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**ADVISORY**

## 2021 IT Predictions and 2020 Results

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Roman Kepczyk • Dec. 04, 2020



Predictions? Not one of us could have predicted the year 2020 would turn out to be, but almost everyone would agree that we are hoping 2021 will bring a return to some degree of normalcy in our day to day lives. The good news is that throughout the

ongoing disruption caused by the pandemic, accountants adapted their practices to continue to service their clients.

The underlying reason for this success in many cases was the adoption and utilization of information technology that made virtual work and communication possible (and will continue to be utilized through the upcoming filing season). With accounting information technology being our primary focus, we present our IT predictions for the year ahead (followed by the results of our 2020 predictions).

- 1. Security Continues as Top Threat:** With cyber hacking being increasingly automated and lucrative, attacks on all entities will expand in 2021 and be beyond the capabilities of most internal accounting firm IT personnel. This will push more firms to move applications to the cloud and enterprise level managed security services to reduce their security exposure.
- 2. Cloud/Hosted is “Next” Normal:** With the roll-out of new information technologies accelerating, firm leaders will increasingly struggle to make informed internal technology decisions and push the majority of their applications to the cloud and hosted providers that can more effectively adapt “next” level technology, allowing accounting firms to focus on servicing clients.
- 3. Digital Adoption Peaks, Sticks:** COVID forced many firms to adopt digital processes for client data collection, delivery, and signature, which were initially viewed as temporary accommodations. With another busy season forced digitally, it will become apparent that going back to the old ways of doing things creates a competitive disadvantage.
- 4. Microsoft Teams Dominates Firm Collaboration:** While Zoom (and previously Slack) are the most publicly touted collaboration tools, accountants will hone in on Microsoft Teams for both internal and client collaboration simply because it is included in their Microsoft 365 subscription and integrated with their other productivity applications.
- 5. VOIP Adoption Surges:** With accounting firms accepting remote workers as part of the “next” normal, there will be an increase in virtual phone and collaboration systems replacing traditional physical hardware as the cost continues to drop, including non-traditional solutions.
- 6. 5G Offers Bandwidth Alternative:** 5G Internet bandwidth will begin being utilized by firms as an effective alternative to the backup “wired” Internet connection.
- 7. CAAS Renaissance:** On the heels of this year’s PPP and CARES advisory, 2021 will be the year that Client Accounting and Advisory Services (CAAS) formally takes off

as a dedicated service line within the majority of firms as they realize traditional compliance services are being disintermediated by technology.

8. **Microsoft Power BI Takes Priority:** With firms expanding their client accounting and advisory services to incorporate real-time reporting and analytics, there will be a surge in firms adopting data visualization (dashboard) tools with Microsoft Power Business Intelligence taking the lead in our profession.
9. **Virtual Practice Metrics:** With an increased percentage of firm work being done remotely, traditional practice metrics of utilization and realization will give way to new practice metrics that identify timeliness, successful initial completion of work, and client satisfaction which we predict firms will begin adopting in 2021.
10. **Audit Suites Stagnate:** While the volume of remote audit production will increase significantly in 2021, there will be virtually NO change in the engagement binder, trial balance and work program applications firms utilize as they wait for the shake out between the major vendors to provide a comprehensive single suite solution that will meet all of their firm needs.
11. **BONUS PREDICTION: Business Robotics:** 2021 will be a year where accountants see adoption of robotic devices within their client base and maybe within their own firms (i.e. delivery of important items such as client source documents or lunch!).

