



EY 2021: Hybrid and Omnipresent

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Virtual, September 28-29

EY Virtual Technology Analyst Summit:

On September 28 and 29, EY virtually hosted analysts for a global EY Technology Summit, showcasing the firm's technology-centric offerings and capabilities, with break-out sessions on functional areas, such as blockchain, security, and analytics, as well as client success stories. The following includes information gathered during the event and in subsequent one-to-one discussions with EY executives.

TBR Perspective

A few years ago in a wide-ranging discussion, TBR analysts and EY executives considered the future consulting business model, noting how most industries had been fundamentally disrupted by technology while consulting stayed apparently unchanged. Fast forward through the current pandemic and EY clearly anticipated where consulting was headed: hybrid engagements, delivered in-person and virtually, substantially aided by technologies, including big bets EY made on AI, blockchain, and cybersecurity. In addition, EY has further understood a significant shift in the IT services and consulting ecosystem, in which technology vendors' needs have been supplanted by clients' needs, making partnerships less about sales and marketing and more focused on delivery. The September Analyst Summit and the one-to-one discussions with EY executives in the following weeks confirmed TBR's assessment that EY's evolution continues, undeterred by COVID-19.

In an expansive and informal discussion with TBR after the event, EY's Global Vice Chair for Consulting, Errol Gardner, said the firm's performance in the Asia Pacific region has returned to close to 2019 levels, adjusting more rapidly to the COVID-19 era than other regions. He predicted massive opportunities to consult to the government sector in Europe in the coming year, as well as sustained uncertainty in North America (specifically the United States), all while noting that the current market doesn't favor new entrants or substantial account turn-over, with most clients unwilling to take on additional risks associated with onboarding new consultants. Gardner's comments extended his Analyst Day opening remarks, providing some assurance that the radically changed business model for consulting would not lead to a radically changed EY, except in certain areas, such as remote-working, diversity and inclusion, and resilience. Gardner also reinforced one of the over-arching themes TBR took away from the entire event: the future is hybrid, which includes not just delivery, but how EY structures itself and

continues to build its business. Beyond recruiting talent, building solutions, and acquiring assets, Gardner reiterated that the firm would be relying on ecosystem partners, expanding beyond traditional alliance structures to meet clients' evolving demands. In TBR's view, this approach to ecosystems has developed over the last few years as the firm has shifted from selective and limited alliances to a more expansive partnering model.

In a follow-up discussion after the Summit, Amy Brachio, EY's Global Business Consulting Leader, described an evolution of clients' consulting needs and how EY tackles those changes. According to Brachio, clients previously brought EY problems which required a specific skill set or clearly defined capabilities to solve. As emerging technologies have forced changes to clients' business models, EY has responded to more complex and transformational problems by bringing to bear the entire firm. Rather than focusing on global total engagement revenue by competency (such as, Supply Chain), EY has shifted to evaluating performance based on the buyer's agenda and understanding which skills and capabilities the entire firm needs to bring to solve more complex problems. In TBR's view, shifting from a traditional mindset around revenue metrics based on competencies to a client-centric, holistic understanding of EY's role within a client's ecosystem reflects the firm's overall culture around purpose.

Sticking to strategies and building alliances around Security, AI, and Blockchain

Ever-expanding alliances with key technology partners have underpinned EY's technology evolution over the past few years. Building on comments made during the Analyst Day, Global Alliance and Ecosystem Leader Greg Sarafin explained to TBR that the firm's alliance remained grounded in joint solutions, integrated platforms, and shared clients, not joint ventures or business groups. In contrast to other leading consultancies and global SIs, EY's approach to partnering with technology vendors, particularly companies like SAP, IBM, and Microsoft, revolves around definitive opportunities centered on EY-built platforms and solutions. For example, the firm has partnered with IBM Watson to create Diligence Edge, a due diligence platform which substantially reduces the hours needed to, in Sarafin's description, "find the worms and the pearls. Accelerate the time to find issues and accelerate the time to value" for clients examining acquisition targets. Sarafin added that EY will "lean in on solutions" and "solve big problems with" EY-built solutions and platforms. While EY may deliver some of these products as managed services, the firm's primary business model will continue to revolve around the consulting, process re-engineering, integration, and change management work necessary for clients to continue with their digital transformations. On that last element, Sarafin noted that COVID-19 brought religion to Boards about the importance of digital transformation, ending the indecisive stop/start nature of many engagements and convincing EY's clients they need to move to the cloud. As part of EY's story on digital transformation, Sarafin shared with TBR that the wavespaces would continue to evolve, becoming more tightly aligned with technology partners, such as Microsoft, or more industry-centric, such as around manufacturing in a to-be-opened wavespace in Ohio. (Note: TBR has written extensively [on wavespaces](#) and on [innovation and transformation](#) centers, generally. Endnote)

