

Why CPA.com's Erik Asgeirsson Thinks the Coronavirus Pandemic is a Defining Moment for Accounting Firms



Gene Marks

CPA, Columnist, and Host



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Full transcript

Gene Marks:

Hey everybody and welcome to the Paychex Business Series Podcast, I'm your host Gene Marks. I'm a Certified Public Accountant and regular business columnist for a bunch of publications, including FORBES and Entrepreneur and The Hill and the Guardian and The Philadelphia Inquirer. But more importantly, I'm a small business owner of a financial and technology management services company. And I've teamed up with Paychex, the leading provider of human resources, payroll benefits and insurance services to bring you real life advice from real life business owners and industry experts. In this podcast, we'll talk about the complexities of running a small business and how those business owners are handling the challenges that they face. Today, we're going to be talking about running an accounting firm during COVID-19 the pandemic and after. And my guest today is Eric Asgeirsson. Eric is the CEO at CPA.com. CPA.com brings innovative solutions to the accounting profession, either in partnership with leading providers or directly through its own development.

Gene Marks:

The company has established itself as a thought leader on emerging technologies and as the trusted business advisor to practitioners in the United States with a growing global focus. CPA.com is a subsidiary of the American Institute of CPAs and part of the Association of International Certified Professional Accountants, the world's largest accounting association. And by the way, Paychex is preferred provider of AICPA business solutions for payroll, retirement, and HR services. Eric hello.

Erik Asgeirsson:

Thanks Gene, it's great to be here.

Gene Marks:

I'm glad that you're on with me. I've a lot of questions ask you, let's talk about accountants and accounting firms, are you a CPA?

Erik Asgeirsson:

I'm actually not a CPA, I'm technologist and a financial professional that's been supporting the CPA community for the past 15 plus years.

Gene Marks:

Obviously you work with so many CPAs and accountants that are working and running accounting firms all around the country and I'm sure you've seen a lot over the past couple of months. What have you seen in the accounting industry as they've been...firms have been dealing with the pandemic?

Erik Asgeirsson:

It's great question, and just one thing about how we operate here every day and a little bit about myself. It's all about connecting businesses with technology in the information age. I think by my role in working in leading the technology business unit for the AICPA, the business technology unit. It's about empowering the CPA firms for the digital age, which then allows them to connect with their small business clients into play that virtual CFO role, that trusted advisor role. And my background Mark, is electrical engineering and I've got a Master's in business and finance, it's perfectly suited for what we do here. And what we've been thinking about over the past decade, is helping firms put in place state-of-the-art platforms which are all cloud-based to support their clients, their small business clients in particular, in a way that large businesses have always been set up over the past 30 or 40 years.

Erik Asgeirsson:

But they've just been doing it in an enterprise environment, but firms are in a unique spot with cloud computing to play a very, very strategic role for their clients. And what's happened here over the past 60 days is two things. One is, it's a defining moment for the firms and the role that they play as an advisor for their clients. And two, the firms that have made some of these investments have been able to continue to operate very effectively, and actually many of their clients have thanked them. They've thanked them for setting them up with these cloud accounting systems, cloud bill payment, payroll systems, through companies like Paychex. So, they've really built up a lot of capabilities that have become very, very important in this current time.

Gene Marks:

Let's talk about technology a little bit. I mean, before COVID, plenty of people were working remotely, working from home and there were a good share of accounting firms that were adopting some cloud-based technologies. But tell me what you expect to see going forward.

Erik Asgeirsson:

Well, what has happened is...others have said this, but we've been saying this is, 2020 has become 2025. Everything has gotten accelerated to a very high degree. So firms that were already very technology-forward are just accelerating their investment in their technology platforms. Some firms are a little bit behind are playing catch up. And as you know firms are partnerships and there's always, some partners that may have been a little bit more forward-thinking in investment in technology, and there were a few laggards, guess what? The laggards now have come on board with the other partners that have said, "We need to be operating in this new model."

Erik Asgeirsson:

So I think it's everybody realizes that it's table stakes now to have a virtual CFO client accounting services area. That's an area that really has emerged over the past decade due to cloud computing. Now all firms they know that, they know that it's a must service along with their tax and insurance services. And the tax and insurance services are also areas that probably there's going to be even more technology development. Client accounting services areas had a lot of client technology development over the past few years.

Gene Marks:

Yeah, when I think about the services and you talk about a virtual CFO, which really is how we as CPAs should be. It's not just accounting and accounting technology, right? I mean, CFOs have a lot under their umbrella.

Erik Asgeirsson:

Absolutely. We talked about client accounting stack or capability in technology stack. You look at pre-accounting areas, you then look at your accounting platforms and you look at post-accounting. And the post-accounting area is where you have budgeting and forecasting and planning tools. And those in some ways are definitely outside of the traditional accounting services area. And then you need to think about, as I said a moment ago, pre-accounting. How are you getting the inputs into the accounting platforms? What state-of-the-art tools would be expense management, if it be other employee applications, how are those being fed into your core accounting platform? So it's becoming more complex but there's actually more opportunity. And one thing that we've been seeing here over the past 30 days is for firms...there's a lot of firms that have invested in these areas that are growing their client base because they have the capabilities to support clients.

Gene Marks:

Yeah. Because it's funny, it's a data-driven world and these applications, they extend beyond just QuickBooks or Xero or Sage. I mean, we have so many clients now that are using project management apps and customer relationship management and HR apps as well. All of this involves data and analysis and all of this provides potential opportunities for accounting firms to get involved.

