

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

ACCOUNTING

3 Tech Trends for Accountants to Watch in 2017

Some industry experts believe that blockchain technology can be used to revolutionize accounting in several areas, but the term and some of its descriptions have left many people confused. One of the best explanations of what blockchain technology is ...

Mary Ellen Biery • May. 22, 2017

Kimberley N. Ellison-Taylor, chairman of the [AICPA](#), recently noted that technology tops her list of the most important trends shaping 2017 because it will drive so many of the profession's opportunities and challenges in the year ahead. But how are accountants supposed to keep up with all of the [technological trends](#)?

To be certain, many accountants could make a full-time job out of simply trying to understand the various types of technology that can make their personal lives easier and their practices more profitable and secure. However, three technology trends are of particular interest to public accountants because of their potential to transform major aspects of the profession. These three trends are: the progress of blockchain technology, the continued shift to the cloud, and advances in automation. Below are brief descriptions of each trend.

Progress of blockchain technology

Some industry experts believe that [blockchain technology](#) can be used to revolutionize accounting in several areas, but the term and some of its descriptions

have left many people confused. One of the best explanations of what blockchain technology is comes from a startup that is developing blockchain technology for financial transactions. In an interview with the [Wall Street Journal](#), Digital Asset Holdings CEO Blythe Masters described blockchain simply as a form of database architecture:

“You all know what databases are, you use them in your different businesses extensively. The thing about databases is they’re siloed and they’re generally centralized, and they’re owned and managed by someone who has unilateral editorial rights.

So when multiple parties to a common transaction interact, they are inclined to keep their own separate records of their respective piece of a joint transaction, and that leads to tremendous inefficiencies. An enormous amount of time, particularly but not limited to financial services, is spent reconciling the differences between records kept in distinct databases that ultimately refer to the same transaction between two parties.

Blockchain technology, or distributed ledger technology, is just a way of using the modern sciences of encryption to enable entities to share a common infrastructure for database retention.”

In other words, instead of companies keeping and then reconciling records of the same transaction in their separate, privately managed databases, or ledgers, both sides of the transaction are recorded simultaneously in a shared ledger.

Some in the accounting profession believe blockchain technology is currently at the height of the “[hype cycle](#).” Though enthusiasm about this technology is high, experts do foresee several practical potential uses of blockchain technology in the profession. For example, this technology could help create completely traceable audit trails or ultimately automate the entire audit process. Other [blockchain potential uses](#) outlined have included authentication of transactions, tracking ownership of assets, and development of “smart contracts,” or computer programs that could pay an invoice after confirming that delivered goods have been received as promised and confirming that sufficient funds are available for payment.

Continued shift to cloud computing

Erik Asgeirsson, president and CEO of CPA.com, has noted that the shift to cloud computing will continue to be among [important tech trends for accountants](#) to

watch. “We’re seeing broad pickup in cloud services and other emerging technologies,” Asgeirsson said in a recent news release describing results from a recent survey by CPA.com and the AICPA’s Private Companies Practice Section. “The next wave that leads to greater productivity and capabilities for advanced firms is fuller integration of these technologies and the elimination of bottlenecks in work processes.”

The 2016 [National Management of an Accounting Practice survey](#) found that the use of cloud services by CPA firms has grown since 2014, with 56 percent of all firms surveyed saying they use cloud-based software, up from 48 percent in 2014 and 29 percent in 2012. Asgeirsson noted that cloud computing has helped turn client accounting services into a high-margin, high-growth line of business for many firms. However, other [research on cloud computing](#) has identified the technology as even more pervasive across all industries. Some 90 percent of respondents in the Future of the Cloud Computing Survey reported they use the cloud in some way. The survey also found that [software-as-a-service](#) (SaaS) is the most popular cloud technology, with 7 in 10 companies indicating they use it in some way.

[Cloud computing](#) has implications for accounting firm growth. Research by [Xero](#) recently found that accounting and bookkeeping firms that are “all in” with the cloud (i.e., with the highest concentration of clients using cloud accounting software) have higher growth rates than firms that are not “all in.” Given that cloud computing makes it easier for staff to work from anywhere, it can also impact an accounting firm’s ability to recruit and retain staff. The CEO of Accountingfly, an online career center for accountants, recently reported that job opportunities listed as “remote” see seven times more applicants than traditional in-house CPA positions.

Advances in automation

While artificial intelligence and data analytics may provide huge opportunities for audit, tax and client accounting services in the future, a prerequisite to widespread use will be the continued automation of data inputs, according to [Asgeirsson](#). In auditing, for example, there’s a lot of inefficiency in gathering the audit evidence. However, automating this process can generate complete data sets that analytics can be run on and ultimately, artificial intelligence can be applied to. Similarly, automating more of what is put into client accounting systems (such as expense reports), can pave the way for use of more sophisticated technologies for analysis.

For example, Sageworks’ Electronic Tax Return Reader allows accountants to quickly import business information, financials and real estate data from tax returns

produced directly from a tax package. Thought leaders such as [McKinsey & Co.](#) expect certain activities that commonly occur in accounting firms, such as data collection and data processing, will increasingly become automated. In fact, the firm estimates about 60 percent of all occupations could have 30 percent or more of their basic activities automated. As automation replaces these repetitive or routine tasks, employees will be able to spend more time on tasks that utilize abstract skills such as problem-solving, creativity and relationship-based persuasion.

For example, accountants using some software solutions can automatically import business information, financials and real estate data from tax returns produced by a tax package and then analyze the data so that the accountant can move on quickly to offering advice related to the findings.

Mary Ellen Biery is a research specialist at [Sageworks](#), a financial information company that provides financial analysis and valuation applications to accounting firms.

Accounting • Auditing • Technology • Article

CPAPA 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.

© 2023 Firmworks, LLC. All rights reserved