

# Getting Real:

## How Firms Are Turning Artificial Intelligence into Genuine Opportunities

BY: MARK LOEHRKE

While the use of artificial intelligence (AI) has long been a forward-looking talking point across the accounting profession, more firms are turning those words into action. For example, nearly half (49%) of firms above \$50 million in IPA's 2022 Information Technology Survey said they were actively investing in and testing AI prototypes – up from 32% reported the year before.

Why the sudden surge in AI interest? It may be a case of investment just now catching up to the headlines, or perhaps it is some combination of better technology, higher revenues and a worsening labor shortage. Whatever the explanation, it's clear that after a long buildup, AI has finally arrived in accounting.

To find out why firms are putting their money and resources into AI these days, IPA checked in with several leaders who are looking to make the most of this rapidly emerging technology: from Chicago-based IPA 100 firm **Baker Tilly** (FY22 net revenue of \$1.3 billion), tax principal **Michele Donohue** and digital principal **Dave DuVarney**; from Naperville, Ill.-based IPA 100 firm **Sikich** (FY21 net revenue of \$228.6 million), CEO **Christopher Geier**; and from Houston-based **Weaver** (FY22 net revenue of \$197.6 million), **Morgan Page**, a partner in the digital automation and transformation services practice.

How are these firms using AI and what benefits are they seeing from it? What follows are comments gleaned from several separate conversations and email exchanges.

### When did your firm first start investing in and testing AI applications and what was the impetus for doing so?

**DONOHUE:** Baker Tilly has significantly increased its investments in AI over the past four years. From a tax perspective, advanced technology creates opportunities to automate manual processes our people encounter today so they can use their time doing more interesting, value-add work for our clients. At the same time, our business clients are struggling to find resources, and by helping them automate their tax and accounting processes, they can better use their resources to do more for their customers and add value to their business.

**GEIER:** Sikich started investing in AI approximately four or five years ago; as AI was being incorporated into business applications, we followed suit with the software publishers we align with. Following the lead of Microsoft and Oracle, we also began investing in AI with both education and development. We knew the future of AI was now and that it would bring true value to our customers, so it was imperative we brought our expertise to our clients to help them realize the positive impact it could have on their business.

**PAGE:** Weaver has been heavily focused on leveraging technology to accelerate our practices for years, which has included utilizing applications with AI components since the mid-'90s. Our drive to incorporate AI and automation is to support one of our core tenets – focusing on our clients and giving ourselves the space and time to understand their business (rather than transcribing data).

## What were some of the expected benefits and potential concerns regarding AI going in?

**DONOHUE:** AI technologies are becoming more and more accessible. We have the ability to deploy these tools to support our overall initiatives. For example, AI technology can help us alleviate intense peaks and valleys thought to be endemic to the accounting profession by eliminating manual processes. Machines predicting tax sensitivity or credit potential bring a whole new way of providing services to our clients. These technologies can come with some risk, however. We always need to consider data security, data sharing, consumer protection and legal rights.

**DUVARNEY:** Given the trajectory and growth of unstructured data across organizations, AI can help manage, interpret and digest data, so the insights gained can be acted on quickly. This can help create a more agile organization.

**GEIER:** The primary benefits we saw right away centered on automation, data analytics and predictive modeling. Giving our clients a 360-degree view of their operations enabled them to make quicker, better decisions. Smarter forecasts, improved inventory control, improved reporting, better customer service – all of this can be achieved with AI-integrated business solutions. As with any new technology, it takes some time to see ROI, so we also had to make sure we were educating our customers. Helping them to see what “could be” was a challenge, but an exciting one.

**PAGE:** I think the most impactful benefit has been getting rid of what I call “swivel chair” operations – things like copying from screen one and pasting to screen two; it’s amazing how much time is spent in these types of activities. Our AI solutions are designed to alleviate redundancy.



Morgan Page

As for concerns, ultimately it comes down to ensuring our solutions don’t impact the ability to maintain a high level of service with our clients. We’ve all been on that automated phone system or arguing

with Alexa because she misunderstood “turn on the porch lights” as “turn on the Porsche lights,” and that’s generally where someone’s mind goes when we talk about automating tasks. I actually agree with these types of concerns, which is why we make sure we have a strong process for both the validation and the adoption of AI tools so everybody knows what the automation can and can’t do.

“As a firm we owe it to ourselves and our clients to explore every avenue of AI, its expanding capabilities and how it can drive all of us forward.”

**CHRISTOPHER GEIER, CEO  
SIKICH**

## What is the current budget for AI-related projects at your firm? What percentage of the overall IT budget does this number represent and how has this number changed over the past five years?

**DONOHUE:** Baker Tilly is investing millions in technologies supporting our transformation. Investment in this area has more than doubled over the past five years.

**GEIER:** While we don’t currently have a budget dedicated solely to AI-related projects, our overall budget percentage of platforms built around AI is increasing as it becomes a larger part of our partner and vendor offerings. AI is and will continue to be part of all solutions we invest in (well into the millions) and therefore part of every dollar we spend has AI in it.

**PAGE:** Over the past five years we have definitely seen an increase in investment, both from the value we are getting out of enhanced capabilities, but also the drastic increase in IT costs post-COVID.

## What are the main areas where your firm has applied AI? How have those experiences gone so far? What have been some of the main benefits? Any drawbacks?

**DONOHUE:** Baker Tilly is investing in business insights (BI) AI technology to support our overall product and project recommendations, whitespace analysis and customer growth predictions. As we grow, our client profile is changing – BI analysis allows us to make critical decisions in our overall growth strategy.

