

PwC stepping up when technology fails to deliver value

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Technology is easier to use but harder to make useful — and still no flying cars

In late November 2023, TBR and PwC Transformation Consulting Solutions Leader Tom Puthiyamadam continued a decadelong discussion about the consulting business model, reflecting on changes wrought by the pandemic, technology ecosystem partnerships and generative AI (GenAI).

According to PwC's assessment, technology investments have not delivered the business value or transformative effects enterprises have expected over the last decade. Implementing the latest ERP does not, in itself, deliver growth, and moving workloads to the cloud does not, unrelentingly, reduce costs. Just as commuters have not taken off in the flying cars that "The Jetsons" promised, business leaders have not seen technology provide transformational results. For PwC, a new year and a hot new technology, GenAI, provide an opportunity to reassess how consultancies and IT services vendors bring value to their clients, first by defining credible, meaningful business outcomes and then creating a value chain back into the technology, process and operations stacks. What does that actually mean? According to Puthiyamadam and other PwC leaders involved in the discussions with TBR, the starting point is defining business value transformation — a desired end state — and then delivering on trust, transparency and speed.

Taking the 10,000-foot view, PwC leaders noted that technology as a whole has been getting easier, perhaps even more so now in the GenAI age. No-code and low-code platforms, visualizations, and GenAI-enabled programs like Microsoft's Copilot all support a trend toward making technology easier to understand and deploy. Notably, in Puthiyamadam's words, "The old hard part is still the hard part. Can you stitch it all together? Can you get people to work differently? Can you drive behavioral changes in an enterprise?" And most critically, can a consultancy "deliver on CFO-level outcomes in 12 weeks, not 12 months?" Repeatedly, PwC Consulting leaders came back to a fundamental

point around how clients view consultancies: How fast can they deliver measurable, meaningful outcomes? Experience, expertise, technology skills and even scale are table stakes. Speed, combined with quality and at a fair price, matters most.

NASCAR and the factory approach: What PwC can do differently

Embracing what PwC leaders have called a “factory approach” to technology-infused professional services engagements allows PwC to reassure clients that the firm is purpose-built when it comes to people, scale, expertise and price. Critically, PwC reassures clients’ IT professionals that the firm provides advisory and support services, availability, and integrated technologies but does not wholly replace those IT professionals’ roles within their organization. In TBR’s view, PwC’s recognition that a standardized, scaled business model — the factory approach — combined with high-touch consulting could actually assuage fears around job disruption may prove critical in coming years as GenAI permeates IT services, generating more uncertainty and fear. Paired with the focus on measurable business outcomes, PwC’s factory approach could help separate the firm from peers.

During the discussions with TBR, PwC leaders acknowledged that many enterprise clients struggle with technical debt but challenged the idea that this debt constitutes the biggest obstacle to realizing digital transformation value. Instead, PwC suggested process debt — the ingrained operational tasks, flows and interdependencies — has also accumulated at enterprises, slowing efforts to gain value from the technology (digital) or the business (transformation) investments in digital transformation. PwC leaders further suggested process debt at many enterprises had reached levels that demand attention, even at the cost of additional technical debt. Here, according to PwC, the firm helps clients gain maximum use from current technology investments, finding additional value while accelerating transformation to new (and better) processes with, as needed, new technologies. In TBR’s view, a NASCAR pit crew analogy Puthiyamadam invoked multiple times seemed most appropriate in discussing how PwC could help clients with both their processes and technology. Changing tires fast requires not just better tools but also practice, teamwork and performing under pressure. In an increasingly competitive and budget-constrained IT services and consulting market, bringing NASCAR-like precision and speed to digital transformations will be expected of leading vendors.

Business value realization and the art of keeping everyone honest

Speeding and crashing provides no value on the track or to a business, bringing into play the other two elements PwC sees as critical to a new way of framing consulting: trust and transparency. PwC leaders told TBR that the firm has increasingly been bringing a private equity mindset to its clients’ value realization. Rather than taking three years to fully understand the value of a technology-enabled change, PwC and its clients have been constantly examining ongoing work, determining on a monthly basis whether the expected value continues to be reflected in current progress. The transparency around business value realization — critically here actual measurable business value, not just technology milestones — builds trust and enables speed. PwC has had to reorient its ways

of working, reinvigorate its technology training, and build the business model agility to take on financial risks as a way of “keeping everyone honest,” in Puthiyamadam’s assessment. As he pointed out, PwC can help with “modernizing the core while improving the business, realizing value from existing technology. ... The client can hit ‘pause’ if they’re not believing [PwC is] going to hit value.”

Further on PwC itself, PwC leaders reiterated to TBR that the firm has been training strategists on emerging technologies, an effort that began globally years ago with the Digital Fitness app and has continued to be a learning and development priority. Assessing management consulting overall, Puthiyamadam stated that consultants who are not “trilingual will be irrelevant really soon, if not already. Design, business value, and technology. Must speak all three.” Critically, PwC leaders in the discussion added that the firm’s consultants focused on working within the existing technology stack at their clients, accepting the technology environment that they are in and recognizing that perfect is the enemy of progress. Combining what PwC does for itself and what it brings clients, PwC leaders further elaborated that as clients bring new technologies into their IT stack those clients need the full suite of change management, learning and professional development, and product management critical to successful technology deployments. In TBR’s view, the near-term disruptions in the management consulting and IT services space will require many traditional services — ones that PwC has experience with and credibility around, in part by applying those services directly to the firm.

Does PwC have the new consulting business model? If so, TBR is here for it

TBR might not be quite as gloomy as some of PwC’s consulting leaders on the failures of technology to date — we may yet see flying taxis in Paris next summer — but we agree fully that most enterprise information technology has been oversold and has under-delivered in terms of overall business value. PwC’s focus on getting the most from technology that clients have already acquired and addressing process debt, those sticky business problems that prevent the full value of technology or digital transformation from taking hold, all while delivering value quickly and transparently strikes TBR as a smart strategy to address an ecosystemwide problem. There is an old saying, “You can have it fast or good or cheap, but not all three.” PwC is challenging that formulation by saying you can have fast and good, and you will always know what you are paying for and what you are getting, even in a previously nebulously defined area like management consulting. And to back it up, PwC will put its own fees at risk, knowing that value will be evaluated every three months, at least, if not more frequently. To TBR, this approach echoes the recent attention around financial operations, in which enterprise IT buyers ask how much value they are getting from software, platforms and cloud. At frequent intervals, PwC assesses the value it is bringing to clients with no further steps and no further action until the expected value is understood and credibly on track. Is PwC disrupting the consulting business model? In TBR’s view, there is no better time for it.

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