



global

ISSUE 3

GREET THE FUTURE

HARNESSING TECH
FOR BETTER SERVICE



SLEEPING TIGER?

China's economy poised for next steps

DARK FORCES

The growing menace of cybercrime

THIRTY YEARS YOUNG

Celebrating our global milestone

*The network
for doing
business*

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**WORD OF WELCOME**

Welcome to issue 3 of *UHY Global*, our biannual business magazine with a worldwide perspective.

When I introduced our May issue we were nearly halfway through UHY's 30th anniversary year. As 2016 has progressed, the global economic outlook has become more uncertain. But our mantra as a business treads the same path of collaboration and friendship that we founded UHY on 30 years ago. Our anniversary feature celebrates that milestone in this issue.

We believe our clients deserve more support than ever as they look to shape their futures and navigate the complexities of operating internationally. Through *UHY Global*, we bring fresh insight to industry and sector trends and apply our expertise to the topics facing the business communities where our clients operate, whether globally, regionally or locally.

No discussion of world trends can ignore the impact of China as an economic dynamo. We look at future opportunities for the Chinese economy, given a likely reduction in state investment in the months and years to come. While definitive answers to these questions are unknown, the outcome will of course affect us all – we share expert insights from UHY's member firm in China and our China desks across the network.

Wherever in the world our businesses operate, cybercrime is a threat we all face. Attackers target all sizes of business, and often the more vulnerable SMEs, to spread damage through the supply chain to the multinationals they supply. Our feature examines the risks and explains how humans can be as vital as technology in the war on cybercrime.

In a related topic, our features on technology in professional services look at ways in which advisors can make the most of innovation for the benefit of their clients, now and in the future, without compromising on quality or security.

Quality is the watchword of Vibeke Düring Jensen, a luminary of UHY who has been with us most of our 30 years. Her work in setting and maintaining standards within our organisation and in the profession generally is universally respected. Vibeke, who is partner at UHY's member firm in Denmark and a former UHY board member highlights the hallmarks of what makes a successful audit and accounting network – it begins and ends with our spirit of collaboration.

We are proud to have been serving businesses for more than 30 years, and look forward to the next 30 with optimism and anticipation.

Bernard Fay
Chairman, UHY
International

ALL AROUND THE WORLD



London



Tokyo



New Delhi



New York



Berlin

**GLOBALLY MOBILE**

The continuing globalisation of companies and countries means that the world is still opening up new and exciting opportunities for overseas expansion. In turn, the need for a globally mobile workforce has never been greater.

Twenty years ago there was a suspicion that the days of expatriate working were numbered; that technology and communication advances would substantially reduce the need for workers to travel, or for companies to have people on the ground. And while the latest reports suggest that there has been a decline in the more traditional practice of long-term foreign assignments, it is more than compensated for by new models of global mobility.

Paradoxically, technology has been an enabler of upward trends in permanent relocations, short-term assignments and what is known as 'local-plus' recruitment – bringing expats onto the payroll. Mobile, satellite and cloud computing all mean that employees can stay in touch and – importantly – stay productive, in even the remotest locations; while employers can centralise global payrolls and outsource relocation support to get the clearest picture yet of returns on their investment in people.

BEING COMPETITIVE

While internationalisation potentially widens the talent pool for businesses, it also creates competitive pressure to recruit the best. For ambitious

individuals, the opportunity to work abroad with their company is a major attraction, so employers have to work harder than ever to offer excellent packages while being mindful of cost.

One of the most important components is relocation advice and support. Understanding different tax and labour laws, residency and non-residency, tax thresholds and incentives, is just the start. Happily for employers, there is a wealth of help and support available, and many businesses are quick to appreciate the benefits of outsourcing to knowledgeable, local advisors. Clive Gawthorpe, chair of UHY's global tax group and tax partner at UHY Hacker Young in Manchester, UK, understands the challenges that employers face.

"Today, businesses put people at the heart of everything they do," he says. "UHY member firms can find themselves looking after dozens – or even hundreds – of relocating employees, all around the world. Management must protect their staff from tax penalties and double taxation which could arise from being resident across both home and foreign territories and tax systems. Mitigating the double tax issues, resolving social security costs, and assisting the company with cost forecasts and tax equalisation calculations are typically part of the deal."

BEING STRATEGIC

However, global workforce management is not just about cost and logistics. Talent management starts with recruitment, but clients expanding internationally are increasingly seeing the strategic advantages of mobility and international

placement in developing their leadership pipeline. As a result, many businesses are now integrating their talent and mobility functions and working with external networks of specialist advisors to build efficient, cost-effective relocation and development strategies.

For example, in economically tougher times when governments need to increase internal revenues, pressure may increase on high-earners and other top talent to relocate to lower tax jurisdictions. But it has become clear that the options are not as simple as finding somewhere to work and live with a lower top marginal tax rate. Quality of life, cost of living, local culture and even personal safety are all recognised as important factors in successful strategic relocation, as well as real estate cost and a modern infrastructure. There is plenty of information available from sources such as Mercer's annual Quality of Living survey (mercer.com), which ranks the best – and worst – places to live (in 2016, Vienna topped the 'best' list); and the Economist Intelligence Unit publishes a twice-yearly Worldwide Cost of Living index.

Ultimately, an employer is likely to be best served by enlisting the help of specialist advisors in-situ, because nothing beats local knowledge and an essential understanding of the local, regional or national culture, at a professional or a personal level.

UHY has member firms in over 320 business centres around the world, in over 90 countries. For more information about UHY's tax capabilities, email the UHY executive office, info@uhy.com, or visit uhy.com/services.

THE FUTURE UNTETHERED

Innovation in technology opens up new and better ways for accountancy and professional services firms to help businesses. But how can those clients make the most of the benefits on offer?

“When accountancy firms make technology work for them, they help clients more strategically, more quickly and at a lower cost,” says Olivier Boutellis-Taft, CEO of the Federation of European Accountants.

As his organisation prepares to issue a paper on how cloud computing can help professional accountants better serve their SME clients, they are certainly not alone in recognising that technology has the power not just to streamline existing tasks, but to gather and analyse data in a way that transforms business decision-making.

Lee Bryant, co-founder of Postshift and Shiftbase, works with leading professional services firms and bodies on technology adoption. He sees a future in which firms will operate their own platforms with many self-service tasks, but in which accountants will have an enhanced role as advisors and consultants. “These platforms will cover collaboration, communication, project and relationship management, but later expand to include real-time data analysis and hosting of accounts information, and will perhaps also make available artificial intelligence or smart tech that can help find hidden patterns in client data,” says Lee.

Technology, of course, already enables member firms in the UHY network to stay closer together, sharing expertise and breaking down borders, especially for those businesses with multinational interests.

WELCOME TO THE CLOUD

Innovation always aims to enhance and expand the range of services, provide real-time reporting and make communication seamless. To that end, there has been a rapid increase in cloud accounting and it is something that features highly in UHY’s five-year 2020 Vision strategy.

Delivered over the Internet and securely accessible from any web browser, wherever the user happens to be, cloud-based services can substantially cut overheads and IT costs compared to investment in servers and software that needs constant updating. Many firms now use a blend of ‘traditional’ IT and cloud.

In a study by the IBM Center for Applied Insights¹, using the cloud in the IT mix was found to help firms reduce expenses by shifting from fixed costs to the ‘pay-as-you-go’ cloud delivery model. As well as being scalable and flexible enough to support dynamic needs, adopting a hybrid approach means organisations can selectively combine the use of the cloud with parts of their traditional IT infrastructure, thereby best meeting their needs in terms of functionality, speed, resilience, security and regulatory requirements.

“These tools aid in risk assessment by identifying anomalies and trends, and point auditors toward items they need to investigate further. A firm’s data can also be compared to industry data.”



Michael McCoughtrey, managing partner, UHY Haines Norton in Sydney, Australia, has seen the benefits that cloud computing can offer. “For accounting and professional services, access to accounts and documents is made simpler. Businesses can provide and see information more quickly and we can respond at lightning speed,” says Michael. “Problems are more visible and can be solved without the delay that might make things harder to tackle. Internal fraud, for example, can be spotted promptly. Businesses also benefit from spending less time on low-value tasks and more time on value-creating opportunities.”

Having launched its cloud-based service at the end of August 2016, the UHY Hacker Young group in the UK point to the benefits smaller clients gain from being able to provide the firm with a real-time view of their accounts.

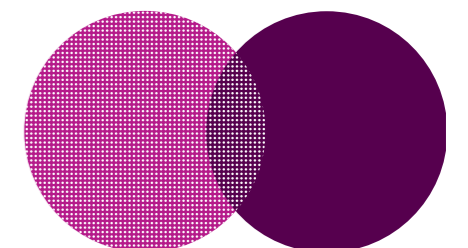
“One example where we have improved productivity for clients is in enabling the use of mobile and tablet devices,” says managing partner Laurence Sacker. “Clients can simply photograph an invoice, upload it into the cloud to software like Receipt Bank or Basecone, and then have this automatically posted directly into their ledgers using OCR technology.”

