



TECHNOLOGIES FOR THE DIGITAL CPA

Erik Asgeirsson, CPA.com, CEO CPA.com





CPA.com

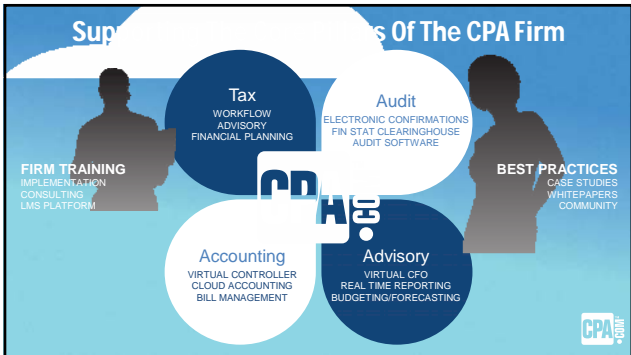
- Technology subsidiary of the AICPA
- Empowering CPAs and Businesses for the Digital Age

Erik Asgeirsson, President and CEO, CPA.com

- Business leader with over 20 years of experience leading technology organizations
- Consistently recognized as one of Accounting Today's "Top 100 Most Influential People". Frequent speaker at professional conferences.
- Prior to CPA.com held a number of senior positions in emerging areas at AT&T. Education background: BS Electrical Engineering, George Washington University, and MBA in Finance, NYU Stern School of Business



Support Services Of The CPA Firm



Tax
WORKFLOW
ADVISORY
FINANCIAL PLANNING


Audit
ELECTRONIC CONFIRMATIONS
FIN STAT CLEARINGHOUSE
AUDIT SOFTWARE

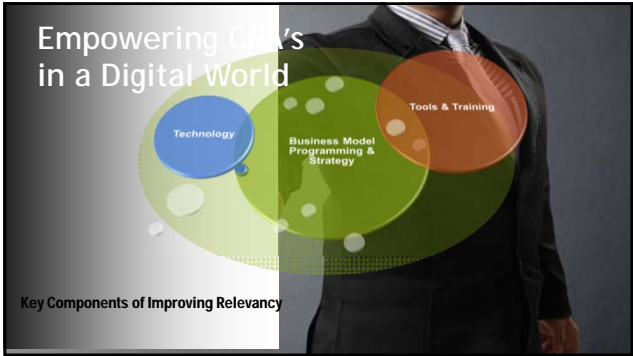
Accounting
VIRTUAL CONTROLLER
CLOUD ACCOUNTING
BILL MANAGEMENT

Advisory
VIRTUAL CFO
REAL TIME REPORTING
BUDGETING/FORECASTING

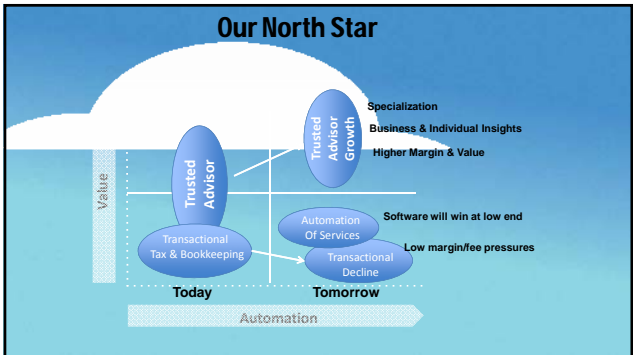
FIRM TRAINING
IMPLEMENTATION
CONSULTING
LMS PLATFORM

