United States Edition

Future Ready Accountant Report

The new era of accounting: Navigating AI, talent, and technology

Future Ready Accountant

Wolters Kluwer

The new era of accounting: Navigating AI, talent, and technology

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Foreword

The accounting profession is at a turning point. Artificial intelligence, generative AI, and the ongoing digital transformation are revolutionizing the way we work, enhancing efficiency, and enabling more strategic decision-making. It is through this lens that Wolters Kluwer Tax & Accounting is pleased to present the *Future Ready Accountant Report.* This inaugural report builds on the insights and findings of our previous regional reports, but for the first time, we have expanded our scope globally – across North America, Europe, and Asia-Pacific – to prepare a comprehensive study of the trends shaping the tax and accounting profession.

What do the results show? Evolving client needs and increasingly complex regulations are converging, driving the need for more strategic insights, bespoke advisory services, and enhanced value in client relationships. Moreover, the talent crunch continues to challenge firms to foster environments that attract, develop, and retain the best minds in the field.

At the same time, the rapid evolution of advanced technology is leveling the playing field, giving firms of all sizes access to transformative operational and analytics capabilities. Firms willing to adapt and embrace these new tools and technologies will be able to streamline tasks, analyze data, and discover new avenues for efficiency, innovation, and revenue growth.

This report provides a valuable and detailed analysis of these critical trends, both on a global and regional scale. The findings and recommendations are here to guide you as you navigate success in this ever-changing environment.

Jason R. Marx
CEO, Wolters Kluwer Tax & Accounting

Introduction

The *Future Ready Accountant Report* reveals a fascinating paradox: while advanced technologies like Generative AI (GenAI) dominate industry conversations, the readiness of accounting firms to fully integrate these tools varies significantly.

More than half of survey respondents think AI will greatly impact their profession – and yet, it is not a top strategy among firms identifying themselves as innovators or early adopters.

The Survey also highlights a laser-sharp focus on attracting and retaining talent. As firms aim to meet increasing demands for more personalized service from clients, they must rethink their talent strategies to create a positive culture through better work-life balance, streamlined processes, and more meaningful work.

Overall, the findings show that firms are leveraging technology to respond to challenges, emphasizing a need to balance advanced technology with human-centric strategies. Technology cannot replace the value of personal interaction and advice. However, integrating technology frees up staff to focus on providing strategic business advice and people-centric interactions.

Embracing this approach is key to being a future-ready accounting professional. As the *Future Ready Accountant Report* explores current challenges in accounting firms worldwide, it also offers insights to help firms shape their future and succeed by embracing emerging trends and technologies.

What's new:
Key survey findings

Generative AI adoption is still in the early days
Generative AI (GenAI) is a hot topic. Yet only 27% of tax and accounting professionals use GenAI as part of their workflow, and another 22% plan to start in the next year. While AI benefits include streamlined tasks, automation and cost reduction, concerns about data security, accuracy and implementation costs persist.

Only 25% of firms have AI policies, but professionals at firms with AI policies have more positive attitudes toward AI (84%) compared to those without (44%).

Change is constant, and it's a top challenge
Regulatory complexity remains a key challenge, with 41% of firms citing it as their top issue. Micro firms feel it most (52%), while larger firms rank it third top concern. To adapt, 39% of firms are investing in staff training. Of firms planning to implement AI, 36% intend to use AI for tax, accounting, and audit research.

Balancing talent challenges and client satisfaction
Accounting firms are prioritizing people, aiming to elevate client service, streamline workflows, and develop talent. Yet, the industry faces significant challenges: attracting and retaining top talent and managing client expectations.

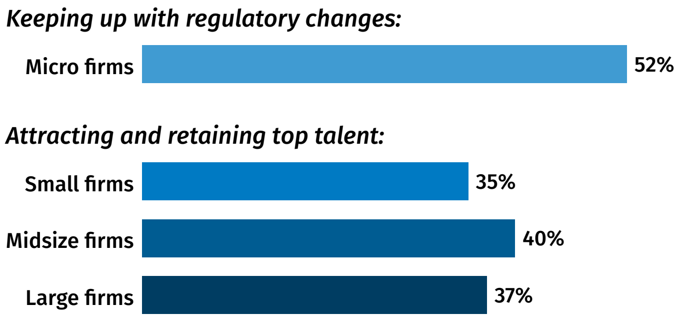
Talent shortages make it harder to meet client demands and maintain a healthy work-life balance. The balance between workload and well-being is considered the most significant talent-related issue by 45% of firms.

Technology elevates firms to new heights
Technology is becoming accessible to firms of all sizes, helping firms leverage advanced tools effectively. With 62% using cloud tech, 57% achieving significant tech integration, and 74% utilizing over half of their tech capabilities, progress is evident. Notably, 63% of firms with at least 75% integrated systems saw significant revenue growth, highlighting the importance of advanced tech for effective collaboration and operational success.

27% use AI/GenAI as part of their workflow

22% plan to start using AI/GenAI in the next year

Most significant firm issue by firm size



How integrated is firm technology

0-24% integrated: 19%	25-49% integrated: 25%	50-74% integrated: 31%	75-100% integrated: 26%

What’s next: Key trends transforming the tax and accounting industry

AI adoption on the rise. More than half (57%) of accounting professionals believe AI advances will have the greatest impact on the profession; however, adoption is still in the early stages. While AI is mentioned as a factor in both optimistic and uncertain views of the industry’s future, overall feelings about AI are positive and only 15% view AI negatively.

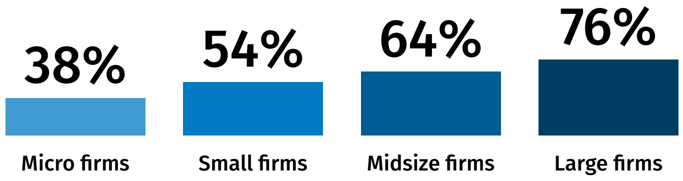
Positive views on AI adoption increase with firm size. This, along with the positive outlook of AI's capabilities to streamline and automate suggests that as AI capabilities become more readily available and integrated into existing tools, adoption will continue to rise.

Digital transformation. Accounting firms are advancing their use of technology to streamline operations, improve client engagement, and provide more flexible work experiences. Firms plan to increase digital document collection (33%), workflow automation (26%) and upgrade cybersecurity and data privacy measures (20%). While firms are at different stages, overall, the industry continues moving towards cloud computing, AI, and data-driven strategies.

Shift to advisory services. The industry continues to evolve offering strategic guidance and insights that go beyond traditional services. Technology and data analytics are crucial to this transition, enabling firms to provide deeper insights and precise forecasts. Currently, 83% of firms offer advisory services as a core service (49%) or upon request (34%), and 20% plan to expand services further. The shift to a trusted advisor role can enhance decision-making, strengthen client relationships, and unlock new revenue streams for both clients and firms.

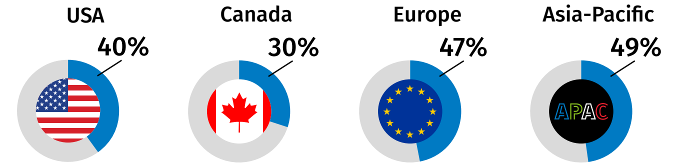
Adapting to the talent gap. The profession continues to grapple with staffing challenges, which 41% say will significantly impact the industry. To address talent concerns, firms are offering flexible work arrangements (37%), more professional development (35%), and enhancing company culture (32%). Technology also plays a crucial role, creating capacity for more engaging work (61%), shifting the industry’s perception (52%), and attracting tech-savvy professionals (35%).

Positive views of AI adoption increase by firm size

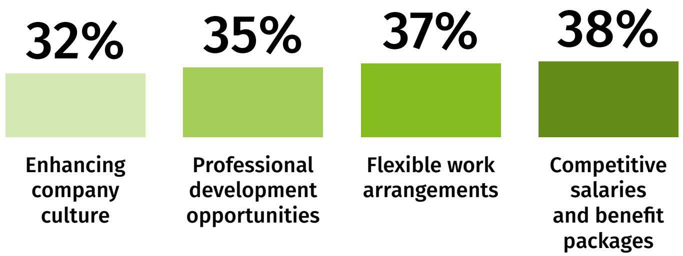


Firms planning to move fully or partially to the cloud, by region

Globally, 43% of firms plan to move fully or partially to the cloud.



How firms are attracting and retaining talent



49% offer advisory and consulting services as a core service

39% have concerns that self-service solutions will reduce reliance on the professional

Firm growth: Defining strategies for achievement

Key insights:

- After growth, improving client service and engagement is the top goal for firms. In Europe, firms are prioritizing expanding their client base as their top goal behind growth.
- High-growth firms are more likely to offer advisory services compared to firms with stagnant or declining revenue. Services such as financial planning, management reporting and benchmarking are driving revenue and profitability in these firms.
- The operational efficiencies of a cloud-based infrastructure pay dividends. High-growth firms are more likely to use cloud-based solutions, and cloud-based firms are more likely to report profitability growth compared to traditional firms.

Accounting has long been considered a recession-proof business. Despite uncertainty in the industry over AI and talent, 72% of firms report revenue increases, evidence that the profession remains strong.

It seems that the question for most firms is not *whether* they intend to grow, but instead, *how* they plan to do it. Over half (52%) of firms report that their primary goal is to increase profitability and revenue growth. Beyond that, the remaining top objectives focus on growth and methods for achieving growth.

Improve client service. This is the top priority for 41% of firms after growth, except in Europe (36%) where it places fourth among top goals. Many firms are leveraging technology to respond to clients more quickly and provide more valuable, personalized insights.

Expand client base. Attracting new clients can be challenging but evolving regulatory standards and business planning opportunities ensure that the accounting industry remains essential. This is where European firms are focusing, with 41% indicating it was their top goal. It placed third in the U.S., Canada, and APAC.

Streamline workflows. For 30% of firms, completing work accurately and on schedule is a major concern. For these firms, growth and profitability may best be achieved by working more efficiently. About one-third (33%) of firms chose this as a top goal, with a slightly higher emphasis in Europe (36%) and slightly lower focus in the U.S. (30%) and APAC (31%).

Attract and retain talent. Staff shortages put additional pressures on firms, making it difficult to add clients or even maintain existing levels of client service. Developing existing staff is a key strategy for long-term growth and profitability. About a quarter of firms globally cite this as a priority, a challenging objective considering 41% say the talent shortage is one of the trends likely to have a lasting impact on the profession.

Top goals for 2025	
1. Grow revenue and profitability	52%
2. Improve client service	41%
3. Expand client base	40%
4. Streamline workflows	33%
5. Attract and retain talent	27%

Growth drivers
Growth metrics are relatively consistent across the different regions, with most firms reporting increases in revenue (72%), profitability (67%), and client engagements (63%). By comparing high-growth firms (those with growth of 5% or more) to stagnant and declining firms, three key growth drivers emerge that set these successful firms apart.

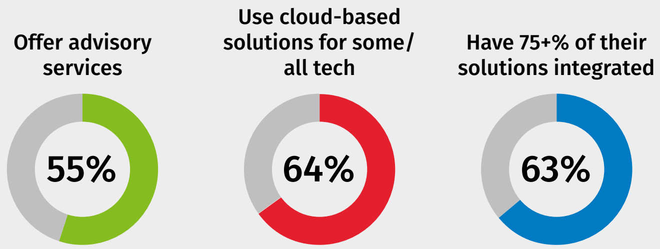
Advisory services. High-growth firms are 49% more likely to offer advisory services as a core service compared to stagnant and declining firms. Services like financial planning, management reporting and benchmarking are elevating revenue and profitability in these firms.

The cloud. The operational efficiencies of a cloud-based infrastructure can pay dividends with 74% of cloud-based firms reporting profitability growth compared to 65% of traditional firms.

Integration. Revenue growth is closely tied to technology integration. Firms with less integration experience less revenue growth overall. Firms with fully integrated solutions are most likely to report revenue growth of 10% or more, and 78% of firms with three-quarters or more of their solutions integrated report growth compared to 63% of firms that have less than a quarter of their solutions integrated and just 46% of firms that report no integration.

The specific actions firms have taken to achieve growth, and their future strategies are detailed in the regional section of this report.

High-growth firm differentiators



Essential takeaways

Most firms experienced at least modest growth over the last few years, and they anticipate continuing that trajectory. However, growth doesn't just come from serving more clients. Improving efficiency can result in profitability growth, and adding services can bring in more revenue, even with fewer clients. For most firms, though, achieving growth requires a combination of the right people using the right technology.

72%
of firms report increases in revenue

63%
of firms report increases in client engagements

67%
of firms report increases in profitability

Luminary insights

Q ***What is the key strategy for firms to achieve high growth?***

Firms should continue to embrace opportunities provided by technology, including applying a risk-based approach to adopting AI. They should continue to provide their clients with personalized services and a strong human interface.

