



The Future of Client Advisory Services:

Understanding CPA.com's CAS 2.0[®] framework



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Accounting firm leaders today have no shortage of challenges keeping them up at night. They are wrestling with a never-ending onslaught of questions and problems to keep their firms successful and positioned for the future. *How can we provide more quality and value for our clients? What technology initiatives should we undertake to make both staff and clients happy? How can we remain competitive in attracting and retaining talent?* The answer to many of these questions lies in three letters: CAS.

Over the past decade, client advisory services—or CAS—has emerged as one of the leading growth opportunities for accounting firms. According to the 2022 [**CPA.com and AICPA PCPS CAS Benchmark Survey**](#), CAS practices reported a median growth rate of 16%—continuing a double-digit growth trend seen over the previous five years—and, due to the recurring nature of the service, CAS practices are seeing rising revenue and higher margins comparable to tax and audit service lines.

When beginning to explore the opportunities that CAS can provide to firms, it's important to start with the most basic question:

What is CAS?

There is no one-size-fits-all definition of "CAS." As with any emerging area, many different definitions have arisen as more firms work to bring existing services under the CAS umbrella. Even the term itself can vary across the profession—some firms define CAS as client accounting services, while others use CAAS to reflect client accounting and advisory services.

CPA.com defines CAS as client advisory services, a practice area that helps clients outsource business needs with services spanning a spectrum of accounting, financial and advisory-related offerings. At the heart of CAS is firms maximizing value to their clients and becoming the trusted advisor that provides

deeper business insights to inform strategy and decision-making, allowing their clients to focus on core competencies and deliver on their value proposition to customers. CAS offerings are enabled by people, processes and technology that harness data to deliver higher value insights.

While defining CAS helps to set a north star that can steer a firm's vision, it is ultimately up to each firm to determine its strategic direction for CAS and how it wants to get there. What's critical for success is ensuring that leadership is aligned and has a shared understanding of what CAS is—and is not—at their firm.



Compliance and operational services are foundational to CAS, but to meet changing client demands, top-performing CAS practices leverage both financial and non-financial data, combined with industry-specific KPI metrics, to elevate advisory services. CAS becomes more about engaging with clients in continuous business planning and advisory discussions year-round.

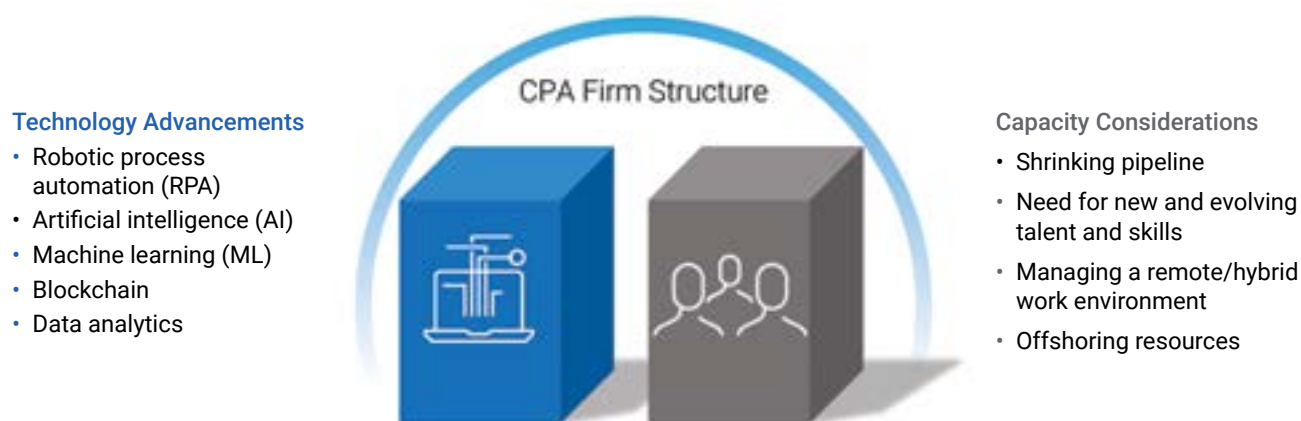
Why CAS?

