



The Intelligent Practice

Building an accounting firm
for the future

Foreword

The Intelligent Practice is a practice that uses innovative solutions and services to capitalise on the opportunities that automation, artificial intelligence (AI) and machine learning deliver.

By understanding and identifying the importance of automation and its efficiency outcomes, as well as the ability to data mine your own client data allowing you to build a more proactive client relationship – and one based on real-time analysis – we are seeing accounting firms build a roadmap to high value, highly efficient professional teams and new and expanded advisory revenue streams.

Over the last 24 months in particular we have seen the broader industry take some significant steps towards our vision of The Intelligent Practice. Whilst it may mean different things to different practices courtesy of the size of the firm, complexity of innovation required and needs of the client base, we are seeing firms embrace the concept and accelerate their move towards the new look Intelligent Practice.

From our perspective, the Intelligent Practice is one that has automated its practice, tax, content and document management capabilities and is able to efficiently collaborate internally with its team and externally with its client and regulatory bodies. It is a firm that has harnessed cloud-based innovation to make complex problem solving appear easier than ever – raising the bar on client and employee satisfaction levels.

In 2020 we wanted to once again take a look at what the Intelligent Practice vision means for Wolters Kluwer, our clients and industry alliance partners. I hope you find our update of benefit in your own journey. Happy reading.



Izzy Silva

Managing Director
Wolters Kluwer Asia Pacific

The benefits of a High Value Intelligent Practice

Greater automation and the growing importance of harnessing efficiencies and building new revenue streams were the driving force behind the discussion for the inaugural Wolters Kluwer Intelligent Practice Roundtable.

What are the baseline focus areas of automation for firms today? What is the next phase of the Intelligent Practice for accountants and their clients? Where are firms on the roadmap for moving from compliance to advisory? What are clients going to be expecting from their accountant in the coming years? And where do soft skills fit into all of this ongoing innovation?

Recently completed research, WK Landscape 2019, outlined nearly half of all firms surveyed expected to boost their bottom line with word of mouth business opportunities. Over forty percent of firms would expand their services and nearly a third of these firms aimed to do so via increased productivity and improved efficiencies.

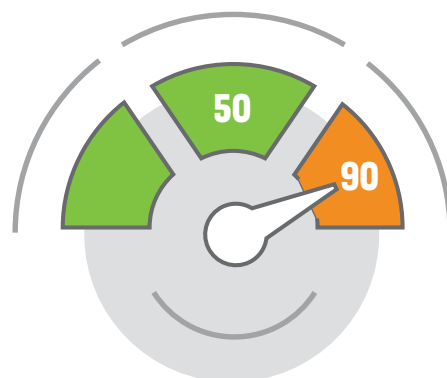
With this in mind, these considerations for The Intelligent Practice were debated by an industry panel recently, sharing their insights and experience. With so much focus on technology automation for accounting firms, it is imperative to document the opportunities created by machine learning and automation and how they have translated into benefits for the firm, its staff and its client base.

Dillon Tsotsis, Regional Director Tax & Accounting for Wolters Kluwer said automation is designed to support accounting firms achieve more with a synchronisation of content, software and human insights. “Our vision together with the solutions and services rollout for the Intelligent Practice is designed to enhance the role of the accountant with their clients – and not replace them,” Tsotsis said.

“A great case in point here is the continued innovation for our CCH iQ Client Match solution. Previously the matching of trigger events – legislative updates and their potential impacts with specific clients in a firm’s database – was highly manual and tedious, so it wasn’t a process many firms routinely completed. The ironic thing is that the most powerful information any accounting firm has is its own tax database. Each and every client’s information is at hand however it wasn’t easy to access and then act on.”

Tsotsis explained CCH iQ Client Match solves this challenge by providing users with access to the necessary changes in tax law and updates in legislation, judiciary and interpretation of the law by regulators – then matching this to the client tax database found in CCH Cloud Tax.

