



# Expertise and innovation to drive success

**Annual Review 2016**

April 2017

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At KPMG we build and sustain our reputation as the best firm to work with by ensuring that our people, our clients and our communities achieve their full potential.

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. The network operates in 152 countries and has 189,000 outstanding professionals working together to deliver value in member firms around the world.

KPMG in Malta is a Maltese Civil Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.



*Any mention of KCw within this report refers to KPMG Crimsonwing.*

*Photos included within this report are of local architecture.*

*Cover: the panoramic Barrakka Lift, Valletta*

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**“In this increasingly disrupted world, our profession, and we at KPMG, have to understand how best to serve our clients and assist them in the several challenges that they face now and perhaps even more so in the coming years.”**

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Today we are experiencing an unprecedented level of change in the world around us affecting every aspect of our lives. These changes are not restricted to any one sphere. Today's international political agenda seems unrecognisable from that of a few years ago. We have witnessed large numbers of people being uprooted from their countries as a result of civil war or regional conflicts, but often also just to seek a better future for themselves in more prosperous nations. Technological advances in medicine, finance, the professions, manufacturing and virtually in every other sector, have introduced changes at an unprecedented pace. In particular, the coming of age of artificial intelligence and Big Data, enabled through the ever-increasing computing power, has started to impact the world of work – indeed many predict that what we are witnessing today is just the beginning of a major upheaval.

# Introduction

## by Tonio Zarb

In this increasingly disrupted world, our profession, and we at KPMG, have to understand how best to serve our clients and assist them in the several challenges that they face now and perhaps even more so in the coming years.

I believe we can best do this by reflecting on what we do best.

We have a reputation for upholding the highest standards in our assurance services to ensure we inspire confidence all the time.

I find that the best way to express this is by quoting one of our audit managers when asked why she does what she does at KPMG – her answer was simply that “I protect my grandparents’ savings”.

We also work with our clients to empower change in their

organisations. In this we are at our best when we combine the deep and diverse expertise that we have across the firm and bring this to bear seamlessly, thus providing imaginative solutions to the biggest challenges our clients face. We are committed to increasingly adopting this approach, which would see us taking our clients’ problems and working shoulder-to-shoulder with them to create implementable solutions that really work.

We would not be in a position to do this successfully and consistently if it were not for the impressive talent that we have across the firm. Our people’s commitment to providing high quality services to our clients is borne out by our annual surveys of both our people and our clients. In all, KPMG and KPMG

Crimsonwing have over 520 people in Malta (up from 490 last year) whilst KPMG Crimsonwing has an additional 140 people based in the UK and the Netherlands. Without these people, their talent, expertise and experience and above all their commitment to their clients, we would not be half of what we are today, a firm that stands proud of its achievement, core values, and its vision to be the clear choice in the professional services marketplace.

**Tonio Zarb**

Senior Partner, KPMG in Malta

28 April 2017





**“Our growth in Malta capabilities has resulted in us growing to our highest ever headcount there.”**

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**Last year proved beyond a doubt that clients both welcome and value the Microsoft technology delivery capability of KPMG Crimsonwing when combined with KPMG business transformation and integration know how. As a result, KPMG was able to win significant new business in the public and commercial sectors and with KPMG Crimsonwing revenues growing 35% in the year-on-year in the UK market alone.**

Last year was also marked as one in innovation as Microsoft launched its cloud based Enterprise Resource Planning (ERP) product variants and set out its broader offerings for digital transformation. This resonates extremely well with KPMG who are able to advise and guide businesses on their cloud adoption and transformation journeys, and to help build and execute their digital strategies. KPMG Crimsonwing was one of the first Microsoft

# KPMG Crimsonwing, a year in review

partners to help a client move to 'finance in the cloud'. The benefits to the client included better customer service, lower operating costs and improved margins.

The strategic relationship we enjoy with Microsoft also brought additional tangible benefits. We are one of the few global partners that Microsoft provides with dedicated consultants to help orchestrate proposals with clients, and we also work closely with Microsoft Consulting Services on innovative solutions.

Outside our main home markets of the UK and The Netherlands, KPMG Crimsonwing helps the wider KPMG network to secure new business. Last year we initiated a

major new programme with the YMCA organisation in Canada and worked with KPMG Canada. Over 40 individual YMCAs will be using a new version of our Membership solution in the cloud, for managing member services, events and new services for childcare and learning.

Our growth in Malta capabilities has resulted in us growing to our highest ever headcount and in acquiring additional office space and infrastructure. Our solution centre in Malta also works directly for KPMG and to help build new tools and solutions to support the wider KPMG offers in audit, tax and data analytics.

Being a part of KPMG is really exciting. KPMG is always looking

at how it can improve business performance, and in essence, many of its partners and business leaders are working as entrepreneurs with deep industry knowledge and an ability to bring KPMG's expertise to bear across a variety of initiatives. We see that entrepreneurial spirit in our teams who are often able to create new and better ways to deliver our service.

It's going to be another exciting year ahead.

**David Walsh**  
CEO, KPMG Crimsonwing UK

28 April 2017





# 2016 highlights

## Revenue

Total revenue 2016  
**€45.6M**

KPMG in Malta  
 €15.8M

KCW  
 €29.8M

Total revenue 2015  
**€35.2M**

KPMG in Malta  
 €15.5M

KCW  
 €19.7M\*

# People

Total FTE  
**664**



**220**

KCw Malta

**82** KCw United Kingdom

**58** KCw The Netherlands

## Headcount by gender (FTE)

### KPMG in Malta

135 Male    169 Female    **304 Total**

### KPMG Crimsonwing

285 Male    75 Female    **360 Total**

## New hires by gender

### KPMG in Malta

35 Male    36 Female    **71 Total**

### KPMG Crimsonwing

100 Male    29 Female    **129 Total**

**131**

University students participating in the graduate recruitment programme

**c.2,800**

Job applications received in total

# People survey



# Client reputation

## KPMG in Malta

### Client Satisfaction Survey



Satisfaction with the quality and skills of the KPMG people assigned to your engagement(s)



Satisfaction with the extent to which KPMG has demonstrated an understanding of our business needs and of the issues and challenges that face our business



Satisfaction with the extent to which KPMG has met or exceeded your expectations



State that they are likely to continue to use KPMG for the services they currently receive

## KPMG Crimsonwing



Overall Customer Satisfaction rating

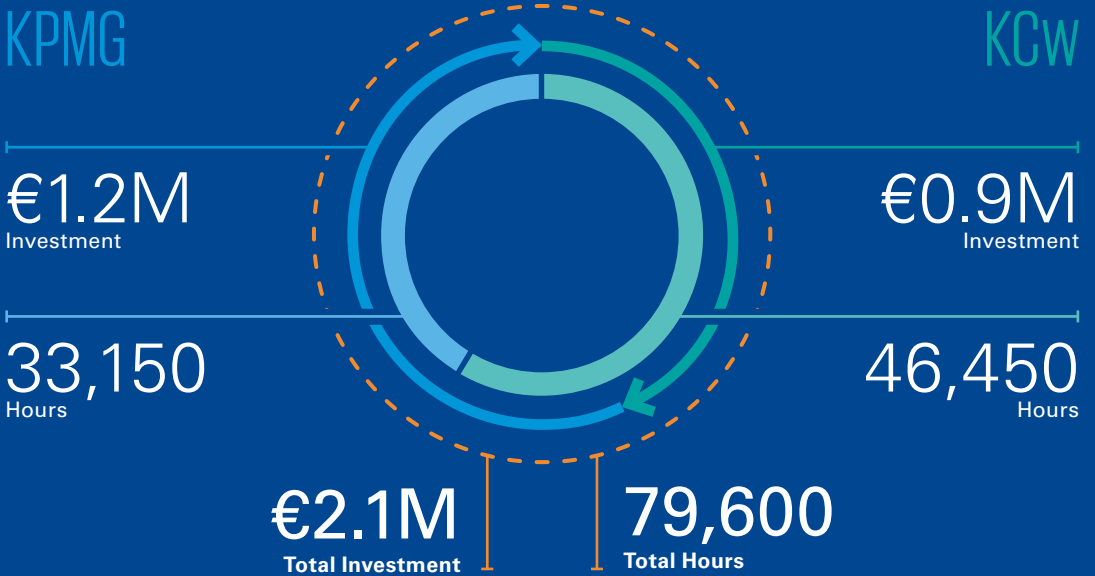


Would refer Crimsonwing to one of their contacts



Would work with us again given the opportunity

# Learning & development



# Nationalities



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# New senior appointments

On 1 January 2017, KPMG appointed John Ellul Sullivan as Partner and Clifford Delia as Director. John joined the firm in 2009, and has since then focused on advising multinationals and high net worth individuals on their Malta tax implications. Clifford has been with the firm for 13 years. He worked within the Audit department for a number of years and now leads the Accounting and payroll support team. The appointments reflect the sustained growth we expect in these sectors in the coming years.

On December 1 2016, Jan-Douwe Jilderda was appointed Director at KPMG Crimsonwing Netherlands. Along with a highly capable team, his focus will be on growing the Wholesale & Manufacturing unit as well as being actively involved in Sales and Marketing.

On 1 July 2016, Matthew Shearsby was appointed by KPMG Crimsonwing as Director for the Microsoft Dynamics 365. His career with KPMG dates back to 2013. Matthew possesses a wealth of experience in the ERP function including Finance, HR Procurement, Manufacturing, Project Management and accounting, retail and public sector.

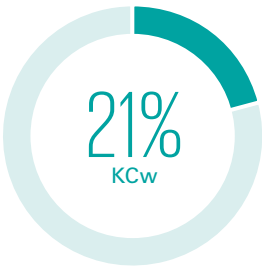
On 1 January 2016, KPMG Crimsonwing appointed David Wilson as Group Finance & Administration Director. David joined an audit department within KPMG UK in 1993, qualifying as a Chartered Accountant in 1996, before moving into the Consulting division of the business.



*From left to right: John Ellul Sullivan, Clifford Delia, Jan-Douwe Jilderda, Matthew Shearsby and David Wilson*

# Female participation

## Female participation



## Females in senior management positions

31%  
KPMG

## Females in management roles

38%  
KPMG

12%  
KCw

## Females promoted

61%  
KPMG

13%  
KCw

## Working mothers

25 25  
KPMG KCw

## Mothers with flexible working hours

18 20  
KPMG KCw

# Thought leadership



14 Events



c. 100 articles  
& publications

# CSR



1,988

Hours  
volunteered



€28,000

Total  
donations

At KPMG, we believe that we have a role to play in making the world a better place.

Our commitment to our communities is one of our core values. We work together to empower change and create a difference, and this ethos carries over into our approach to the communities in which we live and work.

Corporate Citizenship creates opportunities for everyone to make a difference. We believe in empowering people and thus enabling them to do great things. We encourage our staff to work as a team, to lead and participate in different initiatives that address key social and environmental issues.

Our CSR committees at both KPMG in Malta and KPMG Crimsonwing are highly active committees with a passion for making a difference. They are key to identifying and championing numerous CSR activities that enable us to reach our CSR goals.

Our Shoe Box initiative and Dress Down Fridays remain active, as does the KPMG Crimsonwing's People Who Care Fund which identified and supported a number of initiatives in 2016, a donation to a single mother suffering from cancer who has had to stop working; a chairlift to allow a degree of mobility to a young woman who was bedridden following back surgery, and part-financing a staff member's surgery in the UK. The Fund also provided support to Malta Community Chest Fund during L-Istrina 2016 and to Pink October.







