



2024 WICPA BUSINESS & INDUSTRY FALL CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

HIGHLIGHTED TOPICS:



NAVIGATING THE FUTURE OF BENEFITS INSURANCE: TRENDS, STRATEGIES & SOLUTIONS

Find out about the latest marketplace trends and innovative strategies in benefits insurance



SOUTHEAST WISCONSIN BUSINESS CLIMATE UPDATE

Get the latest updates on the business climate in southeast Wisconsin and the overall strategy to spur economic growth in the region



AI USE & ETHICS FOR ACCOUNTANTS

Learn about the transformative potential of AI in the accounting field and the importance of ethical AI use

TUESDAY, OCT. 22 | BROOKFIELD CONFERENCE CENTER & WICPA CPE LIVESTREAM

2024 WICPA BUSINESS & INDUSTRY FALL CONFERENCE

MATERIALS AT A GLANCE

The following materials are from the afternoon sessions of the 2024 WICPA Business & Industry Fall Conference held on Tuesday, Oct. 22, including:

- Navigating the Future of Benefits Insurance:
Trends, Strategies & Solutions
- Beyond Boundaries: The Art of Comfort Zone Expansion
- AI Use & Ethics for Accountants

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ONLINE CPE OPPORTUNITIES AT [WICPA.ORG/CPECATALOG](https://www.wicpa.org/cpecatalog)**



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Simplify Daunting Requirements



Stay Compliant



Avoid IRS Scrutiny



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WICPA Business & Industry Fall Conference



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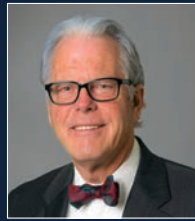




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To learn more about how we can work together, please contact Dan Welytok at daniel.welytok@vonbriesen.



Daniel S. Welytok, J.D., LL.M.

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Spring Conference**

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NOVEMBER 2024



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To help raise awareness of the accounting profession, we're looking for volunteers to go into high schools to talk about accounting as a career.

We've made it extremely easy for you to participate!

- Reach out to one or more high schools you're interested in speaking at
- Schedule a day and time with the school
- Let us know by completing the Accounting Careers Month Volunteer Form
- We'll provide you with everything you need including a presentation, talking points, tips, resources and fun gifts for students!

Get involved at wicpa.org/CareersMonth



TOGETHER,

we have the power to make a difference.

Contributions to the WICPA Political Action Committee (CPAC) and Legislative Involvement Fund (LIF) allows the WICPA to:



Educate lawmakers about the issues impacting Wisconsin CPAs.



Ensure a healthy business climate for CPAs and the clients you serve.



Strengthen the voice and visibility of the WICPA and its members.



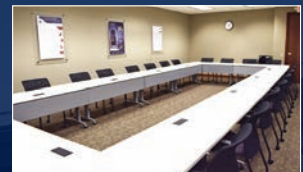
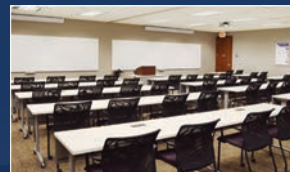
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WICPA Educational FOUNDATION

YOU have the opportunity to impact thousands of students and educators in Wisconsin.



Through your contribution to the WICPA Educational Foundation, you can help us reach students and educators in high school and college to create awareness about the accounting profession.

As the end of 2024 draws near and you are thinking about tax planning, consider donating to the WICPA Educational Foundation.

Questions? Contact Tammy J. Hofstede, WICPA President and CEO at tammy@wicpa.org.

To contribute, visit wicpa.org/EF.

INSPIRE FUTURE ACCOUNTANTS

PROMOTE ACCOUNTING & YOUR ORGANIZATION!

Step up and shape tomorrow's accounting professionals by hosting high school students at your organization. The WICPA Educational Foundation's Accounting Awareness Grants provide funding for high school educators to bring students to you for a presentation or activity to learn more about accounting. By volunteering to host a class, your organization will:



Spark interest in the accounting profession



Strengthen the CPA pipeline with future talent



Showcase your internships & job shadow opportunities



WICPA Educational FOUNDATION

Don't miss the chance to inspire and recruit the next generation of accountants. Get noticed by high school educators now! Learn more at wicpa.org/HighSchoolActivityHost.





Join the WICPA Board of Directors!

The WICPA is seeking members to serve on its board of directors.

Opportunities include:

- Staying up to date on professional issues
- Providing strategic governance in accordance with the WICPA strategic plan, mission and vision
- Acquiring new leadership and training skills



To apply, visit wicpa.org/BoardApplication through Nov. 15, 2024.

Questions?
Contact tammy@wicpa.org.

Applicants must be WICPA CPA members in good standing. A "CPA member" is defined as a WICPA member who has obtained a certificate as a CPA from the Accounting Examining Board of the State of Wisconsin, or from a similar legally constituted authority in any other state, possession or territory of the United States or the District of Columbia.



**Educational
FOUNDATION**

Join the WICPA Educational Foundation Board!

The WICPA Educational Foundation is seeking members to serve on its board of directors.



Some of the opportunities include:

- Assisting in efforts to attract students to the profession.
- Providing strategic governance in accordance with the WICPA Educational Foundation mission.
- Acquiring new leadership skills.

The WICPA Educational Foundation plays a pivotal role in supporting programs to improve awareness and perceptions by educating students and educators about the exciting opportunities available to accounting professionals.

To apply, visit wicpa.org/EFBoardApplication through March 1, 2025. ► **Questions?** Contact tammy@wicpa.org.



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12:55 – 1:55 p.m.

Navigating the Future of Benefits Insurance: Trends, Strategies & Solutions

Martin Pepe, CLMS, *Client Executive, M3 Insurance*

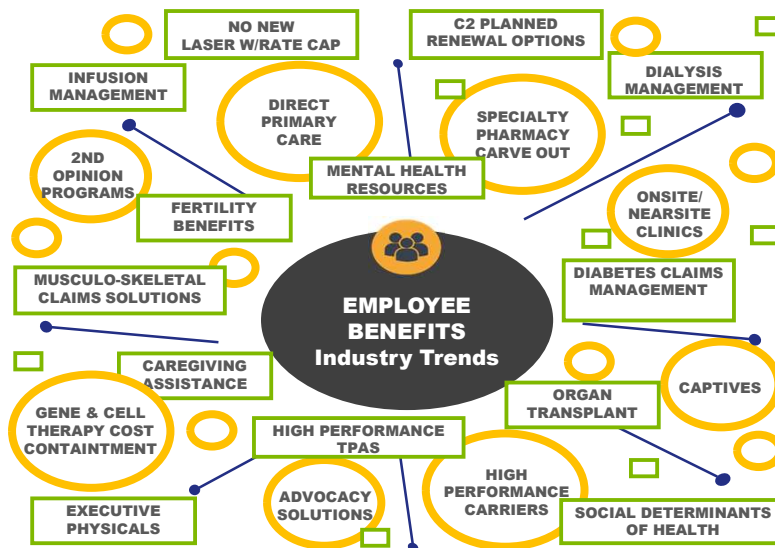
yes and

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Empowering Companies with an Innovative Benefits Strategy: Pharmacy Solutions & Health Captives



Industry Trends



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Employee Benefits Captive Solution

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CONTROLLING
BENEFIT COSTS

What Can You Do in Today's Market?