Syful Islam, managing partner, UHY Syful Shamsul Alam & Co in Dhaka, Bangladesh, is also a fan of data analytics tools and the power they give to dig deeper into clients’ data, both financial and non-financial, to find the elements that have an impact on profitable growth. “During audits, we can test complete sets of data, rather than just testing samples,” he says. “These tools aid in risk assessment by identifying anomalies and trends, and point auditors toward items they need to investigate further. A firm’s data can also be compared to industry data.”

TIME AND COST SAVINGS

Many small and medium-sized businesses simply do not have the time to manage and assemble the information needed to report and measure the performance of their business. The improved workflow enabled by cloud computing and shared applications not only leads to timely information, but also faster and more informed decision-making.

In Norway, where UHY member firm RevisorGruppen has offered electronic filing and cloud-based services since 2014, the cost benefits to clients have





been tangible. “We have been able to show businesses the comparison between ‘traditional’ accounting handled externally and a cloud-based system, where many basic tasks are handled in-house but value-creation services are provided by the accountancy firm,” says Kirsti Armann, CEO, RevisorGruppen. “It has been important, though, for us to work closely with clients as the systems are set up and they start their first transactions to ensure people are comfortable and competent with the processes.”

TRUSTED ADVISORS

Although cloud accounting should never be a way of devolving responsibility, it creates a new way for professional services firms and clients to work together. As the emphasis on client self-service increases, the role of accountancy and professional services firms is evolving. The accountant becomes a trusted advisor, acting as consultant at the planning and adoption stage, then adding value through analysis and strategic guidance.

“We have helped customers achieve updated and more effective accounting systems,” says Kirsti Armann. “It has certainly been easier for businesses to make changes when led by someone they trust, rather than having to search and set up solutions on their own.”

In Argentina, Roberto Macho, managing partner of UHY Macho & Asociados and UHY Board Director, is firm in his belief that clients need to adapt and adopt. “Anyone who pulls away from technology will ultimately be expelled from the market for lack of competitiveness,” he says. “We know that some clients face IT barriers, which is why it is now so important for us to help them with the technological options – whether it is advising and implementing a full-blown enterprise system or enabling standalone services.” His firm has worked closely with multinational clients to integrate processes and reporting seamlessly across borders. “For three firms, we have provided the technology that allows

them to have their admin office in one country and operate in six or seven others. It has reduced back office costs by 60% on average,” says Roberto.

Syful Islam recognises that many clients need support that goes beyond traditional accounting and into the realm of business automation. “Considering the challenges of today’s business environment, high efficiency and productivity are critical,” he says. “Clients often need help with strategies to automate processes that keep costs under control. It is a question of integrating applications, restructuring labour resources and using applications such as human resource information systems, computerised accounting and payroll software, supply chain management and fixed asset management tracking.”

READY FOR THE CLOUD?

Because failing to plan is planning to fail, documenting existing on-premises software and internal work processes is key. Areas where businesses lose the most productivity or have the greatest problems with technology should then become the first areas to move to more efficient cloud applications.

Clients who are still heavily dependent on paper-based systems and their own server-based accounting packages can be daunted by the prospect of converting to cloud software. However, this should not preclude the use of new data analytics tools.

Businesses often have separate centres or silos of data around the organisation,

which are typically managed with spreadsheets. The risk of embedded errors can be high and productivity held back. “In these instances,” says Laurence Sacker, “we recommend clients move to new data analytics packages that can later accommodate automated data feeds from cloud applications. They get the immediate benefit of aggregating the dispersed web of spreadsheets into an integrated whole.”

Clients can also position themselves to take advantage of new technology through having a local champion, dedicated to sharing the benefits and providing a link between the business and external advisors such as accountants.

TECHNOLOGY FUTURES

Despite undoubted productivity gains through workflow improvement and cloud accounting, data use remains an issue, with many firms still spending a lot of time extracting or downloading data from various sources and re-inputting it elsewhere to upload in another application. The solution could come in

the form of application programming interfaces (APIs), which allow different software and databases to communicate with each other effectively. In the European Union, a new directive on payment systems requires banks to develop open APIs and let third-party developers link into their systems by 2017. The result could be that bank statements will automatically upload each day for instant reconciliation.

While Syful Islam already sees his clients benefiting from faster communication, enhanced reporting and reduced cost, he believes the next generation of technology can offer firms even more. “International auditing standards require meticulous attention. In Bangladesh, we are looking at audit applications that will allow us to extract data, identify exceptions and unusual transactions, and generate reports. For clients, that will mean the reassurance of continuous monitoring, fraud detection and tracking of key performance indicators.”

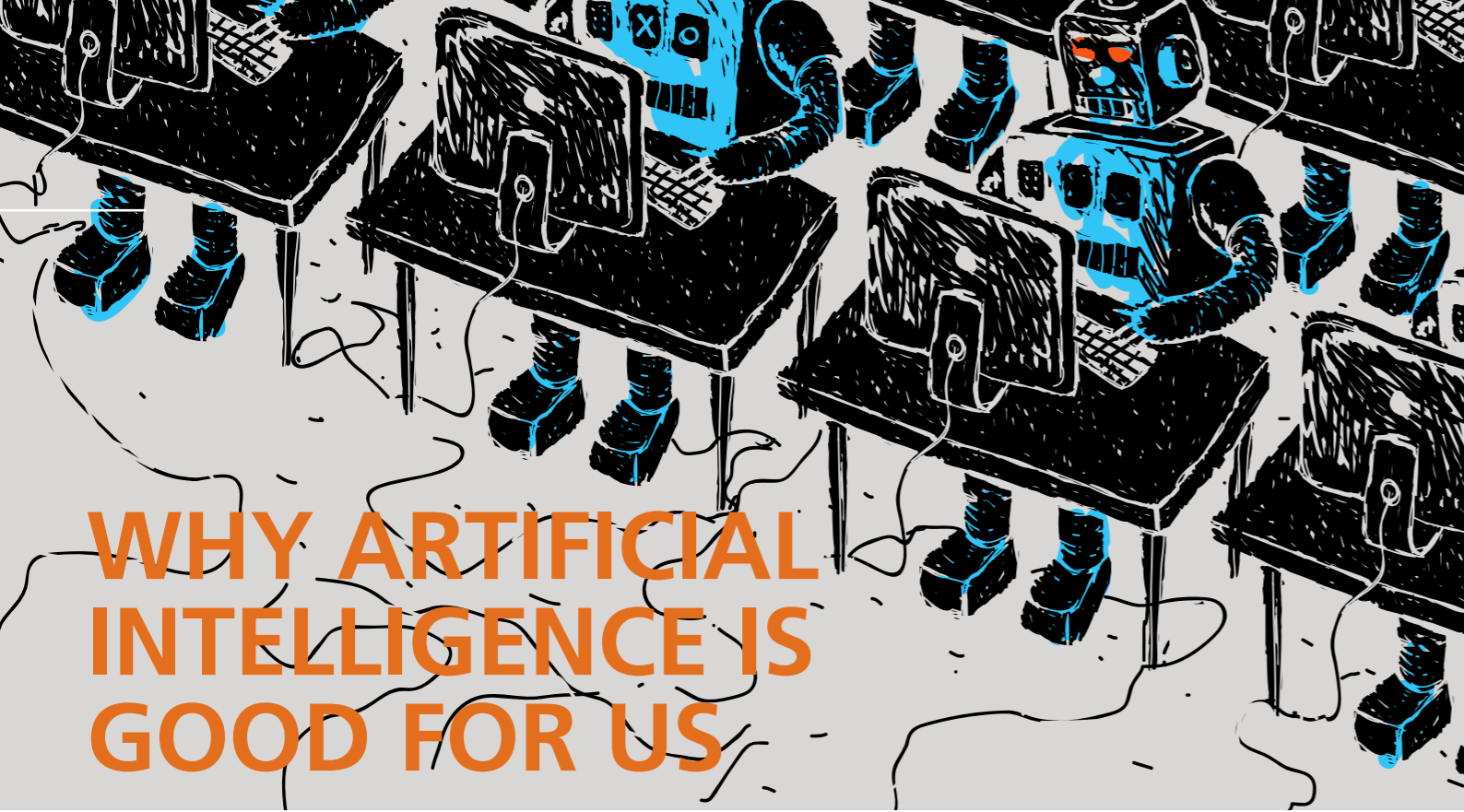
Lee Bryant agrees that moving away from spreadsheets and non-integrated models is essential if businesses are to take advantage of the more advanced data analytics capabilities of accountancy and professional services firms: “Until clients have some kind of consistent data storage for financial information, it is very hard to use the big data capabilities that the larger firms are building out.”

