



EXCERPTS OF RECENT MEDIA COVERAGE

TECHNOLOGY & LIFE SCIENCES PRACTICE

A SAMPLING OF BDO THOUGHT LEADERSHIP IN THE MEDIA FOR Q1 2014

► THE WALL STREET JOURNAL

OUTSOURCING LOSES ITS LUSTER FOR U.S. TECH COMPANIES

By Emily Chasan

U.S. technology companies are putting the brakes on plans to move manufacturing or back office operations to cheaper foreign markets, according to a survey of chief financial officers released Thursday.

Only 5 out of 100 technology CFOs said they were planning to offshore services or manufacturing in the near future, according to a survey this month by accounting firm BDO USA LLP. That's a dramatic drop from the 16% who said yes last year and 20% who agreed in 2012.

After a series of economic disruptions and environmental disasters in the past



few years, "CFOs are trying to look a little more holistically at outsourcing," said

Aftab Jamil, a partner at BDO who leads the technology and life sciences practice.

"They are saying do we really save enough money that it is worth that risk?" ...

"I've seen quite a bit of change in the last two or three years in terms of attitude and focus around offshoring," Mr. Jamil said. "A

few years ago, almost every company you talked with was looking to offshore their operations."

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PRIVATE EQUITY TO LEAD TECH IPOs

By Saranya Kapur

Chief financial officers expect the surge in technology-sector initial public offerings last year to continue through 2014, with private equity-backed IPOs representing the majority, according to a survey by BDO USA, a consulting firm.

Of the 100 CFOs surveyed between December and January, 93% believe that IPO activity in the technology sector will remain the same or increase, up from 86% last year. Additionally, 43% expect private equity-backed IPOs to make up the majority of tech IPOs this year, beating out venture-capital backed IPOs and owner-backed IPOs.

"Private equity firms have invested a fair amount of money in tech companies over the last 8 to 10 years," said **Aftab Jamil, a partner at BDO USA.** "Now that the market is doing well and there are decent returns to be had, these firms want to cash out and find new opportunities."

Greater confidence in the economy is one factor that has led to a bump in overall



BDO has been a valued business advisor to technology and life sciences companies for 100 years. The Technology & Life Sciences practice of BDO works with a wide variety of clients, ranging from multinational Fortune 500 corporations to more entrepreneurial businesses, providing a myriad of accounting, tax, consulting and other financial services.

IPO activity, with 43% of CFOs surveyed believing that the U.S. economic rebound is the most important factor motivating growth this year, up from 16% last year.

"CFOs are usually very conservative, but there has been a lot of optimism this year," said Mr. Jamil. "Last year, CFOs were worried about the global debt crisis, but this year growth and profitability are projected higher, interest rates are low and the job market is doing decently, so they don't foresee too much uncertainty."

► THE DEAL

HOT IPO MARKET SHOWS NO SIGNS OF ABATING IN 2014

By Taina Rosa

The already hot IPO market is expected to continue its winning streak this year, providing an exit venue for private equity-backed companies...

Separately, in a survey of technology company CFOs conducted by advisory firm BDO USA LLP, 93% of respondents anticipated IPO activity in the sector will remain the same or increase in 2014 as compared to 2013, up from 86% of CFOs who expressed the same sentiments last year.

Moreover, 43% of the CFOs surveyed said they expect private equity to generate the most tech IPOs. Following private equity, 39% said venture capital-backed companies will be the most likely to go public, and 18% identified owner/manager or other privately held businesses as giving rise to the most IPOs.

Aftab Jamil, partner and leader of the technology and life sciences practice at BDO USA, said in a statement that "while some industry analysts are concerned that the IPO market has already hit its peak, our study indicates that technology companies anticipate that there is more to come in 2014 as business growth prospects remain strong and investor demand increases.

"This could be a reflection of the equity market, which remains generally strong, and the overall improvement of the economic environment," Jamil said. "Excitement generated by the robust equity market and the broader IPO market has also seeped into the market for private tech companies."

► INFOWORLD

TECH CFOS PREDICT A WAVE OF M&A IN 2014

By Serdar Yegulalp

If the rate of mergers and acquisitions in tech makes your head spin, don't expect any of it to slow down throughout 2014 -- and expect intellectual properties and patents to be a big reason why.

Corporate professional services firm BDO USA polled some 100 CFOs of U.S. tech outfits for its 2014 Technology Outlook Survey and found them firm in the belief that mergers and acquisitions in tech would either stay at the same rate (40 percent) or increase over last year (43 percent)...

What specifically drives M&A activity is another major issue, and the two biggest responses to that question were technology assets and intellectual properties (28 percent), and revenue and profitability (30 percent). Market share came in a distant third at 18 percent, but those three motives have remained consistently atop the list -- more so than "engineering and research," "distribution channels," "geographic coverage," or "acquiring the target before a competitor does."...

CFOs also seem confident in their revenue going up in 2014, albeit not explosively. 67 percent said their revenues would increase for the year, although slightly less than a majority -- 46 percent -- believed it would only go up somewhere between 5 and 9 percent. 20 percent believed it would only go up by as much as 5 percent. And of those that predicted a decline, 77 percent estimated it would be somewhere between 5-9 percent -- with only 16 percent estimating less of a decline than that.

► COMPUTERWORLD

WALL STREET BEAT: CONFIDENCE IN TECH SECTOR HIGH DESPITE MIXED EARNINGS

By Marc Ferranti

Despite some shadows cast by Lenovo and Cisco earnings, IT stocks have had a strong week overall, with Nasdaq tech stocks reaching their highest point since the third quarter of 2000, during the dot-com bust.

Despite some mixed earnings results over the last month, there appears to be an underlying sense of confidence in the tech sector. Sixty-seven percent of tech company CFOs surveyed recently by professional services firm BDO said they expect increased sales in 2014. That is a 15.5 percent increase from the number of respondents expressing similar sentiment in last year's poll, BDO said.

This optimism about sales appears to translate into optimism about strength in share prices. Forty-six percent of the respondents to the BDO survey said they expect technology business valuations to rise.

"Last year was a very robust year," said **Aftab Jamil, a BDO partner and leader of the Technology and Life Sciences practice**. "Ninety-seven percent of the CFOs [surveyed] said they think business valuations would be at least as good if not better than last year," Jamil pointed out. "Only 3 percent said they expect valuations to decline -- that's phenomenal."

Cloud computing and wearable tech will be among the hot product categories this year, Jamil said.

► CFO MAGAZINE

TAX FILING: ARE YOU READY FOR MARCH 17?

By **Chris Bard**, **Kirk Hesser** and **Bill Roth**



Filing taxes is a complex and time consuming process with bottom-line repercussions — and this year's process is no different. As the March 17 deadline for filing corporate tax

forms swiftly approaches, CFOs should be strategizing, planning and preparing. From multi-national tax compliance and transfer pricing concerns, to the expiration of the Research & Development (R&D) tax credit, CFOs should be acutely focused on getting their taxes right ...

According to the BDO 2014 Technology Outlook Survey, 19 percent of 100 CFOs at leading U.S. technology companies are most apprehensive about the expiration of tax incentives. This is a significant increase from last year, when only 9 percent of such finance chiefs reported it as a leading concern. The worries are likely related to the failure of Congress to pass an extenders bill before the expiration of such tax incentives at the end of 2013, such as the R&D tax credit.

By allowing the credit to lapse, Congress has once again given not only technology companies, but many companies with an emphasis on innovation, a reason to focus on their R&D tax position.

The federal R&D tax credit is available for expenses paid or incurred during 2013. But it's not currently available for expenses incurred during 2014.

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