insight

2020 SPECIAL FEATURE

CPA PROFESSION 2027

Racing for Relevance

ILLINOIS CPA SOCIETY®
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ABOUT **US**

Founded in 1903, the Illinois CPA Society is one of the largest state CPA societies in the nation, with the core mission of "enhancing the value of the CPA profession" through meaningful and convenient education, timely and relevant information, influential advocacy, and countless opportunities to make powerful professional connections.

The Illinois CPA Society serves an extraordinary community of more than 23,300 accounting and finance professionals in a variety of CPA and non-CPA roles positioned throughout the public accounting, corporate finance, not-for-profit, consulting, education, and government sectors.

insight

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Driving the CPA Profession Forward

Making the shift to being the most trusted and strategic business advisors is how CPAs stay in the race for relevance.

By Todd M. Shapiro

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Revving Up CPAs for the Race

These seven predictions about the future of the profession should get CPAs up to speed on why it's time to race to become the most trusted and strategic business advisors.

By Derrick Lilly

Driving the CPA Profession

FORWARD

Making the shift to being the most trusted and strategic business advisors is how CPAs stay in the race for relevance.

"Enhancing the value of the CPA profession" is the Illinois CPA Society's mission. To do that, we must strive to ensure the CPA's relevance for generations to come. While the state of COVID-19 has few looking beyond 2021, we must accept that the future will not wait for us to emerge from this crisis, and the underlying trends driving change in the CPA profession never slowed down.

As I've said many times before, the CPA profession is facing a pace and type of change unlike any it has experienced—the rules of the race are literally being rewritten by technology. Artificial intelligence and robotic process automation will forever change accounting, audit, finance, tax, and more. The ways services are provided to companies and clients, and the ways companies and firms are staffed, are set to shift dramatically in the years ahead. Add in the implications of the global pandemic we're weathering, along with rapidly changing company and client expectations, and the greatest challenge I see facing the CPA profession now is just how, exactly, CPAs evolve and navigate these twists and turns to continue providing truly valued assurances and insights.

In the following pages we'll introduce you to what's driving many of these trends and challenges and what they mean for us all. We've sifted through countless articles, interviews, reports, studies, and surveys—and conducted some of our own—and coalesced the findings from these authoritative, and sometimes disparate, sources into this powerful Insight Special Feature that unveils seven key predictions for what the future of the CPA profession may hold and what it may look like in 2027.

Yes, I said 2027. While many strategic plans are looking just one, two, or *maybe* three years out right now, I believe we cannot risk being shortsighted given the long-term implications of all that is changing around us. Will these predictions all play out perfectly? Not likely. Do I firmly believe they're directionally correct? Yes, and our hope at the Illinois CPA Society is that the insights compiled here will rev up conversations that help us chart a roadmap for ensuring the sustainability, relevance, and growth of the CPA profession for years to come.

We will emerge from the COVID-19 crisis, and as devastating and disruptive as it has been, it has presented significant opportunities for CPAs to go beyond the trusted advisor role and beyond compliance services—and it continues to offer CPAs the chance to build deeper, more meaningful relationships with their companies and clients and to demonstrate how they truly are strategic business advisors.

Clearly, the invaluable insight and guidance of CPAs will help us accelerate into recovery and restart our race into the future. However, I believe the profession will be best served moving forward if it starts now to build upon the value CPAs delivered during crisis and when businesses and individuals needed them most. The differences CPAs made for so many won't soon be forgotten. However, long term, to be truly valued as we drive on, I contend CPAs must make a permanent shift from being the most trusted business advisors to being the most trusted *and* strategic business advisors. I can't stress enough that it is "and" not "or."

There's real value and relevance in strategy—the pandemic proved this—and strategy cannot be automated away. So, as the pace of change in business and life continues to accelerate around us, and typical compliance services become discounted commodities, I don't think there's any choice but to change.

Becoming the most trusted and strategic business advisor is an evolution—it will require a shift in mindset and skill set. But now, more than ever, CPAs need to be looking at the turns ahead and positioning themselves to race toward relevance.

Todd M Shapiro

Todd M. Shapiro, President and CEO
To share your thoughts, email me at shapirot@icpas.org or just give me a call.

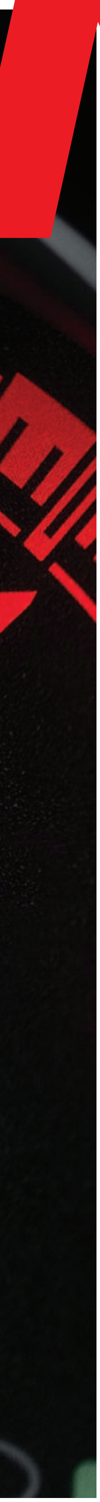
REVVI

P R E D I C

NG UP

CPAs for the Race

BY DERRICK LILLY



These seven predictions about the future of the profession should get CPAs up to speed on why it's time to race to become the most trusted and strategic business advisors.

