Deloitte.

For Cloud Professionals
August 2020

For Cloud Professionals, part of the On Cloud Podcast

David Linthicum, Managing Director, Chief Cloud Strategy Officer, Deloitte Consulting LLP

Title: **Helping Tax and Audit work smarter with cloud and AI**

Description: As cloud becomes more pervasive, even cautious disciplines such as audit and tax are embracing it. Why? Because cloud—especially when it's paired with AI—can reduce manual processing and provide centralized information that helps break down silos and fuel collaboration and innovation. In this episode of the podcast, David Linthicum and guest, Deloitte's William Koscho, discuss how the audit and tax functions are adopting cloud to help their people work smarter, collaborate, and innovate. Bill's take is that cloud is a sorely-needed boon to audit and tax, and that implementation goes more smoothly when the business and IT work together and leadership sets the tone from the top.

Duration: **00:20:14**

Operator:
This podcast is produced by Deloitte. The views and opinions expressed by podcast speakers and guests are solely their own and do not reflect the opinions of Deloitte. This podcast provides general information only and is not intended to constitute advice or services of any kind. For additional information about Deloitte, go to Deloitte.com/about. Welcome to On Cloud, the podcast for cloud professionals, where we break down the state of cloud computing today and how you can unleash the power of cloud for your enterprise. Now here is your host David Linthicum.

David Linthicum:
Welcome back to the On Cloud podcast, your one place to find out how to make cloud computing work for your enterprise. This is an objective discussion with industry thought leaders who provide their own unique perspective around the pragmatic use of cloud-based technology. Today on the show we have William Koscho. Hey, William, how you doing? You prefer to be called Bill?

William Koscho:
Bill is fine. Yeah, thanks, David.

David Linthicum:

So give us the Bill story. Tell us how you got to Deloitte, what you do at Deloitte. You know, there's so many people here, and I never get a chance to really meet anybody and understand what they do, and I'd love to understand what you do.

William Koscho:
No, for sure. I'm actually, before I came to Deloitte, I was in software engineering. I was always a computer science and a math guy, and just loved building products and solutions. It was kind of like a creative outlet for me. And I ultimately joined Deloitte probably about 14 years ago now, and I joined as an architect and building some of our global audit systems, and now where we are today is still in the audit space as well as tax. And so what I'm responsible for is really overseeing and leading all of our global technology that delivers our audit and tax products and solutions around the world. And we do that using a lot of our next generation technologies, things like cloud, AI, machine learning, those types of things. And so more recently, it's just been a heavy focus on cloud and all the benefits that come along with the cloud.

David Linthicum:
Yeah, this is fascinating to me. So tell me what a typical project looks like for you. You know, how long does it take, what do you typically do? I know there's no typical anything, but, what's something you think would be a normal thing, a normal project, a normal work product?

William Koscho:
Yeah. No, it's a good question because it started off that I would have answered and said a couple years. When we started this however many years ago, what I would answer that, a project would run at least a year, often longer. But now projects are still just as big and complicated, but they run much faster. We release things about twice a year, and now we're moving even faster, and so different products vary. There's even a concept now we're starting to look at with micro-releases, where we're releasing on a weekly basis. And our projects are not simple. This is not your basic three-tiered architecture that we're just deploying, but we're really building cloud native solutions, we're using artificial intelligence, we're using serverless and a lot of the latest DevOps and cyber controls. All of this is built into these products, and we're now talking about projects that six months is slow, right, and we're trying to move it to these micro-releases now.

David Linthicum:
So what do these systems do?

William Koscho:
Great question. I mean, it's ultimately supporting our audit and our tax global businesses. Our global businesses around the world, as we're delivering and supporting our clients, this is the technology that supports our engagement teams that are out there supporting our clients. We basically, whether it's audit or tax, in both cases, we have our platforms that is the core capability for doing an audit, doing a tax engagement, and then what we do is we build around that more niche systems that plug in. So give you a great example. In audit, you can imagine the core workbench for doing an audit and all your audit work, and this is cloud native built in with cyber and privacy by design into the architecture. And then what we do is we build niche systems around that, things that are maybe focused on specific problems and how do we use AI, how do we use cloud to try to accelerate that particular problem and then integrate it back into the core platform, the workbench that the auditor's working on.