KPMG Crimsonwing's Green OPD Green have also been very active and have put forward a number of green initiatives including donating funds to the Tree 4 U campaign (34U).



KPMG in Malta's participation at Freshers' Week also had a deeper and more meaningful purpose as the concept put forward included a Treasure Hunt in aid of ALS Malta.

## Other initiatives supported



### Notarial Archives

KPMG in Malta donated €15,000 towards the conservation of significant volumes at the Notarial Archives, which houses over 20,000 notarial registers and other historic manuscripts spanning a period of 600 years. The Adopt a Notary scheme which enables companies to sponsor the conservation of volumes of work dating back through the centuries, is aimed at increasing awareness about the importance of professional conservation practices.

### Malta Philharmonic Orchestra

In 2016, KPMG in Malta renewed our support for the Malta Philharmonic Orchestra for the second consecutive year. This sponsorship supports the development of the orchestra and its musicians in line with our commitment to support the arts and local talent.



### Junior Chamber of Malta - JCI Malta

In 2016 we renewed our support for JCI Malta (JCI). As an international non-governmental organisation with presence in more than 115 countries, JCI has an important role to play around the globe. The organisation actively participates in the UN system and today JCI's international partners include key players in global development, capacity building and international cooperation.

# The KPMG eSummit



**Russell Mifsud**, Senior Manager, Gaming, KPMG in Malta

Friday 18th November was a proud moment for KPMG in Malta as it successfully held the very first KPMG eSummit in the Maltese Islands and hence joined our KPMG member firms in the Isle of Man and Gibraltar, the original creators of the KPMG eSummit, whose events have gone from strength to strength and have progressively evolved into one of the most reputable and sought after events in the global eGaming calendar.

The Remote Gaming sector continues to be one of the most dynamic and innovative industries in the world. Indeed, the industry has transformed dramatically since the first eSummit took place seven years ago. The KPMG eSummits' aim is to bring greater focus to, and understanding of, the Remote Gaming sector. While the content covered at the eSummits has, from year to year, changed considerably and been adapted to reflect the reality on the ground, the blueprint – under which themes are divided into local and global iGaming issues, with industry leaders sharing their knowledge and experience on each and every delegate participating in the discussion – remains unchanged and has been hugely successful.

With the event securely established in both the Isle of Man and Gibraltar, delegates have since gathered annually to discuss contemporary and perennial issues. Topics have been as diverse as remote gambling, the requirement to balance economic freedoms with consumer protection and the need to raise tax revenue, changes in online payment technologies and their

impact on regulators, operators, customer acquisition as well as many others.

The eSummit has successfully attracted high calibre speakers and panelists from multiple facets of the industry. This has, in turn, acted as a veritable pull-factor in attracting the intended targeted audience of C-level executives, operators, regulators and government decision-makers – basically the movers and shakers of the industry. Due to the high quality content at the eGaming summits, the event has progressively attracted an increasing number of representatives from complementary industries, such as telecommunications, data hosting, corporate services, law and payment facilitation.

It is interesting to note that the events have always attracted delegates from outside the host country. Today, the eGaming Summit is unquestionably international, with the majority of attendees stemming from across Europe.

“The eSummit has successfully attracted high calibre speakers and panelists from multiple facets of the industry.”



The comprehensive and dynamic nature of the eGaming Summits have meant that all of the major changes and controversies affecting the eGaming industry since the inaugural summit are provided with the right fora whereby participants can engage in an interesting debate where the exchange of opinions and ideas is solicited in an open and transparent manner.

The KPMG eSummit in Malta captured this sentiment – it was thought-provoking, filled with knowledgeable

industry specialists who shared their experiences and provided in-depth insight in their relevant area of specialisation. The informal layout of the main conference hall provided the right conditions to capture the audiences’ attention and created a comfortable environment for questions.

I look forward to welcoming you to the 2017 KPMG eSummit in Malta.

# KPMG inaugurates new Gozo office

**February of this year marked the official inauguration of the KPMG Gozo office, an initiative embarked upon for the benefit of KPMG's Gozitan employees, clients and the business community at large.**

The original founding partner, Joseph N Tabone was actually Gozitan and in the early days, more than 40 years ago, when the firm still operated as Joseph Tabone & Co, KPMG had an office just down the road from where the KPMG Gozo office stands today. At the time, the firm serviced several Gozitan clients operating in the hotel and manufacturing industry and, back then, professional staff from the Malta office would spend weeks and months working from Gozo.

Today, we are living a different reality where industry has flourished in both Malta and Gozo. As part of the KPMG recruitment programme over the years, the number of Gozitans employed by the firm has increased and today boasts 30 Gozitan professionals and students.

The major driving force behind the firm's decision to re-open the Gozo offices is to remain true to the ethos of being the Employer of Choice and therefore to offer our Gozitan professionals the opportunity to progress in their careers at KPMG, whilst maintaining a more sustainable and healthy work-life balance. For some, the daily commute which kick-started early in the morning and ended late in the evening was not easy to maintain and this resulted in our Gozitan professionals seeking alternative employment in Gozo,

notwithstanding their wish and aspirations to continue in the profession and reach managerial positions.

From the client perspective the Gozo office has also facilitated the provision of KPMG services to current clients operating from Gozo and created a healthy pipeline of new clients on the island. The firm's presence in Gozo will facilitate communication and clients will now have the facility to visit our offices and seek professional advice without the need to cross the archipelago.







**An interview with  
Nigel Slater,  
Partner KPMG, UK,  
Head of Management  
Consulting, UK**

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The Crimsonwing acquisition has repositioned the firm's relationship with Microsoft. Besides making KPMG the largest 'Big 4' provider of Microsoft Dynamics consulting and implementation services in Europe, the acquisition was a strategic move into the Microsoft space and helped crystallise the Microsoft global alliance for KPMG. The firm is today a key partner as the Dynamics space continues to grow and becomes a strategic pillar for Microsoft.

# KPMG Crimsonwing's role within KPMG

The motivation behind the acquisition was Crimsonwing's expertise and technical value add in the Dynamics space and particularly around Azure Cloud. The products are based around decreasing the cost of ownership and avoiding long scale, expensive IT deployments for our clients. The acquisition has enabled KPMG to help its clients transform their businesses and ensure they get the full benefit from their investments in new technology and information systems, and leverage the cloud in particular.

Combining Crimsonwing with our own Dynamics consulting team has strengthened and cemented our position as a leading Microsoft partner, particularly around the Cloud offering. The acquisition really helped position the firm in the fast-paced, growing ERP market and we are now able to take on established players in the market on a global scale. KPMG Crimsonwing has successfully been positioned as a leading provider for transformation to Enterprise Cloud. **Recruitment agencies have also cited KPMG Crimsonwing as the number one Microsoft Dynamics Employer today.**

The combined entity had a goal of more than doubling in size over three years. Two years in since the acquisition and we have realised the business case

that was put forward. KPMG Crimsonwing are today one of the fastest growing providers in the market.

The size of the projects and deployments that KPMG Crimsonwing is working on are dramatically increasing in the UK, Netherlands and across Europe. The firm is now actively positioned in the heart of these projects.

Malta has played a fundamental role in all of this as the technical development is almost entirely based out of the KPMG Crimsonwing development hub in Malta. The size of the operation has grown significantly over the last two years and we expect it to continue to grow.

KPMG Crimsonwing were also one of the first to move into the Dynamics 3 space, which is the latest Cloud offering by Microsoft. Today they are one of the leading partners in this market, having delivered the first UK implementation and are actively deploying a number of systems. They are actually growing faster than the market growth!

Within two short and exciting years, KPMG Crimsonwing has integrated with the firm and has transitioned very successfully into an integral part of KPMG.



# The economy in 2016

**Mark Bamber**, Partner, Advisory Services, KPMG in Malta

The forces shaping the short and long-term global outlook for 2016 painted a rather bleak picture, forecasting subdued growth with a potential gradual recovery thereafter, tainted with downside risks. Although 2016 ended up being a relative positive, albeit difficult year for the world economy, it will be indelibly etched in our collective memories as the risks and resultant impact associated with it lead to global trade stagnation, subdued investment and heightened policy uncertainty. Brexit, Trump, Renzi and the likely prospects of a tectonic shift in international relations in the coming years further exacerbated this situation.

According to a report published in January 2017 by the World Bank Group, *Global Economic Prospects: Weak Investment in Uncertain Times*, global growth in 2016 was estimated at 2.3 percent, the weakest performance since the global financial crisis and 0.1 percentage points below June 2016 *Global Economic Prospects* forecasts. It is worth noting that the IMF defines a global recession as a circumstance where global growth rates are below a notional 3% threshold. Consequently, for a variety of reasons including

slowdown in China, the low oil price and glut in supply, persistent concerns in the European economies, and moderate growth in the South American emerging markets, the world is still emerging from a severe and long drawn out recession.

The International Monetary Fund (IMF) reports that recovery is projected to strengthen in 2017, rising to 2.7 percent, driven primarily by a recovery in emerging market and developing economies (EMDEs), as



## “The world is still emerging from a severe and long drawn out recession.”

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conditions in stressed economies gradually normalise. However, uncertainty remains and is likely to increase with the consequential risks of weaker growth scenarios transforming into tangible reality.

The European economy is entering its fourth consecutive year of recovery, driven mainly by consumption, which continues to grow at a moderate rate. The Autumn 2016 European Economic Forecast reveals that Economic growth in Europe is expected to continue at a moderate pace, as recent labour market gains and rising private consumption are being counterbalanced by a number of hindrances to growth and the weakening of supportive factors. In its autumn forecast, the European Commission expected GDP growth in the euro area at 1.7% in 2016, forecasting growth of 1.5% in 2017 and 1.7% in 2018 (Spring forecast: 2016: 1.6%, 2017: 1.8%). GDP growth in the EU as a whole should follow a similar pattern and was forecast at 1.8% in 2016, 1.6% in 2017 and 1.8% in 2018 (Spring forecast: 2016:1.8%, 2017: 1.9%).

On the home front, the Maltese economy continues to perform strongly. After peaking in 2015 at 6%, real GDP growth moderated in the first half of 2016 to 4.1%, still higher than most peers. With economic sentiment still above the long-term average, the pace of growth is projected to remain unchanged in the second half of the year, coming in at 4.1% for 2016 as a whole. Thereafter, growth is forecast to decline somewhat, but to remain robust at 3.7% in 2017 and 2018. As a result, the positive output gap is expected to close rapidly.

By international standards, 3.7% is quite good, however, with the coming year forecast, this will be the 3rd / 4th year in a row where Malta's growth rate slows. There seems to be an emerging trend which calls for new sources of competitive advantage to give fresh momentum to our economy.

# Our role in nurturing innovation



**David Pace**, Partner, Advisory Services, KPMG in Malta

**With 41% percent of CEOs surveyed in KPMG's latest Global CEO Outlook expecting to be running significantly transformed companies in 3 years' time, it is highly understandable as to why innovation is at the heart of our thinking.**

We recognise the trust our advisory clients place in us to empower change. We help them visualise how their business may evolve, be it say via acquisitions and alliances, embracing regulatory developments as opportunities or pioneering the use of latest technologies to unlock new possibilities.

Innovation is also at the heart of the solutions we offer where we regularly bring mixed disciplinary teams to look at a client issue and provide an answer that is likely to be innovative in its approach and holistic in its conclusion.

