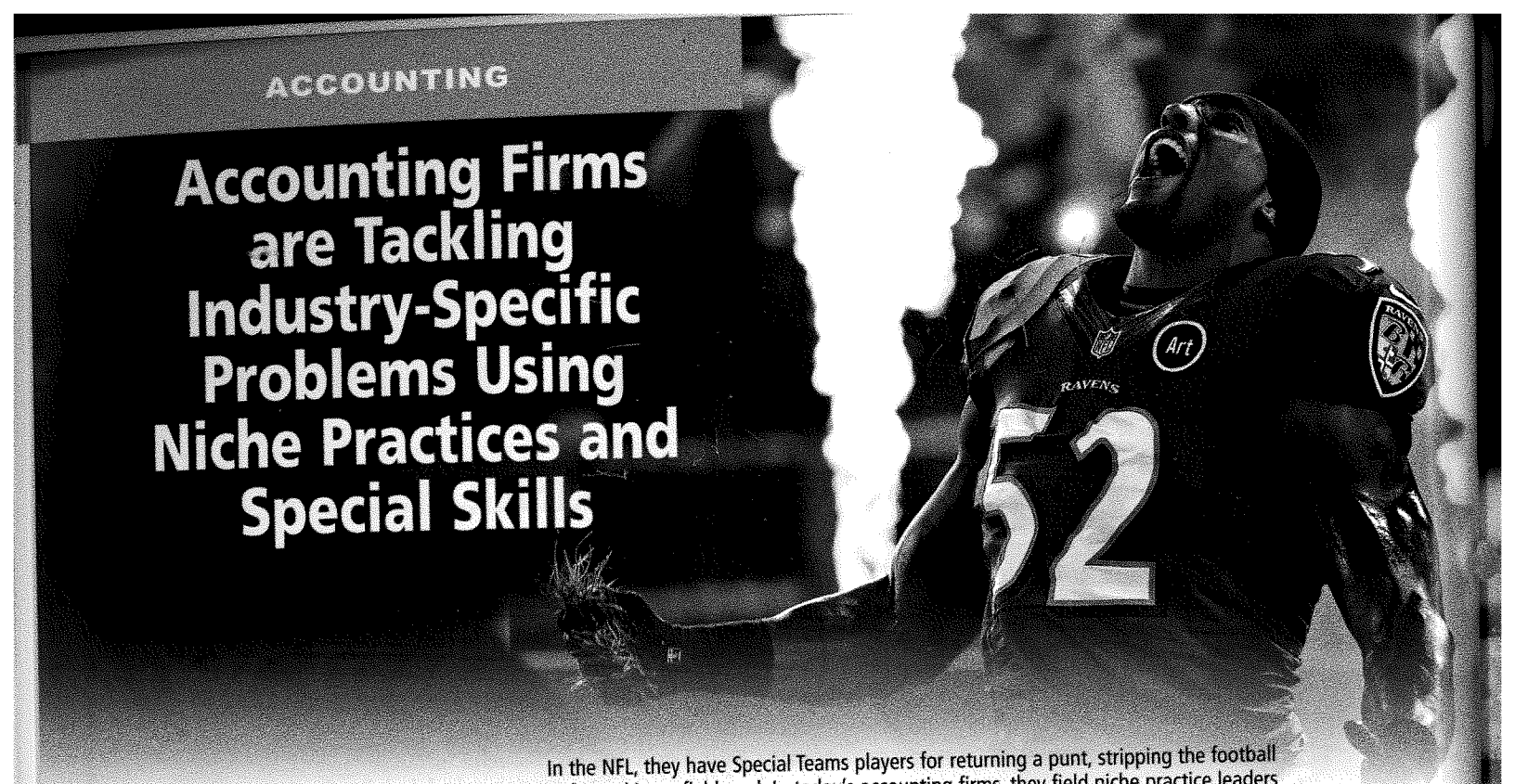


Accounting Firms are Tackling Industry-Specific Problems Using Niche Practices and Special Skills



In the NFL, they have Special Teams players for returning a punt, stripping the football or for making a field goal. In today's accounting firms, they field niche practice leaders who use specialized skill sets to solve problems for specific industries.

BY MILES Z. EPSTEIN
EDITOR, COMMERCE

NEW JERSEY IS HOME TO MORE BIOPHARMACEUTICAL companies than any state in the country, and has more Big Pharma headquarters than any country in the world. In fact, 13 of the world's top biopharmaceutical companies and 12 of the world's top medical technology companies today maintain a significant presence in the Garden State and pump nearly \$30 billion into the state economy—a market too large to ignore.

For example, PwC Partner Denis Naughter, CPA, leads a group of 18 partners and more than 180 managers and staff who serve pharmaceutical and healthcare clients in the region as the firm's New York Market Team Leader for Health Industries. As a partner with PwC's Assurance services, he is responsible for the firm's business strategy and human capital resources for both the Pharmaceutical Life Sciences and Health Care practices.

As the healthcare, pharmaceutical, biotechnology and medical device industries form a life sciences cluster in New Jersey, many accounting firms have a niche practice to serve these industries.

Another niche area for many accounting firms is forensic accounting. Fraud and abuse cost U.S. organizations more than \$400 billion annually, according to the Association of Certified Fraud Examiners. The majority of corporate fraud cases involve accounting schemes designed to deceive investors, auditors and analysts about the true financial condition of a corporation.

"Forensic accounting includes assisting clients in various types of litigation matters including investigations into financial transactions," explains Bederson LLP Partner Sean Raquet, CPA, CFE. "At the outset of a case,

we commonly ask for documents from the adversary that we consider necessary to complete a comprehensive investigation based on our assignment. However, as the investigation progresses, sometimes it is necessary to request additional documents, which the adversary may not want to provide. This is referred to as a discovery battle."

In one such instance, Raquet says Bederson "assisted a Plaintiff in a litigation matter by doing an investigation into an adversary's financial transactions. Our forensic investigation revealed that the adversary was using a complex tier of companies financially benefiting certain 'LLC' members and non-members by making excess distributions to them and, thus, harming other members. In order to determine the extent of the damages to these minority investors, the Plaintiff needed unfettered access to the books and records of numerous third party entities controlled by the adversary. Our report was used by the Plaintiff's counsel to petition the court to obtain access to those records. The court, in turn, issued an order demanding the adversary turn over those records allowing us to further investigate the adversary's financial transactions for the benefit of our client."

In addition to being a service to clients who demand industry and specialized expertise, niche practices are also a means to grow CPA firms via mergers and acquisitions (M&As).

"Companies look to consolidate for a variety of reasons: increase synergies, remove competition, achieve economies of scale, acquire talent, diversify and grow, and minimize tax liability," says NJSCPA CEO & Executive Director Ralph Thomas.