TAX TRANSFORMATION
SUMMIT
NOVEMBER 3-5, 2019

Welcome!

David Wyle

CEO, SurePrep

David Wyle

President & CEO
SurePrep

Steve Dusablon

President & CEO
cPaperless/SafeSend

Kacee Johnson

Strategic Advisor

CPA.com

What is “Digital Transformation”?

- Focus used to be on “*Going Paperless*” but now the buzzword is “*Digital Transformation*”.
- What’s the difference?

Going Paperless vs. Digital Transformation

- Reducing the paper used when preparing and reviewing returns. Benefits sought:
  - Quicker access

Going Paperless vs. Digital Transformation

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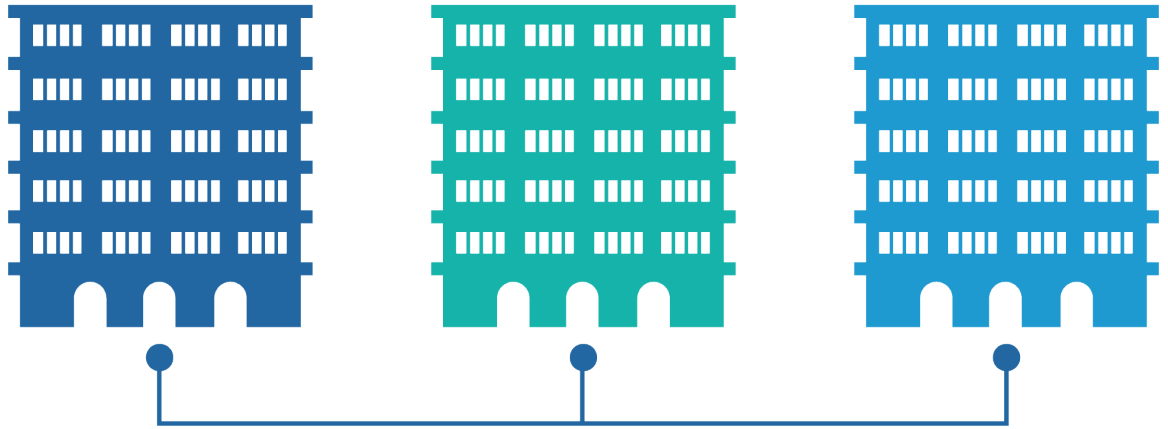
  - Protection against loss/damage

Going Paperless vs. Digital Transformation

- Reducing the paper used when preparing and reviewing returns. Benefits sought:
  - Quicker access
  - Protection against loss/damage
  - Multi-location access



Going Paperless vs. Digital Transformation

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  - Multi-location access
  - Convenience

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  - Convenience
  - Telecommuting

Going Paperless vs. Digital Transformation

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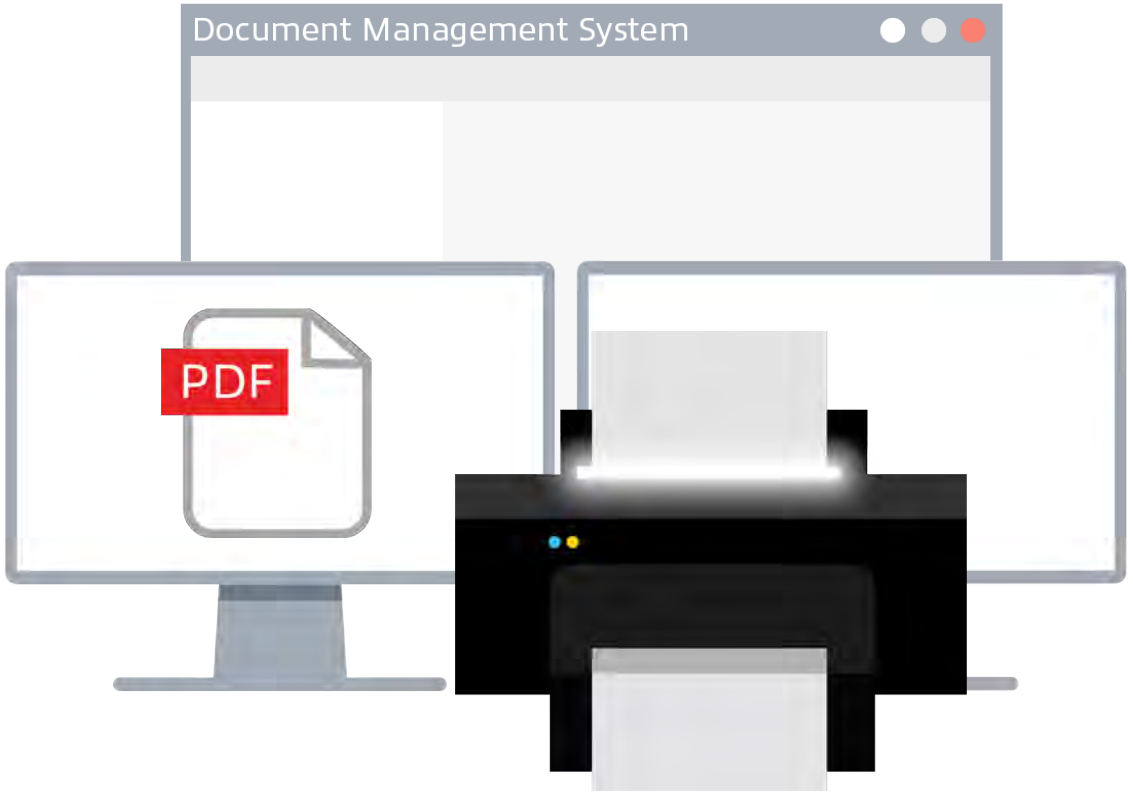
  - Multi-location access
  - Convenience
  - Telecommuting
  - Reduced need for physical office space

Going Paperless vs. Digital Transformation

- Focus around access, collaboration, and redundancy vs. automating manual tasks.
- Less paper ≠ Less work (e.g., paperless adds tasks such as scanning documents)

Going Paperless vs. Digital Transformation

- Technologies involved:
  - Scanning hardware
  - Document management system
  - Electronic workpaper software
  - Additional monitor or two



Going Paperless vs. Digital Transformation

- Digital transformation also reduces the paper
- But ultimately its goal isn't to reduce paper, it's to reduce:

Friction

Going Paperless vs. Digital Transformation

- **Friction:** the phycological resistance experienced by someone when trying to complete an action in a workflow.

Going Paperless vs. Digital Transformation

- **Friction** for Clients using a portal:
  - No convenient way to scan documents
  - No integrated way to e-sign documents
  - No easy way to see all documents that need to be uploaded
  - Have to learn new software

- **Result**: Client sends documents by mail or e-mail

Going Paperless vs. Digital Transformation

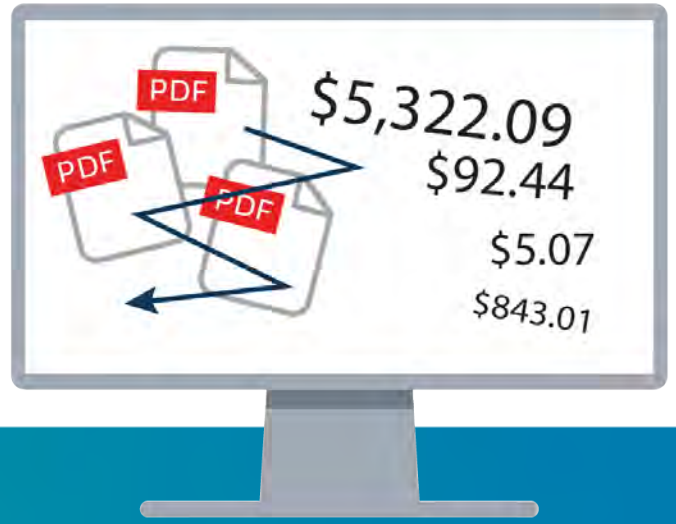
- **Friction** for Preparers using scanned source docs:
  - Manually organizing and bookmarking documents on screen is time consuming
  - Scanning source docs doesn't automate data entry

- **Result**: Poorly organized source documents cost reviewer time

Going Paperless vs. Digital Transformation

- **Friction** for Reviewers:
  - Takes longer to review on screen than on paper

- **Result**: Reviewer reviews on paper



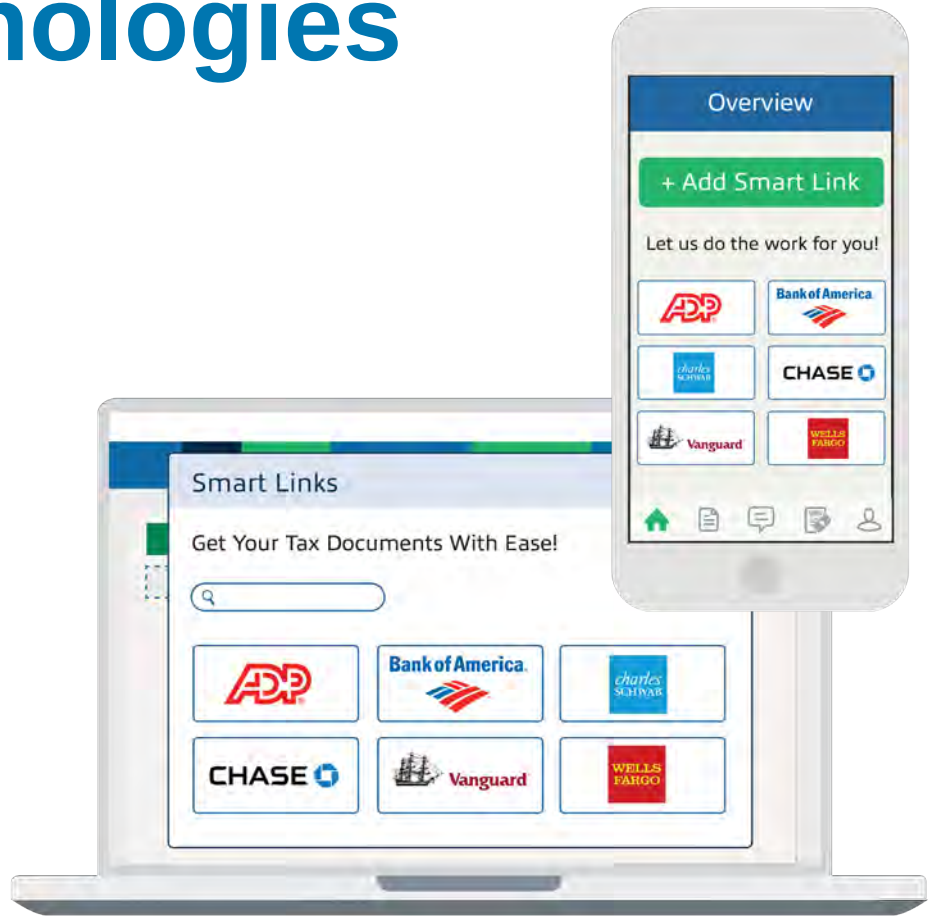
vs.

