



The Highly Automated Firm

What it looks like in practice —
and how to achieve it

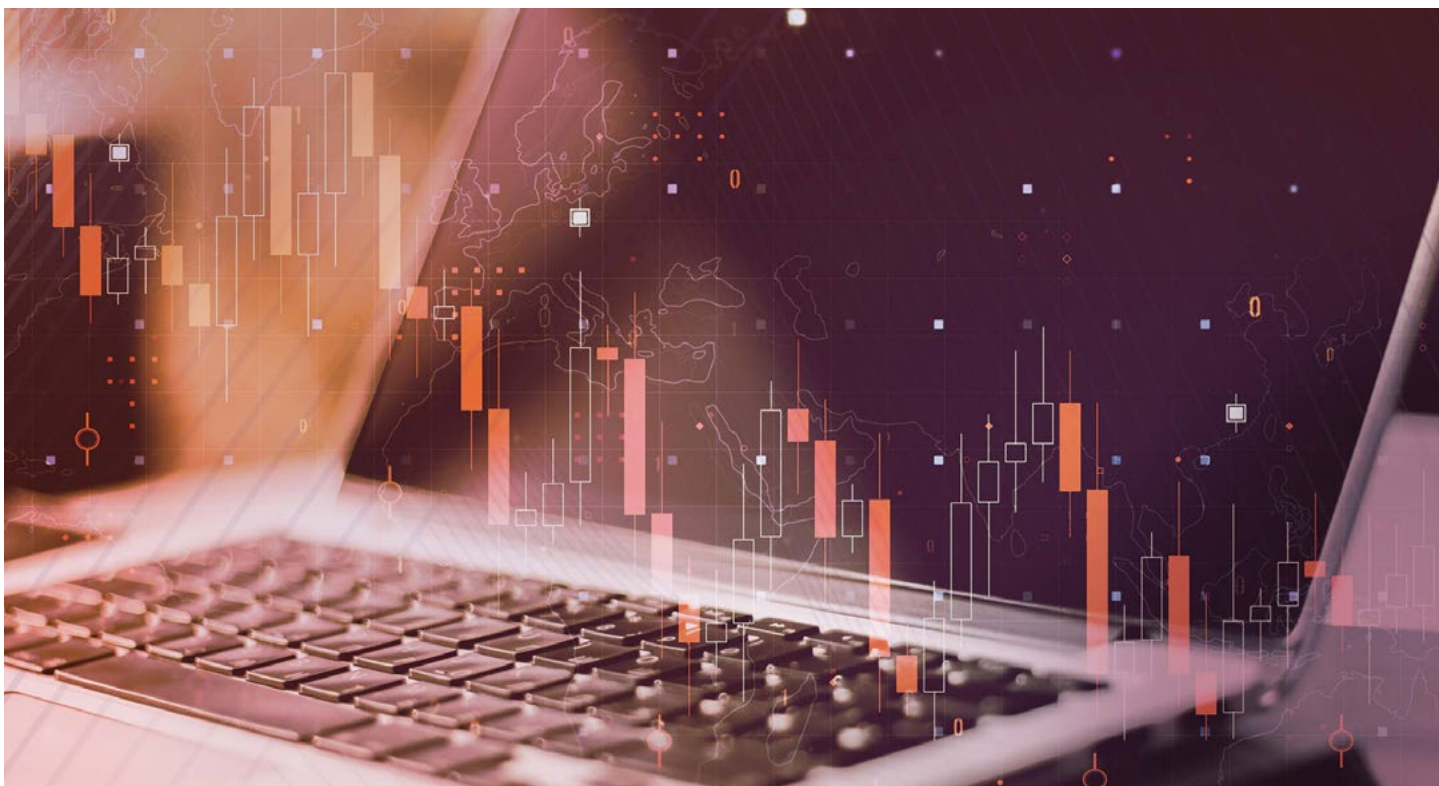


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The Highly Automated Firm

What it looks like in practice — and how to achieve it

Accounting firms are ripe for automation. At any given moment, they are brimming with data that is moving in all directions, in all kinds of formats, from sources ranging from paper to email, software applications and more. But in practice today, firms tend to have highly manual processes in place to support these data flows, requiring resources and time that are too often in short supply.

