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FIRM MANAGEMENT

Technology Trends for 2015

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Dave McClure • Dec. 05, 2014



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The economy was largely propped up by the tech sector, with Apple's soaring net worth and Samsung's rise (and eventual fall) in the smartphone industry. Startups abounded, culminating the largest-ever tech IPO involving China's Alibaba. While much of the debate over immigration centered on illegals and the path to citizenship, there was an equally critical battle being fought over getting visas to more skilled tech workers to fill thousands of vacant tech jobs. As for the impact of technology on health care, one only needs to say three words – "ACA web site." That multi-million-dollar massive technology failure nearly crashed the entire program.

Nor were these the only stories of note. On the more positive side was the rise of Bitcoin, the introduction of smart watches for the third time, and the integration of internet and social media into automobiles and airplanes.

The Score From 2014

2014 was a year of unintended consequences and unforeseen developments that frankly made the year's predictions far less accurate than I would have hoped. Last year, we predicted with great confidence that 10 things would happen:

1. GPS devices would go the way of the wrist watch, largely replaced by smartphones.
2. Voice Command would become a major battleground.
3. The desktop PC would face declining sales, but would not be dead.
4. Tax preparation systems would stage a recovery to become more central to accounting practices.
5. Computer security will begin to evolve.
6. Touch screens will be a bust.
7. Windows 8 would be...somewhat successful. But no more than that.
8. Technology costs would soar, especially for cell phone data plans.
9. PC Gaming would stage a comeback against "game consoles."
0. App Stores would become a fading trend.

Let's focus first on the ones that were wrong. Computer security did, indeed, evolve. That was only after new generations of malware proved too much for the current "recognize the signature and patch" model that has dominated the anti-virus scene for the past three decades. Technology costs – particularly in the cell phone data plans – not only did not soar but have entered a period of free-fall. And app stores are

now so prevalent that tech companies without one are seen as approaching their last days.

We were right about most of rest, or at least more right than wrong. And having finished my cup of tea, let me stare at the leaves and make the predictions for 2015.

2015 Technology Trends

- 1. Smart Watches will prove a bust.** Yes, they are the hottest new thing on the planet, and companies are rushing to get their versions to the marketplace. Frenetic millennials are comparing features and awaiting the next big smartwatch announcement. But there is a sad sense of déjà vu in all of us who watched the “data watch” die a grisly death in its first two stabs at the marketplace. Heck, I still own my old “Timex Data Watch” that synced with Microsoft. The problem with this technology, then and now, is that it is so cool and so trendy that no one is asking the basic question, “Why is it needed:” Because if it is not needed, it is just a piece of costume jewelry.
- 2. Voice Command still won’t work well.** Sadly, Nuance seems to have captured the market for this technology at present, with its Dragon Naturally Speaking and cell phone products. Nuance is a fine company with excellent products, but needs competition to spur it to greater things. The current Version 13 of DNS is little enhanced over Version 12.5, and neither does the job nearly as well as advertised. Meanwhile Microsoft and Google remain MIA in this battle.
- 3. Consolidation will strike the personal cloud storage market.** Quick, how many companies are offering you free cloud storage for your files? Outside of the big companies like Microsoft and Google, there is your cell phone device manufacturer, your cellular service provider, scores of start-ups, and your PC or tablet manufacturer. The larger and more successful of these will lose market share when they begin to charge for the storage, as they must. The larger companies can afford to hold the line to force the startups out of business, but must eventually battle one another for market leadership.
- 4. Digital Signature Pads will become popular peripherals.** The e-signature pad has to be one of the most under-rated pieces of hardware in the marketplace. Imagine have the means to sign a document with a legally-acceptable scrawl, and then duplicate it as necessary for forms and mailings. Inexpensive, and with decent software to assist, this is a piece of hardware that should top the firm’s list of technologies to evaluation as soon as tax season is over. (Note: Do not ever introduce new technology in the middle of tax season unless you have a death wish.)

5. **Dedicated Gaming Consoles will begin their death-spiral.** We touched on this subject last year, but before you run out to buy the newest model of Xbox, PlayStation or Nintendo, be aware that they are fading, for two reasons. First, there is no room in the family living room for machine that hogs the television, and efforts to make the consoles less “gamy” failed. Second, PCs are proving more adept, easier to upgrade and less proprietary than the old consoles. Develop a game for the PC, and run it on any PC.
6. **Windows 10 will be just as bad as Windows 8.** It is supposed to be the end of the Windows line, the mega operating system that will bring back the customers lost in the debacle of Windows 8 (and equally bad 8.1), bridging the gap until the NEW and WONDERFUL new operating system can make its debut in 2016 or 2017. But don’t hold your breath. This kludge is already starting to look and smell like the bastard child of Windows 7 and Windows 8. Most of the stuff we liked will be changed so as to be unrecognizable, the stuff we hated will still be around, and the new features may or may not make any sense. If Microsoft isn’t careful, this truly could be the end of their operating system dynasty.
7. **Streaming video sites will begin the inevitable consolidation.** Netflix, Amazon, HBO2Go, Comcast, DirecTV, Hulu, YouTube, Warner, RedBox — the list is endless, with more joining the fray every day. Does anyone believe the people have the time – or the money – to subscribe to a different service for every study and distribution service? It is a miracle that all but the top three have not collapsed already. But they will, and it will not take much longer. Some are hoping (e.g., Netflix) that they can produce compelling original series and movies to hold their positions. That may be possible, but the competition will nonetheless be fierce.
8. **Health Care database protection will be a disaster.** The databases of Health.Gov, the official site for the Affordable Care Act, have already been hacked. As have some of the databases of insurance companies that draw from Health.Gov. The insecurity steams from three sources: 1) The government itself does a shoddy job of computer security. The agency that holds all of our most personal financial data, the Internal Revenue Service, scores at the bottom of the list for computer security, including the recent announcement that agency personal have “lost” thousands of laptops chock full of our data; (2) Federal law prohibits health care entities from actually sharing data, so there is no way to centralize and protect it; and (3) The government is facing a shortage in training IT security experts to tackle the problem.
9. **Cellular data plans will cease to exist.** It is amazing they have lasted this long, and they have only done so at the three largest carriers. The truth is that data plans and data caps will disappear as soon as the companies have paid for the

physical infrastructure, which is looming. Cellular providers are slowly lowering their grips on the data markets, and we may expect to see one of the three break ranks and offer truly unlimited data in 2015.

0. 2015 will be a year of unparalleled innovation. Not because technology innovation itself is moribund, but because the people who normally fund the innovation have been on the sidelines the last few years. Political pressure will come to bear on companies to bring back to the US the money they have stashed in overseas accounts – and make it lucrative from a tax standpoint to do so. At the same time, expect an influx of new tech workers and incentives through R&D tax credits, and you have the perfect environment for investment and innovation.

The year 2015 will prove the end of many cherished concepts, from smart watches to data plans. But it will also yield a bonanza in new and useful technologies, from the all-digital home to the rise (again) of the versatile PC.

For accounting firms, this means that 2015 will be a good year to evaluate new technologies, adopt one or two best suited to their needs, and avoid those that are most flashy and cool

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