Digital Transformation Technologies

- Reducing **Client** friction with technology:
  - Mobile document capture technology.

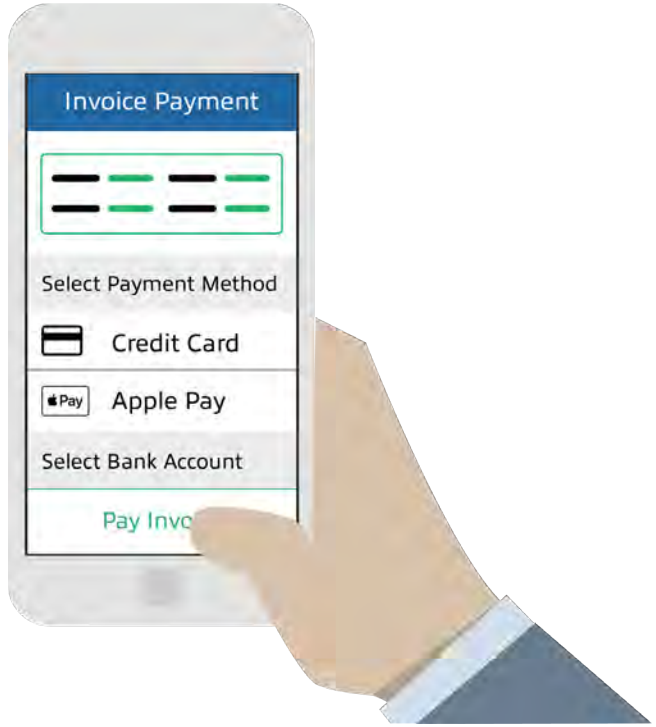
Digital Transformation Technologies

- Reducing **Client** friction with technology:
  - Mobile document capture technology
  - Bots (i.e. RPA) that automate document gathering (i.e. Smart Links)



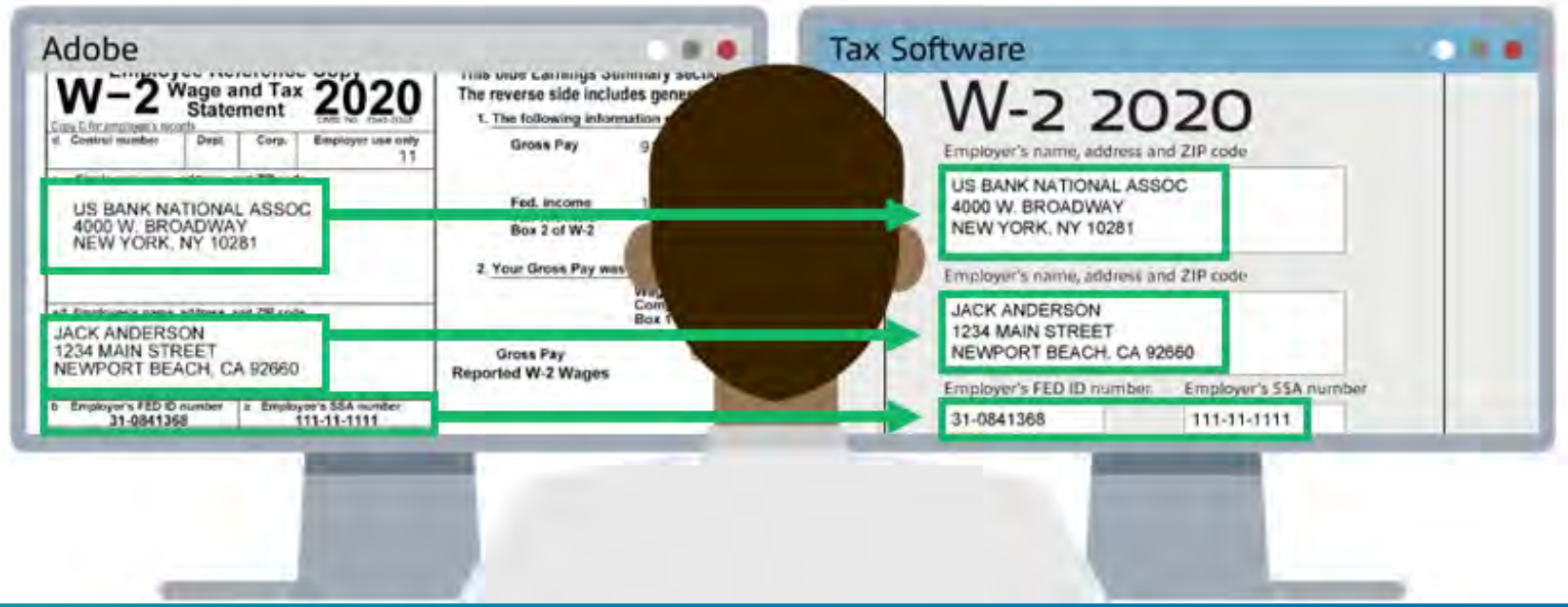
Digital Transformation Technologies

- Reducing **Client** friction with technology:
  - Mobile document capture technology.
  - Bots (i.e. RPA) that automate document gathering (i.e. Smart Links)
  - Pay the tax prep invoice from a mobile device



Digital Transformation Technologies

- Reducing **CPA** friction with technology:
  - OCR



Digital Transformation Technologies

- Reducing **CPA** friction with technology:
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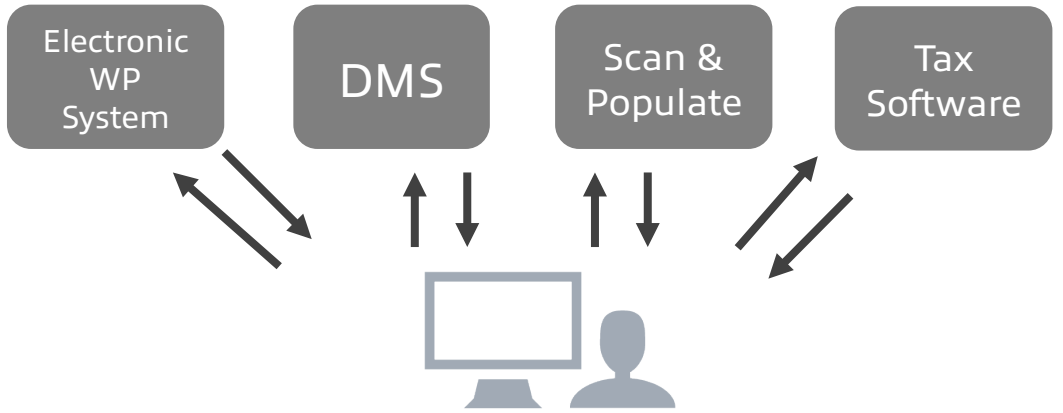
  - Source Document-based Engagement Software

Digital Transformation Technologies

- Reducing **CPA** friction with technology:
  - OCR
  - Source Document-based Engagement Software
  - APIs

Friction:

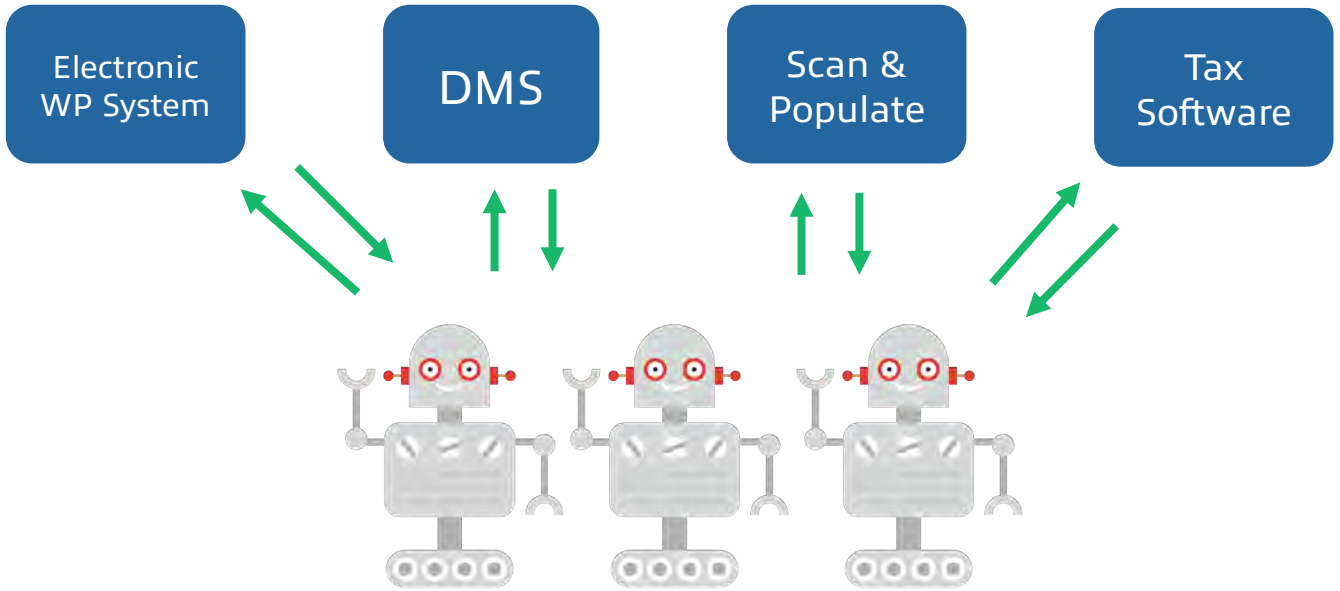


vs.

