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

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 In a digital office, old methods of managing engagements are no longer applicable; the way review functions are processed is inherently different; management functions have changed.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

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

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

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,

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. 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

With a range of approaches, most commonly: increasing staff 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

Shafat Qazi , CEO and Founder, BQE Software Inc.

Shafat Qazi is CEO and Founder of BQE Software Inc. Shafat posseses 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

and monitors trends in technology usage and management styles and capabilities.

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.

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 SaaS 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

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

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 it's
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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TAX & FINANCIAL PROFESSIONALS FACE A 'PERFECT STORM'

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

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 or 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 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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