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Automation, machining learning, AI shifting accounting industry landscape

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SPECIAL TO THE HARTFORD BUSINESS JOURNAL

Last March, Marcum LLP, the mid-market accounting firm that has been slowly growing its Greater Hartford presence in recent years, officially launched its robotic process automation (RPA) service to help clients reduce operating costs and increase efficiency.

The service — designed to automate tedious, yet time-consuming functions for clients, including accounts payable processing, data entry, report generation and web data retrieval — reflects the firm's evolution from offering traditional accounting and business advice to digital consulting and transformation.

The service evolved from Marcum's own experience using robotic processing and machine-based learning in recent years to streamline data-heavy accounting tasks that can be more deeply and efficiently mined robotically.

The approach has also shifted the firm's hiring habits, said Peter Scavuzzo, Marcum's chief information officer (CIO), who oversees the company's growing digital innovation.

"Four years ago, before we started utilizing this [robotic technology], I changed our hiring patterns to [focus on] people with data-analytics backgrounds, and business analysts who can provide data insights," Scavuzzo said.

His firm is not alone. In fact, the use of technology in the accounting sector has accelerated in the past three to five

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Peter Scavuzzo, Chief Information Officer, Marcum

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Drew Andrews, Managing Partner and CEO, Whittlesey

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Robert Hilbert, Managing Partner of Assurance, CohnReznick

years, particularly with mid-sized firms. The volume of client data that's now available to firms has shifted the value-add that accountants can and must provide as they vie for clients in an age where new technology like artificial intelligence is becoming more mainstream, industry experts said.

"We're seeing [accountants] becoming more of an advisor profession," said Drew Andrews, managing partner and CEO of Hartford-based accounting and consulting firm Whittlesey. "We're able to spend more time giving business advice, and not spending our hours making sure the books are balanced."

As automation replaces many of the sector's entry-level experiences — like reviewing a client's general ledger — the expectations of those starting their accounting careers will be elevated.

The responsibilities of a first-year accountant in the tech age, Andrews said, might be equivalent to that of a third-year employee 10 years ago. That's placed added pressure on local colleges and universities to adjust how they prepare and educate students for entry-level positions in data-centric professions like accounting.

Andrews, for instance, is encouraged to see schools like UConn offer a data analytics degree, and Marcum's Scavuzzo said he often meets with educational institutions about their curriculum, including data analytics and artificial intelligence classes, to talk about the future of the accounting industry.

But it's not just the added pressure to prepare the next generation of accountants that automated solutions have thrust upon the accounting sector, but also increased pressure from larger firms whose technology-based services make it more cost-effective to compete in smaller markets.

"The extent to which the larger [Big Four] accounting firms use data analytics, robotic automation and artificial intelligence, has the capacity to rewrite the landscape of the accounting industry," said Robert Hilbert, managing partner of CohnReznick's assurance practice. "But a smaller [mid-sized] firm that takes off using these technologies and can scale them, could grow rapidly as well."

Hilbert points to an AI program that his firm, which does a lot of commercial real estate business, uses to analyze key provisions of 200-page commercial leases.

"It can identify all the key provisions of a lease and provide predictive calculations," he said.

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Scavuzzo said the impact of technology on the accounting sector — and its employees — will depend on how firms decide to best leverage the benefits of automation services.

"Does a firm use [automation] to create bigger margins given the increase in efficiencies?" Scavuzzo asked rhetorically. "Or does a firm use it to knock out [smaller firms] below?"

Ways in which firms are using new technologies vary. For example, West Hartford accounting firm blumshapiro developed a program that uses machine learning to analyze historical data and other variables to help manufacturing clients more accurately forecast their parts-inventory needs in real time, so that they don't leave excess capital sitting on a storeroom shelf, but also don't run out.

Glastonbury accounting firm MahoneySabol is using technology to minimize the need for time-consuming data entry, including completely automating its financial-statement preparation.

Marcum's Scavuzzo said firms that fail to innovate and invest in automation now will struggle to compete in the next three to five years.

"I think [technology] will continue to create more market disruption and will drive more consolidation," Scavuzzo said. "But I think clients across the board stand to benefit as they gain more value from their accounting firms."

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