

# Digital Competency Maturity Model – Detailed Information

## Introduction

Digitalization has [profound implications](#) for small- and medium-sized accountancy practices (SMPs). These implications will demand change. New digital technologies will continue to emerge. SMPs must anticipate these changes and be prepared to respond. SMPs, however, are typically resource constrained and in need of guidance and direction on how best to respond to these implications. The Digital Competency Maturity Model (DCMM), originally developed by [The Institute of Chartered Accountants of India \(ICAI\)](#) and improved and adapted for European SMPs by an EFAA team led by [Noel De Rudder](#) from our member organisation [Institute of Accountants and Tax Advisors \(IEC-IAB\)](#), is designed to help.

## Digital Competence – Individual Professionals

Digital competence is defined as “a combination of knowledge, skills and attitudes, through technology, to perform tasks, solve problems, communicate, manage information, collaborate create and share content effectively, appropriately, securely, critically, creatively, independently and ethically”. A free online tool, [Digital Competency Wheel](#), is available to enable individuals to map their digital competency. Similarly, the European Digital Competence Framework for Citizens offers a [tool](#) to improve EU citizens' digital competence. While these are useful tools for individual professionals they are of limited use for SMPs. This is where EFAA's DCMM comes in.

## Digital Competence – SMPs

The DCMM comprises a questionnaire that enables SMPs to rate their current level of maturity on digital competency, identify areas where competencies are strong or lacking, and then develop a road map for achieving a higher level of maturity. The DCMM includes the following dimensions of digital maturity organised into sections:

- **Section A: Level of Automation of the Firm's Internal Processes** - this covers extent of usage of IT for its own internal processes for example, billing, document management, client relationship management, and staff attendance and work tracking, cyber security, compliance with data protection regulation and social media presence.

- **Section B: Availability of Qualified Resource Pool and Talent Development Relating to Digital Competencies** - this covers aspects like attracting, retaining and developing staff with requisite qualifications and skills.
- **Section C1: Level of Automation Relating to Audit Processes and Nature of Audit Services being Rendered** - this covers the level of automation at client's end, access to automated audit tools, training of employees on audit tools, ability to handle digital evidence, Information Technology Audits, etc.
- **Section C2: Level of Automation Relating to Accounting Processes and Nature of Accounting Services being Rendered** - this covers the level of automation at client's end, access to automated accounting tools, training of employees on client accounting tools etc.

## Completing the DCMM Rating

We recommend the firm's leadership, preferably including someone with IT expertise, meet to form a collective response. Completing the questionnaire demands the exercise of professional judgement.

## Interpreting the Results

- **Level 1 Firm** - indicates that the firm is in very nascent stages of adopting ICT and other digital technologies but will have to take immediate steps to upgrade its Digital competency or will be left lagging behind.
- **Level 2 Firm** - 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.
- **Level 3 Firm** - indicates firms which have made significant adoption of ICT and digital technologies and should focus on optimising it further to be in the forefront of use of emerging technologies like Artificial Intelligence and Block Chain.

## Practice Benchmarking

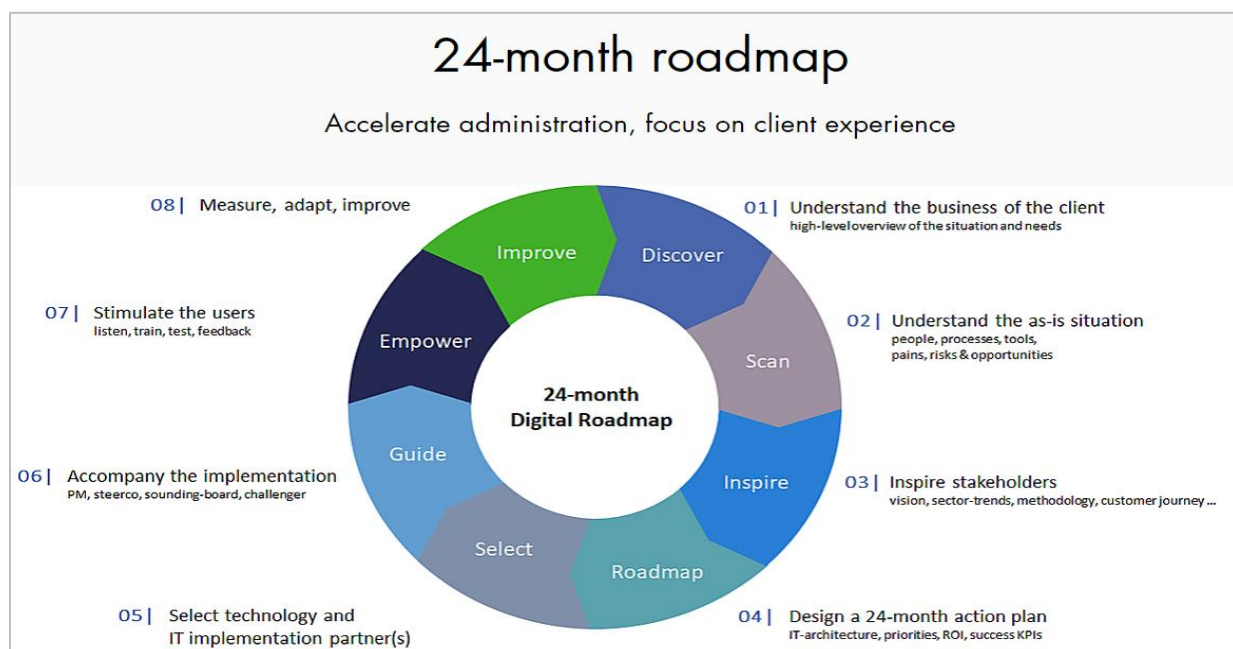
If you submitted your response then, with full anonymity and [General Data Protection Regulation \(GDPR\)](#) compliance guaranteed, your response gets consolidated with that of all other respondents that have submitted. You can then compare where your practice stands as compared with other SMPs in your jurisdiction and across Europe.

## Next Steps – Road Map for Moving to Next Level

We recommend that SMPs follow these steps in order to progress to the next maturity level:

1. **Benchmark** - benchmark the current maturity level of the firm by completing the DCMM, comparing with other SMPs in their jurisdiction and across Europe (if you submitted your response), and documenting specific areas of deficiency that need to be addressed in order to get to the next level of the maturity model.
2. **Develop a strategy and action plan** - develop a strategy (see below) and an action plan to address deficient areas with timelines.
3. **Identify resources and execute plan** - identify a small cross functional team with leader charged with responsibility for executing the plan and reporting progress.
4. **Assess progress** - assess progress by redoing the DCMM each year and revising the execution plan.

The graphic below shows a 24-month digital roadmap developed by [Olivier Mangelschots](#):



## Digital Strategy

The following questions and considerations can help your firm formulate a strategy:

- *Does the firm periodically check its digital status (for example, using the DCMM)?*
- *Is the firm's technology strategy aligned with its overall business strategy?*
- *Is this strategy formalised and supported by the firm's leadership?*
- *Are innovative individuals empowered and incentivised to investigate technological solutions?*
- *Has the firm appointed individual(s) to champion digitalisation?*
- *Does the firm have ongoing activities to educate and train staff on digital developments?*
- *Has the firm identified the digital skillset sought in new staff?*

## Acknowledgements

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## Questions / Feedback

If you have any questions about completing the template and / or wish to provide specific suggestions on how to improve it please email to [secretariat@efaa.com](mailto:secretariat@efaa.com) with subject 'DCMM Questions / Feedback').