

Transcending Technology: Your Path to Tax Innovation



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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 is member of the National Conference /of Lawyers and CPAs, a past chairman of the AICPA's Information Management and Technology Assurance Executive Committee, and former member of its Governing Council, Assurance Services Exec. 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 to 2019) 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 a mobile web browser and go to: hcpas.cnf.io

Transcending Technology: Leveraging Emerging Technologies

- The time for Change is NOW
 - Are you ready for exponential change?
- Staying Ahead of the Tide of Change
 - Tax Automation, Outsourcing, and other Opportunities
 - Moving away from compliance and transaction processing to Decision Support
- Understanding the Risk that AI Poses to our Professions



Are you ready for exponential change?

Left column adapted from Leonhart's Change², 2016; Right column: © 2017 IntrapriseTechKnowlogies LLC

- Good enough is dead.
- Change is being fueled by
 - Digitization
 - Automation & Augmentation
 - Mobilization
 - Disintermediation
- Are you **driving change**?
 - Or being driven by it?
- Is your firm/department just "good enough"?
- Has your firm/department...
 - Gone paperless?
 - Leveraged tax automation?
 - Leveraged tax outsourcing?
 - Leveraged data analytics?
 - Leveraged mobile/cloud?
 - Ensured that it will be relevant in the **near** future?

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Are you ready for exponential change?

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- The future is
 - Holistic business models
 - Opportunity to be liquid
 - Learn just in time
 - Not just in case
 - Not single improvements, but complete transformations
 - Not individual systems, but new ecosystems
- Has your firm/department...
 - Moved beyond commodity finance, tax, and bookkeeping services?
 - Ensured that it has the agility to adapt as innovations in technologies emerge?
 - Adopted the future of learning, and moved from CE/CPE/CLE to competency development?
 - Developed a short- and long-term innovation strategy?
 - Taken a holistic look at itself?

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Are you ready for exponential change?

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- Big Data
 - Comes from the Internet of Things (IoT) [and easier data collection and access]
 - Drives artificial intelligence (AI) and deep learning [by machines]
- All this enables Robotics
 - [which enables increased automation and augmentation]
- Big Data, IoT, and AI will transform accounting, finance, and law:
 - Use non-financial data to understand customer/client behaviors and interests
 - Easier access to AI-driven "expert" advice
 - Increased accessibility to data and transactional information
 - Automated tax compliance
 - Robo-investing



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Are you ready for exponential change?

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- What can't be digitized will become extremely valuable
 - Focus on things that can't be automated
 - Machines are good at simulating, but not at being
- Human-only traits:
 - Creativity & Imagination
 - Emotion
 - Intuition
 - Ethics
- Have you (re)designed your service offerings to leverage the CPA Core Competencies?
 - Communications skills
 - Leadership skills
 - Critical thinking and problem-solving skills
 - Anticipating and meeting needs
 - Synthesizing intelligence to insight
 - Integration and collaboration

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Is your firm ready for exponential change?

Left column adapted from Leonhart's Change2, 2016; Right column: © 2017 IntrapriseTechKnowlogies LLC

- Technology represents the **HOW** of change
- Humans represent the **WHY**
 - Go beyond technology and data to reach **human insights and wisdom**
- We engage, relate and buy things because of
 - The **experience** they provide
 - Their **transformational** power
- Have you considered the **WHY** of your firm/dept?
 - See Simon Sinek's TED Talk: ["Start with Why"](#)
- Have you figured out **WHY** clients should work...or continue to work with you?
 - How is their **experience** with you different from other firms?
 - How are you **transforming** their organizations and impacting their success?

