



CPA

CHARTERED
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ACCOUNTANTS
CANADA



CPA Canada

Foresight

REIMAGINING THE PROFESSION.

CPA Canada Foresight Report on Phase One

January 2019

**This is an independent report commissioned by
CPA Canada and prepared by Catalytic Governance.**

**Catalytic Governance is an inclusive process that encourages constructive dialogue,
creates shared mental maps and most importantly – drives communities of practice to action.
CPA Canada Foresight uses the Catalytic Governance framework – for both in-person
roundtables and online community participation – to engage the Canadian CPA community
to reimagine the future of the profession.**



**CATALYTIC
GOVERNANCE**

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CPA Canada Foresight: Report on Phase I

Introduction

The CPA profession is experiencing unprecedented challenges and opportunities in Canada and globally. New technologies like blockchain and AI threaten to eliminate or replace many traditional accounting functions. In addition, shifting societal attitudes towards inclusion and sustainability, evolving business models, and blurring boundaries between industries are making historical data less relevant, as transactions will soon be processed and decisions made in real time.

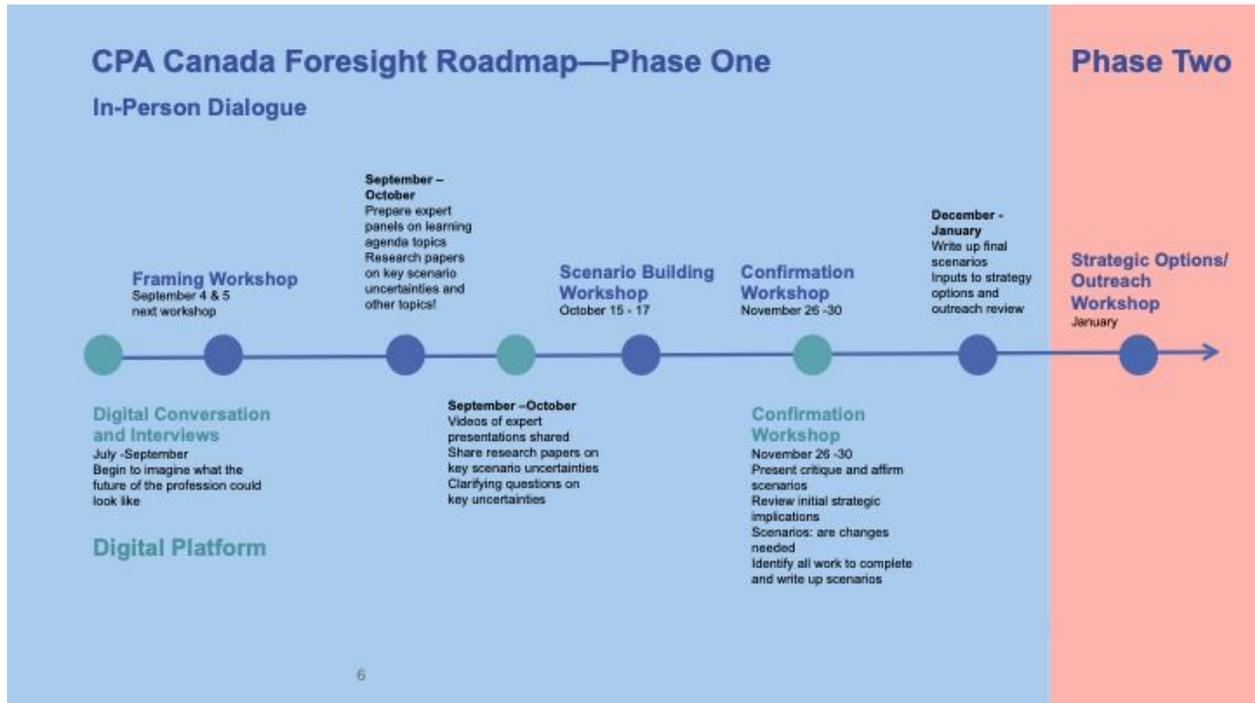
The project

To address these fast, complex, and far-reaching changes, the CPA Canada Foresight project has assembled a broad cross-section of leaders in accounting, government, academia, business, and other sectors for a series of roundtables aimed at reimagining the future of the profession. At the same time, the project leveraged the scale and insight of the CPA's 200,000 members through ongoing digital discussions.

The face-to-face roundtable met for three multi-day workshops (one in September, one in October, and one in early December); in between these roundtable workshops, one-day sessions were held around Canada to share insights and gain feedback on the process and findings. These sessions included one-day internal workshops held in Winnipeg and Toronto with representatives of CPA Canada and CPA provincial bodies (some of whom joined the meeting by videoconference from Vancouver and Montreal). In addition, three one-day scenario confirmation sessions were held (in Vancouver on November 26, Montreal on November 28, and Toronto on December 3), in which with members of the profession responded to and further refined the draft scenarios.

