

► TBR EVENT PERSPECTIVE



PWC ANALYST DAY NEW YORK

ENDING CONSULTING ROULETTE: BXT EVOLVES FROM GRAND IDEA TO ENGAGED APPROACH

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▷ ASPIRATIONAL IDEAS WHILE EXECUTING ON BXT

Flight delays and cancellations spark anger in travelers and cost the airlines, in both revenue and brand, making predictive maintenance an easy sell to airlines looking for help. Delivering on the promise of being able to predict when a plane needs to be serviced, the positioning of the necessary technicians and parts, and how to best streamline, analyze, and improve the entire process requires an intricate understanding of an airline and its operating environments, the disparate data sets, and the regulatory complications requiring strict compliance. Most importantly, a consultancy needs to bring trust — deep, proven and sustained levels of trust — something PwC explicitly maintains it delivers, as the firm has stated, “We trade in earned trust.” PwC’s airline-based predictive maintenance case study demonstrates the firm’s ability to attack a client’s business problem, understand the user experience and apply a technology-infused solution, in addition to highlighting three of PwC’s current strengths: 1) earned confidence that the firm understands clients’ industry, regulatory and business intricacies, 2) client expectation that the firm will bring “aspirational ideas,” not simply routine consulting suggestions and solutions, and 3) evidence that the firm’s Business, Experience, Technology (BXT) approach has grown from a well-conceived goal to a functioning, well-engrained way of doing business.

EVENT OVERVIEW

*PwC HQ, 300 Madison Ave., NYC;
Sept. 12-13, 2018*

Over two days, PwC hosted 50 analysts in its New York City offices, providing opportunities to meet PwC leaders and consultants from nearly every aspect of the firm’s advisory practice. In contrast to recent events, PwC opted to hold its Global Analyst Day sessions in somewhat traditional office spaces, rather than one of its dedicated Experience Centers, subtly reinforcing the message that its BXT approach permeates the entire firm and is not something that is practiced only at special locations. In addition, PwC discarded the traditional analyst day playbook, instead requiring attending analysts act as consultants while PwC professionals acted as clients, giving the analysts a better feel for PwC’s challenges and solutions.



◇ THERE'S NO DIGITAL IN BXT (AND THAT'S A GOOD THING)

PwC's positioning of its technology expertise in a supporting role within its BXT approach remains unchanged from what TBR observed at the firm's 2017 analyst day. In contrast to peers such as EY, which held an entire analyst conference focused on, and organized around, its technology consulting capabilities, PwC structured each of its client stories around the central business challenge, with the technology solution presented as only part of the successful outcome. PwC placed considerably more emphasis on how it worked with clients' C-Suite and line employees to identify and resolve key pain points and organizational issues, rather than leading with silver-bullet technology solutions that addressed clients' specific RFPs. At the heart of each case study were PwC's core business consulting competencies — namely, its well-ingrained BXT approach — and its trusted client relationships, which we expect will be more powerful differentiators for the firm than its “Digital”-branded solutions, especially when competing against comparatively more technology-centric peers such as IBM (NYSE: IBM) and Accenture (NYSE: ACN).

In most cases, the solutions PwC presented did not require cutting-edge technologies, but rather a rethinking of how a client should operate internally, generate revenue, and/or interact with its customers and partners. This aligns with one of TBR's key findings from our research on digital transformation (DT) buying behavior: Vendors can drive more near-term revenue opportunity from leveraging cloud, analytics and Internet of Things (IoT) to support clients' current DT initiatives than by stoking hype around blockchain, artificial intelligence or quantum computing, unless there is a clear use case for those more emerging technologies. Data and analytics featured in nearly every example engagement, but in highlighting the business value generated by analytics and insights rather than the technical achievements of PwC's data scientists, developers and IP solutions, the firm stayed true to its consulting brand. For example, a story about a semiconductor component manufacturing client involved the implementation of PwC's Integrated Decision Analysis (IDeA) application but focused primarily on how the firm helped the client connect its supply chain, sales and finance operations to improve the accuracy of its revenue forecasts. Similarly, what at the surface seemed to be a replacement of a paper form with a tablet-based application for an energy provider's field service technicians turned out to be a deeply complex exercise in process transformation and change management with the added wrinkle of multiple union contracts.