API:

Digital Transformation Technologies

- Reducing **CPA** friction with technology:
  - OCR
  - Source Document-based Engagement Software
  - APIs
  - RPA (instead of API)



Digital Transformation Technologies

- Reducing **CPA** friction with technology:
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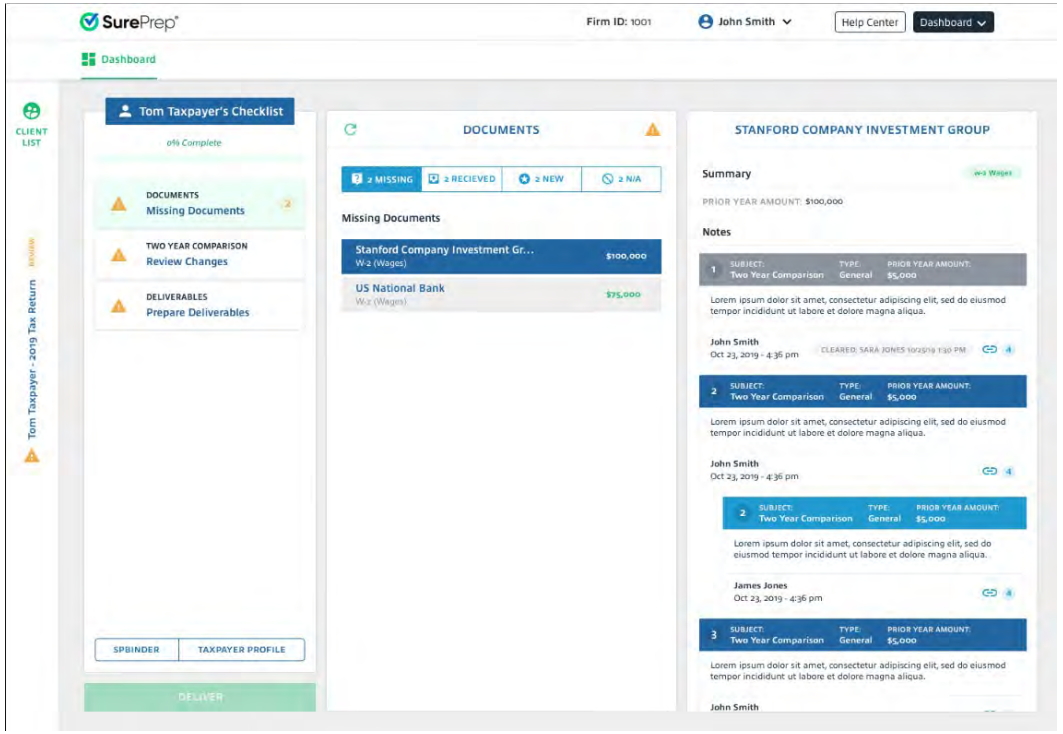
  - Source Document-based Engagement Software
  - APIs
  - RPA (instead of API)
  - Digital dashboards



Digital Transformation Technologies

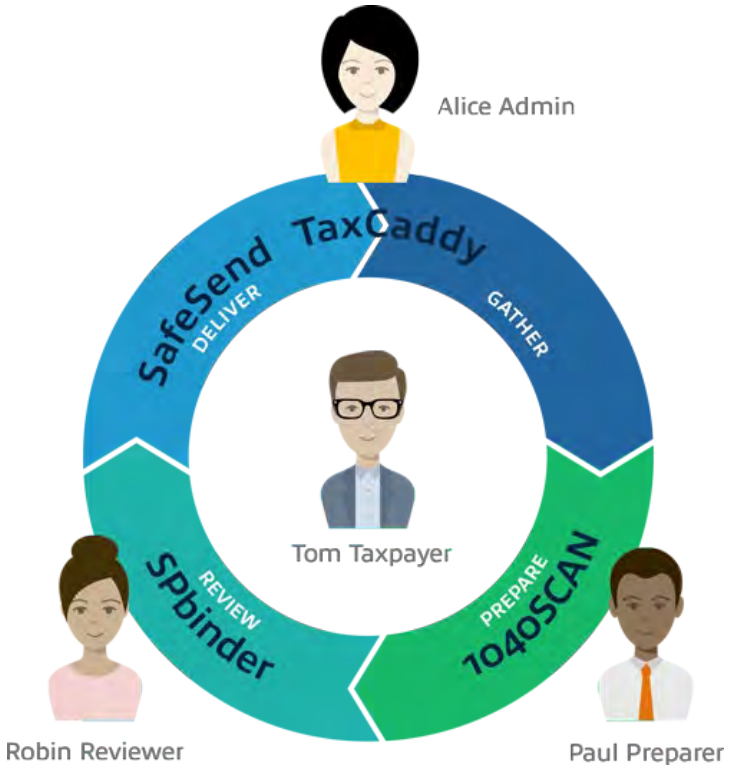
- Reducing **CPA** friction with technology:
  - OCR
  - Source Document-based Engagement Software
  - APIs
  - RPA (instead of API)
  - Digital dashboards
  - Automated PDF Assembly and Delivery

Digital Transformation vs. Going Paperless Summary

- Reducing friction vs. reducing paper

Digital Transformation vs. Going Paperless Summary

- Reducing friction vs. reducing paper
- Using more technologies to digitize more processes



Digital Transformation vs. Going Paperless Summary

- Reducing friction vs. reducing paper
- Using more technologies to digitize more processes
- Client Experience

SurePrep & SafeSend Returns Integration

- What are the greatest friction points today?
  - Gather & Deliver
- Introducing Steve Dusablon, President & CEO of cPaperless/SafeSend.

SurePrep® & SafeSend™ secure document exchange

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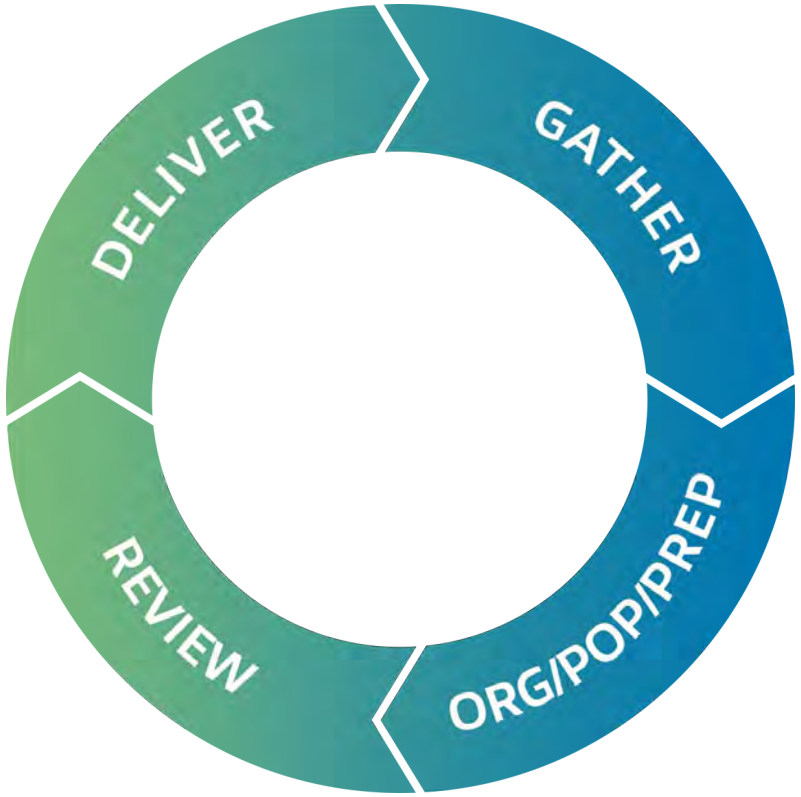
Frictionless Systems

