

Speaker A 00:00:01

Welcome to the Future of the Firm podcast. I'm Emma Carroll, head of Client Voice here at Source, and today I'm really pleased to welcome Gert van den Gore to the podcast. Gert is CEO at Valcon and we're going to be discussing the new competitive advantage of regional firms. And to do that we're also joined by Fiona Cherniafska, CEO at Source. So a really big welcome to both of you. Gertrude, could I get you to take a moment to introduce yourself and Falcon to our listeners, please?

Speaker B 00:00:32

I'm more than happy to do that. My name is Geert van de Goch. I'm the CEO of Falcon. I'm doing that if I include the predecessors for the last 13 years. Before that I had a 20 year stint at Anderson Consulting, of course later Accenture, and before that I studied computer science. I live together with my wife in the Hague, in the Netherlands. I have two children, 12 year old boy and a 15 year old daughter.

Speaker B 00:01:01

And I've got a passion for cars and mountain sports.

Speaker A 00:01:05

I like that summary. Thank you very much. Thank you. And I've got a question about Valcon. So if I could ask you to tell us a little bit about Valcon before you head into that. As a business, it has come a long way in a short time. So it'd be great if you could take us through that journey as an organization as well, please.

Speaker B 00:01:21

Yeah, let me start with that. Actually, I started roughly 13 years ago in a small consulting firm in the Netherlands called First Consulting. At that time we were with roughly 75 people, only serving utility clients and only active in the field of operational excellence. Over time, in the first few years, we expanded our business to other sectors, including telco, including manufacturing, including financial services, so public services. And we also expanded our footprint in types of services by adding a broader consulting portfolio to our array of of business, also adding some technology and also adding data. With that we grew to roughly 250 people. And we've always had an international ambition with, with Falcon.

Speaker B 00:02:20

So we started Greenfield in the uk, starting up the business. Well, we made some great strides there, but also a number of disappointments which made us realize that it's pretty difficult to start Greenfield in a new geography and scale that pretty fast. So that also brought us to the conclusion that if we really have that international ambition to really become a European firm, that we would need to do buy and build. Well, to do buy and build, you need to have the experience and the capital. So we talked with a number of investors and in April 2019 came to a deal with Waterland Private Equity. So they stepped in as a fellow shareholder together with Waterland. We had a ride of roughly five and a half years. And a little bit over a year ago we did a change of investor in which Waterland stepped out, Rivian Capital stepped in, and subsequently also Waterland stepped in from their continuation fund as a minority shareholder.

Speaker B 00:03:26

If I look at that journey together with Waterland and now with Rivian, that brings us to the current welcon. Roughly 1700 people in the Netherlands, UK, Denmark, Sweden, and we have delivery locations, nearshore delivery locations in Croatia and Serbia. We always say Falcon is a European powerhouse in AI and data led business transformation. So it's all about transforming companies by bringing together the capabilities we have in data business, consulting, technology and AI. And strong, driven by our values, being joy, integrity, together, curious and can do. And we really try to weave those values in all the work we are doing. So it's not just an aspiration of who we want to be, but much more description of who we are. And over the course of the next four or five years together with Rivian, we want to double or triple again and grow further within Europe.

Speaker B 00:04:32

So that's a little bit of an introduction into Falcon.

Speaker A 00:04:36

Okay, lovely. And a fast growth trajectory there. I wondered if I could draw on some of the trends in the market and you really helped me out there because you already mentioned transformation. It's nothing new, but it is definitely the top of client agendas. It keeps coming up in conversations I'm having at the moment, but there's so much

change going on, so much political change, economic change. Do you think what firms do in terms of transformation needs to change?

Speaker B 00:05:03

Definitely. Of course, transformation has been on the agenda already for years and years. But with the rapid pace of change around us, I also see that clients demand much, much more and a quicker, tangible type of transformation. So not the long projects with the results at the end, but much more intermediate results and more tangible results. So that's, that's a trend that I see when I talk with, with customers. Of course, a trend that I see is the role of AI. I think that AI will play a key role both in the goal of transformation and delivering the goal of transformation as well.

