

BUILDING A BRIDGE
to the CPA Firm of the Future.

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CPA.com an AICPA company

- Empowering CPAs and Businesses for the Digital Age

Erik Asgeirsson, President and CEO, CPA.com

- Industry leader with over 20 years of experience leading technology organizations
- Consistently recognized as one of Accounting Today's "Top 100 Most Influential People"
- BS Electrical Engineering, George Washington University, and MBA in Finance, NYU Stern School of Business

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Empowering CPAs
in a Digital World

Technology

Talent Development

Strategy & Change Management

THE POWER OF SMART BUSINESS

Future readiness

Changing technology & regulatory landscape

Staying relevant

Capitalizing on opportunities ahead



Today's Discussion

- Smart Business – the Digital Imperative
- Changing Era for Accounting Services
- Changing Technology Landscape
- Staying Relevant
- Panel Discussion



SMART BUSINESS – THE DIGITAL IMPERATIVE



Client Perspective: Driving Firms

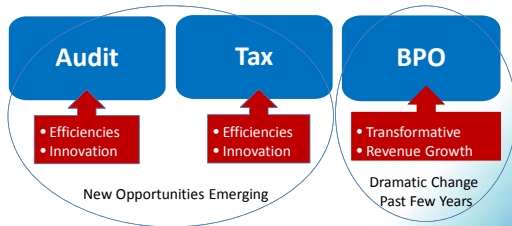
- Business transformation key to future success (KPMG CEO noted 75% of their clients are in some type of business transformation)
- Need to focus on relevance of services and value proposition. Many feel services they are providing today will not be relevant in 5 – 10 years.
- Evolving your business critical to future success. Firms need to play a key role.





Firm Service Lines


Impact of Technology to Major Firm Service Lines




Digital Imperative

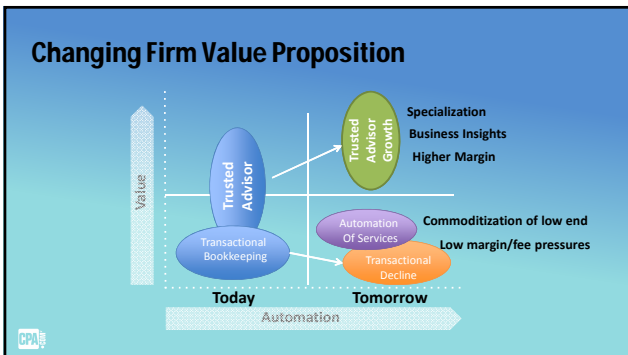
“In times of disruption the bridge builders win.”

- Nicholas Carr, author of “The Glass Cage”
2014 Digital CPA Conference Keynote

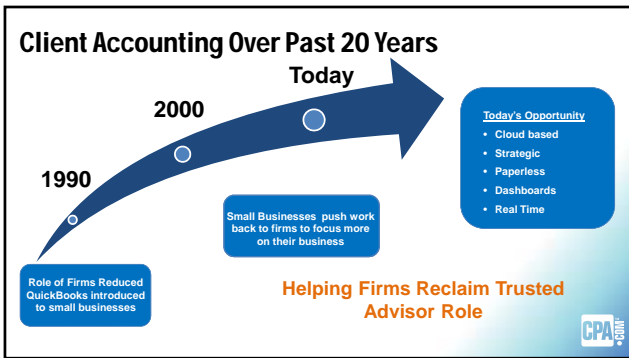


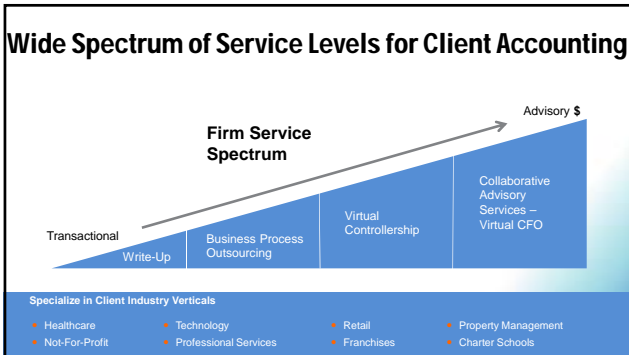
CHANGING ERA OF ACCOUNTING SERVICES












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Standards are Evolving as Well...

