



The Advent of AI

Embracing technology in
accountancy

Virtual Round Table Series
Accountancy Working Group 2018

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Artificial intelligence (AI) is entering the everyday lexicon as products as diverse as cars and fridges often now employ some form of AI to support their functions.

In fact, there are very few areas of commerciality that are unaffected by the phenomenon, and the venerable practice of accountancy is no different. This industry that has been around for hundreds of years, must change with the times, just like any cutting edge tech sector, if it wants to stay relevant.

Global research from software provider Sage, showed that 96 per cent of accountants are confident about their future roles, although 68 per cent see that role changing due to automation. It is clear that accountants must study how they can use AI, fully accepting that it will alter their business model.

Understanding exactly where AI can improve a practice is key to this, because it allows accountants to leverage the technology to their advantage and ensure competitors don't gain an edge with potential clients.

Communication with clients is one major area that AI can help with. Chatting via Facebook Messenger or using WhatsApp and Skype is part of everyone's daily life, so progressive accountants should offer something similar to their clients. Major accounting software vendors have jumped on this disruptive trend already, with companies like Sage, Xero and OneUp introducing accounting chat bots for entrepreneurs.

Elsewhere Optical Character Recognition (OCR) technology is being used to great effect to commoditise audit and book-keeping work, allowing handwritten or printed receipts or invoices to be uploaded directly into accounting systems. Intelligent software is also being introduced that helps clients to adhere to complex tax or anti-money laundering laws, absorbing a variety of jurisdictional regulations and using

machine learning to apply that to different circumstances experienced by clients.

This streamlining of accountancy services is all very well, but it naturally reduces the cost of those services in a more competitive, less labour-intensive market. How then does an accountancy practice remain profitable?

One view is that AI has less relevance to the consultancy and strategy arm of accountancy. Just as the large multi-national practices have split out their business consultancy arms, smaller accountants may have to do the same. Using AI to free up headcount from other areas of the business to focus on strategy consultancy may be a smart move, since this relies on experience and inter-personal relationships as well as number crunching.

The following discussion between IR Global accountancy professionals, examines how a positive vision for the future can be achieved, if accountants are willing to embrace AI, then leverage it to build out other, more lucrative, areas of the business. We look at the actions accountants should be taking right now to modernise, and debate how this phenomenon will develop further during the next decade.



The View from IR

Thomas Wheeler

Founder

Our Virtual Series publications bring together a number of the network's members to discuss a different practice area-related topic. The participants share their expertise and offer a unique perspective from the jurisdiction they operate in.

This initiative highlights the emphasis we place on collaboration within the IR Global community and the need for effective knowledge sharing.

Each discussion features just one representative per jurisdiction, with the subject matter chosen by the steering committee of the relevant working group. The goal is to provide insight into challenges and opportunities identified by specialist practitioners.

We firmly believe the power of a global network comes from sharing ideas and expertise, enabling our members to better serve their clients' international needs.



INDIA

Arvind Rao

Director and Chief Executive Officer, August Consulting (India) Private Limited

☎ 91 22 4360 0700
✉ arvindr@augustconsultingindia.com

Arvind Rao is the CEO and Director of the boutique Accounting & Advisory firm, August Consulting (India) Private Limited. He founded the company in November 2002 after a long exposure to international corporate accounting in Europe and Asia.

August Consulting specialises in providing advice and services relating to Finance and Accounting, Business Structuring, Compensation and Benefits, Corporate Compliance and Taxation. Arvind trained with Deloitte, and then worked in India before going on a three-year stint to Hungary. After returning to India, he worked for SITA and Ernst & Young before founding his own company.

August Consulting is recognised as a reliable, efficient team well qualified to provide services to multi-national companies who wish to establish in India.



AUSTRALIA

Bruce Saward

Managing Partner, Saward Dawson Chartered Accountants

☎ 61 3 9894 2500
✉ bruce.aaward@sawarddawson.com.au

Bruce Saward has worked as a Chartered Accountant since 1979 and has diverse experience. Bruce is a Business Advisory Principal with expertise and special interest in business planning, forecasting and modelling, business systems and building better businesses.