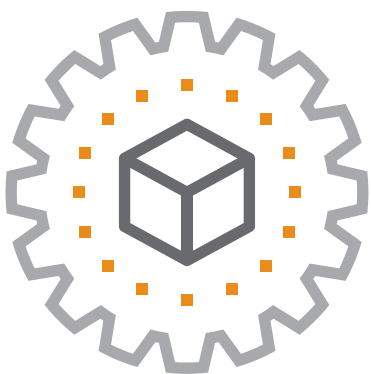
“With over 500+ plus firms relying on CCH iQ Client Match they are experiencing an exceptional increase in efficiency. We like to baseline a 50% increase in process efficiency, however, many of our users are seeing up to 90 percent efficiency improvements. And our research with clients is telling us the 850,500+ trigger events in CCH iQ are generating approximately \$700 in consulting fees per event for firms. This just has to be part of your Intelligent Practice baseline today for automated content, software and insights,” he said.



We like to baseline a **50%** increase in process efficiency, however, many of our users are seeing up to **90%** efficiency improvements.

Behind the numbers with CCH iQ

Since 2016 there has been 150 tax events which have affected the business and individual clients of Wolters Kluwer client accounting firms. CCH iQ Client Match identified revenue and advisory opportunities against all of these clients – resulting in 850,500 potential revenue and advisory opportunities. Wolters Kluwer tax specialists further calculated a revenue fee range for each event, ranging from \$150 - \$10,000 per client, per tax event. On average the revenue fee is \$700 per client.



Solving the pain points

For Sholto Macpherson, cloud accounting journalist from Digitalfirst.com, the ideal ecosystem for the Intelligent Practice today focuses on increased efficiency levels and profitability outcomes, two areas he believes can have a huge impact on the customer experience and satisfaction levels.

“Workflow management, pre-accounting and productivity tools should all be considered as secret weapons behind customer retention, higher referral rates and higher growth for a firm,” he outlined.

“These are three of the biggest pain points for both the firm and clients today. Would a partner like to know exactly what the workflow and capacity of the firm is daily to help with workloads and hiring – absolutely.”

“And the same can be said for the re-framing of the traditional sense of bookkeeping or what many now call pre-accounting. Firms can automate the collection of source documentation, cutting down on the time accountants need to chase paperwork at tax time. Another essential productivity tool is electronic signatures. If you are mailing your clients and expecting them to mail you back you are imposing more work on them, and the younger generation of business owners aren’t going to support this.”

Bridgette Pretty, Director of Pretty Accounting Ltd in New Zealand agrees with the important role capacity planning and workflow management can play for any firm – attributing this process efficiency as a key driver. Delivered as part of the Wolters Kluwer CCH iFirm suite, Pretty Accounting has streamlined the workflow behind capacity planning, time sheets and invoicing into one single process to completely transform administration and client servicing.

Pretty said: “This one task saves the firm extensive administration time and is delivering a fully transparent and accountable invoice and supporting time sheet to each client. In turn this has vastly reduced client queries relating to invoices and is a key component of the trust-based relationship Pretty Accounting builds with its client base.

AUTOMATED SOLUTIONS

Automation is key to our **30%** year on year growth – without the need to hire extra staff

Priorities for the Intelligent Practice

In the WK Landscape 2019 survey respondents highlighted the top three concerns for firms as price competition leading to reduced fees; shift in client demand towards lower margin services and less need for compliance services due to technology accessibility. However more than half of respondents are benefiting from automation and almost 65% of firm's surveyed have an automation strategy in place to enhance services and career plans for staff.

Top Concerns Accounting Firms Face Today

Cloud-enabled efficiencies and automation are also high on the priority list for Teddy Kosasih, Managing Partner for Pitt Martin. "Time, cost and accessibility were the guiding factors behind launching a cloud-only firm in 2016, however we have expanded our firm's use of additional automation beyond practice management software to include collaboration platforms for corporate entities, registry and document collection and management."

"By automating the traditional compliance areas for the firm and our clients we have been able to translate our efficiency into growth – doubling our revenues every year without the need to hire any extra staff," he said.

For cloud-focused accountants, the concept of the Intelligent Practice is viewed as a baseline for business and not to be in the cloud capturing the benefits of automation is a 'handicap'. Troy Johnson, Partner at Hartmann-Cox Chartered Accounting says the benefits of workflow tracking in practice management software and being able to understand, translate and match industry triggers events to clients is imperative for a proper approach to business advisory. It relies on integrated approach to practice management, content and client match technologies culminating with the business intelligence provided by CCH iQ.