Shift cost to employees

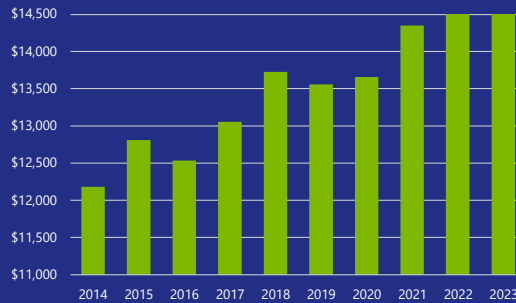


Absorb cost



Reduce benefits

Average Annual Health Benefit Cost
(Per Employee)



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BENEFIT CAPTIVES

Reasons to Consider a Benefits Captive

- Growing cost of risk + cost of specialty RX
- Recession
- Inflation Period
- Hard market increases trend
- Adjusted underwriting experience
- Uncertain environment

UNJUSTIFIED INCREASES

TOO SMALL TO SELF-FUND

LACK OF OPTIONS

IMPACT OF AFFORDABLE CARE ACT

LITTLE (OR NO) CLAIMS INFO

COVID-19 PANDEMIC

LITTLE CONTROL

LACK OF TRANSPARENCY

M Insurance

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Your Options

	FULLY INSURED	SELF-FUNDING	CAPTIVE
Available for Smaller Employers	✓	✓	✓
Plan Design Flexibility	-	✓	✓
Claims Information	-	✓	✓
Reward for Performance	-	✓	✓
Manageable Risk Level	-	-	✓
Pricing Stability	-	-	✓
Group Purchasing Power	-	-	✓
Outcome Based Wellness	-	-	✓
Peer Group Support & Sharing	-	-	✓

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What is a benefits captive?

A group of companies that come together to form their own insurance company.

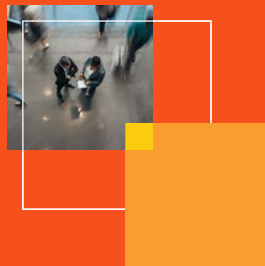


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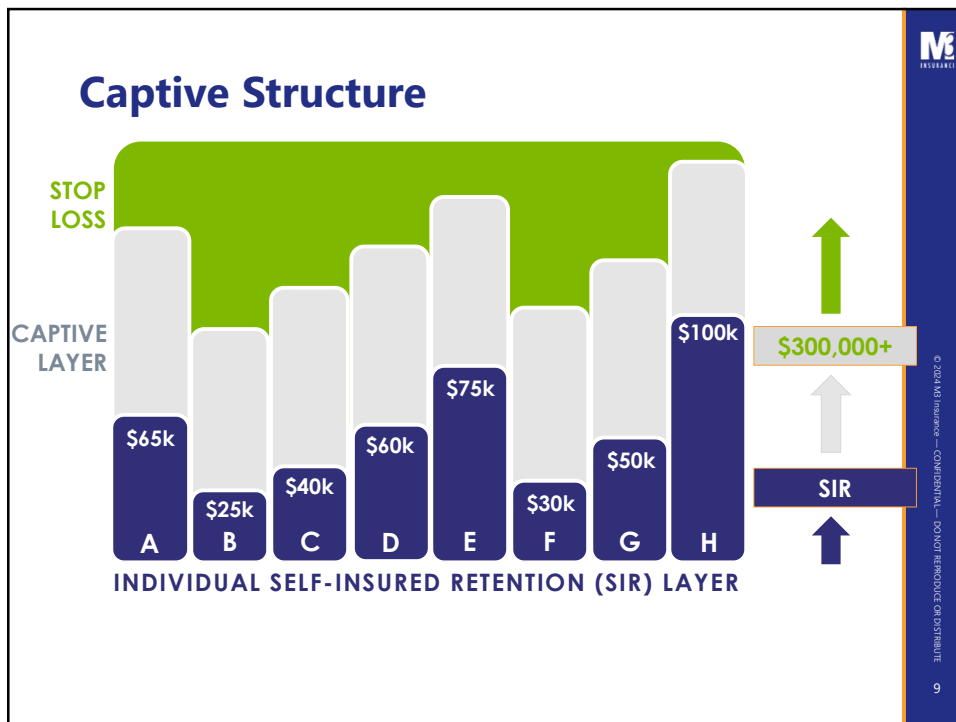


Consider a Benefits Captive if you:

- Have any number of covered employees on your plan
- Desire more cost control
- Have an entrepreneurial spirit
- Care about your employees' health
- Understand "risk for reward"



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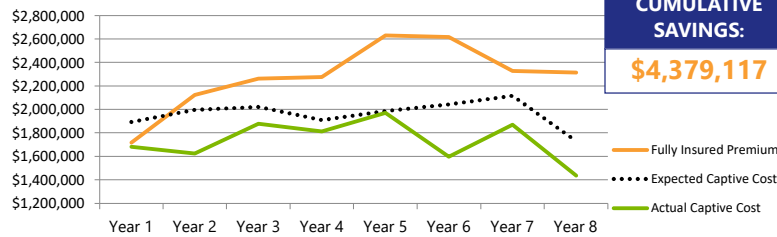


Member Case Study

Fully Insured vs. Captive

EQUIPMENT SUPPLIER WITH 200 ENROLLED EMPLOYEES AT MULTIPLE LOCATIONS THROUGHOUT THE U.S.

PLAN YEAR	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
FULLY INSURED PREM.	\$1,719,256	\$2,123,959	\$2,260,560	\$2,276,649	\$2,630,812	\$2,616,622	\$2,326,755	\$2,314,248
EXPECTED CAPTIVE COST	\$1,894,348	\$1,996,077	\$2,021,104	\$1,910,651	\$1,986,702	\$2,044,266	\$2,116,730	\$1,730,528
ACTUAL CAPTIVE COST	\$1,680,351	\$1,624,832	\$1,878,304	\$1,810,894	\$1,971,858	\$1,598,044	\$1,869,028	\$1,438,265
SAVINGS	\$38,904	\$499,127	\$382,256	\$465,755	\$658,953	\$1,018,413	\$457,727	\$875,982



Source:

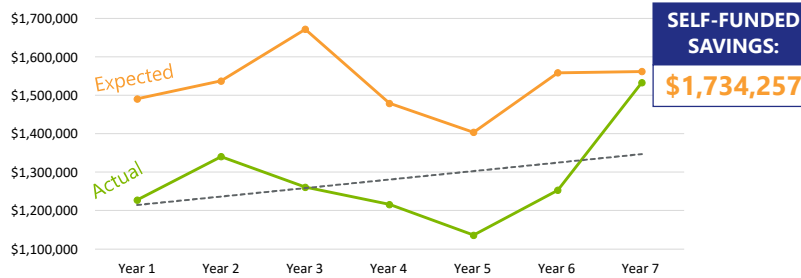
INNOVATIVE CAPTIVE STRATEGIES

Member Case Study

Self-Funded Savings

OREGON-BASED ROCK & CONCRETE COMPANY WITH A NORMALIZED ANNUAL ENROLLMENT OF 95 COVERED EMPLOYEES.

