



# THE BUSINESS WATCH

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# VIRTUAL REALITY WILL SHAPE THE FUTURE OF YOUR PC HARDWARE. FIND OUT HOW?

Strapping a pair of virtual-reality goggles to one's face used to be the province of bad science fiction. Now, seemingly overnight, VR is here in the real world and dictating the future of the PC.

Why? Because virtual reality—and its cousin, augmented reality—is something of a Holy Grail for the PC industry: a device with potentially mass market appeal, and one that demands premium components that Silicon Valley has historically struggled to justify. Customers and vendors alike instinctively understand how to use VR. And the price, while high, is within reach of most PC buyers.

Just as importantly, content creators have seemingly embraced it, helping soothe concerns that VR will be just another product in search of a purpose, like 3D TV.

What excites the PC industry most, though, is that while the public thinks of VR as a consumer electronics device, the technology depends on the PC and its various chips. "We think that the PC will not be just the center of the ecosystem, but on the leading edge of what people do with VR," said Kim Pallister, the director of content planning at Intel.

## HIGH FRAME RATES ARE THE KEY TO VR'S SUCCESS

We often talk about VR devices, like the Rift, and AR devices, like the HoloLens, in the same breath, but the two are very different things.



VR headsets are more like external displays, with some intelligence inside them to track where a user looks; they're powered and driven by a desktop PC. AR devices, like Microsoft's HoloLens, roam without a power cord, but they place all their computing power—as well as a battery—on the user's head.

Of course, this bifurcation is nothing new to the PC industry, which has built portable laptops and more powerful desktop workstations for years. Some believe that AR devices will evolve like laptops, with an emphasis on mobility and battery life, while reserving their limited computing power for the handful of virtual objects the AR environment demands. VR headsets, on the other hand, will have the horsepower to render a complete detailed virtual landscape, but chances are you'll be sitting at your desk or couch to enjoy it.



CPU and GPU vendors aren't saying yet if they'll develop optimized VR chips, or simply adapt what they already have. And it's unclear whether headsets will sport a traditional X86 chip or a mobile chip like Qualcomm's Snapdragon.

Naturally, other mobile technologies, like the 4K displays built into phones like the Samsung Xperia Z5 Premium, make sense: When a display is strapped three inches from your eyes for possibly hours, you're going to want the best available.

Intel's Soqui and representatives from other chip makers say they see AR and VR technologies eventually meeting in the middle. We're already seeing signs of that, as with the HTC Vive, which includes basic AR capabilities. Intel's vision goes further: Soqui says Intel believes it can eventually "tether" a VR device to a PC by streaming gobs of data across a wireless link—even knowing that latency has to be avoided at all costs.

"That's our goal," Soqui said. "Talk to anyone making any [head-mounted displays]. They wish they didn't have the wire."

How will Intel do that? Soqui declined to comment. But Intel has already launched a wireless dock that supports the new 802.11ad WiGig standard, which can stream a whopping 7Gbps over short distances. Intel and Qualcomm also recently announced interoperability between their respective 802.11ad chipsets. Intel's goal for "wire-free" PCs has been a little aggressive, but the company believes in the mission enough to build 802.11ad support into Skylake PCs. VR makes the argument for such support even stronger.



The only problem: 802.11ad uses 60GHz technology, which can't really penetrate walls. An "untethered," wireless VR solution, therefore, will likely require a broadcast point in the same room.

Recently, at the Game Developers Conference in San Francisco, VR was inescapable. Kim Pallister, the director of content at Intel, described its popularity this way:

## VR NEEDS APPS AND CONTENT AND IT'S GETTING THEM

"At the Game Developers Conference they occasionally will have a track that's popular, and they'll have an overflow room. This year they overflowed the overflow room, and they actually moved the entire track to a larger venue for the second day. I've never seen that happen in 23 years at GDC."

VR is surprisingly mature for an industry that hasn't even actually launched. There's a "free" option: Google Cardboard, which has even been available in a box of breakfast cereal. There's a convenient distribution method: The Vive, co-developed by HTC and Valve software, delivers software via Steam codes. Another 40 or so experiences, apps, and games are available to try out for the Rift.

And brands love VR, too. Chuck Peil, head of business development and partnerships at ReelFX, said he was aware of about 30 pieces of VR content that companies like Lucasfilm, American Express, and others had either commissioned or were working on. There's even a rivalry between the two leading VR camps: Vive and Rift.

## 4 THINGS HUAWEI WATCH DOES THAT APPLE WATCH CAN'T

Jean-Michel Blottiere, executive director of an animation conference at Germany's Filmakademie Baden-Wurttemberg, said that developers interested in telling a story seem to be leaning toward the HTC Vive, favoring the freedom that the headset allows within a virtual space.

What all this means is that there should be a viable ecosystem of apps and content, enough to help keep early VR adopters interested. As products like Microsoft's Lumia smartphone have shown us, without apps, users will wander off.