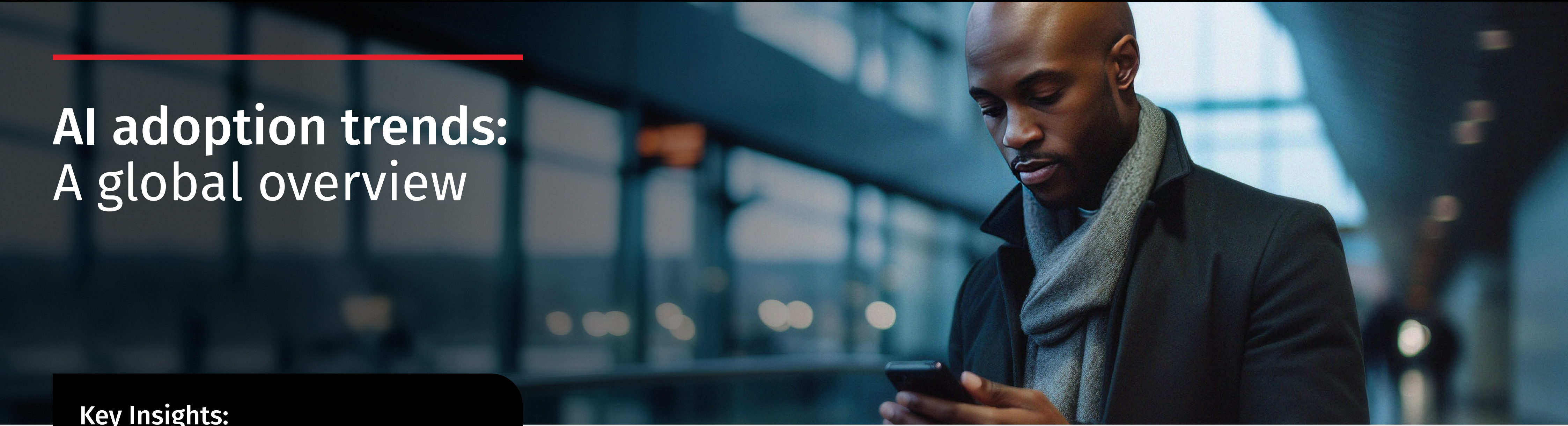
Peter Vial
New Zealand Country Head, Chartered Accountants Australia and New Zealand

Enhance the concept of "customer experience." Our current strategy is based on a transition from being mere service providers to placing the customer at the center of our operations. We achieve this with agile and secure information exchange channels, direct and personal communication and service personalization. This improves customer loyalty and positions our firm as leaders in an increasingly competitive market.

José Luis Rivas
CEO, Adlanter, Spain

Firms are focusing on the client experience. As they build new and more valuable services for their clients, they intentionally let go of non-target clients and then focus more personalized services on their target clients. High-quality, personalized client relationships require time, attention, and laser focus, which firms must commit to in the future.

Sandra Wiley
President, Boomer Consulting, Inc., United States



AI adoption trends: A global overview

Key Insights:

- Globally, more than half of firms view AI adoption positively or very positively. European and APAC firms show the highest enthusiasm for AI adoption, while Canadian firms exhibit more negative or neutral views.
- More than a quarter of firms are currently using AI or generative AI tools, and an additional quarter of firms plan to start using them in the next 12 to 18 months.
- The top three concerns about AI adoption are: data security and privacy risks, accuracy, and high costs to implement and monitor AI. These are consistent regardless of location, firm size or how positively or negatively one feels about AI adoption.
- Specific regional concerns vary, such as client trust in the U.S. and decision-making impacts in Canada.
- Professionals with firm-wide AI policies feel more positively about the adoption of AI in the accounting industry.

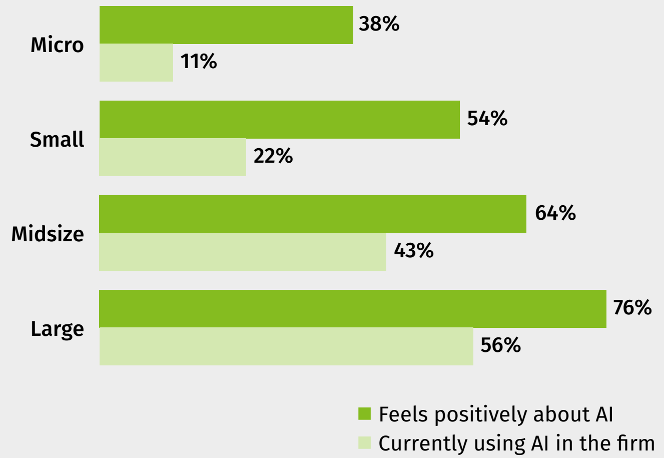
Artificial intelligence, including GenAI, is having a transformative impact on the accounting industry, although not everyone views this positively. Additionally, the implementation of AI tools is lagging, with only 27% of firms currently using AI and 22% planning to adopt AI technologies in the next year.

Enthusiasm for AI
More than half of respondents (53%) view the adoption of AI in the tax and accounting industry positively. Of the rest, 32% have neutral feelings about AI. These professionals report lingering uncertainty about how AI will impact the profession and what it means for accounting professionals.

Regional attitudes. European (57%) and APAC (55%) firms show the highest enthusiasm, while only 35% of Canadian firms view AI positively – in fact, 26% in Canada view AI negatively, the highest of all the regions. When it comes to implementing these technologies, U.S. firms are most likely (33%) to be currently using AI tools.

Firm size. Acceptance of AI seems to be directly tied to firm size. About three-quarters (76%) of professionals at large firms (50-plus employees) report positive feelings about AI adoption, compared to 64% of midsize firms (20–49 employees), 54% of small firms (5–19 employees), and 38% of micro firms (1–4 employees). Firm size also relates to the likelihood of AI usage. Micro firms have the largest share of firms (33%) that report they have no plans to use or consider using AI tools.

Professionals at larger firms view AI more positively and are more likely to have access to AI



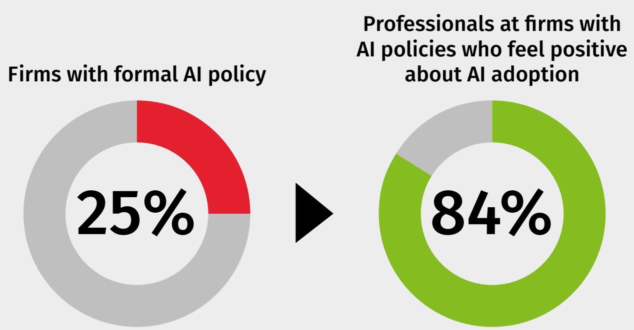
Firm-wide AI policy. Two findings stand out from the Survey: 1) globally, only 25% of firms have a formal AI policy; and 2) professionals who work at firms with AI policies are far more likely to view AI adoption positively. This holds true regardless of firm size. Overall, 84% of professionals at firms with AI policies feel positively about the adoption of AI to support the professional, while only 44% of people at firms without an AI policy have positive feelings about AI.

Concerns about AI

The top three concerns about AI adoption in the tax and accounting profession are consistent – regardless of location, firm size or feelings about AI in general: data security and privacy risks (44%), accuracy (43%), and high costs to implement and monitor AI.

Firms that view AI negatively often worry about its potential impacts on decision-making, job replacement, and reduced personal contact with customers. Conversely, enthusiastic firms are more concerned with implementation costs, lack of expertise, and potential challenges in integrating AI with existing systems. These concerns highlight practical adoption issues, rather than objections to the technology itself.

Impact of firm-wide AI policy



Overcoming concerns to achieve benefits

Survey respondents highlight four main AI benefits: streamlining tasks (60%), automating processes (50%), reducing costs while boosting productivity (40%), and improving the accuracy of tax calculations (38%). However, 42% of firms that feel negatively about AI adoption are unable to foresee any benefits from AI at all.

Of course, the benefits and concerns of AI adoption are closely intertwined, often reflecting two sides of the same coin. By addressing concerns thoughtfully, firms can better harness the benefits of AI while mitigating potential risks.

Implementation costs vs. productivity and efficiency gains. High implementation and maintenance costs of AI systems concern 35% of firms. However, 40% see benefits in AI's potential to automate processes and enhance productivity while reducing costs. Firms should balance initial investments with the long-term savings and efficiency improvements AI can offer.

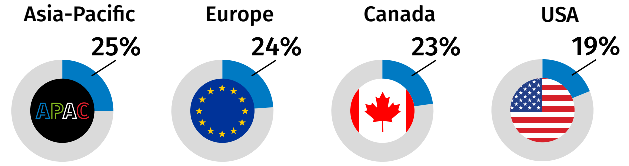
Client trust vs. personalized financial insights. Firms (18%) report concerns that clients distrust AI. However, AI offers personalized financial insights and predictions, a notable benefit for professionals advising clients (24%). Implementing transparent and ethical AI practices could build trust and enhance this advantage for firms.

Decision-making impact vs. proactive decision-making. Some professionals (21%) are concerned AI will negatively affect decision-making, yet 25% also recognize AI's ability to deliver real-time insights that enable proactive decision-making. It's crucial to leverage AI systems that support and enhance human judgment, not replace it.

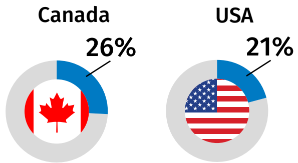
Regional insights

Biggest concerns about AI usage

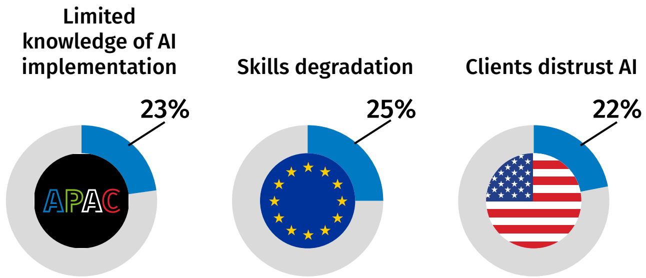
In Asia-Pacific, Europe and Canada, firms consider AI job replacement a top concern



In Canada, firms rank AI's impact on decision-making as their fourth biggest concern, while in the U.S., it ranks fifth



Regional AI concerns



How AI will transform firms
AI is expected to save time and boost efficiency, prompting discussions about whether AI will lead firms to switch to subscription or value-based billing models, especially as firms consider offering more high-value, advisory services.

Despite recognizing AI's benefits, firms are hesitant to adopt new billing models. Globally, 28% of firms see AI-driven efficiencies as extremely or very likely to encourage a shift to value-based billing models. However, in the U.S. this figure is higher (32%). Views on AI's influence on billing models seem to align with AI adoption rates (27% globally and 33% in the U.S.). So, it is not surprising that Canadian firms are least likely (18%) to anticipate AI will impact billing models, as they also have the lowest rate of current AI adoption (15%).

This does not mean that firms are not changing business models: 19% of firms have recently changed their billing model to subscription or value pricing and an additional 19% of firms intend to make the change in the next year. The industry seems to be maintaining a cautious approach to changing established billing practices. However, this change may become essential to staying competitive, more so when considering the 29% of firms that find it 'somewhat likely' that billing models will change.

Will AI-driven efficiencies encourage a shift to subscription or value-based billing models?

Essential takeaways

While the accounting industry increasingly recognizes AI's transformative potential, implementation is ongoing. Positive outlooks on AI's ability to boost productivity and enhance client interactions are tempered by concerns about data security, accuracy and costs.

Firms tackling these challenges and embracing AI will likely gain a competitive edge, while firms that delay may find themselves at a disadvantage sooner than expected. Developing a formal AI policy can address AI uncertainty. As the industry moves toward an AI-integrated future, strategic planning and clear communication about AI's benefits will be crucial.

This shift redefines what it means to be an accountant, emphasizing value-based models, redefining client relationships and transforming work processes to fully leverage AI's advantage.

Luminary insights

Q ***Where do you think AI/GenAI will create the greatest impact for practitioners?***

Firms that fail to integrate AI technologies strategically into their client offerings will struggle to stay competitive. The greatest value of AI lies in its ability to augment human expertise. AI can support everything from predictive analytics to identifying tax-saving opportunities, enabling advisors to offer more valuable, forward-looking counsel.

José Luis Rivas
CEO, Adlanter, Spain

AI and automation could be huge game changers for some but for most it will be 'noise' that they think won't affect them yet. This is therefore an opportunity for firms who want to move forward in this area and gain an advantage without being pioneers.

Stephen Leonard
Partner, Winders Accountants, United Kingdom

A potential threat is over-reliance on AI without maintaining a human touch. While AI can handle many tasks, the advisory role of accountants remains crucial. The industry must balance technological advances with maintaining personalized, high-quality client relationships.

Daniel Leung
Country Manager, Singapore, ACCA, Singapore

Right now, AI is a tool where the main expert is going to become more efficient. Much of the decision-making accountants do is based on straightforward math, which is a good domain for machine learning. AI can be used to build expert systems that can solve complex accounting problems or help accountants understand specific scenarios for their clients.

Gabor Sines
Senior Fellow, Architecture, AMD, Canada

Bridging the accounting talent gap

Key insights

- The shortage of accounting professionals is expected to be a top issue impacting the profession over the next five years.
- "Balancing workload and employee well-being" and "Attracting the right talent" are the top talent-related issues impacting firms globally.
- Benefits being offered to attract and retain talent include competitive salary and benefits, flexible work arrangements, professional development, and positive company culture.

