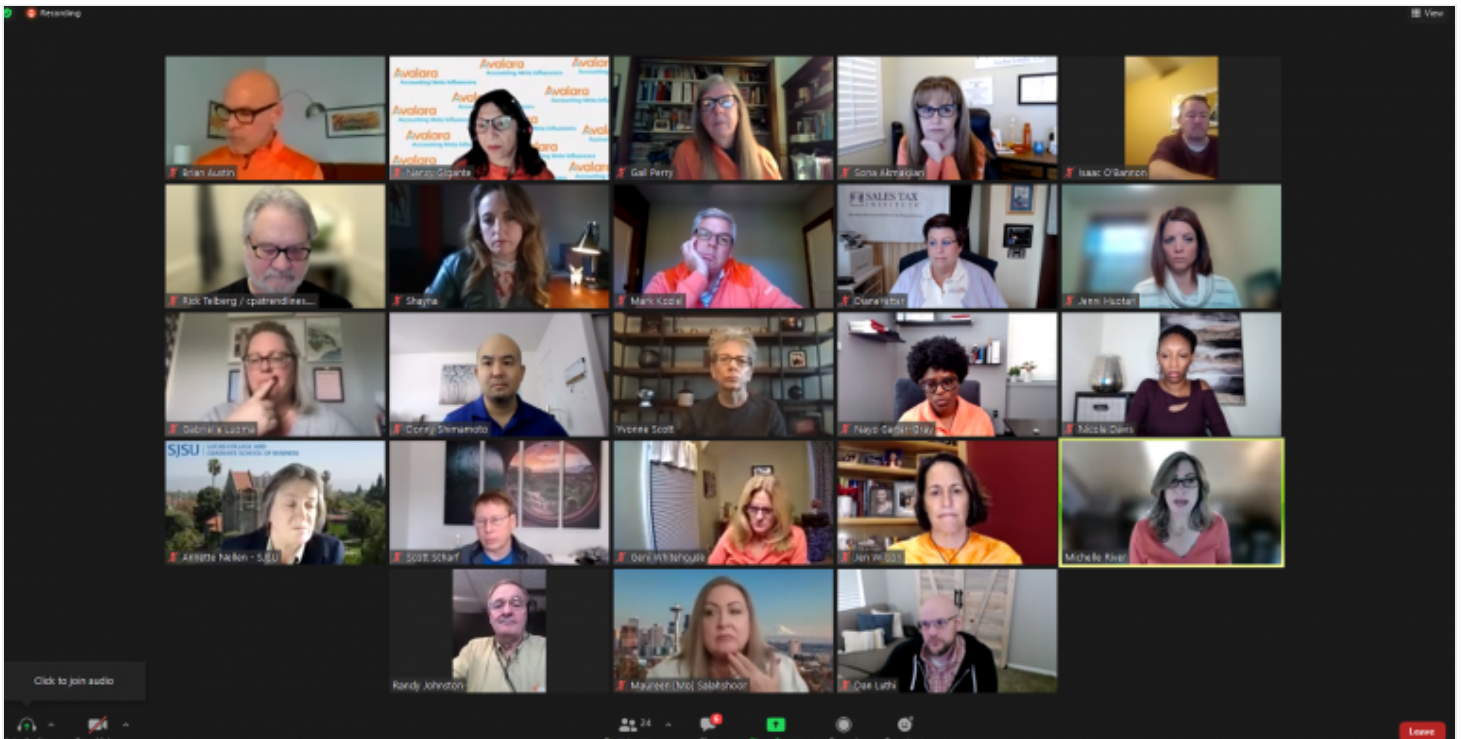


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Influencers roundtable discussion on the present and future of CAS, and what this evolving phenomenon will mean for firms, for professionals, and for clients.

Isaac M. O'Bannon • Jan. 19, 2024



## Accounting Thought Leaders Say CAS Will Become a Must for Firms in 2024

As technology continues to dramatically shape the accounting profession, the latest big conversations have been around AI and automation. But even pre-dating the pandemic, a much more fundamental dynamic has been underway, shaping the very nature of how modern and future practices will operate, the services they will provide, and the even the makeup of the staff who constitute those firms.

