Paperless and Data Rich:
Technology Trends for
Accounting Firms

The "paperless office" is not a new concept — indeed, a majority of firms have already planned or implemented a paperless strategy. But as emerging technologies such as mobile devices, social media, "Big Data" and the cloud become mainstream, what it means to be a paperless firm is changing.

Accounting firms are rethinking paperless processes and designing new workflows that digitize information as soon as it comes into the firm. What's at stake is more than the cost savings associated with eliminating paper and storage. Today, 61% of firms have already adopted paperless technology,[1] and firms that haven't may become increasingly less competitive — slower to respond to clients, less collaborative and lacking key insights that firmwide analytics could provide.

As client expectations change and technology evolves, firms are considering these questions:

- How can we share information more effectively across the firm?
- If we capture more information electronically, how can we use it to help the firm grow?
- Where and how should professionals be able to access firm information?
- How can we better collaborate with clients regardless of busy schedules?
- Should we let the staff bring personal mobile devices to work?
- Is there a way to preserve and share the experiential knowledge of our professionals?

Let's explore some of the emerging technology trends that firms will need to consider and then examine paperless technology solutions that will help accounting firms implement fully paperless workflows.

1   AICPA and PCPS, "2012 PCPS/TSCPA National MAP Survey Commentary," 2012, p. 11.

Emerging Technology Trends

Mobile Devices

While 23% of firms already embrace mobile technology in the firm, such as tablets,[2] the trend of professionals bringing their own personal devices into the workplace (BYOD or Bring Your Own Device) presents some unique security challenges that firms will need to address. But the convenience benefits are clear — professionals can access client and engagement information from anywhere, at any time.

Cloud Computing / Software as a Service (SaaS)

According to the 2012 CCH® Technology Survey,[3] a majority of large accounting firms are either already leveraging the cloud, or plan to do so soon, but less than 50% of small firms are working in the cloud. As work and personal lives continue to converge, the ability to work anywhere is becoming more important to accounting professionals — particularly younger professionals. Indeed, 59% of firms already allow professionals to access work remotely.[4] Cloud solutions can also encourage better collaboration with both business and individual clients. Some applications provide clients with access to their own information, and professionals can also enhance client service by being able to access information "on-site" during client meetings.

The BYOD trend and rise of cloud applications bring about some additional data security concerns for firms as well. Read this *Journal of Accountancy* article for an excellent review of these challenges.
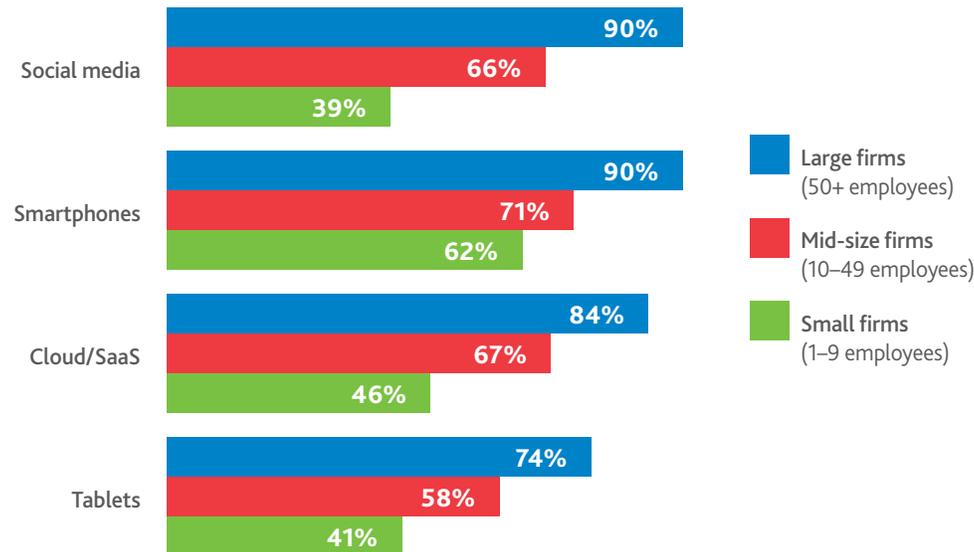
Big Data

As more information is gathered in the cloud or in centralized software systems, firms can use this "Big Data" for deeper analysis. Two-thirds of accounting professionals believe that analytics will have a big impact on the future of the accounting industry.[5] Firms are searching for the tools and processes to help them collect and analyze data that can be used to help the firm grow, evaluate staff performance, identify the most profitable types of clients and engagements, and more.

Social Media

With such high adoption in the consumer world, social media is becoming ubiquitous. Younger professionals, in particular, consider social tools to be valuable for both networking and collaboration. Some firms are exploring ways to adapt enterprise social media for the benefit of the firm.

