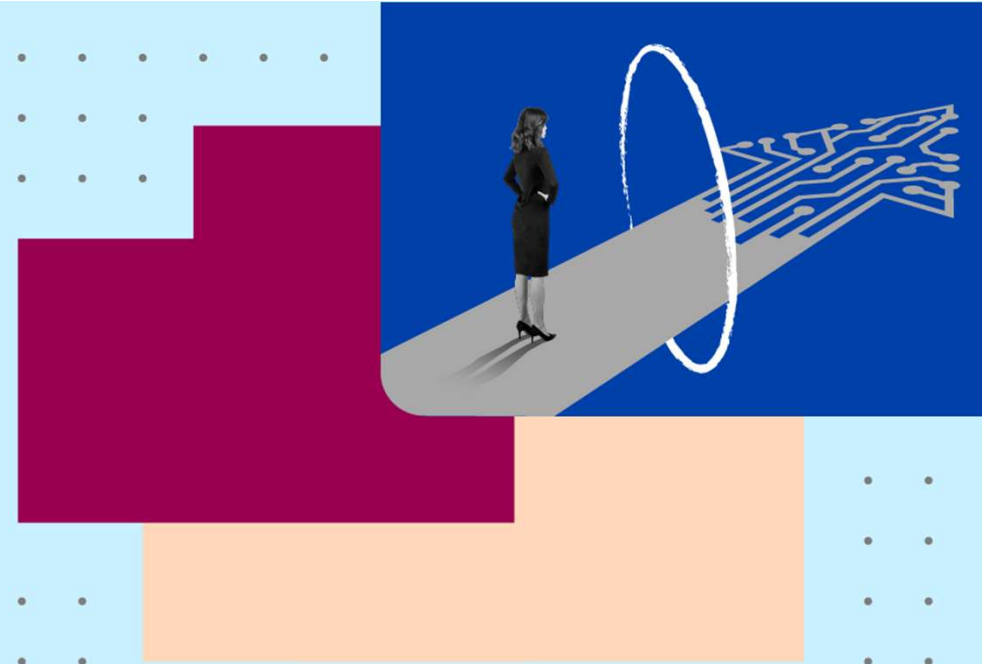


State of Accounting Firms: **Key Trends & Opportunities for 2023**

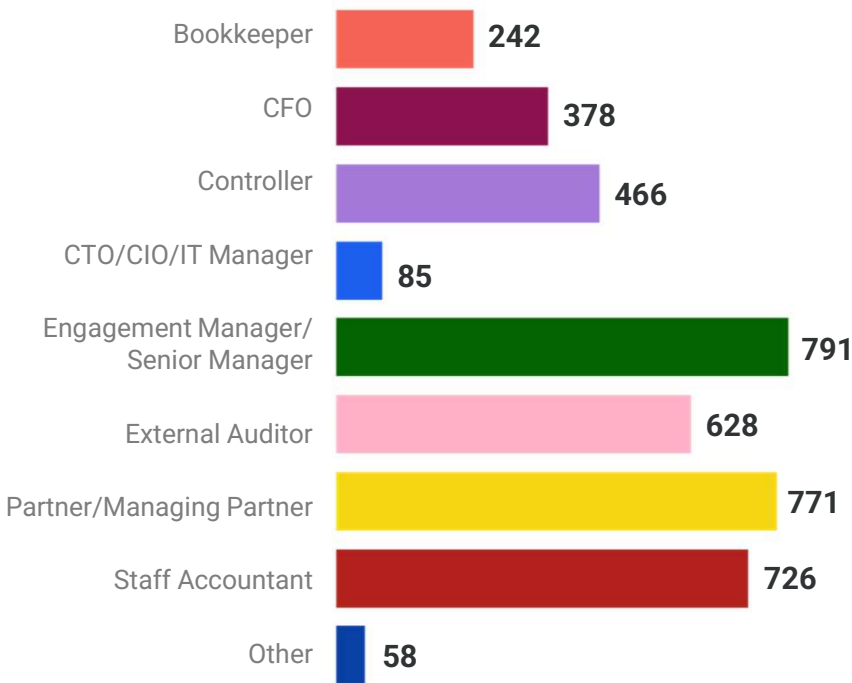


Presenter



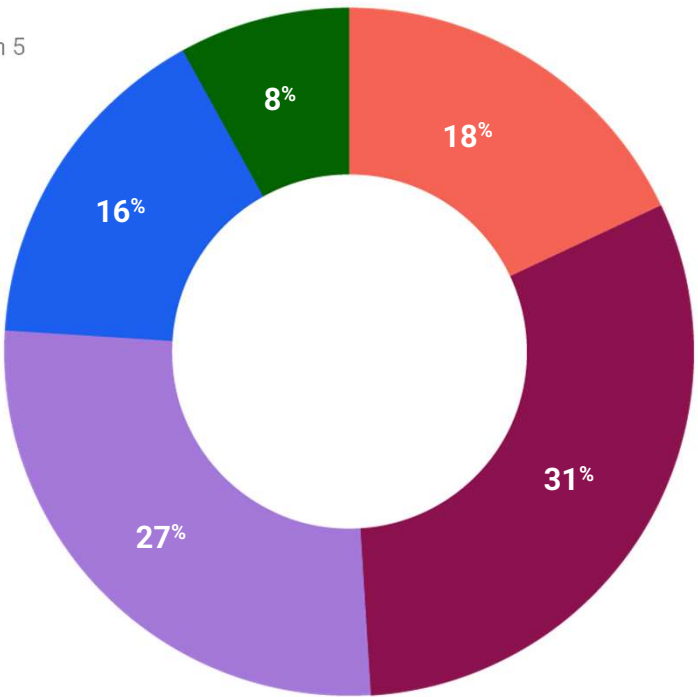
Scott Epstein
Chief Product Officer
Caseware

About the Report



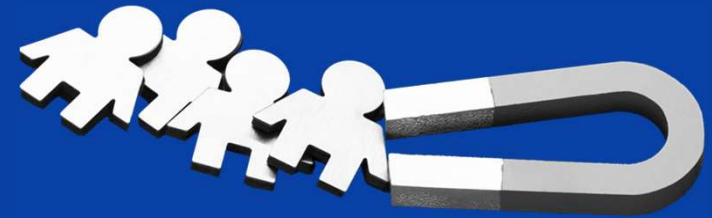
Practice Size

- Less than 5
- 5–10
- 10–25
- 25–50
- 50+



Biggest Practice Management Challenges





Talent Management

Accounting firms are finding it increasingly difficult to not only find qualified talent, but also to hang on to it.

