



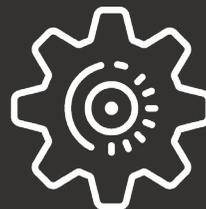
How we
are leading
a new
service
approach

BDO has seen significant digital progression in 2018. We have made definitive steps forward on our path to becoming a truly digitally-focused global organisation that tackles the challenges presented by a fast-paced professional services environment head on. More importantly, we have proven that we can lead through innovation.

Being innovative across the BDO world drives value for our clients, improves business efficiency and profitability, as well as ensures that we are recognised as leaders of the future. Our digital transformation has multiple areas of focus. Firstly, we know that we ignore infrastructure at our peril: a strong foundational infrastructure is vital for effective innovation. We're also focusing on the incremental innovation of our existing services and solutions, where we improve our

core business by delivering greater efficiencies and deeper insights for our clients via methods such as automation, digitisation and collaboration. In tandem, we are implementing a more radical and disruptive approach, with which we attack the market through diversification and extend our processes with new technology to ensure that we can deliver greater collaboration and intelligence through our service offerings.

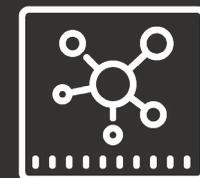
OUR FOCUS



INFRASTRUCTURE



INCREMENTAL
INNOVATION



DISRUPTIVE
INNOVATION

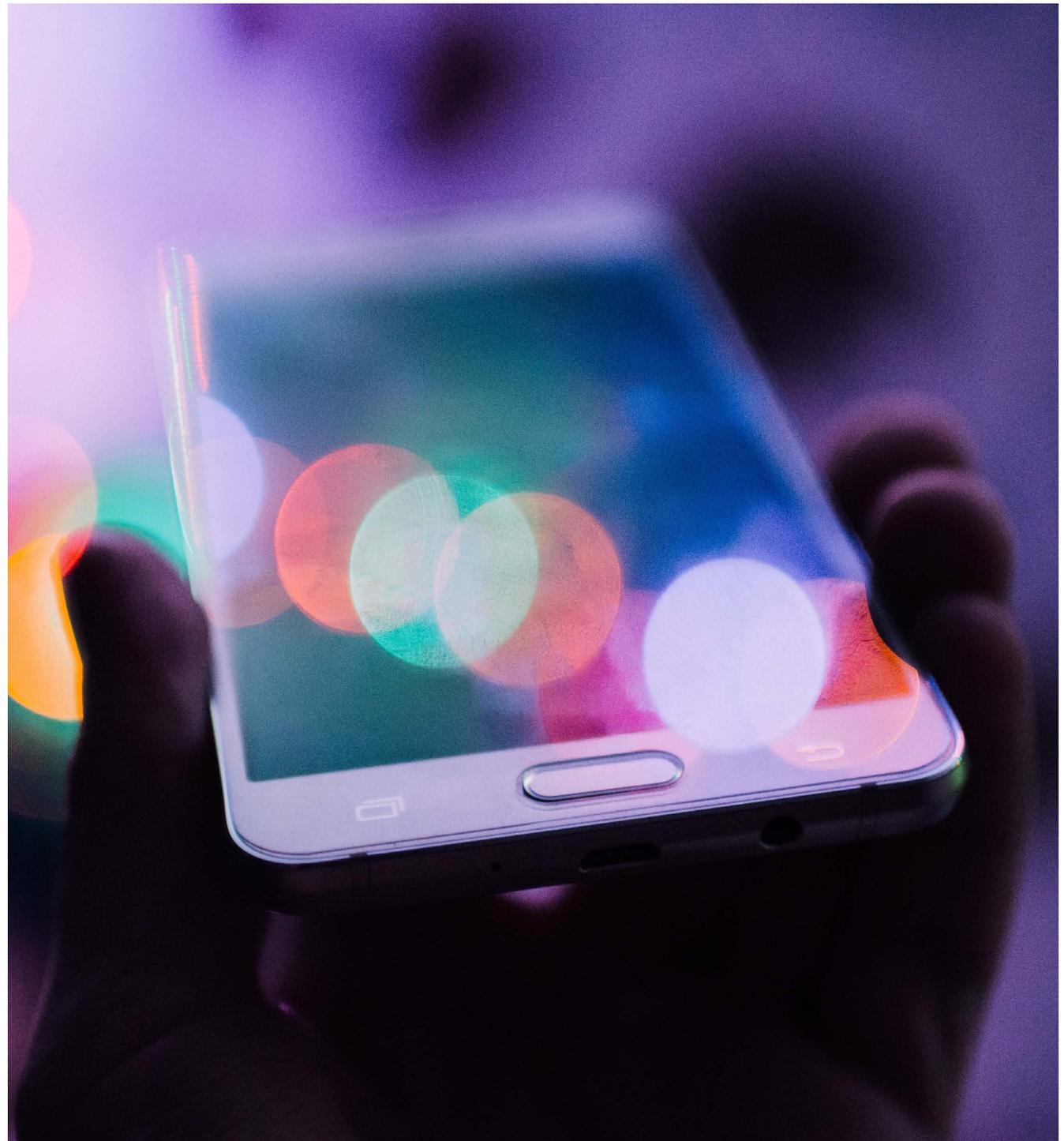
CONVERGENCE AT THE CORE

Working together and driving forward towards a common goal has been vital to BDO's success in 2018, especially within the IT space. We have focused on providing our people with the technology they need to build long-term client relationships that generate true insight and added value.

To achieve this goal, we have further invested in strengthening our IT infrastructure, particularly in the areas of information security, cloud services and digitisation. It is the combination of all these, underpinned by dedication to innovation, that has allowed us to provide trusted advice to our clients – because we are keeping trust and information central to our service. As a result, both the way we use our data and the way we cooperate with our clients regarding the use of their data are becoming increasingly important to our services and their businesses.