Throughout, participants in the digital discussions offered feedback on the process and the findings; by the end of Phase One, the digital roundtable included 1,200 participants from across Canada and around the world. The overall roadmap of the project is outlined in Figure 1.

Figure 1: CPA Canada Foresight project roadmap

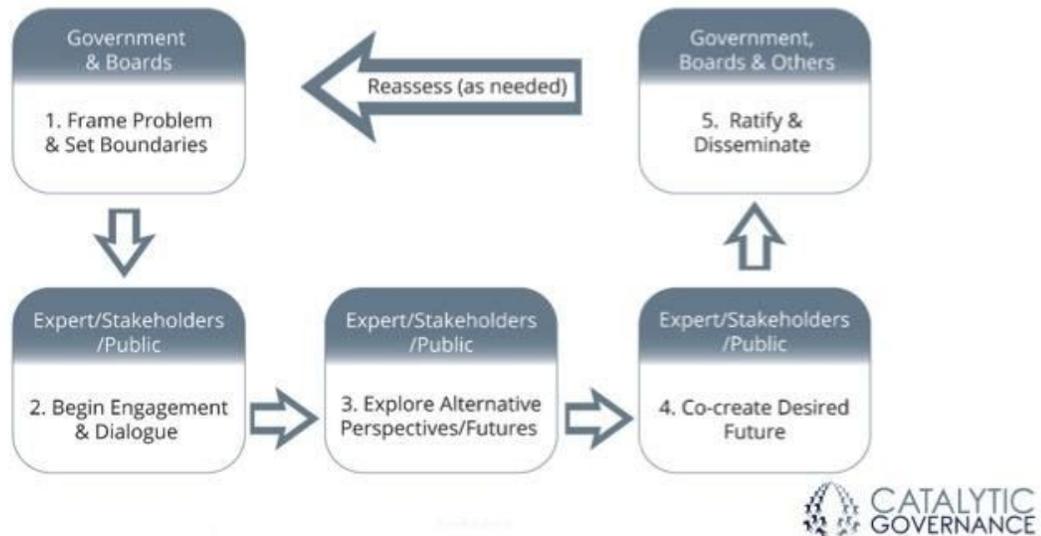


Catalytic Governance

The CPA Canada Foresight project is based on the Catalytic Governance model (see Figure 2). Catalytic Governance is an ongoing iterative process that surfaces new insights by enabling participants to learn from each other and external leaders, develop a shared understanding of challenges, and apply that learning to reframe the context for policy and strategy.

Figure 2: The Catalytic Governance model

The Catalytic Governance Process



Two features are central to Catalytic Governance’s ongoing iterative process: *dialogue* and the use of *scenarios*. By using dialogue to develop scenarios about possible futures, the Catalytic Governance approach surfaces assumptions, maps common ground and builds mutual understanding and trust.

Dialogue

The CPA Canada Foresight process used *dialogue* as its primary tool for exploration. Dialogue is a specialized form of discourse aimed at surfacing assumptions, mapping common ground, and building mutual understanding and trust. Unlike debate, which presumes that there is one right answer (yours!), dialogue is based on the premise that everyone has a piece of the answer. These two different premises lead to very different kinds of conversations. (See Figure 3.)

Figure 3: Dialogue vs debate

Debate/Advocacy	Dialogue
Assuming there is one right answer	Assuming others have pieces of the answer
About winning	About finding common ground
Listening for flaws	Listening to understand
Defending assumptions	Exploring assumptions
Seeking your outcome	Discovering new possibilities

Dialogue: The Opposite of Debate

To encourage the openness and frank exchanges needed for true dialogue, participant viewpoints expressed in these sessions were recorded without attribution.

Scenarios

Using dialogue, participants developed *scenarios* for the future. Scenarios are plausible stories about how our world might evolve, based on the seeds of change we already observe today. The sources of change are often situated outside the immediate accounting industry and profession: they are global, macro forces—social, technological, economic, environmental, and political—with the power to reshape the world, and with it the challenges and opportunities facing the profession.

By illuminating these forces and combining them into a small number of plausible future stories, the scenario process provides CPA Canada with a map of threats, opportunities and future possibilities. We do not know which scenario will play out, if any. But the ideas and conversations sparked by these scenarios have provided a richer understanding of how the profession must change to meet the challenges of the future.

You can't plan for a future you can't imagine. —Oren Berkovich

Key certainties and uncertainties

Throughout the series of workshops, there were several key factors that shifted participants' thinking. Several of these “aha moments” were inspired directly by the information in the expert presentations and the discussions they generated; others arose from the more holistic process of informal conversation, cooperation, and shared purpose among participants in the face-to-face and digital roundtables.

“Aha” moments

- **The speed and scope of digitization:** When participants first entered the room, many saw the digital revolution as a significant but essentially linear development from how things were at the turn of the 21st century. The first presentations upended that assumption, laying out a picture of exponential change in the era of big data and vastly increased connectivity. In particular, Oren Berkovitch's presentation “Intro to

Exponentials” and Sree Ramaswamy’s “The Future of Globalization and Digital Flow” had a powerful impact on participants’ view of what was coming: the question was not whether change would happen but how fast and how thoroughly it would disrupt the status quo.