BEST PRACTICES
CASE STUDIES
WHITEPAPERS
COMMUNITY

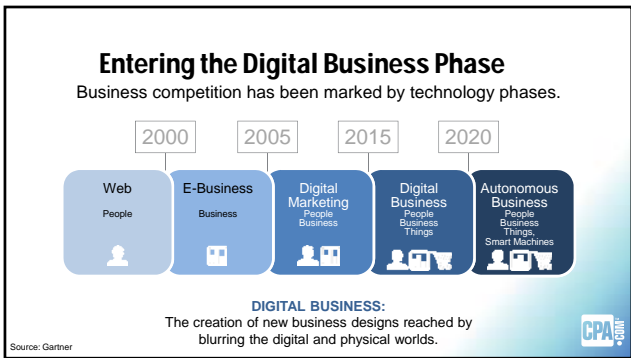


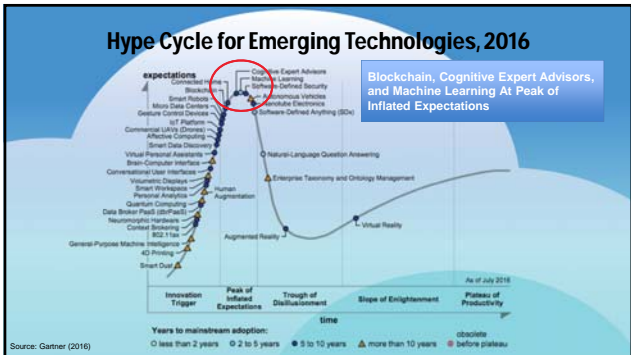


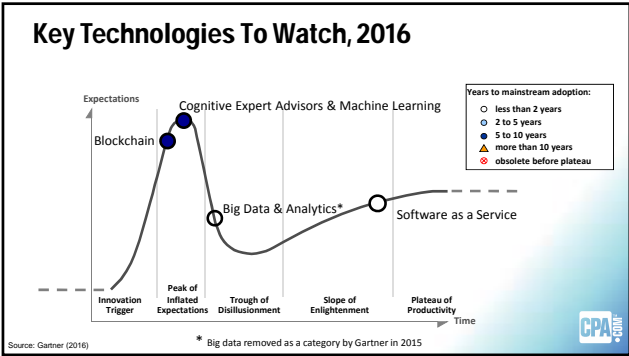










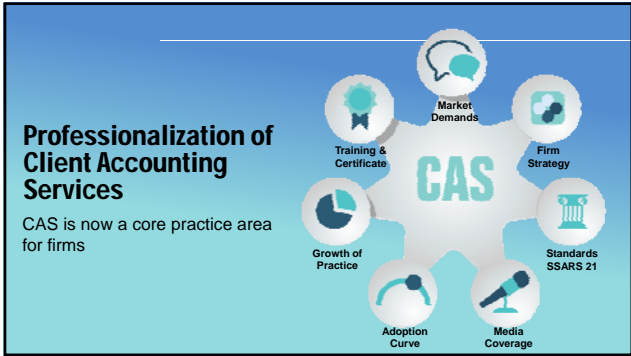


Accountants Teaming with Artificial Intelligence Tools

H&R Block & IBM Watson “...uses cloud-based Watson services to understand context, interpret intent and draw connections between clients’ statements and relevant areas of their return.” “Block applies IBM’s Watson to tax prep” by Jeff Stimpson	Deloitte deploys Kira “The machine-learning-based system studies what’s important to reviewers in contracts and then identifies important information across large pools of agreements.” “Big Four accounting firms delve into artificial intelligence” by Ben Kepes, ComputerWorld	KPMG & IBM Watson “...consultants will use Watson to analyze massive volumes of financial data in order to detect anomalies.” “Big Four accounting firms delve into artificial intelligence” by Ben Kepes, ComputerWorld
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“Up until about 10 years ago, Durkin said, accountants would identify needs and then buy technology to fill those needs. Now, he said, technologies are being developed before accountants even identify needs.”

- Journal of Accountancy: “How finance and accounting can boost innovation” – by Dennis Durkin, CPA, CFO,



Changing Landscape

Before: Transactional

- Low margin transaction processing
- Means to an end; a Tax Return
- Pressure to keep fees low
- Non-strategic

Today: Advisory

- Improve client financial performance with proactive consulting
- Save time and reduce cost by standardizing and leveraging automation and repeatable processes
- Increase real-time collaboration with clients by accessing information in the Cloud
- Increase margins by providing higher value with increased productivity

CPA

A Growing Number of Firms Have Formalized CAS Practice

A grid of 15 logos for various accounting and business service firms, arranged in three rows of five. The logos include: ACUMEN, GRAY GRAY & GRAY, Waypoint solutions, EideBailly, RUBIX CLOUD, GUIDESERVE, BLUtree, BDODrive, PB Mares, WISS, SkyBooks, SCH, LBMCI, GRAY GRAY & GRAY, and RSM.