Predictions are risky. But the Illinois CPA Society isn't worried about pinning the timing of its predictions about the future of the CPA profession. Confident that they're directionally correct, the Society is more focused on accelerating a conversation that drives the CPA profession forward.

In the summer of 2019, the Society jump-started this conversation by publishing its Insight Special Feature, "Trust Is Not Enough: Recharting the CPA's Path Forward."[1] The feature argued that CPAs can no longer rest on the "most trusted business advisor" moniker to prove—or protect—their relevance in an increasingly competitive, complex, and digital business world. The feature garnered national attention from the trade press, thought leaders in the profession, and other state CPA societies. In that regard, it was a success, but it was just the starting line—just like trust should be for CPAs.

Since then, we've witnessed a growing call for CPAs to accelerate into advisory services and provide forward-looking guidance to their companies and clients. In reflecting deeper on this trend, the Society shifted into the next gear, resolving that CPAs must be both trusted and strategic to ensure their relevance in the future. The global COVID-19 crisis has only made this more undeniable. Thankfully, it also proved that CPAs still provide essential services to companies and clients. But for how much longer?

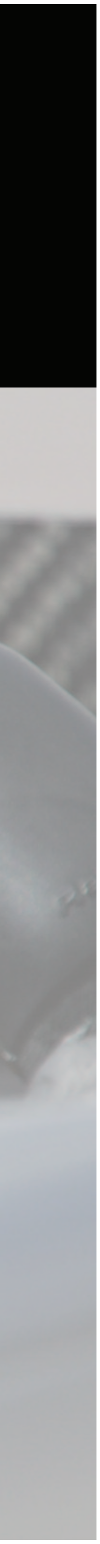
Even before we all began racing to adopt new tech tools to enable remote work environments, prepare "touchless" tax returns, navigate complex stimulus and relief efforts, and ensure continuity through trying times, automation technologies like artificial intelligence (AI), robotic process automation (RPA), and machine learning were beginning to overtake human accounting and finance professionals in various areas. Over the past year, the Society has spent a significant amount of time evaluating how trends like these are impacting the CPA profession, gaining insight from its board of directors and leadership team, speaking with Society members and CPAs in public accounting and corporate finance, and focusing its strategic planning initiatives on what the future may hold for CPAs. The result? CPA Profession 2027—seven predictions from the Society's senior leaders for how the CPA profession may change over the next seven years. Why seven years? Because looking just three years out, which is a typical strategic planning exercise, may not capture how radically different the CPA profession could become and how critical it is for CPAs to realize they're in a race for relevance—and that tapping the brakes risks losing the lead as the most trusted and strategic business advisors.

TIONS 7

PREDICTION 1

Tech Races Ahead

For sci-fi fans, predictions of a tech takeover might trigger thoughts of rebellious robot uprisings the likes of "I, Robot" or "Westworld." Thankfully, we're not there yet (and hopefully it never comes to that), but that doesn't mean smart machines aren't increasingly permeating and changing our world.



"[E]xpect social robots to become more sophisticated and prevalent in the next few years. The field seems to have reached a tipping point, with bots having greater interactive capabilities and performing more useful tasks than ever before," says the World Economic Forum in pointing out that worldwide sales of consumer robots is expected to grow to $19 billion by the end of 2025, with more than 65 million robots sold per year.[2]

Consider for a moment that many of us are already using AI at home and work—big tech companies Amazon, Apple, Google, Microsoft, and Samsung have collectively sold billions of consumer devices enabled with their smart assistants (i.e., Alexa, Cortana, Siri, etc.). What we don't always realize is that these devices, and the other smart machines—phones, tablets, TVs, speakers, doorbells, thermostats, appliances, watches, vehicles, applications, and more—that we're connected to and communicating with are learning from us—and for us. As we increasingly, and sometimes obliviously, adopt and interact with AI to assist in our daily lives, so too will the business world.

The CPA profession is no exception. Throughout late 2019, EY, KPMG, and PwC announced they would invest roughly $9 billion combined in AI, automation, and data analytics solutions to reshape their firms for the future—each firm is set to spend upwards of $1 billion annually developing technologies and their teams over the coming years.[3] And while not every firm or company has billions or even millions to invest in new and smart tech, you can bet those who are looking to maintain or gain a competitive edge will be committing as much as they can to the solutions that promise success in their markets.

When the Society conducted its fall 2019 Strategic Planning Survey of its board of directors and executive and leadership staff, 96 percent of respondents agreed that by 2027 AI and RPA will permeate businesses of all types and sizes and be utilized in the performance of every function a CPA performs; blockchain will be prevalent in managing large companies' supply chains and financial systems; and the platform economy will be fully embraced, creating new opportunities where digital business models are favored and underlying computer systems host services that allow consumers, entrepreneurs, businesses, and the general public to connect, share resources, and sell products.

