

# Modernizing Accounting Services: Developing Your Innovation Strategy



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Presented by  
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## Donny C. Shimamoto, CPA/CITP, CGMA

- Donny is the managing director of IntrapriseTechKnowlogies LLC, an advisory-focused CPA firm specializing in organizational development and business process outsourcing for small businesses, middle market organizations, and nonprofits. Donny is a recognized thought leader and educator in the Accounting Technology, IT Risk Management, and Performance Management fields; his dedication to helping accountants and organizations leverage strategic technologies while proactively managing their business and technical risk is paramount.
- Donny also serves as an outsourced IT & Innovation “Partner” and advisor for local & regional firms and internal audit departments who lack in-house IT leadership and IT audit expertise; He helps with IT risk assessments and IT advisory services, development of the firm’s innovation strategy, streamlining of internal firm operations, and increasing staff proficiency with IT tools supporting client engagements and service delivery.
- Donny is a past chairman of the AICPA’s Information Management and Technology Assurance Executive Committee, and former member of its Governing Council, Assurance Services Executive Committee, and numerous other AICPA committees and task forces. Donny was recognized as one of the Top Thought Leaders in Public Accounting by CPA Practice Advisor from 2012 to 2019, Top 100 Most Influential People in Accounting (2013/2014/2017/2018) by Accounting Today, received the 2009–2010 President’s Award from the Hawaii Society of CPAs, was named to CPA Technology Advisor’s 40 Under 40 list in 2007 & 2009 & 2014, and was also a Hawaii Top High Tech Leader in 2004.

## Audience Polls – Open [hcpas.cnf.io](http://hcpas.cnf.io) in your web browser

- **Organization Type/Size**
  - Sole Practitioner
  - Small Firm (2–10 people)
  - Medium Firm (11–50 people)
  - Large Firm (51+ people)
  - Business, Industry & Government
  - Vendor/Consultant
- **Area of Practice**
  - Accounting & Bookkeeping
  - Admin/Practice Management
  - Audit/Attest/Internal Audit
  - Information Technology
  - Tax
  - Management Consulting
- **Role in Organization**
  - Lead Executive
  - Executive Leadership
  - Dept Director/Manager
  - Dept Staff
  - Vendor/Consultant

Choose one from each set of options that best matches how you view your organization and your role at work.



## Creating an Innovation Strategy for Your Firm

- **Selecting Your Information Systems**
- **Optimizing Your Accounting Solutions**
  - Developing Your Intraprise Architecture
  - Developing Your Information Architecture
- **Understanding Integration & Customization**
- **Accounting Firm Technology in Perspective**

# Selecting Your Information Systems

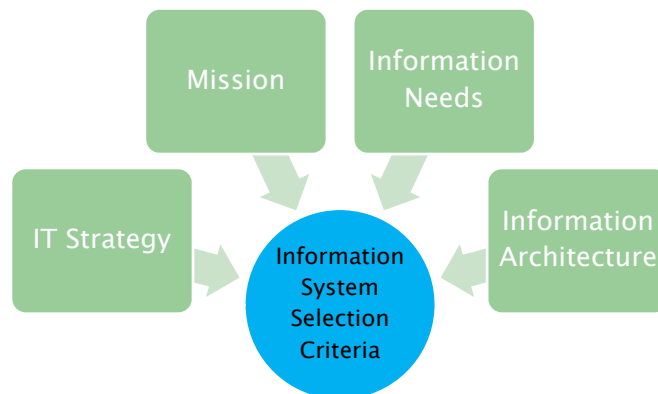


- Your Mission, IT Strategy, Information Needs, and Information Architecture drive your Information Systems selection.
- Each element of the Information Architecture has different types of systems supporting it; some systems support multiple elements.

