

FOCUS

Re-branding to “CROWE” #WeAreCrowe

It is with great pleasure to announce that announces the change of our brand name to Crowe.

For Crowe, this is more than a name change. It is a change, in not only the way we go to market, but a marked improvement in our quality procedures, so that, key stake holders such as governmental institutions, banks, credit rating agencies, major suppliers of our clients and so on, can continue to place greater reliance on the Financials Statements audited by Crowe.

Such a transition brings in great benefits. It is a time to pursue our commitment, quality and excellence in work and ethics in the region. We are here to serve our clients a superior and dynamic service in the audit and advisory market. It is our effort to offer unrivaled and excellent quality that supersedes and takes us to be a leader in the market share.

We would also like to inform that we have launched our Crowe 100 - Global Thought Leadership and Smart Decisions Index. The Crowe 100 Index spotlights companies that are making smart decisions. Our Decision-Making Report explores this burgeoning field of research.

The change in name will bring us benefits as follows (this will be applicable to any

enterprise, embarking on change of its brand):-

- Increases visibility of brand: High Visibility will attract new clients in the growing business market.
- Develops lasting relationships with our Clients: Longevity and success is proportional to maintaining good relationships and a new branding name will help achieve it.
- Improves brand awareness and recognition: This new name will garner attention and will prove beneficial in many ways. This will also create loyalty and trust, with both current and prospective clients.
- Helps to build authority and credibility: Vision is to grow and capture better market share since such a move will help us achieve the objective. It will position business as an expert in the industry.

As per our recent experience, there are some challenges of re-branding that are and will be faced. These challenges are and not limited to:

- In general, most potential clients are satisfied with the current providers they are using. They do not see the need for new solutions, because they perceive the status quo as sufficient. Moreover, they often lack imagination about what would be possible. They might be satisfied by the current

providers and doubt the credibility of the others.

- With a new name comes establishing new awareness. This involves an increase in marketing expense through advertising, and puts a strain on budget.
- Clients sometimes may not be willing to see the new name as an effort to rekindle, strengthen and strategize. They might need time to understand the genuine effort the company is putting in to develop a platform that is beneficial to both parties.

In conclusion, I would like to reiterate, this change has great advantages and far outweighs the challenges or costs to it. As a team we will continue to establish ourselves through determination and pursuit of excellence.



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Decision Making

The core of Crowe & our lives.

Our life and career as a result of the decision we made.

Where we are in our lives, career and professions is the outcome of the decisions that we took earlier in our lives. It could be small or major decisions, like choosing subjects and courses after high school and in college, switching jobs, career decisions, etc. Every small and major decision translate into how we lead our life. Decision Making is an indispensable function of our life which we exercise almost every single day decisions which can be taken promptly and needs time, decisions which have small outcomes or long-term repercussions, decisions which can be taken single-handedly or which needs proper mitigation, research and expert opinions and decisions which affects only an individual or impacts others.

When it comes to business decision making, it is a critical leadership role. Right from conceiving an enterprise to running it successfully, decisions, both small and big, that we make decides the course and destiny of an enterprise, whether it is regarding the funds, people, products, vendors, competition or market. Decision Making is a continuous lifelong process. The Art of Smart – Crowe 100 Decision Making Index & Report 2018 quotes ‘Making a decision is half the battle’. I highly recommend reading the Crowe 100 Report which is an excellent study of top 100 companies on the parameters of Growth, Diversity, Boldness and Innovation along with corporates success stories from various parts of the world including our own Tata Motors, Emaar and NMC being distinctly mentioned.

Smart decisions, lasting value: the heart of our value proposition

“Helping clients make smart decisions that create lasting value is at the heart of the

VAT Exemption for MICE in the UAE – An IFRS 15 breathe easy

The UAE recently introduced a “booster” to what in my opinion is a stable economy. Some would argue that a stable economy is just another word for a stagnant economy and in their opinion, the booster was indeed, the need of the hour.

The exemption of MICE (Meetings, Incentives, Conferences and Exhibitions) from the 5% Value Added Tax. This would ensure that Dubai and the Emirates remain competitive in attracting

Crowe value proposition. If you see at any of the services that our member firms provide – audit, tax, risk consulting or advisory – you will find our people striving to do this in their work every day” opines Mr David Mellor, CEO of Crowe Global. At Crowe, we had assisted more than 5000 clients in the last 37 years and continue to do so right from setting up a new business to accounting, from audit to the consulting & advisory on the recently introduced VAT. With multiple offices across the UAE, decision making is a way of life where we advise our clients on making smart decisions.

At Crowe, we create leaders, as decision making is an art when it comes to a leadership role and a science when it comes to advising our clientele depending on individual projects and tasks. Decision making can be complex, hard and sometimes as simple as the Crowe Brand Name change from ‘Crowe Horwath’ to becoming just ‘Crowe’, a strategic move at the corporate level to adopt the new branding globally. As mentioned earlier, it’s a continuous process wherein we need to revisit the decision made earlier and make necessary amendments or counter decisions.