“If you look at the history of the American capital market, there's probably no innovation more important than the idea of generally accepted accountancy principles.”


- Larry Summers
Former Secretary of Treasury



New Standard for Client Accounting Services

Most Significant Non Audit Standard Change of Past 35 years (SSARS 21):

- Creates a bright line between accounting (preparation) and reporting (compilation and review) services
- Adapts the older standards for the current electronic and cloud based environment
- Very significant change for Firm Client Accounting/BPO Practices




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Exhibit 1 Compilation vs. Preparation

This table illustrates the similarities and differences between compilation and preparation services that have been proposed by the AICPA Accounting and Review Services Committee.

	Compilation	Preparation
When does the standard apply?	When an accountant is engaged to perform a compilation	When an accountant is engaged to prepare financial statements
Is an engagement letter required?*	Yes	Yes
Is the accountant required to determine if he or she is independent of the client?	Yes	No
If the accountant is not independent, is that fact required to be disclosed?	Yes	N/A
Does the engagement require a report?	Yes	No**
May the financial statements go to users outside of management?	Yes	Yes
May the financial statements omit notes?	Yes	Yes




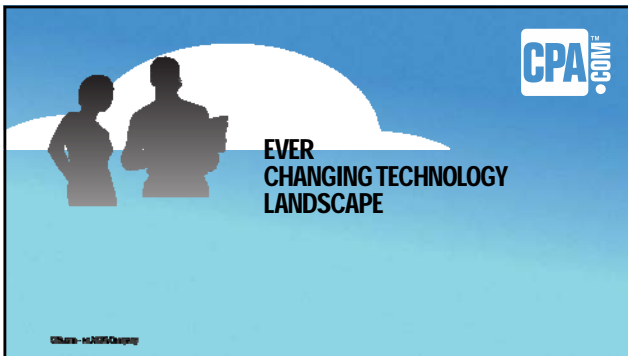
New Thinking Required

Reposition
Reeducate
Due to
SSARS21


Key Areas:

- Revise Positioning and Services
 - Write-up & Compilation Service
 - Client Accounting & BPO Services
 - Value of CPA Firm
- Updating of Engagement Letters
- Updating of Service Delivery
 - Legend requirement is an OPPORTUNITY to highlight firm value





**EVER
CHANGING TECHNOLOGY
LANDSCAPE**




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The Cloud is the Computer

- Next stage of IT democratization
- User-friendly online interfaces: easy buying, easy configuring, easy monitoring
- New applications
(what is the cloud's spreadsheet?)
- IT as enabler, not gatekeeper

Source: "The Big Switch & Beyond" – Nicholas Carr, author, 2014 Digital CPA Conference Keynote





Growth of Amazon Cloud Services

More than a million active customers in 190 countries, including 900 government agencies, 3,400 education institutions and more than 11,200 nonprofits.

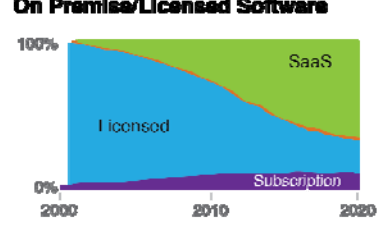
11 Regions in the U.S., Brazil, Europe, Japan, Singapore, Australia, and China with 28 Availability Zones.

Global network of AWS Edge locations now consists of 52 points of presence worldwide, including locations in the United States, Europe, Asia, Australia and South America.

Reduced prices 47 times since AWS launched in 2006 [Dec. 2014].

Every day, Amazon Web Services adds enough new server capacity to support all of Amazon's global infrastructure when it was a \$7 billion enterprise.

