



The Accounting Profession's Value Proposition for The Digital Age

Presenter: Kendrick K. Christie CPA, CFE, Aciarb, JP
36th Annual ICAC Conference

June 22, 2018
Atlantis, Paradise Island
The Bahamas

The Digital Age

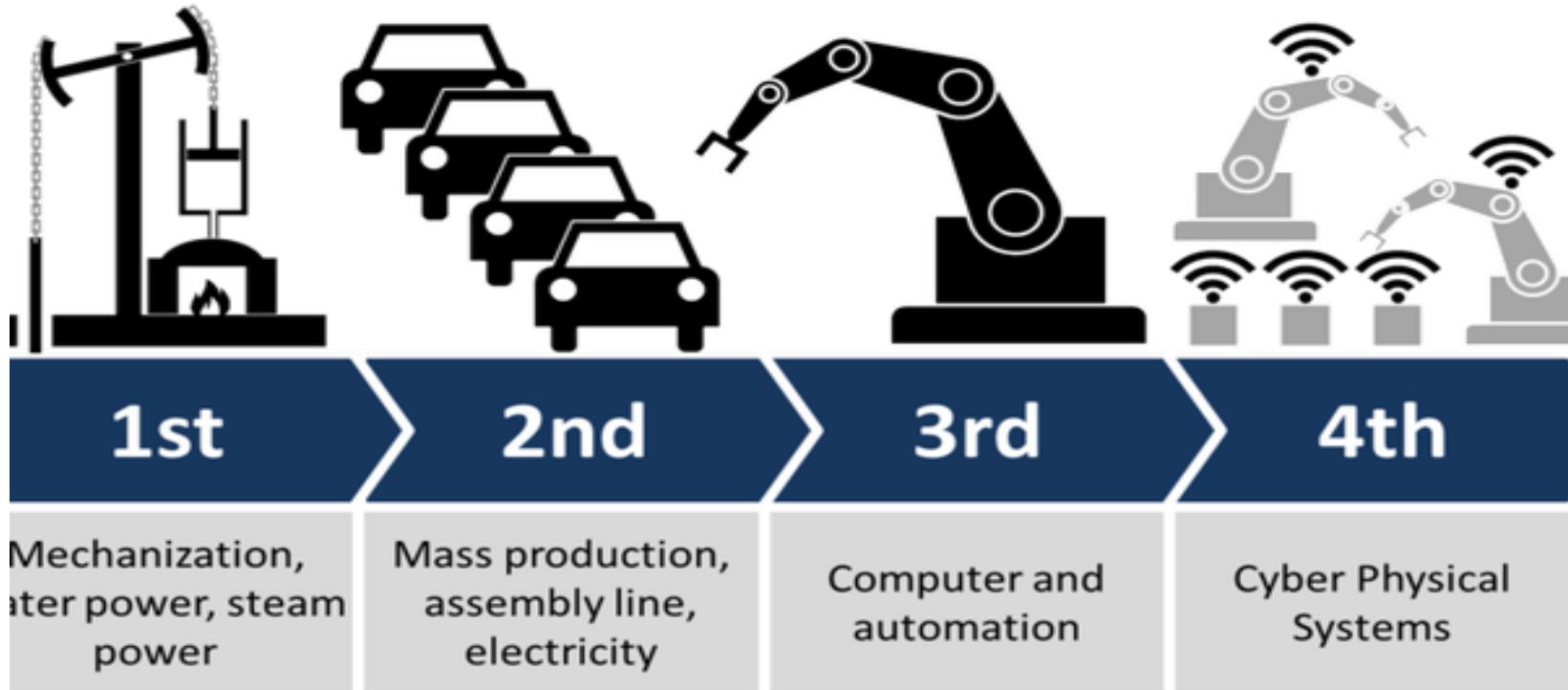


The Digital Age – We have been in this for a while

The *Digital Age*, also called the information *age*, is *defined* as the time period starting in the 1970s with the introduction of the personal computer with subsequent technology introduced providing the ability to transfer information freely and quickly.

Digital Age: The current era; society being rife with computers and technology on all kinds of scales, even entertainment.