Addressing the profession's top challenges

CAS has emerged at a key inflection point for the accounting profession. As firms are faced with an unprecedented stream of disruptions challenging their current firm structure—business models, revenue streams and operations—and ultimately their future relevance and viability. The risk is highest among firms who obtain a significant portion of their revenue from simple to low-level complexity transactional work.

The most notable challenges to firms are coming from two, often overlapping, fronts:

Image 1: Technology Advancements and Capacity Constraints



Digital disruption

While technology presents many benefits for firms that embrace it, it's also a disruptor that requires attention. A rapid influx of new technologies such as AI, robotic process automation and machine learning could automate the majority of the low-level transactional work in the next 2-3 years, leaving firms to figure out how to replace that revenue. Consider the impact that evolving technology is having on firm strategy as technology is disrupting how firms approach staffing, training, upskilling and even organizational structure. CAS provides an opportunity to harness that technology as a springboard to enable the higher value advisory services that clients increasingly want, need and are willing to pay for.

Fighting for capacity

Staffing shortages are creating a war for talent that's being exasperated by increased challenges in the accounting pipeline and shifting demographic trends. To combat the staffing challenge, more firms are turning to foreign resources in places like India, Philippines, Latin America, Africa and Taiwan. As a result, firms are re-evaluating their strategic directions, structures, internal processes and procedures and ways to invest in their own in-house staff. This provides an opportune time to create a new model that will help leverage the offshore capabilities in a way that will open internal teams up to focus more on providing higher value business insights advisory services.

CAS presents significant growth potential and a strategic approach to help address many other top challenges that firms are facing today. Traditional practice areas are experiencing staff burnout as a result of deadline-driven business models that include hourly billing and extended workdays during busy seasons. CAS provides an alternative as the work is

recurring so there aren't intense busy seasons. And since it requires a shift to fixed or value-based billing, CAS gives staff proper incentive to drive work that matters to both the firm and client. Embracing CAS means having an intentional strategy that allows for a full business model transformation that positions the firm for ongoing growth.

