



POWER OF SIMPLICITY

# Quo Vadis?

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“Quo Vadis?” is Latin for “Whither hence?” – or, in more normal English, “Where do we go from here?” No matter where one is in life, no matter what achievements or disappointments, this question calls for forward looking answers.

Yet, for most businesses, an occasional look into history becomes important to help chart their future.

At such times, it is circumspect to look back and examine two reasonably unrelated aspects:

1. How have volumes and profitability been changing
2. How have the methods of doing business been changing

Typically, the first was largely dependent on the objectives each person pursued. Some were consolidating, some were aggressive, and some coping with the challenges thrown at them. Some were also lucky, and some less so. Some even benefited from the changes they brought into their style of functioning, while some suffered because of the changes.

Since volumes and profitability are so dependant on specific circumstances that are unlikely to reoccur, a study in this area will rarely throw any specific light on the future.

In contrast, the second aspect shows that in almost all cases, one would find that the changes in the methods of doing business in the last 5 years have been much higher than the changes brought in for the previous 10 years! It is well said that the rate of change is only increasing.

A direct conclusion from this would be that the changes in the next 2-3 years will probably be more, in scale & impact, than what happened in the previous five. This thought is both terrifying and exciting! However, this is the nature of all change.

Change is a constant. Everything changes. It is therefore amusing to discover how much of our time and emotional energy is spent in resisting change – change which is *guaranteed* to take place.

The choices are dual: make the change happen, and enjoy the process of directing it. Resist the change, and suffer while it comes into existence – as it will.

Anticipating some of the changes definitely helps in ‘making it happen’, and also allows participation in directing it. We become, to some minor extent, *masters* of the change, rather than its *victims*.

A ‘Technology’ perspective on what things will probably happen:

- Over 30% of all SMEs are already automated, and almost 80% of these have some form of Internet connectivity. The Internet is now easily available, affordable and reasonably reliable. The ingredients are already in place for businesses to advantage of this connected world.
- Most people will work by accessing their information even when they are not in the office – including by the use of Mobile Phones (SMS or other means), greatly increasing their (and their field staff's) efficiency.
- Most people will increase the range of Business Application & Advisory Services from their Chartered Accountants, who will become equipped to offer advanced Statutory Compliance and more efficient Audit Services through a connected environment.
- Most people will enter into 'collaborative commerce'. What this means is, that people will be able to find (and do business with) customers and suppliers from within their primary Business Application itself instead of using multiple applications.
- With increasing automation by the Government, almost all statutory obligations will get managed with full authentication through the Business Application itself.
- Most Banks will be able to get almost continuous information (example stock statements, business ratios) from their clients without the need for voluminous paper-work and delays. This will allow them to fine-tune their facilities for each customer, which – in return – will lower the cost of financing for customers.

What does all this mean to Chartered Accountants - persons who, by definition, represent the upper crust of intelligentsia in the country. Who, by definition, represent the most knowledgeable persons on business methodologies. Who, by definition, represent the most knowledgeable persons on compliances!

The prediction is that CAs will become the front-line providers as Advisors and Consultants for Business Applications. This means that retainerships will govern the continuous management of the applications and their use, including the ongoing change of business processes and their adoption into these managed applications.

Some may extend expertise into technical areas, but many will choose to leverage on the technical expertise of the Application provider or its network. Yet, CAs will remain the principal service provider to the end-user. This will be achieved through a comprehensive basket of services which will be covered in the retainer - compliance services, process adoption, operational (including data entry), MIS management, exception reporting, business efficiency improvements, security and control management, and similar aspects.

Some CAs will deepen relationships with greater involvement in business decisions, and actual business process management – including payment and collections management, supplier and buyer vetting, and money-flow management, incentives and rewards management, and similar aspects.

While there are obvious benefits that these enhanced services will bring – from revenue to long term relationships that can ride out lean patches, many will probably be asking “why”. Why should anything be done at all – after all despite all the changes that have occurred, there has been no need for the kind of dramatic changes that were flagged in the previous paragraphs.

There have been several changes in the landscape, and they imply both a “carrot” and a “stick”. The carrot is obviously the benefits that are to be had from taking advantage of, or being prepared for, change, and the stick is the risk of being left behind when change overtakes.

The book by Malcom Gladwell, *The Tipping Point*, is interesting, more so for this discussion. Using powerful real-life examples, Gladwell shows that massive visible change comes when slow change builds up and ‘tips’ – like an avalanche. Today, much of the change seen is slow – especially in the impact that technology will have. Yet, like in so many fields, technology will take centre stage even in the Auditors’ professional lives.

Changes bring new opportunities that are otherwise not commercially attractive to service. Take the case of remote tuition services that are available from India for students abroad. Look at the massive BPO, Call Centre and Remote Managed Services that was impossible to even contemplate a few years ago. In the life of a CA, changes will open up new avenues – avenues that have been so well articulated by Chris Anderson in *The Long Tail* - how niche, neglected and infrequent services are far more lucrative than mainstream services. Change will also create demand – look at the cell phone industry.

As observed, the world is getting flatter – almost becoming a global village. Again there are huge opportunities, since the World becomes a target market... again there are threats, since everyone from the same World can compete for business.

So forewarned is forearmed! Getting more involved in the ‘creation of change’ rather than ‘waiting for change’ – could result in a rapid expansion of armoury.

In many cases, CAs are already equipped for the task, and in some cases, will need to become so equipped.

Being prepared for what’s round the corner is the crux of the matter.

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