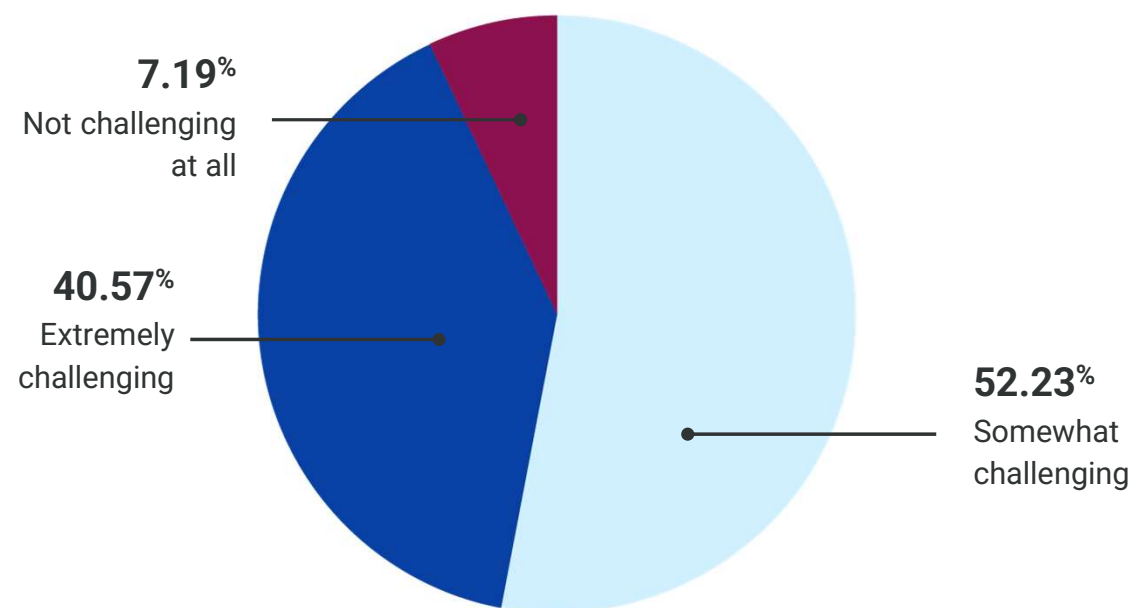
Finding the right talent

34.77%

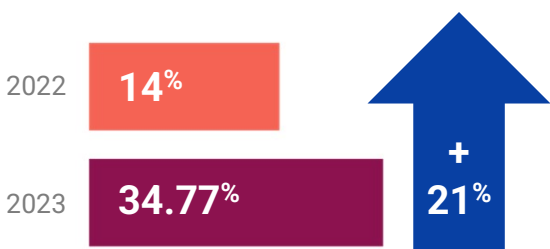
Retaining talent

24.27%

Finding the Right Talent



Year over Year Comparison

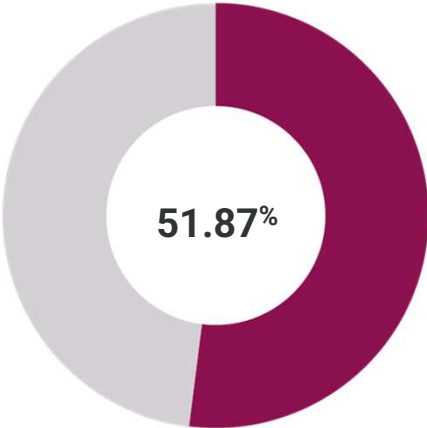


Peer Perspective

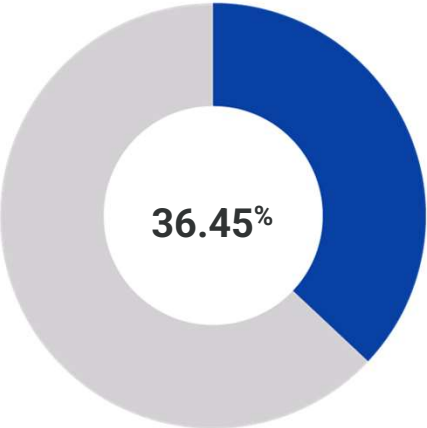
“There seems to be a shortage of experienced accountants, especially at the manager level. Competition in the employee market is fierce.”



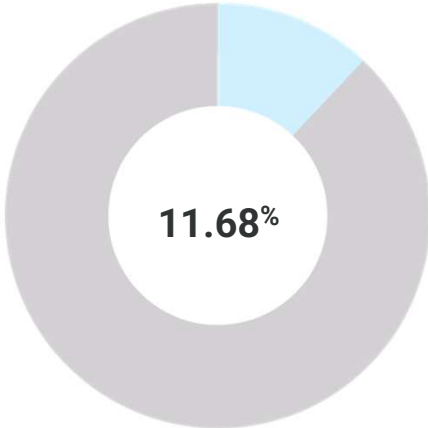
Talent Retention




Somewhat challenging



Extremely challenging



Not challenging at all

 **Peer Perspective**

“Staff expect higher pay for keeping up with or beating inflation rates, and they also expect better benefits.”





Virtual World Realities

Three years after the dawn of the pandemic, it appears accountants are still adjusting to communicating and collaborating with clients over virtual platforms.

