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## Store For 2009 and Beyond?

Dec. 01, 2008

If anyone ever needed more proof of the dynamic world in which we live, 2008 has been perhaps one of the best examples in decades. With hurricanes, a tumultuous financial market and an historic election, we've gotten more than our share of change lately.

In addition to these notable, perhaps seismic, social events, the year 2008 has also provided us with notable events in technologies that hold the promise of reshaping workflow practices in professional tax and accounting firms. While most of these new innovations have been under development for years, the widespread adaptation of them in the profession shows that tax professionals and accountants aren't as curmudgeonly regarding technological advance as many observers suggest.

### Year-in-Review & Executive Predictions

**Mike Sabbatis**, President – CCH,  
a Wolters Kluwer business  
**Shafat Qazi**, CEO and  
Founder, BQE Software Inc.  
**Jeff Gramlich**, President,  
CCH Small Firm Services (SFS)

The most notable of these new technologies are part of the larger movement toward greater efficiency in the public practice, with “workflow optimization” being the key defining phrase. In this arena, we've seen the near universal

addition of scan-and-fill and scan-and-populate technology to professional tax

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that offered intelligent control over data in a manner that promoted integration with the other programs a firm uses to service clients. As such, document management

systems also continued to grow in professional use, with expanded capabilities far more advanced than systems that simply store documents.

But as professional practices continue to adopt these paperless technologies and evolve into truly digital environments, major changes to workflow processes are necessary in order to provide senior staff with productivity management and the ability to ensure practice efficiency. In a digital office, old methods of managing engagements are no longer applicable; the way review functions are processed is inherently different; management functions have changed. In short, the paperless revolution has brought new challenges and new opportunities to further increase productivity and enhance efficiency.

As Executive Editor Gregory L. LaFollette, CPA.CITP, noted regarding our annual Tax and Accounting Technology Innovation Awards, "The movement toward the paperless accounting and tax practice, which professionals have been undertaking for nearly a decade, is well on its way to completion. The next step in the continuing evolution of the professional digital environment is rethinking workflow processes to maximize productivity, and each of the products selected for awards this year approaches various workflow processes with the goal of streamlining tasks and management functions."

The 2008 Innovation Awards highlighted a new genre of workflow management systems that are geared precisely along LaFollette's comments, by helping professional firms harness the power of all of these paperless technologies by reorganizing their workflow processes into more efficient models. The workflow

optimization process will be a continuing evolution, just as the movement toward

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professionals

to continue to use older programs that may not work with Vista or XP. This can also help reduce the number of servers required by a firm, which cuts IT costs.

The promise of cloud computing lies in the tangible benefits we've already seen through Web 2.0. In essence, the philosophy of cloud computing is the same, with programs and data accessed online, which also reduces IT requirements in a practice, and gives firms the ability to scale up by instantly acquiring more storage or processing capabilities.

In 2008, we also saw Apple's iPhone, barely entering its second year on the market and newly upgraded to a 3G version, continue its rapid ascension and become the top-selling mobile phone. But the competition has joined the touch-screen market, and the fight will rage on for the business-oriented smart phone market as Microsoft and BlackBerry continue their development efforts.

On a few other technological fronts, the profession was reintroduced to "greenbar," but not the paper variety. The new website security feature provides an easily recognizable reference for users. And Microsoft introduced a surface computing platform that some think may lead to a wide array of touch-based interfaces for personal and professional work environments.

Looking back on the innovations of the past year, the significant advancements in technologies available and being adopted by professionals is remarkable. But being able to foresee major advancements and their likelihood of success is a challenging feat that technology vendors must continually undertake. Just as prudent tax or financial planning can help a client be more fiscally prepared for future developments, being able to identify the underlying trends in the accounting profession, understanding the broader landscape of the business market,

and seeing potential opportunities before they arise are the keys to continued

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promised benefits. n

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## **CCH, a Wolters Kluwer business — 2008 Year in Review & Predictions**

**Mike Sabbatis,  
President –  
CCH, a Wolters  
Kluwer  
business**

Mike Sabbatis is the President of CCH, a Wolters Kluwer business and a leading provider of tax, accounting and audit information, software and services. At CCH, Sabbatis leads the U.S. tax, accounting and business in serving as a strategic

partner in delivering leading integrated online solutions to professionals to help them create more intelligent businesses.

