

CONSISTENCY IS A MUST



Over the years, KPMG has built a global reputation of trust, based on its ethos of

maintaining high standards of professionalism within its member firms spread across 150 countries. Its staff who serve customers worldwide are required to maintain high standards of integrity, which the partnership firms in the network complements by ensuring professional development accompanied by training in soft skills. William (Bill) Thomas, Global Chairman, KPMG International elaborated on the role of KPMG worldwide in a changing business environment, where innovation and transformation, ethics and governance, the regulatory environment, and global economic trends are demanding a fresh perspective to their traditional role.

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You have completed two years as Global Chairman of KPMG International. Can you elaborate on the strategic direction that you have taken for the Group?

It is a crucial time for the profession and our firm within the industry. We have over the last several years, sought to respond to the challenges that our profession faces and take advantage of the opportunities we have. From a strategic perspective, what we have done, is to, first and foremost, recognize our responsibilities to the public. KPMG in some countries is 150 years old, and we have for 150 years been serving the public interest. That is at the foundation of everything that we do. Therefore, our strategy is focused on ensuring that we are the most trusted firm from a professional services perspective and to further grow in the global markets.

Trust and quality are the core of KPMG. Can you elaborate on how these aspects are inculcated in the Group?

If you go back in history, our responsibility towards the broader public interest and to the capital markets is founded on trust. Clients choose to work with us because they have confidence in what we do from an audit perspective, in our responsibility from a tax perspective and trust in our advisory role. They believe in us, and they know that they can count on us. Across all aspects of our business, trust is the foundation.

KPMG focuses on training staff, and this is a priority for the Group. Can

you talk about this aspect?

Our greatest and only asset is our people. We have about 220,000 people in 152 countries around the world. Our responsibility to them is to enable them to be better as a team so that they can serve our clients and the broader public interest. Therefore, we help them with not only the technical skills of the job, we focus on soft skills development through mentoring and coaching, encouraging them to build connections with our clients, and value their teammates while doing the highest quality job.

Some of our staff stay with the organization, while many of them go to do other things. I see the strength of our firm is not just in the 220,000 people who are working with us today. But is also in the individuals who started or built their careers at KPMG, they are a sizable group around the world.

How is KPMG supporting the need for innovation and transformation?

We are fortunate to have a fantastic set of clients who are trying to manage through the changing world, just as we are. Innovation for us happens at the interface between our teams and our clients. For example, if a client is facing significant challenges as a result of technological disruptions, and they ask us to help them overcome the problem, this is often where innovation happens.

The opportunity to innovate is very significant. The issue that presents itself is how to take that innovation to more than just one client at a time. I believe that is an art and not necessarily a science.

The requirements of the clients, regulators, and other stakeholders continue to change, how is KPMG equipped to such evolving needs?

Just like every business, even though we've been around for 150 years in some countries, we see the opportunity in change. It's imperative to ensure that we do not get complacent in our history. The fact that we've been around as a trusted brand for 150 years is a great thing, but it can be dangerous as well.



We are very focused on ensuring that we not only help our clients innovate in the changing environment that you described, but also we innovate ourselves. Our profession is changing, and the regulators are at the heart of that change. Essentially, three distinct groups need to play their parts in regulating the capital markets; these are, the clients, including directors, the regulators to regulate the marketplace, and the auditors. All three groups are necessary to achieve what is expected by the public and the capital markets. The most important aspect of this is to listen and adequately respond to the marketplace.

In a global sense, what is the role of the auditor?

The fundamental responsibility of an auditor is to provide confidence to the capital markets. Without an audit, there would be no comparability or ability to ensure that the presentation of financial information to the capital markets would be fair and appropriate. The audit and the auditor provide not only a responsibility on the verifiability of those numbers but are also a vital piece of the system to ensure that the controls of the company, that is, reporting, integrity, and ethics of the organization are maintained. This, in turn, earns the trust of the investor community

in the financial information of the entities. We take that responsibility very seriously. We need to recognize that those needs and expectations evolve over time and that we need to respond accordingly. The best example of that is technology and the disruption that those technologies have in many industries. If we are going to audit the same way we have for the last 150 years, then we will potentially miss the impact of that technological disruption. The regulator has the same responsibility for staying relevant. We have to help each other and move with the changing times.

The auditor has much responsibility in terms of governance and performance. We have seen in Sri Lanka and even overseas, companies collapsing. Most of the time, the auditor is held responsible for what happened during the audit. What are your thoughts?

I think what you have asked is important because as long as there are businesses, there will be failures in business too. It is impossible to prevent crashes. Failures happen for many reasons. If you consider the three-legged stool in terms of company responsibility, the regulatory responsibility, and the auditor's responsibility, whenever a business fails, it is appropriate to question whether everyone did their job. We have to recognize that all three parties need to do their jobs properly.

From 2017 to now, it has been a very challenging time for all of us. You were heading the Group at that time. How did you face it?

Whenever you face a challenge, you take stock, pause to think why it happened and what happened and what needs to be done to change or ensure that we are living up to the expectations of the marketplace.

The entire profession has done that. Our firm has done that. Since I have been the Chairman, we have continued on that road, ensuring a focus on what is fundamental to our responsibility to our clients and the broader public. Consistency is one of the most critical aspects, because we all know that a lack of consistency in any jurisdiction is what has the potential to cause problems.

You travel around the world and always meet clients. Can you tell us about this experience? What are the similarities and differences?

