Improv Is No Joke - Episode 67 - Tom Hood

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Peter: [00:00:19] Welcome to Improv is no Joke podcast, where it's all about becoming a more effective communicator by embracing the principles of improvisation. I'm your host Peter Margaritis, the self-proclaimed chief edutainment officer of my business, the Accidental Accountant. My goal is to provide you with thought provoking interviews with business leaders so you can become an effective improviser, which will lead to building stronger relationships with clients, customers, colleagues, and even your family. So let's start to show.

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Peter: [00:00:51] Welcome to episode 67. My guest is Tom Hood, who's the CEO of the Maryland Association of CPAs and the Business Learning Institute. Accounting Today describes Tom by saying, "if there's a conversation about the future of the accounting profession, you're bound to hear Tom Hood's name mentioned as one of the people leading the way." Tom is doing as much as anyone, and more than most, to lead public accounting forward. Tom helped the CPA profession creative its vision Not once, but twice. And he's on a mission to help CPAs make sense of the changing and complex world. Our discussion focuses on how technology is impacting the accounting profession and how CPAs needs to begin transforming themselves into an anticipatory CPA. Most CPAs that I interact with do not have a complete understanding of the technology of blockchain and how artificial intelligence interacts with this technology, For example. Tom does an excellent job in explaining both of these concepts along with discussing the MACPA partnership with IBM to train accounting professionals in technology skills such as artificial intelligence, Big Data, and cognitive computing. Go back and listen to my original interview with Tom in episode number three, which occurred in June of 2016, and compare it with this interview. A lot has changed in a short period and now it's time to start accumulating those skills necessary to better compete in the marketplace when this technology is fully adapted. Before you get to that interview, I would like to talk about the first five episodes of this podcast are now qualified for CPE self-study credit in the NASBA category of personal development. Those interviews are with Clarke Price, former CEO of the Ohio society of CPAs. Mike Sciortino, author of Gratitude Marketing. Tom Hood... Well you've been introduced to him and you will be introduced to him again. Ed Mendlowitz, who's a partner at Withum, Smith, and Brown. And Karl Ahlrichs, who's H.R. professional at Gregory and Appel. These episodes are located on the MACPA-BLI self-study Web site and they are mobile friendly. Create an account and purchase an episode. You can listen to them on your daily commute or while working out, or even at your desk! When you're finished, take the review and final exam on your mobile device or your computer. It's that easy. While all Improv is no Joke podcasts are available on my web site, only those purchased to the MACPA-BLI self-study Website are eligible for CPE self-study credit. This is not nano-learning - this is self-study learning. You can get detailed instructions by visiting my website at PeterMargaritis.com and clicking on the graphic: Listen, Learn, and Earn improvs is no joke podcasts on my home page. I hope you enjoy this exciting and flexible new way of receiving CPE credit. OK now let's get to the interview with Tom Hood.

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Peter: [00:04:08] Tom, thank you for coming back on my podcast. You are one of the original five and we had a great discussion back then and I want to pick up on it today. But first thank you for taking time out today. I know you're extremely hectic schedule to spend a lot of time with me today.

Tom: [00:04:24] It's an honor, Peter. You know that so I'm glad to be here.

Peter: [00:04:28] Thank you. The last time we talked to you you had just come out of Spring Council 2016, and one of the things we discussed in the early podcast was how technology was impacting the accounting profession. And I thought that might be our launching pad today on picking up on that conversation a little more than a year after the fact. So what do you see? What's going on out there?

Tom: [00:04:53] Well I think it's funny that we probably talk about kind of the way we've thought about this stuff, which is technology is a hard trend. It's actually progressing at a predictable rate. And so to your point, we're in a really big deal phase. This stuff is moving very rapidly and we're starting to see impacts in accounting. So I think the notion of artificial intelligence, blockchain, big data are part of this exponential technology trend, and it truly is an exponential curve right now. So that means it's pretty much doubling in speed and impact every year. And we're actually seeing that now in places all over the profesion.

Peter: [00:05:39] I'm seeing a lot more written about it these days, and hearing more about it. There's like a flood of things running through my mind but I don't understand blockchain, and we'll just do little bit of a technical piece and I think a lot of CPAs would hear that term and not sure really what it is. Is it like a 10000 foot description of what this blockchain is?