We hope the above predictions will give you some pause for thought and pique your interest in new technology considerations in the year ahead. However, before we shut down our crystal ball, we share with you our 2020 predictions where we (self-scored) seven WINS, two LOSSES, and one DRAW. Read on to see if you agree:

1. **Outsourced Security Standard:** With ransomware on the rise and phishing emails abounding, firms will take security more seriously than ever and outsource their cybersecurity responsibilities. This leads to our first 2020 prediction that the majority of firms will work with a third party to manage their security rather than relying on their own internal personnel. *(WIN: With the CPAFMA survey finding the majority of applications utilized by firm being in the cloud, we believe firms “outsourced” security to those providers).*
2. **Rebuilding the firm “Tech Stack:”** This will be one of the hottest “tech” terms of the year as firm’s focus on re-evaluating the tools and applications they utilize to service clients and put the majority of them in their “tech stack.” This is all happening in the cloud where both native SaaS and hosted versions of on-premise application can be seamlessly integrated and accessed remotely on a single platform customized to each firm’s unique needs. *(WIN: CAAS was hottest topic of year which included the applications supporting advisory services).*

3. **Stalled Privacy Regulations (Again):** While the California CCPA law goes into effect in January 2020, there will be a long pause in adoption across the country as everyone takes a “wait and see” approach to see how it is applied. Political turmoil and elections will take precedence, so we are predicting no significant adoption of Federal Privacy Legislation by the Fall of 2020. *(WIN: COVID put most of these discussions on hold, probably until 2022).*
4. **Data Visualization Democratized:** While we scored a DRAW on this in 2019, we predict that there will be a significant push towards Microsoft Power Query and Business Intelligence capabilities within Excel as the primary “accounting consumer” application for data visualization. Training for using it with both internal firm applications (practice management) and external client needs will abound including the usage of non-financial metrics to help businesses make proactive decisions. *(WIN: We saw significant interest in data visualization tools and in particular Microsoft BI).*
5. **Learning Concept Reemerges:** While we were promoting “Learning Organization” concepts two decades ago, the current environment warrants that this become a primary focus once again in firms to be able to quickly integrate new applications and processes. We expect to see an increase in firms designating “Learning Officers,” updating learning curriculums, and expanding firm learning well beyond required tax and assurance CPE. *(LOSS: With COVID, focus was on remote work and learning concepts were mostly put on the back burner).*
6. **App(lication) Expansion:** The age of applications replacing human toiling will become obvious this year as firms question the value and functionality of their “old school” application vendors and add two or more completely new apps to their burgeoning tech stack that minimizes manual production processes. Integration of applications utilizing Machine Learning, Natural Language Processing, and Augmented Intelligence will be adopted within leading firms, heralding in the age of application expansion in the accounting profession. *(DRAW: While application program interfaces and some machine learning apps were adopted, we did not experience any real use of NLP or AI in the firms we consulted with).*
7. **Portal Evolution:** With many firms utilizing two, three, or even more methods of file transfer and interactions with clients, we predict that at least one of the major software vendors will roll out a portal solution that combines the ease of two way transfers, customization of PBC lists, and integration with the firms other applications so a firm can pick a single solution that is easy for both clients and firm personnel. *(WIN: There was significant enough improvement from the major vendors towards “modern” portal capabilities that we will give ourselves a win on this one).*

8. **Data Trust Introduced:** There will be a significant environmental push towards identifying ways to “trust” the information and data we are provided by clients both live and after the fact. Accountants will be uniquely situated to own the space because of existing “trust” and “ethics” pillars that are owned by our profession, so we are predicting the push for “Data Trust” services in the year ahead. (LOSS: Crickets).
9. **AI Delivered as a Service:** To be successful in the accounting profession, we believe that artificial intelligence tools need to be seamless and intuitive which means they need to evolve from stand-alone applications to those integrated with existing accounting products. We predict at least one of the major vendors will deliver on this prediction by next Fall. (WIN: *We believe Thomson Reuter’s Inflo was enough to push this in the win column and expect even more next year*).
0. **Innovation Mindset:** While “Practice Transformation” was management’s buzzword for 2019, we predict “Innovation Mindset” will be the strategic management buzzword for 2020. To promote the rapid adoption of digital tools, the entire accounting profession, vendors, and even academics, will focus on touting innovative ways to add value to clients and businesses, which will all be driven by technology. (WIN: *COVID forced innovation and transformed our profession with many pundits saying between 5-10 years of advancement*).

Yes, as we wrap up 2020 it is easy for each of us to say it was an unprecedented year. As we look to 2021, we hope to say it is also unprecedented but in a positive way where we drove the decisions and where our predictions helped provide additional insights and direction.

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