



**Alen family**  
regains 100%  
ownership  
of Belisol  
Eugène Alen,  
Founder

# Stay Alert: Don't underestimate the digital train.

By 2020, 80% of jobs will  
require digital know-how.

The 'rolling stone' of technology:  
the Belgian e-car

BeNeLux lags behind  
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## october 2015



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# The Digital Train: Full Speed Ahead

The twenty-first century is undoubtedly the century of rapidly advancing digitization, often with unsuspected potential and opportunities.

As Minister for digitization, Alexander De Croo has a busy portfolio, and helps point the way through what sometimes looks like a digital maze: «By 2020, 80% of jobs will be influenced in one way or another by digital technology.»

## As a minister, what is your vision of digitization? What position should our country adopt?

The digital agenda holds a lot of economic opportunities in the form of growth and job creation, among other things. Studies have shown that 2 to 3 million new jobs should be created in Europe. If that is true, then we would like as many of those jobs as possible to come to Belgium. In order to make digitization a success story, the government has a duty to create an attractive context. As far as fixed-line telephony is concerned, our country comes top in Europe. But concerning mobile telephony, we are lagging behind. This government is firmly resolved to catch up. So, we are aiming to be the first country to roll out a fully-fledged 5G network. Further digitization will only succeed if our legislation is sufficiently stable and the procedures offer enough flexibility. Of course, telephony is only one field. As far as I am concerned, digitization is less about technology (which proves itself) than about changing our business models in society. I will give you a concrete example: Uber. Uber's technology works, that has been proven. But the question is: how are we going to deal with it? Are we going to continue steadfastly and obstinately refusing their model, as France is doing? Or are we going to adapt our fiscal and social security legislation so that we don't miss this new train of digitization?

## What does it mean for businesses?

There is no doubt about it: digitization is a blessing for entrepreneurship. I sometimes call digitization of entrepreneurship one of the most powerful forms of democratization, because the barriers to entrepreneurship are being fundamentally lowered. Now it is relatively simple for anyone to become an entrepreneur. E-commerce is now happening almost literally on the street. In the US, they are a lot further ahead, while Europe is a long way behind. Nowadays, there are people in our country who are running their own business, who would never have dreamed of doing so even five years ago. This is thanks to digitization. The government wants to lend even more of a hand to start-up businesses, in the form of a tax shelter. For example, when a start-up hires its first employee, it will receive tax breaks because the entrepreneur is using his/her equity to invest. You could call it a spinoff of the 'notional interest deduction'. Via this tax shelter for invested equity, we want to ensure that start-ups are less dependent on the bank, and therefore debt financing, which is often a heavy burden for young start-ups.

## Where do you see other shortcomings in the digitization process?

The main challenge is definitely in training, education, and acquiring skills. In 2020, it is estimated that 80 per cent of jobs will require some digital know-how. Now it is no more than sixty per cent.

## Does that also mean: 'getting rid of classic sectors'?

The digital revolution is changing the whole economy. However, there will always be different kinds of jobs. No technological revolution has ever changed that. You know, every job is always primarily a question of creating value-add. That can be done in various ways: via emotional intelligence, empathy, creativity, or innovation. Human beings are still stronger than any machine. In my opinion, the question is: how will that change over the next fifteen or twenty years? Everything is constantly evolving. It is in the interest of the education system to adapt flexibly to new trends in society. You know that the long school summer holidays were necessary at one time so that the children could help gather in the harvest? That is a thing of the past. So I wonder whether we shouldn't be launching new subjects as a matter of urgency, alongside traditional ones like math, physics, or Dutch. Again: it is a matter of adapting quickly to new phenomena. And education had better be very aware of that.

## What is the intended impact of the digital agenda on the competitiveness of Belgian firms?

Of course, you have 'sexy' sectors, those sectors that absolutely cannot miss the digital train. In addition, you have the 'more boring' sectors, where people need to be aware that digitization is just as crucial. I will give you a simple example: the baker on the corner of the street. Thanks to the integration of mobile telephones or apps, he can also offer the customer a new type of service. The firms, SMEs, or businesses that think that the digital revolution is not for them had better wake up fast. That is why I am setting up an awareness campaign this autumn, together with employers' organizations like VBO, Voka, or Unizo on the Flemish side and the UWE (Union Wallonne des Entreprises) on the Walloon side. We will be taking the message around the country: wake up, don't underestimate the digital train. Just look what's happened in retailing in recent years. Those who thought that buying offline - in other words in the shop - would be around forever, were wrong. Now it is a both/and story. Clothes, for example, are now sold both on and offline. Retailers who saw that coming have done very well making the most of this opportunity. Those who thought it would never happen may not be around any more.

## Can greater familiarity with digitization also have a positive impact on the skills of our people?

Definitely! The possibilities of learning new skills have improved tremendously due to digitization. People can now engage in self-learning far more easily. Companies need to see this as an opportunity and invest in new digital training courses.

**When you look around, do you see Belgian firms that have jumped on board the digital train in a big way?**

This week I was in Switzerland at a meeting of Young Leaders at the World Economic Forum. Entrepreneur Dries Bruytaert was also there. Not many people know this, but no fewer than one in eight websites worldwide run on Bruytaert's Drupal technology. The man deserves a pat on the back for his foresight. Great projects are being marketed via I-minds. But we should also remain realistic. The US is still way ahead of Europe.

**Do you believe that the digital agenda can create enough business opportunities for Belgian companies?**

Our firms are missing out on a lot of opportunities to remain active in this field, for two reasons: the limited flexibility of the labor market (preference for 'nine to five') and the high wage costs. That has led to companies moving their operations abroad, where that flexibility is possible. A concrete example: night work in Belgium is subject to a large number of legal restrictions. The 24-hour economy in other countries is the reality we are up against. It has already cost us a lot of business. It is high time that we adapt the Belgian system to what the market demands or even just wants.

**Does the digital agenda have a - positive or negative - impact on the costs of firms?**

I think that depends on the sector. But the fact is that, due to digitization, there are many extra opportunities to work not just cheaper, but also faster and in a more differentiated way, which is all in the customer's interest. Companies cannot neglect such opportunities.

