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career providing support for IBM XT personal computers that were used by accountants to produce spreadsheets and word processing, while all the "real" data

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Roman Kepczyk • Sep. 08, 2017



Has the IT role within CPA firms finally come full circle? I began the IT portion of my

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and IT Directors (in those firms that were large enough to warrant them). Various IT staffing benchmarks have supported the maintenance of internal IT staffing for the past three decades, but with the adoption of an increasing number of cloud applications and many firms experiencing internal IT stagnation, firm IT roles appear to be reverting back to their roles from the old mainframe days.

While some very large firms and those with successful IT Consulting teams will continue to maintain their own networks, the writing on the wall is pointing towards a reduction in internal networks. This article will discuss the factors we are seeing support this trend as well as opportunities for existing IT personnel to retool themselves for the anticipated CPA firm of the future:

- 1. Specialized Skills Outsourced:** An increasing number of firms have outsourced the design and implementation of complex, rapidly evolving technologies to external parties with specialized IT skill sets. Whether it is the design of a storage area network, VPN security, VOIP communications or a real-time disaster recovery solution, there are specialized vendors that are taking over the responsibilities once expected to be taken on by internal IT personnel. We have seen an increase in firm budget amounts for the use of external IT resources, which has had the impact of reducing the IT staffing count and budget for internal personnel.
- 2. Cloud Transitions:** Firms only need to peruse their list of applications managed internally versus externally to see the impact of cloud transitions. While virtually every application was installed, updated and internally supported on the firm's own servers a decade ago, there is virtually no firm today that does not utilize cloud applications in some way, with an increasing number moving their entire operations to the cloud. Each application that transitions from an internal server to the cloud has a corresponding negative impact on internal hardware, overall update requirements, and maintenance that was performed by internal IT personnel, disintermediating them further with each transition.

3. IT Budget Pressure: Since the economic downturn of 2008, we have seen

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- ...IT personnel who had supported training they had received in the past three years and the most consistent response unfortunately is “none.” With the tightening of IT budgets, IT specific training was amongst the first items cut and many IT staff became reluctant to ask. Without ongoing IT training and interactions with IT peers, those IT personnel experienced limited exposure to evolving IT trends and debate on what the firm should be implementing.
5. **IT Stagnation:** Another impact of cutting the IT budget for equipment and training was that many firms fell further behind on overall technology adoption. The response of many partners towards exploring and implementing individual technologies was to maintain the status quo and while some firms did make efforts to optimize the tools they had, a significant number resisted any discussion of change, which further atrophied the firm's IT adoption and negatively impacted the skill set of internal personnel.
6. **Peter Principle:** Another unfortunate realization occurring in some firms is that when a highly skilled IT Director or network administrator left the firm, they were often replaced with an existing internal IT person that may have had very good technical skills for their previous role, but did not have the necessary technical or managerial training to take on those additional responsibilities of their predecessor, in essence being promoted beyond their level of competency. This inability to take on the new role had the propensity to create frustration within the IT person particular in regards to creating budgets and being strategic, limiting progress for the firm.

Over the past five years, we have seen each of the six factors listed above impact our accounting firm clients in one way or another. As more applications and the corresponding IT responsibilities continue to be outsourced to the cloud, we see a time in the near future where servers could disappear entirely from firms along with the corresponding network personnel support requirements. We anticipate this will

result in firms reverting back to the previous IT staffing model with an emphasis on

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their technical experience to see that they are implemented. Those IT personnel with solid communication and writing skills may also find they can transition to a training role to promote firmwide learning. These project management and training skills can also translate to supporting clients' adoptions of new processes and cloud technologies. While there are firms that have been successful in creating IT Consulting services that focused on building traditional networks, those IT "technical" skills will need to expand to include a managerial/consultative role as well, since internal networks are being disintermediated by cloud providers in every industry as well as our accounting profession. The writing is on the wall; it is up to each of us to read it and transition our IT people into the roles that best serve the firm.

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