Communicating with clients virtually

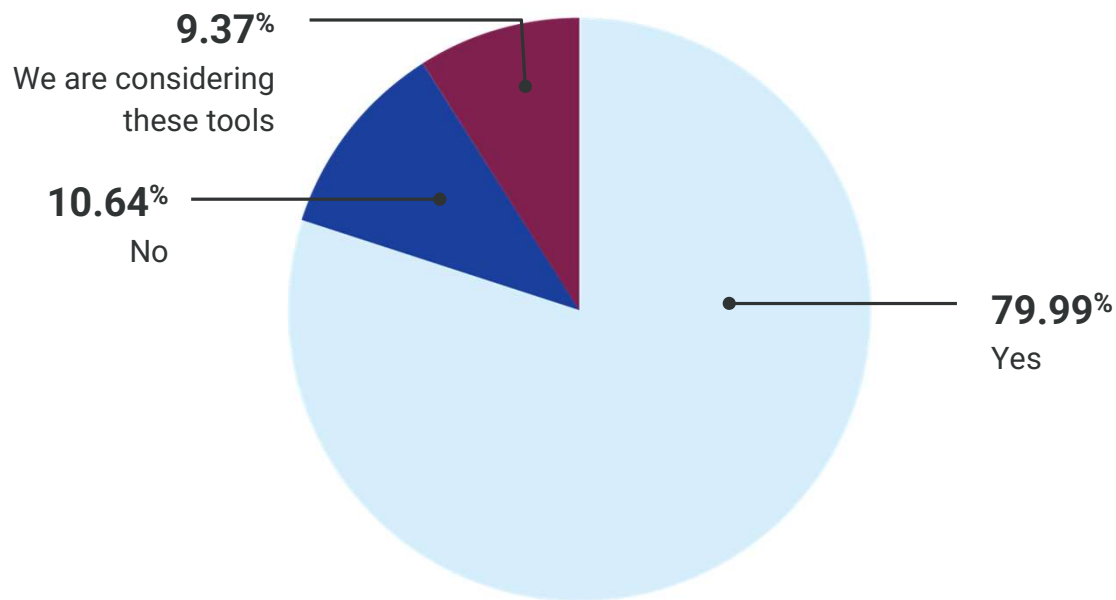
39.21%

Adjusting to working remotely

34.91%

Virtual Client Communication

Q. Are you currently using a collaboration tool that facilitates easier communication and secure file-sharing with clients?

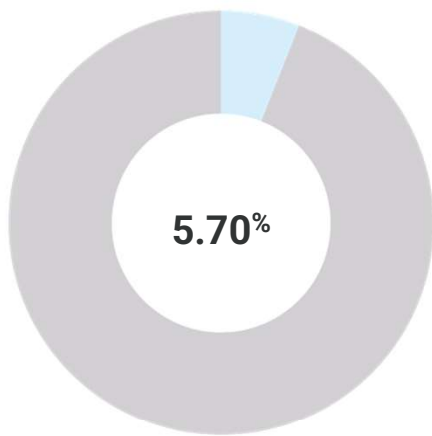


Peer Perspective

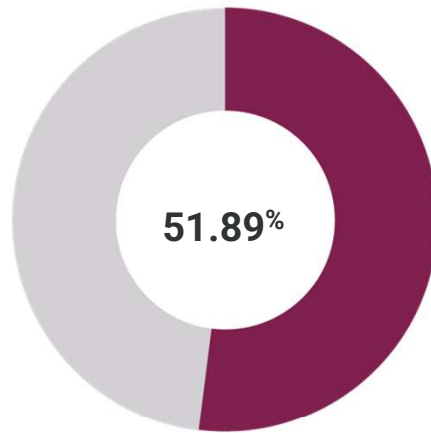
"Our current process has evolved with a few added softwares and apps. However, it is nowhere near as efficient as I would like it to be – which is why I am looking into new technologies to better serve my clients."

Client Engagement Efficiency

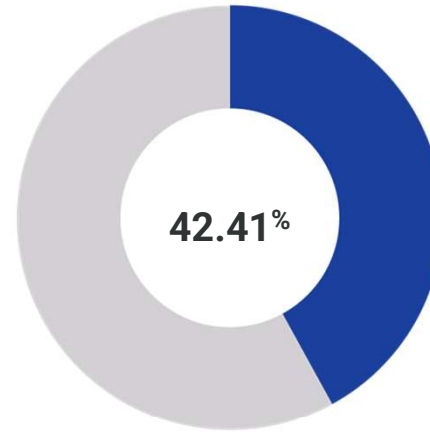
How efficient do you feel your current client engagement process is?



