

# THE INTUIT 2013 FUTURE OF ACCOUNTANCY REPORT

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### ABOUT THE REPORT

The 2013 Intuit Future of the  
Accounting Profession

Update provides a  
view of the significant  
demographic,  
economic, social and  
technology trends and

forces that will affect the  
accounting and tax profession over the next  
decade. It was developed as a review of  
the trends projected in 2011 and to explore  
potential impacts on the forecast from  
changes that have occurred since then.

To prepare this forecast update, the Intuit  
Accounting Professional Division and  
Emergent Research conducted several  
forecast "think tanks" and interviews with  
accounting professionals, academics,  
industry analysts and the media.

Information collected through this research  
process was used to review and update the  
original 2011 forecast.

Intuit 2020 reports and related  
research materials are available at  
[www.intuit.com/2020](http://www.intuit.com/2020).

## I. THE ACCOUNTING PROFESSION'S SHIFTING BUSINESS ENVIRONMENT CREATES BOTH THREATS AND OPPORTUNITIES

*The next decade will be a period of rapid change for the accounting profession. Competition will intensify as new industry entrants such as banks, other financial services companies, software and Internet firms and even government agencies offer an increasing array of accounting and tax-related products and services.*

Consulting and business advisory firms, as well as other non-accountants, will also become increasingly competitive. These firms will leverage new software, data and analytical tools to provide new accounting related services.

Automation and outsourcing will also continue to impact the profession, replacing manual processes and labor, especially for routine and lower-value services.

Business complexity will increase, making it even tougher for accounting firms and professionals to stay up to date and informed on key regulatory, compliance and business issues.

But the shifting business environment is also creating new opportunities for the accounting profession.

Continued expansion of regulatory and legal requirements will increase the demand for compliance services. Globalization requires accounting professionals to master new skills, knowledge and standards – such as IFRS. This also creates opportunities as a growing number of clients operate across borders. The growing costs and complexity of health care will continue to drive a greater use of health care related advisory services.

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Outsourcing and automation – both traditionally seen as threats to the profession -- will also create new opportunities. Businesses will increasingly look to outsource part or even all of their bookkeeping and accounting functions. Accounting firms with the right skills and systems are ideally positioned to win this business.

The demand for consulting and advisory services will continue to rise as businesses and consumers look for help and expert advice in navigating an increasingly complex world.

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- Many of the traditional services provided by accounting professionals – especially low value-added or easily automated services – will become less profitable and even disappear due to automation and competition. However, for those who can structure and automate these basic service offerings effectively, there will be profitable opportunities to serve the growing number of businesses looking to outsource all or part of their bookkeeping and finance functions.
- Growing business complexity, knowledge requirements, regulatory and legal change and client expectations will favor accounting specialists over generalists.
- Specialization will lead to increased collaboration and partnering among accounting firms and other financial professionals, both domestically and internationally.
- Successful accounting professionals will take on new roles as consultants and advisors, providing performance management, decision support, IT advice and similar services, with less emphasis on nuts-and-bolts functions such as computation and tax preparation.
- Growing regulatory pressures at all levels of government will result in greater demand for compliance services.
- Globalization, the health care industry, aging baby boomers and an increased emphasis on sustainability and sustainable business practices will create new services markets for accounting specialists in these fields.



## II. THE CHANGING FACE OF ACCOUNTING PROFESSIONALS AND THEIR CLIENTS

The coming decade will bring a broad range of demographic shifts.

Baby boomers – born between 1946 and 1964 – are turning 67 this year, creating a new breed of senior citizens. By 2020, one in six Americans will be over 65. But they will not be traditional seniors. “Unretirement” and active engagement best describe their lifestyle choices as they continue to work part or full-time in their current professions or start new “encore” careers and businesses.