I’m taking away from this the urgency of technological development. I mean, I knew about it, but what I had thought was science fiction is really upon us. I left some of these presentations just bugging everyone around me telling them, “Do you know that such and such is happening? Do you know we’re being tracked? Do you know ...?” So I found that very good. —Roundtable participant

- **The change is not just about accounting/not just about Canada:** These initial presentations also spurred participants to broaden their thinking from an initial focus on Canada and the accounting profession to a more holistic and global perspective. While participants were experiencing these changes from within the profession, and primarily from inside Canada, the changes were far more far-reaching in origin and in scope—understanding and anticipating them would require participants to step outside the comfort zone of their usual framework.
- **Concrete examples of how user needs are changing:** Throughout the roundtables, participants encountered concrete examples of how changes in the social and technological environment are impacting the financial profession and with it the role of accountants. In the second face-to-face roundtable, for example, Amar Ahluwalia (Vice President of Partnerships and Capital Markets at the online lender On Deck) described his company’s data-driven approach, which draws on more than 2,000 data points from 100 real-time data sources to make lending decisions. In such an environment, traditional financial statements are less and less relevant.

Similarly, it was noted in discussion that large pension funds are making investments in data that allow them to predict earnings before companies announce them—as these models continue to improve over the next two or three years, pension funds may no longer need audited financial statements. Seeing in colors how the explosion in data is radically reshaping what users need from accountants was a sobering wake-up call.

- **Value is increasingly intangible:** Along similar lines, Jon Lukomnik (Executive Director of IIRC Institute and Managing Partner of Sinclair Capital LLC) looked at what he called the “existential crisis” facing the profession. Noting that today the tangible assets tracked by traditional accounting make up only 16% of the S&P’s market value (as opposed to 83% 40 years ago), Mr. Lukomnik argued that the profession must be able to account for intangible assets if it is to remain sustainable. John Helliwell (Senior Fellow at the Canadian Institute for Advanced Research and UBC Professor Emeritus) drove home this idea, arguing that accountants will need to count intangibles like wellbeing, sustainability, and even happiness.

Intangible assets now make up 84% of the market value of the S&P 500. That’s up from just 17% in 1975. So the generations of accountants before you could account for the vast majority of things that we investors value. [But] traditional accounting now accounts for a very small minority [of overall value]. —Jon Lukomnik

- **CPAs need to create the models:** Participants soon realized that these trends mean that in the future accountants will need to count more and different things—often things we do not yet know how to count. Presenters and participants alike emphasized that accountants need to be involved in *creating* the models and processes used to measure and predict value, not just *reacting* to them.

What is the short term vs. long term data? What creates value vs. what leaves a legacy? This profession has to make those determinations, because otherwise the economists or (god forbid!) the engineers will do it. —Sree Ramaswamy

- **Stewardship:** Mr. Helliwell's remarks crystallized participants' understanding of their own role as stewards of the public trust. Not only does the profession create the conditions that make for a happy life and a successful society, its expertise and its legacy of integrity means that accountants are best positioned to make sure that new models for assessing value are fair, comprehensive and accurate.

We have always been stewards of public trust. But every time we had a financial crisis or ... a bump in the road, [it] narrowed our thinking, narrowed our obligations with respect to compliance. It forced us down a certain road. This [panel] has opened up our eyes—we have to rethink how we do business going forward. —Roundtable participant

We need to embrace technology wherever possible in order to free up our time to be better advisers. Our clients no longer need us for compliance and historical reporting they need us to help make them more successful. —Digital roundtable participant

How the world will change: Critical certainties

As participants scanned the future, they identified several ways that the world was changing around them. These *critical certainties* would be factors in any foreseeable future

- **Exponential growth in technology**
 - Real-time information and AI
 - Accelerating pace of adoption
 - Desire for self-service
- **Shifts in what must be measured**
 - More things to count
 - More of overall value will consist of intangibles
- **Demographics/population growth**
 - Aging Canadian population overall
 - Pace may be offset by immigration
- **Climate change**
 - Impacts may be moderate or severe, but there is no plausible future in which they do not exist at all
- **A need for ethics, trust, integrity**
- **Unexpected crises and surprises**

What we don't know and can't control: Critical uncertainties

The essential work of building scenarios is identifying *critical uncertainties*: important external variables concerning the future that might unfold in a number of different ways. These uncertainties are *external* to the profession and outside its control—and they are *critical*, that is, how they unfold will have significant consequences not only for the profession, but also for the world as a whole.

