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EY REMAKES THE INNOVATION SPACE

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EY-NOTTINGHAM SPIRK INNOVATION HUB

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To mark the opening of its first Innovation Hub and latest wavespace location, as well as its partnership with Nottingham Spirk, EY hosted a ribbon-cutting ceremony and daylong event for local civic and business leaders, clients in the manufacturing space, and technology partners. TBR attended and spoke with EY leaders, attendees from EY's technology partners, and multiple EY professionals, including Jerry Gootee, EY Global Advanced Manufacturing Leader (and EY-Nottingham Spirk Innovation Hub visionary); Greg Sarafin, EY Global Alliance and Ecosystem Leader; John Nottingham, Nottingham Spirk Co-Founder and Co-CEO; and Regan Grant, EY Global Advanced Manufacturing & Mobility Marketing Leader.

► FROM PROCESS TO PEOPLE TO PLACE, EY HAS CRAFTED SOMETHING UNIQUE

Every consultancy has its own process for digital transformation: a mix of design thinking, agile methodologies and sprints, usually starting with a business problem and resulting in application of a new technology-enabled solution (i.e., the “digital” in digital transformation). And nearly every consultancy and IT services vendor brags of end-to-end capabilities, from identifying the business issues to implementing a solution. EY's Innovation Hub at Nottingham Spirk, however, does something: It actually delivers on that promise.

EY and Nottingham Spirk's immersive process (enabled by wavespace), honed pre-pandemic and deployed throughout with virtual sessions, unpacks clients' most intractable business problems and identifies potential pathways to resolving those issues, taking into account change management, technology enhancements and business model implications. Where a wavespace team — or similar group at a peer's innovation and transformation center — would then hand off the client for the next steps, including innovation around technology changes and minimum viable products, in Cleveland the EY wavespace team simply walks the client downstairs to the Innovation Hub, where the next steps in the process begin immediately. And when the client's needs include any kind of physical construction or prototyping, the rest of the Nottingham Spirk facility comes into play.

Critically, EY and Nottingham Spirk include every human professional involved in the process at every point in the process. A Nottingham Spirk designer and a Microsoft-certified developer participate in the wavespace engagement at the start, and the wavespace consultants follow the client through their entire journey, bringing life to “end-to-end.” In TBR's view, combining the innovation process with the technological and physical capabilities of EY and Nottingham Spirk and capturing everything — and everyone — under one roof portends a sea change in how innovation and transformation centers will be run going forward.



While extending innovation from business challenge consulting sessions into implementation of technology and physical solutions requires a commitment from EY firm leadership and business model shift for EY, the physical space EY and Nottingham Spirk have created warrants attention as a blueprint for future center construction.

Nottingham Spirk contains a maker's dream space, with the tools, equipment and supplies to craft and test virtually anything. The main floors boast product engineering labs and countless examples of previous work taken from idea to commercialization. Attached to Nottingham Spirk's manufacturing innovation paradise, EY built an IT innovation hub, outfitted with the latest tools from partners like Microsoft, SAP, Nokia and PTC, and key contributors such as GE Digital, PROS, Simio, and Blue Yonder. On the second floor of the innovation hub, EY's latest wavespace offers room for large discussions or more intimate problem-solving sessions. Literally atop a hill and graced with a belltower, the facility allows clients, partners and employees to feel adequately physically removed from day-to-day concerns and fully focused on innovation. A visit to the Cleveland facility reinforces TBR's view that innovation and transformation centers benefit from being physically separated from the vendor's home offices.

Beyond one innovation center, yet also very much Cleveland

In a wide-ranging discussion with EY leaders and one of Nottingham Spirk's founders, TBR questioned how the new facility would address some of the larger challenges across the technology and manufacturing ecosystems, including talent management, innovation in an era of incrementalism, and even imperatives around decarbonization. Repeatedly, EY leaders emphasized their firm's commitment to substantial and sustained improvements in their clients' operations, management, and value across the wider market.