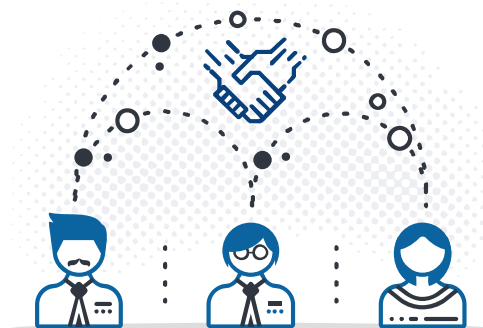
Though some vendors either treat change management as an assumed part of a DT engagement or leave it to the client to handle, PwC clearly showcased how it helps clients navigate the disruptive impacts of new technologies and ways of working on their organizations. Part of the battle involves prioritizing the employee experience upfront when creating solutions, including interviewing employees who will ultimately become end users, as the energy provider and hospitality client stories illuminated. PwC also highlighted the IP it brings to the table to enhance and accelerate the change management process throughout the engagement. With the analytics-enabled Change Navigator offering, the firm helps clients evaluate and segment their employee base to make better decisions about how to encourage adoption of a new system, while the Change Communicator mobile application enables clients to engage better with employees through customized content and sentiment tracking. As TBR's customer research indicates, end-user consumption of digital offerings is as important as executive sponsorship of implementation plans to the success of DT initiatives. By addressing both sides of the coin with its change management offerings, PwC positions itself and its clients for successful DT rollouts.

➤ 'WHAT ARE YOU WILLING TO DO NEXT?'

Battling the ongoing brand perception that as a Big Four firm, PwC, like the rest, operates as a big dysfunctional family — where each member firm pursues its own targets and a shared services model appears nice on paper, but “Who will pay for all this?” remains the \$1 billion question — the BXT methodology has started to act as an adhesive, binding individual fragments and providing the corner pieces of the PwC member firm puzzle. Compensating employees when the team meets its goals and financial objectives, rather than rewarding individual contributions, highlights an important attribute of BXT's integrated approach. Initially rolled out in the U.S., BXT is being rolled out across the rest of the Network, with early success encouraging the firm as a whole to also buy into the model.

Just as PwC reframes its clients' problems to deliver outcomes, the firm has begun to reframe itself internally, focusing on the ecosystem rather than on the individual. Creating a trusted

platform for its own employees where they have each other's back, enabled by an integrated compensation model, can be the pivot that turns the “Be Digital, Do Digital” mantra into a reality. In contrast to rivals such as Accenture, which when transforming itself has highlighted the migration of its applications suite to the cloud or its adoption of automation for industrialized service delivery, PwC stays true to its vision: BXT is not just about technology but also about guiding stakeholders to answer, “What are you willing to do next?” Showing customers how the firm transforms itself could be the natural next step in PwC's “trading on trust” approach.





➤ TBR PERSPECTIVE: CASE STUDIES MAKE A STRONG CASE THAT PwC HAS CHANGED

Some of the case studies that PwC presented and TBR participated in focused on hospitality employee management and client loyalty, corruption in foreign sales contracts, the reshaping of the auto industry around mileage “as a Service,” and engagement on a Delta Force-type level to save a struggling office supplies company (not Dunder Mifflin). Throughout all these case studies, two critical elements struck TBR as characteristic of a new BXT-infused, informed, operational PwC. First, the PwC professionals, many of them not at the partner level, who presented the case studies did not describe them as consulting projects or point-in-time engagements answering an RFP. Instead, the PwC professionals walked through messy collections of problems and ideas, challenging the analysts to see how reframing business and technology issues and seamlessly incorporating elements of experience led to outcomes more meaningful than traditional consulting solutions. As one PwC leader noted, the firm is no longer interested in playing “consulting roulette” or following “just a suggestion around strategy and a technology solution” and instead is convinced of and committed to a complete BXT approach. That shift in consulting mindset becomes more evident in the second critical element: the firm’s willingness to be a software vendor, a managed services provider, and even a product company, in addition to a consultancy. For example, in the predictive maintenance engagement described above, PwC built an analytics solution on a Microsoft (Nasdaq: MSFT) platform, deployed it through a SaaS arrangement, hosted it on Azure, and then ran it as a managed service for the airline. Is PwC now a software company or a technology-enabled consultancy with a global distribution channel for assets and managed services? We’re watching and waiting to see.

For additional TBR perspectives on management consulting, the European market and digital transformation, please contact Patrick Heffernan at +1 603.929.1166 or patrick.heffernan@tbri.com.

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