PLAN YEAR	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
EXPECTED CAPTIVE SPEND	\$1,490,669	\$1,536,874	\$1,671,505	\$1,478,658	\$1,403,434	\$1,558,495	\$1,561,765
ACTUAL CAPTIVE SPEND	\$1,227,528	\$1,340,269	\$1,260,834	\$1,216,148	\$1,136,354	\$1,252,892	\$1,533,118
SAVINGS BELOW EXPECTED	\$263,141	\$196,606	\$410,671	\$262,510	\$267,080	\$305,603	28,646



Source:

INNOVATIVE CAPTIVE STRATEGIES

Our Captive Solutions:

INNOVATIVE
CAPTIVE
STRATEGIES



CAPTIVERESOURCES

BLACKWELL
CAPTIVE SOLUTIONS



Consider a Captive for...

- ✓ Decisions based on data
- ✓ Ability to address cost drivers
- ✓ Budget stability

Take-Aways + Next Steps



The Right Players

Evaluating & ultimately moving to a captive involves many key stakeholders: HR, CFO, CEO, etc.



The Right Perspective

We not only understand, but feel it is important to evaluate a move like this from many angles.



The Right Pieces

We have a proven process, with models, materials, and resources to help you navigate this.

M3 looks forward to partnering with you on this as an advisor, guide & subject matter expert.



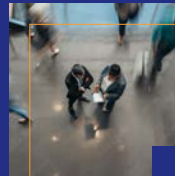
Jason Nordby

Director of Employee Benefits Captive Practice; Partner

608.288.2766
jason.nordby@m3ins.com

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Renalogic Case Studies

ImpactProtect & ImpactCare

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A Recipe for Savings in Culinary Services

Client Background

A **small culinary services company** with 154 covered lives faced **escalating dialysis claims costs**, straining its lean cash flow.



Renalogic.com

Challenge

Navigating advanced stop-loss funding, proved especially daunting for this financially constrained culinary services company. With limited resources and a low stop-loss deductible, **they sought a solution to reduce costs** while managing these complexities.

Solution

The small company sought proven ways to save millions of dollars in medical spend. After looking at alternatives, they partnered with Renalogic to protect **their plan assets and members with ImpactProtect**.

Renalogic's team of experts performed an **extensive analysis of the dialysis claims, the carriers and stop loss intricacies involved**.

Results

In just one year, **ImpactProtect** significantly decreased the dialysis claims and delivered over **\$2M net savings**, reducing billed charges from **\$2.2M to just a \$83K**. Renalogic also successfully filed advanced-funding claims with their stop-loss carrier to ensure the company was never at risk of facing healthcare expenses beyond their means.

\$2.2M
Billed Charges

96%
Reduction off
Billed Charges

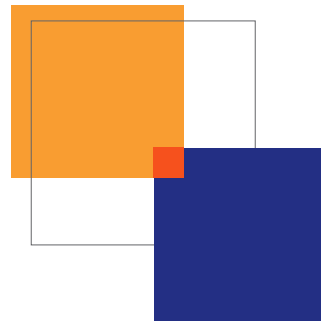
\$2.1M
Net Savings

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17



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Transforming MSK Care In Self-Funded Plans

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Scorecard – 2023 1H



Avoided 32 surgeries that would have cost the plan \$753k with \$285k in Regenexx procedures

How do we estimate savings?

- Patients referred to conservative care 29
- Member consultations 82
- Savings 62%

“I was able to avoid a spinal fusion that would have cost well over 100k. I’m grateful Allegis added this benefit because I otherwise wouldn’t have known I had an option.”

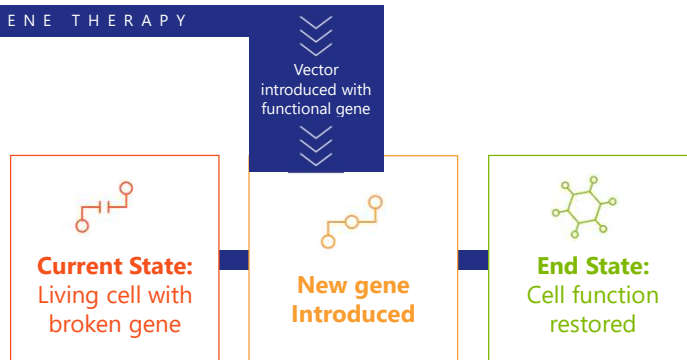
-Allegis Employee

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Gene and Cell Therapy

- **Gene therapy** modifies the genome of a cell through a ‘viral vector’ and can treat, modify, reverse or cure a life-threatening disease.
- Unlike gene therapy, **cell therapy** works as targeted cells are removed from the patient and altered before readministered to the patient. The cells are enhanced in a lab and returned to the patient as functioning cells.

GENE THERAPY

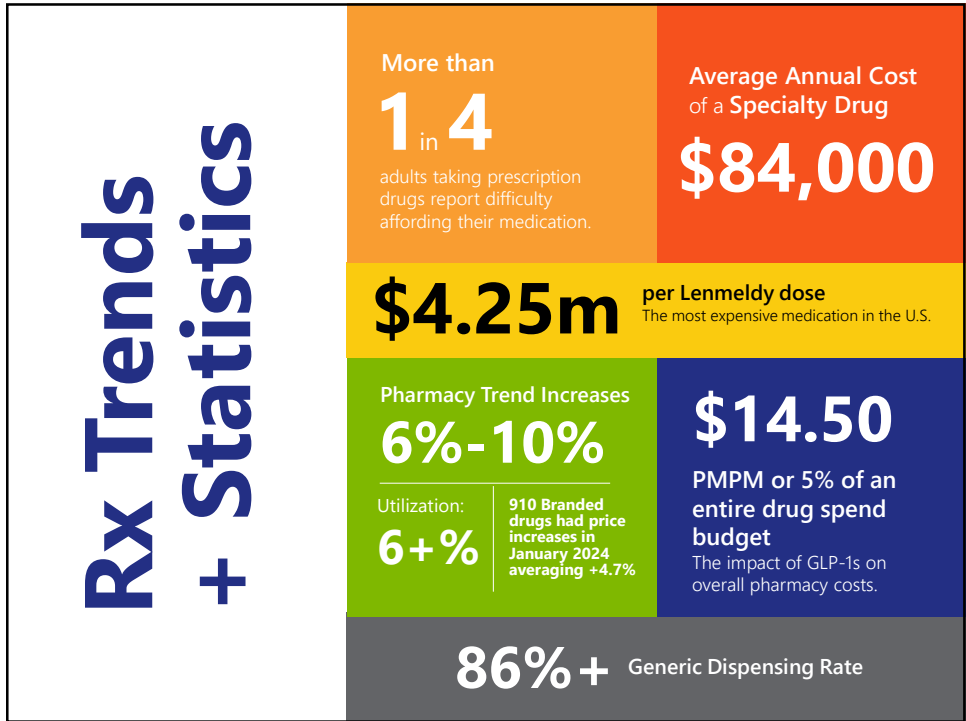


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PBM Landscape: In The News

FTC Staff Report

- Addressing the Powerful Middlemen Inflating Drug Costs

House Committee

- The role of PBMs in the Prescription Drug Market

New York Times

- How PBMs are Driving Up Prescription Benefit Costs

WSJ

- Mail Order Should be Cost Effective
- CarelonRx Mail Order



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House Committee Report

Key points from the article:

1. Anti-Competitive Practices:

- The report details how the largest PBMs leverage their market dominance to enforce policies that stifle competition. This includes **steering patients** towards pharmacies they own, thereby limiting patient choice and **increasing overall healthcare costs**.

