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Business model innovation and digital transformation in global management consulting firms

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Abstract

Purpose – This paper contains an exploratory analysis of the business model innovations (BMIs) that management consulting firms (MCFs) undertake to remain competitive during digital transformation.
Design/methodology/approach – This paper uses data from a longitudinal multiple case study of the European practices of major global MCFs to provide an overview of how they reconfigure their business model (BM) to gain competitive advantages. It maps BMIs in MCFs through value creation innovation, value proposition innovation and value capturing innovation.
Findings – There is a shift in value proposition from solely giving advice or supporting information technology (IT) implementation to providing end-to-end digital solutions. To materialize value propositions, MCFs acquire new knowledge and digital assets through talent scouting, and mergers and acquisitions (M&As). MCFs rely heavily on complementary knowledge and capabilities of actors within ecosystems; thus, they focus on expanding, creating their ecosystems and adopting platforms' configuration and characteristics.
Research limitations/implications – Inductively, the authors reached an analytical generalization through six propositions and a theoretical frame that embeds propositions in the previous literature. Future research should test them across the overall management consulting industry.
Practical implications – MCFs are recognized as drivers of innovation and BMIs in most client firms. However, MCFs are rarely analyzed with respect to their BMIs. Understanding how MCFs innovate their business models (BMs) to provide digital transformation (DT) consulting services is relevant for delivering management innovation across industries.

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Originality/value – This is the first exploratory study on BMI inside global MCFs during DT.
Keywords Digital transformation, Management consulting, Business model innovation, Value proposition, Value creation, Value capturing
Paper type Research paper

1. Introduction

Management consulting firms (MCFs) play a central role in the diffusion of management innovation (Birkinshaw *et al.*, 2008) and business model innovations (BMIs) across different industries (Osterwalder and Pigneur, 2010). MCFs are playing a predominant role in enabling digital transformation (DT). As highlighted by the European Federation of Management Consultancies Associations (FEACO), MCFs are supporting organizations in assessing their information technology (IT) strategies to reach a fit between technology and business strategy. Their service offering includes strategic advisory for decision-making in planning and executing new technologies for business practices (FEACO, 2015). Since 2015, consulting related to DT – or "technology-driven consulting" – is the fastest-growing management consulting (MC) service line in Europe (FEACO, 2019).

The role of MCFs as agents of innovation and knowledge brokers has been extensively investigated in the literature (see, for example, Anand *et al.*, 2007). However, our understanding of how MCFs innovate their business models (BMs) is limited, especially concerning the current DT (Cerruti *et al.*, 2019). Moreover, it is somehow paradoxical that recent BMI literature has examined new ventures (Snihur and Zott, 2020) or focused on cultural and creative industries (Landoni *et al.*, 2020) but remains salient on MCFs that are the leading players in introducing BMIs in other client firms across different industries. One notable exception is Anand *et al.*'s (2007) seminal work on the emergence of new practices in MCFs, but their contribution is far from a comprehensive picture of BMIs in MCFs with no reference to DT. As MCFs are the engine of management innovation and the main actors in promoting DT, this paper aims to answer the following research question: *How do MCFs innovate their BMs to provide DT consulting services effectively?* Understanding the changing nature of their BM in the DT is a highly relevant question for management studies that this paper aims to address.

To answer the question, we conduct a qualitative study by collecting and analyzing data from the major international MCFs in Europe. Based on longitudinal data from the leading MCFs, our findings illustrate how MCFs innovate their BM to offer DT solutions.

The paper is organized as follows. In the next section, we present the theoretical background of BMI driven by the DT in MC. Then, we provide the research methodology, data collection and analysis. We then present the main findings and discuss them. Finally, we conclude the paper, highlighting implications for theory and practice, and future research paths.

2. Theoretical background

2.1 Business model innovation driven by DT

The DT process refers to the increasing adoption of digital technologies within firms' operations, transforming physical processes into digital ones (Kohli and Melville, 2019). Indeed, the advancements in digital technologies require new digital activities to be developed by companies, and, in particular, new ways to configure those activities for value creation, proposition and capturing, which are the sources of firms' growth and performance (Sohl *et al.*, 2018).