Staying Ahead of the Tide of Change



- Tax Automation, Outsourcing, and other Opportunities
- Moving away from compliance and transaction processing to Decision Support

Tax Automation, Outsourcing, and other Opportunities



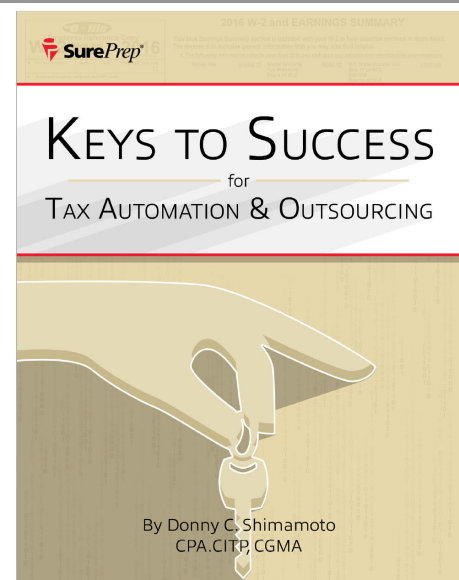
- Tax compliance is a commodity service and automation & outsourcing should be maximized.
- Tax advisory services is more value-added and drives a long-term relationship with clients.
- This section includes highlights from a whitepaper on “Keys to Success for Tax Automation and Outsourcing”

Research: Tax Automation Technology

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- Efficiency and Profitability of Tax Compliance Services
 - Explore how successful firms approached using tax automation technologies
 - Strategies for incorporating individual tax return outsourcing
 - Tips on obtaining buy-in and adoption by partners and staff
 - Ensuring that benefits are realized by the firm

Whitepaper available from SurePrep (info@sureprep.com) or e-mail me (donny@intraprise.us) for a copy



Outsourcing Integral for Success



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- Firms with higher adoption rates and longer history of automation were also outsourcing
- Outsourcing ranges from
 - Minimal: review of the accuracy of the numbers read by the Optical Character Recognition (OCR) software from the forms that were scanned and submitted
 - Full Prep: a human performs the initial preparation of the return before it is provided back to the accounting firm for partner review and sign-off
- Outsourcing with Value Pricing (value-based fixed price) was a strategy that increased profitability
 - Note: You don't have to give up timesheets to adopt Value Pricing

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Tax Technology Opportunities Available NOW



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Core Tax Services

- Electronic engagement letters and e-signatures
- Electronic tax organizers
- Electronic document collection and storage / client portal
- Automated data entry
- Workflow management
- Review comments management
- Schedule and extensions management
- Electronic invoicing
- Online payments

Practice Infrastructure

- Virtual desktops/remote access
- Cloud practice management
 - Timekeeping, WIP, billing
 - Workflow
- Virtual/remote staff collaboration
- Virtual client meetings
- Paperless office

Risk Considerations

- Client data privacy compliance
- Credit card security compliance

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Other Opportunities for “Add-on” Tax Services

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Client-Collaboration Driven

- Tax transaction strategies
- Tax planning
 - Individual financial planning
 - Corporate tax planning
- State and Local Tax (SALT) advisory services

Remember:

The more services you provide to a client the “stickier” the relationship between your firm and the client.

Technology-Driven

- White labeled services outsourcing
 - Payroll and payroll tax compliance
 - State and Local Tax (SALT) compliance
- Deduction benchmarking
- Transfer pricing analysis and compliance

