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## Technology and the 21st Century CPA

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# Executive Roundtable:

We caught up recently with **Jonathan A. Baron**, President and CEO, Thomson Creative Solutions; **Dr. Chandra Bhansali**, President & Co-Founder of Accountants World, LLC; **Ray Jimison**, Sr. Vice President and General Manager Best Software - Specialized Business Solutions, and **Cary Rosenzweig**, Vice President of Intuit QuickBooks Payroll, to get their perspectives on important technology issues, opportunities and challenges facing CPAs today.



Jonathan A. Baron  
Creative Solutions



Dr. Chandra Bhansali  
Accountants World



Ray Jimison  
Best Software



Cary Rosenzweig  
Intuit QuickBooks

**Gentlemen, from a technology or software solutions standpoint, what trends are having the greatest impact on CPAs today?**

**DR. CHANDRA BHANSALI** (Accountants World): "Adoption. Most CPAs are still using only a fraction of the power of current technology. The Internet is the dominant core technology for accountants today. Accountant-centric technology will emerge as the most important technology for helping CPAs develop their practices and serve clients more effectively."

**JONATHAN A. BARON** (Creative Solutions): "Paperless office technology, including document management systems, paperless audit tools and Web-based client communication and collaboration tools. Firms that have transitioned to paperless offices are seeing immediate savings in paper, toner and storage space. More important, they're accessing information more conveniently, employing off-site staff, doing better planning for disasters and better serving clients through private portals."

**RAY JIMISON** (Best Software): "Electronic file exchange of data between products. This single data entry point saves on redundant entry of the same information. Other trends we see include: adoption of content management tools, client relationship management software (with pipeline reporting) and mobile worker tools."

**What common concerns or misconceptions do CPAs have today about adopting more sophisticated software or technology solutions?**

**Bhansali:** "Concerns and misconceptions about security issues have certainly contributed to the slow adoption of technology by some CPA firms. However, the real reason some CPA firms are slow to adopt technology is that accountants remain comfortable with the status quo -- 'if it isn't broken, don't fix it.'"

**Baron:** "Even today, only a small percentage of accounting firms understand the positive impact that technology can have on their practices. Most firms do not take advantage of integrated software solutions. Instead, they rely on disparate tax, accounting and practice management software, and waste time entering the same data multiple times."

**Jimison:** "Today accountants and their clients are embracing efficiencies of data integration between multiple products. To achieve this integration, customers may be concerned about giving up functionality they perceive they can achieve only by combining best of breed products from a variety of vendors. As the software industry consolidates, this is becoming less of a concern."

**CARY ROSENZWEIG** (Intuit QuickBooks Payroll) "In terms of accountants offering payroll as a service -- I think there are some accountants who feel that payroll is a task best left to clients. At the same time, payroll is one of the most complex processes for small business owners, and accountants are often called in to fix mistakes."

**Why is technology such an important issue today for CPAs and their small to medium size clients?**

**Jimison:** "Since Sarbanes-Oxley [passed], there is heightened attention paid to reporting and accountability across the board -- at private companies as well as at public companies. Accounting and business management software is essential for helping these small to medium size businesses stay on track through thorough reporting and analysis capabilities."

**Baron:** "As the MAP survey confirms, finding and retaining qualified staff is the top challenge for most firms since they have to do more work, and offer more services, without adding staff. Seamless software integration and advanced data sharing techniques enable professionals to capture the original source of data and share them electronically, rather than entering the same data multiple times into various systems."

**Bhansali:** "Technology has greatly influenced the profession for the past four decades, not just today. In the Sixties, it was the calculator; in the Seventies, it was mainframe service bureaus; in the Eighties, it was DOS-based PC's and in the Nineties, it was Windows. Today it's the Internet."

