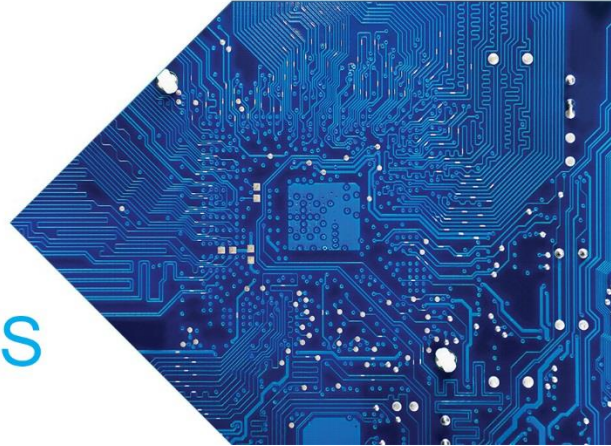


Governance, Risk & Internal Audit

SMART ROI™

INCREASE RETURN BY MANAGING CYBER RISKS



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.

We collaborate with **Management & Excellence (M&E)** 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:

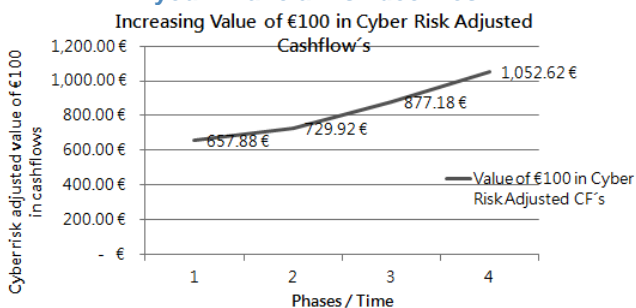
$$DCF = \frac{CF_1}{(1+r)^1} + \frac{CF_2}{(1+r)^2} + \dots + \frac{CF_n}{(1+r)^n}$$

CF = Cash Flow

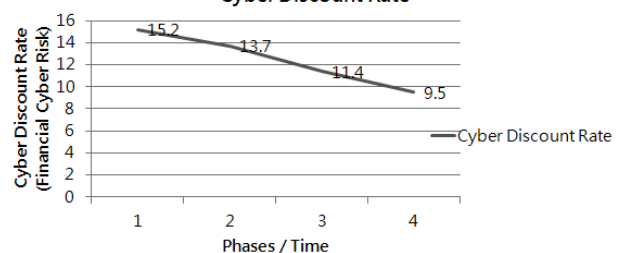
r = discount rate

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

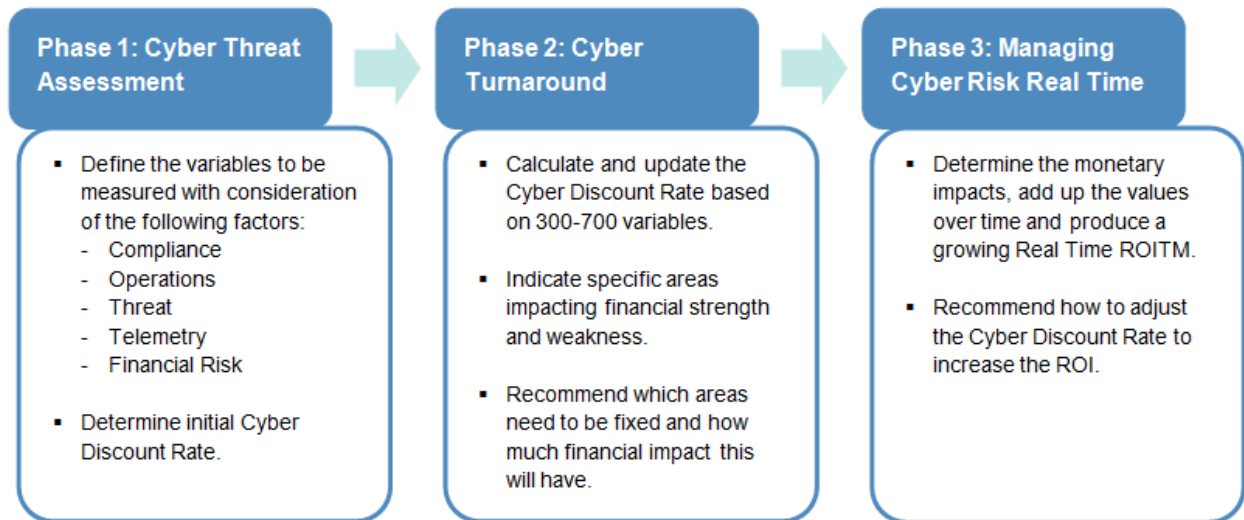


Your cyber risk declines as your Cyber Discount Rate goes down



What can we do?

We work 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 cybers security projects.
- Our Real Time ROI™ tracks the growing ROI of cyber security projects.

About Moore Stephens Hong Kong

At Moore Stephens, our purpose is to help people thrive – our clients, our people and the communities they live and work in. We are in a global accounting and advisory family of over 30,000 people across more than 260 independent firms and 100 countries, connecting and collaborating to take care of your needs. We will be here to help you see through maze of information, to guide you in your decisions and to make sure you take advantage of every opportunity. To help you thrive in a changing world.

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.

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