"We don't want to sit down and analyse the raw data for figures or legislation when software can automate that already. We are relying on software automation to analyse data and help people make the decisions they need to push themselves in the right direction. For us CCH iQ is crucial for advisory. It's more important for us to use our trained skill and expertise with the intelligence CCH iQ provides and applying that back to how trigger events affect the structure or the operation of a business. This is not a simple thing to do but our goal is to make it as seamless for our team and our clients," he said.



Embracing technological change



Keeping up with skills/ education requirements



Implementing regulatory changes



Keeping abreast of new developments in tax law



Keeping abreast of changes in professional practice



Finding new clients



Finding new staff

The evolving Intelligent Practice

The accounting industry, together with government regulators and agencies continue to transform at a rapid pace, moving from traditional manual processes to a digital and highly automated mindset. The challenges of attracting and developing new business opportunities, finding and keeping great staff, managing leadership programs and internal change, plus driving technology innovation to further streamline services are being felt keenly by every firm – regardless of size.

For some time now Wolters Kluwer has been building its own cloud-enabled solutions and services to help our clients harness the knowledge and the skills they need to complement traditional highly manual compliance work. In its place are the establishment of value added advisory and business management revenue opportunities and a roadmap for the future Intelligent Practice.

This new look Intelligent Practice is transforming roles and processes that improve the working environment and build the type of human capital the firm needs for happy staff and clients.

The awareness this landscape is changing is reflected in our annual Wolters Kluwer ANZ Tax and Accounting Landscape 2019 (WK Landscape 2019) research. And also, in the hundreds of clients in our client base, leveraging automation for process efficiencies and raising the benchmark for accounting analysis and insights with their clients.

Our vision at Wolters Kluwer, as an information and software provider, is to be the partner of choice for accountants and tax professionals as they seek to deliver on their priorities. To assist them in achieving growth, building a streamlined and efficient process to acquire clients, expanding their advisory capabilities and retaining talent.



Dillon Tsotsis

Regional Director, Tax & Accounting
Wolters Kluwer Asia Pacific

Automating the new look compliance model

Johnson stressed compliance remains an important focus for the firm, however the benefits of automation and process efficiency the cloud and cloud-enabled solutions delivers is part of a ‘new-look’ compliance model.

“We don’t spend the manual time on compliance anymore that we used to because we don’t need to – software is doing that for us. And this is in turn influencing the type of relationship we are having with clients. They rely on us to take care of the compliance but really want that streamlined to move beyond the traditional compliance relationship and are moving towards more of a financial adviser partnership.”

Teddy Kosasih of Pitt Martin also noted the shift in what accounting means to clients.

“Accounting is no longer just about numbers. Instead we are finding our clients want to talk beyond the numbers. They want to discuss their challenges and discuss their entrepreneurial and leadership plans and strategies. Automated technology gives us the real time data analysis we need for the up to the minute and accurate information we need to have these conversations.”

“And this is what we need to build a future generation of entrepreneurs with leadership skills and the confidence to take on more responsibility. Whether they are accountants or clients.”

Bridgette Pretty agrees: “Clients want reports on what’s happening now and in particular I believe we will see more demand for cashflow reporting and enquiries around what really makes business tick – cash. Cloud-based automated systems can give us real-time feedback on cashflow now and historically. You can analyse it and drill down into particular expense areas and benchmark against industry standards. This can be very valuable for clients. But you need to know what to look for.”

Soft skill development

Hilary Young, Head of Human Resources, Tax & Accounting APAC for Wolters Kluwer, notes that whilst many firms are successfully implementing an increasing amount of automation and artificial intelligence, it's imperative practice owners and managers also address two key components of soft skills – the level of soft skills required and subsequent return on investment.

“Automation is the right of entry today with clients. It gets you a seat at the table and that’s it really,” she explained. “For anyone wanting to build and successfully operate an Intelligent Practice, you need to examine what the plans for client relationship management are moving forward as automation increases. This may see firms assessing what automation cannot do and developing soft skills needed for management consulting and leading the client base through the adoption of cloud-based automation.”

Focus on skills is also acknowledged by Pitt Martin’s Kosasih. The next generation of accountant – Gen Z – is fully cloud and mobile focused using all automation technologies to streamline their day to day workload.

