

PLAYBOOK

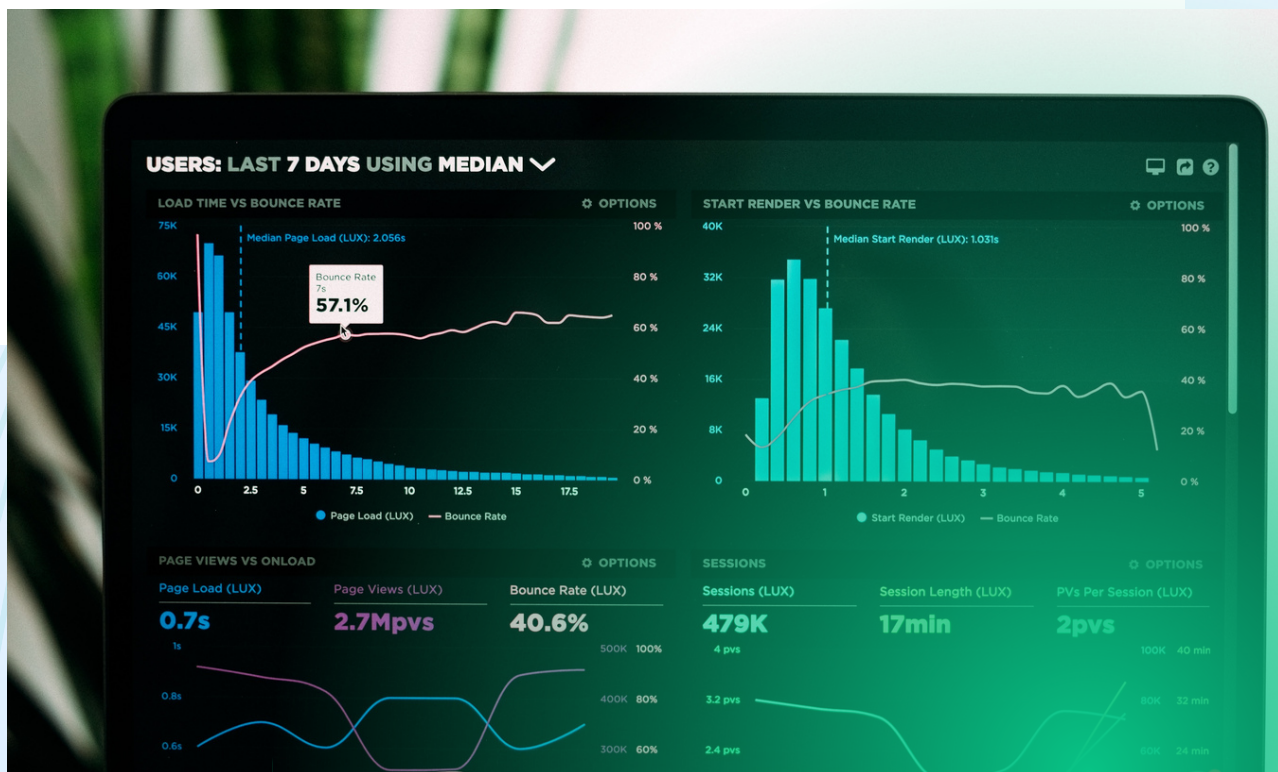
# Becoming the Accounting Firm of the Future



# Five ways Accounting firms are using data and AI to get ahead and stay ahead

What is the accounting firm of the future? For years, people envisioned this future firm as one that uses technology to advance its business in various ways, embracing change, and staying one step ahead of the curve. Due to the pandemic, the “future” has shown up sooner than expected, and many accounting firms that were not set up for this new environment quickly adopted new technologies. Because of the changed landscape for accounting firms, the firm of the future is actually right now.

With the technological advancements and opportunities out there for the accounting industry, if your firm hasn't made strides to get ahead, they're more behind than you could even imagine. So how do you get ahead, and more importantly, stay ahead? Here are the top five ways accounting firms are using data and artificial intelligence (AI) to scale up, become leaders, and shepherd others into the future.