- **Data access and governance**
 - Will the wild west be tamed, and if so how fast?
 - Will data be openly available, or will there be privacy regulations at transactional level?
 - What will structure and standards around data governance look like?
- **User needs**

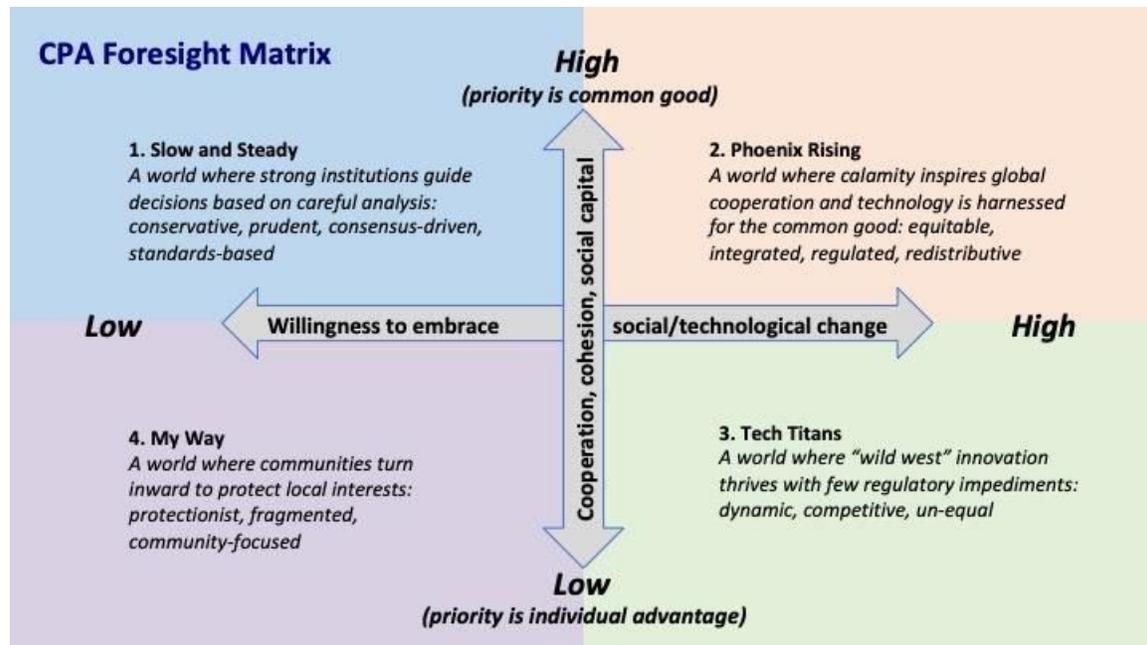
- o How important is trust to stakeholders and the public?
- o Is trust placed in AI or in humans (and how much)?
- o Will younger generations behave differently?
- **Reaction to technology innovation and adoption**
 - o Will it be embraced or resisted?
- **Severity and impact of climate change**
- **Inequality/concentration of wealth**
 - o Will the have/have-not gap widen or narrow?
- **Global economy/political bodies**
 - o Will prevailing trends be towards integration or fragmentation?
- **Trust**
 - o How important will it be?
 - o Where will it be placed?

Participants worked together to identify the uncertainties that they felt would be most important in shaping the future conditions for the world, and hence for the profession. The two that rose to the top in every conversation were *change* and *social capital*.

Change: The question here was not whether change will happen. Participants agreed that climate change and technological change are both already baked into any plausible future: they are underway, significant, and will not stop. The more important question was, how willing will societies, businesses, institutions, and individuals be to embrace these changes and the transformations they will bring about in society? This idea of “**willingness to embrace technological and social change**” was incorporated into the x-axis of a potential scenario matrix. At one end of this axis was caution, conservatism, and an emphasis on safety; at the other, a willingness to experiment and innovate, as well as a higher appetite for risk.

Cohesion and social capital: The other most important uncertainty centered on the idea of collaboration, cohesiveness, freedom, and trust. These were combined into a single axis measuring “**cooperation, cohesion and social capital.**” At one end there was strong collaboration and alignment around shared goals, high trust in institutions, and a willingness to accept some restrictions of personal freedom in the name of the larger good. At the other end was a more fragmented and disjointed reality, with a high premium on individual liberty, and trust vested in local entities rather than large institutions.

By crossing the two axes, participants generated the following scenario set:



Over the course of several weeks, with inputs from the digital roundtable and scenario feedback sessions, these four quadrants were fleshed out into four distinct scenarios.

Four Scenarios

1. Slow and Steady (high social capital/resistance to transformational change)

This is a world where institutions constrain the pace of change and innovation, as society prefers consensus, stability, and risk avoidance.

In this future, there is a strong emphasis on consensus and inclusion in decision-making and widespread willingness to trust traditional political, religious, and business leaders in the name of stability. Established institutions like the UN and the WTO maintain their power, creating a broadly collaborative international political climate and spurring efforts to build collaborative, thoughtful solutions to social and economic problems. In Canada, education is more accessible, and society is becoming more inclusive and equitable. Technology adoption proceeds cautiously, with strict regulations in place to protect data security and prevent potential unintended consequences of innovation.

