



PwC shifts from strategy-through-execution to ideas and results

PwC Digital Analyst Day

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Event overview

On March 9 and 10, PwC industry experts and partners from around the globe, comprising technologists, data scientists, Web designers and artists, met at the firm's Experience Center in Hallandale Beach, Fla., to demonstrate how PwC changed the way it works and the type of work it does with clients. Over the past four to five years PwC invested in digital assets and experts via acquisitions, alliances and recruitment efforts, building up to the launch of PwC Digital Services brand in 2014 and establishment of over 30 Experience Centers around the globe. While the Experience Centers contribute only a fraction of PwC's 208,000 employees and \$35 billion in annual corporate revenue, the Centers represent how PwC's management and employees are willing to evolve the business as they work with clients amid transformation. PwC formed teams outside of its core consulting model and included nontraditional members, creating casual yet collaborative work spaces that foster creativity while maintaining its industry-specific, business-lens approach to client engagements. PwC made the Experience Center the focal point of the two-day analyst conference, and TBR observed how the firm increases collaboration among employees and clients, uses its trusted brand to win digital engagements and approaches client engagements emphasizing business, experience and technology.

People and culture

In interactive sessions and one-on-one discussions, TBR witnessed PwC's employees' passion for their work with clients. The firm's ability to pair a wide variety of skill sets on a client engagement team may seem risky, as strategy consultants, artists, Web designers, data scientists and technologists aren't typically found working closely with one another. PwC's leadership, in attracting the right talent, tapped into employee willingness to be adaptive and collaborative, contributing to what PwC calls the "secret sauce" that differentiates the teams at the Experience Centers. When David Clarke, PwC Experience Center leader, decided to sell his digital agency, BGT, to PwC a few years ago, he said he assessed PwC as the right fit. He saw the potential of leveraging the scale of PwC's deep industry expertise paired with the firm's design and creative capabilities as well as the shared dedication to deliver quality services and willingness to evolve the way in which business is done as clients undergo digital

transformation. In addition to BGT, PwC integrated Strategy&'s digital practice, formerly Booz Digital, and a few other digital-related acquisitions. The firm also attracted talent from digital agencies such as SapientNitro and RGA and professional services vendors such as Deloitte and IBM to build its Experience Center teams. In addition to obtaining the right people and managing them well, something PwC will need to continue to do to uphold the multidisciplinary teams, the firm built an innovative office for the Experience Center team. PwC leadership explained the office design fosters collaboration, sparks creativity, celebrates success yet encourages failures along the way and upholds the firm's values all in a comfortable environment — so comfortable that leadership hopes employees are more comfortable at work than they are at their own homes.

Trusted PwC brand backs the Experience Centers

Over the course of the conference TBR heard from several of PwC's clients, CEOs of multibillion-dollar businesses that chose PwC. While the PwC Digital Services business surpassed the nascent stage, the first Experience Center launched in October veers quite far from the traditional member firm structure. However, these clients' long-term working relationships with PwC and Strategy& in areas such as operations as well as the firm's established presence in the market gave these CEOs the trust that PwC would deliver upon its promise. PwC's clients indicated the Experience Centers helped their teams rethink the way they operate and become aware of how they can work better with their own clients. PwC leadership's philosophy of holding the firm accountable trickles down to the firm's teams and how they are managed, encouraging employees to buy in to the work they're doing, which ties to the firm's ability to maintain long-term client relationships as people, not technology, remain at the core of PwC's business. PwC built its brand in its audit and tax work and long-term trusted relationships with clients in the professional services space. However, we believe the firm needs to better promote its professional services business as its Experience Centers will differentiate its services and win business from vendors such as Accenture, IBM, Deloitte and McKinsey.

The business-experience-technology approach

Throughout the event TBR heard how PwC approaches each digital-related engagement from three angles, weighted unequally depending on the client engagement: business, experience and technology. PwC partners and employees emphasized how they shifted the way they work together internally and with clients, bringing different types of talent to discussions with the C-Suite than they did four to five years ago. By operating on a more global level, evidenced by its employees being encouraged to connect with their colleagues to bring alternative perspectives to address clients' specific business needs, the firm works smarter. PwC shares success stories across its Experience Centers, slightly varies the talent mix at each center, and encourages mobility between the centers to further diversify the teams. At the Experience Centers PwC works alongside its clients identifying and addressing issues, using an agile methodology and inspiring business leaders to change the way they run their businesses. PwC portrays its digital offerings as a platform, not a traditional technology or software platform but a platform comprising diverse talent that attacks and solves business problems creatively. While PwC may lag behind some of its IT services providers that have a history of leveraging a shared services model, those peers did not have to face the silos of the member firm model. We expect the business-experience-technology approach to help PwC showcase its ability to customize its consulting services and add the experience and technology capabilities gained from investments over the course of several years.

TBR perspective

We believe PwC's shift from its strategy-through-execution promise to generating ideas and delivering results best sums up the launch of the Experience Centers and the type of work PwC has done with its clients. As C-Suite leaders increasingly want to see the return on investment in leveraging emerging technologies in their business models, PwC has a solid mix of people, digital assessment tools and technology, and trusted brand to address these leaders' concerns around digital transformation. These qualities and its collaborative business model



position PwC to capture demand for consulting services, as management consulting revenue continued to grow at a midsingle-digit rate in 2015 relative to the overall IT services market that contracted, according to TBR research.

Through the rest of 2016, TBR will watch for the following markers coming from PwC's Experience Center:

- Well-publicized success stories — PwC can gain new clients and further disrupt the market if it chooses to make what it is doing in digital transformation more well-known.
- A more refined industry focus — The PwC Experience Centers' current client list seemingly spans verticals without clear strategic focus. The firm may move toward greater concentration around key industries to build on established relationships and expertise.
- Continued talent attraction catalyzes scale — While TBR does not believe PwC intends to scale the Miami Experience Center substantially beyond its current footprint, if the firm keeps drawing talent from competitors, it may need to expand.

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