Sony may have launched—and quickly sold out of—its PlayStation VR preorders, but the PC seems to be well-positioned to capture the market. That's because consoles like the PlayStation 4 are already several years old, while PCs can be constantly refreshed.

### VR CATCHES CONSOLES MID CYCLE

"VR will be a multi-tier experience, like all entertainment platforms," graphics analyst Jon Peddie said in a statement. "Consoles will appeal to the casual user, whereas the PC with three to four times the processing power will be the platform for the intense gamer."

It's also the sort of challenge that has the PC industry smacking its lips. Of late, the PC industry has put forward a tired old argument that says hundreds of millions of PCs are five years old, and PC owners really ought to upgrade with new components. With VR, this argument becomes more compelling since it means a customer can actually do something new with his or her machine.



The Apple Watch is the hottest smartwatch on the market, but Huawei hopes to turn the tables with its high-powered Android timepiece. Here are four ways the Huawei Watch outshines the Apple Watch.

Smartwatches aren't new, by any means. Companies such as Samsung and Pebble have offered smartwatch options for years. However, until 2015, and the release of the Apple Watch, smartwatches were designed for a very specific kind of user, and you just didn't see very many of them outside of TV commercials and some electronics retailers.

In other words: Until recently, only nerds wore smartwatches. The market is still composed mostly of full-on nerds and partial geeks. However, 2016 is shaping up to look like a new and different year for smartwatches, thanks once again to the consumer friendly Apple Watch and a few other fashion forward options, such as the new Huawei Watch. (In case you're wondering, the correct pronunciation of Huawei is "wah way.")

Research firm Strategy Analytics predicts the already mounting global smartwatch sales will increase by an additional 60 percent in 2016. During the coming months, lots of folks who formerly scoffed at the idea of wearing a smartwatch ("Why would I buy a watch

that doesn't do anything my phone can't?") will slowly begin to explore their options. And both the Apple Watch and Huawei Watch, two of the best smartwatches available today, will sit atop many wish lists.

## HERE ARE FOUR THINGS THE HUAWEI WATCH DOES THAT THE APPLE WATCH CAN'T.

### 1) Huawei delivers more watch for your buck than Apple

The cheapest versions of both the Huawei Watch and Apple Watch costs \$350. However, though the



price of entry is the same, what you get for the money varies widely, at least when you compare hardware.

For example, the \$350, smaller 38mm Apple Watch Sport's case is made of aluminum, it comes with a silicon band, and its face is composed of "Ion-X" glass, which is reportedly durable but less scratch resistant than the pricier Sapphire glass that's used to make the Huawei Watch face, as well as the displays on the pricier Apple Watch models.

All of the Huawei Watch versions come with 42 mm stainless steel cases and premium leather or stainless bands.

A comparable 42mm Apple Watch with stainless case, Sapphire face (\$599) and a leather strap (sold separately, starting at \$150) will run you a minimum of \$750, or more than double the price of the similarly equipped Huawei Watch.

And that's not all. Huawei Watch has a larger battery, and a higher-resolution display. Of course, Apple Watch also "out-specs" the Huawei Watch in a few ways (check out my companion post for details), but in general, Huawei delivers higher quality materials and more impressive tech specs than Apple for less money.

### 2) Huawei Watch has way more watch face options than Apple Watch

One of the best things about Android Wear, Google's smartwatch OS and the software that powers the Huawei Watch, is the wealth of customizable watch faces available in the Play Store, many of which are free or cost just \$0.99.

Apple, however, does not allow third-party watch faces in its App Store. That means Apple Watch users are stuck (for now) with the 13 watch face templates available in the latest version of watchOS 2.0, its smartwatch software. A few of those watch faces are customizable, and you can pick and choose which "complications," or modules, you want to display, including complications from select third-party apps. But you're still restricted to that specific, and relatively simple, set of faces.

Honestly, the vast majority of Android watch faces we tried on the Huawei Watch aren't particularly polished or impressive, but the seemingly endless selection on Google Play means you don't have to stick with any face you don't like.

### 3) Huawei Watch battery outlasts Apple Watch

As previously mentioned, the 42mm Huawei Watch has a larger battery (300mAh) than the comparable

## HOW TO PROTECT YOUR SMALL BUSINESS AGAINST A CYBER ATTACK

Cyber-attacks are a stark reality for all businesses and organizations – no matter the industry or size. Organizations have deployed technologies like cloud computing, mobility, big data and analytics that enable small businesses to achieve more with less and plunge into new markets. But with all this new opportunity comes responsibility.

According to the Center for Strategic and International Studies, Washington DC, USA, each year the US economy suffers a hefty amount of \$445 billion at the hands of cyber-crime. Small sized companies are a lucrative target for hackers tapping into this profitable black market. These companies tend to have a weaker online security and lack a robust IT and internal policies needed to shield against sophisticated cyber – crime rings.