But while there is lots of talk and some new ideas, the cautious and consensus-led model limits experimentation and prevents rapid action. Canadian economic growth is slow, and companies are slow to adopt AI and other efficiencies. Few people have an appetite for the risks of entrepreneurship, and those that do are hampered by extensive regulatory and approval processes. There's also been a personal and institutional credit crunch, as financial institutions have had to slow down their approvals process.

Some businesses and consumers, frustrated by the slow and steady pace, skirt the rules, turning to unregulated lenders and grey-market goods and services. When these efforts go astray, leaders and regulators respond with further rules and strictures, which further slow the pace of change.

Environmental concerns are the focus of much international deal-making and standard-setting as institutions seek to maintain stability in the face of a worsening climate. But despite strict regulations, countries struggle to meet their imposed targets for carbon emissions.

Implications for accounting:

- Robust need for current services
- Expanded role in standard setting, establishing frameworks for environmental, data governance and fraud
- Increased need for CPAs in implementation and operationalizing standards and compliance
- Need for collaboration, multi-disciplinary and global view
- Enable collaboration, lead multidisciplinary teams, build trust
- More moderate pace of tech adoption means profession can more easily keep abreast, become experts / resources for clients re: data privacy, integrity, data security
- Opportunity to take advantage of tech efficiencies rather than re-tooling
- Enabling skills: communication, flexibility, negotiation, trust and integrity, international mindset, skepticism
- Technical skills: accounting, data, security, environment, auditing, analytics, governance, policy, risk management
- Opportunities in data privacy, data integrity and creating standards
- Reducing client fear and providing frameworks that provide a safety net; helping companies figure out what to do, when and how

What metrics might indicate we are moving in this direction?

- GDP lower
- Productivity lower
- Startups lower
- Political continuity—elected officials have longer tenures
- Employment predictability—low turnover
- R&D spending relatively low, especially corporate
- Spending on retraining relatively high
- 20–25 year-olds looking for opportunities/fulfillment outside of formal careers
- Higher retirement age
- Multilateral agreement talks

How CPAs might prepare for this future today:

- Position CPAs as a hub for interdisciplinary collaboration
- Acquire knowledge and cross-disciplinary skill set to change training
- Keep current core training, amplify knowledge of different specialties and disciplines: business acumen, data governance, non-traditional assurance
- Bolster skills in collaboration and project management

2. Phoenix Rising (high social capital/embrace transformational change)

This is a world where a series of major crises force societies to reset priorities, collaborate, and embrace transformative technological & organizational change

In this future, a series of major shocks (including climate disasters, pandemics, and financial disruptions) sweep the world in the early 2020s; these calamities leave no one untouched—including the wealthiest of the global 1%. In response to these crises, political leaders, prominent business figures, and popular movements unite around a shared commitment to civil society and a new ethos: profit and prosperity are important, but not at the cost of the wellbeing of generations to come. If we as a species are to survive, we must address both climate change and economic inequality, and we must work together to do so.

As nations begin the process of recovery, a spirit of cooperation and collaboration takes hold. New multilateral arrangements are formed to deal with specific challenges like Amazon deforestation and the need for secure international data networks. Recovering economies are assisted by widespread introduction of universal basic income schemes. GDP is replaced by more holistic measures of national well-being. Technology (e.g. online learning) creates more opportunities for reskilling and work in remote and rural areas. Major advances in AI, energy efficiency, 3D printing, and online education are all geared towards enhancing collaboration and social/environmental progress.

Sustainable Development Goals and principles become central to all decisions made by governments, organizations and consumers. Data networks provide constantly accessible real-time information about the state of society and the planet to help drive responsible behavior. Investments in high tech green infrastructure help reduce the world's carbon footprint.

Light-touch principle-based regulation encourages innovation for the common good. However, some bad actors (countries, groups, and individuals) abuse open networks to gain profit and political advantage.

Many people are willing to welcome new thinking and adopt new behaviors in the name of progress towards common goals. At the same time, the intensive and intrusive surveillance of data and behavior raises many concerns. Some still miss the more fragmented, individualistic past where people were encouraged to pursue personal wealth and success.

Implications for accounting

- Major opportunities to apply our knowledge in new performance indicators that go beyond numbers (into social and environmental realms)
- Greater competition for services from CFAs, CBVs, MBAs, automation – no barriers to acquiring expertise
- User needs have an international focus and a broader need for validation
- Requires adaptability, willingness to let go of traditional skills and approaches
- Fundamental change in governance/CPA business model (would companies or independent body pay for auditors?)
- In public interest world, need a separate assurance function – possibly not for profit.
- Accountants relied on as a trusted source for public interest
- Seen as hub and validator of information in a data-rich environment
- Importance of ethics – bring the human elements to bear (we don't need to be tech leaders in this world)

- Expanded definition of client - what's our fiduciary duty?

What metrics might indicate we are moving in this direction?