Steve Dusablon
CEO, SafeSend

Welcome to the Inaugural Tax Transformation Summit

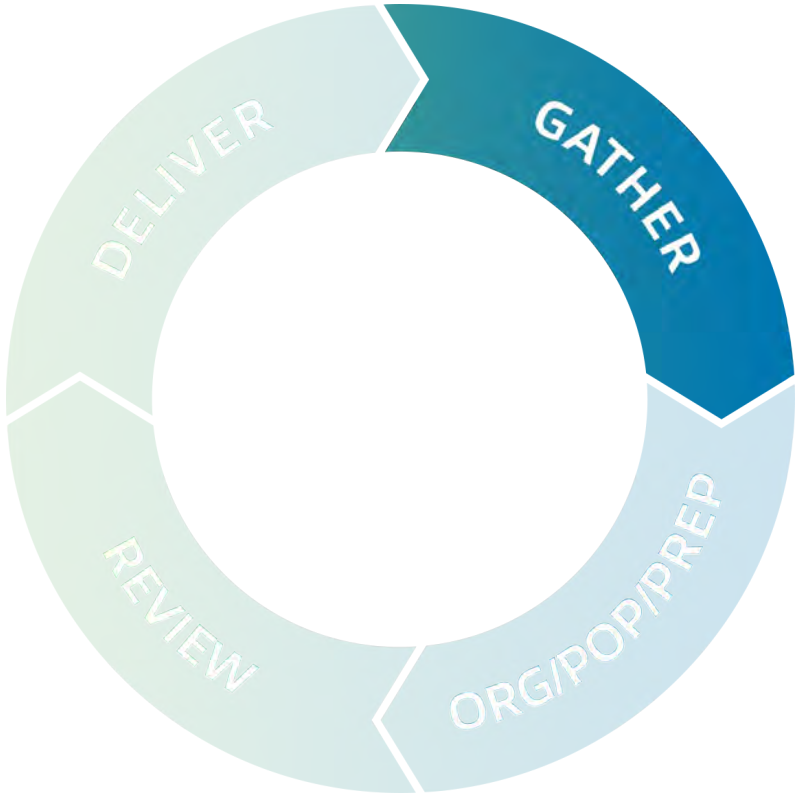
- Has anyone ever been to a joint user's conference?
- This unprecedented event has prompted interesting questions
- We share in a common vision
  - Bring to market the first and most complete end-to-end digital tax process
- Non-competitive and complimentary products with integration
- Provide increased efficiency and reduce friction for both internal staff and the taxpayers

Friction in a Non-Digital Tax Process



- Gather: Mail paper organizers and EL's, or deliver through a Static Client Portal
- Delivery: Manually assemble tax returns and deliver through mail or a Static Client Portal
- Client Follow-up:
  - Gather: Source documents, EL's etc.
  - Delivery: Signed e-file authorization forms

Streamlined Tax Preparation



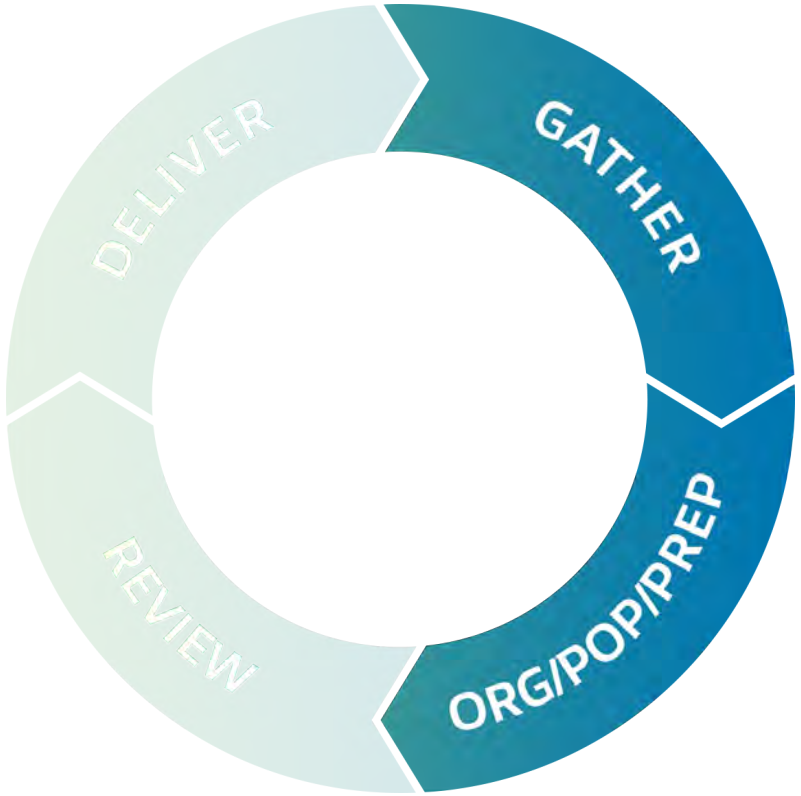
SurePrep® Products:

TAXCADDY

SafeSend™ secure document exchange Products:

SignatureFlow® e-signatures for accountants

Streamlined Tax Preparation



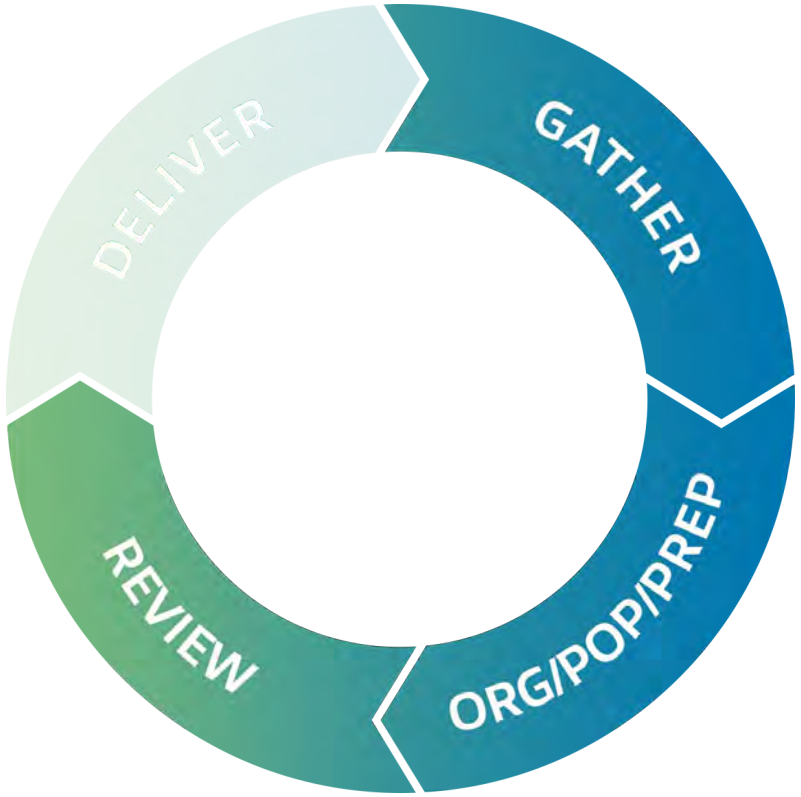
SurePrep® Products:

1040SCAN

SafeSend™ Products:

TicTie Calculate™
acrobat plugin for accountants

Streamlined Tax Preparation



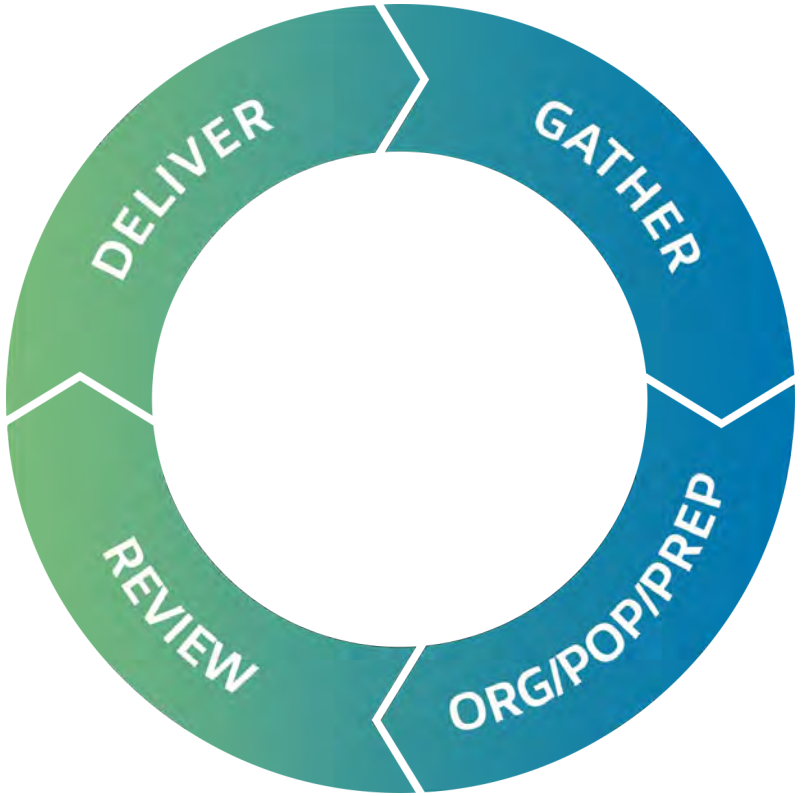
SurePrep® Products:

SPbinder

SafeSend™ Products:

TicTie Calculate™
acrobat plugin for accountants

Streamlined Tax Preparation



SurePrep® Products:

TAXCADDY

SafeSend™ Products:

SafeSend Returns™

Callen Tax & Accounting

2018 Tax Return

Contact Person
Steve Dusablon Details

Refunds
Federal $3,624
California $827

Overpayments Applied
Federal $5,500

Payments Due
Arizona $2,749
California $900
California $800
California $1,700

Welcome TROY AASTER, your 2018 tax returns are ready!

A message from your tax preparer

Hello Troy

Your 2018 return is ready for filing. Please complete this process.