Echoing the firm's "better working world" tagline, EY leaders called the new facility a place for clients, and even EY itself, to evolve. The Nottingham Spirk founder notably described the partnership with EY as an opportunity to reinvent innovation, particularly in the manufacturing space. Seemingly addressing a complaint TBR has heard innovation centers' clients express after two-day design thinking, blue sky, strategic disruption workshops, the Nottingham Spirk founder reinforced his firm's commitment to and track record of taking innovation to commercialization. For both EY and Nottingham Spirk leaders, the new center represented a massive opportunity to make things and make change happen, literally and physically.

Notably, one EY senior leader mentioned to TBR that the new wavespace and the EY and Nottingham Spirk relationship was "not about Cleveland" — one of a series of qualifiers that included the space and partnership being more than just technology or manufacturing and more than just a U.S. innovation hub.

In contrast to the "not about Cleveland" sentiment, TBR repeatedly heard of Cleveland's importance to the center's success. Local and state politicians, chamber of commerce professionals, and businesspeople firmly rooted in Cleveland were among the speakers and attendees at the ribbon-cutting, and the Nottingham Spirk origin story celebrates its founding in a Cleveland garage. TBR believes the choice to put a manufacturing-centric wavespace and innovation hub in northeast Ohio recognizes the importance of that region to U.S. manufacturing and reflects an emerging trend of locating industry-specific innovation talent where the industry has already clustered itself.

At last, partners fully embraced, now equals at the table

In addition to process and place, EY's new wavespace and innovation hub at Nottingham Spirk breaks the mold in another significant way: EY installed its technology partners front and center, clearly part of the experience for EY's clients.

TBR has long contended that innovation and transformation centers should be cooperative spaces between consultancies and their technology partners, explicitly cobranded and even comanaged. While a small number of centers leaned in that



direction, no other innovation and transformation center has so fully embraced its technology partners, as made evident in two ways during TBR's visit.

First, every case study EY professionals presented included one or more technology partners from among the top tier, including Microsoft, SAP, PTC, and Nokia. In most sessions, EY professionals left unsaid what EY brought to the example engagement, instead highlighting the technology partners' roles. Arguably, EY's clients do not need an explanation of EY's value and emphasizing, instead, EY's role in the larger ecosystem makes for a more compelling story.

Second, an attendee from one of the top-tier partners remarked to TBR that when he brought clients to the wavespace, he was walking them through a full wavespace-innovation-Nottingham Spirk engagement. Asked to clarify, he said while he expected EY would be part of the sessions, he would be responsible for selecting and preparing the client and the session would be, overall, centered on solutions his company provided. "I see this as a facility where we're welcome to be full partners," he added, cementing the idea that EY's technology partners believe the new center provides them full access to EY, Nottingham Spirk and everything the center can deliver. In no other innovation and transformation center has TBR heard such a comprehensively constructed partnership arrangement.

95% SUCCESS RATE STARTS WITH BEING IN A CLASS APART

TBR's analysis of innovation and transformation centers started with multiple visits to truly exceptional physical facilities run by top talent motivated to both transform clients' businesses and transform their own firms. During multiple visits and briefings over several years, a few consistent themes drove our analysis: Talent, leadership commitment, and client preparation matter most; the physical space is too important for shortcuts or cheap options; and clients want to see and experience the full ecosystem, including technology partners.

When the pandemic shifted everyone to remote delivery, many firms managed well, some thrived, and a number of IT services vendors and consultancies stored away lessons learned during lockdowns to implement when clients and staff returned in person. Some consultancies even opened new centers during the worst of the pandemic.

With the new center in Cleveland; the partnership with Nottingham Spirk; and the emphasis on process, people and the physical, EY leapt over competitors and created something unmatched. Multiple times during the visit, TBR heard about Nottingham Spirk's 95% success rate in turning patents into commercial successes. EY's challenge is to replicate that success rate with clients coming through the Cleveland innovation hub.

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