# 1 Focus on client retention

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With a [recent survey](#) reporting that a whopping 87% of accountants agree that their clients expect better service and more flexibility, the firm of the future is certainly focused on client retention. The cost of getting a new customer can be up to [five times the cost](#) of retaining an existing customer—so why wouldn't savvy accounting firms double down on keeping their current clients happy? Additionally, it's been [reported by Harvard Business School](#) that increasing customer retention by even 5 percent can lead to increased profits of 25 to 95 percent. How does an accounting firm increase its efforts around client retention?

## **GIVE ACCOUNTANTS MORE TIME WITH THEIR CLIENTS**

One way accountants can help focus on retention is by spending more time and giving more attention to their clients. But there are only so many hours in a day, so first we have to create more time to do this. By freeing up the time accountants spend on labor-intensive, manual tasks such as data entry and meeting preparation and follow-up, up to 12 hours or more become available each week for more rewarding tasks such as being with clients.

Finding smart ways to enable accountants to spend more time nurturing their client relationships is definitely something that firms of the future are doing, and the opportunities for any accounting firm to refocus in this way are there for the taking. Using technologies that are powered by AI and machine learning can automate mundane, time-consuming tasks like CRM data entry, among others.





## ADVISORY SERVICES

To stay ahead, freeing up that time to devote to clients isn't optional. In 2021, advisory services are the primary growth drivers for the accounting sector. In fact, it's been reported that 82% of clients expect to receive advice from their accountant on relevant accounting technologies, finance technologies, and similar services. Accountants simply must have the bandwidth, daily, to focus on their clients' challenges and come up with personalized solutions.

One of the major impacts of AI is on the traditional core accounting service lines like assurance/auditing and tax. As these areas become more and more automated with AI, firms will see a significant loss of revenue in billable hours. This is forcing firms to diversify and grow in other areas, specifically emerging advisory and consulting services.

Accounting advisory services are when accountants help their clients in other areas beyond the core service lines. According to Intuit, these can include services like "cash flow forecasting, revenue projections for future planning, and budgets vs. actual reviews." As clients' needs become more complex, the accounting firms of the future are setting up to offer a huge value-add through consulting and advisory services.

## GETTING A GRIP ON INTANGIBLE ASSETS

According to Forbes, "environmental, social and governance (ESG) reporting will become more important" in 2021. Although recent events have accelerated this movement, they report that even pre-pandemic trends showed that "intangible assets" like environmental and social risks were climbing the priority list.

More and more, finance professionals are taking stock of intangible assets when both measuring and reporting on firm performance. This is essential because customers want to see corporate responsibility by the firms they employ, so ESG is now considered a benefit to help retain clients, rather than a cost to the organization.





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# Perfecting the remote workplace

Some major benefits have come from the huge shift to remote work in 2020:

- Employees enjoy location independence, which has been shown to make them both happier and more productive
- Employers have better job retention as happier employees choose to stay where they are
- Sustainability efforts are boosted because of the lack of environmental footprints of larger physical workspaces

So it's not surprising that, according to a June 2020 PwC survey, "54% of CFOs plan to make remote work a permanent option."

Forbes accurately states that in order to make the remote workforce successful: "First, CFOs must commit to providing the right technology tools to their staff. Second, they must champion teamwork and collaboration among individual teams and cross-functionally throughout the organization."

Knowing that the remote workplace isn't going anywhere, anytime soon, it's time to invest in making it as efficient and effective as possible. This is a key focus for accounting firms of the future and leaders of the industry. We know this is a new reality, so why not truly try and make the best of it? .

Accounting firms should look at aspects like keeping track of colleague activities, how to effectively connect with existing clients, how to prospect well in the remote environment, and also how to keep morale high. After all, we have to expect that there will be some challenges to such an upheaval of our daily work lives.

## RELATIONSHIP INTELLIGENCE

It's no secret that technology is what shapes the effectiveness of the remote workplace. Through the right tools in a firm's tech stack, they can gain access to relationship intelligence and help easily foster new business leads, and see which colleagues have been active in nurturing their clients. These kinds of tools use data to explore these insights and keep tabs on who's doing what while working remotely. In turn, this helps the first goal we talked about, customer retention. Not only can a firm's managing partners keep track of colleague activity, colleagues themselves can make sure that they're checking in regularly with clients and reaching their own business development goals.



