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Roman Kepczyk • Nov. 04, 2011

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Yup, it's "predictions" time again so join us as we dust off the crystal ball and share

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Prediction 1 — Secure Data Transfer (WIN): For 2011, we expect a significant increase in the number of firms using portals and third-party email for secure data transfer of tax returns, financial statements, and even organizers for early adopters. This was an easy WIN as the Association for Accounting Administration's (AAA) Paperless Benchmark Survey pointed to 73% of firms having a portal or FTP site and many more also having encrypted email solutions.

Prediction 2 — 64-Bit Windows 7 Standard (WIN): The majority of tax workstations purchased by firms in 2011 will be Windows 7 64-bit with at least 6GB of RAM to take advantage of the multiple monitor environment, since we have heard from four of the major accounting application vendors that virtually all of their applications work in this environment. While the purchasing did not begin until late in the year, the majority of our clients' inventories pointed to buying new workstations with Windows 7 640bit with 8GB of RAM as the standard.

Prediction 3 — iPads are Cool Enough (WIN): This year we expect to see firms buy iPads for owners when they are traveling because they are "really cool" and, honestly, those users don't really do much work beyond email when they are on the road! Another easy win as all the other tablets struggle, especially since the iPad2 came out.

Prediction 4 — Standalone SaaS Thrives (DRAW): Standalone cloud applications like data backup, disaster recovery and even hosted email (Exchange) will thrive in firms in 2011, giving cloud computing credibility and setting the groundwork for future adoption. Almost half the firms in the AAA Paperless survey were using web-based backup this year, but the adoption of outsourced email has been slow, so we take the DRAW as "thrive" would be an overstatement.

Prediction 5 — Digital Delivery Finally Outpaces Manual Delivery (LOSE): Firms will finally get it that it is easier to send a document electronically once they get over the security concerns and experience the cost/efficiency gains of digital delivery, so we believe

there will be more electronic delivery than snail mail in 2011. While our more advanced

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Coppanion have been successful this year.

Prediction 7 — Android Becomes King (after BlackBerry) (DRAW): *iPhones are currently the coolest device around, but my friends with AT&T service know all the places they will drop service, which creates enough frustration to want to go back to another service. While those firms that are on BlackBerry will continue to support them, those looking to upgrade to a smartphone will shed their older RIM devices, HP/Palms, Microsoft Mobiles (now Microsoft Phone), and we predict the Android devices in accounting firms will overcome the number of iPhones to be number two on the smartphone list this year. While Android did overcome Apple this year, we didn't predict that the BlackBerry users would also switch in droves. While there still "may be" slightly more BlackBerry users in firms at the end of the year, we can't honestly take the WIN without any definitive survey results.*

Prediction 8 — Tablet Application Developed (LOSE): *Tablets have been around but not adopted in firms beyond consultants looking for a cool tool to make them look on the bleeding edge (me included). While some applications like OneNote are phenomenal, the reality is that we don't see firms use tablets for tax returns and audits because the software just isn't there yet. Windows 7 adds touch capability natively so our prediction is that accounting application vendors will finally take notice and at least one will roll out a tablet/touch-capable application or announce plans to do so in 2011. Nope, nada, zip, not even close, solid LOSE. (I wish one of the engagement application vendors would take note and LEAP ahead of the competition with touch capability!)*

Prediction 9 — Green Will Be Cool to Accountants (DRAW): *I think we can finally start seeing the "greening" of the accounting profession taken to heart. This will promote the use of digital vs. paper delivery and more sustainable practices because studies will show it is good for business (and becoming more cost effective, which always catches our ear). While there has been a lot of press about the "greening" of the profession, and firms are*

implementing environmentally sound processes (including transitioning to “less-

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and even PricewaterhouseCoopers had to pay for credit monitoring services for 77,000 Alaska Retirees whose data was breached, but this was not enough to “Freak Out” the profession, so we will take a draw on this.

Okay, for our 2011 predictions, we pulled off 4 WINS, 2 LOSSES, and 4 DRAWS, which we feel honesty reflects our predictions. With that out of the way, we present our 2012 guesses to help you direct this year's technology spending:

- 1. In-Firm Audit Engagements:** With the roll out of 4G digital cellular systems and firms asking clients for access, we expect to get Internet access at over 95% of those locations, which will allow firms to do the majority of their audit work directly on the firm's servers via remote access. This will minimize security risk and reduce maintenance (backup and networking) in the field.
- 2. Cloud Adoption Leaps:** We see many firms with a completely outdated IT architecture, and IT people that have not kept up with the front edge of technology enough to competently install it. This sets up the perfect environment for firms to cost-effectively transition to Cloud hosting. So we expect to see double-digit growth in the number of firms taking the leap to the Cloud.
- 3. Patent Wars Heat Up in 2012:** Apple sues Samsung, Samsung sues Apple. Using lawyers to slow your competition will become more common and may be the only way that HP makes back any money on their Palm investment (since Palm owned so many handheld patents) so we expect a lot of headlines this year.
- 4. Slow to No Windows 8 Adoption for Workstations:** While a solid Windows 7 was adopted by firms after Microsoft's Vista fiasco, the stability of current Windows 7 will keep firms standardizing workstations on the 64-bit version of that operating system.
- 5. Stabilization on Office 2010/2007:** Firms transitioning from older versions of Microsoft Office will jump up to 2010 to take advantage of the larger Excel grid, while those on 2007 will stay there unless they have already paid for Software

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help say we've become mainstream and decide to say it as any way, particularly if the iPad3 is delivered as promised.

8. **Minimal VDI Adoption:** While the real techs are running Virtual Desktop machines to lower the cost of workstation maintenance, the majority of firms won't want to deal with the headaches, keeping VDI on the list of "bleeding edge" technologies for 2012.
9. **Video Calling Becomes Commonplace:** Okay, for my "Dick Tracy" prediction of 2012, we believe the majority of firms will implement video calling capabilities within their practices and use it to connect to other firm members and clients. For those of you that don't know who Dick Tracy is ... Google it!
10. **Nationwide Cyber Security Laws:** With the security breaches of the last year, I'm bringing back my "freak out" prediction from last year and saying all 50 states will have a cyber security law in place by the end of 2012 as an accounting firm security breach causes accounting firm partners to take note.

We know you are approaching your 2012 busy season so we wish you the best and suggest you revisit this list in May when you are ready to improve your processes for the coming year.

Technology

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