Creating, proposing and capturing value are the three main components of a firm's BM – a structural template that describes the story of how an organization works, as a cognitive

linguistic schema (Magretta, 2002) or as attributes of real firms (Casadesus-Masanell and Ricart, 2010). Situated in between the two opposite epistemological interpretations of BMs as attributes of real firms and cognitive-linguistic schema, is the interpretation of BMs as formal, conceptual representations (Teece, 2010). The difference between cognitive and linguistic interpretation and formal conceptual representation is that the former is a narrative, not detailed, often unspoken, while the latter is explicit and written down in mathematical model or visual representation (Massa *et al.*, 2017). The interpretation we adopt here is the one that refers to BMs as the attributes of real firms (Casadesus-Masanell and Ricart, 2010), that is to say as a set of activities and processes, as well as the resources and capabilities to perform them – either within the firm, or beyond it, through cooperation with partners, suppliers or customers (Markides and Sosa, 2013; Zott and Amit, 2010). Therefore, the BM concept encompasses the solutions that the firm can offer, the activities and processes adopted to deliver the promised value and the earning logic to cover costs and provide profits (Bouncken and Aslam, 2019; Clauss, 2017).

The BM approach is more appropriate than a traditional strategy analysis to study the changes produced by MCFs for DT (Massa *et al.*, 2017). This is because in the BM, as in DT, there is a dominant focus on value creation as opposed to competition (Demil *et al.*, 2015); value created for the customer, or even all the firm's exchange partners, is dominant with respect to value created for the shareholders (Amit and Zott, 2001); knowledge held by the firms, customers and third parties is assumed to be cognitively limited and biased, and experimentation, rather than positioning or controlling critical resources, is essential (McGrath, 2010).

The BM is also a dynamic concept (Demil *et al.*, 2015) that has to be renewed to meet the needs that come from changing ecosystem conditions (McGrath, 2010). When the innovation does not concern one single component, but rather is implemented at a holistic and system level, it is called BMI (Foss and Saebi, 2017; Clauss *et al.*, 2020). BMI has a strategic role in gaining and maintaining competitive advantages and a key role in determining firms' survival in the long term (Di Toma and Ghinoi, 2020).

We live in an era of increased digitalization and DT where artificial intelligence, learning algorithms and social media change the way people work (Leonardi and Treem, 2020), and even more so in large firms (Steiber *et al.*, 2020). Following the literature review carried out by Schallmo *et al.* (2017), we define DT as the networking of all the actors across the value-added chain segments and applying new technologies. DT needs skills for the collection and exchange of data and their analysis and application in business decision-making. DT aims at superior performance and affects BMs, processes, intra/inter-organizational links and products. DT can trigger significant BMIs, as profiting from digital advancements requires substantial reconfiguration of the activities, resources, partners, offerings, customer relationships and channels and the cost and revenue models (Parida *et al.*, 2019; Li, 2020). Several studies at both academic and managerial levels have shown the benefits that could come from a digitalization-led BMI, highlighting the opportunities in terms of revenue growth and operating efficiency (IBM, 2015; Visnjic *et al.*, 2018). In fact, the process of digitalization implies something more than the mere application of digital technologies. Rather, as Parida *et al.* (2019) defined, it can be the use of technologies to innovate the BM and provide additional revenues and value creation opportunities. In their review of existing literature about digitalization, BMs and sustainable industry, the authors present an overview of how digitalization can drive the innovation of the BM in the service industry, focusing on its three core processes of creating, proposing and capturing value (Parida *et al.*, 2019).

As for value creation, the digitalization process can support successful innovations, enabling firms to create novel offering configurations (Cenamor *et al.*, 2017), enhance the understanding of customer needs (Metallo *et al.*, 2018) and create an ecosystem of collaborations with those actors that are outside the firms' boundaries (Hakanen and Rajala, 2018).

The ways in which the created value is proposed to customers are also subject to significant changes based on the digitalization, starting from the need to acquire and apply new capabilities (Rachinger *et al.*, 2018), setting processes and activities according to a scalable perspective that would support a global delivery (Hasselblatt *et al.*, 2018) and through the revision of roles and responsibilities in the industrial ecosystems (Parida *et al.*, 2015).

Finally, despite the literature on this specific aspect still being scant, value capture mechanisms can be highly affected by DT on both of the two terms of the profit equation: cost reduction through the improvement of internal processes, and revenue increasing through the addition of new and increased revenue streams (Rachinger *et al.*, 2018). According to them, this goes hand-in-hand with the need to find new risk management approaches to deal with the increased uncertainty. Digitalization allows firms to create and nurture transparent relationships with their customers, which, in turn, is the base for the adoption of more outcome-based service contracts (Cerruti *et al.*, 2019).

