

# THE FUTURE OF ACCOUNTING

Prepared by  
Andrew Bulemi

# THE FUTURE OF ACCOUNTING



# CONTENT



1. Introduction
2. Evolution of accounting
3. The shift Change
4. Emerging Business Models in Accounting
5. Jump on the Client Accounting Services Train
6. Services Are on Google
7. Changing Client Expectations
8. Decreased Stress in Accounting Life
9. Compliance Services Far From Dead

# 1. Introduction



1. Since the very beginning, going back to tablet record keeping in ancient Mesopotamia to block-chain in the 21st century—technology has been a key enabler in addressing accounting challenges. Only a few challenges stand in the way of business owners not taking the leap and keeping up with the curve.

## 2. EVOLUTION/MILESTONE OF ACCOUNTING



**10000BC-  
2000 BC**

**2000B.C-  
A.D 1900**

**A.D 1900-  
A.D 2010**

**2010-2025  
A.D**

**A.D 2025  
AND OVER**

### Age of inscription based accounting

1. Primitive method of accounting i.e markings on cave walls to keep count of livestock.
2. Accounting technologies developed includes: Barter trade, Cuneiform tablet, abacus and papyrus

### Age of merchants

1. Increase in shipping and trade lead to the development of single entry bookkeeping
2. Currency mode of transaction
3. Bank notes are introduced
4. Publishing the 1<sup>st</sup> account of bookkeeping

### Age of digital transformation

1. Credit card is created in 1946 hence leading to 1<sup>st</sup> digital transaction
2. 1<sup>st</sup> payroll system-1<sup>st</sup> use of computerized accounts.
3. ERPs is developed
4. Cloud computing and SaaS accounting is introduced

### Age of intelligence accounting

1. Business intelligence and predictive analytics combine to analyze financial data from multiple sources
2. Artificial intelligence and machine learning tools
3. Accounting robots
4. Block chain based accounting

