Manage in the Cloud:
Prepare to be Future Ready

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Introduction

Managing a professional services firm is hard work. Firm leaders must juggle marketing, business development, client service, staff recruiting, development and retention to a successful outcome for everyone involved. There is one thing that firm leaders must feel comfortable with that links all of these firm management initiatives together — technology.

The Market Perspectives Survey

In a recent survey of over 400 firm professionals, we discovered key insights into how firm leaders are using technology to create and support management initiatives that help their firms achieve the success they want today as well as ensure their firm is future-ready. The survey included firms of all sizes (See Figure 1) and had an impressive 87% of the responses coming from the partners in those firms. To set the stage more completely for our findings, the firms that replied have an average practice that is 51% tax, 24% audit, 12% consulting and 11% other projects. Additionally, the average tax practice has a higher number of business returns than personal returns. As you consider this profile, it is typical of many professional services firms today. Last, as we explore the foundational connection between overall firm management and technology, it is important to note that when asked who is your technology leader at the firm, the majority — 57% — said it was a partner. (See Figure 2)
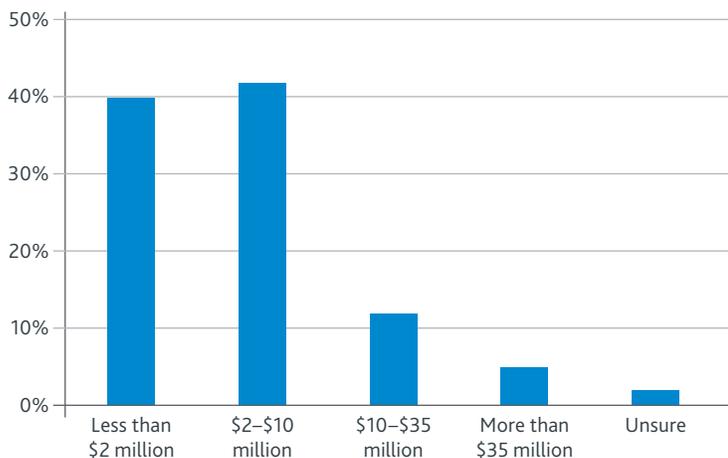
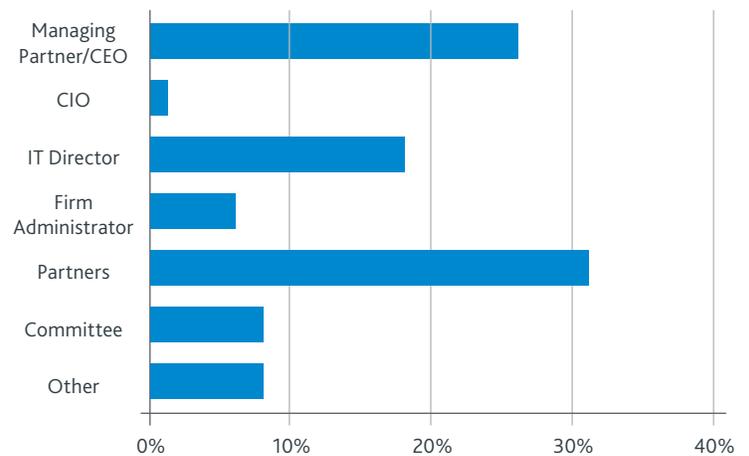FIGURE 1: Based on annual revenue, how large is your firm?

FIGURE 2: Who is your technology leader at your firm?

The Technology Imperative

Technology is far beyond an "outlier" objective today. It is a very important part of any progressive firm's strategic plan. It is a discussion item in almost every meeting within the firm, including partner meetings, process meetings and emerging leader initiatives. In a recent Emerging Leader Track Workshop at the Boomer Technology Circle Summit, technology was one of 5 areas that 20 future leaders said was imperative to the firm of the future. Within our survey, we identified two common areas that support the fact that technology is truly an imperative management strategy for firms today. As mentioned above, with 51% of firms involved in the area of tax, tax workflow is a natural connection. A substantial number of firms in the survey — 76% — opened 3 or more different software solutions during their tax workflow process. (See Figure 3) Additionally, when asked if the firm needed to change the name of a client in their systems, how many databases would they need to change, the number was a sizeable 94% at 2 or more databases. (See Figure 3)