**Is it essential for CPAs and their small and medium size clients to keep critical financial management functions in-house?**

**Jimison:** "Keeping data in-house with reporting capabilities in the software puts critical information at the business owner's fingertips. Reporting required for managing a business and reporting required for external sources may be very different in nature and in timeliness. Daily cash reports can be extremely valuable in keeping a tight rein on a business's accounts receivable system. Financial reporting is generally needed periodically by outside sources and can be furnished by accountants. Payroll, however, may be an area in which the small business wants to consider outsourcing."

**Bhansali:** "Actually, it may not be critical for small and medium size clients to keep key financial functions in house. For example, by using accountant-centric solutions, small and medium size businesses can co-source their critical accounting management functions with their CPAs to eliminate duplication of work, increase productivity and provide both clients and CPAs with real-time access to critical financial data."

**Rosenzweig:** "Few things generate as much ill-will as a missed or delayed paycheck. As a result, it is important for small businesses to maintain control over their valuable payroll data. Software solutions help with managing payroll independently, without putting the data at risk by sending it outside the organization. We have solutions to work with customers in both the in-house and out-of-house environment."  
(continued on pg 5)

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### Why are CPAs optimally positioned today to help their small and medium size clients with key financial and business management functions?

**Jimison:** "CPAs understand business processes and that makes them ideal candidates to provide clients with advice that spans both the front and back office. CPAs are among the few professionals who possess the broad knowledge needed to work with department managers and give them views outside their daily silos of activity. Ultimately, everything a business does touches the accounting system – and if it doesn't, it should."

**Bhansali:** "CPAs have always been well positioned to help small and medium size businesses. Unfortunately, many CPA firms are content to provide their clients with nothing more than core tax and accounting services. Now that their bread and butter services are becoming commoditized, however, they are more interested than they used to be in offering additional services to clients. The Internet and advanced solutions make it possible to offer payroll and other service they couldn't offer before."

**Rosenzweig:** "Agreed. Payroll is a major business opportunity for CPAs, since they have strong built-in relationships with clients. New software solutions make it easier than ever to offer payroll as a value-add service. Accountants can offer smaller clients more personalized service and they bring credibility and expertise to the table."

### What makes your company's approach to serving tax, accounting and financial management professionals unique?

**Baron:** "Thomson Creative Solutions offers the broadest line of integrated software available to the accounting profession – tax, accounting, practice management, fixed assets, payroll, trial balance, engagement, document management, Web building and hosting, even private client portals. All the Thomson businesses that serve accountants (CSI, RIA and PPC) strive to make professionals more productive without increasing staff. All of the applications and technology infrastructure have been designed from the ground up to share data and work together."

**Rosenzweig:** "Intuit is the only vendor that offers a full range of payroll solutions – from in-house software to a partially assisted service to a full service solution with benefits and HR management tools. Unlike the competition, we allow our clients and their accountants to be as involved in, or as removed from, the payroll process as they prefer."

Why are some CPAs slow to adopt technology? They're comfortable with the status quo – "if it isn't broken, don't fix it."

**Jimison:** "Best Software offers a wide range of end-to-end solutions that support our customers' business processes, including accounting, integrated HR, CRM, manufacturing, warehousing and other functions. Our offerings give customers technology choices that other vendors don't. For example, our accounting solutions support Windows as well as Linux. Our CRM solutions allow customers to choose both traditional on-site installation or hosted CRM."

**Bhansali:** "Only AccountantsWorld is solely in the business of helping accountants advance their practices and become more successful. Two key goals drive our technological approach to CPA practice development—'Accountant Centric.' This paradigm refers to the innovative use of technology designed for and exclusively available to accountants. Examples include the AccountantsWorld.com portal, plus an online directory of accounting firms, Accountant's Practice Online and Accountant-Centric Payroll Relief AC. Each makes it easier for accountants to develop their practices."

### Looking ahead three to five years, what new services do you think you'll be offering CPAs?

**Baron:** "At Creative Solutions, we'll continue developing new practice management programs – like the one we're launching this spring -- that use "dashboards." These will enable staff accountants to see instantly all the activity affecting a particular client, while the partner will be able to see all the activity affecting their firm."