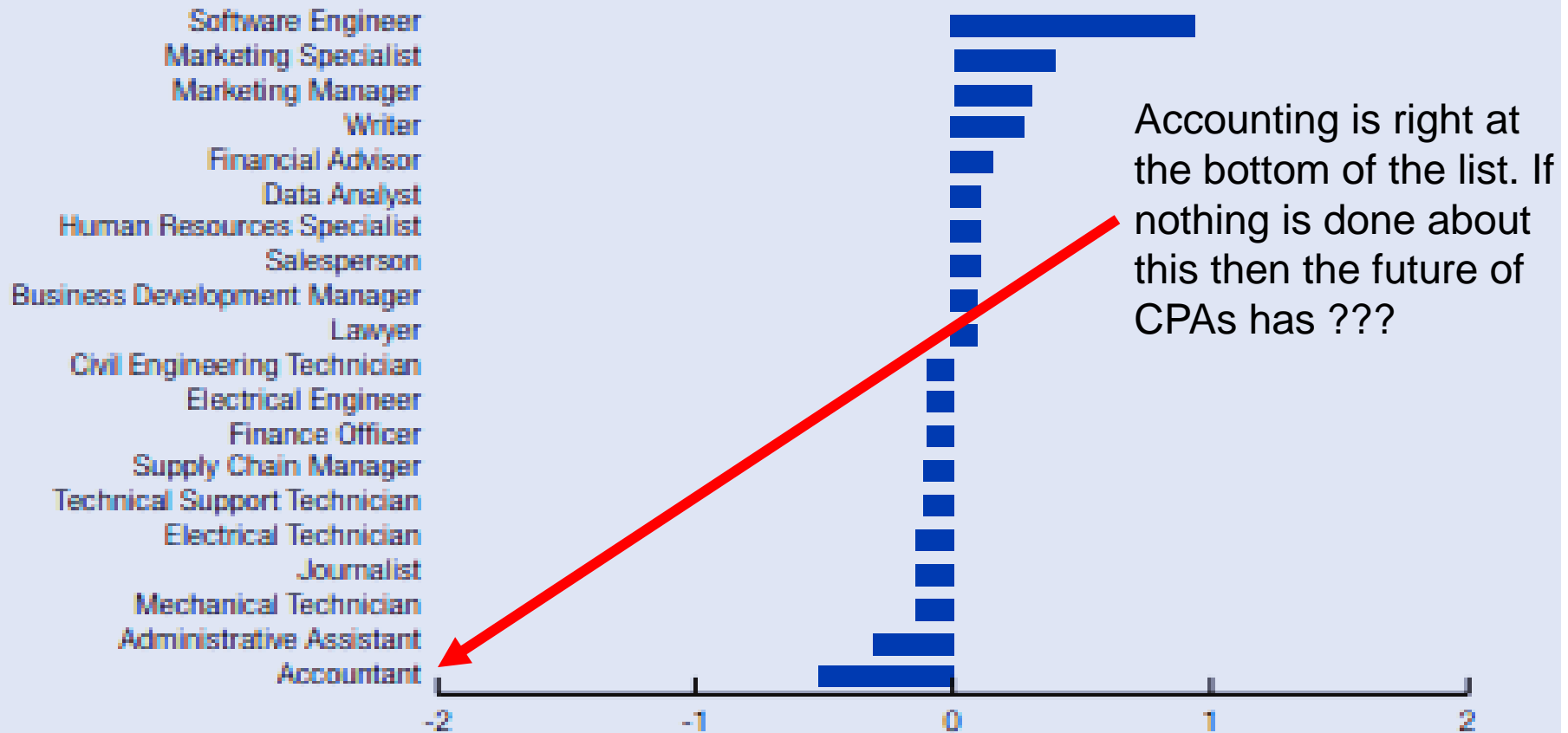
### Age of quantum accounting

1. Quantum-mechanical phenomenal called "qubits" combines binary values
2. The immense power of quantum computers will manage high volume of financial transactions and analysis