During his 28 years in the software, technology and information industries, Sabbatis has successfully led businesses domestically and globally including activities in strategic planning, sales, marketing, business development and consulting. Sabbatis is a featured speaker with a focus on technology, industry trends, leadership and business effectiveness. He's presented at industry conferences as a keynote speaker at the CCH User Conference and at the Wolters Kluwer Global Leadership Forums. Previously, Sabbatis was the executive vice president of global sales and marketing for Wolters Kluwer Tax and Accounting focusing on the US, Canada and Asia Pacific businesses.

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CCH continued to set the bar in 2008 with the introduction of innovative new software and workflow solutions as well as continued record investment in existing

resources. The net result is that CPA firms know CCH is a partner that is focused

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and Accounting Technology Innovation Award from *The CPA Technology Advisor* and the Software and Information Industry Association award as the 2008 best-in-class

document management solution. In ProSystem *fx* Tax, we delivered more new releases than ever before — on schedule and to specification — as we added numerous customer-requested features, such as added electronic filing capabilities. We also continued to make enhancements to our ASP solutions, including

Global *fx*, and today among our industry peers, CCH supports more professionals doing tax return work in an ASP environment than anyone else.

In the sales and use tax area, CCH enhanced CorpSystem Sales Tax Online and CorpSystem Sales Tax Return Online, both of which were awarded top honors in *The CPA Technology Advisor* 2008 review of sales and use tax programs. For the fourth consecutive year, the Internal Revenue Service also picked CCH to provide the agency with sales tax data.

Throughout 2008, innovative features and functionality were added to CCH research tools. For the CCH Accounting Research Manager this included a wealth of enhancements

from knowledge-based audit solutions to e-mail updates. The CCH Tax Research NetWork also strengthened its role as the leading tax research solution with its CCH@Hand interface being recognized as a finalist in best solution integrating content into workflow by the Software and Information Industry Association.

This innovative desktop interface allows professionals to do tax research without opening a browser or interrupting their workflow. We also continued to significantly

expand our international offerings with our Worldwide Tax Rates portfolio.

CCH was on the forefront in helping firms understand the impact of new regulations,

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and innovation, and guided by our customers. This will include innovative evolutions

to our software and research platforms that will be game changing in the profession.

As a strategic partner that helps professionals build more intelligent businesses, CCH dedicates hundreds of thousands of hours to product development and customer

meetings each year. The result for customers is a partner that understands and is delivering the software, content and knowledge management that firms need to be successful year after year.

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## **SURVEY SAYS: TOP 5 TRENDS IN THE ACCOUNTING PROFESSION**

I will share with you findings from a nationwide study CCH recently commissioned on trends in the accounting profession. The CCH Accounting Trends Survey provided proof that the demands on the accounting profession have changed in unexpected ways in recent years, driven by increasing regulatory complexity, the need for specialization, the globalization of businesses and shifting demographics.

We have issued a white paper on the survey findings, which you can obtain at [CCHGroup.com/Trends](http://CCHGroup.com/Trends). Let me highlight five of the trends:

1. The need for continued growth is driving greater client specialization and firm alliances to expand and enhance client service. One-half of firms report that specialization is important to their future growth and two-thirds report that their specialized services are growing.
2. Increased efficiency and productivity needs require the accelerated adoption of paperless workflows and technology. The majority of firms believe paperless



processes are critical to their success and most say that their use of paperless

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with a range of approaches, most commonly, increasing team management skills, using non-CPA administrators to perform task; and allowing more flexible full-time work schedules.

- 5. Meeting client, firm and employee needs requires anytime, anywhere access to information and knowledge. No longer a 9-to-5 desk job, firms report that, on average, 22 percent of their professional staff works remotely to some extent and nearly one-half expect to see this increase over the next three years.

Ultimately, the trends identified across the survey reinforce what CCH is hearing as we work with our customers. The challenge for tax and accounting professionals is to ensure that they are implementing the right management processes, tools and workflows to prosper. As a strategic partner, our focus is on providing firms with the resources to do this successfully.

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**BQE Software, Inc. — 2008 Year in Review & Predictions**

<b>Shafat Qazi , CEO and Founder, BQE Software Inc.</b>	Shafat Qazi is CEO and Founder of BQE Software Inc. Shafat possesses in-depth knowledge of business management and accounting practices for Small and Medium size businesses in the Professional Services domain. With over a decade of annual face-to-face customer visits, time set aside daily for customer and prospect conversations, and regular participation in conferences, Shafat gains insights
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and monitors trends in technology usage and management styles and capabilities.