Our recent acquisition of P5+ Management Limited, providing additional depth and breadth in our People and Change service offering, bears testament to such. In our audit function we are redefining how we deliver our assurance services by coupling advanced

technologies with our long-standing experience to forge novel thinking in addressing our assurance mandates. Meanwhile, on the taxation front, we continue to invest in technologies to assist clients to effectively manage their compliance requirements while also driving the debate and contributing to developments on the local taxation scene, all this within the context of a continuously evolving landscape.

Ultimately, we believe that innovation is the product of a culture that fosters an attitude of curiosity married to an openness of thinking set within an environment which can draw on the wealth of a deep knowledge bank. This is what KPMG really offers.



# A collision of futures



**Tonio Zarb**, Senior Partner, KPMG in Malta

Many are talking about the magnitude and impact of changes in the economic, political, social and technological spheres that we are to witness in the next five to twenty years. The more I researched and read the more I became convinced that we would witness an unprecedented collision of technological and social changes coupled with a number of mega-trends that will change the world as we know it, in ways that we cannot imagine. The changes to come are expected to have an impact on every factor of our lives, on work, on business, on society, on government, on education.

The scale of the technological advances in a multitude of sectors and their coming together – what I call their “collision” – underpin much of the changes to come.

Consider the following:

- > Google’s AI self-learning system (the AlphaGo) has beaten a top human player in a match of five games at Go, a game that is exponentially more complex than chess. The big thing is that AlphaGo was not pre-programmed to play Go – it learned using a general-purpose algorithm that allowed it to interpret the game’s patterns.
- > A Canadian company, D-Wave Systems, developed the “world’s first commercial quantum computer” which achieved “a 100-million-fold speed-up” when compared to ordinary digital computers.
- > A team from the University of California developed a technique to cheaply produce grapheme based microsupercapacitors that are small in size and can store large amounts of energy and release this energy very quickly.
- > The list of applications of nanotechnology is only limited by our imagination. Extensive research in various fields ranging from medicine, electronics, and food science to materials has been carried out, the results of which can be used to make everyday materials such as fabric with special properties.
- > Since 1900, in the developed world, life expectancy has nearly doubled and it continues to increase. In the last 50 years, life expectancy in the developed world has grown by about 1 year every 5 years. Many, however, expect life expectancy to grow at a much faster rate, increasing to over 100 years within a twenty-year period.

## “The impact on business, on government, and on society will be tremendous.”

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- > 3-D printers are already a reality and their impact will be dramatic and perhaps much sooner than many people think. In many instances 3-D printers have the potential to replace the factory, bringing the production of things such as spare parts, much closer to the customer. 3-D printers can already today produce all sorts of objects from houses to machine parts to body tissues.

Another major disruption is block chain technology which offers the potential for faster and more secure transactions. Blockchain is poised to disrupt the third-party trust model that underpins traditional transactions.

These are just a few of the far-reaching changes that are fast “colliding” in the next decade or two. These, coupled with other megatrends and technological advances will change the world in ways that many of us have not even started to contemplate.

Whatever it may be, this “collision of futures” is upon us - the impact on business, on government, and on society will be tremendous.

Inevitably, these changes carry with them many risks and unknowns: What are the social, economic, political, educational challenges? What will the world be like then? What are the risks if some of these technological changes will fall in unscrupulous hands?

Computing power, AI self-learning systems, and the rise of Data & Analytics capabilities will, I know, profoundly transform the professionals including our own.

I believe there may be opportunities for the Maltese economy as a whole. Is it possible for Malta to transform itself by embracing the opportunities that these developments can afford us and allow us to sustain even greater growth without increasing our population further?

# Malta's start-up ecosystem



**Russell Mifsud**, Senior Manager, Gaming, KPMG in Malta

**Despite Malta's geographical size, our start-up community is growing, and fast, making our island a serious contender to become a regional and global leader in tech and innovation.**

Malta's tech scene is flourishing, particularly within the iGaming and FinTech sectors, as well as non-regulated industries. In recent years, the Maltese economic landscape has pivoted towards a digital viewpoint, which has had a profound impact on the Maltese economy. iGaming has attracted thousands of young foreign entrepreneurs to the island which in turn has up-skilled the economy with new digital skill sets in areas such as programming, business intelligence, data analytics, digital marketing and design; which inevitably has driven investment into other digital sectors. Blockchain is another area that is gaining clout across the globe and local rollout strategies are currently underway in an effort to build up the necessary foundations locally.

Malta has much to offer as a country. Located in the Mediterranean it has an excellent climate, rich history and culture and is one of the few countries in

the EU where English, together with Maltese, is an official language. The accessibility of regulators and of Government entities are features which boost the country's appeal. While these features all contribute to Malta's charm to start-ups, the cost benefits, test bed appeal and grants that Malta can offer to budding entrepreneurs, is one of the most valuable features it possesses, making it a truly attractive destination for start-ups.

Support for Malta's start-up community is growing at an encouraging pace. Malta has taken many positive steps over recent years, towards creating an entrepreneurial ecosystem whereby start-ups can thrive and team up with investors and venture capitalists. In recent months, Malta has seen the creation of incubators, shared working spaces, the introduction of seed-financing schemes, as well as the set-up of lobby groups organising informal get-togethers to share

“Malta has taken many positive steps towards creating an entrepreneurial ecosystem whereby start-ups can thrive and team up with investors and venture capitalists.”

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good practice and to pave the way for further governmental support. Malta has recognised that it needs to concoct the right set of ingredients to pave the way for entrepreneurial commercial success. Organisations such as KPMG, the Malta Financial Services Authority (MFSA), Malta Business Bureau (MBB), Malta Communications Authority (MCA), Microsoft Innovation Centre (MIC), Malta Gaming Authority (MGA), Malta Information Technology Agency (MITA), Gaming Malta and Malta Enterprise are all playing key roles in shaping Malta’s future and supportive culture within this sphere. In conjunction of this support, local events, including The Entrepreneur Investor Summit, Zest, Start-up weekend and Ideasfrommalta, are all helping to firmly put Malta on the map and reach international recognition amongst stakeholders.

In 2016, the Silicon Valletta (SV) initiative, a private organisation bringing together the most influential CEOs in the Maltese digital ecosystem, was forged. SV’s strategic goals are to raise awareness of the digital sector, to connect Malta’s emerging start-up

scene with the Government and investment sectors, as well as bring the CEOs of Maltese-based digital businesses together. The scope of Silicon Valletta is to build stronger relationships among professional locally based start-up entrepreneurs and provide opportunities for its members to socialise, learn from each other and develop each other’s ideas. Silicon Valletta is supported by KPMG and the MCA and was set up to represent the founders and investors on the island that are challenging the status quo, alongside the need to lobby for support and brand the island’s many attractions. Its drive is to ensure that Malta is not just a consumer of the technological revolution, but a proactive contributor. This requires the creation of an ideal environment for such intellectual property to be created, as well as the celebration of the jurisdiction showcasing both potential and foundation of our strengths.

# KPMG: a leader in technological innovations



**Adrian Mizzi**, Associate Director, Advisory Services, KPMG in Malta

**Two laws governed technology over the last 40 years. Moore's law was an observation made in 1965 by Gordon Moore and it states that the number of transistors incorporated in a chip will approximately double every 24 months. The other, perhaps less-known law, is Metcalfe's law, which states that the value of a telecommunications network is proportional to the square of the number of connected users of the system.**

The first law was exploited by Intel and other silicon companies. At one point in the late 1990s, Intel had embarked on a mission envisioning the introduction of microchips in every household across the globe. At that time it sounded ambitious. Today, the proliferation of microchips continues to enjoy exponential growth. We live in a world where we do not only have multiple devices per capita: laptop, smartphone, tablet; but where the washing machine, the fridge, the TV and well, almost anything that is powered by electricity has, or will soon have, a microchip controlling its behaviour.

This phenomenon would not have been possible without the exploitation of the second law. As the human race discovered ways of exploiting "silicon," it then ventured to improve communication channels across the globe. This phenomenon was best manifested through the Internet which revolutionised the way we live and we do business. Social media companies such as Facebook, LinkedIn and Twitter exploited Metcalfe's law. This, combined with technological advancements in telecommunications, especially in the mobile arena, brought about a revolution. Companies, including Apple, Microsoft, Intel, Samsung and Google exploited Moore's law.

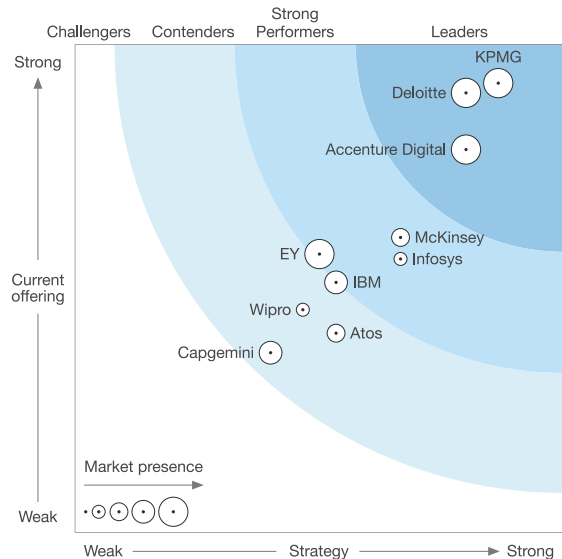
As a result, we are now dependent on the smart phone, brought about by miniaturisation (Moore's law). We use it to control our devices at home (Internet of Things), approve a deal using the mobile version of the cloud-based ERP, recruit a person using the LinkedIn app or chat with a peer using Facebook (Metcalfe's law).

These two laws continue to disrupt. Each time an industry, or rather an organisation, attempted to stop or failed to understand the "disruption" it was run over. Think Kodak. It is reported that the first prototype of a camera was actually created by a Kodak engineer (Steve Sasson) way back in 1975. Kodak's failure to invest in digital brought the demise of a company which used to be a very successful one. Innovation is not only brought about by ideas. Sometimes, innovation and creativity are erroneously interchanged. Creativity is an idea. Innovation is putting money in the idea to build a success story.

Investors should not miss the opportunity to understand and consequently exploit the potential the combination of both these two laws that govern technological advancements could have in terms of return on investment. Examples continue. Blockchain



“Creativity is an idea.  
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is an example of a cryptocurrency that is disrupting the business world. Using the same basic concepts of peer-to-peer computing (again Metcalfe’s law) that had disrupted the media industry, blockchain technology can enable financial transactions where clients transact securely without the need of a central authority to regulate the transaction. Using advanced cryptographic technology, a distributed ledger is created allowing different computers to participate in securing a transaction. The same technology can be used for non-monetary transactions; e.g. contract signing or e-voting is possible using this technology. All the large technology companies: Google, IBM, Amazon and Microsoft are investing (hence innovating) this technology.

And what about silicon? Moore’s law was based on the assumption that computers will be fuelled by silicon, which is the basic ingredient of a transistor – a building block of the microchip. This is being disrupted with another technological invention: Quantum computing. Innovation is building at a fast pace. D-Wave were the pioneers but other giants are following suite. Google have recently stated that they

will produce a viable quantum computer in the next five years. Which country will host Quantum Valley? Will Silicon Valley be renamed? Or will it be in Beijing this time?

This technology is charted to revolutionise the technology of artificial intelligence (AI). That day will come soon enough, but in the interim, we are already witnessing a revolution in the data & analytics (D&A) space, with the existing technology. In February 2017, KPMG has been identified a leader in this space by Forrester research. To quote from Forrester “KPMG has cracked the code for balancing business and technology expertise” and is “on the forefront of innovation.”

KPMG’s collective creativity has cracked open the realms of technological innovations.



