

Tech Trends in Professional Industry with focus on **Tax**

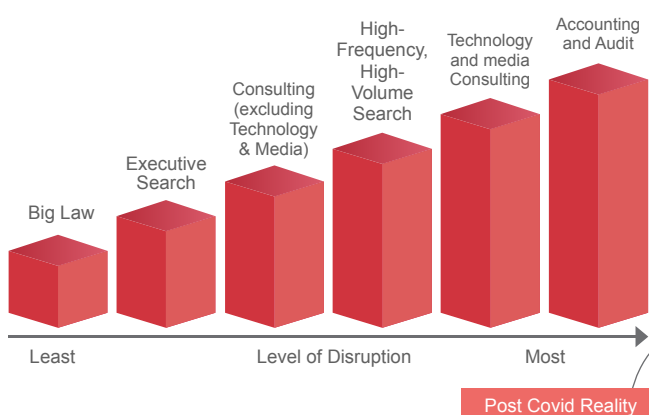
Our industry vertical focuses on transforming professional services businesses from traditional “People Centric Model” to “Tech Enabled Platform” model in provide niche-consulting services across Audit, Tax, M&A and Advisory Functions.

Trends in Professional Services

The professional services industry has been suddenly forced into immediacy by the pandemic’s impact on all facets of a business. Rapidly developing technology, Tech Enabled offerings (Digital Tax, Regtech), Increased Transparency, Data Monetization and Real-time Contextual Insights are the need of the hour.

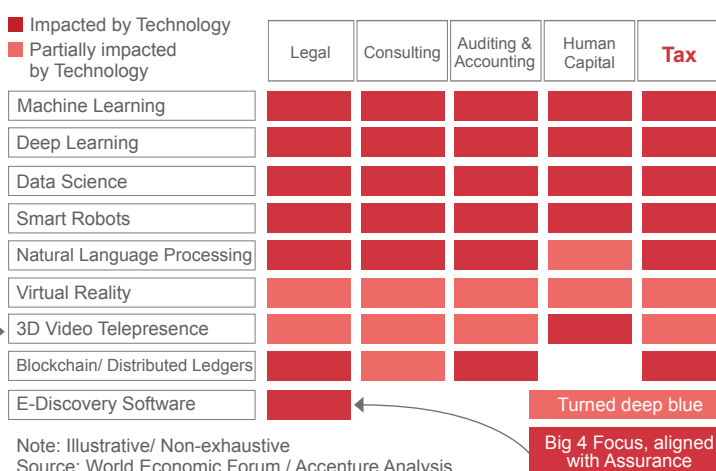
The extent to which digital technologies are disrupting Professional Services varies across segments with accounting and audit at the highest risk from computerization and technology

The impact of digitalization varies across industry segments



Source: World Economic Forum / Accenture Analysis

The impact of technology varies by segments



Note: Tax Impact is TechM Point of View

01 Artificial Intelligence, Machine Learning and Process Automation

In order to provide the most appropriate business solutions to clients, professional services demand extensive data-analysis. Traditional way of “Gather- Analyze-Provide Insight” is not relevant. The onset of Artificial Intelligence and Machine Learning has made this tedious process simpler. It essentially interprets the real-time data and organizes large chunks of data into usable information. It can also learn from the past data and generate strong, data-driven insights for the clients. This systematic arrangement of data helps them make sense out of complexities conveniently.

Emerging technologies such as RPA (Robotic Process Automation), Chatbots, IoT (Internet of Things), Block-Chain, and CNN (Convolutional Neural Networks) are creating a new business model.

02 A Tech-Enabled Work-Culture To Enhance Team Engagement

Team engagement is critical to driving business to success. However, it becomes a challenge when your team is distributed across different locations. With the advent of highly-advanced collaboration tools and companies investing to foster a tech-enabled work culture, employees can communicate and share important information in real-time. This enhances team engagement and allows quick problem-solving.

Moreover, when teams are connected, their productivity increases and gives better results. Professional services firms are therefore indulging in building a tech-enabled work environment that will strengthen their employee’s morale and improve performance.

03 A Value-Driven Revenue Model

Professional services like Audit & Accounting charge the client on an hourly basis. This billing model does not consider the value generated out of each task. Firms are now opting for a value-driven revenue model that will bill the client based on the benefits and profits they make during the course of the project.

A client will now pay for the overall gains such as tax savings, ROIs, insurance claims and so on. This shift from time-driven to the value-driven model allows professional service firms to get more clients and increase their profitability.

