Welcome to the Fast Future...
Insight Into the CPA of the Future 2015 Study

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By Dr. James Canton and the Institute for Global Futures

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Introduction

We live in a time characterized by unprecedented, massive, and highly accelerated change that will affect our work, lifestyle, and society in radical ways—ways for which most companies are not fully prepared. There are new rules that defy the business logic of the past. New business models, globalized markets, new asset classes, and new risk factors make this a fast future of both great challenge, but even greater opportunity. We all need to get ready for a future where innovation and disruptions from every aspect of society will affect business.

Most new products and services that will dominate the marketplace by 2025 have not yet been invented. Companies driving disruptive change such as Google, Netflix, and Uber as well as innovations such as Bitcoin, cheap DNA sequencing, crowdfunding, and 3D printing are creating massive change that is coming faster than many people realize. The workforce is also changing drastically, as is the diversity of the US marketplace. Also consider that we are rapidly approaching a connected planet where the mobile Internet links billions of people. Smart Machines and artificial intelligence will compete with human labor for knowledge work. Talent, even more so then innovation, may well determine competitive advantage.

The fast future is a collision of trends that are both drivers of productivity and progress as well as represent new competitive advantages. Companies, leaders, and entire industries that fail to adapt fast enough will not survive the onslaught of new disruptive changes—just now emerging on the horizon. We all need to become future ready; ready to “fast adapt.”

The shear velocity of change requires rapid adoption and the ability to predict sooner than later what is coming. In fact, the competency most appreciated for leaders will be their ability to manage through the uncertainty and complexity to navigate effectively into the future. As such, CPA’s (trusted leaders) will play a vital role in preparing their clients in both the private and public sectors to manage coming change with ease and competency.

Many of the changes to come will be the result of disruptive and high-velocity technologies that are reshaping business and the broad marketplace. Disruptive technologies—once the stuff of science fiction, such as DNA sequencing, wearable computers, and drones—are today morphing into new industries and business models right before our eyes. Today’s disruption is tomorrow’s new business model.

The CPA of the Future Study poses the strategic questions that every CPA should address: How ready for the future are we as a profession? How ready are we to understand, guide, and prepare our clients for the fast future that is emerging? What makes up the future readiness that could make a difference? What factors do we need to develop to increase future readiness?

The CPA of the Future Study is essentially a scorecard on future readiness of the CPA profession overall. The profession serves the fast moving U.S. economic sector where the new jobs are; where the new technologies and businesses are being born. The chief productivity driver of the U.S. economy is small- to medium-sized organizations that are driving change. The CPA of the Future Study is an analysis of the readiness of CPA’s to embrace and adapt to coming challenges and risks that they and their clients will face.

We define future readiness as the capacity to be aware, predictive, and adaptive of emerging challenges, tech innovations, and trends and changes in business, population, and social environment. The idea is that by increasing future readiness, organizations will become more agile and sustainable. The CPA of the Future Study looks at how future ready CPA firms are today and what needs to be done to meet the challenges of the fast future.

The role of the CPA is changing, and it should change in order for firms to help their clients keep pace with ever-changing trends that are rewriting the rules of business. Future readiness is one important marker to both assess situational and predictive awareness as well as encourage CPA’s to learn and prepare for the extreme future.

“New business models, globalized markets, new asset classes, and new risk factors make this a fast future of both great challenge, but even greater opportunity.”
Overall, this study indicates that CPA's are concerned about becoming future ready. They recognize the challenges of getting in sync with their clients and a fast changing marketplace. The study also indicates that there are significant opportunities for CPA's to increase their future readiness.

Preparing for disruptive change is difficult—this is what the CPA of the Future Study examined. CPA's who are future ready will be far better prepared to adapt quickly—those that possess the business agility required to thrive in a world where the future mantra will likely be: “survival of the smartest.” The operating thesis of this study is that by better preparing for the future and increasing awareness now, we can be ready to take effective, intentional action in the future. We will not be blindsided by change or strategic surprise.