2. Impact on Drug Costs:

- It was revealed that the practices of these PBMs have significantly driven up the cost of prescription drugs. This is largely due to opaque pricing mechanisms, such as **spread pricing**, where PBMs charge payers more than they reimburse pharmacies and pocket the difference.

3. Patient Care:

- The report highlights the detrimental effects on patient care, including **delayed access to essential medications** due to prior authorization requirements and formulary restrictions. These practices not only compromise patient health but also lead to increased out-of-pocket expenses.

4. Lack of Transparency:

- One of the core issues identified is the **lack of transparency** in PBM operations. The report calls for increased transparency to ensure that savings from negotiated discounts and rebates are passed on to patients and payers, rather than being retained as profit by PBMs.

5. Regulatory and Legislative Recommendations:

- The article discusses the **need for federal and state-level reforms** to address these issues. Recommendations include banning anti-competitive practices, ensuring fair reimbursement for pharmacies, and mandating transparent reporting of all fees and rebates.

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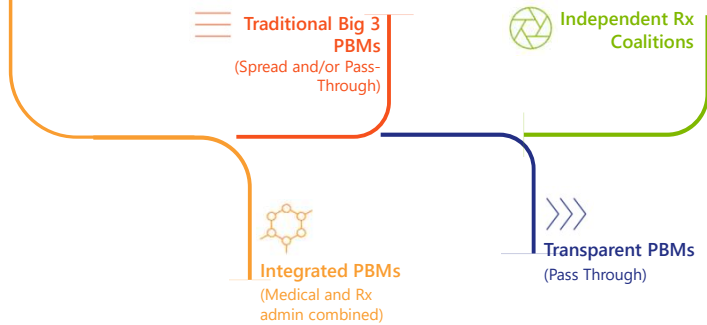
PBM Landscape by Contracting Methodologies



Over **100 entities in the U.S.** play in this space.
(PBMs, PBAs, TPAs, Carriers)

Important that Plan Sponsors understand the differentiators among the vendor space and align with the best partner for them

State legislation may dictate the type of contract



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PBM RFP Executive Summary



Financial Parameter (Guaranteed Pricing)	Incumbent PBM	PBM Bidder A	PBM Bidder B
Gross Drug Cost	\$6,399,948	\$5,988,626	\$5,857,048
Admin/Implementation Fees	\$0	\$164,821	\$10,000
Rebates	(\$2,481,634)	(\$2,621,450)	(\$2,805,127)
Total Rx Spend	\$3,918,314	\$3,531,997	\$3,061,921
Total \$ Savings from Current	--	(\$386,317)	(\$856,393)
Total % Savings from Current	--	-9.8%	-21.9%

Qualitative Considerations for ABC Company (Estimated Savings)	PBM Bidder A	PBM Bidder B
Clinical Savings (PA, QL and SCEs)	\$725,808	\$341,684
Copay Assistance for Specialty Medications* (\$)	\$345,000	\$285,789
Estimated Savings	\$1,070,808	\$627,473

* Copay assistance programs vary widely, along with Pharma's ability to remove assistance at any time. Estimated savings are not guaranteed. Estimates are consistent with 'non-needs' based assistance for the purposes of comparison.

	Incumbent PBM	PBM Bidder A	PBM Bidder B
Total Net Rx Spend *	\$3,918,314	\$2,461,189	\$2,434,448
Total \$ Savings from Current	--	(\$1,457,125)	(\$1,483,866)
Total % Savings from Current	--	-37.2%	-37.9%

* Assumes 100% Participation in Qualitative Programs

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Impact of Specialty Drugs

SPEND

50% to 60%
Specialty drug costs represent **more than half** of total pharmacy spend.

TRAJECTORY

2/3 of new drugs launches
Specialty Drugs will represent at least 2/3 of new drug launches through the next 5 years.

GROWTH

8%
Growth is anticipated to be 8% per year through 2025.

COST

\$84,000/year
The average cost of a specialty drug annually is approximately \$84,000.

Defining Specialty Drugs:

- Biologic in origin and produced using recombinant technology
- Usually injected but oral therapy becoming more available
- Intensive clinical monitoring often needed (weight-based dosing)
- Special handling and supplies may be required, along with administration training



Specialty Drug Management Waterfall

SPECIALTY DRUG ACCESS	CONTRACTING	CLINICAL MANAGEMENT
<ol style="list-style-type: none"> 1. Open Formulary 2. Preferred/Exclusive Channel 3. Site of Care Steerage 4. Medical Channel Strategy 5. Direct Contracting via COEs such as HTCs 6. Carve-out to Specialty Drug PBM 7. Reimportation from outside the US* 8. Exclude Specialty Drugs from Benefit to Maximize Copay Assistance* 	<ol style="list-style-type: none"> 1. Spread Pricing versus Pass-Through versus Acquisition Cost + 2. Drug Discount versus OED versus Specialty Generic/Brand Discount Guarantees 3. True Accumulation Programs 4. Copay Assistance or Variable Copay Programs 5. Stop Loss 6. Reclaiming Medications* 	<ol style="list-style-type: none"> 1. Day Supply Limits 2. Prior Authorization (PBM) 3. Prior Authorization (Carve-out) 4. Specialty Drug Formulary 5. Biosimilar Strategy 6. Clinical Effectiveness Research/ICER 7. Specialty Drug Adherence and Coordination 8. Case Management

* May present a compliance risk. Suggest Plan's internal or external legal counsel review each program prior to implementation of benefit consideration

Rx Management Considerations

Consider approaching Rx management from two perspectives: Diabetes versus Weight Loss

Revisit the organization’s philosophy on overall well-being, healthy living and weight loss

1. Do you have a well being vendor partner today?
2. Do you cover bariatric or gastric bypass surgery?
3. Do you cover anorexians under the drug benefit?
4. Have you considered discounts on healthy meal choices/delivery or Weight Watchers-type programs
5. Do you provide discounts on local fitness centers or provide onsite facilities?