The Fourth Industrial Revolution dawns



Oxford University predicts that 47% of US jobs are at risk due to automation

1. Middle Management
2. Commodity Sales Persons
3. Report Writers / Authors/ Journalists
4. **Accountants/ Bookkeepers**
5. Doctors

The Accountant and the Digital Age

AICPA News Update: “Technology has undoubtedly been the catalyst for change throughout history. But today, this change is happening faster than ever before. The world will look very different in a few years - and the accounting profession is no exception. Artificial intelligence, blockchain and other technologies are poised to reshape the accounting landscape, and we need to be ready.”

Journal of Accountancy: “Technology is poised to transform the accounting profession. Artificial intelligence, robotics, and blockchain are on the verge of automating many traditional core CPA tasks. The profession is at a critical moment, one from which it will emerge in a far different form.”

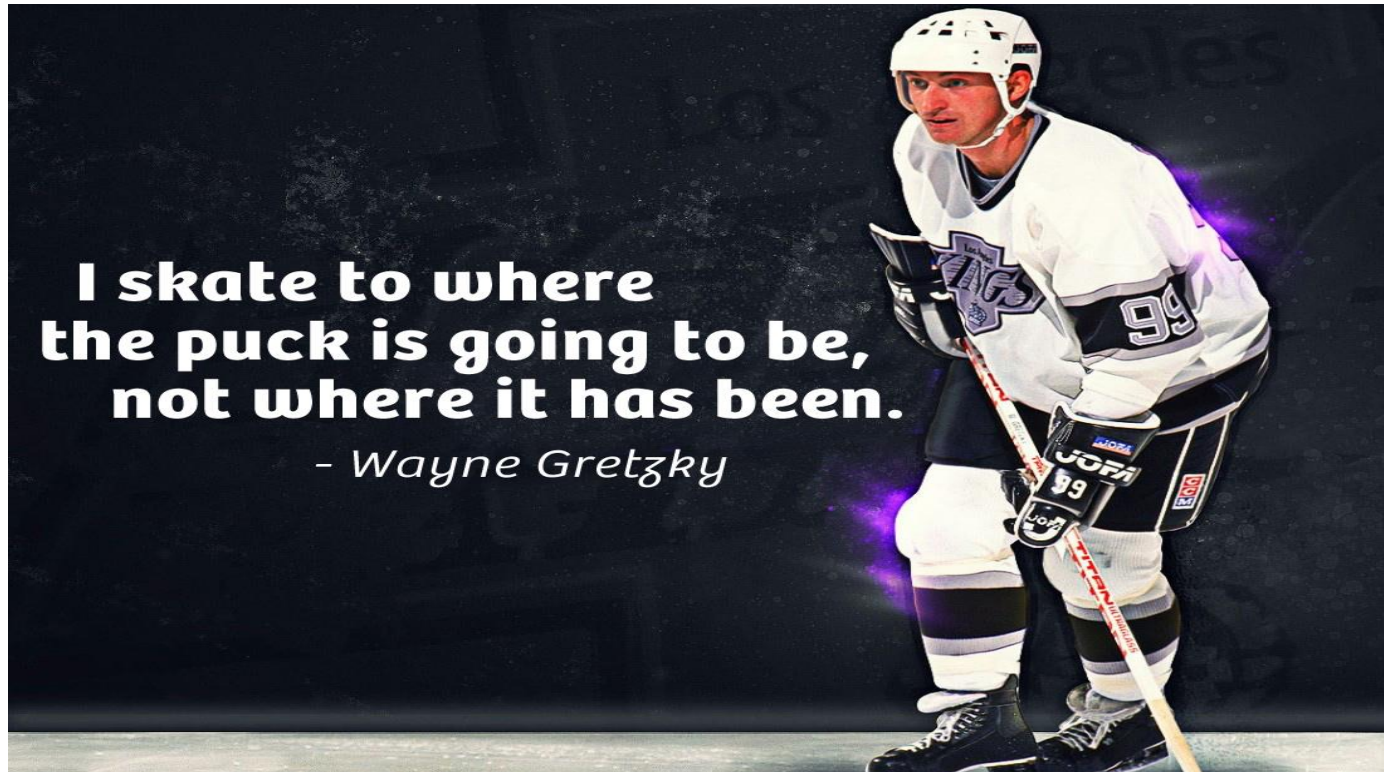
Artificial Intelligence

AlphaZero AI beats champion chess program after teaching itself in four hours

Google's artificial intelligence sibling DeepMind repurposes Go-playing AI to conquer chess and shogi without aid of human knowledge



Our Value Proposition



Blockchain: Catallaxy



Blockchain: Catallaxy

Considered by many technology experts to be the “new Internet,” blockchain is a truly revolutionary transaction technology that is redefining current systems and long-established business practices.