As technology changes, the role of accountancy and professional services is changing too. Ultimately it is the clients who will benefit, as the firm they trusted to look after their books becomes a business management advisor, helping them build a picture of their business needs and steering towards the technological advances that will lead to greater efficiency and profitability.

For more on the impact of technology and its relationship with professional service providers, check out our interview with IBM Watson’s Dr Long H. Vu, who talks about the future of artificial intelligence in the profession (this issue, page 8), and our feature on cybersecurity (this issue, page 10).

For more information about UHY’s capabilities, email the UHY executive office, info@uhy.com, or visit www.uhy.com.com

“It has certainly been easier for businesses to make changes when led by someone they trust, rather than search and set up solutions on their own.”



WHY ARTIFICIAL INTELLIGENCE IS GOOD FOR US

No one doubts we are in the grip of the third great age of innovation: the time of technology. But while the agricultural and industrial revolutions brought lasting and sometimes radical social change, technology is different.

The rate of advancement we are experiencing is like nothing that has gone before, and it has the power to transform the lives of everyone on the planet. This brings an unprecedented level of optimism for solving global ills – but equally raises unique concerns. Artificial intelligence (AI) and a future that is approaching at breakneck speed were among several technology topics discussed at UHY's Annual Conference in Ho Chi Minh City, Vietnam, in October 2016. *UHY Global* spoke to prominent AI and tech presenters at the event.

AT THE LEADING EDGE

Dr Long H. Vu is an IBM Research Staff Member in the Department of Exploratory Stream Analytics at the IBM T. J. Watson Research Center, New York. He spoke about current developments in AI and in particular the projects coming out of IBM Watson, the computer giant's own technology platform that uses natural language processing and machine learning to reveal insights from large amounts of unstructured data.

"We all know that computers are used to analyse large amounts of structured data, but 80% of the data available to us every day is actually unstructured in nature, and has up until now not been fully explored or understood by computers," says Dr Vu.

"This means as human beings we are trying to absorb multiple sources and types of data, such as spoken words, text, emails, photographs, social messaging, CCTV, audiovisual, documents, reports – all natural forms of communication – without much help. And every industry is now producing more and more new data, at an alarming rate. IBM Watson is a system that can process and categorise all of this material in huge volumes and at great speed. In terms of statistical analysis, it can use a whole universe of data, not just a sample. We call it a cognitive system – once it has understood its data, it can analyse and produce results in a reasoned way; it can weigh up and select the best answers. It is a thinking machine."

There are dozens of underlying open technologies that contribute to this artificial intelligence: text and language translation (IBM Watson currently provides full support for six languages with many more under development), tone analysers, visual recognition, image tagging, relationship extraction, facial recognition, and many more. But of equal significance to AI is machine learning, which never stops. Dr Vu explains that this is how a system develops expertise. "Like a person, Watson gets better and better over time. The more data it is fed, the more 'reason' it can apply and the more behaviour patterns and nuance it

can learn. The result is exceptionally robust output, be it statistical or semantic insight, or even real-time conversation with a person, through a user interface like Nao."

RISE OF THE ROBOTS

Built by global robotic specialists SoftBank Robotics, Nao is a humanoid robot which, powered by IBM Watson, can move, listen and understand human language, speak and interact with human beings and change his movement and behaviour, depending on the conversation context. For many people, Nao – and similar robot-like interfaces – bring to life the populist future where robots walk, talk and do the housework. For Dr Vu, they are one type of interface that humans may use to access AI systems; and the dystopian vision of robots taking control is far from where cognitive systems are headed. "In some sense, AI technology is no different to other scientific advances – nuclear, say, or genetics – where discovery comes with certain ethical dimensions. But the reality is that machines do not replicate our deepest human abilities. In our application of knowledge we may call on unique collaborations of empathy, creativity, humour, common sense, instinct and vision. We have morals, imagination, compassion. We can dream, we can abstract and we can generalise. What robots – or cognitive systems – actually give us is the ability to



PERSPECTIVES

amplify our brainpower, not replace it. The benefits far outweigh the risks."

To illustrate his point, Dr Vu cites several applications that IBM has already developed for use in a range of industries. In healthcare, for example, Watson's Oncology Advisor exemplifies the new partnerships that will be made possible between people and computers. "We trained Watson to develop diagnostic expertise in breast and colon cancers, by enabling the processing of over 15,000 hours of oncology expertise, six million articles, 20,000 clinical trial outputs and over one and a half million patient records. The application now supports real oncology consultants in real hospitals." Similar developments are underway in genomics and diabetes.

THE FUTURE IS BRIGHT

Watson is also set to revolutionise other data-heavy sectors, including telecommunications, oil & gas, education and professional services – where automated analysis and insight from large volumes of financial or case data, for example, may free the professional from mechanical tasks and, as Dr Vu describes it, "enable deeper added-value advisory relationships." This is good news for accountants like UHY who already strive to promote this kind of advisory culture.

It is an exciting time for computer science specialists. Dr Vu believes that IBM Watson – and other cognitive platforms – will continue to grow and deliver applications that benefit individuals, businesses and the planet. "There are many talented people out there – professionals, specialists, entrepreneurs – looking for ways to meet our 21st century challenges," he says. "It is good to be involved in providing them with some means to find answers."



Dr Long H. Vu holds a Ph.D. in Computer Science and has published 25 journal articles and conference research papers. He was the recipient of the prestigious Mark Weiser Best Paper Award in 2011, given by the IEEE International Conference on Pervasive Computing and Communications. He has also filed four US patents. To find out more about IBM's AI platform, visit www.ibm.com/watson



BE PREPARED FOR A TECHNOLOGY TSUNAMI

According to scientists, futurologists and science fiction writers, we are on an exponential technology curve which, they predict, will shortly consume us in a tidal wave of disruption and change.

And there is enough evidence to suggest they are right. It does seem more probable than possible that the technological revolution will change the way we live forever. Technology that at first empowered people has already started to replace them in areas of high volume low skilled work. Smart factories deploying robotic process automation are transforming manufacturing and logistics. Driverless cars – inconceivable to mainstream thinking a few years ago – are now on our roads. Drones are set to disrupt conventional distribution. DNA is mapped.

The first wave to break was the internet, from which a new order emerged – technology start-ups that are today's new household names: YouTube, Netflix, eBay, PayPal, Wikipedia, Skype, TripAdvisor, Flickr, Spotify, Facebook. They brought innovation and disruption to the old ways and many corporate giants were caught sleeping, to their eventual cost. Now, we have the Internet of Things, where connectivity infrastructures – mobile, satellite, the cloud – are enabling connectedness with few limitations. *[Read about how the accountancy profession is embracing the cloud, in our feature, page 4]* At the same time, many see the current decade as the time of robotics and artificial intelligence. The exponential trends are hard to deny.

According to entrepreneur and technology practitioner Juan Martinez-

Barea, all companies and industries will become high-tech ones. "Technology will be present for everyone," he says, "the only question is which technology? Business managers must ask themselves: what technology is going to disrupt my industry?"

The auto industry is one which typifies the rate of change brought about by technology advancement. "In ten years the car industry will be very different," says Juan. "It is likely that all new cars will be electric, and autonomous (driverless) vehicles will be commonplace. New competitors will own the customer relationship – not the automakers, but companies like Apple, Google or Microsoft. The ownership model will change and car transport as a service could become ubiquitous. And none of this prediction relies on anything that is not already either under development or in commercial use.

"We have a tsunami coming," he says. But Juan remains optimistic that it will be a force for good. "Every sector has dozens, if not hundreds, of entrepreneurs working hard at solving problems using different technologies. This swarm of start-ups is the most powerful force on earth." His own bioinformatics start-up is focused on developing and commercialising a universal test for early detection of cancer, aiming to saving millions of lives. "We have been working on this for four years," he says. "Will we make it? I don't know. I hope so. But I am sure that by 2020, someone will."

Juan Martinez-Barea has worked with more than a thousand start-ups, has advised and coached hundreds of entrepreneurs, and has helped to launch more than 100 high-tech new ventures. Find out more at www.juanmartinezbarea.com

TURNING THE TIDE ON CYBERCRIME

Cybercrime poses a growing threat to global business, and protection depends on awareness, collective responsibility and behavioural changes as much as technology.

Ask people about cybercrimes and they may reference big-name disasters which have grabbed headlines and whose fallout has been felt across the world.

Like the attack on US retail giants Target and Home Depot which led to the theft of millions of customer card details; or the gang that used 'Lurk' malware to orchestrate the theft of RUB 1.7bn (USD 25m) from banks in Russia; UK mobile and broadband provider TalkTalk's loss of 100,000 customers after a data breach compromised customers' personal information; or the attack on Japan's pension service which exposed a million names, ID numbers and addresses; the thousands of malicious URLs created to mimic online banking services in the run-up to Brazil's Summer Olympics in Rio 2016. Sony, Yahoo, Mattel, Amazon, Ryanair, eBay, numerous major banks – the list is growing.

