AI is changing tax and accounting software faster than most firms realize—but what does that actually mean for your practice? In this episode, Eric Green sits down with Liscio founder Chris Farrell to discuss why the next generation of technology will be better, faster, and cheaper. They explore how AI is driving down software costs, why many traditional accounting platforms are facing unprecedented competition, and what tax professionals should be looking for before renewing expensive software contracts.

Chris explains why the future isn't just artificial intelligence—it's smarter, deterministic technology that automates repetitive work while leaving strategic tax planning and client relationships where they belong: with trusted advisors. They also discuss private equity's push into accounting, the evolution of document management into "file intelligence," and why firms that embrace these changes will gain a significant competitive advantage.

Whether you're evaluating practice management software, AI tools, or simply wondering where the profession is headed, this conversation offers practical insights into how tax professionals can build a more efficient, more profitable practice in the years ahead.

Watch the episode here

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Better Faster Cheaper

Welcome back to the show. I am joined again by our friend Chris Farrell. Chris is the Founder of Liscio. I wanted to have this conversation because I'm curious about where all this is headed. There's so much going on and there's the doomsayers that AI is coming for everyone, like the Terminator or the Matrix. I'm hearing from people in that world it's not going to be this Panacea that people think it is. Chris, you and I talked about the side concept of the bigger, faster, and cheaper. You pointed out you. You used to pick one. Maybe you could get two. Can we get all three with where we are now?

Thanks for having me on. I think we are in a completely new world. Everybody's talking about the benefits of AI and I think the benefits are real. One of the fastest and most important changes people are going to see is that the tooling available to us, in the software profession, is going to allow software to be better. Faster and less expensive. If we put juxtapose that with everybody has been facing rising rents for every single software application they have in their stack.

The Tipping Point Of Software Costs

I've heard anybody say, "I'm so happy because my bill went down." In fact, nobody's happy with inflation. Software inflation's been double digits for double-digit years. We're finally at this tipping point where we're going to see software prices come down while software quality goes up. That's the biggest thing we'll see going forward. We're probably nearing the end of rising rents. We're seeing that with companies such as Intuit.

Their stocks are off by 2/3. Even rising rents year on year. $15 is what you used to pay for QuickBooks Online. They're trying to charge us $250 a month for QuickBooks Online. It's crazy, but that's what the general stock price is. Consumers are now passive. Competitions entering. We are going to see better, faster, and cheaper going forward.

I had Denis Mezheritskiy. One of the AI guys who helped us develop our AI braids. He said, "Everyone's going out to Chat and Claude. They're putting all their stuff in there. You're training their AI. What are people going to do when, all of a sudden, in 2 years or 3 years, you suddenly get Chat packs GPT?" Put your information and we'll do your tax return for you for $15." If they haven't seen the writing yet, H&R Block, Intuit and all of those should be very frightened of what's going to come.

No question. If you're in a 1040EZ, that's basically prescriptive, if you will. The difference is and this is probably the most important part for our community. What do you want to account for? Do you want to fill out a form for you? Probably not. That's just a commodity. We want somebody to help us plan our financial future. Not have to pay as much to the IRS as we otherwise might. That is the crux, isn't it?

By the time you already have the forms in your hand, it's too late. You're too late to change it. That money is gone. This happened to me when I sold my last company. I didn't know about QSBS. I ended up paying substantially more than I should have, but everybody needs planning. The world is going to move towards that. You have a more complex tax management. You want help there as well, but you are not going to trust ChatGPT and those essentially random number generators with your financial future. That's a bit of a stretch.

It's amazing what people will do. There are people that are trusting it for health advice. It's interesting, because you're right. Software has marched up year after year. I went to Scaling New Heights, the Conference is in June. The number of new players that are entering traditional bookkeeping like Intuit now got real competition from a lot of different places. The idea that things are going to have to get cheaper because you can get the software done cheaper and there's more competition. It will bring the price down. The cheaper, better, and faster. The better aspect is the coating can get done much faster. I assume fewer human errors. The cheaper goes right along with that if you could have AI do a lot of that programming for you.

Let's take a look at, for example, file storage. Everybody has file storage. Most people are paying. Even though we have some free solutions from Microsoft and Google. People still are using an accounting-based DMS. There's a reason for it because it can save you enough time to make it worth it. At the same time, the backdrop is storage costs have gone down every single year for the last couple of decades, but the software cost has gone up without appreciable step forwards.

I think this will happen. We saw Craigslist as the original fount of many multibillion-dollar businesses. Craigslist offered everything. It didn't do it so well, so you end up with Airbnb for rentals or VRBO. You ended up with LinkedIn for communicating and catching up with different people. The same thing is going to happen. AI entrance with all these new ones are going to look at, "Here are all these companies out there that are making a fortune off of what effectively cost them nothing." If you're a storage company in accounting, you're essentially hosting for free in charging, increasing rents every single year.