**What interesting digital projects are ongoing and sponsored by the government?**

First of all, I would mention the Open Data project. I have legislation ready where the government is committed to making the databases and databanks at its disposal available to citizens too. With this provision: the data must not be personal data and must not be data that is crucial for security. But, for the rest, let's make it available, because citizens have just as much right to information as the government. There is demand from the market for this. In various cities, there are already great projects where data is being dispersed among citizens. I am thinking of an app in Kortrijk which enables people to find a parking space quickly. In Ghent, there is a digital platform where you can find out who in the neighborhood has a drill that they are willing to lend. Nice. However, it is always the citizen who decides whether he/she wants to release certain data.

**How do you see the topic of cyber security evolving? KPMG recently published a study about it. There can be little doubt that here we are dealing with a major threat. Just think of the recent eavesdropping by the US intelligence services or cyber attacks against crucial government institutions. Isn't that worrying?**

The classic forms of crime such as bank raids and thefts are in decline, while new forms of criminal behavior are on the rise. The old way of thinking went: don't leave the keys in the car or on your front door, because you are just inviting thieves to take things. Now that we are increasingly dealing with cyber crime, the advice is still exactly the same: never leave the key in your PC. Private individuals and firms are not yet sufficiently aware of this.

**But cyber security is a really tough challenge. Is this a battle you can win?**

Of course we can win. But we have to focus on the essentials. Governments often go much too far: is it really necessary for all citizens to have their conversations listened to and monitored? It is not only the wrong signal, but also an infringement of human rights and privacy. Would it not be better and more efficient just to concentrate on high-risk groups?

**What role can the telecom sector play in the digital revolution overall?**

The fixed-line network of the telecom sector is first-class and in Europe. The mobile network leaves room for improvement. It is necessary to keep an eye on the pressure put on prices, in the interest of consumers. I think that we are well-placed in Belgium, because with 40 different operators and 3 large players, competition and open access to the market is largely guaranteed.

**How do you see the link between your digital agenda and, for example, development cooperation, a portfolio that you are also in charge of?**

I can only say that the digital revolution is giving developing countries an enormous economic boost. This may be strange, but it is true: in certain countries such as Kenya, they are ahead of us in the field of digital payment traffic. Last, but not least, digitization in developing countries is also a stepping stone to greater respect for human rights - if that digitization is used properly, at least.

**Finally: in the 1980s, we were bombarded with the idealistic image of the paperless society. We are still some way from that, aren't we?**

Looked at from a short-term perspective, you may be right. But in the longer term, we are definitely heading in the right direction. I notice that with young employees in my personal staff. Paper is no longer a standard part of their work environment. ■

(Interview by Karel Cambien).

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# KPMG and Antwerp Management School develop Next Generation Competence Center

**The Next Generation Competence Center, developed together between KPMG and Antwerp Management School, is designed to help preserve and further develop the manufacturing industry. Keeping a pulse on the current trends in the field of strategic innovation, entrepreneurship, and the creation of new business models, the Competence Center aims to help transform "obsolete" industrial activities into innovative and sustainable activities.**

Supported by scientific and applied research, the knowledge platform helps companies in their search for new business models. This can include the transition from product offerings to product-service systems, shifts in industry logic and industry boundaries, and the evolution from closed to open business models that include collaboration across the value chain (networked factory, shared value systems).

Companies in all sectors will need to adapt their current business models and strategy to cope with changing market

dynamics. To be able to deploy the scarce resources in a business environment that becomes ever more competitive, changes will have to be made in regards to technology, people, and organizations.

This platform will allow us to look into how businesses can balance their environment, strategy, and capabilities to produce the best results possible. We want to help companies not only succeed, but thrive as they make their businesses smarter. ■



**Patrick Simons,**  
*Senior Partner  
KPMG in Belgium.*

Changes in the marketplace occur faster than ever and organizations are facing difficulties adopting more 'agile' decision making processes and working environments.



**Xavier Gabriels,**  
*Partner, Advisory  
KPMG in Belgium.*

The classical business models might appear to be good practices, they get the job done and even lead to real success. But, to make it in the long run in this new interconnected world, managers will need to go beyond these traditional methods in order to not only survive, but also create real value while doing so.



**Prof. Dr. Paul Matthyssens,**  
*Dean of Antwerp  
Management School*

KPMG and AMS share a common interest in the preservation of industry in this part of the world. It is very important to keep the manufacturing industry fit, to keep it smart and ready or future-proof.





# KPMG will move to Brussels Airport

After the KPMG offices in Hasselt, Kortrijk, Aalst, Louvain-la-Neuve, and Ghent have moved into new, modern buildings, it is now time for the KPMG head office in Belgium. KPMG's new home will be a state-of-the-art building on site at Brussels Airport.

“ **KPMG is an innovative service provider. We want to create a stimulating working environment where our staff can give the best of themselves, and where we can encourage multidisciplinary cooperation across departments. We are rolling out this vision all over the country, and now it is the head office's turn. It is also important that we are considerably reducing our environmental footprint, and optimizing accessibility by public transport.**

**Patrick Simons,**  
Senior Partner of KPMG in Belgium

The new building - which is known as PassPort - was designed by Jaspers - Eyers architects. KPMG will move into around 13,000 of the available 27,000 m<sup>2</sup> at the end of 2017. It promises to be a wonderful new home base for our employees. ■



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# KPMG CEO Outlook: 78% of companies worldwide are back in hiring mode

KPMG International recently surveyed 1,278 CEOs worldwide about their strategy for the next 3 years. This KPMG CEO Outlook shows that business leaders are feeling confident about the economy as well as the growth potential of their own company. In addition, they are continuing to change their organization, and focusing more on relevance, customer loyalty and new technologies.

### Optimism prevails

The KPMG study reveals optimism about the long-term, but it is striking that European CEOs are more optimistic than their American colleagues about both the growth of the economy (69% compared with 52%) and that of their own company (70% compared with 19%!). That can be partly attributed to the fact that the US is at a more advanced stage of economic recovery.

Despite the regional differences, 78% of the CEOs surveyed plan to hire employees between now and mid-2018.

### Concerns

CEOs are grappling with increasing competitive pressure. Customer loyalty in particular is causing them concern (84%). But they are also concerned about new market players (74%), the pace at which new technologies are emerging (72%), the competition (68%), and the relevance of their products and services.

