

# SMART ROI™

Managing cyber risks to increase your return on investment

Governance, Risk & Internal Audit

PRECISE. PROVEN. PERFORMANCE.

## Quantifying cyber risks is challenging – but feasible

Cyber threats and their costs are a continuously evolving target and a source of uncertainty for corporations. Cyber breaches are one of the most likely and most expensive threats to corporations. It's essential that companies develop the capability to quantify their cyber risk exposure in order to form strategies to mitigate that risk.

Moore Stephens and Management & Excellence (M&E) have collaborated to help our clients to manage their cyber risks systematically through an artificial intelligent tool, SMART ROI™.

## What SMART ROI™ does?

SMART ROI™ for Cyber Security is about reducing your cyber risk from two directions: IT/technical and financial. We assess and defend your company from cyber attacks while telling you the financial value of your cyber risk in real time.

## How does SMART ROI™ work?

A discounted cash flow (DCF) is a valuation method used to estimate the attractiveness of an investment opportunity. DCF analysis uses future free cash flow projections and discounts them to arrive at a present value estimate, which is used to evaluate the potential for investment. If the value arrived at through DCF analysis is higher than the current cost of the investment, the opportunity may be a good one.



Real Time Financial Impacts

DCF is calculated as:

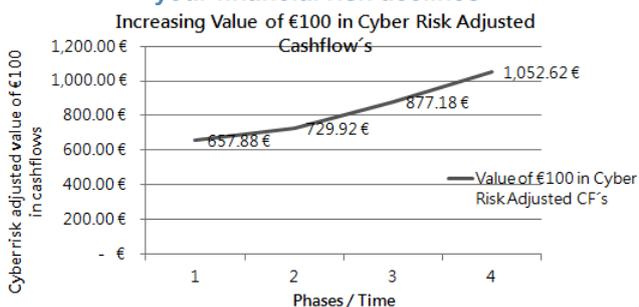
$$DCF = \frac{CF_1}{(1+r)^1} + \frac{CF_2}{(1+r)^2} + \dots + \frac{CF_n}{(1+r)^n}$$

CF = Cash Flow

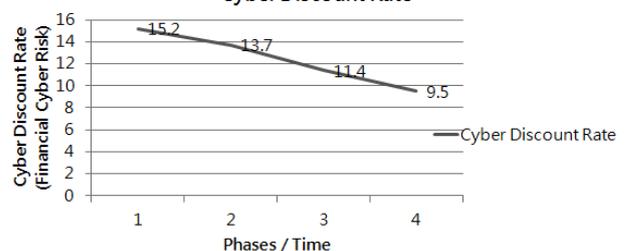
r = discount rate

Risk-adjusted discount rate is used. In fact, the risk-adjusted discount rate represents the required return on investment.

### As the value of your cash flows goes up, your financial risk declines

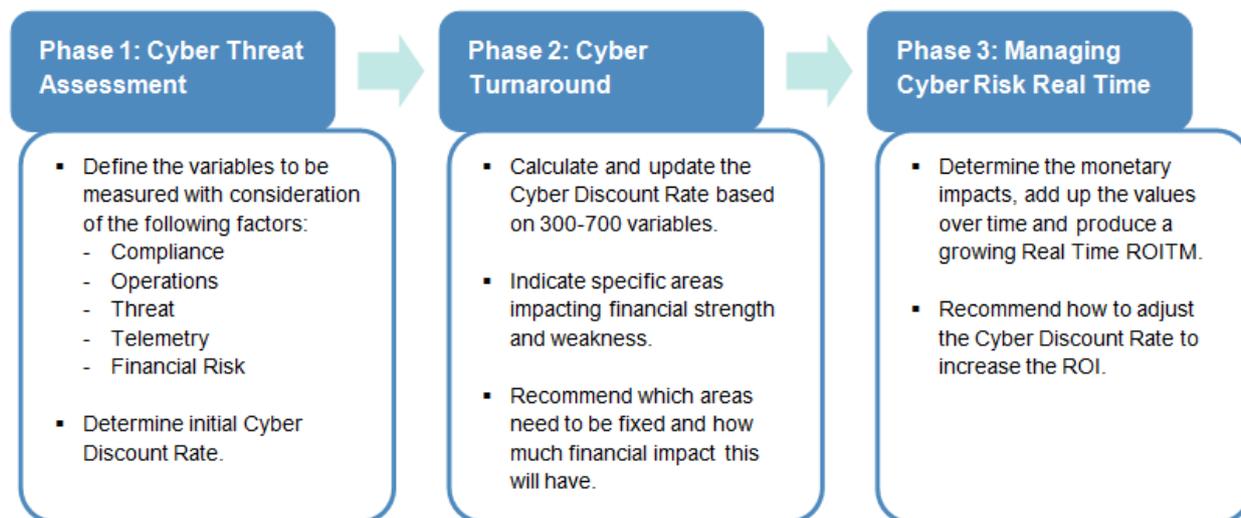


### Your cyber risk declines as your Cyber Discount Rate goes down



## What can we do?

Moore Stephens works jointly with M&E to conduct a cyber threat assessment for your company, determine cyber discount rate and assist you to manage cyber risk and increase ROI at the same time.



## Benefits of SMART ROI™

- SMART ROI™ gives you financial credit for your contribution on cyber security projects to your company's bottom line.
- SMART ROI™ helps you increase your ROI of cyber security projects.
- Our Real Time ROI™ tracks the growing ROI of cyber security projects.

## About Moore Stephens

Moore Stephens is a top ten accounting and consulting network with offices and member firms across the globe. Moore Stephens delivers personal attention, international perspective and local market knowledge in providing assurance, accounting, secretarial, tax and advisory services. Moore Stephens Hong Kong is a member firm of Moore Stephens International Limited. Established in Hong Kong in 1975, our success stems from our industry focus, enabling us to provide an innovative and personal service to our clients. Our objective is simple: to be viewed by clients as the first point-of-contact for all their financial, advisory, compliance needs. We achieve this by providing sensible advice and tailored solutions to help clients achieve their business goals.

### Patrick A. Rozario – Managing Director

patrickrozario@moorestephens.com.hk

### Hermes Liang – Director

hermesliang@moorestephens.com.hk

Moore Stephens Advisory Services Limited

T +852 2375 3180

[www.moorestephens.com.hk](http://www.moorestephens.com.hk)

## About Management & Excellence (M&E)

Founded in 2001 by officers of the Instituto de Empresa IE Business School in Madrid (ranked within the European and World top 5), Management & Excellence (M&E) has always been dedicated to financially quantifying the risks and returns of human processes. M&E has completed over 150 projects for large multinationals in the USA, Latin America, Europe and Asia. M&E has been covered in nearly 300 media articles on most continents and is present in New York, Sao Paulo, Madrid and Hong Kong. M&E is known as a pioneer in calculating the ROI and risk of such areas as governance, cyber security, training, HR, IT investments and corporate culture.