2.2 Business models of management consulting firms (MCFs)

Consulting companies' "traditional" BM can be classified depending on the level of standardization in providing consulting solutions (Grolik *et al.*, 2003; Baaij, 2014). On the one hand, there are those consulting companies that are used to dealing with similar issues and thus provide highly standardized products and services. They adopt a kind of "re-use" BM, based on the re-utilization of existing consulting approaches and frameworks, with the main focus of effectively solving recurring managerial issues, limiting the recurring investment of senior consultants and, at the same time, being able to deal with many projects. On the other hand, companies with a "customized" approach create highly personalized solutions to unique problems. In so doing, they provide advice that is mostly focused on high-level strategic problems by channeling individual expertise (Gressgård *et al.*, 2014; Hansen *et al.*, 1999).

The question about the appropriateness of the MC companies' BMs in the face of the drastic changes of the last decades has been raised by Christensen *et al.* (2013), who analyzed the industry looking for symptoms of a disruptive pattern. They found that opacity and agility are the two main reasons why the consulting industry has remained immune from disruption for so long, but they foresee an inevitable disruption for such incumbents. Despite some exceptions, studies on consulting BMs are not numerous (Deelman, 2019; Nissen, 2019).

In the contribution above, Christensen *et al.* (2013) identify, in the "solution-shop," the traditional BM of consultancy, with consultants working to diagnose and solve problems, with an undefined scope and where the value is delivered through his/her judgment rather than through standardized and repeatable processes. In this kind of model, the value capture mechanism is based on a fee-for-service logic, calculated as the multiplication product of hourly fee and number of worked hours (Baaij, 2014). Two more BMs are also identified as threatening the solution-shop BM: the "value-added process business" and the "facilitated network." The former is based on a broader standardization of processes to address problems of defined scope; this makes processes more repeatable and controllable. The revenue model is different, too, as clients pay for output only. A facilitated network BM is structured to enable the exchange of products and services among the actors of the ecosystems, and customers pay fees directly to the network which, in turn, pays the service provider (Christensen *et al.*, 2013).

3. Research methodology

We used a qualitative research approach (Stake, 1995) to investigate how MCFs innovate BMs and address DT opportunities to provide DT consulting services to client firms. We adopted a multiple case study as an appropriate research design to study novel and contemporary phenomena. We selected cases from the European subsidiaries of global MCFs, which have adjusted and developed their BMs in recent years to address client firms' demands better. As for the selection criteria, we selected a representative sample of the global MCFs because our objective is to analyze their BMI in the DT. From the industry sources, such as the European and the National Associations' Annual Reports, it appears that large/global companies are leading in the DT consulting service line.

Since we are interested in changes to BMs, our case study questions and analyzes (see Table 1) focus on mapping the BMIs in MCFs by considering the three main components of the BM as classified by Clauss (2017): value creation (capabilities, partnerships, processes), value proposition (offering, customers and market, customer relationships) and value capturing (revenue and cost models). The case study questions are focused on the research questions of the investigation while analyzing primary and secondary data, and the interview questions.

3.1 Data collection

We used both primary and secondary data, as the adoption of multiple sources, and data triangulation among them is one of the main strengths and raison d'être of case study methodology. We used secondary data mainly to strengthen the context of our analysis, so as to frame the specific contributions of the interviews within the broader picture of the industry transformation. We used several data collection methods such as semi-structured interviews, observations, roundtables, forums and informal interactions for the primary data. The semi-structured interviews were conducted with six managers of global MCFs. Possessing partner-level positions, they were in charge of their companies' digital practice and were involved in BM development. One of the researchers conducted all the interviews between

Core case study questions	Example questions
Value creation (capabilities, partnerships, processes)	(1) How did the network that your organization established with other companies change? (2) How does digital transformation impact on the competencies and skills that your organization is looking for?
Value proposition (offering, customers and market, customer relationships)	(1) If and eventually how does digital transformation impact on your core value proposition, in terms of core offer of services/products beyond the "traditional" consulting services? (2) If and eventually how does digital transformation impact on the segments of customers your organization serves/offers value to? (3) If and eventually how does digital transformation impact on the means that your organization used to get in touch with your customers?
Value capturing (revenue and cost models)	(1) If and eventually how does digital transformation impact on the cost structure of your company (or of a service line/business)? (2) If and eventually how does digital transformation impact on the revenue model of your company (or of a service line/business)?

