EY wavespace combines the art of the possible with the realities of corporate life

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EY continues to work toward its Vision 2020 goal with its distinct approach to consulting. The company has moved from startup to scale-up as it further expands its global network of innovation and experience centers, which are now in 18 cities across the globe.
EY wavespace is a global network of growth and innovation centers designed to help businesses navigate what EY refers to as ‘the Transformative Age.’ By combining the experience of its global tax, accounting, advisory and transactions professionals with startup and disruptive innovation thinking, EY is positioning for the digital future. It has chosen not to create a separate digital business, preferring to weave digital capabilities into all practice areas and the further expansion of EY wavespace is illustrative of this approach. In this way the company acts as a trusted adviser, bringing innovative ideas and deep sector knowledge to clients, while keeping an experienced eye on the corporate risk implications of those ideas.

**THE 451 TAKE**

In the growing market for consultancy around digital transformation, EY Advisory has a strong trusted adviser brand to build on to help clients with digital transformations, including advising on the rules and processes to put in place to manage risk. It is taking this particular perspective out to clients and prospects via the EY wavespace network of flagship centers that help promote responsible thinking as part of the digital reimagining of processes, functions and departments. This nuanced approach to digital transformation, born of tight integration with the company’s existing businesses, is particularly timely given the current controversy surrounding the governance of the Facebook platform, for example.

**CONTEXT**

EY wavespace is the company’s global network of growth and innovation centers (flagships) that use common operating principles, capabilities and tools. Within the network, centers have a unique purpose and supported by teams with different capabilities. These teams connect across the global network to bring clients the capabilities they need. So, for example, the center in Union Square, New York, supports financial services by applying RPA, AI and blockchain expertise; London UK focuses on customer research, UX and design thinking and is home to EY Seren expertise following the acquisition of that company; Trivandrum, India, is part of the global delivery service supporting innovation within wavespace; while Berlin and Tel Aviv are primarily hubs to bring in startups to work with clients.

EY has added substantial innovation capability through recent organic building and via the acquisition of a number of new businesses, including Seren and Intuitive Company (design), CogniStreamer (crowd sourcing), Society Consulting and C3 (data and analytics), and Citizen Inc and Bedrock Consultants (digital strategy and technology).

Each flagship is multi-functional and has a multi-disciplinary and cross-service line team that is either resident or on rotation from other parts of EY’s business. The company also has satellite operations that focus on specific competencies that can be technological or business solutions, and it also offers wavespace on the road and at client sites via pop-up and mobile environments.

**STRATEGY**

EY has launched a new flagship in Milan and will continue to expand its wavespace network adding new flagships that will include Chicago, Dubai, Shanghai, Hong Kong, Sydney and Singapore in 2018. The competencies managed by these centers connect back to EY’s digital transformation teams, supported by traditional areas of expertise in terms of its lawyers, auditors and risk managers and cuts across its existing businesses in advisory, assurance, tax and transactions, so that digital technology is shaping the way EY delivers these services to clients.

Indeed, this is a point of differentiation for EY from other consultancies that have set up separate digital businesses operated in the mode of a startup and have consequently become siloed from the main business. The EY approach arguably creates a more industrialized and enterprise-friendly digital capability that connects with its deep sector knowledge, regulatory and compliance expertise. The core/rotational multi-disciplinary teams working at each flagship infuse the broader company with digital innovation while also taking existing domain knowledge into the centers.
EY wavespace also acts as a way to clone the IP from acquisitions that are brought into the core expertise of the local flagship center close to where the original company was based, and from there can operate in an open ecosystem for clients across the world.

As a result of the acquisitions EY has been making, alongside organic development of IP, the company has a growing number of assets to support its innovation and experience offerings. These include EY Embryonic (a machine-learning ecosystem and VC investment tool that maps competitors and their investments in tech startups), EY CogniStreamer (a SaaS-based innovation platform to support crowdsourcing), EY Storybook (a SaaS-based voice of the customer research and customer journey mapping platform) and EY Appdoit (a PaaS for rapid prototyping of applications).

**SERVICES**

The EY wavespace service offerings are a catalog of cross-service line assets created by packaging assets and capabilities that EY has built or acquired around the world. As an asset is brought in via acquisition or created internally, it is made available across the wavespace network and skills are developed to support them globally.

EY claims a lot of market momentum for wavespace in terms of engagements with clients that are now wanting to move beyond accelerators for proof of concept in digital transformation to scaling up production systems. The advantage that the company has here lies with its connected approach that can field agile multi-disciplinary teams that understand not only design thinking but also the client’s business challenges, legal, tax and reg and com digital requirements.

As wavespace grows, clients are asking EY to bring other clients to the table to help with innovation and disruption thus creating new teaming and venturing opportunities. For example, the CIO of one large multinational has decided to engage EY to help it build its own wavespace at its own location. Another client had undertaken a merger and so needed to think quickly about the future. In response, EY was able to build out a wavespace in five weeks and conducted seven workshops, bringing 300 companies through to the client. Other clients are taking an outside-in approach to applying new SAP implementations and need to get executives aligned with new processes.

EY uses the wavespace network for bespoke client days, CXO days and Discovery days. These take the form of left-to-right sprints around the evolution of, for example, the IT department or finance function or they may be focused on creating a new offering from scratch. In this way, EY uses the network to deliver events and industrialize assets and it also forms a location for pursuits teams and the management of project delivery.

**COMPETITION**

EY Advisory’s closest competitors are the other members of the Big Four: Deloitte, KPMG and PwC, each of which has chosen to establish separate digital businesses, as has another competitor, Accenture. While a separate digital business creates both an internal and external focal point for innovative projects that can be helpful, it also creates problems by enabling a siloed approach to digital innovation to take hold that can lead to internal squabbles over digital areas of expertise. EY has sidestepped this problem by opting to create a focal point in EY wavespace that actively rotates staff from its core businesses in order to bring operational knowledge of sector and business issues, compliance, risk, tax and regulation into its digital hubs, to work with digital technology specialists who are then rotated back into the broader business, creating waves of digital diaspora to enable a wider business transformation within the company.

IBM and Capgemini have also eschewed the creation of a separate digital business, respectively using Innovation Garages and Applied Innovation Exchanges to perform the same function as wavespace does for EY. However, neither of these consultancy businesses have the domain expertise or sector knowledge of EY.
## SWOT Analysis

### Strengths
EY continues to make progress in changing its operational model to suit the digital age and the development of EY wavespace is a good example of the company’s commitment to change its own businesses while also supporting clients with their transformational strategies. Its strategy to blend a keen understanding of business challenges and risk into the art of the digitally possible is a big differentiator.

### Weaknesses
The next logical piece in the strategy is to ensure that key account and business development teams are trained in, and confident about, selling services via the immersive experience of wavespace. Using innovation centers can be quite a complex, high-profile sales approach to get right in terms of revenue pull-through.

### Opportunities
The main opportunities for EY wavespace, given EY’s heritage, lies with end-to-end digital transformations, co-sourcing innovation capability with clients and innovation projects focused on CFOs for which the company has already developed its CFO space capability in Frankfurt. The next obvious opportunity lies with chief risk officers, working with EY to reimagine internal auditing.

### Threats
The challenge that every one of the Big 4 management consultants have is not allowing auditing to become too entwined with the corporate reimagining work of their advisory arms. If not carefully managed, conflicts of interest between the two can create market-changing scandals.