

# The Exponential Future of Accounting

by Matthew Griffin

**The future is fluid, and the fact that the rate of change is accelerating today is lost on very few people. In fact, when you consider the amount of progress that humanity has made, technologically speaking at least, just within the last five decades, let alone in just the past decade, it's easy to see that today we are entering a new era unlike anything that any of us have ever seen before.**

An era where an individual can publish an idea, or an entrepreneur can create a product, and either can change the world at a speed that even our parents would have thought unimaginable, and that's just one of the implications of us all being just a single button press from over 3.5 billion other connected people.

Fast forward another ten years and the rate of change will be even faster. But as the world speeds up and accelerates around us, as humans our ability to envision and predict these changes becomes more difficult, and more importantly the time we have to react to them and get our heads around their implications shortens.

As I travel the world, increasingly these facts are why more of the people I meet feel the future is something that is being done to them, not something that's under their control, and that sometimes makes people feel uncomfortable. However, even though the future is now faster paced than it was that doesn't mean we can't still see it coming or get a point of view on it, and with the right data points and insights you can re-gain some clarity and re-gain that control.

As with any new technological shift there are both threats and opportunities for incumbents and start-ups alike, and so it is with the accountancy profession.

At a macro level the world is, arguably, a much more politically volatile place than it was just a few years ago. Not only do governments today have to figure out how to contend with increasingly sophisticated state

sponsored disinformation campaigns that leverage technologies such as bots, DeepFakes, and Digital Humans, but they also have to try to find new ways to regulate and limit the power of so called Virtual Nations. These are powerful autonomous online communities of hundreds of millions, or even billions of people, on platforms such as Facebook whose unelected leaders now in many ways have as much power as the governments who are trying to control them.

A prime example is with Libra, Facebook's cryptocurrency. A It sent central banks and governments around the world, from China to the USA, into a panic when they realised it could be a material threat not only to the global financial system but also their own fiat currencies and central banks. And this is just one glimpse of the world we live in today ...

At a more micro level many of the same trends and technologies that are helping shake up the world at large are also impacting industries and companies, albeit in slightly different ways.

- Bots being run by quants cause dramatic swings in the stock markets as they analyse then react to dubious bot generated social network sentiments,
- Events on the news wires in real time,
- Industry disruption that's prompting portfolio managers to dump one portfolio for another, for example as the result of the world's move away from fossil fuels to greener, more sustainable solutions,

- From agrochemical businesses to newer companies that can, literally, feed the entire planet using just one single feather from a single chicken. And that company, in case you were wondering whether this Futurist is smoking something, is called Just.

So, as you can, see when it comes to technology's disruptive power nothing is immune.

No matter where you look change is there

- automation and bots in the workplace now commonly come up in conversations about the future, along with conversations around the pros and perils of Robo-advisors.
- Science fiction like advances in the healthcare sector are making it increasingly likely that in the next decade we'll be pushing average life expectancies closer to 100 years.
- Disruption, in one form or another, is changing the dynamic of every industry and impacting every corner of society.

The culmination of all these changes, and others like them, of course, means that the accountancy profession is now faced with an increasing tsunami of change, which impacts everything from our working practises and how we operate our businesses, to how we view and embrace new opportunities, right through to the data sources we use and the advice we give and how we give it.

After all, increasingly complex markets aside, when you can 3D print human organs on demand, create designer children who are immune to disease, cure cancer with a genetically engineered “vaccine,” and use in vivo gene editing to eliminate inherited genetic diseases, all of which we’ve successfully done in the last couple of years, and as we really start to push the limits of human life extension, what happens to estate planning when their children and great grandchildren no longer have life expectancies of 84 but of 154, or above? Let alone the impact on society itself and the impact it will have on social care, people’s savings habits, and pension plans.

Then, flipping to the other side of the coin, what happens to wealth management advice and planning when entire industries along with their previously unassailable incumbents are disrupted and torn down by new business models and new market entrants in the space of years not decades as was the norm previously?

It’s no coincidence that since the year 2000 over 52 percent of companies in the Fortune 500 have either gone bankrupt, been acquired or ceased to exist, and while you might be able to blame some of this on failures at the top almost all of these companies have been replaced

by newer future fit upstarts and disruptors.

