

Speaker A 00:00:01

Hello and welcome to the Future of the Firm podcast. I'm Fiona Cherniawska and I'm the CEO of Source Global Research. I'm really delighted to have Paul Clark on the podcast today with us. Paul looks after the Microsoft alliance for ey, and he and I were chatting in New York a couple of weeks ago, and there's some really interesting stuff, Paul, that you're doing around Microsoft and the alliance you've got with them. Before we start talking about that, though, we've got data from clients that say they have some mixed views around alliances. They find alliances incredibly helpful. They see them as a source of great expertise, diversifying what you might have in house.

Speaker A 00:00:38

But they're also getting a bit jaundiced. Perhaps every alliance looks the same, not necessarily. Perhaps getting from it what they want. And therefore alliances tend to be important in the pitching process, but not necessarily the most important factors. Tell us a bit about yourself first and how you ended up looking after the Microsoft alliance, and then we'll talk about the kind of the pros and cons of alliances as they stand at the moment. Moment.

Speaker B 00:01:01

Well, Fiona, first up, it's. It's great to see you again and be with you again. So. Yes. So, Paul Clark. I run our relationship with Microsoft 3Y globally. Prior to that, I helped establish our managed services business within the firm and before that was running the consulting practice in Asia Pacific.

Speaker B 00:01:22

And I, you know, I kind of grew up within our financial services practice. And so a lot of things around, helping clients do large change, reimagine themselves and all those things. But as we'll talk a bit about today, I think things are changing. So in some ways there's common themes, but I think the way that you think of them, the way that you execute them are changing. So, yeah, I think it's a great opportunity to connect and just talk through some of those things.

Speaker A 00:01:46

So I talked about clients, slightly mixed views about alliances. What's your sense as to where the market sits there? They've been around as a concept for a while. There's a lot

of investment in them. But strengths and weaknesses of alliances from your perspective?

Speaker B 00:02:01

Well, I think that they've been a very important arrow in the quiver, if I could put it that way, for a long time. And clients, I think, realistically expect that you do have a very good relationship with a lot of the key players. But the consequence of that is it probably does feel a bit samey. And, you know, oftentimes it was more of a this is what we're doing says the client. This is where we need help. We want you to credentialize yourself. So therefore, you need to have a good relationship with that particular organization.

Speaker B 00:02:39

You know, roadmapping particular elements, you maybe differentiate on your templates and your industry layers and those sorts of things. But I think that's where what clients are feeling and they're sort of sensing that maybe it's feeling a bit samey or as you say, like jaundiced. It's like kind of like, is this. Have we not gone beyond this? I think that's a factor of their needs are changing and the relationships, the nature of those alliance agreements and the way that the alliance turns up, you know, maybe hasn't necessarily caught up with that at the moment. And I think a lot of what we'll talk about is what I see is that need to change. Um, and. And I think if I was to really put, you know, a nub on what that is in terms of the change, I think it has to be a lot more of an integrated relationship.

Speaker B 00:03:32

And I think it has to go beyond what I would say is more of a co sell with implementation to be much more of a joined at the hip earlier co sell motions and a really integrated model all the way through the phases of the delivery. And I think certainly that's what we're kind of embarking on much more with Microsoft. But I would also say that's true for our broader alliances as well. I also think that some of maybe the traditional swim lanes are getting blurred, which also means you need to think a little bit differently. And therefore that integrated mindset, I think, becomes really important.

Speaker A 00:04:14

It's so interesting. And that was one of the reasons for wanting to pick up the conversation we had in New York, because it feels like clients. You talked about the need for change. Clients are desperate to get stuff done. Everything that's going on in the world just reinforces from their point of view. They have to act quickly, but they've got to act decisively. They haven't always got the right information.

Speaker A 00:04:30

They certainly haven't got the right resources and the right technology. So getting out there and getting things done is a huge challenge for them. At the same time, they sometimes kind of got quite hung up, if you like, about their idea about what they do and what firms do at this point. So the idea of kind of changing that, the relationship in that sense, I think is a very interesting one. What do you think is the kind of. We've talked about the drivers as I'm talking about being kind of some of the geopolitical changes and the economy. What do you see from talking to clients in terms of what they're telling you about, what they're frustrated about?

Speaker B 00:05:06

Well, I think of it, a fair amount of it actually is. There's almost too much information, there's almost too much froth in the market and in announcements. And so trying to decipher all of that into how can I get my business problem solved and do it at scale, with confidence? I think it's really hard to be fair. I think also what's happening is that there's always been a continuum in these sorts of things between like the CIO or CTO and the business side of the house. I just think that's continuing to evolve and it's much more on the business saying this is what I'm needing to do. Technology side of the house really helped me with that.

Speaker B 00:05:54

And so in many ways I, I think that, you know, the, our sorts of firms, the technology firms, etc. Need to reflect more of that pivot as well. Right. So I think all those things are happening within that kind of environment. It's actually pretty difficult if you're in the exec, to feel confident that you know how to piece all the pieces of the jigsaw puzzle together. And I think that's really where this, this kind of transformation, AI led transformation era is quite different to previously. So I think people felt relatively confident around how they would bring implementation partners. They maybe have an integrator, they could do some of that themselves.

Speaker B 00:06:39

And if in truth, a lot of that was maybe a management or a governance type structure and environment, that's not AI. AI really leans in on detail. You need to have the detail to make it work for you. And so, you know, what I hear from a lot of clients is a source of frustration on that. They see the technology, they know what's possible, they don't know how to kind of apply it, they don't quite know which is the right one, if I'm honest. They spend a lot of time talking about models, not necessarily the infrastructure and that kind of componentry. And on the other side of the house, they feel that there's an awful lot of, you know, good traditional mindset around how you do transformation and people change, a lot of which is still valid, but they don't necessarily know how to put the two things together. And you know, certainly, in fact, I was talking to a CEO the other day who has got, you know, he's got an amazing deal with one of the big hyperscalers and, you know, kind of the support with the technology side.

Speaker B 00:07:45

And he said the problem is it was going really well, but it's kind of relying on my team to reimagine how they should do their work. And he said, we're really struggling with that. We're not the ones who are going to be able to completely reimagine it. So he feels like we're going to get to almost an automation 2.0. And so I think the combination of going we need really deep domain expertise, including sector insights, understanding the depth of business processes, really down in the, you know, level sixes and sevens, not the twos and threes combined with the technology. So you bring that context, you bring the application of where this works. Maybe step back a little bit from which is today's model that's best going to solve that and recognize that will evolve, but then help clients sort of go, okay, how can I reimagine that? And I mean, this phrase I love around you didn't get to the light bulb by continuous improvement of the candle.

Speaker B 00:08:47

I think is really encapsulates it for me. So, you know, for us, we've definitely gone into this next phase of relationship with Microsoft with a really strong mindset of an integrated approach that clients don't have to try and patch this stuff together. We've already worked a lot of that through. So you do need the FDEs, you need that sort of capability, you do need change management. But bringing them together as a team, that actually works with the goal in mind of the business outcome, rather than is there an implementation outcome or is it, I think, is very different. And certainly with the clients we've gone through with sort of early adoption, they're feeling it really turns up very differently and they feel a lot more support, which ultimately, if I go right back to

the very beginning, it's giving executives the confidence and the trust to embark on the journey. And I think that's where we're a little bit stuck and that frustration is coming out. So if we can unlock that, I think that there's an awful lot that can be applied and that can be achieved collectively.

Speaker A 00:09:57

I think it's fascinating because we hear clients getting frustrated with the idea that you have to bridge a gap between technology and business. Concept of a bridge isn't something they want to see. They want to see, if you like, if a bridge is between two islands. They want the islands on top of each other because you can't exist between the two. Every time they think of it as a bridge, then the Bridge seems to end up on one island or the other. It's not the two things really brought together. They're not really doing technology and business thinking together.

Speaker A 00:10:27

Do you think that if this goes further than just an immediate project. Because one of the things that's always fascinated me is the extent to which out there in our future clients are going to think very differently about their organisational structures. It seems at the moment that's more likely to be the case because they are under such pressure to do things which are almost impossible. So there has to be a way of doing some of this stuff. The idea that you can reduce cost and yet grow your business, that you can be local and yet global, that you can find products and bring products from one country and sell them cheaply in another without kind of meeting all kinds of barriers and things like this. The world just seems so difficult from their point of view. It must be making them think differently about what they are and what they do. And I'm wondering.

Speaker A 00:11:16

And what I found interesting about the conversation in New York is that census too, potentially, this is a way in which organizations can help to redefine where they stop and you start, or where you start and Microsoft stops. The whole thing starts to change, be more fluid.

Speaker B 00:11:29

Well, I certainly think that that will emerge. I mean, I guess the pace and maybe sometimes even the way that we've discussed AI has not helped. You know, I think

there's a number of executives who I've met and maybe even some of the technology companies probably regret a little bit of some of the early days where the emphasis was on productivity around things. And that made, you know, didn't help necessarily with the people agenda. It didn't necessarily help around kind of as things were moving so quickly. So. So I, you know, my experience is a number of them, if they had their time again, would maybe think of it as like, this is the training ground for us to really take the big, the big leaps.

Speaker B 00:12:09

I think the other thing kind of, to that way of kind of working, and it's a lot more kind of intertwined, if you like, is around a shift in the narrative around that this can actually amplify the human capability rather than replacing it. And that's true of all the people around the topic, including advisors and everything else. So, you know, how are we using AI to help the delivery, make it better, make it more relevant? How are technology providers using it to make sure that that's, you know, more resilient and isn't kind of like, oh, but this is going to change in six months. So don't worry like how do they think of that and then helping the clients think through that sort of journey and maybe go right. Actually, do I really want to focus on something that's going to get a certain amount of cost out or do I want to say this is going to be enabling me to grow without touching my cost base in the same way? And so I just think that maybe the maturity of that conversations got better. I would not say it's fully mature.

Speaker B 00:13:12

Yeah, evolving.

Speaker A 00:13:15

Yeah, I would absolutely agree with that. At the moment it feels as though consulting certainly and perhaps wider professional services, there's a huge amount of demand out there, there's a lot of client need, but they're struggling to find ways of paying for it because they're going to have to pay more for energy, they're going to pay more for all kinds of things that they weren't anticipating. They're already paying more for tariffs. So there's real need to find a different economic model for consulting. And that has to surely, I think involve people working in very different ways. As you say, much more integrated fashion.

Speaker B 00:13:48

I agree with you 100%. And one of the parts, as you can tell, like various components of this ecosystem are kind of catching up. One of them is often the procurement piece where we, and I'm sure many like us, would like to do more outcome based. We would like to be aligned in a different way. That still is quite a challenging conversation through procurement processes and all those things. Not, not because they don't want to, but because they too are trying to work through the what's the art of the possible and all these sorts of things as well. So I just think that there's an element of the desire and the time frame by which it can work its way through just needs to come through.

Speaker B 00:14:30

But that doesn't negate the need for a different skill set and a different blend of skills on the ground with the clients right now.

Speaker A 00:14:38

So if I was a client and I was thinking about hiring you and Microsoft and things like this, what would feel different about this approach? How are you positioning it to people? Because there is, as you've alluded to, some need to educate people and to move them out of the traditional ways of working. So there's quite a big ask of you and Microsoft to behave differently and to be very clear about what this means for them. So what's, what's the pitch from to a client, if you like.

Speaker B 00:15:09

So I think on one level it's actually very simple, which is you have One integrated team with all the skills and capabilities that you need for your journey, but turning up at a much earlier phase than you would ordinarily experience to really focus in on the business problem you're solving and everything is anchored to that. So it's not a case of well we've got a big renewal or we need to make sure that we buy more consumption or we, you know, we want someone to help us think about this journey. It's like actually anchoring something very early. Let's focus on your business problem. And technology then starts to become an enabler, but it also starts to uncover the real challenges that the executive's experiencing around. Well, I'm a bit stuck on a, you know, maybe proofs of concept or like is it an operating model topic or is it more of a ways of working? And it's just like we're stuck because we've got too many variations anchoring it around that and then the how you get there from the get go I think is very different if we're honest.

Speaker B 00:16:16

That's often how conversations have sort of started, but not with all parties and certainly not with a team that's already established that goes. Yep. And I know when fdes are relevant at this phase, change management's in from this phase, et cetera. And so, you know, one of the things that we've done a lot of work with Microsoft is actually workshopping through the life cycle what skills you need. Doesn't mean that we can't draw upon them in every individual circumstance, but really kind of making sure we're clear as to how that integrated team shows up with no business cards like it's this is here, we're here to solve the problem. And that I think will be a very different experience for clients.

Speaker A 00:16:58

It must be quite a daunting challenge too though, because EY 400,000 people already and now you're adding in goodness knows how many from Microsoft into that sense. As to the library of expertise that you can draw on, clients sometimes complain that, that they can't understand what books you have in your library, if you like, what expertise is there. And I sometimes feel that firms themselves don't quite know what's there. You're now adding another party into the mix which has got different types of expertise. How do you decide? How do you work out what a team is to start with and how do you, how do you know?

Speaker B 00:17:34

Who knows what I mean? It's a great question and I wouldn't profess that we're going to get everything right first up, what I would say is this has been something that both Microsoft and ourselves have been very deliberate and intentional about over the last nine months, almost a year, working together to even get familiar with each other's terminology, the way that you talk about transformation journeys, blueprints, all of those sorts of things to try and help some of those challenges. And as I mentioned before, even talking through what Personas do you need at what point and all those sorts of things, I think also, though daunting's one way, and I do understand that. I've got to tell you, I'm like mega excited about it, though. I just think that the ability to really help clients take a completely different lens on how they can establish value and give them the trust and confidence to really embark on that journey, I just think that's quite special. And I think it's something that in all the conversations you often find in these situations, our clients are going, could you just, if you could just, you know, those sorts of things. I feel like this is our opportunity to try and answer that.

Speaker B 00:18:48

It will evolve, I have no doubt. But I feel that the work we've done as organize is the two organizations I'm really proud of. And I think that we, we're anchored around client value, right, which is like that. That's our central kind of, you know, guiding light, if you like. And so I think there's a huge amount of excitement on both sides as to what's possible and the way that we bring that together and learn and that flywheel starts to work through, you know, we're not starting now, even though this is the first time publicly in the background, we've been doing that very, very deliberately as to, you know, with the team and with a number of these sorts of clients as well. So, yeah, I'm really excited, actually.

Speaker A 00:19:32

And final question, and perhaps it's unfair because you're just, as you say, you've been doing a lot of this already, but you're talking about it much more now, and it's much more visible. But what's next? What would you think if we were talking again in, let's say, two or three years time? What would be the next level that you take it to after this? Because integration seems to me such an important question here. When you've got disparate parties working together, there has to be better ways of making them be joined up. We interview clients regularly who just say, right hand, even within a single firm, doesn't know what the left hand is doing.

Speaker A 00:20:05

But what's next here? Once You've got that established, where could it take you in the future?

Speaker B 00:20:11

Maybe it goes back to something that I said right at the beginning, which is that these swim lanes are becoming a lot more blurred. I would hope on those sorts of time frames, what will turn up for clients is a much easier path to understand how these things navigate. You know, you navigate them. There's no doubt in my mind that the way that models are changing, the way that all the thing, you know, the need for trackability and observability, all of those things, and the control mechanisms are evolving very quickly. Helping a client understand that and realizing actually this is a relatively easy evolution, it's not, oh, my goodness, I now need to do this. That's what I would hope we

get to. And the idea of our organizations kind of turning up integrated, the ability to bring in others and elements, and whether we're talking about sort of security and kind of how you address topics like Glasswing and Mythos, as well as how we're thinking about really leveraging what's possible to enable us to grow, that feels maybe a bit more seamless than where it probably does today.

Speaker B 00:21:22

Where it does feel maybe a little bit like a step into some of the unknown. I think we'll have been really successful if we can do that. But also as an industry, that. That's where we get to.

Speaker A 00:21:32

Absolutely, yeah. That's fantastic. Paul, you've answered all the questions that I wanted to bring to you. Thank you so much for being willing to follow up on that conversation in New York. It was very interesting, and I think it's a very exciting thing that's going on, so thank you very much indeed.

Speaker B 00:21:47

Oh, thank you.

Speaker A 00:21:49

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