Erik Asgeirsson:

That's right. It's all about data, it's all about focusing on your core business and the business owners for the last 25 years there's been starts and stops where they've tried to do some of the accounting work. If you look way back to the early 2000s, it was QuickBooks was just going to automate everything and here we are in 2020 and that's not the case. The business owner still needs the advisor to run the machines and that's going to be continuing to be the case going forward to leverage this data, to provide the insights to the business. The cloud accounting and AI movement is bringing small businesses in an accelerated way into the information age but they need somebody to help run those platforms for them while they focus on their business and that's how you're going to win. It's about focusing on your really specialized expertise, whatever that small business is delivering, and then leveraging an advisor who also is specialized, probably in your vertical and has built an information stack that can harness the data and give you insights to better run your business.

Gene Marks:

And you think that COVID-19 has significantly contributed to this? It sounds like, the pandemic as awful as it was and is, could be a good thing for a lot of accounting firms.

Erik Asgeirsson:

What has happened here is there's two things that are occurring here with COVID-19. There's businesses that their business model in this new world work very well. We all have referenced the Zooms and some of these online platforms and their business opportunity is accelerating. And then there's those businesses that had some fundamental issues and they were potentially in decline and that's also accelerating. So just looking at the firms, the trusted advisor role is a critical role and then also the ability to provide that with virtual remote tools is very possible. So you've got the ability to deliver your service and the value of that service are both well-suited for how businesses are going to work going forward.

Erik Asgeirsson:

So yes, this is highlighted that firms can operate in this environment and more importantly, they can provide a very important service to the small business clients. And the small business clients, if I think about the phases right now, we're in this business relief phase where the small business clients need their advisors to help them filling out all of these applications and forgiveness forms to get the business relief. And then we're going to be moving into the restart phase and again, in restart you're going to need to sit down with your advisor, look at your business model, do some planning. So it's going to be a very, very busy 2020 for the accounting firms.

Gene Marks:

Yeah. Not even to mention with the payroll tax deferrals, payroll tax credits, change to the section 504, seven, eight loan program. There's a lot of opportunities for accountants and CPAs to get involved and advise, be that trusted advisor to their clients, and I really hope people take advantage of that. So there are opportunities there, what do you think, what are you hearing from the accounting community as far as some lessons that they might've taken away from the past 12 weeks, both for themselves and their clients?

Erik Asgeirsson:

Yeah. I would say some of the big lessons are one, in the technology platform capabilities that they had in place. But then secondly it's also the relationships, because this is a... In today's world, I think teaming is going to be more important than ever. And you can't work in isolation, so right now the firms are working with other key stakeholders in the small business community. Be that the lending community, the payroll community, other information providers. So firms that have had lessons learned, one is as is on the technology side. But the other is firms that have had good relationships in place with the lending community have been able to support their clients more effectively than some firms who under invested in that area.

Erik Asgeirsson:

You can blame the bankers and say the bankers aren't doing what they need to do and there's truth in that. But it's also good to be able to have constructive discussions with the lending community. And if you had those relationships in place during a crisis, you can leverage those. So I think that's one thing that we're all learning, the importance of the ecosystem. The ecosystem really matters and I think firms are well aware of that.

Gene Marks:

Yeah, those are great learns. I mean, we have technology and the importance of recognizing this, obviously the importance of the ecosystem and having good relationship with bankers and finance. And the importance of being proactive with all sorts of data that your clients are using, wherever they are now because we've proven that the cloud works. So Eric, in summary though, what do you say to a partner of a CPA firm or an accounting firm that doesn't get that or continues to operate as they did before COVID-19, what do you say to those guys?

Erik Asgeirsson:

What I would say is that this is a time to be highly relevant with your clients. It's a defining moment, it's a defining moment in your client's life, business-wise and from a personal standpoint. And think broadly don't get caught up in some myopic issues, an issue that you're frustrated with the speed of guidance from the government. Everyone's trying to do the best they can, these are unprecedented times. Think about how important it is for you to play that defining trusted advisor role and to try to keep perspective with all that's going on for your client to bring a state of calm during this period of massive anxiety. That's something that the firm can think about as well, they need to lead, this is a time to lead and they'll look back on this time as potentially a changing moment for their firm.

Erik Asgeirsson:

If they've already been well set up for this day, great, they'll accelerate some of their strategies. If this is a time for them to really rethink and how they can play that trusted advisor role, use this as a catalyst and can get on with this. You're in a great business line, a very relevant business line with a real purpose. And that's what I would say to that firm that's thinking, that they're not really clear on what they should be doing.

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Eric Asgeirsson is the CEO at CPA.com, his company has established itself as a thought leader on emerging technologies and as a trusted business advisor to practitioners in the United States or the growing global focus. CPA.com is a subsidiary of the American Institute of CPAs and in part of the Association of International Certified Professional Accountants, the world's largest accounting association. And Paychex is preferred provider of AICPA business solutions for payroll, retirement, and HR services. Eric, that was great, thank you very much for coming on board. For more information about what we discussed today and other coronavirus questions and topics, please visit the Paychex COVID-19 Help Center. The address is paychex.com/coronavirus-resources. Thanks again, Eric, thanks again for everyone listening and we will see you next time.