

MARKET NOTE

PwC EMEA Virtual Analyst Days 2020: PwC's Transformation and Investment in "Asset-Backed Business Consulting" Enables an Agile Response to COVID-19

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EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: PwC's Transformation and Investment in "Asset-Backed Business Consulting" Enables an Agile Response to COVID-19

This IDC Market Note provides key takeaways from IDC analysts that participated in the PwC EMEA Virtual Analyst Days, held on May 7 and 19, 2020. During this briefing, PwC's EMEA leadership highlighted how PwC has responded to COVID-19 and talking through how its own strategic transformation has set the company in good stead to weather the crisis.

Key Takeaways

- PwC's response to COVID-19 has been decisive and impressive given the scale of the organization. The firm has truly benefitted from digital investments and transformations it had made pre-COVID-19.
- Organizational transformation from a federated to a more centralized structure has enabled greater collaboration. PwC has worked closely with its clients in both public and private sector, investing in a Global Crisis Centre to help the PwC network to be consistent in the guidance and advice it is giving clients and to cascade knowledge and insight across the organization
- PwC clients and the organization have benefited from its strategic investments in asset-backed business consulting services and BXT (Business, eXperience, and Technology) framework. PwC maintains that these offerings are resonating with clients grappling with a quick and fluid response to the impact of COVID-19.
- PwC sees that the new world will mix both physical and virtual. So, there will be a move toward virtual experience centers within its BXT framework over the next five years.

Source: IDC, 2020

IN THIS MARKET NOTE

This IDC Market Note provides key takeaways from IDC analysts that participated in the PwC EMEA Virtual Analyst Days held on May 7 and 19, 2020. During the virtual briefing, PwC EMEA executives outlined key responses to COVID-19 for PwC and for its clients. They also spoke at length about how PwC's digital transformation has paid dividends, enabling business continuity during the pandemic and, through its asset-backed business consulting portfolio, agility in responsiveness necessitated by the crisis.

IDC'S POINT OF VIEW

Margaret Adam: PwC's own Digital Transformation Helps It Weather COVID-19

Marco Amitrano, PwC's U.K. and co-EMEA consulting leader, started his briefing by sharing PwC's purpose statement "to build trust in society and solve important problems" – a purpose statement that has so much resonance now, reflective of the resiliency PwC wants to engender in its people, its broader business, and its clients through such a challenging time. An admirable example of the trust element of this statement is that PwC wanted to ensure its partners were seen to shoulder the burden of COVID-19. To date, it claims it has not furloughed staff or cut salaries; however, it has cut partner distribution, so the financial burden sits on partners first, something it believes has resonated with its people.

PwC was also able to shift 225,000 of its employees to remote working relatively easily due in part to its investments in cloud. It highlights G-Suite, Salesforce, and Workday as some of these front-, middle-, and back-office investments along with infrastructure, security, and data privacy investments to move to the cloud safely. PwC had not anticipated a climate where it would need to move all employees to work from home at the same time – never anticipating that kind of scale. The company also admitted that, prior to COVID-19, it had wondered whether it was investing too much or too little in technology. That question is now moot. As Consulting Leader for the Netherlands Wendy van Tol noted, "we are so happy that we have made those investments, and they're really paying off." PwC was also at pains to point out that it was not just the investments in technology that helped the company; it has been on a significant digital upskilling and cultural change program for some time. It has launched a number of programs to drive engagement and adapt organizational culture, encourage collaboration, experiment with digital labs, and notably, incentivize "citizen-led" innovation behavior. A simple but effective example of this is encouraging employees to create and upload assets onto a digital lab. The more the asset is downloaded, the more rewards the employee gets.

Organizational transformation initiatives have also paid dividends. PwC had a federated regional structure with localized processes, technologies, and systems; siloed regional offices; and complex multilayered structures. This organizational structure hindered global collaboration and impacted innovation and client delivery. Going through the painful process of a new (non-federated) organizational structure has paid off. Its clients now benefit from this global reach – an example given during the event was the U.K. leveraging its China operations to predict and guide on its thinking about economic, business, and societal implications in the U.K.