The global shortage of accounting professionals continues to be a complex issue, with small (35%), midsize (40%), and large (37%) firms identifying talent recruitment and retention as their biggest challenge. Notably, firms of all sizes expect the talent shortage to significantly impact the profession over the next five years.

While talent challenges vary across regions and firm size, the top four global talent issues are prevalent.

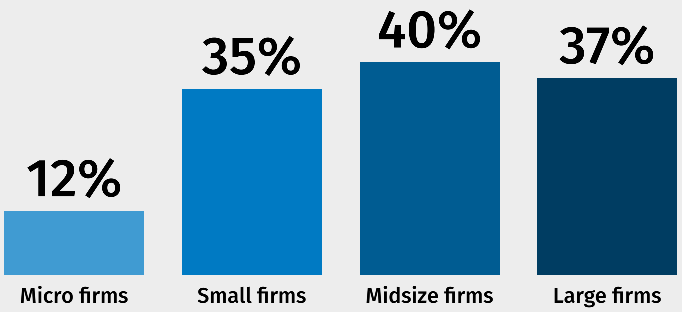
Balancing workload and employee well-being. Globally, 45% of firms see this as their top concern. In the U.S., this concern ranks third (38%), as it does for midsize and large firms worldwide (both 38%).

Attracting the right talent. With fewer new professionals entering the pipeline, firms need to think beyond traditional recruiting to attract top talent. This is the second most concerning issue for firms worldwide (40%), and the main issue impacting U.S. firms (41%), and midsize and large firms (44% and 46%, respectively).

Providing ongoing training and upskilling. Firms report providing ongoing training as a significant issue (37%), although it is a larger concern in Europe (43%, ranking second). Training is an interesting challenge, because firms also identify training and professional development as a solution for talent issues. This suggests that part of the challenge is determining the most effective methods and content to provide.

Retaining skilled professionals in a competitive market. This is a significant issue for 36% of firms, highlighting how recruiting efforts can impact current staff in many ways. Especially in the U.S., where firms consider retaining professionals as their second most pressing talent issue (39%), compared to Canada (32%) and APAC (33%) where it ranks fourth.

Attracting and retaining talent is a significant challenge for firms



Additionally, other concerns related to talent and the workforce include succession planning (third in APAC, and among global micro firms), managing remote/hybrid work (fourth in APAC, fifth in Europe), and developing advanced technical skills (fourth for midsize and large firms).

Firms are prioritizing competitive salary packages (38%), flexible work arrangements (37%), professional development opportunities (35%), and creating a positive company culture (32%) to attract and retain talent.

Flexible work arrangements, including hybrid and remote working models, is one of the top steps firms (37%) are taking to close the talent gap. Flexible work arrangements aid in achieving work-life balance, a critical factor for many employees. Also, 15% of fully in-person firms plan to implement hybrid or flexible options.

Professional development, while not a new talent benefit, is multifaceted. Enhancing employee skills can help improve client service and firm competitiveness, yet the options for training are vast. Technology can play a crucial role here, say 43% of firms, by leveraging virtual training or AI tools that integrate targeted learning into daily workflows.

Addressing the talent shortage involves developing professionals with advanced technical skills, a significant challenge for midsize and large firms (both 33%). These firms often use AI and data analytics to stay competitive. Highlighting this usage can attract tech-savvy professionals, according to 35% of respondents.

Leveraging technology to address the talent gap
Technology is a powerful tool in addressing talent issues, say 80% of professionals. Globally, 61% believe that reducing mundane tasks through automation can create more capacity for engaging and strategic work. Despite this, only 18% of firms say investing in advanced technology is among their strategies to attract and retain talent. Technology has become a crucial component of a firm's culture, influencing how work is approached and executed. As advanced technology becomes more integrated into accounting workflows, firms are encouraged to consider technology as part of their talent strategy.

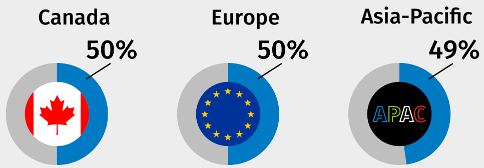
Essential takeaways

Firms that effectively combine automation, work-life balance, and professional development are better positioned to attract and retain top talent. This approach not only addresses immediate staffing issues but also cultivates a more engaged and skilled workforce.

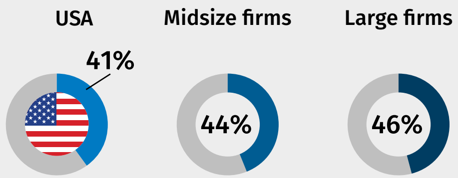
Leadership is key in fostering a positive organizational culture that meets the needs of staff, leveraging technology, and supporting professional growth to build a resilient workforce capable of adapting to industry changes.

Most significant talent-related issue

Where balancing workload and employee well-being is top issue



Where attracting the right talent is top issue



The role of technology in addressing talent issues	
1. Reduce mundane task and create capacity for more engaging work	61%
2. Shift perception of accountants to valued business advisors	52%
3. Provide professional development opportunity	43%
4. Attract professionals with tech background	35%

Luminary insights

Q ***What are the most successful firms doing to win and retain talent?***

The days of working 60/70-hour weeks to climb the ladder aren't seen as desirable by many especially with a view to physical and mental health. As employers, we need to understand what motivates our staff and ensure we can offer that even if it isn't what motivates us.

Stephen Leonard
Partner, Winders Accountants, United Kingdom

We've consistently observed that professionals today are looking for more than just financial renumeration. The most successful firms are offering a blend of career development opportunities, flexible working environments, and a strong sense of purpose aligned with societal impact.

Daniel Leung
Country Manager, Singapore, ACCA, Singapore

The most successful firms are today adapting and retaining talent by offering flexibility, career development, comfortable office space, an open communication culture, and providing the latest technology to do meaningful work. With these, staff will be able to help clients evolve, thrive and succeed.

Guila Norrström
Partner, ECIT Services AB, Sweden

We are seeing people reflect on work-life balance and the hours, deliverables, and expectations. Our goal is to make our staff feel like they are part of a community – that they are seen as a person and not a number.

Amanda Dimitry
HR Director, Crow Soberman, LLC, Canada

U.S. Tax & Accounting: Transformation through technology amidst industry challenges

While significant challenges face the profession, U.S.-based firms have a prevailing belief in the enduring necessity of professional accountants and the potential for growth.

Reflecting on the past year, it's clear that the accounting profession in the U.S. continues to navigate a period of significant transformation. The following sections of the *Future Ready Accountant Report* focus on key insights into the trends and technologies shaping the accounting industry in the U.S.

Data from this year's *Future Ready Accountant Survey* provides valuable insights into the internal and external challenges and opportunities that lie ahead for modern accounting firms.

Understanding technology and maximizing its utilization remain critical areas that firms have identified need improvement. While many are adopting new technologies, only a minority feel they are fully leveraging their solutions.

Attracting and retaining talent is another concern for firms. Both a top goal and top challenge, it's also an issue expected to impact the profession the most in the next five years.

Meanwhile, the client experience remains a consistent focus from prior years; strong client relationships remain a top priority for successful firms. By prioritizing effective communication and personalized service, firms can meet client expectations and build lasting partnerships.

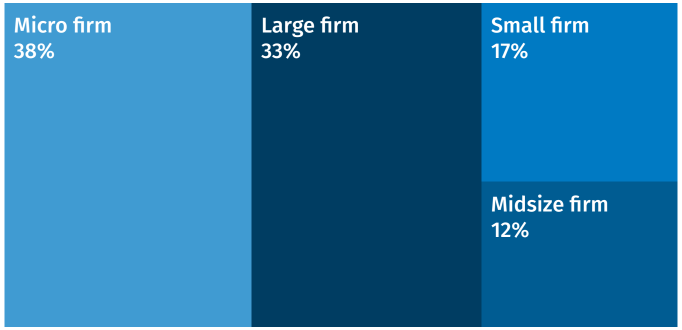
Now and in the future, firms that embrace technology and innovation as essential parts of their strategic plans will see greater success. By focusing on these key areas, they can redefine themselves, overcome challenges, and truly become future-ready accountants.

Respondent size definition
Firm sizes are grouped into the following four segments:

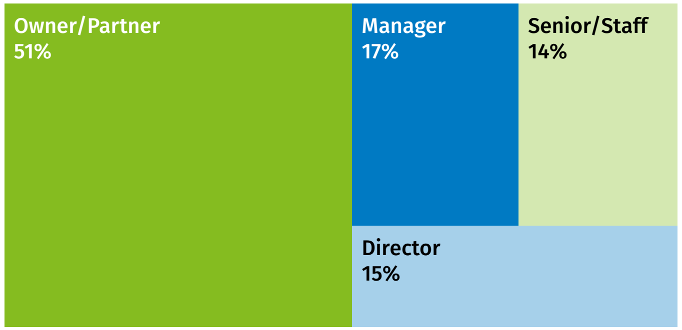
- Micro firm: 1 to 4 total employees
- Small firm: 5 to 19 total employees
- Midsize firm: 20 to 49 total employees
- Large firm: 50+ total employees

U.S. responses by type of organization

U.S. responses by firm size



U.S. responses by respondent title



What's now: Key findings influencing the industry today

Finding 1: Industry-wide signs of profitability and growth
As firms better understand how to leverage the full power of technology, they have seen improvements in multiple key metrics. This year, 77% of firms reported year-over-year (YOY) revenue growth, 74% improved profitability, and 69% increased their number of client engagements. Revenue and profitability growth are among firms' top five goals – regardless of size – so expect this trend to continue.

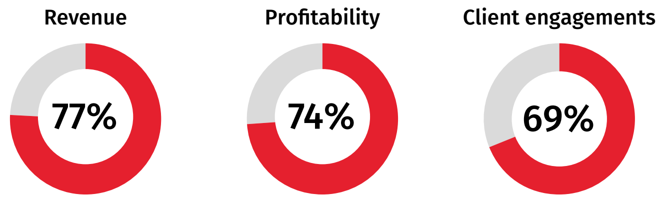
Finding 2: Challenges of finding talent continue
Widespread hiring challenges continue to plague the industry; 42% of firms struggle with attracting the right talent, impacting small firms (53%) the most. Small firms were 11% more likely than the industry average to struggle with keeping their existing staff.

Finding 3: Cloud solutions are changing the way firms work
Commuting to the office daily isn't a reality for many modern accounting firms. Today, only 29% of firms operate fully in person, with many offering flexible and remote work to attract new talent. A quarter (25%) of firms are fully in the cloud, with another 38% on a hybrid setup. Meanwhile, 42% of those not entirely in the cloud plan to move at least partially to the cloud in the next one to three years.

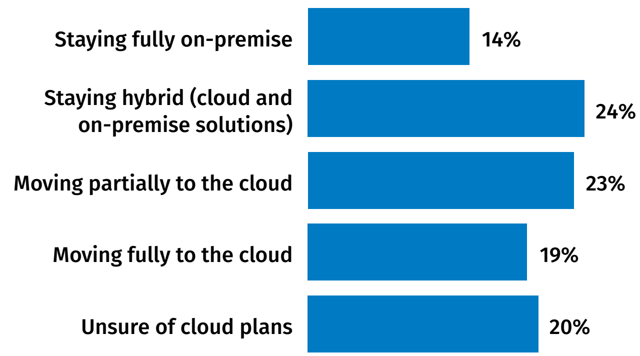
Finding 4: Firms benefit from integration
Over 90% of respondents report their tech stack is at least partially integrated, and they're reaping the benefits. Data indicates a strong correlation between integration levels, revenue performance, and the firm's confidence in its ability to meet customer needs. Firms with a less integrated tech stack are less likely to report revenue growth than firms with a more highly integrated tech stack.

Finding 5: AI is reshaping the profession
Across almost all sizes, firms plan to incorporate GenAI in the next 12 to 18 months for client communications, as a productivity tool/assistant, to scan documents for automatic data extraction and input, and for tax, accounting, and audit research. Firms' biggest concerns with using AI tools include client and firm data and privacy risks, accuracy, and perceived high cost to implement and monitor AI.

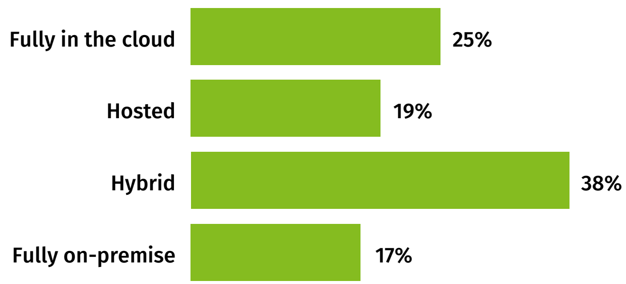
Key metrics where firms reported year-over-year increases



Future cloud tech plans: what firms who aren't fully in the cloud will be doing with their tech stacks in the next one to three years



Where firms are currently hosting their tech stack



What's next: Leading trends significantly impacting the industry over the next five years

Trend 1: Emergence of AI and GenAI
Industry sentiments towards AI, while still mixed, lean more optimistic than last year; 56% of respondents view AI adoption positively. Just over one-third (36%) of firms currently use AI or GenAI tools; another 17% plan to start within 12 to 18 months. However, 12% have no plans to do so. Micro firms are the most likely to worry about decreased personal contact with customers and twice as likely to say AI has no positive impacts or benefits.