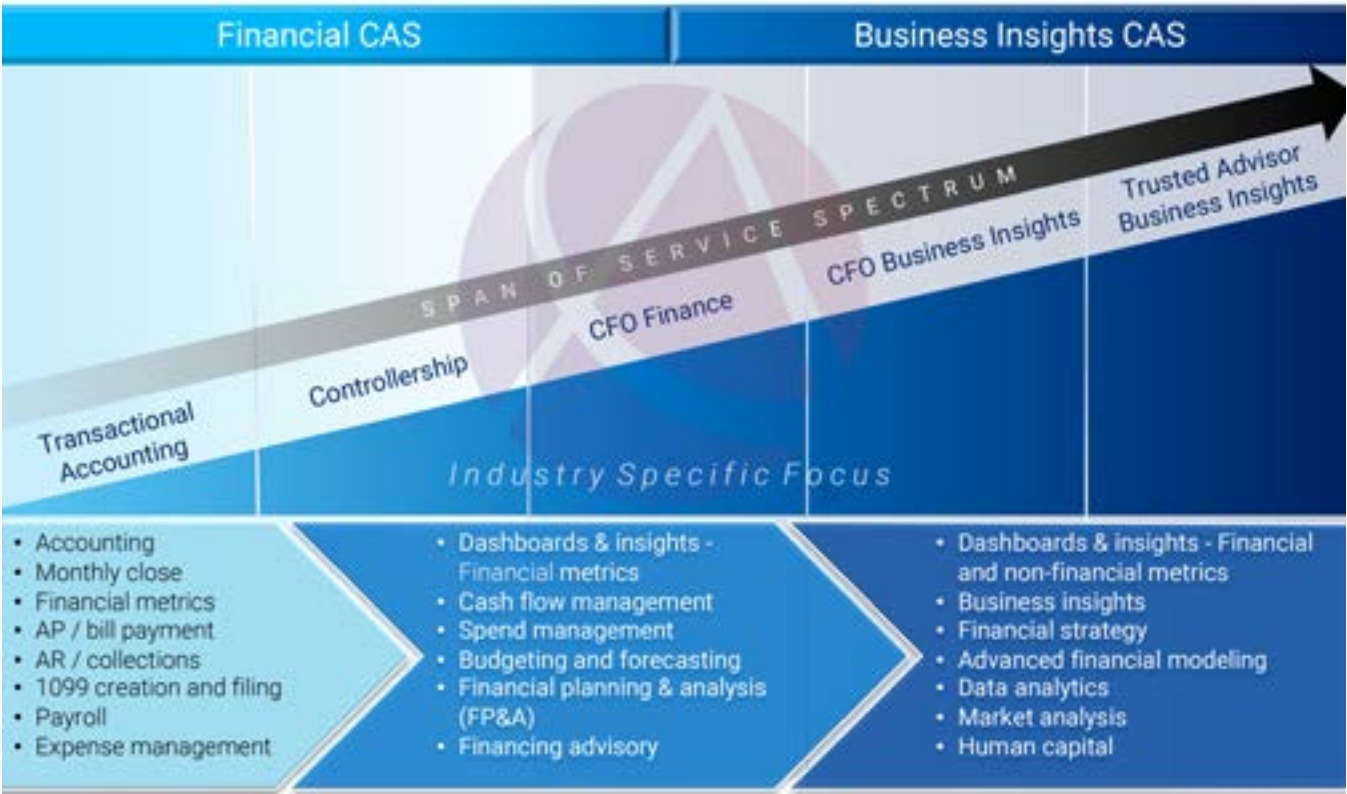
CAS spectrum of services

It's important to recognize that not all services within CAS are the same. CPA.com's Client Advisory Services Maturity Model (see image 2) depicts the various levels of CAS services starting at transactional-based reporting—or financial CAS—and progressing toward insights-based advisory-level services—or business insights CAS.

Financial CAS

Financial CAS is cloud-based financial services, providing monthly financial reporting and typical accounting services with monthly controller-level oversight, ideally delivered through a standardized dashboard of financial information.

Image 2: CPA.com CAS Service Maturity Model



Financial CAS is where most firms have focused on building and scaling their CAS practices over the past several years and have found considerable success. These services have been the driver behind much of the growth to date reflected in the AICPA and [CPA.com and AICPA PCPS CAS Benchmark Survey](#).

Getting the transactional accounting and controller-level services in order is foundational, but client demands are changing quickly. CAS practices must also take the next step into higher value advisory services to yield long-term sustainability and to create stickiness of services. But both levels of service are important—by maintaining the transactional work that is foundational to CAS, it allows firms to maximize the strategic opportunities that CAS offers.

Business insights CAS

Despite the success firms have seen with financial CAS, the more transactional-based services are vulnerable to price compression and a rapidly evolving competitive landscape. There is a risk that discounters and volume competitors could commoditize the space in the next few years.

Unlikely service providers continue to emerge in areas such as bookkeeping, tax and even CFO services, using technology to provide traditional services at a lower price. These new players are often bigger, better funded and better positioned to deliver scalable services. Accounting firms are vulnerable if clients only associate them with compliance services that they

don't truly value. They may view these competitors as another viable option, not understanding the added strategic value their accountant can offer. That's why it's so important that firms make the shift into business insights CAS.

Business insights CAS includes elements of financial CAS, but progressively deepens the role of accountants as trusted business advisors to achieve the full vision of CAS. It allows firms to further differentiate themselves in the marketplace by deepening and solidifying client relationships through advisory services that integrate both financial and non-financial insights delivered through industry-specific KPIs.

"Firms are breaking clients out of the status quo that limits them to bookkeeping, financial statements or returns," said Erik Asgeirsson, president and CEO, CPA. com. "These services are now an important strategic component of many practices, not only because of the opportunities they offer but because of the significant growth those practices are already experiencing. We're cracking the code so firms can take this to the next level."

Financial CAS is cloud-based financial services, providing monthly financial reporting and typical accounting services with monthly controller-level oversight, ideally delivered through a standardized dashboard of financial information.



CPA.com's CAS 2.0® methodology and framework: Positioning firms for the future

Whether firm leaders are starting to build a CAS practice or looking to scale and grow into the higher value business insights, there are many factors to consider to ensure they're positioning for optimal success.

That's where the CAS 2.0 methodology and framework comes in. Developed by CPA.com, the framework enables firms to deliver high-value CAS in a technology-enabled service delivery model.