PwC has worked closely with its clients in both public and private sector, investing in a Global Crisis Centre to help the PwC network to be consistent in the guidance and advice it is giving clients and to cascade knowledge and insight across the organization. PwC is also leveraging its experience in past crises (e.g., Lehman Brothers bankruptcy, Carillion collapse), cyberrisk, and the inevitable insolvencies that result to help shape the advice it provides clients.

Some examples of public-facing COVID-19 related responses are listed below:

- **Restart Germany.** This in-depth assessment provides recommendations on how Germany could accelerate out of COVID-19, factoring in the country's economic and cultural nuances.
- **U.K. Future Fund.** PwC has supported the British Business Bank in setting up the £250 million Future Fund scheme, which aims to issue loans to innovative U.K. companies, because fintechs and other small and medium-sized enterprise (SME) techs would likely struggle to receive external funding during COVID-19.
- **Greek Exit Plan.** The Greek government is leveraging PwC's guidance and advice as part of its exit strategy.
- **U.K. City Government.** PwC is a member of a group that has been set up to help London manage through periods of crisis. This group looks at strategic responses that incorporate processes and technology and protect citizens to maximize the effectiveness of the city in managing through crisis
- **SME COVID-19 Helpdesk (Netherlands).** PwC has set up a free-of-charge COVID-19 Helpdesk for SMEs, social enterprises, and charity organizations – companies that typically would not be able to afford PwC services but are hard-hit by the economic impact of COVID-19. Through this help desk, PwC is providing guidance and advice around financing, tax implications, government aid, and the longer-term consequences for employers and employees. To date, this help desk has run about 120 free-of-charge projects. PwC claims a 93% satisfaction rate on these projects and has also benefited, noting that, for many PwC employees involved, these projects provided greater meaning to the work they do – it "manifested the purpose of solving complex problems."

Another area where PwC clients and the organization have benefited from is its strategic investments in asset-backed business consulting services and its BXT framework. PwC maintains that these offerings are resonating with clients grappling with a quick and fluid response to the impact of COVID-19. The emphasis here is on leveraging PwC's traditional strengths around processes, risk, compliance, and security in conjunction with innovative technologies and experience-centric design methodology to drive customers' business transformation. Being able to offer this virtually and via more repeatable, cost-effective, and time-effective IP packages has benefited PwC and its clients. More details of these are provided in the sections below.

In IDC's opinion, PwC's response to COVID-19 has been decisive and impressive given the scale of the organization, truly benefitting from digital investments and transformations it had made pre-crisis.

Tom Seal: Digitally Enabled, Asset-Backed Business Consulting Services

PwC highlighted three digital assets that it has utilized to support consulting engagements, deliver services, and support communities during the COVID-19 pandemic.

The first asset highlighted was "Maverick," an advanced proof of concept that demonstrates "the art of the possible" in the digital transformation of the oil industry. The project was a collaboration between PwC, SAP, and Shell. The oil industry is under pressure to transition to clean energy and adapt to low oil prices, and digital technologies have a role to play in tackling both challenges. One of the biggest hurdles to overcome when undertaking a major transformation in a large and complex business is gaining support from a wide array of stakeholders with differing concerns and priorities. The aim of Maverick is to demonstrate a full solution to these stakeholders in advance of the transformation to gain their support and confidence that a major technological leap could be made and would bring them benefits. The asset was created to demonstrate an enterprise resource planning (ERP) system fit for the oil company of the future, built using SAP S/4HANA and focused on the needs of a fictional business. The full ERP platform developed with Maverick included the needs of the upstream and downstream parts of the oil and gas industry and addressed the needs of each function, including procurement, finance, and IT. The platform was fully functioning and could in theory have gone live for a real business. This demonstration succeeded in demonstrating the capability of a future ERP and helped gain key stakeholders' support. PwC now plans to apply the same "Maverick" approach in other industries such as financial services.