Deloitte.



2016 Global Outsourcing Survey
Outsourcing accelerates the road to success

Deloitte 2016 Global Outsourcing Survey: Key Findings

Cloud Technology Can Be Used to Transform Processes

- Accelerate speed to value
- Reduces implementation times
- Improves functionality

No Longer Viewed as Just Cost Arbitrage

- Solves capacity issues
- Creates scalability
- Provides access to intellectual capital

Creates New Opportunities for Service Providers and Clients

- Improves quality
- Improves user experience
- Captures and enables innovation




Cutting to the Chase—the Cocktail Napkin ROI

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Save 8 hrs of CFO's time/week and 1 FTE and pay for Outsourcing in <1yr

OR


Reduce revenue leakage by .5% for a \$10M co and pay for Outsourcing in <1yr



Expansion of CAS Ecosystem


Pre-Accounting
GROWING FOCUS

Real time inputs outside of finance (expenses, transactions, etc.)




Accounting
IN PLACE


Cloud Accounting (G/L, Payables, Payroll, etc.)



Post-Accounting
GROWING FOCUS

Business Intelligence (Budgeting & Forecasting, Planning, KPI Dashboards, etc.)








Standards & Guidance






Michael P. Glynn, CPA, CGMA

Senior Technical Manager, Audit and Attest Standards, AICPA


- Serves as staff liaison to the Accounting & Review Services Committee (ARSC)
- Supports the activities of Auditing Standards Board (ASB) and its subcommittees by assisting members in drafting and deliberating authoritative professional standards and interpretations
- Member of New York State Society of CPA's Accounting & Review Services Committee
- Graduate of Pace University with BBA in public accounting



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SSARS No. 21, Section 70

- CPAs can be engaged to prepare financial statements and issue such financial statement without a report – even if financial statements are expected to be used by a third party
- Requires a legend on each page of the f/s stating that no assurance is being provided
- Other “bells and whistles” on face of financial statements to address financial statement limitations






Standards – SSARS21 Implementation

Look Back On Year Of Implementation

- Focus has been on education of standard, branding option, client roll-out, etc.
- Lots of Questions & Internal Firm Debate
 - Firm Branding
 - Connection between client accounting and quality control of firm
 - Additional reviews and potential cost





Questions Regarding SSARS21 Implementation

- Legend
 - No assurance provided
- Peer Review Requirement
- Quality Control discussion



Professional Development & Education



Now Available!



- Based on CPA.com's years of work with leading firms
- Completion includes a digital badge
 - Visible, verifiable, sharable recognition of professional achievement
- Learning includes 33 hours of CPE
 - 2 day interactive, live workshop
 - 7 self-study, online courses
- Received Accounting Today's "2017 Top New Product"



