



# THE PARTNERSHIP LEDGER

NEWSLETTER | JULY | 2025 | ISSUE 19

## Strategic Automation Selection: Key Considerations for Accounting Firms

The accounting profession stands at a pivotal moment where automation technology can significantly enhance productivity, improve client experiences, and combat widespread burnout. With 96% of accountants recognizing automation's importance to their profession, firms must carefully select solutions that address specific workforce needs rather than pursuing technology for its own sake.

## Year-Round Excellence Over Seasonal Relief

Successful automation adoption requires addressing long-term workflow challenges rather than merely providing temporary relief during busy periods. Accountants consistently report frustrations with time-consuming tasks, heavy workloads, and inadequate current technology solutions. Effective automation breaks this perpetual cycle by targeting root causes of inefficiency.



## INTEGRATION IS CRITICAL FOR SUCCESS

While automation promises to reduce workloads by handling menial, time-consuming tasks, solutions must integrate seamlessly into existing workflows. More than half (56%) of accountants struggle with too many disconnected tools, forcing them to toggle between platforms for data input, calculations, and document access. This fragmentation slows processes during critical periods, defeating automation's purpose.

Leaders must maintain a holistic view of their technology stack, ensuring new tools enhance rather than disrupt existing integrated systems. The risk of tech fatigue is real when disjointed solutions bloat workflows instead of streamlining them.

### Focus on Proven Solutions

While emerging technologies generate excitement, firms should prioritize proven, readily available tools that deliver immediate impact. With over 300,000 accountants leaving the profession between 2019 and 2021, the ongoing shortage demands technology that enables firms to accomplish more with fewer resources while attracting new talent to the profession.

### Streamlining 1099 Compliance Through Automation Technology

A major international accounting firm has successfully implemented an automated 1099 and W-9 compliance system to address the growing complexity of tax reporting requirements while enhancing client service delivery. The solution demonstrates how modern technology can transform traditionally labor-intensive processes into efficient, scalable operations.

The regulatory landscape for information returns has become increasingly demanding. Businesses must file 1099 forms by January 31st for any contractor or service provider paid \$600 or more annually, with failure to meet deadlines resulting in penalties. Recent changes have lowered reporting thresholds and expanded e-filing requirements, creating additional compliance burdens for businesses of all sizes.

Through automation, the accounting firm now processes over 76,000 form 1099s annually for more than 4,000 clients using just six specialized staff members. This remarkable efficiency stems from automated processing functions, mailings, and submissions managed through a comprehensive compliance platform. The system easily imports data from Excel, CSV files, and modern accounting systems, completing multi-recipient filings in as little as 15-30 minutes compared to hours of manual work previously required.

The implementation required standardizing processes across the firm's 20+ offices, moving from disparate systems to a unified platform. This centralization increased productivity, improved accuracy, and enhanced client service quality. The time savings measured in hundreds of hours allowed the firm to expand service offerings and handle increased demand.

The automation particularly benefits smaller businesses overwhelmed by manual compliance processes. Many clients express significant relief when the burden is lifted from their operations, allowing them to focus on core business activities rather than complex tax reporting requirements.

Looking ahead, experts anticipate growing demand for 1099 services as the IRS continues lowering thresholds and expanding requirements, making automated solutions increasingly essential for business compliance.

## ACCOUNTING FIRMS EXPERIENCE GROWTH DRIVEN BY TECHNOLOGY AND EXPANDED SERVICES

A comprehensive industry survey of 250 U.S. accounting professionals reveals robust financial performance across the sector over the past year. Nearly three-quarters of accounting practices reported increased revenue (74%) and profits (73%), while more than half (56%) successfully added new clients through enhanced operational efficiency and expanded service offerings.

Larger practices demonstrated the strongest growth patterns across revenue, profit, and client acquisition, though solo practices ranked second in profit growth. Notably, profit increases outpaced new client additions, indicating firms are generating more revenue per client through value-added services.

Client advisory services emerged as a major growth driver, now offered by 85% of firms compared to just 41% in 2023. These services, encompassing forecasting, budgeting, and financial strategy, have become equally popular with bookkeeping as the most offered service, surpassing traditional tax preparation.

