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Roman Kepczyk • Dec. 17, 2018

Barry Melancon in his 2018 AICPA ENGAGE Keynote stated that "change will never be as slow as it is now." We agree with his sentiment as we are dealing daily with frustrated (and sometimes shell-shocked) partners that are confused about their firm's response to today's technology buzzwords (blockchain, artificial intelligence) and whether to dump their network and move to the cloud.

The increasing rate of technological evolution and of software vendors attempting to integrate with that evolution continues to happen at a fever pitch. With that in mind we offer our predictions for those items that we believe will have the highest likelihood of success to hopefully narrow down the range of your IT confusion!

Scoping out future predictions provides us the opportunity to ponder what

firm owners continue to believe that IT security is "being taken care of."

2. **Multi-Factor Authentication (MFA) Becomes Standard (LOSE):** We predicted that governments and application vendors would push out MFA requirements in response to our security breach prediction above *"for at least half of our applications."* While we saw some tax, portal and other accounting applications mandating MFA, this is a loss as we did not meet the *"half"* threshold, so we have to take the loss.

3. **Biometrics Becomes Reality (LOSE):** Aaargh, we predicted workable biometrics four, five, and six years ago, and then repeated this failure in 2018 with the prediction that you would be logging into your network utilizing fingerprint or facial recognition which just did not happen. Will we never learn?

4. **3 Million Remote QuickBooks Online [QBO] (WIN):** We predicted a surge in clients wanting live access to their accounting information in 2018 and guessed the number of QBO users would exceed 3 million users by year end, which was an easy win as QBO surpassed this earlier in the year.

5. **5G Digital Cellular Available (LOSE):** Our prediction was that the 5G featured during this year's Winter Olympics would tout the benefit of 5G Digital Cellular so much that it would accelerate the rollout of 5G technology within the U.S. Market with least "20 major metropolitan areas by the end of 2018." While a handful of pilot 5G markets were announced it did not hit the 20 mark forcing another LOSE!

6. **Banks Drive Block Chain Adoption (DRAW):** We predicted the major U.S. and World Banks would push out their own distributed ledger system, which accountants would need to learn to consult on and provide assurance services. While we hear about enough adoption in Europe that might be classified as a WIN, pilot programs in the U.S. did not have enough activity to say the overall prediction was a win so we are hedging our prediction as a DRAW.

7. **Competition for Block Chain Assurance (LOSE):** We predicted there would be an influx of non-traditional competitors including financial and data analytics

providers that will partner with non-traditional accounting firms for block chain

~~hosting solution such that they no longer have any active servers in their own~~ offices which was supported by the number of participants in the 2018 CPAFMA IT Benchmarks.

10. **Cloud Adoption Cuts IT Staffing (WIN):** The CPAFMA 2018 IT Benchmarks also supported our overall prediction that adoption of cloud products and complete cloud transition, would reduce internal IT support requirements. While smaller firms did not see a reduction, the larger firms pointed to more than 50% reduction which tipped the scales on this prediction towards a WIN.

11. **BONUS PREDICTION (WIN): Major Crypto Currency Collapse:** We expected to see continued explosive growth amongst the cryptocurrencies but predicted that one of the top ten currencies will collapse below 25% of the current year value, which was proven.

OK, after that sobering recap, we are more than ready to move on towards a more optimistic future of making predictions. Next, we list our 2019 predictions which starts with updated variations of our four 2018 "LOSSES," as we believe components of these items will become a reality over the next twelve months.

1. **Multi-Factor Authentication (MFA) Experiences Significant Growth:** We predict that MFA will be utilized by at least half of all accounting firms either through vendor/government site requirements or implemented by the firm's IT team.

2. **Biometrics Utilized:** This year we are predicting that there will be a significant increase in accountants using their face or fingerprint to log into their smart devices.

3. **Practical AI by Major Accounting Vendors:** We expect at least one of the major accounting application vendors will roll out a product with usable Artificial Intelligence capabilities integrated into an audit, tax, or accounting application.

4. **5G Reality:** Okay, *this year* there will be at least 20 U.S. markets where 5G digital cellular is available, which will be boosted with the roll out of 5G smartphones

and hotspots and maybe even laptops with integrated 5G capabilities allowing for

accounting firms to transition their practices beyond traditional compliance to more business management/consultative rolls which will be a boon for the CPA Firm Associations and Consultant Training organizations in 2019.

7. **Digital Analytics Adoption:** As an expansion of the consultative focus prediction, we expect to see a surge in the actual use of "consumer grade" data analytic tools such as Tableau, Qlik, and Microsoft Power BI utilized both within the firms and for client consulting opportunities, which may become the future path of existing internal IT personnel with computer coding skills.

8. **Collaborative Application Adoption:** As cloud applications allow for more work being performed remotely, firms will make a significant effort to adopt collaborative applications. In addition to increased usage of workflow tools, we predict significant increases in the utilization of Skype, Teams, Yammer, and Slack.

9. **OCR Utilized in Majority of Firms:** While most firms have already transitioned to front end scanning, we predict that the use of Optical Character Recognition (OCR) to import data directly into tax returns will be utilized by the majority of firms that are ten members or more in their tax return production next year.

0. **U.S. "GDPR" Delayed:** Increased consumer privacy concerns will lead to the promotion of a federal law emulating the European Union's General Data Privacy Requirements (GDPR) throughout 2019, which will cause chaos amongst the IT/Accounting vendors that will find a way to delay implementation. As the famous quote goes: "you have no privacy, get over it."

Well, that summarizes our top predictions that we want to see happen in 2019. We hope we have provided you with some new insights to think about as you prepare to roll into another busy season!

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