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*From the January-March 2007 Issue & [2007](#)
[Tax Season Survival Guide](#)*

Evolutions of information technology have had a profound impact on tax and accounting firm production processes leading to almost completely digital processes as best practices in firms today. These technologies translate to enhanced efficiency and improved profitability for those firms successfully embracing them. While firms should implement technologies on the stable “leading” edge of technology, often the way we get clients to embrace these technologies is to give them an understanding of future “bleeding” edge capabilities. Included here are nine 2007 predictions for technologies that are here today and on the horizon that will likely change our profession. Please note these predictions are based on information available in October 2006 and may be superseded by year-end technology announcements.

Tax Workflow Management Redefines Firm Processes

Tax production improved with the advent of document management applications that took traditional paper files off the shelf and put them on computer screens so they could be accessible to anyone that was authorized to view them. While the archival and search capabilities improved significantly, firms have struggled to change their production workflows to optimize tax engagement management with different applications being used for due-date monitoring, communications and image acquisition. Intelligent scanning capabilities that could organize a scanned image of a client document so it could be efficiently input on-screen into the tax program were added with CCH's ProSystem *fx* Scan, GoFileRoom's TaxSort, and Doc-It's Forms Recognition, but the bar has been raised for

the 2007 tax season with SurePrep's 1040Scan, which includes "intelligent

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for doing virtually any project that would require calculations. With Excel 2007 increasing the spreadsheet grid to 1,048,576 rows and 16,384 columns, Excel will be capable of handling even more advanced data management needs that traditionally required Microsoft Access or data extraction tools such as ACL and IDEA. With Excel having a much shorter learning curve than the extraction tools, we anticipate that Excel-based tools such as Active Data will take off or such routines will be integrated by the audit applications. We anticipate the accounting vendors to stabilize their utilization with Office 2007 products over the summer, and firms will transition beginning in September 2007 and lock down on this product through 2010. This may be the last workstation install of the Microsoft Office as competition from web-based solutions including Google and Linux will drive Microsoft to match the offering.

MS Office Accounting 2007 Takes QuickBooks Head On

Let me start by saying that I LOVE QuickBooks Professional 2006, and it makes my company's internal accounting more effective today than any other time in my professional career. With the addition of document management tools such as Personable SourceLink and Cabinet NG, scanned images of source documents can be attached to QuickBooks entries, creating a completely paperless accounting infrastructure that can be backed up and provide disaster recovery for accounting processes. Why Intuit has not integrated this feature in QuickBooks 2007 is surprising, particularly as Microsoft is touting that it has included this capability, as well as being fully integrated into Microsoft Office 2007 applications, which will make it particularly attractive for new businesses starting this year.

History has shown that when Microsoft integrates products into its Office suite, they can take on competitors such as Lotus 123, WordPerfect and even Netscape Navigator. Microsoft has even stated that ALL of our QuickBooks history will transfer. With the promise of a completely integrated product having digital

source document capabilities, our organization plans to convert all data and

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FrontPage,

but this has been mostly limited to hyper-linking files from the intranet to source documents. We expect the gradual adoption of Microsoft SharePoint in the next year, which will take firm intranets to another level and incorporate knowledge management capabilities that allow firms to integrate information from different applications, similar to what Lotus Notes has done for larger firms in the past decade. In addition, with firms adopting Microsoft Vista (to replace Windows XP) late in 2007, the ability to have “Google-Like” searching both on the workstation and on the network will evolve.

Web Storage Proliferates

As the cost of managed storage on the Internet plummets, firms will back up all data to secured web resources and even offer access via client portals.

Today, Xdrive gives away 5GB of storage to anyone, and JungleDisk charges \$41 to store 20GB of data for one year. Accounting and website vendors will take advantage of these low-cost storage solutions and incorporate security similar to that used for the firm's online banking to offer managed services that will backup data in real time and offer secure portals to transfer *.PDFs of documents to and from clients.

Display Envy Proliferates

With the cost of some 19” monitors dropping to \$200, firms will standardize their tax production on three monitors in the year ahead. Auditors will not be left out and will carry mobile displays for dual monitors in the field using more rugged-ized screens such as the Shuttle XP17, originally designed for gamers. Please note that screen response speed will be crucial, and some firms opting for cheaper USB connections will be disappointed while those firms adding video cards and buying docking stations capable of multiple monitors will thrive with this technology.

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guaranteed proposition as networks become more secure and difficult to connect through to the firm. Today's broadband cellular services provide the largest area of coverage, which allows accounting firms to connect to the Internet from virtually any place they may work. While the speeds of these connections are usually between 400Kbps and 700Kbps, with the right remote access tools, they can be adequate for accessing firm resources and applications like e-mail and time and billing. With the next rollout of fourth generation cellular services, accountants will be able to connect at even faster speeds, leading to the eventual adoption of "thin" laptops that would have an operating system but no hard drive, virtually eliminating security risks caused by stolen laptops.

Web Applications Take Over

Firms will move to web-based applications when they provide comparable functionality

at a lower cost and with a more secure environment, such as what has happened with banking, payroll, research and forms. In addition to the web-based data storage listed above, vendors such as CCH, Thomson Creative Solutions and Lacerte will offer entire accounting "suites" built on .NET capabilities, and externally managed tax and accounting firm data centers such as Xcentric's GrayMatter will take over maintenance of the firm's entire IT infrastructure. With all data and applications centrally managed, firms could utilize the thin laptops mentioned above. An added benefit of web applications, data and thin laptops would be that the firm would be protected against virtually any kind of disaster.

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