Why tax technology is a game-changer for CPA firms

By optimizing use of various technologies, your firm can drive greater efficiencies, focus on more big-picture projects, and improve client service without adding headcounts.

Introduction

Although tax and accounting professionals can accomplish much of their core responsibility with very little help from technology, it certainly makes the work easier. One survey from Intuit Quickbooks shows that 91% of accountants used software technology[1], freeing them up to spend more time looking for the big-picture answers — meaning they're focusing on more strategic work.

However, many CPAs remain cautious about adopting technology. Always analytical and self-reliant, they wonder at the true value a technology investment brings and whether it's worth it. They wonder how an application can do the job as well as they can or how it will make them better at their job.

Their risk-aversion mindset, true of any accountant, also comes into play when considering new technologies.

This is a trend that must continue — and accelerate. For firms, that means continually evolving their technology to elevate best practices, improve productivity, and drive the firm to greater heights.

This white paper examines how to set your business on a course to benefit from technology, why various technologies matter to tax and accounting firms, and how you can use them to give your firm a competitive advantage.

Setting your firm's pace

Rather than just letting technology take its course, it is recommended that tax and accounting firms take an active role in their implementation of technology.

Taking this approach will enable them to set their IT pace and ensure that:

- **Technology investments align with business goals.** Firms are constantly working to deliver better results and expand the services they offer. The first step in technology adoption must be identifying business outcomes and finding technology solutions to drive them.

- **Technology investments should be accretive.** Firms should invest in foundational technologies first and then build new layers on top. For many firms, a move to a cloud-driven productivity suite like Microsoft® Office might be the first step. They can then add additional tools and services to strengthen their overall platform.

- **Technology investments have a 360-degree impact.** The best technology choices deliver value to your bottom line, workforce, and clients. Therefore, a matrixed, stakeholder-driven approach to benefits should be key to decision-making.

The technology stack

	WHAT	WHY
NEW SERVICES (EXTERNAL)	Modeling	Predictive insights
	Business intelligence	Descriptive insights
	Research tools	More informed work
OPERATIONAL EFFICIENCY (INTERNAL)	Client service	Quality relationships and experiences
	Workforce collaboration	Flexibility
	Workload automation	Accuracy and efficiency
	Cloud storage	Availability/redundancy/security
	Remote work	Work-life balance, client collaboration
	Data collection	Improve service and processes

Moving up the technology stack

Cloud storage

Cloud storage has been largely demystified over the last decade through personal use. If you use a smartphone or email services like Gmail™, you're a cloud consumer. Because of the cloud's ubiquitous presence in our personal lives, we've come to expect:

- Constant availability

- Anywhere access

- Elastic capacity (even if you must buy it)

For businesses, moving to the cloud has been a little more complex. Migrating complicated file systems to the cloud isn't quite as simple as using a smartphone, but cloud-driven productivity suites make it easier. And, as evidence demonstrates that the cloud can be as secure as any on-premises file storage solution, that barrier to adoption has all but vanished.

This is especially notable for firms looking to solve challenges around document storage. How do you modernize the storage of client information in a profession that runs on extensive documentation? How do you simplify the sharing of these documents with teams and customers? How do you maintain strict controls over who has access?

The cloud addresses all these challenges.

The cloud is also the backend to software-as-a-service (SaaS) applications, with few exceptions. SaaS apps are specifically built around the core cloud tenets listed above, with the additional benefit of automated updates with no manual patches/upgrades required. You're already working in the cloud if you use web-based versions of Microsoft Office or Google Workspace™.

A 2022 study from AAG IT Services found:[2]

- Over 98% of organizations use the cloud in some way, whether through SaaS applications or a fully cloud-native network

- 63% of professionals worldwide 'heavily' use cloud software, up from 59% in 2021

Workflow automation tools

The cloud can simplify information storage and streamline how it's shared; workflow automation can do the same for tasks. Since cloud computing was introduced, there has been year-over-year growth in cloud computing adoption, and experts expect cloud data centers to process 94% of workloads in 2021.[3]

Organizations can use workflow automation to outline a set of tasks that take a deliverable from start to finish. When one team member finishes a task, workflow automation alerts the next task owner that it's their turn to take over the process. Because these tools easily integrate into other tools firms are already using, notifications go to email accounts, and security and authentication can be shared via SSO.

There are many benefits to workflow automation:

- Documents and information sharing is centralized, usually with version control

- Visibility into tasks and timelines is available to stakeholders

- Users can be managed by teams/roles to simplify workflow

- Push alerts/notifications can keep everybody informed

- Access can be extended to partners/clients

Workflow automation tools have also been refined based on previous generations of similar tools, which creates a level of familiarity for users. So, users who balk at how things "used to work" will be pleasantly surprised by how familiar these solutions are.