**Getting Certified in
Client Accounting Advisory Services**



Defining
CAAS



Technology
Roadmap



Guidance



Workflow
Design



Client
Interaction



Client
Assessment



On-Boarding



KPIs



Gerard Abbattista, CPA, CGMA

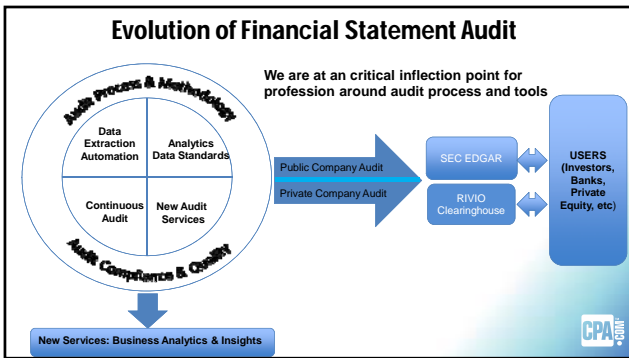


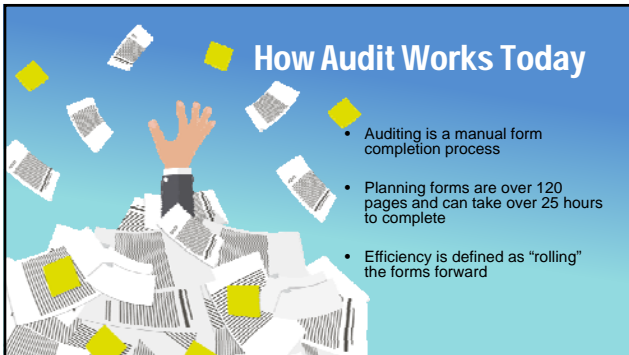
Partner, EisnerAmper

- Leader of the firm's Outsourced Finance and Accounting Practice
- Expertise encompasses all aspects of accounting, auditing and business consulting
- Industry concentration with technology and life sciences companies

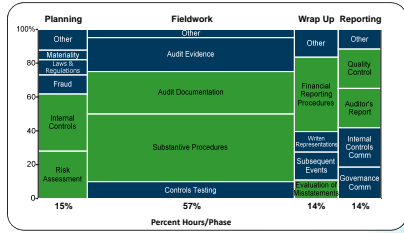








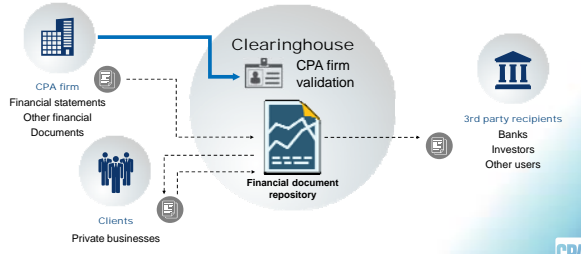
Phases of the Audit Where Firms Believe Technology Can Have Greatest Impact



TOP TWO AREAS IN EACH PHASE



REPOSITORY OF INTELLIGENT VALIDATED INPUTS & OUTPUTS



Addressing the Marketplace Need for a Private Company Clearinghouse



What is Blockchain

A distributed secure database that leverages cryptography and peer-to-peer technology to group data into blocks and store them in an immutable chain of transactions.



Public vs Private Blockchains

- Concept of "private blockchains" has become popular.
- Not fully public, decentralized network.
- Create system where **access permissions** are **controlled**; rights to modify or read blockchain **restricted to few users**.
- Maintains partial guarantees of **authenticity** and **decentralization** that blockchains provide.
- Private blockchains are primary focus of financial institutions.
- **Consortium blockchain** - consensus process controlled by pre-selected set of nodes; ex – grouping of financial institutions; each operates a node; considered "partially decentralized".

Wall Street Blockchain Alliance – Copyright © 2017



Blockchain Adoption

- Public Blockchains: likely require nearly universal adoption and standards agreement which most likely will need to be led by large industry groups or a legitimized consortium.
- Private Blockchains: focus on the security and reliability of the blockchains themselves. For example who are the parties in the private blockchain. Are they reliable?
- Assurance Needs:
 - Reliance on the blockchain as a source for the initiation of a transaction through evidence that the blockchain is secure and operating as designed.
 - Blockchain provides transaction foundation but not necessarily the estimates related to the reporting