While firms have embraced some online technologies, such as moving their GL to the cloud or hosting receipts in the cloud, many still lag behind when it comes to moving everyday processes to automated workflows, stuck on weighing the risks versus the rewards. Some have adopted automation tools, but only in isolated parts of their business. Others see long-term benefits but are fearful of short-term disruption. And many firms simply don't have a clear picture of how automation would work in their firms or where it all leads.

But there is now a compelling model for how automation can be put to work in firms of all sizes. Within this model, a growing number of firms have proven that today's technology is mature and reliable, and these firms have achieved clear benefits from implementing automation. They also recognize that while automation may at first be disruptive, in practice it can be implemented with minimal drama and disruption.

This is the model of a highly automated firm: in essence, a firm that has adopted technology as well as automation tools and processes to simplify, streamline and standardize their workflows and interactions. This model shows that automation is one of the most powerful tools accounting firms can deploy to become more efficient and expand their revenue margins. In this article, we will offer a closer look at what makes a highly automated firm, as well as the maturity curve firms can follow on the path to automation.

What it takes to create the Highly Automated Firm

Firms that have adopted automation technologies and the processes required to get the most value from these tools gain advantages that remain out of reach from their less-automated peers. They are more effective, can focus on more strategic advisory-level insights for clients, and are more profitable as a result. Here are the key elements that set them apart.

Strong reliance on cloud-based capabilities

Businesses of all types are increasing their reliance on cloud-based solutions and capabilities as these tools become more widespread, and accounting firms are no exception. A growing number of standard accounting solutions are either hosted entirely in the cloud, or include features that are cloud-based. Today, automation capabilities are delivered primarily through the cloud rather than by traditional on-premises IT infrastructure. There are lots of good reasons for this, ranging from enhanced access to a wider range of data, superior flexibility, expanded data storage capabilities, and more. But for many firms, one of the most important benefits is that they don't need to develop the heavy-duty infrastructure required to run complex, data-intensive automation solutions — they can simply tap into these resources, hosted and managed by others, on the cloud, on an as-needed basis. Most firms find that this approach is the most flexible, predictable, cost-contained way to access the powerful automation capabilities they need to reduce their reliance on manual processes.

Because interest in cloud capabilities has increased so significantly in recent years, many commercial solutions targeting accounting firms claim to be cloud-enabled. In reality, however, many of these are older solutions that have been retrofitted with cloud capabilities. In practice, these solutions tend to deliver a disconnected cloud experience requiring a number of manual workarounds — which is exactly what firms are looking to avoid. It is also

difficult for these solutions to keep up with fast-moving advances in the adjacent technologies with which they need to align to deliver seamless services to firms. Cloud-native or purpose-built solutions are those that were built from the start to operate in a cloud environment, which is why successful firms know to seek them out

Standardized technology at the core

Rather than making a host of small pilot investments in automation capabilities, highly automated firms invest in standardized technology at the core — foundational solutions that establish and support a common set of processes, shared by different teams and professionals across the firm. They know that a standardized technology stack allows for better integration, helps realize greater efficiency, reduces costs, and allows their professionals to focus on what matters most — serving clients. Because with fewer G/L systems to support, they are able to:

- ▶ Simplify training for CAS practice staff
- ▶ Streamline client onboarding
- ▶ Standardize processes more easily
- ▶ Manage multiple clients more effectively
- ▶ Develop custom automation tools to speed transaction posting and generate custom reports more easily

In our recent [Client Advisory Services Benchmark Survey](#), 88% of leaders at top-performing firms indicated that they limited the use of G/L accounting software programs to three or fewer.