- Anti-Trump movement
- Authoritarian regimes (Saudi, Russia) getting cold shoulder from business and political leaders internationally
- Increased enrollment in online courses/MOOCs
- Renewable energy commitments from tech giants and big business
- Increased philanthropy on part of 1%
- Increased commitment to SDGs; investment in and revenue from SDG commitments increases
- Climate events impacting wide segments of population worldwide, including both rich and poor (e.g. Paris and yellow vests; Malibu burning)
- Reversal of current trends that tend to pull against scenario (Brexit, climate disasters, regionalism, bilateral as opposed to multilateral trade, weakening global institutions authoritarianism)
- SDG commitments from businesses
- Multilateral agreements
- Stronger global institutions

How CPAs might prepare for this future today:

- Change education and training at root level, readjust entire curriculum before designation of CPA
- Competency map must include: sustainability, ethics, tech capacity/DQ
- Boost adaptability, writing skills, emotional intelligence
- More horizontal, less specialized (more MBA-ish)

3. Tech Titans (low social capital/embrace transformational change)

This is a world where a handful of global tech companies dominate the economic and political landscape, resulting in a dynamic, deregulated, and insecure society.

In this future, the global situation is increasingly fragmented: trade wars are escalating, protectionism is on the rise, and migration is being curtailed worldwide. There are high levels of political mistrust, as China, the US and Europe each chart a different course regarding regulation and data governance.

But while governments turn inward, technological change keeps on transforming Canadian society. Advances in artificial intelligence, wearable and implantable technology, 3-D printing, and autonomous vehicles create a “wild west” atmosphere of innovation. Platform tech giants (the “Tech Titans”) act as innovation incubators and funders, and minimal regulation ensures that these large players retain their advantages.

Automation, AI, and the “gig economy” have transformed the world of work; by 2030, over 80% of Canadians are contract workers, freelancers, or consultants, changing jobs and even careers based on the demands of the market. Governments are turning increasingly to private companies to provide services such as revenue enforcement, urban planning, and health records, giving these companies increasing influence in the political sphere.

The economy is dynamic and volatile, with demand and innovation driven by the most affluent 20% of the population. At the same time, inequality and insecurity are high: workers with in-demand skills are chased after by tech giants, while less-skilled workers see wages stagnate or find themselves displaced by automation. Since job requirements are constantly in flux, traditional designations and multi-year certification programs are becoming less relevant; what really matters is flexibility and the ability to adapt quickly to new technologies and new environments. Such fast-moving, competitive, disruptive economic conditions have sparked social unrest—and while tech allows virtual communities to bring people together, it also accelerates divisions.

There has been considerable experimentation and innovation in climate-related tech, and Canada’s transportation and power grid is now overwhelmingly distributed and renewable. The nation’s carbon emissions are moving downward, but globally overall warming is likely to be in the neighborhood of 2.5 degrees. Tech companies are engaging in ambitious “moonshots” (e.g. geo-engineering) to address these rising climate concerns.

Implications for accounting

- Accountants will need to respond to what Tech Titans perceive as important
- The power of a few large, very complex organizations (coupled with weaker regulatory systems) could lead to more fraud and corruption
- Greater diversity of users, comprising a handful of powerful tech titans and millions of smaller start ups and freelance individuals
- Deregulated business environments create a different challenge for accountants—until now, most work has been driven in response to regulations
- An era of data explosion will require higher levels of analytical thinking
- Standard—and some advanced—data functions and processes will be routinized through AI and other software
- Traditional accounting roles will face serious competition from software, AI, distributed ledgers and machine learning

- There will be a blurring of roles between data scientists, computer scientists, engineers—where does this leave accountants?

What metrics might indicate we are moving in this direction?

- Participation in gig economy increasing
- Tech titans/private entities taking on government services
- Use of biotech and implants
- Tech players migrating into politics
- Online degrees
- Private providers of education
- New crypto currencies
- Closure of traditional manufacturers (GM)
- Movement away from traditional manufacturing centers
- Increase in web-based crowd funding as a source of capital
- Increase in robotics and AI
- Private projects mitigating climate change
- Insurers refuse to underwrite disaster risks related to climate change
- Self service medicine
- Average age of companies on Dow/S&P going down
- Increase in trade wars
- Increased hate crimes/distrust of foreigners
- Increase in sophisticated tech crimes

How CPAs might prepare for this future today:

- Engage other people and professions – we can't sit in a bubble
- Take over the data integrity space, including standards, training etc.
- Educational pathways – more experiential and less technical
- Help CPAs develop a 'higher calling' – more like a Hippocratic Oath than merely standards of conduct

4. My Way (low social capital/resistance to transformational change)

This is a world where social cohesion and trust are in short supply, so people and communities turn inwards—and stay close to home—to protect their own interests

In this future, the international landscape is fragmented and unstable, as multilateral governance and standards have fallen away. World powers are highly polarized by ongoing events like Brexit, crises in global financial institutions, and surges of migrants escaping dangerous or corrupt home countries. Data breaches and corruption have created a pervasive atmosphere of mistrust, in which global tech loses out to local players. There are few international standards; what regulation there is, is local. Climate agreements have collapsed as countries argue over funding and fail to support each other in response to climate disasters.