Table 1.
Core questions on BMI for case study

May and October 2018. The interviews' duration ranged from 60 to 90 minutes, and they were audiotaped and transcribed for data analysis. Moreover, one of the authors has regularly participated in the yearly roundtable of FEACO since 2015 and has had workshops with leading consulting companies since 2016. The field notes and memos from these meetings and workshops have enriched our data set.

The secondary data include presentations, white papers, reports and documents published by MCFs and surveys. We also conducted a desk analysis of the same MCFs to identify their new value propositions. Also, we collected public announcements on the acquisitions of digital/IT companies made by four different MCFs starting from January 2015 (namely, two leading MCFs classified as "Strategy Consulting Firms" and two classified as part of the "Big Four"). This enabled us to triangulate data (Jick, 1979). The summary of our sources of evidence is provided in Table 2.

3.2 Data analysis

The data analysis has been carried out with specific reference to the semi-structured interviews with decision-makers. The other sources of data were used as complementary data, which expanded our understanding of the phenomenon. An iterative approach was used in data analysis, which enabled us, as researchers, to constantly move between data and relevant literature (Miles and Huberman, 1994; Locke, 2001). We followed Strauss and Corbin (1998) in coding transcripts to analyze how MCFs reconfigure their BMs and the drivers and barriers that influence BMI. First, open coding was performed by the researchers independently (Mayring, 2007). The secondary data were used to understand better the events and changes in BMs and a sense of the drivers and barriers in such settings. Then, codes were shared among the researchers to attain intercoder reliability.

In the second step, data analysis focused on BMI's three constructs, as suggested by Clauss (2017). For each area, we adapted the coding to the content of our interviews and the specificity of the MCFs: value creation innovation (acquiring and developing new capabilities, new digital capabilities, new partners as ecosystem members, new processes), value proposition innovation (shift in the value proposition, service complementarity, new customer relationships) and value capturing innovation (changed revenue paradigm, new revenue streams).

We identified ten main themes emerging from the interviews concerning value creation innovation, value proposition innovation and value capturing innovation; these main themes and emerging subthemes are presented in Figure 1. Although our evidence mainly includes quotations from the interviews, the propositions are also developed by other data sources.

Appendices 1, 2 and 3 report the most relevant quotations and coding for value creation, value proposition and value capture in BMI, respectively.

Direct observation	(1)	Roundtables with consulting firms and associations	(1)	Five roundtables from June 2015 to December 2019 (in Athens, Brussels, London, Paris and Rome)
	(2)	Conversations with informants and decision makers on the topic	(2)	20 Workshops from July 2016 to July 2019
Interviews	(1)	Semi-structured interviews with decision makers	(1)	Six interviews with partners and heads of units of digital strategy and practices
Documentation	(1)	European and national reports of the Management Consulting Associations	(1)	Overall more than 500 pages
	(2)	Reports and articles published by MCFs		

Table 2.
Data collection sources

Figure 1.
Data structure

4. Findings

This section presents our findings on the BMIs of MCFs enabled by digital technologies in three main areas: value creation, value proposition and value capture.

4.1 BMIs in value creation: new capabilities and processes

It emerges from the interviews and roundtables that DT is changing the type of traditional resources and routines of MCFs.

On the resource side, human resources have always been a critical success factor in MC, but the DT has increased their importance and exposed the vulnerability of a system traditionally based on a high turnover of freshly graduated professionals. In fact, the high demand for creativity and multidisciplinarity, combined with the uncertainty and ambiguity of digital innovation, is not compatible with retraining of the existing workforce. Therefore, while MCFs are still investing in the internal development of consultants and their digital skills through organic growth, the primary trend is buying fully developed human resources and capability through mergers and acquisitions (M&As):

> When we buy a company we basically only buy people. There are no assets. Sometimes there could be a software or an invention but if we do not set up an integration process that makes sure that people do not walk screaming out of the door once they are inside the big machine, then we have lost the equity that we bought (Firm B).

The creative talents that MCFs are looking for tend to be mostly available in startups and new ventures, where they demonstrate an ability to deliver a digital product and manage an end-to-end situation, from fundraising to value creation for the client. From this perspective, the M&A becomes a type of recruiting tool, even if it brings the issue of managing cross-cultural conflicts post-M&A, and the issue of retaining the recruited talents is a primary concern.

P1. In providing DT consulting services, MCFs consider acquiring and retaining digital talents as a key success factor, and even M&As are often motivated by human resource needs.

