

REPORT REPRINT

EY Synapse: transmitting insight to the enterprise

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The company recently announced the extension and branding of its global analytics-as-a-service platform, EY Synapse. This is an operational extension for all of EY's service lines that is in keeping with the digital direction of travel of the management consultancy market.

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EY continues to offer advice in a traditional and tailored manner for customers. However, it has also enhanced and extended these traditional services so that customers can make use of its domain expertise and analytics capabilities as a managed service.

The company provides a full lifecycle of analytics services, including advisory, implementation, managed services and assurance. In the advanced-analytics area, it is applying advanced modeling techniques and statistical methods to structured and unstructured data sources to identify insight that drives business value for the customer. As part of its digital services, EY is now providing managed platform-centric analytics services – under the EY Synapse brand – where it operationalizes the delivery of insight in an ongoing manner. These digital platforms can be managed and developed by EY in cloud, EY-hosted or client-hosted environments. With EY Synapse, clients gain value by not having to manage the infrastructure or the applications, while having access to marketplace insight and expertise from their enriched data.

THE 451 TAKE

With the emergence of Hadoop and the concept of big data, analytics is no longer about structured historical data (akin to driving while looking in the rear-view mirror). Advanced analytics is about using data-driven insight to forecast and predict factors to drive business change by moving forward more boldly. This is why it appeals to consultancy firms – it augments the types of advisory services they already offer. However, as companies such as EY increasingly codify their IP into reusable assets, they are gradually, but radically, changing their operational models. As such, EY Synapse is an innovative development for EY that takes it into closer competition with players such as Accenture and IBM Global Services in offering platform-centric managed services.

CONTEXT

EY focuses on four horizontal areas across the firm: digital technology, cybersecurity, analytics and business transformation. None of them are stand-alone practices; rather, they feed into different domains that are sector-led.

EY has analytics capabilities across its assurance, tax, transaction and advisory service lines. Its analytics services earned revenue of \$1.6bn in FY 2015 and grew 24% year over year, with about 40% of its business in EMEA and 45% in the Americas. EY has more than 6,300 analytics professionals, with approximately 1,000 in offshore delivery centers. The company has deliberately chosen to keep its analytics resources as close to the market as possible. It does have a global center of excellence that leads and coordinates a select number of areas in which the company believes value can be added. These include areas such as IP and solution development, acquisitions and alliances, technology platform decisions, training, and EY Synapse.

The company recently launched the EY Synapse brand to pull together its analytics-as-a-service (AaaS) capabilities under a common operating model to help its go-to-market efforts and provide global consistency to its clients. EY Synapse is not a single architectural configuration; rather, it refers to a globally consistent framework that allows capabilities to be provisioned at the point of need based on client and regulatory requirements across all of EY's service lines.

STRATEGY

Over the past two years, global chief analytics officer Chris Mazzei has seen a shift within the market – analytics requirements are coming more from business buyers and less from IT buyers. He thinks this reflects the shift away from traditional BI capability and toward more advanced analytics (looking at strategic changes, organizational impacts and change management). These requirements often come to EY directly from business buyers or shadow IT organizations, so that business requirements can be responded to more quickly and capital IT costs can be contained or eliminated.

This plays to EY's strengths in having a deeper competence around business strategy, transformation and change management than many of the technology vendors that are moving into the advanced-analytics space. However, the main challenge EY faces – which technology vendors will more easily take in their business-development stride – is the management and maintenance of analytics models as part of the AaaS offering. As EY Synapse's capability grows, EY will need to add more software engineers, user-experience specialists and designers, as well as delivery teams, to add more scale. And that might disrupt EY's current operational model, which is largely a people-utilization business, charging for labor by the hour. With this in mind, the company is bringing people into the organization that are more familiar with the managed services model to help EY make the transition.

SERVICES

EY already has a number of AaaS capabilities that it can provide under the EY Synapse brand. For each sector that the company operates in, EY has developed (and will continue to expand) a catalog of solutions that are particularly relevant to each sector – in areas where EY has a high level of expertise around a complex business issue. EY's approach is to not offer basic SaaS, PaaS or turnkey solutions, but to provide the full spectrum of analytic IP (data models, algorithms and visitations) via offerings that complement or sustain engagements, based on the unique needs of each client. Thus, EY Synapse is usually provided as part of a broader consulting project and substantiates work that EY undertakes.

Offerings available from the EY Synapse portfolio include:

- CASE for pharmaceutical analytics offers preconfigured analytics addressing regulatory changes and M&A activity.
- EY Envision is an analytics capability for healthcare that supports quality of care and quality of service within the sector.
- EY Hex is for retailers wanting analytics support for better targeting of offers to customers.
- EY 3D Spend Analytics supports procurement teams to better forecast organizational spend.
- EY Forensic Data Analytics and Sciences helps EY efficiently detect and investigate instances of error, waste, misuse, abuse, corruption, noncompliance and fraud, in addition to assisting with regulatory or litigation response. For example, EY has an offering addressing trader compliance at the transactional level so that data, including voice, can be tracked to monitor trading activity.

With any of EY's analytics offerings, the delivery of insight can be tailored to client needs. EY understand the complex and challenging issues its clients face, but consults with each client to map roles and responsibilities to visual consumption patterns and delivery methods. Most end users just want one connection point to a website – providing the insight they need – that can be consumed as part of the workflow of their job. EY itself has a common portal from which it delivers the services, but consumption is always custom.

Pricing is via subscription, calculated on deployment model, geographical coverage, the frequency of updates, the volume of data to be processed and other variables, to determine business value to both parties. It may also form part of a broader fixed-fee engagement delivered by EY.

COMPETITION

EY's traditional competitors are the rest of the Big Four: Deloitte, KPMG and PwC, which have IT advisory arms, digital businesses and analytics capabilities. Against these competitors, EY would argue that it is differentiated by sector expertise, domain knowledge and a focus on the human side of analytics, including change management and decision-making. For EY Synapse, EY claims advantage by the fact that it has integrated the firm by forming a single management unit in its Americas, EMEIA and Asia-Pacific regions to drive adoption across all service lines. This makes serving clients globally more effective while offering clients a more integrated approach to its services. This is especially important in the world of managed service offerings, which consultancies are moving toward with their asset-based services. It is difficult to make the business model for reusable digital services work efficiently if there is a lack of common global operational processes and policies in place.

Of course, there are also the IT service 'business generalists' in the market, including Accenture with its Accenture Insights Platform (AIP), IBM with its Big Insights platform, and Capgemini with its Insights-as-a-Service and Insights 360° offerings based on its technology-stack approach. Against these competitors, EY has no legacy BI and data-warehousing business to defend, and it is happy to partner with a client's preferred technology providers to deliver its services, in addition to having deeper business-domain knowledge than these players.

SWOT ANALYSIS

STRENGTHS

EY is building out its AaaS capability around its history of offering managed services and expertise in areas such as risk management, tax, cybersecurity, finance, procurement and supply chain. Consequently, it has the credentials to move into these areas of the digital services market, albeit with a different operational model.

WEAKNESSES

Culturally, EY, along with the rest of the consultancy market, has limited experience in growing and operating an asset-based managed service business at scale. It is bringing in expertise to help it overcome this challenge.

OPPORTUNITIES

EY Synapse should help the company grow additional business with clients and prospects, enabling it to more rapidly develop its advisory business without having to feed that growth with a linear addition to headcount.

THREATS

It is early for the managed AaaS market, but it is becoming clear that there will be as many insight platforms and prepackaged IP vendors as there are IT service providers. To safeguard its investment, EY should consider how best to develop a partner ecosystem around EY Synapse.