NO COMPROMISES ON SECURITY

In our profession, security is paramount, standards are critical and privacy is imperative. Every BDO firm is held accountable for their performance regarding information security via an assessment process that is closely connected to our privacy programme. There is no compromise because security is central to what we do and what we deliver to our clients. This is evidenced by BDO Global IT's standing ISO/IEC 27001:2013 certification for its Information Security Management System and their conduct of regular and ongoing audits to ensure continual compliance with industry best practice standards.



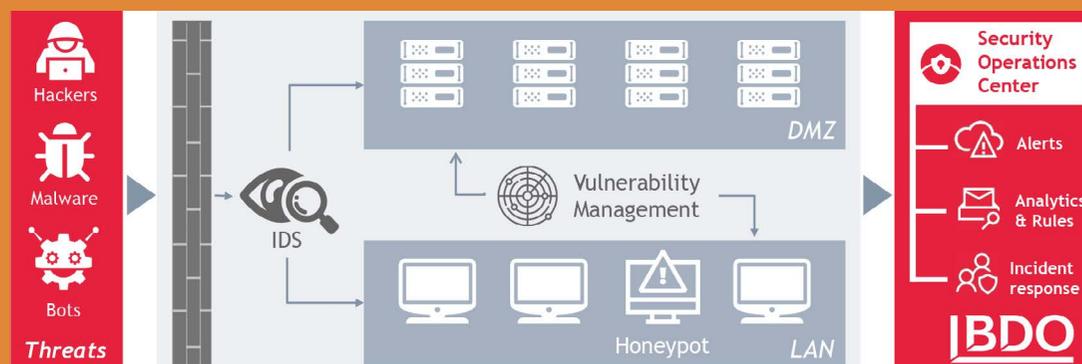
We are committed to handling data confidentially and with integrity and we continue to improve our working method in this regard. In 2018, we initiated talks with our clients on a transparent data sharing partnership under which we can share information more effectively and actively with each other. This initiative was met with very positive responses from our clients, enabling us to continue our efforts in driving informed, empowered and secure relationships for our global service offerings, by embedding security by design in our internal processes, development lifecycles and standard ways of operating.

The challenge we face is the highly complex and continually evolving information security landscape and the ever-increasing cyber threats in which we and our clients operate. Over the year our dedicated IT teams have evidenced a number of notable cyber security trends - whether these are long-established threats that continue to rear their head, or new emerging attack methods. BDO does not shy away from these challenges; instead, we proactively keep our clients and people informed about them. It is in our DNA to continually evaluate and improve our resilience against potential threats, by investing in the latest technologies, training and informing our staff and continually improving processes.

