

ORANGE COUNTY BUSINESS JOURNAL


\$1.50 VOL. 37 NO. 28

THE COMMUNITY OF BUSINESS™

JULY 14-20, 2014


SPECIAL REPORT

ACCOUNTING
(Management Consulting)



page 17

LUXURY HOMES



Polynesian-Inspired, Contemporary

page 32

ADVERTISING

Gallery of Fine Homes
PAGES A-33-A-43

Technology Solutions
PAGES B-45-B-57

OC Lifestyle
PAGES C-59-C-64

Investment Properties
PAGES 66-67

Business Services.....70-74



City Parkway Collection: two offices total 269,395 square feet

Building Time in Orange?

Office Buys Could Spur Apartments, Tower Project

By MARK MUELLER

A big chunk of apartment construction and a new office tower could go up on land next to the Outlets at Orange following the recent sale of two nearby buildings.

Irvine-based real estate investor and de-

veloper **Greenlaw Partners** late last month completed the purchase of the City Parkway Collection office portfolio at 500 and 600 City Parkway W.

The Orange offices total 269,395 square feet and sold for about \$45.5 million, or \$169

► *Greenlaw 70*



Allergan's New Look Likely to Include Slimmer Headquarters

HEALTHCARE: Plans some R&D cuts to boost earnings amid takeover battle

By JANE YU

Look for **Allergan Inc.** to start looking different as the takeover battle for the Irvine-based drug maker grinds on.

Driving the change in the near term will be the latest defensive tactic for Allergan, which plans to shed costs, starting with roughly \$50 million in the current quarter.

That's likely to include shut-downs of some early-stage research programs at the company, which had \$6.2 billion in sales last year. Nearly 20% of the company's 11,400 jobs are tied to research and development, which also accounts for much of the staff of about 2,400 at its headquarters campus near John Wayne Airport.

Allergan Chief Executive **David Pyott** went public last week with plans to "take a deep look and see where we can do some trimming ourselves and raise



Pyott: has \$2.8 billion in cash, cash equivalents to put toward buy

► *Allergan 78*

Vinny's Other Dell Deal: \$150M for Quest's Venture Portfolio

FINANCE: 10 companies formed foundation of Irvine-based Toba

By CHRIS CASACCHIA

The foundation of what is now the largest venture capital firm in Orange County tracks back to **Vinny**

ACCOUNTING

& Management Consulting



Q&A: Accountants Talk Hiring and Technology PAGE 18

Firms Keep Adding on Jobs PAGE 20

Management Consultants See Big Jump PAGE 23

THE LISTS

Accounting Firms PAGE 24

Management Consultants PAGE 30

Sponsored By:

 **accenture**

High performance. Delivered.

[Q&A]

from page 22

information all the time. As a result, we have seen and we will expect to see that technology will continue to feed the demand for real-time information. Our firm, like so many others, has invested enormous amounts in technology to stay ahead of the curve to meet or exceed our client's expectations.



Dennis Parrott
Managing Partner, OC Office
KPMG LLP
Irvine

Our professionals play a critical role in

the functioning of our modern economy as we work to inspire confidence in the markets through independent audits. But the role of our professionals extends beyond that, as others in KPMG help companies interpret and comply with increasingly intricate statutory regulations, including the U.S. and divergent global tax codes. KPMG's professionals also play an instrumental role in advising organizations on how to optimize processes and systems to enhance performance as business grows increasingly complex and global, and on how rapid advances in technology can help.

Competition is intense for the best and brightest candidates, both from the graduating student pool from our colleges and universities, and from the business world, where experienced executives bring their knowledge to our engagement teams. University students and executives with IT acumen are among the most sought-after. There is a limited supply of university students, in particular, that have a well-rounded background in general data literacy, and are capable of coding and extracting data, understanding data and analytics routines and analyzing the outputs to conclusion. KPMG continually invests heavily in new technologies that provide the under-

pinning of audit tools our professionals utilize to perform effective and efficient audits. Technology also allows us to provide our professionals with access to policies and guidance established by the firm on how we deliver audit work. Moving work from manual inputs and reviews to more automated IT applications takes out the human element, where miscues can occur. Our clients are also heavily invested in advancing technologies to report their financial information more effectively and efficiently, and our professionals need to be well versed in the corresponding IT control environment. The advances in IT have created new opportunities for a new kind of professional—one that understands business and the effect IT has on its ultimate success.