Tom: [00:06:05] Yeah. Let me take a crack at it. I'm still really wrapping my head around it. But I've done quite a bit of reading and collaboration to figure it out. So first of all blockchain is best described as, I think, the Internet of value. So if you think about the old days of the Internet where what they basically did was made search and information online easy to find, locate, and absorb or read. Right. That's what... think about the early you know HTML protocols and all that stuff. OK. So we didn't know about that was either before it happened. And I think blockchain's got that kind of potential disruption, or I would call it an opportunity impact. What blockchain is doing is is going to a deeper level and effectively creating a public ledger. And so as an account, we think about double entry accounting. In the blockchain world, it's called triple entry accounting.

Peter: [00:07:14] Whoa.

Tom: [00:07:15] So the difference is, in double entry accounting you have all your books and I have books. Suppose we just transacted. I bought you come in and do training for us because you're one of our top instructors. So I'm going to pay Peter to come in and do training for us. So now in my ledger, I've got the transaction from my side, correct? I'm writing a check to Peter. Peter is delivering a service. Peter's got a ledger on your side that says I'm receiving cash or a check and I'm delivering a service. But in the Internet world there's another ledger that shows

both of our transactions, all sides of the transactions, so you can see what Peter's transactions and mine were, and it's all accessible to anyone who gets access to that third general ledger.

Peter: [00:08:06] OK.

Tom: [00:08:07] So now think about that for a minute because when an auditor has to validate things, what's happening is they're validating all transactions from the other side. Correct?

Peter: [00:08:20] Correct.

Tom: [00:08:21] So they would be in there validating my transaction with Peter because they can validate it automatically.

Peter: [00:08:30] OK.

Tom: [00:08:31] But if they had a third ledger that had all those transactions securely encrypted so that no one could get access or change them... would they need an audit?

Peter: [00:08:46] Ooooh. Oooh.

Tom: [00:08:51] You get the notion. It goes further than that. So accounting isn't why they're doing it, but let's imagine a stock trade that gets cleared by an intermediary. Or the better example is your deed on your house and the mortgage. So there's this whole intermediary group that validates that it's a legitimate deed and that you legitimately own it. And it's got a lien by your bank.

Peter: [00:09:17] Right.

Tom: [00:09:17] So all of that all of that trust all that kind of trust Real Estate Group does is it has a reputation and they can go validate those transactions. That's what it's doing for you and you're paying money for that. But in a blockchain world, when your deed was created, it creates a secure block of data. Right. And that block of data then validates that transaction and who was a party to it. When you sell that house, the next block gets created, showing the whole chain of transactions around that element of value.

Peter: [00:09:54] OK.

Tom: [00:09:55] And that means it's all validated without a third party, which means you can transact with other people and they know your deed of trust is legit because of looking at the blockchain. So it's-- you could do this for music... Now then you have to take that idea and say what if this was all in a big database that you could just constantly get access to, if you were authorized and granted access to it? So that that would be the person who owns the thing has the ultimate responsibility of being able to grant other people's access to it.

Peter: [00:10:30] OK.

Tom: [00:10:33] Haha.

Peter: [00:10:33] This is blowing my mind. Haha.

Tom: [00:10:35] I hear you. I'll give you a supply chain example that blew my mind. I don't know if this will make make it clear or make it muddier, but it caught my attention. Actually it is from someone who we did some work with in the association world who's part of this whole sharing economy. So think about the whole movement to sustainable organic foods, products and things like that, and knowing that it's really legitimate.

Peter: [00:11:03] Right.

Tom: [00:11:04] Or even in your food supply chain. I want my tuna caught legitimately. I don't want it in these big farming nets and you know all the things that are you know the illegal fishermen activity. So this supply chain example like took place in Malaysia - it's real. So there's these little little guys in a canoe they're going out in the Indian Ocean, wherever they catch the tuna, and that these are hand caught line caught tuna. They've got smartphones. So they go out there they catch the tube they take their smartphone and they click. It geo locates it and it creates the first block of data. This tuna was caught at this location at this point in time. And there's a picture of that tuna and obviously the record of where that boat was and who the people are. Now when they drive back to the dock, they're going to hand the tuna off to a processing plant. At that point, they're going to make create another block of data says now it's got moved from Tom to Peter, who's in the processing plant. So you take possession of the fish and now you're going to start to process it. The really good to me is going to go to the sushi restaurant and the other stuff is going to be processed further down and become you know chunky tuna in a can. Now once that gets split, then the sushi tuna is in another block of data that says here's when I was processed into sushi and now it's moving and now it's going in a truck and now it's gone to these five sushi restaurants, and each one of those is another element of data all about that fish. And then the other part of it goes into the canning center right, and the cans come out with a bar code that basically connects it back to that block of data. So that by the time you pull that block of data you know that that tuna can off the shelf at your Trader Joe's.