# Top ten most emerging and declining roles between 2013–2017.



## Sub-Saharan Africa



### 3. Shift Change



**Leadership**

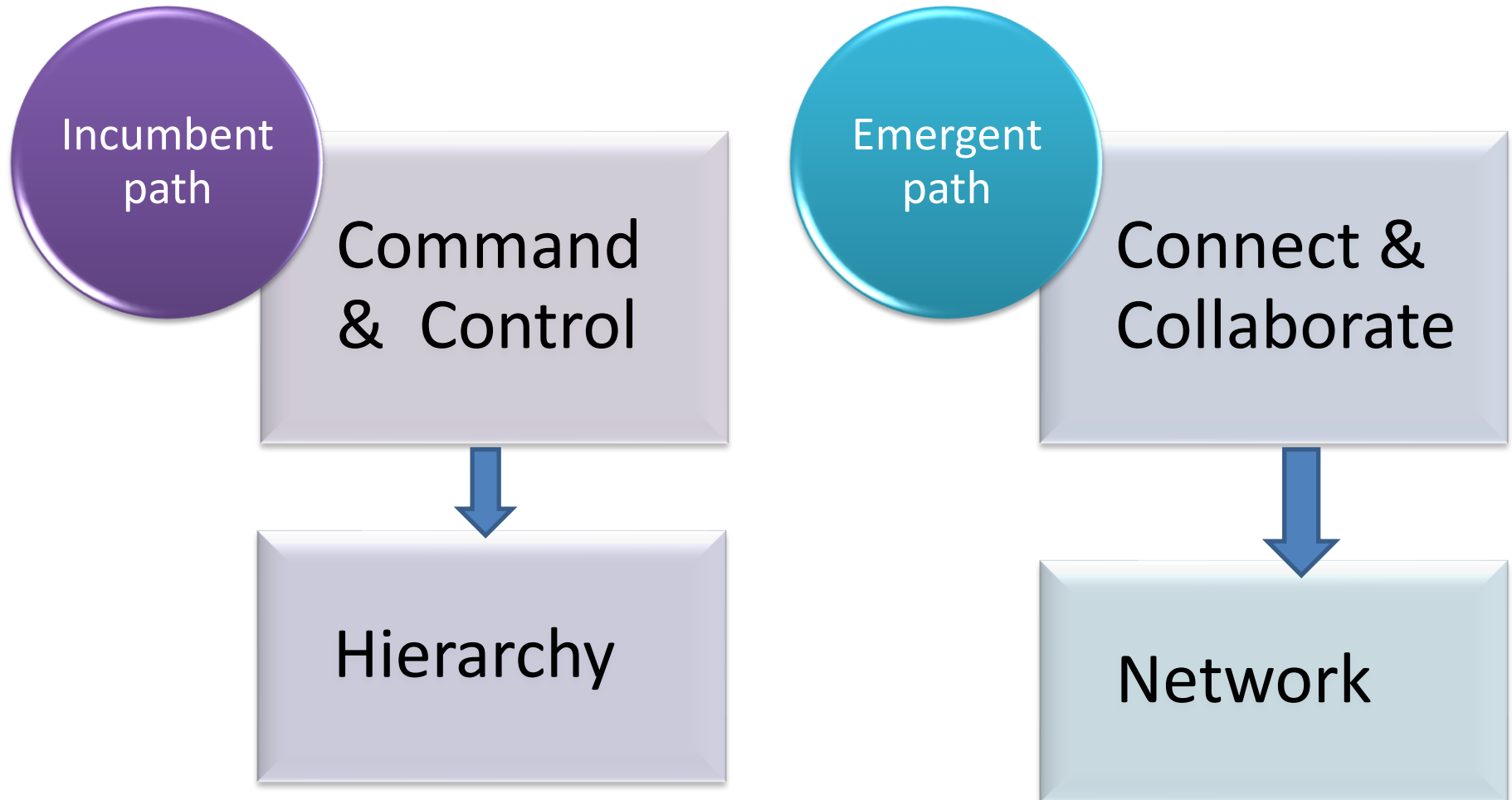
**Learning**

**Technology**

**Generation**

**Workplace**

## a) Leadership





## b) Learning- Incumbent vs. Emergent



Episodic &  
Passive

Transactional

JIT &  
Participative

Transformational

## Learning cont...



Technical accounting & tax knowledge are becoming less important than one or two decades ago. Hence many accounting and other firms are going for people with other skills instead of those with technical knowledge. Who is selected and how they are trained should greatly differ in order to prepare for the future of accounting

Hiring and training should comprise of the following:

- Onboard Technology Expertise
- Soft Skills are Critical- Problem Solving and good communication skills
- Tap Into the Gig Economy-

# Cont...



**Table 4: Comparing skills demand, 2018 vs. 2022, top ten**

Today, 2018	Trending, 2022	Declining, 2022
Analytical thinking and innovation	Analytical thinking and innovation	Manual dexterity, endurance and precision
Complex problem-solving	Active learning and learning strategies	Memory, verbal, auditory and spatial abilities
Critical thinking and analysis	Creativity, originality and initiative	Management of financial, material resources
Active learning and learning strategies	Technology design and programming	Technology installation and maintenance
Creativity, originality and initiative	Critical thinking and analysis	Reading, writing, math and active listening
Attention to detail, trustworthiness	Complex problem-solving	Management of personnel
Emotional intelligence	Leadership and social influence	Quality control and safety awareness
Reasoning, problem-solving and ideation	Emotional intelligence	Coordination and time management
Leadership and social influence	Reasoning, problem-solving and ideation	Visual, auditory and speech abilities
Coordination and time management	Systems analysis and evaluation	Technology use, monitoring and control