Artificial intelligence represents the industry's top opportunity, with 79% of accountants expressing excitement rather than concern about AI adoption. Firms plan to leverage AI primarily for automating routine tasks (32%) and delivering faster, more responsive client services (33%).

Despite economic uncertainty ranking as the primary challenge (38%), the accounting profession demonstrates resilience and adaptability, successfully navigating market conditions while positioning for continued growth through technology integration and service diversification.



## FINANCE LEADERS EMBRACE AP AUTOMATION TO NAVIGATE ECONOMIC PRESSURES

Corporate finance teams are increasingly turning to accounts payable automation to address mounting economic pressures and operational challenges. A comprehensive industry survey reveals how organizations are leveraging technology to maintain efficiency while managing tighter budgets and leaner staffing models.

The primary driver for automation adoption is the need to “do more with less,” cited by 59% of finance leaders. Additional motivating factors include reducing AP processing costs (49%), improving cash flow management (43%), and gaining better visibility into current cash positions (42%). These priorities reflect broader economic uncertainty, forcing companies to optimize operations while maintaining service quality.

Remote and hybrid work arrangements have become the norm, with 68% of AP teams now operating in flexible work environments—a trend expected to continue growing. This shift, combined with anticipated hiring challenges affecting 45% of firms, makes automation solutions increasingly critical for maintaining productivity.

Organizations implementing AP automation report significant benefits, with 85% achieving efficiency gains and 63% experiencing faster payment processing. More than half (58%) successfully handle growing invoice volumes without expanding team sizes, while 24% have reallocated staff to higher-value projects. The most automated tasks include invoice approval workflows (71%), data capture and coding (66%), and payment execution (58%).

Vendor relationships have gained strategic importance, with 66% of finance leaders acknowledging their growing significance. However, vendor satisfaction may be declining, as only 52% feel AP teams respond to payment inquiries promptly, down from 56% previously.

Despite proven benefits, only 20% of businesses have fully automated their AP processes, indicating substantial growth opportunities. Organizations can maximize returns by focusing on immediate wins like digitizing paper invoices, implementing end-to-end automation, utilizing managed payment services, and analyzing data to identify cost reduction opportunities.

## BUSINESS TRENDS REPORT: AI ADOPTION, CYBERSECURITY, AND ECONOMICS SHAPE INDUSTRY OUTLOOK

A leading professional services firm has published its eighth annual Business Outlook Report, providing strategic analysis of emerging business trends, growth opportunities, and economic challenges across multiple industries including healthcare, technology, retail, and manufacturing.

The comprehensive report examines critical themes shaping the business landscape, particularly the widespread adoption of generative artificial intelligence for automation and operational efficiency. Companies are increasingly leveraging AI to enhance customer experiences while simultaneously addressing escalating cybersecurity threats that demand heightened security measures.

# Key Business Transformation Areas

Organizations are fundamentally re-examining work models, focusing on global talent acquisition and optimizing productivity through current workforce investments. Reskilling initiatives have become essential for maintaining efficiency while developing future leadership capabilities. The report emphasizes scaling omnichannel growth strategies through enhanced e-commerce platforms and digital tools.

Merger and acquisition activity remains robust, with middle-market companies increasingly targeted by strategic buyers and private equity groups seeking growth opportunities.

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# Industry-Specific Insights

Healthcare organizations are prioritizing revenue cycle optimization and maximizing available tax credits to improve both financial performance and patient outcomes. Technology and SaaS companies continue driving innovation through AI integration, 5G connectivity advances, and sustainability initiatives. Retail, manufacturing, and distribution sectors are adapting to omnichannel demand while reinforcing supply chain resilience.

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# Economic Considerations

The report provides detailed analysis of U.S. economic trends affecting middle-market companies, including interest rate fluctuations, inflation impacts, and global instability effects. Additionally, it examines anticipated regulatory changes under new administration policies expected to influence tax, labor, and environmental regulations, helping businesses prepare for potential policy shifts.

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