

E-book

Looking Ahead: 7 Key Trends That Will Reshape Accounting and Finance in 2022

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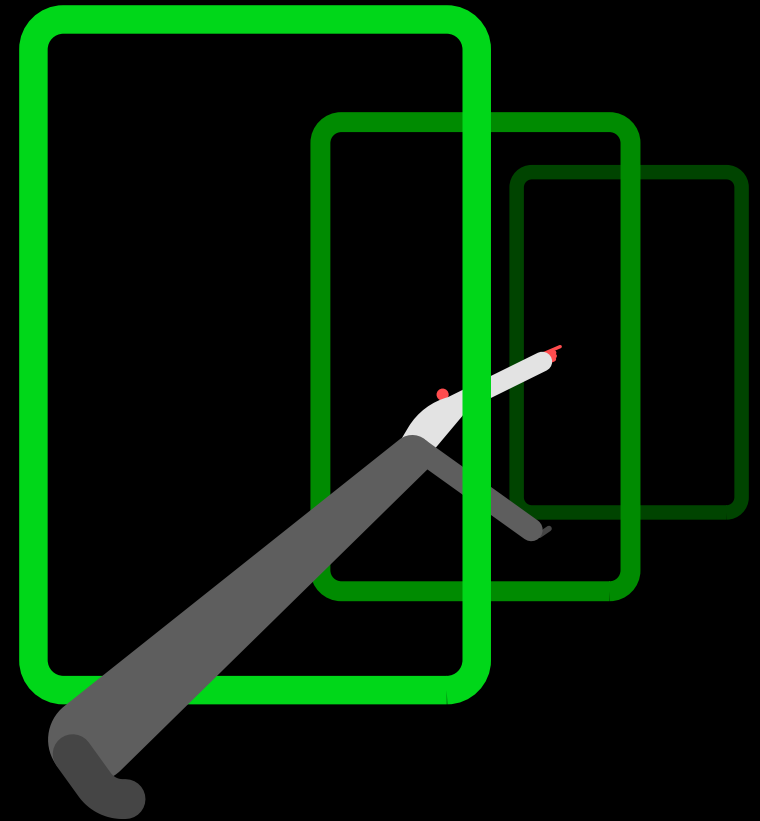
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For the past few years business models have been reinvented

What we thought was impossible became possible. Organizations around the world have transformed. As we forge ahead in 2022, companies need to continue to embrace change, find new ways to grow and prepare for what's ahead.

After speaking with our customers, our partners and industry thought leaders over the past few months, we have combined their thoughts on what they expect in 2022 and have assembled 7 key trends that we think will be very important to accounting and finance in the upcoming year.

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1

The cloud is here to stay



Amidst the uncertainty of a global pandemic, is the certainty that cloud technology is here to stay.

- The nature of work is likely changed forever, at least to some degree for most roles.
- Small and medium businesses will continue to refine their cloud infrastructure and leverage additional apps to fill functionality gaps.
- Replacement cycles will begin for those applications that fail to meet needs as industries evolve and pandemic life is normalized.
- New and replacement technology buyers will seek cloud-based accounting systems that incorporate automation and analytics. This will allow businesses to continue to work remotely while allowing for hybrid and in-person connectivity in situations where it provides the opportunity to be more successful or productive.
- The uncertainty of the past two years and ongoing cybersecurity threat levels will continue to keep agility and resiliency top of mind when accounting and finance leaders consider technology.

2

The labor crunch is accelerating the use of automation in accounting

If you can automate it, you will in 2022.

- While the labor shortage continues, emphasis will be on investing in upskilling existing staff to meet new demands and implementing technology that makes a business more attractive to new hires.
- Automation will be used as human extenders to ensure improved accuracy and efficiency on projects that may be less fully staffed than they had been in pre-pandemic companies.
- Key technologies for automation in 2022 include:
 - Intelligent general ledgers and AI-powered anomaly detection to reduce errors and automate core accounting processes
 - Robotic process automation (RPA) to accelerate or eliminate repetitive tasks for users, extend staff reach, and allow available staff to focus on issues that require human interaction
 - Dynamic allocations and continuous consolidations that accelerate time-intensive manual tasks and ensure a faster close

“Talent and staffing is the single biggest issue right now, and a shortage of good quality people is driving investment in technologies that automate things that were done manually in the past to decrease the people time required to do the work which improves both efficiencies and capacity.”