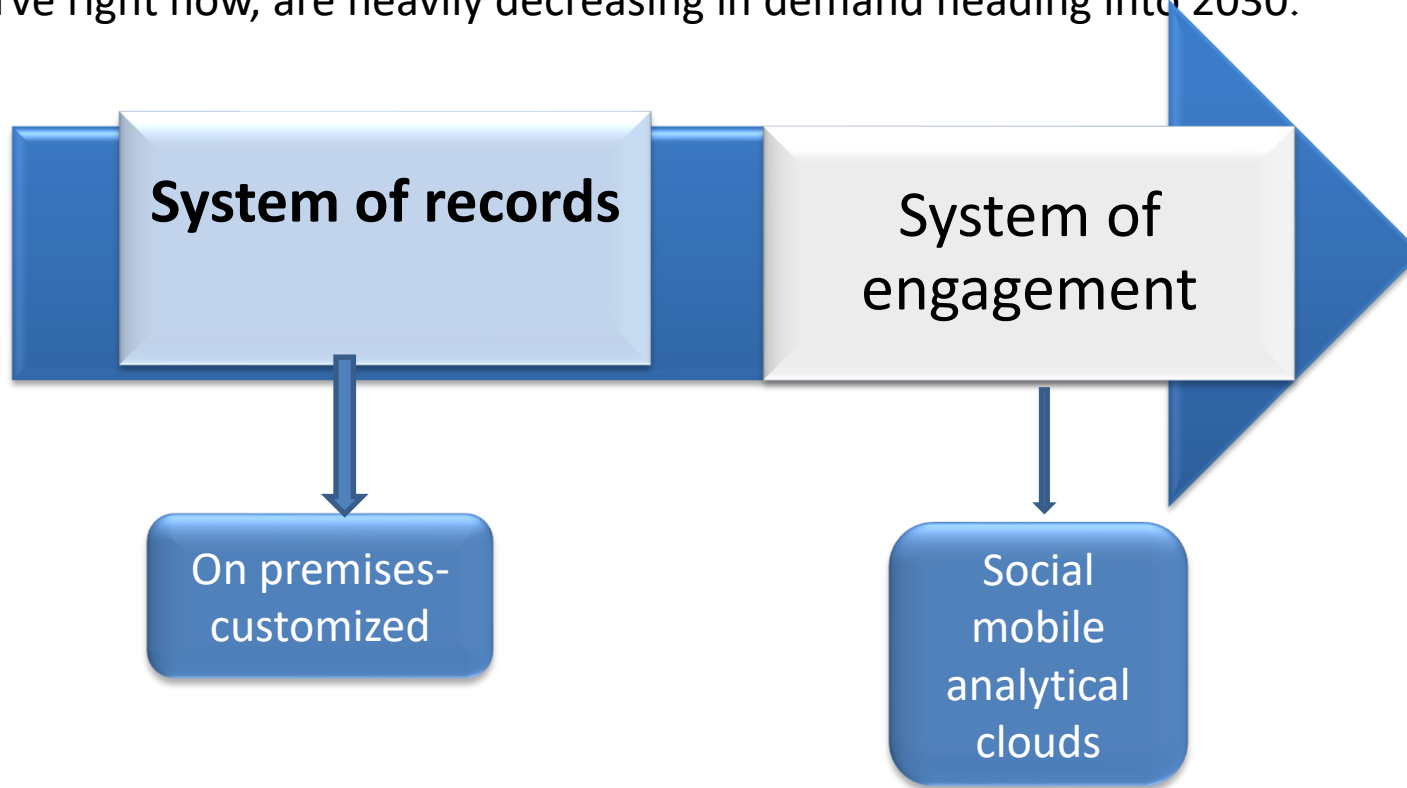
**Source:** Future of Jobs Survey 2018, World Economic Forum.

