

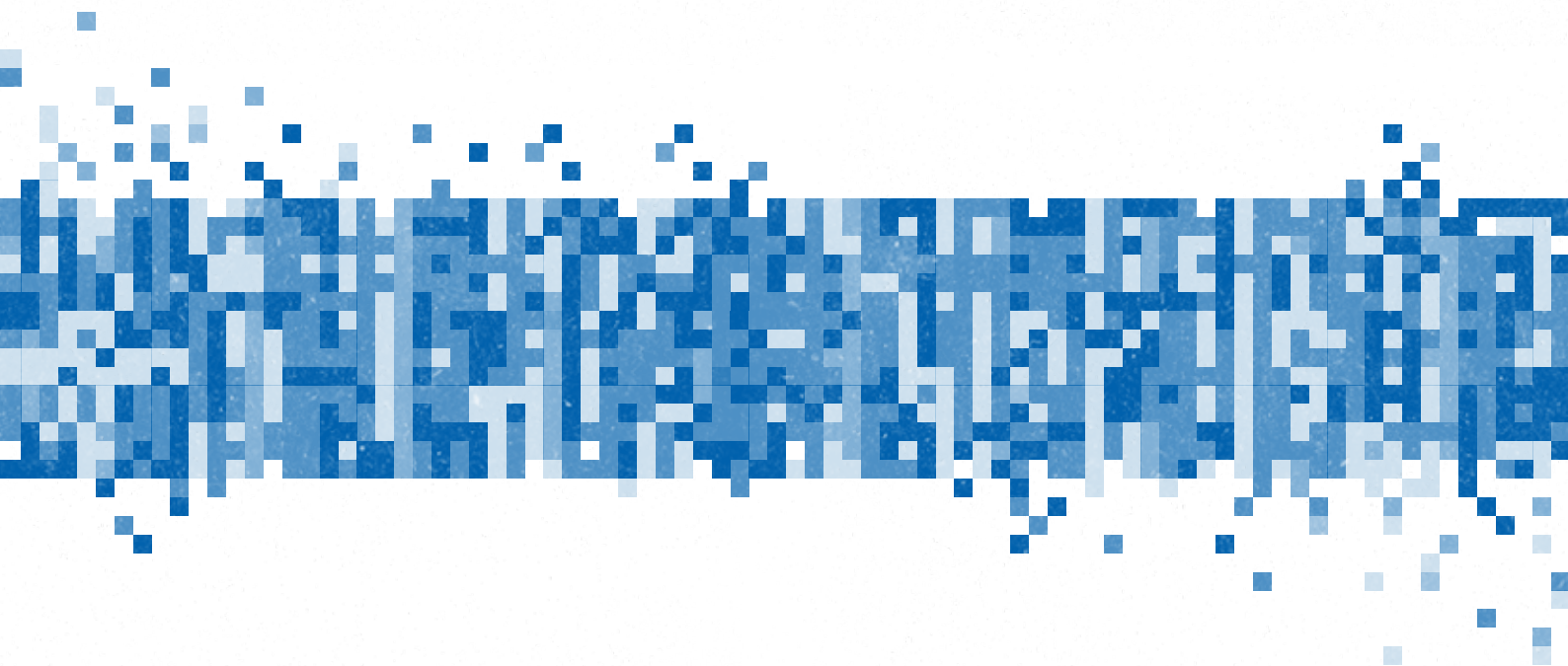


Grant Thornton

An instinct for growth™

Our global capabilities:

Technology



Blink and you'll miss it

The technology industry is constantly evolving and at an ever increasing pace. In response high-performing companies are always revising their business models, business strategies and product mix. They're more fleet of foot – and they need to be. Industry leaders are adding significant value, and disrupting all industries as they establish “platform communities” and reduce complexity. Start-ups are going global from day one, and pushing industry leaders to innovate or risk obsolescence. No technology business can afford to sit still. In fact, the ability to anticipate and adapt are essential core competencies, as important as excellence in product development, sales and support, or financial operations.