Bruce joined Saward Dawson in 1981 and has enjoyed growing with clients and developing a team of skilled professionals. He is now managing partner of the firm.

Bruce has extensive experience as an auditor, tax agent and business adviser. He is always looking for solutions and strategies that drive value for his clients. Bruce is passionate about helping businesses grow and improve. He is well versed in the use of technology in business believes that every business needs to have good, robust and well documented systems to grow and thrive.



NETHERLANDS

Roland Rompelberg

Partner, Maprima

☎ 31 43 365 3067
✉ roland.rompelberg@maprima.com

Roland Rompelberg is the founding partner of Maprima, an independent provider of corporate services in the Netherlands, Luxembourg and Belgium.

Maprima's mission is to serve as an independent, reliable and proactive partner for foreign businesses and internationally active professionals. This means that clients as well as their advisors can rely on a highly skilled and motivated team. Upon request Maprima can call upon its international network of professional partners. Maprima was one of the first firms to be awarded a license for providing trust services from the Dutch Central Bank.

Before founding Maprima in 1999, he held management positions in public companies and worked as an auditor at Deloitte.

He has a degree in Business Economics, an MBA with specialisation in Transport and Logistics and is a Certified Public Accountant (Maastricht, university faculty of economics and business science).



SPAIN

Joan Luis Hereter

Partner, HyC Consulting
Empresarial SL

☎ 34 93 420 51 30
✉ joanluis.hereter@hycconsulting.com

Joan Luis Hereter founded HyC Consulting in order to provide finance and accountancy support to small and medium-sized companies.

He began his career as an auditor, auditing companies from different industries including consumer goods and distribution, manufacturing and textiles. He has acted as a controller for one of the biggest Spanish Builder/Real Estate companies and worked as a country manager for the Spanish subsidiary of an industrial US company with their head office in Florida.

In his current role he maintains strong collaborations with many professional and experienced lawyers and finance and tax specialists.

HyC Consulting is a group of multidisciplinary professionals who provide services to meet the needs of small and medium enterprises, providing comprehensive advice and support. It is a professional business with extensive experience in financial management, both in national and international environments, always ensuring a technical, personal and professional quality of service.



SWITZERLAND

Florian Diener

Managing Partner, Diener
Advisory

☎ 41 76 424 33 73
✉ florian.diener@diener-advisory.com

Florian Diener is Managing Partner and founder of Diener Advisory.

Diener Advisory is a global award winning independent Management Consulting Company helping Professional Services Firms to bring all their financial and operational related topics to the next level of organizational effectiveness. Diener Advisory helps companies to expand EBIT, increase profitability and enhance shareholder return.

Florian Diener has more than 20 years of experience in management consulting and interim management of companies and institutions across multiple entity structures and geographies with an emphasis on all finance, accounting and controlling related matters, including business process improvement, restructuring and outsourcing advisory.

He holds a master's degree in business administration (MBA/Dipl.-Kfm.) from the Munich School of Management (LMU) and a banking degree from the Bavarian chamber of commerce (IHK). He has published various business articles, is founding member of an exclusive Swiss expert network and holds various board of directors' positions.



IRELAND

Damien Malone

Founder and Managing Partner,
Malone & Co.

☎ 353 1 4580911
✉ damien@maloneaccountants.ie

Damien Malone was the founder of Malone & Co. over a decade ago. He holds an Honours Degree in Business & Accountancy and is a Fellow of both the Association of Chartered Certified Accountants and the Institute of Taxation in Ireland.

He is passionate about assisting SME's and their owners in developing sustainable, compliant and efficient structures for their business.

Among his other business and commercial interests, he is chairman of the Damone investment group. He has spoken at numerous events on various tax and financial matters and has delivered business and taxation seminars for Irish state enterprise bodies.

Outside of the office Damien is a national hunt racing follower and a Liverpool supporter. He also has a keen interest in Gaelic Games and assists a number of local community and voluntary bodies at committee level.

Damien is looking forward to helping all IR members with their client's requirements in Ireland and to talking with other members about our clients' international needs.