In light of the threats, small businesses should consider the following online security tips:

### Understand the evolving risks:

This needs to start with carrying a complete analysis of the internal and external vulnerabilities that can affect any business and what methods would hackers use to gain access into the system. It would also suffice to learn about the different types of cyber fraud schemes and common threats i.e. phishing and spoofing scams, malware, social engineering, systems hacking and pharming.

### Develop a security policy that is ingrained into the corporate culture:

It is critical to set down protocols that are trickled

42mm Apple Watch. (Though Apple hasn't specified the 42mm Watch battery capacity, a "teardown" of its smaller, 38mm sibling revealed a 205mAh power pack, and other reports suggest the 42mm battery is 250mAh.)

Specific capacity specs aside, our own experience and the manufacturer claims for both devices suggest Huawei Watch lasts longer on a single charge than Apple Watch. For example, Huawei says its Watch lasts "up to 2 days," or 48 hours, which is more than double the "up to 18 hours of battery life" Apple claims.

### 4) Huawei Watch works with Android AND iPhone; Apple Watch doesn't

Thanks to the Android Wear iOS app from Google, the Huawei Watch works with iPhones in addition to Androids. No comparable iOS app or other option exists for the Apple Watch, so it can be used only with Apple smartphones.

In other words, if you want to use an Apple Watch, you have to purchase an Apple smartphone. However, you can use the Huawei Watch alongside many different Android devices, as well as any iPhone 5 or newer, running iOS 8.2 or higher.





down throughout the organization and embedded into the overall business strategy. Employees are gatekeepers of the company's information, hence, should be made the first line of defense against corporate account takeover. Employees should be educated about the warning signs, safe practices and responses to a suspected takeover. They should be told to use complex and unique passwords so that personal and confidential information aren't exposed.

#### Pick up the phone:

Financial transactions such as dealing with banks, vendors, clients or employees should be verified and confirmed through the phone rather than just an email. Using a two-step verification process adds an extra layer of security while approving outgoing funds. This helps to avoid a greater loss.

#### Keep your software up-to-date:

It is imperative that anti-virus software or other security applications are updated on a timely basis. Up-to-date software will safeguard against latest threats and keep the company's infrastructure secure.

#### Have an incident response plan and practice it:

It is crucial to have a plan of action in place that will tell exactly how the cyber incident needs to be dealt with. Even more important is to implement it so that all employees know exactly what to do in

the event of a breach.

We all understand that cybercrime is on the rise and hence it has become increasingly important for every organization to be prepared, and ensure utmost protection. It all comes down to a cohesive strategy that will bolster the ability to combat mounting threats.

## TOP 5 WAYS TO PROTECT YOUR BUSINESS AGAINST ONLINE FRAUD

1. Install anti-virus software and anti - spyware/ adware software
2. Install a firewall and only allow the necessary incoming/outgoing connections
3. Maintain operating system (i.e. Windows) and browser updates
4. Do not open attachments or click on links contained in email from unfamiliar sources
5. Do not download freeware or shareware from unfamiliar sources



BUSINESS  
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Business process outsourcing (BPO) has paved way for businesses to become cost effective for years, but current trends in the IT departments are stirring up the sector, placing Chief Information Officers at the forefront of planning.

Technologies such as cloud computing, business analytics software and social media platforms are being deployed within BPO to enable businesses to cut down on their costs and become more effective. According to a research by Accenture, high performing BPO relationships that deliver business value use technology as a source of innovation.

## Adding greater value:

The integration of business process and technology has led to a profound change in the business process service value for clients. Outsourcing relationships are supposed to benefit both the parties. IT has a huge role to play in the BPO sector, and the main driving force behind this are the businesses and their suppliers. BPO suppliers are geared at providing additional value-added services through technology. The main BPO providers view IT as a way of achieving non-linear growth. Additional technology based services offer customers more for their money, while suppliers function with less reliance on providing human resources. Next generation technologies such as cloud and social tools are delivering business process services effectively.

## Transforming processes:

Companies everywhere are faced with the challenges and opportunities posed by trends such as continuous globalization, new technologies i.e. social/mobile collaboration and a new mindset for dynamic process work. These themes are giving rise to a new kind of business process service.



Enterprise work is undergoing major changes due to process virtualization and externalization. Another major trend in today's business is the significance of data and the technology that enables businesses to use the data they have. BPO can facilitate businesses harness big data.

## CIOs as change agents:

CIO is in a position to understand the various business processes and interdependencies. They can play a prime role in the outsourcing relationship, facilitating the role of IT to a business enabler and a source of competitive advantage. CIO has major shoes to fill when it comes to planning and selection of BPO services, and providers.

As technology becomes more transparent, the CIO will need to shift its focus to understanding and supporting the needs of the business by ensuring accuracy, consistency and availability of information to users and processes across the business.

A sourcing decision can't be taken in isolation related to the IT component, but rather has to be integrated into an approach where executives will need to consider how IT can improve business process performance. The CIO is central to such discussions within the firm and with the firm's supplier network.