### Change and grow to survive

The CEOs surveyed admit that they will have to do business differently and that they must bring about change if they want to remain relevant and strengthen their competitive position: 29% say that their organization will have to be changed radically in the next three years. European CEOs will focus mainly on operational efficiency, while their US colleagues will concentrate on growth - mainly organic growth, with Central Europe as the main attraction.

### Strategic priorities

Executives worldwide will be focusing on the following areas in the next 3 years:

1. development of new growth strategies;
2. greater customer focus;
3. geographical expansion;
4. cutting costs;
5. faster time to market;
6. encouragement of innovation.

### The Belgian Market

“The international study underpins our current view on the Belgian market and particularly the M&A environment reemerging as an important growth strategy supported by low interest rates and growing market confidence. In addition, innovation is fueling M&A more than ever before as companies are anticipating future trends and organic growth. But this alone might not provide them the competitive advantage to succeed in a timely manner. ■

Peter Lauwers

KPMG in Belgium, Partner, Head of Advisory



### The most critical challenges CEOs expect to face over the next three years





# The future is electric

Belgian startups pioneer ground-breaking technology

In 2014, for the first time, over a thousand new electric cars were registered in Belgium. That is double the number from 2013, but remains negligible amid the total of 5.5 million cars on Belgium's roads. However, it is clear that the future is electric, both for cars and for motorcycles. This is something they know at ECAR 333 and Saroléa, two highly promising Belgian startups, among the leaders in electric vehicle technology.

At the beginning of this year, ECAR presented the prototype of an electric three-wheeler at the Brussels Motor Show. And just recently, the startup announced that the car will be going into production.

**We must become less dependent on fossil fuels, which are finite and harm the environment. Sustainability is the basic concept behind the entire project.**



That is why the framework of the ECAR 333 will be made using recycled steel, and for production they are considering using a workshop that employs people with disabilities in the province of Liège.

For the financing of the project, Van der Stappen teamed up with leading Walloon entrepreneurs, including Laurent Minguet, founder of the stock-market listed image server manufacturer EVS. The Walloon Region also agreed to provide funding, and ECAR is currently in the middle of negotiations with other investors to have a car ready to drive on the road by next year.

«Despite the doom and gloom that some people express about our industry, Belgium is ideally suited as a base for a high-tech product like the ECAR», says Van der Stappen. «Instead of giving up, we need to deal creatively with the challenges we face. The government understands that, and they will probably be our first customer.»

### Thoroughbred

An electric growth story of a completely different order is that of iconic Belgian motorcycle firm, Saroléa. Brothers, Torsten and Bjorn Robbens, awoke this sleeping beauty of Belgium's illustrious past after almost half a century. Not as a conve-

nient means of transport, but as a high-tech thoroughbred attached to a mobile laboratory capable of doing over 300 km/h. The motorcycle has already successfully participated twice in the famous Isle of Man TT Race.



**Ours was the bike with the lowest temperature at the end of the race: just 45 degrees», says Bjorn Robbens. «Everyone knows that heat equals energy loss, so you can understand why the engineers of larger motorcycle manufacturers with many times our budget were impressed by that statistic.**

Bjorn Robbens knows that large foreign competitors are also working on electric technology. «In comparison with many others, we are already some way ahead with our technology.» One of the things that makes Saroléa unique is that it has developed a complete drivetrain itself - the powerful combination of a motor and battery & vehicle management system. Torsten Robbens' roots are in the development of composite materials for the aerospace industry and motor racing, two fields where technology has to perform under extreme conditions.

So in principle, the Saroléa racer is also a mobile development platform. But there are also commercial prospects. Bjorn Robbens: «We have carried out studies for developing a scooter, but our technology is also usable for sale under license to other markets. You only have to consider the potential applications in light aircraft, the maritime sector, etc.»

«Of course, we hope that we will be able to remain the oldest motorcycle maker in Belgium», says Bjorn Robbens. «But production here is very expensive, and it is not that easy to find all the financing in Belgium. And the legislation is lagging behind too. We had to have the type-approval of our motorcycle carried out abroad, so that we could use it on the road, because it is not possible in Belgium for an electric motorcycle. Fortunately that is now sorted out, so that the Saroléa can hit the road.» ■

# Hacked without knowing it: has this happened to you?

Over a period of 8 months, KPMG Advisory in Belgium, in cooperation with FireEye and Exclusive Networks, investigated IT security breaches affecting large firms from 7 sectors. The result is chilling: 8 out of these 10 firms were 'infected' with malware and didn't know it. What is the situation in your company? Have you also been the victim of an undetected information breach?

## Unique study in Belgium, with unsettling results

The KPMG study shows that the cyber security practices of Belgian companies are unsatisfactory. This can entail serious consequences, from the operational, financial, and image viewpoint. This summary gives the main findings and recommendations:

# 80%

OF THE COMPANIES STUDIED WERE INFECTED BY ACTIVE MALWARE.

## Most firms were infected without knowing it

The most disturbing finding is that 8 out of the 10 firms studied were found to be infected without realizing it. It also shows that even up-to-date antivirus software cannot stop all infections. It is not easy to discover malware that already has a foothold in the network, because modern malware comes in many different versions. 60% of the firms

studied were infected with Zeus - a common malware which focuses on stealing user data - and 100% were affected by malware traffic reaching end-users. Furthermore, malware is customized for the target company, which means it can avoid the attention of anti-virus software.

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100% OF THE FIRMS STUDIED HAD MALWARE TRAFFIC REACHING END-USERS.

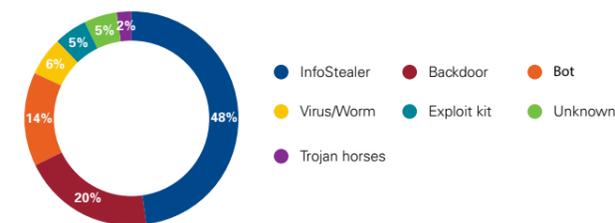


60% OF THE FIRMS STUDIED WERE INFECTED WITH 'ZEUS'.