Peter: [00:12:53] Yeah.

Tom: [00:12:54] They can trace that tuna can back to that tuna on that day in the Indian Ocean.

Peter: [00:13:02] Wow. And this is real?

Tom: [00:13:05] It's real. It's happening now. It's automatic, and so-- And then the point of this is that that can be corrupted data because the way they're processing it is they're using peer to peer data miners, all kinds of goofy technology terms over here. But this idea of a block being created it's the block of data that is being created in parallel by like 10 or 15 people, which they claim is actually impossible to recreate or break so that you know the data that's in the block is attached to the blockchain that labels the transaction you're dealing with is all legitimate, and there's no need for any other third party verification.

Peter: [00:13:45] OK. The tuna example helped me a lot. And actually as you were describing the process, I'm thinking it's like domino's pizza tracker to some degree.

Tom: [00:13:56] Correct, except it's all secure.

Peter: [00:13:59] Yes.

Tom: [00:14:00] And it keeps track of both sides of the transaction.

Peter: [00:14:02] So let's talk about security just for a quick second. The cloud was supposed to be secure as well.

Tom: [00:14:08] Yep.

Peter: [00:14:08] And we've come to find out that's not - that would be my only...

Tom: [00:14:12] Well interesting enough, so I've talked to a bunch of security-- so two things. One of the differences is, with cloud security, like any security, is all based on encryption, and it's 32 bit or 64 bit, when you get to like military grade encryption. So that's one aspect of it. The reality is almost all of the celebrated breaches in security were human breaches, not legitimately hacking breaches, believe it or not.

Peter: [00:14:39] OK.

Tom: [00:14:40] So you know like phishing and and identity theft or people with sticky notes and their passwords. The blockchain is created -- I don't know if you remember this, but the old peer to peer network. So the reason like Napster - remember when Napster cracked the code on pirating music and video?

Peter: [00:14:59] Yeah.

Tom: [00:15:00] They did that from peer to peer. So it couldn't be caught easily. In other words, peer to peer is when you and I are working independently on different computers on the same thing. And then we create this code so that you and I have access to it, then we add two more people. Pretty soon, you have 10 people doing it with different computers in different locations, and that can't be traced or hacked because every transaction has a new set of people creating the codes. That's what, in these blockchain worlds, are called miners, and that's how they create blocks that you would ultimately connect to and use.

Peter: [00:15:37] Ok.

Tom: [00:15:37] If that makes sense. So I would not say that it won't be hacked at some point, because everything seems to me. I'm just saying that everyone I've talked to is pretty convinced that it's near impossible, if not impossible, to break the codes because of the way it's created.

Peter: [00:15:55] OK.

Tom: [00:15:56] So I've been taking that at face value for now.

Peter: [00:15:58] Right, for now. So obviously this could have a huge impact on the profession.

Tom: [00:16:04] Yes. All the big 4 have blockchain research centers. The tech industry is the biggest one, investing billions of dollars in figuring the transaction. You could have your own private blockchain. So you could create your own blockchain for like your own IP and those God things. They think is going to be a game changer in the intellectual property business. You think about what China's been noted for in terms of copying stuff illegally. If it has a blockchain, you can pull down a logo or a picture or a podcast or a video or a book and they will have a blockchain that says this came from Peter Margaritis. And if other things do not have it, no one would ever be able to see that that transaction. So it's got some I think game-changing ramifications for our economy. I think for accounting firms I would say what would it take to audit blockchain? Like who's going to help put the trust in it. Because to your point people are going to be skeptical no matter what you say.

Peter: [00:17:04] Right.

Tom: [00:17:04] So who's going to be the group that put trust in it. I'd love to see that be CPAs. I think everything from inventory control to again transactions, like homeowner transactions can all be legit. You know as I look at the adoption of technology, everyone says you know what when will it be at its biggest impact. And the state of Delaware just passed a law authorizing block change for some securities transactions. So that would tell me If a state is actively thinking about it in that way. That would tell me that it's a lot more mainstream maybe than many of us think.

Peter: [00:17:45] Yeah I'd agree with that statement very much so. Wow. So this is this potentially... So what's this 2017? What... '19, '20?

Tom: [00:17:55] Yeah I mean it's certainly in I think in the three year horizon. I mean you know the famous quote from Bill Gates says we tend to overestimate the impact of technology in the next... I think he said three years, and underestimate its impact in the next 10.

Peter: [00:18:11] Right.