> "We will migrate from multiple [systems] to a single database for client information which will allow us to all but eliminate conflicting client demographic data. In our current software environment, each application maintains its own client database and changes are time consuming to make the corrections in all applications. CCH Axcess will reduce the time needed to establish and maintain our client database."
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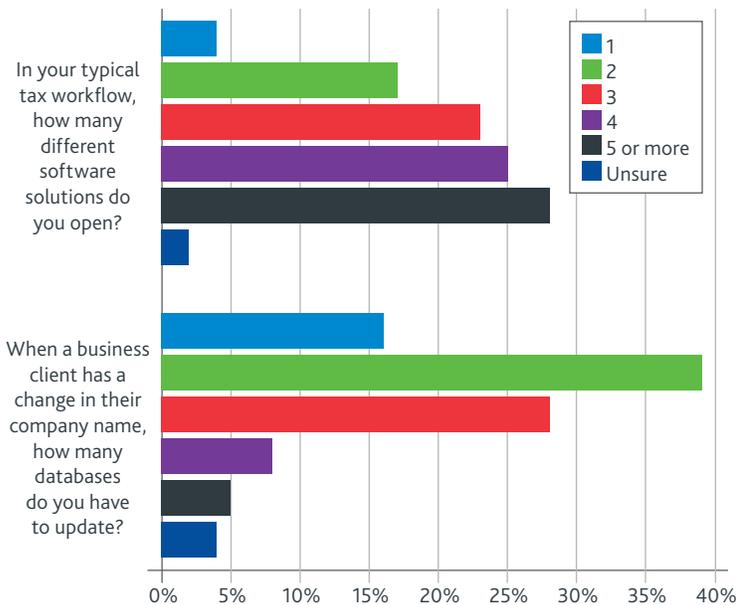> — Bradley D. McKinney, CPA,
> *Partner, Raich Ende Malter & Co., LLP*

Deciding to use technology to manage the firm can create challenges and concerns for firm leaders. One of the most effective and efficient ways to truly use technology to manage the firm is to move to cloud-based solutions and create a strategic advantage. The number of firms in the survey that believe cloud-based solutions are a part of their future strategy is 51%. This is a strong testament to the direction our profession is headed. When asked why they would implement cloud-based solutions, the feedback included: (See Figure 4)

1. **Ease of Access** — Being able to quickly and effectively access data when and where it is easiest for the individual.

2. **Technology Best Practices** — Firms who are well-read understand that the cloud is where development is happening.

3. **Disaster Recovery** — Protecting client data is imperative for leaders.

4. **Processes and Workflow** — Determining a succinct and efficient process for workflow.

5. **Security** — Ensuring client data is safe and backups are consistent.

6. **Growth in the Firm** — Growth is promoted by a technology system that is scalable.

7. **Education and Training** — Ease of learning to use the system, and everyone using that system in the same way.

Challenges and concerns are simply the catalyst for finding solutions that will propel us to a new level of thinking. Great managers know that the solutions to the challenges are what sets them apart and gives them a competitive advantage.
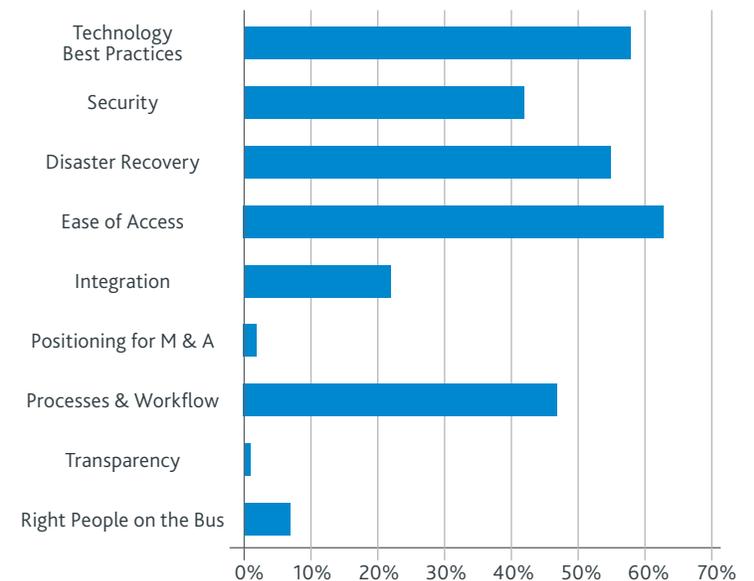

FIGURE 3: Number of Software Solutions and Databases

FIGURE 4: What are the top three reasons for implementing cloud-based solutions in your firm?