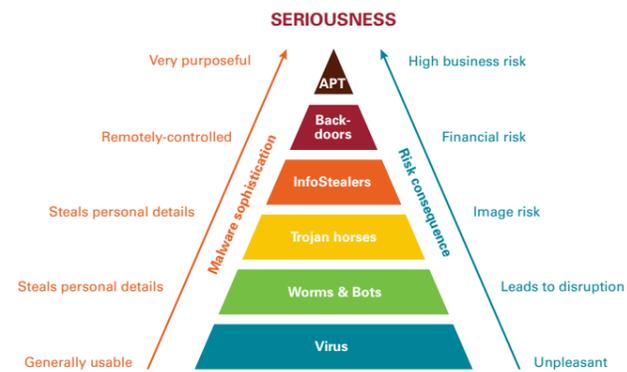
## Malware is dangerous and comes in many guises

Because malware comes in many guises it can be very difficult to detect. Malware creates a major threat to the security and integrity of companies: an infection or intrusion can produce substantial costs for a business, as well as harm the firm's reputation. The following types of malware were the most frequently detected during the KPMG study: InfoStealers (48%), Backdoor (20%), Bot (14%), Virus/Worm (6%), Exploit kit (5%), and Trojan horses (2%). We found a number of particularly serious infections among the firms studied, such as Conteudo Trojan, Houdini Backdoor, and Zbot Citadel InfoStealer. These infections have led to data being stolen, such as SAP login data, detailed information from operating systems, and information from internal networks. Some companies were infected various times and had callbacks from numerous malware families.

## Types of malware



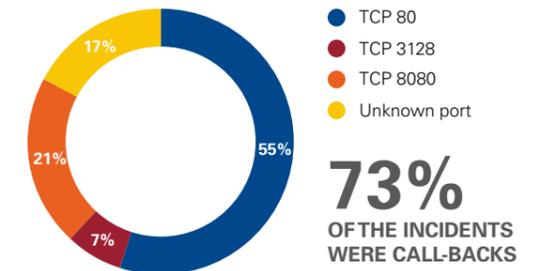
## Level of sophistication of malware risks



## Malware mimics normal Internet traffic to avoid being discovered

Finally, we saw how malware is able to mimic 'normal' Internet traffic to avoid detection by the usual security measures. Callback traffic was usually sent via TCP port 80 because, normally, this port is not locked in the firewall. In addition, we also observed malware that communicates several times per day via http to obtain new instructions or send internal information to the attackers. After analysis, we were able to discern that most call-backs were to servers in the United States. This destination does not reveal the location of the attackers, just the location of the servers with which the malware communicated.

## Callback traffic via TCP port



## What should you do?

First of all, make sure that your traditional IT security measures are and remain active. But, you shouldn't let this lull you into a false sense of security. Map out which systems are critical, where the most sensitive data is stored, and keep yourself up-to-date on the most recent cyber security threats.

In addition, we strongly advise you to devise a thorough approach so that you can counter the constantly evolving threats:

- supplement your conventional 'signature-based' systems, such as antivirus software, with security systems that do not use signatures;
- focus on both detection and prevention;
- don't wait for an incident to occur to discover whether the network security works, instead work proactively and subject the system to regular, thorough tests.

## Dangerous?

Don't delude yourself: IT breaches are among the top threats to businesses. Unfortunately, they are not always perceived as such, so that in many companies, a false sense of security prevails. Our study shows that the presence of traditional security measures is not enough reason to feel secure and relaxed.

First of all, a security breach entails high IT costs, as well as a lot of stress and uncertainty within your company. Furthermore, there is a risk of direct losses of business (just think of customers or suppliers who wish to stop working with you), payment platforms that go offline, production lines that grind to a standstill, fraudulent payment transfers, or ransoms demanded to unlock your system again. In addition, new European legislation can impose additional fines on companies whose data is stolen or compromised. Now is the time to make sure your data is secure, and make the necessary adjustments if it isn't. ■



# Asset Management Competence Center

The KPMG Global Asset Management Competence Center is organizing a series of lectures and round table discussions about physical asset management themes. These Asset Management lunches give people the opportunity to pass on their unique understanding gained from hands-on experience, and explain the everyday experiences and challenges of Asset Management. During the Asset Management round table discussions, a specific subject is always covered in greater detail - in a select group - and experience and ideas are swapped.

Upcoming lunches, always held on Fridays, will be on

- 27 November 2015
- 29 January 2016
- 25 March 2016
- 27 May 2016.

The next round-table discussions will be held on:

- Wednesday, 14 October (Asset Data Management - 3Square in Ghent)
- Tuesday, 24 November (Change Management - ALM in Antwerp)
- Thursday, 25 February 2016 (Financial Reporting on Asset Management - 4 Wings in Oevel)
- Wednesday, 20 April 2016 (Asset Management Strategy - ALM in Antwerp) ■



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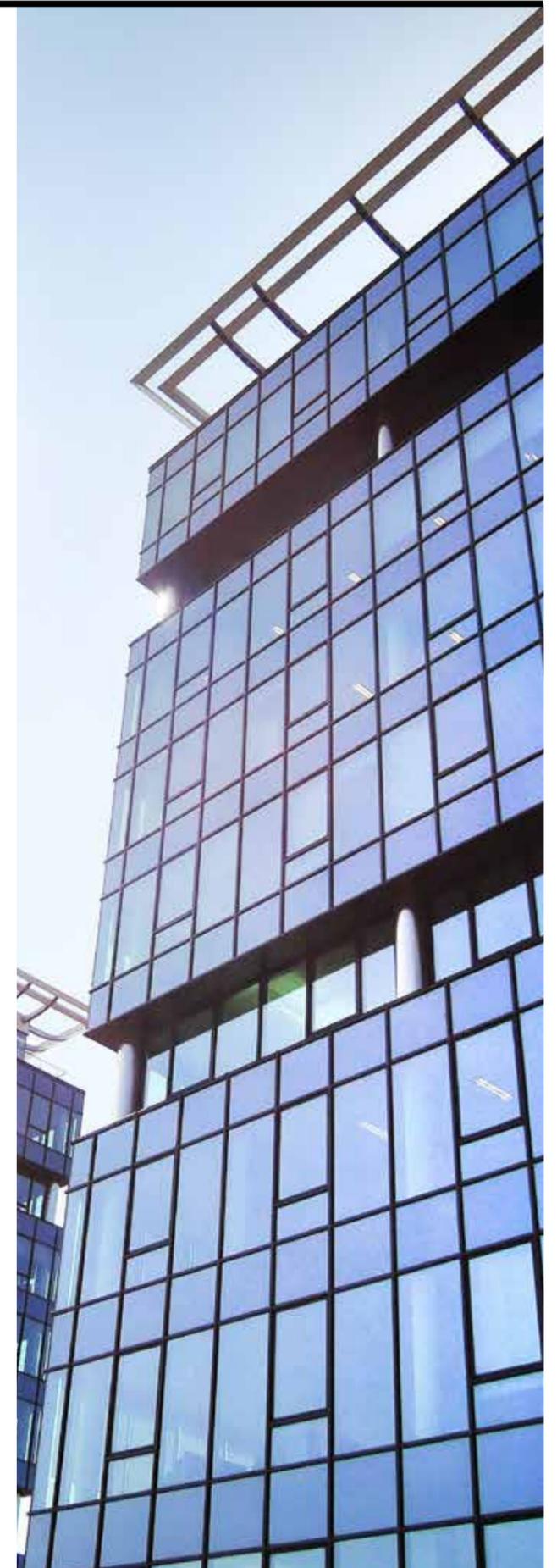


