



AUSTRALIAN INSIGHTS

2011 BDO GLOBAL AMBITION SURVEY

FOR THE SECOND YEAR, BDO INTERNATIONAL HAS CONDUCTED ITS GLOBAL AMBITION SURVEY TO OBTAIN A UNIQUE INSIGHT INTO THE INTERNATIONAL EXPANSION PLANS OF GLOBAL MID-CAP FIRMS.

This year, more than 750 Chief Financial Officers (CFOs) from companies turning over between US\$50 million and US\$1 billion in 13 countries, including Australia, participated in in-depth interviews – one of the largest known global surveys of CFOs.

The survey reveals valuable and insightful market knowledge for Australian companies, whether you are already operating offshore or planning to do so.

Key Australian findings are listed below. The full Global Ambition Survey report is available on our website – www.bdo.com.au/global-ambition-2011.

International operations more challenging, but confidence remains

- Australian respondents claim conducting business abroad is more difficult now than three years ago, but almost all are confident their international expansion plans will succeed
- Australian CFOs anticipate 52 per cent of their revenues in 2014 will come from sales outside Australia, compared to the global result of 44 per cent of revenue from sales outside a company's home country.

People, not access to credit, are the focus

- There appears to be little concern over access to credit amongst Australian CFOs, with 62 per cent claiming they have no difficulty gaining funding for expansion overseas
- The challenge is finding local people who have the right skills and knowledge, with 66 per cent of respondents listing this amongst their areas of focus for international investment

China and Germany two countries to watch

- China remains a key focus for Australian companies as they seek overseas growth, along with India, New Zealand and Canada
- German companies are increasingly looking to Australia as a market for international growth; a result strongly supported by BDO Australia's own experience.

Australian companies act fast and use trusted advisers

- More than 70 per cent of Australian CFOs claim an office can be up and running in a new market within one year of the decision to invest overseas
- Half of the CFOs interviewed claim their company's accountants/tax advisers are their most trusted sources when expanding abroad.

"Embrace local people, don't try and move people into a different company overseas - you have to have significant local presence to be successful."

PROFESSIONAL SERVICES,
AUSTRALIA

Key lessons for your business

- Do thorough research to improve your knowledge of the market you are entering
- Put effort into recruiting the right staff
- Find good contacts/strong partners in the region.

BDO COMMENT

Organisations considering international expansion should be proactive in minimising the effects of currency fluctuations both as traders and investors. Given the volatility of the global economy, large shifts in currency levels could be common place in the next few years. Companies should be seeking out a strong relationship with their banks and advisers to ensure hedging and risk strategies are in place. These strategies need to be core elements of any international business plan.

In addition, red tape and bureaucracy are common place in emerging markets including China and India, therefore, those involved in expanding overseas should ensure that government trade and investment agencies, both at the State and Federal level, are part of their market entry strategies. Government support can play an important role in not only opening the right doors but also in making important introductions that can potentially minimise the effects of red tape and government bureaucracy.

Given that in three years time, on average 52 per cent of Australian company revenues are expected to come from abroad (up from 42 per cent currently), companies need to be preparing for this expansion. This includes working with trusted advisers to ensure they are appropriately structured to take advantage of opportunities, protect IP, address tax obligations and minimise international business risk.

BDO is well placed to assist organisations considering expansion overseas. We work with key agencies such as Austrade, and our own global network in emerging export and investment destinations, particularly our extensive network in China (36 offices and 6,000 people) to maximise the success of overseas expansion.

For more information about BDO's proactive approach to international business research and our extensive experience in supporting companies as they venture offshore or look to invest in Australia, please contact your BDO adviser.

MORE INFORMATION

1300 138 991

www.bdo.com.au

ADELAIDE • BRISBANE • CAIRNS
DARWIN • HOBART • MELBOURNE
PERTH • SYDNEY

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact the BDO member firms in Australia to discuss these matters in the context of your particular circumstances. BDO (Australia) Ltd and each BDO member firm in Australia, their partners and/or directors, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO refers to one or more of the independent member firms of BDO International Ltd, a UK company limited by guarantee. Each BDO member firm in Australia is a separate legal entity and has no liability for another entity's acts and omissions. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

BDO is the brand name for the BDO network and for each of the BDO member firms.

© 2011 BDO (Australia) Ltd. All rights reserved.