my profit margin.*

05. Key Assessment #3: Firm Management

Running a successful accounting firm requires more than just technology know-how and security measures. It demands strong business management. How firms handle their day-to-day operations, identify their ideal clients, and implement strategic planning directly impacts their development and profitability. Because management is so crucial to firm success, it is one of the most significant categories in The 5 Stages of Modern Firm Development. The analysis reveals how accounting firms are doing in five key management areas, highlighting both encouraging progress where regulations require action and glaring gaps in areas of strategic planning.



81% of Stage 4 and 5 firms are working to grow.

Five Key Areas of Firm Management

1. Standardized Business Operations

Firms demonstrate their strongest management performance in areas where regulatory compliance is mandatory, leaving little room for discretionary implementation. Since 89% of all respondents provide tax preparation services and are required by law to have a Written Information Security Plan (WISP), it's no surprise that an overwhelming majority of all firms surveyed (81%) maintain one.

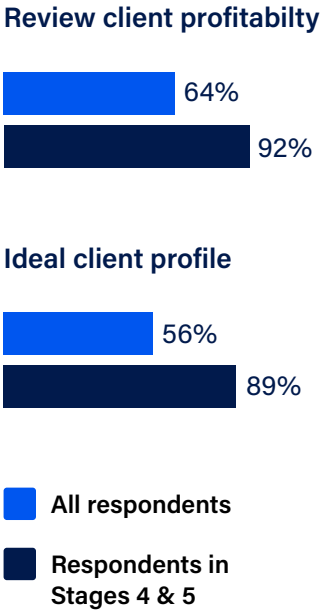


73% of firms with a WISP conduct annual reviews to account for new technology or process changes.

Among firms with a WISP, 88% say it clearly outlines how they protect data for both internal operations and client information, and 73% proactively conduct annual reviews to keep up with new technology and process changes. These strong numbers demonstrate that firms are committed to meeting compliance requirements and protecting sensitive information.

Participation falls sharply as firms move from mandatory compliance requirements to optional efficiency improvements. While 67% accept the majority of client payments electronically, only 55% employ automated tools for client billing and collections. Most notably, only 35% require clients to use consistent apps or systems, missing an opportunity to improve efficiency and collaboration.

These findings present a contradiction. The general sentiment among firms highlights the importance of operational efficiency, with one respondent citing their biggest opportunity as "the ability to automate or significantly reduce time necessary for data entry and administrative tasks."



2. Strategic Client Management

Client management practices show fairly even implementation across all respondents. Sixty-four percent of firms review client profitability to identify low-margin accounts, while 56% maintain ideal client profiles to guide new business decisions. The slightly higher focus on analyzing existing clients compared to defining acquisition criteria suggests varying approaches to client portfolio management.

Firms further along in development tell a different story. The study found that 92% of firms in Stage 4 and Stage 5 review client profitability to identify low-margin accounts, and 89% have an ideal client profile. This is an effective combination. Firms with strong profitability analysis, as well as strategic client acquisition criteria, are likely to outperform competitors who operate without clear client selection frameworks.

> *The biggest game changer would be a huge increase in clientele.*



36% follow documented marketing plans or strategies

33% have succession plans in place

31% maintain documented strategic growth plans

3. Planning and Future-Readiness

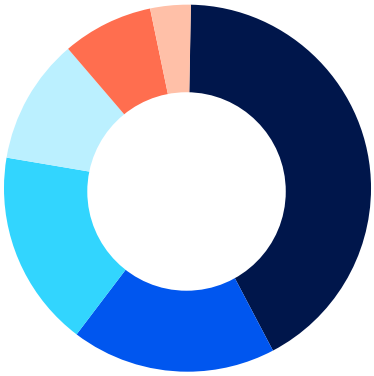
The data reveals that most firms prioritize immediate operational needs over longer-term strategic planning. While firms demonstrate strong performance in compliance-driven functions, strategic planning shows lower implementation rates, suggesting varying approaches to long-term business development across the profession.