Such attacks have put cybercrime in the global spotlight. But while thefts from big business or governments garner

media attention, most cybercrime is more routine. "Some attacks are targeted," says Stephen Gates, of global cyber security consultant NSFOCUS. "But most are arbitrary, such as hackers building web robot armies that scan the internet looking for vulnerable systems."

SMALL IS VULNERABLE

It is not all big business either – all companies are at risk, and the most vulnerable are the small to medium enterprises (SMEs).

"Small, private companies are probably more exposed than large public ones," says Olga Petrukhina, head of legal practice, UHY Prostor Ltd, Ukraine. "They do not have the expertise and tools in-house to combat the problem. For some, a cyber breach could cause them to go out of business, not only through potential financial loss but also through damage to their reputation and the subsequent fall in confidence."

The existential threat that cybercrime represents to SMEs is an argument for more strategic and rigorous protection. Professional services companies, with their imperatives for quality and client accountability, have an opportunity to lead the way in this, while highlighting a crucial fact about cybercrime. "It is a strategic business issue, not just an IT issue," says Olga. "Service offerings that provide proactive advice and insight are becoming more essential, for example risk assessments, training and awareness, plus incident and breach response management."

READINESS IS KEY

Many firms have cybersecurity expertise, but the ones that combat attacks most effectively are those with a cultural readiness and framework in place. This may take many forms, but at its heart is a recognition that responsibility begins at the top. "Boards that choose to ignore cybersecurity do so at their peril," says the US Securities and Exchange Commission (SEC) commissioner Luis A. Aguilar.

A framework developed by the National Institute of Standards and Technology (NIST) – a US federal technology agency



Clients have an expectation that given the size of our global network, and as a professional services organisation dealing with confidential client information, our member firms will have robust cybersecurity measures in place.



that works with industry to develop and apply technology, measurements and standards – works to five key principles underlying the overall approach: identify, protect, detect, respond and recover.

Firms should ask themselves: 'Is there a cybersecurity plan?' 'Has accountability for cybersecurity been assigned to a senior executive?' 'Have employees been trained on cyber risks they need to be alert to?' If the answers to these questions are yes, they are taking the issue seriously, but need to continuously apply and evaluate the measures to stay effective.

Knowledge of the main types of attack is vital for SMEs. For professional services, two key threats are ransomware and business email compromise. The first is a malicious encryption of files where perpetrators demand ransom for decryption. It can be triggered internally – a single misconfiguration, improper file permission setting or uneducated employee is all it takes to deploy it. Business email compromise is a type of phishing where an email impersonating someone with authority sends a request to an employee, tricking them into making a transaction.

In April 2016, the US Federal Bureau of Investigation (FBI) warned of a dramatic increase in business email compromise. David Hartley, who runs the technology advisory service for UHY member firm UHY Advisors, St Louis, US, says staff can be a company's weakest link or its first line of defence. He says, "In our client base, criminals are increasingly focused on exploiting the human element of cybersecurity through tactics like phishing, spear-phishing and social engineering."

"It used to be that we could count on our technology to protect us through firewalls, antivirus protection and so on. Now criminals are trying to trick the humans using the technology rather than exploiting the technology itself."

For UHY member firms responsible for storing and handling their own sensitive data and that of clients, people are a crucial asset against cybercrime. David says, "The importance of protecting our clients will be reinforced through monthly training that all UHY employees in the US will be required to complete."

GLOBAL THREAT

Cybercrime is clearly an issue that can strike any firm at any time, though SMEs are most vulnerable – but are there also global hotspots?

Research from security company Mandiant suggests that Asian organisations are 80% more likely to be targeted by hackers than other parts of the world. The reason is that the median time between a security breach and its discovery in Asia is 520 days, the study claims, or three times the global average. Hackers target Asian companies not because they offer the best returns, but because they present fewer obstacles to lucrative data.

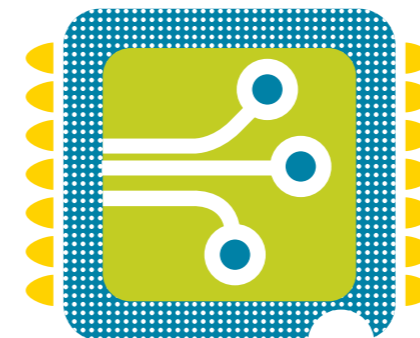
The US tends to top lists showing the wider financial costs of cybercrime, with European countries and China, Brazil, Russia, Japan and India high in the rankings, but no country is immune. Last year the UN estimated that cybercrime affects more than 431 million adult victims globally and has grown into a lucrative transnational business, with returns that may exceed three trillion US dollars a year.

"In India we have seen an increase of over 300% over the past few years," says Sunil Hansraj, joint managing partner of UHY member firm Chandabhoj & Jassoobhoj, Mumbai, India. "We hear almost daily reports on ATM frauds, web payment portal frauds and corporate server hacking. At our firm, important client-related data is normally maintained directly by partners in a secured storage set up normally as encrypted/password protected data with restricted access."

BACK DOORS TO DATA

The increasingly global and interconnected nature of business has only widened cybercrime's impact. To an increasingly sophisticated subsector of cybercriminals, often with links to organised crime, SMEs are not only vulnerable in themselves but also represent a potential backdoor into the larger organisations they supply and service.

"Sometimes, small companies are more prone to hacking attempts, especially if they are part of a supply chain for a larger organisation," says Bogdan Botezatu of Bitdefender, a global security company based in Romania. "Attackers will often target a smaller contractor of a large organisation, in





Criminals are increasingly focused on exploiting the human element of cybersecurity through tactics like phishing, spear-phishing and social engineering.



order to escalate its privileges and try breaching the larger business."

When smaller companies are digitally connected to larger ones, the results can be ruinous. The Target attackers bypassed the retailer's frontline security and accessed its network via one of its air conditioning contractors.

While it is true that cybercrime is a large and growing threat, businesses can manage their exposure and most are only as vulnerable as they allow themselves to be. "Cyberattacks, malware and system vulnerabilities have been mystified beyond all reasonable analysis," says Ian Trump, global security lead at cloud service provider LOGICnow.

"In fact, the most effective IT strategies against all unknown and known threats are generally the same. Patch and update the operating system, patch and update third-party applications, restrict administrative access and use malware defences."

PROTECTING OUR NETWORK

Cybersecurity initiatives take place across the UHY network. Colin Jones, partner at UK member firm UHY Hacker Young, London, UK, believes simple strategies for reinforcing security messages make a huge difference. A written information security code is regularly reinforced by training, along with the recognition that cybersecurity is a company-wide responsibility rather than just an IT issue.

"Clients have an expectation that given the size of our global network, and as a

professional services organisation dealing with confidential client information, our member firms will have robust cyber security measures in place," he says.

Information and training is being matched by investment in state-of-the-art security technology. A report by Oxford University's Saïd Business School concluded that Mexico's financial sector is becoming increasingly attractive to cybercriminals.

"One critical change has been upgrading our firm's infrastructure with an emphasis on enhancing information security," says Oscar Gutierrez, managing partner of UHY Glassman Esquivel y Cia. S.C., Mexico. "So, we acquired perimeter security and specialised filtering equipment for incoming and outgoing connections."

UHY Mexico also offers clients a physical connection, via an implant at their offices, to the firm's secure network. "This way they can protect and manage all their information on our servers without compromising their security," says Oscar.

Companies are becoming more demanding in evaluating the cybersecurity readiness of their business partners. They may seek additional assurance in a service auditor report or even sending in their own auditors to review the company's cybersecurity programmes.

UHY Advisors in the US offers cybersecurity audits for its enterprise customers, testing client networks against recognised benchmarks. For middle market customers, the firm performs cybersecurity risk assessments and can help establish a cybersecurity programme.

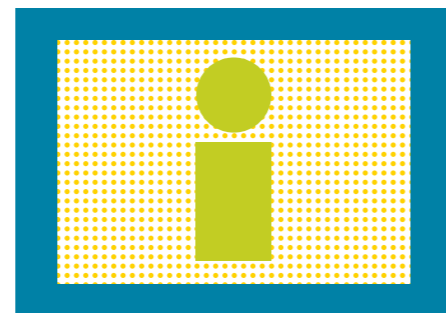
Marcello Reis, partner at UHY Moreira, Brazil, says cybersecurity services for clients are a vital part of the firm's offering. "As well as our own measures to protect data, we have a team of specialists in information security audit and advisory, and we are accredited by the Brazilian Internal Revenue Services (Receita Federal), which also controls and regulates all international trade. We provide advice to large and medium-sized multinationals in Brazil in order for them to get access to a special customs regime that speeds up the import and export processes, while tightening IT security."

RISK AND REWARD

Cybercrime offers both threats and opportunities – some estimates put global

cybersecurity spend at USD 170 billion by 2020. As awareness of cybercrime grows, companies who can offer cybersecurity services will always enjoy a significant competitive advantage.