Using relationship intelligence and AI to identify, surface, and make it easy to act on every valued client's next need is critical for successful firms today.

**JANET ALTMAN**

*Marketing Principal Kaufman Rossin*



# Retention isn't just about clients

# Employee retention is just as crucial



The successful firms who are focused on client service know they need to attract and retain their staff. To make strides over the current challenges with attracting and retaining the best and the brightest, firms need to eliminate the common irritant many staff experience today with early-stage business development efforts.

Most professionals feel they did not go to school for sales and bristle at the uncomfortable feeling of rejection that can occur with business development efforts. Firms must consider new business development processes and technologies.

Changes will allow us to make more intelligent choices by making better use of all of our resources. New technology and process will take the partners and staff out of data entry and data mining process and reassign this responsibility to others in the firm. This will make better use of the client server's time by allowing more focus on clients and reduce their time spent on "dry hole" activities. In this new world a new position will emerge. A kind of combo data scientist, marketer, and inside sales.

These individuals will shadow groups of client servers and armed with social media passwords to allow access to their digital connections, AI, and firm data, they will identify the best new opportunities for firm growth. These new marketing functions will digitally nurture these likely prospects on the partners' behalf and begin a relationship with the influencers and decision makers of these new prospects.

At the appropriate time, an in-person meeting will be set, and a pursuit team of a business developer and the appropriate client servers will be assembled to convert the prospects to a new client.

Compensation systems will be adjusted to reward group selling and pay a premium to these team players who work on the firm's target clients over credit given by individual pursuits common to the traditional "lone cowboys."

As a result, the firm will attract the right clients and talent and retain both for longer term relationships. More happy staff to make more happy clients.



**JEFF ANTAYA**

*Retired CMO at Plante Moran Managing  
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### 3

## Automation is key

The accounting firms of the future aren't contemplating whether to use automation technology; they've already been doing it for a while. To catch up, get ahead, and stay ahead, using automation is no longer debatable. Before the pandemic is over, 50% of finance and accounting professionals indicated in a 2020 survey by [Deloitte/IMA](#) that automation would have an impact on company performance in one to two years—which means that if your firm isn't using it, you're already behind.

### AUTOMATION AND VALUE PRICING

The pandemic offered an advantage to finance and accounting firms that already had automation functionality in their tech stack. According to [Forbes](#), "when the remote financial close became a reality for most finance departments, those who had some automated processes in place fared better than those that did not."

[Accounting Today](#) has published similar pieces on how automation has helped accounting firms expand their services during the pandemic, noting that client expectations have shifted even further in the current climate. Citing that clients may be expecting "value pricing" due to the virtual nature of the services, automation is key to make these changes in pricing without impacting the bottom line. "Automation is key for accounting firms that want to offer strategic advisory services under a value pricing model because it enables both firms and their clients to spend significantly less time on low-value, repetitive tasks while producing more accurate results," [says the piece](#)—and we couldn't agree more.



### RECOMMENDED FROM THE TOP DOWN

To back that up, the Chartered Professional Accountants Canada (CPA) organization has invested in a hearty resource of educational pieces on how automation and AI affect the CPA's role, the future of accounting and finance, auditing, and the role of the auditor. [According to them](#), "CPAs need to develop new proficiencies in AI and automation to better support their clients and the organizations they work for."

In a [lengthy white paper](#) that deep dives into the future of auditing using automation, CPA claims that: "For many auditors, using automation and analytics is the first step in their digital journey towards an AI-enabled audit. Much like the digital advancements that preceded it, AI will perform repetitive tasks, provide greater insights and improve efficiencies and quality, allowing auditors to better use their skills, knowledge and professional judgment."



Value pricing options are top of mind for me. I think almost all firms have already migrated to cloud-based software, since most software companies have already migrated to this format and required CPA firms to begin the transition about 3 years ago.