Tom: [00:18:12] I think this is like right in that window that three years we can start to see... you know it isn't going to turn our profession upside down in two years. But I think you're going to see mainstream adoption starting in three, and then by 10 it's going to have a... they say, I think it was... Oh Mark Andreasen, the Netscape guy. He believed -- he's kind of guy that formed HTTP and really changed the Internet for everybody. I think he would say this is going to be as big as that. And he said you know the thing is everyone is running around like how does blockchain work. Well no one's running around asking how HTTP and HTML all work. It works. And now it's kind of second nature. He thinks that's what's going to happen to this idea of blockchain basically conveying transactions of value with multiple parties.

Peter: [00:19:09] Think about like like like a company... there would be a heavy investment into I.T. and doing this, and what would happen to... I mean I'm thinking about that like the finance department because it is-- I guess my other question is, with blockchain, can you do a version of data mining?

Tom: [00:19:28] It's all in a database. So if you have access to a blockchain database, you have access to all the sides of the transaction: who they are, where they originated, who's involved. Right so you do have a database of all those transactions.

Peter: [00:19:43] OK. So let me ask this question: where does Watson fit into this? Where is AI?

Tom: [00:19:51] So I think you just hit the nail on the head. I think what's happening with these transactions, in my opinion, Peter, from what I can read and the folks I'm talking to who are working in these spaces. It's all about this idea of convergence, right? All these technologies are leveraging each other, and that's what's creating both the speed and the magnitude of the changes. So you know think about the cloud. So let's just go back one point. The cloud is what has allowed massive computing power, distributed computing power, to be used. That's where artificial intelligence got real. So the fact that literally these computers harness every computer in the cloud for their speed - that's how they get processed. So my son's in a SAP class in college, and the instructor said the new SAP -- SAP is an enterprise level system that's never-- I thought would never be in the cloud. So Oracle, all these guys, are moving to the cloud very rapidly. He said that their SAP system, called Hana, because it runs in the cloud, has all of its computing power at its tips, essentially, could process every tax return in the history of the world, since 1957 to now, in under four minutes.

Peter: [00:21:18] Hahahaha.

Tom: [00:21:18] OK so think about that computing power right. That's what the cloud is enabling. Not everyone thinks of it that way, but that's what's happening. So all that is now happening. So that's how Watson runs by the way. It isn't on one big computer up in IBM. It's on millions of computers all over the world. And what Watson would do-- so imagine this blockchain database. And now to your point it's a database, and all that data can be analyzed with artificial intelligence. So instead of you know Peter and Tom sitting there trying to sort our Excel spreadsheet with 50000 columns in it, in you know two days, Watson is doing that in less than a second. Right. That's the difference. So now you could crank... and analyze them with extra rules and artificial intelligence so that you'd have access to what does that database really mean.

Peter: [00:22:18] Wow. OK... nobody's been able to really articulate it to me until now. So as I'm listening to you I'm trying to wrap my mind around it. And then I'm also thinking about OK the profession. And is this really where CPAs... we'll take it from a firm's perspective, but maybe it's both. This anticipatory CPA on... apparently we're not going to have to crank... I made a comment in a session once. I said I think Excel would be extinct in five years, and you would've thought I cussed everybody out in the room. They were appalled. And by what I'm hearing, I might be right.

Tom: [00:23:09] You might be.

Peter: [00:23:10] So what is it what what-- this anticipatory-- I always said the P and CPA stands for procrastination.

Tom: [00:23:18] Haha. Right.

Peter: [00:23:19] But it really needs to stand for progress. Quit being the historian. And now let's be the Futurist, per se.

Tom: [00:23:29] Exactly. I mean so the best way I can relate to it is I spent the early part of my career as a CFO and in the corporate world at a highway construction company. And to get the data right, we were probably a million dollar contractor, to get the data right every month, to close the books, So I had everything ready for the taxes and the audit and the bank and all that stuff. It took all we could do to just get the data right. And the thing that was most frustrating to me is I went to school to understand the language of a business so that I could help people that didn't have to understand that language. Right? The CEO My CEO was a you know Marine, came back from World War II, started this business. He didn't know accounting. I mean he picked a lot of it up as in his years of experience. But the point was he wanted me to help explain what the numbers meant, and not from what happened. He wanted to know what's going to happen. Right? I want my numbers today to go look for next month. I mean even here in the association right now I'm sitting here now. I'm I'm wearing the CEO hat. It's August 18th and I don't know how we did in July. So if I'm-- right? Because our audit was June 30. There's some legitimate reasons. But the bottom line is most of our accounting folks are spending everything they've got just to get the transactions recorded, the books closed, and they're not having time to analyze and interpret it. And that's what I need. I need to know what happened in July. I want to know where we are in the middle of August, where we will be at the end of August, And what should we be doing to get on budget and make our our numbers.