04 Globalization And Virtual Offices

In addition to getting global clients, firms are recruiting valued talent with niche skills from across the globe. This is because virtual offices and remote work have become an integral part of the work culture and environment. Moreover, the COVID-19 pandemic has escalated the emergence of virtual offices.

This changed situation has made regulators & people want more transparency in audits. Audit opinion is not enough. Tax Authorities want “real-time” view (including cross border view), increasing the challenges of professional service providers.

Tax Trends

Tax today is attracting attention like never before – among governments and citizens, in boardrooms and the C suite, and across businesses and their supply chains. Tax is at the forefront of negotiations and debates and it is driving decisions on policy, trade, strategy and business transformation. At the same time, the world around us has changed dramatically in terms of geopolitical shifts, technological innovation, globalization, new business and consumer demands and new ways of living and the emergence of previously unseen types of businesses. Tax leaders face new challenges as they work to meet rapidly changing compliance obligations, elevate their strategic role, contribute to the ESG agenda, and ensure they can articulate clearly the ways in which their departments can add value inside and outside of the organization.

Tax – Innovation Trends (AI/ML, Blockchain)

Regulations	Mobility	Tax Code
 <p>Changing Regulations; Countries want to reconcile, collect Tax real-time</p> <p>AI based Auto Reconciliation of Financials</p> <p>Industry: Moving beyond Pilot TechM: Platform for India GST</p>	 <p>Global Mobility – Platform Offering (Shift left to Pre-Immigration & Shift right to Post-Immigration)</p> <p>Industry: Early Stage Thinking TechM: Prototype, Implementation</p>	 <p>AI based Tax Code to Transaction Mapping</p> <p>Industry: Early Stage Thinking TechM: Prototype, Implementation</p>

01 Global Mobility

Global mobility is increasingly becoming a way of life, which is evident in increased deputations. Requirement to have the right employee with the appropriate skill set at the right location to fulfil organizational requirements demands speed of deployment. This has resulted in a substantial increase in the size and complexity of the global workforce. As a result, managing compensation, tax compliance and global mobility is increasingly becoming costlier, more complex and time consuming.

Integrated mobility tax solutions can be of great help for Pre-Travel, Travel/Relocation and Post Travel to provide tax and regulatory services to help organizations manage their tax compliances in respect of their globally mobile workforce.

02 Business and International Tax

International tax is subjected to frequent changes. Hence, Tax authorities are using real-time or near real-time data analytics engines to validate invoices and lag discrepancies, verify sales and purchase declarations, verify payroll and withholding declarations and compare data across jurisdictions and taxpayers. Based on these analyses, tax authorities make determinations, including tax and audit assessments. Tax authorities' enhanced use of data analytics means that companies — and their tax and finance departments — need a shift in mindset around how they collect, store and analyze tax and financial data for international business. Uniting data and analytics silos across departments and divisions provides Real-Time Tax Determination across Jurisdictions with increased Accuracy.

03 Global Compliance & Reporting

Globally active companies face significant and growing compliance and reporting challenges. Which make huge demands on tax and finance functions today. In keeping pace with the new digital world's increasing complexity and transformational mandates to meet requirements, Real-Time Reporting & Compliance, AI Automation can help in Business Tax Compliance, Tax Accounting, Indirect Tax Compliance and Statutory Reporting services.

04 Data Analytics in Tax

Tax has been a late adopter of data analytics. Majorly because tax data is scattered between multiple ERP systems of the company with different tax requirement. Tax laws have always been complex with little opportunity to use this complex often time small amount of data for analytic purpose. Even the tax software's have traditionally focused more on being compliance oriented than analytics. Now there is a growing interest among the authorities and the organizations to explore the hidden value of data and utilize it drive effectiveness and plan strategies.

TechM Tax Experience

TechM is working with a leading platform firm providing tax product offerings and a leading Big 4 to provide various services to build and support Global Tax Platform, GST Platform, Real-Time Tax filing with Governments/Regulators and Global Mobility. We have dedicated innovation lab for professional services to drive business transformation.

Innovation through TechM Labs



Maker Labs (TechM Innovation Labs)



GAiA – Opensource AI Platform, marketplace and micro-services

Domain Skills

Global: Mobility/Expat, GST, TR Suite

Platform / Product Experience Leverage

TechM Service Offerings for Tax



Integration with Thomson Reuters product Suite



Extreme automation and straight through processing leveraging RPA and AI/ML



Tax Calculations in ERP Product Suite



Machine Learning based tax determination, increasing accuracy, real-time visibility to business



Agile digital at scale

Listen to Our Leader



Listen to **Suresh Jagannathan - Global Vertical Leader**, Professional Services Group at Tech Mahindra talk about how the pandemic has impacted the Professional Services Business.

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