U.S. - OKLAHOMA

John Curzon

Founding Partner, CCK
Strategies, PLLC

☎ 1 918 491 4036
✉ John@cckcpa.com

John E. Curzon's major areas of practice through which he delivers intentional and strategic results include: merger and acquisition consulting; succession planning; business and tax advisory and business valuations.

John is involved with a number of forward-looking organisations that allow him to connect his knowledge and expertise with his passion for leadership.

He is a member and Past Chair of the Oklahoma Governor's International Team (OKGIT) and a founding collaborator of the Network of International Creative Entrepreneurs initiative (NICE) – two efforts that are expanding Oklahoma's influence beyond US borders.

John is also chairman of the OSCPA Editorial Board of CPA Focus Professional Magazine and is a contributing author. He is a member of the Tulsa Region Board of Directors for Junior Achievement of Oklahoma, which works to develop entrepreneurship in students.

John is a Certified Public Accountant accredited in Business Valuation and is a Chartered Global Management Accountant. He is a Certified Valuation Analyst and a Certified Merger & Acquisition Advisor.



Arvind Rao pictured at the 2017 IR 'On the Road' Conference in Singapore

SESSION ONE – EMBRACING EXISTING AI

How are accountancy practices embracing existing AI to enhance their offering? Any examples?

Ireland – Damien Malone (DM) Since I started practising as an accountant, technology has greatly enhanced the work that we do here in Ireland.

We use software to generate accounts for all sorts of assignments and, in recent times, Sage has probably been the biggest worldwide supplier of accounting software. There is a product similar to Sage used in Ireland and the UK called Relate which has substantially brought on the efficiency with which practicing accountants can generate compliant financial statements for their clients.

I can remember the days when accounts production was very slow and cumbersome and the advances in software have made a big impact on this in our part of the world. In terms of time, we can probably complete the financial statements preparation process in a third of the time that we could have before under previous software types.

Another big part of our practice is bookkeeping, and, of course, that has always been labour intensive. Depending on the specifics of the client, this can be a very substantial overhead allowing for the cost of writing up transactions in the old double-entry debit and credit format.

In the last couple of years there have been solutions entering the market where source records can be input by way of a scan on a practically live basis, without the need to have to manually write details in.

I recently spoke to some guys who have developed software for this that is very useful for businesses such as supermarkets and hotels where there are large volumes of repetitive transactions.

Once you scan a document from a supplier, the software memory automatically remembers the VAT (sales tax) code and all the particulars, so it's just literally a case of feeding the invoices into a scanner and allowing the transactions to fall into the trial balance, without the need for staff to literally key it in.

One other thing I recently came across is a VAT tax bot, developed by a tax adviser in Dublin that I know. You can ask the bot any

VAT-related question you want, and it's able to give you an answer.

India – Arvind Rao (AR) In India the picture is very different and things are moving much slower. Having said that, we are getting there. The government has made substantial changes, so that most records are now online and most payments online. Everything gets paid through the banks and some banks and large corporates even have bots answer basic questions.

Software such as SAP, Oracle, Navision and Tally are widely used by Indian companies. We are at the very beginning of machine learning, with nothing so advanced that you could call it Artificial Intelligence.

One of the main reasons for the slower adoption, is the use of intensive labour practices, which means well-educated cheap labour available to do the manually intensive work.

Oklahoma, U.S. – John Curzon (JC) We're progressive from the standpoint of how AI fits into our practice. We take a client-focused perspective because we do a lot of consulting. We do some bookkeeping work, but that hasn't yet been a priority for implementing time saving AI software.

Where we have really spent our time, is educating our staff on how AI impacts our current services and our current offering. We have several younger staff, who live and breathe cryptocurrency and AI and it just excites them.

I've had them start writing a blog that's just internal to our staff, but is part of that process of explaining AI to accountants who do what they do really well, but find new technology a challenge. The blog explains how all this new technology works, and how it impacts our interactions with clients. Part of this staff education is to enable our accountants to have these conversations with clients and understand how clients are embracing AI.