The forces from the business environment affect the organizational structure of MCFs. The pressure for talented human resources implies a pressure for a more flexible and informal organizational setting able to accommodate the needs of cross-functional interactions and digital innovators.

> You're an engineer, you wear shorts every day, you wear Hemi shoes, and you are used to perceiving the Big Four as the guy wearing a tie, talking just about finance and all this. . . it's very hard to have an argument convincing those (Firm C).

The disciplinary profiles entering MCFs range from anthropology to physics, from communication to design, from traditional business administration to engineering and from social media management to cybersecurity, as mentioned by the manager of Firm E: "*. . .ethnography, just to give you an example, or sociology or design, or even aesthetics is equally important.*" Accommodating such different profiles is a cultural and organizational challenge: "*The whole physical structure around us needs to be adapted to reflect, I think, the diversity of the company we're becoming*" (Firm B). To facilitate interactions and digital innovators, MCFs focus on redesigning the workplace by implementing IT systems. Using mobile devices enables teams to work virtually [1] without any time or space limits: "*A workplace is a computer and a mobile phone [. . .] Not all people wear suits, they wear jeans and a nice shirt. They have different working styles. They work at different times. They want to have different food*" (Firm B).

The pressure for diversity, flexibility and innovative solutions implies that the MCF has to be open to integrate external competences and funnel them to the clients and nurture a wide variety of internal profiles and skills that will be working using a very flexible approach.

"*We'll be able to work in different ways, not always being on-site and doing this almost physical, manual labour collecting data, being present with the client. I think we will work a bit more network-based and globally-based, based on tendencies that are much more modular and can work, called a click-and-collect based on new [. . .] platforms*" (Firm B).

P2. In providing DT consulting services, MCFs are organizing activities, resources and partnerships relying on virtual work.

The achievement of a comprehensive and deep digital knowledge required for offering an "end-to-end" consulting service – including the development of digital assets fitting a particular industry/process – can be challenging, considering that technology is evolving rapidly. As noted by the managers, client demands are evolving, as digital technologies provide different capabilities to integrate new services and products. The client demands are no longer limited solely to IT implementation. Rather, they are expanded end-to-end services. This is because client firms realize that they need to align their IT strategy with business strategy continuously. More specifically, our respondents pointed out that client firms seek seamless services integrating different digital technologies along the value chain. To address this client demand, MCFs rely increasingly on other partners' complementary knowledge and capabilities to create value for their clients. MCFs need to interact with external actors who provide complementary services as ecosystem members. This interdependency with other actors compels MCFs to expand their partnerships with big players and startups, research institutions and small actors to cope with the pace of change in the digital landscape. As one partner explained, "*. . .we are not trying to steal know-how and become, let's say, a competitive player of our partner. We can really play a complementary role, and that's why we believe that we have a strong point here on the ability to attract complementary partners*." Creating and expanding their ecosystems allows MCFs to interact with providers of different digital components to co-create value for client firms. This ability enables MCFs to meet client demands on time as complementary services offered by actors within the ecosystem. Thus, many consulting companies are developing partnerships with several players – from established software vendors to startups – and are also acquiring these IT companies in a few cases. These partnerships are not easy to manage, as the IT players often cooperate with several consulting companies or even directly compete with their internal consulting unit for a given assignment. Moreover, the consulting companies might find it appropriate not to establish strong relationships with a given software vendor to avoid lock-in with a particular vendor. Furthermore, this enables MCFs to sense the opportunities brought by alternative software and digital solutions.

Therefore, the success of MCFs mainly depends on their ability to create and manage the innovation ecosystem. Our evidence suggests that MCFs have identified the importance of an orchestrating role in an innovation ecosystem to add value for clients. As noted by one partner, "*[clients] will need to manage a higher number of providers to do what they need. Whereas, one of the main benefits of using consulting companies is the ability to concentrate a big chunk of services into one or a few companies that can provide that*."

By attracting complementary providers, for instance, IT vendors, MCFs aim to create a large-sized ecosystem; in this way, MCFs position themselves as coordinators within such ecosystems.

P3. In providing DT consulting services, MCFs position themselves in a coordinating role in the ecosystem.

