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It's no surprise that the down economy had a serious impact on accounting firm technology spending as many firms hunkered down this year and only invested in those technologies and updates that were absolutely necessary or those that had a clearly obvious return on the investment. With the increase in IT activity we are experiencing at year end, there is invigorated hope that the 2010 economic outlook will be much more positive, but I believe most cash-strapped firms will wait until after busy season to evaluate next-generation products and technologies that other firms were successful with during the upcoming busy season. With that in mind, I present my In Firm 2010 IT predictions, including updates on those forecasts made at the end of 2009.

**1. Cloud Computing:** Last year my number one prediction was the take off of Software as a Service (SaaS), which describes applications that are delivered to a client (tax & accounting firm) over the Internet for a contracted fee based on the number of users or volume of usage, and which are technically written specifically to take advantage of Internet architecture.

From that perspective, my prediction was iffy at best, so this year I am expanding my prediction to encompass Cloud Computing. Cloud Computing includes almost any technology that allows applications to be run effectively over the Internet by an entity outside the firm. This would encompass applications accessed via Windows Terminal Server and Citrix farms, which would include, in part, the Thomson Virtual Office suite, and externally by providers such as Xcentric, who continue to provide this custom suite hosting capability to accounting firms. CCH has completely rewritten its tax, practice and portal applications

to take advantage of SaaS architecture and has added a workflow (WorkStream)

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While many of the existing Windows XP workstations could technically be upgraded

to Windows 7, the increased RAM needed by the operating system as well as the additional monitors being added, doesn't make it worth the time and effort on older PCs.

3. **Office 2007 Becomes Standard:** I predicted that firms would push towards Office 2007, which has panned out based on the firms I worked with this year. While I think Office 2010 will be delivered on time and become an effective competitor on the web-based side going up against Google Apps, I also think the major accounting application vendors are going to have a hard time getting their applications (particularly audit engagement containers) to interact properly. So I am betting that firms will stick with Office 2007 because it is stable. Firms must remember they make their revenue from tax and audit production; so the more stable the environment, the more profitable they will be.
4. **Google Continues Being a Thorn for Microsoft:** Last year, I predicted Google would be seen as a viable competitor to Microsoft Office outside of the accounting profession. While there have been some educational and small business transitions, it was not enough for me to stake a claim of success. So I will just say I was wrong, particularly with the free web versions of Microsoft Office 2010 being announced for next year. Google, however, still has a strong following on the "Search" side. And with money to invest in acquiring competitive technologies, Microsoft won't be the only one doing the bidding so I think their competition will heat up more in 2010.
5. **Apple iPhone Inroads:** For those firms that have AT&T as their digital cellular provider, I have seen a lot of partners getting iPhones. While the ultra cool iPhone is not as prevalent as the more practical

BlackBerry devices, I believe I got this one right and it may continue on

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...and a majority of the major vendors going into 2010 (and I did not see any Macs lying around when I did my CCH and Thomson site visits this year).

6. **Virtualization Becomes Standard:** I felt that virtualization would be promoted as a technology this past year, which it was, so that was a fairly easy win. This year, I am pushing the prediction further and feel that setting up multiple servers in a virtualized environment would be the majority of new installs. I think that the experiences of firms this year and the fact that it was one of the hottest topics among the IT groups at the technology conferences and firm network meetings throughout the year, will push the trend to a standard in 2010.
7. **Web Backup Leads to Disaster Recovery:** Last year, I predicted that firms would begin transitioning to web-based backups due to the increased volumes of data that they are experiencing by going “paperless” and the high cost of larger tape drives and media. As the cost of offsite storage and the bandwidth to access it has dropped, I have seen steady adoption, so I feel like I also got this one right. My take on this prediction for 2010 is that we will see a number of web-based organizations not only provide secure offsite storage for accounting firms, but also integrate a disaster recovery solution by being able to host the firm’s applications in their data center. If the backup company has the data and also the knowledge of how to run accounting applications remotely, they could sell this service much more cost effectively than the cost to a firm of keeping a “hot site” or paying one of the national providers to deliver a trailer and generator in the event of a disaster.
8. **Portal Standard:** I predicted that portals would become the standard in 2009, and while many firms did adopt them, the massive sweep I predicted had not happened at the time of writing this article. While I am taking a ½ correct hit on this prediction, the recent activity in firms asking about portal technology may make it the standard before year

end, so you'll have to let me know if I earned the whole correct prediction.

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of their smartphones, many auditors are still not using it as evidenced by the high percentage that are still not filling out their daily timesheets and expenses. While I think this should be the long-term standard for securing audit data, I have seen a growing trend towards firms using disk encryption tools to alleviate this concern. So for 2010, I am going completely off the wall and predicting that a major merger or technology upgrade within the digital cellular providers will create a usable nationwide digital cellular network that firms can rely on.

0. **Scanning Boost:** The major providers of scanning technology have all done a good job of improving their products, and those that are using them are seeing the benefits. While I feel the economy at year end will turn around and that we will all have solid tax seasons, the late recovery pushed front-end scanning technologies in the "would be nice" category instead of "gotta have it" category, which means it won't be a success for 2009. So I will take a hit on this one. For 2010, I feel that firms will continue to transition towards front-end scanning tools for the organization and bookmarking, but that the automatic input technology will not be as effective as promised until 2011, but then that would have to be on that year's list!

Well, let's recap with five predictions right, two wrong, and three somewhere in the middle. It's better to hold out myself as an information technology focused CPA and consultant than to try to make a living as a fortune teller. I hope you have a great busy season, and I look forward to sharing the results of my 2010 predictions with you next year.

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