We're watching all this take shape now. In the corporate world, nearly half (49 percent) of accounting and finance professionals surveyed by Invoiced and CFO Drive said their companies have already automated accounts payable, and accounts receivable (47 percent) and financial reporting (45 percent) aren't far behind.[4] In 2021, Gartner estimates AI will create $2.9 trillion of business value and 6.2 billion hours of worker productivity globally.[5] And when it comes to implementing digital ledgers, Deloitte's 2020 Global Blockchain Survey found that 88 percent of business leaders believe blockchain technology is broadly scalable and will eventually achieve mainstream adoption.[6] In fact, market analyst IDC anticipates the U.S. will lead blockchain spending, which is forecast to reach nearly $4.3 billion globally this year—a nearly 58 percent increase from 2019 despite the impacts of COVID-19—and annual global investments in blockchain could surpass $14 billion by 2023.[7]

Simply put, the pace of change—and the pace of AI and automation adoption—will only accelerate from here. It's actually inevitable as smart machines use their capabilities to get smarter. Intelligent technology scientist Eric "Astro" Teller, "captain of moonshots" at Google's semi-secret research and development company X, believes the adaptability of technology has already surpassed that of humans, meaning technology will increasingly outpace us moving forward—which will only make us more dependent on it.[8]

What does this mean for CPAs? Accenture predicts automation has the potential to eliminate up to 40 percent of transaction accounting work by the end of 2020.[9] Deloitte predicts accountants using spreadsheets will be replaced by technology that does 90 percent of the work without human intervention.[10] And widely cited research by the University of Oxford warns of a future where accountants and auditors face a 94 percent probability of having their jobs computerized, and tax preparers face a 99 percent probability of being automated.[11]

Intel founder Andrew Grove once said, "A fundamental rule in technology says that whatever can be done will be done." The takeaway for CPAs is that they must pivot away from tasks headed for automation and embrace a technologist's mindset to avoid becoming a statistic.

In Formula 1 racing today, the Internet of Things enables hundreds of sensors to collect real-time data on everything from the car's aerodynamics to the driver's heart rate, which dozens of race engineers simultaneously pore over to improve performance and construct a race strategy on the fly that, hopefully, ends with a podium position.

CPAs can't afford to live in fear of a robot takeover—instead, they must be like the Formula 1 teams today, using all the technology and knowledge available to position themselves to win the race. As firms, companies, and consumers pour more energy and investments into technology solutions for everything from simple cashless payments to bookkeeping and tax prep, HR, supply chain management, and more, not only must CPAs implement the technologies relevant for their firms and companies now, they must keep pace with what's to come for them—and those they serve—if they want to be in the winning position of offering unique and strategic forward-looking guidance.

PREDICTION 2

Worker Demand & Demands Change

As CPAs accept that AI is no longer a thing of science fiction, they also must become mindful of the impact it will have on the workforce and the workplace. A two-year McKinsey Global Institute study suggests intelligent agents and robots could replace 30 percent of the world's current human labor by 2030.[12] However, the COVID-19 pandemic will likely accelerate the adoption of technology and automation tools as it pressures organizations to embrace new and more efficient ways of working. For instance, PwC's June 2020 COVID-19 CFO Pulse Survey found that 52 percent of global corporate finance leaders are planning to improve the remote working experience and make it a permanent option for the roles that allow it.[13] And when it comes to CPA firms, Arizent's June 2020 COVID-19 Pulse Survey found that 82 percent of all firms are "very or somewhat likely" to allow employees to work from home permanently.[14]

Long term, the automation and displacement of so many jobs promises to reshape CPAs' firms and the organizations they serve—and so will the social and generational changes unfolding before us.

Consider the "silver tsunami" gathering strength. According to the U.S. Census Bureau, roughly 10,000 baby boomers reach age 65 each day and that number will grow to nearly 12,000 a day by 2024. By 2031, the youngest of the estimated 73 million baby boomers will reach full retirement age.[15] Now consider how many leadership positions in CPA firms and companies are held by baby boomers. Can you see how dramatically different the workforce will look—and act—when Gen Xers and millennials step in to fill those roles?

Looking ahead to 2027, the Society predicts baby boomers will mostly be retired; Gen Xers who have proactively upskilled will lead organizations alongside millennials, whose sheer volume as the largest generation in the workforce dominates workplace culture; and Gen Zers—the largest, most diverse generation in the U.S., and the first to have never lived in a world without the internet—will begin to enter and change the professional workforce. As a result, workers will mostly be agile digital natives who demand greater flexibility, participate in a much larger project-based and gig economy, and are more socially conscious than ever before—and they'll expect their employers and the brands (i.e., companies and organizations) they support to be the same.