“Automating accounting and business administration requirements has reduced the amount of time we need to spend on each client, and we are much more efficient. This is not only appreciated by our staff but by our clients. So, we are freed up to look for more work from our existing client base and prospects. It’s helping us move from a 50/50 mix of compliance and advisory to our goal of 80/20 ratio in the future.”

THE RISING IMPORTANCE OF SOFT SKILLS FOR ACCOUNTANTS



Problem Solving Skills



Communication Skills



Interpersonal Skills



Flexibility/Adaptability



Teamwork



Leadership Skills

What is the mix of compliance and advisory work in your firm?



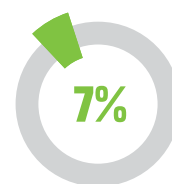
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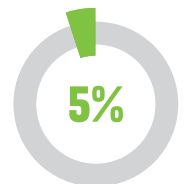
MOSTLY COMPLIANCE



50/50



MOSTLY ADVISORY



ALL ADVISORY

Regulators relentless automation

Digitising and streamlining reporting to clients and government regulators and agencies across ANZ will remain high on the priority list for accounting firms according to Wolters Kluwer's Tsotsis.

“The firms that are investing in the Intelligent Practice journey are doing so by different means. For some it’s an internal requirement to retain talent and keep members of the firm engaged, for others it’s to provide better service to clients, however, for all firms they need to be across specific regulatory requirements. And what we are seeing is an acceleration towards automation by government bodies in Australia and New Zealand as there is more focus on achieving global best practice – plus more communication in the strategy to move all firms towards an even playing field,” he commented.

Pretty Accounting highlighted it is more efficient to rely on automated content sources and documentation templates to keep both the firm and clients up to date.

“Any changes from the Inland Revenue Department (IRD) in New Zealand are automatically communicated to us via our cloud-based CCH Business Fitness content solution. Its automatic updates to IRD changes and rules in everyday language and really handy checklists are just fantastic. When I use CCH Business Fitness, I know I am legally and factually correct. It gives me a lot of confidence with clients and they really appreciate the regular updates. It’s been a key differentiator I believe for our firm, and together with CCH iFirm, is the reason we can respond to clients so quickly.”

Cloud accounting specialist, Sholto Macpherson noted the most successful accounting firms he encounters are the firms focusing on performance today and into the future.

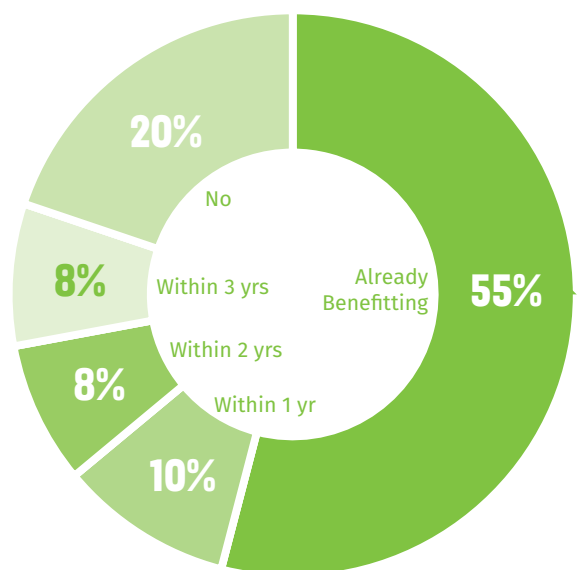
“It takes time to get to know a business on a much deeper level and it these kinds of conversations clients want to have with their accountant. We will inevitably see a shift to those accountants who have worked out what business advisory means to their clients – and it can be different for different clients – and how to provide that cost effectively.”

Macpherson believes robotic process automation, chat-based forms of communication and better reporting will be part of the next wave of process efficiencies for accounting firms.

“Accounting firms today should be investing time in setting up automation processes in key areas such as document collection and client onboarding. Modern accounting involves more education for clients than ever, and it is more of a partnership.”

“Additionally, younger clients will make a huge impact on firms. They are going to expect automation in areas like document collection and digital signing and expect much greater value from their accountant than a tax return. They will be looking to their accountant to educate them on what their financials mean and uncover the numbers that are often buried in operational data that are important to their business.”

Are you planning to incorporate automated technology and/or services into your firm?



