



EUROPEAN FEDERATION OF ACCOUNTANTS AND AUDITORS FOR SMES

EFAA International Conference: Developing the Digital Professional

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The mainstream business media is increasingly focused on the implications of advances in technology on the workplace and the professions. For example, [“The Future Of Work: Three Ways To Prepare For The Impact Of Intelligent Technologies In Your Workplace”](#) in *Forbes*. Closer to home many studies, including ones by accounting firms Accenture and Deloitte, predict robotics will eliminate or automate up to 40 percent of basic accounting work by 2020. Set against this backdrop EFAA hosted its international conference, [Developing the Digital Professional](#), in Berlin on 8 June. As far as we know it was the first such event in the world to focus on SMPs and digitalization. It also served as the launch event for EFAA’s Digital Working Group charged with helping its members ensure their SMPs meet the challenges and leverage the opportunities.

The Big Picture

Advances in technology and their impact on the work of professional accountants and tax advisers are nothing new. Double entry bookkeeping was, in its day, an advance in technology. In our lifetimes, we have seen the calculator, spreadsheets, personal computer and the Internet. But today’s emerging technologies - including data analytics, blockchain, artificial intelligence and machine learning (what we’ll collectively call digital technologies) - have the potential to be the real game changer for the profession. We are in the throes of the [Fourth Industrial Revolution](#) that looks set to quickly have a profound impact on the accountancy profession. The research of Richard and Daniel Susskind, published in [The Future of the Professions](#), concludes with a rather alarmist prediction for the professions. An [IFAC survey reveals](#) that technological developments are one of

the most significant factors expected to impact European small- and medium-sized accountancy practices (SMPs) in the coming 5 years.

EFAA believes the profession is well placed to meet the challenges and leverage technology to its advantage. But that will demand SMPs and their professional associations to change due to digital trends.

Digital trends (source: [presentation M.P. Vijay Kumar on EFAA conference June 8, 2017](#)):

 INTELLIGENT AUTOMATION	 LIQUID WORKFORCE	 PLATFORM ECONOMY	 PREDICTABLE DISRUPTION	 DIGITAL TRUST
The essential new co-worker for the digital age.	Building the workforce for today's digital demands.	Technology-driven business model innovation from the outside in.	Looking to digital ecosystems for the next waves of change.	Strengthening customer relationships through ethics and security.

Emerging Digital Technologies

The opening session of the conference introduced those digital technologies that have critical implications for business and society and present the greatest challenges and opportunities for the profession and addressed the potential implications for SMEs and SMPs. Dr. Ulrich Erxleben [presented](#) how his organization had a “no-hands” cloud accounting solution with an analytics tool for SMEs that used artificial intelligence, namely data extraction with neural networks, to enable SMEs to predict cash flows

based on historic data and external sources such as the weather. This was complemented by Mark Edmondson’s [presentation](#) that demonstrated how his organization’s data analytics tool can help automate and improve audits of SMEs as well as provide data and insights that serve as basis for advice to SME clients. Narayanan Vaidyanathan’s [presentation](#) provided some clarity as to what blockchain is and how it stands to impact accountants, just as this Forbes [article](#) did, and used the example of SME trade finance. Finally Dimitra Liveri highlighted in her [presentation](#) some of the security challenges SMEs face with cloud computing and a free [SME cloud security tool](#) to help.

Impact of Digitalisation on Business and Society

Dieter Kempf, President of Federation of German Industries (BDI), and Vijay Kumar, the Institute of Chartered Accountants of India’s technology thought leader, each presented on the profound effect of digitalisation on society, business, and the future of work in their respective regions of [Europe](#) and [Asia](#). It was clear India was rapidly embracing digitalization, helped in part by limited regulation.

The Digital Professional

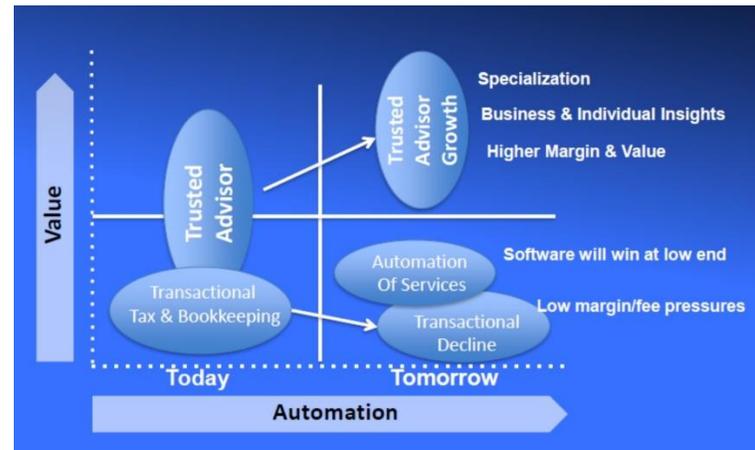
The final session of the conference examined what all the above means for SMPs and their professional associations. How can SMPs, with help from their institutes and regional bodies, best adapt to and leverage off digital technologies and sustain their position as the primary providers of assurance and tax

services and secure the role as the trusted business advisors to SMEs. Michael Cerami [presented](#) on how US SMPs were adapting and how his organization, [CPA.com](#) the digital arm of the AICPA the world's largest professional association, is helping them. Martin De Bie, as Head of Future Lab, Dutch SMP 216 Accountants, [presented](#) on how SMPs can exploit technology to offer new improved services for SMEs. A moderated Q&A followed which provided some valuable lessons for professional associations and SMPs.

Questions EFAA's Digital Working Group May Address

- What types of services do SMEs of the future need? What does the future SMP look like (structure, technology, talent) if they are to be able to deliver the professional services SMEs need?
- If the future is about transition, or refocusing, from compliance to advisory services what advice would you have for firms expanding into advisory services? What are the first steps? (graphic below shows the AICPA's vision of the future SMP)
- What can professional accountancy organizations, regional groups and the global body IFAC be doing to help firms make the necessary changes? How can these bodies best cooperate?

Vision of Future SMP



Source: [presentation by Michael Cerami at EFAA Conference 8 June, 2017](#)

Closing Remarks

The future of the profession, and that of SMPs, looks set to present both challenges and opportunities. Realization of the opportunities is contingent on SMPs focusing on the value they can offer to their clients. That demands SMPs carefully consider diversification and make the transition to advisory. Technology is a crucial tool in making the transition. SMPs will need support from professional accountancy organizations to help make that transition. The leadership of the accountancy profession – collectively IFAC, regional bodies like EFAA, and professional accountancy organizations – shoulder the responsibility for leading this change. It's then for SMPs to make the change.

Challenge and opportunity. The challenge is to tap the opportunity!

NOTE TO EFAA MEMBERS

EFAA member organisations are welcome to request the word version of this article for their own use i.e. as an article in their member journal or newsletter.

ABOUT EFAA

The European Federation of Accountants and Auditors for SMEs (“EFAA”) represents accountants and auditors providing professional services primarily to small and medium-sized entities (“SMEs”) both within the European Union and Europe as a whole. Constituents are mainly small practitioners (“SMPs”), including a significant number of sole practitioners. EFAA’s members, therefore, are SMEs themselves, and provide a range of professional services (e.g. audit, accounting, bookkeeping, tax and business advice) to SMEs.

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