### FONDA LANG

Marketing & Practice Development Director Keiter CPA



# Billable hours aren't everything

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Reimagining the role of the accountant from staff to shareholder aligns with the concept of value-based pricing. It is all interwoven. If you want to move your team to be more advisory then they have to have the time to do that, and that means “billable hours” cannot be the only metric used for doing a good job. This is a paradigm shift because for so many firms that has been the marker for “productivity and profitability.” Working smart requires more management and independent critical thinking skills at many levels as well as processes and technology.

Expanding our current clients is critical to our success—but what is the right blend/split of new business and expansion/retention of current clients? In our current environment we have room to move fees up, but that won't always be the case. And as you move to value-based pricing it will be strategically important to know exactly where we should put our resources for BD, relationship expansion/retention and marketing.



**SUZANNE REED**

*Chief Marketing Officer LBMC*

# A new firm structure for a new time

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One point that is quickly escalating is the struggle for the talent needed to sustain the typical professional services pyramid structure. For several years the profession has been losing talented college graduates to private equity and banking.

Covid-19 added additional pressures as many client servers asked the question “is this all there is?” For both reasons, we will see firms adopt more of a corporate structure and less the traditional “up or out.” As this occurs, there will be a need for greater job satisfaction; things staff despise, like prospecting and the rejection it can bring, need to be rethought to attract and retain talent.

As a result, new models for growth and firm structure will emerge. Firms who lean into technology to mine their own relationships and identify the “ideal prospect” to add to their client portfolio will have the highest chances of success. This will move much of the prospecting from the client servers to a new team with this task as its sole purpose. This team will be a cross between data scientist, marketer, and inside sales.

**This reconfiguration will minimize, if not eliminate, the hated rejection which occurs during prospecting while still helping the firm grow at an even more profitable level than enjoyed today.**

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*Retired CMO at Plante Moran Managing Director at Antaya Gladiator Marketing*



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## Cloud-based accounting

Although cloud-based accounting solutions are not new, the accounting firms of the future have been agile, quickly leaning on this technology even more with the rapid switch to the remote workforce. In fact, reports [already show](#) that two-thirds of accountants say that cloud-based computing software will support their roles in the future, and over half of large and mid-sized firms are already using these technologies. Due to the shift to automation, [Forbes](#) says that “finance leaders are [making greater investments](#) in cloud computing and software as a result, whether the remote financial close is here to stay or becomes a hybrid approach.”

Accounting firms of the future have already doubled down on what makes their team work better, remotely. Because it’s clear to see that many will never go back to the way they worked before—reports show that those working from home were [happier and more productive](#).

Cloud-based software also offers accountants more flexibility within their roles. According to [Williamson Croft’s](#) The Future of Accounting 2021 key trends piece: “By having access to their computing systems, client information and inventories from any internet-connected device, [accountants] can work more flexibly and in ways that suit them.” This meshes nicely with some of the other ways firms of the future are growing their business, such as focusing on client retention and expanding into advisory services.

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Intentionally creating community and collaboration using both technology and real in-person connections is essential for successful firms of the future.

**JANET ALTMAN**

Marketing Principal Kaufman Rossin



### PROTECT YOUR FIRM'S DATA

The accounting firms of the future are also recognizing that cloud-based computing software offers storage capabilities and data security. And security is a huge issue that many clients are getting more and more savvy about.

The cloud eliminates the need for data servers (which may be on-site at offices no longer even being used, anyway) plus there's no need for an IT department to maintain it. Backing up data, which can be an enormous undertaking and expense for most firms, also would be automated and managed through the cloud-based software, ensuring that data is protected.

Getting ahead of competitors by investing even more in cloud-based accounting software is just the tip of the iceberg—there are only going to be more changes and improvements. The accounting firms of the future aren't playing catch-up—they're busy looking ahead. According to [Accounting Web U.K.](#): “In 2021, there are going to be more technological advancements. Accountants need to keep evolving and make pace with the changes while making sure there's a natural synergy between technology and their services.”