"No business is free from risk, whatever its size. We need to be in a strong position to deal with the issues and threats involved with cybersecurity and advise clients on best practice," says Colin Jones.



READY OR NOT?

NIST framework for winning the cybercrime war

IDENTIFY

develop organisational understanding to manage cybersecurity risk to systems, programmes, assets and capabilities

PROTECT

develop activities and controls to ensure delivery of critical infrastructure services

DETECT

develop activities and controls to identify occurrence of a cybersecurity event

RESPOND

develop activities and controls to take action over a detected cybersecurity event

RECOVER

develop activities to maintain plans for resilience and restore services impaired by a cybersecurity event.

For more information about UHY's capabilities, email the UHY executive office, info@uhy.com, or visit uhy.com.



BREXIT PLANNED FOR 2019?

Britain's referendum in June 2016 to leave the European Union continues to have an impact on economies across the world. Uncertainty around the terms of the exit led to a weakened sterling, a brake on investment activity and depressed confidence in Britain's short-term economic outlook.

In October 2016, British prime minister Theresa May announced her government would trigger Article 50 (which states that withdrawal must be completed within two years of giving notice) before March 2017. November's high court ruling that the UK cannot leave the EU without the permission of the British parliament brought new uncertainty to both the timetable and the conditions. At the time of writing an appeal against the ruling was ongoing.

With terms of settlement a separate issue from Britain's future trading relationships with other economies as a non-EU member, some analysts believe ten years to 'steady the ship' is likely. Professional advisors are doing all they can to keep clients updated on the changing strategic, legal and commercial conditions.

Read the latest Brexit thoughts from UHY Hacker Young, UK, in a blog at www.uhy-uk.com/news-and-events/brexit

FINANCE PARTNERS IN EGYPT

A new partnership between the Egyptian Society of Accountants and Auditors (ESAA) and the Association of Chartered Certified Accountants (ACCA) aims to strengthen the accountancy and finance profession in Egypt, building on an agreement of mutual recognition in 2003.

As the global body for professional accountants, ACCA promotes excellence and improved work practices through training and a commitment to sustainable business. The collaboration will focus on knowledge sharing, continuing professional development and enabling local qualifications. A key element

will be ESAA's ability to offer subject-specific training alongside its main qualification programme, including an Arabic diploma in International Financial Reporting Standards (IFRS)

Khaled Elfakhriani, managing partner, UHY El Geziry, Elfakhriani & Co. in Cairo, says, "It reflects the increasing need for compliance with IFRS as Egypt's primary financial reporting framework. The new programme will benefit accountants in Egypt and other Arabic-speaking countries, providing access to valuable training to further develop their skills in relation to IFRS and other areas."



BEPS ROLLOUT GOES GLOBAL

The OECD-led anti-BEPS initiative is making progress. Base erosion and profit shifting (BEPS) describes corporate tax avoidance strategies which exploit gaps in international tax rules to shift profits to low or no-tax locations. Following international government-level consultation and a new Inclusive Framework (IF) completed in 2015, over 100 countries and jurisdictions are collaborating to implement BEPS measures.

At the first implementation meeting in Kyoto in June 2016, 82 developed and developing countries began tackling challenges such as standards-setting and the development of implementation guidelines. Pascal Saint-Amans, director of the OECD Centre for Tax Policy and Administration, said, "Through their participation in the decision-making as well as the technical working groups of the OECD's Committee on Fiscal Affairs, members of the IF will have a direct influence in shaping international tax rules to tackle BEPS and ensuring a level playing field."

Implementation is rolling out across the world. The first regional meeting for participants from Latin America and the Caribbean (LAC) was held in September 2016 in Montevideo, Uruguay. Delegates from ten countries and eight organisations, including Oxfam and the Tax Justice Network, added their input and were updated on the guidelines development and other issues from Kyoto.

Further 2016 regional meetings include Francophone-Africa in Tunisia, Asia-Pacific in the Philippines and Eastern Europe and Central Asia in Lithuania. For more information, visit the OECD website at www.oecd.org/tax/beps or email Clive Gawthorpe, chair of UHY's global tax special interest group, c.gawthorpe@uhy-uk.com

CHINA'S CHANGING FORTUNES

The Chinese economy is in a period of flux: what emerges will have profound significance for global business

If one word aptly describes informed reaction to recent Chinese economic data, it is probably 'confused'. The powerhouse economy that enjoyed three decades of extraordinary growth has entered a period of flux, but what that means for both China and the world remains unclear.

Figures released at the end of July neatly encapsulate the dilemma for economists wanting black and white answers to a tricky conundrum. Two key measures of factory output painted an entirely conflicting picture, with large state-owned businesses appearing to underperform while smaller private companies enjoyed notable success.

What is clear is that the era of stratospheric investment-led growth is over. The Chinese economy grew by an average of 10% annually between 1980 and 2011. Predictions for 2016 top out at 6.7%.

A HARD LANDING?

The key question is, where does China go from here? Is the economy heading for a 'hard landing', potentially tilting the world back into recession, or will efforts at modernisation bear fruit? "The problem now is that exports are reducing, but domestic consumption is not yet a force to push the economy forwards," says Yong Sun, managing partner of UHY's Chinese member firm, Zhonghua Certified Public Accountants LLP. "That means investment is still a very important part of the economy, but it is not sustainable. At the moment the government wants to sustain growth at 6.5% or 7%, so it has no choice but to invest."

Most economists agree that state investment – spectacularly successful in the past – will have to play a smaller part in the Chinese economy in the future. "In recent years there has been no real problem for the Chinese economy," adds Yong Sun. "But now there is a question of direction."

In what direction China travels, and how quickly it moves, is a question of global significance. Stephen S. Roach, former chairman of Morgan Stanley Asia and a

senior fellow at Yale University's Jackson Institute of Global Affairs, has calculated that, despite its slowing expansion, China remains the single largest contributor to world economic growth. If forecasts prove correct and its economy grows by 6.7% in 2016, China will contribute 1.2 percentage points of a predicted global GDP growth of 3.1%, or 39% of the total. By comparison the US will account for just 0.3 percentage points.

CHINA'S CHOICE

With those figures in mind, it is easy to see why Roach believes the widely feared economic hard landing for China would have a "devastating global impact". But there is another possibility, and a more likely one in his view. He writes: "The world stands to benefit greatly if the components of China's GDP continue to shift from manufacturing-led exports and investment to services and household consumption."

A report by the McKinsey Global Institute, entitled *China's Choice: Capturing the USD 5 Trillion Productivity Opportunity*, attempts to put a figure on what a successful rebalancing of the Chinese economy might mean.



Shifting to a productivity-led economy could generate up to USD 5.6 trillion of additional GDP by 2030, the report claims.

Such a shift "will not be easy" and will involve some hard decisions on the part of the Chinese state. One concern is that the government, worried by rising unemployment and focused on unsustainable growth targets, is rowing back on commitments to speed up the transition from an investment-led to a consumer-driven economy.

A CHANGING ECONOMY

But despite central inertia, there are encouraging signs from the Chinese private sector. Recent research by UHY revealed that 1,609,700 new businesses were formed in China in 2014, nearly double the number created in 2010. It is not yet known what effect economic slowdown has had on new business creation in the last 18 months, but Yong Sun says that Zhonghua is continuing to see a positive shift in its client base.

"We can see the economy slowly changing from heavy industry to service industries, and we are also seeing more clients in high tech sectors, internet businesses and other innovation

sectors. Previously, most clients would be large, state-owned businesses. Now we deal with many SMEs, and the newly established companies we work with are growing very quickly."

These kinds of businesses are crucial to a successful rebalancing of the Chinese economy, the McKinsey report states. Sustainable jobs in innovative industries, along with increased efficiency and more widespread digitisation, will help to grow the Chinese middle class and, at the same time, serve it more successfully. At the moment, says Yong Sun, middle class consumers tend to buy cheaper goods from abroad rather than supporting domestic markets.

NEW OPPORTUNITIES, NEW RESPONSIBILITIES

Another important element of China's restructuring will be "deepening global connections", says McKinsey, and China is continuing to reach out to the world. Again, state investment remains a major driver. Chinese state-run companies are winning major infrastructure contracts around the world, perhaps most successfully in Africa. Then there is the much vaunted One Belt, One Road initiative, a potentially massive infrastructure programme to develop trade routes in Asia and beyond.

But China is also continuing to open up its internal markets to foreign investment, even if it is not yet doing so quickly or completely enough to realise the most optimistic predictions in the McKinsey report. In fact, China is

not just more open, it is also becoming a safer and more sophisticated destination for foreign companies.

"Ten years ago and more, foreign companies saw a huge market, but mainly cheap labour and cheap land," says Yong Sun. "China is no longer cheaper, so companies who come here are usually focused on serving the Chinese market or they already have clients in China who they want to serve better."

With new opportunities come new responsibilities. New labour laws, tax regulations and transfer pricing policies make China a more complex proposition for foreign companies than it was a few years ago. In return, they have access to a vast and growing middle class (an estimated 116 million households), an increasingly skilled labour force and better protection for their intellectual property.