Very inefficient



Somewhat efficient

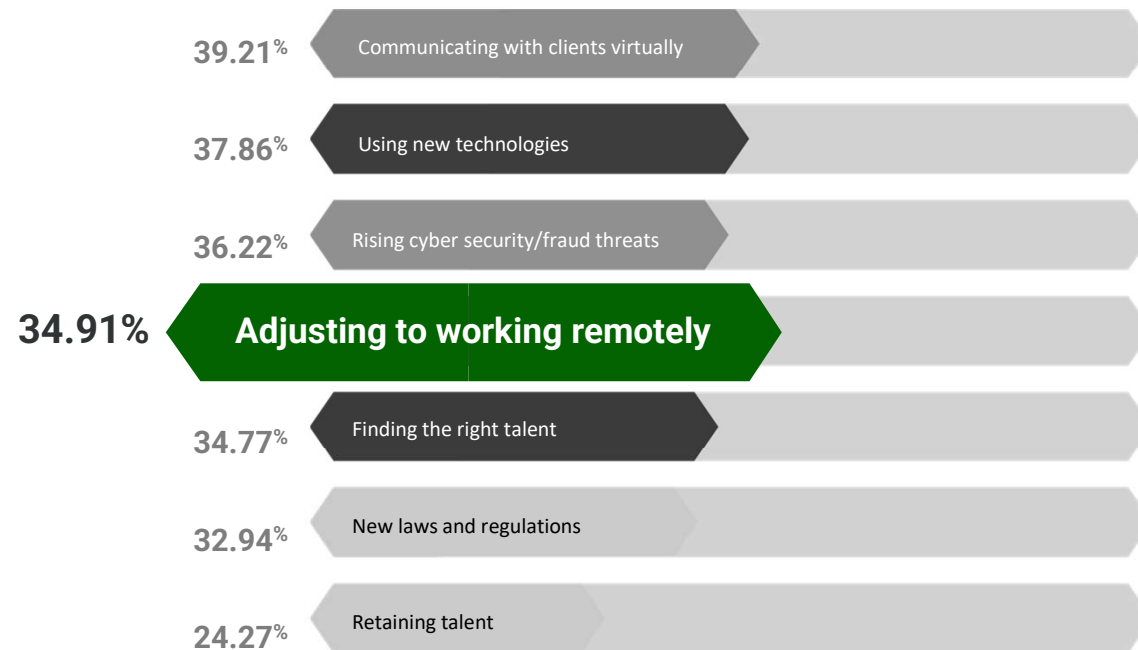


Very efficient

Peer Perspective

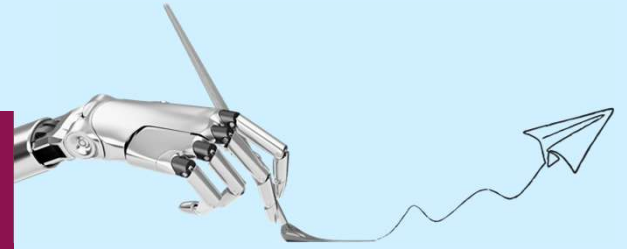
"We could definitely improve in this area by increasing automation."

Adjusting to Working Remotely



Peer Perspective

"I'm not sure productivity is as good for some of our remote workers as when they are in the office."

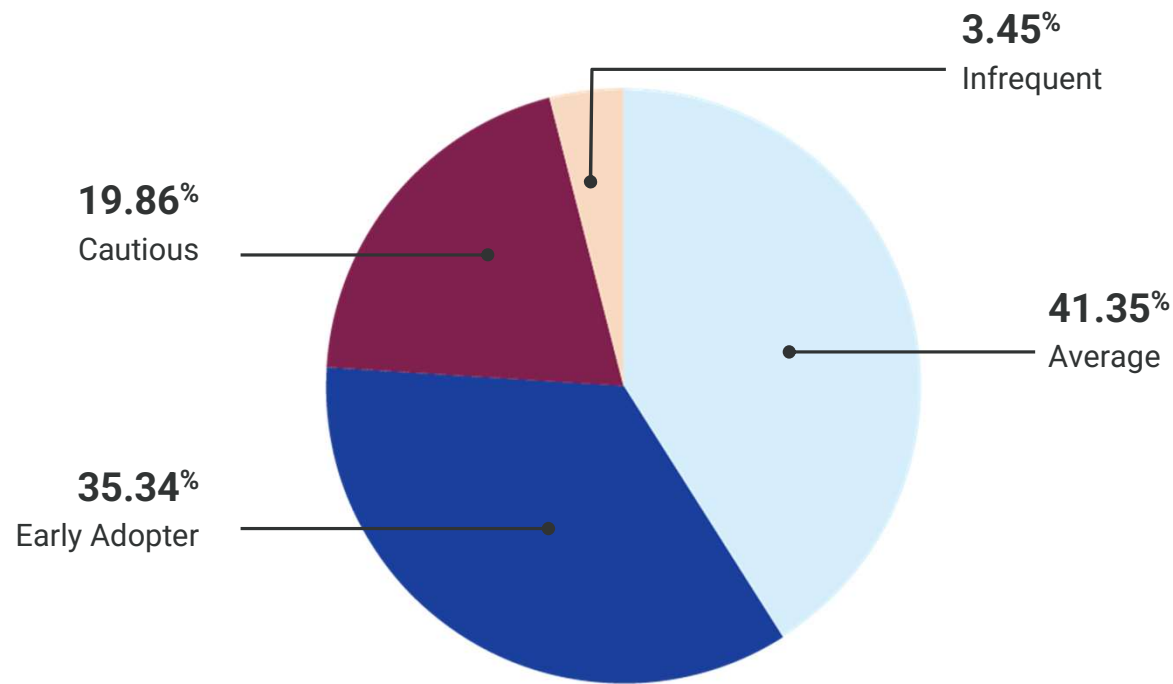


Technology Adoption

Whether as many firms are truly early technology adopters as the numbers indicate, enthusiasm for what tech can accomplish is undeniably high.

