



JUNCTION ACCELERATES DEALS' CLIENTS' TIME TO VALUE AND PWC'S SHIFT TO PLATFORMS

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► PWC LOOKS AT THE MARKET AND LISTENS TO CUSTOMERS TO ENVISION WHAT COMES NEXT

TBR met with PwC's Colin McIntyre in May to discuss PwC's Deals practice, prompted in part by the changing market landscape as pandemic fears and headwinds in the U.S. and Europe appeared to be abating, accelerating interest in merger, acquisition and divestiture activities. McIntyre started the discussion by noting the firm views the emerging post-pandemic market as a key time to accelerate the digital transformation of its Deals practice in concert with changes happening across PwC's enterprise clients. He noted that new drivers and trends in M&A include the nature of capital, geopolitical and regulatory changes, changing demographics, technology innovations and transformations, and shifting industry opportunities. In this volatile market, PwC sees opportunities to create value around strategic repositioning, performance improvement and asset optimization.

Beyond that fairly straightforward assessment, PwC formed its emerging views around the deals landscape through both in-depth "voice of the customer" research and the firm's ongoing — and increasing frequency of — Deals engagements. Further, PwC has recognized that clients' expectations around data sets have shifted from data as an underlying component to wanting insights and data-backed decision making much earlier in the deal's process. Not data for data's sake but, in McIntyre's phrasing, "Take insight and data and be part of the journey ... what does that data mean to the client."

If post-pandemic realities have reordered what is important to customers in looking for acquisitions, PwC's digitization of its Deals support process is certainly fortuitous. In TBR's view, PwC's re-evaluation of the post-pandemic deals market, with an emphasis on data and analysis and a recognition that uncertainty persists, reinforces the firm's core offerings to help clients stabilize, reposition, acquire and reinvest. Not surprisingly, given the shifts within PwC that TBR has discussed in special reports over the past few years, those core offerings have been bolstered through a digital platform.

► HARVESTING DATA FOR DEALS, GETTING TO VALUE QUICKLY AND DELIVERING DIFFERENTLY

PwC describes the relatively new Junction platform as "the digital connectivity point for Deals, providing an enriched, web-based platform for our clients to engage with the team's insights and analysis. For our people, it creates a digital link between execution and delivery, automating manual processes and streamlining how we 'report.'" In McIntyre's more colorful words, Junction is a cloud-based "harvesting machine" for helping clients generate insights and allows PwC to link and talk with clients about their key investment thesis, rather than just keeping the various commercial, compliance and



risk pieces in separate silos. The ability to pull together data and insights across an organization's entire market landscape allows for more collaborative and connected engagements. As McIntyre explained, "Tax structures, supply chain, risk with controls and all these different pieces of the firm [can be brought] together in a way to work seamlessly. Starts the focus on client's deal hypothesis, the value drivers, and brings the insights and analysis to support the client's hypothesis." He added that Junction allows "clients to comment on the insights and scenario plan and be more collaborative and interactive throughout the deal lifecycle." In addition, for clients unprepared for a cloud-based and deeply digital experience, PwC tackles change management and training, including "giving the clients the coverage to think differently." Junction, then, helps PwC focus on value levers and value creation. As McIntyre added, "Value is the currency people understand, as it either goes up or it goes down."

In TBR's view, Junction's creation as part of PwC Digital Labs and supported by the firm's robust Deals practice, the BXT (Business, Experience, Technology) approach, and a reliance on data, research and analytics to drive from hypothesis to recommendations and outcomes underscores PwC's persistent march of technology, adoption and business model changes over the last few years. Junction may not be a ground-breaking technology accomplishment, but it fits well with the PwC ecosystem of capabilities and reflects the firm's proven path to successfully accelerating tech-enabled solution.

PwC developed that proven path, TBR notes, by coordinating all parties across the firm, including tax, assurance, internal audit, consulting and Digital Labs, bringing experts to collaborate digitally and then replicating that collaboration with clients. Part of this coordination, which McIntyre commented has taken shape over the last few years, required pivoting from legacy ways of working with clients, shifting from partner-led to team-enabled.

Another element of PwC's success has been aggressively enabling the user — including the internal talent developing tools such as Junction and the 2,700-plus deployable automations — to be more proactive than reactive. In the case of Junction, this shows up through insights PwC provides earlier than previously in the evaluation and decision-making process. In shifting from a review-and-report approach to a more fluid, dynamic understanding of deals, buttressed by vastly more data and analysis, PwC's Deals practice as a whole is keeping pace with the most aggressively changing aspects of PwC.

A HEAD START? POSSIBLY, AIDED BY LONG-DEVELOPED ADVANTAGES

According to McIntyre, when PwC launched the creation of Junction in late 2019, the firm recognized various PwC member firms remained at differing stages of maturity with respect to cloud-based platform offerings, specifically in Deals, impacting how rapidly the capability could be deployed globally. Not surprisingly, COVID-19 actually accelerated adoption, with the platform currently at pilot stages in the U.S. and the U.K., with Europe and Australia likely next to come online.

In TBR's view, similarly conceived, tested and piloted platforms have benefited from long gestations in more mature markets, even under competitive pressures and demands for quick returns on investment. For Junction, the frothy mergers and acquisitions in the U.S. could be an excellent proving ground for PwC's capabilities, such that a more robust and valuable version debuts across Europe and parts of Asia. PwC has an additional advantage, on top of the proven technology and implications of a committed business model shift — talent — as TBR has discussed in the linked special reports mentioned on Page 1.

In their presentation to TBR, PwC leaders noted that the Deals practice has over 20,000 "digitally enabled deals professionals" who are "empowered to collaborate, innovate and share automations in [PwC's] Digital Lab." In TBR's view, the firm's now long-standing emphasis on "digital fitness" for every professional lends credence to the assertion that the Deals professionals truly bring digital experience and expertise to their engagements. Further, the sustained



investment in Digital Labs and commitment to ensure Labs collaborates across the entire firm bolster the technology credibility of Junction and the Deals practice as a whole.

This credibility, earned through a sustained commitment to pivoting fully to both a digital-first and collaborative-always business model, dovetails well with the New Equation, launched earlier this year. An emphasis on building trust internally and as part of a client's core characteristics comes through in the Deals discussion as it has with other PwC practices, particularly when the firm highlights experience in the mergers and acquisitions space and transparency in the data, approach and analysis the firm provides. Over the next few months, TBR will speak with PwC's immediate competitors about similar offerings in the M&A advisory space.

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