As UHY's member firm in China, Zhonghua helps companies negotiate the country's more complex tax and labour laws, and can advise on the best investment vehicles for particular businesses. Its expertise also helps a growing number of private Chinese companies looking to expand into global markets.

GLOBAL NETWORK, LOCAL KNOWLEDGE

In both areas, Zhonghua is able to enlist the services of UHY's extensive international network. UHY has offices in over 320 major business centres in the world, as well as a number of





dedicated China desks that focus on helping Chinese firms move into new markets and foreign companies establish a presence in China. Member firms offering China-specific services through their China desks include, among others, UHY Haines Norton in Australia, UHY Lee Seng Chan & Co in Singapore, UHY LLP in the US, and UHY Hacker Young in the UK.

Cross-border collaboration between member firms, combined with appropriate local knowledge and expertise, are key parts of UHY's service offering. When United Initiators, a chemical company headquartered in Germany and with operations in China, the US and elsewhere, wanted a global accountancy solution, it turned to UHY LLP, Michigan in the US. By doing so, it automatically tapped into the expertise of German member firm, UHY Deutschland AG, as well as Zhonghua Certified Public Accountants LLP in China, and a number of others.

Melanie Chen, partner at UHY Advisors in New York, is head of the firm's China desk. She believes that facilitating business between China and the rest of the world requires that kind of cooperation, along with specialised experience.

"I am sure many Chinese natives in the UHY network have similar backgrounds and experiences to mine," she says. "Often we have not only completed college educations in both countries, but also have significant working experience in both countries. We know very well about the differences in business cultures, regulations, GAAP requirements and business operations. We are able to bridge those differences with our experience and knowledge."

"We support many Chinese companies entering the market in Singapore and across South East Asia, working in close collaboration with our UHY colleagues across the globe," says Kelvin Lee, partner at UHY Lee Seng Chan & Co, Singapore, and its resident China expert. The firm has recently helped a large Chinese retailer of baby and children's products prepare to expand overseas, assisting with financial management, tax planning, branding and strategy, and is continuing to explore further collaboration opportunities with Zhonghua.

“Companies who come here are usually focused on serving the Chinese market or they already have clients in China who they want to serve better.”



MOVING ABROAD

Melanie Chen believes that clients will seek out advice even more regularly in the coming years, as the Chinese economy matures and Chinese companies seek competitive advantage outside the country's borders.

"China is like Japan and Korea in the '70s and '80s, with companies that need to go beyond their domestic market to acquire new technology, brands and markets, to sustain development and growth," she says. "I believe that in the next few years we will see more Chinese companies making investments all over the world."

Yong Sun of Zhonghua also sees opportunities as Chinese businesses spread their wings. He believes many will take their first steps into foreign markets through mergers and acquisitions, while others will require training and consultancy services from firms like Zhonghua, working with the international expertise of the UHY network.

UHY member firm UHY Haines Norton in Sydney, in collaboration with UHY in Malaysia, is currently assisting with the listing of a large Chinese chicken production company on the Australian Stock Exchange (ASX). Mark Nicholaeff, a director at UHY Haines Norton Corporate Finance Pty Ltd, says: "We are currently getting a large number of enquiries from Chinese companies seeking investment opportunities in Australia. Our firm alone is in talks with more than six Chinese companies wishing to list on the ASX and many more seeking to invest in Australia, particularly in the mining and agricultural sectors."

And those opportunities will most likely increase, as China continues to drive global economic growth and reach out to the world. The kind of innovation and efficiency improvements that come from open markets at home and expansion abroad will be essential for the future health of the Chinese economy. Government priorities can slow or speed the process, but the direction of travel appears set.

For more information about UHY's capabilities, email the UHY executive office, info@uhy.com, or visit www.uhy.com.

BIG SEA CHANGES

Few industries are as innovative as marine electronics, and UHY is proud to count a world leader in this field as one of its biggest clients. The partnership between UHY Fay & Co and the grupoarbulu team is helping to keep this exceptional business at the forefront of a truly global industry.

A pioneer in marine electronics, satellite and on-board IT, grupoarbulu's primary work is in deep sea and offshore fishing vessels, merchant shipping, coastguard crews and super yachts. Based in Madrid, Spain, the group started supplying equipment and services to the fishing industry in 1999, growing to a world-renowned maritime electronics and communications presence. In 2017, they are one of the largest of their kind in Europe, providing new-build, refit, repair, maintenance and airtime services to shipyards and vessels.

CHALLENGE

Grupoarbulu's pedigree was established with the companies they first brought together to form a group – Spanish marine supplier Crame; fishing vessel specialist Nautical; and Marine Instruments, a prestigious fishing instrumentation researcher, designer and manufacturer. In 2008 the Board launched plans to consolidate core business with complementary marine sectors and geographies.

SOLUTION

It was critical that grupoarbulu found the right international advisory partner and after a lengthy search they selected UHY Fay & Co. "We were impressed by their international mindset and the fact they were clearly results-focused," says Iñaki Arbulu, CEO and managing director, grupoarbulu. UHY Fay & Co created a Global Leaders strategy – a blueprint for grupoarbulu's internationalisation, taking in organic expansion, acquisition and strategic

partnerships to attract sector-leading marine specialists into the group.

THE SITUATION NOW

Today grupoarbulu, headed by Luis Arbulu, president, and Iñaki Arbulu, CEO and managing director, still enjoys profitable relationships with UHY member firms. Bernard Fay, UHY chairman and co-managing partner at UHY Fay & Co, says, "Together with our UHY colleagues, we support grupoarbulu with acquisitions, ongoing tax, audit and accounting advice across their international operations."

Other member firms have also been involved in grupoarbulu's success – UHY Pace, Galea Musù & Co, Malta, UHY Ben Mokhtar & Co, Morocco and UHY & Asociados SROC Lda, Portugal.

Since the Global Leaders strategy launched, aggregated turnover has more than doubled to over USD 139 million, with the new group companies accounting for nearly 40% of the total; there are now grupoarbulu companies or agents in 18 countries.

Iñaki Arbulu says, "Our relationship with UHY Fay & Co, and the wider UHY network, has contributed enormously to our growth. When we look towards the future, we think of UHY."

For more information about UHY's capabilities, email the UHY executive office, info@uhy.com, or visit www.uhy.com.



VOYAGE TO GROWTH

2009

- Aage Hempel is acquired by the group, with inforevision, Denmark supporting UHY Fay & Co in managing the transaction

2012

- Aage Hempel opens companies in Panama and the Netherlands and starts working with UHY Botello & Marquez S.A. in Panama City and Govers Accountants/Consultants in the Netherlands

- grupoarbulu is supported by UHY Fay & Co to acquire a major shareholding in Spanish super yacht IT company E3 Systems (E3S) and buy SMD Telecommunications (SMD) in Durban, South Africa. UHY Hellman (SA) works with UHY Fay & Co on the acquisition

- The group announces the internal merger of Aage Hempel and Crame and UHY Fay & Co is appointed as worldwide audit coordinator

- The UHY Global Leaders blueprint supports grupoarbulu to form The Consortium – a partnership of two group companies with an external third party

- E3S, Aage Hempel and Dutch super yacht electrical installations giant Tjissen Elektro establishes the group in the luxury yacht new-build sector

2014

- Danish company Navteam, a merchant marine navigation systems business, is acquired to help expand grupoarbulu's distribution network

2016

- Brazilian start-up venture Ubicon becomes the latest family member, supported by UHY Moreira Auditores, offering connectivity solutions for fishing, oil & gas, logistics, leisure boats, cruise ships and hotels.

QUALITY ASSURED

As we continue our celebrations for UHY's 30th anniversary, we throw the spotlight on a stalwart of UHY and partner of one of our longstanding member firms, inforevision in Denmark. A former UHY Board member, Vibeke Düring Jensen has served on numerous working and quality groups within UHY and externally.

Vibeke has helped to steer the growth of inforevision and UHY and is greatly respected across the network and by clients. She is as known for her sense of fun as for her conscientious and rigorous approach to her work.

Vibeke, you have been with inforevision for 28 years now, how does that feel?

Looking back, it is incredible that so many years have passed since I started – it does not feel like that long!

How did your role with inforevision come about?

In 1986, I was working as an accountant for a different audit firm when I met Hans-Wilhelm Christensen, one of inforevision's founding partners and known to UHY as the international contact partner for Denmark for many years. He offered me a job with inforevision which I took in 1988 and four years later I became a partner.

A year after you joined inforevision, the firm joined UHY. Why and how did this happen?

UHY was chosen because the network represented the same values as inforevision, and the membership included like-minded accounting and consulting firms. Our client base mainly consisted of family businesses that needed help with trading cross-border, so the whole thing just came together!

Hans-Wilhelm had a vision of becoming part of an international network and was proactive about implementing membership policies, striving to make our firm a truly global-thinking one.

