

SCIENCE AND ENGINEERING RESEARCH COUNCIL  
RUTHERFORD APPLETON LABORATORY

INFORMATICS DEPARTMENT

SOFTWARE AND KNOWLEDGE ENGINEERING GROUP NOTE 205

Commercial in Confidence

Visit to Price Waterhouse Technology Centre

issued by  
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6 April 1988

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(as received by e-mail)

(see next page)

John Thynne and I visited Dr. Paul Turner at Price Waterhouse's new Technology Center in Menlo Park. Paul Turner is originality from the UK. He spent 20 years at Bell Labs, then 3 years at Xerox PARC before joining Price Water House.

The Price Waterhouse Technology Center was started 2 years ago when Price Waterhouse felt the need to change from being a passive consumer of technology to being an active producer of technology.

The big eight accounting and auditing firms are now finding that they are growing in the area of consultancy and systems intergration work because of the heavy software component in current day accounting systems. The long standing reputation for confidentiality and the fact that the big 8 accounting firms are going to be around for a long time gives a degree of confidentiality and insurance which reassures many customers who go to them for consultancy services (in the same way that people buy from IBM).

The tax preparation business is an area where software eg Expert Systems is beginning to replace the direct advice given by accounting staff. Paul Turner said that the Price Waterhouse Center would be addressing such questions as who owns the knowledge in an expert system and how can the knowledge in an expert system be controlled and validated.

Paul Turner discussed the America Express credit card expert system, which gives advice on whether or not individual requests for credit will be approved. This tends to improve the consistency of judgement given to the card user. It tends to be based on a profile of the user; if the user regularly buys expensive airplane tickets it will approve another expensive airplane ticket but if he doesn't normally buy fur coats it will probably reject the application for a very expensive fur coat. The Canadian judiciary are apparently experimenting with an expert system to advice judges on the length of sentences to hand out. The idea of being to improve consistency of sentencing.

Price Waterhouse is a company which operates as a set of independent national companies in most of the civilized countries throughout the world and is led by a world wide headquarters staff of about 40 people based in London. The Price Waterhouse Technology Center in Menlo Park is due to grow to between 45 and 65 people over the two years. Its charter is "Information Technology" and it is funded by the world firm operating a tax on all the national companies.

The Technology Center has three main strands to its activity.

1. an IT information center and Library service which gives immediate feedback on information to Price Water House employees throughout the world. In some ways I guess this is equivalent to the Xerox PARC TIC.

Price Water House do not have an electronic computer network; most communication seems to be by a either fax or by dial up computer communications over modem links.

2. an IT development activity whose times horizons are zero to 2 years. This is lead by Boe Shields who is also an ex Xerox employee. Price Waterhouse have around 1,500 software development staff throughout the world and this activity is designed to improve the productivity and quality and this is looking at things like CASE and IPSE. Most of their current applications tend to be based on the IBM PC and the OS2 operating system.
3. An IT research program with 2 to 5 years time horizons. This is looking at doing research into improving the auditing and tax advisory functions eg to build expert systems to compare a firm's accounting data against an industry standard. They are also looking at researching into emerging trends in accountancy practice.

Turner feels that because accountancy is essentially an information processing activity it can be a more readily made purely electronic, ie IT replacing paper, than many other functions and that automation can go much further much faster in the accountancy areas than in say for instance in robotics. It is apparently true that the general accounting and data processing community is still fairly conservative and old fashioned in its use of computer technology.

Resources are a split between the three main functional strands of the Technology Center as follows:

20% goes into information retrieval

50% goes into the zero to 2 years time horizon line and

30% goes into the 2 to 5 year research strand.

Paul Turner feels that the Price Waterhouse Technology Center is the first laboratory which has been specifically set up to do research for the service industry as opposed to the manufacturing industry.

The Price Water House Technology Center is located at 68 Willow Road , Menlo Park, California 94025 telephone number (415) 322-0606.

End of report