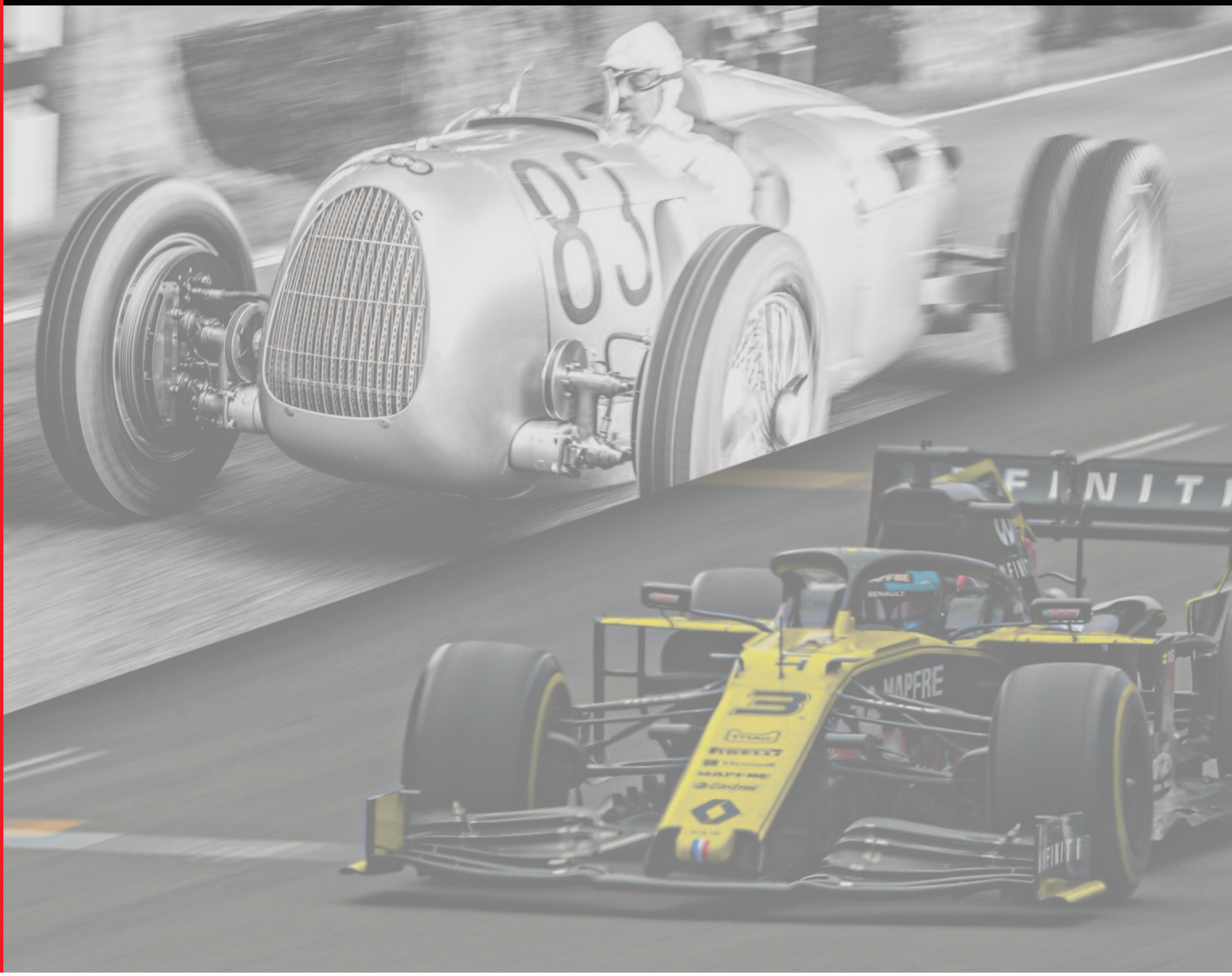
This is driving unprecedented change. According to GlobalWebIndex's 2020 Corporate Social Responsibility Report, 68 percent of online consumers in the U.S. and UK would consider not using a brand because of poor or misleading corporate social responsibility, and close to 50 percent would pay a premium for brands with a socially conscious image.[16] They also found that 66 percent of Gen Zers feel it's important to contribute to the community they live in, matching a Facebook for Business report stating 68 percent of Gen Zers expect brands to contribute to society.[17] On a deeper social level, Facebook for Business also reports 77 percent of Gen Zers feel more positive toward a brand when it promotes gender equality, and a survey by Morning Consult found that 82 percent of Gen Zers appreciate it when companies and business leaders make public statements about movements such as Black Lives Matter, but still believe that actions speak louder than words.[18] Speaking of actions, Gartner found that nearly half of Gen Zers plan to work with businesses and institutions that demonstrate corporate social responsibility.[19]

In short, CPAs must brace for the future impact of not only a tech revolution but a social revolution that's going to push both modern organizations and the CPA profession to resolve many long-standing cultural issues in order to attract and retain talent, customers, and clients.