Highly automated firms are also flexible enough to “plug in” additional best-in-class technologies as they are adopted, integrating them into the same shared framework. The result? Rather than having to manage a scattershot collection of technologies and processes, firms benefit



from standardized technologies that introduce best practices that have been adopted and tested by leading firms, contributing to significant improvements in efficiency and better cost management.

For example, Accounts Payable involves a large number of manual processes that are virtually identical from client to client — making it a prime target for standardized processes, which can be streamlined and improved with automation capabilities.

Integrated processes that connect at the technology level

Many firms are plagued by inefficient task- and client-specific processes. While they may seem manageable (if not ideal) individually, collectively they add up to countless hours of time, which has far-ranging implications for costs, service levels, work volumes, and, ultimately, client satisfaction. Highly automated firms, meanwhile, are obsessed with identifying and rooting out these types of inefficiencies, both large and small. And

they frequently rely on technology solutions to do so, recognizing that superior solutions often come with best industry-standard best practices built in.

That's where an automation-enabling technology stack running in the cloud can make all the difference. Because it's in the cloud, it can accept data and user interactions from a wide range of inputs. With processes that are already tightly integrated with the IT infrastructure, automation tools can automatically handle tasks that would otherwise require manual workarounds. In practice, that can look like data that is automatically populated in standard, familiar forms, or automated “nudges” that decision-makers to act on new information received from a client.

These types of capabilities can be adopted incrementally based on the comfort level of the firm and expanded at whatever pace the firm desires. Until recently, the practical hurdles of combining core technologies, processes, and automation capabilities have been too daunting for most firms. Today they are well within reach. In fact, the recent

CAS Benchmark Survey conducted by CPA.com revealed that 87% of top-performing CAS practices are using workflow tools to track and rate their engagements — 10% more than their peers. They are also using AI and robotic process automation tools at similarly high rates compared with peers.

People supported by technology (and not vice versa)

While for many, the word “automation” implies a hands-off future with minimal human intervention, the reality is quite different. Highly automated firms know that they need to engage the insights, oversight, and guidance of humans at every step. Plus, without the support of firm professionals from the start, these advanced capabilities may never be properly embraced. This is a challenge across all technology adoptions, not just with automation: Powerful technological capabilities are too often implemented without a strong change management plan and then never truly embraced by the professionals who can benefit from them.

Fortunately, automation tools offer tangible reasons to support and actively enable their adoption. With less time spent on mundane, repetitive manual tasks, staff will have more time to focus on what matters most to clients — higher-order challenges requiring more insights and critical thinking from professionals.

Recruitment is another often overlooked part of the business impacted by automation. For starters, highly automated firms are perceived by potential hires to be more technologically advanced, more innovative, and more desirable places to work. While this element of automation does not directly affect adoption and implementation, it should weigh into firms’ decisions to pursue automation-driven technology strategies. With greater automation, firms also need to update and revise the types of skills they seek in recruiting. As manual processes are automated, firms have more capacity to deliver higher-value, advisory-level services — which requires skills that go beyond accounting.

“With less time spent on mundane, repetitive manual tasks, staff will have more time to focus on what matters most to clients — higher-order challenges requiring more insights and critical thinking from professionals.”

The Automation Curve: The path toward becoming a highly automated firm

Becoming a highly automated firm is a process — one that can advance at a pace in line with firm goals and market conditions. The most important aspect of this process is starting with a clear strategy. Below are the three primary phases of successful automation strategies.

Plan

Highly automated firms set themselves apart through their commitment to planning for the impact of new technologies, starting well before selection, implementation, and adoption. Today, it is easy to activate new technologies of all types. But without a clear plan for how they will fit into the broader technology ecosystem and resources in place at firms, their chances of success are diminished. When choosing a new technology, how will it integrate with other solutions? How easy or difficult will it be for data to flow throughout the resulting infrastructure? Does the firm have a plan for change management to ensure a smooth transition, adoption and proper resource allocation? These are the types of questions that successful highly automated firms answer before “flipping the switch” on any new technology. It can take time and effort to answer these questions — but it’s worth it, given the impact on successful implementation and adoption.

