

THE PERVASIVE IMPACT OF TECH

Meaningful transformation is well underway, touching all areas of the profession, as the evolving tech ecosystem continues to create new opportunities to add value. Artificial intelligence, robotic process automation and digital networks enable accountants to access greater amounts of data, derive insights and deepen strategic partnerships with clients. In 2023, they will continue to have a significant and expanding impact on the way accountants work and the services they provide.

The innovations and insights shared by roundtable participants demonstrate the ways that advanced technologies are driving transformation. Fast-growing client advisory services (CAS) use cloud, AI and automation to provide new and unparalleled services. Similarly, management accounting teams leverage technology to enable professionals to escape repetitive manual tasks and offer unique strategic insights. Technology solutions are also pivotal to tracking ESG efforts so that companies can understand and report on how well an organization is meeting its goals, as well as enable accountants to offer assurance on their reporting. At the same time, the profession is rethinking how to enhance value and deepen insights in core services such as tax and audit using the capabilities of the cloud and artificial intelligence.

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in both good and bad times"**

Barry Melancon, CPA, CGMA

President and CEO,

AICPA & CIMA

The profession has a long history of identifying and embracing revolutionary technologies. CPAs have long explored the opportunities that each new technology has offered, using emerging tools to enhance productivity and provide higher value for clients or employers. (Learn more about [CPA.com's technology research and innovation efforts for the accounting profession](#), which identifies and supports emerging technology companies that aim to transform the profession.)

Historically, the profession has thrived no matter which way the economy turned, since companies rely on their CPAs when they are struggling and when they are ready to seize new opportunities, according to Barry Melancon, president and CEO of the Association of International Certified Professional Accountants, representing AICPA & CIMA. "Our trusted adviser role is critical in both good and bad times," he said.

This critical role of CPAs has never been more evident than it's been the past few years. As the world faced turbulent times, the profession was well positioned to face the challenges and to lead clients and organizations through the uncertainty because of the transformation that's been occurring within accounting and finance. The roundtable highlighted the many ways that the profession continues to identify and seize opportunities for CPAs to enhance and evolve their trusted advisor role.

THE ROAD TO TRANSFORMATION

With the world changing rapidly, failure to invest in transformation is a risk in itself. Organizations will suffer if their efforts fall behind their competitors or fail to meet evolving client or business partner expectations. Embracing change now makes it possible to mitigate that risk.

As the profession undertakes this evolution, there are steps CPAs in firms and finance can take to ensure success:



Leverage technology

Automation and other tools can drive efficiency and free people from mundane, repetitive work. "If you aren't spending time migrating data from one form to another, you are able to be more analytical," said Zac Charnecki, CPA, Director, Innovation and Transformation at Wipfli. "If a task makes you feel like a robot, let a robot do it," he said. Having delegated lower-level work to technology tools, the firm has shifted its recruiting emphasis to focus on people with a more entrepreneurial outlook.



Elevate the team's skills

In hiring for CAS, firm leaders talk about seeking the unicorn – a professional with what may seem like an impossible blend of technical acumen and technology-based skills, plus the ability to think strategically and build close and lasting client relationships. Given the talent gap, the focus should be on building a multifaceted team with deep expertise in core areas, and then upskill them to help them also deliver higher value knowledge and insights. In finance, it may also be necessary to educate people on new control environments required as companies transform existing processes and procedures, as people shift from paper or spreadsheets to new options. Professionals in firms and on finance teams will also need soft skills in their new advisory roles.





Find the data innovators

With new technologies upending established practices and processes on a regular basis, organizations can benefit from seeking people with digital ambition, those who are excited to understand and apply new tools to simplify and automate. Because of their agility and passion, they will find it easier to continuously adapt to and make the best use of new resources. "We acknowledge, recognize and reward digital ambition," said Shifra Kolsky, Senior Vice President and Chief Accounting Officer, Discover Financial Services.