Wayne Pinnel
Managing Partner
Haskell & White LLP
Irvine

The war for talent is a constant in the accounting profession. During the Great Recession, public accounting firms curtailed hiring to effectively utilize the staff they had at the time. Fast-forward just a few

short years, and collectively, we have created a shortage of professionals who would have gained that initial three to six years of experience we need now.

Students entering the accounting profession today are faced with the five-year education requirement for CPA licensure, which took full effect this year.

Meanwhile, firms are getting busier as the mergers and acquisitions, Securities and Exchange Commission, and other transactional markets have fired back up. This increased level of service opportunity opens new doors for people desiring careers in public accounting—and competition for spots remains fierce. Firms are seeking to hire the best talent from schools, the public accounting profession, and other professions as service offerings are being expanded, and recognition is given to talents that have been developed in other arenas. Firms are also looking to solidify succession plans, which have placed a greater emphasis on building leaders from within or recruiting leaders into the firm.

The firm continually monitors developments in the hardware and software arena to provide the latest tools to our team for use in the office and at our client locations. We are finding more and more applications that are hosted through cloud and software-as-a-service systems. For our folks on the go, we look for the latest high-speed connections in order to freely share data and provide backup data storage. And of course we provide advanced data-encryption technology to safeguard our clients' financial information.

None of these functions were given much attention a decade ago, but today they are becoming a common practice in the accounting world.

One of the more low-tech but highly productive areas for us has been the use of

Q&A 27

[Q&A]

from page 25

multiple screens or monitors in the office. We adopted three screens for most of our people many years ago to facilitate the management of data and applications. We have also found various portable monitor solutions for our teams so they can have similar capabilities when working in the field.



Manuel Ramirez
Chief Executive
RJI Ramirez Jimenez International CPAs
Irvine

We have observed a substantial increase in the number of licensed CPAs in the eight

years that I have served on the California Board of Accounting, which now numbers over 94,000 California licensed CPAs and CPA firms, and it appears that number will continue to rise in the coming years.

Accounting school enrollments, as well as graduation and hiring, have been steadily increasing so that supply and demand appear to be well matched in the current post-recession business environment.

Accounting has typically been a popular major, as reflected in the annual American Institute of CPAs study, 'Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits,' which indicated a record 40,350 accounting graduates were hired by public accounting firms in 2012 and approximately the same amount in 2013. The study further indicated that, 'Nearly 15% of universities continue to receive more applications from qualified applicants than they can admit, as they are constrained by limited spaces in the classroom. Even so, more than 60% of the universities predict increased enrollment in both MBA in accounting and MA in taxation. Hiring by public accounting firms also is at an all-time high, especially at the master's degree level.'

Orange County is reflective of this national trend, as the local university system is producing an ample supply of qualified CPA candidates from the strong accounting programs of California State University-Fullerton, the University of Southern California, Chapman University, and the UC system.

A major factor impacting hiring trends for 2014 will be the Affordable Care Act. With a level of uncertainty on how the act will impact businesses, many companies may be looking at alternate hiring options, such as contract workers, independent contractors and part-time help, in addition to normal hiring of full-time employees.

The hiring outlook for 2014 remains positive from our perspective, especially in light of the robust business environment in Orange County and the growth of international business.



Greg Wahl
Founder, Managing Partner
Anton & Chia LLP
Costa Mesa

The industry is continuously in flux, with a greater number of professionals wanting to exit or retire and with increased regulatory demands. The increase in regulation does not always translate into in-

creased fees or demand for services. Our firm has diversified its risk into managing various international platforms with being able to provide assurance, tax and advisory services to international clients that will go public in Canada, Europe, Hong Kong, Singapore and the United States.

Most students that enter the profession see it as a challenging and exciting career. There is a need to provide opportunity for new recruits. Smaller firms need to provide the appropriate level of client exposure, opportunities nationally and internationally, and diversified benefits to obtain qualified recruits.

Our firm continually reinvests and invests in new technology to improve client service, our employee execution of client work, and further integration of our offices while servicing clients in five continents. Technology is critical to ensuring work-life balance and execution to meet challenging client demands.



Philip Wilson
Partner-in-Charge, Southern California
Marcum LLP
Irvine

The days of doing pure compliance work,

Q&A 28