It's been fantastic to come to Sri Lanka. I've looked forward to this trip for a long

time, ever since Reyaz invited me. We have a great team and excellent practice in Sri Lanka. Reyaz is the Chairman of KPMG's Middle East and South Asian region (MESA), and it is a wonderful opportunity for him to host all his fellow partners from around the region in Sri Lanka. I wanted to be a part of that, to not only support him and to support my fellow partners from around the area, but it's also an excellent opportunity to showcase the country as well.

I had the opportunity to meet some clients, and I will tell you that there is a pride in the country. And the resonance of the spirit of the country that I have found incredibly inspiring in the short time that I have been here. It has been quite inspiring to me so far.

Compared to the other countries and markets you have visited, what can we learn?

I consider myself very fortunate to be in this role because I visit many countries. Many countries feel that they are not relevant because they are not very big. There are great examples of countries around the world that have figured out that they can't be everything to everyone, but they can figure out what they are going to be famous for, and they have done an excellent job of doing that. Some of them have become innovation experts in various areas. Fintech, for example, is an area where many countries are making cutting edge innovations and have become famous for it. Some of them have become famous for cybersecurity. There are opportunities for Sri Lanka to say this is where we are, and this is what we are going to do to become famous. Sri Lanka should not shy away from that because there are many examples around the world where people have done that incredibly successfully.

KPMG has alliances with Alibaba, Google, IBM, Microsoft, Oracle, ServiceNow, and Workday. Can you elaborate on this?

Alliances are a significant phenomenon in the evolution of business right now. Many years ago, if we had a solution that we were going to provide to a client, we would have had to build that solution from scratch on our own. We would build the technology, add the wherewithal and the know-how from the intellectual property of our people, and provide that solution to the client.

Today, we are good at understanding problems, providing technology solutions with our knowledge, and figuring out how to bring value to our clients' requirements and whatever challenge that they have. However, in many cases the fundamental

technology would be better provided by our alliance partners..

Through our partnership with the likes of Alibaba, Google, and Microsoft, we allow these entities to do their jobs because they are the experts in the field. Some aspects they can provide better than us, such as security. For instance, we should allow technology providers to come in when a critical part of our client's business needs to be moved to the Cloud. This includes providing the Cloud platform and the accompanying security. We help them architect the solution and implement it, and the combination of those two is a better response for our clients than if we try to, for example, build the Cloud platform, build the solution, build the architecture, its design, and go from there.

But I think that it is not a KPMG issue or an issue to do with the profession. I think companies around the world are adopting that philosophy to adapt to technological change today. Traditional manufacturers that are trying to embed technology into their manufacturing process are moving into such alliances to create that change, as opposed to trying to do that themselves. And we are no different.

KPMG is strong in Audit, Tax, and Advisory businesses, how do you see the role of KPMG evolving in the future?

Our strength is in all three of these disciplines. We have skills in audit, tax, and advisory. Combining those disciplines makes us unique in the value we can bring to a client. In proposing a solution for one of our clients, some advisors will provide tax knowledge, but will not be able to figure out how to implement that tax knowledge into an advisory solution. Some may not be able to bring tax skills into audit, while some others can provide advisory or technological solutions, but don't understand the tax implications or the accounting or audit implications of that solution. Our strength is not in the individual components; our strength is in the aggregate of the three and that is why I believe very strongly that all three of them have to be nurtured, and to recognize our responsibility to our clients and the broader public in each one.

What can KPMG do more in an advisory capacity in Sri Lanka?

Sri Lanka is a perfect example in terms of economic growth, growth that is going to come from several different areas. From an advisory capacity, whether a business is owner-managed, like small and medium enterprises that are wanting to grow or family businesses that are the first generation and moving to the second

generation, we help them to grow beyond what they could be. Assisting companies to gain that growth or that transition will ultimately be enormous for the economy because the growth of this country is going to come from the entrepreneurial spirit of the population. The more our advisory business can help nurture and foster that, it will not only be great for our clients, it will also be good for the country as a whole. Hence, we take that role very seriously.

Today quite a number of audit partners are becoming involved with clients and joining their boards, which becomes very conflicting. What's the advice you'll give them?

Fundamentally, we have to ensure that, first and foremost, we are independent of our clients from an audit perspective. Every single person who grows up in an audit practice understands that responsibility, which remains with them. If you have individuals that join client organizations, then we have to be very careful about what their role is and to ensure independence is maintained.

Rules have been strengthened over the years, but at the end of the day, people have to take responsibility for their own actions and ensure that they are independent. If you are a partner of an audit firm and have been asked to be an independent director in the client's firm, then it is important that you should be independent of the company. If you are an employee of KPMG working on an audit, then you have to be independent of that audit. I believe that is important as it upholds the responsibility towards the public interest. We take that very seriously, and individuals who are in that position too should consider it equally seriously.

Can you tell us about your career trajectory?

I'm a Canadian. I was born and raised in Vancouver. I moved from Vancouver to Toronto in 2007, when I was asked to become the Chairman and senior partner of the Canadian firm. I worked in that capacity for several years before I became the Americas Chairman in 2014, which I was very honored to accept. In 2017, I was humbled to be chosen by our global board to be the next global Chairman, which is a fantastic opportunity. Although it's a tough job, I'm surrounded by a global council and the senior partners who lead the countries around the world. I am very grateful to them for giving me the opportunity and working with me closely to achieve our ambition.

More important than my job is my family. I have three children, a 22-year-old

daughter, 20-year-old son, and a 17-year-old daughter. My wife and I have been together since 1985, and she is the reason why I'm sitting here and having this conversation with you. I'd say the same thing if she were here.

I feel honored to have the opportunity to be in Sri Lanka. In a very short time, I have understood what makes this country come alive and the spirit of some of the fantastic people. I am already looking forward to the next opportunity to come back because my visit here this time is too short.