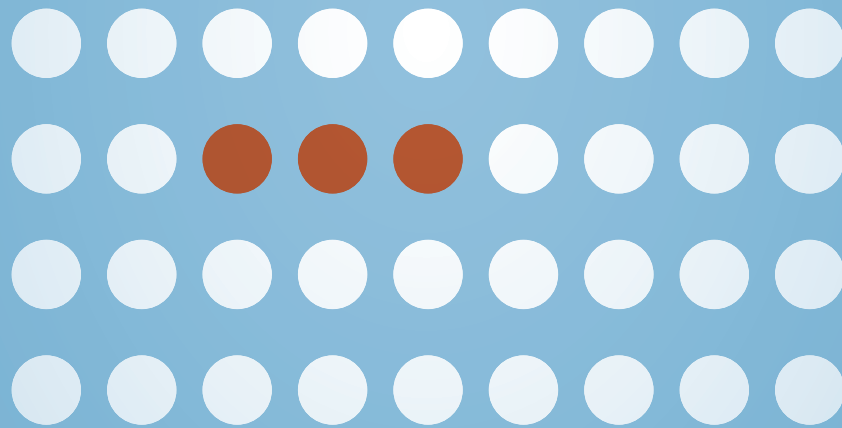


THREE KEY TECH
STRATEGIES

of Successful 21st Century

ACCOUNTING FIRMS



James C. Bourke, CPA.CITP

Three Key Tech Strategies of Successful 21st Century Accounting Firms

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It's Time to Get Serious about SaaS and Document/Content Management

The successful 21st Century Accounting Firm has one major, significant difference from the firm of 10 years ago: Technology. Today, the right technology, and how that technology is deployed within the firm, can be instrumental in determining success or failure. This report focuses on document/content management and the use of cloud computing through the SaaS (Software-as-a-Service) model as two mission-critical technology components that firms cannot ignore if they plan to remain competitive and continue to grow. I will also discuss the use of multiple monitors, firm-wide, as a third key strategy for successful firms.

CPA firms are adopting and reaping the benefits of significant technology advances at a rate that might seem inconsistent with the more traditional or conservative image portrayed by firms. Firms are working harder to remain profitable and competitive, and concerns over adoption of “cutting edge” technology are being overshadowed by respected industry voices repeatedly discussing these technologies as inevitable, available, smart, and an essential part of staying ahead of the curve. It's now time for firms of all sizes to take a closer look at how a few tactical technology investments can make a big difference in the overall operations, and competitive ability, of their practice.

Strategy #1

Document Management Technology Is a “Must Have”

Document/content management gained significant traction in our industry between 2004 and 2005, when the largest accounting-related product and service vendors began offering solutions designed specifically for CPA firms. These early solutions, many of which went through dramatic transformations over the last several years due to advanced technologies, gave early adopters the ability to virtually *eliminate* the file room.

Yet, while a virtual file room may have been the early deciding factor to transition to document/content management, several other factors continue to influence that decision, including:

- security of confidential and private client data;
- concerns over federal/state rules and regulations concerning the protection of client data;
- the need for anywhere/anytime access;
- disaster recovery planning; and
- putting a process in place to enforce the firm's document retention policy.

As firms migrated to document management systems, these processes brought changes to other areas also touched by technology:

- Firms needed some means to transform manual documents to digital or PDF images. High-capacity, industrial strength scanners were selected by many firms to assist with this need. These scanners were capable of scanning high-volume, multiple-size documents and saving these images to a file type compatible with the firm's document management system.
- Once the initial, large-scale scanned project was finished, firms *still* had a disconnect between the document management system and the end user.

What many firms failed to realize was simple. In order for staff to embrace the system, firms needed some means to continually scan and store correspondence; tax notices; tax source documents; additional underlying support for audits, reviews, compilations; and agreed-upon procedure engagements, among other items. Using large-scale scanners or copiers as multi-function devices for these purposes was not economical, and, in fact, a burden for the employee. More often than not, many single-scanned items would not even make it into the document management system.

Accordingly, *using portable mobile scanners is an absolute must for today's CPA firm*. As I travel around the country speaking at many state CPA society conferences and consulting with CPA firms on document management systems, I make it perfectly clear that using portable scanners is no longer a luxury. All professionals should be issued a portable scanner, just as they are issued a laptop computer and smart phone. A good portable scanner is lightweight, easy to use, and plug-and-play. It should fit easily in a workbag or laptop bag. Several other factors to consider:

- Select a scanner capable of duplex (multi-side) scanning with options for black, color, and grayscale.
- The device should scan in multiple density, from very small to very large.
- Your portable scanner should allow you to load and scan multiple documents with the single press of a button
- Saving a document in multiple formats, including PDF, e-mail attachments, word processing, and spreadsheets is key to ensuring the technology and related processes are as efficient as possible.

At my own firm, I practice what I preach. Every professional is assigned a portable scanner. We found that by putting the portable scanner into the hands of our staff, we get near-100 percent compliance with our firm's document and content management system. No matter how large or small a firm may be, deploying portable scanners to all professional staff will help ensure successful deployment and continued use of the document management system.

Strategy #2 **Invest in Multiple Monitors**

The other area of change brought on by deployment of document management systems was the need to view multiple files or documents simultaneously. Gone are the days of viewing and referencing last year's data files. Once a document management system was deployed, firm professionals needed some way to simultaneously view prior data files and work on current year data files.

The solution: **Multiple monitors for every professional within the firm.** As is the case with portable scanners, multiple monitors, for *every* professional, are integral to doing business!