Decision Making: a responsibility for larger good

One of the most pertinent functions of governance and administration is to make decisions for the public at large. The recent series of decisions made by the UAE Government to give 10-year residency visa for investors and specialists is a landmark decision which is going to have a very positive impact on the economic growth of the nation. The Government has also decided to offer 100% ownership to global investors. It will be a big boost to the capital investments, real estate sector and the overall economy. It will continue to increase the positive perception of the nation and people will feel more belongingness those who would receive 10 years residency visas.

events to Dubai, especially in the run up to the EXPO 2020, where several events to be hosted in preparation.

A key benefit apart from the reduction in administration costs, is that the exemption from VAT will simplify the processes the industry needs to follow when complying with IFRS 15. Article 27 of the Federal Law Number 2 of 2015 requires commercial companies to comply with IFRS 15 as part of overall compliance with International Accounting Standards. As the implementation of IFRS 15 and VAT coincided on 1 January 2018, at least there is one less thing financial

The Dh50 billion economic stimulus announced by Abu Dhabi and the new economic incentives, initiatives will help to develop SMEs, stimulate tourism, creating new job opportunities and supporting new sectors.

The Dubai stimulus plan to slash the aviation fees, freeze private school fees and relaxations by the Dubai Municipality and Dubai Land Department will help in reducing the cost of doing business in Dubai and further cement the Emirate’s position as a destination of choice for investments. Apart from these, the recently implemented VAT will help SMEs consolidating the financial records and accounts which will bring in more stability and support financial needs. With Expo 2020 and Dubai Plan 2021 at the cusp, the future is bright and promising.

Theodore Sorenson says “Consistently wise decisions can only be made by those, whose wisdom is constantly challenged”. Therefore, I would like to conclude with an important learning which is also reflected in the Crowe 100 Decision Making Index and Report 2018, as always being on the curve of learning and enhancing ones understanding in these changing and ever evolving times and that’s the key to success and continuous growth.



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controllers in the industry need to worry about.



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COUNSELLING & NEGOTIATIONS – KEYS TO A SUCCESSFUL M&A TRANSACTION (M&A)

Mergers & Acquisitions (M&A) transactions do occur for any size of an entity ranging from micro entities to large multi-nationals. The large size entities have sufficient resources to manage and even revive a successful or failed deal; the same is not true for the medium enterprises (ME). There is no specific definition for a medium size enterprise hence I have considered ME's as any entity whose annual bottom line hovers in the range of AED10-50 million.

The stage of the hatching of a M&A transaction to a successful completion requires an immense amount of efforts, strategic thinking and patience. Many owners when approached by a third party for acquisition, begin with a naive notion that such is a mere parting of ownership which will pay the seller a good amount of value.

The self-realization of the complexities seep in as the painful yet exciting process of M&A unfolds. For most such ME's, M&A is a first experience and they tend to rely on their internal finance team and the outsourced financial advisors, legal team and investment bankers. The approach is different, depending if you are a buyer or a seller; however the buying side is normally well experienced.

In this part of the world, the owner/s (seller/s) are, in most cases, an individual or a small group of individuals. During this transaction courtship, the sellers often hears and learns new phrases like data room, due diligence, NDA, Term Sheet, binding and non-binding terms, letter of intent, deal champions, reserved matters and host of other financial and legal jargon.

Sellers may be aware that there is a due diligence process however such due diligence is mostly interpreted as financial/legal due diligence while the commercial, environment, tax due diligence are likely to be news for the seller.

As the sellers are not experienced in such deals they often rely on the external advisors (finance and legal) to steer them to these processes. Most such advisors are hired with a small fixed fee, plus a supplement of a large payout in case of the deal success. External advisors may provide apt inputs on the technical side of the deal however, the real bump is in the soft side or the art side of the deal, for which neither the advisors nor the seller/buyers are adequately geared.

A great technical report and conclusion would not ensure a success unless the art side of the negotiations are handled with care and trust. A large majority of the M&A deals do not see success and one strong reason for such failure is the ill handled negotiations. Often it is believed that the negotiations are limited to the dollar payouts while in reality the negotiations are built into nearly all parts of the M&A transaction.

The deal is like a marriage and it needs to be ensured that the parties are compatible and understand each other well to make the marriage a success. The M&A advisors do brief and edify the sellers and buyers on the technical side of the game though I have hardly seen any knowledge impartment to the buyers and sellers on how to make the betrothal conclude to a successful alliance where buyers and seller are left on their own to fend with each other during the transaction stage and thereafter.

Matters like IT amalgamation, documents alignment, accounting systems, SoP's, etc., are targeted in such integration, however, issues of culture, attitude, aptitude, style and like are deemed to take care of themselves!

The manner of negotiations, particularly the way they are handled would make or kill the deal. Sellers and buyers are at times unaware of the implications of the technical input brought forth by the advisors and would blindly agree by relying on the advisors. Sellers and buyers should keep in mind that the large part of the advisors' fees is based on deal success. Hence it is natural that they would push the deal and in the

process some uncanny items may be pushed under the carpet.