Tracking the source of new business in 2019

Hartmann-Cox Partner, Troy Johnson agrees: “Automation will impact us all. With continued improvements in bookkeeping software and document collection we could possibly expect business owners to see greater value in taking this capability back in-house. And for us automation will mean we don’t expect our junior staff to be spending so much time on compliance tasks. In the future we would expect the need for more analytical skills for junior staff and a greater capability to deliver real-time advice for senior staff and partners. With government agencies digitising reporting requirements this is only going to continue to free us up further and focus on what the clients really want – advisory services when they need it.”

TOP 6 sources of new business in 2019?



The skillsets you need for The Intelligent Practice

The valuable skills accounting firms will be looking for in the future go beyond traditional accounting capabilities – in particular what we all refer to as number crunching. And for accountants, and business owners, who want to build a career or firm, or just enjoy the one they have even more, they need to be prepared to add new skills and a level of flexibility into how they approach their role. It will be more important than ever for accounting firm owners and partners to research and short list a broader range of business and technology skills their practice may need in the future.

It goes without saying we live in a world where the only constant is change. And for accounting firms it pays to acknowledge this and build in that factor of change ahead of time. Investigate where the change is coming from and review how your existing and future team will embrace and succeed in this environment. New process efficiencies and automated business technology solutions are going to be part of this journey. For anyone operating in this workplace a new personal skillset will be needed.

The soft skills associated with emotional intelligence such as self-awareness and empathy will help accountants better understand how to work closely with other accountants, clients and how to respond to complex or emotionally-charged situations. Enhanced communication and leadership skills will be in high demand – and so will resilient flexibility and IT- compatibility. Your team members are going to have to lead and coach colleagues and clients through continuing changes in legislation, business practices and an ever-evolving world of technology. It’s crucial you find and build those skills in your existing team and plan to hire more staff with those skills to propel your business forward.

Hilary Young

Head of Human Resources, Tax & Accounting
Wolters Kluwer Asia Pacific





BRIDGETTE PRETTY
Director, Pretty Accounting

CASE STUDY: Pretty Accounting Ltd



Solution

- ✓ CCH iFirm Practice Manager
- ✓ CCH Business Fitness

In a modern world where business owners are now able to make the most of technology to better understand their operations, forward thinking accounting firms are embracing the cloud to deliver a raft of benefits for their practice and clients.

Pretty Accounting is one of these firms building on its vision and strategic rollout to be a cloud-first practice – generating new benchmarks for efficiency, while extending its services and capabilities to clients. Founder and Director, Bridgette Pretty, established Pretty Accounting in 2011 following a successful career in business utilising her skills as a CPA and it is this unique approach that sets the firm apart.

Today Pretty Accounting has transformed the traditional way accounting firms operate and support clients. With the successful implementation of specialist practice management cloud software, CCH iFirm and content platform and practice tools, CCH Business Fitness, Pretty Accounting has the flexibility and automation required to better meet client's business needs. This combination is the main driver behind the firm's 30 per cent year on year growth without the need to hire any additional staff.

"I established Pretty Accounting to be able to get really close to my client's business. I always wanted to look beyond compliance paperwork and instead take a look at what really drives a business. In many instances this requires an understanding of historical cash flow patterns. Cloud-based systems can provide the real-time analysis you need wherever you are. I can either be in the office or be onsite directly working with clients and the access to information that can positive impact my client's business is what I find exciting."

Bridgette Pretty
Director, Pretty Accounting

CCH iFirm unlocks new opportunities

With such a mobile and dynamic accounting and business advisory offering, Pretty Accounting implemented CCH iFirm practice management solution to deliver the efficiencies required to best manage capacity planning, time sheeting and invoicing as well as accurate year end reporting for clients.

"CCH iFirm is an excellent example of how technology is not only bringing new efficiencies to our firm, but also introducing new ways to build a trust-based relationship with clients in the world of cloud computing we now all live in."

Meeting the demands for compliance and advisory

Like many firms tackling the challenge of administration and enabling client communications programs to better support client servicing, Pretty Accounting believes CCH Business Fitness 'has it all'. CCH Business Fitness contains over 1700 practice tools and resources designed to make accountant's lives easier. For Pretty Accounting approximately 60% of the firm's revenue is compliance-based and this means compliance remains important to the clients.