## c). Technology\_ Accounting & Auditing softwares

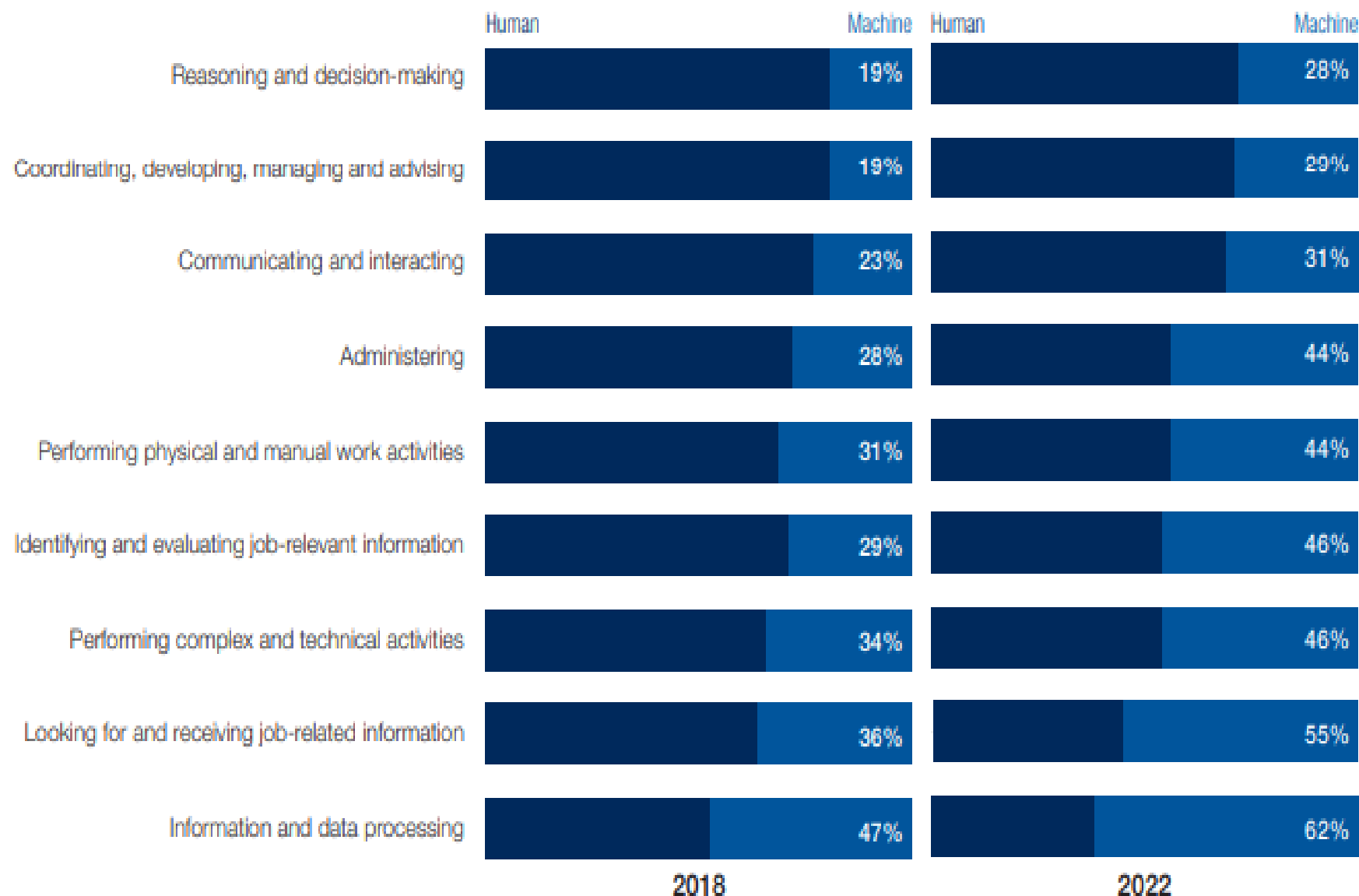


# Technology Current path vs. the future

1. The future of accounting is not *just* about technology, but it sure is being driven by it
2. Some studies have concluded that accountants are at a 98% chance risk of having their job is automated
3. [Research from the World Economic Forum](#) also agrees that accountants, in the capacity that they serve right now, are heavily decreasing in demand heading into 2030.



**Figure 5: Ratio of human-machine working hours, 2018 vs. 2022 (projected)**



Source: Future of Jobs Survey 2018, World Economic Forum.

# Technology - Automation is Front & Centre



One must be up to date with trends in automation in order to stay relevant as the future of accounting evolves hence the following tips might help:

## ✓ **Standardize the processes-**

- Have clear procedures/ processes in place before automating your system.
- Once you're clear on the process, you can identify areas that require manual entry and then shop for technology to automate that aspect of the process

## ✓ **The Future of Accounting is Integrated through Apps-**

- When cloud accounting hit the market, things like automated bank feeds blew people away: Currently , this is a basic expectation when it comes to accounting automation
- The future of accounting involves more complex automations that leverage the hundreds of third-party apps that can integrate into your accounting system for examples how xero operates, Caseware and many more apps.
- Being on the cloud today is table stakes. Remaining relevant in the future involves applying more complex integrations in cloud accounting to automate as much as possible.



# Cont...



- ✓ **Use Predictive Technology\_** With advances taking place in artificial intelligence (AI), technology is now able to start making predicting accuracy in various areas of accounting
  - **Example:** Bot-keeper, an outsourced bookkeeping service supported by technology, applies machine learning and AI to financial transactions to predict levels of confidence for how items should be coded, Anything above 98% gets automatically coded while items below 90% would require some kind of manual review
- ✓ **Closing Technical Gaps by use Technology – Democratization** of technical knowledge is one of the things that advancements in technology are bringing to the future of accounting
  - **Example** –tax planning experts have long been in demand but Blue J legal ( in Toronto, Canada) assists to close this technical gap by providing software powered by AI which to predict the outcome of tax plans. And by scanning available tax law and court cases, the software will predict the outcome of your tax plan to see how a court would assess the matter:



# Work place



Incumbent  
path

A place you go



Rigid, cube  
farms

Emergent  
path

What you do



Open,  
collaborative  
and flexible

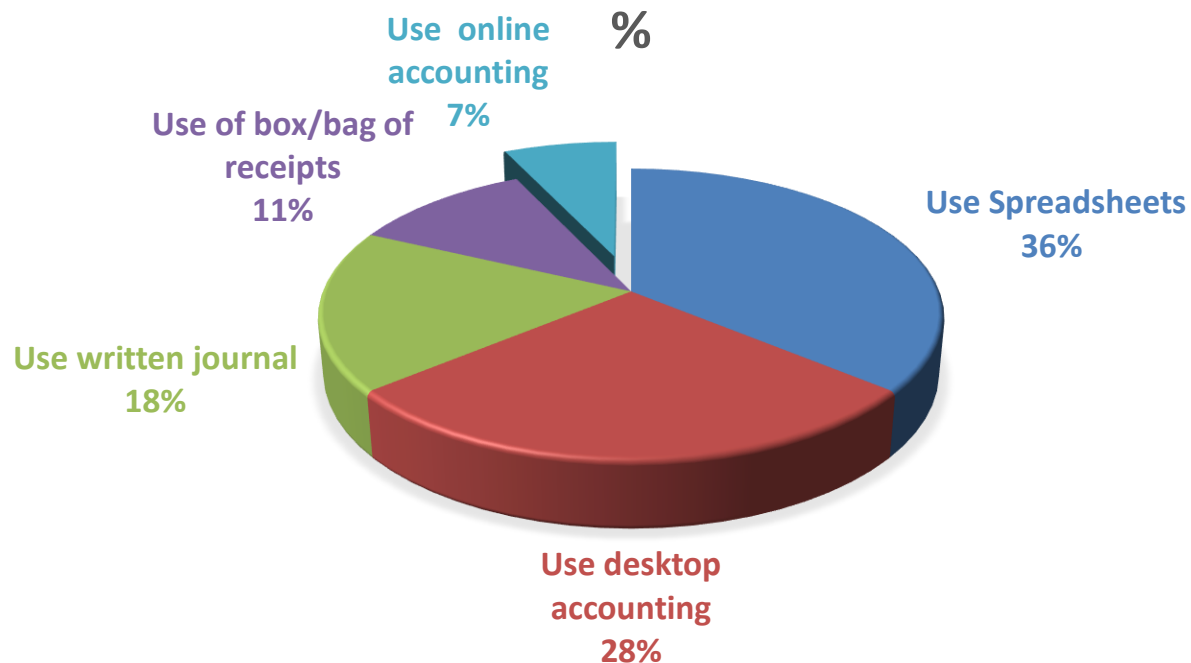
# GENERATION- Incumbent path Vs. Emergent path



## Generation cont...



Younger generations have internet-first preferences, yet only 7% of millennial business owners are using cloud accounting software.



Make sure all your clients are using cloud accounting software



# Emerging Business Models in Accounting

The future of accounting will see a rise in the popularity of new emerging business models that are already forming. These will very likely erode market share of many traditional models down the road and make it more difficult for those traditional models to compete.

Some of the trending models that are in effect right now in professional services that the firm should be aware of include:

## **a) Marketplace Platforms-**

- ✓ Uber popularized the marketplace platform by providing software where suppliers and customers can connect effortlessly and have their needs fulfilled. This is already happening in accounting with platforms like QuickBooks Live.

## b). Micro Service Offerings

- ✓ This concept essentially takes a model that has successfully existed for years and pulls it apart to create more focused, higher-quality service offerings. Hence the same concept can be applied to most professional service firms that offer dozens of services and this shall form the future accounting.
- ✓ This will erode the market share of traditional players since it will certainly appeal to particular part of the market

## c) Online Education Models-

- ✓ The online education market is greatly rising up and is expected to hit approximately \$350B globally by 2025. Never has it been easier to learn new skills through various online communities and courses: This would mean that your client has another alternative
- ✓ **Example:** Those who want to handle their own bookkeeping would pick one from many courses offered online. This also applies to Accounting firms today which have started to leverage these online learning models to bring in new revenues.
- ✓ This simple means that competition will increase and market share will erode due to new emerging business models
- ✓ Tips that would assist an accounting firm to prepare in the above suggested area:

## Clearly Define Your Customer Profile

- All firms target a very specific segment of the market. Contrary to most accounting firms, they do not take a shotgun approach and try to target everyone both small and big clients.
- As new business models emerge, it will be important for firms to take a more focused and specific approach to who they work with and make sure that comes across in their marketing

## Add Personal Touches

- It's easy to get wrapped into just focusing on automation, but the future of accounting is very much still people-driven. Consider how you can add more personal touches to the services that you offer

## Break Out of the Box

- **Break Out of the Box-** As the world evolves, so should your business, your business exists to solve problems. and there are likely lots of problems that you're still not solving for your clients.

