

Indonesia Accounting Software Market Assessment, By Deployment [Cloud-based, On-premises], By Component [Services, Software], By Type [Payroll Management Software, Custom Accounting Software, Billing and Invoice Software, Spreadsheets, Others], By Industry Vertical [BFSI, Retail, IT and Telecom, Manufacturing, Energy and Utilities, Healthcare, Media and Entertainment, Others], By Region, Opportunities and Forecast, 2017-2031F

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Report description:

Indonesia accounting software market is projected to witness a CAGR of 12.6% during the forecast period 2024 to 2031, growing from USD 143.9 million in 2023 to USD 395.4 million in 2031. The Indonesia accounting software market size is witnessing steady growth owing to the surge in error-free and less time-consuming transactions. Furthermore, the market is also experiencing growth with the rising awareness regarding outsourcing financial and accounting operations along with the surge in environmental, social, and governance (ESG) reporting.

The increasing collaboration of micro, small, and medium enterprises with e-commerce players and the adoption of internet-of-things and blockchain-based accounting service platforms are also contributing to the accounting software market growth. Indonesia accounting software market is also experiencing swiftness in the way of accounting owing to the increase in the complexity of tax regulations as the businesses are struggling to keep up with the changes.

In October 2023, FreshBooks introduced its groundbreaking collaborative accounting model, revolutionizing the accountant-client relationship. This innovative approach empowers accountants to focus on strategic financial advice while involving small business owners in their financial processes. The model enhances understanding and collaboration, fostering smarter business decisions by integrating clients into financial tasks. FreshBooks' user-friendly platform facilitates this synergy, creating a purpose-built

relationship for long-term success, and bridging the gap between traditional accounting methods and client involvement. The accounting software market in Indonesia is very fragmented due to small and large-level software providers already existing in the market and penetrating on a larger scale. Intense competition is rising from unorganized players due to cost constraints and pricing deficiency. However, the emerging market for accounting software is booming particularly for cloud-based accounting software which is replacing traditional on-premises software in the long run.

Increasing Deployment of Accounting Software in the BFSI Sector

Accounting software is widely used in the banking, financial services, and insurance (BFSI) sector to streamline and automate various accounting tasks, ensuring speed, accuracy, and efficiency. These software solutions assist bookkeepers and accountants in recording and reporting a firm's financial transactions, enabling detailed tracking of financial data and real-time insights into business finances.

In the BFSI sector, accounting software is used for managing and recording transactions, tracking inventory, fixed asset management, expense management, project management, accounts receivable, accounts payable, budgeting, and forecasting. Therefore, software solutions help businesses save time and money, reducing the risk of errors and fraud.

Factors such as government emphasis on the digitization of the BFSI sector, increasing efficiency in processes, and others are boosting the demand for accounting software in the BFSI industry in Indonesia. For instance, top BFSI firms, including Shinhan Sekuritas Indonesia, Qoala, Valbury eCapital, and others have adopted accounting software in Indonesia. As a result, the increasing deployment of accounting software in Indonesia's BFSI sector to ensure more efficient, secure, and technologically advanced accounting solutions is amplifying the Indonesia accounting software market growth.

Integration of AI with Accounting Software

The key benefits associated with the incorporation of artificial intelligence (AI) in accounting software are numerous such as enhancing accuracy, streamlining financial processes, automating tasks, and gaining valuable insights. These benefits enable accountants to streamline their processes efficiently, significantly enhance accuracy, and make data-driven decisions. Thus, accounting professionals can focus more on strategic tasks that require human expertise, while routine and repetitive tasks can be automated through the integration of AI with accounting software.

The primary advantage of AI in accounting software is the automation of mundane and repetitive tasks. AI-powered systems can handle tasks such as invoice processing, payroll calculations, and data entry with speed and precision, thereby ensuring superior efficiency. This automation saves time and minimizes the risk of human error, ensuring greater accuracy in financial records. Moreover, AI-driven accounting software can generate real-time reports and provide up-to-date financial information to stakeholders. This enables faster and more informed decision-making because executives and managers can access accurate financial data when they need it. Real-time reporting also ensures timely adjustments and course corrections and optimizes business strategies for better outcomes. Henceforth, companies such as Robofin Cloud Accounting, Ramco Systems, QuickBooks, and Odoo are actively leveraging their technological potential for the development of AI-integrated accounting software in Indonesia, which is fostering the revenue expansion of the market in the country.

