

# EFAA DIGITAL COMPETENCY MATURITY MODEL: AT A GLANCE

## DIGITAL TRANSFORMATION

Digitalisation has [profound implications](#) for small- and medium-sized accountancy practices (SMPs). These implications will demand change. Digital transformation is key to their future success. The COVID-19 pandemic has made this transformation even more essential and urgent. If your practice needs help with this transformation, then we have a tool to help you.

“The pandemic has, in fact, accelerated digital adoption in areas such as e-commerce (for reaching clients) and remote working (for reaching staff) that relate directly to maintaining operations.” [‘Meaningful work for the digital professional: roadmap beyond the pandemic’](#), ACCA

## WHAT IS THE DIGITAL COMPETENCY MATURITY MODEL (DCMM™)?

SMPs are typically in need of guidance and direction on how best to go about digital transformation. The starting point for the digital transformation journey is for SMPs to establish their current level of digital maturity. This is where the Digital Competency Maturity Model (DCMM™) comes in - the [DCMM™](#) is a tool to help SMPs rate and improve their digital competency.

SMPs complete a self-evaluation questionnaire made up of sections as described in Table A. All SMPs are required to answer Sections A and B and then complete Section C depending on whether they are auditors (C1) or accountants (C2) or both (C1 and C2). On completion of the questionnaire respondents are given a score dashboard showing their score for each applicable section as well as their overall rating. Respondents are also invited to submit their data so it can be added to the database of responses for all firms.

Table A: DCMM™ Sections

Section
A: The level of automation of the firm’s internal processes
B: Availability of qualified resource pool and talent development relating to digital competencies
C1: Level of automation relating to <b>audit</b> processes and nature of <b>audit</b> services being rendered
C2: Level of automation relating to <b>accounting</b> processes and nature of <b>accounting</b> services being rendered

Firms are rated Level 1, 2 or 3: Level 1 indicates that the firm is in very nascent stages of adopting ICT and other digital technologies and so will have to take immediate steps to upgrade its Digital competency or will be left lagging behind; Level 2 indicates that the firm has made some progress in terms of adopting ICT and other digital technologies but will have to fine tune further to reach the highest level of digital competency; and Level 3 indicates that the firm has made significant adoption of ICT and digital technologies but should focus on optimizing it further to be in the forefront of use of emerging technologies like Artificial Intelligence and Block Chain.

## RESPONDENTS

Some 849 SMPs, the vast majority from SMPs across Europe, completed the survey and submitted their results in the period from its launch on 2 September 2019 through to 30 June 2020. The vast majority (708) are accountants while 73 are auditors and 68 are both accountants *and* auditors. Most firms are either sole practitioners (189, 22.3%) or firms with 2-5 partners and staff (354, 41.7%).

## RESULTS

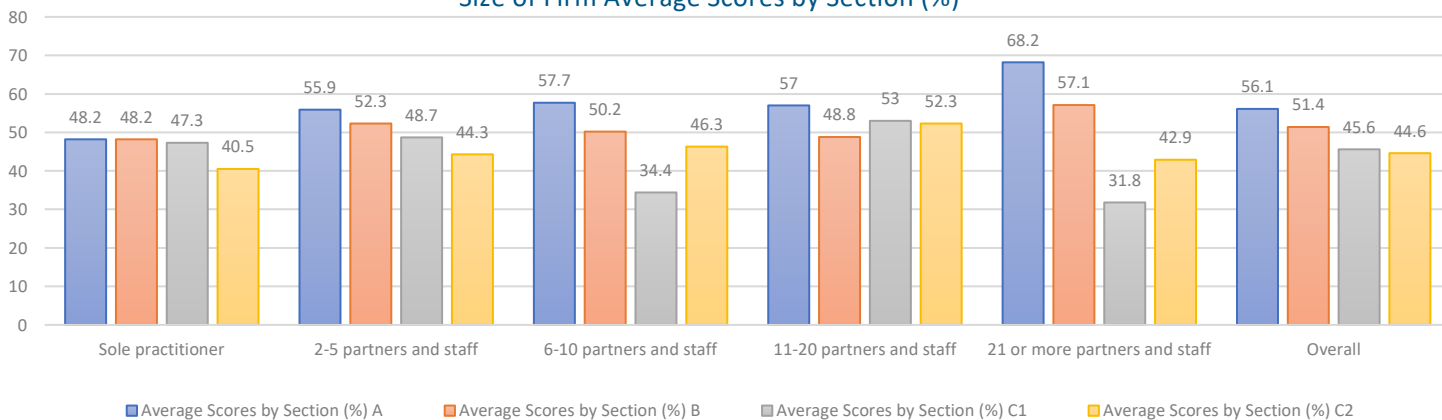
What can SMPs learn from the initial results? Well while the responses to date are not wholly representative SMPs can get a sense where they stand as compared with SMPs of similar size or geography. Table B shows the overall average and average scores by section across the various firm size categories expressed as a percentage of the maximum possible score.

In general firms appear to be more digitally mature in so far as the level of automation of the firm's internal processes (56.1%) and the availability of qualified resource pool and talent development (51.4%) than the level of automation relating to processes and nature of services being rendered (average score of 45.6% for audit and 44.6% for accounting). One can see that larger practices tend to score higher. Sole practitioners exhibit the lowest level of digital maturity with average scores of less than 50% in all sections.

Table B: Size of Firm Average Scores by Section

Size of Firm	Average Scores by Section (%)			
	A	B	C1	C2
Sole practitioner	48.2	48.2	47.3	40.5
2-5 partners and staff	55.9	52.3	48.7	44.3
6-10 partners and staff	57.7	50.2	34.4	46.3
11-20 partners and staff	57.0	48.8	53.0	52.3
21 or more partners and staff	68.2	57.1	31.8	42.9
<b>Overall</b>	<b>56.1</b>	<b>51.4</b>	<b>45.6</b>	<b>44.6</b>

Size of Firm Average Scores by Section (%)



## RECOMMENDATIONS

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SMPs are recommended to:

- Make digital transformation a high priority – disrupt yourselves or be disrupted.
- Digital transformation equates to mindset, skillset and toolset.
- Complete the DCMM™, compare scores with the averages presented above and then prepare a plan for change.
- Read IFAC's ['Practice Transformation Action Plan – A Roadmap to the Future'](#) and leverage technology with the following steps: conduct an environmental scan; align with the long-term strategy and formulate a realistic implementation plan; adopt the cloud; identify and support an internal technology champion; and involve clients in technology decisions.
- Accelerate digital adoption including the following: community technologies such as social media and messaging; 'next-generation' computing such as Cloud, Serverless and Edge; and data technologies such as big data, analytics, and visualisation.