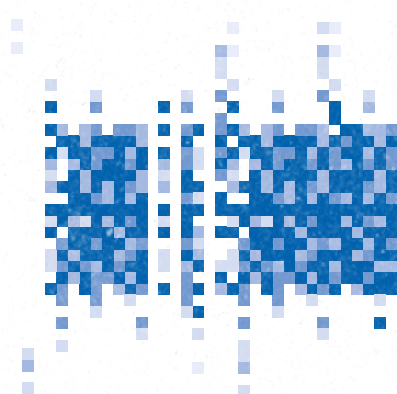
“At Grant Thornton we help dynamic businesses around the world adapt to this rapidly changing environment. Drawing on our industry expertise, we work with you to scenario plan, manage costs, create flexible organisations and finance growth.

Read on to learn more about how we can support your business as it finds its feet in this changing landscape.”

Steven Perkins

Global leader of technology, media and telecommunications





Global industry trends

Global comes early, seems deceptively easier

Reaching international markets has never been so straightforward, or as low-cost, while paradoxically, growing more complex. It all centres on ubiquitous infrastructure and increased regulatory pressures. New internet platforms, on-demand services, global supply chains and increasing data speeds mean that early stage tech companies can operate globally from day one. Their target? Sophisticated buyers, who research, compare and purchase online. But there are challenges. As companies mature, they must optimise - and retool where necessary. And the bigger the reach of the business, the more local regulation and market requirements to contend with. However, to thrive internationally, tech firms must resolve increasingly complex and locally divergent, legal and regulatory obstacles, along with the traditional needs to accommodate individual cultures and localisations that come with operating globally.

Revenue recognition changes

The way in which technology companies account for revenue is changing. It's a technical shift that can affect the value of the businesses involved. It's partly due to the growth of new business models that operate 'as-a-service' and charge as services are consumed. This move away from onetime payment for user-owned products alters the timing of, and amounts involved in, revenue recognition. It's also down to a change in product/service delivery. Increasingly, the nature of any contingencies on use of the products and accompany services, will also affect the way revenue is recognized. On the plus side, for many technology businesses, the days of "shrink wrapped pallets of products on the loading dock" as prerequisites to recognition are history. Today a URL affords instant delivery of a service instead. Forward-thinking businesses are keeping an eye on the challenges – and opportunities – this presents.

Grow or die

To survive in a fast-moving marketplace, technology companies must constantly innovate and grow. And as they reach scale, profitability replaces growth as the primary measure of success. They are restructuring after each period of growth, building a strong, efficient, and increasingly more profitable core from which they can rapidly scale again.

In parallel, dynamic firms are managing these challenges by continually rethinking their strategy, research and develop, corporate development and alliances to advance and restructure their product and services portfolios.

Increasing amount of scrutiny

Technology firms are facing ever more regulation. It's a reflection of the growing reliance in the economy and society. It is also a not-unexpected, though often unwelcome, by-product of the innovation and disruption the technology industry is causing in other industries, and as pioneering technology companies come under regulatory oversight regimes. Take Google's driverless cars, for example. Or sharing-economy companies such as Uber and AirBnB. It makes for a complex environment, covering everything from security and privacy to product safety. But progressive firms are working with regulators to strike the right balance in oversight. By putting the right processes in place, they're protecting their clients, their own assets and operations, and creating trust in their brand too. And where necessary, they're preparing to stand their ground.

Blurring of lines

The ground on which technology companies are built is shifting. As hardware is driven increasingly by software and the technology 'stack' becomes virtualized as a service, so the lines between sectors are blurring. Mobility and user-produced content are reducing the distinctions between telecommunications carriers and media, while the sharing economy is moving technology firms into the hospitality and automotive industries among others. And it's still early days for eRetail, HCIT and Fintech. And as we increasingly see industrial companies producing and distributing their own technology products, this is definitely a trend that plays both ways. Soon every business will be a technology business of some sort.

Global sourcing

As more tech firms scale up and go global, so more of them are sourcing supplies, services and talent outside their domestic markets. It's challenging. Front office, back office, operational functions: everything must be considered in terms of quality control, transparency, cost, trust and compliance. Companies must also comply with trade, security and privacy regulations, navigate local policies and initiatives and deal with social concerns such as conflict minerals. The models of developing, selling and servicing directly, through alliances, or through distributorships or agents require careful structuring. And as your business matures and regulations change, these options need to regularly be reviewed and optimized. Some resolve these issues by selling direct.