**Jimison:** "At Best Software, our focus is on two important trends that affect our clients: mobile/remote access to applications and end-to-end integration of the software products that support their businesses. In January we announced a partnership between our Best Software Accountants Network (BSAN) program and NexTel, offering our BSAN members access to NexTel's array of products. This enables members to stay connected while on the move, helping them provide faster, more timely service to their clients. Also you will continue to see enhanced integration between Peachtree and CPAClient Write-Up."

**Bhansali:** "You'll see a revolution in client payroll services and processing, unprecedented collaborative client accounting and document management that is unmatched in ease of use and cost effectiveness. Also you'll see firms migrating their entire practices to the Internet so they can serve clients better. It's all about getting the CPA back in the driver's seat to regain business that may have been lost to competing forces in the past."

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# Hi-Tech Tops Must-Have Wish Lists

CPAs just can't seem to live without their PDAs, smart phones, laptops and other electronic tools of the trade.

by Rick Telberg

Newfangled tech devices to ease mobility and ensure constant contact seem to be all the rage for today's CPA. To many, the gadgets are true work-savers; to some, they are life-savers. To others, like it or not, they are essential for staying competitive. PDAs, smart phones, ultra-portable PCs and wireless access top the lists of many professionals this year. But which hot, new gadget can you not live without? Let's check in with a few trend-setting members of the profession:

**Susan Bradley, Tamiyasu, Smith, Horn and Braun CPAs:** "My Acer Tablet PC... I love it. Lightweight and portable and just the right size for what I need."

**Michael W. Harnish, Plante Moran:** "Absolutely my Apple Airport Express (works with Windows and Mac). Creates a 10 user wireless network (B and G bands) from a single Ethernet connection as well as allows wireless sharing of a USB printer."

**Michelle Class, Barnes, Dennig & Co. CPAs:** "My wireless network at home. Since my husband and I both work from home a few days per week, it's wonderful that he can take his laptop and work from the dining room, while I have the desktop computer in the office."

**Greg Lockhart, Lockhart Industries:** "When I travel, I love the new (coat-pocket-sized) GPS systems that can give turn-by-turn driving instructions (as well as where the nearest hotels and restaurants are)."

**Randy Johnston, K2 Enterprises:** "Treo 600 and the portable Apple Airport. I can't imagine being a mobile worker in technology and not owning these tools."

**Anne Stanton, accounting technology consultant:** "I recently invested in the Corex Cardscan v700 and I use it all the time. Now I can electronically save the image of any business card and easily transfer data into my contact database and Outlook."

**Allan Boress, marketing consultant and author:** "I would stop anyone who dared touch my new HP IPAQ 6145, which combines a PC and the accompanying Microsoft programs with wireless e-mail and Web site access - all attached to my belt!"

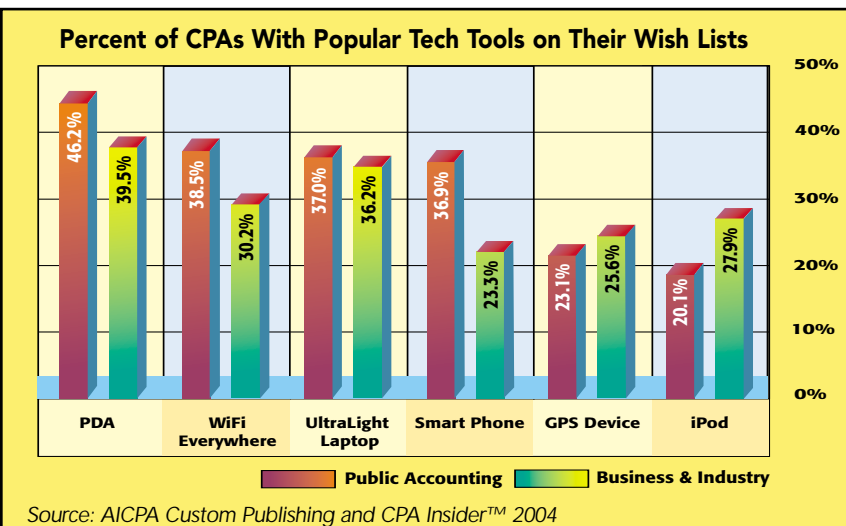
**Chaim Yudkowsky, chief financial officer and business consultant:** "My Dell Axim and Blackberry phone. I still like Pocket PC for many things!"

