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ACCOUNTING

The CPA Shortage Compels Accounting Firms to Embrace Digital Transformation

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By Cameron White.

Despite high demand for CPAs, accounting firms struggle to hire accountants. In 2021, there was a 17 percent drop in employed accountants and auditors from a 2019 peak, according to a [Bloomberg Tax analysis](#). [Deloitte](#) ranks the talent shortage among the top challenges that are expected to influence or disrupt businesses this year.

With an onslaught of economic disruptions and complexities on their plate, a CPA shortage proves especially burdensome for middle market companies. Nearly every financial decision is tied to a financial report, and with many deadlines approaching for annual and quarterly financial statement filings, there's a pressing need for audited financial statements.

While there's an urgency for organizations to scale back investments to offset the higher costs of doing business, they can't afford to cut spending on technology during trying times. Technology investments, including automation, can provide the relief firms and their clients need to weather pressing challenges and ensure ongoing financial accuracy and compliance.

Digital Transformation Provides a Silver Bullet During Auditing Crunch Time and Beyond

Automation can alleviate some of the current problems that already-strapped accountants are facing, enabling them to take on more clients instead of turning them away due to staffing shortages. While automation doesn't replace people, it can enhance manual human-required work and provide relief for overwhelmed teams by enabling them to do more with less.

Automation also helps reduce the need for paper and can eliminate tedious tasks around accounting, reporting and financial planning and analysis (FP&A) processes. It can streamline workflows, reduce the chance of errors and alleviate stress for accountants by improving time-intensive work, which is critical during auditing crunch times.

Automation creates a solid, consistent control environment, which streamlines and speeds auditing by making records simpler to find. Additionally, automated solutions provide a clear, digital audit trail, making it easier for companies to achieve Sarbanes Oxley (SOX) compliance. Auditors can do their work in as little as two or three hours,

as opposed to the days or weeks they would typically spend auditing accounting by sifting through file cabinets and chasing paper.

Technology also gives staff real-time access to their data, from anywhere at any time. For example, cloud-based back-office solutions can enable accountants to work digitally, freeing them from paper and printers while offering up the possibility of remote work. It also empowers them to use their time more strategically to focus on client services, tax processes and auditing obligations. They can also use their newfound time and enhanced visibility to help steer business decisions, as well as spot opportunities for growth, which may have been overlooked during previous busy seasons.

Automation Offers Relief from the Talent Shortage

By taking the drudgery out of accounting processes and making the work more rewarding and flexible, automation helps firms tackle the pressing talent shortage. The tech investment acts as a powerful retention tool, reduces hiring needs and is an influential perk for potential new employees, giving firms a competitive advantage over others that are still dependent on manual ways of working.

In fact, according to a [global study](#) from Dell Technologies, 91 percent of Generation Z, the generation projected to comprise one-third of the workforce by the end of the decade by the [U.S. Bureau of Labor Statistics](#), looks for technology-enabled workplace when selecting a job. Eighty percent aspire to work with cutting-edge technology like artificial intelligence (AI), which is used in automated software solutions. Firms that haven't invested in digital transformation will fail to attract these professionals, losing out to firms that have already modernized.

Digital Transformation Offers Valuable Opportunity

This year, many firms are tackling the stressful tax and year-end auditing season while understaffed and under pressure to protect against higher costs and economic volatility. They have a valuable opportunity to invest in modernization that promises both short and long-term relief.

The majority of firms in an annual accounting survey conducted by [Wolters Kluwer](#) report that new technologies are already helping them better compete and operate, enabling them to improve client response times, add new clients and retain existing clients. It's also helping them tackle the talent shortage by improving employees' skillsets, engagement and morale.

By embracing digital transformation, accounting firms can strengthen their business and set themselves up for not just a successful, less stressful auditing season, but also a more lucrative future.

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By Cameron White, SVP of Finance, [AvidXchange](#).

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