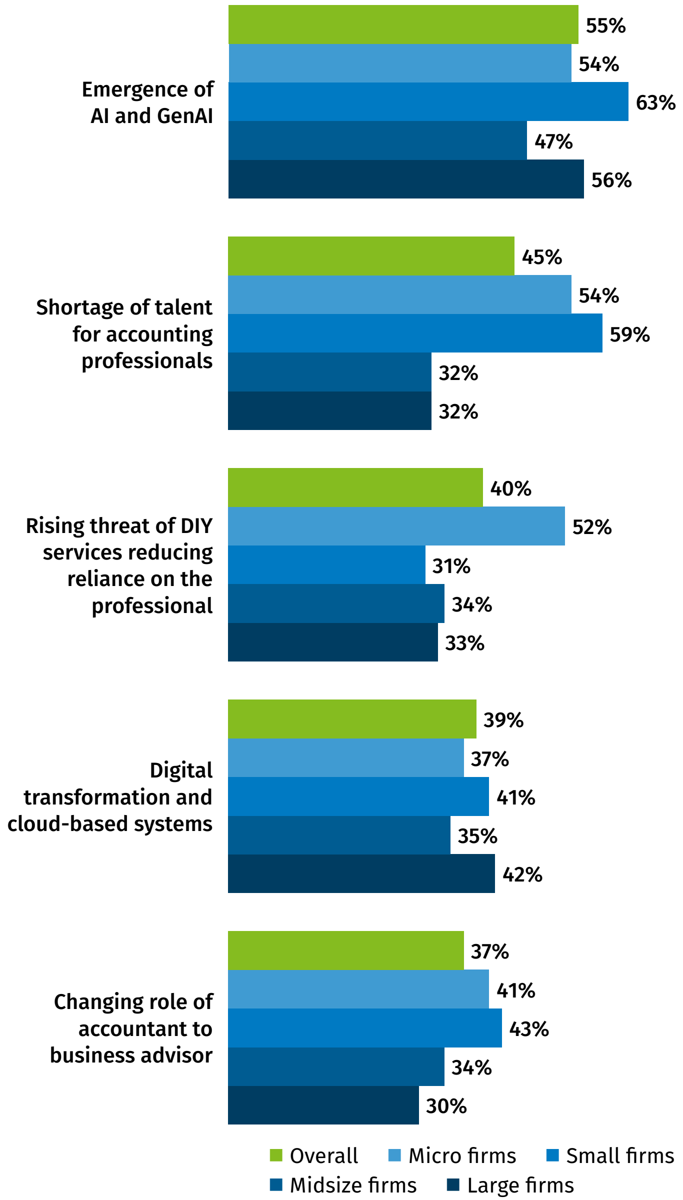
Trend 2: Shortage of talent for accounting professionals
Staffing struggles ranked in both the top five challenges and top five goals for surveyed firms, suggesting that it will remain a top priority in the coming years. While firms report struggling to find talent (42%) and retain them (40%), only 27% plan to be hiring in the next 12 months, compared to 30% in the last one to three years.

Trend 3: Rising threat of DIY services
There's a strong sentiment in the industry that clients will always need accounting professionals' expertise; 73% of firms are optimistic about the industry's future. However, 40% report being concerned about the impact of rising DIY services, and 28% of firms named pricing and competitive fee pressures as a top challenge.

Trend 4: Digital transformation and cloud-based systems
Firms operating entirely in the cloud are more likely to report YOY increases in profitability and client engagements (6% and 7% vs. industry averages).

Trend 5: Changing role of accountant to business advisor
There is a growing emphasis on advisory and consulting services; it's considered a key service by 52% of firms and offered by 84%. Given that firms report 10% of their revenue comes from advisory services (14% for mid-large firms), there's clear room for growth.

Trends expected to have the greatest impact on the profession



Top goals: Where firms are focused in the next 12 months

Key insights:

- Firms' top goals are to increase profitability and revenue growth over the next 12 months.
- Key strategies to achieve firm goals include increasing digital data collection, investing in staff development, enhancing data analytics, and boosting automation.
- Streamlining operational workflows is the No. 5 overall top goal, and is a priority for all firm sizes except large firms who have prioritized expanding service offerings and market reach.
- Reducing costs – a top goal in last year's survey – fell out of the top goals for firms overall and by firm segment.
- The top goals firms have for the next 12 months can be roughly separated into two groups, client experience and operational efficiency.

In today's industry environment, there are numerous opportunities for firms that build their strategic goals and growth plans with technology in mind. The top goals for the coming year identified in the Survey once again heavily focus on issues that firms can reasonably expect and leverage technology to solve.

Most firms share almost the same mix of goals, but the order they are prioritized in varies by firm size. While micro firms prioritize maintaining current performance levels in the next 12 months, the other segments focus on staffing difficulties, particularly small and midsize firms.

Multiple ways to grow: the focus on revenue and profitability
Over the next 12 months, firms in this year's Survey said their highest priority is increasing profitability and revenue growth. There's no surprise there. This goal is consistent across all firm sizes and holds a substantial 11-point lead over the next closest objective.

The real story is told by the goals that round out the top five and how firms intend to approach those goals and overcome their challenges to achieve that revenue and profitability.

The goals that didn't make the cut to sit at the top five also tell an interesting story. For the first time in years, streamlining operational workflows and processes is not in the top three goals overall, at No. 5 instead. In addition, reducing costs came in at No. 7 – a far cry from the second overall spot it earned in 2023. That goal also fell out of the top five for both micro and small firms.

Top five goals for the next 12 months	
1. Increase profitability and revenue growth	55%
2. Improve client service and engagement	44%
3. Expand client base	37%
4. Attract and retain/develop top talent	31%
5. Streamline operational workflows and processes	30%

Attracting and retaining talent a top goal for almost all firms
Having the right people in the right roles is critical to future-proofing the firm and providing a competitive edge. Firms preparing for success now and in the future know that staff help drive innovation and create value. This is why – after disappearing from the goals last year – attracting and retaining top talent showed back up in the top five this year. Unsurprisingly, attracting and retaining top talent wasn't even near the top 10 for micro firms.

Multiple data points throughout the Survey show the importance of staffing to U.S. accounting firms. For example, 45% of firms named the talent shortage for accounting professionals one of the most significant impacts on the profession, and 27% of firms named attracting and retaining top talent one of their top challenges.

Expanding the firm's client base vs. expanding service offerings and market reach
Looking at the top goals broken out by firm size (see Appendix page 5), all firm sizes have the top goal of expanding their client base – the No. 3 overall goal – but large firms added another facet to the growth discussion. 32% of large firms said one of their top goals in the next 12 months is expanding service offerings and market reach. While these are all growth strategies, each one focuses on a different aspect of firm growth, detailed below:

- **Expanding client base:** This strategy involves attracting new customers to the firm, focusing on increasing the number of people or businesses that use the firm's services.
- **Expanding service offerings:** This strategy involves adding additional services to the firm's existing service menu to provide more value to current customers and attract new ones by meeting a broader range of needs.
- **Expanding market reach:** This strategy involves entering new geographic or demographic markets to increase the firm's presence and customer base in new areas.

There is also an interesting dichotomy between the goals of large firms and all other firm sizes. Large firms are the only segment that has paired the top goals of expanding the client base (34%) with expanding service offerings and market reach (32%). The other segments seem to pair expanding their client base with streamlining operational workflows and processes (see Appendix page 5).

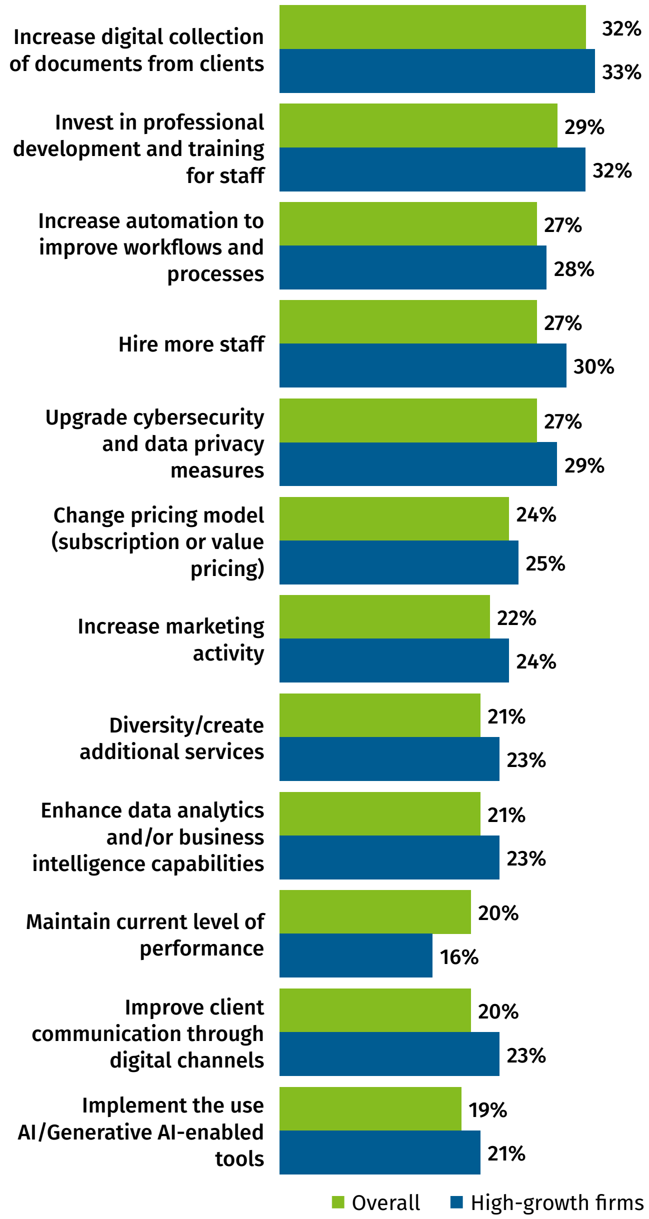
"There will always be people who do not want to prepare their tax returns. My relationship with my clients is not just about filing returns; they ask me for and value my financial advice and guidance."

Anonymous U.S. response
Future Ready Accountant Survey

Essential takeaways

Accounting firms consistently prioritize revenue and profitability growth, with improving client service, expanding client bases, and attracting top talent as supporting goals. Micro, small, and midsize firms focus on streamlining workflows to enhance efficiency and capacity, while large firms pair expanding their client base with diversifying service offerings and entering new markets. The emphasis on attracting and retaining talent, particularly among small and midsize firms, reflects the critical role of staffing in driving innovation, addressing talent shortages, and ensuring long-term growth.

Selected strategies firms intend to implement to achieve top goals



Top challenges: What's preventing firms from growing

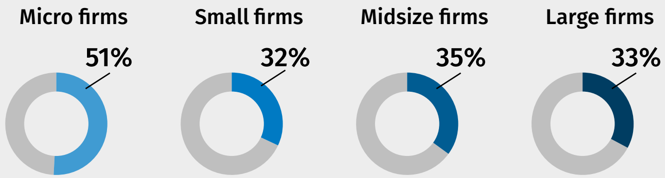
Key insights:

- Evolving tax laws and regulatory changes are a top issue for 40% of firms. Prior to this year, mostly smaller firms reported this as a top concern.
- Attracting and retaining talent is a major concern for almost all firms. Firms are focusing on competitive salaries, flexible work arrangements, and professional development to address talent shortages.
- Between 30 to 40% of firms name keeping up with advances in and learning about new technology as a key challenge.
- Midsize firms saw a significant shake-up in this years' top challenges; other than staffing challenges, the issues they expect to face are new to them compared to previous years.

With rapid changes transforming the accounting industry, understanding emerging trends and challenges – and developing a plan to overcome them – is more critical than ever for tax, audit, and accounting firms. This year's Survey revealed key hurdles accounting firms will face in the next 12 months, including a few surprising developments.

The sudden focus on tax laws and regulatory changes
Just under half (40%) of Survey respondents identified keeping up with evolving tax laws and regulatory changes as one of their most significant issues, making it the top challenge overall. Micro firms, in particular, are focused on this issue; more than half (51%) named it the top issue they expect to face in the next 12 months (see Appendix page 5).

Proportion of firms who see evolving tax laws and regulatory changes as a top challenge



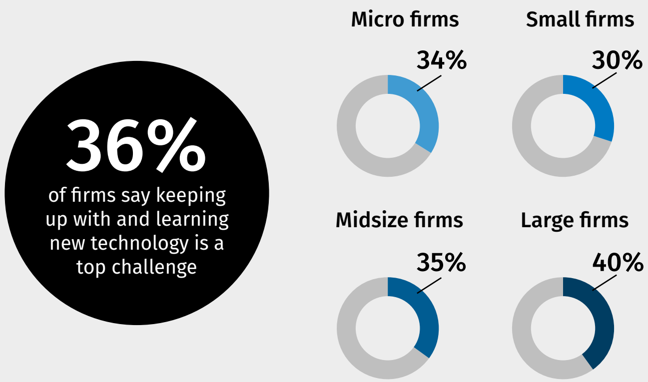
Prior to this year's Survey results, the changing regulatory landscape was a concern mostly restricted to micro and small firms. This sudden emergence as a more universal concern may stem from uncertainty around the Corporate Transparency Act (CTA) and Beneficial Ownership Information (BOI) reporting and filing requirements. This sentiment could have been related to the uncertainty surrounding the 2024 Presidential election at the time the survey was conducted.