These numbers reveal that most firms operate without formal planning structures. Seven out of 10 firms lack documented growth plans, so many are making business decisions without a clear long-term direction. The majority of firms (64%) don't follow documented marketing plans, suggesting they may not see the need for formal marketing or have sufficient work for their current capacity. Additionally, nearly two-thirds of firms operate without succession plans, which can create challenges when key partners transition out of the business.

[We are] unable to find quality, affordable staff in our current location, as we are not fully remote and do not plan on going remote in the short term.

Where firms conduct most of their work

Total answering: All respondents



- 42% Mostly in office
- 18% Equally remote and in office
- 17% Fully in office
- 11% Fully remote
- 8% Mostly remote
- 3% Depends significantly by role

4. Staffing and Remote Work

How firms build and deploy their teams reveals as much about their management approach as any formal policy. Most firms operate with a stable core supplemented by flexible labor. Sixty-nine percent rely on full-time staff and 42% on owners or partners who actively work in the business, while 51% use part-time employees. Less common are arrangements that require more coordination or infrastructure, such as seasonal help (32%), independent contractors (28%), outsourced service providers (14%), and offshore workers (10%). The picture is one of firms leaning first on their own people and turning to external or flexible labor selectively rather than as a default.

Where that work happens remains firmly rooted in the office. A majority of firms (59%) conduct work mostly or fully on-site, with 42% mostly in-office and 17% fully in-office. Fully remote operations remain the exception at 11%, and another 8% work mostly remotely, while 18% split time roughly evenly between the two. For a profession that has invested heavily in cloud tools and secure portals, the persistence of office-centered work suggests that culture and habit, not just capability, continue to shape how firms operate.

5. The Growth Mindset

Growth ambition is where the clearest pattern emerges, and it maps directly onto firm maturity. Just over half of all firms (54%) are working to grow in the coming year, while 39% intend to remain the same size and a combined 6% plan to downsize or exit. But that appetite for growth climbs steeply with each development stage. Only 32% of Stage 1 firms are pursuing growth, compared to 81% of firms at Stages 4 and 5. The most advanced firms aren't just better equipped operationally; they're substantially more likely to be reaching for what's next, reinforcing the connection between operational maturity and forward momentum that runs throughout this report.

From Compliance to Competitive Edge

Across all five areas, firms show their greatest strength in compliance-driven functions and their biggest shortfalls in the optional practices that drive efficiency and long-term planning. Taken together, these findings point to a profession that manages the present well but invests unevenly in the strategic foundations that support future growth.

06. Growth or Modernization: Which Comes First?

The relationship between development stage and firm size presents a classic chicken-or-egg scenario. The data suggests that growth may be the primary catalyst for modernization rather than the result of it. Small firms show a stark concentration in the early development stages, with 50% remaining in the first stage, compared to only 17% of mid-sized firms and none of the large firms. Conversely, large firms dominate advanced stages, with 48% reaching the third stage versus just 17% of small firms.

The 5 Stages of Modern Firm Development by Firm Size

	Small Firms	Mid-sized Firms	Large Firms
Stage 5: Future Proof	<1%	1%	0%
Stage 4: Advancing	2%	8%	15%
Stage 3: Optimizing	17%	35%	48%
Stage 2: Emerging	30%	39%	27%
Stage 1: Pathfinding	50%	17%	11%

This pattern could indicate that as firms grow, they encounter operational pressures that necessitate modernization. Larger client bases, increased complexity, and resource demands create unavoidable friction points that force technological and operational evolution. The question becomes whether firms can proactively modernize to facilitate growth or whether they must wait for growth to justify the investment.

07. Conclusion

Today's accounting firms handle technology, security, and management operations in dramatically different ways. This study examined the key factors driving these differences, the priorities behind implementation efforts, and the challenges firms face when balancing client needs, cost pressures, and operational efficiency. The findings reveal distinct patterns in how firms progress through modernization stages and the forces that drive their development.