The future readiness metrics examined in the CPA of the Future Study offer insights into the changing role of the CPA—changes important for professionals to recognize because they represent key drivers of change over the next five to ten years. The underlining concept here is that CPA's need to be more adaptive and predictive in order to effectively forecast future changes and ready their firms and their clients.

This level of future readiness is a leadership competency that should be cultivated through life-long learning—and not viewed as an end product with finality. Future readiness as envisioned here will enable CPA's to shape their desired future.

About the Study

The CPA of the Future Survey was sponsored by CPA.com—a subsidiary of the American Institute of CPAs (AICPA), the world's largest member organization representing the accounting profession.

Dr. James Canton and the Institute of Global Futures, a leading think tank that advises business on trends and forecasts about the future of business, markets, and society, conducted the survey. The time horizon for this CPA of the Future Study is now through 2025.

The CPA of the Future Study was made up of primary survey research of the AICPA membership, polled by online questionnaire. The study includes responses from representatives of over 400 CPA member firms from across the United States. Additional focus groups, which included twenty CPA firms, were interviewed in depth to augment research findings and support the fieldwork. This body of work represents a point-in-time study that will run over the next ten years and will be continuously updated.

The infographic on the following page offers a sampling of study results to provide a glimpse into the fast future. Study findings are organized based on four key metric areas that focus on technology, workforce, globalization, and the CPA's evolving role. The study also delved into the evolving needs of clients to include perceptions on social accountability and sustainability.

Embracing Future Readiness

The CPA of the Future Study centers on four primary future readiness metrics:

1. Disruptive Technology & Innovation
2. Talent & the Changing Workforce
3. Globalization & the Marketplace
4. The Changing Role of the CPA
ARE CPA’s FUTURE READY?

INSIGHTS INTO THE 2015 CPA OF THE FUTURE STUDY

The fast future is a collision of trends that are drivers of productivity and progress— and represent new competitive advantages. Leaders that fail to adapt fast enough will not survive the onslaught of disruptive changes. As such, all firms need to be future ready. Here is a glimpse into the future readiness of the accounting profession.

TALENT & THE CHANGING WORKFORCE

- 80% Have concerns about talent recruitment to meet future needs
- 51% Think it’s very important to understand the changing workforce
- 82% Need to better understand innovation
- 8% Think profession is future ready today
- 10% View themselves as innovative

DISRUPTIVE TECHNOLOGY

- 90% Agree that digital future is rapidly approaching
- 20% Believe disruptive innovations will be a driving influence by 2025

- 3D Manufacturing
- Digital Money
- Smart Machines/ Artificial Intelligence
- Internet of Things
- Digital Distribution

The fast future is a collision of trends that are drivers of productivity and progress— and represent new competitive advantages. Leaders that fail to adapt fast enough will not survive the onslaught of disruptive changes. As such, all firms need to be future ready. Here is a glimpse into the future readiness of the accounting profession.

GLOBALIZATION & THE MARKETPLACE

- 45% Recognize the need to prepare their clients for the global marketplace
- 78% Think they should prepare their clients for the complex challenges of the future marketplace
- 70% Think government regulation is holding back business/marketplace productivity and growth

THE CHANGING ROLE OF THE CPA

- 58% Agree that understanding disruptive innovations, workforce, and change management are the top trends that will significantly affect the CPA’s future role
- 80% Think their role will change significantly by 2025— becoming more intimate with clients and offering more consultative services

Recognize that every business should be concerned about social accountability and sustainability

CONSULTATIVE BUSINESS DEVELOPMENT

- 203%Consulative
- 203%Business
- 203%Development

RISK MANAGEMENT

- 203%Advisory Services

58% Agree that understanding disruptive innovations, workforce, and change management are the top trends that will significantly affect the CPA's future role.
Top Ten Insights

Based on survey results, the following insights were cultivated and represent leading challenges that CPA’s will face as the fast future approaches. Based on the four key metric areas, it has been determined that CPA’s:

1. **Have significant work to do** to increase their future readiness.