The top five challenges firms expect to face over the next 12 months	
1. Keeping up with evolving tax laws and regulatory changes	40%
2. Keeping up with technology advances/learning new technology	36%
3. Pricing and competitive pressures	28%
4. Attracting and retaining top talent	27%
5. Managing client expectations and service demands	27%

Struggles with technology have a domino effect
Today, firms are leveraging the power of advanced technology to drive data-driven decision-making, automate time-consuming tasks, and improve client experience. Those enhancements pave the way toward revenue growth through additional high-value advisory services and more effective and productive staff.

Keeping up with the pace of technological change, however, has proven a challenge for firms of all sizes: 36% of firms cited it as a top issue, making it the second-most common challenge. The firms making an effort to understand and implement new technologies are reaping the benefit, however. Firms who categorize themselves as innovators or early adopters were 24% more likely to report increased profitability in the past year.

Proportion of firms who see keeping up with and learning new technology as a top challenge



Significant year-over-year changes among firm sizes
This year's survey revealed significant changes in priorities for midsize and large firms. Midsize firms kept only one top challenge from last year: attracting and retaining top talent, which ranked first at 35%. Their new concerns include learning new technology, navigating tax laws and regulations, pricing pressures, and acquiring new clients.

Large firms, on the other hand, prioritize keeping up with technological advances, likely reflecting their heavy use of AI for research, data analytics, and client communication. They are also the only segment to include cybersecurity and data protection in their top five challenges.

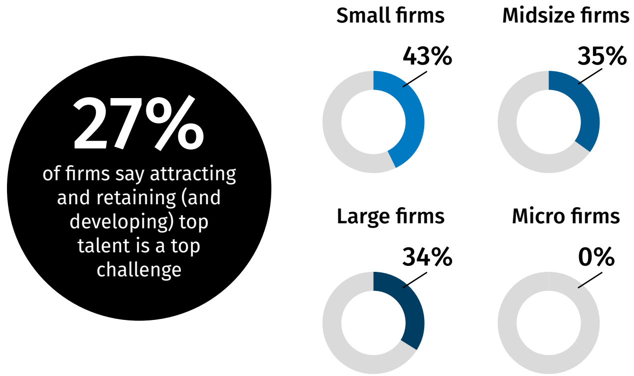
Small firm challenges remained consistent from year to year, with attracting and retaining top talent coming in as the No. 1 concern for the second straight year (43%).

In addition to regulatory changes, micro firms are particularly concerned with completing work accurately and on time (31%) and pricing and competitive fee pressures (29%). These are signs of micro firms' preference for maintaining current performance and activity levels (40%). As with the top goals, they're the only segment to not include staffing as one of their challenges.

Essential takeaways

For modern firms, challenges offer opportunities to adapt, innovate, and lead. This year's Survey results highlights the importance of continuous improvement and adopting technology to drive growth and success. While future challenges may vary by firm size, the solutions are often rooted in technology.

Attracting, retaining, and developing talent is a top challenge for all firm segments except micro firms



"Tax professionals aren't going anywhere for a while. We may need to adjust how we do things or the technology used. However, clients still need someone to review their books, tell them the difference between assets and expenses, and help them get everything they need on the returns. Clients still need so much hand-holding that I don't think AI – or any other technology – will be able to replicate or replace us soon."

Anonymous U.S. response
Future Ready Accountant Survey

A key driver of success: Tech transforming the industry

Key insights:

- Firms had a good year; 77% reported year-over-year increases in revenue, 74% increases in profitability, and 69% increases in client engagements.
- Less than a quarter (21%) reported using less than 50% of their tech stack's current capabilities, a 28-point year-over-year drop. Despite this, only 13% report full utilization.
- Just under half (44%) of firms self-identified as innovators or early adopters, a 9% increase over last year and the highest total in three years.
- Revenue growth is closely tied to the degree of tech integration. Over half (55%) of firms using fully integrated solutions reported revenue increases of 10% or more.
- Firms who self-identify as innovators or early adopters were more likely to change pricing models and diversify and/or create additional services like advisory, tax planning, etc.

There's a noticeable shift in the industry as accountants and auditors increasingly embrace technology as a key driver of success. Whether enhancing client service and engagement or digitizing client document collection, software is proving to be a valuable ally.

However, a critical challenge persists: when to adopt new tech and how to extract the maximum value.

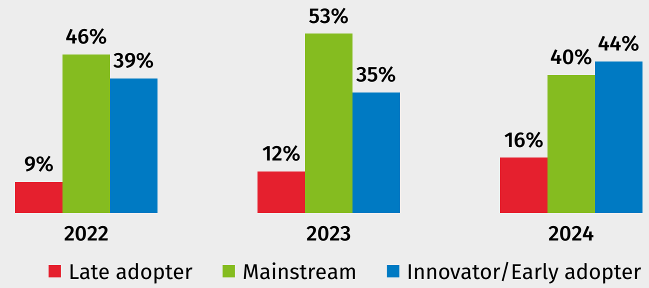
More firms consider themselves tech innovators
This year, 44% of firms self-identified as technology innovators or early adopters, the highest level in three years. Notably, the number of firms who identify as innovators jumped by 14 points year over year (from 5% to 19%).

Firm technology adoption culture definition:

- **Innovator:** actively seeks and adopts the newest available works with software partners to develop and test.
- **Early:** adopts once proven, generally ahead of peers.
- **Mainstream:** adopts once proven and broadly adopted in the market.
- **Late:** adopts only when necessary; would prefer to use what they've always used.

Last year saw a sudden rise in firms self-identifying as "mainstream" and "late" technology adopters, possibly due to rapid technological changes. The large number of firms identifying as innovators in this year's Survey is a sign of the industry's increasing comfort with and understanding of advanced technologies. Firms are integrating tech like AI and GenAI into their tech stack in the pursuit of greater efficiency, automation, and an improved client experience.

The industry's technology adoption culture is changing; over 40% of firms consider themselves innovators or early adopters of technology



Increased confidence in tech understanding and adoption
One of the most unexpected stats from last year's Survey was that almost half of firms (49%) felt they were utilizing 50% or less of their tech stack's capabilities, a 23% jump from the previous year, and considered a sign that firms felt behind the technology curve.

This year's data shows a welcome return to the bell-curve shape that this data tends to show. More importantly, the data suggests firms are trending in the right direction. Fewer firms reported that they are leveraging less than 50% of their tech stacks' capability (21% of firms vs. 49% last year). On the flip side, 79% of firms believe they are leveraging 50% or more of their tech stack's capability, compared to only 51% last year.

Micro firms are most likely to be found at either end of the tech utilization spectrum; they tend to be leveraging less than 25% or 100% of their tech stack's current capabilities. This data shouldn't be surprising, though; staff in one-to-four-person firms often wear multiple hats and can't necessarily dedicate the same amount of time to optimizing new technology as larger firms. They also have less need to. Fewer people usually means less opportunity for work to fall through the cracks, and micro firms are more likely to use a single solution to process audit engagements and tax returns.

Year-over-year changes may seem like extreme swings, but they likely reflect a "confidence correction." A year later, firms feel more confident in understanding and leveraging tools like GenAI.

Cloud technology supports firmwide improvements
Survey data shows that firms leveraging cloud technology outperform industry averages on key metrics across the firm. Firms operating entirely in the cloud are more likely to report YOY growth in revenue, profitability, and client engagements, and are outperforming prior years' numbers.

Overall, the most common types of technology deployed in firms today are hybrid (38%) and entirely in the cloud (25%).

- **Cloud:** solutions are accessed through a web browser or entirely hosted and managed by a software provider.
- **Hosted:** solutions can be accessed remotely but are hosted on firm or third-party servers.
- **Hybrid:** a mix of on-premise and hosted cloud solutions.
- **On-premise:** software is installed and updated locally on office machines.

Large firms are more likely to have moved entirely to the cloud or leverage a hybrid approach – no doubt to accommodate the various working situations of a larger staff – with only 5% reporting that their technology is still 100% on-premise.

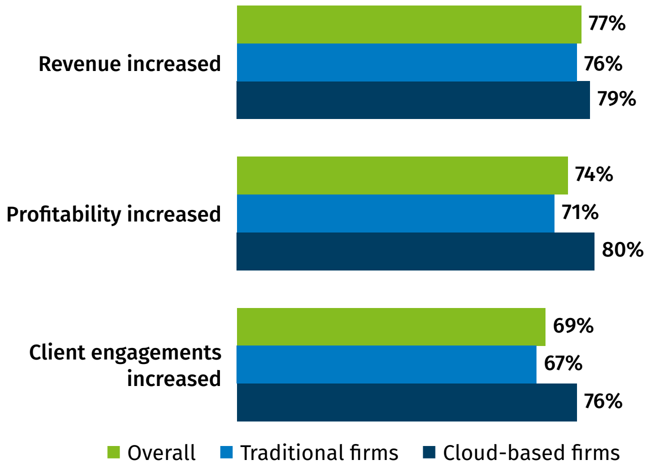
In contrast, micro firms overwhelmingly use hybrid (36%) or on-premise (37%) systems. They're also more inclined to transition fully to the cloud in the next one to three years.

Higher degrees of integration tied to higher revenue
This year, more than 90% of respondents state that the solutions used by their firm are integrated to some degree. However, the Survey shows that pockets of high revenue growth are closely tied to the degree of integration. Among firms using fully integrated solutions, 55% reported revenue increases of 10% or more. On the flip side, of those firms that were less than 49% integrated, only about a quarter reported a similar revenue increase, speaking to the power of integrated solutions to improve efficiency and accuracy.

Essential takeaways

From client experience to operations, there's no part of the firm where cloud technology doesn't support firm growth. Technology helps create capacity, provides a competitive advantage, and enhances the client experience, especially in the case of high-growth firms, who embrace innovative technologies and are better able to explore new niches and develop unique services.

Revenue and profitability according to technology adoption



"Advancements in technology, such as automation and artificial intelligence, are streamlining processes and increasing efficiency in accounting practices, allowing professionals to focus more on strategic analysis and advisory roles and enhance their value to clients while increasing regulatory requirements and the demand for transparency drive the need for skilled accounting professionals who can navigate complex compliance landscapes."

Anonymous U.S. response
Future Ready Accountant Survey

Advances in tech: What firms want from their tech tools today

Key insights:

- AI and digital transformation are expected to significantly impact the profession,with 56% of firms having a positive view of AI's impact on the industry and firm workflows.
- Most firms believe that their tech is improving how they can compete in a wide variety of areas, including data security, adding value to client interactions, and minimizing risk and liability.
- Firms are increasingly adopting new technologies; 36% report currently using AI, and another 17% plan to start using them in the next 12 to 18 months.
- Providers are particularly effective in maintaining secure data management, facilitating easy document exchanges with clients, and enabling collaboration between staff.
- Firms are benefiting from AI streamlining tasks to free time for more complex work, automate processes for efficiency gains, and improve tax calculation accuracy, but concerns about data security, accuracy and technology costs remain prevalent.

Advances in technologies like AI and big data are transforming accounting and tax work, making it more digital, efficient, and accurate. Currently, 56% of firms view AI integration in tax, audit, and accounting workflows positively. Larger firms are more enthusiastic, while smaller firms express mixed or neutral opinions.

The potential impact of AI is impressive, with firms saying that its top benefits include streamlining tasks to free time for complex work, automating processes for greater efficiency, and improving tax calculation accuracy. Micro and small firms most often mentioned these benefits, while large firms focused more on enhanced fraud detection and improved client interactions.

More than a third of firms (36%) already use AI or generative AI tools, with a significant difference across firm sizes. Large firms lead at 66%, compared to micro firms at just 9%. This robust adoption rate by large firms helps shed light on why privacy and data security risks rank so high on their list of challenges – large firms have invested more heavily in generative AI, leading to increased concerns about safeguarding sensitive and confidential client data.

Luminary insights

Q ***What are client's digital expectations, and what challenges and opportunities do they present?***

Client expectations are driven in large part by experiences in their personal and professional lives. When clients can easily purchase goods, originate a loan, perform banking transactions, and stream digital content from their homes, this shapes their expectations in working with firms. Clients expect a seamless, efficient, and secure digital experience, including real-time access to their financial information and digital interactions with their accountants.

Dean Sonderegger

Dean Sonderegger is Sr. Vice President and GM, Canada and Research & Learning of Wolters Kluwer Tax and Accounting North America. He is responsible for accelerating the vision and strategy, with a focus on the development of advanced digital products and services to enhance customers' efficiencies and workflow.