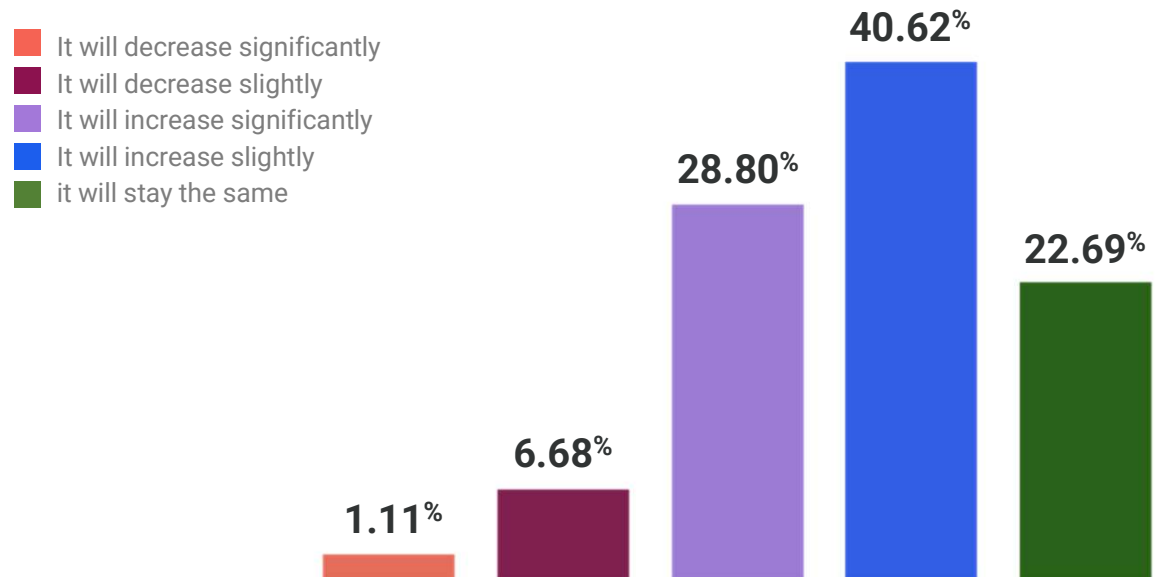
Approaches to Technology Adoption

Q. When it comes to new technology adoption, how would you describe your firm?



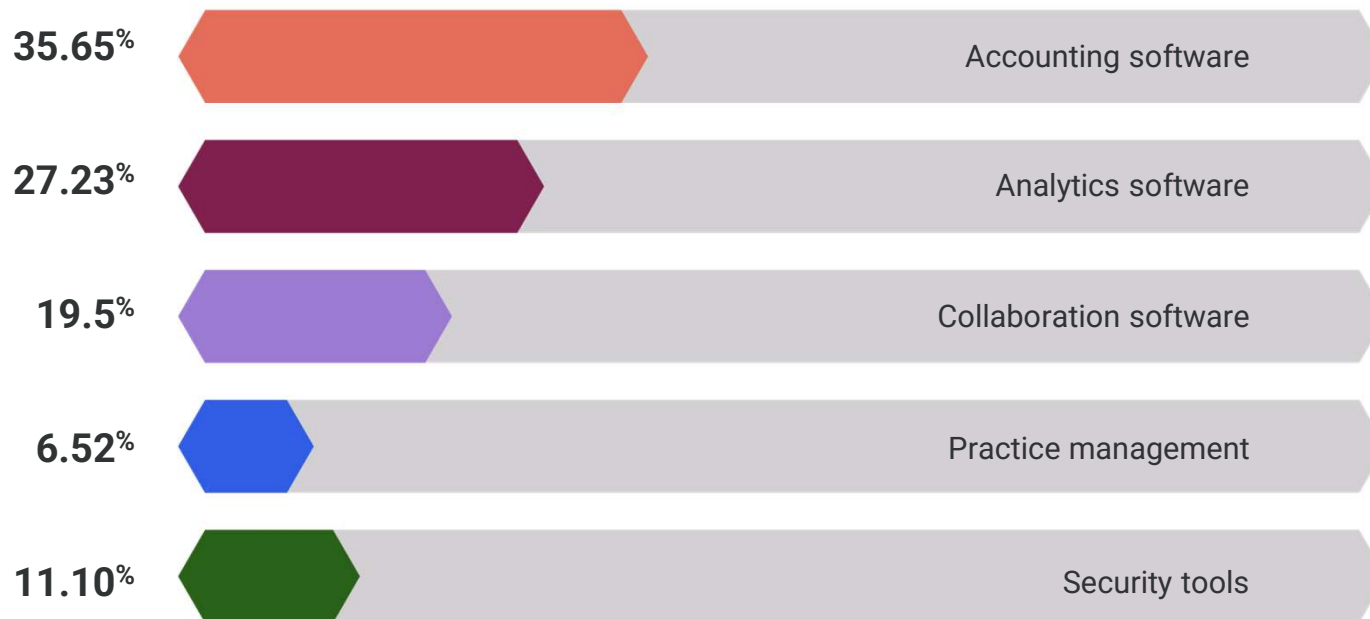
Future Technology Adoption Plans

Q. How do you expect your rate of technology adoption to change over the next two years?



Future Technology Investments by Type

Q. What type of technology do you plan to make the biggest investment in over the next year?



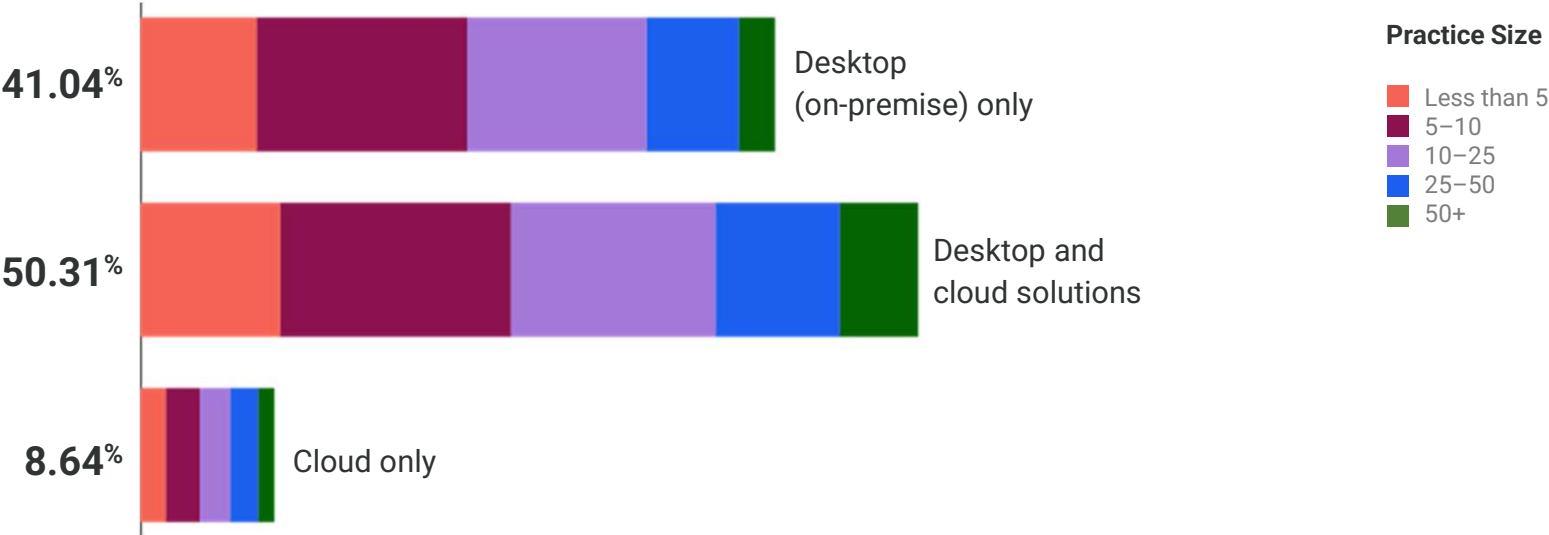


Journey to the Cloud

Firms are realizing the benefits of both hybrid and pure cloud models, and a heightened sense of urgency is driving quicker adoption rates.