Cost

- Average monthly cost of a GLP-1 medication is \$1,000 (average range of \$900-\$1,300)

Getting to Know GLP-1 Agonists

GLP-1 agonists work by triggering insulin release and reducing glucose production in the liver (making a person feel ‘full’)

Drug Name	Indication	Dosing	Dosage Form	Other Uses
Bydureon	Type 2 Diabetes	Weekly	Injection	Weight Loss
Byetta	Type 2 Diabetes	2x Daily	Injection	Weight Loss
Mounjaro	Type 2 Diabetes	Weekly	Injection	Weight Loss
Ozempic	Type 2 Diabetes	Weekly	Injection	Weight Loss, Other
Rybelsus	Type 2 Diabetes	Daily	Tablet	Weight Loss
Saxenda	Weight Loss	Daily	Injection	N/A
Trulicity	Type 2 Diabetes	Weekly	Injection	Weight Loss, Other
Victoza	Type 2 Diabetes	Daily	Injection	Weight Loss, Other
Wegovy	Weight Loss	Weekly	Injection	N/A
Zepbound	Weight Loss	Weekly	Injection	N/A

Considerations for Coverage

Whether you cover GLP-1s for Type 2 Diabetes or weight loss, it is important to note that the most effective management of both also includes:

- Living a healthy lifestyle
- Diet modifications
- Exercise

Sample Prior Authorization for Diabetes

- Confirmed Type 2 diabetes diagnosis
- Clinical markers like HbA1c
- Use or failure of first line therapies such as Metformin
- Use of clinical edits (quantity limits, step care edits)

Sample Prior Authorization for Weight Loss

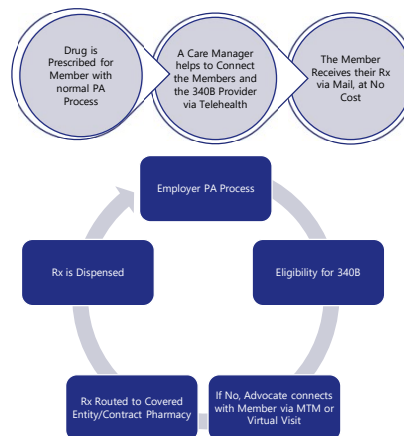
- Confirmed body mass index threshold met
- Confirmed failure on diet and exercise
- Inability to lose sufficient weight for improvements in health
- Use of clinical edits (quantity limits, step care edits)
- Continuous enrollment in behavioral modification program
- Duration checks regarding success



340B

- Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients (Covered Entity)

Example for Maximizing 340B





Questions?
Thank you.

CONNECT WITH US

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2:15 – 3:15 p.m.

Beyond Boundaries: The Art of Comfort Zone Expansion

Dave Molenda, TDC, TDFC, TEQC, Owner, Positive Polarity LLC



Wisconsin Institute of
Certified Public Accountants



A little about me!



Listen Score

36

TOP 2.5%

🔍 LISTEN NOTES

GROWING ON PURPOSE

The Formula to
Strengthen Your Team
AND
Improve Your Customer
Experience



a positive polarity book
by **Dave Molenda**

with Reji Laberje



The comfort zone is a behavioral state within which a person operates in an “*anxiety-neutral*” condition, using a limited set of behaviors to deliver a *steady level of performance*, usually *without a sense of risk*.



www.PositivePolarity.com

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3



4

Fear of flying afflicts as much as **40 percent** of the U.S. population.

Only about **5 percent** of Americans have aviophobia so severe that they cannot fly.

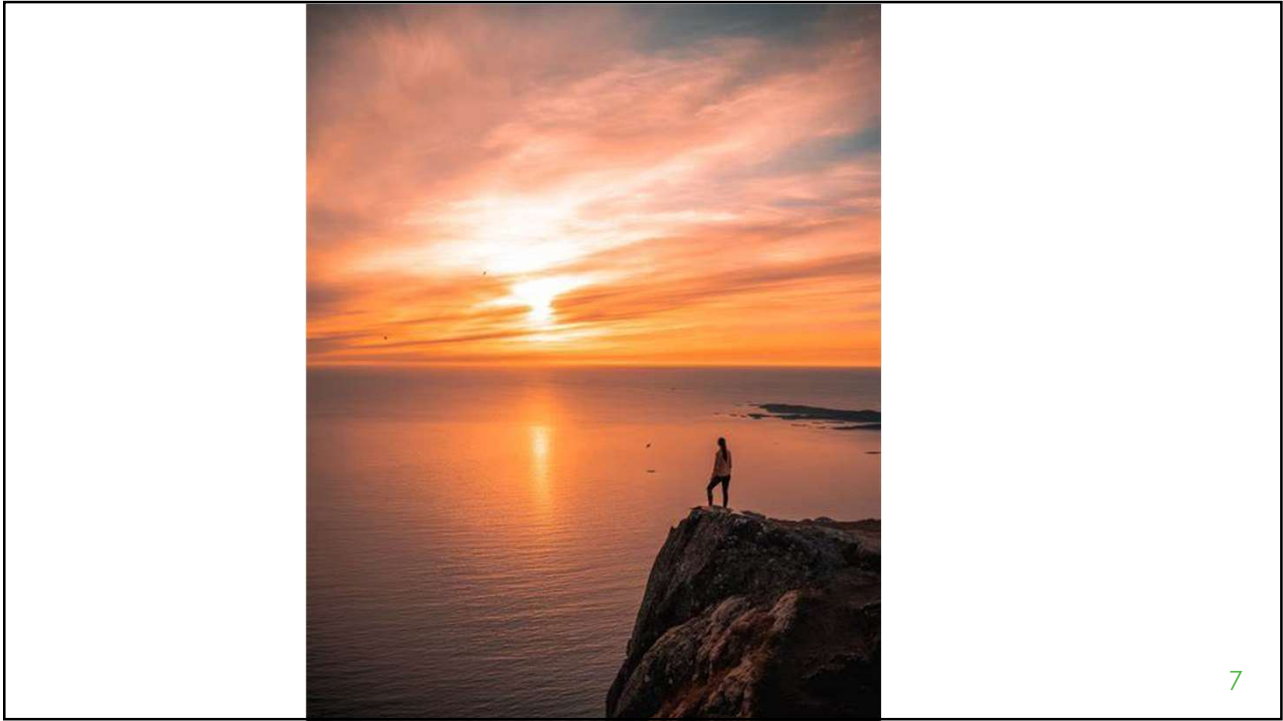


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7



8



9



FreakingNews.com

10

Does this energize you, or panic you?

Imagine that your boss walks into your office and says, "The company is doing some restructuring and, starting next week, you're going to report to someone new."