Tax and accounting's specific demands mean firms are better served by tools specifically designed for their workflows and tasks. Firms will typically find greater value in purchasing these tools rather than trying to customize generic tools for the firm's needs. For example, specialized

templates and marketing content, such as plug-and-play newsletters, social media posts, and website articles, can help firms market and promote their expertise and services. At the same time, integrated calculations in tax preparation software driven by embedded research content (tax tables, etc.) can speed up computations and help to ensure accuracy.

Workforce collaboration tools

Digital collaboration can make all the difference in keeping people connected and productive no matter where they are working.

In fact, a 2022 ATAWW survey found that "81% [of survey respondents] hired at least one remote team member they had not employed before," which essentially means that firms are hiring new staff in their remote geography. It's remarkable to note that this result was up from 38% in 2020.[4]

The new focus is obviously video collaboration, but equally important is the ability to edit/collaborate around documents and information. These tools often integrate with workload tools and cloud-driven storage apps and are usually accessible on PCs, laptops, and mobile devices.

Workforce collaboration solutions can let teams work across locations, from home, or even faster inside the same office and can be extended to enable direct client communication where it's appropriate.

Client service/firm management tools

Tax and accounting professionals rely heavily on client service to grow trust, so this is an area where there is natural trepidation. But from chatbots to scheduling tools, these solutions can help firms scale customer service without adding additional headcount.

- Firm or practice management tools help centralize client information and aid in billing — a CRM (Customer Relationship Management) for tax and accounting

- Chatbots can manage basic inquiries that come to your site, reducing the burden on phone staff

- Integrated voice recognition (IVR) tools enable clients to speak with an automated menu and be quickly routed to the right resource

- Scheduling tools can help clients book time by interfacing with your team calendars to ensure everyone has time to meet

These investments can help quickly growing firms keep up. But firms must maintain the critical balance between good customer service and the cost reductions possible by moving from human contact to digital customer service. After all, people still drive customer satisfaction.

Research tools

Tax and accounting firms rely on tax research. Sometimes it's informal, as CPAs consume information as required by a client's needs or to stay current on changes during tax season.

Research tools and services formalize the effort, giving firms a continuous connection to expertly curated information they can use to ensure the work they produce for clients is accurate and up to date — sometimes even more up to date than IRS guidance.

In the Thomson Reuters® Institute 2023 State of the Tax Professionals report, it was noted that more than 93% of those surveyed agree that their clients are looking for some form of advisory services, and 65% of survey respondents stated the desire was "strong."[5] Technology-driven research can help here by ensuring tax and accounting professionals give clients guidance based on proven best knowledge practices. It can also provide them with access to relevant market metrics and benchmarks to ground their advice in real-world context.

Artificial intelligence (AI) tools can consume content looking for relevant trends, benchmarks, and patterns. This brings a new lens to internal business intelligence and external market research, which can effectively accelerate both the speed and depth of insight derived from data.

Technology-infused research tools come in different formats, primarily:

- A digital research tool where updates are delivered via newsletter or email but are part of a searchable archived site.

- Integrated digital content that is embedded in the other specialized work tools described in this paper. For example, a tax table might automatically update, or a financial simulation might refresh with a new metric or benchmark within tax prep software.

Research tools also make a workplace more attractive to new talent, especially those who have grown familiar with using them elsewhere.

Artificial intelligence software

The integration of artificial intelligence into tax and accounting practices is bringing forth a range of opportunities to enhance advisory services. Automation through AI can reduce the burden of mundane tasks and open up more time for personalized advice that meets each client's unique needs. AI-driven analysis can also identify areas of improvement in the financial process, leading to improved efficiency and cost-effectiveness.

Real-time insights into customer behavior and preferences enabled by AI technology can create strategies tailored to every customer. This not only provides better customer service with quicker responses but also facilitates fraud detection earlier than manual methods. CPAs are provided with powerful algorithms and predictive analytics, which enable them to make decisions based on accurate forecasts rather than relying on assumptions or gut instinct. Additionally, voice recognition technology and chatbots can improve the customer experience while reducing labor costs associated with hiring additional employees.

Businesses that employ AI have access to a variety of tools that allow them to remain competitive in their field while offering superior services. To get the most out of these technologies, it is important for professionals to stay on top of developments in the field and invest in training so colleagues understand how best to use these tools effectively.

Interested in learning more about the impact of AI in the tax and accounting industry? Download our **free guide for tax and accounting professionals** on everything AI or check out a **free trial for Checkpoint® Edge** and experience a **different kind of artificial intelligence**.

What opportunities does AI present for tax and accounting professionals?

The emergence of artificial intelligence (AI) in the tax and accounting profession has presented a range of new opportunities for CPAs. From automating mundane tasks to providing data-driven insights, AI can be used to optimize an accountant's advisory services. This technology can also be used to better understand client needs and offer tailored advice. AI can also help to reduce errors and increase accuracy when preparing financial statements.

Using AI tools, CPAs are now able to gain a deeper understanding of customer behavior which they would not have been able to obtain on their own. With access to real-time data, professionals are more capable of predicting future trends in order to create effective strategies that align with current market conditions. Furthermore, AI tools can help detect anomalies more quickly during audit or investigation processes — allowing firms to respond swiftly should any discrepancies arise.

