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EY showcases NextWave strategy as it rebrands its advisory arm as EY Consulting

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The company has dropped the Advisory descriptor, opting for EY Consulting instead. Additionally, its Vision 2020 strategy has evolved into its NextWave strategy, capitalizing on EY's 15-year global integration and teaming focus across the business to transform itself using data, technology and its diverse talent pool.

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Introduction

EY recently held its global analyst and adviser event, the first since new CEO Carmine Di Sibio took charge in July 2019. On the agenda was the evolution of the company's Vision 2020 strategy to its NextWave strategy, which capitalizes on EY's 15-year global integration and teaming focus across the business to transform itself using data, technology and its diverse talent pool. EY has also rebranded its advisory arm as EY Consulting.

451 TAKE

It is important for digital service providers to invest in consulting skills to support the people, process and technology aspects of new target operating models within client organizations, to help ensure the successful business value of an engagement. Providers that can transition from providing point services to 'managing transformation' via platform-powered professional services that take advantage of IaaS, PaaS, SaaS and a range of new technologies (including big data, automation, IoT and machine learning) are in a leading market position to do this. EY has been working on this approach for several years, and is now demonstrating its progress with its Client Technology Platform to bring the whole of EY to its clients.

Context

In FY 2020, EY's total headcount grew to more than 298,000 and combined global revenue rose 4.1% to \$37.2bn, with the advisory arm growing 4.9% to \$10.5bn. Within its workforce, more than 45,000 people now have technology backgrounds, including more than 20,000 data specialists. EY Consulting operates five technology competency domains: technology transformation at the C-suite level, technology solution delivery, data and analytics, digital and emerging technologies, and cybersecurity.

Nearly 80% of revenue-generating technology in EY is on the cloud across 160 countries, enabling it to work more effectively as a global professional service provider and providing workplace resiliency as COVID-19 struck and staff had to adjust to working from home. EY has invested over \$1.5bn in technologies and platforms to better support its business, including its Client Technology Platform, which currently supports over a million users and 500 million business transactions a day.

NextWave strategy

In order to ring the changes under its new leadership, EY has dropped the Advisory descriptor, opting for EY Consulting instead. The change is subtle, but within a firm like EY, it is meant to signal confidence that it can operate as a leader in the business transformation area, pulling together people, technology and innovation under its Transformation Realized framework. The framework's three core attributes are Humans@center, addressing customer and employee engagement; Technology@speed, focusing on business agility; and Innovation@scale, bringing together the business and operational models.

In order to help clients with business transformation, EY needs deep technology, accounting and people expertise. Most clients are currently focused on survival and stabilizing the business to operate in the 'new normal.' In the time of COVID-19, discretionary spending is reduced, but in some areas spending has to be accelerated in order to survive – for example, for retail an online strategy is now essential. In response, EY is breaking projects down into manageable sprints for cost and risk factors, and is seeing a big increase in demand for the firm's managed services and for digital transformation support, with a focus on supply chain cost reduction and efficiency, M&A and divestment activity, and reimagining the workforce real-estate model so that businesses are ready for the recovery when it starts.

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EY has developed a number of business platforms that provide pre-assembled accelerators to drive a successful transformation project and bring technology partners into the project via the platform approach. For example, EY Agile Finance is an offering designed for finance teams to help them take advantage of technologies such as machine learning, RPA and blockchain as they transform their function via an ERP migration. EY also has service platforms such as EY Diligence Edge, which is designed to support the diligence process around M&A activity with embedded IBM Watson Knowledge Studio and Watson Discovery to consolidate and analyze external information and provide strategic recommendations. This is an example of a managed service where EY is seeing growth. EY also has implementation platforms such as EY Nexus for Insurance, which was created in 2012 with preconfigured components to enable insurers to launch new products in 12 months or less, as well as to launch new companies and brands and strengthen agent and customer engagement.

All these platforms are underpinned by EY's Client Technology Platform (CTP), which operates as a digital interface and experience pathway to connect clients and customers and is a way of integrating the whole of EY around a common user experience and developer platform with reusable componentry. Across consulting, CTP makes it much easier to collaborate to solve client issues, activating what EY already has along with support for client-specific innovative prototyping.

