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## The Internet: Revolutionizing How CPAs Do Business

By Ken Garen

MAY 2007 - The Internet has forever changed how CPAs do business, in ways more far-reaching than the horseless carriage's impact on our culture, or the telephone and fax machine's impact on how we communicate. In the mid-1990s, few people had even heard of the Internet. Now the fax machine, revolutionary in the mid-1980s, is becoming obsolete as the Internet becomes the technology of choice for transmitting documents and information cheaply, quickly, and efficiently.

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### It's a Small World

The Internet has changed how CPAs and accounting firms do everything, from communicating with clients to hiring and retaining employees. Its ability to connect people instantly has freed both client and accountant from the limitations of both time and space. Exchanging information across the globe has become as simple as if both parties were sitting across the table from each other.

Eliminating the need for physical proximity also frees firms from the requirement of hiring employees locally. Staff can live and work anywhere while remaining immediately connected to their jobs via the Internet. Communicating with clients, managers, or coworkers means sending e-mail, making a telephone call via voice-over-Internet protocol (VOIP), or sending an instant or video message.

Freedom to conduct business globally includes methods for staying connected using a virtual meeting space. Online meeting software, like gotomeeting.com and webex.com, allows participants to share voice, video, and data instantly. This software allows everyone via an Internet connection to participate in an online live meeting. These services even enable presentations and demonstrations on virtual whiteboards. Get-togethers with customers and employee training sessions can now be efficient and far less expensive if employees and clients do not have to travel. Plus, the services eliminate unproductive travel time, with its unforeseen delays and occurrences. Though some may argue that being able to work and connect anywhere at any time has resulted in the offshoring of jobs and the depersonalization of human interaction, others make a case for efficient, cost-effective use of resources.

### It's a Fast, Paperless World

A paperless world may have seemed impossible a few years ago, but the Internet has made this a reality. Paper no longer must be printed, photocopied, and delivered via messenger service, postal service, or overnight air courier. Financial statements and reports can be delivered electronically in an instant. Now, information is delivered via the web and the recipient has it within seconds at no additional cost. The long-term effect

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on the U.S. Postal Service and services such as FedEx and UPS is already significant.

CPAs no longer have to wait for disks, or a package containing hard-copy documents that require rekeying, to arrive in the mail. By storing and retrieving documents electronically, many firms have eliminated much of their paper use and file-space needs. The cost savings are tremendous when firms go paperless and no longer have to print, file, purchase supplies, or store information.

Regulatory agencies, never known for being on the cutting edge of technology, have embraced the Internet. Increasingly, tax authorities permit or even require filing returns and paying taxes online. This is another reason why businesses will want accountants and specialty service providers, such as payroll providers, to handle many transactions for them. Eventually, the kinks will be worked out of the system so that a potential employee's eligibility to work can be verified electronically, significantly streamlining this burdensome process.

### **It's an Efficient World**

The Internet can be a wonderful tool for capturing information from clients via file transfers. An estimated 20% to 30% of firms use this method, which eliminates the need to rekey information. This tool has radically changed the way businesses work. Downloading spreadsheet data or importing information into a firm's software suite means tasks that used to take hours now get completed in minutes.

The Internet has also increased efficiency by giving accountants the ability to manage a client's computers and software, and retrieve information from them, remotely. With the appropriate permissions and software such as LogMeIn.com or PCanywhere.com, an accountant can take control of a client's computer from afar and do everything that someone located in the office could, except physically load discs. The CPA can virtually visit the client at any time without the need for the client to be physically present.

In the future, the electronic interchange of information will be entirely paperless and automated. Imagine the full cycle of professional services being completely electronic. Clients seeking services will send an electronic request for proposal (RFP), review the responses online, cut an electronic purchase order and have services delivered, and then send an online electronic payment that is recorded by both parties. Productivity will soar as firms transition to paperless technologies and automatic processes.

### **An Information-Rich World**

The widespread influence of the Internet has transformed how all professionals attract new business and retain current clients. The web has altered the way people search out information and resources, how they make decisions to purchase products and services, and how they pay for them.

A well-designed website can attract new business via search engines and give existing customers new methods for interacting with a firm, including the actual payment of invoices. There has already been a significant shift from paper-based payment by businesses and individuals to electronic payments. This has changed the way back offices work, too; even though electronic fund transfers still need to record what the payment is for, many systems fail to include a notification field, a regrettable oversight that complicates online transactions for the payee.

Along with offering a new way to search out information about an accounting firm, the Internet has given CPAs ways to learn more about their own profession. Not only can accountants proactively find local and distant

continuing-education courses to attend in person, but the ability to earn continuing-education credits online is rapidly becoming available, a great convenience for accountants everywhere.

### **High Expectations**

The most important thing that the Internet has done to change how CPAs do business is its irrevocable transformation of expectations. There's no need to wait days for information; everyone now expects immediate results. Customers, accountants, and employees have realized that fluff time is gone. A CPA can't promise to do something today and send it in tomorrow's mail. With immediate delivery via the Internet, accountants must manage client expectations in different ways.

CPAs also expect clients to be able to submit their data electronically. Many accounting firms have been contemplating how to price their services to encourage electronic communication and discourage paperwork. This will continue to reform the way accountants approach current and future business methods and client relationships. Businesses that rely on paper are simply not as profitable as those that take advantage of electronic media.

Firms also have increasingly high expectations for staff. The professional toolkit required by employers now reaches beyond the ability to simply crunch numbers. Employees must be skillful at extracting data and researching information. Candidates with these competencies command better compensation, and seek out firms that fully engage their Internet-based capabilities.

Despite its benefits, the Internet access is still not fully embraced by all accounting firms. But much like the green eyeshade and the quill pen, these firms will soon become relics of a nostalgic past. The Internet, with its revolutionary innovations, has already made its mark.

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