Nearly half of Gen Zers plan to work with businesses and institutions that demonstrate corporate social responsibility.

PREDICTION 3

Expectations Evolve



Whether it be race cars or companies, time changes everything. It's inevitable, so we evolve. To no surprise then, retaining relevance as we race into the future is also going to come down to whether CPAs evolve to meet companies' and clients' expectations. In imagining a future where tech has taken over most of the CPA's traditional compliance functions and the workforce transformation has reshaped when, where, why, and how work is done, the Society reached the consensus among its board of directors and executive and leadership staff (88 percent agreed) that, by 2027, the global economy will have moved deeper into an interconnected knowledge economy where the quantity, quality, and accessibility of knowledge, such as human expertise and trade secrets, are crucial factors in economic growth and are considered important economic resources. In this future knowledge economy, CPAs will be expected to better leverage their deep insights into companies' and clients' financial lives.

Sage's recent "Practice of Now" report, which surveyed more than 3,200 accountants around the globe, found that 82 percent of respondents say their clients' expectations have widened to include the provision of business advice.[20]

Simply put, the days of CPAs thriving as trusted numbers crunchers are over. Where we're heading, the Society says companies and clients will need and expect their CPAs to proactively provide strategic guidance and insights in all areas of their businesses and lives that are based on their unique needs and goals.

Arrow Electronics CFO Chris Stansbury says it best in "Audit 2025: The Future Is Now," a KPMG and Forbes Insights report: "Clients are no longer looking for just a rearview mirror view, but a view through the windshield on where we are going and how to navigate the landscape."[21]

Many CPAs argue that they provide these types of insights now, but consider this: The top challenges for business leaders include planning for growth and expansion, getting expert financial insights, maximizing cash flow, minimizing overhead costs, staying in compliance, finding time to focus on accounting and financial matters, and maximizing profit margins, according to "Where Opportunity Meets Value: Business Model Trends for Accounting Advisory Services," a Bill.com, CPA.com, and Hinge Research Institute report based on the responses of accountants and business professionals across the nation.[22] However, less than 40 percent of the business leaders interviewed reported that their accounting firms have ever conducted an assessment of their organizations and offered tailored recommendations to them.

Further, The Sleeter Group found that 72 percent of small business owners across the country have changed their CPA or accounting firm because they "did not give proactive advice, only reactive service," and more than 60 percent of respondents said this factor played a significant or large role in the change.[23]

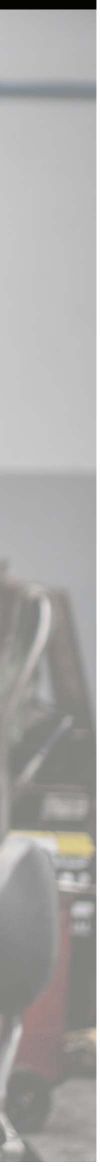
The takeaway is that today CPAs have almost unlimited access to company and client data at their fingertips and they must use it, interpret it, and communicate its value to stakeholders if they're going to be the most trusted and strategic advisors of tomorrow.

As Illinois CPA Society President and CEO Todd Shapiro advises, "It's time to get in the driver's seat, take the wheel, and steer companies and clients toward greater profitability and wealth."

Clients are no longer looking for just a rearview mirror view, but a view through the windshield on where we are going and how to navigate the landscape.

PREDICTION 4

CPA Firms Retool



Shifting company and client demands are also driving another change in the CPA profession—the rise of the professional services firm. Apart from the highly specialized niche firms chugging along for a few more laps, the CPA firm as we've known it will soon run out of gas and be forced from the race. It's a bold prediction, but with CPAs' traditional audit and tax functions heading for automation, the Society says CPAs will increasingly need to focus on services built around strategic planning and insight to remain competitive.

Take tax for instance. Ninety-two percent of respondents to the Society's 2019 Strategic Planning Survey agreed that by 2027 tax returns will be automated with all inputs digitally integrated, leaving humans doing review only; work performed for individuals will be dominated by strategic tax planning and wealth management; and tax work performed for businesses will focus on providing specific industry insight and advice. In fact, 96 percent of respondents agreed that the CPA's work will predominantly focus on advisory services: providing clients with strategic insight, advice, and assessment; implementing new technologies and business processes; and developing intellectual property aimed at solving business problems.

This is where competition will heat up. Based on the findings in "Where Opportunity Meets Value," many forward-thinking firms are beginning to move in this direction. "Our report shows that more than 60 percent of accountants surveyed offer strategic advisory services, 26 percent offer outsourced/virtual CFO services, and nearly 25 percent offer cash flow analysis," said Kevin Au, senior director of product marketing for Bill.com. "While this survey took place prior to the pandemic, we've also seen that the need for strategic advice in recent months has only grown."