"We just love CCH Business Fitness and the fact it provides the right templates you need to communicate with clients. Its automatic updates to IRD changes and rules in everyday language and really handy checklists are just fantastic. When I use CCH Business Fitness, I know I am legally and factually correct. It gives me a lot of confidence with clients and they really appreciate the regular updates. It's been a key differentiator I believe for our firm and together with CCH iFirm is the reason we can respond to clients so quickly."



CASE STUDY: Hartmann-Cox Chartered Accountants



Solution

- ✓ CCH iFirm Practice Manager
- ✓ CCH iKnow
- ✓ CCH Tax
- ✓ CCH iQ Client Match

Hartmann-Cox Chartered Accountants has forged a new path – moving from a traditional on-premise technology environment to a full embrace today of the cloud and all of the benefits this offers its staff and clients.

Today CCH iFirm is implemented practice-wide and it has become the corner stone solution for everything from job creation and setting up new clients all the way through to work and partner reviews and client communications. Every piece of workflow the firm generates is processed by CCH iFirm.

CCH iFirm offers a customisable dashboard which is well utilized with each member of the team – from partners to associates – tailoring the dashboard to suit their daily needs.

The move to the cloud for its practice management software also influenced the firm's attitude to ancillary software and services from Wolters Kluwer.

"We always really liked the concept of CCH iQ Client Match and its ability to revolutionise the approach to tax-related events. And so, we planned our strategy to build the 'engine' CCH iQ would need to run at peak performance levels. That's what led us first to CCH Cloud Tax – Australia's first solution to take tax into the cloud for clients and the ATO," said Johnson.

"This was the second phase of our move to the cloud. CCH Cloud Tax is really the last piece of the puzzle we needed to streamline how we access the information we hold in our client database. CCH Cloud Tax is more than form filling, it's capturing the information we need to better service our client's tax and business advisory requirements."

Hartmann-Cox implemented CCH Cloud Tax and ensured it was running successfully for a full tax year prior to rolling out the next phase of transforming how it keeps its clients up to date with tax changes and rulings that may impact them personally or professionally.

CCH iQ Client Match paves the way for the intelligent practice

The implementation of CCH iQ for Hartmann-Cox has opened up a new 'natural business advisory'. Previously the firm had been sourcing information from multiple sources, including CCH iKnow but was relying on manually linking information to each accountant's recollection of a client file.

CCH iQ Client Match is the industry's first intelligent solution to review relevant content and sources to detect tax events as they happen including events which may change the tax landscape, or 'trigger' change. When deployed with deliver new advisory and revenue growth opportunities. Events can include anything from legislative changes to ATO rulings all the way through to macro-economic events.

"For us CCH iQ Client Match is a game changer. We can see around a 90% efficiency improvement in matching trigger events to our client database. Having access to high quality event triggers and being able to automatically match that data with the relevant client is giving us an invaluable tool for ad-hoc advice. This is in fact what clients want – a rolling approach to client servicing and account management. Our past experience with implementing structured advisory service programs uncovered one thing. Clients are sceptical of contrived advisory touch points. They want to know you are there with them when it counts. CCH iQ adds true value to our business and our clients."



90% efficiency improvement in matching trigger events to our client database

Participants

**Dillon Tsotsis**

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**Bridgette Pretty**

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Pretty Accounting Ltd

**Troy Johnson**

Partner
Hartmann-Cox
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**Teddy Kosasih**

Managing Partner
Pitt Martin

How Wolters Kluwer can help you

Wolters Kluwer helps practices improve their efficiency, navigate change and adhere to the needs of regulators and customers alike. By combining our expert knowledge with our passion for developing future forward technology, we are global leaders at meeting the need of our customers.

Wolters Kluwer is constantly researching how to better meet the needs of customers as they face today's challenges. Using the research in our ANZ-wide survey, Wolters Kluwer aims to fully understand the market dynamics and drivers and deliver an offering based on key feedback.

Our product management and development teams are constantly hard at work to provide software and tools to accountants to enable them to enhance existing and offer new advisory solutions to their clients, as well as protect and generate new income streams. We are dedicated to finding collaborative solutions to add to our suite to help our customers future-proof their business for the change that lies ahead.

If you are considering changing your software, we have a specialist team who will guide you every step of the way.

Find out more about Wolters Kluwer's solutions for The Intelligent Practice at

Australia: www.cchifirm.com.au

New Zealand: www.cchifirm.co.nz