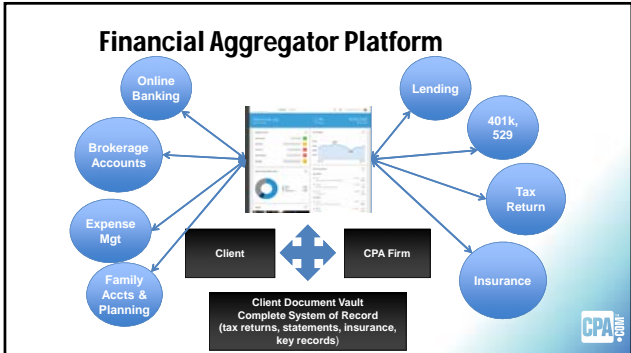


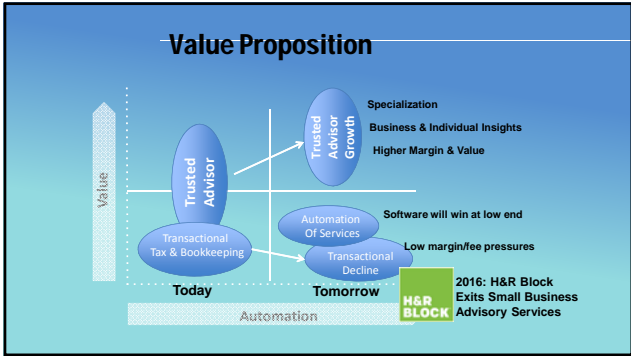


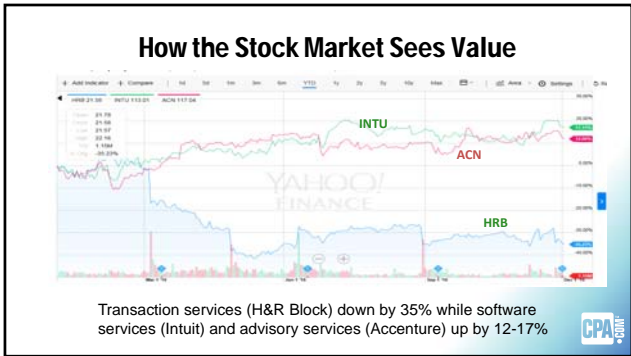
Category	Market Share	Total Returns	Five Year Trend	Average Price	Total Market Value	Comments
Manual	3%	5M	-9%	N/A	N/A	Steady decline over past decade
DIY Software (TurboTax, etc.)	40%	60M	5%	\$0-100	\$2 B	Growth driven mainly by gaining share from manual and storefront categories
Storefront (H&R Block, etc.)	11%	16M	-4%	\$100-200	\$3.5 B	Majority of their clients make less than \$50k a year. EITC key driver.
Non CPA Prepared	36%	54M	0-1%	\$100-300	\$6.5 B	Non complex returns losing share. New CPA competitors emerging
CPA Prepared	10%	15M	0-1%	\$300 - 800	\$11 B	Fundamentals solid. CPA firms primarily support upper 10% of US Market.
US Return Market	100%	151M	1-2%	\$150	\$23 B	

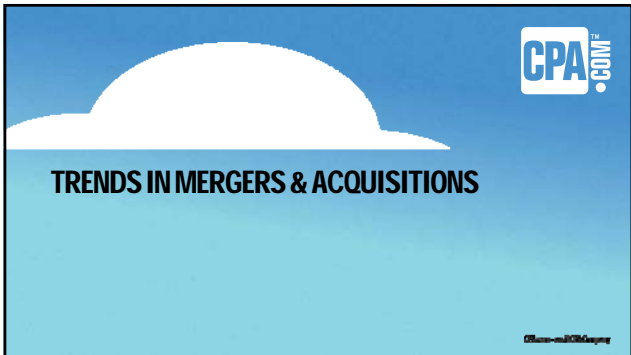
Prepared Returns: 57% , Software/Manual: 43%

*2015-2016 Data from Intuit, H&R Block, IBIS, & IRS









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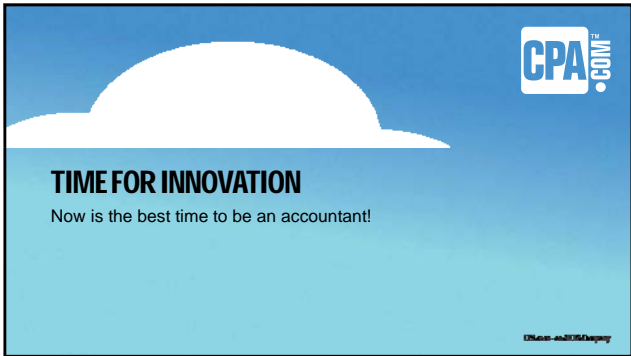
Joel Sinkin



