



Value Chain Management

Centered on value creation and preservation

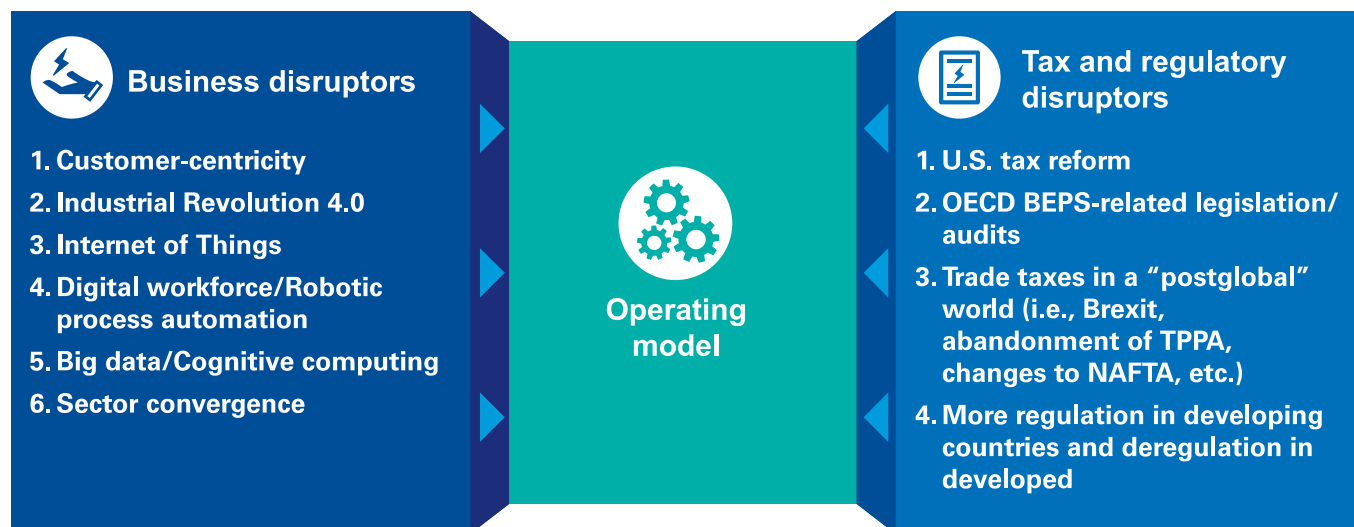


KPMG Value Chain Management

Effective value management requires businesses to make, measure, and evaluate their decisions against the impact on enterprise value. Leading companies recognize that they have the opportunity to drive revenue growth and global cost savings and to mitigate inherent risks by embedding financial planning (including tax, trade, and treasury considerations) in business-led transformation. Businesses are reaching out across the globe, seeking new markets and capturing cost efficiencies to further this goal.

Global tax reform initiatives, such as the one to address base erosion and profit shifting (BEPS), have effectively redefined the concept of “value creation”. Coupled with proposed changes and increased substance standards, these initiatives can have a major impact on the amount of taxes that multinationals have to pay and may render certain structures unsustainable going forward.

Our multidisciplinary service network helps businesses identify, assess, and execute business model improvements which, when aligned with strategic tax, trade and treasury structures, produce competitively advantaged operational and financial efficiencies to respond to and cope with the new global landscape.



Importance of Integrating Business Operations and Finance



Financial costs include tax, trade and treasury:

- **Tax** on income as well as transactional taxes such as VAT/GST, sales & use, property, and withholding
- **Trade cost** such as customs, duty, tariffs, and clearance delays (inter and intra-state)
- **Treasury cost** including workers' compensation, government incentives, and cash management strategies

Changes to a business model impact the time, place, and manner of value creation. Putting a finance lens on these elements can significantly reduce the overall costs in an end-to-end global supply chain.

By working with companies in an integrated, concurrent manner as they change their operating models and value chains, our Value Chain Management team can help improve profitability and cash flow; key areas of focus can include procurement operating models, data analytics and tax reform.

Procurement Operating Models

Restructuring a business to standardize processes, creating centers of excellence for high value activities in jurisdictions that are cost effective for operations and tax.

Data Analytics & Cyber Security

Manage and maximize the monetization opportunities of big data and cybersecurity both internally and externally and spot "new" correlations to support business decisions.

Global Tax Reform

Understanding the potential ripple effects that expected global tax reform (such as BEPS and others) will have on supply chain operations beyond tax issues, and weighing the costs and benefits of alternative manufacturing scenarios.

Why value chain management now?

Nearly half of CEOs expect their companies to be transformed into a significantly different entity within the next 3 years

Global CEO Outlook, KPMG International report, 2016

Supply chain performance is critical to a company's success.

KPMG's Top of Mind Survey 2017 found that:

- **Companies who view their supply chain as a strategic asset** are more prepared to deal with a world of instant availability.
- **Companies with integrated supply chains have more accurate data** to analyze profitability and increased transparency.

Companies may need to reevaluate not only tax planning, but also where and how they run their business operations.

The business environment is changing.

- **The globalization of consumer markets**, speed of innovation and technological changes are disrupting traditional operating models.
- **Companies face increasing financial pressure** in light of increasing transparency with tax reform in many major countries.

These forces combine to create a generational catalyst for companies to review, reassess and restructure their supply chains and business operating models.

Your Value Chain Management contact team

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