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Family can manage time, expenses, projects, billing, reporting and more via the Web. In addition, time and expenses for off-site consultants, on-the-go professionals and satellite offices can be managed via Smart Phones, Outlook, email and PDAs. BillQuick solutions employ advanced technology, such as workflow automation and fuzzy logic self-learning algorithms. Via Microsoft Access, Microsoft SQL Express and Microsoft SQL Server, BillQuick serves SMB companies of any size with robust features, exceptional adaptability, and a time-saving user interface/interaction design. Current users range from one-man to 5,000-person organizations. BillQuick integrates with cornerstone SMB applications such as Microsoft Outlook. Also, BillQuick integrates in real-time with Intuit QuickBooks Pro, Premier and Enterprise Editions (U.S. and Canadian), Microsoft Office Accounting and Peachtree Accounting. Integration is also available with QuickBooks Online Edition.

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Technology will continue to shape our professional and personal lives more than ever before, and there are several major changes that will occur in the near-term (4 to 5 years) that will dramatically alter the way we interact with computers, use programs and even in how we collaborate with other people.

- 1. Software-as-a-Service will replace desktop software in the next 10 years, completely.** The rate at which people will transform to browser-based, or cloud computing, is going to grow exponentially in the next few years, and will really begin to take off in 2009. It will grow tremendously from there. The nature of this change is as significant as the boom for the personal computer was in the 1980s or as e-mail was in the 1990s. As a simple example, what e-mail did to the fax, SaaS will do to desktop computing.



## 2. As a result of SaaS growing in popularity, PCs as we know them

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no matter where they are.

Since there will be no hard drive on these new PCs and the processing requirements

will be far less, the cost of the units will continue to drop considerably and the size of the PC box will greatly reduce or even disappear, with the basic computing components located in the monitor. What this new remote computing

paradigm means for professionals and individuals is that there will no longer be concern for data backups or loss of data, since it will be constantly backed up to secure and remote servers and will always be available to work with.

**3. Automation of business processes will boom.** Most businesses, from small to big, are realizing the considerable benefit of automation across virtually all of their work processes, and they will start to invest significantly more in automation technologies, perhaps 2 to 3 times more, in the next few years. More and more businesses have seen the value offered by the productivity enhancements and efficiency gains of automation, from good email systems, to exchange-based domains, to popular accounting software and enhanced collaborative tools like SharePoint. Many of these businesses have just started to wet their feet, but this area is about to explode in the next few years, with greater investment in these technologies.

**4. GPS will combine with time management and billing for user tracking.** This combination will allow businesses to automatically time users on tasks, so the process of tracking an individual's activities throughout the day- where they've been and what they've done- they won't have to fill out time cards or reports since it will be automated. So for service professionals, for example, who go out to client offices during the day, all they will have to do is the real work, not the administrative stuff.

Their cell phone will be able to track exactly how long they stayed at an

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ones. The businesses that service these industries or provide products that help people work more efficiently and save energy are going to experience expansive growth, so this is also a good place to look for investment. If you think about the companies who were first to get on board with internet technologies back in 1995-1996, well, the green technology sector could experience the same boom.

**6. The world is going to get even flatter.** The ability for us to collaborate with other teams around the world is going to become more and more possible because the countries that did not have the capability a few years ago are rapidly implementing newer technologies, with broadband often being available free to homes and businesses. So opportunities for collaboration with remote companies or offshore companies is going to be astounding. This is a massive change wherein the playing field is going to level-off even further in the next few years and more workflow processes that were traditionally handled locally will increasingly be processed remotely. While this has nominally been around for a few years, we see it growing exponentially in many new areas including functions in the legal and accounting professions. The rapidly increasing and often free availability of broadband access across the world is going to change the dimension of the working class, shifting it to countries where the processes can be done more rapidly and efficiently.