2. **Must understand and embrace emerging technologies** faster to keep in synch with their clients as they deal with a competitive global economy.

3. **Will experience an extreme change in role**, requiring them to increase business agility to meet the future marketplace.

4. **Need to be more aware of how globalization** and cross border business transactions will accelerate and become a future game changer in business.

5. **Need to increase their understanding of emerging innovations** such as cloud computing, predictive analytics, and big data to successfully enhance business operations for the future.

6. **Must understand that emerging technologies** such as artificially intelligent smart machines, wearable computers, robots, and 3D printing will be game changers that significantly influence business and society in the future.

7. **Must understand the need for an enhanced workforce** to properly meet the diverse cultural needs of the future business environment.

8. **Must increase their understanding** about the impact of mobile connectivity and digital business models.

9. **Need to adapt to change fast enough** to keep pace with their clients’ demands for embracing innovation.

10. **Must prepare for and expect to navigate** the increased complexity and uncertainty brought on by government, including new regulations and economic change.

Detailed Study Findings

Study findings are organized based on the four key metric areas: 1) Disruptive Technology and Innovation, 2) Talent and the Changing Workforce, 3) Globalization and the Marketplace, 4) The Changing Role of the CPA. Findings also include the outlier category: Social Accountability and Sustainability.

**1. Only 8% of CPA’s think that the profession is future ready today**

Clearly there is room for growth in preparing for the future—especially in relation to disruptive technology. CPA’s recognize that they must learn faster to become more future ready and keep pace with the future marketplace. This is required to remain relevant to their clients—as clients also face extreme marketplace challenges brought by changes in increased competition, disruptive technology, a diverse workforce, and globalization.

CPAs also believe that there is a significant learning curve to embrace future readiness—from identifying new solutions to talent acquisition and retention and becoming more innovation savvy, embracing change, and helping clients to better manage the future challenges in globalization, innovation, and competition.

**2. 10% of CPA firms view themselves as innovative; 82% recognize they need to better understand innovation**

CPA’s do not identify as being innovative, but they are aware that innovation is important. There is a concern that CPA’s must be able to keep up with the disruptive innovations that their clients are dealing with in a rapidly changing global business landscape.

It is not lost on CPAs that innovation and technologies are reshaping the marketplace as well as business models. New value creation based on innovations such as mobile connectivity, eCommerce, analytics, big data, and cloud computing are changing every industry from healthcare to financial services. CPA’s need to work on better understanding the innovations of the future and how to best integrate them into their business.
3. **80% of CPA’s indicated a need to better understand emerging technology trends**

Though CPA’s recognized the importance of technology trends, they were unclear of the benefits for the CPA profession. The study demonstrated a recognition that the five strategic technologies profiled in the survey were of high importance in shaping the future of the enterprise. The top technologies that scored the highest were: Cloud, Social Media, eCommerce—all part of a pervasive shift coming in business.

Cloud computing will enable a more agile and cost effective business model. Social media is becoming the future of marketing and strongly influencing consumer brand loyalty. eCommerce is moving to mobile platforms where cell phones replace credit cards and identity is altering transaction processing and sales. Big data refers to the capture, storage, and understanding of what data on customers and employees might reveal that would be of value.

Predictive analytics is the process of monetizing data into useful and even powerful insights that might help organizations better develop solutions or understand problems—from finding a cure for disease to designing a new car. The unlocking and deciphering of data to create a more meaningful organization is coming and it will transform the enterprise.

4. **58% of CPA’s agreed that it is important to create a culture of innovation and learning to succeed**

The CPA of the Future must seek to develop and create a culture of innovation and learning in their organizations. This will enable firms leaders to better prepare for change and embrace future readiness with agility. With increased trends in disruptive innovations, the organizations that embrace innovation-based cultures that reward innovation and attract innovation-centric employees bring value back to the organization many times over. A key aspect to this awareness by CPA’s is the role that continual learning is central to creative work and engaged employees.