At Withum, a special data team of tech savvy auditors sits in on every large audit, according to Jim Bourke, CPA, CITP, Managing Director, Advisory Services. The firm trains them on top tools, and the team then recommends best-of-breed technologies based on the challenges in each audit. Data team members also oversee cleansing of data files and deliver the data in whatever format the audit team needs. The firm also has a team of data scientists that helps clients reassess their operations.

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Shift mindsets

Will people lose jobs because of automation and other new technologies? If team members don't know the answer to that question, they may be reluctant to embrace new tools or ways of working. Or they may simply feel more comfortable with the old procedures and, at least initially, question the point of new practices. There are two ways to address this issue:

- When you upskill staff before transformation occurs, people are typically more confident that their jobs are safe. They can see that the organization is equipping them with the knowledge they will need to navigate planned changes.
- Direct communication and assurances about job security—and new career and training opportunities—can enhance employee excitement and engagement. Discover Financial Services, for example, offers advance notification and training when there will be changes in an employee's job or when they will have a new role, according to Kolsky. In addition to basic training, organizations may also need to educate their people on the value that new technologies can offer to the company and to the employees using those tools. Organizations can, for example, explain how employees will now be able to make more efficient and effective contributions in their current team or elsewhere in the company.



CPA FIRMS: SEIZING THE OPPORTUNITIES FOR CHANGE

“I expect that already in use technologies such as artificial intelligence, machine learning, and blockchain will continue to accelerate and bring value to the accounting profession,” said Cathy Rowe, Vice President, Product Management at Wolters Kluwer, a provider of cloud-based and on-premise tax and accounting solutions.

The impact is already being seen.



Services reimagined

Three practice areas are particularly poised for meaningful change:



Client advisory services (CAS)

CAS exemplifies the full opportunity that technology can offer CPA firms. It takes a revolutionary approach, moving past traditional client relationships to transform CPA firms into trusted client advisors and partners who offer higher value services and business insights. The fastest-growing service area for CPA firms in the U.S., CAS is powered by dynamic technology solutions. Considering the reimagining of the finance function that's currently underway, it's no surprise that CPA firms that provide these types of outsourced finance and CFO services are also undergoing a similar transformation to provide the same strategic insights and guidance for their clients.

Given the wide range of knowledge, talents and personalities that are needed to meet evolving client needs, firms are fractionalizing engagements to better align people, processes and technology. Assessing current competencies and what new skills best suit a person's abilities makes it possible to link their talents to current and future firm needs. Firms are also experimenting with hiring nontraditional professionals for CAS practices, including project managers, engineers, data analysts and people with creative backgrounds.



Tax

Tax returns, the bread-and-butter service of many CPA firms in years past, are becoming a byproduct of higher-level tax and business planning, advisory and other consultative services. While the profession will continue to play an important role in tax compliance and planning services, the returns themselves will no longer be center stage. With this shift to advisory services, firms are also embracing new business models, including subscription- or value-based billing.

As has been the case in CAS practices, a tech stack can transform a tax compliance practice—generally focused on annual return preparation—into a tax advisory practice that consults year-round with clients on current and future planning. Tax advisory services increase the value to clients, said Andrew Argue, CEO of Corvee, which makes tax planning software that can apply thousands of different potential tax strategies to identify the best possibilities for each client. Most important, taking a holistic view of the client's tax position provides greater tax savings. Firms can charge higher fees and enjoy better profit margins for a service that clients can understand and appreciate, he said.

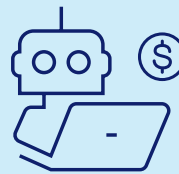
Technology can also solve workload compression and staffing concerns. In the past, firms focused on improving efficiencies so they could take on more clients. "Driving efficiency within the firm is still important, but today, fewer firms are looking to grow by adding clients," said Jorge Olavarrieta, Vice President, Product Management and Design at Intuit. "It's more about taking on fewer clients who are the right ones for the firm." That can include higher-value or higher-net-worth clients, or those willing to pay for higher-level services. The aim is not to grow by taking on more clients, but by narrowing the focus to elevate the practice.