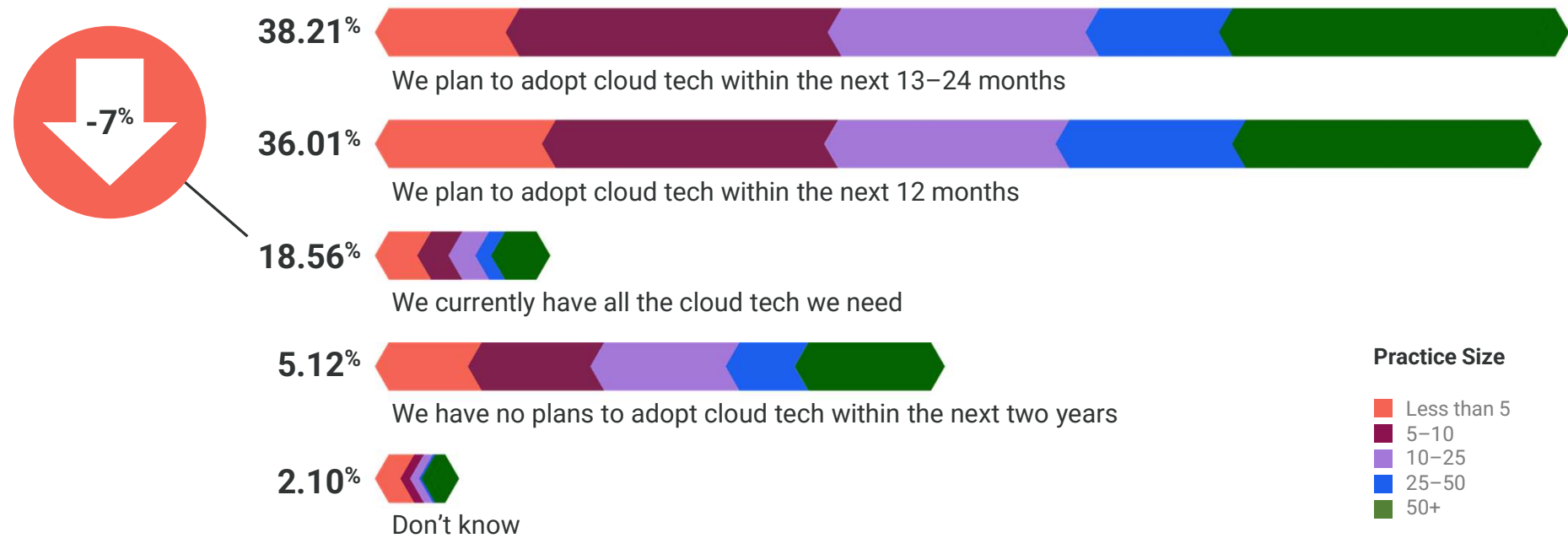
Journey to the Cloud

Q. What technology platforms do you use to help manage your practice?

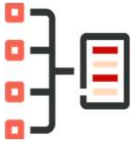


Journey to the Cloud

Q. What are your plans for adopting some form of cloud technology over the next two years?



Moving to the **cloud** is more than just a trend



Increased flexibility and collaboration, suitable to the new working environments, offering higher productivity



Better cost efficiency with reduced IT overhead, tech. capital investment, faster deployment and automated updates



Improved talent attraction and retention, considering workforce need of association with futuristic, tech-enabled practices



High information security as compared to on premise softwares, enhancing the trust of clients and stakeholders



Business growth as more efficient services can be delivered, leading to increased client/stakeholder satisfaction and retention



Transitioning from on-premise to cloud

What's in it for accounting professionals



Seamless collaboration

- Manage & monitor engagements anywhere
- Work as a unified team
- Real-time client communications



No manual updates

- No downtime for software updates
- Tech consistency across the team



Higher productivity

- Reduced manual tasks
- Easy data access
- Process consistency
- Focus on client service



Stay relevant

- Gain hands-on experience on latest technologies for professional growth

Advanced Technologies

Analytics, BI and automation are changing the face of accounting

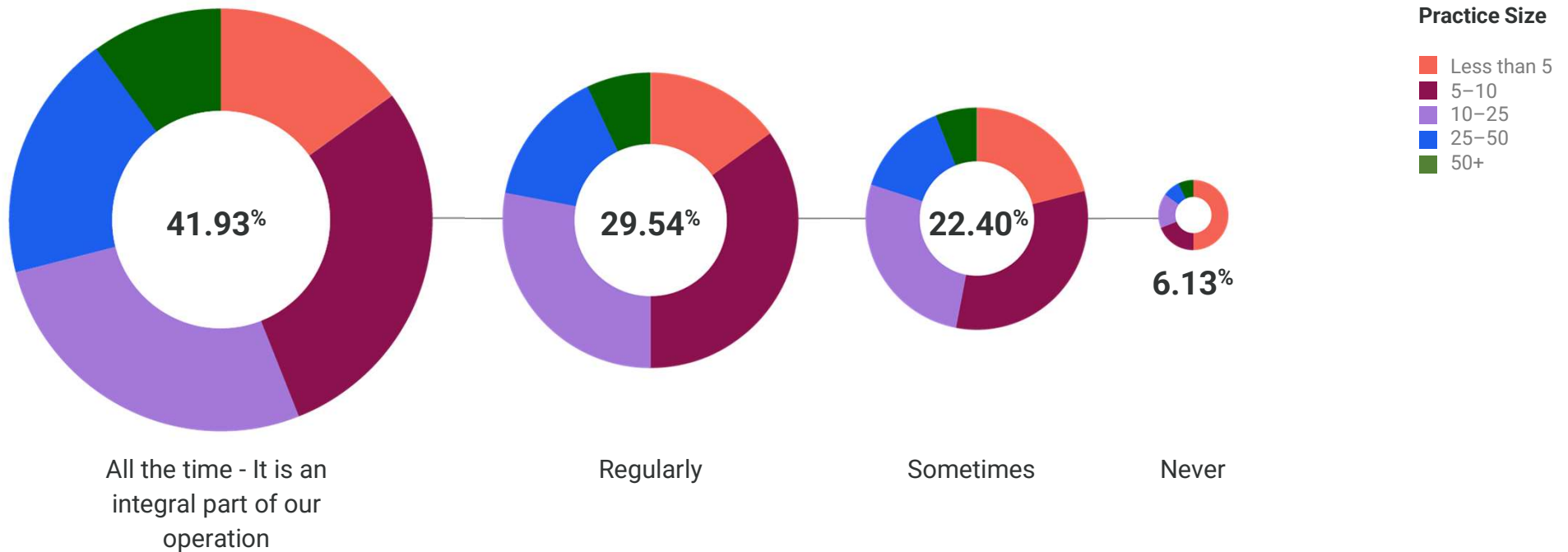


Analytics Software

Q. To what extent does your firm use analytics software?

Peer Perspective

"Because many customers need data in the services we provide, we will sort out and analyze the relevant data according to their needs."



