ACCELERATING AGILITY:

What Professional Services Firms Need in Order to Thrive Now

A Joint Point of View (PwC + Workday)

Disruption is here to stay. According to PwC's "Global Crisis and Resilience Survey 2023", 9 out of 10 organisations have experienced a disruption other than the pandemic in recent years. An ever-changing work environment, however, encourages enterprises to find new ways of doing business, and can be particularly favourable for the professional services sector.

That's because clients are turning to professional services firms to help them pinpoint the opportunities nestled within disruption. They are keen to seize advantage wherever it can be found, particularly if that involves new technology.

For instance, 67% of executives in PwC's August 2023 Pulse Survey said that they expect to use generative AI to support new business models. And, according to IDC's 2023 Workday Multi-Industry Study, when using AI and machine learning (ML) to automate their core processes, 41% of firms are considering using the technology for recommendations, 37% for anomaly detection and 35% for automation.

The professional services sector is gearing up for the challenge, with a number of nimble, high-tech entrants emerging in the field, and clients are beginning to pay less attention to geographic proximity when selecting their chosen partner. The focus on finding new ways of working is helping to drive change at an unprecedented rate.

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> The professional services industry
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> **Patrice Cappello**
> Managing Director, Professional Services Industry, Workday
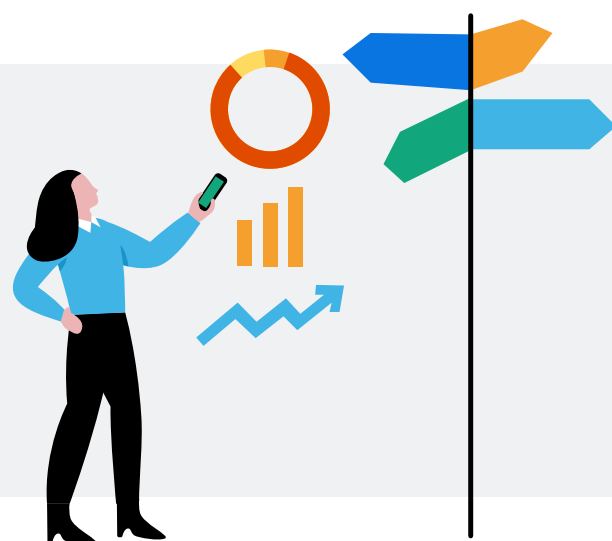
To thrive in the ongoing disruption, professional services firms should consider seizing the opportunity to plot their course for the future.

The likely first step for firms to take is to illuminate and analyse their operations, so they can highlight how to capitalise on innovation. Legacy systems can only go so far in this kind of terrain, and firms are beginning to turn to new ways of leveraging data and analytics.

"Many professional services firms are introducing technology and automation that can fundamentally create a better experience, more efficiency, or drive effectiveness," says Claudio Valera, PwC Principal and Global Workday Practice Leader. "Across the industry there are profound changes in motion, as even the largest players are realising the power of data and the advantages it can create."

The firms that make the change will likely be ready to meet the next challenges. By harnessing the full power of technology such as AI and professional services automation (PSA), they will likely be able to handle both the small-scale pivots and the bigger changes, with greater speed and ease.

There are three steps to help get the strategy right: unifying data, introducing innovation and empowering talent. By focusing on each part of the triangle, professional services organisations can move towards delivering increased value while expanding their competitive advantage.

1. Unify the data with an enterprise-wide lens

As an enterprise becomes more successful and opens up new operations or takes on more staff, its data can become increasingly siloed, with disparate technology and different ways of working spread across departments.

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Global Workday Practice Leader

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There are many firms out there that have grown in scale to tens of thousands of employees that don't have a single system where they know how many people they have,

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"If they run a report from three different sources, they get three different numbers. I've had firm leaders share that they have to start every executive meeting by arguing over which data set to use."

Unifying the enterprise-wide data on a cloud-native platform can create a single source of real-time, reliable information to bring the firm together. Everything from workforce plans to financial forecasts can be generated easily and effectively, as there's no need to manually aggregate information from multiple sources or check in with departments for updated data.

For example, creating a client quote can become a much simpler task if the team involved can access one clear point of truth, rather than having to pull together estimates, availability, personnel costs and financials from across the enterprise. Not only that, the data will likely be holistic and up to date.

If a client then asks for the quote to be adjusted or pushes back on a proposed fee, no problem. With a cloud-native platform, new figures and quotes can be generated quickly and confidently. The team running the quote has holistic data available in real time, enabling them to act with agility, confident that the profit margins can be relied upon.

Just as importantly, unified data can enable firms to drill deep into the many dimensions that influence project and business performance. For instance, they can compare the effect of service-line utilisation with revenue targets. Or they can investigate the data by geographic region, worker tenure or project duration to gain valuable insights. They could assess how doubling the use of contingent talent on a particular service line could impact cash flow, project delivery or client satisfaction scores.

"Being able to see data on every single interaction you've had with a customer can be really game-changing," says Cappello. "Enterprise-wide data visibility is the way to get your arms around the business – not just on the people or supply side, but also on the customer relationship."

Indeed, PwC research shows that organisations that leverage enterprise-wide data and have adopted the cloud in most or all parts of the business say they are already seeing the benefits:

- An enhanced customer experience at more than 2x the rate of their cloud-shy counterparts (92% compared with 44%)

- Continued revenue growth of 15% or greater

- More agility, improved decision-making and higher product and services innovation

The power of unified data and panoramic visibility even extends to mergers and acquisitions (M&A). A recent PwC survey found that organisations with successful M&A were far more likely to have functional integration across finance, HR and IT than their less-successful peers (88% compared with 49%).

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2. Implement innovation that's designed to adapt

58% of respondents from PwC's recent 2023 Emerging Technology Survey cited AI as a top three tech investment over the next 12 months. "The advent of artificial intelligence and machine learning is transforming professional services," Cappello says.

This enthusiasm is justified. Though AI, ML and intelligent automation have been topics among professional services leaders for years, the splashy entrance of generative AI tools suddenly made the technology tangible. Generative AI is so scalable, it can deliver ROI and business reinvention remarkably quickly.

"Nearly all business leaders believe that their company is prioritising at least one AI-related initiative in the near-term." says Valera, referencing PwC's 2023 Trust Survey. "Professional services firms – PwC being one of them – are racing to help and are adopting AI themselves to offer support."

Firms are eager to help clients bridge the gap between ambition and ability. The Workday AI IQ report found that 84% of professional services leaders feel pressure to increase AI adoption. Tellingly, that figure is the highest of all the industries surveyed.

In IDC's Workday Multi-Industry Study, professional services leaders ranked the ways they're using or considering the use of AI and ML – from resource management to time tracking and expense reports. Just 1.2% said they're not considering any of these use cases.

Early adopters are already seeing the benefits. AI can detect and surface anomalies across vast volumes of data and documents to pinpoint exactly which errant accounting entry or incomplete billing report needs human intervention. When the technology is applied to holistic workforce data, AI can predict attrition, identify at-risk performers and recommend specific actions to retain key resources.

Talent can benefit in other ways too. Intelligent automation can shoulder the repetitive, low-level tasks like reconciling accounts or scanning expense-report receipts. That can then free up professionals to spend time on strategic and more effective activities that can deliver customer value.

"AI is freeing people from manual, repetitive processes so they can focus on more productive and strategic tasks," says Valera. "That adds value for the client and for the firm."

The opportunities go even further. Yes, AI can automate tasks and drive individual use cases, but its potential lies in transforming entire functions and even industries. Firms should seize the opportunity to power workforce transformation at scale, democratising access to digital capabilities and skills, so the whole workforce can align and focus on strategic work.

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Firms should prioritise a responsible approach to the technology and incorporate trust by design in everything they do. After all, their clients count on them to present trustworthy solutions. Part of that trust now entails safeguarding against not only security and privacy risks, but risks across data, model and bias, prompt and input, and the user.

When AI and ML are embedded into an enterprise platform, a firm's business data and the technology applied to it can effectively come together. Consequently, as emerging technologies evolve, there's likely no need to fund or track potential upgrades across multiple systems. Instead, enterprise-wide data exists in the same seamless, safeguarded platform.

3. Empower, engage and enable ever-evolving talent

The final part of the triangle is the people within the organisation, who have the skills, talent and know-how to get the data and the technology working. Yet it can be easy for a business to lose track of the talent it has. For instance, the most accurate snapshot it has of a worker's skills may well date from the day that they're hired – particularly if the firm is relying on legacy systems.

Without real-time, expansive workforce data and the technology to transform that data into insights, firms often have limited visibility into how their people's capabilities evolve as they gain experience. As Cappello says, "One of the hardest things for professional services firms is understanding who they have and matching them to the right work at the right time."

Yet pairing the right people with the right projects is important in professional services – and firms that excel at this task can benefit from greater efficiencies, happier clients, and more engaged and satisfied talent. As more firms introduce innovative technology and seek modern solutions, radically improving resource management is a clear and common priority.

Key technology such as PSA enables firms to know who they have and when they're available, as well as identify delivery teams for every project in the pipeline. AI and ML can put a real-time skills ontology within reach, tracking an individual's skills as they evolve – for instance, by looking for evidence of new skills acquired from work projects or completed learning courses. Intelligent automation then analyses a multitude of workforce and client dimensions to surface the leading team for a particular project.

"So the person tasked with resourcing is empowered to make data-driven decisions faster and with greater accuracy and confidence," Cappello says.

For consultants, technology's assistance in pairing them with projects aligned with their current capabilities is a career win – and one they welcome. A recent PwC survey shows most employees are enthusiastic about AI's potential impact on their careers, with 27% celebrating new skills-related opportunities. Nearly one-third say AI will help increase their productivity and efficiency at work.

By improving talent retention and encouraging skills development, technology can become a positive differentiator for firms. That can be particularly noteworthy when more than one-quarter (26%) of workers say they're likely to change jobs within the next 12 months, despite rising unemployment and recession concerns. An even higher proportion of Gen Z (35%) and millennials (31%) plan to make a move, the PwC survey found.

"The technology makes a difference at the desk, too," says Valera. "Empowered employees can use self-service platforms to shed light on available work in the coming weeks, raise their hand for the work that most interests them, and understand the skills they'll likely need to grow their careers in the coming years. They actively engage in determining how they spend their work lives and how they develop their careers."

That can make a significant difference to professional services organisations, as it enables them to better staff projects today as well as anticipate and cultivate the skills their clients may demand 2, 5 or 10 years from now. For an industry with a business model based on the ability to swiftly assemble and deploy professionals in areas of high demand, supercharging that capability can be a clear differentiator.

You can't predict the future – but you can prepare for it

"And here's one final thought," Valera said. "Introducing AI and intelligent automation technology can also help professional services firms streamline costs. Legacy solutions are often expensive to run, and any incremental improvement may not shave that much off the expense sheet."

Businesses are looking to make more impactful investments that enable agility and flexibility for the longer term.

"Firms have made it a priority to be better prepared for whatever comes next," says Cappello. "You can't predict the future, so they're looking to build better business modelling, and that enables them to pivot and react as things happen."

The unified data and embedded AI that enable professional services to be ready and flexible for the future are also helping unlock new levels of client value and employee engagement. By modernising their core systems, firms are effectively revolutionising the way that business is done – not just to drive innovation for their clients, but also for themselves.