As UHY celebrates its 30th anniversary, what does it mean to have been one of the first members to join the network?

We are of course proud, but it is not just about the longevity of our membership, but more about the efforts we put in to interact with colleagues in other member firms, our commitment and the resources you allocate as a member of a network to help drive that network's development and growth. Ultimately our clients locally and internationally gain from that collaboration of working together. My involvement as a Board director and the work we did on the development of UHY's quality standards are just two examples of this kind of mutual collaboration. Everybody gains – we as a member, the network and our clients. We have been happy to offer those resources.

How have things changed for the network over the years?

We have watched UHY grow, in size and outlook. It is now a highly professional network, without losing any of its original spirit and values. The value of working seamlessly is connected to that spirit of knowing each other well – this comes from our culture of collaboration, cohesion and trust when our clients choose us as a partner for international projects and transactions.

On inforevision's website we say we hope clients will feel like a 'big fish in a small bowl' and that they matter whatever size they are. Clients coming from bigger accounting firms say they used to feel like small fish in a big bowl! That is the spirit of UHY as well as inforevision.

You have served on many groups within UHY and externally that are about maintaining standards, governance and quality. Why have these become important to you?

They have always mattered to me. I remember the foundations being laid in the early days when we established a working



CAREER MILESTONES

- From **2008** and still today – member (and Vice President) of FSR, the Danish Auditors Expert Opinion committee, preparing opinions on good practice in audit, accounting and ethics for auditors/accountants. Opinions often requested in court cases.
- For several years, appraisal officer appointed by FSR, Danish Auditors.
- **2009** to now – quality controller for the Danish Oversight board, performing reviews on other accountancy firms.
- **2006-9** – UHY Board director and chair of UHY's membership quality working group (MQWG), which she still serves on today.
- **2015** elected member of UHY's Nominations Committee, tasked with the identification process of candidates for consideration for election to the UHY Board of Directors. Vibeke has taken on this role on three occasions.
- **2016** appointed UHY's representative at IFAC Forum of Firms.

“

The UHY stamp of quality is more important than ever today.

”

group at the UHY annual meetings in London and Paris. We came up with the idea of implementing a Member Quality Charter, where each member of UHY should show its commitment to quality with its own charter. This was a very big step, and it is still there along with more recent measures to drive quality.

In 2016 you were appointed UHY's representative on the IFAC Forum of Firms (FoF), which ensures consistent, high standards of financial reporting and auditing practices worldwide. How satisfying is this role and how important is it to your clients?

Aside from immense personal satisfaction is the value that the FoF role brings to the network – setting a benchmark of quality and performance. The UHY stamp of quality is more important than ever today. When I attend FoF meetings I get to discuss these matters with standard issuing bodies directly. The role is a privilege and huge responsibility, following as I am in the footsteps of my predecessor Jack Easton, former partner of UHY Hacker Young in London, who represented UHY at the FoF for several years and whose stringent efforts were crucial in cementing UHY's reputation for quality.

You also play an active role in several of UHY's special interest groups (SIGs). What do these do and why are they important?

SIGs explore opportunities, share sector expertise and knowledge, explore the development of new products, services or even a common UHY understanding on certain issues for the benefit of our clients. They help us to maintain our competitive edge and ensure that service.

Looking ahead, what are the biggest challenges for UHY and inforevision?

As a network and as a profession we need to embrace the new opportunities created by technology and globalisation. Our quest to be innovative through technology – such as cloud accounting – must be balanced by our promise to always add value for our clients. UHY's five-year 2020 Vision strategy includes a focus on developing services that significantly reduce IT costs and overheads. An improved workflow can speed up decision making and improve productivity. The benefits for clients are considerable, providing we work with them closely when systems are implemented so they can understand the goals and feel comfortable with the processes. In general, our clients will work in more and more sophisticated technological environments – so we need to focus on developing new services to meet their needs for today and for the future, and keep differentiating our network accordingly.

What has changed the most in accountancy since you first qualified? What are the priorities for the future?

I have seen so many big changes but the globalisation of the world must be the biggest! Twenty-eight years ago the focus was to bring financial reporting to an acceptable level, country by country – the same with auditing standards. In the 1990s and early this century the focus has been to develop international standards in both financial reporting and auditing – highlighting the quality focus and developing the profession with this primary focus.



VIBEKE AT HOME

Tell us about your childhood. What were you like at school?

I grew up on the beautiful island of Bornholm, famous for its round churches and stunning white sands! I'm the youngest of four, I had a very happy and carefree childhood.

For a couple of years, I dreamed of being a pharmacist or a dentist, but I also wanted to study at business school. My brother studied to be an accountant so this seemed to me to be a way to get to business school and Copenhagen! I started training in 1983, and received my state authorisation in 1992 (in Denmark accountancy students tend to work full time, so studying takes nine to ten years).

And your family now?

I am married to José – who runs his own business selling furniture and office designs. Together we have two children, Frederik, 21, and Josefine, 16.

How do you relax as a family?

We spend as much time as possible in our dream (summer) house on the coast of Bornholm – where I grew up! The house was built in the 1800s so we are slowly restoring it. We love cooking and enjoying life.



A GLOBAL CELEBRATION



OUR 30 YEAR ANNIVERSARY MARKS A STORY OF COLLABORATION AND SUCCESS

In 1986, US firm Urbach, Kahn & Werlin (now UHY LLP and UHY Advisors) joined forces with Hacker Young in the UK (now UHY Hacker Young) and the international network, UHY, was born. This was the beginning of a longstanding collaboration, sharing knowledge and serving clients nationally and internationally. The new partnership sent a proud and powerful message to the world: we are a team, and we mean business.

Thirty years on, UHY has grown into a truly global force – 7,600 professionals working in over 320 business centres in more than 90 countries. UHY is now the 16th largest international audit, accounting, tax and consultancy network. As we grow, change and evolve, collaboration is always at the heart of our mission to offer exceptional service.

WORKING TOGETHER

Ask our clients what they appreciate about UHY and they will say it is about the way we work with them. They benefit not only from our member firms' expertise, but also from three decades of strong relationships, collective knowhow, sharing knowledge, and working together to create the best client experience for the long term.

Bernard Fay, UHY's current chairman and co-managing partner, UHY Fay & Co, Spain, says, "We provide accessible, personal advice that will equip our clients to grow stronger and more confident in their local and international markets. We will guide them to achieve their business goals and we never lose sight of the fact that every person and every business we work with has individual needs, goals and challenges."

"UHY's advice on long-term strategy, international tax advice and cash flow guidance has made sure that we are expert players in the global marketplace."

Ken Matheis Jr., president, The Complete Companies. Engineering and manufacturing in the automotive sector

Our international outlook, the *raison d'être* for UHY's formation 30 years ago, means that wherever you are in the world, in whichever industry or sector, we can support your business and goals.

"We wanted an advisor who would understand our vision, share our values, and work efficiently with the size and structure of grupoarbulu."

Iñaki Arbulu, CEO and Managing Director, grupoarbulu. Global leaders in marine electronics.

CELEBRATING TOGETHER

We have grown into a globally recognised brand, which can meet the challenges of not only ambitious SMEs but also larger multinationals and listed companies.

That spirit of entrepreneurship and the enjoyment of doing business is as strong today as it ever has been. For us, part of that enjoyment is the pride we take in delivering excellence to our clients and helping them to achieve their ambitions. It is an approach enshrined in our values and our brand promises: ambition, professionalism, quality, integrity, innovation and international outlook.

These are the things that drive the network forward.

That's why, after 30 years in business as an international network, we have so much to celebrate. Recently at UHY's anniversary celebrations, Steve Fischer and Frank Stansil, founders and former chairmen of UHY, said, "Thirty years on, we are very proud of what our member firms have accomplished together, and we believe it is all based on the UHY culture we helped to establish 30 years ago – working together, serving clients and having fun."

Over the years, we have enhanced our way of working together and strengthened the interaction between our member firms, through interpretation and analysis of local and global market trends, having industry knowhow in depth, and sharing expertise.

COMMON KNOWLEDGE

Our special interest groups (SIGs) across the network bring the added value our clients need to make informed decisions. SIGs address a wide range of issues. What is driving the automotive sector right now? What is the current balance of risk and reward in the mining



Our business relationships are built on strong interpersonal cooperation with a long-term approach.



industry? What upcoming transfer pricing or regulatory changes are likely to impact our clients' business? For many years now, our SIGs have been key centres of excellence within the UHY network to drive client engagement and deliverables through dialogue, knowledge and resource-sharing, both in specialist sectors and lines of business.

"The audit SIG is a great place to share best practice among member firms and discuss emerging trends. A great resource for my clients' international needs."

Gerald Townsend, partner, UHY LLP and chair of UHY's global audit SIG.