Peter: [00:25:09] Right. Right.

Tom: [00:25:11] That's what I think CPAs need to be doing. And the same thing in in the tax arena. The big growing thing now in taxes is like a holistic tax plan that includes looking at their retirement, their investments, and Are they going to send their kids to college or were their goals for their family. That's the fun stuff that people care about. Telling them that you know you owe this much taxes isn't exactly fun, unless are getting a big refund. But but you know that's not-- People don't say I want to get my taxes on. That's not what they wake up and do, and a CFO doesn't wake up to say I'm going to go get my audit done today. That's not what he wants. He wants to build trust in his bank so he's got a lot of credit. The audit is a tool but it isn't what he really would love to have.

Peter: [00:25:56] You said something early in the conversation about your CEO and you needed to explain the language of business to him so he could understand it. And as you're articulating this I'm going... because I've been saying for a while you know we speak a foreign language. Accountants speak a foreign language, and it's called accounting. And the ability to take complex information and put it in a context that somebody who doesn't have that knowledge can understand. I think that's the place of value that that futuristic CPAs should possess.

Tom: [00:26:33] That's what we mean. When we say get rid of the rearview mirror and start looking outside the windshield, That's exactly what we mean: understand the language, being able to analyze a business, look for those leading indicators, help explain to the business how they can prosper and thrive, in an age of a lot of turnover. That's the whole point of what we're calling kind of this idea of an anticipatory, future-ready CPA.

Peter: [00:26:55] Yeah I love that. And just on a side note, when I was on vacation, a former board member of the Ohio society, who's a partner in a regional firm that's based out of Ohio. We had breakfast one morning. We were talking and I mentioned the anticipatory CPA. He goes do you know Tom Hood? I just started laughing. You facilitated the anticipatory CPA to his firm.

Tom: [00:27:23] Ahhh.

Peter: [00:27:23] To all the partners in his firm. I think it was probably here in Ohio at the time.

Tom: [00:27:27] Yup.

Peter: [00:27:27] And his comment to me was our Managing Partner has been talking about technology and how it's going to change for such a long time. We needed to figure out how to adapt and move forward. And he just raved about that program.

Tom: [00:27:45] Oh that's cool. I mean you hit it on the head. What. And the thing that I think that worries me and might be with your P for procrastination word here is that we've been talking about a lot of this for a long time. And so there are people in the profession, especially folks that are in my age, the boomer generation, who might say yeah I've been hearing about this crap you know for 10 years and it's not happening. And and I think what is woken me up is a realization about the exponential curve. When you actually see the curve, how it goes, it looks linear and slow and then it curves up dramatically into that hockey stick, and that's when it hits its full pace. So 10 steps in you know you're doubling in it's a hundred thousand and it's going up at that rate. So I think we're at that stage now because of the cloud and all these technologies that are available. And so someone might have said you know artificial intelligence, A year ago, that's not going to happen. We're seeing applications of it right now in the profession. So what's happening is the pace of change now is real, and it's happening a lot faster than most people think. So someone might have said oh I looked at that three years ago. Well heck, it could be completely different and much more relevant now. And they might just discount some of that stuff. That's my worry.

Peter: [00:29:11] Yeah I would I would agree with that. And it's almost two years now I think almost two years since KPMG and IBM signed the agreement to bring Watson into the auditing practice. Well you know that alphabet soup has that technology. You know the other ones are doing it.

Tom: [00:29:28] They all have it. There's a commercial application right now -- there's actually two or three -- for auditing that even mid-sized firms can have access to now. So it's already happening.

Peter: [00:29:41] Yeah. That aspect I anticipated would... the Big Four would be all over it. I imagine they're all over that as you said this next bit of technology. It seems like maybe the top 50 firms, maybe the top 75 firms, probably are in the arena of OK. This is happening. We need to do something about it. The others are... they're going to be late to the party.

Tom: [00:30:08] And that's why we want people to do what we think is be come more future ready. Right. The idea of anticipatory is aware, predictive, and adaptive. So do you even know that the trend is real? Can you predict what it might do for you or your client or your company?

And then what would you start doing to adapt to it? So the good news about the cloud, in my opinion, is that it will democratize this software very fast. So it won't be at the top 100 because of money have like this total lock on all these great technologies. The beauty is many of them will become SaaS service models that You can literally subscribe to, like Watson. You can subscribe to Watson as an individual right now for next to nothing.