**7. The way we interface with computers is about to dramatically change.** New advancements in touch screen technologies will replace the mouse, enabling more efficient gesture-based input, where users don't interact with their computer by clicking or tapping, but by using gestures like pinching documents or zooming in with their hands, much like the features on the iPhone. Moving to this new method will play a huge role in how we interact with our

computers, and therefore cut the steps it takes to do something from perhaps

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## Firm Services — 2008 Year in Review & Predictions

**Jeff Gramlich**  
**President, CCH**  
**Small Firm**  
**Services (SFS)**

CCH Small Firm Services (SFS) provides tax and accounting software solutions, research products and training to 50,000 small professional firms throughout the United States and Puerto Rico.

SFS offers both the ATX™ and TaxWise® complete suite of products, including complete federal, state and local tax compliance programs, Client Write-Up, Trial Balance, Fixed Asset and Payroll programs along with Scan&Fill, a powerful document management program that automatically files many tax documents.

SFS products lead the industry in offering Spanish language solutions to serve the rapidly expanding Hispanic/Latino market. SFS also provides training and continuing professional education in a wide range of live and web-based formats. SFS is part of Wolters Kluwer Tax and Accounting.

Jeff Gramlich has been president of CCH Small Firm Services (SFS) since its creation in late 2006. Previously, Jeff was the Executive VP of Business Development for CCH Tax and Accounting, where he spearheaded a number of key acquisitions in the U.S., Canada and Australia, including the purchases of TaxWise and ATX/Kleinrock that led to the creation of SFS. Before joining CCH in 2003, Jeff was with The Thomson Corporation for five years and with CLR Fast-Tax for 10 years. His tax career began with Arthur Young. Jeff is a CPA, a member of the Texas Society of CPAs and the American Institute of Certified Public Accountants. He is also a Certified Information Technology Professional. He is a graduate of the University of Arkansas.

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acute then ever in recent memory. And the need for up-to-date and cost-effective professional solutions will grow as tax and financial professionals strive to provide that advice to their clients.

Consider, for example, just a few of the proposals in Obama's economic plan:

- Changes in the tax rates, including increases for taxpayers with over \$250,000 in income.
- At least six new refundable tax credits, including a \$1,000 credit for working families to offset the payroll taxes they pay, a health care credit for small businesses and a 10% mortgage credit for homeowners.
- Expansion of the existing Earned Income Tax Credit to include more taxpayers and elimination of all income tax liability for seniors making less than \$50,000.
- Elimination of capital gains taxes on investments start-ups and small businesses while increasing the long-term capital gains tax for higher income taxpayers.
- Expansion of the existing Savers Credit and making it fully refundable.

There's even a plan to have to have the IRS complete tax returns for up to 40 million Americans, who would then simply sign the forms and send them back to the government. The idea is to eliminate the need for those taxpayers to seek help from tax professionals.

We don't have a crystal ball that can tell you which of these proposals—or others we haven't seen yet—will become law in the year ahead. But we can tell you to expect many of them to be approved. Our job is to be certain you're not surprised. And our goal is to ensure that all of our tax and accounting solutions include the latest tax law changes and calculations.

We serve nearly 50,000 tax and accounting firms. We understand that these

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have the tools they need to complete accurate tax returns and to provide up-do-date advise for their clients.

When it comes to training and continuing professional education, we will offer timely Webinars so that our customers and non-customers alike can stay afloat amid this sea of change. You'll be able to find out about these late-breaking informational opportunities by checking either [www.atxinc.com/training](http://www.atxinc.com/training) or [www.taxwise.com/training](http://www.taxwise.com/training) on the web. If you'd like to be informed of upcoming events, please drop an e-mail to [training@cchsfs.com](mailto:training@cchsfs.com) and we'll put you on a list for e-mail alerts.

We also know that small firms will have more need than ever for efficient and cost-effective software solutions. That means programs that "talk" to each other and exchange client information so that financial professionals don't have to spend their time re-keying data.

Our unique Scan&Fill program is the first step toward a paperless office. Using state-of-the-art optical character recognition technology, it "reads" W-2s, 1099s and other tax forms, then creates a client folder and automatically files those forms.

And our Client Write-Up suite, including a live payroll module, import client data from QuickBooks, Peachtree and other accounting products and export that same data directly into our tax compliance programs. We even offer the ability to create financial statements and charts-of-accounts in Spanish so you can better serve the rapidly expanding Hispanic/Latino population.

Regardless of your personal opinion about the changes ahead, it will be vital to stay ahead of the curve so you can help your clients cope in turbulent and

difficult times. We pledge to do everything we can to help you fulfill that

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