Roman Kepczyk • Dec. 09, 2013

From the Dec. 2013 issue.

Winston Churchill once said "It is always wise to look ahead, but difficult to look further than we can see" which is applicable to many CPA firm partners that are so busy and focused on getting today's work done that they seldom take the time to think about how they can improve their practices to operate more effectively in the future.

In that light, *CPA Practice Advisor* has asked us to share our information technology predictions for the next year and expose readers to the trends we feel will improve their accounting firm production beyond the upcoming busy season. However, before we can look towards 2014, it is only fair that we stand up to defend our predictions for last year where fortunately, we had more WINs the LOSSES:

2013 InFirm IT Trends Impacting Accounting Firms:

1. **Hybrid Cloud Becomes Commonplace (DRAW):** A hybrid cloud is where firms use the optimal combination of external cloud resources and private/hosted cloud applications that they manage themselves. While virtually every firm is using a cloud application for research, payroll, document management, email, or connecting to their own infrastructure via remote access tools like Citrix or Windows Terminal Server, we listed this as a DRAW since most firms don't realize they are using a hybrid cloud environment and many are not sure what it is.
2. **"Actionable Analytics" is New Buzzword (WIN):** We saw the vendors roll out dashboard tools that provide real-time information instead of traditional

backward looking financial results. We also saw firms evaluating their own KPIs

that integrate computer telephony integration.

4. **BYOD Prevails (DRAW):** While a recent Tech Republic survey stated 62% of businesses are adopting "Bring Your Own Device" policies, accounting firms have been much slower to formally implement them. We voted this a DRAW, as most firm personnel do BYOD, but if you ask the owners, they are not aware of it and many firms have not formally adopted a policy.

5. **Digital Delivery Surpasses Manual Delivery (LOSS):** According to the 2013 AAA Paperless Benchmark survey only 35% of firms delivered more returns electronically than physically, so while firms are making progress with secured email and portals, the scales did not tip in our favor.

6. **Security Emphasis on Privacy not Passwords (LOSS):** This is an obvious LOSS as the privacy discussion does not seem to happen in most firms beyond Human Resources and most firms continue to do a marginal job on maintaining passwords properly.

7. **BIG DATA for Accountants hits Radar (WIN):** The concept of Big Data has gotten a noticeable amount of press this year and the major vendors and consultants to the profession have jumped on the bandwagon to acknowledge that there is a lot of information within our tax and practice systems that firms could take advantage of in the future to direct resources and make business decisions.

8. **Fourth SaaS Player Gets Notice (WIN):** We guessed that a fourth SaaS player would be noticed in the accounting profession, which was confirmed by Xero as they made Intuit take notice of an online accounting competitor, which incidentally garnered another $150Million in capital to expand their market share.

9. **Internal IT Staff Disintermediation (WIN):** As technology evolves faster than internal personnel skills, firms are outsourcing more "one shot" implementations as well as reducing staff as they transition applications to the cloud and no longer need the specialized networking support internally. We have seen the number of IT personnel in firms decrease overall, which makes this a WIN.

0. **Partners Recognize IT Risk (DRAW):** While IT Governance did jump up the list of

information technology predictions:

1. **Windows 8 Struggles Against Windows 7:** As Microsoft is dropping future support for Windows XP next busy season, firms will upgrade to what they know and understand, which is Windows 7. Even though Windows 8.1 will have a start button capability, the lack of touch accounting applications will have firms sticking with Windows 7 continuing to be the dominant operating system in accounting firms.

2. **QuickBooks Online Fights Back:** Intuit has always been a fierce competitor and Xero has given them the opportunity to take on the biggest challenge since Microsoft Small Business Accounting. Expect to see Intuit jump at the accounting firm market with expanded resources and tactics to keep us hooked on their hosted and online versions until they can deliver a truly competitive online product (probably a prediction for the 2015 list).

3. **Hosted Exchange Users Leap Forward:** Small to Medium sized single office firms that have to update or replace their Exchange server will find that using Microsoft to host their Exchange is just too good a deal to turn down, so we predict a significant uptake within accounting firm on this cloud application.

4. **Cloud Hybridization Continues to the Majority of Firms:** Though I took this as a DRAW last year, I think that there will be continual success, particularly in the small and medium sized firms as they adopt cloud based applications or build their own private cloud, so we are pushing for a WIN next year on this one!

5. **Security Concerns Will Promote Cloud Adoption:** Every prediction list should have something about security and we feel that it will become increasingly hard for firms to ensure their own IT security internally, which in turn will drive firms to cloud-based solutions for email, portals, document management and outsourced monitoring that integrate Enterprise-class security capabilities.

6. **BYOD Policies Will Abound:** We feel firms will address the Bring Your Own Device trend this year and consultants will be assisting firms adapt to this trend with

many firms implementing policies and providing training to firm personnel on

information on specific topics in a semi-closed environment.

9. **Little Data Makes Inroads in Accounting Firms:** At least one major accounting vendor will add "Big Data" capabilities to their tax or practice management system that will provide firms with better information about their clients and their needs.

0. **Game Based Training Announced:** Corporate America is finding that game-based training that promotes the adoption of application skills is more successful, so we expect that an application vendor to the accounting profession will talk about "gamification" in one of their applications before the 2014 year end.

So there are our 2014 predictions. In closing, Winston Churchill was also quoted as saying that "Everyone has his day and some days last longer than others"...seems like he understood accountants during busy season. We hope you make the most of the upcoming "longer days" and realize the prosperous opportunities they provide accountants today and in the future.

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Roman H. Kepczyk, CPA.CITP and Lean Six Sigma Black Belt is Director of Consulting for Xcentric*, LLC and works exclusively with accounting firms to optimize their internal production workflows within their tax, audit, client services and administrative areas. His Quantum of Paperless Guide (Amazon.com) has been updated with 2013 paperless benchmark statistics and outlines 32 digital best practices all accounting firm partners need to understand today.*

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