PwC also highlighted its creation of a mobile app called CoronaManager, created in collaboration with SIS Software during a hackathon initiated by the German government. The app was created from existing technology, which enabled the app to be created in 48 hours. Despite its rapid creation, the app can bring together several data sets such as location information and visitor densities to provide users with advice. This is a powerful demonstration of what can be achieved when organizations with the right skills come together to solve a problem. While CoronaManager is a valuable asset, perhaps the most powerful lesson here is that technologists with access to a wide range of existing technological assets can rapidly build something far more valuable than the sum of its parts.

Finally, PwC has digitally transformed its own "Perform" product, a performance-coaching framework and associated collateral. Perform had been used primarily in face-to-face settings with the aid of whiteboards. PwC has developed a digital version of the product on Google Cloud Platform called Perform Plus, which enables remote teams to utilize the Perform framework. The system has achieved significant and measurable impact for teams utilizing it.

Each of these reusable assets demonstrate PwC's ability to show customers digital technology at work in a context relevant to them. Removing uncertainty about what can be achieved from the minds of customers is particularly valuable in an uncertain business environment. Businesses must avoid compounding risks during the COVID-19 outbreak.

John O'Brien: Augmenting Skills and Distributed Working at Scale Become Critical to Success

Focus on asset-backed services is critical to the future success of PwC. They are needed to augment its existing workers, upskill for the future, and ensure the company has the right skill sets and teams available, and accessible – whatever the macro challenges may be. Wendy van Tol said that technology-based services provide as much as 20% more time for their consultants to engage with clients and increase available sales and development capacity.

As much as anything, skills availability is an existential challenge to professional services providers such as PwC, which need to ensure that their highly skilled teams retain their competitive edge and value to customers. This inevitably means reskilling for digital, and indeed, we have written about PwC's plans to spend \$3 billion over the next four years on creating digital academies and its commitment to robotic process automation (RPA) and AI training for all. Technologies such as RPA, AI, analytics, and – considering COVID-19 – cloud-based collaboration tools are proving vital in this regard.

Many organizations are now accepting that work from home will be an essential element of the future working environment. We agree with PwC's view that the good practices that emerge from this "will be locked in for clients."

Roughly half of PwC's employees are now trained in BXT, PwC's strategic framework. At its core, the BXT collaborative methodology is aligned closest to digital design thinking – involving multidisciplinary teams, collaboration, and its global experience centers brought together to rethink problems from an outside-in perspective. In this sense, BXT is a pivot for PwC to align its entire set of capabilities from strategy and design through to implementation and delivery for the digital era.

COVID-19 has made being physically in the same location as the client impossible, so PwC has now introduced the Virtual BXT Method, an interactive collaboration platform for distributed teams, supporting multiple huddle groups and interactive whiteboarding. PwC said it is enabling major transformation programs to "carry on nicely." For instance, a large insurance client, in the middle of its transformation journey with PwC, began using the Virtual BXT Method and it has helped employees feel part of the solution to transform their front office and agent network. Consequently, the Virtual BXT Method is now being used across other ongoing transformation programs.

Looking ahead, PwC sees that the new world will mix both physical and virtual. So, there will be a move toward virtual experience centers within its BXT framework over the next five years. We expect a sea change toward a more hybrid working environment will play out broadly across the market for IT and professional services over the next few years. So PwC is right to be preparing for the shift.

At the same time, it also means that digital technologies and services that can support new skills adoption, augment worker productivity, and help remove technical and process-related silos blocking true collaboration will become increasingly valuable to services providers as this shift takes place. It's an area of the market we are already exploring within IDC's European Intelligent Process Automation (IPA) Systems research program. Consultancy services providers such as PwC have an important role in helping their clients understand opportunities for greater agility and resilience enabled by IPA and in embedding these technologies and services within their future business operations.

LEARN MORE

Related Research

- *What Is the Effect of COVID-19 on Business Services in Europe?* (Mid-April View) (IDC #EUR246298320, May 2020)
- *Embracing Customer Centricity in Service Delivery* (IDC #EUR146186420, April 2020)
- *Applying Agile Methods and Building Agile Culture in IT Services* (IDC #EUR145277819, April 2020)

Synopsis

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About IDC

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