

BEYOND BROCHUREWARE?

How 100 accounting firms in the United States and United Kingdom are responding to the opportunities of the new online environment

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Introduction

The development of an online presence for accounting firms is well documented and stretches back to the earlier days on the Internet.

Many of the first forays into establishing an online presence by accounting firms has centred around the creation of material that can best be described as 'brochureware' - information about the firm and its services but lacking in much interactivity with the user. Such material takes on many forms including service or practice area information, newsletters, partner biographies, office contact details, media centres featuring news about the firm and graduate and experienced lateral hire recruitment information. Not all firms provide even this relatively narrow range of content. For those that do, the content nearly always lacks an interactive element.

As the available technology has advanced, coupled with social change in response to the opportunities for communication created by the Internet itself, websites in the consumer markets have become more interactive for the user. Think of airline seat reservation systems, 24 hour online banking and podcasts from The Times or the BBC. Live video, recorded webcasts and podcasts are relatively recent developments and they create different ways of interacting with the site visitor. Equally, there has been the development of true democratic online publishing through mechanisms such as bulletin boards, blogs and YouTube.

This report looks at how the top 100 accounting firms in the United States (US) and the United Kingdom (UK) have responded to these increased opportunities for communicating and engaging with their different audiences. This report then goes on to comment on some of the issues that might lie behind the research findings. It is not intended to be a detailed discussion of the technologies and their uses but simply a device to help promote discussion and further exploration of the art of the possible.

Research methodology

Research was undertaken by Hinze Communications in the UK and Muzeview in the US. The research carried out by Muzeview took place in September and October 2006; the research being carried out by Hinze Communications taking place in December and January 2006/7. The websites of the top 50 accounting firms by revenue in each country were reviewed through a combination of electronic searches and manual site examination. The 'Big Four' and other international accounting firms and networks were treated as separate in each country as that reflects their legal structure. However, it is recognised that they often share Internet technology platforms and content.

Each website was reviewed to see how many firms were using the following technologies:

- *Webcasts*
- *Podcasts*
- *RSS*
- *Blogs*

These technologies are among the most recent to be implemented across the Internet. A brief explanation of each follows below.

Webcasts

These were defined as the use of a combination of audio and visual material on the website to deliver information to the visitor. Webcasts can come in all sort of different formats, ranging from those that have a similar look and feel to a traditional television studio roundtable discussion to those that simply combine a series of images presented through software such as Powerpoint with an audio track that explains what you are looking at. These webcasts can be delivered live and available for download or viewing later or can be pre-recorded and edited before transmission or posting on line.

Podcasts

Although mostly associated with Apple Inc's iPod, podcasting in this report is used to refer to any audio only file that is available for listening to on the website or available to download into a personal music player or personal computer for listening to a time convenient for the user. Software exists that enables listeners to subscribe to automatically receive podcasts that fit their preferred listening criteria. It is recognised that the distinction between a podcast and webcast is increasingly blurred as podcasts can also take a video format, however, for the purposes of this report they are defined as audio only. According to podcast.net there are more than 46,000 podcasts available across a wide variety of different topics.

RSS

This refers to a combination of different technological standards known as RSS which enable a user to receive content from a number of different websites and consolidate that content together in one location – either through a RSS reader on their computer or remotely on a dedicated website. The advantage of RSS is that it automatically presents to the user an updated list of news or other items that is tailored to their needs from a variety of different sources. It can be best described as being akin to creating your own personal electronic newspaper.

Blogs

These are similar to an online diary where the publisher of the blog talks about whatever topic they have on their mind. Blogs can be very structured and focused on just one topic or they can be almost random in their content. As of December 2006 there are estimated to be more than 55 million blogs in existence, approximately the same number of people that live in the UK. Blogs can contain pictures, video images, links to other websites and/or blogs, whatever takes the author's fancy.

Survey findings

Of the top 50 accounting firms in the US, the survey found that:

- Only four out of the top fifty firms provide RSS feeds for any of their website content. Of those four firms, two were members of the Big Four.
- Only four firms produced podcasts. Of those firms, three were members of the Big Four.
- Only two firms have blogs. One from the Big Four and one outside the Big Four.
- Eleven firms provided some form of webcast or video clip content.