David Linthicum:
So without getting overly specific, what would be an application that you would leverage artificially intelligence systems for, machine-learning-based systems out of the cloud?

William Koscho:
Yeah, our next generation Omnia platform for audit is built cloud native and with artificial intelligence in mind. And that I would say is the core product. Everything that we're doing is cloud-first at this point, and that's been really the force multiplier for us, not just from a technology standpoint, but I think more importantly what we're really seeing is some of the benefits of the cloud that cloud people don't always consider, which is where your technology people and your business-people really come together as one team. You start to get high degrees of transparency across all these different functions. The cloud makes everything transparent, and the moment that starts happening, people start talking and collaboration starts happening and innovation starts to come from that and new ideas. New ideas coming from people who are starting to connect dots they may not have been before, and that's all coming because of this – the increased level of transparency at this point.

David Linthicum:
So you're working with auditors and building systems and tools for auditors and leveraging artificially intelligent based systems. How are they more keen to adopt this technology and kind of understand the additional benefits of the technology going forward, kind of coming from the fact we're coming from two different worlds auditing coming from the financial space or even the tax-litigation space, and then cloud computing a pure kind of key technology play?

William Koscho:
What I find is that auditors in particular, they have the math background and a lot of statistics in the background already. And so they spend a lot of time in Excel today and doing different correlations and different statistics, so they're familiar with that. And so now we're looking at how do we use AI to automate some of that, make recommendations? And so the auditors understand that, and it shifts them more to review what's being recommended and applying their judgment to it as opposed to doing the manual work themselves. Now we have the machines doing the work, but it's still the statistics, so while there is some learning there from a technology standpoint, it's a bridge you can cross because it's all based on this similar math and statistics, and I think the domains are very similar.

David Linthicum:
So you're working on an article that's talking about the benefits of cloud computing and probably looking at it from a different perspective than I would as a technical person. I can talk about agility and speed to market and the ability to use serverless and get things up and running and provisioning on demand and yadda-yadda-yadda, but you take kind of a different approach to it. Can you kind of tell us from your perspective what you see the core benefits of cloud computing are?

William Koscho:

Yeah let me just give you maybe a quick story that brings some of this to life. When we're building a cloud solution, the hosting costs, those come right from the cloud provider, and they're pretty transparent. In our case, they flow straight to the business, who's funding whatever project or whatever the product is that's running, and so those costs for hosting are extremely transparent. And what happens as a result of that is now, well, why does it cost this much? Like, those questions start to come up, and people from different parts of the organization start to come together to answer those questions and think about ways to solve it.

So we start to get people who typically might be in the back office IT coming in and talking with architects, talking with DevOps people, talking with business sponsors to better explain why the cost is what it is. And now we start to imagine solutions, and having all these people together, it's like, well, how do we get these costs down. And so people can start having that conversation and coming up with really creative solutions for that. And so that's just like one example that I'm seeing. We're seeing lots of this at this point where new ideas are coming out because people are starting to ask questions as a result of having better and more access to information.

David Linthicum:
So these new ideas that are in essence being driven the fact that we can actually see things, observe things do so in real time, how do we externalize this information to people who are making the core decisions, either people on the auditing team, or even our clients?

William Koscho:
Great one. I think the example I gave was more of an internal example where we're looking at costs internally, but the same thing happens on the other side, to your point. You know, the end users of our products, and ultimately clients, have access to information, status at any time. We don't need to compile and transfer or synchronize data across multiple data centers. We're looking at smart dashboards that just have this one-stop shop for information. So now we can access the information, we can ask those questions, and in a self-service way, start to get answers to them. And the nice thing is with the cloud it's deployed centrally, and so all of the information is aggregated there, and so wherever you are in the world, you're all viewing the same information in a transparent way, but now you have this level of collaboration as an end user to kind of get together and talk about this data information that you're seeing, even at the end user and client perspective.