"We are living in a disruptive era marked by increased digitization, increased attack surfaces, and decreased budgets"

During a summit breakout session, EY's Global Consulting Cybersecurity Leader Kris Lovejoy offered her views on COVID-19's impact on cybersecurity, noting the simultaneous pressures on CISOs to cut costs in a harsh economic climate and combat a spike in cyber-attacks. Further complicating matters, Lovejoy said most CISOs would rate their relationships with other parts of the business as "actively negative," with funding for security reliant on the "hammer" of compliance or a crisis. Into this environment, EY brings the full suite of cybersecurity capabilities and offerings, with a "real key strength in strategy, risk, and compliance" and a "growing emphasis on detect and respond." According to Lovejoy, EY orchestrates clients' efforts to integrate the patchwork of technologies they've built around security and helps CISOs quantify security risks. By approaching security as integral to digital initiatives and as an integrated part of EY's total technology-enhanced offerings, the firm positions its cybersecurity solutions

as sitting “on top of a unified technology platform that will allow [EY] to provide cross-functional and interdisciplinary insights to our clients and meet the challenges of a post-COVID world.”

Taking the cybersecurity discussion further, Lovejoy told TBR that a growing trend across EY’s clients has been the emergence of a new kind of Chief Information Security Office, tasked with managing relationships among an enterprise’s full ecosystem of partners, clients, and providers, as well as providing a company’s cybersecurity face to the markets and the Board. While traditional CISOs still manage threats, defenses, and mitigation, this new CISO handles risk from the business perspective, bringing cybersecurity issues to the lines of business and the full C-suite, reminiscent of the shift for some CIOs from managing IT infrastructure to being a business-enabler with cloud, RPA, and other emerging tech solutions. Lovejoy also mentioned pandemic-induced changes to the overall cybersecurity landscape, including budget freezes and “lots of new shadow IT” and the attendant new risks, as well as a reaction to an increase in ransomware attacks which may have longer-term implications. According to Lovejoy, ransomware attacks have increased in volume in part because victims have been more willing to pay, perhaps even quietly encouraged by their insurance companies to do so. The US Department of the Treasury has not explicitly ruled that ransomware attacks must be disclosed, so victims may be more willing to pay to avoid any reputational hit. If Treasury makes a regulatory shift on this issue, Lovejoy expects more news around ransomware – not because the number of attacks increased, but because revised disclosure rules would make it harder to cover up. In TBR’s view, EY has positioned itself well as a trusted coordinator for all the players involved in responding to ransomware attacks, including inhouse cybersecurity teams, security software providers, insurance companies, regulators, and the full C-suite. In addition, Lovejoy discussed governments around the world at national and regional levels adopting different regulations around security and, most critically, data privacy, which, in TBR’s view, could benefit EY as the firm positions itself a trusted advisor, with clients seeking EY’s advice in creating national or regional compliance strategies. Extending the discussion of EY’s strengths in the cybersecurity services market, Lovejoy noted that the firm’s proven capabilities around risk, data management, and identity and access management perfectly align with clients’ pandemic (and post-pandemic?) security priorities and reinforced the firm’s decision to “double-down on our strategy” in cybersecurity, to include additional Cyber Fusion Centers and scaling capabilities in emerging markets, such as Africa, the Middle East, and Eastern Europe. (note: [TBR previously reported](#) on EY’s expansion into Oman in 2018. Endnote)