Moving away from compliance and transaction processing to Decision Support

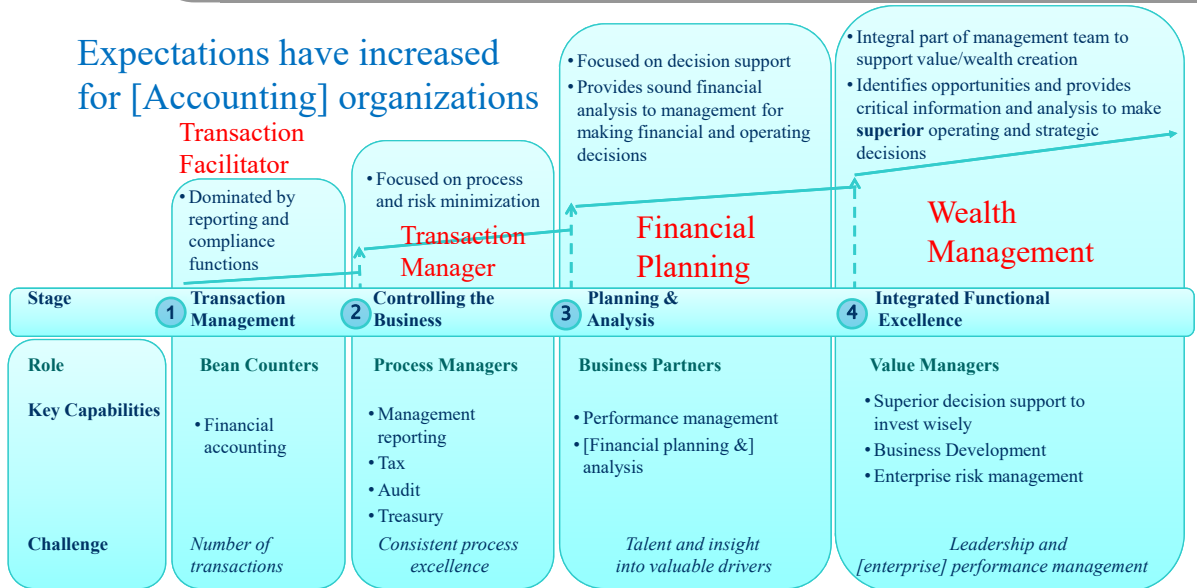


- Research around “The Future of the Professions” by the Susskind & Susskind predicts how technology will transform the work of human experts
- Automation, including robotics and artificial intelligence, will make the need for basic transaction recordation services almost unnecessary

[Accounting] Organization Evolution

Source: McKinsey & Company

Expectations have increased for [Accounting] organizations



Effective Decision Making Has An Impact

Diagram source: CIMA; Text content: © 2015 IntrapriseTechKnowlogies LLC

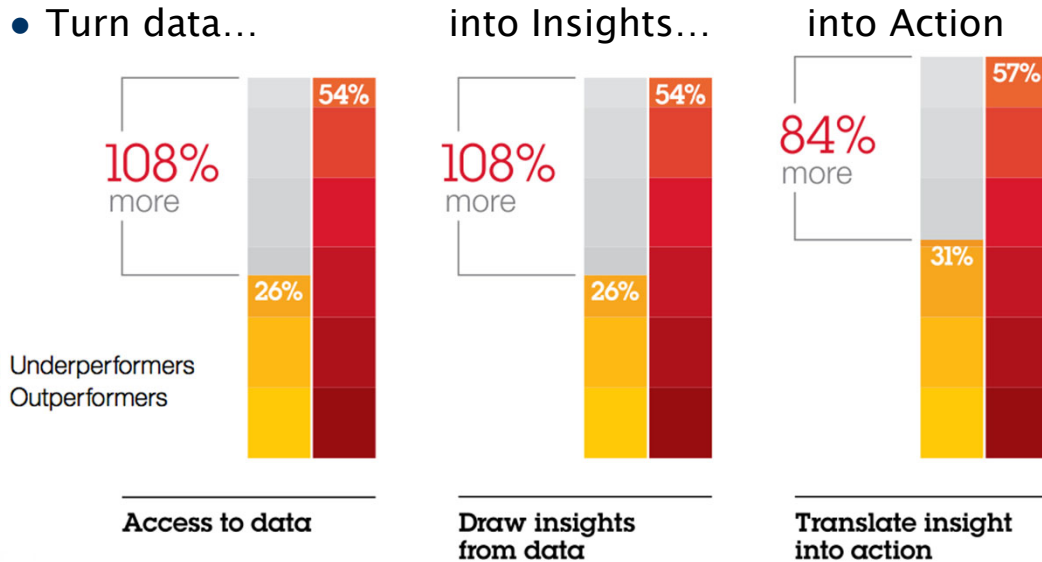
- To be competitive, organizations (our clients) must make better decisions that have an Impact on their success



- Accountants' roles in effective decision making requires a shift from technical to commercial (management) skills