Audit

The Dynamic Audit Solution (DAS), one of the largest initiatives undertaken by the AICPA and CPA.com, aims to fundamentally transform the audit process. The audit is at the heart of the profession's mission to protect public interest, but a lot has changed since it was first developed decades ago. At the same time, audits must encompass a wider footprint than they once did as demand for transparency is increasing in emerging areas such as ESG.

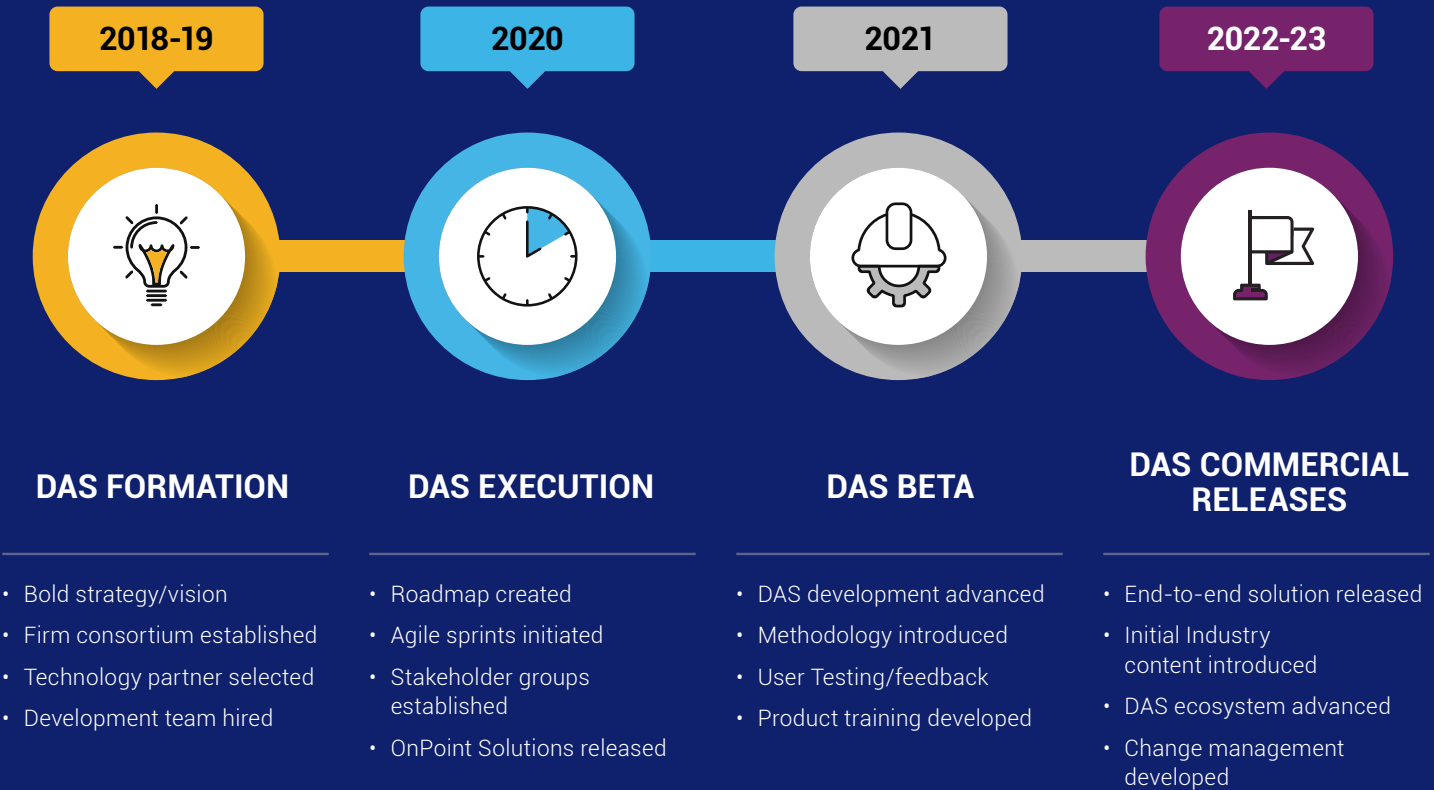
Because of the significance of this issue, the AICPA and CPA.com put together a consortium to reimagine the audit as if it had never existed and make it scalable to the entire profession. Key considerations include changes in methodology, and new standards and skills needed to implement the transformation. "We have taken meaningful steps in rethinking how audits can be performed using the capabilities of the cloud and artificial intelligence," Asgeirsson said.