Emerging Trends and Technologies
(Firms have already or will have implemented within three years)

Technology	Large firms (50+ employees)	Mid-size firms (10–49 employees)	Small firms (1–9 employees)
Social media	90%	66%	39%
Smartphones	90%	71%	62%
Cloud/SaaS	84%	67%	46%
Tablets	74%	58%	41%

For recently considered emerging trends and technologies, the speed of adoption of some technologies has quickly made them foundational in large firms.

2   AICPA and PCPS, "2012 PCPS/TSCPA National MAP Survey Commentary," 2012, p. 11.
3   "Key Findings from the 2012 CCH Technology Survey Technology in Tax & Accounting," CCH, 2012, p. 3.
4   AICPA and PCPS, "2012 PCPS/TSCPA National MAP Survey Commentary," 2012, p. 11.
5   "Key Findings from the 2012 CCH Technology Survey Technology in Tax & Accounting," CCH, 2012, p. 5.

Tools for the Paperless Accounting Firm

Document Management Systems (DMS)

The primary tool for a paperless firm is the Document Management System (DMS), and it's important that firms select a system that meets their needs and supports their unique workflows. A document is really any form of digitized information that you can store, including word processing documents, spreadsheets, email, QuickBook® files, scans and PDFs.

Most firms without a DMS have a combination of paper and electronic files that are stored in lots of places — some on the firm's server, some on individual PCs and some in file cabinets. Professionals at these firms have a lot of difficulty putting their hands on the information they need and spend too much time searching for files and documents. Files are not easily shared across teams, and there is a considerable security risk in not having centralized control and access over sensitive personal information.

A DMS provides the following benefits to accounting firms: better document retention, reliable data security, effective sharing and collaboration within the firm, access (if allowed) to professionals when they are out of the office, and a lot of time saved and frustration avoided.

To select the right DMS for your firm, bear in mind that a system designed for accounting firms will likely provide a better fit than a more generic office solution. A good DMS should:

- Support or supplement your firm's existing workflows.
- Provide sufficient security based on different user roles within your firm.
- Automatically manage file retention based on your firm's document retention policies. For example, you might retain client emails for only two years, but keep their tax returns for seven.
- Provide file version and audit history.
- Allow your firm to be more productive — you'll spend less time looking for files or client folders.

Best Practices for Document Management Implementation[6]

1. **Create a Paperless Process Champion Team** to define workflows, project scope, and lead the implementation and training. Ideally partners should serve on the Champion Team.

2. **Define current and desired workflow** to ensure that the new paperless process will add value and efficiency to the firm's activities.

3. **Define scope** carefully so that you have a clear, high-level overview of the firm's goals for going paperless and a full understanding of any project constraints.

4. **Train all levels of your staff** on both the new DMS and any new or redefined policies and procedures that support the paperless processes. Present follow-up training 6-9 months later to resolve any issues after the staff has had an opportunity to use the system.

5. **Manage the timing of implementation.** Roll out your new DMS and train your staff during a less busy time of year for your firm.

"Going paperless has helped our firm tremendously, and we've seen dramatic improvements in efficiency — especially in year two and beyond. Now every document that comes into our firm has a place to go … people across the firm can easily see exactly what's going on with a particular client."

— Craig Lohman,
Partner, Lohman Company

Learn more about CCH Axcess™ Document.

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6   Darren Root, John Barnes and Damon Russel, "What's next? What you need to know about the future of the paperless office," *CPA Practice Advisor* webcast, December 6, 2012.

Client Portals

When portals first came onto the scene, they were mostly used as a secure, online space for firms to deliver tax returns to clients. Now, thanks to advanced portal features and outside-the-box thinking, portals have become true collaboration spaces for professionals and clients. A recent survey showed 42% of firms already offer client portals,[7] and all firms should consider them for better client service and risk management.

Identity theft is rampant, and 46 states have data breach legislation that may require a firm to notify clients if personal information has been compromised. Sensitive information should never be emailed without encryption, and for many firms, email encryption is not enough. Yet clients want to be able to access their documents quickly and to send information to accountants without a lot of hassle. Secure portals offer this convenience with less risk.

Both firms and clients enjoy many benefits when collaborating through a portal:

- Clients can access vital documents, such as past years' tax returns, from any location 24/7.

- Clients can easily upload large documents and all types of files, including Quickbooks files. File size limitations make this more difficult to do with email.

- Portals provide better data security, enabling firms to ensure compliance with applicable laws and regulations, and reduce the firm's risk of data breaches and identity theft.

- Clients and professionals can use portals to communicate and collaborate when each has time available — enabling forward progress when busy schedules would otherwise conflict.