The roughly 100-person strong Chicagoland firm of Mowery & Schoenfeld can attest to that. The firm recently completed its first non-CPA firm acquisition, merging in the Chicago-based information technology services firm Xamin.[24] "In an ever-changing world, we will be able to help our clients find technology solutions and provide a high level of security for their operations," says Jeff Mowery, co-founder and managing partner of Mowery & Schoenfeld, noting the firm had been seeking to diversify as its clients are increasingly asking for guidance on managing their IT, cybersecurity, accounting systems, software, and remote workforces.

Accounting Today revealed similar performance boosters when it looked under the hoods of the top 100 firms in the country: Just behind attest and tax, IT and data security, M&A, tech consulting, and business valuations rounded out their top six growth areas, making strategic advisory services a clear competitive advantage among leading firms.[25] We can even see this in how firms are increasingly referring to themselves.

Among the 20 fastest-growing U.S. firms in 2019 as identified by Accounting Today, many use "CPAs and Advisors," "CPAs and Consultants," or similar constructs in their business names.[26] Consider the Midwest and Great Lakes' largest regional firm by revenue, which goes by BKD CPAs & Advisors.[27,28] Last year, BKD even rebranded its 25-year-old corporate finance arm to BKD Capital Advisors. Why? The firm's leadership decided it was crucial to include "Advisors" in the new name to better communicate the arm's broad range of services, calling advisory "the most important aspect" of the services it provides to clients.[29]

Moving forward, firms are likely to continue racing down the merger, acquisition, and rebranding path as they jostle to position themselves for new growth opportunities in advisory, consulting, and other professional services. But while firms' shift away from labeling themselves solely as "CPA" firms feels notable, it's also worth noting that a name change is nothing more than that unless you shift your skill sets and services to back it up.

96 percent of respondents agreed that the CPA's work will predominantly focus on advisory services.

PREDICTION 5

Corporate Finance Refocuses

It's not only CPAs in public accounting firms that need to refocus or realign their skill sets to retain their relevance. CPAs in corporate finance, government, and nonprofits face many, if not all, of the same changes and challenges along the road ahead. Some may even be more at risk due to the economic impact of COVID-19 and associated cost-cutting measures.

In fact, 46 percent of the finance and accounting professionals surveyed for Invoiced and CFO Drive's "The Financial Automation Imperative" report said financial automation would be even more of an imperative in a recessionary economic environment.[30] Digging deeper into their findings, reporting/forecasting and accounts receivable were respondents' top automation priorities, followed closely by tax compliance, financial close, budgeting, risk management, and accounts payable, which were characterized as high or very high priorities.

The goal? "Improving productivity, reducing human error, and refocusing staff time on strategic work are the top hopes for financial automation," the report states. This coincides with the Society's 2019 Strategic Planning Survey findings where 92 percent of respondents agreed financial statement preparation and basic financial operations, such as accounts payable, accounts receivable, and inventory control will be automated by 2027. In turn, the Society says technology systems will generate data that organization leaders will look to CPAs and corporate finance staff to analyze and use to build further strategic insight, thus marrying finance and management into a partnership focused on driving profitability and growth.

Given the current economic outlook and health concerns for employees, this partnership is likely to develop quickly as technology and automation priorities have only revved up since the beginning of the COVID-19 pandemic, which is also driving another concept: touchless transactions.

"Transactions will be touchless as automation and blockchain reach deeper into finance operations," Deloitte predicts in "Crunch Time V: Finance 2025," a report on its outlook for the future of finance.[31] "In the years ahead, cloud-based ERP, automation, and cognitive innovation will continue apace, creating opportunities to radically simplify processes and free up people. Adding blockchain to the mix will only accelerate this trend. As this transition picks up speed, the capacity of humans to add value will be unleashed."

Deloitte also shares the Society's outlook, noting, "With operations automated, finance will double down on business insights and service. People will spend less time preparing data for analysis, and more time asking, 'What does this tell me about the business?' and 'How can the business close gaps in performance expectations?' Answering these questions requires an understanding of financing and capital and being able to advise on resource deployment. This is a big shift from how many in business finance operate today."

In other words, finance has the potential to have a real say in how business decisions get made. But Deloitte also cautions that success is not assured: "Whether Finance continues to direct the resources currently under its control will be dependent on its ability to add value. That will require quality insights and exceptional customer service."

How can CPAs steer their skill sets in this direction? Take hints from Accenture's prediction that by the end of this year finance staff could be spending up to 75 percent of their time on decision support, predictive analytics, and performance management. And take note of the guidance in the KPMG and Forbes Insights report, which suggests focusing on the capabilities C-suite and financial executives are increasingly seeking in their advisors: Technology skills, communication skills, critical thinking and judgment skills, investigative financial skills, and an ability to work across silos.