IT enabled BPO is a massive sector and as businesses attempt to take advantage of new technology trends, the IT element of BPO relationships will grow.

# HOW TO IMPROVE YOUR MARKETING & BUSINESS DEVELOPMENT

## A GUIDE FOR SERVICE INDUSTRY



Marketing and business development are an integral part of any business. When these two ingredients are in sync, the firm can see marked increase in its visibility, growth, profitability and more. These two areas of focus should also be ranked as higher in importance as pricing, client service plans, or compensation of firm members.

**1** However, before you embark on the journey to market your firm effectively in order to develop new business, it's critical to answer the following questions:

**2** What truly sets you apart from your competitors? To answer this, there has to be an understanding of what makes your firm an indispensable part of the client's success.

Who is your target audience and why? This is best understood by finding out what are the needs and motivators of this group.

Unfortunately, many firms fail to establish what separates them from the competitors. Clearly, your point of differentiation cannot be held the same as that of all your competitors, so this area needs to be given some thought. The idea is to tell a personal and relevant story that demonstrates why your firm is uniquely positioned to serve the needs of the prospective clients. Then talk about your target audience, its needs, and how they match up with the skill sets and resources that your firm possesses.

Marketing and business development endeavors that will set a foundation for planned growth must successfully communicate points of differentiation keeping the firm's ability to go beyond the delivery of information to the delivery of ideas and solutions. It is assumed by the clients that any firm they consider will have the requisite technical skills and data based deliverables. Therefore, in order to surpass price related competition in the proposal phase of business development, you must ascertain a way to demonstrate to the prospective client that your service offerings go beyond just offering information.

It is helpful to give clarity to what sets the firm apart from its competitors which will help to establish annual growth goals. Most firms face problems with identifying growth goals that are meaningful, future oriented, and aligned with the firm's strategic direction. It is also beneficial to consider what research is conducted on your existing markets to ensure you have a realistic outlook for growth potential. At the same time, scrutinize the current processes in place that will provide constant focus on identifying new markets.

A firm needs to monitor its close rate dynamics. In doing so, it can achieve a big boost toward accomplishing growth goals. Most firms operate on a 40 percent or lower close rate. The firm needs to find out its current close rate, and given that, what percentage of your firm's revenue must be in your pipeline to attain your targeted growth goals? After establishing this information, consider what obstacles besides pricing come in the way of achieving a higher close rate.

# A GUIDE FOR DEPLOYING A DECENT ACCOUNTING SOFTWARE FOR SMALLER BUSINESSES



Smaller business around the world and especially in the developing economies have the tendency to keep very basic accounting records. Accounting is normally considered to be an added burden which is normally dealt with only at the time of filing of tax returns. The reasons are very understandable i.e. smaller business normally lack accounting and IT skills and the appetite to invest into developing formal accounting systems is normally low.

Whilst it could be argued that historically there was a real case for this lack of interest/ability, modern day SMEs do not necessarily have to take this view. With developments in the software and IT world over the past decade, the benefits of deploying a decent accounting system/software outweighs the related costs.

A good accounting system is a stepping stone in any business. Simple logic would dictate that smaller business should not be an exception. Regardless of size and industry, information and control needs are common to all business. Having a decent accounting system in place would not only help with day to day business management but would also provide warning signs such as over trading and critical cash flow patterns.

Maintaining proper accounts could be a challenging task as it requires good accounting

skills and functioning business processes. If investment (of both time and resources) is made in developing a computerized accounting system and related process, it is bound to bring invaluable benefits to any business in terms of increased efficiency, increased control, increased insight and increased the ability to forecast and plan.

Before you embark on this task, think clearly and find the answer to one basis question i.e. Do you have human resource competent enough to map your business processes and information needs?

If answer to the above question is a 'No' then seek professional help. If ill planned, a system implementation initiative will almost certainly result in a disaster. Information and control needs whilst common to all business require different approaches depending upon the business nature and environment. Given below is a general guideline to follow for your system implementation initiative.

## UNDERSTAND YOUR BUSINESS INFORMATION NEEDS.

A business that generally deals in cash would need the ability to reconcile cash on real time basis. Whilst a business which normally sells on credit would require more sophisticated receivables management function. In service sector, inventory would not be a major concern whilst for any merchandiser enhanced inventory management

would be a primary need. Those in the contracting or project based business would need good project management and project costing abilities whilst those in a retail environment would want good POS systems.

It is therefore of primary importance to first understand what your business information needs are?

## IDENTIFY YOUR RISK AREAS

Not all businesses are exposed to similar risks. For instance businesses which deal mainly in cash are exposed to the risk of embezzlement, misappropriation, theft and fraud more than the businesses which do not deal with cash. Similarly, businesses dealing with fast moving consumer goods have a different stock risk compared to a stockist of high value low volume merchandise.

In order to devise a suitable accounting system and related controls, it is of paramount importance to understand the risk your business is exposed to.