## Information Systems Selection Criteria

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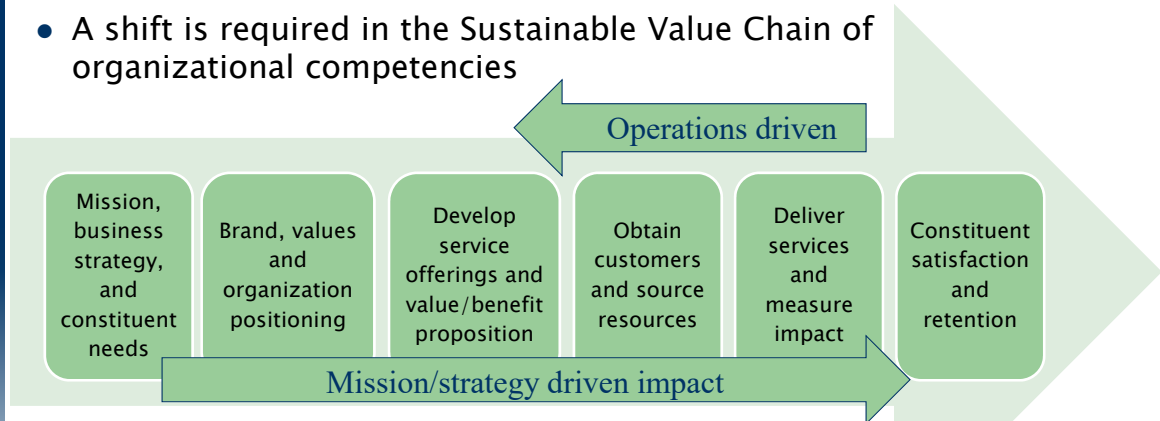
- There is no “correct” system for every organization or every function.
- Selection criteria is driven by a variety of factors:



## Information Systems Selection Criteria

Adapted from: CIMA's Sustainable Value Chain of Organizational Competencies

- A shift is required in the Sustainable Value Chain of organizational competencies



- Historically orgs could be very operationally driven. As the **need for differentiation and impact** increases, orgs must be more strategic to be sustainable and achieve their mission

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## Information Systems Selection Criteria

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- System selection should be driven by
  - Type(s) of data you need to manage
  - Who needs access to the data
  - How you want them to access the data
  - The business processes the data supports
- Consider transaction processing needs versus decision support needs
  - Availability of information at the point of action
  - Timeliness of information for decision support

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## Information Systems Strategy

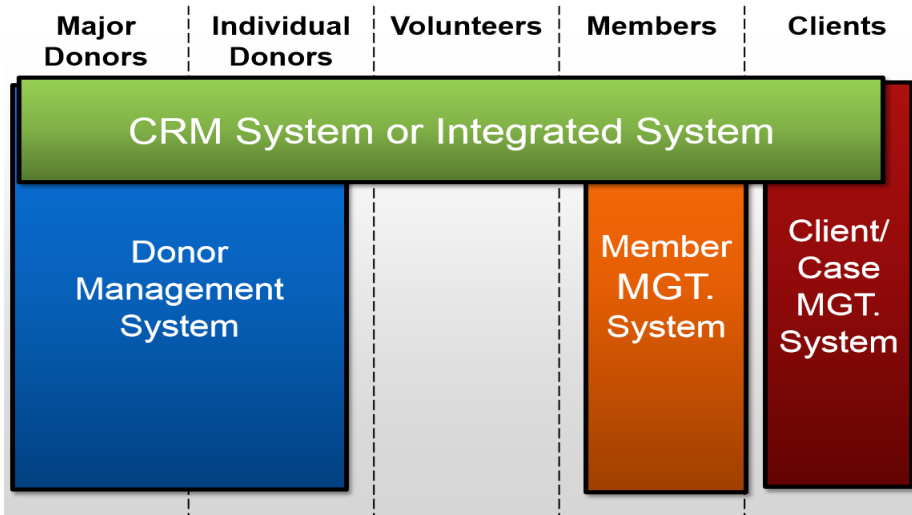
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- **Single Vendor / Product Suite**
  - Pros: tightly integrated (data flow and security), single support contact
  - Cons: usually generic functionality usable by many, harder to leave vendor
  
- **Best of Breed**
  - Pros: best functionality for each need, deeper functional understanding by vendor
  - Cons: data and security not integrated (must be done by you or pay consultant), multiple vendor contracts to manage, multiple support contacts

## Information Systems Strategy

Source: Idealware via NTEN Technology Leadership Academy

### Deep functionality vs. broad functionality



# Optimizing Your Accounting Solutions



- The “accounting system” is no longer just one software (the general ledger)
- There are many specialized solutions that can be integrated with the general ledger with both broad and specific application

## Accounting System Challenges



Group “Discussion”:

- What is your preferred general ledger software?
- What are your favorite GL “add-ons”?
- What are your top 2–3 current challenges with your system?

