

COMMENT: BDO 7p MODEL & TMT



SCOTT RODIE

BDO's Head of the Global TMT industry team outlines the BDO view on which of the 7ps he considers the most relevant to drive success in this industry

Is your TMT business well positioned in a post-COVID world?

Companies around the world are undergoing a new phase of business transformation to adapt and succeed in the post-pandemic reality. These transformations are bold seismic shifts that organisations make to accelerate change and growth beyond typical incremental advancements. Their scope is broad and strategic, such as switching to new business or operating models.

They encompass fundamental changes in how a business operates, are undertaken to create additional value or, in some cases, to ensure survival. Prior to the pandemic, business transformations usually occurred over many years. Now, as we transition out of the pandemic, timelines have accelerated and transformations are occurring over months, instead of years.

At BDO, we believe that benchmarking is a valuable exercise to help business executives chart strategic direction in an ever-changing global business environment.

BDO has developed a diagnostic model that allows business executives to compare their direction of travel and strategic priorities with their peers. We understand that it is imperative for business advisers to have a deep understanding of their clients' strategic business priorities, so that professional services are delivered in the most collaborative and effective manner possible.

The **BDO 7P diagnostic model** focuses on the Realise phase of the BDO **Rethink** framework, a three-stage model designed to encourage a broad Rethink of a company's current operating model and commercial assumptions. This diagnostic tool ensures that our clients' key strategic priorities are a fundamental component of every conversation with their BDO advisers, helping our clients proceed to succeed in this new reality.

So, what is driving this intensity of business transformation?

Workforce management and coordination have evolved considerably during the pandemic and **People** within our 7p diagnostic model focuses in on key strategic human capital management issues.

According to **BDO's 2021 Technology CFO Outlook Survey**, the tech industry continues to lead the charge in reimagining, testing and piloting what the future of work looks like.

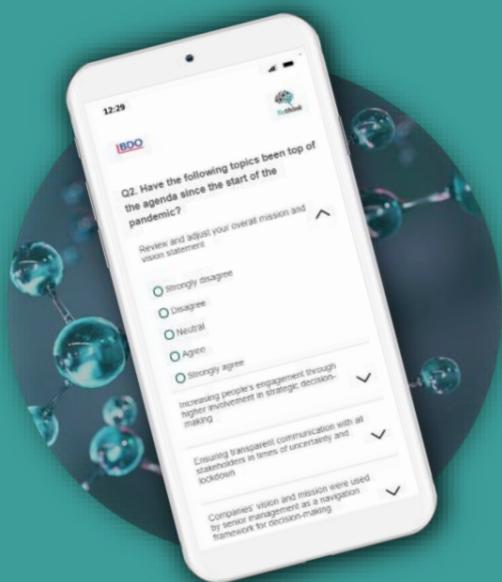
This survey found wide-sweeping impacts of the pandemic on recruiting, training, remote work arrangements, compensation and benefits and culture. One particularly important aspect is employees' engagement with the corporate vision, mission and common purpose.

The BDO 7p diagnostic model benchmarks employees' connection to this common **Purpose**, thereby measuring a company's ability to enhance productivity, customer interactions and employee retention.

Tech companies must foster an inclusive and healthy culture that prizes diversity, innovation, and collaboration. In addition, benefits will accrue if they are building and iterating products and services with an eye not just towards revenue, but to the greater good.

Digital transformation is another significant driver of business transformation addressed in the BDO 7p diagnostic model: **Processes**.

Well-designed digital customer service platforms have been a lifeline for businesses during the pandemic.



Another critical component of the BDO 7p diagnostic survey is business model resilience and transformation. **BDO's 2021 Telecommunications Risk Factor Survey** highlighted the increasingly blurred boundary between telecom companies and technology providers, and how this has contributed to an increased focus on innovative solutions, new partnerships and transforming business models.

Business executives must have a strong grasp of the drivers that underscore their business's value, and how these drivers might change going forward. Technology businesses with a high percentage of recurring revenue, delivered electronically with strong and consistent cash generation capability, are generally more resilient than their competitors.

Companies with strong competitive positioning - with proprietary content, data and expertise leveraged by key technology differentiators - are more likely to thrive.

According to BDO's 2021 Technology CFO Outlook Survey, tech companies will pursue several paths for growth, in order to achieve forecasted revenue increases this year. While innovation, speed-to-market and customer experience remain critical, tech companies are exploring new opportunities unlocked or accelerated by changes in the marketplace.

There's competitor pressure to get it right too, with the market surging with upstarts seeking to take advantage of new opportunities or capture market share. Tech executives who make strategic, intentional choices to unlock more value in their business models, supply chain and workforce can look forward to a prosperous year ahead.

Furthermore, under the business function Profit, the BDO 7p diagnostic model clarifies the impact of business transformation on financial metrics and projections.

Results from BDO's 2021 Technology CFO Outlook Survey highlight the need for strong liquidity management, investment and further capital raises to power growth. However, while tech CFOs are optimistic for continued growth, it is far from business-as-usual.

New priorities and risks are under increased focus, and although innovation is still the driving force of the industry, the next year will be all about optimisation.

According to BDO's 2021 Telecommunications Risk Factor Survey, increased competition will put additional pressure on margins going forward. Business decisions made today have never been more critical to the future financial success of the enterprise.

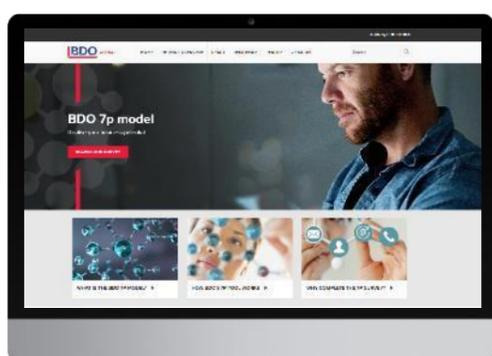
HOW CAN BDO HELP

BDO clients need to ensure that their businesses are well positioned in a post-COVID world.

BDO offers a wide array of professional services that create value and give clients innovative solutions to achieve their objectives and contribute to their ongoing commercial success.

The actionable advice we provide is backed by local and regional knowledge, together with global experience, which translates into advice that our clients trust.

The BDO 7p diagnostic model enables our clients to harness the power of data from our large client base to gain valuable perspective and exchange with their advisers as they set their strategic direction and navigate the ever-changing global business environment.



TO FIND OUT MORE ABOUT **BDO 7p:**



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