BDO SECURITY SENSOR - A POWERFUL DETERRENT TO CYBER THREATS

Effective security means ensuring that adequate measures, services and solutions are always up to date and equipped to combat threats. This approach must be supported by strong knowledge of the business and market, together with an understanding of any relevant legislation and regulations. This has led to our technology advisory experts at BDO in the Netherlands developing the BDO security sensor.

The Security sensor can be used both virtually and physically at various levels in a client's organisation. One or more sensors can be supplied and installed at strategic points within a client's network. It offers:



- 24/7 insight into vulnerabilities and threats
- 24/7 monitoring of attacks, with TSOC continuously scanning for new vulnerabilities.
- Output suitable for forensic investigations after an attack
- Always up-to-date
- 'Technical measures' for GDPR compliance
- Periodic management reporting and portal
- Professional incident-response team
- Rapid installation; no need for maintenance
- Direct detection; lower recovery costs.

Embedding a proactive approach to cyber security within a client's operations allows BDO to ensure that our clients are protected against new threats arising. Importantly, armed with the most up-to-date information, it also allows us to be perfectly positioned to work side-by-side with our clients and improve their cyber resilience on a continuous basis.

CLOUD SERVICES FACILITATE GLOBAL OPTIMISATION

At a global organisation like BDO, the use of cloud technology to drive efficiency, optimisation and the extension of services is central to our IT offering. The use of cloud technology not only allows us greater control over the location and management of client data to enhance digital security and privacy, but also provides the building blocks we need to leverage and grow our analytics offering.

As our digital resources continue to expand into the cloud, we have developed a robust, cloud-based Identity and Access Management (IAM) system. Our IT teams

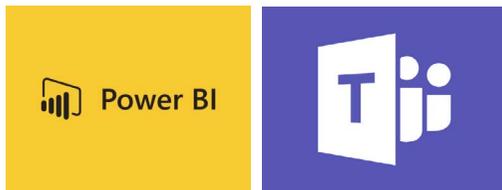
now have visibility into and control over how and when users access our corporate applications and data.

Developed using Azure Active Directory B2B collaboration, the solution allows BDO firms flexibility and high levels of digital security to facilitate client service and staff collaboration, while ensuring their independence. Our use of Microsoft's latest technology offerings means BDO's identity solutions and services are world class and industry-leading.

INDUSTRY RELATIONSHIPS REMAIN A PRIORITY

Our relationships with leading industry partners allow us to adapt and innovate quickly.

Our global strategic alliance with Microsoft has seen us invest in new, technology-based service delivery solutions to drive digital transformation for the entire global organisation. And our firms can leverage the latest technology available from the Microsoft stack: for example, collaboration platform Microsoft Teams and analytics tool Microsoft Power BI to drive enhanced client service. The scale of our agreement also enables our firms to directly offer the latest cloud-enabled programmes to their clients.