Polls are at: [hcpas.cnf.io](http://hcpas.cnf.io)

## Practice Management Challenges



Group “Discussion”:

- What is your preferred practice management software?
- What are the “apps” that provide the most additional value to you or your ability to serve your customers?
- What are your top 2–3 current challenges with your systems?

Polls are at: [hcpas.cnf.io](http://hcpas.cnf.io)

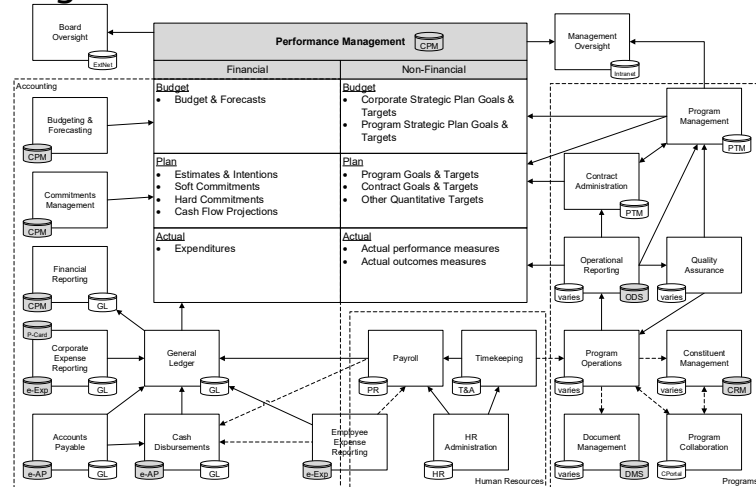
## Developing Your Intraprise Architecture



- How you process transactions and measure the execution of programs is important
- Use an Intraprise Architecture model to visualize the processing of information

## Understanding the Processing of Info

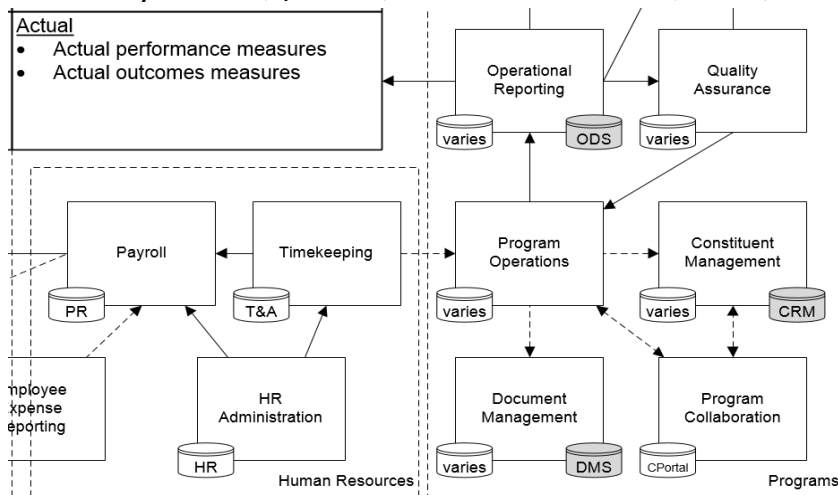
- Use an Intraprise Architecture model to understand the processing of information



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## Understanding the Processing of Info

Capture major operational processes (rectangles), supporting systems (cylinders) and flow of data (arrows)