EY now has 36 wavespace flagship facilities and 19 wavespace satellites to curate the transformation experience using EY's platforms. It is using its future-back methodology as it cocreates with clients in wavespace to define the future for the client and work backward to a starting point for a transformation project. EY says that take-up in use of wavespace has grown in the last six months during the COVID-19 pandemic, with the engagement moving from a one-day face-to-face experience to a virtual environment that runs across two to three days.

EY has also developed a technology career framework for its staff that is fine-tuned to the growing number of internal technology roles that its business needs. It has its own internal technology academy, and has launched its own technology MBA for EY professionals. The learning pathways are integrated with the company's human resources system, SuccessFactors, and EY is working with SAP and Microsoft to build curricula for experiential learning.

To ensure EY is attracting and developing a diverse set of people, it has put in place a neurodiversity program in the US, and this will be replicated in the EMEA region, operating alongside global initiatives such as Women in Tech and the EY STEM Tribe program.

Platform-powered professional services

EY's recently introduced Transformation Realized method relies on a suite of technologies for which the engine is the EY Transformation Platform that now underpins EY's transformational engagements, orchestrating capabilities and assets, speeding up delivery, and reducing risk. Integrating with the EY Transformation Platform, EY has created a number of platform offerings that support its core Transformation Realized attributes, such as EY Smart Experience and Digital Organization, which speak to the human-centricity of transformational projects; EY IoT Calibration-as-a-Service (CalibraaS) to help deliver technology at speed; and CogniStreamer for managing innovation at scale.

These platforms are being used with clients. For example, EY deployed its Smart Experience Platform for a financial services company to modernize a customer-satisfaction feedback loop that was stuck in the pre-digital era using NPS and CSAT scores. With its platform approach, EY was able to reduce the client's cost of running customer-satisfaction programs and provide insight faster and at scale across tens of millions of customers using automated data analytics and machine learning.

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EY has also worked with a client in publishing and e-learning, using its Digital Organization Platform to accelerate workforce transformation and ensure that the design of processes is fit for purpose. The platform is used to track the execution of the plan as the organization moves from its current to future state. It hooks into the client's human resources system to track workforce movements, identifying and accelerating cost-saving opportunities by using algorithms to run multiple scenarios based on the roles that are entered into the platform. In this way it can analyze process activity – providing information on where the work is performed, where it is located and what makes best commercial sense – and support decisions about what can be outsourced and at what cost.

EY Embryonic is a strategic insight platform that amalgamates data from a variety of sources to follow cash flows to better understand where companies are investing in order to identify the best partners and acquisition targets for the client. EY has used Embryonic, working with an insurance company, to create a data-driven approach to identify the best technology vendors for the company, narrowing down 50 infrastructure providers to 10 that were invited to the client's RFP phase.

EY CogniStreamer, the firm's innovation management platform has been used by a large European healthcare services provider during the pandemic as part of an objective to prioritize new technology offers by capturing input from technology and management firms and then modeling the internal decision flow to create faster decision-making processes. As a result, 35 technology solutions are now already being deployed by the client, after sifting through several hundred potential solutions.

All these platform technologies are integrated via the EY Client Technology Platform and can be accessed via the My EY Portal, activating a globally integrated go-to-market approach that reinforces EY's global commercial and delivery model.

Competition

EY Consulting's closest competitor as a management consultancy with a platform approach is probably Deloitte, with its Deloitte Platforms business, but from the start, EY has been developing a more pervasive internal change to platform thinking within its entire professional services capabilities, rather than focusing on a separate, externally facing business opportunity. Accenture is probably the closest in scope to EY, with the development of its myWizard, myConcerto and myNav platforms, which are helping it transform its own technology services business by integrating strategy consulting through to digital build, management and maintenance in a platform-enabled workflow enhanced by advanced technology assets.

SWOT Analysis

STRENGTHS

EY Consulting has made impressive progress to date in establishing its Client Technology Platform as the cohesive engine for all its platform-powered professional services. It is well on the way to establishing itself as a transformed management consultancy.

WEAKNESSES

EY Consulting still has work to do to ensure that the different arms of EY come together more effectively to deliver on its key differentiation as a board-level influencer capable of pulling together the CFO and the CDO for transformational projects.

OPPORTUNITIES

Because of its core competency in audit and tax efficiency, management of risk, and technology expertise, EY has a growing digital opportunity around top-down business transformation initiatives, which are gathering momentum because of COVID-19.

THREATS

Economic uncertainty will continue to create a challenging commercial environment for consulting projects for the foreseeable future.