It will be vital to the CPA of the Future to encourage these innovation cultures and learning values both in their organizations and in their client organizations. Being responsive to changes in the marketplace may not be possible without the CPA profession undergoing fundamental business process, leadership, and talent management changes to keep pace with their clients’ changing world.

5. **The CPA of the Future will use the Internet to deliver digital business processes to clients over the next five years**

This forecast for the accounting profession in terms of what the future holds is consistent with other trends within industries embracing a digital future. This competitive advantage of those industries that embrace digital business processes, distribution, and production is central to the future of all business, not just the accounting profession. We are witnessing a massive transformation in the fusion of business and technology of which digital business processes will have to be invented to support this shift.

Digital processes may be risk analysis, tax, and other accountancy services that can be delivered via the cloud. At 90%, CPA’s agree that the profession’s digital future is rapidly approaching.

6. **Less than 20% of CPA’s believe that future disruptive innovations will be a driving influence in business by 2025**

**Top technology innovations for 2025:**

1. 3D Manufacturing
2. Digital Money
3. Smart Machines/Artificial Intelligence
4. Internet of Things
5. Digital Distribution

CPA’s do not fully recognize the role that disruptive innovation will play in business in the future. 3D manufacturing, smart machine automation, the Internet of things, and digital distribution are already having an impact on business and markets. Digital currencies such as Bitcoin are in the marketplace today. The Internet of Things by 2020 is forecasted to connect over 50 billion devices. There are significant changes brought by these and other technologies that CPA’s need to track and understand. CPA’s are not technology forecasters, but they need to increase their awareness of these innovations so that they can appreciate the emerging industries that will create business value and competitive advantage in the near future.

The fast and pervasive impact of the less then obvious technologies such as drones and robots may enter the market faster then other technologies due to innovations such as the Internet of things, smart machines, and 3D manufacturing.
When everything has an Internet address and is always on, when computers can walk and talk, when digital money such as Bitcoin is accepted everywhere (and it’s all coming by 2025), the future will not seem so strange.

The one outlier trend of smart machines/intelligent automation may have a productive if not chilling affect on the CPA of the Future. Smart machines and cloud-based computers may be providing accountancy services and computing tax returns for CPA’s, vastly increasing capacity to operate larger practices. The harnessing of smart machines to preform knowledge work and to replace or augment human talent will likely increase just as computing has become a standard by 2020.

8. 51% of CPA’s think it’s very important to understand the changing workforce

Immigration, diversity, and gender shifts are transforming the U.S. workforce. The largest growth population segment in the United States is Hispanic Americans. They dominate immigration today and they shall for the next 50 years. Women outnumber men in the workforce. Generation X and Millennials are replacing the Baby Boomers as they retire.

CPA’s need to better understand the complexity of the changing workforce and prepare for the cultural and gender changes that are coming by rethinking talent acquisition and retention strategies. CPA’s are competing for talent not only within the accounting profession, but also between industries where the growing skills gap is driving competition. Refreshing the CPA profession with new talent that is more reflective of the changing population in the future will be a challenge.

9. 45% of CPA firms recognize they need to prepare their clients for the global marketplace

CPA’s need to understand how increased global competition and emerging markets will impact business in the future. More organizations will be going global, and the emerging markets in Asia and Africa are where there will be significant growth of the next middle classes through 2025. There will be a large global wealth shift as developing economies, especially India and China, enter the global marketplace. The increased competition will alter the future of business—creating a more dynamic environment where agility and velocity will be critical skills to develop.
10. 78% of CPA’s think they should prepare their clients for the complex challenges of the future marketplace

Though there are many unknowns facing U.S. companies, CPA’s view their changing role to enable clients to prepare for the future. The central role of the CPA of the Future may be more consultative—not just reactive, but proactive to enable and help clients better understand the changing workforce, technologies, economic risk and the marketplace—to better predict and manage the future.