Speaker B 00:05:46

In the way of. And for me, AI is not just about data. We see it coming back in all facets of a consulting firm like Welken. So be it in the data capability, be it in the technology capability, be it in the consulting capability, or weaving them all together, AI plays a key role there. And with AI Also, the notion of being data driven as a company is much more important because if you really want to do meaningful AI from a business perspective, you also need to have your data in order. Last but not, not least, a trend that I'm very much seeing is this AI driven transformation and that's, that's much more than just using ChatGPT or implementing a chatbot. What I see at clients is that clients are also wrestling with that. What, what is the opportunity of, of AI and how do I really mon.

Speaker B 00:06:49

And I think what I always stress in discussions with clients when talking about AI, it's not that difficult to think about possible use cases. And I see that a lot of clients, that a lot of proof of values are being done and delivered, but just as a kind of an innovation experiment where I think the real value in AI is if you really not only do it in a, in a kind of an experimental setting, but really implement something. So I tend to, to, to, to go in a direction of not just doing a lot of use cases and points of values, but really take one, two or three out and deliver them end to end because that's the only way to really find out whether it works and also to really get the benefits for it. For example, in insurance company, we help them with creating the AI agenda, but also a number of use cases and really take tools out of them and implement them. Or a railway company where we added cameras to the trains to record the tracks and have a number of models behind that to define better maintenance should be done or not. And based on that, you can

further refine the model to find even more value. So in my view, to really do this AI driven transformation, it's not only about thinking where the value is, but also delivering that value.

Speaker C 00:08:30

It also sounds to me as though this is not transformation of entire businesses as we thought about it five or six years ago. It's transformation of very specific things in the business that may have huge implications for the business. But you're not trying to change everything. And is that a conscious decision in a sense? Is it right to sacrifice the scope, if you like, of transformation to the depth to get it done?

Speaker B 00:08:55

Well, I think that's a very valid comment, Fiona. And that ties to the first point that I mentioned. Delivering tangible results and basically slice the elephant in a number of pieces and deliver those pieces one by one.

Speaker C 00:09:15

Is that a Dutch phrase there? Slicing up elephants and delivering them pieces? It's quite graphic. We might need to use that more generally. Would you like a slice of elephant? But I take Your point, which was, I think where transformation has run into the ground sometimes it's just had no parameters to it, it's just been everything and everything ultimately ends up delivering nothing.

Speaker B 00:09:38

Yeah, completely agree. And I think we've seen a lot of those kind of transformations, the multi year transformation where the value is only being delivered at the end and then companies find out that the value is much less than they expected to deliver.

Speaker A 00:09:58

And gut. I was really interested earlier that you said AI was really important in helping to define the goal of transformation. What did you have in mind there?

Speaker B 00:10:07

I think that using AI you can not only improve your business and improve your, your business processes, but also very much redefine them. Redefine the way you work with, with your customers, redefine the way you work with your supply chain, redefine the way you really deliver that commercial excellence to your customers. So it's, it's more than just a mean, it can also be a goal.

Speaker A 00:10:39

And Fiona, anything else that we're hearing on transformation at the moment that's new?

Speaker C 00:10:43

No, I think I would agree with what gets said around the need to deliver and therefore scoping it. So it's more kind of precisely driven as opposed to wide ranging. I think transformation's almost got itself a bit of a bad name when it becomes too broad in scope. So I think I'd agree with that. And I think actually there's a link here between this and the next thing you want to talk about, which is about the kind of the European and regionalization. Because the whole issue with global projects can be that they get very big, whereas if you're doing something on a regional basis then there's more ability to control it and deliver from it, I think. So that it's a very nice segue into what we want to talk about next.

Speaker A 00:11:23

Yeah, definitely, yeah. I know that we're seeing quite a divergence in the attitudes and needs of clients between Europe and the us. You've given us a great segue in there. Fiona, do you want to add something else before I hand over to Gertrude?