Our solutions

We understand that every business has unique goals and faces a diverse set of challenges, so we're here to help you with whatever you need.

Our approach

With 42,000 people in over 130 countries, we have true global scale, deep technical capabilities and extensive industry expertise. But this does not make us different. It's how we work with you.

If it's important to you it's important to us

Our culture is built on a genuine interest in our clients – their challenges, growth ambitions and wider commercial context. You get the attention you deserve from approachable, senior professionals who ask the right questions, listen and provide real insight and a clear point of view.

The bottom line

A relationship-led approach with more time and attention from partners and senior advisers

A deeper understanding of your business for more meaningful advice and recommendations

Agile and responsive advice

Our size and structure create advantages for you. We adopt a flatter structure, with shorter decision making chains, empowered teams and no complex chains of command. We have all the necessary processes and controls but they're streamlined and efficient. Our teams are more responsive.

The bottom line

A faster response when you need quick answers and clarity

Anticipating the answers you'll need before you ask

Pragmatic solutions to help you improve

Put simply, our teams add value. We like to bring ideas to the table, going beyond the technical issues to recommend ways to make your business better. Whether your goals include cross-border expansion, improving operational efficiency or building investor confidence, we balance a desire to do what's best for you in the future with an experienced sense of what's going to help you now.

The bottom line

Helping you think ahead and think more broadly

Proactively identifying opportunities for improvement and growth

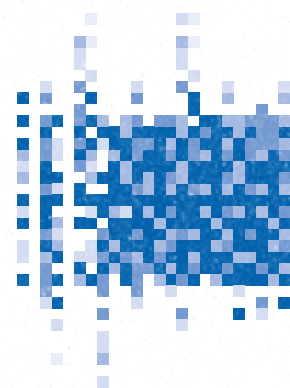
Collaborative teams with a different mindset

Our people are open, accessible and easy to work with. We work through the issues alongside you, always with an independent perspective and challenging where necessary. Our collaborative style also enables us to assemble teams with a broader perspective – working across service lines, industry teams and geographies to tailor our capabilities for you.

The bottom line

Teams and solutions built around your needs not our structures

A better working relationship with you and your team



Our services to help you succeed

Our firms offer a broad range of tax, advisory and assurance services designed to meet your needs.

We also know that industry expertise plays a key role when choosing your business advisor, and our team has a broad range of experience across the technology sector. We also have a dedicated team of hotel real estate specialists who can advise you on property and investment options.

Protecting your business by complying with regulation, engendering trust and identifying and managing risk

- internal and external audits
- risk assurance – independent certifications, governance, risk identification & assessment, control design and assurance
- special attestation reports
- tax strategy and planning
- anti-corruption services

Driving performance by scaling and optimizing operations

- operational performance reviews and benchmarking
- organizational change including service integration, business process improvement and service cost modeling
- enterprise risk management
- commercialization of intellectual property
- cross-jurisdictional tax planning
- outsourcing across financial accounting, tax compliance, payroll and personnel administration, and business processes to improve operations

Creating value by helping you reach your growth potential

- fund raising including stock exchange listings
- corporate finance including M&A
- specialist tax advisory services, including R&D

Our clients

We coordinate, cooperate and communicate based on a shared global strategy. This ultimately leads to greater consistency and better quality for our clients.

From startups to medium-sized businesses to large private and listed companies, a broad range of technology businesses come to us for our expertise. They value our extensive knowledge of the industry landscape and solutions that either meet or exceed industry standards. But above all, they value our open, accessible and no nonsense approach that leads to a deeper understanding and more relevant advice.

We're genuinely interested in your business, your challenges, your growth ambitions and your commercial context. We get closer to the issue to provide more meaningful and forward-looking advice.

We bring collaborative teams, not just silo specialists. We work seamlessly across service lines, industry specialists and geographies to bring our best team to the table to support you.