**Eva Rosenberg, author of the upcoming "Small Business Taxes Made Easy:"** My all-in-one printer - an HP 9100 color copier, printer, scanner, fax.

**Ron Seigneur, Seigneur Gustafson Knight CPAs:** "I just moved to a Treo 600 to replace my old cell phone and my Palm Pilot. Not quite a "Crackberry," but I just cannot stand those who have to check e-mail every five minutes."

**Sandi Smith, CPA Web adviser:** "I love my new version of Camtasia Studio (by TechSmith). This software package allows me to produce customized multimedia video on the fly. I use it for training mostly, but later plan to use it for presentations and Web video."

**Geni Whitehouse, Best Software:** "I have two gadgets I use almost daily - my USB hard drive pen (I have been using these as giveaways at trade shows) and my digital camera."



Of course, technology isn't everything. As marketing guru Bruce Marcus reminded me, "The hottest gadget I couldn't live without is my brain, which sometimes works."

## CPA tech tastes differ by segment of the profession

Personal digital assistants, according to recent reader polls conducted by CPA Insider™ and AICPA Custom Publishing, are tops on the must-have lists of CPAs both in industry and public practice. After PDAs, however, tech tastes can differ between CPAs in industry and those in public practice (see Table above and left).

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# Information Security Tops CPA Tech Issues in 2005

**Paperless office advances to No. 2 on the list. Spam slips to No. 4 while storage and authentication technologies debut in Top-10.**

from the AICPA

For the third consecutive year, information security appears to be the number one technology concern for CPAs, according to the results of the 2005 Top Technologies survey of the American Institute of Certified Public Accountants.

The survey, conducted annually since 1990, seeks to determine the 10 most important technology issues for CPAs. There were more than 300 participants in the 2005 survey, a 30 percent increase over the previous year.

Spam Technology – an issue closely associated with information security – is not nearly as worrisome to CPAs as it was a year ago. It made its debut on the 2004 list at number two. On the new list it falls to number four.

“Because our work and personal lives are now inextricably linked to information systems, security will always be top of mind,” said Roman Kepczyk, CPA/CITP, Chair of the AICPA’s Information Technology Executive Committee. “We’ve seen major improvements to filtering

systems, which have allowed us to bring spam under greater control.”

A different issue closely allied with information security – electronic data management, or the paperless office – moved up to second place. It was number three last year. Authentication technologies and storage technologies appeared for the first time on the list and learning and training competency, reappeared at number 10 after a three-year absence.

**The following are the 2005 Top 10 Technologies (new issues are indicated):**

- 1. Information Security:** The hardware, software, processes and procedures in place to protect an organization’s information systems from internal and external threats.
- 2. Electronic Document Management (paperless or less-paper office):** The process of capturing, indexing, storing, retrieving, searching and managing documents electronically. Formats include PDF, digital and image store database technologies. *(continued on pg 8)*

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## Integration and the Internet: An Unbeatable Combination for Firm Success

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“I’ve always believed strongly in integration,” says Dave Ligotti of Ann Arbor, Michigan, a CPA for 22 years. “I’ve never understood why some accountants try to cobble together software from different companies. My belief in integration is mainly what drew me to Creative Solutions in the first place.”

After working for a large public accounting firm for six years and then serving as the CFO for a restaurant management company for nine years, Ligotti began to get restless. Eight years ago, Ligotti started Oakwood Business Services to handle what he calls “client accounting services.” His first client was his former employer, which outsourced its accounting, administrative, and IS work to him. Since then, he has added many additional clients, many of them restaurants. He has built his business around outsourcing accounting services for small businesses. “These are wonderful services for an accounting practice to provide. They’re non-seasonal, and they’re profitable. And, they can be leveraged to provide a full range of professional services, all in one shop.”