Following are some of the key planning steps followed by highly automated firms.

- ▶ Phase 1:
 - ▷ Map current services and processes and how they connect together.
 - ▷ Identify and prioritize opportunities for automation, as well as the accompanying requirements for technology and other resources.
 - ▷ Review key client list and strategies for potential fit with automation.
- ▶ Phase 2:
 - ▷ Set goals for automation.
 - ▷ Evaluate technologies.
 - ▷ Review current talent (technology focus) to determine recruitment/training needs.

Level 1: Plan for a cloud-based future

- ☑ — Outline
- ☑ — List your service/current processes.
- ☑ — Goals/needs



- Identify
- Prioritize: What could/should be automated?
- Solutions



- Review
- Client list and strategy: Do you understand their needs?
- Staff/recruit/train

Pilot

Automation solutions are designed to simplify and streamline time-consuming tasks and processes in place in firms. This is a critical transition in terms of delivering services to clients in a steady, seamless fashion, without disruption — which is why the pilot phase is so important. In this phase, firms can closely monitor how well automation technology is handling the work that was previously performed manually. This way, firms can fine-tune the solution with minimal risk to ongoing operations, before making the full transition to a new solution.

Here are some of the key steps in the Pilot phase of implementation.

- ▶ Start with a comprehensive project plan.
- ▶ Identify test clients for new automated process.
- ▶ Develop standardized processes.
- ▶ Connect with stakeholders on your change management plan.
- ▶ Launch new technologies with pilot clients and gather insights/data.

One critical goal of the pilot phase is to identify where the automation solution should be customized to meet the individual needs of the firm. While these solutions come with best practices built in, they are also highly customizable, allowing firms to create solutions that match their operational needs and unique processes, as well as to enable their own goals for the future. Be sure to identify these opportunities to inform the next stage of becoming a highly automated firm.

Pivot

Today's automated solutions are highly flexible and customizable, making it possible for firms to get even more value from them as they gain more experience putting them to work. For example, both internal and client-facing dashboards, KPIs, report packs and control settings can be tuned to create potent, highly customized solutions that tightly align with the unique needs of the firm and clients alike. The more customized these solutions are, the more valuable they are to users. Plan to take the time to routinely, periodically reassess how the solution is working, how it can be improved, and how to adjust it to deliver more value over time.

Here are some of the areas where customization can have the biggest impact:

- ▶ Reporting
- ▶ Dashboards
- ▶ Internal controls
- ▶ Mobile applications



Change is coming. Will your firm change on its terms?

Leaders at accounting firms don't have to look far for evidence of the changes that are coming their way. Their peers in the corporate realm are already grappling with the constantly rising expectations of their internal clients, who have ready access to their own more powerful and sophisticated finance and accounting technologies and are questioning the value of large, traditional accounting and finance departments as a result. Technology will continue to be similarly disruptive for accounting firms, where client and employee expectations change daily with new tools and technologies at their disposal. They expect firms to be more nimble, more efficient, and more technologically savvy — and if firms don't fulfill these growing expectations, clients and talent will look elsewhere.

Meanwhile, firms need to find ways to operate more efficiently, as they rise to face new opportunities — and new market pressures. Automation is here, whether on your terms or those set by your competitors. The capabilities it introduces play a key role in helping firms achieve critical goals for increased efficiency — and today, those capabilities are finally mature, proven, and ready for widespread adoption. It's an exciting moment for the profession — don't let it pass by your firm without taking full advantage of the opportunity.

To learn more about ensuring a smooth automation plan for your firm, reach out to one of the CPA.com strategic account managers at ...

For automation of accounts payable and receivable, learn more about Bill.com at bill.com/for-accountants.

