



EY TACKLES COVID-19 AND PREPARES FOR NEXT AND BEYOND

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► NOW, NEXT, BEYOND: THE PERFECT FRAMEWORK FOR OUR COVID-19 PRESENT

In a wide-ranging discussion centered on COVID-19, EY's global leaders detailed for TBR the firm's views on the current situation, the immediate needs and opportunities ahead in 2020, and what the post-pandemic reality will be for EY and its clients — Now, Next and Beyond. As an EY framework for a couple of years, Now, Next, Beyond perfectly suits the current moment, when enterprises across the globe need assistance addressing immediate operational challenges, from supply chain to financing to human resource management. At the same time, EY's clients have already begun planning for or taking the early first steps in implementing changes necessary to survive and grow in the near term, the next few quarters and years. And for EY, the deepest client partnerships are forged through transformations, in which EY serves as trusted partner.

► NOW: KNOW YOUR BUSINESS, KNOW YOUR ENVIRONMENT, BECOME RESILIENT

In the Now, EY has brought clients multiple trackers — tools that provide enterprises immediate insights into their operations and expected near-term challenges — while helping to build greater resiliency over time. Even though the pandemic's impacts vary widely by location and seemingly change daily, assessment and resiliency tools, in EY's view, remain essential for most enterprises, partly because very few companies came into the pandemic with a data and technology strategy. As part of the response to COVID-19, the firm rolled out its Enterprise Resilience Assessment Tool and overall COVID-19 Enterprise Resilience Framework to help clients understand the current state, map a route to resiliency and track progress. Extending beyond the enterprise, EY has developed a suite of trackers to help clients follow and understand the constantly changing impacts of the pandemic. EY's Trade Tracker, for example, provides clients updates on government changes to trade rules, a kind of one-stop trade policy shop. Other tracker focus areas include tax policy, labor and employment law, and immigration. In TBR's view, these tools — and EY's emphasis on the big picture, not simply operational needs — underscore the broader value the firm brings to transformational engagements, which should benefit EY as clients move from COVID-19 response to post-pandemic strategy.

EY LEADERS ON THE FIRM'S RESPONSE TO THE PANDEMIC

Over three separate hourlong briefings with EY leaders in Europe, Asia and the Americas, TBR analysts heard details on the firm's initial response to the COVID-19 pandemic as well as its strategies for serving clients in the post-pandemic world. While the following special report contains information provided by EY as well as TBR's analysis, a more complete assessment of the firm can be found in TBR's recently published semiannual *Management Consulting Benchmark*.



▮ NEXT: BRINGING TECHNOLOGY TO BEAR IN A WAY EY HAS NOT DONE BEFORE

“As one EY professional explained, ‘When we solve a problem through applying tech, and thus creating an asset or tool, we want to productize and commercialize and globalize.’ Like a ship making course corrections while still navigating toward a desired destination, EY has adjusted its business model, folded asset-based consulting and managed services into traditional consulting, and committed to emerging technology. — TBR special report [Now. Next. Beyond.: EY’s road map for moving from current to future](#), May 2019

Turning to growth, EY’s leaders noted that clients increasingly speak to the firm about the need for technology at speed and innovation at scale, with humans at the center. For a firm with a relatively new foundation in technology at speed, EY provided TBR use cases and details around how the firm meets those clients’ technology demands. For example:

- EY has deployed a global tax platform, built on Microsoft Azure, which gathers and ingests data from the client; validates the data; identifies various layers of tax compliance, implications and opportunities; transforms the data automatically into a common data model; and reviews tax returns to develop trend analysis. For the client, tax teams can add value by spending time on unique problems or new opportunities, rather than routine tax data management.
- With clients across multiple industries, including state and local governments, EY has developed multicloud strategies, facilitated accelerated cloud adoptions and ensured clients’ cybersecurity requirements can be sustained throughout cloud migrations. Reflecting on the overall demand for cloud solutions in the wake of COVID-19, EY leaders emphasized the firm’s ability to partner across multiple cloud vendors and across every industry.

EY leaders also emphasized current discussions with clients about the near-term return to blended in-office and remote working arrangement, all under the broad umbrella of workforce transformation. As a starting point, EY leaders noted that “the way we’ve been remote working lately may not be sustainable,” then described working with clients to reimagine the way work will be done both near-term and post-pandemic. EY has been tackling issues with clients, including creating protocols for returning to work safely, facilitating employee health screening, adjusting roles and architectures to meet a reimagined workplace, and fostering team behaviors that underpin resiliency. EY has significantly enhanced its ability to deliver innovation at scale (described in more detail below); evident in their work with clients on workforce readiness and transformation, the firm is keeping humans at the center; the remaining need — technology at speed — depends on a robust partner ecosystem.