Source: <https://reprints.forrester.coS/#/assets/2/667/RES123421/reports>

# The relevance of the external audit process



**Hilary Galea-Lauri**, Partner, Audit Services, KPMG in Malta

External audit offerings continue to react (and thereby evolve) to a number of challenges, driven primarily by regulation, market expectations or a combination of both. However, irrespective of the extent of change in the markets we service, together with the advances in technology which assist in the execution of audit mandates, human interaction will always be at the heart of the approach. One of the pillars of audit quality will always depend, to a large extent, on the quality of relationships between the main players involved in the process. Of these relationships, those between the chair of the audit committee, the CFO and the audit partner are key. But then, it is crucial to bear in mind that other stakeholders, starting from the rest of the board to shareholders and potential investors, are also experiencing a world of change.

In this regard, the ability to more accurately measure audit quality is a pressing issue facing the profession, as historical financial statements subject to audit remain a cornerstone of the current reporting model. In parallel, there is increased recognition that such a model needs to change to remain relevant, hence the opportunity (indeed an imperative) for audit to evolve further. There are many other information sources, other than the annual report and financial statements, that investors are looking to in order to determine a company's strategy, business model, risks, as well as its medium- and longer-term prospects. Many of this forward-looking information is not captured in the current reporting model. The question is, should it be? What would it take to make corporate reporting better meet the needs of investors?

As auditors, if we restrict our audit to a process that enables us to simply report on historic financial information, users may begin to question the validity of the audit process (and the importance of audit to stakeholders as the primary assurance service may well diminish), unless we seek to provide significant and deep insight, play a more important role and hence become more influential along the financial reporting chain. Audit is about strong communication skills, especially when discussing important matters with audit committees and others charged with governance. These factors will go a long way to bridge the expectations gap and pave the way for auditors to be more influential, whilst maintaining their independence and holding to a position of trust. The way the profession has sought to partly address the value of audits through the recent enhancement of the reporting by auditors, is by issuing a set of new and revised auditing standards which

require auditors to report on key audit matters as part of their reporting to shareholders. This has been well received and positively commented upon by readers of our audit reports, though provides limited additional value for those charged with governance, as such reporting has anyway been substantively in place within such structures.

There is clearly the need for an assessment of the role of the external audit calling for more transparency challenging the profession. Regulators and investors place too much emphasis on easy-to-quantify measures, such as independence, as a proxy for measuring quality. While these measures are important, in a world where trust hits towards the lower part of the “trust curve,” and where investors are asking for increased transparency and disclosure, sound corporate reporting and a quality external audit are essential. Within this context: What does audit quality mean? How must corporate and auditor reporting evolve to better serve investors?

Enhancing audit quality should always be the primary goal of auditors as it is that which underlies greater trust in the assurance provided to stakeholders and lower levels of risk to the auditor. Investors rely on sound information to support informed investment decisions. This speaks to a common goal. The key to success is that the audit committee needs to be an active participant in the system of checks and balances and the assessment of the quality of the audit.

In tandem with any regulation, there needs to be a better relationship between audit committees, auditors, management, and investors in order to make sure that audits provide the most value. Beyond the discussion between management, audit committees and auditors, should there be more direct communications between investors and external auditors?

To some degree, direct communication could allow for more transparency in relation to the audit process, and ensure that key stakeholders and other users of audit reports understand what information is being presented, and for the corporate report to be

a medium to address their needs. And of course, the challenge would be striking a balance between what is communicated by the company itself and the perspectives an auditor may be able to add in their direct communication with investors.

As an audit professional myself, I see a bright future for audit. As our interactions with the key players and surveys continue to demonstrate, auditors are indeed relevant, and will continue to be so in the foreseeable future as long as we adapt to change (now the only constant in business). In such respects, we see many areas where, as an audit profession, we can provide additional value, if we manage to extend our remit beyond the reporting environment that companies operate within an appropriate code of conduct. We are also particularly relevant because stakeholders rely on audit reports that play a part to safeguard their invested money. My earlier question resurfaces yet again - do stakeholders want more than that? Attempting a reply, I suggest that stakeholders expect auditors to be more proactive in responding to risk and this presents a significant opportunity for auditors to collaborate, perhaps at a different level, with compliance, legal, risk management as well as other assurance providers in bridging this perceived expectation gap. In the near future, we are likely to have to reinvent our engagement levels – not to be restricted only to those charged with governance, but more pertinently, enhance our engagement with other stakeholders.

It is clear therefore, that, to remain relevant, the audit model must evolve as business needs and risks evolve. At KPMG, we recognize the importance of bringing together all stakeholders to discuss the challenges facing today's corporations and to identify opportunities to enhance the financial statement audit and corporate reporting process, so that they remain relevant and outpace, or perhaps, anticipate change.

Against a backdrop where business has changed and shareholder needs evolved, the profession will have to shift gear to adapt accordingly to remain relevant and deliver value through the audit process.

# KPMG's real estate database



**Hermione Arciola**, Director, Advisory Services, KPMG in Malta

**Steve Stivala**, Senior Manager, Advisory Services, KPMG in Malta

**Discussions on real estate have always generated interest on our island, whether it is from banks having a concentration of real estate exposure, from investors seeking to value property for a particular development, merger or acquisition, or from a newly-wed couple concerned about housing affordability.**

Real estate has become one of the main building blocks of the Maltese economy, both literally and metaphorically. The real estate industry, and the construction sector which provides its foundation up the supply chain, supports other non-related economic sectors across a diverse set of activities. The construction industry, for instance, functions by requiring various inputs, in terms of raw materials and services, from a multitude of sectors - financial and legal professionals, architects, engineers, large machinery technicians and mechanics, amongst others, all benefit from a healthy and booming real estate industry.

Speaking of booming, it is common knowledge that the industry is currently undergoing a rapid expansion, primarily being spurred by strong demand (predominantly for property rental) from expats working in high growth sectors (namely financial services and gaming), the increase in number of new large real estate developments normally comprising of a mix of residential and commercial space, and the introduction of the First-Time-Buyer Scheme supporting

the sustained growth in the market of apartments and maisonettes. On top of these, the introduction of new citizenship and/or residency schemes, coupled with low interest rates offered by financing institutions with limited local investment alternatives, and complemented by the changing demographics and lifestyles, are further driving growth in the sector.

Notwithstanding the prevalence and sector inter-dependency of the real estate industry in the economy, and its relative dynamism in terms of price evolution, unlike other countries where databases of property transacted prices are available online, data on real estate in Malta is very limited – the National Statistics Office and Central Bank of Malta both issue price indices based on contracted and advertised prices respectively. Alas, such indices are compiled in a relatively aggregate and high-level manner only distinguishing between apartments, maisonettes and terraced houses and do not provide any information on area and likewise prices per square metre. The limitations inherent in this approach are two-fold – firstly, from a time series perspective, one cannot

## “Spanning over 72,000 data points, our real estate database incorporates a quarry of property price observations across multiple types of property”

disaggregate the index to determine which elements are causing the change in prices – is the change predominantly being felt in commercial properties, residential units, or concentrated in a particular locality? Secondly, from a cross-sectional perspective, the price index does not give any insight on what determines the actual market price.

Just like any other commodity, real estate prices are determined by the forces of demand and supply. Assuming that supply is relatively inelastic (generally, there is a three year cycle between initiating a development project and seeing it to completion), the price is highly dependent on demand which is, in turn, dependent on the attractiveness of certain property characteristics including location, property type, area (square metres), number of bedrooms, view type, condition and so on.

So it is fair to argue that demand is, in fact, determined by an interesting concoction of mostly qualitative characteristics. For instance, it does not take any technical expertise to conclude that, other things being equal, a property with open sea views would be worth more than an equivalent property in that same location with no views. The question is how much more? To answer these types of questions requires accurate and extensive data on property prices found in the market at any point in time, and analysed by property type, location, condition and state of finish, view type, property area, and other relevant details.

At KPMG, we are regularly called upon to assist in carrying out feasibility studies in connection with real estate development projects, real estate valuations and impairment assessments. In the absence of a reliable and detailed property price index, over the past years, we have tracked the local real estate market by reference to advertised property prices (including sale and rental). Spanning over 72,000 data points, our real estate database incorporates a quarry of property price observations across multiple types of property namely (a) Residential Property including amongst others, apartments, penthouses, terraced houses, villas, (b) Land (differentiating between ‘with permit’, in development areas and other land categories), and (c) Commercial Property including amongst others, offices, shops, warehouses. The database further includes details on specific characteristics such as condition (from shell-form to furnished), locality (over 90 distinct localities), view type (distinguishing between open sea view, partial sea view, country view and no view), internal area and/or plot size, and garage capacity, amongst other variables. The intrinsic power of having access to such a rich database lies in the fact that we can easily isolate the effect of separate variables on price, whilst keeping other variables constant. For instance, from the charts set out below, one may observe that the price per square metre of apartments and penthouses for sale in the St. Paul’s Bay area (including the localities of Bugibba, Qawra, and St. Paul’s Bay) range from around €475 per sqm

up to around €6,575 per sqm. Taking into consideration only those apartments and penthouses which are to be sold in a 'finished' state, the price range remains relatively unchanged with properties being advertised for anywhere between around €475 per sqm and €6,100 per sqm. Trimming the available data by removing the top and bottom 5% of data points reveals a price range for finished apartments of between around €942 per sqm and around €2,843 per sqm. (see Fig. 1 and Fig. 2 on opposite page)

If one had to take into consideration the effects of a property being located on the seafront, the price

premium quickly becomes apparent. On average, a seafront, finished apartment in this area will command a 76% premium over other non-seafront, finished apartments. The premium is also likely attributable to such properties being finished to a higher standard than the average property. (see Fig. 3 on opposite page)

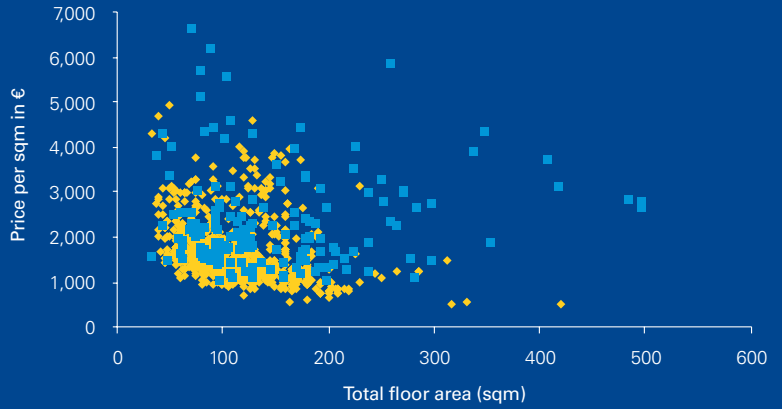
Some additional insights from our real estate database relating to apartments in this region is summarised in the table below. For the purposes of calculating the trimmed average, the top and bottom 5% of results were excluded in order to reduce the effect of outlier data points on the results.