With disruption happening at all levels of the market there are opportunities for all. At the lower ends of the market, the high-volume low profit segments, there’s the opportunity today to use a mix of automation and RPA technologies to create either semi-autonomous or even fully autonomous companies, as we’ve already seen emerge in Hong Kong and New York. Then, at the top of the market all this change, and all of this volatility, means that now more than ever clients need people they can trust to help them understand and navigate the impact of these changes on their companies, their assets, and their portfolios.

Try to automate these kinds of services as they might, it’s still an uphill struggle to replace the familiarity of a real face, and try as companies might, there are still no machines in existence today that can get their silicon circuits around all of this complexity – although companies, from quants and VC’s through to governments, are trying.

The accountancy world also has another rather unexpected but nevertheless incredibly crucial role of actually helping to shape the future. After all, money talks, and this is something that even though we remember we sometimes forget.

Take, for example, the company who wants to develop hunter killer robots, and yes unfortunately that is a thing today thanks to the combination of AI, machine vision, and robotics. On the one hand you have “the machines against man,” but on the other as accountants, armed with our own machines calculators - there are multiple ways to convince companies to make different investment choices – machines against man versus man, and woman, against machines. It’s quite ironic, but it’s also an irony that shouldn’t be lost on us. It also shows us the power that the profession has to help steer companies along the right tracks, whether it’s diversity and inclusion, environment, sustainability, and governance (ESG), or many other



tracks, many of which are even more profitable and prosperous than the traditional alternatives.

So, as we start to close out, where does this leave companies? What are the next steps you can, dare we say, should, take?

Well, it's no secret that many smaller companies, to one degree or another, are fearful about the future. This could be because there are multiple unknowns or because the word automation is mentioned in almost every breath nowadays. Solving the former problem means getting a point of view on it, quantifying that view, and developing a future fit vision or strategy.

Solving the latter is a training and recruitment issue. In the cases where the automation of jobs and employee mobility does become an issue, especially from an employee's perspective as they try to move between different career paths, the more clarity you have about the

future the better able you are to help your staff navigate it and mitigate its effects on your workforce.

And then, finally, from a client's perspective the services you build and develop, and the type of customer experience you provide, whether it's fully or semi-automated, or human and intensely personal, as always depends on your clients and the customer segments you're trying to serve.

Navigating the future isn't rocket science, it's research, and embracing opportunities isn't a dark art, it's vision and execution, and you do all of those day in day out. Or at least I hope you do. The power, as they say, is in your hands whether you know it or not, and as I mentioned at the very beginning when the sun rises tomorrow the future can be something that is done to you, or it is something you can envision, create, and control – the choice is yours but either way it's important you make that choice and make it now.



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Matthew Griffin, described as "The Adviser behind the Advisers" and a "Young Kurzweil," is the founder and CEO of the World Futures Forum and the 311 Institute, a global Futures and Deep Futures consultancy working between the dates of 2020 to 2070, and is an award winning futurist, and author of "Codex of the Future" series.

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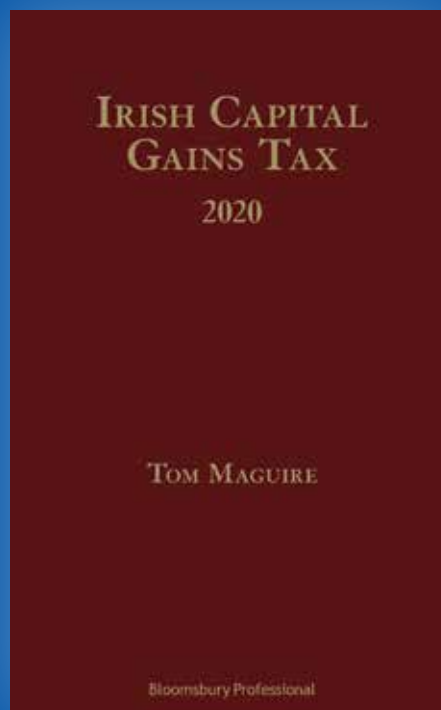
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