The other area where AI really impacts the service we provide, is our business valuation practice. This is about our understanding of AI and how it impacts the value of a business and, in particular, the value drivers that we need to identify to help our clients increase the value of their company.

Many of our clients are late stage businesses that have been around a long time, so they've been doing things the same way for many years. For them to be valuable in their market, they need to embrace how AI works. We need to understand it, so we can ask the right questions.

If we then have an opportunity to help them enhance their business, and make them more marketable for a future exit, then we can.

Switzerland – Florian Diener (FD) In general, the offerings for accounting practices have changed. A synchronised, cloud-based, single accounting platform, with online access 24 hours a day, seven days a week is the standard now, and is what you have to offer your clients.

But, in my opinion, the ability to master how to communicate with the customer is key.

Software that is designed to complete certain tasks and communicate directly with humans is ideal for accountancy practices in respect to their transactional service offerings.

Chatting via Facebook Messenger or using WhatsApp and Skype are part of everyone's daily life, so software has to implement such channels for accountancy service offerings as well. Major accounting software vendors, have jumped on this disruptive trend already, and, as

Damien mentioned, Sage are one of the companies doing this, with the world's first accounting chat bot for entrepreneurs called Pegg. Other companies like Intuit, OneUp or Xero have also invented these chat bots, and intelligent digital virtual assistants are becoming the norm. We must support clients in implementing these kinds of systems.

AI-based technologies are disrupting the whole accounting industry in simple areas like accounts payable and accounts receivable processing. Artificial intelligence powered invoice management systems are already available, as are supplier onboarding systems that can vet new suppliers by checking credit scores or tax information automatically before setting them up.

Procurement and purchasing processes in organisations, usually mean a lot of paperwork contained in different systems and files which are not compatible with each other. AI programs help to integrate all those things and robots are ideally suited to track prices, and changes among suppliers.

We are also seeing more and more development in the audit environment, where digitalisation of the audit process helps to increase efficiency and security and you can now audit 100 per cent of all financial transactions instead of just a sample.

AI can also review and approve expenses, to ensure they are compliant with organisational policy, which is normally very time-consuming. Speed and tremendous amount of data analysis is the thing that artificial intelligence really helps with, freeing people to do tasks they are better suited for.

Netherlands – Roland Rempelberg (RR) When it comes to accounting in the Netherlands or Benelux area in general, we are quite a lot like Ireland as Damien described it. We see a lot of efficiency in accounting and data entry system integration.

As corporate service providers, we are not a pure accounting firm, but we have many challenges in complying with anti-money laundering (AML) legislation. Adequately monitoring all the transactions made by the companies we manage, means the need for real engagement. Any payment made or received should fit within the transaction profile of the company, which is a relatively recent area of automation.

A somewhat more typical line of business for us, is mergers and acquisitions and related due diligence. We often manage companies that are part of international groups where accounting is done in different countries with different statuses of technological development. These firms have subsidiaries throughout the world and the challenge very often is to create efficient consolidation of the figures prepared by different accounting software in a short period of time.

We have done a couple of due diligence project with big four firms, and I was impressed by the data mining tools they use, and the results they come up with in a relatively short period of time.

Everything I've heard sounds very promising to me and I hope we will all benefit from that.

Australia – Bruce Saward (BS) We've been early adopters of automatic data processing for some time, with products like Xero, QuickBooks Online and NetSuite which we fully embrace.

Cloud-based services like ReceiptBanks are also useful, so we not only get automated data feeds that can be coded and pre-processed, but also accounts payable invoices are fed directly to the accounting package ready for approval and payment. That's about bypassing data entry, and it has enabled us to offer services to clients that we haven't been able to provide before, because we are now cost competitive. This actually takes the pressure off offshoring, which has been a pressure point for accountants in Australia for some time. We find that we're now more competitive as a result of AI.

Our main frustration is with vendors not moving fast enough for us. This can be seen in the way in which artificial intelligence is embraced in things like optical character recognition (OCR) recognition of documents associated with client data, enabling matching tax assessments to be done. That has been happening for a while, but we'd like to see it move through into better integration with our office systems. That would deliver substantial benefits and efficiencies and enable us to automate no or low value tasks and focus on things that deliver real value.