Top benefits firms are seeking from technology
When looking at the benefits that firms are seeing from technology today (see Appendix page 10), several priorities become clear:

Remote access and mobility. Firms are interested in anywhere, anytime access, particularly through mobile devices like tablets, laptops, and smartphones; 48% of firms named this the top benefit they're looking for from technology. It also provides a gateway for remote work and contactless tax returns. Most firms report their current technology keeps pace with digital mobility demands at least some of the time (86%).

Operational efficiency. Firms are placing high importance on tools that facilitate requesting and collecting documents from clients. Fortunately, 93% of firms report that their current technology solutions facilitate document exchanges with clients (47% always, 46% sometimes).

Firms are also prioritizing technologies that reduce manual processes and streamline workflows. In the last one to three years, 22% of firms increased workflow and process-focused automation, and over a quarter of firms (26%) are interested in leveraging advanced technologies – like Robotic Process Automation (RPA) and AI – to improve efficiencies.

Data ingestion and management. Data input and ingestion tools rank highly overall – 37% of firms see them as a top benefit of tech. It's clear there's a need for software that can handle large volumes of information efficiently and accurately. Firms agree; document scanning and extraction solutions show a 25% year-over-year increase.

Several additional data-related functionalities stand out among the automated abilities most valued by firms: source document data ingestion and automated data entry (71% of firms), automating routine actions such as trial balance formatting (64%), and receiving firm-specific benchmarking data based on similar firms (57%).

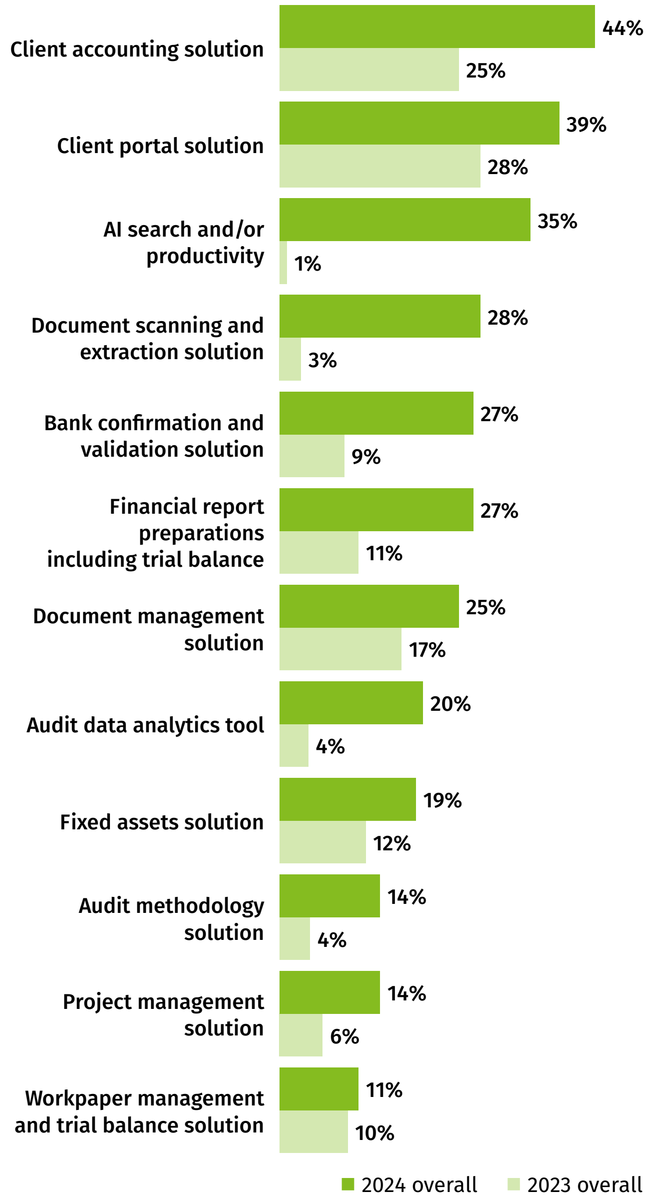
Selected top benefits firms are looking for from technology	
Enable anywhere, anytime access	48%
Automatically populating tax returns, reporting, and financial statements	41%
Include tools to facilitate requesting and collecting documents from clients	41%
Data input or ingestion tools	37%
Reduce/eliminate manual, repeatable, and time-consuming tasks	27%
Support efficiencies by implementing advanced technologies such as RPA or AI	26%
Protect sensitive info/increased data security	25%
Electronic delivery and payment of invoices	24%

Client collaboration
Many tools supporting remote access, operational efficiency, and data ingestion and management also improve client experience and collaboration. For example, tools that provide anywhere, anytime access to data also help streamline processes and enable more responsive interactions, while technology benefits such as electronic invoice delivery and payment simplify client interactions, improve back-office operations, and help improve operational efficiency.

Essential takeaways

Firms are increasingly adopting technologies to enhance operational efficiency, streamline workflows, and improve client collaboration, with 56% expressing a positive outlook on AI integration. Larger firms lead in AI adoption, focusing on fraud detection and client interactions, while smaller firms prioritize automating tax processes and data ingestion. Key technology benefits include remote access, enhanced data management, and tools that support efficient document handling and client communication. However, data security and attracting talent remain universal challenges.

The top technologies currently implemented by firms (year-over-year)



Setting the pace: What high-growth firms are doing differently

Key insights:

- While high-growth firms offer tax services (individual and business), they are particularly focused on client accounting services and advisory and consulting services; and 57% consider advisory and consulting services a primary service offering.
- High-growth firms (87%) feel the technology will help them gain those insights and valuable actionable insights and analytics to support that, compared to 84% overall.
- Effective communication and service expansion are critical. High-growth firms are prioritizing client-centric services and technology to enhance client engagement and operational efficiency.
- High-growth firms state technology helps them gain valuable, actionable insights and analytics to support strategic decision-making and long-term planning.
- To combat staffing issues, high-growth firms are more likely to invest in automation tools, offer competitive salaries and benefits packages, (48% vs. 43%) and provide opportunities for professional development and advancement (40% vs. 36%).

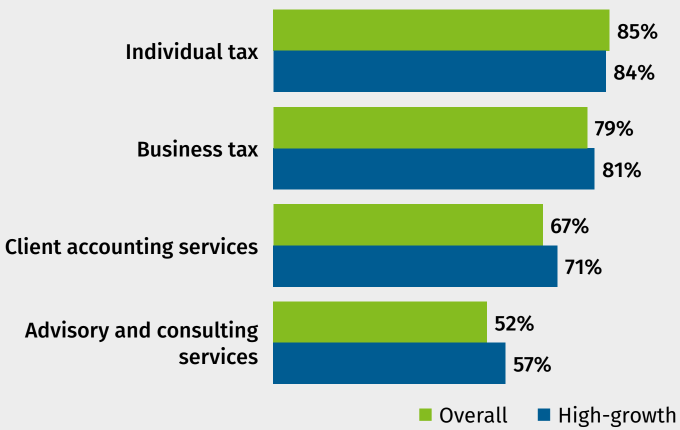
In the past year, most firms saw year-over-year growth, with 77% reporting a rise in revenue and 74% reporting a YOY increase in profitability. The who, how, and why behind this success sheds light on the integral role of people, processes, and technology in propelling firm growth, including adopting new technologies, diversifying offerings, and expanding the client base.

Unique strategies of high-growth firms
High-growth firms are more likely than overall firms to leverage technology that supports firm intelligence (87%, compared to 84% overall). High-growth firms state technology helps them gain valuable, actionable insights and analytics to support strategic decision-making and long-term planning (see Appendix page 2).

The services high-growth firms are doubling down on
High-growth firms continue to differentiate themselves from their competitors, at least in part, by diversifying their service offerings and, in some cases, finding themselves a niche practice or expertise. This year, in particular, the mix of services firms offer is part of their winning formula.

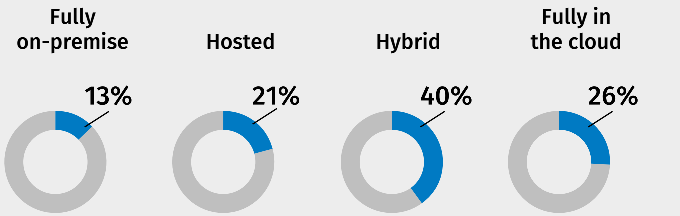
The two key services accounting firms offer most consistently are individual (personal) and business (corporate) tax services (85% and 79%). While high-growth firms are providing individual and business tax services at similar levels to the industry as a whole (84% and 81%), the differences lie in more specialized areas such as client accounting services (71%) and advisory and consulting services (57%). Read more about advisory services in The most trusted advisor.

Top "key" services firms currently offer



How high-growth firms are leveraging tech to drive growth
Cloud technology adoption has consistently been an area where high-growth firms are ahead of the curve. This year is no different; while there isn't a statistically significant difference between high-growth firms and all firms with a hybrid or entirely cloud-based tech stack, of those not fully in the cloud, 49% plan to move their tech stack at least partially to the cloud in the next one to three years.

The technology adoption trends of high-growth firms today

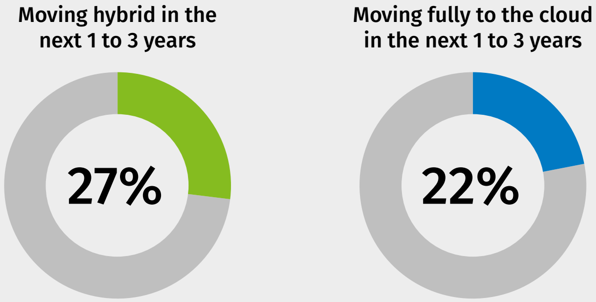


In recent years, firms have equally focused on digital document collection and upgrading their cybersecurity, data privacy, and data protection. More recently, high-growth firms have pulled ahead of the pack by taking steps such as:

- Leveraging AI search and/or productivity tools.
- Enhancing their data analytics and/or business intelligence capabilities.
- Integrating a bank confirmation and validation tool into their digital audit workflow.

Technology isn't the only factor in a high-growth firm's success. They've also been particularly proactive in adopting process changes and consider AI-powered, tech-enabled automation valuable for helping integrate systems for comprehensive workflow optimization (see Appendix page 14).

Future technology adoption plans of high-growth firms not currently 100% in the cloud



What high-growth firms are doing to invest in their people
Attracting and retaining top talent ranked as both a top challenge and top goal for all firms, including high-growth firms. It's also another reason high-growth firms are more successful; they tend to invest in their staff and the tools that support them.

High-growth firms are more likely to invest in automation tools, which they say improve staff engagement and morale and create capacity to help them grow revenue and profitability. They're also more likely to offer competitive salaries and benefits packages (48% vs. 43%) and provide opportunities for professional development and advancement to attract and retain top talent (40% vs. 36%).

Essential takeaways

High-growth firms have taken deliberate steps to leverage advanced technology, diversify service offerings, and invest in talent development. They lead in cloud adoption, data analytics, and using AI-driven tools to support strategic decision-making. This emphasis on Firm Intelligence has helped them achieve higher revenue and profitability growth. Though they face similar challenges as other firms, their focus on professional development and strategic use of technology sets them apart as strategic advisors.

Luminary insights

Q ***What do you see the most successful firms doing in terms of winning or retaining talent?***

Winning and retaining talent requires that firms put a multifaceted approach into play, including a focus on the employee experience, outsourcing, hiring new employees in new positions, defining new benefits that speak to a new workforce, and upskilling faster than has ever happened in the past. Most importantly, finding and implementing ways to decrease the number of hours worked will be the key to winning the talent wars.

Sandra Wiley
Sandra Wiley, President of Boomer Consulting, Inc., is a leader in the accounting profession with a passion for helping firms grow, adapt, and thrive. Sandra's experience as a management and strategic planning consultant make her a sought-after resource among the best firms in the country.

Clients expect a seamless, efficient, and secure digital experience, including real-time access to their financial information and digital interactions with their accountants. While meeting these digital expectations can differentiate firms and build stronger client relationships, keeping up with rapidly evolving technology and ensuring all clients are comfortable with digital tools can be challenging. Firms that successfully navigate these challenges can turn them into opportunities for growth and client satisfaction.

Dean Sonderegger
Sr. Vice President and GM, Canada and Research & Learning, Wolters Kluwer Tax & Accounting North America

Looking to the future:
Tech tools firms plan to invest in

Key insights:

- Firms report that technology solutions are effective at maintaining data security and facilitating document exchanges, but many continue to encounter challenges in marketing, gaining actionable insights, and staffing.
- In the next one to three years, larger firms are more likely to invest in automation, expand their use of data analytics and AI, and invest in professional development to help staff optimize these tools.
- Across all firm sizes (except micro), firms plan to incorporate GenAI in the next 12 to 18 months for client communications, as a productivity tool/assistant, to scan documents for automatic data extraction and input, and for tax, accounting, and audit research.
- Over the next one to three years, large firms plan to adopt practice management and project management solutions, while smaller firms show interest in client data ingestion tools and document scanning and extraction solutions.

To plan for the future, firms must align their strategic goals with potential challenges and identify the best technology to address them. This begins with evaluating the capabilities of their current tech stack.