STRONG LEADERSHIP

At UHY, we always look forward, just as we did 30 years ago. Long-term commitment to clients and to the continued prosperity of our member firms has always included identifying and nurturing growth and future leaders within the UHY network. We

achieve this by investing in our people through management development, training, secondments and internships.

We have also formalised this commitment, for the past 15 years, through our annual UHY Forum, bringing together some of the network's exceptional talent to develop non-technical skills like negotiation, culture, strategy and leadership. Over the years, our current leaders have had the opportunity to participate in this forum, learning how to respond to the challenges of the profession, the impacts of change, and the need for constant innovation and service offering development for the benefit of our clients.

These programmes help to ensure we have strong member firms, nurturing talented people to represent our business and serve our clients.

AND THE NEXT 30 YEARS?

Today, the UHY network is prouder than ever of its position as a leading global network. We understand the challenges our clients face in a competitive world full of opportunity and risk, and we welcome the chance to engage with their objectives and work with them to realise their goals.

We embrace and relish our own challenges too: the evolutionary (sometimes revolutionary) world of technology in professional services; fast-changing global economic and financial outlooks; constantly evolving regulatory demands; and the shifting geopolitical landscape which impacts – for good and for bad – cross-border trade and investment.

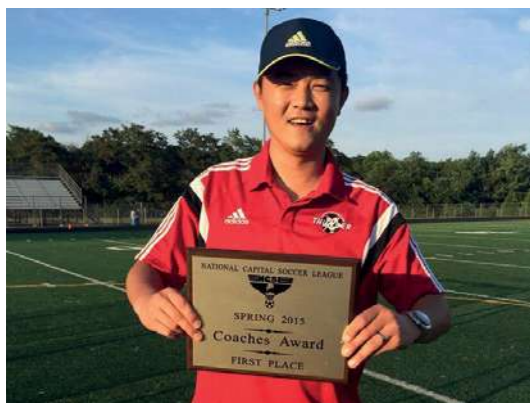
As Bernard Fay says, "Our business relationships are built on strong interpersonal cooperation with a long-term approach, both with our clients and our member firm colleagues. Clients stay with us year after year because of the levels of support we are able to offer. As chairman of this great network my priority is to make sure that this spirit of collaboration and insight continues to underpin our strategic goals."

For UHY and our clients, an exciting future awaits.

For more information about UHY's capabilities, email the UHY executive office, info@uhy.com, or visit www.uhy.com.

SMARTER WORKING

- UHY's annual and regional meetings have evolved from being forums to get to know each other to real knowledge sharing platforms where member firms can exchange and enhance their accumulative experience and technical knowhow
- Regular international research provides our clients with the kind of intelligence and thought leadership vital for strategic planning and market development – and is often quoted in the global media
- Our intranet links up 7,600 UHY colleagues globally to share data, ideas and expertise in real time.



A LEAGUE OF HIS OWN

When Yang Chen moved to the US in 2006, following a successful career as a professional footballer in his native China, he had no idea what kind of job he wanted. Just a few years later he was a senior staff accountant with UHY Advisors in Maryland, US and he now also uses his soccer skills to give back to the community in his adoptive country.

Born in Shenyang, Yang's instinct for football was evident from a young age. His parents sent him to soccer school aged nine. He became a professional at 17, playing in Division 2 for four years, before moving to Hong Kong in 2004. "Lanwa FC approached me – I became their youngest player. I improved a lot working with African and European players."

By 2006, Yang was thinking about his career after football. He arrived in the US with very little English, unsure of what to do. "I worked in a Chinese takeaway while I waited for my student visa, then went to Howard Community College to take the ESL (English as a Second Language) programme, studying maths, reading and writing. I waited tables and delivered food to pay for my tuition. I passed the college placement in 2009, deciding to major in Business Administration, and found accountancy classes."

Yang played soccer for the college team, winning the first national championship in its 40-year history. He was selected for the first National Junior College Athletic Association team and was invited to be youth coach at the local soccer club.

Yang received double degrees in Accounting and Finance at the University of Maryland – and became a full-time soccer coach. Having passed his CPA exam, he now works in the Columbia office of UHY Advisors, Maryland, US. "My soccer experience has taught me that every decision will affect others. I think my accounting career will benefit from that."

ALL ROUND EXCELLENCE

Spain's National Federation of Consultancy and Professional Services (FENAC) has recognised UHY Fay & Co, Spain in its 'Ranking of Excellence', which identifies the 30 best companies in the sector.

Announced at an event at the Spanish Confederation of Companies (CEOE) in Madrid, the ranking analysed over 300 companies on criteria including development of team talent and client satisfaction, and the contribution the firms make to other businesses to increase their efficiency, size and turnover.

Representing UHY Fay & Co were organisational director Raquel Hernández Ruiz (pictured receiving the certificate), corporate social



responsibility manager Andrea Duque Pérez and marketing communication manager Tamara Paradas García, who are based at the Madrid office.

Max Gosch, managing director, UHY Fay & Co, says, "We are honoured that FENAC has ranked us among the very best consulting firms in Spain – we place an extremely high value on results, client satisfaction and teamwork."



KEY ROLE FOR STEVEN

A member of the Malaysian Institute of Accountants (MIA) since 2009, Steven Chong (above left), partner at UHY in Malaysia, was elected to the MIA Council at its Annual General Meeting.

The MIA regulates and protects the interests of Malaysia's accounting profession, and is a member of the International Federation of Accountants (IFAC). Steven will serve a three-year tenure as one of ten elected members of its council. He is looking forward to being involved in initiatives such as the Committee to Strengthen the Accountancy Profession (CSAP), alongside council members including partners of the Big 4 and key organisations such as the Securities Commission Malaysia and the Central Bank of Malaysia.

Steven is one of three new council members under 40 who ran a joint election campaign, and believes he can help bring new ideas and perspectives to the MIA. "We represent the younger guns who can champion further improvements and advancements for the accounting community in Malaysia," he says. "I believe we will be able to contribute a fresh perspective on current issues of concern to the profession."

With experience in marketing and PR, Steven has a keen interest in social media strategy and engagement, and aims to promote the organisation to the younger generation of Malaysian accountants.



GIVING FEELS GREAT

Embracing the opportunity to give back to the community they work in, the team at UHY Advisors, Michigan (MI), US launched a UHY Cares Annual Volunteer Day Programme – and staff are queuing up to get involved.

"We teamed up with Metroparks, our local events and park area, and asked employees to volunteer at either the farm centre, gardening, feeding the animals and setting up for special events – or help with our natural resources project, boosting ecosystem management so native plants, wildflowers and animals can thrive," says

Jill Andree, office manager and UHY Cares committee member, UHY Advisors, MI.

Teams from UHY Advisors, MI, also got involved in the Easter Seals Zoo Walk to raise money for seals and their monthly jeans day, which asks staff for donations of just USD5 to support Crocs for Kids, a charity supporting children with cerebral palsy and mobility disabilities by handing out shoes that they can feel good wearing.

"It is wonderful to see how keen all our employees are to make a difference and they keep asking for more opportunities," says Jill.



MAKING DREAMS COME TRUE

UK member firm UHY Hacker Young has a history of supporting local charities. In 2016, for the first time, it pledged support to national charity Dreams Come True – and is already making a difference.

The charity uses dream fulfilment to enrich and empower the lives of children and young people with serious illnesses, disabilities and life-limiting conditions.

Fundraising started in summer 2016 with 'Dream Tea' events at Hacker Young offices throughout the country. Through baking and selling cakes, cookies and other treats to share, the firm has contributed significantly to the charity's fundraising aims. Jon Warsop, group chairman at UHY Hacker Young, UK says, "We are thrilled, and looking forward to helping many dreams come true."

COUNTING THE YEARS



As the UHY network celebrates its 30th anniversary, member firms are marking their own milestones. In September 2016, UHY

TietoAkseli in Finland celebrated its 25th anniversary with a seminar and discussion on Finland's economic

environment, followed by a gala reception. Antti Liimatainen, customer relations director, says, "We wanted to bring together our interest groups for a discussion around the country's economic development."

Two other UHY member firms will be celebrating significant anniversaries in 2017. Founded in Montréal, Canada, in 1932, UHY Victor will celebrate 85 years; while the Sydney office of Australian member firm, UHY Haines Norton will mark its centenary.



FANTASTIC FOUR

Delivering excellence to clients means investing in talent. UHY Hacker Young, UK's talent was singled out by influential publication Accountancy Age (AA) in its '35 under 35' list for 2016. Four of the team featured in the list, which highlights "some of the best and brightest accounting practice talent in the UK" at AA's Young Professionals Day in May 2016. The rising stars are, clockwise from top left, Elliott Buss, client partner, 31; David Kendrick, corporate finance partner, 34; Victoria Niven, audit senior, 28; and Marie Pegram, associate, 30.



LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

To find out how UHY can assist your business, contact any of our member firms. You can visit us online at www.uhy.com to find contact details for all of our offices, or email us at info@uhy.com for further information.

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WITHIN OUR NETWORK