## Apartments in Bugibba, Qawra and St. Paul's Bay

Property type	Trimmed average price per sqm/€	Interquartile range/€
Apartments, All conditions	1,549	600
Apartments, Finished	1,494	553
Apartments, Finished without sea-front	1,462	526
Apartments, Finished with sea-front	2,577	1,168

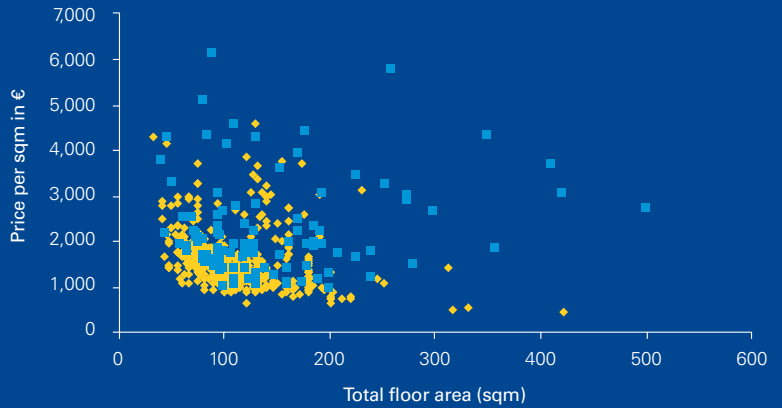
**Fig.1**  
 Apartments & penthouses  
 for sale in Bugibba, Qawra,  
 and St. Paul's Bay area -  
 All Conditions

- ◆ Apartments
- Penthouses



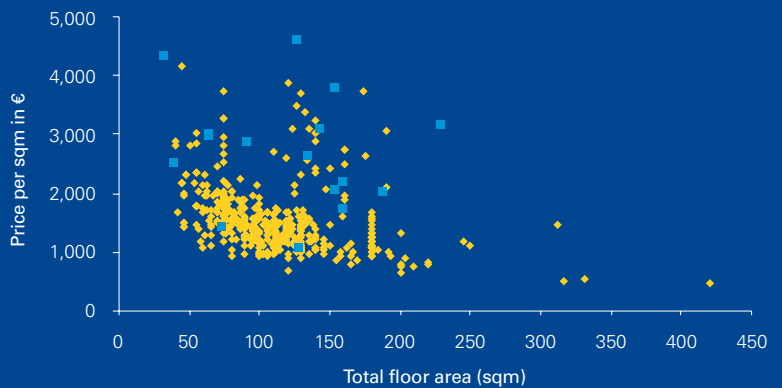
**Fig.2**  
 Apartments & penthouses  
 for sale in Bugibba, Qawra,  
 and St. Paul's Bay area -  
 Finished

- ◆ Apartments
- Penthouses



**Fig.3**  
 Finished Apartments  
 for sale in Bugibba, Qawra,  
 and St. Paul's Bay area

- ◆ Non-Seafront
- Seafront



When comparing various types of residential properties across the island certain characteristics begin to emerge. Villas and penthouses understandably command a price premium, while maisonettes appear to command the lowest price per sqm out of the various property types examined.

Unsurprisingly, property value is also closely linked to location. The North Harbour and Grand Harbour regions are home to some of the highest real estate prices in the country. These regions are notable for their relatively dense populations, and for being the main hubs for culture, entertainment and nightlife in Malta.

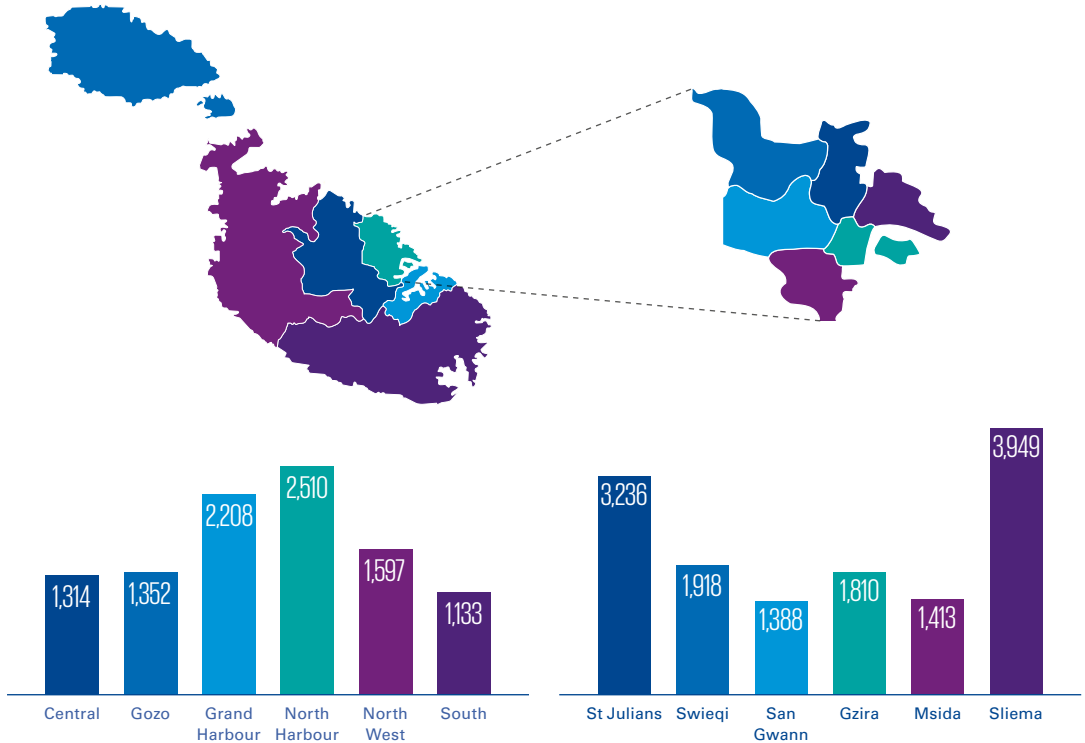
Taking a closer look at the North Harbour region, it becomes clear that the average property price for the region is inflated due to the influence of the localities of Sliema and St. Julian's. As important business and entertainment hubs, these towns have much to offer by way of local amenities. The presence of prestigious luxury real estate developments such as Portomaso, Fort Cambridge, and Pendergardens, as well as several other seafront apartment complexes also contributes to the North Harbour being, on average, the most expensive region for real estate in Malta, with the average price of property in Sliema approaching €4,000 per sqm.

## Comparison of price per square meter between property types

Property type	Number of properties within KPMG in Malta Real Estate database	Trimmed average total area (sqm)	Trimmed average price (€/sqm)
Apartments	3,931	126	1,597
Penthouses	920	150	1,929
Maisonettes	1,042	140	1,433
Town houses	384	207	1,629
Terraced houses	305	254	1,668
Villas	171	652	2,324



## Analysis by location (price per sqm)



The above figures are based on advertised prices, which are usually marginally different than contracted prices. This slight divergence, or as we call it “negotiation discount”, is not a static parameter, but is generally inversely related to market buoyancy. In times of high demand and strong growth, buyers’ negotiation power stalls, and discounts are negligible as is currently the case. On the other hand, sellers may be more willing to go down in price if the market is not so strong. In arriving at a suitable discount rate, we use our experience and expertise in the sector in order to calibrate our findings from the KPMG database.

As one of the more important pillars in the Maltese economy, the real estate sector demands more

attention, scrutiny and analysis. Price indices, like the ones readily available in the public domain, are all well and good, providing intermittent glimpses of the façade of an otherwise complex structure. However, in order to appreciate the underlying supporting foundations, access to the machinery driving the market is essential. We hope that stakeholders in this area, whether they are banks, investors, contractors, or policymakers, continue taking prudent and informed evidence-based decisions in the sector, which will further cement Malta’s place as one of the leading small economies in Europe.

# FinTech: an unstoppable revolutionary wave



**Sarah Camilleri**, Director, Investment Services, KPMG in Malta

**Financial technology, or Fintech, was coined to describe the evolving intersection of financial services and technology. Defined in its simplest terms, Fintech is the application of technology to financial services, which has been extolled as a disruptive trend capable of uprooting the way traditional financial service providers do business, whilst diminishing the relevance of product-push and margin-focused business models.**

The term can refer to start-ups, technology companies, or even legacy providers. However, the lines are fusing and becoming blurred, and it is becoming increasingly difficult to discern where technology ends and financial services begin.

2015 was the year that Fintech really entered the mainstream. The first wave of Fintech entrepreneurs channelled their efforts on those areas of the banking value chain related to high friction, high profitability and high regulatory arbitrage. Particular emphasis was devolved on the provision of discrete services, which predominantly tackled areas such as (un)secured lending on peer-to-peer platforms, providing access to funds for customer groups which, incumbent credit institutions declined to serve. Significant inroads were made in payment, personal finance advice, remittances and money transfer. This process led to the democratisation of wealth management, allowing the general public access to funds and portfolio management services.

Insurtech solutions are also on the rise with the new value proposition for on-demand insurance with start-

ups across auto, home, industrial, insurance claims management and insurance fraud detection. Fintech start-ups are making progress, in leaps and bounds, in their quest to reduce friction and lower the cost of financial services, to the benefit of society at large.

This new reality is realistically possible as start-ups use technology to offer existing financial services with new tech-driven solutions at a lower cost. The resultant effect of this reality witnessed a surge in incumbent financial firms acquiring or actively seeking to work with start-ups to drive innovation and stay competitively ahead of the game.

This tectonic shift partly acted as a conduit to the evolution of the second wave of Fintech solutions, characterised by a horizontal expansion into heavily-regulated parts of banking such as trade finance, capital raising and risk management. RegTech solutions are emerging too, as is trading, settlements and clearing solutions. Fintech is also delving deeper into the vertical stack, working in areas such as virtual exchanges, alternative due diligence, market information and blockchain.

“These companies have one commonality – the idea of connecting the end user with the service they require, eliminating middlemen and therefore also reducing costs.”

The next wave to hit could very well take the form of a figurative tsunami. The innovation progress registered in this sphere thus far, could pave the way for a myriad of unimaginable untapped opportunities as all-new technologies and innovative ideas hit and influence the market in the future.

Some profess that blockchain is the next industry revolution with the potential to profoundly disrupt the way transactions are executed. This is already being seen in the market. Clearing houses could become superfluous and, combined with the application of bot/robots, a high number of jobs in middle and back offices could be cut thus driving costs down. Others question challenges associated with the vast volumes in real time transactions and on system stability and data security.

Other revolutionary elements are linked to artificial intelligence, virtual reality and robotic advisors that are envisaged to have a great impact on how businesses in the financial sector operate and with the projected consolidation in the market that will lead to more advanced business models being better able to react in a dynamic environment. The resultant effect will be the unsustainability of business models for some whilst others will succeed and thrive, obliging the incumbents to innovate while decreasing the costs and increasing efficiency.

Malta is also feeling the wave of change. We have seen a number of start-up companies offer solutions, particularly in the payment services sphere in the regulated world. Banks too, more recently, are realising their need to participate. However, there are an even

larger number of Fintech companies that currently fall outside the scope of regulation. These companies have one commonality – the idea of connecting the end user with the service they require, eliminating middlemen and therefore also reducing costs.

Digital Malta, and the vision it lays out for the country to 2020, shows the strategic issues being considered, and the importance being given by the country to technology-driven initiatives in all sectors. This shows that the importance has been recognised, and the support required from an infrastructure perspective is being considered and worked upon.

This common goal, through the private and public sector, shows the importance being given to this area. More is yet to be done, but the foundations have been laid, and now require the infrastructure to come together, including education, to enable these companies to be serviced in the lean, efficient way they require to achieve their ambition.

Fintech is the new normal. If financial institutions are to succeed and thrive in this new reality, they need to: monitor the environment and identify potential threats and opportunities; readily grasp and analyse the impact of emerging trends on their business and mitigate risks accordingly; develop counter measures and devise strategies to remain competitive in a world dominated by technology and innovation.