Advanced technologies like AI, RPA, and predictive intelligence hold immense potential for firms, especially when integrated with tax research tools, automating data and document collection, and data ingestion (see Appendix page 14). Large firms, in particular, are finding these tools invaluable for analyzing firm data to provide faster insights and better decision-making (86%).

Overall, firms report that technology solutions are particularly effective at maintaining data security and facilitating document exchanges. However, many firms continue to encounter challenges in marketing, gaining actionable insights, and staffing. Firms committed to improvement in these areas should consider how changes to their tech stack could help.

The top new tools firms plan to invest in

1.	Tax return automation tool	19%
2.	Beneficial Ownership Information Reporting solution	18%
3.	Client portal solution	17%
4.	Client data ingestion tools	16%
4.	Document scanning and extraction solution	16%
6.	Tax compliance solution	15%
6.	Tax law monitoring and research solution	15%
8.	AI search and/or productivity solution	14%
8.	Client accounting solution (write-up, bookkeeping, etc.)	14%
8.	Data analytics/visualization tools	14%

"Best-of-breed solutions might seem like a good idea, but the ability to have data flow across a platform is a better idea. Choose a partner, not a product."

Rick Kasnick, CPA
Managing Partner (NE), Rödl & Partner USA

Where firms plan to increase their investment

Accounting firms have built a solid foundation with tools that help streamline processes and create capacity. With this technology baseline, the focus shifts to more advanced capabilities. To that end, in the next one to three years, firms of all sizes are planning to increase investments in cybersecurity, digital document collection, and automation and expand their use of data analytics and artificial intelligence (see Appendix page 6).

Larger firms are more likely to invest in these last two areas than smaller firms, and they plan to allocate some of their budget to professional development to help their staff optimize these tools.

Micro firms are focused on more foundational solutions, such as client portals, document scanning and management, e-sign, and workflow solutions.

As firm size grows, so does interest in data ingestion and data analytics, helping create workflows that can accommodate the impact of larger firms' increased focus on advisory services.

Top tools and solutions firms plan to implement

Over the next one to three years, firms plan to adopt multiple key tech tools to support growth and overcome challenges. Larger firms focus on practice management and project management solutions, while smaller firms show interest in client data ingestion and document scanning and extraction.

Other key tools firms are eyeing include BOI reporting tools, tax law monitoring, and research solutions. That's significant, considering many firms hadn't heard of them a few years ago.

The top tools firms plan to implement can be grouped into two buckets:

Regulatory and compliance tools. The top two tools that firms plan to implement supporting regulatory and compliance services are tax return automation and beneficial ownership information reporting. Interestingly, the value of BOI tools varies depending on firm size. Although it ranked second overall, it ranked tenth for micro firms, second for small, fourth for midsize, and first for large.

Another tool under the regulatory and compliance umbrella is a tax law and accounting research solution, which is the top tool micro firms intend to implement.

Data ingestion, processing, and management tools. Client portal solutions, data ingestion tools, and document scanning and extraction tools make up the bottom three of the top five, though not due to a lack of importance.

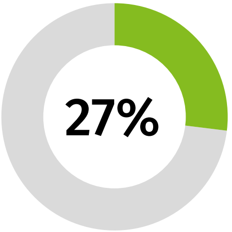
Firm intelligence and investing in audit

Forward-thinking firms are focused on investing in AI and advanced business intelligence technology. Tools that harness data and generate data-driven insights transform firm intelligence and support strategic decision-making throughout the firm.

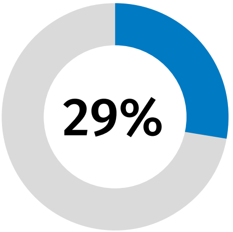
Data-driven decision-making is a priority for firms with a high volume of audit engagements. Due to industry pressure – and regulatory requirements – for data-driven audits, these firms must have a tech stack that supports data analytics and visualization tools throughout the audit workflow, enhancing the efficiency and accuracy of the audit process.

Strategies firms intend to implement to help achieve their goals include

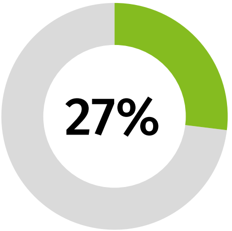
Upgrading cybersecurity and data privacy measures



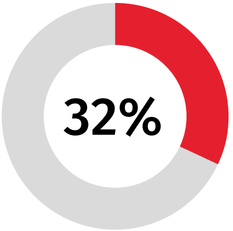
Investing in professional development and training



Increasing automation to improve workflows and processes



Increasing document collection



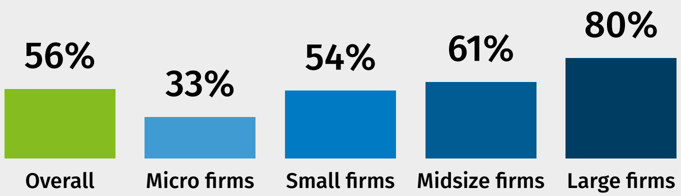
Increasing investments in data

73% report AI-driven automated data and document collection is valued or highly valued.

91% report data and cybersecurity investment increases are planned or being considered.

The future of AI
The rise of AI is reshaping the accounting profession by shifting its focus away from routine tasks to higher-value activities. Many firms view AI as a tool to enhance productivity and support the accounting professional. Across all firm sizes (except micro firms), firms plan to incorporate GenAI in the next 12 to 18 months for client communications, as a productivity tool/assistant, to scan documents for automatic data extraction and input, and for tax, accounting, and audit research.

What percentage of the industry feels positively about the impact of AI on the profession



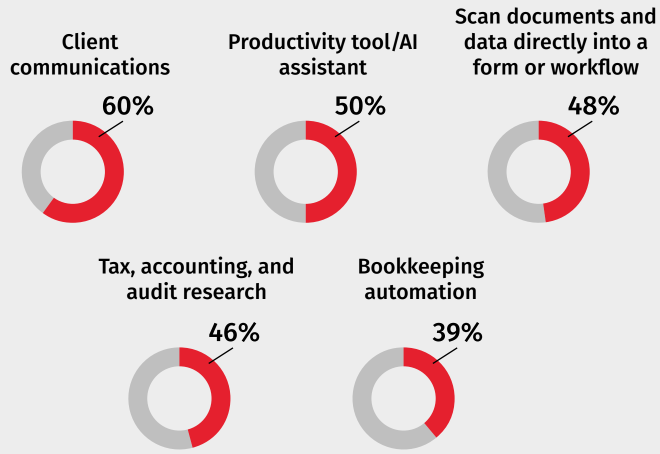
Small and micro firms, in particular, will benefit from using GenAI for tax, accounting, and audit research since this size firm typically can't afford a research assistant or team. They also plan to use GenAI to help with tasks like categorizing expenses, reconciling accounts, and generating invoices.

Midsize firms are particularly interested in the benefits of document and text summarization, formatting, and analysis.

Large firms have a different focus; nearly half (44%) hope to use AI to help create marketing content such as blog posts and optimized website content.

Firms' biggest concerns with using AI tools remain similar to last year. Security of client and firm data and privacy risks, accuracy, and perceived high cost to implement and monitor AI once again came in as the top three.

Top ways firms plan to use GenAI



Essential takeaways

Firms increasingly leverage advanced technologies like AI, RPA, and predictive intelligence to streamline operations, enhance decision-making, and address challenges such as marketing, staffing, and actionable insights.

Compared to last year, the top tools firms plan to implement in the next one to three years include both familiar and new solutions. Investments in cybersecurity, automation, and data analytics are growing, with larger firms focusing on advanced tools and smaller firms prioritizing foundational solutions like client portals and document management.

Luminary insights

Q ***Where do you think AI and GenAI will have the greatest impact on the accounting industry?***

Artificial intelligence is not new. However, I believe OpenAI's creation of ChapGPT was a major step forward, completely changing how an application is AI-enabled. Today, large language models (also referred to as Generative AI or GenAI) allow AI to consume vast quantities of data and generate natural language results, which it couldn't do before.

In accounting, this AI explosion, as impacted by GenAI, is focused on improving some part of someone's experience with the firm, whether it's staff, front office, back office, or the client.

- **Employee experience:** the increase of and improvement in productivity tools, AI assistants, etc.
- **Front office experience:** the tools and technologies used for support, like chatbots, secure portals, and document management.
- **Back office experience:** tools for engagement tracking, invoicing, and eSigning documents.
- **Customer experience:** tools to help the firm support the client, such as a secure collaboration tool, workflow tracking, and communications tools.

AI will revolutionize client relationships by transforming accountants from compliance specialists to strategic advisors who deliver insights that drive growth.

Adam Orentlicher
Adam Orentlicher is the Sr. Vice President and CTO, Wolters Kluwer Tax & Accounting North America. Adam leads the global technology team responsible for application development, quality assurance, and release management, spanning cloud and desktop software platforms.

The most trusted advisor: Ripple effects of advisory services

Key insights:

- Advisory services are offered by 84% of firms, with 52% considering it a key service they consistently offer.
- The services firms plan to prioritize in the next 12 months include business planning, business and business tax planning and strategy, and business strategy and development.
- The top ways firms plan to use GenAI include client communications (60%), as a productivity tool/AI assistant (50%), scanning documents to support automatic data extraction and input into a form or workflow (48%), tax, accounting, and audit research (46%), and bookkeeping automation (39%).
- The industry has been pivoting away from being primarily compliance-focused to being more of a strategic business advisor, with firms looking at ways to strengthen customer relationships through advisory services.
- Most firms offer client accounting services in some form or another; 67% report it is a key service, while more specialized services such as VAT/GST and crypto services are key services for less than a quarter of firms (22% and 21%).

Advisory and consulting services have seen remarkable growth in the past year, capturing the attention of firms eager to boost profitability and revenue. This year, 84% of Survey respondents offer advisory and/or consulting services, a significant jump from 47% last year. This 37% year-over-year growth highlights the industry's dynamic nature and its potential for innovation.

The top high-value services offered today
Aside from standard services such as personal and business tax, audit and assurance services, and services that traditionally fall under the advisory and consulting umbrella, some firms have diversified into specialty and niche services that are not usually considered advisory services but are still high-value.

These services include domestic and international VAT/GST, cryptocurrency or digital currency services (including compliance, advisory, and auditing services), and some client accounting services (CAS) such as client payroll and processing. While most firms offer CAS in some form or another – 67% report it is a key service – VAT/GST and crypto services are key services for less than a quarter of firms (22% and 21%), most of whom are midsize or larger.

Over 80% of all firms offer advisory services – 52% consider it a key service they consistently offer – and it's most commonly offered by midsize firms (85%). This type of work provides the opportunity to engage with clients to develop deeper, more profitable relationships. It also allows staff to use their creative and critical thinking skills. Engaging in new and more exciting ways with clients can help boost employee satisfaction and retention.

"Accountants are always necessary. If taxation becomes more self-serve and there is reduced reliance on the professional for preparation, we will pivot to advisory services."

Anonymous U.S. response
Future Ready Accountant Survey

The evolution of service offerings

Most popular services in 2023
1. Personal and business tax planning and strategy
2. Accounting workflow consulting
3. Business planning
4. Financial literacy
4. Business strategy and development
Services prioritized in the next 12 months
1. Business planning
2. Personal and business tax planning and strategy
3. Business strategy and development
4. Business transition planning
5. Wealth management or financial planning

Clients highly value advisory services because they solve problems the client is facing. However, these services tend to be more labor-intensive and often require high-level thinking. To provide staff with the capacity to do this work, high-growth firms place more value on tools that can reduce repetitive and highly manual tasks such as optimizing workflows to reduce errors, improve data quality, and automate tasks (75% for high-growth firms vs. 69% overall), automate routine actions such as trial balance formatting (70% for high-growth firms vs. 64% overall), and proactively identify opportunities for advisory and other services (68% for high-growth firms vs. 61% overall).

The need for capacity also explains the firm's investments in staff development training. Firms struggling with staffing – or not increasing the number of in-house staff – turn to technology to balance demand, especially for services that require extensive research and other non-billable tasks.

Advisory services prioritized in the next 12 months
In the next 12 months, firms plan to prioritize business planning, individual/family tax planning, and business strategy, with larger firms particularly focusing on business planning and transition planning.

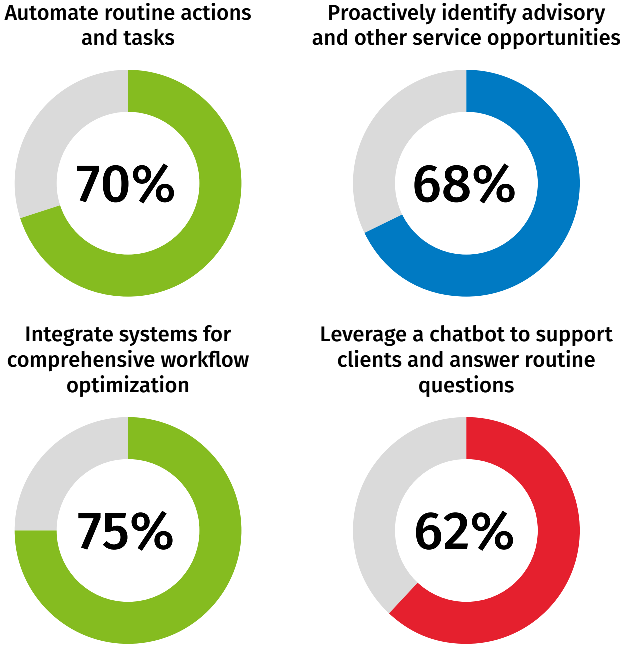
While not a growth focus for larger firms, smaller firms tend to prioritize niche and industry-specific services. By the time firms have grown to midsize or large firms, that kind of specialization shrinks to almost single digits (11% for midsize firms, 4% for large firms). Specialization is an easy way for firms to differentiate themselves from competitors as small firm. However, firms can outgrow their niche or specialization and, in some cases, find it stifles growth if they aren't willing to stretch beyond the original plan.