11. 70% of CPA’s think government regulation is holding back business/marketplace productivity and growth

CPA’s surveyed believe that government regulation is contributing to lower productivity and impeding growth in the economy. With small- and medium-sized businesses being the growth engine of the U.S. economy’s GDP and with these companies generating significant employment growth as well, this is a dangerous forecast for the future.

CPA’s were quite serious and in agreement that this trend, unless reversed, will inhibit the economic equality sought by policy makers and frustrate entrepreneurs at all levels of the economy.

With government regulations increasingly being a drag on growth in today’s recovering economy or an unknown economy of the future, productivity cannot be fully exploited.

12. Only 25% of CPA’s recognize that increased global competition is coming and that they need to be more aware of globalization’s impact on business

CPA’s need to become more aware of not just globalization but the competitive drivers of the global economy that will shape the future of business—such as a new global middle class, the rise of emerging markets, and increased cross-border trade flows. The disconnect of the impact of global competition on U.S. companies demonstrates a need for CPA’s to expand their understanding and awareness of the trends in the global economy. CPA’s should appreciate the trends in trade and commerce that are emerging as their clients’ world is fast changing. Non-traditional competitors from fast growing economies such as India and China are becoming competitive forces in the U.S. and across the globe.

13. 80% of CPA’s think their role will change significantly in the future—the CPA of the Future will offer more consultative business development, risk management, and advisory services by 2025

More consultative services to help a business grow and manage risk are on the horizon. The changing role of the CPA requires professionals to be more intimate with clients and the shifting marketplace, more aware of globalization, better understand digital tools, and develop insights into business processes that create value. This is all part of the future readiness required for the profession.

As the CPA of the Future becomes more agile, nimble, and predictive—using data and technology to deliver insight and empowering services—the value of the CPA will increase. Increasing the Virtual CPA and even CFO services will enable organizations to leverage the skills of the CPA in the future.

“...develop insights into business processes that create value.”

14. 58% of CPA’s agree that understanding the changing workforce, innovations, and change management are the top trends to prepare for today; CPA’s understand that these trends will change their role significantly

Trends will play an important role for CPA’s and their clients as they grapple with social, business, and economic changes. Understanding trends may be decisive to a new business model, new product or service, or even a merger or acquisition. CPA’s rated the top three trend domains as a high priority to the

The Changing Workforce trend represents a pressing challenge for CPA firms. First, CPA’s and the profession as a whole must recognize that the workforce is fundamentally changing. A more culturally diverse, global, and younger U.S. workforce will force organizations to compete for talent, and qualified talent may be in short supply.

The second factor is that CPA firms will need to staff up to keep pace with globalization and the rise of emerging markets, which will be dominated by younger and culturally diverse employees who often possess values that differ from the ones familiar to U.S. organizations. Flexibility will be paramount in dealing with the changing workforce.

Change management is a necessary and valuable competency that affects financial systems and business performance. Understanding change and being ready and able to embrace change is essential to an organization’s success at creating and navigating change. Change management can be a drag on business productivity or an accelerator of performance.

Innovation was recognized as an important future readiness metric as technology is such an unknown for driving comprehensive and exponential change in markets and inside an enterprise. New business value creation is fast emerging, and innovation is at the core of this trend affecting every organization in every industry.

Also, it may be challenged that U.S.-based companies will need to operate globally in order to find new markets that take advantage of a connected planet and mobile commerce.

15. 16% of CPA’s recognize that every business should be concerned about social accountability and sustainability

Climate change. Social accountability. Sustainability. Protecting the environment. These trends will galvanize consumers to become even more active in an era of business transparency and social media. These trends will either become a risk factor on the enterprise or a strategic opportunity for competitive advantage based on future readiness. The CPA of the Future Study echoes many other studies in recognizing the rising importance of these vitally important metrics.