### Positioned for growth as a one-stop shop

“We’ve grown significantly over the last eight years, mainly because we’ve positioned ourselves as a one-stop shop. The technology, including integration and the Internet, enable us to deliver,” says Ligotti. “These technologies have provided us with an incredible advantage. We are able to compete with large firms with more capital, and even service bureaus, because we can do what they can’t do for their clients—simplify their life. We can do payroll, invoices, or even provide clients the software to do it themselves—and roll it into the general ledger. And then we can efficiently perform professional services such as tax returns and financial statements.”

“Integration and the ability to serve our clients individually using private portals via the Internet are the keys to our success. We integrate the various parts of the accounting function at one hub, our firm. And the client has to make only one

phone call a week instead of three or four,” Ligotti explains. “Because we’re dealing over the Internet, data are entered just once by the client. Once we have client data, it’s shared among our various payroll, accounting, and tax programs automatically. We never have to re-enter data to perform the variety of services we offer. Plus, the Internet has allowed us to cut our processing time significantly and has enabled us to deliver our services more efficiently than ever.”

### Transcending geography

“The Internet has made it possible for accountants to be independent of where their clients are. We currently do accounting work for clients in Michigan, Ohio, Missouri, Illinois, West Virginia, Louisiana, and Florida. Some of my business comes from franchises, and those calls can come from anywhere,” says Ligotti. “If the call comes from New Mexico, I’m not worried. We both have Internet access, and Creative Solutions’ NetClient® sits between us. We can exchange financial statements, tax returns, information to complete the payroll, and completed payroll checks in a secure environment—whenever it is convenient. In some cases, we host the client accounting software over NetClient. It may seem odd to some people, but I have never actually met some of my best clients—and yet I am completely confident that I am providing them top notch service.”

### Seizing a great opportunity

“What I do, in my mind, is pretty simple,” Ligotti reflects. “I happen to know how to run an accounting function because I was a CFO for about nine years. Technology makes it possible to integrate accounting, payroll and all these other functions, but other companies that do this kind of work can’t provide the integration, the personalized service and the one-stop shopping that I can.” Ligotti sees this as a great opportunity. “Technology such as integration and NetClient have leveled the playing field and made it possible for firms like mine to compete with much larger firms.”

(Continued from pg7) **3. Data Integration:** The ability to update one field and have it automatically synchronize between multiple databases, such as the automatic/seamless transfer of client information between all systems. Data integration also involves the application-neutral exchange of information. For example, XBRL (eXtensible business reporting language) enables the seamless exchange and aggregation of financial data between companies and individuals, regardless of which applications they use to read, present and analyze data.

**4. Spam Technology:** The use of technology to reduce or eliminate unwanted e-mail commonly known as spam.

**5. Disaster Recovery:** The development, monitoring and updating of the process by which organizations plan for continuity of their business in the event of a loss of business information resources through theft, virus/malware infestation, weather damage, accidents or other malicious destruction.

**6. Collaboration and Messaging Applications:** Applications that allow users to communicate electronically, including e-mail, voicemail, universal messaging, instant messaging, e-mailed voice messages and digital faxing.

**7. Wireless Technologies:** The transfer of voice or data from one machine to another via the airwaves and without physical connectivity. Examples include cellular, satellite, infrared, Bluetooth, WiFi, 3G, 2-way paging, CDMA, Wireless/WiMax and others.

**8. Authentication Technologies (new):** The hardware, software, processes and procedures to protect a person's privacy and identity from internal and external threats, including digital identity, privacy and biometric authentication.

**9. Storage Technologies (new):** Storage area networks (SAN) include mass storage, CD-recordable, DVD, data compression, near field recording, electronic document storage and network attached storage (NAS), as well as small personal storage devices such as USB drives.