High-growth firms are leading the way in planned investments in professional development to increase the skill sets of their existing staff, as well as prioritizing adding advanced data analytics tools to their tech stacks. With that preparation, they'll be poised to offer these services and see the rewards reflected in their profit and revenue growth.

Essential takeaways

Advisory and consulting services are increasingly pivotal for accounting firms, with industry-wide adoption rising from 47% to 84% in just one year, reflecting a 37% growth. High-growth and innovative firms lead the way, diversifying into high-value and niche services while investing in advanced technology and staff development to increase capacity. These services strengthen client relationships and profitability and address staffing challenges by enabling firms to maximize efficiency and ROI through technology and targeted professional training.

The tools and automation high-growth firms value



"There will always be people who do not want to prepare their tax returns. My relationship with my clients is not just about filing returns; they ask me for and value my financial advice and guidance."

Anonymous U.S. response
Future Ready Accountant Survey

Technology adoption barriers: What's holding firms back

Key insights:

- Less than a quarter of firms (24%) named training and implementation as a barrier to technology adoption; micro firms are most likely to be concerned (30%), while large firms are the least (18%).
- Midsize and large firms are significantly more likely to already be using AI and GenAI (51% and 66%, vs. 35% for firms overall).
- As firms grow, communicating benefits and securing management buy-in become more significant roadblocks to adopting technology (27% for large firms compared to just 14% overall).
- Data security and accuracy concerns are two top barriers to adopting digital technology, and 35% of Survey respondents cite the increasing sophistication of cyberattacks and data breaches as an issue significantly impacting the profession.

There are plenty of innovative technologies to help firms grow and succeed. For every firm challenge, there's a tool or technology that can help solve it. However, despite the clear benefits of digital transformation (see Appendix page 2), not all firms have the appetite – or capacity – to adopt the technology.

Less than 40% of firms currently have an e-signature or client portal/collaboration solution implemented, despite managing client expectations and service demands being one of the top challenges firms expect to face in the next 12 months. Similarly, only 28% of firms report currently using a tax return automation tool, and 24% report using a tax law monitoring and research solution, despite 48% of revenue currently coming from tax preparation.

What's holding firms back? Why are they hesitating rather than embracing the technologies that can help them? The answer can be found in one of the issues firms believe will have the greatest impact on the profession – digital transformation and cloud-based systems – and what firms have identified as their top barriers to adopting technologies.

Key barriers based on firm size

Overall, the most substantial barriers are data security and accuracy concerns. As firms grow, communicating benefits and securing management buy-in become more significant roadblocks (27% compared to just 14% overall). Large firms also have a noteworthy struggle with data quality and availability (33% vs. 22% overall).

Small and micro firms are more hindered by funding and training challenges than midsize and large firms. However, this makes sense; pricing and competitive fee pressures were more of a concern for these size firms than for larger firms.

Barriers to adopting digital technologies	
1. Data security concerns	42%
2. Accuracy concerns	29%
3. Integrating new and existing technologies	27%
4. Training and implementation concerns	24%
5. Data quality and availability	22%
6. Funding	21%

Data overload issues

Firms have never had access to the sheer volume of data they have today, much less the ability to process that data at scale and speed. But that volume, by itself, can be overwhelming and potentially holding some firms back. Leveraging large amounts of firm and client data requires constant vigilance and data security, which can be daunting.

Therefore, it's no surprise 35% of respondents cite the increasing sophistication of cyberattacks and data breaches as an issue that will significantly impact the profession.

Data security and accuracy concerns are two top barriers for firms interested in adopting digital tech

93% say technology solutions are meeting their needs for maintaining secure data and information management.

33% upgraded cybersecurity and data privacy measures in the last 1-3 years.

Midsize and large firms also flagged data quality and availability as two of their two barriers to adopting technologies (No. 3 and No. 2). Midsize and large firms are significantly more likely to already be using AI and GenAI (51% and 66%, vs. 35% for firms overall); while they clearly understand the benefits of these tools, they are also familiar with the potential drawbacks. After all, client and firm data security, privacy risks, and accuracy concerns were the most significant concerns to using AI across all firm sizes.

The inundation of data includes dark data (see Appendix page 2). AI and data ingestion tools are becoming more popular partly because they can take data from a PDF, a scanned invoice, or an illegible document and fill in the gaps.

Data quality and accuracy

When it comes to data quality and availability, many firms – especially smaller firms – have expressed concerns about whether they can rely on and trust the quality of client data. It's a classic garbage in, garbage out problem; if the accountant can't rely on the accuracy and quality of the incoming data, then resulting insights are similarly suspect.

This can be particularly concerning for firms with a strong audit practice, whom the AICPA requires to adopt a data-driven audit methodology. Auditors must use data analytics and visualizations and leverage technology to help sort, query, and analyze the incredible amount of data required.

Integration and implementation

Another big barrier is integrating new and existing technologies. Firms must ensure that any new solution they choose will play nicely with their current system so they don't lose efficiency in trying to work smarter. Integration is key to success, especially as organizations' revenue and profitability tend to increase along with their percentage of integration.

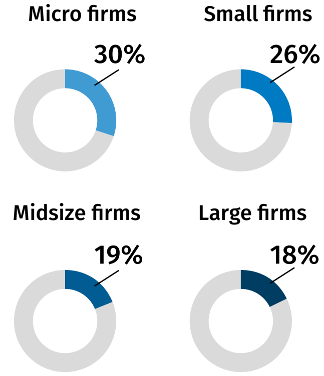
Surprisingly, a little less than a quarter of firms (24%) named training and implementation as a barrier to adopting technologies. Firms can invest large sums in new tech, but without proper training and user adoption, they would be unlikely to see full software utilization or a strong return on their investment. In these situations, staff are more likely to employ ineffective workarounds that often are time-consuming, erasing any expected gains in efficiency.

Essential takeaways

Despite the clear benefits of digital transformation, some firms hesitate to adopt new technologies. Key barriers include data security and accuracy concerns, funding and training challenges, and the overwhelming volume of data. Larger firms need help with data quality and securing management buy-in, while smaller firms face more significant funding and training obstacles.

Firms that consider training and implementation concerns a barrier to adopting new technology

24% overall say training and implementation concerns is a key barrier to adopting digital technologies



Luminary insights

Q ***As the tax and accounting industry goes through a digital transformation, what changes and improvements are clients looking for in their collaboration with tax and accounting professionals?***

Clients are driving the move towards digital platforms for easier and more efficient interactions, expecting seamless, secure, and user-friendly digital experiences. They seek more than just compliance; they want insights, strategic advice, and proactive communication from their accountants. Clients highly value efficiency and convenience in processes. Despite the push for digital, clients still value personalized service and human interaction.

Dean Sonderegger
Sr. Vice President and GM, Canada and Research & Learning, Wolters Kluwer Tax & Accounting North America

Final remarks

As we look to the future, the outlook for our industry is incredibly promising. While optimism is high, we must acknowledge the challenges we face. Rapid changes in technology, legislation, and client expectations may seem daunting, but they also present significant opportunities for those ready to adapt. This truly is a pivotal moment for the profession.

Advancements in AI, machine learning, and data analytics are proving to be game changers, giving firms that thoughtfully implement these technologies a competitive edge. High-growth firms are setting the standard by fostering a culture of innovation and agility and adding tech-driven capacity to drive growth, empower staff, and support clients. They are making investments that improve efficiencies with automation, creating data-driven workflows for tax, audit, and firm management, and leveraging business intelligence to drive smarter decision-making at every level.

Strategic, client-focused firms are going beyond compliance to become their clients' most trusted advisors, delivering proactive advice that helps their clients thrive. By blending expertise with technology, accountants can build stronger relationships and set the stage for sustainable, long-term success.

The accounting profession stands at a crossroads. To thrive in this rapidly evolving industry, firms must embrace change, attract and retain top talent, harness the power of technology, and continuously seek ways to deliver exceptional client experiences. Firms who rise to meet this moment will shape the future of the profession.

Cathy Rowe
Sr. Vice President and Segment Leader, U.S. Professional Market
Wolters Kluwer Tax & Accounting North America

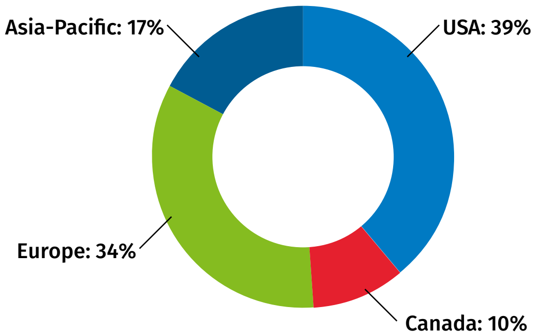
Methodology

The *Future Ready Accountant Survey* received validated responses from 2,373 tax and accounting professionals from firms of all sizes. The survey was conducted online for Wolters Kluwer by a leading international research organization from July 15 to September 4, 2024. For certain questions, respondents were given the option of providing written answers, which were reviewed for inclusion in the report.

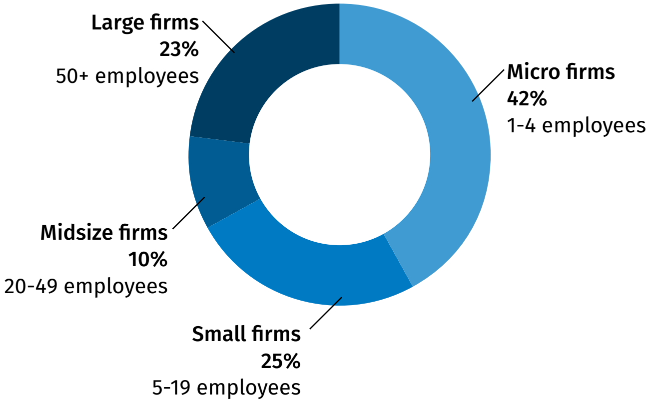
Additionally, tax and accounting luminaries from each global region participated in qualitative interviews. Their perspectives are included in the report.

Regions and countries represented
Asia-Pacific region (Australia, Malaysia, New Zealand and Singapore), Europe (Belgium, Germany, Italy, the Netherlands, Spain, Sweden and the United Kingdom), and North America (Canada and the United States).

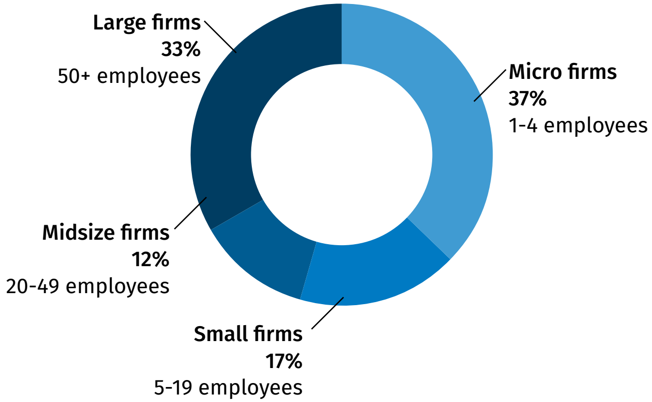
Global response by region



Global response by firm size



United States response by firm size



About the *Wolters Kluwer Future Ready Accountant Report*

The *Future Ready Accountant Report* from Wolters Kluwer Tax & Accounting examines how client expectations, technology, and other factors are affecting the future of accounting across core areas. It also explores how accounting firms are preparing to address these issues, and more.

The *Report* examines the results of the Future Ready Accountant Survey from a global and regional perspective. While this is the inaugural global report, it builds on long-standing annual reports previously conducted regionally, allowing for historical analysis where appropriate.

About Wolters Kluwer Tax & Accounting

Wolters Kluwer Tax & Accounting – a division of Wolters Kluwer – is a leading provider of tax, audit and accounting solutions that enable professionals and businesses of all sizes to drive productivity, navigate change, and deliver better outcomes.

Wolters Kluwer (WKL) is a global leader in information, software solutions and services for professionals in healthcare; tax and accounting; financial and corporate compliance; legal and regulatory; corporate performance and ESG. We help our customers make critical decisions every day by providing *expert solutions* that combine deep domain knowledge with technology and services. Wolters Kluwer reported 2023 annual revenues of €5.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 21,400 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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Looking for more detailed charts?

→ See Appendix

Wolters Kluwer