Effective Decision Making Drives Financial Performance

Source: IBM CEO Survey – Leading Through Connections



Accounting & Bookkeeping Technology Opportunities

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Bookkeeping Automation

- Electronic transactions beyond the general ledger
 - Accounts Payable and Cash Disbursements
 - Expense Reports and Reimbursement processing
 - Invoicing & Accounts Receivable
 - Payroll processing & compliance
- Rules-based after the fact accounting using bank feeds (for client accounting services)

Accounting Automation

- Budgeting & Forecasting
 - Cash flow planning
- Financial reporting
 - Including benchmarking
- Management reporting
 - Including nonfinancial metrics
- “Real time” insights and performance management
- Electronic hand-off for provision of tax services

Understanding the Risk Artificial Intelligence Poses to our Professions

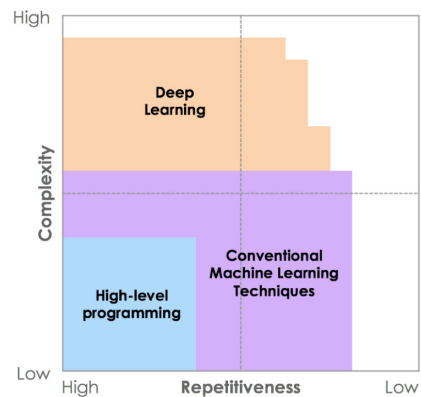
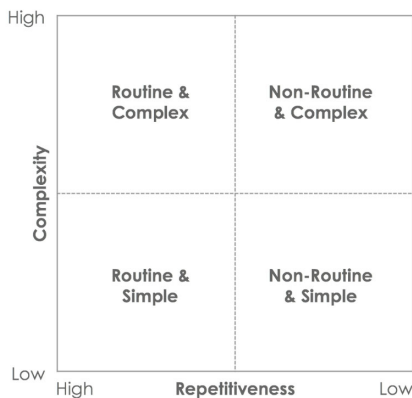


- Based on current AI theory we can anticipate the direction of future AI developments and determine what parts of our profession are at risk

Understanding What Can Be Automated by AI

Source: <https://medium.com/@abhasvc/ais-threat-to-society-is-scariest-than-trump-f17e9d42ea74>; via Alfonso Olaiz, AICPA, Dec 2017

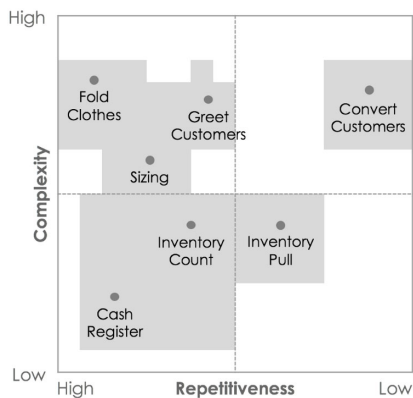
- The Automation Framework provides a method for analyzing tasks
- AI technologies can be mapped into the framework



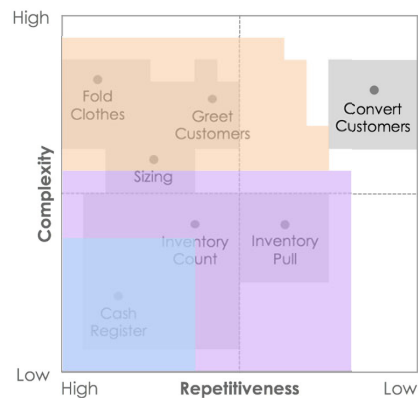
Mapping an Occupation's Tasks – Retail Salesperson

Source: <https://medium.com/@abhasvc/ais-threat-to-society-is-scarier-than-trump-f17e9d42ea74>; via Alfonso Olaiz, AICPA, Dec 2017