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can cause some polite disagreement among professionals, as tactically focused professionals often focus on the accounting aspect, while others may focus primarily on the advisory role.

In December 2023, more than 20 of the profession's thought leaders met for the Accounting Meta Influencers roundtable discussion on the present and future of CAS, and what this evolving phenomenon will mean for firms, for professionals, and for clients. The Accounting Meta Influencers discussion is hosted by Avalara and is held quarterly, focusing on significant trends and issues facing the profession. Previous topics have included:

- [The Real Impact of AI on Accounting](#)
- [What Private Equity Means for the Profession](#)
- [Firm Workplace Best Practices](#)
- [Top Trends Impacting Firms](#)
- [How Firms Can Adopt or Optimize Advisory Services](#)

The discussion began with a presentation on the topic of CAAS, followed by a Q&A session, a discussion of key trends and factors involving the issue, and closed with attendees offering their predictions for the accounting profession for 2024.

## Defining CAS

Sona Akmakjian, CPA, [Avalara](#)'s global head of strategic accounting partnerships, opened the Accounting Meta Influencers session and welcomed the moderator, Geni Whitehouse, a CPA, consultant and current president of the [Information Technology Alliance](#) (ITA). Whitehouse introduced the event's featured speaker, Irfan Dossani, CPA, and partner in charge of Client Accounting & Advisory Services at [Whitley Penn](#), a top 40 U.S. firm with 900 staff and \$200M in revenue. Whitehouse noted

that Dossani is also on the board of the ITA and is driving much of the growth and

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Irfan Dossani, CPA

Dossani then went on to present the official AICPA and CPA.com [definition of Client Advisory Services](#): “A CAS practice helps clients outsource their accounting needs with services spanning a spectrum of accounting, financial, and advisory-related offerings.” Dossani sees the advisory role as the primary driver of growth going forward but acknowledges that CAS will still be a viable term for the time being, as accounting work is still a considerable aspect of the firm role. Others on the panel noted that the accounting component will always be a critical element, and as such, they prefer the term CAAS.

He pointed out that CAS is not just for larger firms, but can be a differentiator for smaller firms, as well. He noted some specific factors that set CAS practices aside from traditional firms, most notably in adopting an advisory approach.

CAS is not simply the older version of outsourced accounting, which is more transactional-based, Dossani said. “CAS is not a reactive or generalized service, it’s not compliance-based, does not take all clients, does not bill hourly or based on projects, requires efficient and automated cloud-based technology best practices.” Furthermore, he added, CAS is underscored by having a value pricing or subscription pricing model with dedicated staff.

## How to Move a Firm Toward CAS

Dossani offered advice in building a CAS practice, starting with outsourced accounting built on a small business tech stack like QBO, followed by taking stock of

your firm client base and your abilities, focusing on building your practice around

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that he sees a future role for firms in being less involved in the day-to-day accounting functions, which he sees as being more fully automated. As such, a firm's greater value service will be in providing advisory, strategy and growth consulting.

## The Role of Accounting in CAS

Donny Shimamoto, a CPA and founder of [IntrapriseTechKnowlogies](#), was curious as to where client bookkeeping functions factored in. Dossani explained that the improvements seen in technologies managing these functions, from rule matching, transaction matching, journal entries and corrections, to reconciliations and reporting, have been so great over the past few years, that he expects it to manage 90 percent or more automatically in the near future.

“To do advisory right, the accounting has to be kind of an afterthought. It just needs to be done.” Dossani said. “There is still an accounting team doing that function, but they are not really CAS. That's just a means to an end.”

Geni Whitehouse noted that many professionals, including some on the thought leader panel, considered their services CAS, even if it didn't match up squarely with Dossani's definition. She also made note that use of the term “non-professional staff” can lead to a semantic discussion, as it might be interpreted as “unprofessional.” “I think there's a movement to try to change that term,” she said.