# KPMG Ghent in Blue Towers

KPMG Ghent made use of the summer period to further reinforce its local presence and move into a new prime location near the Ghelamco Arena. The team is now accommodated in one of the two Blue Towers, where collaboration between the various KPMG departments is promoted by, among other things, an intelligent layout of the workplaces. This allows KPMG to focus on its position as a future-oriented organization that aims to support its clients optimally with a multidisciplinary approach. The new office in Sluisweg is on the 6th floor, and besides modern working amenities, offers first-rate accessibility to public transport, a much lower environmental impact, and a wonderful view of the Ghelamco Arena and the confluence of the River Scheldt and the Ring Canal. ■



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# Family firm in harmony



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**The ambitious Alen family takes back control of Belisol.**

**Founder Eugène Alen took Belisol, the Belgian market leader in windows and doors, back into 100% ownership by the family this year. But that certainly doesn't mean that the Limburg-based company is retreating into its own region.**

” **Very soon, we want to double our sales in France.**

**We are opening the door to France ourselves**

«When my former partners wanted to sell their shares in Belisol in 2009, I was 59. I didn't want to be burdened by debt any more, and the French company Atrya operating in the same sector was keen to acquire a stake. Initially, the collaboration went well. As part of a larger structure, we learned to report in a more professional way. But our entrepreneurial spirit kept gnawing away at us: the door to France did not open as far as we had expected. We parted ways as good friends when our family bought back the shares, and we decided to service the French market ourselves. With a carefully chosen marketing strategy, a dedicated business development team, and our creative entrepreneurial spirit, it ought to be possible to double our sales in France within a relatively short time. The opportunities in France are enormous: whereas the Belgian market is not larger than 1.5 million windows and doors per year, there we are talking about over 11 million.»

**Showing trust means receiving trust**

«We work via a soft-franchising model: we offer our distributors a helping hand rather than being a party that imposes everything. We just provide the framework and it is my greatest concern to keep our franchisees satisfied in every respect. That is the basis of everything. Satisfied people do the best work. In practice, you notice that you get a lot back when you show people trust and allow them freedom. I also recruit franchisees in a very targeted way, so they will feel at home with the entrepreneurial spirit of a family-owned SME: often they are couples who - just like us - know what it means to work with your own money. Experience with windows and doors is secondary to that: so we have quite a lot of lawyers, economists, you name it.

**Family firm in harmony**

«All three of my daughters studied law. Via student jobs and temping in different kinds of jobs, they gradually grew into Belisol. The same applies now to my sons-in-law. Gradually, you notice who is best at doing what, and the various jobs are distributed automatically, on a basis of equality. As the founder, I am not thinking of stopping work yet, but it is logical that at a certain point, you start winding down. That is happening. The franchisees that I recruited 25 years ago still like me to attend a meeting. Younger people don't ask for that, they are used to working with my daughter Patricia. But we always keep each other informed. Openness with each other is a real strength that we appreciate as a family: we sit around the table every week, and anything is up for discussion. There are no topics off limit. So it works just by being open with each other, without complicated structures or long drawn-out family charters.»

**Everyone understands that energy is becoming more expensive**

«We are not actually in favor of public subsidies for energy-saving products: often they distort the market by creating sudden peaks and troughs. We believe instead in sustainable growth based on market demand. Everyone understands that energy will be more expensive in the future. Our customers' environmental awareness is increasing too. That is why it is logical that high-quality energy saving windows and doors have a bright future. That sustainability is put into practice by using innovative materials. We also manufacture nearly everything locally in Belgium, either in our own factory or by partners. This is the only way to be certain that we can supply the best on the market.

## About Belisol

- The company has 100 franchisees in Belgium, The Netherlands, and France.
- It installs windows and doors for 150 families per day.
- Including its franchisees, it employs 1,000 people.
- It has a brand awareness of 91% in Belgium and is also a market leader in the Netherlands.

## About Eugène Alen

- Aged 65, lawyer
- Founded Belisol in 1977
- This year, the Alen family bought back the remaining shares to take its stake back to 100%.
- His 3 daughters also studied or are studying law. Patricia and Isabelle Alen currently work in the firm. Youngest daughter Anne-Sophie is still a student. ■