Of the top 50 accounting firms in the UK, the survey found that:

- Only three of the top fifty firms provide RSS feeds for any of their website content. All three were members of the Big Four.
- Just two firms produced podcasts – both were members of the Big Four.
- Only three firms produced blogs. Two of those firms were members of the Big Four.
- Seven firms provided some form of webcast or video clip content.

Commentary

Professional services organisations such as accounting firms are relationship driven and as technology and subsequent personal behaviour evolves there is a requirement for firms to continue to develop how they manage those relationships with clients, contacts, employees, potential employees, alumni and commentators such as the media.

That out of the 100 accounting firms surveyed barely five per cent had adopted these new technologies to any significant degree should make uncomfortable reading for anyone in the other 95 per cent of firms that claim to be able to advise on how to respond to business trends and developments.

The volume of technical and other information relevant to a client's business being produced by the largest accounting firms for their clients on a daily basis is simply enormous. The adoption of RSS as a technology to help get that material into the hands of those clients is a simple strategy to

help maximise the return on investment that goes into the creation of that material. RSS material can also be viewed through wireless / cellphone connected laptops and other portable devices such as RIM's Blackberry so there is the ability to keep a busy executive updated while they are on the move.

Podcasts represent a way of getting complex material into a digestible form that can be listened to at a time convenient for the listener rather than the producer. Alongside webcasts (see below), podcasts provide an almost unique way of ensuring that a firm's leading experts can brief clients in a consistent manner. It provides a cost-effective alternative to having the expert travel around the firm's multitude of offices and briefing clients at various workshops and seminars or forcing the clients to come to the expert. The technology for producing a podcast is very simple.

As with podcasts, webcasts provide a good way of getting experts in front of the client in a cost effective manner. The added dimension of visual content can make the experience very rich, creating virtual seminars and a quality of production that can range up to broadcast television standards. Ernst & Young in the US has a very rich range of high quality webcasts stretching back to 2002. Topics covered by the webcasts include analyses of FASB rulemaking initiatives and accounting for uncertainty in income taxes. Webcasts are also used by the firm to put forward a management perspective on topics that are impacting the accounting profession. In this way webcasts are being used as part of the public affairs armoury as well as anything to do with putting high quality technical content into the hands of clients. Deloitte in the US produces a calendar showing that through 2006 it transmitted more than 200 webcasts. KPMG's Taxwatch in the US produces a daily video webcast. Such a level of knowledge sharing and associated investment costs must imply that there is a genuine audience for the material.

Accounting firms are very rich in material that is of interest to their clients and others. Nearly every website in the US and UK surveyed for this report demonstrated a lot of content in the form of newsletters, technical briefings, thought leadership surveys, case studies, online tax calculators, event invitations for seminars, employment opportunities and press releases galore on the topic of accounting and taxation changes created by government and the courts.

However, the leap in the means of delivery away from the printed word is missing in all but a tiny handful of firms. It cannot be that the practitioners themselves are shy or lack a point of view. Previous experience has shown that practitioners can often be very keen to ensure that the world understands why they felt the latest business regulations were inappropriate or had failed to protect or promote their clients' interests.

Perhaps there is a belief that these forms of technology are not really for the business to business sector. However, a survey by the Confederation for British Industry (CBI) and Google in November 2006 in the UK found that use of webcasts, podcasts and blogs by business was due to triple in the

next three years, so that by 2009 around a quarter of UK businesses would be using them.

During the course of the research it was discovered that a number of the accounting firm websites surveyed carried articles that promoted the business benefits of webcasts, podcasts and blogs. Yet few of the accounting firm websites on which these articles appeared deployed these technologies themselves.

Quality in both the content and the means of delivery has to lie behind any strategy to utilise these new technologies. Potential size of the audience shouldn't be. When looking at the communication benefits, the ability to reach clients around the world or at the country, state or city level on a specific topic and do so in a way that is consistent is very attractive. Even if the topic area is relatively niche, the beauty of using an online approach is that the material is self-selected by the user. The tax issues associated with investing in China or the setting and monitoring of transfer pricing policies or the intricacies of tax risk management are not relevant to everyone but there is a sizable community to whom it is greatly valued. Webcasts and podcasts provide a very cost effective way of delivering a consistent and high quality stream of information to those audiences alongside and complimentary to other forms of communication – written and in person.