We are also seeing automatic prefilling of data from the tax office being fed directly to our software. There's certainly the trend towards online completion when it comes to compliance and regulation but that is often also open to clients directly so accountants will not be the only people with access to smart tools to help with compliance. This requires us to rethink our role and how we deliver value to clients.

In terms of the preparation of financial statements, we haven't seen the tools for automation available at this stage and perhaps that's one of the areas where we'd like to see a little bit more progress. From an efficiency point of view, working on live data with clients, rather than transferring and updating files, brings great advantages to us.

It also means that our staff can be a little bit more mobile and the auditors in the field have software that synchronises via the cloud with our main server. We can go through seasons where we don't see our auditors for weeks and weeks on end, because they just don't need to come back to the office.

Spain – Joan Luis Hereter (JLH) Classic accountancy won't be efficient or viable in a short period of time, not only for big companies, but also for small and medium ones. Audit and accountancy firms, and tax consultants will have to adapt their methodology to embrace and incorporate new resources in the market to their practices. AI is a clear example, although not the only one.

OCR (Optical Character Recognition or Optical Character Reader) is a very useful tool that most of the accountancy and tax firms should already be using. Not in the near future, but in the present!

OCR is the mechanical or electronic conversion of images of typed, handwritten or printed text into machine-encoded text, whether from a scanned document, a photo of a document, invoices, bank statements, computerised receipts, business cards, mail, or printouts of static data.

This means, basically, that by scanning a standard invoice received from suppliers, the system will recognise the main concepts, such as VAT numbers, name of the company, products, units, amounts, and VAT amounts and process the invoice automatically into the accounting system.

The system is able to read a bank statement and match the payments and collections with the data in a client's books, simplifying to a few non-identified transactions the process of the bank reconciliations.

By using an OCR system, we save significant amounts of time, increase productivity and improve the quality of the information gathered, decreasing drastically the number of manual errors. OCR will require a process of text standardisation and learning, which is one of the main reasons we started using this tool a couple of years ago.



Roland Rompelberg pictured at the 2018 IR Annual Conference in Toronto

How will AI change the accountancy profession during the next ten years? Do you expect practice business models to alter?

Australia – BS When it comes to areas like blockchain, I must confess that we haven't seen the practical ramifications of that in the work that we do day-to-day here. I'm sure that larger firms are actually right at the core of that, and my understanding is that it will have a great impact on the future of auditing.

Certainly, though, I think the vendors seem to be relatively slow in developing and embracing AI. They get a little sluggish in the way they develop their tools. The most innovative software most often comes from smaller companies that are very nimble and agile and able to get to market pretty quickly.

There is always the question of whether you go best of breed, or whether you have specialist add-ons which means taking bits and pieces and adding them on later. We're probably a bit locked into a full suite of programs, which means we are slowed down by using a single vendor who is providing our total suite of packages, but I certainly hope that we actually are able to get a little bit of traction there.

We can take on board data analytics though, and I think being able to develop relevant tools with the expertise that we have and get those to market within our areas of influence is important.

I think that the challenge for every firm is to be able to make sure that they take the publicly available tools and package them in a way that drives new value added services to clients in ways which are new and relevant. Some firms will be able to leverage this further and develop their own tools. I like to think that our firm is up to that challenge, with people who have a real appetite for staying abreast of AI.

Spain – JLH We have to realise that we are in the middle of an evolutionary period. If we look back 10 years and look to the next 10 years, we can probably say that we are living through a period of significant change. Regulatory changes, social changes and technological changes.

This evolution means new challenges for audit and accountancy firms, in terms of efficiency, adaptability, quality of services

provided and use of information, and challenges in terms of profitability versus risk.

To face these changes properly, we'll have to use technology. There is no other way. At some point in the next ten years, or the next five, we will have to add this new technology to our routine processes and, therefore, change and adapt these processes to the new technology.

We will have to use cloud technology to share information 'on line' and update data simultaneously, optimising the process of version management in our documents and implement a paperless procedure to reduce costs and environmental impact.