Speaker C 00:11:35

So I guess we see it from two perspectives. So first of all, interviewing clients in big global companies, there are many that seem to be struggling with what it means to be global. Now it might be that their management team are in different places and they're not getting on together because they're just looking at the news as we are all doing and thinking it means something different for them. But also firms themselves. There's been quite a few announcements in the last year or so about Firms changing their structure. So those that were very local have become more global and maybe passing through regionalization on the way to being global. Gert, you mentioned you're from Accenture,

which is one of the kind of historically was one of the key global companies and examples of this.

Speaker C 00:12:16

But actually Accenture has become more local in recent years with more the countries playing a bigger role. So it seems that this is now all happening at a time when nobody seems quite sure what the geographic model of the future is going to be.

Speaker A 00:12:29

Gert, are there any divergences between Europe and the US that you would pull out here to talk about?

Speaker B 00:12:35

Yeah, maybe. First, one reaction to what Fiona was saying around those large scale projects. I think we also came from a time with large ERP implementations, large custom system development implementations which you could not easily slice. So it's in a sense pretty logical that those transformation projects were the multi year projects, the multi country project or the global type of projects, because you needed to a lot of development time before you can really implement something and really realize value from it. I think with the modern platforms and also with the AI tools at hand, and I'm sure over the course of the next years we will see hundreds if not thousands of those solutions evolve in the market. But with those type of solutions it's much easier to work in a much more agile way, so to say, to develop something, implement it, harness the value and go on to the next piece. So I think also the tools help there in preventing, in running into those, those multi, multi year type of, of transformations.

Speaker A 00:14:04

Gutta, be great to hear if there are any divergences between firms in the U.S. firms in Europe that you think would be important to our listeners to hear about.

Speaker B 00:14:12

Yeah, and it's an interesting remark that, that Fiona just made that also a lot, a number of the large international or global companies, the move that they are making to become more national. And I definitely do see that as well. And in the end it all boils

down to a client having a kind of a certain center of gravity in a country. Also the very large international companies still there is a center of gravity. If I look at Heineken, the center of gravity is in the Netherlands. When I look at Scania, the center of gravity is in Sweden. And I think that that that is true also for a lot of the global companies that eventually there is a center of gravity at that company where the real decisions are being made.

Speaker B 00:15:05

So it makes a lot of sense that also a number of the global consulting type of companies become much more local because that is in the end, where the client is and where the client relationships are.

Speaker C 00:15:20

It's really interesting what you're saying there because I'm just thinking about firms and indeed clients I've worked with over time. Do you think there's almost, there's been a myth about globalization? Because I'm thinking about one Japanese company that we did some work for and they were global, but they were very, very Japanese. And maybe people have been blind to the fact that they weren't as global as, I mean, their operations were global. But culturally, as you say, there was a center of gravity in a particular place. Maybe that's more prevalent and more important than we've historically given recognition to.

Speaker B 00:15:55

Yeah, I would definitely agree with that in Fiona when I take a step back on global and globalization, of course there's definitely something going on geopolitically and last weekend we've seen the next step of this which might have huge economical implications and not just for a few days, but for a longer period. And I think that also poses the question to Europe to, to revisit almost its place in the geopolitical landscape. And of course I do not agree, but with a lot that is happening around us, I do think the good thing in it is that it's a very strong wake up call for Europe to get its act together strategically. Trade, defense, but also IT and consulting. And when I, when I talk with clients, the, the words resilience and sovereignty are becoming keywords in the discussions and that is a very logical one. Why don't we have hyperscalers in Europe? We do have the, the economy, we do have the, the scale for it.

Speaker B 00:17:11

So it's, it's, it is in a, in a way it is strange that we are relying completely on a US or maybe in the future Chinese firms to dominate that space. So I do think there's a real opportunity there and that in the current geopolitical landscape, it's not so much the question whether we need to do it, it's much more how fast can we do it? And that same is also true in consulting companies. I think it's good that we have also a number of Europe, European champions to counterbalance the dominance of US or Asian type of consulting companies. And we also see other clients that they are looking for this mixture and also looking for the regional alternative for the large global firms.