Financial institutions need to take hard but informed decisions and adopt a transformational change approach to be equipped to victoriously, but gracefully, ride the next inevitable wave.

# Cloud is a game changer for common issues faced by finance



**Matthew Shearsby**, Director of Dynamics AX in KPMG Crimsonwing UK

When delivering finance transformation we hear many common issues faced by the Finance function. These issues all contribute to a high cost of service delivery by Finance. Cloud solutions significantly enhance your real time data and analytics capabilities. They allow consolidation of multiple data sources into “one version of the truth”. Information is moving from what was seen as a by-product of cloud transformation to being the primary objective.

Traditional solutions seem set in concrete. With cloud enabled solutions it is easy for you to change configuration and adopt new processes. This can be rolled out across multiple sites and geographies without the need for changes to your infrastructure. The flexible nature of cloud allow you to dial up and down on scale as required.

Many cloud solutions cannot be customised, and those that can, such as Microsoft Dynamics, we actually recommend against doing so, unless there is an exceptionally strong business case. So, whilst these programmes are still challenging, they are less likely to fail. The standardisation of processes inherent in a cloud based system streamlines and improves processes and moves you towards common practice.

All of this, coupled with a lower total cost of ownership, are the reason why KPMG see cloud transformation as a true game changer for Finance. We are seeing this increasingly recognised in the market with more and more Finance functions moving to the cloud.

Given this importance, the Firm commissioned a survey about 18 months ago. The aim of this is to understand more about how businesses are using or planning to use the cloud across their operations. Unsurprisingly, the biggest driver for cloud adoption was cost and this is a significant factor. However, the wider transformational benefits are becoming more and more of a factor in decision-making such as mobile workforce and alignment with customers and partners, as well as centralised data that allows you to better leverage it to provide insight.

“With their solution in the cloud, [our clients] can rapidly deploy to new geographies, merge new acquisitions, or move into new sectors.”

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A great example of this is the use of the IoT at Rockwell Automation. This is allowing them to gather real time actionable intelligence directly from their equipment and make maintenance predictive rather than remedial.

Once our clients have adopted core finance processes they are then extending their usage of cloud ERP. They are embracing HR, supply chain, retail, manufacturing and many other functions and complementary technologies. With their solution in the cloud, they can rapidly deploy to new geographies, merge new acquisitions, or move into new sectors.

So how have KPMG responded to the rise of the rise of the Cloud?

We have developed KPMG Powered Finance. This is a holistic technical and functional approach to a Cloud enabled transformation programme. It incorporates KPMG’s leading practice knowledge of how a finance function should be set up and structured. It includes our views on all aspects from the Target Operating Model through organisation design, roles and training materials. It also builds in a risk and controls framework and aligns that to security model and roles.

# Investing in human capital as a catalyst for positive change



**Malcolm Pace Debono**, Director, Advisory Services, KPMG in Malta

**In February 2017, KPMG in Malta announced the acquisition of P5+ Management Ltd. (P5+) as part of its growth strategy to strengthen its People and Change advisory service line. The acquisition was primarily driven by the quest to assist clients with their human capital needs in a climate characterised by significant talent management challenges.**

It is common knowledge that organisations, regardless of their size, industry, or service, must invest significantly in their People. The success of an organisation relies on visionary leaders, exceptional talent at all levels, and the implementation of strategies to keep talent relevant, motivated, and focused.

The 2014 and 2016 World Economic Forum (WEF) Global Competitiveness Reports identified Malta's weakness in extent of: staff training, adequate HR policies & procedures, productivity of our work force, and the general lack of quality of our management and leadership functions - the interpreters of shareholders' vision, leaders of those people that will drive the organisation forward, and think tank for the organisation's future products, services, processes and identification of customers.

In Malta, nearly all businesses are micro or SMEs companies that go through several growth and maturity stages at mission critical stages of their life-time. A large body of research states that as a company moves through the stages of growth, in particular from micro to medium, its people challenges change significantly, with implications on the nature and demands of a Talent Management Strategy. Moreover, the demands of the HR role change throughout business growth and maturity. What works for a team of 10 people won't necessarily work for a team of 50 people, and won't work for a team of 100. The HR person needs to be able to manage the spectrum of people management and development issues, but also needs to be able to apply highly specialised knowledge in key areas which can be tuned up or tuned down as the business requires. Moreover, business acumen, understanding of market trends, the ability to think long-term, and the ability to ensure that people initiatives positively impact productivity and profit, and are thus strategic, are also essential attributes of today's HR specialist.

The Maltese economy is strong, but there is a significant shortage of talent, and today's and next-generation employees seek for a sense of purpose and empowerment in their work. The challenges in today's talent market are about educating more and more businesses to think more and more not only how they manage their teams and retain the best talent, but also on how to get the most out of their people. Hence, developed HR functions are becoming ever so critical.

This is where the KPMG People and Change Advisory team comes in. We believe in the potential of people and act as catalysts for positive change through developing genuine and long-term relationships with people and organisations. We strive to understand the root cause of a situation in order to provide customised and strategic Talent Management solutions focused upon maximising organisational performance through talent, importantly through the creation of a tailor-made talent management strategy and aligning this with the company's business strategy. Our modus operandi is to; Define a situation: understand the realities and context, Measure: take stock, seek data and assess, Action: develop an action plan based on our strategic assessment, and Make it stick: implement and support business strategy through talent.

We are also licensed to provide Recruitment services in the context of a company-wide talent management strategy; and as a Further & Higher Education Institute to provide accredited learning & development programmes, with in-house designed programmes focused upon addressing, in particular, skills critical for the workplace.



# A few words with

## **James Bonello**

Managing Director  
KPMG Crimsonwing Malta

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You were one of the first people to join Crimsonwing, then Magus, how have things changed since then?

**JB.** I joined in December 1999 when the total Malta headcount was 90 and all project work revolved around one customer which accounted for over 70% of our total revenue. Today we are 260 staff and servicing 150 clients spread across the globe. Notwithstanding these changes, we have been able to retain the corporate culture which makes this a special place.

Two years since the company was acquired by KPMG, how have things changed for you?

**JB.** Apart from the exponential growth that we have experienced in the past 24 months, as a 100% owned subsidiary of KPMG we have had to adapt to working in a highly regulated market which brings with it its fair share of challenges.

You have spent some time as an expat working abroad, how has that influenced you both in terms of work as well as your personal life?

**JB.** Living and working abroad is a huge test of character especially after spending extended stints in tough environments like Libya during the embargo and war-torn Sudan. These experiences helped me to become more independent and taught me to develop innovative problem-solving techniques.

You have been in the industry for a number of years now, do you ever have the urge to do something different?

**JB.** In the IT industry, things change very rapidly and there is no time to get bored!



“Whilst skills can be taught, you would need the right aptitude to progress in a constantly changing IT industry.”

If you had a chance to start over, would your career take a different path?

**JB.** We all have those moments but I am very satisfied to be working in this field which has its own challenges but which is equally rewarding, so I guess my answer is no!

What is one of the most memorable or defining moments in your career?

**JB.** Being promoted to a Director of Crimsonwing (Malta) Limited in September 2004 was a memorable event and a vote of confidence in the local workforce by our foreign shareholders.

What would you say has been the greatest challenge you have encountered and how did you overcome it?

**JB.** The recession in the late 2000s was a very challenging period for us. We implemented a number of measures to help improve the situation which we did in consultation with our staff and shareholders who were extremely supportive.

Being an entrepreneur does not necessarily mean starting up your own business. It is an attitude. How important is that quality in the IT world?

**JB.** Attitude is a very important character trait we look for during the recruitment process as it is very unlikely to change over time. Similarly aptitude, as whilst skills can be taught you would need the right aptitude to progress in a constantly changing IT industry.



What personal goals have you set for yourself for the next year?

**JB.** As I have now hit the big five zero, I am more aware of how short life is, so I am planning to spend more time doing the things I enjoy most and spend less time on those things we get sucked into purely to conform.

As a father of two boys, how do you balance the pressures of work with family commitments?

**JB.** I tend to get up by very early every day and use that one hour of quiet time to catch up on emails and plan the day ahead. Setting goals and prioritising helps me balance work and family and as much as possible I dedicate the weekend/time off for quality time with the family.

Outside of work, what is your greatest passion?

**JB.** I am a very keen squash player and a former Malta Open Champion!. I still play squash at least twice a week and take part in the 1st division of the local league which helps me to keep fit and is probably the best stress reliever.

# A few words with

## Noel Mizzi

Partner, Audit Services,  
KPMG in Malta

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You joined KPMG straight after graduating.  
What made you choose KPMG?

**NM.** At the time, the profession was not as buoyant as it is today. Opportunities and mobility within the profession were modest at best. Back then, the firm practiced under the name of Joseph Tabone & Co. and had a representative relationship with KPMG. It was through one of the KPMG publications I made reference to during my dissertation that I learned that Joseph Tabone & Co were associated with KPMG, which at the time had just gone through the first ever merger between two large firms in the profession to form the largest global network. So when I saw a recruitment advert, I applied and got selected. I did not choose to look elsewhere.

Much has changed in the Audit profession over the years. How has the profession changed over the years?

**NM.** Those who have been as long as I have in the profession know quite well that change is the real constant. We have seen the profession adapt and mature as a result of a number of events happening both domestically, through the promulgation of laws as new regulators came to life, such as the listing authority and MFSA (then MIBA) as well as internationally with the impact of globalisation on professional standards and the regulatory changes brought about in reaction to root cause analyses of financial crises. Specifically in Malta, our profession outgrew any other profession

“Such opportunities make it possible to build new relationships with people from different cultures that are all bound together through one profession.”

on the Island and today is by far the largest – this has been possible as we saw Malta slowly transform itself into an attractive destination for financial operators and international business structures. Today, the biggest challenge for professional firms, service providers and industry in general is finding the right resources in the profession, as a result of which, we have all had to look beyond our shores.

**What do you find the most exciting and the most challenging aspect of what you do?**

**NM.** Without a doubt - the interaction with clients and staff. Our profession is anything but boring! The experience that such a profession allows an individual as a result of the exposure to diverse industries and service offerings both in Malta and overseas, is probably unparalleled. Particularly within audit, professional staff have the ability to work across industries and geographical boundaries with minimum effort. Needless to say, specialisation is a big plus which allows us to allocate resources to the different lines of business as necessary. Such opportunities make it possible to build new relationships with people from different cultures that are all bound together through one profession.



**You have been in the industry for a number of years now. Do you ever have the urge to do something different?**

**NM.** Not for now. But I must be honest – I do think of what I would like to do when I retire. Preferably, I would like to be in a position that allows me to use my experience in a different way. Younger professionals will take over and come in with renewed drive and enthusiasm in shaping further the profession in Malta – I don't want to be doing the same thing.

**If you had a chance to start over, would your career take a different path?**

**NM.** This is really an impossible question to answer as choices and decisions are taken differently depending on the timing and circumstances of an individual – something like the butterfly effect. I would however say that I don't have any regrets. The profession has been good to me and I think I have reciprocated back by working very hard to uphold its reputation.

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# A few words with Noel Mizzi

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*Continued...*

What is one of the most memorable or defining moments in your career?

**NM.** I would say that becoming a full member firm of KPMG in 1998 which coincided with my admittance to the partnership, was probably the one I would mention. However, a career is not defined by a moment – but by the consistent professional behaviour of the individual and the people around him. That is what really defines a person beyond the professional. I always like to say that I am a better person because of the profession, and that is the culmination of an ethos which a person, a group or a firm, all bind themselves to uphold.

What would you say has been the greatest challenge or disappointment you have encountered?