## MAP YOUR EXISTING BUSINESS PROCESSES

Simply make flowcharts of the business processes that you have in place at the moment. Critically analyze if those business processes are suitable given your risk exposure and information needs as identified in previous two steps.

## DEVISE DESIRABLE BUSINESS PROCESSES

In light of your critical analysis of your existing business processes, your risk exposure and your business & control needs, devise desirable business processes which could fulfill your information and control needs. Of primary importance is the ability to achieve this within your budgetary and resource constraints including the human resource base, IT infrastructure and other assets. Whilst it is of

paramount importance to keep within the resources that are available to you, if the circumstances permit, investing into higher caliber human resource and better physical infrastructure makes good sense provided it assists with enabling the desirable processes. For example, there is no point in devising a sophisticated accounting process which would require high spreadsheet or conceptual skills when you know your existing accountant will not be able to handle it. However at the same time if the business cash flows permit, there could not be a better investment than hiring a better qualified accountant or seeking external help. Similarly, if you devise a process where information has to flow in real time between your warehouse and accounts team, the IT infrastructure should be available to assist enablement. There could be cost related and other constraints such as remote location etc. which needs to be factored in.

## CHOOSE A SUITABLE ACCOUNTING SOFTWARE

More expensive is not necessarily the better. More often than not, the relation is actually reverse. First and foremost shortlist all available options based on:

1. Suitability for your business processes and information needs. i.e. cash management, stock management, production activities management, project accounting, payroll processing, tax management etc.
2. Suitability for your IT infrastructure. For instance if a software is only cloud based, whilst it could give immense cost advantage it might not be suitable if your value chain includes location(s) where internet access is problematic.
3. Suitability for your available human resource base.
4. The number of intended system users.
5. Desirable platform i.e. is it desirable to have a system which is only cloud based or runs completely on a local machine or network or a combination of both?

Once that short listing is done, now compare with available budgets and narrow down based on the complete implementation costs. If the budgets allow, seek professional help.

## FORM AN IMPLEMENTATION TEAM

This could be a one man team in a small business environment and could also comprise of many professionals related to different areas of your value chain including IT, Accounts, Inventory, Sales, Purchase, Support etc. whatever is the size, it is ,however important to form a dedicated team which can assist enablement within all affected areas of the value chain.

## IMPLEMENT

Whilst a detailed implementation plan is beyond the scope of this article, the process would include mobilization of required resources, procurement of the software licenses, enablement of desired business processes and physical infrastructure (including the IT infrastructure), software configuration, data creation or migration, testing and resulting required amendments. Once the testing results are satisfactory, the system should be made live.

## 5 TOP PICKS FOR SMALL BUSINESS CLOUD-BASED ACCOUNTING

Small business owners don't need to purchase expensive business accounting software programs or spend hours lost in complicated reports. Any accounting software will provide the basic applications for accounting tasks, but packages designed for small office owners and manager tend to simplify the process and provide essentials that

include a general ledger, the capability to create detailed invoices or view business inventory and purchase history.

Cloud accounting services—software stored and accessed online—is an attractive option for small business owners. When using cloud accounting software, IT tasks such as version upgrades and data backup are managed by the application vendor.

In looking at small business accounting options, we specifically looked for applications designed to meet both the budget and the needs of a typical small office or small business. We chose five cloud accounting service options available cost \$20 or less per month and are easy to use—even for small business owners with little or no experience with accounting tasks.

### QuickBooks Online Simple Start: A Good Value for Small Businesses

Today, QuickBooks is synonymous with small business accounting. While a number of standalone and hosted versions are available, QuickBooks Online Simple Start is a good value for small office accounting needs.

The online version is \$12.95 per month and includes a 30-day free trial. This software makes it easy to create invoices, track sales and expenses, download banking transactions and access business data on any mobile device. Other handy features in Online Simple Start include check printing and exporting data to Microsoft Excel.



## FreshBooks: Guided Help Boxes Make Small Business Accounting Easy

FreshBooks is a simple cloud accounting application designed to help small business owners to get organized and get paid. Since it's a hosted accounting service, you can access your business data everywhere—on a mobile device or desktop computer—and your data is secure and backed up for you.

FreshBooks features options for online payments, expense tracking, time-tracking and accounting reports and taxes. Highlights include customizing invoices, sending late payment reminders, automatic and recurring-expense tracking, managing different rates for multiple projects and profit/loss reports.

Small business owners will appreciate FreshBooks' guided step-by-step wizard and help boxes that appear each time you perform a new task, such as create a new invoice or add a new client to your records. As you familiarize yourself with FreshBooks, you can turn these helpful tips off.

FreshBooks is free for 30 days, with the basic business plan starting at \$19.95 per month. There's also an add-on store where you'll find third-party applications to add new features and functionality to FreshBooks. Some apps are free—such as the Constant Contact Export and the FreshBooks Connector for Sage Peachtree (now known as Sage 50)—while others are available on a monthly subscription basis.