Investment Priorities and Potential Gaps

While some firms have made significant investments to advance, others maintain traditional methods, creating a diverse landscape of operations across the profession. Additional data was collected to identify where firms plan to prioritize their efforts on new initiatives that have not yet been implemented. Their responses point to paperless delivery and succession plans, followed closely by strategic growth plans. Yet the same growth plans that rank high for some firms hold little appeal for others, landing

among the top three initiatives firms have no plans to implement—alongside requiring clients to use standardized systems and building a formal marketing strategy. That a single initiative sits among both the most and least prioritized underscores just how divided the profession is. Firms aren't converging on a shared set of next steps, but splitting over which ones are worth pursuing at all.

Top Priorities	No Plans to Implement
1. Paperless/digital document delivery	**1.** Require clients to use standardized systems
2. Succession plans	**2.** Marketing plan/strategy
3. Strategic growth plan	**3.** Strategic growth plan

Overcoming Key Challenges Across the Three Assessment Areas

Firms are modernizing steadily, but the open-ended responses pointed to a clear sticking point in each of the three areas this study measures. Together, they show the distinct challenges of modernization.

Technology and Workflows: The Integration Challenge

When asked what the biggest game-changer would be for their firm, a number of respondents expressed the desire for one connected system instead of a patchwork of software:

"Fully integrated accounting and tax programs that would eliminate duplicate entry of data."

"Having one product that can handle all aspects of the tax preparation process from start to finish. Currently, I have to use multiple products to follow the process, whether it be client intake, preparation, delivery, billing, or research."

Recommendation: Look for platforms and vendors built to work together rather than piecing together individual tools that don't share data. A connected setup cuts down on duplicate entry, reduces the errors that come from rekeying, and gives staff more time for client work. When weighing new software, treat how well it connects to what you already use as seriously as its standalone features.

Security and IT Administration: The Resource Challenge

For smaller firms, the barrier to better security usually isn't awareness; it's cost and capacity. Solo practitioners and small teams describe weighing every new expense against a thin margin, which holds back the training and protections they know they need. Respondents described what would be most impactful to their firm:

"Better automation to increase productivity, while lowering the cost but maintaining security."

"We are nickel-and-dimed to death with all the computer software we use now."

Recommendation: Small firms can shore up security without a big up-front spend by starting with the measures that matter most, regular staff training, multifactor authentication, and documented protocols, since those cover the most common causes of breaches. Outsourcing IT and security to a specialist is another option, giving smaller firms strong protection at a predictable monthly cost instead of a large one-time investment.

Firm Management: The Staffing Challenge

Again and again, firms named finding and keeping good staff as their biggest constraint, one that limits how well they can serve clients and grow no matter what technology they bring in. When asked what would alleviate the pressures of running a firm, they stated:

"Qualified, competent staff. Training takes too long. By the time [they're] trained, staff wants to change employment to the next big thing."

"Staffing challenges make it hard to serve clients, with or without AI."

Recommendation: A connected, remote-enabled workforce offers firms a way to address staffing pressure from both directions at once. When cloud-based systems absorb the manual rework and duplicate data entry that consume so much of the workday, staff are freed to concentrate on the advisory and client-facing work that drew them to the profession, a shift that plays a meaningful role in retaining experienced talent. The same infrastructure makes flexible and remote arrangements possible, and that flexibility has emerged as one of the most effective levers a firm can use: strengthening retention among current staff while extending the firm's reach to a far broader pool of qualified candidates than any local market can provide.