National governments are embracing populist policies, and unequal access to resources has led to conflicts between regions, provinces and cities across the globe. Mini fiefdoms have emerged in which those with abundant resources leverage them to maintain greater bargaining power and influence, while other provinces and states struggle with scarcity, corruption, and crime. As climate-related disasters continue to mount, nations and local communities have become expert at emergency response, but there is no appetite for the international coordination needed to systematically address climate crises.

As a result, international trade and investment grow slowly, and productivity is down. As economic security becomes more elusive, Canadians are staying in the workforce longer; as a result, youth unemployment is at an all-time high, and inequality is at record levels. Many young people are opting not to invest in degrees and designations, and are instead looking to crafts and trades. In response, universities are retooling their offerings to include practical curriculum, accompanied by real world experience.

The brightest spots in the economic landscape are found in local communities. Broader supply chains continue to exist, but resources like energy and agriculture are increasingly financed and produced locally, and communities prefer to exchange goods and services with their closer neighbors. Sectors that serve local needs are thriving, in particular agriculture, light manufacturing, construction, and domestic tourism.

While innovation has slowed in Western nations, developing countries are starting to leapfrog ahead, using technology in unique ways to facilitate a better quality of life in schools, hospitals, workplaces and infrastructure. The absence of a pre-existing technological foundation has enabled these historically underprivileged nations to be more agile and move forward without being slowed down by legacy systems.

Across the world, individuals are increasingly turning their backs on institutions and outsiders and investing their hard-earned dollars, their energy, and their trust in their communities—whether geographical, professional, ethnic, or social. Comfort, security, community, and human interaction are the touchstones in this highly fractured and unstable world.

Implications for accounting

- The shape of corporations change – big corporates still exist but mimic attributes of smaller businesses
- Fewer public companies, which could mean less need for CPAs.
- Large banks and telcos face competition from smaller players

- Economy is more distributed, less concentrated, facilitating the development of more personalized providers
- Tax dollars are collected and managed at local levels
- Trust is a rare and valuable commodity – are CPAs trusted, or seen as a large institution?
- Business relationships are not commodity-based, instead focused on quality of overall relationship
- Governance falls away – accounting standards are defined by customer and community
- Could lead to lowering standards of what we deliver as a profession – but also leads to lots of new opportunities
- Analytics and data focus on providing customized information needed to make decisions rather than formal reports – combination of internal/external reporting
- Role for a generalist ‘quarterback’
- Competition for CPAs from IT, fintech, engineers

What metrics might indicate we are moving in this direction?

- How much of food supply is grown locally?
- Pipeline issues between provinces (BC vs Alberta)
- Plants closing (e.g. GM)
- Rising cost of urban living
- Tensions at G20
- Conflict: challenges over Brexit, EU, Irish border, NATO; resources; climate disruptions
- Extremism in elections
- Public vs private offerings
- Flow of data vs trade (if trade stays stagnant or declines)
- Degree of standardization of data governance
- Global or national growth/GDP
- Degree of trust (Edelman trust barometer)
- Data breaches in retail and social media
- How much power is generated off-grid
- Enrollment in traditional university degrees vs # of employers looking for people with those degrees (cf Amazon doing its own training)
- Levels of immigration, both legal and illegal
- Limits on migration; number of people stranded by closed borders
- Levels of inequality/social disparity

How CPAs might prepare for this future today:

- Redeploy resources into diverse training and development opportunities
- Training models becomes more like an apprenticeship
- Find ways to demonstrate that this is “our space”
- Build trust in light of new technologies

Workstreams

At the December workshop, participants consolidated these observations into eight potential workstreams, which CPA Canada's Oversight Committee will :

1. Key skills/"Core & More"
2. Learning and professional development
3. Sandbox
4. Value creation
5. Partnerships
6. Governance structure
7. Data governance
8. Market positioning

Conclusion/overarching vision: [BRIGETTE'S SECTION]

Overall, the Foresight project was instrumental in surfacing key learnings and challenges that led participants to realize that there is an urgent case for change in the accounting profession. While many of the models and systems in place were envisioned and designed to meet the needs of the industrial revolution, neither the profession nor its members are adequately equipped today to respond to the vast nature of digital challenges being ushered in by the information age.

Exponential shifts in technology, globalization, business models, geopolitics, and societal values and norms are rapidly re-shaping the world and taking it in a fundamentally new direction, and mean that transformational change must begin now or the profession risks falling behind, losing relevance amongst users, constituencies and future talent, and being replaced by competitive forces.

If accounting is to survive these tectonic shifts in the global landscape, it needs to move away from its legacy reactive stance to a 'permanently proactive' mode in facing these challenges, many of which are already in play or have arrived, like AI and Blockchain. This means pivoting to completely new ways of doing things like measuring value beyond financials to capture societal expectations, harnessing the power of vast quantities of data to make decisions, establishing new models of governance and standards, and continuously equipping accountants with learning to foster core and soft skills.

