



HUMANS AT THE CENTER: EY'S PEOPLE ADVISORY SERVICES IN THE POST-PANDEMIC WORKPLACE

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► TRANSFORMING THE EMPLOYEE EXPERIENCE FOR EY AND ITS CLIENTS

In late October 2021, TBR met with senior partners from EY's People Advisory Services, including Kim Billeter, principal, Americas People Advisory Services leader; Jonathan Sears, principal, Americas Organization and People leader; Gerard Osei-Bonsu, EMEA Integrated Mobility leader; and Agi Donnithorne, associate director of Global Analyst Relations, to discuss their firm's ambition, investments, people and place within the broader people advisory market. The following reflects that discussion and TBR's overall research and analysis of the current human management consulting market.

Throughout the entire discussion with TBR, EY's People Advisory Services leaders emphasized that their whole practice revolved around placing "humans at the center," an approach that has been embedded natively into every EY service line, including Consulting, Tax, Strategy & Transactions, and Assurance, reflecting EY's firmwide and global approach to talent issues. EY's leaders also emphasized deploying and testing solutions internally before introducing them to clients and continually working to "simplify complexity" across every element of the hire-to-retain people advisory spectrum. Notably, the EY leaders said their main clients have expanded beyond the chief human resources officer to now include chief operating officers, chief financial officers, and line-of-business leaders more attuned — possibly due to the pandemic — to the vast array of human capital management challenges, including office space, productivity tools, immigration, and risk management. While human capital management consulting includes, potentially, an impossibly diverse and almost unmanageable set of capabilities, offerings and consulting services, Billeter and the rest of the EY team kept the discussion focused on two key components: prioritizing a "humans at the center" approach and transforming the employee experience, starting with a reimagining of EY's and its clients' workforce agendas. In TBR's view, every company has faced human capital management challenges during the pandemic and some lessons have spread quickly (for better or worse). As spiking attrition, return-to-workplace issues and the war for talent all heat up across professional services and the broader workforce, EY's decision to ground humans at the center while thinking about how long-term transformation should resonate with clients while helping the firm maintain its own employee morale and culture.



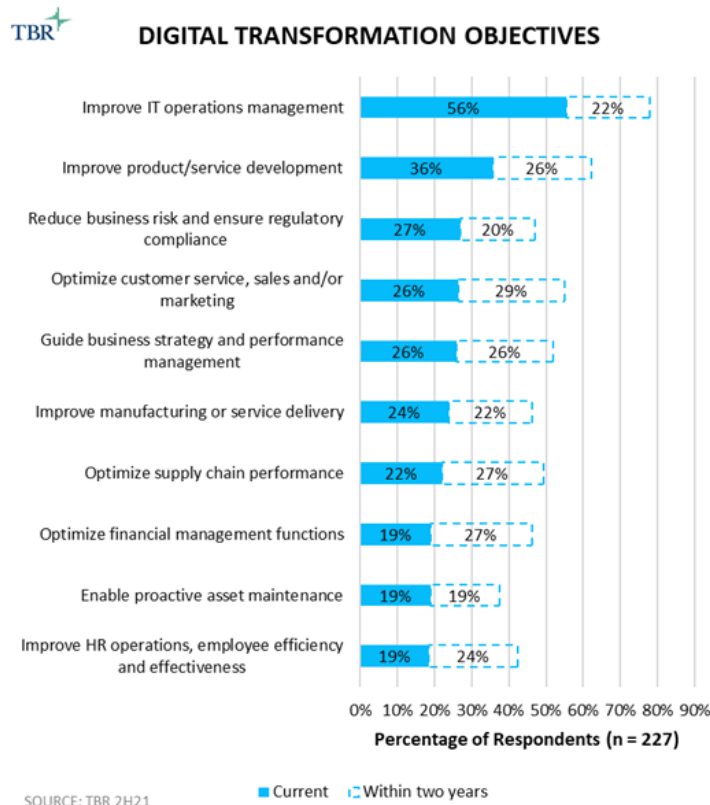
EY Skills Foundry designed to meet upskilling and reskilling demands for digital transformation