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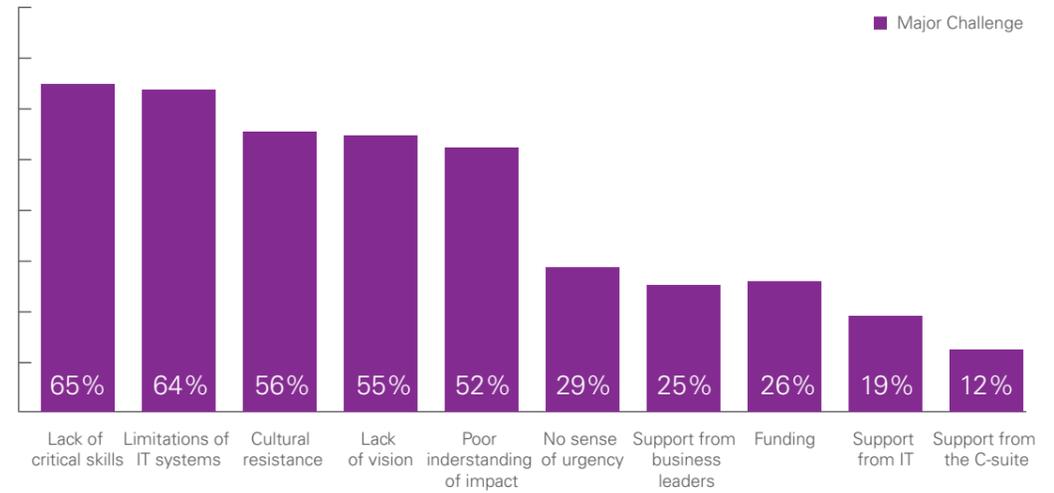
# Embracing the Digital Era

In a time of radical digital disruption, where does your company fit in? Just as Amazon changed how we buy things and Netflix transformed how we consume videos, companies like AirBnB and Uber have shaken up the hotel and transportation industries. With new disruptive technologies, products, services, and business models being introduced almost daily, CIOs need to charge their organization's response now, to secure long-term business success.

Traditionally, companies with the best ability to adapt to these often radical changes, are the ones that have always been tomorrow's winners. There is no reason why it should be different this time. Business leaders need a profound understanding of what's happening

in order to structure their approach to take the impact of the digital era on their business into consideration. Simultaneously, they should be creating a stimulating environment for experimentation and collaboration. It is not always the companies that are the strongest – the market leaders – that will be successful in this changing environment. The laws of digital Darwinism imply that tomorrow's winners will be the companies that are able to adopt to change faster and better. This could potentially put strong, traditional companies at risk, as they could be out-innovated by peers and new challengers. KPMG research shows that the biggest challenges in responding to digital disruption are lack of vision, lack of funding, and lack of critical skills.

## What are the biggest challenges in responding to digital disruption? (n=72)



Source: KPMG Global CIO Advisory Pulse Survey 2014

Most of these challenges are ones companies can face. If they are willing to embrace the change that digital disruption brings, companies can find themselves presented with all sorts of new opportunities. To make the most of these opportunities, the leaders of an organization need to start by focusing on the customer and his or her expectations. Today's customers increasingly demand a superior experience as part of their daily interaction with the market. The rapid adoption of digital technologies, such as mobile devices, social networking, cloud, analytics, and internet of things, for example, is profoundly transforming the relationship between businesses and their consumers. In this digital economy, consumers are becoming more powerful and technologies more mature.

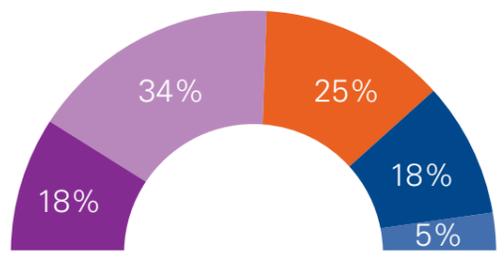
To stay competitive, companies must develop a deep understanding of the impact that digital disruption will have on products, services, and business models. In this context **customer experience becomes a key to success**. Companies will need to embed the customer experience into their business model, in such a way that it becomes a differentiating factor. This is something that our experience has shown can be a challenge for many organizations. One way to develop this type of culture is to be open to experimentation and collaboration. But this is something that needs to come from the top down. Without commitment and support from the business leaders, this type of culture will not flourish.

An important thing for organizations to remember is that it is not only about looking at the IT landscape of the future, but they also need to be able to learn from start-ups. They need to learn from how start-up companies build new applications step-by-step, working towards minimum viable products. **CIOs need to shift from "big bang" IT projects to the use of an agile development process.**

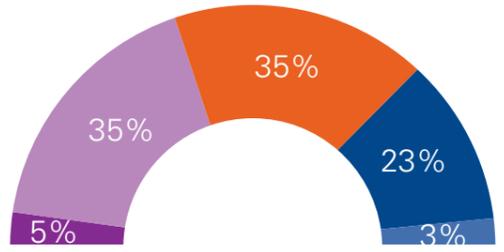
The CIOs can (or should) play an important role in this leadership. When a powerful digital disruption impacts a company, a strong CIO will be able to guide the organization through the change. They must be able to adopt a structured approach within the organization, while still leaving room for experiments. Companies and CIOs need to be willing to adapt and make room for new ideas, new customer experiences in the context of digital transformations. Those that are willing to do this could undoubtedly add great value to their business.

And not only should the CIO's be involved, but the CEO as well, as this can lead to important boardroom decisions. Based on the KPMG Global Advisory Pulse Survey from 2014, more than 50% of CEOs were either not involved or only somewhat involved. This is a number that should, ultimately, be lower.

## Chief Executive Officer Involvement



## Chief Information Officer Involvement



Legend:  
 Not involved (dark purple)  
 Somewhat involved (light purple)  
 Involved (orange)  
 Leading it (blue)  
 Very involved (dark blue)

Source: KPMG Global CIO Advisory Pulse Survey 2014

## Five Pitfalls in a Digital Transformation

### 1. Inadequate focus on the challenges of change

Successful transformation requires a vision, early assessment of readiness and issues, active and honest communication addressing specific stakeholder concerns and needs, early human resources (HR) involvement, an assurance to key "A-team" employees that their interests and needs are a priority.

### 2. Absent or unsophisticated governance

Lack of a strong governance can result in failure to drive the right accountabilities and pace of execution. Ownership in transformational governance must be clearly articulated to achieve results.

### 3. Inexperienced planning and execution teams

A major transformation is a once-in-a-career experience for most executives. This calls for professional teams. Too often, future designs end up too much like past designs. True transformation benefits from professional objectivity and experience leveraged from previous lessons learned.

### 4. Insufficient resourcing

The time and cost required to achieve successful transformation is often underestimated. Achieving success requires an honest assessment of the hard dollar costs and the people resources needed to execute. Taking the inherent challenges and appropriate contingencies into consideration.