- The firm saves money (paper, printing, mailing, storage costs) while providing faster client service.

- Portals bring clients back to the firm's website repeatedly, thereby providing greater opportunities to market additional services and increasing the firm's "stickiness" with clients.

The *Journal of Accountancy* noted that portals are so easy to use they can be set up in minutes, and clients benefit from a nearly "nonexistent" learning curve.[8] Portals can be introduced to clients in the beginning of the year as tax season gets underway. During vendor evaluation, *JofA* recommended that the following security-related criteria should guide a firm's portal selection:

- 128-bit SSL encryption.

- Nearly 100% network uptime.

- Regular, redundant data backup.

Best Practices for Client Portal Implementation

1. **Go big.** Put all of your clients on portals at the same time. Rolling portals out to a few clients is less effective as it requires professionals to use a different set of procedures for some clients.

2. **Put procedures in place.** Incorporate portals into every appropriate workflow to reduce risk and enhance collaboration. Disallow your professionals from using email attachments for tax returns, financial statements, tax payment vouchers, tax notices and responses.

3. **Promote the benefits to clients.** Communicate with clients about why the security and convenience of the portal are benefits to them. Provide clients with secure, instant access to documents they need (such as past tax returns) for loan applications and other goals.

"CCH solutions turned our office into a totally paperless operation; as a result, it has allowed us to service our clients from anywhere, anytime, without missing a beat."

— Kathy Parker,
Partner, Rodman & Rodman, PC

Learn more about CCH Axcess™ Portal.

7   AICPA and PCPS, "2012 PCPS/TSCPA National MAP Survey Commentary," 2012, p. 11.
8   Alexandra DeFelice, "Client Portals: A Secure Alternative to Email," *Journal of Accountancy,* February 2010.

Enterprise Social Media/ Knowledge Management (KM)

In addition to providing professionals with access to good research and continuing education, it's important to share knowledge of firm policies and procedures and best practices. Much of this information comes from senior professionals and partners whose time is very valuable. Before these key leaders retire or leave the firm, it would be desirable to record their knowledge and provide access to it in a way that makes it easy for the staff to search, share and build upon information. That's where Knowledge Management (KM) systems come into play.

It's important — especially in larger firms — to have a formalized system for recording and disseminating firm knowledge. With a larger staff, it's essential that senior leaders are not constantly interrupted by the same questions and issues. KM provides a way to capture an answer once and then build upon it, using enterprise social media tools such as FAQs, blogs, Wikis and more.

Evaluation Tips for Knowledge Management Solutions

1. **Clearly define what KM means for your firm.** Create a Champion Team that includes partners, and determine the firm's strategy for enterprise social media before evaluating solutions.

2. **Choose a vendor who understands accounting firms.** Many vendors do not understand accounting firm operations or the industry's data security and compliance challenges.

3. **Consider a cloud solution.** The cloud can offer more rapid implementation and greater flexibility. But the decision to deploy KM in the cloud or on-premise should depend on a firm's IT resources and data access needs.

4. **Adopt a solution with firmwide social media tools.** Choose a KM system that is intuitive to use, easy to update and collaborative to encourage rapid staff adoption.

5. **Identify subject matter experts.** Users should be able to rate content and identify experts. This will promote healthy competition and make knowledgeable staff members feel appreciated.

"We want our people to feel supported with the latest tools to do their job and KnowledgeConnect™ demonstrates how committed we are to the attraction and retention of new talent. KnowledgeConnect gives us a competitive advantage and helps us compete with firms much larger in size."

— Christopher Murray,
Partner, Murray Stok & Company

Learn more about CCH® KnowledgeConnect™.

Conclusion

A strong majority of accounting firms have already implemented a paperless firm strategy and started deploying the necessary technology solutions to achieve this business objective. Firms that continue to maintain paper-intensive processes risk developing a significant competitive disadvantage over time. To go paperless, firms need to address three primary technology needs: document management (DMS), client collaboration (Portals) and internal collaboration (KM).

Adopting a paperless strategy yields other benefits as well. Digitized files enable firms to take advantage of other emerging technology trends — especially mobile devices and the cloud. These technologies have the potential to improve client service and help accounting professionals improve their productivity through anywhere, anytime access to work. Successful firms will continue to keep an eye toward emerging technology trends and new best practices that can help firms take advantage of potential game changers.

Firms will find a lot of document management and client portal products in the marketplace, and it's helpful to search out vendors, including CCH, that specialize in delivering solutions for the accounting industry. These vendors can share industry best practices and in-the-trenches experience that help a firm plan an effective paperless strategy, evaluate and implement solutions, and train staff to adopt new paperless processes and technology.

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