Bringing analytics into your workflows

Considerations towards Data-driven Auditing

- Seamless integration with your engagement software
- Simplified data ingestion
- Comprehensive Ad Hoc analytic tests
- Guided, automated testing on 100% of your data
- Advanced analytics using AI & Machine learning for outliers, unstructured data, etc.
- Powerful visualizations for reporting



Slide 23

- 1 @mahima.kakkar@caseware.com are you able to please add analytics slides here?
Doug Morrow, 5/2/2023

Adopting an insight-driven approach to audits

Traditional Audits

Limited data availability
Cumbersome data sampling
Disjointed tools/processes
Manual, redundant, time-intensive tasks
Focus on past performance
Onprem softwares can compromise data security

**Amplifying
Quality,
Efficiency
& Value**

Insight-driven Audits

Volumes of data can be accessed easily
Analysis on 100% data
One ecosystem bringing audit workflows, analytics and related processes together
Built-in automation that let you focus on the right risks
Focus on insight and foresight along with past performance
Cloud-enabled audits with right vendor ensure protection

In turn, boost talent attraction and retention as well by being the forward-thinking, tech enabled leader that elevates the value of and trust in the accounting profession

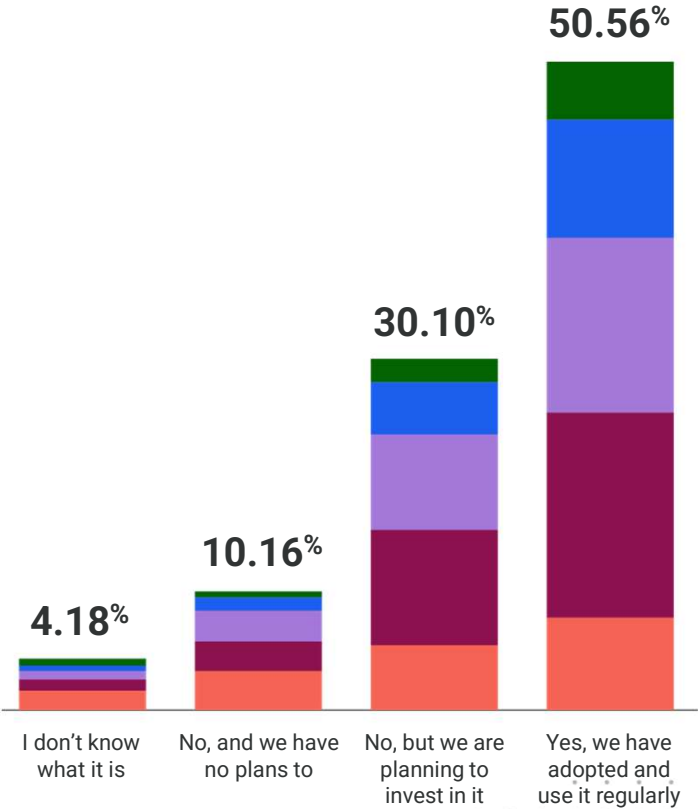


Boosting Business Intelligence

Q. Does your firm use business intelligence software?

Practice Size

- Less than 5
- 5-10
- 10-25
- 25-50
- 50+

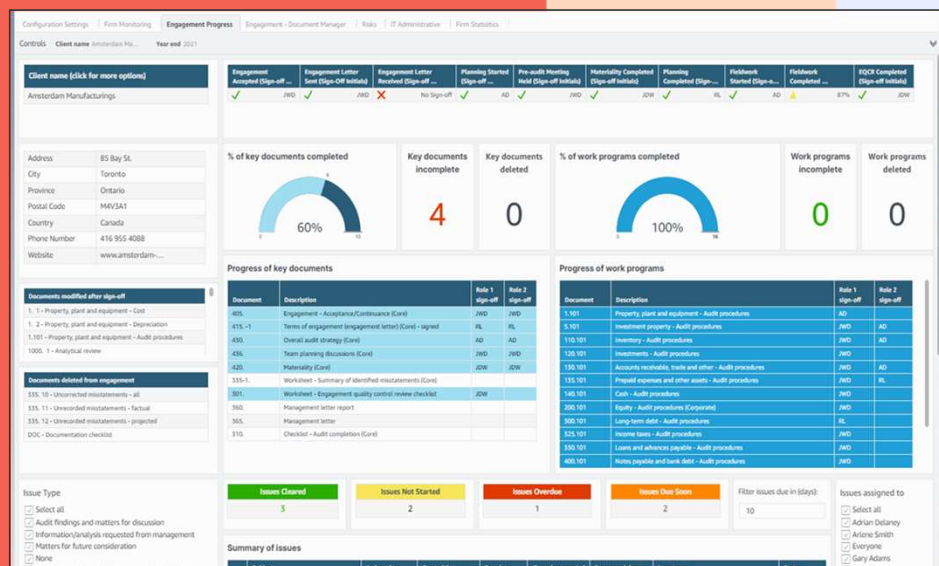


Industry Insight

“Aggregating data even for a single client over several years can provide valuable insights into the client’s business. Comparing that data with that of similar entities provides even further insights into the client’s activities and how they measure up with their peers.”