For big data, we will need to process information through CAAT (Computer Assisted Auditing Techniques) and implement specific software, as much for audit techniques, as for accountancy processes, to optimise and improve the analysis of the information and the execution of the different tests and procedures.

Documentation tools will ensure a correct flow of approvals and reviews by implementing different levels of authorisations and responsibilities, while robots designed for the specific analysis of operating systems and databases will optimise the resources used on repeated tasks and minimise errors in the information treatment.

Blockchain, cryptocurrencies and cybersecurity are things we have to take into account, especially in the audit processes, but, in the end, it will depend on how the regulatory bodies consider these items in each jurisdiction. Technology must be a tool to make us more efficient; we have to adapt our classical procedures to the available technology, while permanent training and formation is a must to face all these changes.

Netherlands – RR With regard to blockchain technology, I haven't seen it in practice yet to be honest. We have had some discussions, especially with notaries, when it comes to recording transactions over the land registry, but not directly in the field of accounting so far.

Examples of AI are being used in strategy and tax consultancy. Intelligent software solutions combining company data with data of tax treaties and regulations has been used for at least five to ten years now.

The software comes up with several proposed solutions for the most efficient tax structuring. It is great for businesses with activities or assets in different countries and with sales offices and distribution centres around the world.

I was impressed when I saw that and I suppose that, even though the whole "treaty shopping" era is coming to an end with base erosion and profit-shifting regulations (BEPS), similar technology will still be developed for country-by-country reporting.

We see good potential for more automated solutions and, of course, labour costs will go down. I'm not expecting too much impact from that phenomenon though, because, if you look at the typical accounting firm, they would not be doing a lot of manual data entry anymore.

In recent years the focus has shifted to analysis and reporting. The next step is more and more automated generation of reporting which will bring labour costs down further, not just at the lower level of accounting work, but in the mid-level, I would say.

Switzerland – FD Everybody is talking about disruption, and indeed this new AI-based technology creates changes everywhere.

It will disrupt the accountancy profession, but overall accounting efficiency will improve. There is pressure from the market to enhance speed and accuracy and scope for value-added services will increase for accounting professionals.

It is not a bad thing though, because the pressure from the speed on the one hand helps you to be more customer focused, and value wise it will lead to a higher level of business support, rather than pure number crunching.

Artificial intelligence cannot really understand a client's needs and goals. It will not think strategically and cannot handle people management.

So AI techniques can help you to increase and improve the speed of work, but, on the other hand, it creates new opportunities for advisory work. Artificial intelligence systems can eliminate accounting errors and reduce accounting liabilities. This is important, because the advisory role can be more lucrative if it includes data analysis and client counselling.

My advice for accountants is to actively change the role from a pure number cruncher and to see artificial intelligent as an opportunity, not as a threat. It's a tool to be more productive and proficient, and it helps a practice to handle more clients and deliver more added value. The most important thing: bring more emotional intelligence to the job!

Oklahoma, U.S. – JC We have to realise that we are in the middle of an evolutionary period. If we look back 10 years and look to the next 10 years, we can probably say that we are living through a period of significant change. Regulatory changes, social changes and technological changes.

This evolution means new challenges for audit and accountancy firms, in terms of efficiency, adaptability, quality of services provision and use of information, and challenges in terms of profitability versus risk.

To face these changes properly, we'll have to use technology. There is no other way. At some point in the next ten years, or the next five, we will have to add this new technology to our routine processes and, therefore, change and adapt these processes to the new technology.

We will have to use cloud technology to share information 'on line' and update data simultaneously, optimising the process of version management in our documents and implement a paperless procedure to reduce costs and environmental impact.

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Blockchain, cryptocurrencies and cybersecurity are things we have to take into account, especially in the audit processes, but, in the end, it will depend on how the regulatory bodies consider these items in each jurisdiction. Technology must be a tool to make us more efficient; we have to adapt our classical procedures to the available technology, while permanent training and formation is a must to face all these changes.