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On Premise/Licensed Software

Per Gartner SaaS, cloud market will be significantly larger than on premise software by 2020

Source: "20/20 Vision for 2020: The New Small Business Application Market" – Bob Anderson, Gartner, Inc. 2014

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2020 Vision for Small Business Applications

- Suites replaced by loosely coupled applications
- Cloud deployment for almost everything
- Importance collaborative workflows (internal and external)
- Mobility first – Everywhere, in every application, on every device
- Embedded and Predictive Analytics - Big Data Streams
- Integration, Open API's as we move from suites to federated apps
- Application marketplaces
- Security takes on new meaning for you and your clients


Source: "20/20 Vision for 2020: The New Small Business Application Market" – Bob Anderson, Gartner, Inc. 2014

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Cyber Security and the Cloud



- Ongoing high profile cyber attacks
- Key is to manage, contain, and react to the threats
- Cloud offers significant opportunities from both capability and security perspective
- Important to always think about security and leverage best practices (SOC, etc.)



Key to firm adoption is finding pain (value) points...



Firm Solutions
Helping Firms With Adoption Curve

CPA Profession

Innovators
Early Adopters (Visionaries)
Early Majority (Pragmatists)
Late Majority (Conservatives)
Laggards



Widespread Adoption: The Great Equalizer

Top 100



Top 500

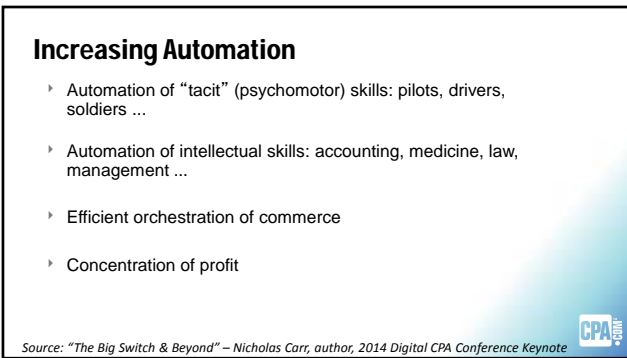


Small Firms*



CPA (CPA firms and outsourced F&A firms)







Trusted Advisors Role

- Transcend the routine
- Develop specialized knowledge
- Stay ahead of automation wave
- Be valued for expertise and insight
- Translate data into wisdom

Source: "The Big Switch & Beyond" – Nicholas Carr, author, 2014 Digital CPA Conference Keynote



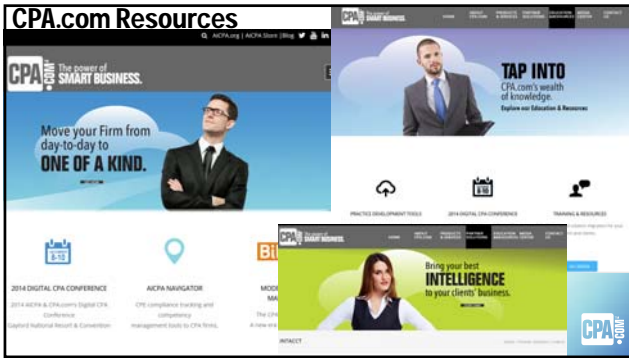
"To drive a culture of innovation, leaders realize they have to let go of the past."

- Doug Menefee, Enterprise CIO Advisor at Amazon Web Services
"How to Become the CFO – The Chief Future Officer of your Organization"
2015 Executive Roundtable presentation



LET'S HEAR FROM PRACTITIONERS






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Additional Resources

- Digital CPA Webcast Series
 - July 16th: Discussion on affordable care act and clients' expectations of you
- CPA.com Blog
- Follow @CPAcom on Twitter
- White Papers
 - "The CPA of the Future 2015 Study," www.cpa.com/future-ready-cpa
- Digital CPA Conference
 - December 7-9, 2015
 - Las Vegas, NV



Your Feedback Needed

 A screenshot of a survey or feedback form titled "The Buyer's Guide to Accounting Software". The form is presented as a grid of questions. A red box highlights the text "for AccountingFirms". The survey is associated with "trustradius" and "CPA.com". At the bottom, there is a URL: go.trustradius.com/cpa.

