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Welcome to the Future of the Firm podcast.

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I'm Emma Carroll, Head of Content here at Source, and today I'm really pleased to welcome Nicky Wakefield to the podcast.

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Nicky is Global Clients and industries leader at PwC, and we'll be discussing how client needs are changing and what opportunities this creates for firms.

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Nicky, it's so great to have you here on the podcast today.

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Could you spend a couple of minutes telling us about you and your career to date, please?

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Hi Emma, yes, thank you so much for the opportunity to be here and to talk to you.

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I'm sure we will learn things from each other.

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So as you said, Emma, my name is Nikki Wakefield and I'm the global clients and industries leader at PwC and maybe a little bit on my career.

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I actually started in professional services with PwC 30 years ago, although I don't often like to admit that.

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I joined Pricewaterhouse Erwick in Australia 30 years ago and very much focused on strategy, organizational change and, and largely in financial services.

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So I have a consulting background.

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Umm However, I have not always been in professional services.

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So I didn't join PwC 30 years ago and stay the whole time.

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I actually spent a few years in investment banking and asset management and, and interestingly I was a client to several of the big four and other firms.

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So that was really interesting for me and I think it gives all of us a very interesting perspective when you actually sit on the side of the client.

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Emma, I have training in economics and psychology in from a university perspective and I think that's very much shaped how I approach change or approach the work I do.

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So that combination of, I guess, connecting hard economics numbers and data with how people behave, how they lead, how they make decisions and how they adopt new ways of working.

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I think the the other thing that I would say is living and working internationally has been very central to my journey.

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So I've lived and worked in Singapore, across Southeast Asia, in China, in the US, in Australia and, and in the UK.

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And that global perspective, I think, is very central to what's going on in the world for all of us today and certainly to my role.

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And I feel incredibly fortunate to work with very diverse teams and leaders all around the world.

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And like many people listening to this podcast, I have a very full life.

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I'm sure Emma, you will relate to that with work, with family, with children, with travel.

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The things that keep me grounded are absolutely my husband and my kids.

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And what keeps me sane is health and fitness.

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So I'm getting older.

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I have more injuries, so the marathons have turned into early morning walks and Pilates and my triathlons have turned into indoor spin classes.

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But I definitely need to get my my health and fitness as a priority.

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OK.

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And in terms of your current role, what would you say your big areas of focus today at the highest level still very much around building trust with our clients by helping them tackle the issues that matter most to them, as you said, in this very complex and as we all know, very fast-paced environment.

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And we acknowledge, and I'm sure you'll agree with this, Emma, through your research, that sector relevance and expertise is absolutely critical and, and probably #1 along with, you know, having a trusted advisor.

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So we're really focused on making sure we bring our best sector experts and our very best technical experts to our clients no matter where they are in the world.

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But I think more specifically, what we're really focused on is supporting our clients transform their business through technology, through new skills and of course, successfully scaling AI.

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And then secondarily or in addition to, we're very much supporting our clients through their growth and reinvention.

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So bringing that real breadth of capabilities and skills to help our clients do those two really important things, grow, reinvent and then drive change through tech skills, new skills and scaling AI.

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Thank you so much.

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And so many strands to pull on there and so many things I would totally concur on in terms of expertise and technology scaling, all really high on our agenda at the moment as well.

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And thinking about delving into those changing clients needs, what would you pull out as maybe the top two or three ways that clients priorities are changing at the moment and maybe also the services they'll need?

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We recently published out PW CS 29th CEO survey and our clients are, you know, really struggling to find these new areas of growth.

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We can see that confidence has fallen around revenue growth over the next couple of years.

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And so we're very much focused on helping clients, whether it's through reinvention, the use of AI, finding growth in new areas.

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Unfortunately, what we also saw is that threats have increased, which we're feeling every day, aren't we?

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But more broadly, these threats around geopolitics and then more specifically around cyber risks, tariffs, trade, and literally this exponential pace of change, I think there is a clear move from one off advice to outcomes.

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So clients still value insight, but they no longer want recommendations delivered at a single point in time.

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I think what clients are looking for is sustained value that's measured by outcomes with a partner who remains accountable for those results with them over time.

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And I think secondly, clients are looking more for partners to move beyond one off projects and to fundamentally often become embedded in the workflow of their clients.

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So they're looking for this always on partner who operates and stands side by side with them to continuously deliver better outcomes.