President, Transition Advisors, LLC

- Firm exclusively consults on Mergers & Acquisitions for Public Accounting Firms
- Expert in practice evaluation, succession planning and transaction structure
- Overseen hundreds of transaction closings of accounting firms since 1990
- Worked with firms of all sizes from sole proprietors to large regional and international firms
- Author of multiple books on succession and mergers
- 2012 - 2016 *Accounting Today* named Mr. Sinkin one of the top 100 most influential people in accounting






CPA.com

TIME FOR INNOVATION

Now is the best time to be an accountant!

Photo: iStockphoto




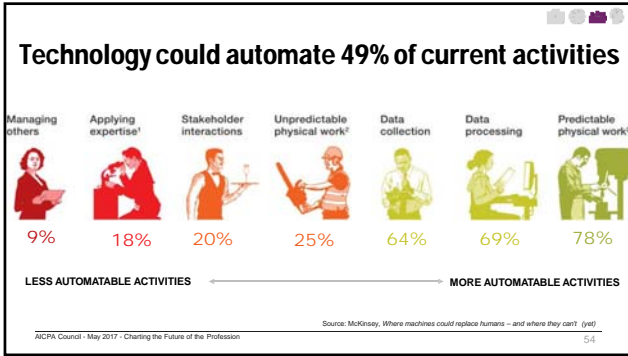
**CGMA REPORT
MANAGING INNOVATION**
Harnessing the power of Finance

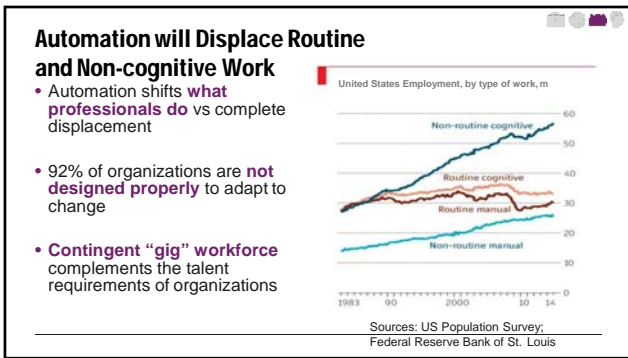
CGMA

“The definition of innovation is broadening. Once deemed the exclusive province of R&D departments, it is now widely accepted as a fundamental part of every aspect of a business.”

Source: CGMA Report Managing Innovation: Harnessing the power of Finance









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



ADDITIONAL RESOURCES



Tomorrow's Firm Today

Launched Digital CPA Conference in 2012

- December 4-6, 2017
- Downtown San Francisco
 - Epicenter of Technology

- Keynote Themes
- Disruption, AI, Machine Learning

- Global DCPA Track
- Reaching out to International Institutes

The image is a promotional graphic for CPA Self-Study Training. It features a central circular diagram with seven red circles, each containing a number from 1 to 7. The circles are arranged in a ring, with the numbers 1 through 7. The text 'Mastering Self' is written in the center of the ring. To the right of the diagram, the text 'CPA Self-Study Training' is at the top, followed by 'Owning Your Leadership' in a large font, and 'Building extraordinary relationships beginning with self.' below it. At the bottom right, it says 'John Engels, Founder and President, Leadership Coaching, Inc.' and 'A Service of CPA, an AICPA Company'.

Resources

■ [2016 PCPS/ CPA.com MAP Survey](#)

■ CAS Related podcasts, blogs, news

- www.cpa.com/media

■ Digital CPA curriculum

- Conference
- Workshops
- Self-study programs

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The image is a thank-you slide. It features a blue background with a white silhouette of a large dome (resembling the US Capitol) on the left. On the right, there are silhouettes of four people standing. The text 'THANK YOU!' is in large, bold, white letters. Below it, '@ERIKASGEIRSSON' and 'ERIK@CPA.COM' are written in white. The CPA logo is in the top right corner. At the bottom left, there is a small logo for 'CPA.com'.