# Jump on the Client Accounting Services Train



Client Accounting Services (CAS) include things like bookkeeping, bill pay, payroll, etc., and as a service offering, it's growing fast. What this means for the future of accounting is that this is a service offering that firms should certainly be focused on developing in 2021.

**Some of the tips to survive this:**

Power the  
Service with  
Cloud Apps

- CAS services should be powered by cloud accounting apps to automate workflows to the fullest

Modify Your  
Discovery Call

- Part of what your clients are paying for when they offload bookkeeping, payroll, bill pay, etc., is for you to make the process more efficient and easier on them
- This means is that during your discovery process you need to be learning about the client's current processes, in as much detail as possible, to understand how you'll improve them. Ensure you're getting a clear understanding of a business' processes before signing the client up.

Productize  
Your  
Offering

- properly productize your offer in order to make it as attractive as possible

# The Future of Accounting Services Are Found on Google



Today, the first step in any consumer's purchasing process is most likely through a Google search. This means that if your firm is not easily found on Google, you're missing out.

a). **Search Engine Optimization (SEO)**- get your firm set up on Google My Business, which is basically just a free business profile for your firm. This gives Google relevant information about your firm which helps improve your chance of ranking for popular local keywords

b). **Get Google Reviews**- This will serve these purposes:

- ✓ Ranking you more favorably in local Google search results
- ✓ Prospective clients are more likely to select a firm that has positive reviews than one with no reviews at all. People like social proof



# The Future of Accounting Includes Changing Client Expectations



Millennials and Gen Z have different expectations of how they want to work with their accountants. a recent study indicated that millennials list seeking an advisor that's "enjoyable to work with" topping their list of desires. Unfortunately, it seems that accounting firms aren't getting that message with the same study indicating that 50% of millennials polled are looking to replace their accountant as per the table below.

Actions		Knowledge		People		Value	
39%	<b>Attention to detail</b> they are great at getting all the important details correct	39%	<b>Excellent knowledge of our industry</b>	15%	<b>Their leadership and team members</b>	39%	<b>Good value</b> we get a lot of value for what we pay them
39%	<b>Enjoyable to work with</b> quick and easy to reach them, easy to schedule and reschedule meetings	25%	<b>Very capable with apps and leading technologies</b>	8%	<b>Their values</b> who they are as people - what they do and how they do it		
33%	<b>Proactive</b> they often point out ways for us to improve our business						

## Decreased Stress in Accounting Life



- ✓ Working in accounting has had a terrible wrap when it came to achieving a balanced lifestyle. We are all aware of (and some have lived) the horror stories of crazy hours and awful busy seasons.
- ✓ This give the firms alert that their team is looking for ways to reduce their stress level. There has been a push to develop mental health awareness at work place.
- ✓ Hence the future of accounting involves your firm taking steps to reduce stress levels for you and your team to not only attract and retain talent but to ensure that you, as the leader of your firm, stays happy and healthy.

# Ways to decreased Stress in Accounting Life



## 1. Engage in Capacity Planning



## 2. Assess What You Really Want Out of Life



## 3. Work From Anywhere



Reducing  
stress



# Compliance Services will not die any time soon



- ✓ Everywhere you go, you hear that compliance services will be fully automated and that you need to pivot into advisory services to remain competitive.
- ✓ But contrary to popular belief, compliance services aren't going away any time soon.
- ✓ In fact, it was recently found that compliance-focused firms have been growing faster than their counterparts.
- ✓ The way compliance services are being delivered might be changing, and yes, more of it is being automated, but the demand is not going anywhere anytime soon.
- ✓ That being said, when it comes to the future of accounting and compliance services, they are certainly becoming more automated and more competitive.