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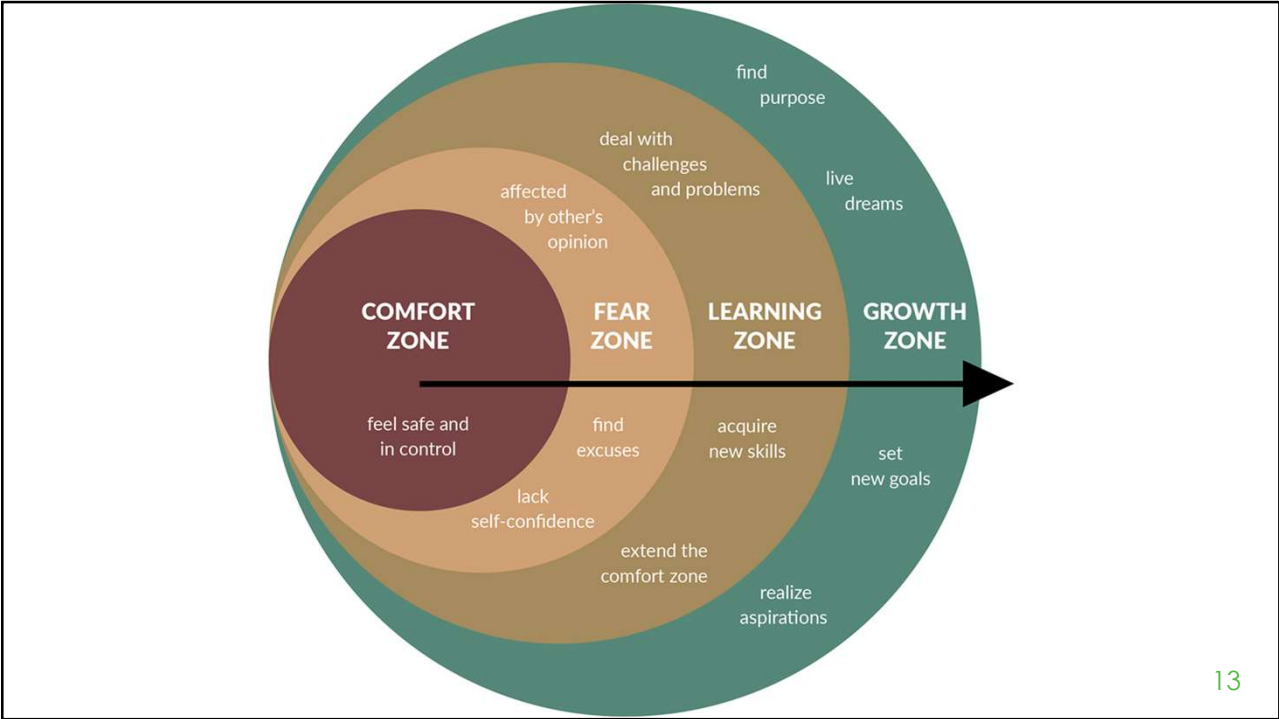
11

Which one are you?

Some people look at that situation optimistically and think, "That's great, I can't wait to see what new opportunities are available!" Others, however, look at that same exact statement from the boss and immediately experience fear and dread. They may think, "Oh great, now my career progress is going to stop."

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Which half are you in right now?

Over half of us don't venture outside of our comfort zones and almost half (45%) fear that one day we might live to regret it, according to new research...



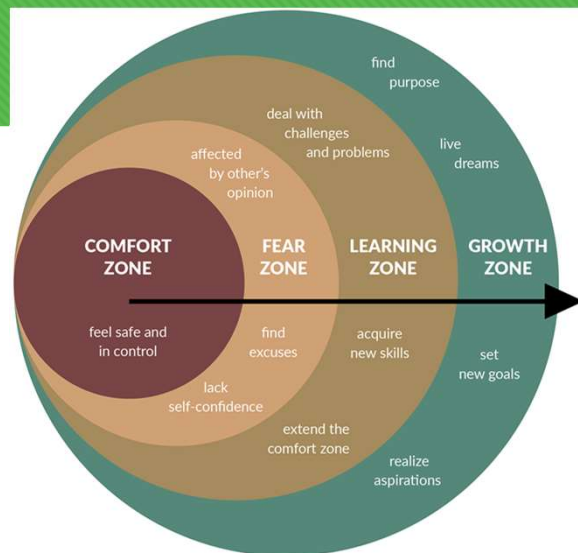
All growth starts at the end of your comfort zone.

Tony Robbins

quoteancy

Let's do this!

Take 1 minute right now to write down 1-2 things that are outside your comfort zone that you would love to attempt...



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Time to get out of **your** comfort zone!

Do one thing that
scares you every day.

ELEANOR ROOSEVELT ▲

Time to try it...
share with us one
thing that you
wrote down...



17

It starts in our thoughts!

CHANGE THE STATUS
QUO

THE
SAME
OLD
THINKING

THE
SAME
OLD
RESULTS



18

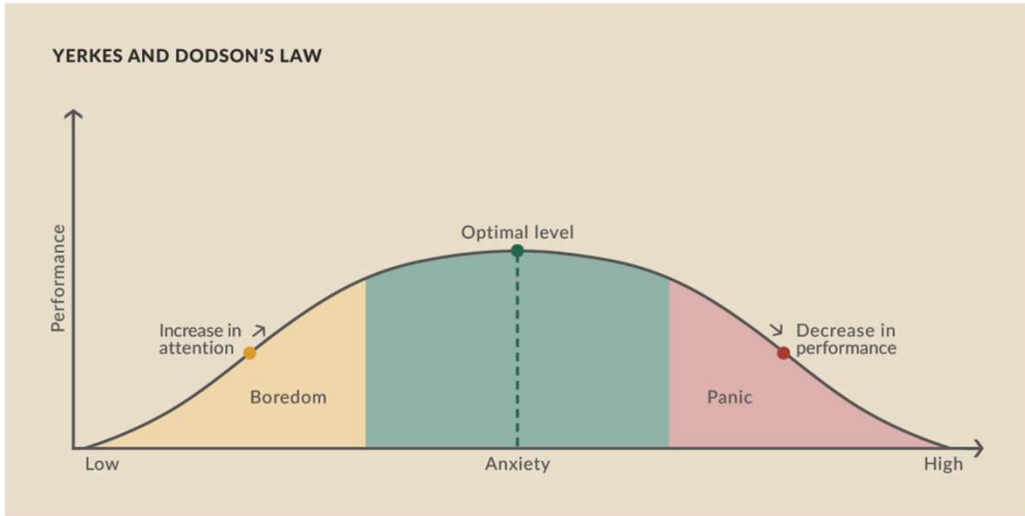
Your brain's main goal is **self-preservation!**

Your brain just wants to keep you **alive** and **comfortable**, ideally while saving energy. It doesn't care about anything else nearly as much. That explains why you'll find it such a challenge to stab yourself in the eye or run in front of a moving bus.

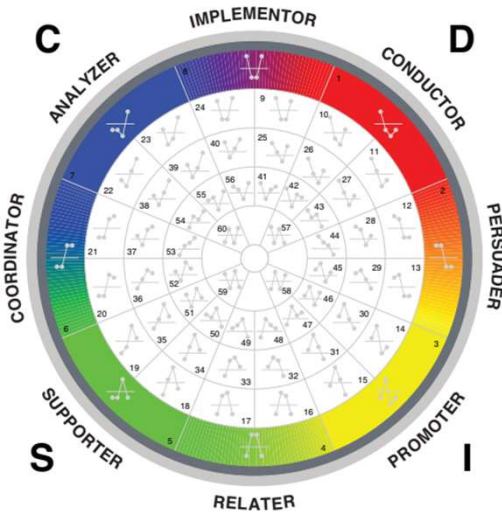


Makes perfect sense!

It's also a reasonable explanation of why **trying new things scares us**. We have no reference of what will happen when we try something new, so our brain has no idea if it's safe. **Could it be a risk to your physical health? Could someone try and hurt you?** The brain doesn't know, so it sends your physical body into **panic mode**, also known as 'fight or flight' mode.