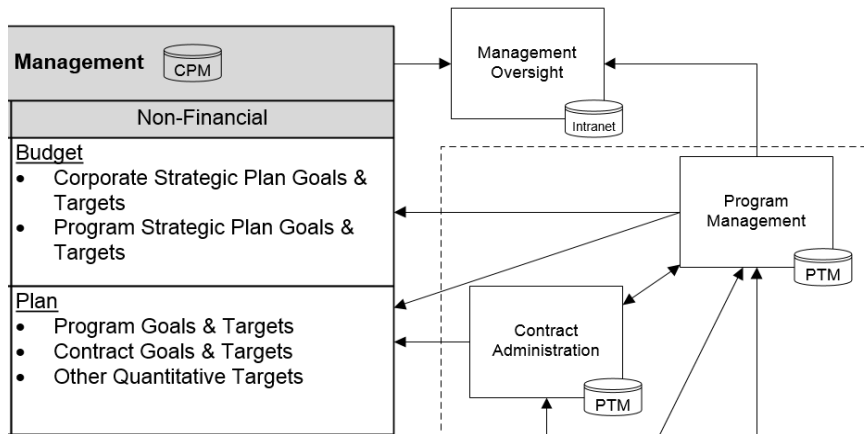


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## Understanding the Processing of Info

Look at management needs, including the non-financial information needed to improve program management and achieving of outcomes/impact



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## Understanding the Processing of Info

Obtain an understanding of the flow of information needed to optimize the organization's performance

Performance Management	
Financial	Non-Financial
<b>Budget</b> <ul style="list-style-type: none"> <li>Budget &amp; Forecasts</li> </ul>	<b>Budget</b> <ul style="list-style-type: none"> <li>Corporate Strategic Plan Goals &amp; Targets</li> <li>Program Strategic Plan Goals &amp; Targets</li> </ul>
<b>Plan</b> <ul style="list-style-type: none"> <li>Estimates &amp; Intentions</li> <li>Soft Commitments</li> <li>Hard Commitments</li> <li>Cash Flow Projections</li> </ul>	<b>Plan</b> <ul style="list-style-type: none"> <li>Program Goals &amp; Targets</li> <li>Contract Goals &amp; Targets</li> <li>Other Quantitative Targets</li> </ul>
<b>Actual</b> <ul style="list-style-type: none"> <li>Expenditures</li> </ul>	<b>Actual</b> <ul style="list-style-type: none"> <li>Actual performance measures</li> <li>Actual outcomes measures</li> </ul>

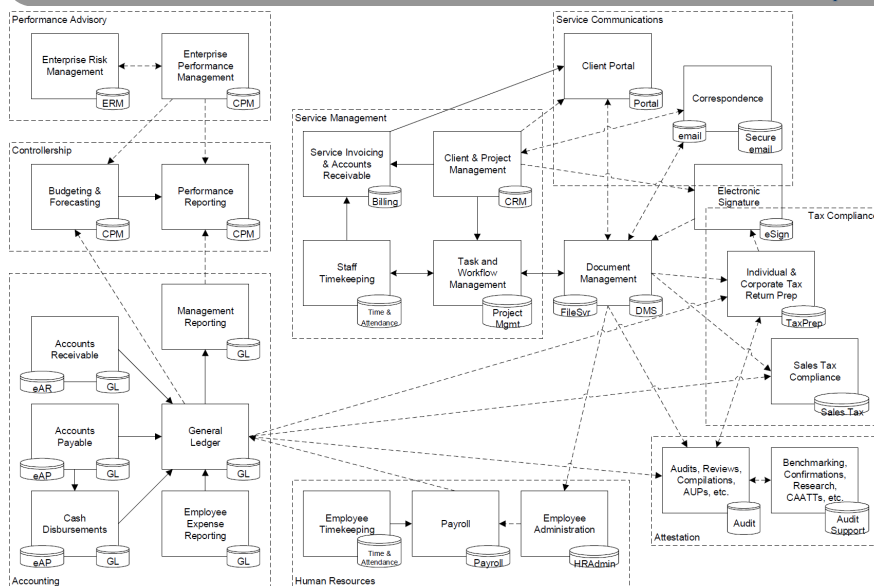
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## Using the Intraprise Architecture