How much did one firm save using robotic process automation (RPA) to collect information from the property management system of a client that rented hundreds of properties? According to Wesley Hartman, director of technology for Kirsch Kohn & Bridge, gathering data from an Excel file for one property might be 40 hours of work for a person – using a bot, the firm was able to perform all the inputs in about 45 minutes.

Source: "[The payoffs of RPA for one accounting firm](#)," Journal of Accountancy podcast.

DAS Audit Transformation Journey



New ownership models

Private equity investments in firms are accelerating rapidly and more are expected. They have the potential to drive faster innovation and transformation in firms. They can enable firms to reconsider the partnership model and, possibly, to make significant new improvements in their technology resources. The AICPA & CIMA and CPA.com are actively meeting with private equity firms to understand their plans and the impact they may have on the profession.

Ownership in firms that follow a traditional model is also changing, as mergers and acquisitions continues to hit record numbers, another trend that is not expected to end

soon. In addition, EY, one of the largest global firms, recently considered splitting its auditing and consulting practices into two separate organizations. This type of split can address auditor independence concerns when firms offer advisory services. It is likely that firms will continue to explore alternative or multiple ownership structures that will enable them to invest in or acquire companies involved in technology or other key disciplines, or to accept outside investments.

BECOMING THE CHIEF FUTURE OFFICER

Supported by new technology tools, a CFO's responsibilities have expanded beyond just historical reporting and keeping expenses under control. Today CFOs are becoming more future-focused partners to the business, providing higher-value financial as well as non-financial insights and guidance needed to inform strategic planning and decision making to drive organizational goals.

As a result, CFOs and their finance teams are increasingly expected to be T-shaped professionals — people with boundary-crossing competencies that allow them to function well in a wide range of situations outside of one's vertical, along with deep technical and systems expertise. Their abilities are rooted in the profession's ethics, integrity and professionalism. In fact, the higher-level skillsets required within the finance function mirror those that are increasingly demanded within firms as well. The emergence of the T-shaped CPA is needed profession-wide.

Examples of transformation occurring within the finance function include:

- After collecting information manually for decades, automotive replacement part distributor OE Brand is using data mining to easily access information on inventory, average costs, sales, and other

areas. "It's such an impressive process to see today versus a couple of years ago," said CFO Ed Duarte, CPA, CGMA.

- When Calvin Harris, CPA, CEO of the New York State Society of CPAs, was CFO of a not-for-profit during the worst disruptions of the pandemic, his team made a shift to automation. As he evaluated legacy processes, he decided, "if it's not adding value to the finance function, drop it." Although circumstances drove the change, "once we got used to the benefits, we knew we couldn't go back," he said.
- Technology can also give finance leaders real-time visibility into their spending, replacing expense reports that traditionally have been submitted long after the fact. [BILL/Divvy](#), for example, offers expense and spend management solutions. Automation eliminates the tedious work of reconciliation, card issuance and creating expense reports. A dashboard can show CFOs a trend line of who is spending what at which vendors. Knowing this information puts users in control of your business expenses.
- Storytelling helps CFOs bring data to life. Whether they are speaking to management, the board, lenders, investors or other stakeholders, finance teams use data visualization to make information more accessible and put it into context. It can, for example, illustrate how new processes are making a difference on a daily basis and enhancing productivity over time.