> "The #1 reason our firm is moving to the cloud with solutions such as CCH Axcess™ is fewer maintenance issues. By relying on the cloud providers to maintain the required updates and provide excellent security, we are free to focus on what we do best, which is provide our clients with excellent accounting and consulting services. In addition, we are relieved from the need to maintain in-house servers which required on-site maintenance and routine upgrades."
>
> — Rachel Godwin, CPA, CGMA, MAcc,
> *Principal, Hartmann, Blackmon & Kilgore P.C.*

Taking the First Step

"Change" and "new" are not words that our profession gravitates to naturally. We have a tendency to move slowly and cautiously. Therefore, when we asked our survey participants who have actually moved to CCH Axcess what benefits they are seeing today, it was not a surprise when 41% said it is too early to tell what the benefits to moving to the cloud are for them. However, it is encouraging to see that 40% said that it has created new efficiencies, 37% have streamlined processes and 27% say it has helped increase communication and interaction. Note: Participants could choose multiple answers. (See Figure 5)

The first and most important solution is a written technology plan that sets the stage for the focus of the firm. While overall technology initiatives will be included in the firm's strategic plan,

technology should have a separate detailed plan that includes hardware, software, training, vendor and technology personnel objectives and costs. Technology should be managed just like any other area of the firm. Moving to the cloud should be a driver within that plan. The survey points out that the firms that had a written technology plan also saw significant increase in billable hours, creating new efficiencies, attracting and retaining new talent, streamlining processes and communications. A technology plan will help drive change, but a mindset shift is also needed to ensure a positive change for the firm. Everyone in the firm who is working on management initiatives should look for cloud-based solutions that will drive integration and propel the firm to a higher level of efficiency. Consider the following:

| FIRM MANAGEMENT GOAL	STRATEGY	POSSIBLE SOLUTIONS
Marketing	Develop your firm's brand by improving your digital interactions with clients and prospects through technologies like portals, branded correspondence and electronic signatures.	CCH Axcess™ Portal CCH Axcess™ Tax CCH® eSign
Business Development	Give your staff more time to engage in business development activities by reducing the amount of time they spend on data entry and handling paper files.	CCH Axcess — Common Core Database CCH Axcess™ Document CCH® ProSystem fx® Scan with AutoFlow Technology
Client Service	Improve your clients' experiences by being more responsive and evolving your firm to meet their increasing needs and expectations.	CCH Axcess Document CCH Axcess™ app
Staff Recruiting and Retention	Attract young staff and retain existing staff by paying attention to work-life balance.	CCH Axcess app
Staff Development	Help staff keep their technology experience up to date by using future-ready technologies.	CCH Axcess Document CCH Axcess Tax CCH eSign
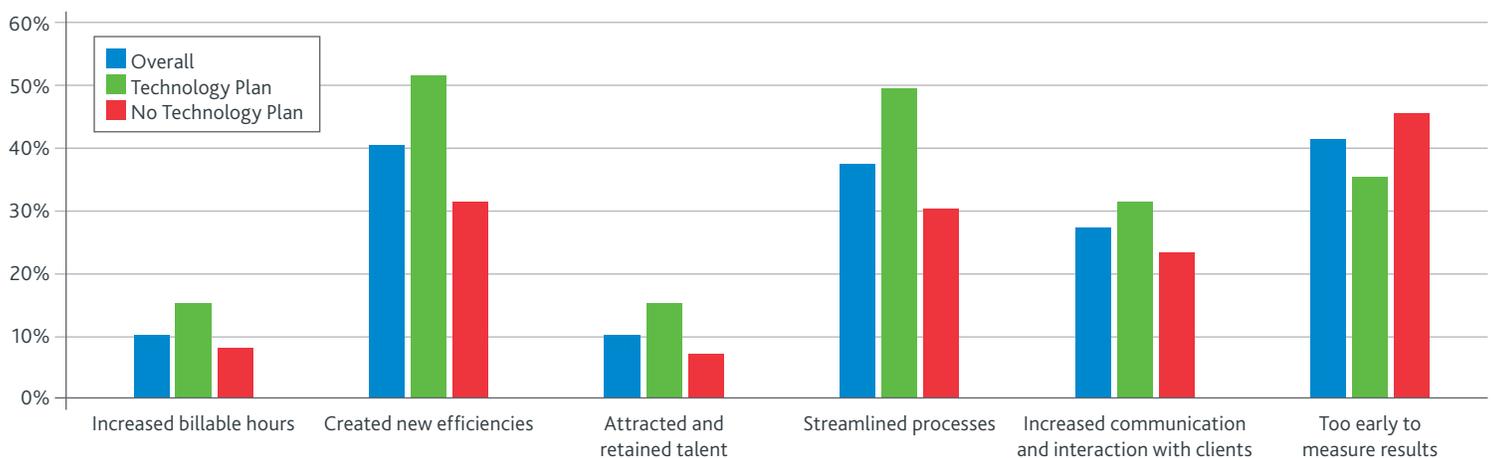
FIGURE 5: Which of the following benefits of cloud technology has your firm realized?