Our tax practice is also heavily investing in technologies to replace manual processes with machine learning functionalities. In just a few short months, our tax technology practice has deployed a number of these solutions, removing more than 10,000 hours per year.



Christopher Geier

**GEIER:** AI is now prevalent in every solution we deliver and will continue to become more prevalent as the technology matures and our vendors and partners continue to find new ways to utilize it. Organizations have a ton of data but are often wasting the opportunity

to make the most of it. Using that data to aid in smarter, faster decision-making is what it's all about. The visibility AI provides is transformative and reaches across all functions – from HR to the shop floor.

**PAGE:** Data is a huge AI application area for Weaver. From ingesting it to analyzing to cleaning it, data is where we see huge returns on the investment. The firm consistently receives huge quantities of data in many different formats that require thousands of hours to work through. One of the main benefits in my mind is having team members see themselves return value to our clients. After all, nobody really wants to go home at the end of the day and tell their friends and family that they're super excited about their job because they spent eight hours manually converting a PDF to Excel or doing a bunch of formulas that they've done a hundred times before.

I think the biggest drawback is knowing when to hit the

brakes because the use-case may not be something that really lends itself to using historical context, which is inherent in the development of AI models. In these instances, we try to fail fast and move on to the next opportunity.

## Is your firm looking to get deeper into AI capabilities? If so, in what ways and what areas?

**DONOHUE:** We are going to continue to further advance our tax technologies to embed automation and machine learning wherever predictive analysis can exist. We are looking at tools like intelligent document processing, where text extraction can pull out data points to help automate manual tasks. We are looking into ways of illustrating data and numbers to paint a picture for each client profile. We are expanding our data insights with intelligence dashboards and building in conversational AI to have summarized illustrations that mean more to a consumer than detailed reports and financial statements. As we continue to build in this space, analytics will become service offerings in each of our service lines.



Michele Donohue

**GEIER:** We owe it to ourselves and our clients to explore every avenue of AI, its expanding capabilities and how it can drive all of us forward. Our use of AI across our business will be a blended approach. AI will be common in all our solution offerings to our clients, as well as the tool sets used internally.

**PAGE:** Not only are we looking to get deeper in how we apply AI capabilities to our current work, we're also working with software providers to engineer the next generation of software to be used by firms.

It's an exciting space to be in and so dynamic that things that weren't possible even 18 months ago are now being re-evaluated because technology has changed. Some of the new technologies are so fresh that there may not even be defined use cases for them. Take ChatGPT, for example. Can firms use it? If so, what are the new ways that it could be applied? I think not only this industry, but every industry, is grappling with these questions.

“We are going to continue to further advance our tax technologies to embed automation and machine learning wherever predictive analysis can exist.”

**MICHELE DONOHUE, TAX PRINCIPAL  
BAKER TILLY**

## Given your experience, what recommendations would you offer to other firms looking to dabble in AI?

**DONOHUE:** Firms need to define where they want to end up. For example, are they looking to eliminate processes, elevate their professionals or pull data together into a reportable package? Once you know where you want to go, you can create a roadmap and then see what solutions are out there. Our experience in tax has been that the early-career tax professionals joining our firm have strong interest and aptitude in technology, so we encourage that. We created an internal forum for sharing innovative ideas at the firm, and we lean on these professionals to share their ideas.



Dave DuVarney

**DUVARNEY:** Dabbling in AI can be risky from a data security standpoint. On the other hand, making smart, calculated AI investments that can drive real impact to the organization's strategy can deliver revenue growth, drive automation and reduce costs.

**PAGE:** Start small and build momentum. It's very easy to see the use cases and the thousands of hours that can be saved by implementing an entirely new analytics platform or building a machine learning model and dive into the deep end, but many of the most valuable AI implementations can be simple yet hugely impactful for your practice teams. And when you're successful with these small projects, it makes the investment discussions for larger projects that much easier.

# The Consultant's Viewpoint

How important is it for firms to incorporate AI into their strategic plans? **Roman Kepczyk**, director of firm technology strategy for Hudson, N.H.-based **Right Networks**, has watched the profession grapple with tech changes for decades. Here are a few of his thoughts on AI in accounting.

## POTENTIAL BENEFITS

Like several of the firms in this story, Kepczyk agrees that the ability to leverage large amounts of existing knowledge is one of the main benefits of AI. For example, if a firm wanted to write content for its website or explain a marketing or leadership concept, he says there is a lot of information in the public domain that does not change significantly – this is where current chat examples are working well.

“As a real-world example, we see the integration of AI into Microsoft Office applications being able to provide real-time direction and auto-correction, which will make all of us better users,” Kepczyk notes. “I believe this is where we will see the first ‘consumer-grade’ AI being utilized in firms to help us as basic lower-level virtual assistants.”

## POSSIBLE DRAWBACKS

Kepczyk points out that AI is extremely dependent on the data it was trained upon and can therefore have specific biases or exclusions. If there was a “TaxGPT,” for instance, it would only be able to properly answer questions on the data upon which it was trained, meaning that if there were tax law changes after that point the AI would not have that specific knowledge to consider as part of its response. This means while AI might be great for general topics that don't change much – such as leadership, practice management or marketing – the benefit would be more reliable and useful than for rapidly changing or evolving topics that may be more technical in nature.

“There is a significant amount of hype out there on AI as part of new applications being pitched to accountants,” Kepczyk notes. “I would suggest firms first spend time learning how their peers are actually using these kinds of tools before piloting them.”