The effects of technology on the accounting profession

Business organizations around the world are finding the need to be able to make sound financial decisions based on increasingly large amounts of information that is produced by business enterprises. Successful businesses are discovering that it is necessary to incorporate information technology into its fundamental processes. In the past, companies relied upon large mainframe computers and a skilled IT department to maintain and interpret informational data, and accountants, financial experts, and executive management to run the company. Innovative technology has advanced to a user friendly environment, creating the need for information technology and computer concepts to become part of the knowledge and skills of accounting specialists. Accounting information systems merges the practice and study of accounting with the outline, implementation, and observing of information systems. These systems apply modern technology resources to the customary accounting methods and controls to provide end users with essential financial information to manage their organizations.

Computer and accounting software has eliminated the need for calculators, ledgers, pencils, and adding machines and has replaced it spreadsheets and customized financial reports for internal and external users. Some technologies that have affected accounting processes are Wi-Fi technology such as laptops, cell phones, Blackberry??™s, and I-pods. All of these devices allow a person direct access to the World Wide Web, so work can be done from virtually anywhere. Electronic conferencing enables multiple users to join a discussion at the same time, accounting relevance would include interviewing potential job applicants remotely, tax and audit consulting with current clients, and planning corporate budgets. The SOX Act of 2002 really

changed the accounting profession, increasing the amount of time accountants, financial officers and executives would have to spend to insure compliance and reporting of publicly traded companies.

Several software companies have programs in place to help in this matter, and have added other capabilities that allow financial analysts, advisors, and investors the ease of comparing critical financial information for several companies at once. Businesses have found that e-commerce capabilities allow them to market their business with little effort and make sizeable profits from internet retail sales. Selling merchandise online allows customers to shop around the clock and the market is not restricted so distribution is global. Customers can search for specific products and services, generate sales orders, and track their shipment without tying up employees.

Companies can save by creating web pages instead of printing catalogs and mailing that can become very costly. Payments are done by means of credit cards and are automatic, so time is not wasted on the receivable/collection process. Business to business transactions are thriving from e-commerce, by buying and selling goods and/or services to one another, shortens the delivery time and allows purchasing agents to shop around for vendors offering competitive pricing. Other features that B2B commerce has are real time data processing. Managers can verify inventory counts, product status, and costs associated with assembly lines.

Trucking companies have installed GPS units in their trucks, not only to track shipments, but to use the information to make carry loads more economical.

One form of technology that my organization uses extensively is the electronic funds transfer. Employees receive payroll payments directly to their bank accounts, eliminating the hassle of running to cash their checks. Pinnacle Security??™s sales reps and technicians are treated as contractors and must fill out a 1099, along with their checking/savings account information.

They are paid weekly, and at times there can be as many as 3, 200 financial transactions that are sent. All 1099 vendors can go to the company??™s website and view all their transactions per sale or per install, print yearend tax information, and update their information. This saves our company thousands of dollars in printing, postage, overnight packages, and labor hours.

Pinnacle Security also can order inventory online from our vendors, and when possible wire transfer payments to them when invoices come due.