Top 5 Issues for Future of Finance Leadership Group

- Finding and retaining talent
- Maintaining culture
- The impact of inflation and forecasting
- New competencies
- Cybersecurity

The Transformation to Chief Future Officer

FROM

Rearview mirror

TO

Windshield view

FROM

Cost mindset

TO

Value focus

FROM

Hindsight

TO

Strategic foresight

FROM

Core

TO

Core AND edge

FROM

CF "No"

TO

CF "Know"

FROM

Scorekeeper

TO

Intelligent advisor/
value partner

FROM

Tangibles

TO

Tangibles + intangibles

FROM

Descriptive analytics

TO

Prescriptive analytics

ESG: TECHNOLOGY SOLUTIONS AND THE CPA'S ROLE

Technology solutions are critical in how firms and finance address emerging considerations. In a prime example, they make it possible for organizations to understand and report on how well they are meeting their environmental, social and governance (ESG) goals. To learn more about technology options and opportunities for the profession, the Executive Roundtable featured presentations from a variety of tech companies, with ESG insights from each one. For example, [Workiva](#) enables finance and ESG teams to work together to provide trusted, audited data to stakeholders. The teams can collaborate across the enterprise to produce consistent 10-Ks and ESG reports. [Good.Lab](#) provides solutions that allow middle market companies develop and manage ESG programs. [Sustain.Life](#) creates comprehensive sustainability software that makes it easier to track, measure, manage and report ESG data.

ESG considerations are fundamentally altering management accounting and how companies think about value definition and creation. "ESG is reshaping the entire business ecosystem," said Ash Noah, CPA, CGMA, Vice President and Managing Director, CGMA Learning, Education & Development, AICPA & CIMA.

Since the accounting profession is the most trusted profession globally, the reporting and assurance that CPAs can offer will be critical. In fact, CPA professionals are well positioned to become the foremost providers of sustainability assurance and related advisory services. CPAs have an opportunity to be involved not only in reporting and assurance, but also to engage in determining how the entire system creates and measures value. To do so, they are leveraging technology solutions to measure and report on



ESG efforts and deliver and provide advice for strategic ESG decision making. They are also upskilling or hiring talent who are eager to be involved in ESG initiatives.

Finance has taken a leadership role in seizing ESG opportunities and solutions, driving companies to be proactive rather than wait until actions or disclosure are mandated. ESG has wide implications across an enterprise. It will require companies to determine how to reconsider their strategies and business model to create, deliver and capture value. That will drive new decisions in areas such as governance, risk management, information technology needs, sourcing suppliers, and capital allocation.

"At the intersection of sustainability and financial performance, the CFO is the person most qualified to define and communicate how a company's management of ESG risks contributes to value creation," according to a [Deloitte report](#).

To ensure reliability and comparability of reporting, AICPA & CIMA has been proactive in supporting the adoption of a single global sustainability reporting standard. Melancon participated in the creation of the new International Sustainability Standards Board (ISSB), which will develop consistent, reliable, and comprehensive global sustainability standards to create purposeful, resilient organizations and a more sustainable future, adding the rigor of transparency to the process. When controversies arise on the importance of ESG efforts, companies can use data to decide which route is in the organization's best interest. "That objective look is what our profession brings to table," Melancon said.

For more information the growing demand for ESG advisory services, read the AICPA and CPA.com report on "[ESG drivers and evolving strategies](#)."



A PIVOTAL TIME FOR TECH AND ACCOUNTING

Melancon noted that when an economy advances from being at the developing stage to being developed, one important common factor is the existence of a professional accounting profession. "Today, our role has real importance in maintaining economic stability around the world," he said.

Technology is a crucial resource in that role. As technology evolves at a rapid pace and is adopted more broadly by both practitioners and clients, it will drive transformation in relationships and value that will lead to new solutions in the marketplace. The technology ecosystem continues to expand and is an important stakeholder in the broader accounting profession.

The profession is responding to change by taking a leadership role, using technology to navigate uncertainty and create new opportunities for firms and companies. "This is a defining time for firms and finance professionals," Asgeirsson said.



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