The Digital Generation – also known as Gen Y or the Millennials – will grow up, with the oldest turning 40 in 2020. This group, born between 1980 and 2000, are quick adopters of new technology. Gen Y is career- and family-oriented, and they’re looking for careers that provide work/life flexibility. They value their time tremendously and believe that focusing their time on what they do best -- rather than what they can do if needed – is good business strategy. As they start their own businesses, they are more inclined than their Boomer parents to outsource pieces of financial management such as payroll, health care/benefits programs and compliance.

Women will hold more leadership roles in the workplace, politics and education. Due to higher levels of education and the shift to a knowledge economy, the gender gap in earnings will narrow over the decade and approach parity by 2020. In many professions, including accounting that boasted 59 percent female graduates in 2012, women will provide the majority of new entrants and a growing percentage of senior executives.

Multiculturalism will define the next decade. Minorities will comprise 40 percent of the U.S. population, with half of them being Hispanic. In the four largest states – California, New York, Texas and Florida – minority populations will collectively become the majority. This will lead to a blurring of cultural, social, ethnic and racial lines and make traditional divisions less relevant.

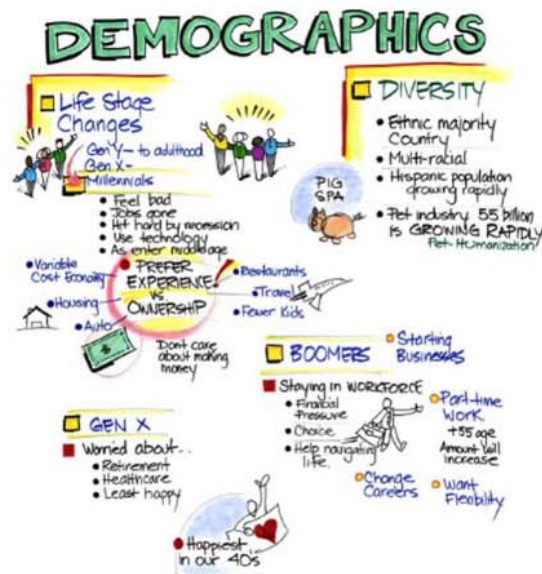
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### CLIENT IMPLICATIONS

- Aging baby boomers will look for guidance in the areas of financial planning, retirement and estate planning, health and elder care. They'll also turn to accounting professionals as they start and run full and part-time encore businesses.
- Tech-oriented Gen Y and Gen X clients will increasingly expect to interact with their accounting professionals digitally and virtually, using online and self-serve customer support in addition to traditional methods. They will also expect faster and even real-time responses to their requests.
- Women, who have been starting small businesses at twice the rate of men over the last decade, will increasingly be financial decision makers for businesses, making them an important client segment.

### FIRM IMPLICATIONS

- Accounting firms will need to offer flexible work options and increased work/life balance to attract and retain talent. Those that cannot provide this flexibility will be at a competitive disadvantage.
- In addition to flexible work options, Gen Y workers will seek tech-savvy employers using up-to-date digital tools. This emerging workforce also expects learning and growth opportunities.
- Staffing at firms will need to reflect and support the growing needs of multicultural clients and those conducting international business.



### III. FROM DATA TO DECISION MAKING, TECHNOLOGY CHANGES THE ACCOUNTING PROFESSION

The already rapid technology changes in the accounting industry will accelerate over the next decade. Cloud computing platforms and applications will combine with advanced analytical tools, ever-larger data sets and social and mobile computing to reshape the profession.

Smartphones, tablets, notebooks and other mobile computing devices will become the main tools for managing the accounting professional's complex choreography of work and client service. These technologies will reinvent work and the workplace, allowing greater flexibility around when, where and how work is done.

Being onsite will become much less important, and these tools will enable, and often require, anytime, anyplace work. Cloud services and products will also allow accounting professionals to interact virtually with clients on a "same data, same time" basis, eliminating many of the bottlenecks associated with PC or server based data that is only easily accessible in one location.