Speaker C 00:18:04

I think it's almost as though I was going to say we were putting the clock back. I don't think that, but there did used to be more regionalization and Consulting. So you had some big players who were in particular countries. And I think that clients feel that they lost something from that. It was almost like a Goldilocks thing that they could, you know, if you were just local, you were too small, you were like the bowl of cereal that was too cold. But if you were global, you were sometimes too hot and too impersonal. I think they've often wanted to find something that's in the middle ground, but perhaps because of the way they do procurement or because of the needs of a genuinely global business, they haven't been able to make those choices.

Speaker C 00:18:45

And now maybe they'll make more of them in the future.

Speaker A 00:18:48

I was just going to say, really, we zoomed out quite a bit and Fiona, you've nicely brought us back closer. And I wondered whether we could go in even closer now and talk a little bit more about Valcon. Again, you talked about it being a European powerhouse. So I wondered if you could talk a little bit about the opportunity around creating a regional firm. What kind of advantages do you see, maybe building on what Fiona said there?

Speaker B 00:19:13

Yeah. Welcome. We indeed want to become this kind of European powerhouse. And we very deliberately have this, this part European in our tagline because I think that there's

an ask from our clients to have this regional type of firm. But I also think that there is a space in the market to be filled. And you see that over the course of the last few years, a consolidation has been going on and there are a number of potential European consulting firms emerging, whether it's Wavestone from a French German perspective, BIP from a more Italian, Southern European, Southern American perspective, Solita Hiq and today from a Nordic perspective, or H and Z and Irenaeus from more German perspective. So you see a number of developments there.

Speaker B 00:20:13

And I think that over the course of the next five years, we will see this consolidation going on to really create this full European player. And it's interesting to relate back to what Fiona said a few minutes ago about that we have this kind of more regional players. And I think you're right there, Fiona. If I look 10 years back, you had the types of the Logica CMGS in Europe. You had ATOS being primarily a European company. If you go a little bit further back, Capgemini, more European company. But apparently this future or this idea about globalization took all of them on a much more global scale.

Speaker C 00:21:12

I like to think there's that opportunity too. But I also worry, and if you look at the European Union, this exemplifies this, that Europe itself is not a homogeneous entity. So if I was looking at regional firms, I might point to Rolandberger in Germany. Now Rollenberger is not just big in Germany, it's bigger big in some other European countries. But not all countries are the same. And unlike the US because what the US has as an advantage as a market is it's enormous. And yes, of course there are cultural differences, but you can specialize, you can build a very big business in a small niche in America, whereas Europe feels more heterogeneous and therefore more of a challenge to build something which is European as opposed to a couple of countries.

Speaker C 00:21:59

Is that one of the big challenges? Do you think that maybe we're now moving beyond that? Because actually we've got common cause here and a common set of values that we recognize.

Speaker B 00:22:08

Yeah, I think that definitely helped in this development. On the other side, I also think that companies that really want to build this regional player, this European player, is extremely important to understand also the cultural differences between the different countries and also accept that and I would almost say build your company around it. So if I look at the way we are doing that within Falcon, we've got a lot of the structures are harmonized across countries because otherwise you can't work as as one company. On the other side, we also cater for the regional and the cultural differences. And I think it's this balance between being a full European player, but also with this feeling on country level is very important. That's also the reason that we deliberately have our P L on country level, because of this country perspective and. And also tying back to the fact that most of our customers also have a center of gravity which is grounded in one country.

Speaker C 00:23:28

It's really interesting that you've got that because we did a report last summer that looked at clients attitudes to globalization. And effectively what we found was that they still expect globalization. It's just that globalization looks very different. Globalization is not now about having a single generic entity across everything and that they're very much looking for some services to be delivered locally, some regionally. They want to be able to access specialists across a region where you can share resources more effectively. And there are some instances where they do want something that's global in very specific areas. So for example, some aspects of regulation, some aspects of technology.

Speaker C 00:24:05

If you're a big company, it makes sense to do that globally. But it sounds from what you're saying is that you recognize that both the challenge, but the opportunity to do a mixture of these things rather than have to say this is we are a global company or we are a local company, you have to be a bit of everything.

Speaker B 00:24:22

That's definitely true. And you asked also what are the advantages but also the challenges. And of course that is the challenge. If you are a global company, you have the scale to have all the different types of services within your company, also the scale to do innovation. And I think for a more regional firm, it's important to do those things in a smart way. And that's on the one hand side being clear in what type of services you

have, but also what type of services you don't have. And services that you don't have also collaborate with other companies.

Speaker B 00:25:05

And I think on the innovation side, it's also very much about a smart way of innovating. And for, for me and for us, a smart way of innovating is always do it together with, with a client. So not only innovation for the innovation, but innovation for for real use cases where you really can make a difference and add value.

Speaker A 00:25:31

And any other big challenges you'd pull out there, Gert either for Valcon or for regional firms in more. More in general.

Speaker B 00:25:39

I think what's also a challenge here is the attractiveness on the labor market. Because if I look at the business model of our types of companies, it's not that difficult. It's make sure you sell the right type of work and have the right people to deliver that. And of course a number of the global brands of our competitors are much more well known also on a regional level. So I think it's also up to us, Falcon, but also the regional competitors of Falcon, to make sure that we do have the right attractiveness to the labor market, the right name recognition, but also that we all put forward this idea of much more regional. So I think it's not just a task for Falcon, but also for our regional competitors, so to say, to really build also that view and that image around this regional company.

Speaker A 00:26:57

So gut, I wondered if I could throw a final question to you. I'm wondering what do you think is going to be critical to success over maybe the next five years?

Speaker B 00:27:05

Yeah, let me start with a very obvious one. And that's not only critical to success in the next five years, but I'm now around 30 years in consulting and I think what's most important there is listen to the client. I remember that I walked into the Dutch office of Anderson Consulting in 1992. That was the time when we still had yellow pads to

scribble upon. And on each page it said serving clients is the most important thing we do. I think that notion, when I talk with clients, I see that at some of our competitors that has been lost somewhat. So it's really this notion, client first, client is most important.

Speaker B 00:27:53

Also listen to the client. If I then look at, at the next five years, I think the next five years it's all about agility and embracing AI in all its forms. And I can't predict how AI is going to evolve over the course of the next five years. I think nobody can. But it's very clear that AI is going to change a lot of things also a lot of things for our clients, but also for our own companies. So I think to be able to handle that successfully and emerge as a firm for the future, I think it's all about being agile there, being open for those changes and really embrace those changes.

Speaker C 00:28:45

I'm so glad you mentioned that point about listening to clients, because we've certainly listened to quite a few firms over the last year or two who've talked about reorganizing themselves to deal with different geographies. And the starting point has almost always, not always, but almost always been the internal drivers in terms of profitability or risk control. And I think you're absolutely right that we really need to listen to what clients want and to build on something else you said there, Gert. I think that clients want some services that are local, some that are more regional. And that's the part we really need to listen to. Because if we turn up with, let's say, cybersecurity done on a local basis, the clients are going to go, no, that doesn't work for us. We know we need something that covers a much wide, you know, build.

Speaker C 00:29:30

Build our firewall in a much bigger space. So I think you're right about listening and I think you're also right that critical to this will be understanding which services need to be delivered in which way.

Speaker B 00:29:43

I completely agree with that. In our type of business always starts with realizing that serving our clients is the most important thing we do.

Speaker A 00:29:54

Gerd van de Goor and Fiona Cherniawska, thank you both very much. If you found today's discussion interesting, you can find more episodes on Spotify, Apple.

Speaker C 00:30:03

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Speaker A 00:30:06

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