Peter: [00:30:56] Really?

Tom: [00:30:57] Yeah. So the beauty is this technology is moving down channels so fast because of the cloud. It never would have before, but now because of the mass market it can. And so I think a smart firm is going to be watching, playing, and listening and looking at who the players are, and then looking at when the right time for them to jump into this is. But the reality is they could be jumping into it literally today.

Peter: [00:31:24] Interesting. I didn't realize you could access Watson on an individual basis.

Tom: [00:31:29] Yeah.

Peter: [00:31:30] And then as we're discussing this, my university professor hat goes on top of my head and I go where I have to believe we're not preparing the accounting students who are in the universities today for this new technology; for this new potential disruptiveness. We're still probably still teaching the same way we've been teaching for 30 years.

Tom: [00:31:53] That's probably on average true. We just had our Student Leadership Academy where we got to talk to young folks, and these are juniors and seniors in probably 15 schools in the mid-Atlantic, and they were mixed on what was happening. But for the most part they were getting some you know things about big data and machines and you know that kind of stuff. So that was starting to happen. And then that's why we, as we talk our employers, you know it's going to take a long time for the university systems to adapt. And therefore the employers are going to have to pick up the share. Right? It's sad but true. So what we did is we actually went and talked IBM because we said IBM, where do you see this disruption going? And they gave me hope. So they came down to visited with us. And two things: First of all they said these are the technologies that they're betting on. They're betting on blockchain, big data, and artificial intelligence, a la Watson So that's the three major exponential technologies they believe are going to be fundamental in the future. And then the second thing they did is they actually gave gave us, and are working with us, to create a special... we're calling it our future-ready portal of learning, for CPAs to learn about artificial intelligence and big data and data science and deep machine learning and blockchain - all those emerging areas so that they can actually be prepared. And this will make them experts. It won't make them programmers in artificial intelligence. But it will give them a familiarity with the technology, an understand the terms, so that as this technology starts to unfold they'll be able to see the power and usage, and they'll understand the major concepts that will help them when they're actually working with some of the folks you know controlling these technologies. So yeah we're going to be releasing that any day now. It's going to have a series of about... I think we're going out with like eight or ten courses, and then IBM said they'll probably be adding you know one or two a month from then on. So it'll be completely... and it isn't about IBM technology, interesting enough. It's about generic. Now they might use examples of IBM technology, but it's meant to familiarize CPAs with these crazy concepts so that they get comfortable with this kind of technology.

Peter: [00:34:22] So they have made it industry specific, in this case.

Tom: [00:34:26] Actually that's our job believe it or not. So what happens is IBM is going to give it to us in a generic form. We're going to curate that and say how much of this seems directly applicable, and then will add whatever context we need to make it more specific to our profession.

Peter: [00:34:43] And is this learning.... Is it on demand? Is it live?

Tom: [00:34:49] On-demand, micro- or nano-based learning. Very small snippets. Easy to consume. And at this point, not qualified for CPE. We have to do a lot of-- . So our thinking is to make it very low cost or free to our core customer base and friends, and then probably a little bit of a charge for those who aren't, and ultimately the idea of CPE is... it's going to take some work. And so, we might once we crack it, then we say if you want CPE pay for this or we can afford it.

Peter: [00:35:31] I guess in thinking about it, I guess CPE recording, CPE tracking, could be part of blockchain.

Tom: [00:35:39] Absolutely. We have great application for it.

Peter: [00:35:42] So we wouldn't have to worry about the dings on a webinar or something like that, which shows that if you were attending the whole session. That's that's interesting. So it sounds like, for MACPAs, it would be more of a member benefit.

Tom: [00:35:57] That's our thinking right. And our business learning institute clients.

Peter: [00:36:01] Okay. That's an investment.

Tom: [00:36:04] Yeah.

Peter: [00:36:04] That's that's an investment, but it's an investment into the future and providing that information. So in the aspect of getting qualified for CPE, it's going through all of the hurdles in order to get to qualify. And those are not easy hurdles to jump through.

Tom: [00:36:24] Yes exactly. So that's where we are now. But I mean it's exciting that IBM was willing to work with us from that standpoint. And it's exciting. I think it is our way of trying to help, like we do with your MBA Express and others. We're trying to get the programs that really give people the skills that they're going to need, instead of just raw technical skills.