Cloud connected smartphones and tablets will also allow accounting professionals to provide real-time customer support. Accounting firms will use these tools to "appify" their practices and provide clients with an "accountant in their pocket" accessible anytime, anywhere.

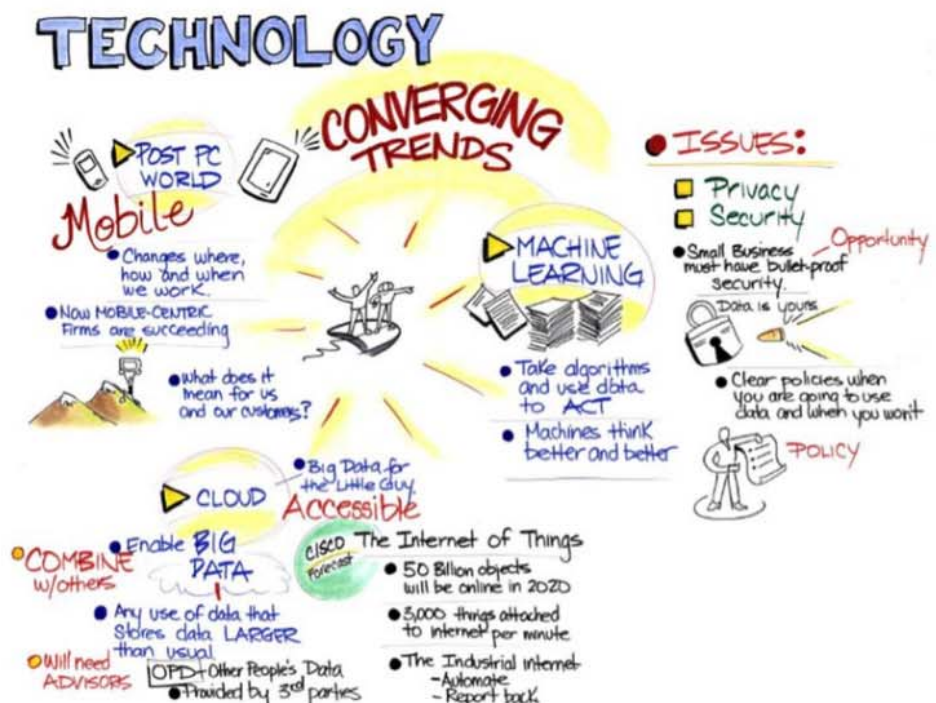
Cloud computing and advanced computing tools will also lead to much greater automation of data collection, improved data quality and a reduction in the time required for data validation. These productivity improvements will shift the focus of accounting from computation to consulting as clients increasingly rely on their accounting professionals to analyze business information, support decisions and provide strategic advice.

Greater automation, coupled with a growing interest on the part of businesses to outsource part and even all of their bookkeeping and financial operations, will also create new opportunities for accounting firms to take over these functions for their clients.

Technology will increasingly be woven into the fabric of the accounting profession. The professionals of 2020 will understand data integrity, security and privacy concerns as well as the broader use of decision-support systems. Accounting professionals and firms will become expert users of and advisors on financial technology.

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- The amount of time and effort required for data collection and validation will be substantially reduced.
- Analytical tools and software will greatly increase the opportunities to provide clients with analysis, performance management and decision-support services.
- Technology consulting opportunities for accounting professionals will increase. Data management, compliance, security and privacy consulting opportunities will be particularly strong.
- Systems integration, training, installation, support and reselling opportunities will increase.
- Outsourcing opportunities will be available to accounting firms able to develop and deploy efficient systems for managing bookkeeping and financial operations for business clients.
- Cloud, mobile and any time/any place technologies will allow tax and accounting professionals flexible work options and client interactions while maintaining superior client service standards.



## IV. HIGH-TOUCH THROUGH HIGH-TECH: CLIENT OUTREACH, RELATIONSHIPS AND SERVICE

Amid these competitive, technological and demographic shifts, one constant remains: Trust is the hallmark of the accounting profession.