Tweet: Software inflation has been double digits for years. We are finally hitting the tipping point where quality goes up, and prices come down.

The question will be, can AI replicate the features that those companies have had on offer and haven't changed much for the last 10 and 20 years? The answer is probably it can. There's so much margin in there that the accounting community has been paying more and more for every year. To your point, it's going to be obvious for a new market entrance to come in and make that happen. We were granted an experiment ourselves. We build our own website. We were using all these different tools, such as Webflow, to build them. It was rather expensive.

You have to have a CMS. You have to have design knowledge. You have to have all these different things. The reality was, AI and a good designer get you a better website faster that you can host for not a lot of money. We did this and if anybody goes to Liscio.me and looks at our website. It loads literally in milliseconds. It's probably the fastest website anybody sees. We looked at it and said, "For our clients, why don't we take a look at what they're doing because we can build this forum instantly."

What we found was, everybody's paying about $100 a month or a website. Which costs, by the way, almost nothing to host. We've seen some cases where people are paying even $500 or $600 a month because they think they're buying SEO services, but what they're buying is a service for SEO that doesn't give results. We started just proving it to everybody and to our clients in particular, saying, "If you're paying $100, $200, or $300 a month for a website, we'll just do it for you. We'll put it as part of our bid and we'll charge you $29."

The Competitive Advantage Of Efficiency

Which, for a lot of people, are paying $100 a month. You're basically putting $1,000 back in your pocket a year right to the bottom line. It's a no-brainer. That's just one example that was very easy for us as just a throw-in to put in there. We're going to see the same thing everywhere, whether it's practice management, document storage, and so forth. We are likely at peak pricing unless you want to stay with your existing provider. It’s pretty exciting for the practitioners. You should put thousands and thousands of dollars back in everybody's pocket directly.

The fact that you can now get a solution cheaper. I have to tell you, 50% of tax rep members don't even have a website.

Really?

Yes. You can believe it.

If you're a tax rep member and you want to call us, it’s $29 a month and we'll take care of it. It's the easiest free win.

Overall, what I'm thinking or I'm curious, do you think we're going to start to see some solutions? Basically, start answering all of these different things, so I don't need five different species of software. I don't need one for storage. I don't need one for an engagement letter. I don't need one for communication. We're going to eventually see this stuff start to boil down to platforms that will do all of this.

It's coming. There's two ways to look at it. One is because of how AI works and because it can connect to so many different systems. It's going to allow you to keep the systems you want and not have to move to an all-in-one. There's this whole idea that today's all-in-ones haven't worked out so well for the profession for a couple of reasons. One is, lock-in. People build walled gardens. You can't move your data out. Therefore, they trap you. There's data entrapment that people are dealing with and so forth.

The Myth Of The All-in-One Platform

The reality is, in the future, the AI will sit in between the systems you want. It will coordinate and route things the way you want it. The choice might be one of, people want the breadth of and the depth, both in one system. The great thing about AI is it can allow people to build those systems. I think you will see some systems with the right amount of breadth and depth with a great price point. I think you will also see some systems are going to be so specialized. You might have a tax research software that's so specialized.

You want it to talk to your other systems having AI in the middle, which you probably already pay for, like ChatGPT or Claude or something like that, that's going to allow you to buy deep systems and keep them along with everything else you use. It's an answer. I hope that's helpful, but I don't think it's going to be like, "You're just going to have one software vendor." That's a little bit too far of a stretch given the depth you're going to want for a lot of these. That's one.

Two, we're all going to see a world in which the software that you have is going to be better tailored to how you work. Practice management, for example. Everybody would have to shoehorn into how that practice manager system works because in software, you couldn't just build any interface before. You got to say, "We're going to pick one flow, one interface, etc., and everybody's got to fit that." What you're doing now, you can say, "I want to build this app that looks this way with the lovable or something like that."

Building Your Own Interface

You're going to see practice management in the same direction. You'll be able to build your own workflows just by talking to it. This is what I want to see in the morning. This is how my dashboard looks. This is what I want to be alerted of. You'll be able to speak those into existence and the software companies such as Liscio are going to deliver that to you. It's going to feel like you're on software, but it's running on secure rails, what they call primitives, with the right functional modules, like an invoicing module or files module. That will allow you to basically assemble those any way you want. It's almost like custom development, but without the security risk, without the cost but with all the flexibility. Better, faster, and cheaper. It's coming fast.