Peter: [00:36:51] So it's almost like do we need to go back into the horizons 2025 project all over again, because I think there are some new things that probably need to be in there, or maybe even needs to be worded a little bit differently, than what we came out with a few years ago.

Tom: [00:37:05] Well it is interesting that you brought that up. We are going to be releasing research in the next probably couple of weeks that really went to what are the future ready

competencies you're going to need to work with machines, in this age of robots. And we looked at every one of the major thought leaders in this space. Geoff Colvin, humans are underrated. I know you read and talked about the book. The Age of the second machine by Brynjolfsson and MacAfee. The fourth industrial revolution. We took all those books and studied like what they were saying about the future. We cataloged all that, created a matrix, and added the horizons on there. And sure enough, the Horizons work is about... you know there's a competencies we believe are critical for the future, and the horizons actually had six of them right.

Peter: [00:37:59] OK.

Tom: [00:38:00] And I think for me, what I think cause that, is when you crowdsource that, which is what the Horizons did, both in person and virtual. Something like 75000 people weighed in. That's what you get. You actually get some pretty heavy work that's relevant. So we're really publishing that a couple weeks, but it is effectively the Horizons plus a couple.

Peter: [00:38:24] Horizons on steroids.

Tom: [00:38:26] Yeah that's it. Enhanced.

Peter: [00:38:28] Now when you say we, you're talking about the Maryland Association did this research and has put this information together, and is that in conjunction with the AICPA or is that...?

Tom: [00:38:39] This was just us. This was through our business learning institute and yeah we just-- we've just been hearing everyone getting nervous about it. Obviously the IBM thing gave us some insight. So we just kind of said it's time to just update that research, effectively, and we just took a hunch and said let's look at all the major books and sources and catalog it and create a matrix and look across the matrix to find out where the commonalities are.

Peter: [00:39:11] And you said this is coming out very soon?

Tom: [00:39:14] About two weeks.

Peter: [00:39:15] Where will it be published?

Tom: [00:39:17] We'll probably be publishing a white paper, we'll do a press release. It'll be on BLI's website.

Peter: [00:39:22] OK.

Tom: [00:39:23] I'll send you a copy the minute we get it ready.

Peter: [00:39:25] OK. So here's here's the thing. When I go out in the program, and if I'm talking about the Horizons 2025 project and I ask the audience, Has anybody read this? I had one person who did because he was the chair of the state society's board. And I actually had a copy outside and Nobody read it. So I think we've got to find a way to get this information out there, and maybe multiple media sources, to get people to read the thing.

Tom: [00:39:54] Yeah.

Peter: [00:39:54] And to understand it.

Tom: [00:39:55] It's one of the profession's, unfortunately, best kept secrets.

Peter: [00:39:59] It really is. And once I explain to everybody what it is, and kind of go through the competencies, the light goes on. They get it, but nobody's really spent any time, and knowing the busy life of a CPA... My concern is that, when they walk out of the session, they've left the 2025 project, that knowledge, back in the classroom and haven't taken it with them.

Tom: [00:40:23] Exactly.

Peter: [00:40:24] And that is that is a challenge, To get that changed because. I mean there's so much information coming at us from every which direction. Like I said, I think that the procrastination does kind of kick in, especially with something like that.

Tom: [00:40:40] Yup.

Peter: [00:40:40] I would I would have to assume that there's a group of naysayers out there, because there always is. And hopefully this group is not too vocal or gaining any ground or making any unwanted noise, or I hate to use this term, but creating fake news.

Tom: [00:41:04] Yeah.

Peter: [00:41:04] Have you heard of anything like that?

Tom: [00:41:07] I mean it's always going to be the folks-- So what I say to those folks is, if you watch the Super Bowl last year, you saw a commercial with H&R block and IBM Watson.

Peter: [00:41:18] Yeah.

Tom: [00:41:20] So if you don't think it's coming to a theater near you, what would that tell you? That's like the slowest end of the tax preparation market, and it's showing up there. I think you know the fact is you can under estimate it, but our research, and obviously we've hired a global Futurist, Daniel Burrus, to help us. The argument about this stuff is these are hard facts. These are future facts that, if you ignore them, what I would say to them is then why don't you start thinking about what's the predictable problem that will happen when you don't do any of this stuff.

Peter: [00:42:00] You're out of business.

Tom: [00:42:02] Right.

Peter: [00:42:03] Very simply.

Tom: [00:42:05] Yeah.

Peter: [00:42:05] It kind of goes along the lines of succession planning. I think succession planning right now in the profession is can somebody buy me?

Tom: [00:42:12] Right. Right.