## 5

# Influence of AI and “big data”

The influence of artificial intelligence (AI) and big data for accounting firms cannot be understated—from the automation we covered in the third section of this playbook, to how the role of the accountant has already been completely transformed—the firm of the future is already looking ahead to the needed skills that will keep them in the lead. Tapping into the power of AI-driven technologies, along with insights from big data, will help push accounting firms to the technological forefront of their industry, actually becoming part of the evolution. (Exciting!)

## BIG DATA

The IBM Institute for Business Value [states](#) that: “Financial services firms are leveraging big data to transform their processes, their organizations and soon, the entire industry.” When we talk about big data we mean the vast amount of collected, complex data sets that in no way could possibly be analyzed by traditional data-processing software. To help break it down further, IBM [covers what is called the](#) Five V’s of big data:

- Volume (it’s a lot of data)
- Variety (it’s derived from hugely diverse sources)
- Velocity (how fast it’s being created, digested, and analyzed)
- Variability (how reliable it is and how it’s interpreted)
- Value (its worth to your industry)

Every industry uses big data in one way or another, and it has completely transformed the kind of analytics to which we have access.

The accounting firm of the future already uses big data to gain valuable financial insights and knowledge. According to [CPA](#), as accountants “it will no longer be enough to explain the drivers of revenue variances as just due to a change in sales volume. Reporting and forecasting functions will need to be able to explain the ‘why’ in a more quantitative manner.” Big data allows the firm of the future to do just that.



## WHAT ABOUT YOUR OWN DATA?

The accounting firm of the future has already put procedures into place to try to maintain clean and accurate databases. With statistics from the [Harvard Business Review](#) in 2017 stating that only 3% of organizations' data meet basic data quality standards, along with reporting that a shocking 47% of newly generated data had critical errors, many firms took notice. However, as we know, the manual data inputting process will always have an element of human error. Luckily, the firms of the future have paved the way by employing AI-driven technologies to clean up, manage and analyze their own data.

### How accounting firms use AI

Through leading AI technology, the accounting firm of the future has improved business enablement and enhanced productivity. A [report by Accenture](#) called "Artificial Intelligence is the Future of Growth" names these as the top three ways AI leads growth:

#### Intelligent Automation

Automating complex physical tasks that require adaptability and agility and AI is capable of self-learning.

#### Labour & Capital Augmentation

Existing labour and capital can be used much more effectively as AI enables workers to focus on what they do best: imagine, create, and innovate.

#### Innovation Diffusion

Ability to propel innovation as it diffuses through the economy.

The same report also states that "the impact of AI technologies on business is projected to increase labor productivity by up to 40% and help people make more efficient use of their time." As we touched on previously, we know the accounting firms of the future have already started using AI to automate those labor-intensive tasks, freeing up their time to focus on client relationship management and analyze their clean data to make complex business decisions. On top of that, certain AI tools have the capability to gather insights on relationship intelligence within the organization, boosting business development efforts across the entire firm.



Effectively using your CRM plays an even greater role than you could have imagined even two years ago. It should be helping to analyze and define your future customer experiences and engagement with the firm.

**MARTEN VAN PELT**

Chief Marketing Officer Plante Moran



# Conclusion

A quick path to success for accounting firms is to pivot to leverage their existing relationships (through core service lines) to grow into these new advisory service areas. Introhive makes this relationship insight possible, allowing firms to streamline these cross-selling initiatives within existing processes. The top accounting firms are already doing this—tapping into relationships and contacts from historical core service areas, and feeding them into the newer, emerging service lines. This shift is not only beneficial to the firm's bottom line, but absolutely necessary for further growth.

Introhive seamlessly enables firms to use their greatest asset (relationships) to drive revenue and adapt for the future while other firms are being left behind.

Additionally, Introhive uses AI-driven technology to automate mundane, manual data entry, which not only ensures your accounting firm always has clean and accurate data in your CRM, but also frees up valuable time for accountants to focus on their clients.

Our automation capabilities capture pre-meeting digest and post-meeting information, making accountants' daily work lives easier and more efficient.

Introhive has already made an impact on the accounting and finance sector.

- 40% of the top 50 global accounting firms use Introhive
- 70% of the top 20 global accounting firms use Introhive

**If it's time for your firm to become a firm of the future, request a demo today and begin the journey to revenue acceleration.**

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