

A man with dark hair and glasses, wearing a light blue and white striped shirt and a blue patterned tie, is looking towards the camera. He is wearing a black lanyard with 'bakererlly' and 'The Bakererlly Group' printed on it. He is standing at a wooden table, looking down at a newspaper or magazine he is holding. The background is a bright, slightly blurred office or public space.

“ If I have seen further,
it is by standing on
the shoulder of giants ”

– Sir Isaac Newton

The **next 40** and the Accounting Firm in the 4th Industrial Revolution

There are very little barriers-to-entry to start an audit/accounting/advisory/tax firm. However, it is one thing to start one, and another to grow a firm for 40 years to what it is today. So it is with Baker Tilly. Built on a foundation of integrity and respect, what began as a 2-partner firm 40 years ago, is now really a force to be reckoned with in the accounting fraternity. It is the same story with Ferrier Hodgson. Within a short span of 20 years, Ferrier Hodgson has become synonymous with Corporate Restructuring in Malaysia. Taking on the mantle from Dato' Heng Ji Keng, my boss, my father, and an industry giant, and to reach the goals that we have set for ourselves, is no easy task.

What will happen in the next 40 years is anybody's guess, especially when we are now operating in the 4th Industrial Revolution and are waiting on the brink of the 5G impact. Just when you think you have caught up with the latest way of doing anything at all, something new pops up. Our way of life, how businesses are conducted and how services are delivered is still changing rapidly. This catchup game can be both exhilarating and exhausting. That is why, the core of who we are as a firm, as a corporate citizen, as professionals, is important.

Auditors have traditionally been gatekeepers in the Governance arena. We exist in a highly regulated industry and the job requires good understanding of the different industries that exist. The 4th Industrial Revolution will see the introduction of new regulations as international borders "disappear". To survive, we must be bold to re-think and re-imagine the way we do things. We must be on top of all these changes or at least arm ourselves with the knowledge of how things are changing. Easier said, of course.

We find ourselves in a similar situation with tax laws and regulations. As borders open up, we will continue to see changes in tax and legal structures around the world as governments find ways to collect what they perceive to be rightful amounts of tax from multinationals operating in their jurisdictions. With OECD rules and efforts to avoid tax treaty and profit-shifting abuses, information is readily exchanged between tax authorities, and the world has suddenly become a much smaller place to live in!

There are also growing changes in the type and nature of taxes themselves, as governments try to tackle the issue of the digital economy and the advent of non-traditional business models. The role of indirect taxes and revenue-based taxes (as opposed to profits-based taxes) could be the 'order of the day' in the not too distant future.

We should be seeing an enhancement of cross-border sharing of expertise and resources within the Asia-Pacific and ASEAN countries, as tax systems evolve and governments cooperate with each other to protect their tax bases from erosion, whilst still trying to remain competitive for foreign investment.

On the business front, as business owners forge forward in the competitive world of the fittest and fastest, the need for Advisory services will increase. With so much information available, businesses want a team of experts, with access to a network of professionals, to help separate the wheat from the chaff, and connect the dots in the quickest possible manner, and help them see further.

I am very thankful that at Baker Tilly, I have a strong team of Partners standing alongside me in the Kuala Lumpur head office as well as in the offices around Malaysia. In this issue of BTINSIGHT, I have the pleasure of introducing my head office team on page 19 & 20 – Dato' Lock Peng Kuan, Managing Partner for Audit and Assurance, Mr Anand Chelliah, Managing Partner for Tax Services, Mr Patrick McPhee, Managing Partner for Advisory and Insolvency, Mr Joe Heng, Chief Operating Officer and Ms Lee See Ying, Chief Finance Officer. Together with the team at the head office, we also have Mr Huang Shze Jiun, Managing Partner for Johor Bahru, Mr David Hor, Managing Partner for Penang, Mr Chong Ken Vun, Managing Partner for Sabah, Mr Tan Khee Meng, Managing Partner for Cambodia and Mr Lim Huck Hai, Managing Partner for IT Consulting. With this team, I know that we will go far.

Andrew Heng
Group Managing Partner
Baker Tilly Malaysia