# BRIGHTER THINKING FOR TECHNOLOGY

Menzies is a top 20 firm of accountants, finance and business advisors. We operate out of a network of offices across Surrey, Hampshire and London, providing our clients with easy access and local knowledge. Many of our clients are expanding overseas and benefit from the outward perspective we can provide via our active membership of HLB International.

Our key strength is focus. We focus on our clients – understanding your business via our in-depth sector expertise, which enables us to provide you with insights that add real value.

Our Relationship Partners focus on getting to know you. We use a consultancy-led approach and a variety of diagnostic tools we've developed to challenge your objectives and guide your business growth. Clients also benefit from our diversity, we offer the full range of services you'd expect from your accountants, plus some you might not – like strategic consultancy, outsourced HR and FD support and business valuations.

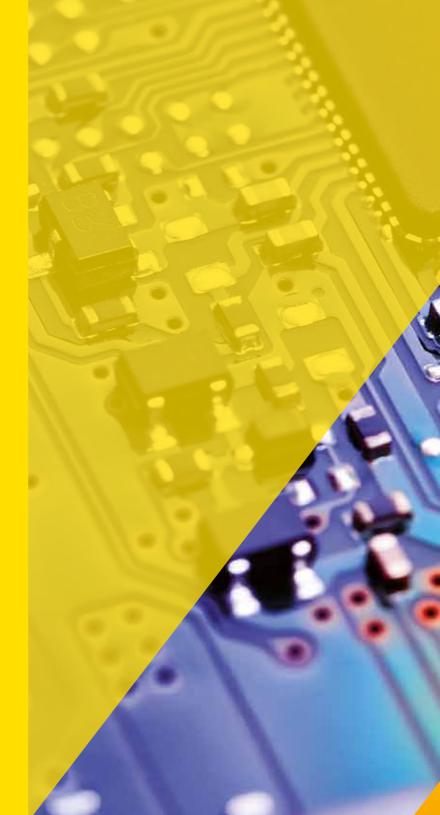
And it's not just about your business. Our subsidiary company, Menzies Wealth Management, provides independent financial advice to both private and corporate clients, to reduce your tax exposure and meet your financial goals.

#### CONTACT US

CARDIFF	+44 (0) 29 2049 5444
FARNBOROUGH	+44 (0) 1252 541244
HEATHROW	+44 (0) 1784 497100
LEATHERHEAD	+44 (0) 1372 360130

LONDON	-	CENTRA
LONDON	-	NORTH
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+44 (0) 20 7387 5868 +44 (0) 20 8446 9000 +44 (0) 1489 566700 +44 (0) 1483 755000



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### MENZIES BRIGHTER THINKING

## **KEEPING PACE WITH CHANGE THE KEY ISSUE**

Technology businesses by nature are innovative, have high-growth potential, and are experiencing a fast pace of change and fierce global competition. However, the challenges linked to decreased technology spending, industry convergence and shortage of talent are complex and often mark the difference between success and failure.

# **HELPING YOU MEET YOUR CHALLENGES**

We advise doctor, dentist, GP, and pharmacy practices, as well as care homes and a number of sector-dependent clients. We work closely to find solutions to industry issues, utilising our expertise in everything from business strategy and corporate finance, to audit and tax advice.

#### **KEY CHALLENGES FOR THE TECHNOLOGY SECTOR**

#### **COMPETITIVE ADVANTAGE**

At a macro level, one of the key challenges for many tech companies is keeping pace with their own fast-changing business model. Knowledge and innovation is essential for creating sustainable advantage but the UK only spends 1% of GDP on R&D, compared with Germany's 2%.

Clusters of technology companies are expected to increase (especially around scientific research and tech/innovation hubs), which will strengthen the market through efficiencies and cross-fertilisation of innovation. Further competitive advantage will come from the consistent protection and exploitation of intellectual property, or from collaboration, consolidation or the acquisition of businesses.

#### **BIG DATA vs SMART DATA**

Technology businesses have spent vast amounts capturing, storing and analysing data of all kinds ("Big Data") in order to glean potential insights into markets and consumer behaviour. However, the level of input required to glean valuable insights has often proved counter-productive.

Recently, the focus has shifted to using intelligent algorithms to extract signals and patterns and thus capture more qualitative and useful data ("Smart Data"). Companies who fail to invest and move with the times on this issue may find themselves at a competitive disadvantage.

#### FUNDING

It has never been easy to fund the long delay from having a great idea through to prototype and then commercial exploitation, and a funding gap still exists. Companies need advice in securing the right funding at the right stage, whether that be trade finance, stock finance, private equity, MBI and EIS funding, or looking at options including government and LEP innovation grants, and crowd funding.

#### SKILLS GAP

The ability to source and retain people with requisite skill-sets to drive forward a fast-moving, innovation-centric business remains a problem. The common issue cited is a lack of indigenous talent, coupled with strict immigration laws, although the expansion of the Tier 1 (Exceptional Talent) visa to the tech sector is an excellent step in the right direction.

Start-ups tend to rely upon referrals or incoming speculative applications, as opposed to seeking professional assistance in sourcing quality staff members. Also, due to funding issues, they often cannot compete financially with some other sectors in securing managerial talent.

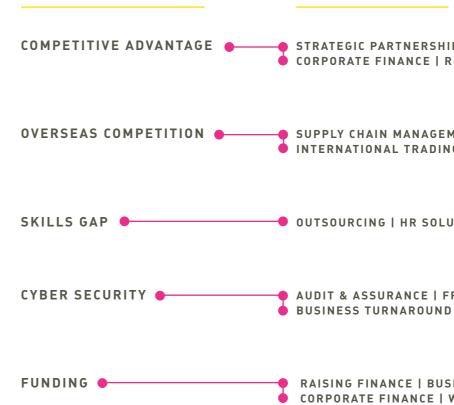
#### **CYBER SECURITY**

Data 'breaches' or 'leaks' can have a significant adverse affect on the reputation of a digital business. Recent US research estimated that the average cost to a company of a serious data breach was \$3.5 million.

Often customers are relying on these platforms to safely and securely store their confidential information and when this faith is compromised, revenues are likely to suffer. The incidence and cost of cyber crime is likely to continue to rise as more business functions move online.

#### **OVERSEAS COMPETITION**

With the rapid rise in 'offshoring', the continued perception (if not the reality) is that the Asian markets can develop and maintain everything faster and cheaper.



**KEY CHALLENGES** 

To have such a commercially aware partner like Menzies gave us the confidence in taking certain steps, which have proved to be very successful.

### **OUR SERVICES**

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