### 5. Inadequate risk management or monitoring

This can quickly lead to potentially irreversible and costly errors and loss of confidence. Actions to mitigate these issues include building risk management into the process, actively monitoring risks, and agreeing to establish accountabilities.



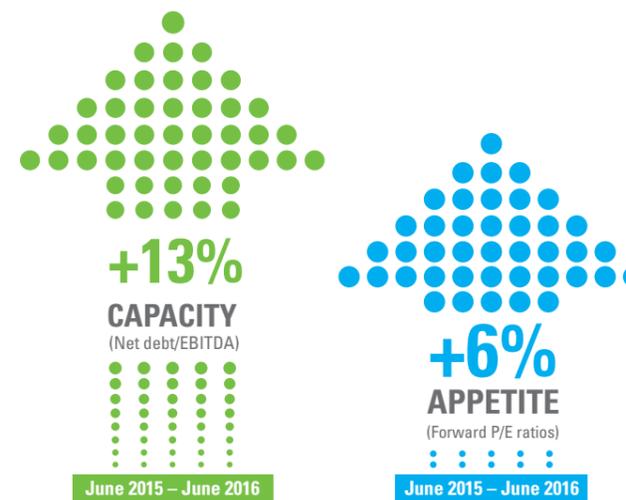
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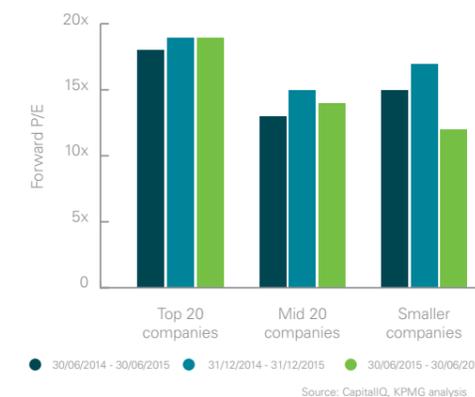
# The return of the corporates

The temperature is definitely rising. This statement has nothing to do with global warming, but rather with the way the mergers and acquisitions market (M&A) is heating up. KPMG's most recent M&A Predictor shows a 13% increase in capacity and a 6% increase in appetite for M&A deals in the Belgian market. What is particularly striking is that acquisitions by industrial companies - the 'corporates' - are booming again.

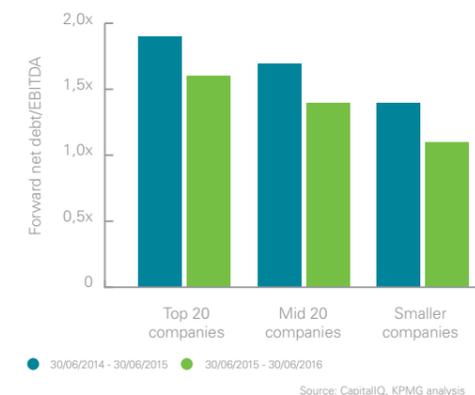
The increased activity on the M&A market is a sign of confidence: not only is the number of completed mergers and acquisitions on the way up, but a large number of 'major deals' are happening in Belgium. Recent examples are the mega-deals involving IVC, Omega Pharma, Balta, BASE, and Solvay.



M&A appetite of Belgian companies



M&A capacity of Belgian companies



### Return of the corporates

When industrial companies take over other industrial companies, then more synergies can be created. That means that a corporate - in theory - can pay out more money for a take-over than an investment fund, especially now that a number of companies are sitting on a substantial hoard of cash.

### Return to the source

The crisis has made corporates think critically about their core business. So acquisitions are often dictated by refocusing on the core business, and no longer growth for the sake of growth. So we are seeing a lot of companies disinvesting and selling off non-core businesses, or making acquisitions to reflect a new core business.

### Appetite rising

Overall forward P/E multiples for all Belgian companies increased by 6 percent over the last 12 months. Especially large and medium-sized companies show an increase in confidence, while smaller companies are lagging behind.

### What about the investment funds?

Due to the leverage of cheap borrowing, in the past financiers were more often able to outbid than industrial companies - despite the synergies that the latter could hope to achieve. Due to the crisis, funds can no longer borrow as much, or on the same favourable terms. So the pure leverage game is over, which is also contributing to a more level playing field in the market between funds and corporates. It also means that the funds hold their assets for longer, and are less inclined to buy and sell. That is why they always carry out operational improvements in the companies taken over, to prepare them for a subsequent sale.

M&A jargon is peppered with very specific terms such as Alpha, LOI, Grace, MBI, Coco... KPMG has therefore developed the mini-dictionary M&A jargon demystified. You can order this easily and free of charge by e-mail ([befminfo@kpmg.com](mailto:befminfo@kpmg.com)). ■



# BeNeLux clients not creating enough value through IT outsourcing

Managing IT outsourcing is growing increasingly complex. This observation emerged from KPMG International's annual global survey of trends and customer satisfaction of IT outsourcing services. Over 110 outsourcing contracts held by 65 clients of outsourcing service providers (total annual value of over €3.35 billion) were investigated in the BeNeLux region to compare to the global findings. The results show that while IT outsourcing is gaining traction, it still lags behind in the BeNeLux region, and companies in this area are not creating value through outsourcing their IT activities. Some key points and findings discovered from the study:

## Focused on growth

As the global economy picks up speed, companies are once again focused on growth. We observe a shift from cost as the primary outsourcing challenge for IT functions to:

1. Improving quality (BeNeLux 14%, Global 21%)
2. Access to knowledge and skills (BeNeLux 14%, Global 19%)
3. A shorter 'go-to-market' time for new services (BeNeLux 3%, Global 11%)
4. Financial flexibility (BeNeLux 4%, Global 11%)

The worldwide trend is that IT outsourcing is gaining in maturity and in addition to cost savings, it is increasingly about value creation. It is striking that based on the survey results the BeNeLux market is lagging in this respect. The logical next step for organizations in the BeNeLux market is to look for more strategic and value-creating relationships with service providers.

## BeNeLux less likely to outsource

In the BeNeLux region, companies are less likely to increase outsourcing in the next 2-3 years than the global average.