The bottom line is that CPAs must take the lead in discovering their organizations' needs and begin seamlessly offering the strategic insights business leaders value to continue being trusted to guide them through an ever-changing future.

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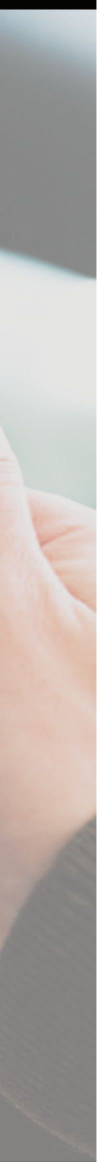
PREDICTION 6

CPAs Reset Skills



When we come full circle, the Society's predictions are driven by a clear theme: technology. Technology, particularly AI, is rapidly reshaping the CPA's world—and it's just peeling out from the starting line.

In its "Sizing the Prize" report, PwC identified four forms of AI in use today set to shape the future:

- Automated intelligence: AI systems that automate existing routine or non-routine manual and cognitive tasks.
- Assisted intelligence: AI systems that don't learn from their human interactions but still assist humans in making decisions, taking actions, and performing tasks faster and better.
- Augmented intelligence: Adaptive AI systems that augment human decision making and continuously learn from their interactions with humans and the environment.
- Autonomous intelligence: AI systems that adapt to different situations and can act autonomously without human assistance or intervention.[32]

Prior to COVID-19, PwC's analysis forecasted global GDP to be 14 percent higher in 2030 because of the accelerating development and take-up of AI—the equivalent of $15.7 trillion in growth. Meaning, AI's economic opportunity is staggering, and PwC says it will be driven by three primary factors: productivity gains from businesses automating processes (including use of robots and autonomous vehicles); productivity gains from businesses augmenting their existing labor force with AI technologies (assisted and augmented intelligence); and increased consumer demand resulting from the availability of personalized and/or higher-quality AI-enhanced products and services.

PwC ultimately concludes that "AI is set to be the key source of transformation, disruption, and competitive advantage." What this means for CPAs is that they must prepare for a business world increasingly permeated by AI that both assists and replaces them—and they need to know how to guide companies and clients on how to implement these systems. Which brings us to the Society's next prediction: CPAs ultimately need to reset their skill sets.

CPAs cannot sit idle while technology and automation revolutionizes business models, tools, tasks, and the delivery of services. The only way to stay in the race is to reset, refocus, and restart. With this in mind, the Society believes digital and soft skills will be the top requirements of CPAs in the future—think strategic thinking, problem solving, analyzing and interpreting data, communicating high level insights, technology aptitude and agility, creativity and curiosity, innovative thinking, and business acumen.

This outlook isn't unfounded. The World Economic Forum highlights a multi-year McKinsey Global Institute study into how human skills are likely to be affected by AI and automation, which emphasizes the top three skill sets workers will need to develop by 2030 if they do not want to be "left behind." Those skill sets include higher cognitive skills, social and emotional skills, and technological skills.[33]

Using U.S. Bureau of Labor Statistics data, McKinsey built a model to predict how hours worked annually would change by 2030. Their model forecasts increasing demands for higher cognitive skills, social and emotional skills, and technological skills. The latter will see the biggest increase of all, with a 60 percent rise from the 31 billion hours worked in 2016. On the other hand, demand for physical, manual, and basic cognitive skills would see dramatic declines.

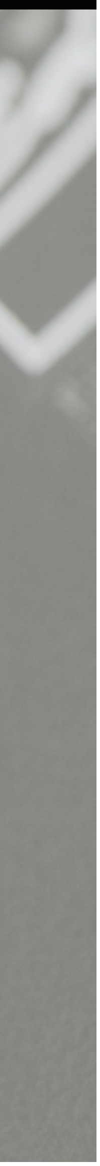
Homing in on the accounting profession, Sage spoke with 1,000 American accountants for its "Practice of Now" report to find out which skills they believe will be the most impactful for them to have in the next five to 10 years. The leading results? Technology skills, strategic thinking, communication skills, customer service skills, deep knowledge of growing a business, and team/interpersonal skills.

The clear consensus is that many of the hard skills CPAs are known and trusted for are at best simply expected and at worst likely to be automated soon. Instead, it's the technological and soft skills that offer value and a competitive advantage. But beware: The World Economic Forum reports the half-life of a skill has dropped from 30 years to an average of just six years, making continuous upskilling crucial for CPAs trying to remain in the race for relevance.[34]

The half-life of a skill has dropped from 30 years to an average of just six years.