Ego clashes and mismatch of chemistry of the key persons often mar a good deal. Professionals are hardly imparted training to provide counselling in the M&A transaction and hence there is a gap on this crucial aspect, not just in the middle east, but around the globe.

ME's are owned and managed by a small group of individuals and they have a certain style of managing the affairs and making decisions. Sellers will be cozy to part away with a certain percent of their ownership of their entity but will be uneasy when the new partners demand a consultation process and accountability not because of any unethical reasons but merely because now the 'answerability' aspect creeps in.

At times this is too difficult to digest and can even frustrate or even choke the future progress of the entity. Sellers need to inculcate the attitude that the entity is no longer his/her alone and all major decisions would need approval from the respective stake owners.

Choose an advisor who has reasonable technical and negotiations skills as well as can act as counsellor cum arbitrator. Ideally, such advisor should be a well-wisher who provides positive inputs. In the real world such persons are available albeit not sufficiently.



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UNDERSTANDING BLOCK-CHAIN

Internet of Things, Artificial Intelligence, Big Data, Business Process Design, Digital Business Strategy, Bitcoins and Blockchain Strategy are in the limelight these days.

Emirates Blockchain Strategy 2021

Recently, it was reported that the UAE Government has launched this strategy, which aims to capitalise on the blockchain technology to transform 50 per cent of government transactions into the blockchain platform by 2021. The strategy rests on four pillars: Citizen and resident happiness, government efficiency, advanced legislation and global entrepreneurship. The govern-

ment will use training courses, events, workshops and reports to build its standing in blockchain and support university courses specialising in the field and related subjects like encryption.

His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai, has announced that the adoption of blockchain technology would help the Government prepare for future challenges. His Highness highlighted - "Some consider new technologies as a challenge; we see as a tool to overcome challenges. UAE is on its way to becoming a world leader in adopting technology and the adoption of this technology will reflect on the quality of life in the UAE and will enhance people's happiness levels."

The blockchain technology will help save time, effort and resources and facilitate people, to process their transactions at the time and place that suit their lifestyle and work. By adopting this technology, the UAE government expects to save: AED 11 billion in transactions and documents processed routinely; 398 million printed documents annually; and 39,977 million work hours annually.

The UAE will use blockchain for digital transactions, giving each customer a unique identification number that points to their information on the secure chain. Information and data on the blockchain cannot be hacked or changed, which will ensure the digital security of national documents and transactions and eventually reduce

operational cost and accelerate decision-making.

What does blockchain technology mean?

The technology is essentially a distributed ledger where every transaction or input is recorded in a tamper and revision proof record shared between all parties. According to IBM and Forbes, "blockchain is a shared immutable real-time ledger for recording the history of financial transactions, contracts, physical assets, supply chain info, etc." There is no one person or party in charge of the entire chain. It is open and everyone in the chain can see the detail of each record or what is known as a block. Each block is time stamped and encrypted. When there are changes to an individual block, everyone's distributed blockchain is updated and synced in real time.

How secured is blockchain technology?

Each block typically contains a cryptographic hash of the previous block, a timestamp, and transaction data. By design, a blockchain is resistant to modification of the data. Once recorded, the data in any given block cannot be altered retroactively without alteration of all subsequent blocks, which requires consensus of the network majority.

Suitability of blockchain

Since decentralized consensus has been achieved with a blockchain, it makes blockchains potentially suitable for the recording of events, medical records, and other records, management activities, such as identity management, transaction processing, documenting provenance, food traceability and voting. Dubai's ambition to become a blockchain hub and its 2020 goals are key drivers whereby the

potential of the blockchain technology is being tested by Dnata's cargo operations, Emirates Innovation Lab, IBM and Flydubai cargo to improve the transparency and simplicity of processes.

FUTURE of blockchain

Starting with a strong focus on financial applications, blockchain technology will extend to activities including decentralized applications and collaborative organizations that eliminate a middleman.



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About Us

Your global partner

Crowe is ranked as the 6th largest accountancy network in the United Arab Emirates with globally more than 35,000 partners and staff in over 130 countries.

We share a common purpose of building value for clients through international business. Still placing great emphasis on establishing long-term relations with each of our clients. This enables to work together in an atmosphere of openness and trust. Simply stated, it is how we live our core values – care, share, invest and grow.

The firm continually demonstrates a commitment to quality while serving clients through our international expertise and talent. Our commitment to the highest technical standards and integrity, ensures that our clients receive the most accurate and relevant advice.

We provide professional services by leveraging through extensive local experience and high level of partner involvement. Our aim to provide due diligence with care has enabled us to serve a diverse range of clients ranging from small family owned businesses to large multinational conglomerates.

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*Source: the ranking is based as per the International Accounting Bulletin's publication, April 2018, Issue 584.

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