~Kevin Cumley, Director of the Sage Intacct Accountants Program, and one of Accounting Today's top 100 most influential people in 2020



At the end of December 2021, in the US there were
10.9 M job openings – up 60% over 2020.

Source: US bureau of labor statistics.

3

Accounting artificial intelligence investment will continue to grow, even in industries late to digital transformation

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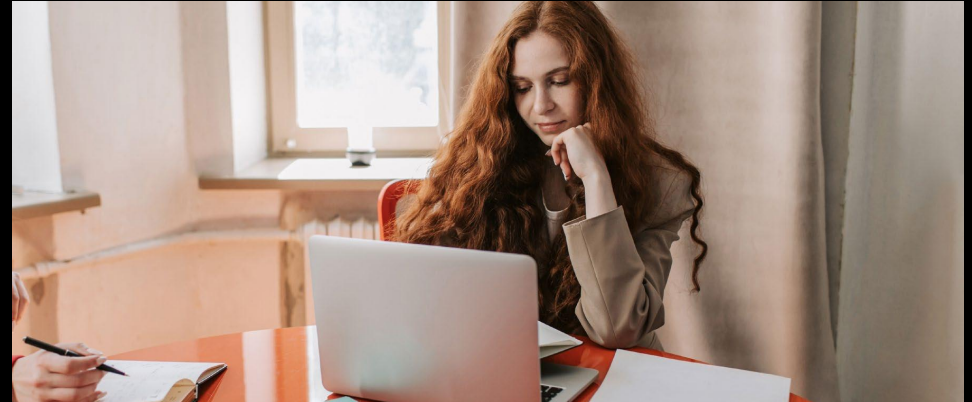
AI, RPA and automation adoption will accelerate in 2022 and continue to drive industry transformation.

- AI, RPA and automation adoption will accelerate in 2022 and continue to drive industry transformation.
- Pandemic era AI investments we will see in 2022 in the small and medium segment will be tactical and drive ROI from workflow automations and data management changes.
- AI in 2022 will be applied to automate routine tasks and put tactical solutions into the back office that drive efficiency and human productivity.
- Some of the industries, (who are traditionally late to adopt new technologies), that plan to embrace automation in 2022 include:
 - **Retail and wholesale distribution.** Retailers and wholesalers will adopt automated solutions for managing inventory and offer self service capabilities in stores to help optimize multichannel operations with fewer staff.
 - **HR/payroll.** Companies will adopt automation within HR functions such as timekeeping, payroll, onboarding, benefits, time off and compliance. This will help to reduce the need for staff to

accomplish these functions 1:1. Turnover has never been higher, whilst driving up the volume of repetitive administrative work. The labor shortage has HR resources directed more towards recruiting and retention of employees, and leading smaller teams to automate routine workforce tasks where possible.

- **Transportation.** With supply chain backups becoming widespread in 2022, transportation industries like trucking, shipping and air freight will accelerate the journey to paperless operations and digitize data in order to optimize logistics, manage rising costs and better serve customers.
- **Consumer and in-home services.** Home maintenance and other types of in-home/ on-site services are seeing a growing demand due to work from home and rising housing markets. To better track work, automate invoicing and payments, and make these mobile professionals more productive, these industries will continue the process of digitizing their core operations in 2022. As well, these service-based business will look to adding mobile solutions that incorporate automations to maximize revenue while keeping field operations lean.

4 Outsourcing accounting is becoming more common, driven by cloud accounting and talent wars



- Over the last several years, a shortage of qualified people and the inability to leverage accounting automation software to automate many aspects of recording transactions, has made the economics of outsourcing more attractive.
- Small and midsize companies are increasingly looking to outsource all or part of their accounting function either because they cannot garner the talent they need or retain their current staff. Whereas accounting outsourcing firms are investing in their talent to upskill their staff and grow their accounting outsourcing practice.
- Fueling the growth in accounting outsourcing in 2022, is the availability of cloud accounting software that automates key accounting processes, provides feature-rich functionality and offers the scalability not otherwise available.