Global Trends in Accounting Software Market

Accounting automation is becoming more extensive at the global level which is augmenting the adoption of such software in Indonesia to efficiently manage the company's financial transactions and cash flow.

The global market growth trends such as cloud-based accounting software have become the standard, more opportunities for personalization, and an increased focus on forecasting, scenario planning, and analytics, among others are fostering the deployment of software to ensure enhanced efficiency and accuracy in the accounting processes. Therefore, global trends are promoting the deployment of accounting software in different industrial setups across Indonesia, thereby accelerating the growth of the Indonesia accounting software market.

Security Risks and Operational Limitations Associated with Accounting Software Deployment is Restraining the Market Growth
Accounting software offers several benefits and provides the ability to increase an enterprise's return on investment. However, there are several limitations and issues such as security risks, vendor lock-in, technology bottlenecks, lack of standardization, and others associated with cloud deployments that are preventing organizations from adopting accounting software such as cloud-deployed accounting software, which are prime factors constraining the market growth.

The deployment of the cloud platform is usually associated with a higher risk of security threats including cyberattacks, data

breaches, and privacy disclosures as most of the data including sensitive information is stored and processed on the cloud, which makes the system highly susceptible to cyber attackers and hackers. Additionally, cloud-based accounting software is more prone to data loss or leakage, and risk of unexpected downtime, and requires high-speed internet for efficient performance, along with legal and regulatory compliance.

In 2020, Cermati, a provider of accounting software in Indonesia, experienced a massive security breach in which the data of 2.9 million users was stolen. The data included full names, bank accounts, e-mails, addresses, phone numbers, occupations, taxpayer registration numbers, ID numbers, and others. The information was sold for USD 2,200 by cyber attackers. Thus, the data breach from accounting software due to cyber attacks in Indonesia is posing a major restraint for market growth. Further, accounting software is often associated with issues such as vendor lock-in, which refers to a situation where companies utilizing a particular vendor's accounting software cannot switch to a different vendor. In case of vendor lock-in, enterprises are forced to receive services from a particular accounting software vendor irrespective of their requirements, which may affect the organization's operational workflow and efficiency. Hence, high data security risks and operational limitations associated with the deployment of accounting software in Indonesia are impacting the overall demand for accounting software that is often used to manage income and expense tracking, invoicing, bookkeeping, and other aspects of financial management, thereby restricting the growth of the market.

Future Market Scenario (2024-2031F)

According to the Indonesia accounting software market analysis, Indonesia's GDP contribution within the region is notable, reflecting its economic potential. Such economic stability empowers businesses and individuals alike, enabling them to invest in advanced accounting software tools. Moreover, Indonesia's proactive stance towards enhancing its digital infrastructure and technology adoption is evident. Initiatives to streamline business processes and promote efficiency resonate with the growing demand for accounting software solutions. Thus, with a thriving economy, supportive government policies, and a growing emphasis on digital transformation, Indonesia stands poised to dominate the regional accounting software landscape.

Key Players Landscape and Outlook

The Indonesian market for accounting software showcases a dynamic landscape with prominent players introducing new solutions to increase their market share in the country. The companies are launching a new series of products in collaboration with other market players.

In February 2024, Intuit Inc. introduced QuickBooks Solopreneur, a new product designed for one-person businesses. The comprehensive tool provides easy-to-use features to help solopreneurs manage finances, create trackable goals, manage business expenses to stay tax-ready and gain financial stability. QuickBooks Solopreneur includes a suite of intuitive tools and features that enable solopreneurs to manage finance-related operations.

In February 2024, Ramco Systems unveiled Ramco Payce, a revolutionary platform-based payroll software. This cutting-edge software offers swift implementation, lightning-fast payroll processing, and enhanced accuracy, empowering organizations with fast, effortless, and precise payroll management. Leveraging advanced technologies like serverless in-memory, data analytics, artificial intelligence, and machine learning, Ramco Payce aims to redefine how businesses handle payroll operations, ensuring efficiency and ease of use for enterprises worldwide.

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*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work

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