### Kashoo: Professional Invoices, Simple Dashboards

Kashoo is another cloud accounting service worth a look. It's a simple accounting app for small businesses offering anytime access from an iPad or Web browser.

Features for the small business include connecting to online bank accounts and credit cards, professional invoices, simple dashboards and options to categorize income and expenses specifically for tax reporting. In addition, you can easily share your business data with your accountant online. Finally, Kashoo boasts secure, double-entry accounting for bank reconciliation and financial statements.

Kashoo is priced at \$16 per month. A free version is available; however, users are limited to 20 transactions each month.

### Outright: Online Accounting for Ecommerce Businesses

Outright is an easy-to-use cloud accounting system that lets small business ecommerce owners organize and keep track of sales and finances in one place. At a glance, you can see where money is going, view profit/loss statements and see who your customers are.

You can link existing accounts such as banks, credit cards, Paypal, eBay, your own Web store or FreshBooks to Outright, and you can import your existing transaction history. From then on, Outright downloads your new data each day.

Outright offers a free account, but small businesses are more likely to use the Plus version (\$9.95 per month), which offers more features than the free version.

### Xero: Share Your Business Numbers Online

With Xero online accounting, you can share access to the latest numbers and check cash flow in realtime. Once loaded, Xero offers a dashboard to quickly view your bank balances, invoices, bills and expense claims. There's also an interactive graph to show money going in and out; you can also monitor specific data accounts from the dashboard.

# INTERNATIOAL ECONOMY

# AMAZON MULLS FINTECH ACQUISITIONS AS VALUATIONS FALL



Amazon's payments business is beginning to look for acquisitions as the value of financial technology - or fintech - start-ups "comes back to earth", a top executive at the e-commerce giant told CNBC on Tuesday.

Global investment in fintech firms hit \$20 billion in 2015, a 66 percent increase on 2014, according to KPMG. The interest in the sector has seen a number of start-ups snag high valuations. But amid concerns of an overheated market, recent valuations have been more conservative, something Gauthier is hoping to take advantage of.

Amazon Payments was relaunched in 2013 and the company has a product called 'Pay with Amazon' which allows the company's customers to pay for anything using their account on other websites.

Now the business has racked up 23 million active users, Amazon is ready to start extending its platform through acquisitions.

"We created this business unit a year ago, now I'm starting to look at opportunities outside," Patrick Gauthier, vice president of Amazon Payments, told CNBC in an interview at the Money 2020 conference in Copenhagen.

"After a number of years where fintech has been a little bit ahead of itself in terms of valuations things have come back to earth."

Gauthier did not reveal specific targets but said Amazon is on the lookout for companies with "good teams, people who have a focus on customers, and means through which we will be able to extend the number of user cases and a number of places where we can roll out Pay with Amazon".

On Monday, Amazon announced it was extending its payment offerings to merchant partners - third-party businesses hosting a shop on an e-commerce website. The idea is to help these businesses have a payment solution that can be integrated with their online store.

"I can foresee a time when pretty much every merchant except for the very large ones will be looking for a way to connected to Amazon customers, because they are a proxy for active online shoppers," Gauthier said, speaking about the ambitions of the payments unit.

Amazon Payments is a direct competitor of PayPal and credit card companies like Visa which has its own online payment solution. The division has been growing quickly with the number of active users globally increasing 150 percent last year to hit 23 million. The number of merchants on board grew 200 percent year-on-year, though Amazon did not give a specific figure. And the average transaction value of people using Pay with Amazon is \$84 globally.

Still Amazon Payments is behind rival PayPal which has 179 million active users. But the e-commerce giant said that given its 304 million customer user base, it will be able to convince merchants to use its service.

# HUAWEI 2015 EARNINGS SEE STRONGER REVENUE GROWTH, NET PROFITS

Chinese tech powerhouse Huawei reported a 33 percent rise in net profit for 2015 from the previous year, on the back of its growing consumer device business and rising demand for information and communications technologies (ICT) globally.

Net profit rose to 36.9 billion yuan (\$5.7 billion), it said in a statement. Huawei, which saw growth in all three of its business units, saw a 37 percent year-on-year increase in global revenues to 395 billion yuan despite economic headwinds.



However, 2015 gross margin fell by 2.5 percentage points to 41.7 percent due to increased investment in Research and Development (R&D), said the Chinese tech firm.

"Huawei owes its long-term growth to the sheer size of the ICT market, which is the driving force of digital economies around the world. However, our growth is also a direct result of strategic focus and heavy investment in our core businesses," said Guo Ping, deputy chairman and rotating CEO at Huawei, in a statement.

Huawei's carrier division, which accounted for the largest part of Huawei's 2015 revenues, saw revenues rise by 21 percent on-year to 232.3 billion yuan on the back of increased demand of 4G networks over the year.

The Enterprise business group generated 27.6 billion yuan in annual revenue, 44 percent higher

than in 2014.