4.2 BMIs in value proposition: extending offerings

To achieve the "end-to-end" consulting service that customers demand, MCFs have developed a strong digital knowledge that they use both for offering digital assets and for

including digital tools in most (if not all) of their projects. They offer digital assets as a sort of "productization" of the consulting services. Such an "asset-based" consulting leverages on pieces of software and algorithms that can be used to demonstrate the company's capabilities in a given technological domain and for having a starting prototype to reduce implementation time and costs in actual projects. Some MCFs have been front-runners in developing such an approach, offering different solutions by leveraging on advanced technology, proprietary data and deep expertise. Moreover, consulting companies highlight that digital tools are present in almost any consulting project and are often key contributors to its success. This is currently the case with analytics that can optimize different business processes, from marketing to supply chain, and from finance to human resources. As mentioned by the managers, something similar might happen soon concerning the inclusion of artificial intelligence algorithms. Along this line, a few MC companies are claiming that, shortly, there should be no autonomous practices dedicated to digital alone as digital is pervasive across almost all their consulting projects. The relevance of digital knowledge was also highlighted in the annual report of the Italian Management Consulting Association [2], as an important element in the value proposition of the global MCFs but, at the same time, as the main barrier preventing many small and medium "traditional" MC companies from entering the arena of the DT projects.

P4. In providing DT consulting services, MCFs integrate digital assets in their core offering.

From the interviews, it emerges that client firms demand an "end-to-end" consulting service and establish a relationship with a single MCF. For DT projects, this scenario was also confirmed by Industry Association Reports [3] and by participants in the roundtables held in Rome and Brussels in 2019. Such a comprehensive relationship refers to the different phases of digital projects and the contents within each phase of such projects. Consulting in a DT project is not only advisory, and the "traditional" support to implementing IT, but often is also related to the actual (co)development of prototypes. As highlighted by one of the interviewees: "*Clients are always looking for an end-to-end solution. So they would prefer to have a single company providing and being able to support them from the initial need to the delivery and the management of the services they are looking for*" (Firm B).

Unlike the "traditional" way, that is, when management consultants work on slides for presentations, the MCFs need to develop different competencies in each phase of the DT project, starting from the more strategic analysis, up to the more operational involvement. In each phase of the "end-to-end" project, the MCFs must deal with all the issues, not only the technical ones but also those related to the change management process, that is, the organization's strategy/process redesign and the people management. Such expertise is a key element of management consultants' value proposition. This is highlighted as a differentiating element with respect to software vendors who are considered experts in software or algorithms and in the business needs where the software can be applied. However, MCFs have built up knowledge of the business processes in the different industries over the years as know-how that is a very relevant reference also within DT projects:

> By knowing the process, by knowing really the industry from inside, we are in the best position also to transform, but you need to understand what the transformation change is, because transformation is not just changing of technologies, but always combines technology with processes and people (Firm D).

Moreover, MCFs can also integrate complementary consulting services within DT projects, including financial, tax, legal and even selective outsourcing services in a full package of "end-to-end" support.

P5. In providing DT consulting services, MCFs offer end-to-end solutions, covering all the DT project phases.

4.3 BMIs in value capturing: changed revenue paradigm

Changes in the value revenue mechanisms have received less of the respondents' attention; however, the change's two main directions are evincible from the interviews.

First, the managers highlighted a clear need to change the overall revenue paradigm, moving from the traditional fee-per-service toward more complex forms based on outcome-based and profit-sharing principles. However, this is a trend that respondents expect to see in the foreseeable future, but that has not yet been fully developed in their organizations:

> I see an acceleration of that over the next two, three years. . . . much more profit sharing or revenue sharing (Firm E).

While a success-based and risk-sharing approach is more familiar with respect to the projects related to DT where the project output and impact are easier to be measured, due to the growing share of technology-driven projects, also at the level of the overall European Management Consulting market, it is perceived as a general trend toward more success-based fees [4].

A second direction is about the new revenue streams to complement the existing ones, which is already happening. The managers stated that new revenue streams are essential as they have started offering new services and acquiring new capabilities that need to be profitable for the company:

> We are willing to invest to develop those capabilities within our company and, at the same time, we need to be sure that those services become profitable in an acceptable way (Firm B).

Designing new revenue streams also seems to be aligned with the need to adopt a long-term perspective on revenues, merging existing and mostly transactional streams with recurring revenue models, as well as taking into account a much higher level of required investments.

P6. In providing DT consulting services, MCFs increasingly shift toward profit-sharing and outcome-based revenue streams.