You know, we see just on the inside as well this collaboration happening across the business units with cyber, with DevOps, with software engineers, the product teams. Historically, you might think of them as staying in their silo, and we look at agile ways of working and with agile and scrum, they're intended to help try to drive this cross-functional teaming. What I'm actually seeing is the cloud is forcing it, so it's – if you want to build cloud projects and do it well, you can't do it in a siloed way like maybe was done years ago. So it forces a movement towards agile and cross-functional teaming and the adoption of safe, the adoption of scrum, and these other kind of methodologies really go hand-in-hand. It's symbiotic with the cloud.

David Linthicum:
So what do you think the tradeoff's going to be? Because I always find when we get into some sort of an agile methodology that a lot of things are very productive around the utilization of agile. You're able to iterate through them pretty quick and set up a DevOps tool chain, and the end of the tool chain will be a public cloud provider and we can do some automagical provisioning of the systems and have autoscaling in this thing. And so we really get this ecosystem that's really kind of set up for developers to be more productive. But the thing is the goal of that is not necessarily to make the developers more productive; it's to make the business changes faster and the ability to provide benefits to the business. And I always find there's a chasm between the way people in the technology field explain it and in the DevOps, and even some of the books I read, and the way businesspeople think about it. And there seems to be some way that we can kind of mitigate the information back and forth to understand the benefits of it a bit better. What would you suggest?

William Koscho:
I think that's a good one. I think sometimes as technologists, we get hung up on the process for the sake of process, and the goal becomes implementing safe or implanting a scrum approach, and we forget about the end users; we forget about the customer. And I think that becomes a real problem. What I've found is the way to get through that is to have those internal – those technology people that are adopting scrum and safe need to do it hand-in-hand with their business counterparts and really thinking of the teams as product teams that have business representation so that we all can walk in each other's shoes and we don't forget about why we're doing CICD pipelines; we don't forget about why we're trying to do automation because we're doing it hand-in-hand with our customer.

We're right there together, and we realize that we're doing this really just to get software out the door faster and reduce that time from an idea to ultimately getting the feature in our users' hands. If we don't do that, we just are creating another silo. If we go from silos of software engineers and testers and infrastructure and we bring them together into a scrum team, well, now we're just creating a silo of IT and business, so we have to go further than that. We have to make sure our businesses are integrated and are really one team, so we don't forget the end goal.

David Linthicum:
So how much overlap should there be? Because I think one of the mistakes I think people who deal with cloud technology, DevOps technology, all the underlying technology under that, AI and serverless and containers and things like that, we have a tendency to try to over-involve the business side, I think. At least some of the things that I've been on. So, in other words, the business really doesn't care in terms of how things are done. In fact, they don't have the knowledge to even prescribe how things are going to get – how you're going to execute these things from a tactical point of view, but we seem to want to involve them into the problem, and I find that becomes a problem unto itself.

And the argument that the techies would make is that this is awesome technology and they should really have a hand in it and understand some of the great things that we're doing and look at these very complex architectural diagrams. You've seen them, they look like dysfunctional super-highways all over a city. And ultimately all they care about is results. And I think that we're probably involving them in the wrong place. I think we should involve them in understanding the value of the technology, not necessarily – to the point you made earlier, not necessarily the value of the process, or even the value of the what we're doing, but in essence, the end result. Or am I off base there?

William Koscho:
I agree. I think it depends on the project type also. Smaller projects, and more straightforward projects, I would agree that they don't need to be as integrated, we don't need to pull them into every problem. But as those products really get large and complex, you often can't solve the challenges that you

will encounter on your own without business support, without sponsorship. And it's all about bringing everyone along the journey together, so you don't need to bring them into every detail, but I think having an appreciation for performance and scale challenges, for controls related to data sovereignty and cyber, there's a lot of those non-functional qualities. Integration is another good one. Automation and testing.