In 2027, we'll see it. One of the things I'm most excited about is this whole idea that, let's say with file storage, which hasn't had its moment in a long time. A document management system is basically just a place where you put documents. It doesn't cost anything to maintain and so forth, but it also doesn't do much. You have to manually put things into folders. Manually go search from, etc. That's going to change. We spent a lot of time with AI to build file intelligence. We know the exact structure of a 1040, a 1099, every single type. You've seen this. You'll take anything and it will automatically categorize it.

Tweet: You don't need a massive, restrictive all-in-one platform. Use AI to connect the best specialized tools and build your own workflow.

Moving Beyond Document Management

That allows you to automatically rename it. It makes it super searchable. It changes file management from being essentially dumb document storage to a file that arrives. The system declares what it is for you. It automatically renames. It makes it findable and automatically be able to put it in the right folder for you.

If it's outstanding, like you asked a client for that file. They all say, "You asked for this. I match that file," so now you can kick off your workflow. If you can do that deterministically, because software can do that inexpensively. Software can tell a 1040 as well as you and I can. If you can do that for free, then document management becomes file intelligence. That price point is lower than document management. That's the world we're moving into and what I'm super excited about.

I wonder if I am just going to get burned. There's a lot of private equity jumping into the accounting space. Is it because they see opportunity or honestly, 50% of me thinks they just run out of shit to buy. They're trying to figure out where to put their money. We walked around on the Scaling floor. Eric Bristol, my digital marketing guy. I said to him, “How many of these companies do you think you're going to be around in two years?” He said 50% of it will be gone.

Fair. I think it's been that way at Scaling and other conferences for a long time. People need to use them to get a leg up, but then you get big enough. You have your own conference, or what have you, like Thomson Reuters. It's a great place for people to go test their ideas, get early traction and essentially prove what they're building. Product-market fit as they might say in the profession. Outside of the software, if you go back to the private equity question

If we look at that, what are they buying? They're buying talent. We all know that the cost of leaving a firm, going out and hanging your own shingle is pretty low. It's a very low barrier to entry. How does Proud Equity make their money? They have to squeeze people. How do they squeeze? They can use tech. The question is, can they build better tech than what you and everybody on this show can go and buy off the shelf?

That's probably the biggest question. If they can get a strong advantage by being able to run simply a better, leaner, and smarter practice, then there's a good reason for PE to come in and rationalize the business, if you will and then find a way to extract profits. That seems unlikely given what we're seeing in the product development sphere. If better, faster, cheaper on software is true, it's now past the point of being essentially irreversible. What do they build that gives them a trade secret or proprietary advantage over, let's say, their best partners and staff leaving to build their own practices? They can be close to the client, offer personalized service and not pay the private equity overhead.

Tweet: Accountants need deterministic results. Don't rely on random number generators for tax work. Look for smart rules engines that get it right every time.

Why Private Equity Struggles In Accounting

It’s a fundamental question. I'm in the camp of the smartest people from these firms. The most ambitious will leave. Not pay attached to private equity and the shareholders. Instead, they are going to go direct and make the money themselves. I think that's a couple of years from knowing the answer to that, but that's my personal suspicion.

It's hard for me to get my head around. We rolled out that AI brain. We took all of our information vault and put it there. Anyone in tax rep can get answers instantaneous from Eric, theoretically. Honestly, the answer is a better than what I do. When I'm responding, “I'm busy. I got to run or whatever.” I tend to be more quick one-off. This gives you a, “Here's the answer. Here's why it's the answer. Here's the next ten steps to take.” We've had a few members say, “Eric, no offense, but I like your brain better.”

It's because you and Jeff have a chance to. It goes back and takes a look at the whole purpose. That's the special bit.

It's still hard for me to get my head around. In terms of the audience, any advice? What should they be thinking about for their practice?

What we're looking at is a world that's changing incredibly fast. The things I'm personally most excited about that are both paying attention to are, look for better, faster, cheaper in how you do business. For example, you just went through like, the tax network has a brain. That's better, faster, and cheaper getting answers. We're going to see that everywhere. Before you sign a contract to re-up on software, every vendor is going to push for a multi-year contract now because they know if they don't get a multi-year contract, there's a good chance they're going to lose out. Fee at a lower price. I'll give you an example.

We've talked about websites a little bit. Most members don't have a website because it's too expensive. If they have one, they're probably spending $1,000 a year on it. That's going to go away. There's no reason to pay $1,000 a year full stop. Don't go and just sign a contract on institutional momentum. Go ahead and take a look. Is there a better, faster, cheaper way of doing this? That's one. Two, AI is a Panacea for some problems but for many it's not. AI still is a random number generator. We're moving into a world where a lot of what people were promising in terms of AI over the last couple of years is not going to come to fruition in the sense that it's actual AI.