Thanks to a decentralized exchange system, where data are distributed confidentially through a peer-to-peer digital chain, blockchain secures your data and facilitates your transactions. Essentially, your exchanges are encrypted, archived and protected against fraud.

This new digital technology has applications across a host of industries:

- Finance
- Health
- Arts and culture
- Transportation
- Retail
- And then some...



Our Value Proposition

We are poised more than any other professional to help clients navigate the digital divide, while understanding the systems underneath the reports and the skepticism and expertise to ask the right questions at the right time.

The mix of human and computer interaction is the ultimate solution and will be the standard going into the next Century. Computers perform Structured and Routine tasks while Humans better perform Unstructured tasks, non-routine tasks using intuition, imagination and innovation.

Our system of double entry accounting has stood the test of time, some 7,000 years and is a solid unchallenged system of recording. Firms have guidance now on Cryptocurrency, the need for more standards is ever mounting in the midst of significant change.

How do we survive in the Digital Age?

Adapt and Retool

Enhance our Analytical Skills

Emphasize Ethics and Values

Embrace Technology

Invest in Cybersecurity

Adapt and Retool

As Charles Darwin famously stated: “It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change”.

Expertise is now in Technology- Big Four now concentrating on Technology Auditors

Training and Retool- learn XRBL, A I and Software

Hire persons who have the expertise and work with the emerging technology

Digitalize your company and organizations

Enhance our Analytical skills

According to the CFO annual IT survey 2017 “Data and Analytics: The CFO’s Evolving Role,” sixty percent of CFOs plan to improve the analytical skill set of their existing finance team during the coming year.

Accountants in the information age will be empowered with data and analytics skills, while still maintaining a firm foundation in accounting, auditing, tax, financial reporting and business acumen by embracing change and the application of advanced technologies.

Enhance our Analytical skills

To help facilitate that transition, KPMG is developing a Master of Accounting with Data and Analytics Program at both The Ohio State University Max M. Fisher College of Business and Villanova School of Business.

Emphasize Ethics and values

Professional Ethics and Values. The evolution of technology and analytics raises new ethical dilemmas that must be addressed by accounting and finance professionals.

As accountants get more involved in the strategic planning process, there will be a greater need for professional skepticism around the inputs and assumptions in that process.

Embrace technology

Digital intelligence involves the awareness and application of existing and emerging digital technologies, capabilities, practices, strategies and culture.

The most important tool of digital intelligence is to be able to understand technology itself, not just the one piece of software in use at the given time.

Accountants can no longer expect to be using the same software for the next decade, and must be ready and able to understand and utilize new developments as they arise

Invest in cybersecurity

The target for most hackers would be trade secrets financial information and identification. Accountants handle sensitive information and thus may find themselves vulnerable.

1. Coincheck Hack

While most established online exchanges have a multitude of security checks in place against hackers, in 2018 a group of anonymous individuals were able to hack into Coincheck and make their way with a staggering 500 million NEM (equivalent to \$530 million USD).

