

Government Guide

Winter 2019



Emerging technologies + impact on accounting By Andrew Gill, CPA

Changes to the accounting profession are nothing new. New GASB Standard? You've been attending seminars for years preparing for it. Applying additional internal controls and processes? Been there, done that. Implementing new technology that will vastly change the future of the accounting profession?

Now just hold on a second. Get ready, because that is exactly what is coming. You may believe that it is far off for anything significant to affect your career, however, with the rapid pace of changing technology, it is coming sooner than you think. Let's breakdown three emerging technologies that are coming soon, will be here to stay and will impact you.

Blockchain

While you have probably seen dozens of articles on this, blockchain is truly the driver behind a lot of the changes of what is to come. To simplify blockchain, think of all the transactions that you process at your entity. Each transaction is separate from the other and can be changed without affecting other transactions. Not so with blockchain. Transactions are processed as blocks and once added to the general ledger, or chain, they cannot be modified or changed. This is done by distributing the block to all computers on the designated network, which then creates an algorithm to lock the block in place. The block can still be accessed and viewed, however, any attempted change would be sent through the network and ultimately denied. This can also be applied externally.

Chains can be created with vendors and customers and when any transaction occurs, a block will be created. The block will now be with your organization as well as the other organization. How is this useful? Not only will the integrity of your data be extremely high but can now be confirmed instantaneously with third parties. This essentially will enable auditors to confirm huge swaths of information with the click of a button, rather than sending out individual confirmations for specific transactions.

Machine learning/artificial intelligence

While you typically only hear these phrases in sci-fi movies, artificial intelligence is coming to a software near you. With the processing power of computers and the speed of data transfer rising at an exponential rate, machine learning is becoming a very real reality. Basically, the A.I. will analyze the raw data of an entity and will learn to perform tasks that are typically manual and sometimes tedious.

For instance, tasks like the bank reconciliation will be performed automatically and instantaneously at month-end, eliminating the need for someone to sift through and determine the reconciling items. Other examples include invoicing and bill pay. Instead of someone manually going through and processing each individual transaction, machine learning will be able to do it quickly and even be able to identify anything out of the ordinary that may need further review.

While it won't be capable of doing this right away, the more information that is given to the A.I. and processed,

Fast Facts

- Founded 1957
- 18 Partners
- 150+ team members
- 50% are CPAs
- Arizona's largest locally owned accounting firm
- Your money stays in the state
- Serving the government industry since 1957
- Average 10+ years of experience per auditor
- Your team works exclusively on government audits

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the faster it will learn and take on these tasks. This will free up time for all those involved to perform higher level work or focus on that big project that needs to be completed. The possibilities are huge for what this can be used for and will be realized in the years to come.

The Cloud/5G

You may be thinking that blockchain and machine learning is something that will happen in the distant future; however, the development of the Cloud and 5G networks could rapidly speed up the implementation of these advancements. Currently, many networks are run on virtual private networks (VPNs), which offer strong security, but can slow the overall performance of many applications. 5G is estimated to be approximately 20 times faster than the current 4G networks. This will allow users to access applications through the Cloud instantaneously and process large amounts of information with ease. 5G in conjunction with the Cloud is an absolute necessity when considering the overwhelming amount of data and performance needed to smoothly run these new technologies, and it is scheduled to fully replace 4G by 2020.

It may seem that this technology will serve as a replacement to accountants, but this can't be further from the truth. Instead, accountants will now be able to focus on providing better insight on a higher level, rather than focusing on data processing and manual analysis. Our profession is going to shift in big ways and the best thing to ask yourself is *how am I preparing for it?* Invest in yourself by reading articles, attending classes and taking CPE related to this new technology, and when the time comes to implement, you won't fear it – you'll embrace it.

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Henry+Horne has performed several audits of our annual financial statements, and each year they have submitted the reports on or before deadline. All members of the engagement team are very knowledgeable, extremely responsive and professional.