- An Intraprise Architecture model allows you to see the entire org on one page
  - Use it to analyze the current state of the org
  - Use it to visualize the future state of the org
- Identify the functional needs of the org and the systems supporting those needs
  - Identify which areas may not be optimized or have additional complexity
  - Assess the impact of any information system changes to business processes and info flow

## Intraprise Blueprint® for Accounting Firms

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## Model Your Information Processing

Exercise:

- Customize the Intraprise Blueprint® to represent your firm or your client
  - Do at least two areas
  - Excel and Word are sometimes “systems” too

Downloads are at: [hcpas.cnf.io](http://hcpas.cnf.io)

## Developing Your Information Architecture

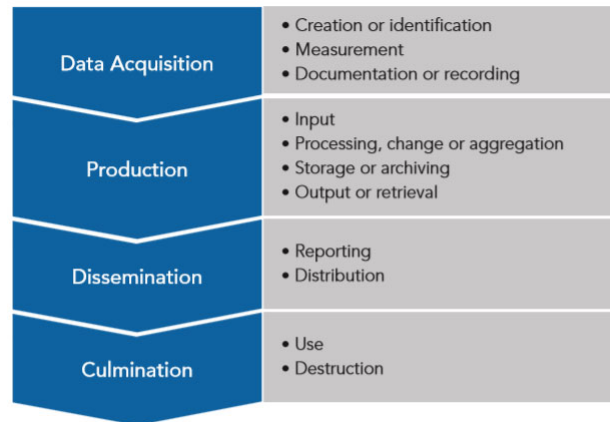


- How you collect, store, maintain, archive, and dispose of your data is important
- Use an Information Architecture model to understand and design the flow of information from acquisition through dissemination

## Understanding the Information Life Cycle

Source: Information Integrity, AICPA, January 2013

- All information follows a lifecycle and must be managed throughout its lifecycle

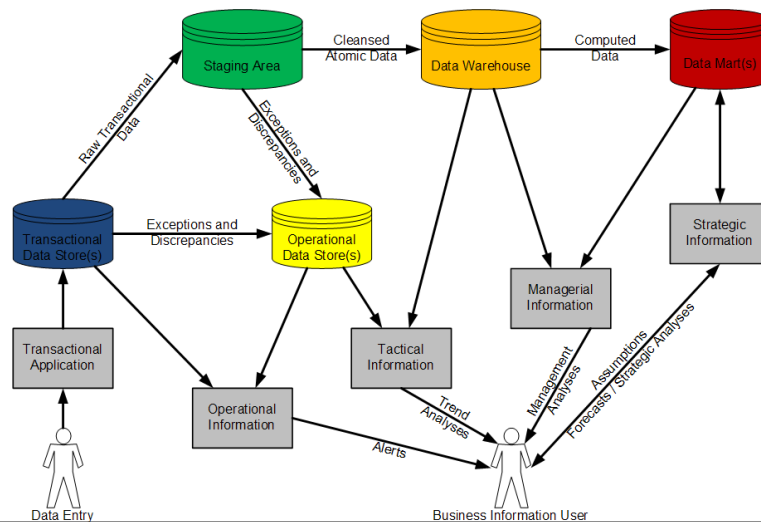


Source: "Information Integrity" whitepaper, AICPA, January 2013

## Understanding the Flow of Information

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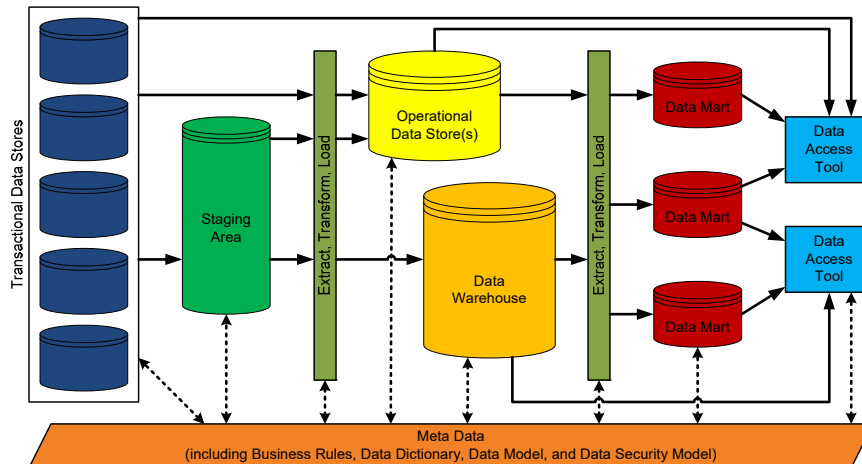
Deliver info to users via the best reporting vehicle:



## Understanding the Flow of Information

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Use an Information Architecture model to understand the flow of data in your org



## Identifying Information Needs

Exercises:

1. Identify 2-3 of your organization's information needs at each level
  - Operational Information
  - Tactical Information
  - Managerial Information
  - Strategic Information
  
2. Choose 1 need at each level, and for each:
  - Identify the lifecycle that the data goes through: Acquisition, Production, Dissemination, Culmination

## And what about Culmination?

- The past phase of the information lifecycle is “Culmination” or use and destruction
- When designing Information destruction policies and procedures consider:
  - Records retention requirements
    - E.g. most orgs keep tax data for 6 + current years
  - E-Discovery risks of keeping too much data
  - Legal hold requirements in the event of litigation
  - Records destruction requirements
    - E.g. PCI DSS requires that credit card info on paper be destroyed using a cross-cut shredder

## Understanding Integration and Customization



- Integration is increasingly becoming a Must-Have
- Customization is increasingly becoming taboo—but it's also becoming easier

## Integrating Information Systems

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- Integration Options
  - **Manual** - usually via batch export and import using Excel or CSV file
  - **Automated Point-to-Point** - direct system to system usually using APIs, web services, or back end database triggers
  - **Automated Synchronization Tool** - intermediary tool connects to various systems usually for pre-defined data exchanges
  - **Automated Hub & Spoke** - data warehouse or master data serves as “hub” and “spoke” systems report change to and query changes from “hub”

## To Customize or Not to Customize...

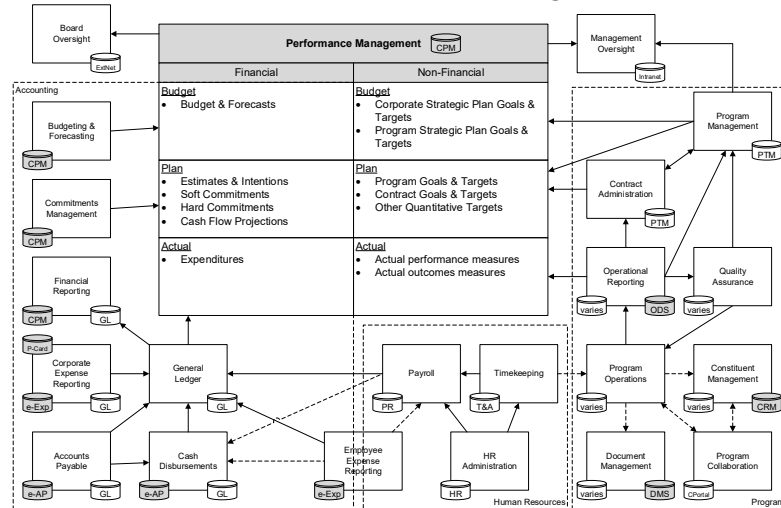
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- Customization is often a bad word
  - In general it results in higher total cost of ownership over the long run
- Differentiate between:
  - Custom Configurations - works within the built-in functionality of the vendors system (e.g. custom fields and macros)
  - Platform Customizations - works within the vendor’s application platform to add tables or functionality to the purchased system
  - Custom Development - adding functionality developed “from scratch” and integrated into or along side the purchased system

## Tie Back to Intraprise Architecture

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Map your info sys strategy and customization decisions back to your Intraprise Architecture to validate the “big picture”



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## Accounting Firm Technology in Perspective