"When we looked at how most firms were operating around CAS practices, most were operating as a back-office function, performing basic accounting work or quarterbacking those functions with a controllership level service and providing basic consistent financial reports to those businesses," said Kalil Merhib, CPA.com's EVP-Growth & Professional Services. "We saw the opportunity and demand for deeper business insights, but it came with challenges in being able to scale to that level of service."

The CAS 2.0 methodology and framework is built around four key pillars of business strategy and focus that are critical to take these services to the next level." (See image 3)

Whether firms are starting to build out their financial CAS services, or are ready to accelerate their progression from financial CAS to business insights CAS, the four pillars of the CAS 2.0 methodology and framework provide a roadmap to drive holistic, long-term growth and practice transformation. It is

important to note that these pillars are not silos and making progress in one pillar will unlock opportunities and expose gaps across the others.

To provide mature CAS services, firms must become collaborative, anticipatory and transformative to their clients. Bill Reeb, CPA, CITP, CGMA, CEO of Succession Institute, understands how important the CAS 2.0 methodology and framework is to the accounting profession: "CAS 2.0 not only gives firms the underlying transactional work that is critical to understand where an organization is, but that data provides the platform to step in and deliver analytics and advice not only on

What is CAS 2.0®?

CAS 2.0 is a methodology and framework developed by CPA.com for delivering high-value client advisory services (CAS) in a technology-enabled service delivery model. It is built on four key pillars of business strategy & focus: Strategy & Governance, Practice Development, Technology, and Operational Excellence. The CAS 2.0 methodology underpins the entirety of the CAS maturity model, encompassing both financial CAS and business insights CAS.

financial information, but also on the often more vital non-financial information, to help clients achieve their strategic objectives and get where they want to go.”

The four pillars that comprise the methodology and framework are designed to help firms build and optimize their CAS practices and reflect best practices seen across today’s top performing CAS practices.

Strategy and governance

To facilitate the creation of a true partnership with clients, many firms have left behind traditional models that were based on performing one-time or annual tax and compliance work. Instead, they have adopted structures that are more flexible and designed to meet client needs and incentivize staff accordingly. Flourishing models reflect ongoing client relationships, have built-in accountability and incorporate ongoing change management.

CAS Fast Fact: The 2022 [AICPA and CPA.com Benchmark Survey](#) showed that successful firms are dedicating staff to client advisory services to enable them to develop faster and produce more consistent and higher-quality work. Among Top Performers, 57% reported having staff focused only on CAS.

To integrate a transformative business model effectively requires leadership alignment and support that goes beyond surface level. The key is to have effective strategy and governance. Successful firms assign dedicated leaders and staff and invest in technology to support their CAS practice and ensure a seamless partnership with clients.

Image 3: CPA.com CAS 2.0® Methodology & Framework





As CAS practices embrace technology and make the shift into advisory, it will also help them combat the often-cited challenge of attracting and retaining talent. CAS aligns perfectly with what younger talent is looking for—creating a competitive advantage for those firms.

"CAS and the offerings within CAS are different from a lot [of other services] in public accounting," said Dan Macintosh, CPA, Chief Growth Officer of Brady Martz. "I think it takes true leadership alignment and true leadership buy-in at all levels of the firm. It's vital to understand that the metrics are going to look different, the staffing is going to look different, the use of technology is going to look different. Making sure that the leadership of the firm is in tune with that aspect is really important."

Being a client's trusted partner for their accounting back-office function and their trusted advisor for critical business and financial decisions can be demanding. To become effective in this role as both, leaders must think about CAS differently.

Practice Development

The evolution and expansion of CAS practices is increasingly influenced by the transformation happening within internal finance functions. Where CFO responsibilities were once limited to expense management oversight and historical financial reporting, organizations are increasingly looking to their finance teams as a strategic partner to deliver broader, faster insights to inform decision-making. To do this, they are embracing artificial intelligence, blockchain and hyper-automation to drive continuous business

cycle and real-time insights. Firms that are partnering with businesses to provide outsourced accounting and finance services must shift to meet these same needs and expectations.