“We all have to be professional when we show up at work, so we've been trying to get firms to use ‘client-facing’ or other terms to denote staff who may be professionals at their job functions, but are not credentialed,” said Wilson. This can include non-CPAs and those who may still be interacting with clients on tasking. It's important, Wilson added, that if it is necessary to occasionally differentiate between the credentialed staff and others, that firms “not do so much. Don't refer to staff as ‘just admin’ or other diminutive terms,” which she says can appear as demeaning to

some. Dossani agreed, noting that the most important factor was to measure

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“Where do you fit the tax side, and how do you interface with the tax team in your model of CAS,” [Tallyfor](#) founder Peter Wen asked.

“You have to incubate CAS for a bit longer,” Dossani replied. “What that means is, you're still going to have to do the payroll tax returns and the 1099s, you're still going to have to do annual accounting work. That doesn't go away anytime soon. We assign people/process/technology to that and let someone manage it. It's one unit of the overall picture, but the growth from it has significantly slowed.” Dossani added that, while his firm still realizes about 40 percent of its revenues from outsourced accounting/bookkeeping type services, he sees that diminishing rapidly to about one third of CAS revenues.

“There may need to be another discussion of how organizations are governed, and how people are recognized and how they contribute within those firms,” said Yvonne Scott, CPA, and CEO of the consultancy [CIO Concierge](#). “Because this has been a topic for over a decade and firms still struggle with it. For example, some very analytical staff are coming in but are not CPAs and are not from accounting tracks, but they will have a significant role in this CAS model.”

Wrapping up the Q&A, Caleb Jenkins, EA, the leader of the business and accounting practice at [RLJ Financial, Inc.](#), suggested that tax services could fit under the advisory role, or that a new acronym such as TAS (tax advisory services) could be coined to refer to it.

Moderator Whitehouse then transitioned the panel towards a discussion on what they see as key trends in the client advisory services area, with particular attention to foundational changes, the evolution of technology and strategies, and finally the staffing management issues related to the CAS model.

# Foundational Trends

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“I think you have to embrace non-traditional roles and have to give it a name,” said Dossani. “I think you have to build a career path of what that would look like for non-traditional folks.” He suggested roles like business development would be valuable in a CAS model, but the leader of that service may be a marketing person. And the technology services side also may not be a fit for financial professionals.

*“Regarding foundational changes, I think a lot of the accounting, bookkeeping-level stuff is going to get automated pretty quickly.” ~ Randy Johnston.*

“Regarding foundational changes, I think a lot of the accounting, bookkeeping-level stuff is going to get automated pretty quickly. So, I think you can anticipate some pretty radical shifts in transactional support in 2024, based on what I see coming to market,” said Randy Johnston, founder of [Network Management Group International](#) and a shareholder in [K2 Enterprises](#). “These technologies will be a lot more sophisticated than the solutions currently on the market, and that is a pretty important foundational change.”

Another significant factor is that CAS teams need to be properly funded, according to [Amy Vetter, CPA](#), founder of the B3 Method Institute. “These teams need their own budgets and investment, just like other departments or service lines. Right now, they just don't have the money or the focus they need, to do the things they need to do.”

Whitehouse, who has been providing only advisory services while serving as a consultant for Napa-based [Brotemarkle, Davis & Co LLP](#), noted those her role is often seen as a thing that “other people do, and getting the rest of the firm to embrace it can be a challenging factor for CAS practices as well.”

*“It doesn't matter what we call it, bookkeeping, accounting or other, it's always going to be there, it is the core, it is the foundation of everything.” ~ Michael Hsu.*

Vetter noted that this happens in large and small firms, but it takes a commitment to

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going to be there, it is the core, it is the foundation of everything,” Hsu said. “There is no advisory without accounting, and that’s the struggle many firms face. You can move upmarket with clients, but someone still has to do the accounting work. We can talk about AI and technology and replacing it,” but he says he hasn’t seen technologies that truly solve that issue yet. However, he notes, the profession has moved forward, and those firms that are behind, if they don’t catch up, they will be left behind.