EY develops its own software platforms and solutions for clients (through its Client Technology Platform) but also works with leading cloud and software partners to provide the breadth and depth of technology clients need to resolve their business issues. Getting to and sustaining value to clients within that simple framework requires EY consistently demonstrate to its partners what it brings to engagements. According to EY’s leaders, COVID-19 has actually increased communications between the firm and its technology partners, such as Microsoft, sharpening roles and making the ecosystem more efficient and productive, despite the challenges of remote collaboration and delivery. Critical to EY has been the firm’s ability, within the broader ecosystem of large and small technology players and different client demands, to stitch together connectivity, logistics and solutions. TBR’s recent research into customers’ changing expectations around digital transformation engagements indicates this capability — tight and seamless coordination of disparate technology and services vendors — is nearly as highly valued as any other



consultancy characteristic. As EY emerges into the post-pandemic reality — the Next — partnering well will be a critical factor for growth, especially if the macroeconomic headwinds persist.

▷ BEYOND: EVEN WITHOUT THE PHYSICAL, DEMAND FOR WAVESPACES CONTINUES

“In February EY opened a wavespace in Dublin, with a declared focus on emerging technology solutions, such as analytics and blockchain. Like all of EY’s wavespaces, the new Irish wavespace will embrace the design and coinnovation characteristics, offer the full suite of EY’s capabilities, and incorporate professionals across the firm’s advisory and tax practices.” — TBR’s Spring 2020 Management Consulting Benchmark Profile: EY

During an initial briefing, EY leaders assured TBR the firm’s immersion and innovation centers — wavespaces spread around the globe and visited by TBR in recent years — continued to be in high demand among clients, despite the lockdowns and shift to 100% virtual experiences. In a follow-up discussion, EY’s wavespace leaders said client interest in wavespaces sessions had not waned during the pandemic, even as the firm went through and witnessed a few critical changes before COVID-19 was a reality. Most importantly, EY wavespace leaders said their foundational, global and tested methodologies made the move to all-remote “easy ... the methodologies work, the tech works, so virtual works.” A few wavespaces, notably in Hong Kong and Shanghai, had been experimenting with virtual sessions prior to the pandemic, giving EY some use cases and shared lessons once the entire firm shifted to all-remote. EY realized quickly that the standard two-full-day sessions conducted on-site could not be replicated virtually by simply moving to screens and maintaining the same format and facilitation. While keeping small-group breakout sessions and constant feedback to clients’ part of the experience, EY reduced the session times to two- or four-hour chunks, recognizing that most clients (and EY professionals) could not endure eight straight hours engaged in any one session. Notably, EY wavespace leaders said the firm developed two key understandings early on: First, ask clients to do more “homework” — the pre-session preparation — and between sessions, continue advancing the engagement through individual or small-group work. Second, utilize more staff, not less. Facilitating sessions could no longer include walking between small groups and observing, but now required an EY professional engaged with the small client working group throughout. Further, remote tech required higher-touch tech support. Overall, clients’ demands around the wavespaces, including help boosting productivity, enhancing cross-enterprise teamwork and simply getting creative in their transformations, had not changed substantially in the move to all-remote. Given the sustained demand for wavespace sessions, EY had the right technology and methodologies in place and saw the evidence that it could deliver. As TBR has previously noted, EY’s wavespaces reflect peer-leading global coordination and collaboration, characteristics immediately tested by the pandemic and proven necessary when the firm conducted a 30-person, 15-location simultaneous wavespace engagement.

Looking ahead, EY’s wavespace leaders discussed the expected changes to clients, wavespace operations and even changes across the firm itself. Echoing comments by EY’s global leadership, the wavespace leaders said the firm would focus on conducting wavespace engagements for those clients that are “more willing to go virtual and more willing to take risks.” In TBR’s view, this continues the evolution of client selection and management for these kinds of immersion and innovation centers. While previously any and every client would be brought through before consultancies narrowed the field to those clients with the hardest problems or the most dedicated-to-change leadership teams, EY has now further refined client selection to those enterprises best positioned to make substantial change.

Bridging clients and operations, EY wavespace leaders said they expected the “physical will be part of future, but more virtual allows more participants ... and now those participants are more experienced at virtual sessions [because of lockdown-induced reliance on remote working], more in tune with expectations and what can be accomplished.” In addition, the wavespaces’ global collaboration prior to the pandemic would accelerate post-pandemic as the firm



increasingly connected experts and experienced professionals with clients in any location. The EY wavespace leaders also mentioned expanding the physical spaces to include “wavespace foundries,” a kind of workshop environment for clients to stay on-site, beyond an initial two-day engagement, and “execute and build with us.” The firm would, in essence, wrap a design studio around the wavespace, giving clients a chance to dedicate their own resources, on-site with EY professionals, to accelerating transformation initiatives. In TBR’s view, these foundries are a necessary next step for the wavespaces and will help EY deepen client relationships, demonstrate the firm’s expanding technology capabilities, and even create cross-client and cross-industry use cases, which will fuel the use of the wavespaces.

