

## 2009 Accounting Technology Trends in a Questionable Economy

By Roman H. Kepczyk, CPA.CITP (July 20, 2009)

Accounting firms traditionally invest in new technologies and processes over the summer based on the successes of the early adopters and commercial releases of new vendor applications piloted during the busy season. This year will be somewhat different due to the current economic situation, which dictates that firms change their traditional technology management approach towards one that is more conservative and presents an obvious and immediate return on any IT investment. With that in mind, we discuss for technology trends for accounting firms that will help them not only weather the year ahead, but position their firms for greater success in 2010 and beyond.

**Targeted Cost Savings:** The first and most obvious short term response for most firm partners is to cut or curtail any costs that they view as non-essential. As these decision makers can sometimes be removed from the day to day hands-on production of client work and do not always understand which technologies are needed and utilized by firm personnel, they can delay or eliminate expenditures that are critical for production. Accordingly, it is important to get input from end users and IT personnel prior to making any major cost-cutting decision. Areas where firms can target cost savings include re-negotiating existing contracts, eliminating redundant expenditures, and evaluating solutions that safely and cost-effectively extend the life of equipment.

- **Renegotiate:** If firms have not reviewed their IT contracts in the past two years, now is the time to take a look at the cost of IT services, particularly those that are ongoing and fixed such as Internet Broadband, Digital Cellular, and monthly maintenance contracts from network support providers. The firm should also look at service providers such as payroll processing and ask peer accounting firms about market rates on software maintenance contracts. This is one of the primary benefits of being part of a formal CPA firm network or an association such as the Association for Accounting Administration (CPAAdmin.org) or AICPA PCPS Membership Section where members can share information prior to renewing contracts.

- **Eliminate Unnecessary Licenses:** While it is imperative that firms have redundancy in IT areas such as Internet access and data backup processes, they oftentimes do not need redundancy in applications such as research and forms and may not need the same number of licenses if they downsize staff. Firms that have completed mergers tend to have duplication of licenses with different vendors, so now is the time to push to a single firm standard for these types of applications and to look at web-based services that can reduce license counts or provide them through shared web applications. Firms should also annually review the number of licenses utilized for each application and don't blindly renew licenses for ancillary products that may have fallen out of usage.

- **Extended Life:** While most desktops will effectively function for four years and laptops three years, some firms under-bought RAM or hard disks on workstations that they intended to use through this year, but find they are currently under-performing. Rather than replacing machines, it is easy to add RAM to a Windows XP workstation to bring it up to 1Gb, or preferably 2Gb, at a one year cost that is lower than the annual capital cost of a new machine. This goes for hard drives as well, in that some firms purchased machines two years ago with minimal 40Gb hard drives. SanDisk recently rolled out Solid State Disks (SSD) that can increase the capacity to 60Gb, while at the same time increasing the speed of these disks up to five times, which will give the firm the benefit of use for the next 12-18 months, for a fraction of the cost of a new machine.

**Optimized Production:** The next obvious place to focus in a down economy is in optimizing production of the tools and resources already at the firm's disposal. While some firms may be considering reducing staff hours or work days, this is a perfect time to repurpose those hours of your star performers towards capturing and training on firm best practices. Firms should document production processes in a written (and searchable) format with integrated screen shots, and can actually use tools such as TechSmith Camtasia to capture animated processes. These documents and video captures can then be indexed and stored on the firm's intranet for easy access and to provide training to users. In the unfortunate circumstance that the firm loses a star employee, at least some of the knowledge that made them effective will be documented and passed on to existing personnel and future hires.

**Evaluate Services vs. Servers:** As a firm server approaches the end of its functioning life, the firm should evaluate whether the traditional cost of replacing it with individual dedicated servers is the best solution. With today's virtualized server environment, a number of servers can be consolidated into one box depending on the application mix and the skill of the integrator. If properly implemented, the firm will have more stability and lower maintenance on the virtualized server. The other consideration is to look at whether the entire application can be outsourced to a web-provider. Firms have traditionally outsourced their banking, payroll, research and forms to application service providers (now often referred to as Software as a Service-SaaS), and many are now outsourcing their spam and e-mail management. CCH has long had ProFx Tax available entirely on the web and will be rolling out time and billing, document management, and client portals as well. For firms that do not have adequate internal IT support personnel and want to eliminate maintenance of these applications and the corresponding client data, SaaS is an option as long as the firm has access to stable and redundant Internet access. While hacking of Internet-based application providers is often listed as a primary concern of firms, in virtually all instances professionally managed data centers are more secure and have better redundancy than the infrastructure maintained within a firm. In addition to offsite applications, firms that are looking to replace an inadequate tape backup system will be surprised to find that the cost of pushing these backups offsite either to one of their other locations or to a hosted provider has come down significantly, making them an attractive alternative for disaster planning.

**Promote Remote Access and Connectivity:** We are entering an era where Internet access is ubiquitous in many parts of the country, which opens the door to allowing people to work effectively from any remote location. In addition to the web-based applications discussed above, remote access tools such as Windows Terminal Server and Citrix, as well as individual remote workstation tools (XP Remote, LogMeIn, GoToMyPC), will allow accountants to work from any location that has a computer and Internet access. As firms look to promote flex time schedules with employees but still maintain ongoing communications and work availability, remote access tools such as smart phones and digital cellular air cards will provide such connectivity. In addition, web-based services such as portals will allow firm personnel, and even clients to access and transfer files, which not only reduces delivery time, but eliminates the costs associated with moving paper documents physically.

While there is a lot of uncertainty with the economy, accountants are somewhat fortunate that most of us have work that must be done. By buckling down in our own practices and being available to help clients through these difficult times, we will eventually emerge stronger and more effective.

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