Shimamoto agreed, saying one of his firm’s biggest challenges is when the compliance and basic bookkeeping isn’t done right. His firm only provides advisory, not compliance. “We can’t do advisory and analytics off of data that’s not right.”

“I think we will see a reversal,” suggested Yvonne Scott. “Where tax and audit now bring advisory clients to the CAS group, I think it’s the CAS group that will start bringing things to the tax and audit side. Because you can’t do good analytics without good data.” As the model transforms, she suggests that the result may be partners coming from the advisory side instead of the traditional accounting roles.

## Technology's Role

*“Data analytics is going to be huge, especially as AI and technology continue to be more robust in the profession.” ~ Marianne Fisher.*

Moving into the evolution of technology, Wilson says she sees a philosophical gap between firms that view all services as potentially advisory and leading into each other naturally, but some focusing more on transactional services. “The more advisory focused the firm is, the faster they will achieve leadership changes and success, but those focused on hourly and tax-dominated services will run with less strategic leadership.”

Marianne Fisher, senior strategic partner manager at Avalara, said she saw how

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see the core services that all of these businesses need, from CFO to payroll and tax,” said [Scott Scharf](#), who came from a non-traditional accounting firm that now does consulting around e-commerce.

“All of these businesses are better realizing how important it is to understand their financials – that awareness is opening up. And they still look to their accounting or advisory firm as a deep trusted relationship.” They want their firm advisors to have the niche expertise to really propel them, he said. “It’s the niches and the riches. Clients want their advisors to understand their business, so firms really need to focus in on the niches.”

## Where Technology Fits in CAS

*“The software companies and products that are going to be most successful are the ones that understand that accountants want this information and want the technologies to provide actionable summarization.” ~ Gail Perry.*

As firms focus more on broader business advisory capabilities, which may require different skill sets, Geni Whitehouse then asked the panel how technology will play a role, and how firms can help to fill the needs for different skill sets.

“How do we support these people to move into those areas where they might not have comfort from their traditional [accounting] training? And how is technology going to support this and other strategies?”

“It seems the software companies and products that are going to be most successful going forward are the ones that understand that accountants want this information, and they want the technologies to provide some actionable summarization,” said Gail Perry, CPA, editor-in-chief of [CPA Practice Advisor](#). “They want some meaning:



Here's what this can mean to your clients, here's where you can take these numbers

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people who natively function differently?" Whitehouse asked further. "Are we bringing in people with different mindsets and teaching them the accounting [to be a member of the CAS team], or is it coming the other way, from other professions? And how are we using technology to support us in doing that?"

As a software developer, Peter Wen sees the landscape going forward as combining the former role of accounting, one of managing rote data, with soft communication skills – drawing out the information into usable strategies for clients. "The rote data stuff is being solved by tech in a faster way, and then the real challenge" is pulling the important parts of that information out in an advisable way.

"With e-commerce, for example, there is so much data coming through once it has been processed properly – but then, what's the role of true advisory? My challenge as a software maker is 'what do people want' and 'how much of that can be automated?'"

"I'm not an accounting person, I'm a sales tax person, and that's all I do," said Diane Yetter, founder and CEO of [The Sales Tax Institute and Yetter Tax](#). "But I've been doing advisory my entire career. Still, I have clients asking me marketing questions, and even payroll and logistics questions. That's because I've learned their business and they look to me as their trusted advisor. CAS is about, when your clients need something related to their business, you're the first one they call."

Yetter continued, "As far as the question, 'How do we get the staff trained on CAS?' You can teach people how to look at data or fill out a tax return. But how do you teach someone to become a trusted advisor? You have to have them participate in those conversations. And after the discussion, talk to them about your thought process and their questions, so they can understand. To get somebody to be a true advisor, they need a role model."