The Shenzhen-based company made the greatest strides in its consumer device business, which includes smartphones and tablets. It recorded a 73 percent boost in annual revenues from the previous year to 129.1 billion yuan, a testament to "Huawei's growing influence as a consumer brand," the tech firm said.

Huawei's debt to earnings before interest, tax, depreciation and amortization (EBITDA) ratio fell to 0.58 compared with 0.72 in 2014. Huawei's operating expense ratio was also lower by 2.3 percent, as Huawei reported that it has increased efficiency through better management and higher investments.

Huawei is currently the world's third-largest smartphone maker by shipment volume after Samsung and Apple. It had shipped 108 million smartphones in 2015, a 44 percent increase compared to the year before.

That figure was overshadowed by Samsung's estimated 319.7 million smartphone shipments, and Apple's estimated 231.5 million shipped last year, according to data from research firm Strategy Analytics.

Earlier at the World Mobile Congress in February, Richard Yu, chief executive of Huawei's consumer business group, told CNBC that the firm would aim to overtake Apple as the world's second largest smartphone player in three years. Huawei's ambitions won't end there, as it also hopes to surpass Samsung by 2021. Yu also revealed at the forum that Huawei expects to release VR devices this year. Many of Huawei's competitors, from Samsung to HTC, have already launched VR products.



While the rest of the world frets about the knock on effect of China's economic slowdown, the Chinese have a bigger worry: themselves.

As the transition of the world's largest manufacturing hub to a consumption and services led economy gets into full swing, jobs and money are being lost, threatening social stability in the communist state.

China premier Li Keqiang has repeatedly defended China's economic policies, pledging to cut corporate red tape, reduce corporate debt, improve financial regulation and ensure no mass layoffs.

"We are confident that as long as we continue to reform and open up, China's economy will not suffer a hard landing," Li said as recently as March 16, in a message that resonated worldwide because what happens in China does not stay in China.

But inside China, there are protests as thousands of mine workers go unpaid, angry retail investors blame regulators for lost capital in and Beijing cracks down on unflattering news.

Here are the key issues China's leaders are grappling with:

## Massive layoffs

It's no secret China's gigantic steel and coal

industries are in big trouble, as construction slows and industrial overcapacity becomes unmanageable.

According to Standard Chartered, housing and sectors dependent on housing contributed 1.1 percent points to GDP growth in 2015 – down from 3 percent in 2010.

In February, the Minister of Human Resources and Social Security Yin Weimin said the country is expected to lay off 1.8 million workers in the steel and coal sectors as it restructured loss-making state businesses. He did not give a time frame for the layoffs, Reuters reported.

Premier Li has tried to sooth domestic tensions by assuring workers that central funding could be increased to help laid-off staff. The Chinese government had previously announced a 100 billion yuan (\$15.3 billion) fund aimed at relocating and retraining affected workers.

According to reports, many are already being moved to jobs in the agriculture, logging and sanitation sectors.

Li did not specify the number of workers that would be laid off or retrained but numbers could be as high as five to six million over the next two to three years, Reuters has reported, and many that do find new jobs will likely be in lower-paid roles.

No jobs or lower-paid jobs will likely hit income growth, which could hurt hamper China's move to a consumption-driven economy.

## Worker protests

Disgruntled workers have been up in arms over what they claim are months' worth of unpaid wages, as well as cuts to existing salaries.

In one of the latest incidents, thousands of Chinese

miners staged a protest in northeastern Shuangyashan City in March, with reports that the miners were encouraging colleagues in other cities to rally. The labor movement has the potential to threaten social stability in China.

According to Hong Kong-based non-governmental organization China Labour Bulletin, there was a dramatic increase in protests running up to the Lunar New Year in February, and protests that may well increase in the future as Beijing pushes ahead with mass layoffs.

The NGO has so far recorded over 800 labor protests this year in China, with most incidents happening in January before workers headed home for the festive season.

As well as the industrial sector, the garment, textile and shoe industries have been hit particularly badly; they accounted for 40 percent of all factory closure and relocation disputes in the run up to the New Year holiday, the NGO said.

Authorities are increasing less tolerant of worker protests, said CLB's communications director, Geoffrey Crothall.

"(They are) more focused on reducing costs for business. Workers are being threatened and riot police are increasingly used to break up protests."

### Stock market turmoil

Nowhere are jitters about China's economic health more pronounced than in financial markets, where Chinese equities entered 2016 with wild swings.

Investors are also nervous about yuan after the People's Bank of China devalued the mainland's currency twice last year and as the gap between onshore and offshore yuan widened.

The prospect of a sharp yuan devaluation has raised concerns of rapid capital outflows from China, which could spillover, posing a risk to global growth, said International Monetary

Managing Director Christine Lagarde at the opening of a G20 meeting of central bank governors and finance ministers in Shanghai.

Beijing logged \$100 billion per month in average currency outflows during November, December and January, with the yuan declining 1.8 percent against the greenback in that period. In February, capital outflows eased with central bank data showing reserves fell just \$29 billion in February.