Manual Task Map



Automation Map

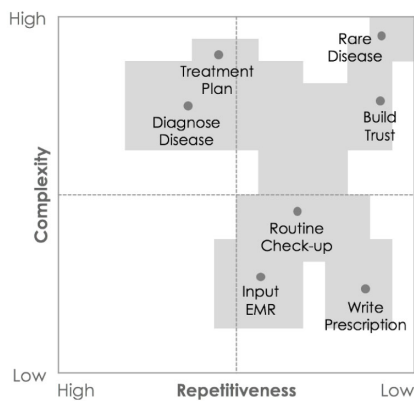


Mapping an Occupation's Tasks – Medical Doctor

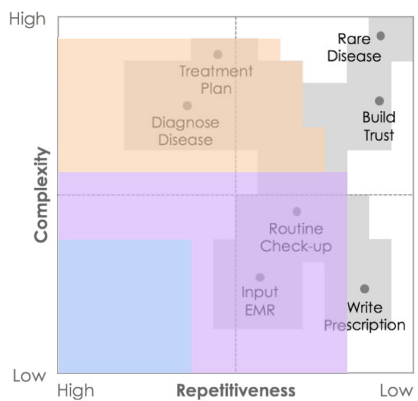


Source: <https://medium.com/@abhasvc/ais-threat-to-society-is-scarier-than-trump-f17e9d42ea74>; via Alfonso Olaiz, AICPA, Dec 2017

Manual Task Map



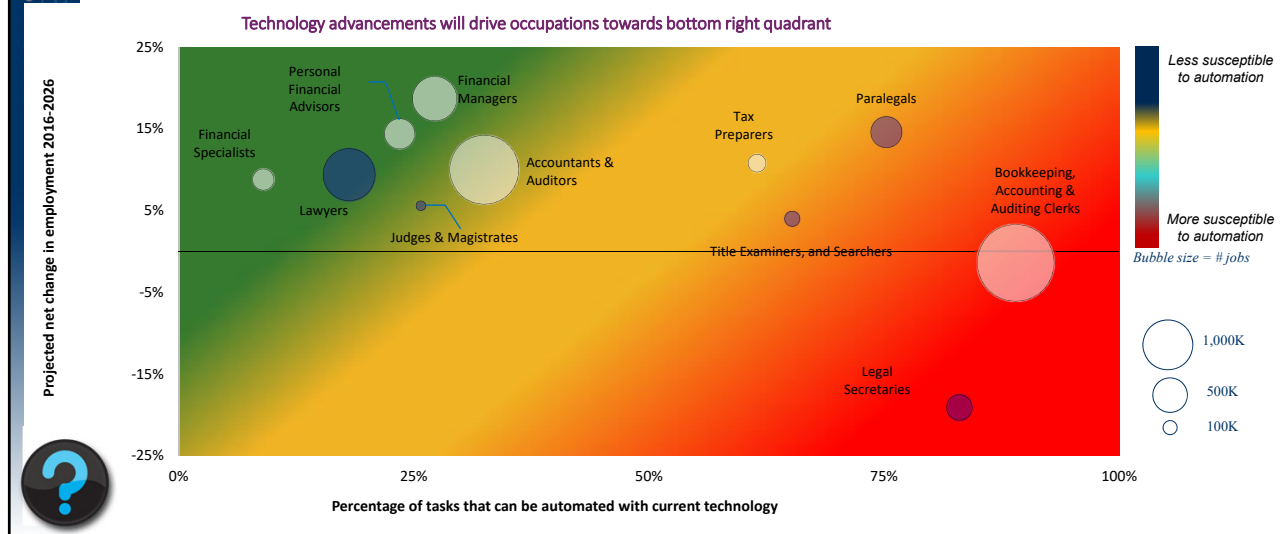
Automation Map



Growing proportion of tasks within accounting and legal related occupations susceptible to automation



Source: AICPA estimates based on Bureau of Labor Statistics (US), McKinsey and Oxford Data; via Alfonso Olaiz, AICPA, Dec 2017



Get ready for exponential change NOW

Adapted from Leonhart's Change², 2016

- The new way to work is to **embrace technology...**
but not become it
- Go beyond technology and data...
to reach **human insights and wisdom** (Intuition)
- Engage not just what is...
but **what might be** (Creativity & Imagination)
- The future is in technology...
yet the **BIGGER** future lies in **transcending** it.

Thank you for your attention
and participation!

Any Questions?



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