For example, if you go to Liscio.me website, go to files. It’s around the front. You can take accounting files, drop them in and we'll process them basically instantly. That's a calculator. When we build a calculator, it's basically a smart rules engine but we're able to use some modern tech to build it, which doesn't run on AI. You can be able to get the value and the promise of what AI was bringing to the table without the cost, the latency, the security risk and the fact that AI is a random bit. You're going to get deterministic.

Tweet: Stop paying high rents for outdated software. The firms that embrace better, faster, and cheaper tools today will dominate the market tomorrow.

Deterministic Technology Vs. Random AI

We know 1040 from 1099 NEC. You're going to get that. When you're buying software, you get to know that this difference between what is deterministic. Accountants need deterministic outputs. Two plus two is always 4. AI might say two plus two is a horse at some point. It's just weird that way. You're going to look for systems that are AI for creativity and calculators for things that need to be spot on every single time, like your brain. Let me tap into that. That's another piece.

The last piece is, to your point, when you're thinking about putting your systems together. Think about the future. Think about the future you want to live in. Document management is not the future. File intelligence is. Think about what shifts are going to have to happen at the substrate level. They're going to allow you as operators to get the most out of the productivity tech that's on the table now.

Good advice. Thank you for taking the time. Any final thoughts?

No. I appreciate you having me on. For your members, if anybody wants to have a look. Give me a shout at Chris@Liscio.me or go to the website. We want to make sure you guys are always on the leading edge of better, faster, and cheaper. I'll be happy to talk to you about software, how the industries are going, etc. It’s on a 101 basis then with your audience.

By the way, Chris and I are doing a webinar on August 13th. Join us. It's free. Get a look at some of this stuff because it is game-changing for your practice and it's where everything is headed, bigger, faster, cheaper.

Thank you, Eric.

Chris, thank you. Thank you, everyone, for tuning in.

Important Links

- Chris Farrell on LinkedIn
- Liscio
- Liscio on YouTube
- Chris@Liscio.me
- Intuit
- How To Answer Any IRS Question In 60 Seconds With Denis Mezheritskiy – Previous Episode
- H&R Block
- Webflow

About Chris Farrell

Caroline Ciraolo, former Acting Assistant Attorney General of the U.S. Department of Justice's Tax Division, is a partner with Kostelanetz LLP and founder of its Washington, D.C. office. Her practice focuses on federal and state civil tax controversies, including representation in sensitive audits, administrative appeals, and litigation, providing tax advice, conducting internal investigations, and representing individuals and entities in criminal tax investigations and prosecutions. She also serves as a consulting and testifying expert witness and an independent mediator in tax-related administrative proceedings and litigation.

During her tenure with the Justice Department, Caroline was actively involved in all aspects of Tax Division operations and responsible for approximately 500 employees, including more than 360 attorneys in 14 civil, criminal, and appellate sections.

Caroline is a former President of the American College of Tax Counsel and former Chair of the Civil & Criminal Tax Penalties Committee of the American Bar Association ("ABA") Section of Taxation. She served as the ABA Tax Section's inaugural Vice Chair for Membership, Diversity, and Inclusion, and inaugural Chair of the Loretta Collins Argrett Fellowship Program. Caroline also served as an instructor with the IRS Military Volunteer Income Tax Assistance program at Ft. George G. Meade.
She is recognized by Chambers (USA: Tax Fraud (Nationwide) (Band 1), Tax Controversy – Nationwide (Band 2), Tax (DC) (Band 1), High Net Worth: Tax-Private Client – USA (Band 1)); Legal 500 (Leading Lawyer); Benchmark Litigation; Best Lawyers in America (Litigation and Controversy – Tax, Tax Law, and Criminal Defense: White Collar; Lawyer of the Year – Litigation and Controversy – Tax (DC – 2022, 2024, and 2026, MD – 2012); Lawyer of the Year – Tax Law (DC – 2025)); ITR World Tax (Tax Controversy, World

Tax – Highly Regarded and Women in Tax Leader); Super Lawyers (DC (Tax), Maryland (Tax), Top 10 in Maryland, Maryland cover story in 2013), Euromoney Legal Media Group's Americas Women in Business Law Awards (Best in Tax Dispute Resolution) (2014), and The Daily Record's Top 100 Women Circle of Excellence.

Caroline is a recipient of the ABA Section of Taxation's Janet Spragens Pro Bono Award, the IRS Chief Counsel Award, the highest honor that can be conferred by that office, and the Tax Excellence Award from the Taxation Section of the Maryland State Bar Association.

Caroline is an Adjunct Professor at the Georgetown University Law Center (International Tax Controversies and Criminal Tax Law and Procedure) and taught at the University of Baltimore School of Law Graduate Tax Program (Tax Practice and Procedure and Criminal Tax).