Chinese Premier Li Keqiang said last week at the Boao Forum for Asia in China's Hainan province that the country will not devalue its currency to boost exports, according to a Reuters translation.



### Media crackdown

The prospect that any dirty laundry—from mass layoffs to furious— may come out in the open appears to be making the Chinese administration skittish.

In February, President Xi Jinping went on a media blitz, visiting party-controlled newsrooms and extolling the virtues of a media that operates with the best interests of the party and the state at heart.

State-run media Xinhua news agency, broadcaster CCTV and party paper People's Daily covered his visits in an adulatory fashion, fawning over Xi sitting in a TV anchor's seat; a Xinhua editor even penned a sentimental tribute to the Communist leader that included lines such as "my eyes follow

in your wake" and "My fingers are heating up my phone with this poem that my vision has borne."

Xi on his part, did not mince his words, telling the media that all their work "must reflect the party's will, safeguard the party's authority, and safeguard the party's unity."

The media appears to be taking heed; Western media noted that there were no news reports of recent protests by mine workers.

As well it might, having seen in August a financial reporter from top financial magazine *Caijing* make a televised confession that he should not have published a report about regulatory intervention in the stock market, having obtained the story through the "abnormal way" of using sources.

"I did it just to create a sensational effect and catch eyeballs," Wang Xiaolu admitted on CCTV, according to a translation by Hong Kong Free Press. "It cost the country and investors very big losses."

## Heavy debt

Another possible risk to China's financial system comes from high debt levels at both banks and local authorities, although it is difficult to measure the severity of the issue given the China's opaque financial system.

Charlene Chu, who is a senior partner at Autonomous Research Asia, told CNBC early this year that China's seven-year debt boom may have been the world's biggest over such a short period of time, with a lot of the debt having been spent on assets that aren't performing.

"The size of banking sector assets has gone from \$9 trillion in 2008 to \$30 trillion at the end of 2015," she said, noting that most of these borrowings went to the corporate, not the household, sector.

Meanwhile, provincial governments' debt, often issued via local government financing vehicles, or

LGFVs, has worried economists for years, with outstanding debt climbing to around 17.9 trillion yuan by the end of the first half of 2013, according to the most recently released national audit results, from around 10.7 trillion yuan in 2010.

Authorities have long been shy of addressing the issue but in late 2014, China's State Council, the country's highest authority, set quotas on the amount of debt that local governments could issue — a 16 trillion yuan cap — and required that funds raised be used for public projects rather than operational spending. The council tied debt levels to local officials' performance reviews.

The State Council also barred local governments from using LGFVs and state-owned enterprises (SOEs) to raise debt and from guaranteeing or covering the liabilities of financial institutions or



# IRAN TO KEEP RAISING OIL PRODUCTION



Iran will continue increasing its oil production and exports until it reaches the market position it enjoyed before the imposition of sanctions, Oil Minister Bijan Zanganeh was quoted by the semi official Mehr news agency as saying.

Zanganeh was speaking at the weekend ahead of an April 17 meeting of Opec and non-Opec oil producers in Doha to discuss a possible output freeze to prop up prices, and his comment appeared to further threaten the prospect of an effective agreement at the meeting.

On Friday, Bloomberg quoted Saudi Arabia's deputy crown prince Mohammed bin Salman as saying Riyadh would agree to freeze crude oil production levels only if Iran and other major producers did so. A global glut has pulled down oil prices by as much as 70 per cent since 2014.

However, Zanganeh was also quoted by Mehr as saying that "the agreement between the world's top Opec and non-Opec exporters such as Saudi Arabia and Russia to freeze output at January levels is a positive step".

On the possibility of his attending the Doha meeting, he said he would certainly attend the meeting "if he had time", Mehr reported.

# IMF WANTS PAKISTAN TO CURTAIL DEVELOPMENT BY Rs 360 bn

The International Monetary Fund expects Pakistan to curtail its overall development budget by Rs360 billion (almost 24pc) of allocations to limit the fiscal deficit.

According to documents released over the weekend after approval of Pakistan's 10th quarterly review by its executive board, the IMF expected the government to limit its overall development program to Rs1.155 trillion, down 24pc, against Rs1.513trn allocation approved by parliament and the four provinces.

The latest IMF estimates are based on discussions between its officials and Finance Minister Ishaq Dar in the first week of last month in Dubai. The estimates are in line with disbursements reported to have been made by the Planning Commission.

According to the commission, total disbursements for the public sector development programme (PSDP), as of March 25, stood at Rs387.5bn (55.35pc) against the allocation of Rs700bn for the entire year. Based on the government's schedule, the total disbursements should reach 70pc of the target in the first nine months of the fiscal year.

The IMF wants the federal government to keep the PSDP expenditure at Rs620bn, down 12pc, of the Rs700bn authorised by parliament. On the other hand, the cumulative annual development plans of the four provinces would be reduced to Rs535bn, down about 35pc from Rs813bn announced by the provincial assemblies.

# Contact

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