Transformation and revolution in artificial intelligence

In her Summit breakout sessions, EY’s Global Consulting Data and Analytics Leader Beatriz Sanz Saiz made clear EY’s vision around artificial intelligence tied directly to the firm’s transformation and those of its clients. Sanz Saiz started with the premise that the future of workflows will change in the next three-to-five years, with top performing enterprises infusing AI into their workflows. For EY, this transformation requires taking the firm’s skills and infusing them into clients’ workflows. In Sanz Saiz’ words, “It is a revolution to us.” A few weeks later, Sanz Saiz spoke at length with TBR, furthering the discussion around EY’s approach to artificial intelligence and the importance of shifting from data as something to be analyzed to data as part of the fabric of daily operations. Sanz Saiz started with the ambitious and wide-ranging idea that EY intends to embed AI in “every field of play” for the firm, catalyzed by shifting from thinking of AI as part of an informational environment to AI as part of an operational platform. She added three key elements to making this informational-to-operational shift: 1) adoption must be holistic across an entire enterprise, including every person in the C-suite; 2) data must be made available at scale (small projects and limited data sources constrict any transformation); and, 3) consumption of AI must be decoupled from the data source. If the first two are widely accepted mantras within IT generally and AI specifically, the last point, according to Sanz Saiz, truly separates EY’s approach from peers when it comes to AI and creates a new view data and AI architecture. Similar to other emerging technologies, Sanz Saiz noted that COVID-19 accelerated adoption of AI solutions, while still cautioning that “very few companies truly unlock the value of their data.” In TBR’s view, EY’s approach on AI, which has evolved rapidly in recent years, mirrors the firm’s overall technology strategy: humans at the center, technology at speed, and innovation at scale. Saiz Sanz repeatedly

pressed the point – echoing “humans at the center” – that EY’s fundamental questions around AI and data involve defining what matters to the people running the business, including how AI can be truly transformative.

Creating an ecosystem around public blockchain

During Summit breakout sessions on blockchain, Paul Brody, EY’s Global Blockchain Leader, presented progress to date by the firm’s blockchain practice, describing blockchain.ey.com with its application suites of EY OpsChain and EY Blockchain Analyzer, as well as foundation services, such as smart contracts and token management. He noted major milestones EY had met in recent years and set the stage for demonstrations of newly-launched blockchain solutions. TBR analysts who attended the blockchain breakout session during the analyst event followed-up with Brody to dive deeper into the firm’s value proposition and differentiation. From the start, two elements stood out for TBR: first, Brody said EY is explicitly not trying to build point solutions or a collection of tools, but strategically committed to creating an ecosystem around public blockchain. To that end, Brody stressed that technology partners and clients would not be joining “our blockchain – [they’re] joining the largest public one.” Second, Brody stressed business-to-business value from public blockchain which comes through shared facts and processes, something enterprises have internally tackled for decades, with varying degrees of success, often based on data and digital complexity. In contrast to internal ERPs which have undergone constant innovation and improvement, B2B communications have been stagnant (still using email) or inefficient and expensive (as most B2B platforms or markets to date). Public blockchain, in EY’s words, “will do for networks of enterprises and business ecosystems what ERP did for the single company.” Brody added conducting business-to-business transactions over a public blockchain increases transparency and compliance with commercial terms. In Brody’s estimation, “most companies are better at negotiating deals than implementing them,” so utilizing a public blockchain would assure both parties terms and conditions are continuously met. In TBR’s view, EY’s expansive, yet grounded, approach to blockchain has created a kind of virtuous ecosystem that comports well with the broader firm’s overall approach to helping clients solve their most difficult business problems.

Even in a hybrid world, consulting equals people, so it all comes back to talent

During the Summit, EY’s Global Consulting Talent Leader Amanda Gethin addressed the future of work and described recent EY acquisitions and solutions geared towards helping clients manage changing demands and pressures on talent recruitment, retention, career paths, and training. In the final post-event follow-up with EY, TBR asked Gethin to speak to talent management changes made because of the pandemic which would continue when the world reaches a post-pandemic stage. Gethin corrected TBR’s assumption that EY had moved on from learning lessons and implementing changes, noting that readiness, resilience, and agile adoption to employees’ ongoing challenges were not fixed moments in time, clearly delineated between March and November. Gethin reiterated the firm’s commitment to its employees’ total well-being and stressed that leadership across the firm continued to learn and adjust on issues such traditional work rules, workday schedules, and sustaining personal connections. Looking forward, Gethin speculated that the traditional consulting model – be onsite at the client four days per week – would not return to pre-pandemic levels, while noting that during the transition period, as countries and companies adjust to post-COVID-19 rules and norms -- the firm would continue to put employees’ health and safety first. In considering the full range of talent issues -- from the average age of an EY consultant to leveraging wavespaces to training across leadership and cloud – Gethin reinforced Gardner’s message that radical change in the consulting business model didn’t imply radical change in EY’s culture and priorities, even as the firm makes changes specifically around talent management.

TBR analysts have attended EY analyst events for years and have published event perspectives and special reports detailing how the firm has evolved. Twice per year, as part of the Management Consulting Benchmark, TBR publishes an in-depth assessment of EY’s management consulting business and many of the developments noted above have been captured in the most recent profile.



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