

# Transition of Chartered Accountants as Digital Transformation Catalysts

*The massive investment in digital infrastructure in India and rapid pace of technology evolution and the speed of its deployment is transforming how we work, learn, entertain, shop, socialise, relate and live. Enterprises are compelled to implement digital transformation at a rapid pace. As chartered accountants who are skilled professionals, this poses a great challenge but also an opportunity. CAs can learn new tech-enabled ways to audit digital data and deliver existing and innovative services to clients using time, technology, knowledge and skill sets. To ride the technology wave, it is imperative for CAs to update*

*technology skill sets to implement right type and level of technology in their office and to enable enterprises to harness power of technology. This article presents an overview at macro level on how to transition to play effective role as digital transformation catalysts in the knowledge era, to remain relevant now and in the foreseeable future. Read on...*



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## Introduction

*When Machines learn how to Run Humans, Humans must learn how to Control Machines. Welcome to the Digital Future. It is here. Now!*

The best blessing one could get is: "May you live in interesting times". If we compare our personal and professional life now to those who lived just 5 decades ago, we know that we are living in exciting times where the impact of disruptive technology is seen in all aspects of our lives. From the time we wake up, to the time we sleep, we are interfacing with technology. Even when asleep, we have devices which can monitor our sleep pattern. Professionally, we are witnessing

the phenomenal pace of technology change and the resultant impact on enterprises in terms of innovative business processes facilitated by information systems with underlying technology. This technology tsunami is impacting how chartered accountants deliver their services using their traditional skill sets. Large-scale push of technology deployment by enterprises, regulators and other stakeholders is compelling the accountancy profession to undergo rapid transformation by exploring ways and means to use technology to create value and remain relevant.

Technology innovation is taking enterprises into new orbits at a rapid pace coupled with power of the reach and deployment. IT is the key differentiator among enterprises which survive and thrive and those which go into oblivion and then liquidation. CAs in their role as experts in compliance, assurance and consulting must learn to harness the power of technology to play a leading role in this enterprise world of digital data by applying innovative ways and means of delivering services.

### Technology Developments

*Machines are becoming increasingly capable and taking on more and more tasks that were once the exclusive province of human professionals. This will lead to steady decline of traditional flesh and blood professionals. This calls for fundamental rethinking on the future of white-collar work of professionals. – “The future of the professions – How Technology will transform the work of Human Experts by*

*Richard Susskind and Daniel Susskind.”*

The main developments in IT can be broadly categorised into four broad areas:

1. **Exponential growth:** The pace of technology innovation and deployment is exponential.
2. **Increasingly capable machines:** Machines in different formats such as servers, computers, laptops, tablets are becoming smaller/cheaper but more powerful.
3. **Increasingly pervasive devices:** Digital devices are becoming increasingly pervasive in multiple modes and across multiple platforms.
4. **Increasingly connected humans:** Devices connected enterprises and professionals across geographies without any limitations allowing them to connect and communicate instantly.

Information is said to be the currency of 21<sup>st</sup> century, and digital information is enabled by technology and underlying information systems. The era of managing technology as boxes insulated from the business is outdated. It has become imperative to bring about a paradigm shift in the way technology is deployed in enterprises and to ensure involvement of senior technology management as a strategic partner. Data is said to be the new oil, but without the

appropriate information systems and related technology, the power of data cannot be harnessed effectively. Hence, there is a need to use the right control I&T framework that has a built-in connection between information, information systems and related technology. CAs with domain expertise in controls can enable enterprises to surf techwaves safely and securely.

### Technology and CAs

*The days of trusted advisor are numbered. Recipients of professional service are in fact seeking reliable solution or outcome rather than trusted advisor per se. When standard of output, of say, online service is very high and its branding is unimpeachable, this will offer its own level of comfort and assurance. – “The future of the professions – How Technology will transform the work of Human Experts by Richard Susskind and Daniel Susskind”*

Despite the rapid changes in business and regulatory environment impacted by technology, the need for enterprises to enhance stakeholder value and for professionals to add value remains unchanged. This need can be met by adapting the right level of digital transformation. CAs can enable and facilitate enterprises to make this transition through right deployment of technology, processes and systems. In a world driven by technology, CAs have to leverage both knowledge of the risks and advantages offered by

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technology. CAs must continue to be eternal students not only by embracing and exploiting technology in their own offices to enhance productivity but also in performance of their work to increase efficiency and expand range of services offered.

Technology by itself does not contribute value unless deployed in enterprises with the right application of thoughts through processes, people, systems and structures for achieving enterprise goals and business value. Chartered Accountants with their domain knowledge and expertise in accounts, finance, compliance, assurance and consulting can facilitate enterprises to implement right type of technology-enabled information Systems to deliver innovative services.