In briefing TBR on the full scope of EY's People Advisory Services Practice, the EY leaders described transformation solutions; capabilities including talent management, workforce planning, HR transactions, and digital assets such as the Learning Experience Platform and EY Mobility Pathway; and strategic alliances with IBM, Microsoft, SAP and ServiceNow. Turning to the EY Skills Foundry, the EY team reiterated that the seemingly relentless need for digital transformation (DT) among all enterprises drives upskilling and reskilling talent among professional services and technology firms. Clients' workforces must change as well, and clients, according to EY, are not prepared and lack skills, capabilities and scale. The EY Skills Foundry, which the firm initially deployed and refined internally, includes three components: a live heat map of skills across an organization, showing both supply and demand and allowing for more rapid decision-making around reskilling investments; a content aggregator EY described as "learning intelligence" designed to add speed and scale to training; and "a validated, secure digital record of employees' skills and experiences," which can help clients more rapidly deploy the right person to the right opportunity. The EY team stressed that the firm tested the foundry platform over the last couple of years, applying automation when possible and seeking input and refinements from clients. While still nascent, with fewer than 10 live clients, TBR believes the EY Skills Foundry has two key attributes likely to separate EY's offering from that of its competitors in the crowded human capital consulting field. First, the firm can prove the business case and almost ensure success by pointing to EY's own internal results across a global firm with nearly 300,000 professionals. This "customer zero" use case resonates with clients, particularly for offerings blending technology and change management. Second, EY has prepared itself to sell, deploy and support the EY Skills Foundry through multiple business models, including traditional consulting engagements, SaaS and managed services. Expanding how EY engages with clients extends the firm's reach within clients and enlarges the potential market EY can serve.

TBR's *November 2021 Digital Transformation: Voice of the Customer Research* includes Figure 1 and the following analysis: "Improving HR operations and employee efficiency slid to the bottom of the objective list in 2021 — down from No. 3 about 18 months ago, just after the pandemic began — confirming that the emphasis on employee experience was short-lived and buyers quickly reshuffled priorities to ensure shareholders' expectations are met. This mindset, however, could backfire given the ongoing war for talent, further increasing the risk of business disruption and challenging the continuation of DT programs. That said, one-quarter of buyers expect improving HR operations to become a top DT priority in the next two years, creating an opening for vendors with robust HR transformation practices. The successful ones will be able to convince buyers to invest in these programs sooner especially as new disruptors such as platform-based services such as GitHub and GitLab are gaining popularity."



Figure 1



Expanding the scope of human capital management while keeping humans at the center

The EY team provided TBR with a few client success stories, most notably an engagement that required EY to “reimagine and consider the multiple dimensions of how and where work gets done” across its client’s global organization. EY pulled together the client’s human resources team, IT department and — here’s a key difference — facilities management, and complemented the EY People Advisory Services team with professionals from EY’s Real Estate practice. When considering the massive challenges around hybrid working arrangements, return-to-office policies and enhanced employee experiences, collaboration between human resources and IT has become routine. Taking the extra step of incorporating facilities management and bringing real estate management expertise to bear elevates this use case, in TBR’s view. Another engagement, per EY, provided the client with “stabilization of operations through the delivery of a seamless ‘lift and shift’ transition of all services and technology.” These two client stories and the others EY shared reinforced both the technology-enhanced, data-driven approach EY has applied and the “humans at the center” ethos permeating the entire People Advisory Services practice.

Addressing technology specifically, the EY team stressed the firm’s blended approach, including a reliance on strategic partnerships with IBM, Microsoft, SAP and ServiceNow and a steady stream of acquisitions, such as NogginLabs in Chicago, India-based Spotmentor, and U.K.-based Tao Leadership (announced by EY in late November 2021). With a focus on aggregating data and increasingly infusing automation into solutions, the EY team said the firm’s acquisition strategy complemented its role in the ecosystem by making EY a “better, more qualified” technology partner within its strategic alliances. EY acknowledged that technology would never be the complete answer to people and workforce consulting challenges and that the firm would never become completely technology-centric. Even when discussing technologies, platforms and data-driven solutions, the EY team returned to the “humans at the center”



theme. In TBR's view, combining well-managed alliances with technology-driven acquisitions and a willingness to expand into new business models while staying grounded in consulting makes for a smart strategy in a market increasingly rewarding firms that play to their strengths within an ever-broadening ecosystem.

▮ EVOLVING THE CONSULTING BUSINESS MODEL TO MEET DEMANDS AND SUSTAIN GROWTH

EY's immediate plans for growth include aggressive hiring targets worldwide, at all levels, and additional acquisitions to fill technology and intellectual property gaps. Further, EY expects a business model shift toward more balance among traditional consulting, SaaS and managed services. Fueling that growth, according to EY, will be continuing shifts in how, when and where employees experience work. The EY team noted that the firm is increasingly working with clients outside the chief human resources officer's remit and that they believe EY's emphasis on embedding People Advisory Services into EY Consulting, EY Strategy and Transactions, EY Tax, and EY Assurance helps to continue expanding what value the firm brings to clients. In TBR's view, EY must sustain its investments in technology, training and acquisitions and continue evolving its own consulting business model to fully realize growth ambitions. Based on EY's strategic decisions to date, combined with the firm's compelling client use cases and well-managed alliance relationships, TBR anticipates EY will increase its leadership position in the people advisory space.

TBR's coverage of EY includes semiannual Management Consulting profiles as part of the Management Consulting Benchmark portfolio, as well as occasional special reports based on briefings, visits, client conversations and market developments. TBR also includes EY in the Digital Transformation Insights portfolio when applicable.

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