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And the reality is that often the best way to do that credibly is working somewhat inside the organization itself.

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And so we talk more about and you can see more interest around different managed services models where where we're literally embedded into clients processes.

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And whether that's in areas like AML or KYC, whether it's tax compliance, legal services, even middle and front office services like insurance claims handling.

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I think these are all really good examples of what our clients are expecting deliver me the outcomes and be accountable for, for those outcomes and and that longer term partnership as well.

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Is that having a big impact in terms of the different pricing structures that they're asking for?

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Yeah, of course it is.

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I mean like our clients are changing and reinventing their business models.

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We are also changing ourselves and reinventing our business models.

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And you know, we're, we're definitely moving and have moved away from it all being about time and materials and hours and much more towards being about value that's created and being about outcomes that are achieved.

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OK.

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And what about a trend that surprised you?

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The one that really stands out for me is the sheer scale and speed of the investment flowing into data centers.

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So what is not surprising me is that there's a focus on data centers.

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Every conversation we're in every day is about AI.

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And we know how important data centers are as part of that ecosystem.

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What I think has surprised me a bit, Emma, is just the sheer scale.

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So we're seeing global capital flows surge with trillions of dollars being channelled into data centres and the technology and infrastructure that is needed to support them.

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So there are even plans as I, I'm sure you have heard to build data centres in space, which is a pretty exciting innovation.

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I mean, if you look at the, the data and the numbers between 2025 and 2030, there's an estimate of \$2 trillion of capital expenditure expected to go into new data center builds \$2 trillion.

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And I think what's striking is that this isn't a short term spike where I think from what you know, with the work that we're doing, we're we're still at the very early stage and it really is shaping up to be a long run super cycle.

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But the sheer size and scale of the investment that's flowing around the world is probably the thing that is that I'm keeping my eye on more and more and that has probably surprised me the most.

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Thank you.

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And we do a pulse survey of business leaders of clients every quarter.

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And one of the things that really came out this quarter, so in Q12026 is about industry convergence.

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It just seems to be a really important trend and I I know that's interest of interest to you as well.

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So what are clients talking about here?

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Yeah, it's, it's a, it's a very big interest to us.

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And our clients in the market more broadly I think have been very interested in our research and our thought leadership around value in motion or industry convergence, as you said, and, and industry reconfiguration.

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And I, I believe that one of the, one of the reasons they're most interested is they're really starting to see it themselves.

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Our clients are seeing it themselves first hand just how these traditional sources of value in their

industries are shifting and in many cases moving across historical sector boundaries and creating new opportunities, quite frankly in sectors that they have absolutely never competed in before.

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And you can see it very clearly in in.

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Let me give you a couple of examples.

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So in TMT, I think so.

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Technology, media and telecommunications convergence I think is unavoidable.

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Going back to the example I was using around data centres, you simply cannot build or operate in isolation.

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So they require this deep integration across technology, energy, infrastructure, real estate.

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So you can see the convergence of all of these different industries coming together.

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And, and a very specific example, and this is public is that Amazon has reframed the energy consumption needs for AWS from being an obstacle into being an enabler.

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And it's done that through leveraging its tech capability and understanding of energy demands and is now moving into renewables or has have moved into renewable energy and power trading.

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And another example, I think a great area and a very interesting area for me personally is in health where industry boundaries are absolutely blurring.

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And I think most visibly with technology and retail players that are that are both moving rapidly into care delivery.

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And I know that one in four tech CE OS are planning to grow in health in the future.

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And Nikki, how's that changing what you offer at PwC?

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I'll give you, I'll give you a simple example of one of the changes that it makes on a daily basis is, is that historically if you were a expert in banking or, or asset management, for example, you would spend all your time with banking and asset management clients.

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Or if you were a specialist in technology or telecommunications, you would spend all your time with technology and telecommunications clients.

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These days, our banking clients are often spending time with technology firms.

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Our technology client, our technology experts are often spending time with health clients.

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So we are actually bringing cross industry experience and capabilities to our clients in areas that they are not experts in.

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So in terms of those new client needs we've been talking about, Nikki, what other opportunities are they creating for you?

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And, and feel free to speak about firms more widely if you like.

13:02

AI is transforming how work gets done and it's transforming at a pace that quite frankly, any of us in professional services firms have seen before.

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They're fundamentally reinventing things.

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And when you are in the help business and everyone needs help, you are in high demand.