Clients typically perceive that the accounting industry delivers quality services and provides high-touch, personal client support. These sentiments lay the foundation for trust. Because of this, most accounting firms have let their work speak for them and have traditionally relied on word of mouth to gain new clients.

Over the next decade, competition will increase. Time will be at a premium. And potential clients will increasingly turn to online information sources. As a result, traditional marketing methods will not be enough. Accounting firms need to embrace new ways to reach prospects and to serve and support existing clients.

Today's consumer naturally turns to the Internet and online information sources to research, buy and sell everything from books to buildings, movies to music, day care providers to doctors. This access to information has shifted power from producers to consumers and fundamentally changed how consumer-oriented firms market.

The same forces are at play in business services, including accounting, tax, auditing and consulting. Businesses use many of the same online resources and tools as consumers to find and compare service providers.

This shift will make an accounting firm's online presence critical and its mobile presence crucial, especially in efforts to market itself. Just as consumers use websites and social media to compare and review products, potential clients are already going online to choose their accounting service providers. Firms and professionals who use online content to help build their brand by demonstrating experience, domain knowledge and thought leadership will be at a competitive advantage.

The growing role of marketing and branding won't change the importance of satisfied customers and word of mouth. Clients will expect real-time support that is delivered when, where and how they want it. Online customer relationship management and support systems will grow in importance. High-touch, face to face client contact will not go away, but it will be augmented by virtual support and collaboration systems. The use of customer relationship management (CRM) systems will also increase and automate simpler support tasks and provide clients with self-service options.

It's not just high-touch; it's also "high-touch, high-tech."

## REPORT CONTRIBUTORS

Josh Azran  
Denise Baily  
Jim Baker  
Dawn Brolin  
Margaret Carey  
Charlie Carne  
Carlton Collins  
Peter Cullen  
Beth Damis  
Seth David  
Deborah Defer  
Gary DeHart  
Bryce Forney  
Esther Friedberg-Karp  
Dan Hood  
Cathy Iconis  
Randy Johnston  
Jennifer Katrulya  
Stacy Kildal  
Michelle Long  
Diane Lucas  
Laura Madeira  
Ali Maloy  
Dave McClure  
William "Bill" Murphy  
Gail Perry  
MB Raimondi  
Laura Redmond  
Darren Root  
Charlie Russell  
Eileen Sass  
Bob Scott  
John Stokdyk  
Marnie Stretch  
Aniket Talati  
Kamlesh Vikamsey  
Joe Woodard

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- Accounting firms will need to develop or source online marketing expertise and use their web presence to highlight their skills, areas of specialization and scope.
- Online social networks will become the new "word of mouth" and a key source of client referrals, prospects and new clients.
- Social media will increasingly be used to establish firm reputation and brand.
- Automating and improving client service through the use of online self-serve applications, virtual presence tools and CRM systems will be required to meet growing client support expectations.

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## CONCLUSION

The next decade will see society transition to a cloud enabled world of anytime, anywhere, global work. Regulatory and compliance requirements will increase and the business environment will be much more complex. Specialization will be more common in the accounting profession, as will partnering to serve clients.

Technology proficiency will be even more important than today, with accounting professionals required to not only be expert users, but also key advisors on the use of financial technology. Automation of manual processes will continue to expand, threatening traditional business lines but also creating new opportunities.

Demographic and social shifts will change the way accounting firms run their businesses as well as augment the expectations that clients have for good service and support. No longer able to rely on traditional word of mouth referrals for new clients, accounting firms and professionals will need to become thought leaders and skilled online marketers to draw new business to their client base.

These shifts will fundamentally change the accounting industry. Those firms able to adjust will thrive in this new environment as consumers and businesses turn to accounting and tax professionals not just for financial reports and tax returns, but to help them navigate and succeed in a complex and rapidly changing world.