More than a third (35%) of the organizations have no plans to change their existing plan in regards to IT services. The global average is 29%, so slightly lower, putting Belgium slightly behind the curve. On the other hand, 48% of the BeNeLux respondents said they are probably or certainly going to outsource more in the future. Even though this number shows potential progress in the BeNeLux region, the numbers are still behind those at the international level, where 56% said they would outsource more in the next 2-3 years.

## Cloud underutilized in BeNeLux

When applying Cloud-related technologies, we see that these are also underutilized in the BeNeLux market in comparison to global. In the BeNeLux 57% of clients responded that they spend less than 10% of their IT budget on Cloud services, which is lower than in the global study, where a majority spends 60% of their budget on cloud services. What is even more striking is that 30% of the organizations in the BeNeLux zone responded that they spend none of their IT budget on Cloud services. In the worldwide study, this was on average only 9%, a significant difference from the BeNeLux. The low implementation in the BeNeLux area could be attributed to the fact that businesses may see Cloud

services as being associated with higher risks related to data location, security, and privacy. Regulation and compliance are especially important barriers in the BeNeLux market as reported by 23% (16% Globally). Data location, security, or privacy risks are also perceived as important barriers by 34% (28% Globally).

## Framework for managing multiple suppliers

Service providers have started offering Service Integration and Management (SIAM) – a framework for managing multiple suppliers and integrating them to provide a single coherent IT service to the business. One of the global findings was that there are inconsistencies in how businesses are approaching these integration and governance aspects of outsourcing. The majority, 80% in the BeNeLux region, (75% Globally) said that their preference is still to manage their integration and governance in-house. The worldwide average states that half expect to make no change to the outsourcing of their SIAM in the future, yet in the BeNeLux 63% consider their SIAM processes too important to outsource. 10% in the BeNeLux area (17% Globally) have already started the process of outsourcing and 12% in the BeNeLux area (16% Globally) are considering the feasibility of doing so.

## Satisfaction with service providers

In the BeNeLux, over half of respondents indicated that they were satisfied or very satisfied with their IT service providers, which is in-line with global averages. However, the ASPAC region (66%) and North and South America (68%) report better figures. The BeNeLux companies tended to rate their service providers generally higher, with an average score 76%. This is quite high compared to the 69% at a global level. Additionally, in the BeNeLux zone, 83% of our clients would recommend their service providers for outsourcing of IT services. ■



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## Corporate Treasury: How EMIR is redefining straight-through processing

**European Markets Infrastructure Regulation (EMIR) requirements were first introduced in 2012. The aim of these regulations was to improve the transparency of OTC derivatives markets and help reduce the risks faced when working in these markets.**

In recent months, treasurers have been racking their brains to find efficient ways to comply with the new European Markets Infrastructure Regulation (EMIR) requirements. At the same time, system providers, banks, and trade repositories have also been racing to get their platforms and processes up to speed. The fruits of all this frantic activity are impressive.

### How this can work?

Taking a currency derivative by way of example, let us examine what straight-through processing now has to look like and what systems are involved. The lifecycle of a currency derivative begins when it is traded. The transaction is completed on an electronic trading platform. A global survey performed in October 2014 highlighted that about 40% of companies had automated access to these electronic trading platforms<sup>1</sup>. For these firms, the additional information needed for EMIR reporting, such as comparative offers and a unique transaction identifier (UTI), is then forwarded automatically to the treasury system. The electronic service provided by a confirmation matching platform then checks the transaction against the bank document. For 35% of the respondents<sup>1</sup> to the survey, the treasurer can track the status of the derivative in real time in the treasury system, as they have implemented automated processes between their Treasury Management System (TMS) and electronic confirmation matching systems. When the status switches to «confirmed», this is reported – again automatically – to the trade repository. EMIR reports are forwarded continually or as end-of-day batches, depending on the defined system settings and what type of system is supported.

### Treasury platforms and payment flows

It is in communication with the trade repository that the value added by a treasury system becomes particularly apparent. Modern treasury platforms recognize whether information of relevance to EMIR has been changed and automatically forward the required change reports to the trade repository. Maximum process quality is ensured by working directly on the basis of the original data. On the same basis, payment flows arising from the derivative are handled automatically via the treasury platform. Once a derivative has been cleared, a settlement process is triggered that

can, where necessary, access external payment transaction channels directly.

### Accounting function

Alongside the treasury function, the accounting function also benefits from the automated handling of currency derivatives, as modern treasury systems enable transactions to be entered automatically in bookkeeping systems. Such direct entries are especially useful in situations where multiple ERP systems are used in one and the same corporate group, or where multiple accounting standards are used for reporting purposes. Where consolidated groups work with internal hedging transactions, the treasury system automatically makes entries from the perspective of both counterparties. Deviations between the two positions are therefore no longer possible. Foreign exchange position risk management is an iterative process. To close the loop, the question must be asked how the trade order actually originates. In this context, treasury systems serve as internal trading platforms to aggregate foreign exchange positions at group level. Once treasurers have identified their foreign exchange exposure, they can conclude hedging transactions as described above. The trade order too can be issued automatically to the trading platform from the treasury system.

### To summarize

It is fair to say that the requirements of EMIR have raised the bar significantly in terms of process quality and speed. As the above example shows, treasury systems today have all kinds of ways to automate key processes in cash, liquidity, and foreign exchange management, and to facilitate straight-through processing with third-party systems – from electronic trading platforms to the trade repository. While technology has become the backbone of effective treasury, 70% of treasurers today<sup>1</sup> believe that regulatory compliance will be the biggest challenge to their systems and processes. In treasury management, automation is quickly becoming the norm and firms that make good use of these technologies are no longer weighed down by the bureaucratic burden of EMIR reporting. At the same time, they can significantly improve the quality of their treasury processes. ■

<sup>1</sup>Treasury shown in a new light, Global Treasury Survey, PWC, October 2014.



Structure  
 Mobility  
 Ability  
 Resources  
 Technology

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## The opportunities of technology

Technology means new opportunities in the pipeline for companies and governments. It is only normal for this digital (r)evolution to give rise to questions and doubts. Fortunately, you can count on our experts for advice and support on your way to the future.

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