Business intelligence software

Moving up the stack, next is analytics — AKA big data. This is where information, much of which firms are already collecting, can be turned into answers. Business intelligence (BI) can make a powerful difference to the firm's bottom line, and it's a powerful tool to help customers better understand their challenges and opportunities.

What's the difference between standard reporting and BI? The key differentiator is sources. While accounting has always involved readouts from one or more systems — payroll, payables, etc. — BI brings multiple sources together into a single lens. BI creates a data warehouse that can pull in data from various sources, including practice management, payroll, and finance systems. Firms can then layer those datasets on top of one another in interesting and relevant ways.

BI software also offers visual tools and dashboards that enable firms to establish their own KPIs and then organize and display data in multiple ways so that issues they need to address are immediately apparent.

- Spot patterns in revenue and spending

- Better understand future performance in the light of past performance

- Compare performance to industry/regional benchmarks

For instance, a firm might be looking to understand a specific revenue shortage. By bringing together revenue, payroll, and hiring data, BI could enable it to identify an underperforming branch that needs additional training.

The number of inputs only enhances the power of BI. Firms can enable clients to bring together data around revenue, tax, practice management and market metrics, and any other data that might be relevant.

Through reporting and visualizations, BI brings data to life.

Modeling and simulation software

If BI is analytics focused on "what happened," modeling focuses on "what might happen." This is the difference between descriptive and predictive. And while tax and accounting professionals have been modeling inside Excel spreadsheets for a long time, modeling and simulation software tools supercharge this ability. These solutions bring:

- Basic simulations like the traditional three-statement model

- More intricate cashflow and workforce projections

- Deeper understanding of merger, acquisition, and buyout possibilities

Modeling and simulation extend the idea of analytics — the more data, the more powerful the vision.

Not just technology — a better, different way of working

No matter which layer of technology they're considering, firms must contemplate both the tool and the talent. Investing in one without the other won't lead to value.

On the other hand, bringing new tools into the workplace is a terrific way to attract and retain the next generation of professionals.

The mix of technology and talent creates:

- **A more efficient firm** – Employees can focus on meaningful parts of work

- **A more innovative firm** – Employees can explore/master new domains and ways to add value to clients and grow the business

- **A more adaptive firm** – Employees can work more flexibly as priorities allow, without compromising collaboration and productivity

- **A more successful firm** – Engaged employees are not just happier, they also drive better bottom lines — and, of course, happier staff means happier clients

This makes every technology choice even more critical. It's not just a tool, but a powerful force in shaping firm culture and future results.

Conclusion

Tax and accounting professionals don't necessarily need technology to complete their work. But it is an immense help, particularly when the firm is looking to become more efficient and grow the practice.

Getting buy-in among your staff requires firms to present a coherent examination of why the technology is worth the financial and mental investment. Once you've earned their approval, it's time to create a technology foundation that sets a solid base and supports for building your stack to enhance document and task management, simplify processes and collaboration, improve client service, and provide deep research insights.

Recommended solutions from Thomson Reuters

Checkpoint Edge

Checkpoint Edge is the next generation of our Checkpoint research and guidance tool for tax and accounting professionals. It delivers the latest in artificial intelligence, cognitive computing, and machine learning technologies, combined with the tax and accounting expertise of our editorial staff. It enables you to find fast, accurate answers with a more fluid and intuitive user experience. Learn more at **tax.tr.com/checkpoint/edge**.

UltraTax CS

UltraTax CS professional tax software automates your entire tax workflow and delivers powerful, timesaving tools. UltraTax CS seamlessly integrates with other Thomson Reuters solutions, including CS Professional Suite, Sureprep 1040SCAN, and SPBinder, so you never lose any billable hours to manual processing. Meet all of your tax workflow needs with a customized, end-to-end solution built on cloud computing, advanced data sharing, and paperless processing. Learn more at **tax.thomsonreuters.com/en/products/ultratax-cs**.

1 J. Brown, "Accountants are using technology to level up their businesses and the industry," 28 March 2023. [Online]. Available: quickbooks.intuit.com/r/small-business-data/accountant-tech-survey-2023/.

2 C. Griffiths, "The Latest Cloud Computing Statistics (updated June 2023)," June 2023. [Online]. Available: aag-it.com/the-latest-cloud-computing-statistics/.

3 K. Thomas-Bryant, "The Practice of Now 2019: An essential report for accountants," 13 May 2019. [Online]. Available: sage.com/en-gb/blog/practice-of-now/.

4 S. Mansfield, "Are tax & accounting professionals returning to the office?," 13 February 2023. [Online]. Available: thomsonreuters.com/en-us/posts/tax-and-accounting/accountants-return-office/.

5 "2023 State of the Tax Professionals Report," Thomson Reuters Institute, 2023.

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