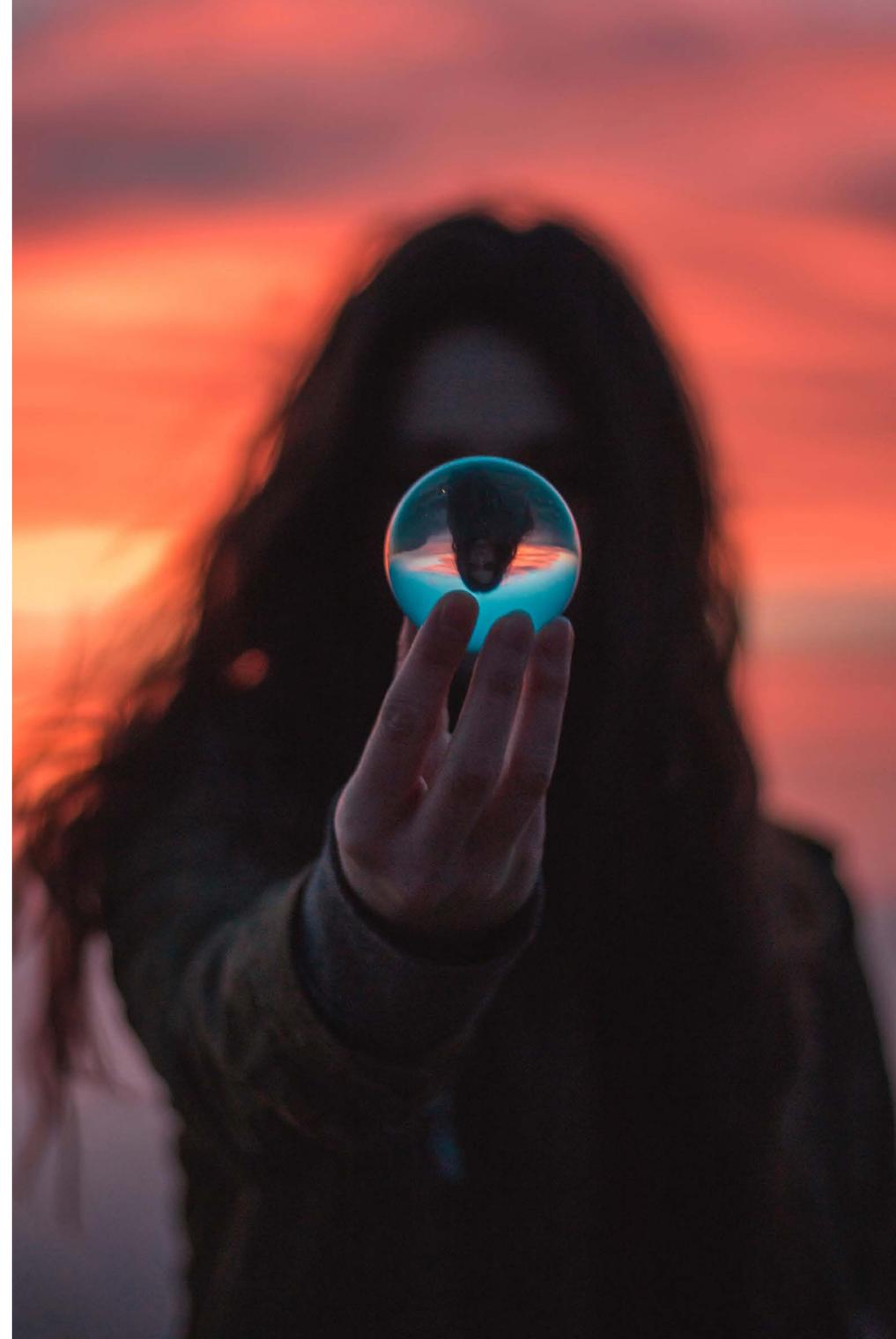


Our *Premier* support agreement with Microsoft grants us the exclusive advantages of dedicated support and hands-on assistance, as well as trainings and tools tailored to our specific needs. This allows us to upskill our developers and ensure that they have the internal practices and industry expertise to build and deliver platforms and tools that meet and exceed the needs of our people and our clients. Transforming to be technology-enabled and future proof in all areas of our

business is an integral part of our journey.

Our working relationships - and in some cases formal partnerships - with Adobe, Amazon, Qlik, Oracle, SAP, Lenovo, HP, Targus, DocuSign, Xero, QuickBooks, Receipt Bank, Workday and other local cloud accounting providers continue to be important for both our firms and their clients. Our leading position within the profession allows us to partner up rapidly with key vendors and build solutions for our clients as and when needed. This agility is a critical part of our forward strategy, as is our ongoing work with a number of incubation providers. We've worked with start-ups and industry bodies in the USA, Israel and throughout Europe to drive forward research in our clients' best interests.

We're also exploring a new style of IT operations that will see our firms' global advisory teams become increasingly client-facing over time, with more digital and technical services provided directly to clients. A number of our firms' purchases of several large consulting firms with strong technology capabilities during 2018 is a step in this direction. These technology service partnerships allow us to leverage our service delivery approach to make use of solutions in collaboration, automation, data analytics and intelligence.



DIGITISING OUR SERVICE DELIVERY

We are evolving our services model to align with the growing client preference for digital channels and functionality and have invested heavily in building and delivering market-leading digital assets for our firms and clients.