PREDICTION 7

The CPA Population Stalls



Of all the Society's predictions, this is arguably the controversial one: There will be significantly fewer CPAs in 2027 than in 2019 when the National Association of State Boards of Accountancy reported there were more than 650,000.[35] While the Society's leaders were mixed on this outlook, 67 percent still agreed this is the likely scenario. Why? Because the trends are pointing in this direction:

- Technology—i.e., AI and automation—allows more work to be done with far fewer people
- Businesses only need so many individuals providing strategic insight
- A large population of CPAs will be retiring
- The number of new CPAs is declining
- The hiring of accounting graduates by CPA firms is declining
- The hiring of non-accounting graduates by CPA firms is increasing
- The CPA is losing corporate influence

Many of these points have already been touched on, but the CPA population trends deserve a deeper look. According to the 2019 edition of the AICPA's Trends Report—a report issued roughly every two years on the supply of accounting graduates and the demand for public accounting recruits—the number of new CPA Exam candidates hit a 10-year low in 2018.[36]

What's more, the AICPA's report also shows falling demand for public accounting recruits. In 2018, hiring of new accounting graduates by public accounting firms slowed by 11 percent. While that doesn't seem dire, looking across the AICPA's last two Trends reports reveals an approximate 30 percent decline in hiring of new accounting graduates. Meanwhile, non-accounting hires as a percentage of all new graduates hired by public accounting firms is up 11 percentage points to 31 percent.

We're also seeing the CPA's presence drop at the highest level of corporate finance—the CFO. At the 1,000 largest U.S. public companies, the portion of CFOs who are CPAs fell to just 36 percent in 2019, down from 46 percent in 2014, which is the lowest figure in the six years Korn Ferry has been collecting the data.[37] The Wall Street Journal explains: "Executives and recruiters trace this evolution to the aftermath of the global financial crisis, when companies increasingly wanted strategy-focused CFOs who would promote transparency and operational changes to spur growth and guard against threats. That was a change from the years after the 2002 Sarbanes-Oxley Act, when companies—under pressure to improve their financial reporting—often picked chief accounting officers as their finance chiefs."

But the Society's prediction of fewer CPAs goes beyond trends in accounting and finance. "This is a societal issue," Shapiro says, pointing to the fact there's more incentive than ever to keep replacing humans with smart machines.

A recent TIME article says the "drive to replace humans with machinery is accelerating as companies struggle to avoid workplace infections of COVID-19 and to keep operating costs low. The U.S. shed around 40 million jobs at the peak of the pandemic, and while some have come back, some will never return. One group of economists estimates that 42 percent of the jobs lost are gone forever."[38]

USA Today featured another prediction: "Automation could destroy as many as 73 million U.S. jobs by 2030."[39] That comes from a McKinsey Global Institute report indicating up to 800 million workers globally could be displaced and as many as 375 million may need to learn new skills for new occupational categories. McKinsey's report also points out that "advanced economies such as the U.S. that have higher wages are more vulnerable to the adoption of labor-saving technology."

And here's another: Dubbed the "Oracle of AI," artificial intelligence expert Kai-Fu Lee, Ph.D., CEO of Chinese venture capital firm Sinovation Ventures and a former executive at Apple, Google, and Microsoft, believes AI and automation will displace 40 percent of the world's jobs.[40]

Speaking to CBS News' Scott Pelley in a "60 Minutes" interview, Lee warned that "AI will increasingly replace repetitive jobs. Not just for blue-collar work but a lot of white-collar work."

"The invention of the steam engine, the sewing machine, electricity, have all displaced jobs. And we've gotten over it. The challenge of AI is this 40 percent, whether it is 15 or 25 years, is coming faster than the previous revolutions," Lee said. "I believe [AI] is going to change the world more than anything in the history of mankind. More than electricity."

The takeaway for CPAs? They're facing increasing competition for positions they've typically held in both public accounting firms and in the corporate sectors—all while AI and automation are reducing the overall demand for human talent.

The number of new CPA Exam candidates hit a 10-year low.

CONCLUSION

Winning the RACE!

As the Society's predictions and the supporting data show, driving the CPA profession forward will not be without its challenges. There will be starts, hard stops, stall outs, and restarts as tech takes over, as firms, companies, and workers evolve, as company and client expectations change, and as the supply and demand of CPAs revolves in kind.

There's a quote from Carroll Shelby that bookends the 2019 film "Ford v Ferrari" that feels fitting for what CPAs are facing: "There's a point—7,000 RPM—where everything fades. The machine becomes weightless. Just disappears. And all that's left is a body moving through space and time. Seven thousand RPM. That's where you meet it. You feel it coming. Creeps up on you close in your ear. Asks you a question—the only question that matters: Who are you?"

You can feel it coming. The pace of change in the CPA profession—in the world—feels like it's pushing 7,000 RPM. So, who are you? Who are you going to be?

The race for relevance is faster and more competitive than ever. The days of CPAs cruising along as trusted numbers crunchers are in the rearview mirror. You must look forward, grab the steering wheel, and put your foot to the pedal to race to become companies' and clients' most trusted and strategic business advisors.

END NOTES[40]

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