If the Big Four are already comfortable with the level of appetite for webcasts in corporate America then it is surely a matter of time before the comfort levels of using these forms of communication spread into other markets. The borderless nature of the Internet along with cross-border financial markets topics, such as the requirements of the Sarbanes Oxley Act for foreign issuers or IFRS adoption, almost guarantee it. Previous experience reveals that there is an appetite for high quality webcasts, with in one instance, 1,200 viewers at the right levels of seniority taking part in a live production and many more viewing the material at a later date.

Deserving of applause is the blog produced by Jeremy Newman, the managing partner of UK firm BDO Stoy Hayward, on the pleasures and perils of his role. The blog is aimed at a mixture of staff and clients and provides a voice for the firm that is different. Michael Rhodes of US firm Citrin Cooperman has a well publicised blog on corporate governance. PwC has harnessed blogging as part of its recruitment strategy in the UK market. It has one featuring comment and content from a manager in the Assurance practice. PwC has also produced a report on the business issues surrounding the use of blogs by corporations. Deloitte in the US has developed a blog to support its Initiative for the Retention and Advancement of Women. In the case of the latter, the blog features lightly written but thought provoking postings from Cathy Benko on diversity and work life balance. This presents a completely different and more personal face to the firm.

Where next?

If Microsoft Word and Publisher are to be blamed for many thousands of poorly designed newsletters, then what is to prevent the same from happening in relation to webcasts and podcasts through their equivalent means of production? Ease of access to technology is not the same as saying that the production values and content will be good.

Firms need to ensure that they maintain the quality standards of their technical material but their most likely objection to adopting a more audio visual approach will be the time availability and the personal presentation skills of individuals. Neither is a genuine barrier to innovation, they are excuses. However, firms do need to view their approach towards the online environment as more experimental in nature, to find out what works for them and their different audiences rather than try and achieve perfection first time around. None of the accounting firms that have already deployed these new tools knew that there would be an audience when they began. They took the leap, found out what works for them, and invested accordingly. Other firms are now in a position to capitalise on the ground that has already been broken in the knowledge that there is a genuine opportunity out there.

Looking at some of the output of the Big Four it is easy to see that they appear to be shifting to a position where their *preferred* means of communication on certain topics is online rather than in print. For speed and reach it is hard to beat and, as the commercial world becomes increasingly smaller, the benefits will accrue to those who can provide their clients and other stakeholders with valuable information in the most convenient and accessible form.

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Paul Gladen

Paul Gladen is President of Muzeview, a research & consulting firm based in New York focused on foresight and innovation in the professional services industry. Paul has undertaken extensive and ongoing research into the trends and innovations changing the world of business and work and their impact on professional services firms.

Paul writes the "Chief Innovation Officer" Blog (www.muzeview.com/cio) as well as contributing articles to business and professional journals. In addition to numerous conferences and seminars, he has been a guest lecturer at the University of Montana School of Business and the Zicklin School of Business at Baruch College (CUNY) where he has taught on Innovation, Consulting and Leadership topics.

Previously Paul spent 14 years with Andersen where he worked in both audit and business consulting. He played a key role in the development of the Global Technology, Media and Communications Industry practice there and led strategy, business planning and performance management engagements for many leading communications clients. Paul was a founding member, and the Partner responsible for operations, in Andersen's Centre for Research & Innovation.

Chris Hinze

Chris Hinze is a founding Partner of Hinze Communications, a London-based specialist business development and communications consultancy focused on the professional services sector.

Before establishing his consulting business Chris was the worldwide marketing and external communications director for the tax practice of Ernst & Young. Previous in-house roles include marketing and communications director for Ernst & Young's global network of associated law practices – EY Law; worldwide marketing and communications director for Arthur Andersen's network of associated law practices – Andersen Legal; and head of communications for English law firm Nabarro Nathanson. In these roles he handled a number of high level projects including mergers and disposals as well as responsibility for their online presence.

Other legal sector client experience includes working with US law firms as well as Landmark barristers' chambers, publishers Martindale Hubbell and the International Bar Association.

In 2004 Chris was shortlisted as UK legal marketing director of the Year for the LEMAS awards.