“For mid-market organizations who may be growing as much as 30% year-over-year, turnover in mission-critical controller and CFO positions can lead to inconsistencies in management, leading firms to seek the predictability of outsourcing to ensure high quality resources in these functions.”

~Kevin Cumley, Director, Sage Intacct

5

Analytics, action and storytelling will continue to converge with data automation

For most businesses entering 2022, analytics is not new. Investment will continue as companies seek to maximize ROI and tackle operational issues with more insight.

- While the intelligence we get from analytics is significantly easier to make actionable than the raw data, progress continues to automate and systematize the use of analytics, particularly around data automation.
- In 2022, as we seek to gain more insights into our businesses by analyzing past and current performance, being able to put the information into action will be key.
- Finance leaders' roles increasingly include working with other areas of the business, and leveraging data held by finance to add insight, drive efficiency or increase profitability.
- The advanced data automation approaches being put in place, help to summarize data and add more insight into the story behind the data. These techniques also integrate financial data with operational data and offer interactive data exploration with the goal of enabling users to take action in response to data from within the applications.
- The new analytics tools that early adopters choose in 2022 will begin to tell a deeper story from multiple data sources and be able to using machine learning (ML) or artificial intelligence (AI) to analyze trends and make predictions.

“Automating data flows and bringing sources together will allow us to be more predictive and to look beyond finance.”

~Dominic Ballenger, Director of FP&A, Sage Intacct

6

Blockchain adoption continues while cryptocurrency is still met with caution

In 2022, accounting and finance leaders will continue the path to adoption of blockchain (distributed ledger) technology within business apps for specific capabilities, based on its merits.

- Use of blockchain-based cryptocurrency will remain extremely cautious and mainly in the consumer arena, but we will start to see some legitimate use cases appear in the business-to-business transactional space.
- Applications using blockchain (distributed ledger) technology will proliferate.
- Consumer adoption of cryptocurrency will continue, and finance leaders need to watch how this affects inflation.
- Business-to-business cryptocurrency applications will begin to go mainstream as businesses seek to accept consumer payments in crypto and even begin testing check-free business-to-business cases in some industries.
- Investment-grade crypto opportunities will become more widespread. Crypto is becoming increasingly attractive to investors who are seeking to diversify. However, banks and wealth asset management firms will proceed with caution in 2022 until policy makers provide more guidance/regulations.

“While we may not get all the way there in 2022, the march toward paperless finance operations, the decline in use of paper checks, and the concomitant need for better financial data security is surely leading us toward the adoption of more of these block chain-based technologies.”

~Jeremy Almond, CEO and co-founder, Paystand

7

Pace of new accounting regulation implementation will continue to be affected by the pandemic

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- For the past couple years, we've seen delayed implementation dates and few new accounting regulations published because of regulators slowing the pace to allow businesses to react or recover from the pandemic.
- As COVID moves to an endemic nature, it is expected that there will be some pickup in new regulations, particularly in those areas that have seen growth or innovation resulting from the pandemic.
- Areas to watch for new regulations to be introduced in 2022 include evolving and fast-growing industries like green energy, cryptocurrency, and the cannabis and hemp industries.
- Societal shifts like at-home work are also likely to be addressed by new accounting regulations in coming years.

"The pace of new regulation is still slowed by the pandemic but there are some important implementations going on. The lease accounting rule, ASC 842 is one of these ongoing implementations in 2022."

~Richard Cole, BKD

Summary:

7 key trends that will reshape accounting and finance in 2022

- **The Cloud** is here to stay.
- **The labor crunch** is accelerating the use of automation in accounting.
- **Accounting AI investment** will continue to grow, even in industries late to digital transformation.
- **Outsourcing Accounting** is becoming more common, driven by cloud accounting and talent wars.
- **Analytics, action and storytelling** will continue to converge with data automation.
- **Blockchain adoption** continues while cryptocurrency is still met with caution.
- **Pace of new accounting regulation implementation** will continue to be affected by the pandemic.

Sage Intacct helps organizations thrive in today's digital world, with connected solutions across accounting & ERP, planning, analytics, and HR & payroll that simply work together.

- **Freeing up time for finance leaders to be more strategic**
- **Providing instant insights to make data-driven decisions**
- **Enabling organizations to plan and quickly adapt to ever-changing conditions**



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