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I think both our opportunity and firms more widely is to make sure that we make our own investments in line with what our clients need most and then determine how we stand out in what is a competitive professional services market.

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And certainly from APWC perspective, that is what we are giving a lot of deep thinking to and where we're focusing more investment and more priority.

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What I would say is that I see that the organizations that are pulling ahead are doing two things at once.

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They're looking to transform their own business of today, the business that they're running today while at the same time they're building the capabilities that will that will you know, define their business of tomorrow.

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And certainly Emma, that is what we are doing at PwC.

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So they're modernizing the flow of work, they're rethinking where they scale, they're automating and where where is where, where they see value and they're looking for specialized expertise that can accelerate progress or as part of a unified approach to position their business for what I would call tomorrow or the OR the future market.

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And across industries, we see global organizations rethinking their business and operating model, including looking at what's called what can be accelerated through AI and how people and AI can drive performance together.

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I think momentum is building towards AI LED managed services.

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We've got people and and AI operating together as one.

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I would say AI provides the consistency, the speed and the analytical depth where our people and our talent bring the context, the experience and the judgement.

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Although together I think they create operating models that learn continuously while freeing capacity for higher value work and compounding performance over time.

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So I think managed services becomes a strategic complement, a way to bring cost savings, to deepen capabilities, provide broader insight and more adaptable operating capacity to both today's priorities and also to the the ambitions that we have tomorrow.

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And I think this is the operating model that the market is demanding.

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OK.

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And what about the risks that these changes pose to firms?

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Anything you'd pull out there?

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Yeah, well, Emma, as we know in life with all opportunities there are always of course risks and challenges.

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You know we're having to rethink our economic model, our pricing model, our business model, moving from labour LED time and materials work to outcome based or subscription based type models.

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You know these changes are not small.

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We are in effect reinventing our own business or our own business model as we do every day with our clients.

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And there's also a big talent question or a big talent challenge.

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Talent of course continues to be incredibly important for our firm.

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And I think for professional services, clients expect deeper industry expertise.

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They also expect Gen.

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AI enabled roles and truly blended teams that have, you know, technologists, strategists and people specialists.

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And we have to continue to re skill at pace to attract new profiles and still create meaningful careers for our junior talent as the old leverage model evolves.

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And I think finally, there's risks around implementation.

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Even if you've got the great strategy and the great design, it's all about your ability to execute.

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And like our clients, we're transforming in a very, very complex and very fast-paced environment.

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And the challenge of the opportunity is us being able to deliver change at the pace and quality required while navigating all of this complexity around geopolitics and cyber and and other risks.

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We need to stay one step ahead in our own business.

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Yeah, and, and thinking more widely about those challenges as well.

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I'm wondering where do you think firms are going wrong or or do go wrong when it comes to understanding their clients?

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I think that there's a few major ways where firms can, you know, maybe get a little bit lost.

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I think what I would say first is simply not listening closely enough.

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Too often I think in professional services firms think they know the answer before they fully understand the context or or even the question and don't necessarily take the time to really delve into the specific clients, business clients, context or equally importantly, to build the kind of trusted relationships where clients come early for advice and genuinely feel heard.

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So I think these days what I often say to to people in my teams is I think it's more important to have the killer question and then really listen to our clients than to have the killer answer.

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I think we have to seek first to listen and understand.

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You know, I often talk about being a learner at all, not a not a know it all.

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So I think really making sure we are listening and understanding.

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The second issue is the depth of expertise.

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So deep sector, I talked about this earlier, but deep sector and technical expertise has become absolutely critical in the buying process for our clients.

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And firms fall behind when they don't bring that right combination of industry insight and special specialty capability to the table wherever they are around the world.

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And I think finally in times of significant change and times of change at pace like we're living in at the moment, I think it's actually easy to become inwardly focused, spending too much time and energy on one's own transformation as the industry shifts at pace.

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So I think the big watch out for our industry is losing that external focus.

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And I know for us, This is why we very deliberately keep our people close and always with our clients and in the market keeping their obsessive client focus while.

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What I would say is a smaller group drives our internal change in parallel.

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Nikki, I wondered if we could talk briefly about segmentation and anything you're seeing that's new or interesting there.

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One example from my end in our quarterly client survey is that we're finding it interesting looking at segmenting clients in terms of their confidence to invest in their business and all of that relates to the way they're responding to the macroeconomic environment.