When deploying a document management system, make sure to factor in the cost of portable scanners and multiple monitors for every professional. The additional up-front cost will be immaterial to the cost of the entire document/content management system, and the rewards will help ensure successful deployment of full, continued participation with the firm's document management efforts.

Strategy #3 **Smart Firms Are Leveraging the Cloud/SaaS Model**

Many of the same reasons that propelled document management as an efficient timesaver also apply to doing business on the “cloud,” or more specifically, Software-as-a-Service (SaaS). Unavailable until just a few years ago, these solutions put the smaller CPA firm on the same playing field as a much larger firm.

What Is SaaS?

With Software-as-a-Service, a provider licenses an application to customers to use as a service on demand, either through a time subscription or a “pay-as-you-go” model. Also known as “software on demand,” the SaaS model allows vendors to develop, host and operate software for customer use. Rather than purchase the hardware and software to run an application, customers only need a computer or a server to download the application and internet access to run the software. The software can be licensed for a single user or for a group of users.

(source: Wikipedia).

Many firms migrated to the cloud for tackling solutions on the tax, accounting, and consulting sides of their practices. Primarily due to cost and remote availability, *any* size firm can access exclusive, custom-built databases of information and content that were previously available only to a select few. Even the smallest firms can now readily access applications, tools, and data that in the past were beyond reach.

I'm seeing a growing number of firms adopting the SaaS model as a way of doing business in today's environment. Why not? With the ability to take advantage of the reach and capabilities of the Internet, SaaS is a solution that is an absolute *must*.

Sales Tax: A Poster Child for SaaS Technology

A CPA firm's entrance into the SaaS space typically stems from the need to solve a significant problem or fill a void in the firm's tax practice. I like to use sales tax as an example because it is highly complex, with thousands of rate and rules changes occurring annually at the state and local level; ideally suited to the SaaS platform; and a "rising star" in terms of niche services adopted by CPA firms. Sales tax ranked #5 in *Accounting Today's* 2010 Top 100 Firms Niche Services listing; 66% of firms in the Top 100 survey increased their state and local tax business in 2009.

Software-as-a-Service enables CPA firms to add sales and use tax technology that is:

- easy to use;
- affordable for clients, and a new profit center for firms;
- highly accurate, using Web-based geocoding software;
- designed for exceptions;
- real-time, performing automated sales tax calculations;
- integrated quickly and seamlessly with a client's financial or e-commerce system;
- able to provide automated returns preparation and filing; and

- highly scalable, able to serve the smallest client running QuickBooks to the largest client on SAP or Oracle.

On the SaaS platform, firms can offer clients an efficient sales tax compliance service that meets complicated state reporting requirements, offers a high level of protection in the event of an audit, and delivers the type of outsourced solution that removes a time and staff-intensive burden for clients – allowing them to spend more time on business-building activities. Firms can also partner with SaaS sales and use tax solution providers in order to confidently steer clients to a trusted source that will automate their sales and use tax calculations, as well as their returns and remittance processes.

There are a number of accounting-related vendors who have developed solutions to meet the specific needs of a CPA firm. Although many of the solutions are simply transformed-ASP (application service provider) platforms, there are still others, and some of the best, who have built “pure” SaaS solutions from the ground up.

Several solutions are available to solve the needs of the sole proprietor all the way up to Big Four firms. The ideal aspect about selecting a SaaS vendor in this space is the ability for the firm, regardless of size, to access the exact same resources, regardless of cost or internal technology infrastructure.

As time goes on, SaaS will continue to transform the way that CPA firms do business in many other areas. These solutions bring the availability of information to all firms, regardless of size or resources, and will continue to transform the way that today’s CPA firm does business.

Into Action

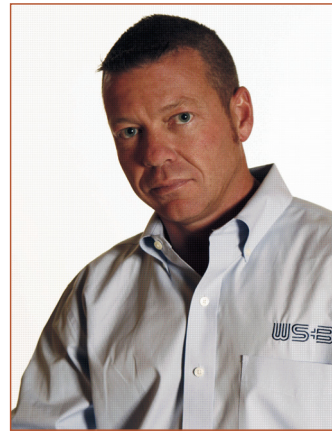
The 21st Century Accounting Firm isn't your father's accounting firm – and in a few years, may not even resemble the firm we have today. Integrated technologies, seamless processes, and the remote work environment are constantly changing the way we work. Firms that embrace and keep up with this constant change are well-positioned for continued success.

You should assume that your competitors have either already adopted SaaS and document/content management solutions, are in the process of adopting these solutions, or are somewhere in the decision-making or vendor selection phase.

Although there are many ways to do business, selecting the most cost-efficient, time-saving technologies will help a firm keep or develop a competitive edge and drive profitability into the future. Selecting a document/content management solution, implementing the supporting technologies that accompany it, and migrating to the SaaS model of computing propels even the most rudimentary CPA into the 21st Century. Moving toward this model will more likely yield ongoing success.

ABOUT THE AUTHOR

James Bourke, CPA.CITP, is a Partner at WithumSmith+Brown, PC, where he is Director of Firm Technology. He is a past president of the New Jersey Society of CPAs, currently serves on the AICPA Council and chairs the AICPA CITP Credential Committee. Jim has been named to *Accounting Today's* Top 100 Most Influential People in the Profession list for the past two years. Contact him at jbourke@withum.com.



This report was underwritten by industry solution providers Fujitsu Computer Products of America, Inc., manufacturer of the ScanSnap scanner, and SpeedTax, in recognition of the need for continued education and thought leadership that benefits the accounting community as a whole.

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