On a final note, both EY’s global leaders and the firm’s wavespace leaders stressed to TBR that the wavespaces had become more than just physical locations for innovation and client engagements. In the global leaders’ view, wavespaces were helping the firm as a whole “reimagine how work gets done,” both for EY and its clients. The wavespace leaders said they had seen a “huge internal demand to infuse wavespace into everything ... into sales, orals, everything,” leading to the sense that all of EY’s engagements would become “powered by wavespace.” TBR has heard similar sentiments from some of EY’s peers as their immersion and innovation centers matured and began influencing consultancywide culture and operations. While those peers invested considerable leadership time and effort into proselytizing the advantages of shifting toward a wavespace-like approach to every engagement, EY may be able to leapfrog into the post-pandemic world with the firm fully behind re-engineered work and reimaged client engagements, centered on transformation. That leap, in TBR’s analysis, will be built on sustained success at the wavespaces, a likelihood helped significantly by the way the firm is handling operations during COVID-19 and has positioned itself for post-pandemic blended physical and virtual sessions.

▣ 24-HOUR TURNAROUND ON A TECH-DEPENDENT, PANDEMIC-RELATED RFP? SURE.

“EY has rapidly evolved its technology consulting practice and its overall value to clients around emerging technologies and is now addressing scale, standardization of quality across the globe, and sustained investments in innovation and the ecosystem through its common global strategy and practice architecture.” — TBR special report [EY and technology: Embedding AI and moving beyond trust](#), April 2020

In the initial discussion with EY’s global leaders, TBR inquired about a pandemic-related use case specific to a telemedicine solution the firm provided to a South American client. While TBR is well aware of EY’s substantially enhanced technology capabilities and offerings, the use case prompted questions about previous telemedicine engagements, technology partners and the potential to replicate and scale the solution. In a follow-up discussion with regional EY leaders responsible for the engagement, TBR learned that the firm responded to a unique RFP seeking a 24-hour turnaround on bidding documents and a 48-hour timeline from vendor selection to go live. As recently as last year, TBR would not have anticipated EY could meet the technology and speed demands, but the local EY firm was able to partner with a startup previously engaged with EY in the U.S. and provide a winning bid. EY’s telemedicine solution was ready to deploy within 48 hours, but the client, a government agency, had to delay the launch for seven days to meet legal government transparency regulations. During the delay, the firm enlisted EY professionals and their families and friends to test the solution and train the doctors and nurses who would eventually be using the platform. Once it was live, the solution helped the government ministry handle 50,000 calls per day (at the peak), shifting citizens away from hospital visits during the height of the COVID-19 pandemic.

In TBR’s view, EY’s rapid response and the platform’s characteristics demonstrate how much the firm’s technology capabilities have changed. EY launched the platform, which was deployed on the cloud and utilized analytics powered by Microsoft, to meet the most basic requirements but designed it for expansion to other telemedicine applications, such as connecting doctors looking to share information and best practices related to COVID-19 and to connect



citizens with mental health professionals as the pandemic wears on. Further, even with the bare-bones platform, EY can collect data and provide analysis to the government health ministry, potentially providing predictive insights that could ameliorate future pandemics or other public health crises. Lastly, EY's cross-border collaboration demonstrates the firm's increasing global nature; if the firm sells this platform in other countries and even other regions, as expected, EY will further demonstrate it has expanded its business model beyond pure consulting and into software and other technology solutions, increasing its value to clients.

➤ EY POST-PANDEMIC: LEADING CLIENTS THROUGH SUSTAINED TRANSFORMATIONS

"Virtually all economic activity will be disrupted in some way, as businesses transform and EY's business models are no different." — TBR special report Now. Next. Beyond.: EY's road map for moving from current to future, May 2019

Although less than a year after the above special report was published, economic disruption far exceeded TBR's expectations. Our May 2019 assessment also included an understanding that EY had built a solid foundation around consulting and technology, with leadership in place to shepherd the firm through transitional times. By April 2020, EY had evolved, as expected, and had adjusted to the pandemic to lead TBR to believe that "EY has substantially changed its approach to technology consulting, from enabled to embedded and scalable, which will increasingly expand the firm's opportunities with global clients" and that the firm "fully intended to embrace a new strategy around technology, with solutions designed for reach and scale, a brand seeking to move beyond trust, and an ecosystem managed to 'create real outcomes' for clients." Further discussion with EY through May cemented TBR's analysis. While we will continue evaluating EY's strategy and performance, in the Now and Next we believe the firm continues to be a leading player in bringing clients through digital transformations and preparing for the Beyond.

Note: TBR's analysis of COVID-19 has included multiple special reports on the Big Four firms, leading IT services vendors and other technology players. In addition, TBR's ongoing coverage of these consultancies and IT services vendors includes quarterly reports on publicly traded companies, such as Accenture and IBM, as well as semiannual reports on EY, Deloitte, PwC, KPMG, McKinsey & Co., Bain & Co. and Boston Consulting Group.

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