

Proposed APESB's Approach to Address Impact of Digital Disruption

This paper outlines the proposed steps in respect of how to perform an assessment of the impact of digital disruption on the accounting profession and professional accountants in Australia and how this in turn impacts APESB professional and ethical pronouncements.

How to Assess Impact of Digital Disruption

1) Determination of scope

Digital disruption and its effects on professional accountants and the accounting profession can be interpreted in various ways by different parties, which makes it essential that at the onset the scope of this project be clearly defined.

The scope is intended to provide a focus on what the project aims to accomplish and identify the key areas of concern that will be addressed in this project.

APESB acknowledge that the Professional Accounting Bodies will be best placed to assist Members with transitions for their practices in the new digital business environment. This project's scope will highlight that APESB's focus will be to provide pronouncements that preserve the high standards of professional and ethical practice and behaviour in the new digital business environment and also ensuring that APESB's pronouncements are fit for purpose.

In determining the scope, it is envisioned that the topics to be considered will include:

- a) Key developments in digital technology ("major digital disruptors");
- b) Areas or sectors in the profession that have been significantly impacted; and
- c) Types of professional services and professional activities that have been primarily affected.

The above topics are not all inclusive and other relevant topics may be considered during the execution of this step.

Consultations

In line with the proposed holistic approach, Technical Staff also recommend that when undertaking the project APESB should:

- consult with stakeholders with relevant digital and e-commerce expertise; and
- refer to any research or projects of other standard setting bodies and/or organisations on the topic of digital disruption and its impact on the accounting profession and professional accountants including any ethical considerations.

2) Assessment of the impact of digital disruption

The proposed second step of this project entails the assessment of the impact of digital disruption on the professional services and professional activities performed by Members. This step will include:

- a) Determine the framework to assess the effects of the major digital disruptors to the accounting profession and professional accountants. The framework could be based on the categories in A Conceptual Framework for Digital Business Transformation¹ as follows:
 - Business model – how an organisation generates revenue
 - Structure – how an entity is organised
 - People – the people who work for an organisation
 - Processes – how things are done in an organisation
 - IT Capability – how an organisation collect and manage information
 - Offerings – an organisation's products and services
 - Engagement model - how an organisation engages with customers, suppliers, etc.

¹ [A Conceptual Framework for Digital Business Transformation, 2015](#), developed by the Global Center for Digital Business Transformation (an IMD and Cisco Initiative).

- b) Using the framework, APESB Technical Staff will perform an assessment of the effects of digital disruption on the accounting profession. Initially the assessment could focus on accounting firms and then be considered for commercial, public sector and not-for-profit organisations in which professional accountants operate. The assessment aims to determine whether there are:
- significant ethical challenges that accountants face as a result of using digital technology in their work (e.g. protecting confidentiality and compliance with privacy laws when using technology to perform professional activities for clients or employers);
 - issues or new developments that may need to be addressed by the APESB in its work including its pronouncements (e.g. some terms in the pronouncements may need to be re-defined due to changes in ways accountants perform their work); and
 - recent practices or new ways of doing things that can be implemented by the APESB in its work and/or pronouncements (e.g. electronic enhancements to APESB pronouncements due to advances in technology).

3. APESB and digital disruption

This step will focus on determining what amendments and enhancements APESB may need to make to its pronouncements to facilitate its operations in the new digital environment.

Therefore, this step will include performing an analysis of:

- the current APESB pronouncements and whether they address issues noted during the assessment performed in Step 2;
- the type of enhancements, if any, that could be implemented to facilitate useability and easy access for users of the pronouncements; and
- any other significant ethical and professional matters or issues that APESB need to address in its work (e.g. amendments to pronouncements to reflect how professional accountants are delivering professional services and professional activities in the new digital environment).

4. Implementation and Review

During this step, APESB will implement any changes considered necessary in its work and pronouncements as a result of the assessment and analysis performed in steps 2 and 3 above. The work to be performed, and any associated timing, will be determined by the Board.

Once changes have been implemented they will be subjected to the Board's annual review process.