**10. Learning and Training Competency (end users):** This includes competency measuring, learning plans to increase the knowledge of individuals, and hiring and retaining qualified personnel with career opportunities that retain the stars. ■

**From the AICPA Top Technologies Task Force Watch List**

*Five emerging technologies that are likely to be commercially accepted in the next 24-36 months.*

**1. RFID (Radio Frequency Identification):** Silicon chips and an antenna that transmit data to a wireless receiver could one day be used to track everything from soda cans to cereal boxes. Unlike bar codes that need to be scanned manually and read individually, RFID tags do not require line-of-sight for reading.

**2. Search:** Companies such as Google, Apple Computer and Microsoft are putting research and development resources into new ways of pinpointing digital files that do not require wading through directories of folders.

**3. Fuel Cells:** Methanol-powered fuel cells represent an exciting alternative to aging battery technology that will help users complete the "everything wireless" puzzle.

**4. Digital Home:** The "non-desktop PC" technology -- 802.11 cameras monitor the office after hours or home during the day (security system), while a 42" plasma screen resides in the office conference room, as well as in the living room.

**5. Display Technology:** The continued evolution of various display technologies that provide higher resolution and of smaller devices with lower power needs. For example: Look for more single display devices to replace the need for separate television receivers and computer monitors.

For further information, please visit <http://www.aicpa.org/infotech/technologies/toptechs.htm>

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**Accountant-Centric Solutions Finally Put CPAs Back In the Driver's Seat**

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Whether CPAs choose to accept it or not, they have lost control of their client engagements.

Payroll service bureaus have taken away the payroll business. Off-the-shelf tax software has chipped away at tax prep revenues. In addition, CPAs have surrendered control of the client accounting process to developers of general ledger (G/L) programs that ignore the crucial role of CPAs.

While barely any functionality is built into G/L programs to help CPAs with the functions they perform—write-up, trial balance, advanced financial analysis and reporting – small business users on the other hand have full access to all the features of the accounting software that was designed for them. The existing accounting systems have proven hazardous to the CPA's financial health and client relationships.

Clients now have the perception they are performing most of the work previously done by CPAs, resulting in fee resistance and erosion. Unsuspectingly, with little or no accounting knowledge, most clients end up making serious blunders. More often than not, CPAs have to spend more time correcting client errors, working around the limitations of client G/L systems, importing data from many different incompatible systems and even re-keying trial balance data, than they spend performing their professional work. It is a "lose-lose" situation for both clients and CPAs.

**A new breed of Accountant-Centric solutions puts an end to the CPA's dilemma by harnessing the Internet to:**

1. Re-establish the CPA's control over client engagements
2. Create significant new revenue opportunities for the CPA.

**Hallmarks of Accountant-Centric solutions**

- Accountant-Centric solutions are offered only to accountants, who in turn decide how to use and offer them to clients to best meet the needs of individual clients.
- Hosted on secure Web-servers, Accountant-Centric solutions enable CPAs and their clients to work together collaboratively. Both share the same data and use the same "core" application. However, CPAs have the ability to configure Accountant-Centric applications selectively for each client as needed.
- Accountant-Centric applications empower CPAs with supervision and monitoring capabilities and give them full control of the workflow process, including the functions performed by clients. This enables CPAs to minimize client errors.

Accountant-Centric applications are changing the way accountants perform client engagements forever, creating an unprecedented productivity boost for both clients and accountants.

For example, by tailoring Accountant-Centric applications to match the resources and technical sophistication of each client to achieve optimal performance, the CPA is able to assign more routine work to clients working under CPA supervision. This empowers the CPA to perform only those activities that are more valuable to the client and more profitable to the accountant. This "Accountant-Centric" world saves client's time and money, while helping CPAs boost the bottom line.

Accountant-Centric solutions will help CPAs regain the business they have lost to competing forces, such as payroll services bureaus. Accountant-Centric solutions put CPAs back in the driver's seat. Today, CPA firms can profit from the breakthrough innovations of Accountant-Centric solutions that will have a profoundly positive impact on their practices for years to come.

*By Dr. Chandra Bhansali, Co-Founder and President, AccountantsWorld, LLC.*