Thanks, Steve

Please follow these easy steps so your taxes can be filed

Let's Get Started

TAXCADDY

Tom Taxpayer

Overview | Documents | Messages | Tax Returns | Tax Payments | Invoices

Tax Year 2017 2018 2019

Phase: Review and File

View Tax Returns

Filing Instructions

Document Name	Requested On
2019 Filing Instructions	10/30/2019 - 12:24 PM

Federal Tax Return

Document Name	Requested On
2019 Federal Tax Return	10/30/2019 - 12:24 PM

State Tax Return

Document Name	Requested On
2019 Arizona Tax Return	10/30/2019 - 12:24 PM
2019 California Tax Return	10/30/2019 - 12:24 PM

Tax Summary

Federal

AGI	Taxable Income
$ 235,000	$ 198,000

Effective Tax Rate	Total Tax
23.4 %	$ 46,332

Amount Owed

$ 6,200

California

AGI	Taxable Income
$ 235,000	$ 198,000

Effective Tax Rate	Total Tax
23.4 %	$ 46,332

Amount Refunded

$ 15,300

Arizona

Support

SafeSend
SurePrep

SAVE THE DATE!

2020 Tax Transformation Summit

October 18-20th

TAX TRANSFORMATION
SUMMIT
NOVEMBER 3-5, 2019

Riding the Wave of Digital Disruption

Kacee Johnson

Strategic Advisor, CPA.com

Our mission:

Empowering accountants and businesses for the digital age

Our strategy:

Drive transformation of practice areas

Advance technology ecosystem for profession

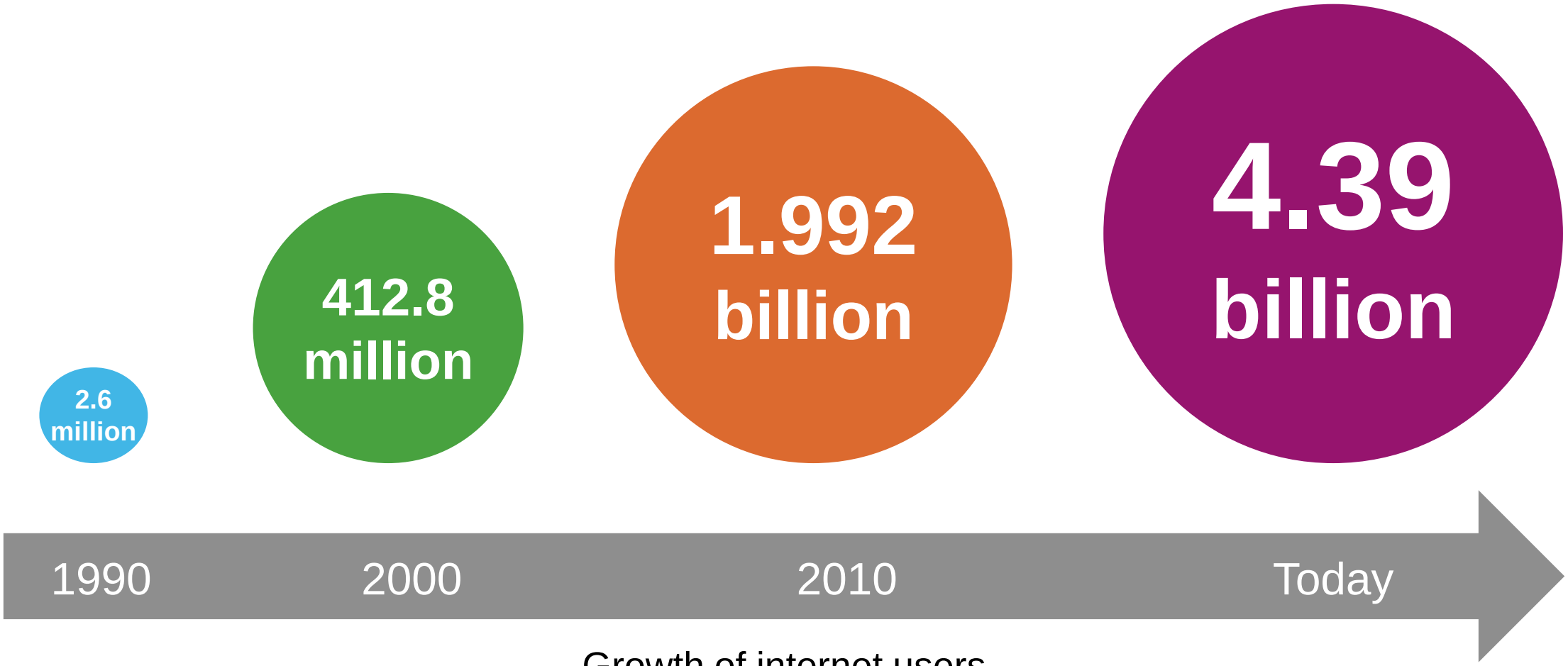
Lead technology research & innovation for profession

Firm Top Issues – Impact Over Next 5 Years

	Sole practitioners	2–5 professionals	6–10 professionals	11–20 professionals	21+ professionals
1	Changing Client Needs	Staffing	Staffing	Staffing	Staffing
2	Regulatory Environment	Changing Client Needs	Changing Client Needs	Changing Client Needs	Emerging Technologies
3	Competition	Regulatory Environment	Regulatory Environment	Regulatory Environment	Changing Client Needs
4	Emerging Technologies	Emerging Technologies	Emerging Technologies	Emerging Technologies	Competition
5	Staffing	Competition	Competition	Mergers / Consolidations	Mergers / Consolidations

2019 PCPS CPA Firm Top Issues Survey

Rise of a digital world



Growth of internet users

Driving digital transformation

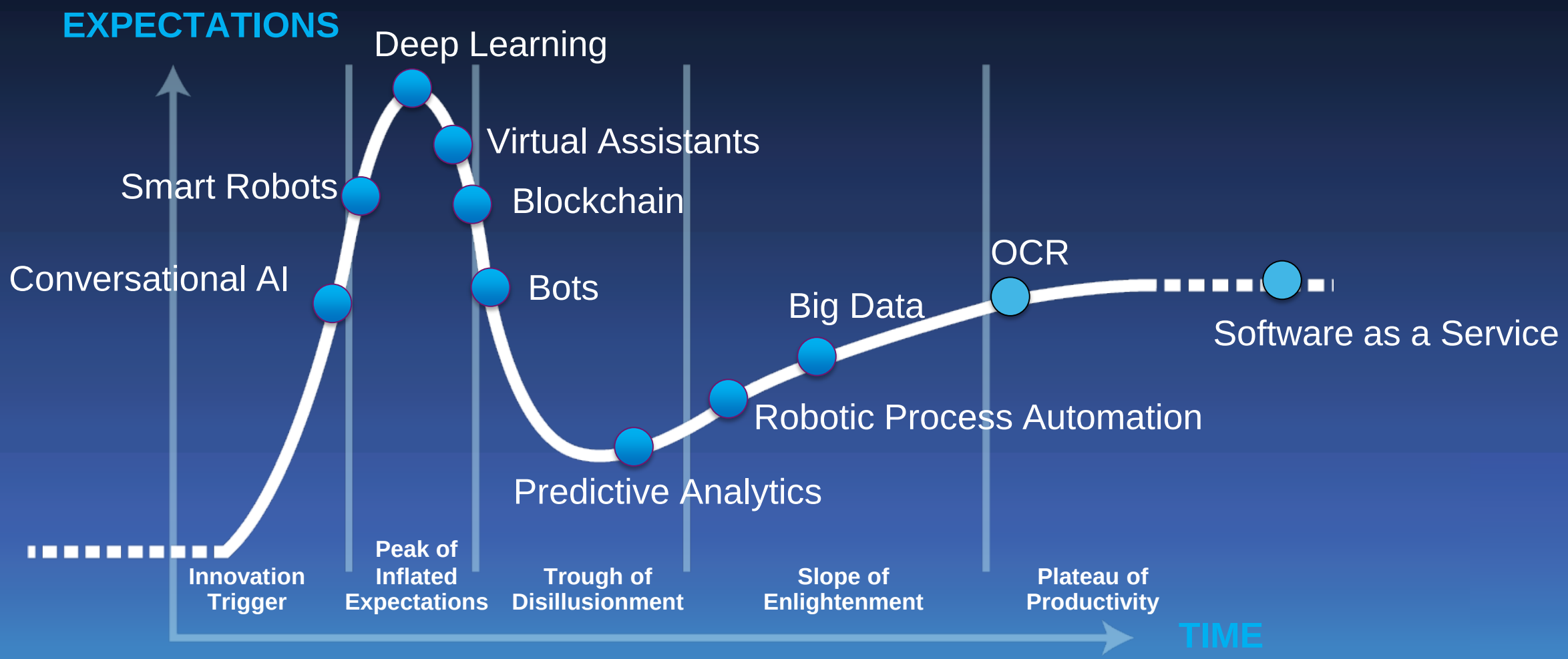
Executives:

94%

say their pace of **innovation accelerated** in the past three years due to **emerging technology**

