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to find a way to stop such infections.

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Alexander Fleming's World War I battlefield experience had shown him how serious killer bacteria could be. It could be much worse than enemy artillery, and he wanted to find a way to stop such infections. In 1928, as he was cleaning Petri dishes in the lab, he noticed a peculiar one before tossing it into the cleaning solution. Mold was growing on it, but all around the mold the bacteria had been killed. The sample of mold proved to be penicillin. The first antibiotic had been discovered!!! His "accidental discovery" changed medicine dramatically. While I'm not sure that the tax workflow products discussed below rise to the same level of importance to mankind as penicillin, there is most certainly a similarity in how the two came to be. Both were basically "accidental discoveries."

Technology has been hammering away at the base business practices in public accounting firms for nearly 30 years, and it still is today. The "paperless" revolution is now rolling through the profession, and one of the major effects, in addition to a profound impact on productivity and job satisfaction, is a formalization of workflow processes. That formalization has allowed firms to "right-source" by delegating keypunch tasks to the most appropriate level FOR THAT FIRM – either in their own office, a branch office, to a remote employee or to a contractor, and either on-shore or off-shore. Several years ago, when some larger firms and a few upstart software vendors began looking at outsourcing, they quickly discovered that they collectively lacked the processes and discipline to handle large numbers of electronic tax files efficiently. Thus, a new genre of software was born.

Dave Wyle, father of “the product formerly known as ePace” (now

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passed what can only be termed “positive” legislation demanding a firm have affirmative permission from every client before “outsourcing.” The move to India stopped dead in its tracks. But over the next few years an interesting thing happened as the profession began to notice those new tools – SurePrep Express, XCM and a few others. While unequivocally turning its back on “outsourcing,” the profession began to pick up those new workflow tools saying, “We can use these to better our process regardless of WHERE we accomplish keypunch.” And the vendors listened and quickly adapted what had been an “outsourcing tool” to be a “workflow tool.”

Now, just a few years later, these tools are maturing and being joined by CCH's ProSystem *fx* Scan, Thomson GoFileRoom's TaxFlow and ScanFlow, and Doc-It's forms recognition system. These products are pushing the bounds of both technology and the profession's ability (read: willingness) to quickly adapt business practices to take advantage of available technology. Many advanced firms today are employing workflow tools that convert a completely unorganized set of client documents – literally a “bag of crap” (description borrowed from the words forming the acronym-named product BOC DIP that was recently purchased by CCH and renamed ProSystem *fx* Scan) – into an organized and bookmarked *.PDF file, ready for the tax return preparation process. Now, SurePrep Express 1040Scan PDF has moved even further, pairing scan and organize with OCR and forms recognition. The result is an astonishing 70 percent “fill rate” as the process examines each document and, when identified, pulls the actual numbers and automatically and correctly (no transposition errors here, folks!) drops them onto the tax return. Now that's OUTSOURCING! Well, technically, I guess it's not really “outsourcing,” but rather “right-sourcing.” In either case, it accomplishes what

the profession is seeking: eliminating high-cost professional time spent performing

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digital data to paper and then requires our profession to convert it back! The truly foresighted are working on just that, and someday – not soon, but someday– we'll have “zero-data entry” processes. [Remember LaFollette's second rule of computing: Practitioners always overestimate what can be accomplished in one year and underestimate what can be accomplished in five.]

Intuit's TurboTax provides a glimpse at what someday “might be.”

Using the TurboTax program, an individual (remember TurboTax is designed essentially

for self-preparation) can provide certain identifying credentials and then automatically

“fetch” data from various sites via the Internet. For example, if

your W-2 was prepared by ADP, you can have it directly downloaded, digital data to digital data with no physical paper involved, into your tax program. That's the Holy Grail for professional tax preparation! Can you even imagine the time savings of harvesting all available digital data for several hundred or even a thousand clients, all at one time? It's not outsourcing or even right-sourcing; it's “zero data entry.” Intuit executives speak reverently of their company's strong relationship with thousands of banks and brokerages and of their deep experience in moving sensitive financial data in the Quicken world. It's obvious they know what to do and how to do it. They just need to get the rest of the world to follow suit.

Jon Baron, Executive Vice President, Professional Accounting Markets, Thomson Tax & Accounting, and President and CEO of Thomson Creative Solutions, sees OCR and its techno-sister, barcoding, as valuable and necessary. But he refers to them as “transitional technologies” and describes his company's “end-game” as an eventual solution of private portals in which taxpayers

will “collect” their data electronically and “deliver”

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at CCH, touts his company’s GainsKeeper product as an example of limited data entry. Firms using GainsKeeper can avoid virtually all keypunch normally associated with Schedule D.

CCH, Intuit and Thomson all have designs on solving the real problem and moving us, someday, to “zero data entry.” Wyle and Albrecht provide great solutions today, albeit temporarily, to the keypunch problem and will no doubt again be at the forefront with new solutions whenever “tomorrow” arrives.

Whatever the solution, however the problem is solved, you can be sure that the tax compliance business will be very different five or 10 years from now. The best and brightest are working diligently, and the race has begun!

Mr. LaFollette is Executive Editor of The CPA Technology Advisor. He was a Tax & Technology partner in a large local firm for 23 years, and VP of Product Strategy for a major tax and accounting software developer for five years. He is the President and CEO of Accounting Technology Resource Network, LLC and can be reached at greg.lafollette@cygnuspub.com. He also publishes the tax and accounting blog at www.TheTechGap.com.

Technology

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