**TTI SUCCESS INSIGHTS
WHEEL' APPLICATIONS**



Did you know that your **personality** also plays a part in how easy and often you jump outside of your comfort zone?



<p>C Compliance</p> <p><i>When communicating with a person who is dependent, neat, conservative, perfectionist, careful, and compliant:</i></p> <ul style="list-style-type: none"> ✓ Prepare your "case" in advance. ✓ Stick to business. ✓ Be accurate and realistic. ✗ Being giddy, casual, informal, or loud. ✗ Pushing too hard or being unrealistic with deadlines. ✗ Being disorganized or messy. 	<p>D Dominance</p> <p><i>When communicating with a person who is ambitious, forceful, decisive, strong-willed, independent, and goal-oriented:</i></p> <ul style="list-style-type: none"> ✓ Be clear, specific, brief, and to the point. ✓ Stick to business. ✓ Be prepared with support material in a well-organized "package." ✗ Talking about things that are not relevant to the issue. ✗ Leaving loopholes or cloudy issues. ✗ Appearing disorganized.
<p>S Steadiness</p> <p><i>When communicating with a person who is patient, predictable, reliable, steady, relaxed, and modest:</i></p> <ul style="list-style-type: none"> ✓ Begin with a personal comment—break the ice. ✓ Present your case softly, non-threateningly. ✓ Ask "how?" questions to draw their opinions. ✗ Rushing headlong into business. ✗ Being domineering or demanding. ✗ Forcing them to respond quickly to your objectives. 	<p>I Influence</p> <p><i>When communicating with a person who is magnetic, enthusiastic, friendly, demonstrative, and political:</i></p> <ul style="list-style-type: none"> ✓ Provide a warm and friendly environment. ✓ Don't deal with a lot of details (put them in writing). ✓ Ask "feeling" questions to draw their opinions or comments. ✗ Being curt, cold, or tight-lipped. ✗ Controlling the conversation. ✗ Driving on facts and figures or alternatives and abstractions.

TTI SUCCESS INSIGHTS WHEEL APPLICATIONS

Want to know where you appear on this wheel?

The diagram is a circular wheel divided into 12 segments, each representing a personality type. The segments are arranged clockwise from the top: ANALYZER (C), IMPLEMENTOR (D), CONDUCTOR (D), PERSUADER (I), PROMOTER (I), RELATER (S), SUPPORTER (S), COORDINATOR (C), ANALYZER (C), IMPLEMENTOR (D), CONDUCTOR (D), PERSUADER (I). Each segment contains a small icon and a number. The wheel is color-coded: ANALYZER (blue), IMPLEMENTOR (red), CONDUCTOR (orange), PERSUADER (yellow), PROMOTER (green), RELATER (light green), SUPPORTER (dark green), COORDINATOR (dark blue).

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Life begins at the end of your comfort zone so do one thing every day that scares you.



Zones of Growth: Strategies to Get Out of Your Comfort Zone

- 1. Put Yourself in New Environments/Explore**
- 2. Commit to a Challenge**
- 3. Change Your Perspective on Failure**
- 4. Get an Accountability Friend**
- 5. Take Baby Steps**
- 6. Write Down Your Goals**



Our comfort zones can be our
greatest enemy to our potential.

David Cottrell

quoteancy

Benefits of getting out of your comfort zone

It increases your productivity. When you decide to take on a new challenge or try a different approach to something familiar, you can create conditions for **improving productivity**. This may help you may get a better understanding of your true potential, feel **confident** in handling more responsibilities and **deliver better results**.

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Benefits of getting out of your comfort zone

It improves your ability to adapt. New experiences can help you become better at dealing with the **unfamiliar**. You may stay composed and focused when a new challenge presents itself and **improve your decision-making** abilities in these situations.



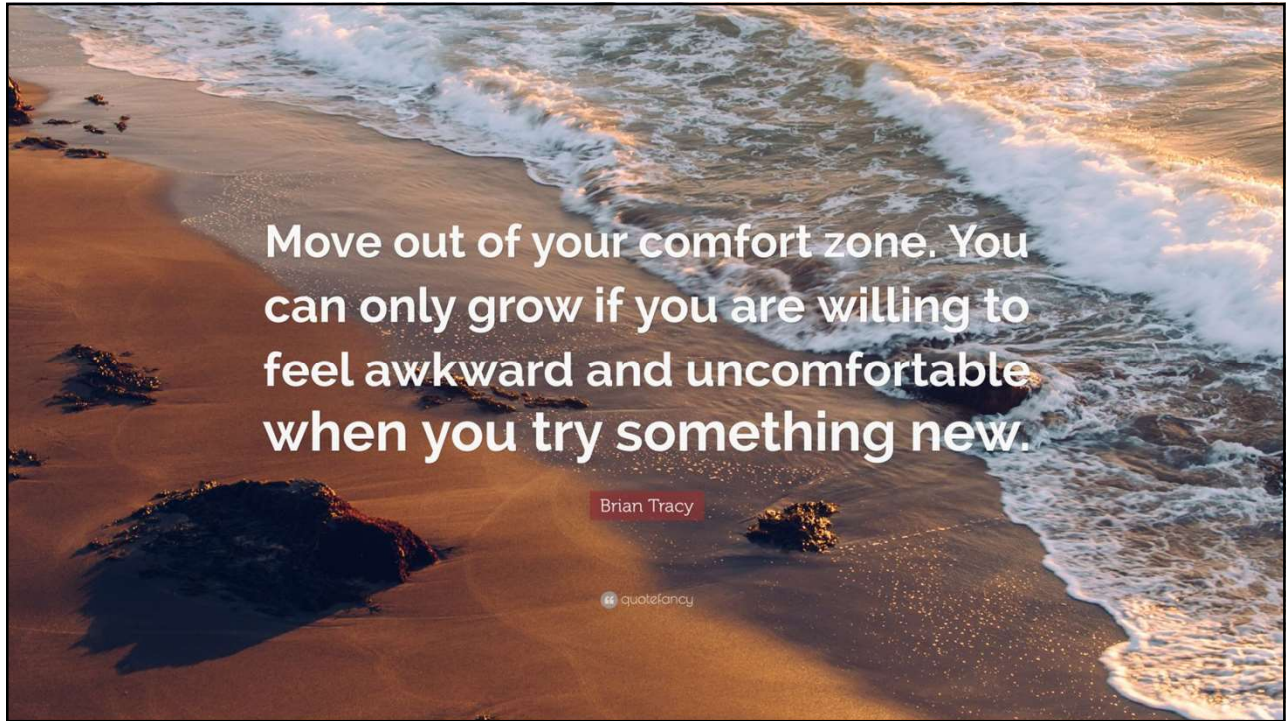
29

Benefits of getting out of your comfort zone

It promotes growth. Regardless of the outcome, you may **expand your experience, knowledge and skills** when you leave your comfort zone. This can lead to professional and personal growth.



30



Move out of your comfort zone. You can only grow if you are willing to feel awkward and uncomfortable when you try something new.

Brian Tracy

quote fancy

Thank you for attending!

Thank You!

If you want to get ahold of me for:

- 1. A copy of the slides
- 2. A discussion about your DISC assessment
- 3. Teach this to your company

Dave@positivepolarity.com

414 322 2358



Thank you for attending!