## Commerce and Compliances in the Digital World

*Age-old methodologies cannot be applied to new age technologies. Increasing compliance automation is compelling CAs to learn technology for providing*

*compliance-related services.*

Digital Transformation shifts the perimeter and removes the boundaries of traditional boundaries. In enterprise business process and delivery of services, touchpoints have changed and increased dynamically and hence risks have also increased drastically. Commerce has continued to evolve from barter system to digital system and this has impacted how we live and work. With increased automation, commerce is rapidly moving from physical world to the digital world. Delivery of products and services is facilitated through innovative business processes and platforms enabled and powered by Technology. Accounting for these transactions and related compliances is embedded in technology. Reviewing, evaluating, analysing, providing assurance and advisory services on these digital business processes and related compliances requires new skills of harnessing power of technology.

In most modern enterprises, the business environment is increasingly automated end to end including ensuring conformances and compliances. We are witnessing increasing impact of digital economy with rapid digitization of data which make it imperative to learn how to provide digital assurance in real time. We are participants in the evolution of new assurance methodologies such as: continuous control monitoring, continuous concurrent assurance, assurance by exceptions, assurance of data in

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cloud and assurance through remote audit. It was said earlier that to be a good auditor, you have to be better at business of client than the client. In digital age, to be a good auditor, you have to be well-skilled in using technology to review and analyse conformances of controls and compliances of digital transactions as they are dynamically generated, processed and stored across geographies from remote locations.

## CAs as Creative Problem Solvers

*Technology handicap is the Headwinds which is constraining the current generation of CAs.*

*Techno-literacy will be the Tailwinds which will empower new GenCAs to transition to new orbits as professionals.*

We are seeing the tip of the digital economy iceberg. In the digital age, enterprises need new strategic vision to thrive as a digital enterprise. The stakes are increasing when it comes to leveraging technology to define and deliver new value. The CEO and the executive team leaders are reeling with the challenges of identifying and implementing new digital business models. They are

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The end goal of digital transformation, however, is the ability to rapidly act and react to changing data, competitive conditions and strategies fast enough to succeed. CAs with their understanding of business processes, compliances and assurance can help enterprises in implementing technology as per technology roadmap to implement digital transformation.

wrestling with making smart capital investments to develop and mature organisational capabilities that enable agility and rapid response to new market opportunities.

The two key factors of transformation by technology are automation and innovation. Technology can be a source of business challenges or it can be used as a solution for business challenges. Enterprises requires IT solution providers who can facilitate them to ensure effective deployment of technology. CAs with their innate ability of creative problem solving can perform this role. Their domain skills and expertise empower them to provide outcome-based services with specific deliverables ensuring effective deployment of technology. This will expand the domain of our offerings to cover tech-enabled services. In the era of physical commerce, assurance by CAs provided trust

on information and information systems but in digital era, it has become much more imperative to provide trust in the information and information systems which resides in digital form. CAs are rightly positioned to transition to role of digital transformation catalysts to perform this role.

### **CAs as Knowledge Workers**

*It is said the illiterate of 21<sup>st</sup> Century would be those who cannot unlearn, learn and relearn.*

The new digital platforms and business models require new insights and perspectives. Enterprises require innovative information systems and business processes with the right blend of availability and controls. Modern enterprises require knowledge workers who can contribute value by using systemic thinking and who can apply a systematic approach, best practices and the tools to make effective use of I&T as applicable. Technology is continually evolving at a rapid pace and has to be adapted to enterprises as per specific needs. In the digital age, for whom technology is not just an enabler but the key differentiator to ensure strategic success, it is critical to deploy I&T with strong governance at the centre. In addition to the traditional role of compliance, assurance and advisory services, CAs can provide integrated business, control, governance and management perspective

and best practices that empower enterprises to use global best practices and be at edge of technology curve. These open up new domain of IT-enabled services for CAs to provide a holistic approach to implement right level of controls and provide practical, actionable insights and thus add value.

Technology can never replace professionals with domain knowledge, subject matter expertise and skills. However, without technology backing, this knowledge power will become irrelevant. Our proactive acquisition of skills in emerging technology will facilitate us to enable enterprises to effectively deploy technology for achieving goals. Our knowledge will help us to provide the know-how for enterprises to be at leading edge of technology and be competitive. Data Analytics skill sets of inferring insights from digital information will be the key differentiator between professionals who remain relevant and those who fade into oblivion. It is predicted that professionals without higher-level skills will be out of the business or will be performing low-value jobs. It is important for CAs to shift from reactive to proactive approach to using technology. We can watch technology impact us and be forced to change or be proactive in using technology. Technological advances can bring great benefits to CAs if we are willing to learn and adapt them.

### **Implementing Technology—Changes & Challenges**

*We need to learn to ride*

*Technology else we will be taken for a ride! We need to learn the skill of controlling Technology or our destiny will be "Controlled" by same technology!*

The business environment is changing. Advances in technology are challenging established businesses and business models. Enterprises are in a race to remain relevant to their customers and stakeholders. The key challenge for management, auditors, regulators and other stakeholders in enterprises is: "How to extend visibility and control over the data which is digital format or on the cloud and accessible to any and all?"