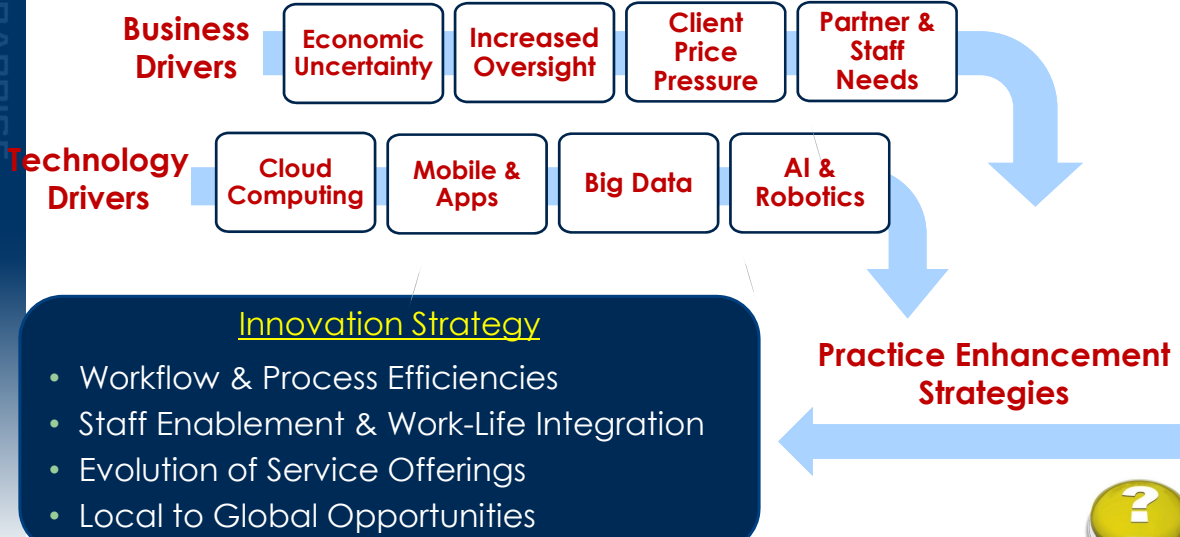
- Alignment between the business strategy and the IT strategy is critical.
- Analyze the ecosystem, drivers, and business strategy—the combination of all of these drive the IT strategy.

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## Innovation Strategy Drivers for Accounting Firms



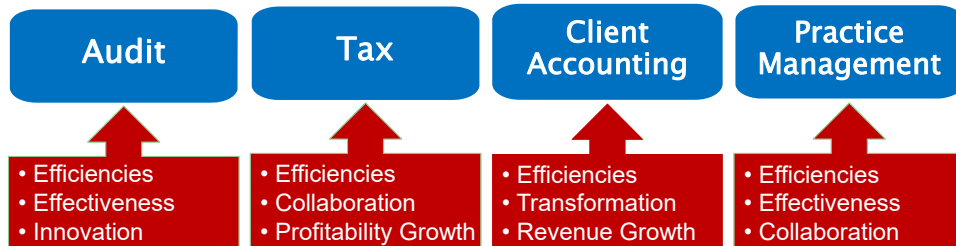
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## Developing Your Innovation Strategy

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### Impact of the Innovation Strategy to the Firm's Major Service Areas and Practice Management



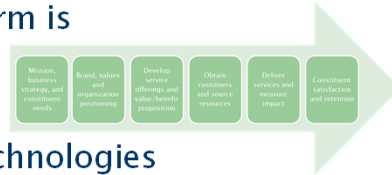
#### Key Outcomes:

- Automated & efficient processes → Improved execution/profitability
- Improved work processes → Increased employee satisfaction
- Better workflow and project management → Reduced risk
- Higher quality of service → Increased client satisfaction / impact

## Visualizing Your v2.0 Accounting Firm

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- What does the next “version” of your firm look like? Dream big and think bold!
  - How will you ensure that your firm is strategic and sustainable?
    - Visualize your processes and technologies to enable information to flow smoothly
      - Use the Intraprise Architecture models
- Remember that all of this doesn’t happen overnight. It’s a gradual process. Start with your vision (the Intraprise Architecture) and take strategic steps to realizing the vision.



# Thank you for your attention and participation!

## Any Questions?



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