India – AR There will be changes coming in India, very quickly, because the government has put in place, technical skill sets and education to upgrade the skills of students at university level.

They have brought out things like online filing, so everything is going online, including compliance which is going online. We just need a program to extract data and give it to us accountants in a form that can be interpreted, so we can be more client focused and give the clients the advice they require.

One thing to add here, surrounds strategic advice to clients after all this technology has been put in place and the interpretation is done. There will be two things.

Firstly, we will require less people in the profession, and secondly, will the clients really want strategic advice from us, or would they be able to do it themselves once all the AI-enhanced number crunching is done?

That is something that is to be seen and that is where they could be a problem. The other problem could be getting the right kind of human resources to do the job. These are the things which I think could hamper us a little bit, but I'm quite optimistic about the future.

Ireland – DM As long as I've been working in accounting it has always been the way, we have to keep up with and embrace technology changes which will include advances in AI.

What I don't see changing is client retention and relationships with people. No matter what advances technology brings it is critical not to lose focus on how important this is. Developing and maintaining relationships with clients and staff alike is also just as important.

Attracting clients and then retaining good clients for the long term is key and I think that no matter what changes there are with robots or with anything else, one thing robots won't be able to do is develop relationships on a personal level.

I do see the need for a change in focus by accountants, whereby previously there may have been an emphasis to the more mundane and labour-intensive tasks, we will be focusing more on issues such as investment advice, business strategy and tax planning among other things with clients.

Has the rapid development of technology and AI use among your client base created accounting challenges? Any examples?

Ireland – DM While no doubt there are challenges which have to be acknowledged, we would also see the opportunities for practice growth in keeping pace with technology and AI enhancements because we tend to find that good clients will always appreciate sound guidance that can enhance their business models and processes.

The sooner that firms become more accustomed and au fait with which changes that are critical to their clients' own specific business needs they can then identify and direct the client as to how to maximise their opportunities.

We see significant opportunity in many different sectors and industries such as retail, ecommerce and financial to name a few as to how we can continue to grow and acquire new clients by providing a modernised service offering that is based around focusing on value adding areas for clients.

India – AR My company, August Consulting, serves multinational clients here in India, but you may be surprised to learn that in India none of them really use technology that could be called Artificial Intelligence in any form.

The focus here is on the cost of labour, which is very cheap and companies like to keep their costs low. Bringing in these technologies has its own challenges, so, although many companies have development centres here in Bangalore and Hyderabad serving clients other countries, smaller companies in India, even if they are multinational companies, do not focus on the use of Artificial Intelligence for their day-to-day activities.

We have to wait and watch how things unfold in the times to come.

Oklahoma, U.S. – JC We see client challenges as an opportunity for us, because of our focus on the strategic consulting side of things.

I'll give you two really quick examples of that;

One is in the e-commerce industry, in which we worked with several IR global members in other countries. A client wanted to set up an e-com-

merce platform in the US, which, from a purely e-commerce standpoint, was relatively straightforward.

The problem, that we were able to help the client with, is interfacing that e-commerce platform with the compliance and regulatory side of things. As Bruce said earlier, some vendors are slow, and the regulatory side of things still requires a lot of paperwork that has a tendency to slow things down. I think this is a challenge that will soon be overcome, but it's also an opportunity for us to help identify how to do that.

Another example comes from a client who has a non-profit organisation. His challenge came from a potential donor that wanted to donate to his non-profit organisation using the crypto currency Bitcoin. The donor was from another country, so it led us to helping their client, deal with not only the cross-border impact, but also how to accept the currency and the requirements were.

We were able to share the knowledge we have gained with our client and work through some of those issues. We are educating not only our own staff, but also our clients on these matters, which is the most value we can give in the near term.

Switzerland – FD My office is in the Canton of Zug, which is now called the Crypto Valley of Switzerland and is a world home for blockchain companies.

Around my office, there are more than 250 companies just dealing with blockchain based technology, and 550 in Switzerland overall.

You definitely have a problem when companies want your advice, because if they are running an initial coin offering (ICO) you need to explain how they are accounting for security or utility tokens. Those young small start-up companies, have much of their capital in cryptocurrencies and they want to post it on the balance sheet.