Some of the key technology challenges for various stakeholders are:

### Board of directors

- What are the drivers for growth in digital age and how do we ensure enterprise sustainability?
- What is the landscape of existing & emerging technology and how to leverage IT strategically to achieve enterprise goals?
- Are we using the right technology and processes for digital transformation?
- What Governance and control structure do we put in place to ensure compliance?

### Senior management

- How to analyse and see patterns from digital data so that effective decisions can be made?
- How to streamline and control digital processes?

- How to empower users with right access and privileges to perform their role?

### Auditors

- Have Board of Directors established the right Governance and Management framework as per enterprise needs?
- How can we use technology to provide services?
- How are we impacted by use of technology by clients?
- Do we have the right framework and mindset for digital transformation?
- How do we harness power of Technology to audit anything, anywhere, anyhow?

*Technology is a platform and an enabler, but it requires a framework for implementation to derive value. Value is derived by implementing technology in the right way. This requires digital transformation by enterprises. CAs are well-equipped to facilitate effective deployment of technology to derive value as digital transformation catalysts.*

### Digital Transformation

*We can't do today's job with yesterday's tools and still be in business tomorrow. Can we do today's work with yesterday's skills and tools and expect to remain employed tomorrow?*

Let us look at what does digital transformation really mean for today's enterprises and CA firms. *Digital Transformation is said to be fundamentally about incorporating digitalization into business processes. As*

per Gartner: "Digital business transformation is the process of exploiting digital technologies and supporting capabilities to create a robust new digital business model." Digital transformation is the profound transformation of business and organisational activities, processes, competencies and models to fully leverage the changes and opportunities of a mix of digital technologies and their accelerating impact across society in a strategic and prioritised way, with present and future. For enterprises, a digital business strategy is viewed as means of transforming their business, streamline processes, and making use of technologies to enhance their interaction with customers and employees, and deliver excellent customer experience at the same time.

The end goal of digital transformation, however, is the ability to rapidly act and react to changing data, competitive conditions and strategies fast enough to succeed. CAs with their understanding of business processes, compliances and assurance can help enterprises in implementing technology as per technology roadmap to implement digital transformation.

### Technology Roadmap for CAs

IFAC has published various publications on future readiness of technology specially focussed on finance function. Technological advances provide finance functions with significant opportunities to play a valued role in maximising the organisation's strategic ambitions. It is important

to develop the technology roadmap. The opportunities created by the range of emerging technologies require that CAs develop their own. A roadmap should include the following components:

- Identification of the technologies to be used in addressing business needs;
- Identification of the critical systems and their targets;
- Definitions of the major areas that the technology must address, including market assessment, crosscutting;
- Technologies, component development, and system development;
- Identification of the technology drivers and objectives;
- Assessment of the technology alternatives and their timelines, and
- Assessment of the alternatives that could be pursued.

## Future Ready Accountants in Business

IFAC's publication, *Future Ready Accountants in Business*, provides guidance on how to develop a vision for Finance Function Transformation. The world is changing fast and so are the roles of finance and accounting professionals. Future-ready accountants will need enhanced competence and skills in:

- Statistics—to discover the patterns and insights provided by data;
- Data and data applications covering a range of areas,

such as data governance, data architecture, data creation and storage, data transformation (extraction and transformation), data manipulation and modeling, and technology skills including machine learning and algorithms; and

- Business domain and applications combining an in-depth understanding of the business to identify problems and opportunities, and developing insights and intelligent solutions, including using tools for better visualisation and workflow integration.

Another publication by IFAC on “Building on A Vision for the CFO and Finance Function: From Accounting for the Balance Sheet to Accounting for the Business & Value Creation” highlights the role of Digital and Technology enabler as: *“Enables a cognitive and data-driven business that utilises digitalisation, including automation, artificial intelligence and data, in ways that drive decisions and growth”*.

To ensure an organisation can survive in today's disruptive digital environment requires digitally enabling business and operating models, and transforming the finance function to become a digitally enabled workforce by:

- Possessing technology understanding and skills to take advantage of new digital and tech tools.
- Collaborating effectively with information and technology experts to enhance existing systems and tools and seize new

opportunities that can boost productivity and deliver value.

- Enabling a data-driven culture with a focus on data governance, modelling, acquisition, and analytical tools.

## Conclusion

*“You cannot cross the sea merely by standing and staring at the water.”- Rabindranath Tagore.*

CAs have specialised intelligence which gives them the ability to effectively address well-defined, specific goals of any business environment. In the past several years, machines have become quite proficient at handling a variety of such specialised intelligent tasks. As CAs, we can hedge our future by learning new technology skills as relevant. In the emerging digital tsunami of changes, the critical requirement is to complement power of our professional intelligence with right blend of technology to move up value chain. Our core competency gives us the branding of valuable knowledge worker, but we need to supplement it with required digital transformation skills. We can begin by implementing digital transformation in our own offices in the way we use technology and then move on to becoming digital transformation catalysts for our clients by learning and implementing technology as required. We are engineered with right framework for continuous learning. The time to upskill and upscale is now! Keep on learning technology. ■