

# “We audit what matters”

From Berlin, Larry Herzog Butler, chief audit executive (CAE) of Delivery Hero, passionately shared with us all about their leading global business in online food ordering. Larry's background on Zoom shows us their physical office including dinosaurs. It gave us directly an insight into the environment that Delivery Hero provides to their employees (their true heroes) for innovation to flourish.

## How does Delivery Hero gets you out of bed every morning?

“I love being able to interact with such a diverse group of colleagues. Especially in the Global Internal Audit function, we are not only working with a team of internal auditors, but we have the opportunity to interact with different local management all over the world. One morning I am talking with the CFO in Argentina, and in the afternoon I am speaking to the CFO of Singapore. Hold on, I think I've got my time zones mixed up here, it's the other way around. Anyway, I've been blessed to meet a lot of interesting colleagues and to visit some of these interesting places. The big learning for me in all of this, is how important it is to be patient and respectful. Our business language is English, but English may not be the native language of some colleagues I speak with. It is very important to build up strong relationships and trust. This helps to prevent the misunderstandings, that inevitably come up given the language barriers, from distracting us from our goals. We constantly focus upon our common tasks and goals to create something amazing. We also receive a lot of recognition for the work that we do as an internal audit function, while in a lot of organizations internal audit isn't management's favorite topic. Our value is really perceived and praised by management. That makes Delivery Hero special and gives me a lot of energy to start my day every morning.”

## Do you perceive Delivery Hero as a tech company or as a food company?

“Good question. We think of ourselves as a consumer-oriented tech company and as the world's leading local delivery platform. As a tech company, we have pioneered quick commerce, the next generation of e-commerce. Our mission is to deliver groceries and household goods to customers everywhere in under 15 minutes. As the world's leading local delivery platform, we operate in approximately 50 markets across Asia, Europe, Latin America, the Middle East, and North Africa. We aim to deliver an amazing experience to people all around the world.”

## How can you outperform as an online food order company?

“I recall several years back when we celebrated 1 million orders a day. We have now even reached the milestone of

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delivering over 5 million orders in one single day. Our focus is and has always been on our customers and we try to amaze them by constant innovation. We started with food delivery. Now we have expanded our business to include quick-commerce, which guarantees an almost instant delivery of groceries and household goods to customers around the world. Our strategically located 'dmarts', delivery-only supermarkets or warehouses located centrally and optimized for delivery, facilitate the delivery of items in as little as 15 minutes in some markets.”

#### **What makes you heroes?**

“I like the question. Our business is customer centric and we aim to provide a seamless experience to all of our customers including our restaurant partners. Our CEO consistently provides leadership within the area of sustainability. His mission is to build a company of which his children can be proud. We are a carbon neutral company and have many investments in sustainable companies. In addition, we recently partnered with the UN World Food Programme (WFP), to integrate the ShareTheMeal donation feature into our delivery apps. Delivery Hero has facilitated more than 2 million meal donations since 2019 to people suffering from hunger or that have been impacted by COVID-19. Our goal is to donate 10 million meals by the end of 2021.

Finally, in response to COVID-19, we have implemented safety measures to protect our riders, including a EUR 3 million fund to mitigate any loss of work due to self-isolation or sickness. At the end, we are heroes because we care.”

#### **What are your expectations for the future?**

“Of course we are keen to continue our amazing growth trajectory. Our goal is to become the number one in each market that we enter. It is not easy to dominate these markets, nevertheless we will continue to focus on expanding our business. Recent evidence of this is our acquisition of the South Korea's #1 food delivery platform, our entry into Japan, the acquisitions of InstaShop in MENA and Glovo's business in Latin America.

I feel that Delivery Hero is a completely new company every 18 months, which could be in terms of strategy, focus or our facilities. Take for example our Berlin facilities; when I started we just took up a few floors in a building, 18 months

#### **About...**

Larry Herzog Butler CPA CRMA CIA is sr. director Internal Audit at Delivery Hero. He started his career at Deloitte US. Before he joined Delivery Hero five years ago, he was director of Internal Audit for an audit and consulting firm in Southern California.

later we moved to a larger building, again 18 months later the building was full so we keep expanding our space. Our goal is to provide spaces that inspire and energize our heroes. We continue to renovate and expand our facilities to accommodate our company doctor, a yoga studio, hairdressers, massage therapists, prayer and meditation rooms, and naturally room for bikes in our basement”

#### **Does your strategy differ for different countries?**

“Our business is hyper-localized. There are many examples, however, if we examine just one – our logistic operations around the world – we will find various modes of delivery, based upon local conditions. For example, in Hong Kong we may deliver on foot; in Kuwait by car, in Sweden by bike; and in Bangkok by motorbike.”