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So those we term worried are likely to spend more and on very different things, for example.

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So what are you saying?

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What could you share?

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Yeah, I think that's interesting, Emma.

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Actually, I think macro confidence is a useful signal.

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I think what's most predictive now is behaviour and how ready an organization is to act or how fast it can move where it's willing to place bets.

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So what I would say is for Peter BC, there's three lenses that we're using.

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One is around reinvention, readiness and decision velocity.

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So are our clients optimizers or reconfigurers?

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Are they actually making moves?

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Are they making decisions and that maps directly therefore to what our clients buy.

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So optimizers, for example, would prioritize productivity, resilience, compliance and cash where reconfigurers want end to end build, operate, scale with the outcome based commercials.

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So I think that's, that's an, an interesting way to, to look at it via, you know, via actual behavior.

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For us, I, I would say one of the other areas we look at is AI data maturity paired with, you know, a trust posture.

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So you know, are our clients, explorers, scalars or operators?

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The differentiator as we are learning is not in pilots for AI, it's in enterprise grade data.

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So having responsible AI, governance, cyber, you know, modeling risk management, this really dictates service mix.

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So again, looking at these different types of clients, whether they're scalars, operators or explorers will again help us understand how and what types of services we would provide to them.

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The last kind of segment we might look at is convergence and ecosystem operations.

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So are our clients protecting their core?

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Are they boundary crosses?

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You know, we talked about sector convergence before.

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Are they boundary crosses?

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Are they ecosystem architects who are prepared to step across sector lines, maybe work with us from a deals or an M and a perspective on joint ventures or build out new platform plays?

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And I think overlaying all of these three is obviously the regulatory footprint complexity.

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And the other way that we that we think about it, Emma, is the buying center differences across the C-Suite.

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So is the CFO looking more for value?

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Is the COO or CTA looking more for scale, the CHRO looking more for risks?

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So they're some of the ways that we think about the segmentation when we're when we're looking at clients and and what it is that they're really needing from us.

23:38

Great.

23:38

Some really good things to go away and think about that, Nikki.

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And we always like to end on a really a practical question.

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So we've talked about lots of changes today that clients are undergoing.

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If you had to put out one that you really feel is the most transformative change, what is it and what's the first things you think firms should do to address it?

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So people are probably going to think, yes, of course she's going to talk about AI and I, and I feel a little bit guilty doing that.

24:05

But to be honest, I don't have a single conversation anymore with any client any day anywhere in the world without having this conversation.

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So I do have to go back to AI.

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And what we found in a nutshell is that while there was a lot of piloting and testing across industries, across companies all over the world, what is not yet happening is organizations are not yet getting a lot of value through AI at scale.

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So one of the most transformative shifts that's happening today is actually how to use AI and technology in a scaled way to either achieve cost reduction or efficiency or to achieve growth.

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We have identified that there are a key, some key AI foundations that need to be in place and that organizations need to get these foundations right in order to be able to scale effectively.

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And when they can scale effectively, then they start to get the benefits of cost efficiency and revenue growth.

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So let me just go through those 6.

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The first one is around vision and strategy, so whether the organization has a prioritized road map, ties AI to business objectives, tracks impact, etcetera.

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The second one is investment, where the AI funding and resources are both sufficient, but also are allocated towards the areas that are that are most important to get the ROI that's required.

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The third is data and technology, whether the company has modern scalable trusted data.

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The 4th is around workforce, whether a leaders and employees have the skills and have the incentives and the collaboration model.

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And I think the interesting thing around skills, it's not just giving people skills to use AI, it's actually giving our people skills to transform the way they work leveraging AI.

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The fifth thing I would say is around governance and risk, whether organizations have the right security, access controls, regulatory compliance processes, etcetera.

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And then finally, and I think really importantly is around innovation, having innovative infrastructure like sandboxes, embedded ownership in the business and a cadence of portfolio review to test, prioritize, scale or stop AI initiatives if they're not the right one.

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So I think ultimately becoming always on isn't just about deploying more technology, it's about really getting these foundations in place that allows organizations to shift the way that they work, leveraging AI and do that at scale and really embedding it in in their workflows.

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Nikki Wakefield, thank you so much for your time today.

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Loads of learnings that really appreciate your time.

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Thank you.

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It's been an absolute pleasure talking to you, Emma, and thanks for some great questions there.

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I really enjoyed it.

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