

: How is digital transformation changing accounting?

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People no longer perform most traditional accounting tasks. Today accounting is much more than recording and summarizing financial transactions. For more than 50 years, information systems have been taking over the recording task and recent innovations in Artificial Intelligence and blockchain technologies foreshadow the end of accounting professionals performing routine tasks that can be automated. Software can and should summarize, analyze and report the details of accounting transactions. Regulatory and oversight agencies as well as tax collectors, can and should have software directly interface with any organization's systems and data.

Digital transformation (DX) is the adoption and use of new information technologies to change and improve business processes, alter business models, enhance products and services, and change and improve customer experiences.

Digital transformation is definitely changing the jobs of accountants and auditors. And the pace of change is accelerating. Professional accountants will continue to examine and certify the financial operations of a organization. Specialized accounting professionals will help measure and improve the financial decision-making that focuses on both short-run and long-run viability. Accounting professionals will provide decision support, provide customized business and data analytics on a range of operational issues, and examine and verify the "truth" of financial records. Disruptive technologies are changing professions and especially accounting.

The work of financial accounts will change the most, but financial accountants will still need to monitor the workings of automated systems. Cost Accountants will increasingly use new tools like Machine Learning and data warehouses. Auditing and auditors will remain important, but the digital tools they use will increase in sophistication. Managerial accountants will continue to analyze and interpret accounting information, especially trends and deviations, and will advise general managers.

More professional accounts will need to specialize in accounting information systems (AIS). The demand for experts in AIS) will grow with increasing digital transformation. Tax Accounting will remain important. Tax laws change and tax preparation software involves making multiple judgments about about how to report income, expenses, and other financial information. More specialty areas will emerge in accounting. For example, Forensic Accounting will involve new tasks related to the digital disputes and litigation of the future.

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CFOs can and should become change agents. Controllers must become cross-functional leaders, tasked with better reporting and facilitating data-driven decision-making, cf., Williams, 2020.

The digital transformation of accounting is occurring, but more slowly than predicted by Su (2018). He stated "expect that by 2020, accounting tasks - but also tax, payroll, audits, banking... - will be fully automated using AI-based technologies ..." There remains too much routine accounting work performed by people and AI/ML accounting software needs to improve.

Accounting is about establishing financial facts and evidence. Professional accountants will face new challenges in determining the "truth" in digitally transformed organizations. Digital transformation will shift the focus of accounting and finance professionals to analysis, verification, and interpretation and away from recording data.

References

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Last update: 2020-11-21 03:42