BDO in Belgium has transformed their advisory service offering by listening to what their clients wanted, resulting in the acquisition of two firms active in [robotic process automation](#) and [process mining and optimisation](#). Advisory services now make up the majority of the services the firm offers, making BDO in Belgium a key consulting player in their market.



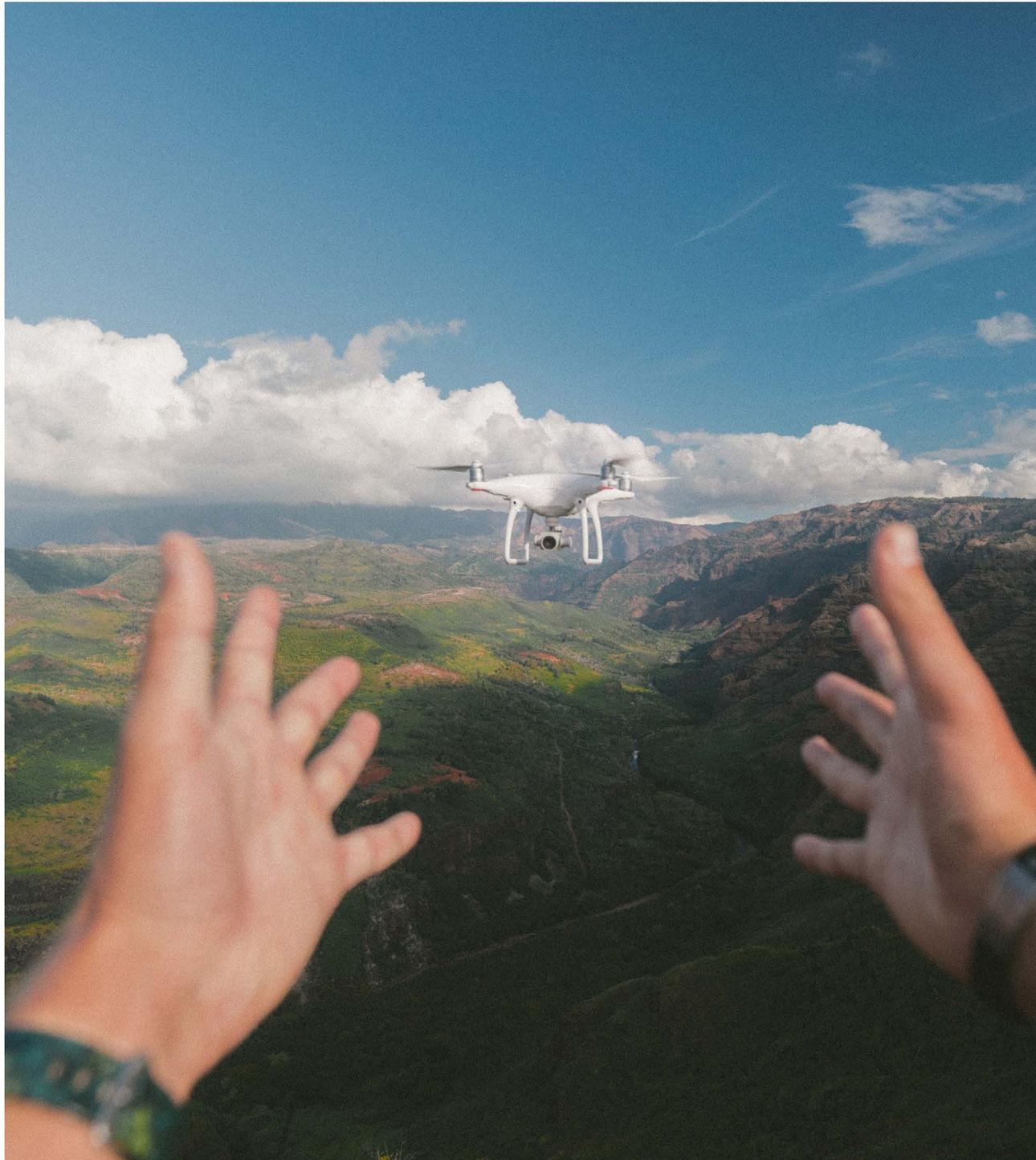
BDO's global Portal is being successfully deployed to all BDO firms, with very positive feedback from both our clients and firms. The global Portal provides an online collaboration space that gives 24/7 access to BDO services and insights. It can be used by any area of the business for any client, regardless of their size, industry or location.