# How to survive



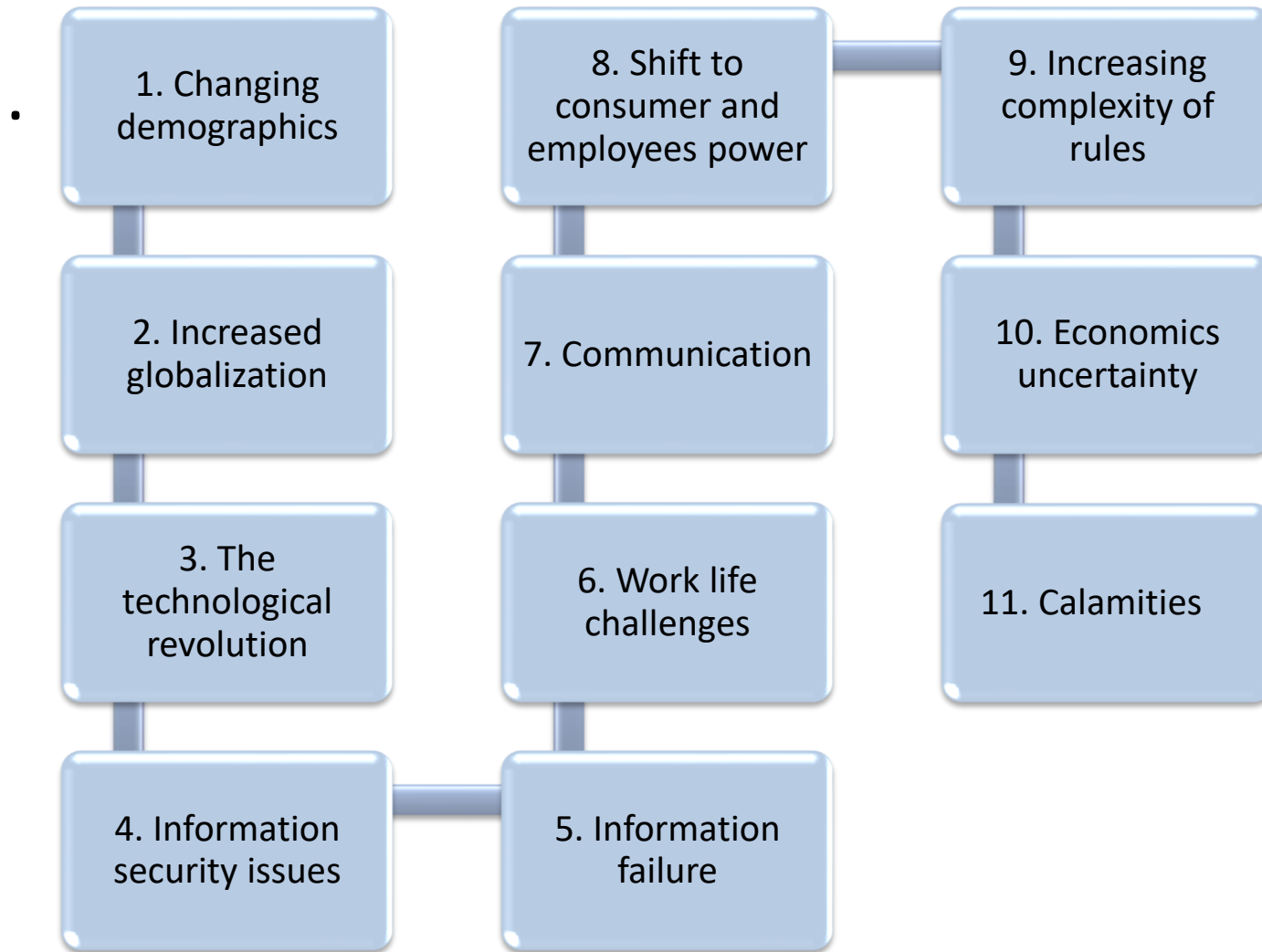
- ✓ **Don't Stray Too Far From Your Sweet Spot-** If you don't have a good process for a compliance service and if you don't plan on building it out, you shouldn't be offering this service in the first place
- ✓ **Seek Education in Accounting Technology-** Even though compliance services aren't going anywhere, they are becoming more automated with businesses actively seeking to replace humans with machines.

The World Economic Forum's Future of Jobs report in 2020 stated that companies expect machines to handle the majority of complex and technical activities by 2025

- ✓ **Only Accept Clients That Follow Your Process-** For example, if you've built your firm around QuickBooks Online and the client wants you to use an accounting system you've never used before, you would reject that client
- ✓ **Recommend Ways to Improve Your Client's Processes**  
In addition to making yourself more efficient, firms that are growing faster than the average, pacesetters, are actively recommending ways to make their clients more efficient as well.

The more efficient your clients are, the easier the work becomes for you, which translates into better margins and happier clients with regards to compliance services.

# Cont....



# Conclusion



The future is quite bright and the pace of technological advancement is encouraging. Adaptability has become an imperative quality that all accountants in the modern day should possess and apply in order to survive and still remain competitive in this dynamic and sophisticated environment.



THANK YOU