Source: Accenture, Technology Vision 2019

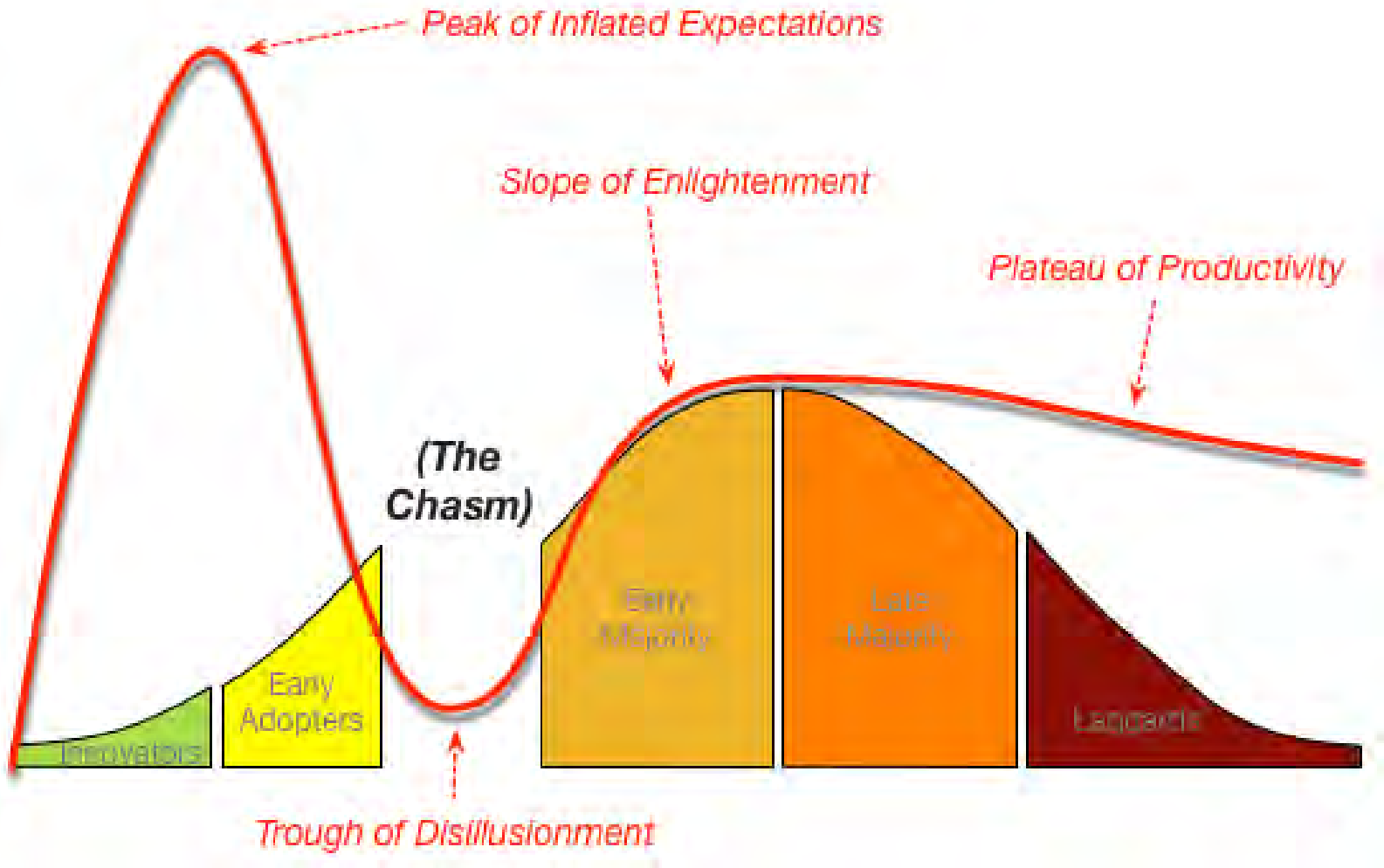
CPA.com Accounting Profession Megatrends, 2019



Source: 2019 CPA.com Identified Megatrends Plotted on the Gartner Hype Cycle Framework

Become an Early Adopter of Technology

Stop looking at technology as merely an operational expense and see it as a competitive advantage



Fundamentally shift your view of IT

- To gain market share
- Launch competitive service lines
- Enhance the client experience

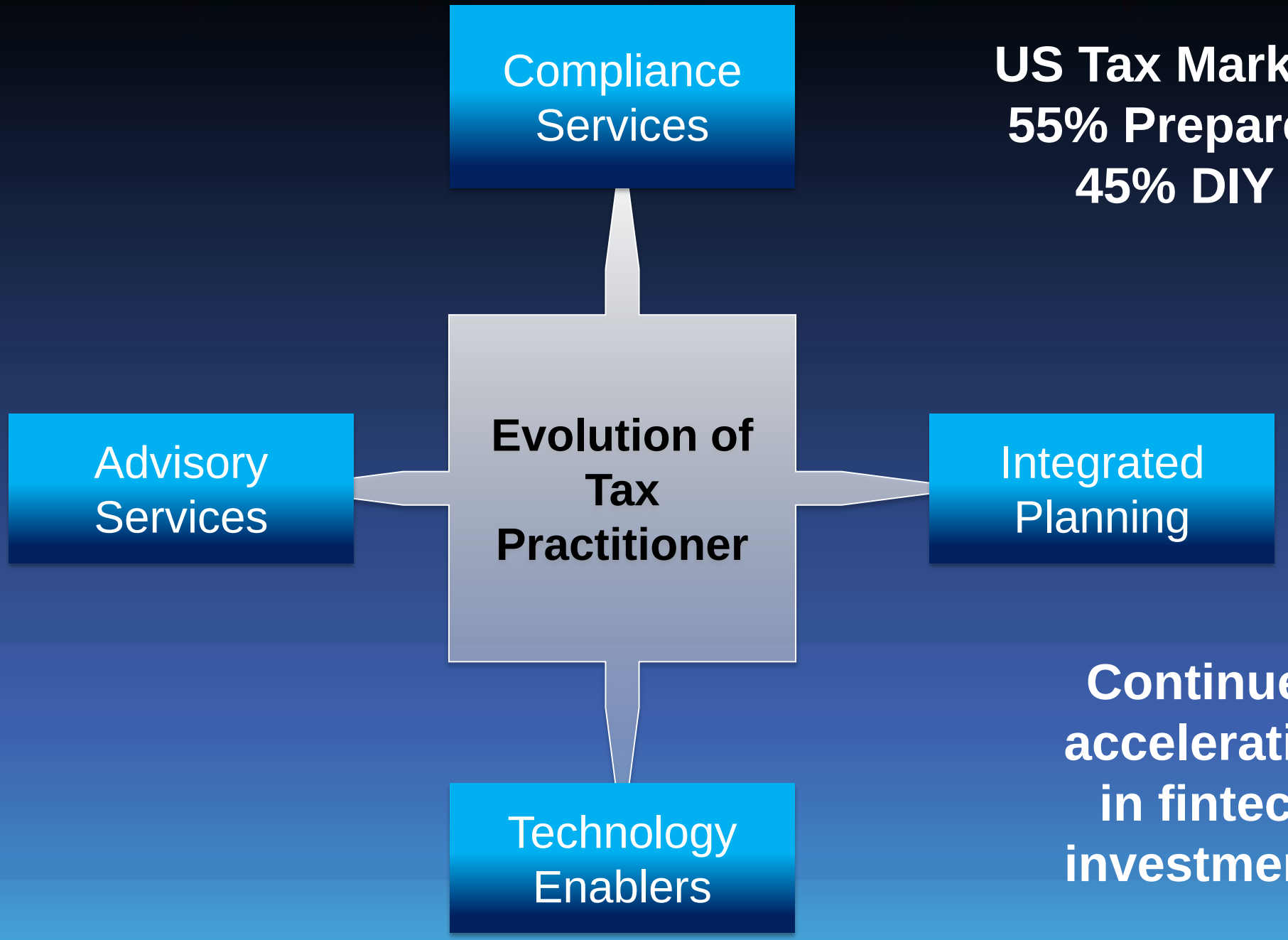
These advancements allow small businesses to realize the same benefits as large organizations and compete on an even playing field

“ *New technology changes the nature of* ***competition*****.**

~Michael Porter, Harvard Business Review

Technological Transformation of Firm Services

Profession Well Positioned For Growing Impact & Opportunities



US Tax Market:
55% Prepared
45% DIY

Continued acceleration in fintech investments

Market Forces And Capabilities for Tax Practitioners

Tax Preparation Solutions

Thomson, SafeSend, SurePrep etc.

Personal Financial Solutions

Mint.com, Personal Capital, Credit Karma, SoFi, etc.

Financial Planning Software

eMoney, MGP, Right Capital, etc.