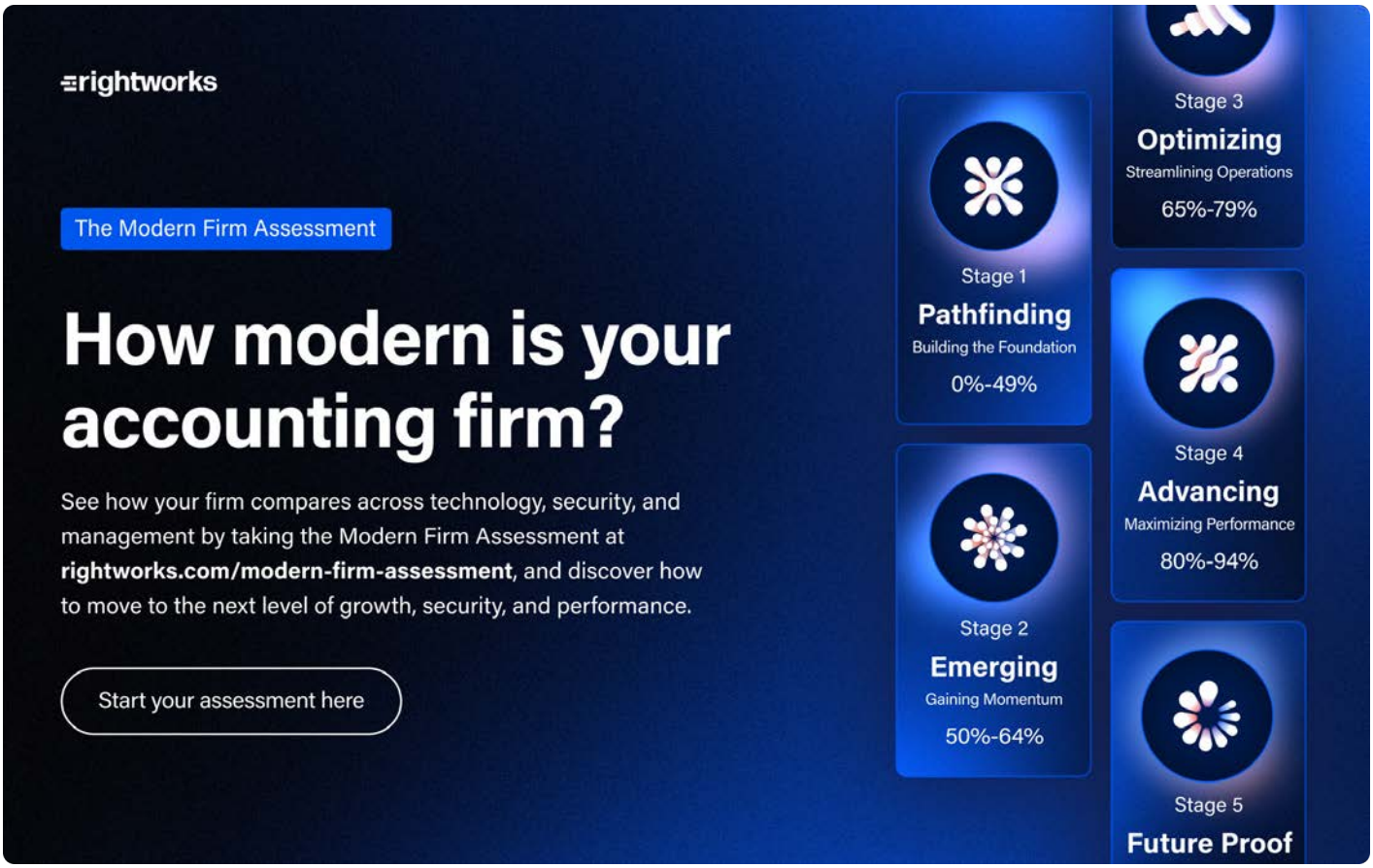
The Modern Firm Advantage

The data from the 2026 accounting technology survey reveals a compelling truth: **The most modern firms report 23% more revenue per employee**, even while maintaining a strikingly similar technology investment—an average of 6% of revenue across all firm sizes and development stages.

As captured in The 5 Stages of Modern Firm Development, the path forward first requires an honest assessment of current capabilities, then:

- ✓ A clear path to improve technology and workflows
- ✓ A strong focus on security infrastructure and IT management
- ✓ A solid strategy for firm management

Success in modernization isn't about spending more on technology. It's about strategic implementation that drives measurable results. As the data demonstrates, firms that thoughtfully progress through each development stage create sustainable competitive advantages while building the operational foundation necessary for long-term growth and profitability.



This research was conducted by Rightworks, a cloud technology provider trusted by over 12,000 clients, from solo practitioners to Top 10 firms. Visit rightworks.com to discover how your firm can scale The 5 Stages of Modern Firm Development.