The expectation by the customer that every business will adopt social accountability guidelines and that these shall demonstrate a commitment to environmental sustainability to make this a better world is fundamental to the future customer. CPA’s should recognize that the underlying values of the American consumer and enterprise customer are shifting even more to embrace a sustainable future.

“CPA’s rated the top three trend domains as a high priority to the CPA of the Future: The Changing Workforce, Change Management, and Innovation.”
The Changing Role of the CPA & Future Readiness

The bottom line is that CPA firms need to increase their future readiness in order to successfully navigate the fast future of change. In fact, every enterprise in every industry needs to get better at predicting what’s coming. By understanding the metrics that influence our future, we can design (with purpose) a better, preferred future. That is the big idea behind future readiness—to have the capacity to take action with intent and design in order to adapt quickly and thrive.

CPA’s have much to do to get future ready, as most professions do. They have to learn how to operate amidst great change while also guiding their clients. Preparing for the future, a fast future, is a daunting task for everyone. The first step is to look ahead and become adept at forecasting what is coming.

Clearly, the trends that will shape the future CPA are fast emerging—trends in technology, demographics, markets, and globalization. We all need to get ready for the future where disruptive changes to business norms, stability, and certainty become the new reality. CPA firms have to get out in front of their clients to help them navigate the changes in the global marketplace. And as the CPA’s role further elevates as a trusted advisor to their clients, they will need to incorporate future readiness into their skill set in order to help clients navigate an accelerating and complex future.

The core call to action derived from the CPA of the Future Study is that CPA’s must embrace globalization more, understand tech innovations, and take action now to prepare for the changing workforce. There are insights in this study that suggest there is much work that CPA’s need to do to get ready for the fast future. This study also suggests the core take-away will be an education and business development opportunity for CPA firms to embrace learning about future readiness.

How CPA’s support their clients in dealing with upending trends will define their destiny as a profession. The fact that CPA’s are asking the bold questions today, such as What’s happening with our workforce? How is technology changing competition? What ways might globalization affect my clients?, demonstrates foresight in thinking about the future.

The traditional role of the CPA will likely be significantly transformed by these trends. CPA’s should embrace change in ways that create new value for their firm and their clients. This will be an exciting transformation as CPA’s move into higher-level advisory and business development services that require dedicated consultative and strategic planning for clients.

The future readiness metrics and findings in this study are a scorecard to measure progress over time. CPA’s are invited to learn from these findings and expand their learning and development to increase their future readiness. CPA’s should become more prepared for the future and purposeful about increasing their future readiness so that they might enable their clients to do the same—succeed and build sustainable enterprises.
About CPA.com

CPA.com, formerly known as CPA2Biz, empowers CPA’s and businesses for the digital age. The company offers a growing list of digital products and services that help firms succeed in practice management, client advisory services, and professional development. We call it ‘The power of smart business.’

CPA.com is a subsidiary of the AICPA, the world’s largest member organization representing the accounting profession, and operates such leading websites as the AICPA Store, AICPA.org, and IFRS.com. The company has its headquarters in New York City and offices in Silicon Valley, Calif., Dexter, Mich., and Durham, N.C. For more information, visit CPA.com.

About Dr. James Canton and the Institute for Global Futures

Dr. James Canton is a leading global futurist and advisor to Fortune 100 companies and government. He is the CEO & Chairman of the Institute for Global Futures, a San Francisco-based think tank he founded in 1990. IGF advises business and government on a variety of strategic future trends, global forecasts, and global risk in: technology, demographics, climate, energy, finance, globalization, business, education, and security. He is the author of Future Smart: Managing The Game Changing Trends that will Shape Your World and The Extreme Future: The Top Trends that will Reshape the World in the Next 20 Years. For more information, visit globalfuturist.com.

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