#### **In 2019 Delivery Hero sold its operations in Germany to Takeaway.com, what did this mean for Delivery Hero?**

“Our colleagues did a great job in creating value in our German-operating entity Lieferheld. The sale of our German operations enabled us to strengthen our global footprint and increase our focus on our key growth regions while also becoming a shareholder in Takeaway.com. This means that Delivery Hero will continue to benefit from the additional value created by Takeaway.com.”

#### **How does Delivery Hero manage its risks?**

“We face a multitude of risks in operating our business across the world. The risks that we face, we share with other global companies. Risk and opportunity are two sides of the

same coin. Seeking opportunity is a way of business for us. For example, our newly formed DX Ventures is a capital fund seeking drive innovation in food, delivery and beyond. This fund will invest in a wide variety of industries, including on-demand services, food technology, sustainable innovation, artificial intelligence, fintech and logistics. Nevertheless, looking at risk from a traditional perspective, we manage risks via a two-tiered board model and the three lines of defense. In Germany, listed companies are required to have two boards – a Supervisory Board and a Management Board. Our three lines of defense – management, risk and compliance, and internal audit all report to a combination of these boards on a regular basis to ensure effective corporate governance.”

#### **How many people work at the IAF and what is their background?**

“In 2017, I introduced and established the internal audit function at the company. Since then, with the help of the

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‘heart and soul’ of our IAF, Sholpan Niyazbayeva, we have grown significantly. The IAF of Delivery Hero consists today of 14 auditors and is in one word ‘diverse’, much like our Berlin headquarters where we have 100 nationalities represented. Our Internal Audit Heroes hail from Kazakhstan, Portugal, Finland, Jordan, Hungary, Colombia, China, India, South Korea, Uruguay, and the US. 9 of the 13 auditors are based in Berlin headquarters and the other auditors are based in our four hubs, one in each. Our aim is to grow our presence in the hubs in the nearby future. Most of our team has big four accounting experience and many either possess the Certified Internal Audit certification or are in various stages of studying and sitting for the three-part examination. There are also a few CPA’s and ACCA’s.”

#### **What role plays the IAF by addressing these risks?**

“We perform our risk assessments to determine what to audit and how. It is not possible that we audit all risk-items, we only audit what matters. Our challenge is to limit ourselves to audit only critical aspects of the business, we audit towards the risks. When we were small, we did a lot of traveling, but now we are growing and we are getting smarter in how to address the risks. Our hubs are very helpful to do so. Also, we have close collaboration with our second line of defense. In every country in which we are operating we have employees specialized in GRC, and they stay on top of emerging risks.”

#### **What are the main tasks and challenges of the IAF?**

“Our main task is to provide independent and objective assurance to our organization in the form of audits, consulting and insight. In other words, we are positioned to protect and add value to Delivery Hero SE and its subsidiaries. Our primary challenge is keeping pace with the speed of business. Delivery Hero is constantly developing new products, growing new verticals, expanding into new markets, acquiring and merging businesses. We keep pace with the business via taking an agile approach to internal audit. We have a plan for the 2021; however, our agile audit teams will only focus on our first audits of the year, before pulling from a backlog of audits. Also, we always “plan” for ad hoc audits during the year to ensure that we have capacity to take on audits and consulting projects that may be requested by management or the Board. Besides, we are always working on leveraging technology to help us to do our audits in a more efficient and effective way. Our vision is to continue

### **Delivery Hero at a glance**

Delivery Hero is located in Berlin. Delivery Hero was founded in 2011 and has grown tremendously ever since. They achieved a truly global footprint in approximately 50 countries and over 700 cities across the world. Delivery Hero became a listed company in the summer of 2017. In 2020 they entered the DAX (Deutscher Aktienindex), the leading stock market index in Germany, which consists of the 30 largest companies by market capitalization and trading volume on the Frankfurt stock exchange. They employ over 27,000 employees globally who are driven by innovation and an entrepreneurial mentality.

using cutting-edge technology to digitize the IAF such that we are able to audit towards current risks at the speed of business.”

#### **What was the impact of COVID-19 on Delivery Hero?**

“COVID-19 has indeed had an impact on Delivery Hero. One tends to think that COVID-19 had only a positive impact on our business, as we specialize in food delivery. Our number of new customers has certainly increased as many new customers have now realized the value of food delivery. However, in certain markets there were regulations that negatively impacted our business. For example, certain local restrictions resulted in the restricted operating hours and the temporary closure of restaurants. During the pandemic, our true heroes are our riders. They keep our customers happy and safe in making deliveries in over 700 cities around the world.”

#### **What effect did COVID-19 have on the work of the IAF?**

“The impact on the IAF was minimal. Like many other heroes, we were already accustomed to video calls with our colleagues around the world. From kick-off meetings to interviews to wrap-up meetings, we already had experience performing these in a remote manner prior to COVID-19. The only limitations that we face are scope limitations regarding certain procedures that can only be performed onsite and working for extended periods of time in varying local time zones.” <<