- Alpha and Omega
- Atos
- Bankrate
- Avnet
- HCL technologies
- ICF International
- Intercall
- Littelfuse
- Oclaro inc.
- Teleperformance Group

"We are delighted with the support provided by the Grant Thornton team over the years in preparing us for a transaction. Their advice has been invaluable and they introduced us to a partner that has a strong understanding of our market, allowing us to secure a great future for Sequel, and its many stakeholders."

Mario Garcia
Chief executive officer | Sequel Business Solutions Limited

Our work

Our firms work with a diverse group of clients and support them through every stage of the business life cycle, whether emerging, growing, maturing or in transition.

InterCall

Consolidation across the region

In recent years, InterCall has enjoyed exceptionally strong organic growth in the APAC region, but, in the pursuit of growth, financial and legal processes were left behind. "When I joined InterCall Australia, there was great disparity in the finance and accounting processes and structures, and legal and regulatory arrangements were problematic in some countries, including China and India," explains Paul Bell, Head of strategy and development InterCall APAC.

Our service to InterCall now draws extensively on the Sydney-based engagement team and their in-depth understanding of the business and ability to access the expertise of Grant Thornton partners in 11 member firms across the region. "In every APAC country, we can now rely on a Grant Thornton team on the ground that truly understands our business, but has a global perspective on crucial matters like tax," explains Paul. The outcome: InterCall's APAC processes have now been harmonised, and previously loss-making operations in Japan and Singapore turned around. Internal finance teams are stronger across the region and are supported by Grant Thornton member firms with proactive guidance and advice as and when challenges arise.

Kodak Alaris

Restructuring and acquisition

When Eastman Kodak filed for bankruptcy protection it was seeking time to restructure its global businesses. For Kodak Pension Plan (KPP), its largest unsecured creditor, this was both a significant concern and an opportunity to redefine how it was funded. The Trustees turned to Grant Thornton, as their financial adviser, for help. Part of the restructure gave KPP the opportunity to acquire Kodak's global Personalised Imaging and Document Imaging divisions. The deal was complex and required specialist knowledge.

We brought a multi-disciplinary team to perform a full due diligence process to validate the commercial rationale. Our tax specialists ensured the corporate structure of the new global business was optimised across 30 jurisdictions, while the debt advisory team delivered a working capital funding package. We drew together an international team of over 250 professionals and worked across service lines on a global basis to ensure the Group was separated efficiently and ready to be operational on day-one. The deal was successfully completed, including a separation of the business to a planned timetable with minimal operational impact.

Public technology company

Impact of new revenue recognition guidance

A public technology company grew rapidly and expanded its service offerings through multiple acquisitions. As a result, the company had a complicated revenue structure, with complex customer contracts with many revenue elements. Management proactively identified the impact of new revenue recognition guidance on financial reporting and operations. They needed an unbiased view of the impact of the guidance and help with analysis.

We provided this analysis, and by the end of the project Grant Thornton had worked with the client to develop 21 new accounting policies. Based on our work with them, the client now has the information they need to show the impact of the new revenue recognition guidance from day-one. They will be able to plan and budget for the system changes required to implement the guidance. The client will now be able to run parallel systems from before the effective date, and lay the foundation for a Sarbanes-Oxley Act Section 404 review. We achieved the results they desired seamlessly and collaboratively, with constant dialogue between our engagement team and management.

bChannels

Corporate finance and management buyout

bChannels is a multi-national business that delivers channel consulting and management services to many of the world's leading technology businesses such as Cisco, Intel, Symantec, SAP and HP. Established in 2000, the company has grown considerably in recent years. With significant opportunities for further growth identified, particularly in the US and Asia-Pacific markets, we won the mandate to advise management on a secondary management buy-out.

Working with the management team to understand the business and their strategy, we introduced the team to a number of potential funders. The team at bChannels identified their preferred partner and we project managed the sale process through to completion.

Now that the deal is complete, both parties are looking forward to working together to deliver the next stage of the business' growth.

About us

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms. We help dynamic organisations unlock their potential for growth by providing meaningful, forward looking advice.

Proactive teams, led by approachable partners in these firms, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions. More than 42,000 Grant Thornton people across over 130 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work.

To find out more or speak to any of our specialists, visit:

www.grantthornton.global



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