As an accounting firm, you have to have to find the right answer and have to help and support their goals.

Switzerland borders on Germany, Austria, Italy and France, so geographically we have a lot of cross-border transactions. This involves customs handling, tax advice, cross-border social security and other things. There are a lot of accounting challenges that are becoming more frequent in Switzerland.

Spain – JLH It's still very early to understand how AI will be fully adopted by our clients and how it will be treated by the regulatory bodies and, especially, the tax administration in Spain.

The Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores) considers cryptocurrencies and ICOs (Initial Coin Offering) like an issuance of trading securities in certain scenarios. As of today, both this Commission and the Bank of Spain have confirmed that no cryptocurrency issues or ICOs have been registered in Spain yet.

A different thing is how the tax authorities consider these cryptocurrencies in Spain. They need to be tagged, but, at the moment, this is not clear enough. The General Directorate of Taxes (Dirección General de Tributos) has issued binding consultations with different criteria when considering Bitcoins and other cryptocurrencies.

The Spanish Institute of Accounting and Accounts Auditing (ICAC) considers them an intangible asset, but also considers them as inventory if the company usually trades with them.

In conclusion, we feel there is a lack of legislation that generates legal uncertainty, and we urgently need clearer regulation, at least from an accountancy and tax point of view.

Australia – BS In our own client base, we're not seeing AI being embraced at a rapid rate. I think in Australia, generally, we are not at the leading edge of the cryptocurrency phenomenon.

I see this linked to the issue of globalisation. So, for example, in order to protect the tax base, Australia has now introduced GST (VAT tax) on low value online sales where these used to be tax exempt.



Florian Diener pictured at the 2017 IR Annual Conference in Berlin

It's these types of globalisation issues that are actually going to impact on us from a tax and accounting point of view. This could be dealing with cryptocurrencies or multi-currency accounting, or the taxing issues when clients are trading online and delivering goods and services in a global world.

That's the real challenge for us, in terms of how we deal with that.

Netherlands – RR I think the biggest challenge, is not so much accounting technology as such.

I'm more concerned about regulatory requirements and legislation lagging behind, both from financial supervisory bodies, but also from tax authorities. I think the fact that those organisations are typically followers of changes in business and technology, rather

than leaders, they will cause us the biggest challenges.

This will manifest itself for example in questions relating to the valuation of assets, how certain activities are allowed and how to monitor changes. This represents substantial challenges while advising clients on what the exact requirements of the different authorities such as tax authorities, financial market supervisors etc are, especially when working internationally on Fintech initiatives.

That's one of the challenges I see to be honest.



John Curzon pictured at the 2018 IR Annual Conference in London

Contacts

UK HEAD OFFICE

IR Global
The Piggery
Woodhouse Farm
Catherine de Barnes Lane
Catherine de Barnes B92 0DJ
Telephone: +44 (0)1675 443396

www.irglobal.com
info@irglobal.com

KEY CONTACTS

Thomas Wheeler
Founder
thomas@irglobal.com

Rachel Finch
Channel Sales Manager
rachel@irglobal.com

Nick Yates
Editor
nick@irglobal.com

CONTRIBUTORS

Florian Diener (FD)
Diener Advisory GmbH – Switzerland
www.irglobal.com/advisor/florian-diener

John Curzon (JC)
CCK Strategies, PLLC – U.S. - Oklahoma
www.irglobal.com/advisor/john-curzon

Damien Malone (DM)
Malone & Co. – Ireland
www.irglobal.com/advisor/damien-malone

Bruce Saward (BS)
Saward Dawson Chartered Accountants. – Australia
www.irglobal.com/advisor/bruce-saward

Joan Lluís Hereter (JLH)
HyC Consulting Empresarial SL – Spain
www.irglobal.com/advisor/joan-lluis-hereter

Arvind Rao (AR)
August Consulting Private Limited – India
www.irglobal.com/advisor/arvind-rao

Roland Rempelberg (RR)
Maprima – Netherlands
www.irglobal.com/advisor/roland-rompelberg