Thank You!

If you want to get ahold of me for:

1. A copy of the slides
2. A discussion about your DISC assessment
3. Do a deeper dive into this
4. Teach this to your company

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3:30 – 4:30 p.m.

AI Use & Ethics for Accountants

Ken Rheingans, *Partner - Technology Innovation, 7Rivers Inc*



GenAI and AI Ethics Implications for Finance Professionals

// October 22, 2024



Ken Rheingans
Partner - Innovation



We Make It Real



7Rivers is a new-age technology services company that helps customers advance their data management practices by adopting modern cloud data warehouse technology, leveraging the emergence of mainstream AI, and creating insights-informed **Data Native™** applications and intelligent experiences.

We partner with **Snowflake** and **AI** service providers to augment the modern enterprise.

Generative AI Defined

- Generative AI creates new content (e.g., text, images, or data insights) by learning from vast datasets, enabling it to generate original outputs.

How It Works - Deep Learning Models

- Based on deep learning, a type of AI that uses neural networks structured like the human brain to analyze complex patterns in data.
- These models process vast amounts of information and "learn" from the data, enabling them to generate new, contextually accurate outputs.

Generative AI vs. Traditional Machine Learning

- Traditional ML: Learns patterns to make predictions or classifications (e.g., predicting trends).
- Generative AI: Creates new content (e.g., automated financial reports, personalized communications) based on learned data patterns.

Beyond Chatbots: Advanced Applications

- Content creation (articles, reports, marketing materials)
- Video, photo, audio, and data analysis and insights generation
- Planning
- Designing
- Collaboration
- Full custom, license-free, software application creation at the company and department level

The Exponential Growth of AI: A 10x/Year in Capabilities

What is Exponential Growth?

Implications for the Finance Industry

- GenAI use cases and abilities are expanding faster than adoption or education
- Need for Rapid adoption and integration of AI technologies
- Potential for significant disruption in traditional financial services
- Need for continuous upskilling and adaptation

The Exponential Growth of AI: examples

Recent News Headlines

GenAI in the Accounting World - Examples

Automated Bookkeeping and Reconciliation

AI systems process and categorize transactions in real-time

Intelligent Audit Assistance

AI analyzing large datasets to identify anomalies and potential fraud

Tax Compliance and Planning

AI-driven systems interpreting complex tax codes and optimizing strategies

Financial Forecasting and Scenario Analysis

GenAI creating financial models and running multiple scenarios

Natural Language Processing for Financial Documents

AI extracting key information from unstructured financial data

Enhanced fraud detection and risk assessment

AI analysis of communications to detect fraud and risks

Benefits

- Increased efficiency and productivity
- Enhanced accuracy and consistency
- Tailored to your company and department
- More time for high-value strategic tasks

Challenges

- Need for upskilling and adaptation
- Ensuring data privacy and security
- Maintaining human judgment and oversight

Impact on CPA Roles

- Shift towards higher-value advisory services
- Increased focus on data interpretation and strategic decision-making
- Need for AI literacy and ethical AI management skills

AI Ethics

Examples of AI Ethical Failures

News Headlines & Examples

Ethical Challenges of GenAI: Bias

Types of Bias

- Statistical: Errors in the data or model
- Social: Reflecting societal prejudices
- Cognitive: Human biases in AI development
- Gender: Bias in AI-Powered Hiring Tools - AI systems favoring male candidates for finance positions based on historical data

Cultural Bias in Global Finance

- AI models trained on predominantly Western data may misinterpret practices in emerging markets
- Example: Misclassification of legitimate transactions as suspicious due to unfamiliarity with local financial practices

Ethical Challenges of GenAI: Transparency

The "Black Box" Problem

- Complex AI models lack clear decision-making processes
- Importance in finance: Need for explainable decisions and audit trails

Strategies for Transparency

- Implement Explainable AI (XAI) techniques
- Provide clear documentation of AI decision-making processes
- Regular audits and third-party verifications of AI systems

Examples in the News

Ethical Challenges of GenAI: Trust

Building Trust in AI-Powered Financial Systems

- Essential for adoption and regulatory compliance

Challenges

- Data privacy concerns
- Potential for AI-generated misinformation in financial reports
- Overreliance on AI recommendations

Trust-Building Measures

- Regular system audits and certifications
- Clear communication of AI's role and limitations
- Human-in-the-loop processes for critical decisions
- Robust data governance and privacy protection measures

Ethical Challenges of GenAI: Mitigation Strategies

Regular Bias Audits and Testing

- Implement automated tools to detect bias in outputs
- Conduct periodic manual reviews by diverse teams

Fairness Constraints in AI applications

- Incorporate fairness constraints into GenAI applications
- Use techniques like adversarial debiasing or fair representation learning

Cultural Sensitivity Checks

- Develop global teams to review AI outputs for cultural appropriateness
- Implement multilingual and multicultural testing scenarios

Continuous Education and Training

- Regular ethics training for AI application developers and users
- Stay updated on evolving ethical AI guidelines and best practices

Ethical AI Frameworks

- Develop and implement company-wide ethical AI principles
- Create clear processes for ethical decision-making in AI development and deployment

Accountability and Responsibility in the Age of AI

Misuse - voice, exams, images, avatars, etc. - marcos license?

Human Oversight is Crucial:

- Example: Lawyer sentenced for not verifying AI-generated legal citations (2023 case)

Key Principles for CPAs:

- Always verify AI-generated financial data and reports
- Maintain professional skepticism when using AI tools
- Understand the limitations and potential errors of AI systems

Establishing Clear Chains of Responsibility:

- Define roles for AI system management
- Create protocols for reviewing and approving AI outputs
- Implement error reporting and correction mechanisms

Examples in the news

Demos – Introducing Marcos from 7Rivers

- Marcos is a GenAI accelerator
- Designed to help businesses quickly adopt AI and test out GenAI Proof of Concepts
- Integrates multiple Large Language Models (LLMs) to select the best model for specific tasks
- It uses advanced techniques like "chain of thought" reasoning and multiple AI agents to tackle complex problems.
- With Snowflake integration, it offers real-time insights, enhanced security, and scalability.
- Deployable across major cloud platforms
- Supports multimodal interactions like voice and document processing

Marcos accelerates the transition from Premise to Prototype to Production

GenAI Demos

Next Steps for Your Organization

Find a GenAI Application to start learning and testing

Leverage 7Rivers' Marcos GenAI Accelerator to get a POC up and running quickly

Establish an AI Ethics Committee

Include diverse perspectives: technical, legal, ethical, and domain experts

Define Core Ethical Principles

Examples: Fairness, transparency, accountability, privacy, and human-centricity

Develop Specific Guidelines for AI Use in Finance

- Bias detection and mitigation procedures, transparency requirements

Implement Ongoing Monitoring and Auditing Processes

- Regular ethics assessments of AI systems

Foster a Culture of Ethical AI Use

- Continuous education on AI ethics and evolving regulations for staff
- Stay informed about evolving regulations and best practices
- Encourage open discussion

Q&A

Ken Rheingans

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<https://www.linkedin.com/in/kenrheingans/>