According to Merhib, "A vital topic for CAS practices to understand is the digital transformation of the finance and accounting function overall, sometimes referred to as autonomous finance or agile finance. It's really about driving a streamlined process for faster data to decision-making using all of the data and technology that's available today." [Gartner research](#) indicates that 64% of CFOs believe autonomous finance will become a reality within the next five years.

As CAS practices embrace technology and make the shift into advisory, it will also help them combat the often-cited challenge of attracting and retaining talent. CAS aligns perfectly with what younger talent is looking for—creating a competitive advantage for those firms. It allows early career talent to work with advanced technology and provides them with sought after

opportunities to take part in higher value, meaningful and purpose-driven work that matters for clients. Are these factors making a difference? Yes. In fact, the [AICPA and CPA.com Benchmark Survey](#) found lower turnover at CAS practices than the average 16% reported by other CPA firm benchmark surveys overall.

The practice development pillar extends beyond service definition and staffing. Key considerations such as refining your client assessment, establishing pricing and packaging and driving marketing and sales are all necessary for firms to address as these factors will impact decisions made in the next two pillars.

Technology solutions

Moving firms' primary accounting and general ledger applications to the cloud over the last decade was the enabler that has fueled the rise of CAS. Today, the cloud is table stakes and serves as a gateway for innovation empowering the expansion of services. Using artificial intelligence and data analytics to take on repetitive tasks or dig deeper into available data, CAS practitioners can employ their skills to provide new levels of strategic insight and advice. At the

same time, highly integrated environments enhance productivity and efficiency by offering a seamless user experience. And it's all happening at lightning speed.

According to Kim Blascoe, CPA, Sr. Director of CAS Professional Services at CPA.com, "Everything is becoming so streamlined. It has to be done quicker; it has to be done more efficiently. Things like data entry, bank reconciliations, even report generation is now so different from what it has been, and it's just becoming faster and faster and more readily available than it was before."

But technology isn't just impacting how firms deliver services, it's changing the way that firms approach staffing their CAS practice. When asked about the impact of technology on the staffing strategy for a CAS practice, Christine Triantos, Principal of Business Services and Outsourcing at BDO, explained, "Technology will change how you staff. With staffing, we've got to think beyond traditional roles and look at hiring systems engineers, data analysts and other technology roles to show the client the value of what we can provide. Your long-term plan has to be what's repeatable, what's scalable and what's sustainable."

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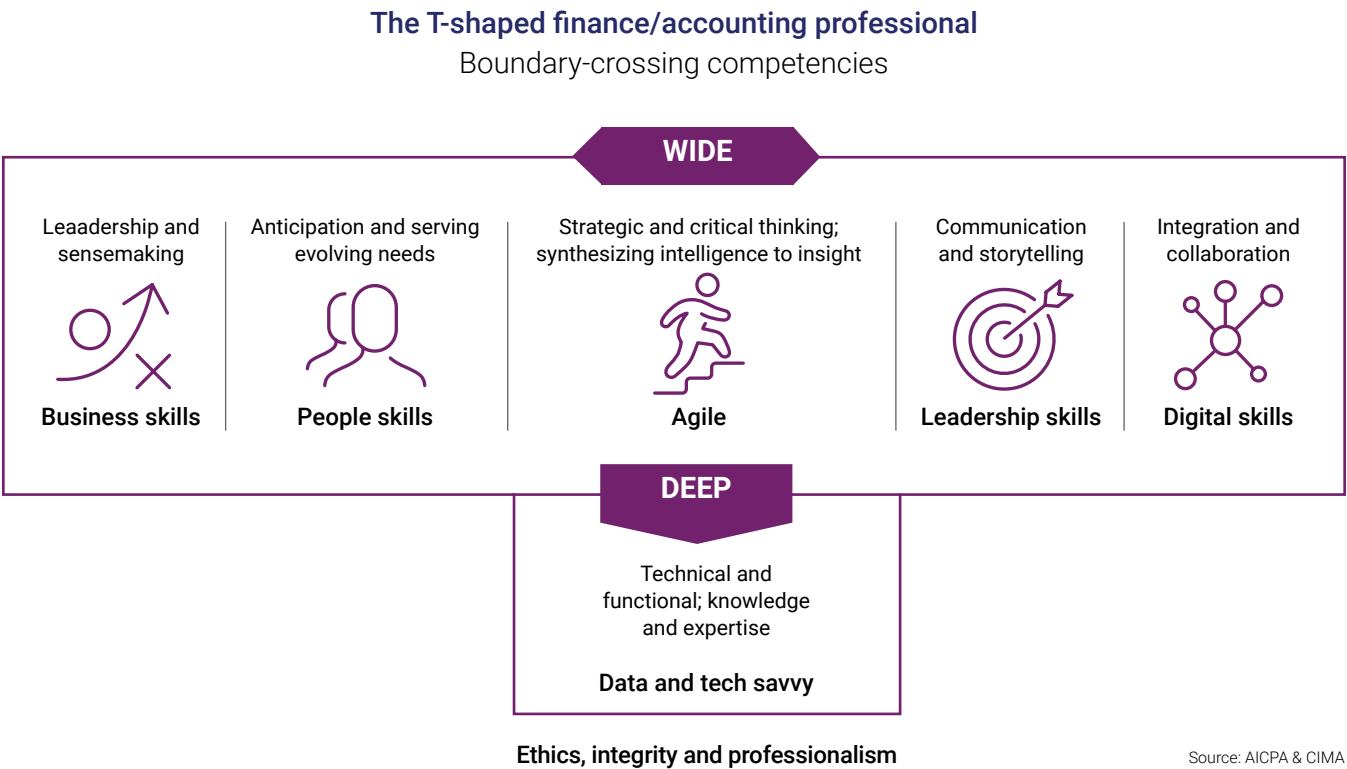