Wealth Management Advisors

HDVest, 1stGlobal, BAM, & many others

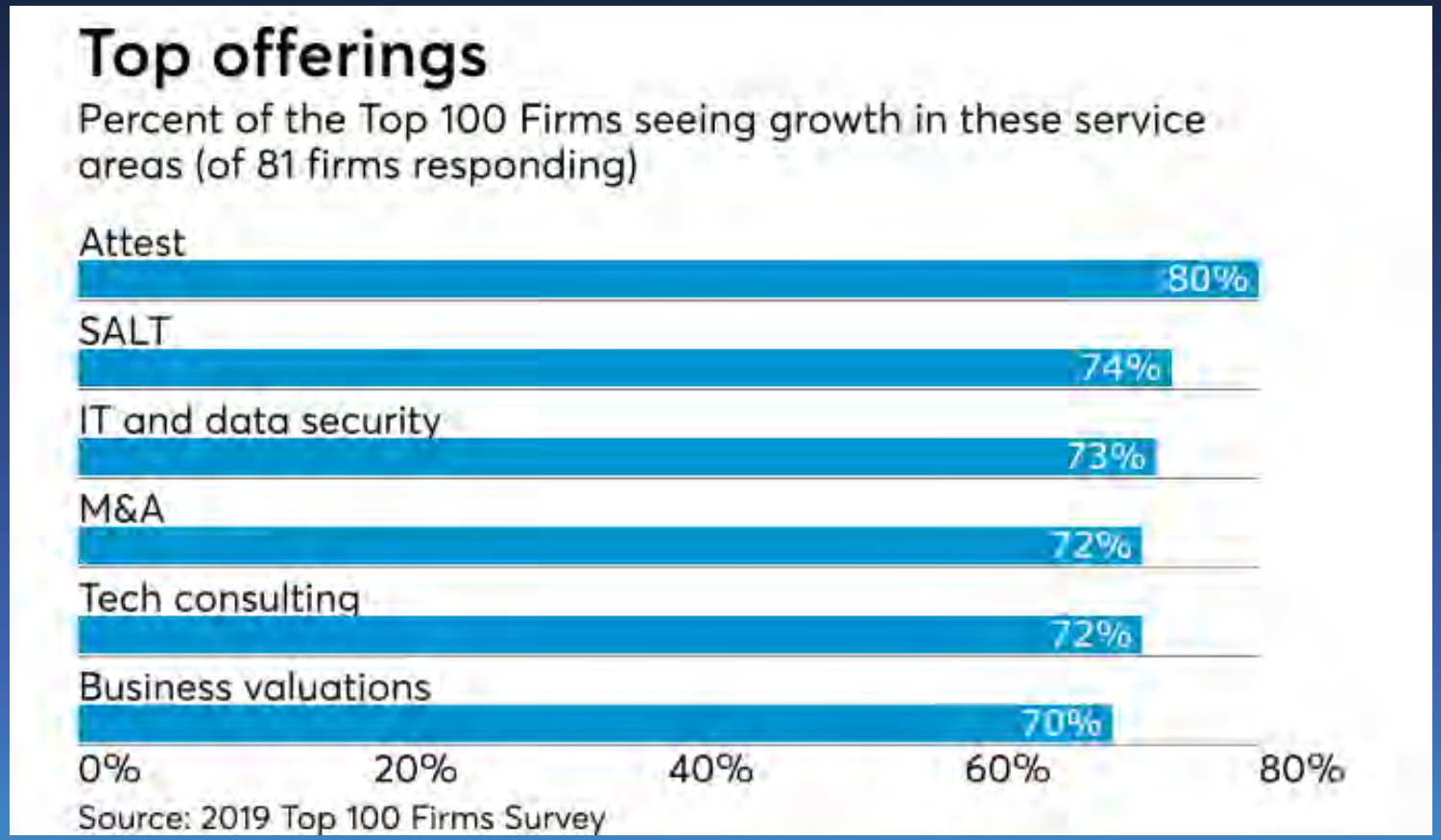
Significant growth is occurring with Personal Financial Solutions with 100 million users and integrated capabilities of Financial Planning Software

Planning & Tax Advisory Services

- Market demand is soaring
- Client needs are changing
- Tax reform presents opportunity
- New online resource center & planning certificates

aicpa.org/growadvisoryservices

Niche Growth Area:
Sales & Use Tax Services



- Within Top 100 firms SALT was 2nd of niche services polled for growth with 74%
- Primary reason for expected growth is market demand from regulatory changes

Reference: 2019 Top 100 Firms by Accounting Today

Crypto asset use case moving very fast

8%+ of the U.S. population owns crypto; ~23mm people.

IRS issued over 10k letters and question in draft 2019 1040 form

SCHEDULE 1
(Form 1040 or 1040-SR)

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

▶ Attach to Form 1040 or 1040-SR.
▶ Go to *www.irs.gov/Form1040* for instructions and the latest information.

OMB No. 1545-0074

2019

Attachment Sequence No. 01

Name(s) shown on Form 1040 or 1040-SR | Your social security number

At any time during 2019, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency? . . . . . ☐ Yes ☐ No

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ▶		

DRAFT AS OF

solution and training

Crypto Currency Compliance Rapidly Emerging

8%+ of the U.S. population owns crypto; ~23mm people.

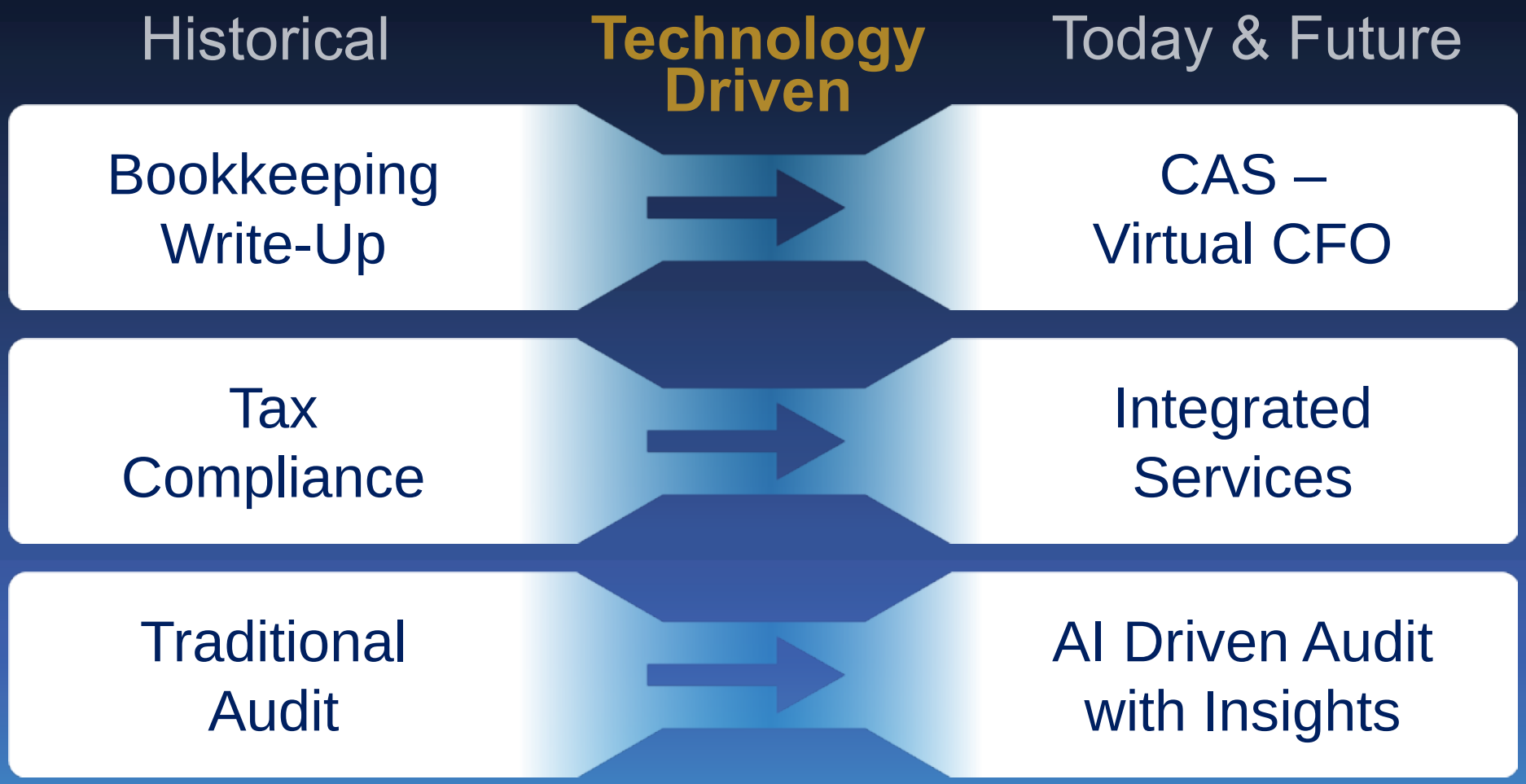
IRS issued over 10k letters and question is in draft 2019 1040 form

Significant complexity in complying

Valuation and audit tools needed as well

Firms need a solution and training

Increasing Firm Value Opportunity



CPA Profession Total Market: $110 billion

*IBIS 2018 report

The Changing Profession

Technological innovations

+

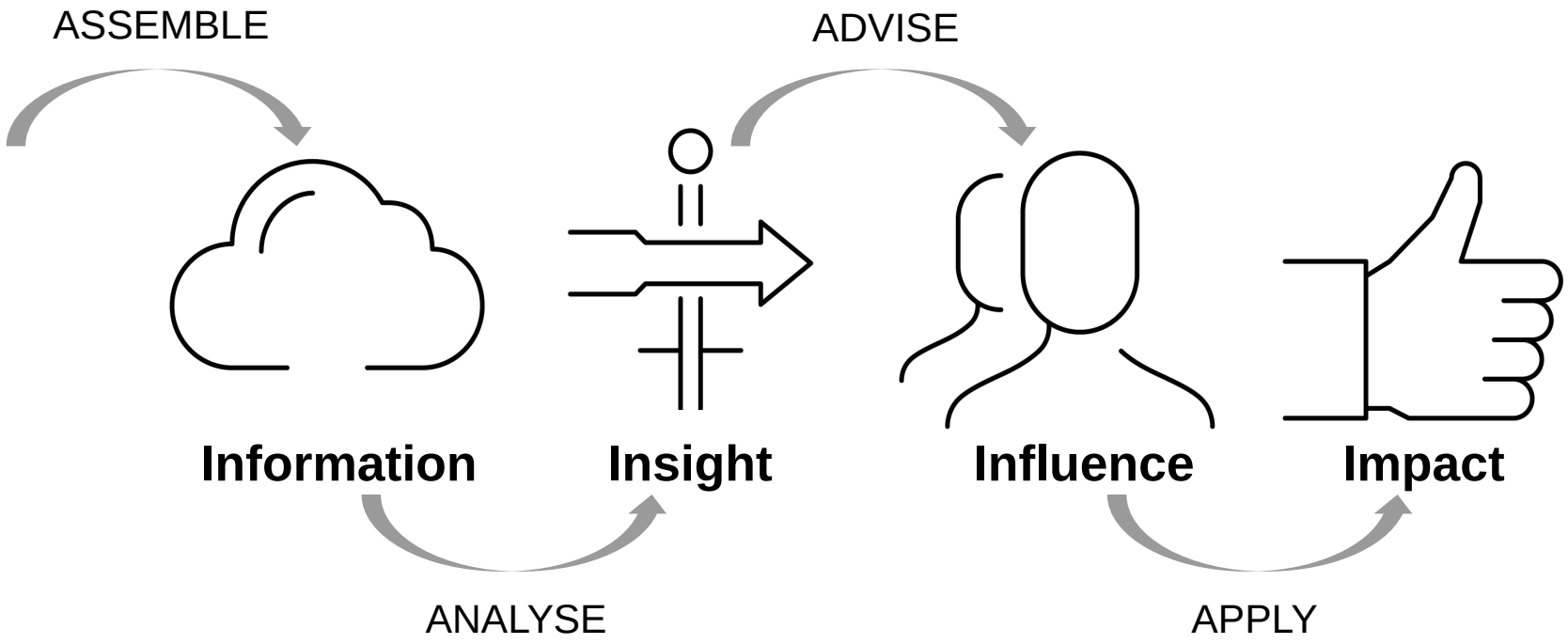
Changing marketplace demands

=

- Complex compliance
- Advisory services
- SOC services
- Technology and big data
- Higher-level analysis

