



Creating on demand services

Jorge Blanco and David Brown, KPMG

Consulting services have, historically, been delivered on a timeboxed basis; the consultants come in, work towards a set of project objectives, and then leave when the job is done. However, recent years have seen the emergence of a new generation of advisory services. Inspired by the 'managed services' model that has been successfully deployed by technology providers for decades, many firms now offer their clients continuous advisory support. Through these new delivery models, firms provide clients with ongoing access to smart people, robust data models and powerful software to help tackle relatively high complexity business challenges.

Jorge Blanco is Head of Solutions and Business Development, and David Brown is Head of Operations and Delivery, for KPMG On Demand Services. Both have been closely involved with the growth over the last decade of the firm's on demand services. We sat down with them to learn what goes into the development and launch of these services, and how KPMG has been able to successfully deploy this model.

What was the impetus for KPMG to start seriously investing in the development of its on demand services?

David: On demand services isn't a new concept for us at KPMG; it's something we've seen the market shifting towards for quite a while, and we started taking action to build our own offerings in this space about eight or nine years ago.

Our development of on demand services has really been a response to changing client demand. Our clients are telling us, 'There's a lot of specialised programmatic work that needs to be done in our organisation, but that work is happening constantly and creating constant demand for resources. I don't want to hire a firm to do a one-time project to try to address a need I'm going to have in perpetuity.'

Jorge: I think the market dynamics of the consulting industry are going through a period of transition. All of a sudden, you can find yourself competing for a project against technology companies that have expanded into consulting and incorporated it into their services. Of course, the industry has seen that type of convergence before and it hasn't panned out, but the fundamental changes in technology along with client demand are making a difference.

How have you decided which areas to develop these services in?

Jorge: We've deliberately stayed away from staff augmentation and commoditised BPO. Our focus has been areas where we already have skills and expertise; that's part of the reason why we refer to these as 'on demand' rather than 'managed' services. We may, at some point in the future, expand into white space, but right now, our approach is to rely on the knowledge of our practitioners.

David: There are many areas where the on demand service approach makes sense—compliance, security management, insights and analytics—really anything that isn't event-driven. There's an enormous white space there of potential work.

Can you talk a little about the process of developing those services? How different is launching a new on demand service from launching a more traditional consulting service line?

Jorge: When we started developing our on demand services, we went into it with eyes wide open. We understood the implications of underperforming. This wasn't a fly-by-night operation: we treated it as a serious internal investment that required a methodical approach. That level of self-awareness is what put us in the position we're in today.

In developing on demand services, we've had to teach the firm to do market intelligence in a very different way. It requires a lot of intense primary research—both quantitative and qualitative. You have to be willing to kill opportunities if you realise there's no demand.

We have applied product management discipline to our on demand service solutioning process. This is new to the firm. Product management happens to be my professional background, and the main reason that brought me to the firm.

David: When we started our current journey, we wanted to leverage the consulting skills already present in our business. But we also brought in a lot of new people with different skillsets, such as product management and operations.

It's important to us that we don't end up creating a team that goes off into a black box and comes out with a new on demand service. The process of developing these services has to be a collaboration between us and the wider business, and has to be informed by the issues our clients are facing. I've seen other firms trying to create managed services end up erecting a wall between that bit of their business and everything else—and that's just not an approach that's going to work out.

Do you see these services as being driven, primarily, by technology? Or do you see them as more people-driven services?

David: The balance between people and technology in our on demand services varies substantially. We've developed some services that are

very data-intensive, producing complex models and using advanced analytics to input into client decision making. Those types of services are very technology-intensive—although you still need an element of human labour. But there are others—for example, compliance-type activities—that are much more human-driven, even if there's still a lot of enabling technology involved.

Next-generation services must have a knowledge or data component at their heart. That knowledge or data element—coupled with technology, be it platforms or accelerators—is going to be a table stake, for any truly sustainable new delivery model.

By concentrating our efforts on a new services unit, we're applying the principle of leverage: we don't want to do things more than once. That's why building the right technology solutions, and deploying them as heavily as we can, is critical.

Jorge: About 30-35% of the work we do falls into a category that I'd term 'technology-enabled consulting.' You have a product or an asset that's central to the creation of value, and you need someone who's able to operate that product and own the outcomes.

Certain classes of service are going to be radically affected by the cloudification of technology. A lot of key back- and middle-office technology is becoming cloud-native, so obviously the services that connect into those pieces of technology will have to change. And client needs are changing alongside that. It's not as if clients are worried that their tech partners—the Microsofts and Oracles of the

world—are going to be offering them deficient technology; they don't need help there. What they need is a trusted journey collaborator who really understands organisational best practice and can help them get value out of their technology.

What level of interaction is there between the teams developing and running your on demand services and the wider KPMG business?

David: We see our on demand services as complementary to our core consulting work. There are still lots of clients that just need something fixed or changed up front; they want a firm to come in, spend six months building a solution, and then hand over the keys. And of course we can still do that. But now we also have the flexibility to carry on running that solution for them after the initial project ends. It's a very different way of thinking about how a firm can create value.

Jorge: There's no daylight between us in the on demand services unit and the practitioners in the rest of our business. Our focus is on developing services in areas where we already have subject matter expertise within the firm. We heavily tap resources that already exist in the firm; we're not trying to replicate that expertise.

Do you get the sense that clients are becoming more comfortable with the idea of buying services on an ongoing basis from consulting firms?

Jorge: Over the next five years, on demand services are going to become a critical part of our business. Clients that get value

from our services are telling us that they want us to deliver through this model for many of their challenges. On demand services allow us to do that in a way that makes economic sense for both parties.

There's definitely been a shift in the market. Clients want to take full advantage of a consulting firms' capabilities; they want advisers who will be present and delivering outcomes on an ongoing basis. But it doesn't make financial sense for them to get access to that through the traditional model. On demand services are the right vehicle to deliver that kind of ongoing support.

David: Clients are getting smarter. If you go back to when outsourcing first started taking off, there were a lot of organisations out there that just didn't understand how to do it. The managed services boom isn't like that. We're not having to educate clients about the concept—they're coming to us and asking how we can help them run their business.



Source Information Services Ltd
20 Little Britain | London | EC1A 7DH
UK +44 (0)20 3478 1207
US +1 800 767 8058
info@sourceglobalresearch.com
www.sourceglobalresearch.com

© Source Information Services Ltd 2019

Source Information Services Ltd and its agents have used their best efforts in collecting the information published in this report. Source Information Services Ltd does not assume, and hereby disclaims, any liability for any loss or damage caused by errors or omissions in this report, whether such errors or omissions result from negligence, accident, or other causes.