**NM.** The challenges were many and we all had some disappointments. Probably, the most difficult part of my working life is having to deal with seeing friends leaving the firm.

Along the way we all encounter set-backs. How have you dealt with this? What do you think is important to allow someone to move forward?

**NM.** Yes of course. There was a time in my life when I was not as focused as I used to be. We all go through ups and downs for one reason or another and however

strong one may be, we cannot but be impacted. I believe that I have always been lucky to be surrounded by friends who advised me well and snapped me out of it...from then onwards, the solution is to re-focus until, over time, the problem fades away. There are no quick fixes!

Being an entrepreneur does not necessarily mean starting up your own business. It is an attitude. How important is that quality in the Accounting and Audit world?

**NM.** Extremely. However it comes in different shapes and sizes. We all have our different characters molded by the way we have been brought up and the experiences we go through in our lives. I do not believe that there is one winning trait, as our profession is really a normative one in the economic sense and therefore has much to do with the way we interact with people rather than based on the technical abilities of the professional. In the end, we must always make sure that relationships cannot be strengthened at the expense of compromising on quality.

“Probably, the most difficult part of my working life is having to deal with seeing friends leaving the firm.”

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What personal goals have you set for yourself for the next year?

**NM.** My primary personal goal is also a business goal and it mainly revolves around transforming the great talent we have in the firm into the strong leaders of tomorrow, who will be better than who we are today.

As a father of three, how do you balance the pressures of work with family commitments?

**NM.** This is really a difficult one to answer. I will soon be 30 years with KPMG and I must say that it has not been easy to balance the pressures of work with family commitments. I owe the strength of my family to my wife who has been there for me unconditionally while at the same time supporting me in my professional

career without ever complaining. So in reality, whether or not I have been successful in this eternal work/life balance pursuit is a question that can only be answered by others.

Outside of work, what is your greatest passion?

**NM.** I guess you mean by way of a pastime. Well, I always dream to do a lot of things that I have postponed over time and which I know, as one good friend tells me, that I will never do unless I find the time to do it today. Having said that, I am happiest when I am on holiday with my family preferably trekking somewhere in the great outdoors!

**An interview with**

**Adrienne McCarthy**, Head of HR, KPMG in Malta

**Pierre Zammit**, Operations Director, KPMG Crimsonwing

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# Identifying, engaging and nurturing high- potential talent



It is widely recognised that talent management and engagement is key to an organisation's competitiveness and agility. How do you go about identifying and engaging talent?

**AMC.** Our vision is to build and sustain our reputation as the best firm to work with. In this respect, talent identification, talent management and employee engagement are paramount. Our student recruitment programme is key. The programme is aimed at identifying and attracting the brightest students on the market and then nurturing and developing that talent from the very first day of their professional working lives.

I believe that attracting the brightest students in the market provides us with a strong talent pipeline for growth and gives us the opportunity to instil our values at the very early stages of our people's career. We have also put in place one of the strongest learning and development offerings that combines technical training as well as personal development programs.

With regard to engaging our talent, some of the key initiatives we are focussing on are coaching and mentoring, secondments both in Malta and abroad, emerging leader programs, fast track talent management programs and reward and recognition programs. We realise that one of our key engagement drivers is the role of our managers as coaches, and we are committed and continue to invest heavily in developing people managers who are passionate about

our people and their progress with the firm. Our recent engagement survey results were excellent and verify this commitment.

**PZ.** I second what Adrienne has said. Our preference too is always as much as possible to grow our own people. For this reason, we work very closely with the university and other educational institutions to ensure that we have a steady stream of new talent joining us every year long before the prospective candidates graduate. When on occasions our demand shifts to experienced individuals with specific skills, we then capitalise on social media to literally search around the globe.

A lot has been said about Millennials and motivating the new workforce. How in your experience have things changed and what must be done to attract and retain talent?

**AMC.** Yes I agree, the experience has changed considerably. Millennials are the largest generation in our workforce and make up over 75% of our staff compliment today. They are becoming the most influential population in our workforce and we place a significant emphasis on developing our People Agenda in line with their needs, expectations and motivations.

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# Identifying, engaging and nurturing high-potential talent

*Continued...*

The Millennials are bringing with them a new perception of what office life should be like and how relationships between management and employees should be structured. We carried out an analysis of Millennial motivations and expectations, which was presented to the Leadership team at the beginning of 2016. Since then we have incorporated many of these findings into our daily work in order to create a highly Millennial-friendly workplace. For example, everything from the physical layout and design of our new office refurbishment, our technology, our people management training, our employment value proposition, rewards and recognition practices, performance development, and our learning and development have all been revised to address the needs of our newest and largest generation of workers.

**PZ.** We appreciate the importance of understanding today's young generation, in a few years Millennials will be our business leaders. Research shows that they are educated to a level like no other previous generation, they are quicker to adapt to change and bring with them great advantages such as better team work. We endeavour to make their work as much fun as possible and constantly remind them of their career development prospects within our organisation.

**What would you consider to be critical or essential skills and capabilities?**

**AMC.** I believe what sets us apart from our competitors is our people's attitude, energy and desire to live a life of significance. Therefore, what we look for in people goes far beyond technical skills and capabilities. We seek people who have a passion for building something great and have an innate desire to push themselves to their limits to achieve big goals that make a difference to people's lives.

**PZ.** In an industry that changes very rapidly, it's important for Software Developers to have the constant desire to embrace newer technologies. Such a 'skill' is what's critical, whereas we would classify the tools themselves as essential.

**Talent line up is tight and highly competitive in the industry. What are the greatest challenges you face and what steps could be taken to help?**

**AMC.** Yes, we are faced with an exceptionally challenging labour market at the moment. In saying this, I do believe we have the right mix of ingredients for a unique employment offering. What we offer is a package that helps people to grow not only professionally but also personally. For our recruits



“We look at soft skills carefully very early on in our recruitment process because most of our staff members take on client-facing roles very soon after joining us.”

the journey begins the moment they walk through our door. We are fully committed to cultivating a work environment that supports our people in building their career capital and developing as potential future leaders in the firm and elsewhere in life. Our people are the heartbeat of our firm. Every day our people do extraordinary things. What we offer is much more than just a job, we offer an important career opportunity to form part of a truly fascinating network of outstanding people in a collaborative culture that goes the extra mile for its people and its clients.

**PZ.** Our greatest challenge is to attract and retain the required talent whilst remaining competitive on the sales front. Our near-shore working model by which we service our UK and NL based clients from Malta, helps to keep us well on track in this respect. The model gives our employees the opportunity to work on IT projects for large multi-national organisations which result in unparalleled career development opportunities.

Whilst grades and technical skills are obviously very important in your industry in particular, how much value do you place on entrepreneurial spirit and the right attitude?

**AMC.** Entrepreneurial spirit and the right attitude are paramount. I believe that whilst technical skills are an important prerequisite to performing client work, the real value that we bring to our clients is our people's

commitment to making a difference. Our people approach their work with a positive attitude and a true passion for building something great and it is this spirit and culture that sets us apart.

**PZ.** We look at soft skills carefully very early on in our recruitment process because most of our staff members take on client-facing roles very soon after joining us. A right and positive attitude is extremely important because that is what our clients will remember the most, particularly when complex technical challenges arise during critical phases of the projects.

The size of the organisation and its reach undoubtedly offers a very attractive package to your people. What do you believe sets you apart as employers?

**AMC.** Our people-centric approach to how we operate, the opportunity to make a difference through the work that we do and our unrelenting focus on helping people to become the best that they can be, are the key factors that set us apart as employers.

**PZ.** We are very fortunate that the bulk of our work is delivered to international clients. This not only gives our employees the opportunity to travel overseas but also allows them to practice their skills on some world-class IT projects.

# Talent spotlight



**Sean Azzopardi**, Senior Manager, Audit Services, KPMG in Mala

**I joined KPMG on the graduate recruitment programme. Working for a global firm brings with it countless benefits – the opportunity to work with other departments, the option to move laterally within the different functions, and the opportunity to experience working abroad. The desire to venture out and gain international exposure always topped the list for me.**

As an ambitious person, I was after a career path that would provide me with the opportunity to form part of a group of leaders. To achieve this, in my opinion, you need to step out of your comfort zone. For this reason, I believe that international exposure is a 'must' for anyone in a Big 4 firm seeking to become a future leader.

I actively pursued overseas opportunities and during my time here at KPMG I was fortunate to have been on three secondments. My first placement was a six month assignment in London. I set out thinking I was independent, but in reality it hit home pretty hard that I was actually incredibly reliant on my family in so many ways! I believe this first secondment really helped me 'grow-up', both personally as well as professionally, I learnt so much! It is fascinating how values and cultures differ so much.

My second secondment took me to New York for 5 months. I loved it! Despite immense work pressures I really got to enjoy the hustle and bustle of New York and came back fuelled to share best practices as well as other ideas which would benefit the local practice.

In 2014, I was identified to participate in the US Mobility Programme, a programme designed to cultivate future leaders. This was an opportunity of a lifetime. 18 months in the US. I got to see so much. I travelled a lot, from Vegas to the West Coast and Mexico, but the most important thing was the immense boost in confidence that the programme gave me. It helped me to improve my command of the English language. Whilst my written English was fairly strong, before this trip I would say I was not confident speaking, which did hold me back. In the US, I was put on the spot and had to rise to the challenge. I also made great connections which are proving valuable today as I have grown my network in our global team.

I would say that international opportunities have clearly allowed me to develop a global mindset. The scope of work, the size of client accounts as well as working in a multicultural environment, led me to learn to take a holistic perspective of things and to better understand the bigger picture.

The exposure gained throughout these past years with KPMG, both locally and through international assignments as well as being surrounded by inspiring people at work, were instrumental to my successful career development to date.



**Riana Xuereb**, Audit Senior, KPMG in Malta Gozo Office

**I signed up for the KPMG graduate programme. What drew me to KPMG the most was the people I met during the recruitment process. They made me feel at ease. It was the personalities of the people and their approach that left an impression.**

After completing the graduate programme, I joined the Audit team where I received good exposure to different types of clients. I was then given the opportunity to move to Advisory – it was challenging at first but today I can safely say that I am thankful to my superiors for encouraging me to take up this opportunity. As a person, I embrace change and within a short period of time I had settled in and really felt at home in the Advisory department – so much so that I felt at odds approaching my audit managers requesting I further my career in Advisory. I have to admit that the team leaders in each department actually made it very easy for me.

For personal reasons, I had to leave the firm in 2014. I used to commute from Gozo daily which began to take its toll on me. An opportunity to work in industry presented itself in Gozo and I took the decision to leave. It was not an easy one as I was happy here, however, commuting daily was presenting problems which were affecting my personal life. When late in 2016, I was made aware that KPMG would be opening an office in Gozo, I thought this would be a good opportunity to return to KPMG without having the issue of a daily commute. The offices in Gozo allowed me to re-join the firm and to be able to continue to pursue my career aspirations in the industry whilst still enjoying a good work/life balance.



**Graziella Demanuele Bianco**, Senior Manager, Tax Services, KPMG in Malta

**My story with KPMG literally started off by sheer coincidence. I was working part-time as a waitress during my time at University and happened to serve one of the partners at KPMG who asked me about my studies and my grade in the VAT exam. He then asked me to send my CV and the rest was history!**

I joined the firm as soon as I completed my studies and have worked my way up the ranks to the position I hold today. It is a workplace where you learn something new every day.

