

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

stating: "When it comes to the future, there are three kinds of people: those who let it happen, those who make it happen, and those who wonder what happened."

Roman Kepczyk • Dec. 19, 2017

University professor John M. Richardson summed up his view of the future by stating: "When it comes to the future, there are three kinds of people: those who let it happen, those who make it happen, and those who wonder what happened." This quote is apropos to today's accounting technology environment as we step towards the precipice of change that is occurring around Artificial Intelligence, Block Chain and the impact of data sciences on our accounting, tax and audit processes.

In light of wanting to be one of those "that makes it happen" we would like to offer up our predictions of those technologies you should be watching in the year ahead. However, before we jump to those predictions it is only fair to recap the results of our 2017 guesses which were scored by a completely biased panel (ourselves) and which we awarded ourselves seven WINS and three LOSSES, scoring ourselves as a "C-average" for to our predictive intuition as follows:

- 1. Major Vendor Acquires Cloud Audit Provider (LOSE):** While the focus of the major accounting vendors has been on tax production and workflow automation tools, we expected to see a surge in interest in cloud based audit suites this year resulting in one of the major vendors acquiring cloud applications to deliver a comprehensive competitive solution. While adoption of cloud-based auditing applications surged (Thomson Reuters Advance Flow, SuraLink, AuditNet), and Wolters Kluwer/CCH acquired the exclusive US rights to Validis (and rebranded it Audit Accelerator), our prediction was to "acquire" which did not happen so we have to take a "LOSE" on this one.
- 2. Microsoft Surface a Hit (WIN):** Our prediction was that 2017 would mark the year when Microsoft would deliver a Surface device that can truly replace our trusty

accounting laptops. While there were some negative reviews from consumer

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

- Intuit's ProConnect Tax Online was an easy "WIN."
4. **Cognitive Tax Application Tested (WIN):** Last year we stated: "IBM's Watson computer continues you acquire specialized knowledge and will make a dent in the legal market place this year that we believe will be followed by forays into tax compliance by automating multi-national tax strategies." With HR Block touting their IBM Watson usage and at least one of the Big Three accounting vendors also jumping on board, we rate this as another "WIN."
 5. **Intuit ProConnect Tax Online Breaths New Life into Lacerte (WIN):** While Lacerte continues to be a consistently reliable on-premise tax product, they had traditionally not fared as well as their tax competitors in merger situations where they are being compared against Wolters Kluwer/CCH and Thomson Reuters. With Intuit rebranding ITO to ProConnect Tax Online (PTO) and providing an easy (and very cost-effective) transition path for traditional Lacerte and ProSeries returns to their web platform, we predicted Intuit would be growing their online tax market share, which they did 50% year over year, so another "WIN."
 6. **CPA Security Breaches Continue to Increase (WIN):** In a meeting with the Criminal Investigations Unit of the IRS we heard that between 3-5 practitioners systems were being compromised on a daily basis and that there were more breaches and phishing attacks in January of this year than in the previous twelve months. That puts this prediction in the "WIN" category which is unfortunately a big loss for those firms that were breached.
 7. **17" Laptops Adoption Increases (WIN):** We predicted that laptops would continue to get thinner and lighter which would lead to a resurgence of firms adopting 17" laptop as their "only workstation," reducing the "pooled laptop" concept for occasional use. The CPAFMA survey found that 25% of firms buying new laptops last year opted for the 17" models which we believe is due in part to traditional desktop users acquiring laptops as part of the mobile/disaster recovery strategy.

8. Crippling of Tax Organizers (LOSE): We predicted that the number of organizers

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

traditional accounting applications have been common so we expect to see the vendors introduce useful touch capabilities into their applications making them more mobile friendly." Our prediction was accountants would actually use touch applications which was more of a curiosity than a practicality so "LOSE" number two!

0. **CPAs Accept Accounting "Gig" Workers (LOSE):** We predicted firms would see an increase in the number of part-timers with expertise for more accounting type services such as project management, data extraction, IFRS financials, etc. While we saw renewed interest in outsourcing of overseas workers, this was a specific exclusion from our prediction so another check in the "LOSE" column.
11. **BONUS PREDICTION: CPA Firms Adopts Drone Technology (WIN):** While this was not part of (and therefore not part of the scoring) one of the Big Four firms did utilize drones for inventory observation and asset inspection in 2017/

So, in the spirit of being one of those accountants that is exploring a future "that will make it happen," let's jump on to our In Firm 2018 Accounting Information Technology predictions:

1. **CPA Firm Breaches Increase Dramatically (AGAIN):** We still don't see firms taking security seriously and with the misguided belief that their internal IT people can the resources to manage it, we will predict a 50% increase in breaches over the previous year.
2. **Multi-Factor Authentication Becomes Standard:** We anticipate that governments and application vendors will push out multi-factor authentication requirements in response to prediction number one, meaning that we will have to key in a code that has been sent to our phone to access at least half of our applications.
3. **Biometrics Becomes Reality:** Even though we predicted this four, five and six years ago, we see 2018 being the year that we will workable biometric login to our networks utilizing fingerprint or facial recognition (which is much better than implanting an RFID chip in our hands!)

4. **3M Remote QuickBooks Online:** With a surge in clients wanting live access to

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

- continue to be speculated about, the major US (and foreign) Banks will push out their own distributed ledger system, which accountants will need to learn to consult on and provide assurance services.
7. **Competition for Block Chain Assurance:** While traditional CPA firms have a lock on the current assurance reporting infrastructure, the rapid transition to block chain and the highly technical requirements will leave some resistive firms “wondering what happened?” We predict there will be an influx of non-traditional competitors including financial and data analytics providers that will partner with non-traditional accounting firms.
 8. **Practical Artificial Intelligence (AI) Adoption:** While most firms won't have access to IBM's Watson, the major accounting vendors will roll out AI-capable applications that firms will be able to use within their audit and tax applications.
 9. **Cloud Standardization:** We predict at least a 10% jump in firms that are 10 members or more transitioning entirely to a vendor's cloud or a private cloud hosting solution such that they no longer have any active servers in their own offices.
 10. **Cloud Adoption Cuts IT Staffing:** With the transition to more cloud-based applications, we see the internal IT support requirements in firms reducing, resulting in a drop in IT metrics of at least 25%.
 11. **BONUS PREDICTION (Just because we did this last year): Major Crypto Currency Collapse:** We expect to see continued explosive growth amongst the cryptocurrencies, but are skeptical of where there is value being added to justify this growth (except to pay ransomware) and predict that one of the top ten currencies will collapse below 25% of the current year value.

Well, that summarizes our top ten predictions that we want to see happen in the year ahead. We hope we have provided you with some new insights to think about as you roll into another busy season!

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved