



IMPACT REPORT

EY partners with Hortonworks for Hadoop distribution

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It is perceived that open source technology will not appeal to global professional services companies because of the modest fees that might be gleaned from setting up such systems. However, for the large transformational projects that EY is involved with that require the integration of data from SAP, Oracle, Informatica and Teradata with Hadoop, this perception has not proved true. EY became a customer of Hortonworks a year ago, as its audit team needs to bring in massive amounts of unstructured data for its work. It then made sense for the company's IT advisory arm to also partner with Hortonworks for its projects.

The 451 Take

EY Advisory is continuing to forge ahead with the reimagining of its business as it joins its clients in moving away from old-fashioned operating models. The partnership with Hortonworks is the most recent example of this. Consultancies that are serious about continuing to be successful in providing services using data and analytics need to add Hadoop

capabilities to their advisory arms in order to be credible. EY is the first of the Big Four to sign a formal partnership with a Hadoop distribution, but others will likely follow.

Context

Within its different practice areas, EY has considerable big data and advanced analytics capabilities. The company focuses both on direct to market analytics consulting services, as well as embedding analytics within its core services such as audit, tax and transactions.

EY has more than 3,500 analytics professionals, with approximately 600 in offshore delivery centers. The company has deliberately chosen to keep its analytics resources as close to the market as possible. Therefore, it is not trying to compete solely on the basis of a standalone analytics practice. It does have a Global Center of Excellence to lead and coordinate a select number of areas the company believes are significantly value to working across the businesses. These include areas such as IP and solution development, acquisitions and alliances, technology platform decisions and training.

As part of its engagements, EY typically builds advanced analytics models and tests that are customized to specific client needs. EY also has a large number of 'pre-packaged' analytics models in certain domain areas such as risk, fraud detection, customer, supply chain and HR.

To support this work EY has relationships with a variety of technology partners both to support deployment of analytic solutions as well as to co-innovate in selected sector and functional areas. It has relationships with IBM, SAP, SAS, Teradata, Informatica, Hadoop, Tableau, Spotfire, QlikView and, now, Hortonworks.

Strategy

Scott Schlesinger, EY manager of data and information management for IT advisory, the Americas, said that among the various distributions that EY could partner with, it chose Hortonworks, largely because it is a completely open source distribution. Other reasons for selecting Hortonworks included the fact that it has more contributors from the original Apache Group, it is easy to work with as a company and it is growing fast in terms of number of subscribers. Schlesinger was also impressed with the technology partner's subscriber renewal rate since its inception.

It is perhaps unsurprising that EY should choose to partner with Hortonworks, because Hortonworks' commitment to a 100% open source software strategy is a differentiator, and one that some clients value highly. It also means that Hortonworks' investment in R&D is directed at Apache Software Foundation projects and the results are therefore freely available for use by its rivals, all of which have proprietary products and capabilities with which to try and attract and keep customers that Hortonworks does not. Hortonworks has also been differentiated by its focus on partnerships to grow the Hadoop ecosystem.

Hortonworks itself, as a newly public company, is keen to reduce the proportion of revenue generated by its professional services arm, which has been creeping up to more than 40%. Partnerships, like this one with EY, may help here; this is certainly a topic senior leadership minds within Hortonworks are concentrating on. The Hadoop distribution will continue to focus on the set up of the hardware cluster and its tuning. Meanwhile, EY will focus on integrating Hadoop with HANA especially following the release in September of SAP's in-memory query engine for Apache Spark and Hadoop, SAP HANA Vora.

EY and Hortonworks are already doing joint account mapping and are concentrating on solution development that is sector-based or sector relevant. Indeed, Hortonworks comes to EY to get perspectives on data governance, and the two companies are working together on marketing initiatives about this. EY has access to the Hortonworks repository to see how it has solved customer and sector issues in the past. In this way, EY and Hortonworks can work together to exploit repeatable processes and technologies.

The two also have a subcontracting agreement so that they can bring in each other's talent to work on projects. EY also has a training agreement with Hortonworks so that its junior staff can shadow their people to get up to speed on Hadoop and Hortonworks Data Platform. EY has deep expertise with Hadoop, and has been working with Hortonworks to certify large numbers of EY resources. EY is continuing to work with other Hadoop distributions with its clients.

Services

For auto manufacturers EY is already taking advantage of Hadoop and other technologies in its Warranty Analytics offering for SAP HANA. This offering provides an integrated view of warranty, product and manufacturing so that engineers can detect issues earlier and thus correct things faster in order to reduce costs associated with fraudulent claims, shipment of faulty products, recalls and warranty processing. The offering includes a data model, pre-defined business rules, visualizations and dashboards, and can make use of large volumes of both structured and unstructured data. It was launched in February 2015 to map data and run analytics so that customers can understand the size of warranty reserve they should set up as against working capital. EY Warranty Analytics integrates historical data with live feed data from various sources so that the data can be brought together to set a warranty reserve at any time, manage warranty claims and detect potential fraud.

Although it is currently targeted at the auto industry, warranty management is a significant cross-industry issue also facing industrial equipment manufacturers, telecommunication equipment manufacturers, medical device manufacturers and computer manufacturers, which opens up further opportunities for EY.

Another offering is being developed for the energy sector where EY is providing predictive asset maintenance for oil field drillers. For example, if a drill head goes offline daily production can be resumed as quickly as possible by dynamically managing the supply chain to replace it. EY has created a point of view around the offering and developed an architectural design that is being piloted with a customer and then it will be brought to market.

Competition

The global IT service business generalists such as Accenture, IBM and Capgemini have established strong business lines in older technologies (BI, data warehousing and analytics) provided by SAP and Oracle. The market move toward Hadoop, Cassandra and AWS poses a significant challenge to those businesses, because the speed at which these technologies are evolving makes it difficult for traditional consulting and systems integration models to keep up and make money from them. Against these competitors, EY has the advantage that it has no legacy application services and IT outsourcing business to defend.

Then, of course, there are the other three competitors from the Big Four: Deloitte, KPMG and PwC, which have IT advisory arms and digital businesses. However, in terms of a formal partnership with a Hadoop Distribution such as Hortonworks, EY stands out as being the first of the Four to forge a business development approach to this technology.

SWOT Analysis

Strengths

EY is focused on the development of its data management and analytics capability as an obvious technology extension of its huge expertise in areas such as fraud detection and management. Its partnership with Hortonworks makes perfect sense as a way to enhance and improve the company's open source Big Data technical expertise for clients.

Weaknesses

Although EY is keen to ring the changes in terms of new advanced technologies within its IT Advisory arm, it is continuing, along with many consultancies, to bet a lot of its new offerings on SAP HANA, despite the very low and slow uptake of this technology amongst enterprise buyers.

Opportunities

EY is already working on development of its own assets that make use of structured and unstructured data in the area of warranty analysis where it expects to be able to sell its capability in several verticals beyond automotive. It is also working on IoT capabilities in areas, such as predictive maintenance to help customers better manage their supply chains in the digital era.

Threats

As buyers begin to look for data integration services for larger projects, it is not clear that EY has the headcount to compete and so it may make sense for it to place some partnering bets with some of the offshore providers to address this.

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M&A ACTIVITY BY SECTOR

Internet of Things / Big Data (0) (https://makb.the451group.com/results?basic_selected_sectors=1088)

IT services & distribution / Technology & management consulting (354) (https://makb.the451group.com/results?basic_selected_sectors=261)

M&A ACTIVITY BY ACQUIRER

Accenture Ltd. (62) (https://makb.the451group.com/results?basic_acquirers=Accenture+Ltd.)

Amazon Web Services Inc. [aka AWS] [Amazon.com Inc.] (2) ([https://makb.the451group.com/results?basic_acquirers=Amazon+Web Services Inc. \[aka AWS\] \[Amazon.com Inc.\]](https://makb.the451group.com/results?basic_acquirers=Amazon+Web+Services+Inc.+[aka+AWS]+[Amazon.com+Inc.]))

Capgemini Group (17) (https://makb.the451group.com/results?basic_acquirers=Capgemini+Group)

Deloitte Consulting LLP (4) ([https://makb.the451group.com/results?basic_acquirers=Deloitte+Consulting LLP](https://makb.the451group.com/results?basic_acquirers=Deloitte+Consulting+LLP))

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Hortonworks Inc. (1) (https://makb.the451group.com/results?basic_acquirers=Hortonworks+Inc.)

IBM Corporation (153) (https://makb.the451group.com/results?basic_acquirers=IBM+Corporation)

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Teradata (15) (https://makb.the451group.com/results?basic_acquirers=Teradata)

Figures shown indicate number of transactions

COMPANY MENTIONS (PRIMARY)

EY (</search?company=EY>)

COMPANY MENTIONS (OTHER)

Accenture, Apache Group, Apache Software Foundation, Amazon Web Services, Capgemini, Deloitte, Hortonworks, IBM, Informatica, KPMG, Oracle, PricewaterhouseCoopers, Qlik, SAP, SAS Institute, Spark New Zealand, Spotfire, Tableau, Teradata (</search?company=Teradata>)

CHANNELS

Internet of Things, Service Providers (</dashboard?view=channel&channel=9>)

SECTORS

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