I am a mum - my daughter is 5 years old. I returned to work straight after my maternity leave and have availed myself of the family friendly measures the firm has in place that allows me to work reduced hours.

I cannot say that being a working mum is a breeze. The expectations and the pressures on me, my time and my attention have increased incredibly. I am also fortunate to receive lots of support from my family which has been key to allowing me to continue to work. I realised that time management is critical and honest communication with others about your own work-personal life is key.

I do believe that there are no glass ceilings for women at KPMG and that women can hold high ground here. Having said so, until I was blessed with a child, it never occurred to me that dealing with or rescheduling a day's work when one's child wakes up sick can be so physically and mentally challenging. Today, before pencilling down a task in my diary, in addition to checking my own schedule, I need to check my daughter's activities and the availabilities of relatives who mind my daughter in my absence; and 'standard' tasks like reading technical articles, attending seminars and training sessions, taking calls/meetings at hours that are convenient to clients, travelling, involving myself in other professional activities like lecturing and correcting exam papers, require more planning and energy than before. In my view, defacto and because of circumstances, a woman with children is not in the same boat as the rest of the workforce. I believe that

“I do believe that there are no glass ceilings for women at KPMG and that women can hold high ground here.”

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this is not a reality just at KPMG and is a reality which we, as women, need to remind our colleagues about and/or make it more apparent to them.

It is in this reality that any support and flexibility provided by your employers and your support system is crucial to ensure that you have a healthy work-life balance, give the best to your children and fulfill your own ambitions. If I had to give advice to other women looking to pursue their career and have a family, I would tell them that it is possible and extremely gratifying. I would say that it is very very important to learn to prioritise at an early stage, to clearly communicate your priorities with those around you and to stick to your priorities. Asking about and exploiting any support structures available is not a sin. Do not be afraid to be bold and say no - sometimes certain things just have to wait! If best for you, consider pausing your career,

despite potential pressures against, from within and outside yourself. I personally took the decision not to continue with my progression until my child is a little older, this without limiting my ambition to deepen my specialisation and grow professionally. There is however no recipe for a successful working mother - you need to do what you feel is right for you and your dearest ones - at the end of the day it is a personal matter.



**Carmel Gafa**, Head of Technology and a Management Exec. member, KPMG Crimsonwing Malta

I started out my working life as an electrical engineer. 18 years ago I decided to switch industry and joined Crimsonwing. I was after a role that would challenge me mentally each day. I recall the first project I worked on was for a large British department store. Since then I have seen so many new things, so many new projects, new clients. I am still constantly learning, not only from a technical aspect, but new processes, understanding new businesses and their challenges. That is the reason I am still here! Being challenged is my highest priority and thankfully my role here ensures that I am.

We have grown rapidly over the last few years. For a number of years, I managed a team of people in research and development - our current team compliment is 50. The team boasts highly technical people who work together seamlessly in an environment that stimulates productivity, creativity and innovation. That is very important to me. I want to feel the energy and mental stamina when I walk through the door, both in terms of 'brain power' but also in terms of teamwork.

One of the highlights of my career was working on the Maltese speech synthesis engine, a system designed to enable the visually impaired to read in Maltese. It

wasn't only the fact that this project was for a good cause that made me appreciate how lucky I am, but it was also the challenges surrounding the EU project. Challenges that included technicalities, linguistics, project management and product development. It was a 360 degree challenge!

There are exciting prospects for the future of the department. We are growing, there are lots of new technologies to learn. The scale and sheer size of the clients we are now working with poses new challenges each day, which means that the flexibility to embrace new things is key.



**Robert Gauci**, Senior Technical Architect, Custom Development, KPMG Crimsonwing Malta

**I joined Crimsonwing 18 years ago. I wanted a new experience. An experience that would provide more opportunities that were important to my personal aspirations.**

When I joined, I was one of the few, we were less than a handful of C++ developers. The technology was really interesting and I was one of the first to move to the Ecommerce team.

My personal goal was always to continue to develop my technical expertise and not move into a management role. The size of the organisation and the projects we work on allowed me to progress in the technical field. That does not mean that I did not need to develop soft skills. As a technical architect you interact with clients and you need to develop relationships and certain managerial skills. However, the role allowed me access to so many different technologies, I never get bored, I am always learning. I do not know how many different technologies I have seen or had the fortune to work with. That is the reason I am still here 18 years later!

Every project has its challenges, both good and bad. When you first start out you do get a little apprehensive, the fear of the unknown, but in time the satisfaction of overcoming these challenges becomes one of the most satisfying parts of the job.

If I had to give advice to someone looking to carve a future for themselves in the industry I would say, always be prepared. Don't wait for something to drop. Be aware and prepare, prepare, prepare; when you are prepared everything will fall into place. And finally, most importantly, do not underestimate the value of people skills!



**Navin Keshav**, Technical Architect, Dynamics, KPMG Crimsonwing Malta

Moving to Malta was a relatively easy decision. It is a beautiful place, not too cold which is a plus. Also, KPMG's reputation precedes it, it is a dream company for aspirants such as myself. When I looked into the opportunity a little deeper, the technologies they worked with was important. They had access to the latest Microsoft AX products which was very interesting and exciting. It was an opportunity to work with the best and the newest technologies.

Settling in was fairly easy too. Management was very supportive and I was immediately placed on a project, working with new technology which was really exciting. People here do have a shell that you have to crack, but once you do, they are very friendly and helpful and I now feel very much part of them.

One of the things I love is the working ethic. If you are ready to take on responsibility you will be given the responsibility and I have been given the opportunities I was after. I wanted to work with

the latest technologies, I wanted responsibility, and a salary commensurate to my responsibilities. KPMG Crimsonwing have given me every opportunity I wanted to explore.

I have worked in many different countries. If I had to give advice to someone looking to take up an opportunity overseas I would say, you have to have patience! You have to be the one to approach people, you need to take the initiative, you need to be the one to break the ice and penetrate their shell.





# Client SUCCESSSES

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- > **Gaming Innovation Group**
- > **B Squared**
- > **AI Faisal International O.P.S.C**

# Gaming Innovation Group chooses KPMG Crimsonwing to licence and implement Microsoft Dynamics NAV

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**A rapidly growing technology-based company, Gaming Innovation Group is present in four different countries across Europe. They offer cloud based and performance marketing services and own 7 Business to Consumer (B2C) gambling products.**

Gaming Innovation outgrew their accounting package which was not providing them with the power and flexibility that an organisation like theirs required and as a result was causing severe inefficiencies. The client wanted a fully-fledged accounting package that would allow them to manage financials, fixed assets and the issuing of invoices, as well as adhere to financial legal obligations efficiently. Finally, they wanted a software package that would integrate their various subsidiaries together in such a way as to allow visibility and cross-company management of the accounting function.

With the implementation of the following modules: Finance (including consolidation), Bank Management, Sales, Purchases, Purchase Document Approvals and Fixed Assets, Microsoft Dynamics NAV facilitated all the above requirements. In addition, Gaming Innovation Group were able to make use of Jet Reports Express which is an integrated reporting solution for Microsoft Dynamics NAV 2016 and which gives users a simple way to create high-impact reports.

**“The group has experienced rapid growth during these past years which led to the need to switch to an accountancy package that suited our current needs and also our future eventual growth. After detailed analysis in what the market had to offer, we concluded that Microsoft Dynamics NAV is a perfect fit for our needs. We are really glad that we have entrusted this project to KPMG Crimsonwing as they have successfully managed to make both the implementation and the switch towards MS Dynamics NAV a pleasant experience.”**

**Justin Psaila**, Chief Financial Officer at Gaming Innovation Group

# Improving B Squared's efficiency and operations

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B Squared is a KPMG Crimsonwing UK-based client whose main product is "Connecting Steps", a school assessment recording software for teachers. They distribute and maintain this for a large number of schools, largely inside the UK. Their field of expertise is in education, more specifically for students with learning disabilities and/or special needs. Lately, B Squared have introduced a new product – "Evisense" – which integrates with their main product and aids in the process of providing visual, textual and audio evidence of student progress throughout their respective curricula.

Before approaching KPMG Crimsonwing, B Squared's products were desktop applications whose data was self-hosted by their clients, which limited B Squared's control and maintainability of the data concerned. This caused a concern for B Squared as they could not respond quickly to client issues and suffered copyright infringements by their clients.

B Squared has now been a client of KPMG Crimsonwing for more than four years, during which time, KPMG Crimsonwing have provided them with the development and maintenance of a new web-based version of "Connecting Steps", along with a helper application for iPads. B Squared can now better track and secure client data by having it hosted on their own

servers, rather than their clients'. Over the years, they expanded on their product by adding new features and enhancing existing ones. The changes were made immediately available to clients, who could access the product anywhere through the power of the web.

More recently, KPMG Crimsonwing developed "Evisense" for web, iOS and Android platforms, and are in the process of developing a new web-based administrative application which binds all B Squared's products together called "My B Squared". This will provide ease of manageability to all B Squared's products in one place, and will support cross-product administrative settings.

**"Working with KPMG Crimsonwing has been crucial in allowing us to migrate our customers from an in-house application to a web based platform. This has increased customer satisfaction and reduced customer support. We are now able to make use of mobile technologies, increasing the accessibility of our software. KPMG Crimsonwing's knowledge and skills have enabled us to turn a single product into a powerful multi-product eco-system."**

**Dale Pickles**, Managing Director of B Squared

# Al Faisal International Q.P.S.C acquires majority shareholding in Banif Bank (Malta) plc

**Al Faisal International for Investment Company Q.P.S.C. (the “Company”), is a Qatari Private Shareholding Company, ultimately owned by Al Faisal Holding. Al Faisal Holding has established itself as one of Qatar’s leading private companies and has progressively played a crucial role not only in Qatar’s economic growth and infrastructure development but also in promoting the heritage and education of Qatar. Founded by H.E Sheikh Faisal Bin Qassim AlThani, Al Faisal Holding has many divisions operating under its umbrella including insurance, property, hospitality, construction, trading, transport, entertainment, education and Information Technology. Al Faisal Holding is credited with attracting numerous foreign investments and creating countless career opportunities.**

In June 2015, KPMG was entrusted with a buy-side mandate to assist the Company in acquiring the 78.46% shareholding, held by Banif Portugal, in the local Bank. The overarching purpose of the engagement revolved around the provision of deep professional expertise by a multi-disciplinary team to oversee the project from inception to completion. This assignment, therefore, encompassed a host of technical solutions and deal acumen converging on assisting the Company drive the transaction to a close. The services provided, included assistance with the negotiation of terms of acquisition as well as a due diligence exercise covering selected financial, taxation, regulatory and IT matters on Banif Bank. The latter helped to provide colour and context on the Bank’s performance, position and outlook.

Working closely with the client’s project team and their local legal advisers, KPMG was instrumental and heavily involved throughout the acquisition life-cycle process. The first step of which consisted in assisting Al Faisal International during the preliminary

discussions with the vendors, liaison with the regulator (MFSA) and providing technical support and experienced insights during the intricate phases of the acquisition. This ran in parallel to the effort and speed of execution to address matters as they arose.

KPMG subsequently also assisted Al Faisal International in attaining a license from the MFSA and the European Central Bank, which process included the compilation and submission of an array of documentation akin to a change in control process, such as a 3-year business plan and a financial model.

The client valued that KPMG was able to be there for them throughout the entire journey - taking the deal from start to finish... from the initial pricing discussions to signing thereafter, which undoubtedly allows for synergies to develop and true value to be unlocked.

*Project period: June 2015 – Oct 2016.*

# Contacts

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