Our unique Prepared by Client (PBC) platform allows our clients and their BDO advisers to upload and share documentation via the secure BDO Portal. Built-in workflow management features, such as task assigning, document commenting, digital signing and document status checklists, allow seamless management of large volumes of work in a central and easily managed way.

Click on the + below to read how BDO leaders around the world are experiencing our global Portal





INNOVATION AND COLLABORATION

BDO's strong focus on becoming digital-first is inevitably coupled with a stronger drive for innovation. In 2018 we launched our Innovation programme to promote truly innovative projects and encourage collaboration across our global organisation. We're aiming to establish a global innovation framework and develop an innovative culture in which our firms connect with each other, share ideas, leverage experiences and collaborate on their innovative solutions to better serve our clients.

As we set our goals to lead through innovation in our profession, it's inspiring to see that many of our firms are already taking the lead in their innovative transformation. Innovations projects are happening across a number of our service lines and industries, covering a wide range of topics. These include exploring the possibilities of blockchain for our business, using bots to welcome and guide new starters, RPA for tax services, inventory counting apps, document scanning on the go and the gamification of BDO's employer branding.

We cannot be leaders in innovation unless we continue to foster a culture that promotes creativity and encourages all BDO people to submit ideas, regardless of their expertise and seniority. Our firms now have dedicated Innovation programmes that make it simple to submit new suggestions - and to reward those that are particularly valuable to the organisation or its clients.

BDO FEEDBACK - CAPTURE AND ANALYSE SURVEY DATA FROM ANY INPUT IMAGINABLE

BDO Feedback is an online feedback management tool that helps users set up surveys and analyse results from any kind of input imaginable. It is a flexible and feature-packed solution that provides the ability to collate client, employee, project and market feedback. The tool has been developed by BDO in Norway and was produced and released in less than a year. It has already processed the responses of over two million users and is now used by all of our Norwegian firm's service lines.

The flexibility of the platform is best explained through individual use-cases, including:

- **WHISTLE-BLOWING SERVICE**

Forensic services offer clients a yearly subscription to a custom-made survey branded as their very own whistle-blowing portal

- **DIGITAL TAX EXPERT**

Tax professionals set up a series of FAQs and make them available to clients as a checklist with a corresponding report

- **STRATEGY DEVELOPMENT**

Strategy and operations provide a simple but effective framework where the platform is used to collect and present both the key strengths and weaknesses of clients' existing strategy. This in turn helps facilitate discussions for future improvements

- **EMPLOYEE SATISFACTION**

Advisory services offer a concept to measure employee satisfaction and then use this related insight to frame client improvement initiatives

- **MARKET RESEARCH**

Industry experts use the platform to conduct market research, going on to both present the collected insights to clients and incorporate it into specific publications

- **CLIENT ENGAGEMENT**

The strategy and operations team use simple metrics to measure client engagement and suggest improvements to existing processes

BDO Feedback's infrastructure is designed to be future-proof and allows users to experiment with different business models and achieve new and innovative content. The data collected gives unique insight into client challenges and a solid foundation to offer advice, but the most exciting possibilities lie in the accumulated data, and how it can be used to benchmark and generate market trends.

At BDO, we are conscious how important it is that the focus on innovation isn't a temporary measure. Rather, it has to be embedded in our corporate strategy and in the behaviours of our people. Innovation, digital optimisation and business transformation is a crucial part of all our firms' corporate strategy, often driven by dedicated teams led by national heads of Digital Transformation and Innovation.

Innovation is a lot more than just integrating available technology to accelerate digital transformation in BDO. It's about ensuring an innovative mindset and an active approach to managing innovation as a portfolio: in this way, we are in a position to develop new propositions and adapt our business to drive even better business outcomes for our clients. We understand that the rapid advances in technology around issues such as AI and predictive intelligence will continue to shape our operating environment, and BDO is uniquely positioned in the mid-market to be able to add true value through our industry insights, client relationships and consistent innovation. We work directly with clients to develop solutions specific to their needs and this will never change.

This is how we are leading a new service approach through innovation.