Invest in cybersecurity

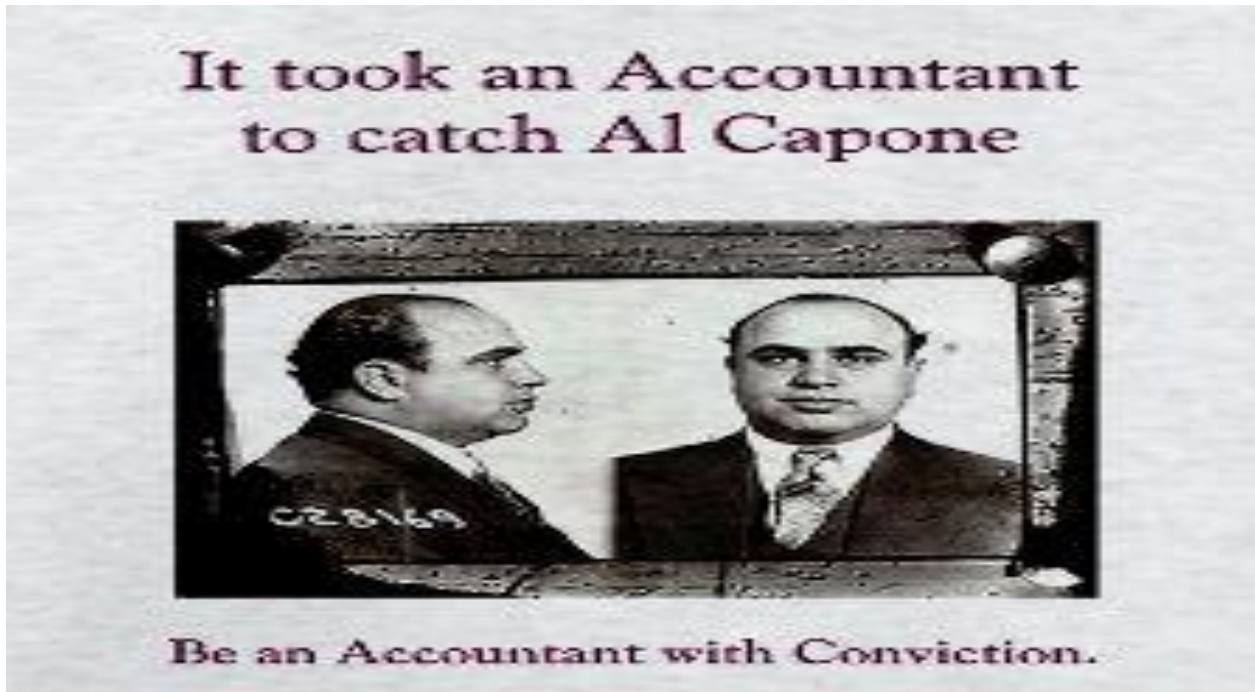
2. Giza

This scam was carried out through the use of a professional looking ICO campaign.

Giza marketed itself as a company claiming to develop a super-secure currency holder that would allow users to store all their virtual assets in one place. Within a month's time, the project had raised a whopping \$2.4 million USD following which things started to go south.

According to many first hand accounts of people affected by this scam, the developers linked with this project stopped responding to emails and even took down the website within the span of a few weeks.

Invest in cybersecurity



P&A Grant Thornton evolves with digital age as it marks 30 years

P&A Grant Thornton chairperson and CEO Maria Victoria C. España said they will ensure the company will continue to dominate the auditing industry by investing more on **technology, people skills and enhancing global ties.**

With digital automation, the emergence of AI and new paradigms, and the dynamics of increasingly global relationships reshaping talent, operations, and strategy in the auditing industry, there is no room for complacency, said España.

P&A Grant Thornton evolves with digital age as it marks 30 years

“Disruption is always unsettling, and we cannot afford to ignore it. The services we offer are most affected by its impact so we look at it as a growth opportunity rather than a necessary evil we all have to contend with,” she added.

For Benjamin Punongbayan, the founder of P&A, the advent of AI and machines is more a boon to the auditing profession than a bane.

Digitalizing your Company- GT guidance

- what are the strategic digital goals and opportunities for the business/entity?
- what investment and resources are needed and what is the business/entity case?
- what business processes change will be required to leverage the digital benefits?
- what technology environment, systems and data architecture are needed to meet the business/entity plans?

Digitalizing your Company- GT guidance

- develop a digital strategy, based on business benefits and opportunities rather than being defined by detailed technical and IT plans
- qualify and "health check" the status of your current digital operations compared to sector, market and industry benchmarks and best practice
- plan business process change and transformation, delivering efficiency benefits and improved customer experiences and loyalty

Digitalizing your Company- GT guidance

- create and control cross border Omni-channel interactions for your business, in ecommerce, web, social media and mobile platforms
- drive digital based collaboration and ways of working across your organization
- find ways to leverage your legacy IT and existing investments into responsive systems that will continue to adapt to the demands of your digital vision and strategy

Digitalizing your Company- GT guidance

enable the sharing of data and the flow of knowledge and ideas between departments and individuals to drive new avenues of innovation and differentiation

Questions?