"CCH Axcess Portal enhances our reputation with clients, and they end up thinking that we're bigger than we are. Portal makes me look cutting edge, like their bank and their financial advisor, because they can get to their tax returns and financial statements faster, easier and securely. In fact, every time we turn someone onto Portal, we get fewer phone calls, which translates into increased efficiencies and a more professional image for the firm."

— Kim Fichera,
Fichera & Company CPAs

Meeting and Managing Expectations

Along with the direct link of technology to various management concerns in the firm, it is no surprise that talent management is at the top of the list for firms of all sizes in the profession. Emerging talent is fearless when considering cloud-based solutions, and they have high expectations for the firms at which they work.

As emerging talent expectations grow, so does the demand for remote capabilities with over 70% saying this is very important or extremely important. The cloud allows this strategy to happen in a much faster and more efficient way, with the outcome being a happier and much more engaged emerging workforce. This next generation workforce is not only asking for work when and where they want to but also require a strong culture built on education and training. Coupled with the statistic on remote capabilities is 66% saying that they believe education and training is extremely or very important to the success of cloud-based initiatives. (See Figure 6)

> "CCH Axcess also adds many conveniences, which help to enhance our work-life balance. For example, by using the CCH Axcess app, we can release a return to the IRS anywhere and anytime. It also provides us access to the common core database from a smartphone so that we have 24/7 access to client files, phone numbers or email addresses. So, we don't have to be in the office to still get work done."

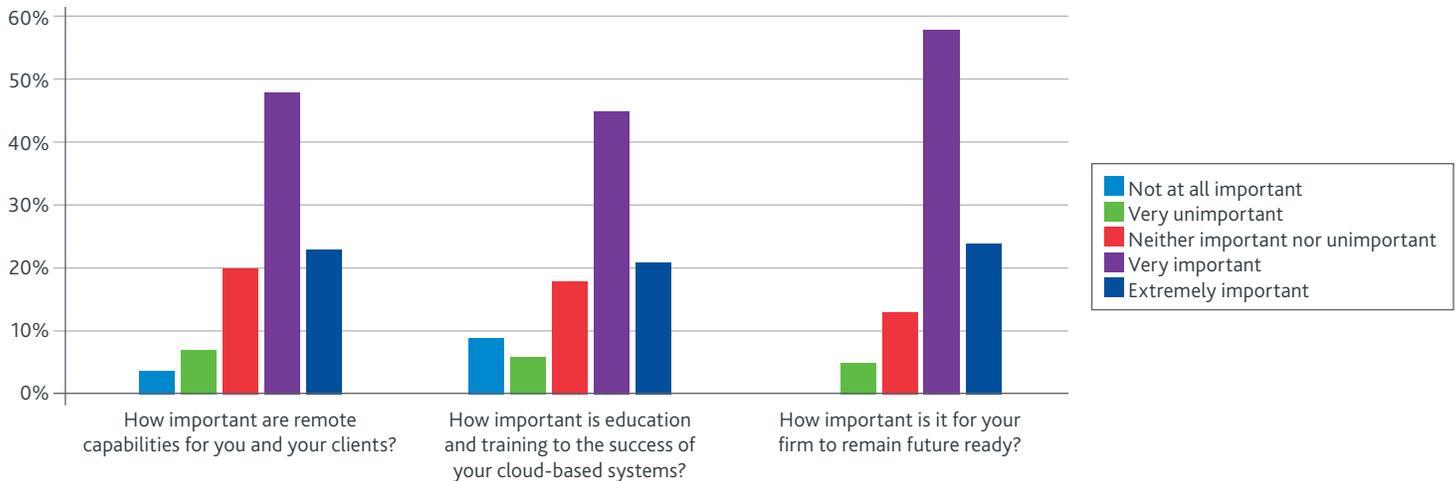— Kenneth A. Peworchik, CPA,
Kenneth A. Peworchik, CPAs

FIGURE 6: Firm Values

As we stated in the beginning, managing a professional services firm is certainly a challenge, but it is a challenge that can become easier with a firm mindset and strategy change that includes cloud-based solutions. This exciting change is only made stronger as 80% of the firms say that it is important for their firm to be future ready.

The question is, are you ready?