These actionable themes formed the basis of discussions among participants at a Strategic Direction workshop held in January 2019, following which the first phase of the Foresight project concluded and the outputs would serve as a platform for initiating the workstreams. This session was essential in tying together all of the learnings from both the digital and in-person roundtables under the guise of a new strategic direction for the profession over the next 10 years.

Participants used the Strategic Choice Structuring framework – a methodology that entails an iterative, cascading process where conversations are structured around a coherent set of questions, driving towards a set of choices that define a strategic direction – to establish the profession's goals and aspirations, where it will play, how it will win and how it will configure itself into 2030.

To further explain the model used, 'What are our goals and aspirations?' articulates a 'definition of victory' and informs when the profession has achieved success. 'Where will we play?' lays out the markets, customers and issues where the profession will focus attention. 'How will we win?' speaks to the approaches and characteristics needed to execute a winning strategy. And to complete the cascade, 'How will we configure?' focuses on the capabilities and systems the profession must put in place to deliver on its strategy.

[Pat and Jonathan – do you still need a placeholder for a paragraph on the strategic direction including revised goals and aspirations, etc? Also do you want a slide reflecting the new cascade below?]

At the conclusion of this process, participants landed on a strategic framework they viewed as coherent to inform the efforts of the workstreams and serve as an overarching direction for the profession:

What are our goals and aspirations?

- **Goals** - Advise with integrity; enable better decisions throughout society; integrity and insight for a sustainable economy; lead change and unlock value for a sustainable world; enhance performance insight and foresight by identifying, measuring, reporting, and creating sustainable value.
- **Aspirations** – as trusted as nurses; CPAs now seen as Chief Value Officers; every organization has a CPA; CPAs more recognized and revered; the CPA standard for the world; setting the standards in performance evaluation; recognized by people outside the profession; from internally focused to externally focused.

Where will we play? New value creation models of financial and non-financial; data governance; where not to play; what percentage of membership is exposed.

How will we win? Innovation and agility; effective/efficient governance; trust, integrity and ethics; unique factor (what makes us distinctive).

How will we configure? Skills for the digital age (competencies/mindset; innovation mindset; trust and ethics; approaches/processes for skills and competencies; specific technical skills

These conversations then facilitated decisions on the prioritization and sequencing of the workstreams for the next phase of implementation over a multi-year period. These recommendations include:

- **Value Creation and Data Governance** were held up as the two most critical workstreams to move on immediately as no current models exist. Given the exponential shift in user needs, business models and societal expectations, combined with the 'wild west' of data, these two areas were seen as offering the most fertile opportunities for the profession to demonstrate its worth and truly differentiate itself from other industries and competitors – both known and unanticipated.
- Also high as a priority was **Effective Governance**, which the group saw as two separate pieces of work: the first is to establish a governance model and ownership structure for the next phase of the project to ensure the Operating Committee has the direction and

authority it needs to govern effectively over the workstreams in meeting their intended objectives. The second stream is to arrive at a new governance model for the overall profession – to provide oversight on its activities and effectively guide the new way of doing things as a result of new value creation and data governance models, skills and competencies and so forth.

- Under the workstream of **Agility and Innovation**, it was noted as a gap that the profession must begin fostering an experimental culture and continuous learning mindset in order to become nimble in adapting to change. The creation of an Innovation Hub, operating in parallel with the other workstreams where participants could try new ways of doing things while embracing failure, was seen as a priority. This Hub would be a place where the activity of the workstreams would be experimented on, and the insights coming from that would enable them to continuously refine and evolve their work.
- The **Skill and Competencies** workstream would focus on efforts to identify what new learning and attributes members of the profession need now and in future – primarily informed by the efforts of the workstreams in play. The notion was that this workstream would start by looking at what's needed for existing CPA Canada projects, and further scope out the skills and competencies emerging from the output of other workstreams. On an ongoing basis, competencies would need to be updated on a far more frequent basis than every two years to reflect the changing needs of users, the profession and society.
- **Trust, Integrity and Ethics** identifies the behaviour requirements that underpin the profession and weave into all workstreams. This is projected to be a shorter-term project, which entails looking at the CPA's Code of Ethics and ensuring it's updated to reflect the behavioural and moral expectations of the profession in today's society, with a view to the future.

As a next step, these workstreams will be submitted to CPA Canada's Operating Committee for their review and approval to kick off the next phase of implementation of the Foresight process.

While the accounting profession is at a crossroads, it is well positioned to adapt to the changing needs of the future, as it has proven time and time again throughout its history.

If it is successful in tackling and sustaining momentum in the recommended areas above, the profession will not only thrive, but stands to make a significantly greater contribution to society and the public good in the information age than in the previous industrial age. It's only through action and leadership can that this transformation can begin.