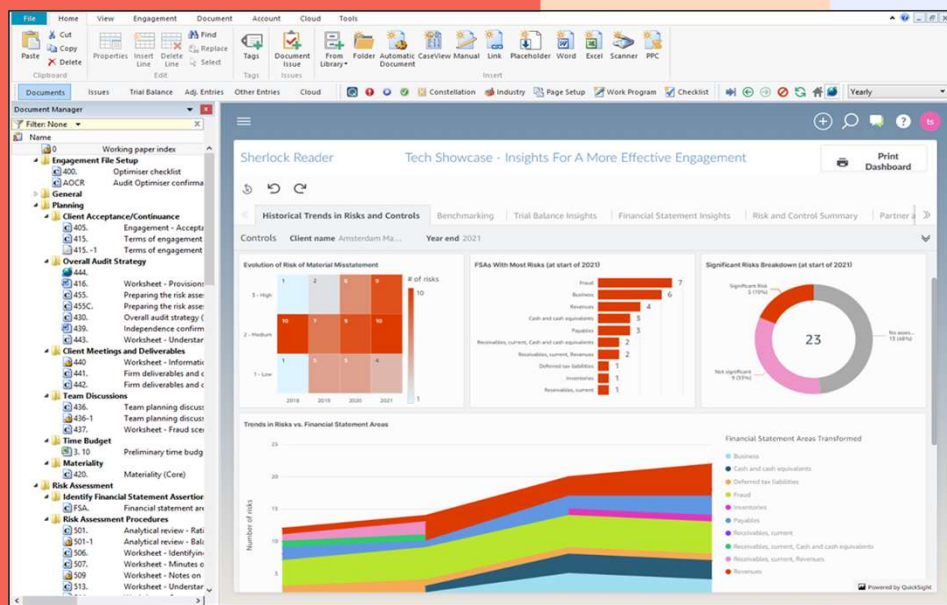
— Sarah Coulson, Head of Canada Solutions, Caseware

Insights-driven Practice



- Gain unprecedented visibility of engagements across your entire practice in a click
- Actively monitor quality throughout the different stages of your engagements
- Ensure timely completion and delivery of client deliverables
- Drill-down into comprehensive insights to improve engagement efficiency
- Make more informed decisions to aid the growth of your firm

Efficient & Effective Engagements



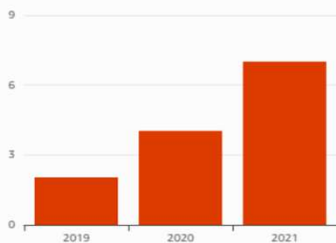
- Leverage historical engagement data to identify trends that drive your engagement decisions
- Benchmark a client's data against others in the same industry to identify potential areas of concern
- Uncover new insights from your client's latest trial balance to kickstart your engagement
- Dive deeper into the details of financial statements for more comprehensive insights
- Take advantage of key data points for faster partner and manager sign-offs on engagements

Trusted Client Advisory Services

New Expense Accounts in 2021

Account description	Balance
Cost of sales other 1	\$120,999
Cost of sales other 2	\$56,800
Employee benefits	\$1,100,950
Purchase of raw materials	\$350,887
Salaries and wages	\$2,111,980
Shipping costs other 1	\$87,900
Shipping costs other 2	\$90,811

Trend in New Expense Accounts



Trend in Operating and Non-Operating Expenses

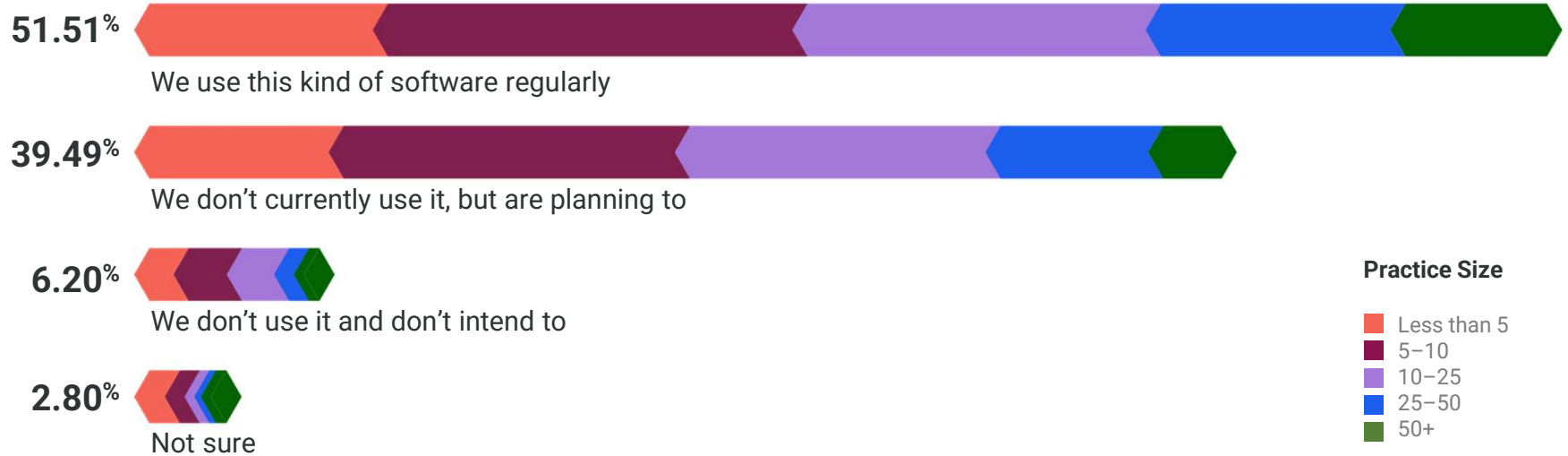
● nonoperatingincome ● operatingexpenses



- Profile your clients on key data points to identify the opportunity for client advisory services
- Benchmark a client's data against others in the same industry to gauge performance and suggest avenues for growth
- Gain deeper insights into your client's financials and analyze year-over-year trends
- Zero in on key areas of your client's financials, such as expenses, to advise on opportunities for improvement

Automation Technologies

Q. To what extent do you use software that automates processes such as rolling forward client data from year to year, generating draft financial statements, or populating trial balances?



Need for Automation

49%

still perform
manual, repetitive tasks
in accounting practices*

Boost team
productivity and
effectiveness

Improve quality,
reducing the risk
of manual errors

Save time to
focus on more
important initiatives

*Source: Caseware's 2023 State of Accounting Firms Report



Key Takeaways

- Talent crunch putting the squeeze on accounting firms
- Virtual client communication poses persistent challenge
- Accountants continue crossing to the cloud
- Business intelligence, automation technologies truly taking hold





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