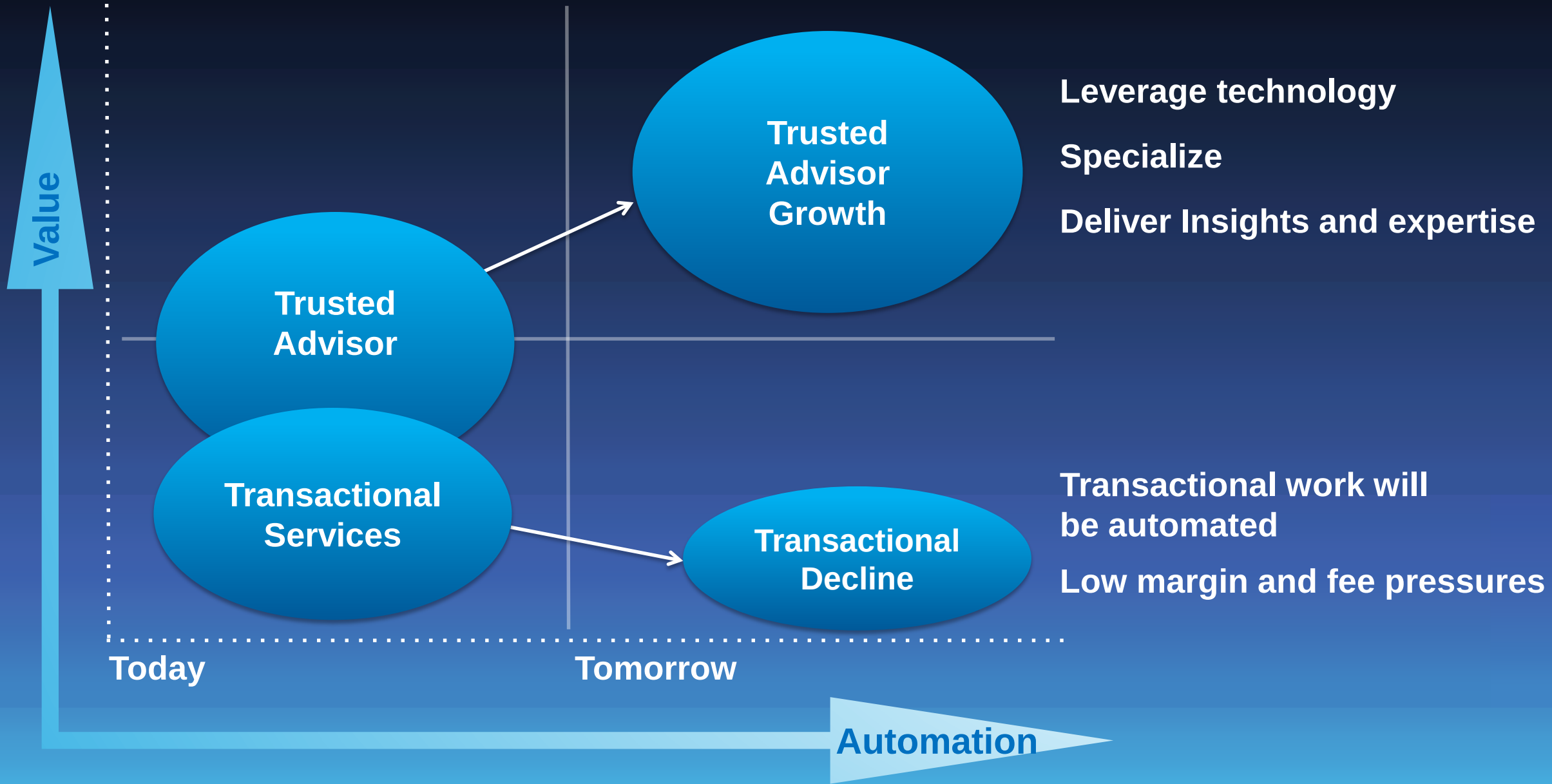
- Data entry
- Simple Compliance
- Transactional tasks
- Repetitive, rules-based activities

Evolution of accounting & finance role



Comfort Zone → **Value Zone**

North Star



Leverage technology

Specialize

Deliver Insights and expertise

Transactional work will be automated

Low margin and fee pressures

How tech is transforming the practice

CPA.com

Over Last Decade

Business Cloud Accounting
&
Digitalization of Personal Finance

- Enabled By Cloud & Mobile
- Cloud Accounting created CAS Practice

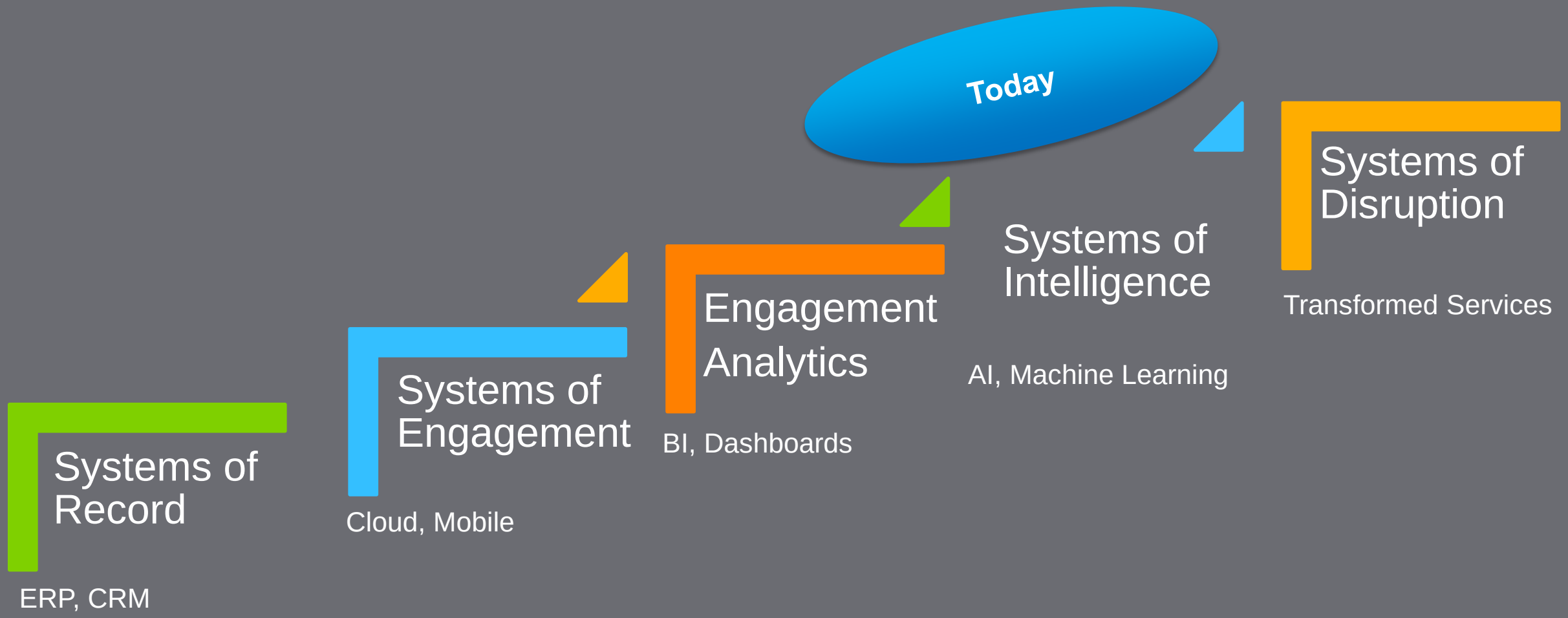
Over Coming Years

All Business & Personal Data Now In The Cloud

Next tech wave will create intelligent systems

- Enabled by AI, Machine Learning, Chatbots, Blockchain, TBD.
- Dramatic changes & opportunities for Audit, Tax, and CAS Areas

Digital transformation: A majority model*



*Geoffrey Moore – Digital Transformation Maturity Model, 2017

CPA.com

radical.

Navigating the Future

‘Navigating The Future’ is an experiential program that brings awareness, provides resources and catalyzes new business models to future-forward the profession.

It’s a collaborative initiative between CPA.com and innovation expert, Pascal Finette of radical Ventures. This program is designed to help CPA firms identify the potential change coming to the accounting profession and create strategies to capitalize on new opportunities.

Navigating the Future utilizes a mix of thought leadership, learning sessions and planning exercises to help firms:

- Create new business models for future success
- Positively embrace disruption
- Prepare the profession for exponential change
- Shift the mindset to a more empowered digital focus
- Engage in strategy-building sessions to design digital orgs

Disruption Map Toolkit

Navigating the Future

Use this tool to organize thoughts about a likely future development or trend. It can help you think more deeply and systematically about the dynamics of disruption.

Download at:
CPA.com/Navigating-Future

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Thank You