Peter: [00:42:13] Versus developing the talent.

Tom: [00:42:15] And the price is going down.

Peter: [00:42:17] Right. Wow. That's a whole lot of information, and in a short amount of time. Is there anything, as we begin to wrap up, is there anything else that you're seeing out there that we haven't discussed that would be beneficial to the audience?

Tom: [00:42:35] The only thing I would say is what's happening is we're in this period where change is real and firms and companies have to adapt. And 78 percent of our business industry members said that they're feeling moderate to severe disruption. So they want their CPA firms, and they want their CFOs, to help them be proactive, trusted advisers. What's happening though is we're also busier than ever. If you talk to anyone, The moniker is I'm busy. I'm really busy.

Peter: [00:43:04] Mhm.

Tom: [00:43:04] So I think we're dealing with these two powerful forces: the kind of force of staying up on the day to day, while you keep falling behind. Right? This idea of the urgent. I got to get this done. I've got to catch up. Versus the important, which is the other force of I've got to move my firm or my company forward. Now in the old days, when change was slower, that urgency of moving the firm forward, like changing my culture, transforming my business model... that wasn't urgent. It wasn't even important. So now what we've got to do is we've got to make room for that important stuff more than ever because that stuff's making the difference. And the day to day, while it still has to happen, it's urgent, it can't kind of shoulder out the important. So I think that's what everyone's dealing with. Wow do I get to kind of move into that important phase a little bit more so I can keep things moving?

Peter: [00:44:00] Wow. OK. So those of you who are listening to this take that into consideration. It's another way I guess work life balance... the firm and the organizations' balance. You still need to get the day to day done, but you need to have a portion of it carved out to figure out what's coming tomorrow, which is coming a lot quicker than it did 10 15 20 years ago. That's great. Tom I can't I can't begin to thank you enough. I love these conversations. I could talk with you for hours, and we have in the past, but I appreciate you taking time and spending time with me and sharing this knowledge, this import knowledge, with my audience.

Tom: [00:44:39] Same here. It's also good catch up to you Peter, so keep it going.

[00:44:45] I'm trying. You too. Hahah.

[00:44:50] I'd like to thank Tom again for being a guest today and discussing the impact technology is having on the accounting profession.I would like to talk about the first five

[episodes of this podcast are now qualified for CPE self-study credit](#) in the NASBA category of personal development. Those interviews are with Clarke Price, former CEO of the Ohio society of CPAs. Mike Sciortino, author of Gratitude Marketing. Tom Hood... Well you've been introduced to him and you will be introduced to him again. Ed Mendlowitz, who's a partner at Withum, Smith, and Brown. And Karl Ahlrichs, who's H.R. professional at Gregory and Appel. These episodes are located on the MACPA-BLI self-study Web site and they are mobile friendly. Create an account and purchase an episode. You can listen to them on your daily commute or while working out, or even at your desk! When you're finished, take the review and final exam on your mobile device or your computer. It's that easy. While all Improv is no Joke podcasts are available on my web site, only those purchased to the [MACPA-BLI self-study Website](#) are eligible for CPE self-study credit. This is not nano-learning - this is self-study learning. You can get detailed instructions by visiting my website at PeterMargaritis.com and clicking on the graphic: Listen, Learn, and Earn improvs is no joke podcasts on my home page. I hope you enjoy this exciting and flexible new way of receiving CPE credit. Remember, you can subscribe to my podcast on [iTunes](#), [Stitcher](#), and [Google Play](#). If you'd like to purchase an autographed copy of my book *Improv is no Joke: Using Improvisation to Create Positive Results in Leadership and Life*, for $14.99 with free shipping, please go to my website, [PeterMargaritis.com](#), and you'll see the graphic on the homepage to purchase my book. Please allow 14 days for shipping. You can also follow me on social media. You can find me on [Facebook](#), [Twitter](#), [LinkedIn](#) or [Instagram](#). In episode 68, I interviewed Greg Conderacci, who's the author of Getting up! Supercharging Your Energy. This is the final episode of a three-part interview with Greg. Greg did write a review on my podcast and stated "as accountants enter their crazy busy season, this podcast is especially important. Manage your energy, and your value, not just your time. I thoroughly enjoyed my conversation with Peter and am looking forward to the next two installments." If you haven't heard the first two installments, go back to listen to episode 35 and 46. It is well worth your time. Thank you again for listening, and I greatly appreciate if you would take time and leave a review on iTunes for me. Remember to use the principles of improvisation to help you better connect and communicate with those in your organization.

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