Yvonne Scott agreed with Yetter but wanted to expound on it. “Insights are great, but

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“There are a lot of different things that need to come together,” said Sona Akmakjian. “It’s not only about the technology – a vendor can’t come in and solve this problem, but I do think it’s a critical piece. Vendors need to deliver not only technology, but the analytics which will give the consultant the visibility to do the true advisory. The professionals also need to have the right skills. Experience makes you a better advisor, so you need the right mentors and leaders who will take staff under their wing and guide them. I had these resources and that’s what turned me into a good advisor. So, there’s no one thing to building new advisors: It’s skills, mentorship, experience, and the technology which gives you the insights.”

The panel also broadly agreed that a variety of outsourcing methods are essential to building a CAAS practice, allowing firms to have access to resources, be they professionals in niche areas, other business service providers, or technology.

## Pricing CAS Services

One of the keys to successful implementation of advisory services is finding an effective pricing model, noted Whitehouse, who’s Napa firm has provided advisory and accounting services to the wine industry for more than 20 years. “The key for our firm to transition was to find a different way to start pricing. So, how does the pricing model affect our ability to deliver this? What strategies help firms get started?”

Michelle River said that ideally, the worth proposition is ‘What problem are we solving for a customer?’ That value, she said, can be different at different times, based on urgency and need. “Being able to articulate to clients your worth proposition needs to be folded around what the problem is that the customer is trying to solve. Whether merging into a new market or launching a new business line, we need to get

better at explaining to clients what the challenge or problem is. The key to defining

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never going to be that valuable to them. But if you can say, 'I can give you your life back so you can do what you want to do, and we'll handle all of these details for you, that is worth more. Fixed price over hours makes our lives so much easier. We agree on a price up front, the clients love the certainty of it. They wouldn't rather give you a blank check for hourly work. They'd rather know how much it's going to cost total.'

*"An assessment is a critical part of onboarding and also a huge advisory opportunity." ~ Michelle River.*

River added that when firms first start moving to CAS and fixed or value pricing, they often try to price the entire monthly repeat services, without doing an initial assessment. "An assessment is a critical part of onboarding and also a huge advisory opportunity," she said. "It's risky to try to assign a monthly amount without doing that deep dive."

Irfan Dossani also added that his CAAS group at Whitley Penn puts a three-month review clause into new pricing agreements, after which they will do an assessment to see if they are adequately serving client needs and pricing accordingly.

## Final Thoughts and Predictions for 2024

The round table discussion wrapped up with a "rapid fire" round of predictions and final thoughts on technology, the profession, and CAAS.

- *Artificial intelligence is a copilot, letting firms work smarter and not harder. – Sona Akmakjian.*
- *Sales tax laws will continue to get more complicated and states more aggressive in enforcement – Diane Yetter.*
- *Firms will close the gap between worth and time. – Michelle River.*

- *Regulatory compliance will be more disruptive. Quality standards for audit, AI*

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- *The CFO Club, as a community, will become a space where professionals can grow and learn and elevate to the next level to act as CFOs for clients. – Michael Hsu.*
- *We're going to see a lot of disruption with all of the new and largely unknown regulatory challenges. – Donny Shimamoto.*
- *Consumers of audit services will be more vocal about the inadequacy of those services to help them. With AI more prevalent, they want more relevant advisory services. – Yvonne Scott.*
- *A divide between firms that decide to be acquired and the firms that decide to stay independent, their focus on culture is changing drastically. – Amy Vetter.*
- *There will be more AI GPTs with greater capabilities. – Peter Wen.*
- *Firms that haven't adapted and become ready for rapid change will get run over. – Scott Scharf.*
- *AI will be invisible, baked into every app. So, acceleration will result in more and higher profits, and staffing challenges will become an opportunity. – Rick Telberg.*
- *We have reached peak accounting in 2023. Due to AI, the number of professionals needed will decline every year from now on. But something new will come along for capable professionals. – Blake Oliver.*
- *Clients will no longer allow firms to avoid advisory services, and the demand will compel firms to change. – Geni Whitehouse.*

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