Operational excellence

We've seen time and time again that top performing CAS practices have intentional, holistic staff training and upskilling programs designed to facilitate career progression across a variety of skills. Tom Hood, CPA, CGMA, CITP, AICPA EVP-Business Growth and Engagement, refers to the "role stretch" of finance and accounting professionals and the need for the "t-shaped finance/accounting professional" (see image 4) that

possesses a broader mix of not just technical and business expertise, but also critical people, leadership and technology skills. According to Hood, "We're seeing that new skill sets are required when you move into the advisory role and that's true of the corporate CFO just as much as it is true of the CAS practitioner advising their clients."

Image 4: "Role Stretch" of Finance & Accounting Professionals



Conclusion

Firms that offer CAS, specifically business insights CAS, take on a new role by partnering with clients to provide higher value services, deeper insights and end-to-end business solutions—further solidifying their roles as trusted business advisors.

“Our profession is built for CAS,” said Tommye Barie, CPA, EVP-Leadership Development at Succession Institute. “But I think some firms have been successful in spite of coming to market with a fragmented approach. Before they can make the most of business insights CAS, firms need a cohesive foundation.”

The growth, revenue and margin statistics have led to a bullish outlook around CAS for the foreseeable future. Leadership at firms of all sizes are focusing their sights on CAS as their next priority initiative, as it provides leadership with a perfect catalyst to elevate the firm to a new level and new business model that focuses on digital and advisory transformation.

CPA.com is committed to helping guide firms through their CAS practice transformation journey, wherever they're starting from. Built on the foundation of the CPA.com CAS 2.0 methodology and framework, we offer an array of customized education, services and resources to help firms accelerate progress and achieve their ultimate CAS vision to position for the future.

To find out more, visit cpa.com/casjourney.

Additional Resources



About CPA.com

CPA.com's mission is to empower accounting professionals in the digital age – to be the advisor's advisor. Technology's impact on business model transformation and practice evolution is undeniable. It's creating new practice areas and driving rapid change across firms. We aim to help practitioners successfully navigate this change. We do this through numerous strategic initiatives focused on driving the transformation of practice areas, advancing the technology ecosystem for the profession and leading technology and innovation efforts for practitioners.

CPA.com's research and innovation efforts include the CPA.com Startup Accelerator, ecosystem networking events, category symposiums and the curation of future-focused developmental and educational resources like toolkits and special reports intended to demystify emerging technologies within the context of their impact on the accounting profession.

A subsidiary of the American Institute of CPAs, CPA.com is also part of the Association of International Certified Professional Accountants, the world's most influential organization representing the profession.

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