I think having an appreciation for what those non-functional qualities are, the challenges, helps in the long run because we always run into problems and we always need to make compromises, and we need our business partners to do that together. We often need more money to get the projects done, or deliver on something, and so we need sponsorship and alignment to get that extra money if we should need it. And so I think bringing people and our customers along that journey in a balanced way. We don't want to, like you said, David, we don't want to bring them into too much of the detail, but enough to appreciate, I think, the complexities of building large projects is important.

David Linthicum:
So how do we change cultures? I mean, this is probably the toughest thing that we need to do. One of the things I realized in my 30-some odd years in this business, that at the end of the day, we can always succeed with the technology. There's always a way to do something with the technology, and we're typically good with the technology; it's a matter of aligning the technology to whatever needs of the business. But in terms of changing the culture to kind of adapt more of an agile strategy, understand the benefits of cloud computing, and also the ability to take advantage of those benefits, and in essence move from something that's fairly static and fairly kind of waterfall-oriented to something that's a bit more event-driven is really where people, I think, are breaking their pick. In other words, sometimes I tell people I shouldn't have got a computer science degree; I should have got a psychology degree because I end up in these discussions all the time and working with these different personalities and really kind of getting into the cultural changes going forward. Mike's been writing and speaking about this as well, but we still keep coming back to this. So what are your recommendations in terms of how to change a culture?

William Koscho:
Yeah, I wish there was an easy answer to that one, but I think we're all figuring it out still, and I need a degree like that as well in psychology. I think that would be really helpful. You know, it always comes down to behaviors and what I've seen is that having the right leadership on both technology and business, that are really aligned in what they're trying to do in terms of building one team, goes a long way. That sets the tone at the top and a role model for the rest of the organization. And that's been the most important success factor that I've seen is if you have those leaders setting the tone of high collaboration, high agility, working together to solve problems, not throwing things over the wall to each other, trying to walk in each other's shoes and understand having the business want to understand just enough of the technology, having technology people want to understand the business, that cross-pollination and seeing their leaders operate and walk the talk goes a long way.

One of the things we do in audit is we have all of our technology people go through a series of business trainings. For example, teaching technology folks audit. What is an audit? There's designed trainings that we have for audit for non-auditors. We take them through a series of other curriculum items to just learn the business. And we do the same thing the other way. We have our business side who's helping to define and shape the products, they take safe training. Some of them even take DevOps training. Some of them also take – we put together special cloud savviness trainings as well, and so it's about taking a proactive effort to train both sides and have the right leaders in place that are role modeling for everyone else.

David Linthicum:
Yeah, I think you brought up a good point. It really is about leadership, I mean, the ability to kind of morph leadership into being more proactive and kind of leading by example and things like that, and I think leadership is changing out there. We're understanding the needs of the business; organizations are becoming flatter, people are in more functional roles, there's a more pragmatic approach to how we're actually organizing things and how we're cross-pollinating information in-between the business and the technologists.

So anyway, if you enjoy this podcast, make sure to like and subscribe on iTunes or wherever you get your podcasts. Also check out our past episodes, including the On Cloud podcast hosted by my good friend, Mike Kavis, and his show, "Architecting the Cloud" and his book by the same name. and if you'd like to learn more about Deloitte's cloud capabilities, check out DeloitteCloudPodcast.com. If you'd like to contact me directly, you can reach me at dlinthicum@deloitte.com. So until next time, best of luck with your cloud computing projects. We'll be back again real soon. You guys take good care and stay healthy.

Operator:
Thank you for listening to On Cloud for Cloud Professionals with David Linthicum. Connect with David on Twitter and LinkedIn and visit the Deloitte On Cloud blog at www.deloitte.com/us/deloitte-on-cloud-blog. Be sure to rate and review the show on your favorite podcast app.