5. Discussion and conclusion

The evidence from the interviews and forums and the analysis of the reports of the Management Consulting Associations confirm that global MCFs are facing a disruptive change in their BM to be competitive in DT projects. These findings have implications for the theory and practice of MC and BMI and call for a new stream of research focused on BMI in MCFs, due to the unique role MCFs play in innovation management across industries. In the next subsections, we will discuss these implications and future research opportunities.

5.1 Theoretical implications

There is consensus that firms must continuously develop and adapt their BMs to remain competitive (Wirtz *et al.*, 2010), and MCFs are no exception at a time of great changes in the business environment, such as DT. The BMs of major MCFs have not been subject to significant changes for the last decades (Christensen *et al.*, 2013); however, in the more recent years, our findings shed light on how MCFs have innovated their BMs to provide DT consulting services. In particular, our set of propositions highlights that the DT is challenging value creation, propositions and capturing of global MCFs.

DT is challenging the global MCFs along all the three basic BMs presented by Christensen *et al.* (2013): (1) the *solution-shop* (or traditional BM): that is diagnosing and solving problems whose scope is undefined, by means of high-paid consultants' judgment rather than through repeatable processes, (2) the *value-added process business*: that is addressing problems of defined scope with standard, repeatable and controllable processes, where customers pay for output only and (3) the *facilitated network*: that is enabling the exchange of products and services, where customers pay fees to the network manager, who, in turn, pays the service provider.

Comparing our findings with the three BMs identified by Christensen *et al.* (2013), we argue that while MCFs position themselves in line with the traditional approach as a *solution-shop*, there is a need to innovate and adapt their BMs. What became evident was that in a solution-shop, the scope of support increased according to the clients' requirements. For instance, many DT projects included the implementation phase, such as prototyping.

Simultaneously, MCFs are redesigning their consulting services offer and are investing strongly in business-wise algorithms to be more competitive with players who are firmly based on a value-added offering, including software vendors and innovative startups. Our multiple case study highlights that MCFs rely on digital assets for their core offerings, and in this way, they differentiate their value proposition. To achieve such a value proposition, because acquiring and retaining digital knowledge and capabilities are critical success factors, M&As are a common strategy to access new digital knowledge promptly.

Lastly, concerning the threat of facilitated networks, MCFs have realized that they cannot rely only on their internal resources (not even the new resources and knowledge acquired through M&A initiatives). MCFs innovate their BMs to compete with facilitated networks' BMs. Although disruptors often cannot offer end-to-end solutions (Christensen *et al.*, 2013), our findings show that the value proposition of the global MCFs is expanded to offer end-to-end solutions. To do so, MCFs are aware that they need to engage with a wide variety of external players with complementary resources and capabilities. MCFs are eventually building up an ecosystem around them (Lindgren, 2016) to manage DT projects on a large scale. Therefore, they are presenting themselves as catalyzers of a "facilitated network" able to manage DT projects on a large scale and with a sound approach at "corporate-level" standards (Lindgren, 2016).

Our study positions itself in this stream of research on BMI in global MCFs (Anand *et al.*, 2007; Christensen *et al.*, 2013; Lindgren, 2016; Clauss, 2017) and expands that literature by focusing on DT and providing six propositions that configure two well-known paradoxes in the literature: "human skills vs. algorithms" (Hansen *et al.*, 1999) and "physical vs. virtual" (Lee *et al.*, 2020). That is in line with the literature that reports how the shifting toward different BMs implies the need to manage the coexistence of different BMs (Winterhalter *et al.*, 2016).

As for the "human skills vs. algorithms" paradox (Hansen *et al.*, 1999), MCFs are building upon their "traditional" human skills and integrating them with new digital skills. Their increasing algorithms-based consulting is still firmly based on their in-depth business process knowledge and long-lasting human resource-based relationships. Their emphasis on human skills also applies to the new domains strictly related to DT, where MCFs are competing fiercely among themselves and with the emergent players, to hire the best talents with competencies critical for the DT projects. While DT provides fast-growing business opportunities for automation and business-wise algorithms, MC remains a very human skills-based business (Hansen *et al.*, 1999) as is typical of the solution-shop (Christensen *et al.*, 2013).

As for the "physical vs. virtual" paradox (Lee *et al.*, 2020), MCFs are becoming intangible, global, open, virtual organizations, operating in a complex ecosystem and adopting virtual platforms. Moreover, in their effort to build up asset-based consulting and remain competitive, they rely even more on human skills. In particular, they compete to hire the

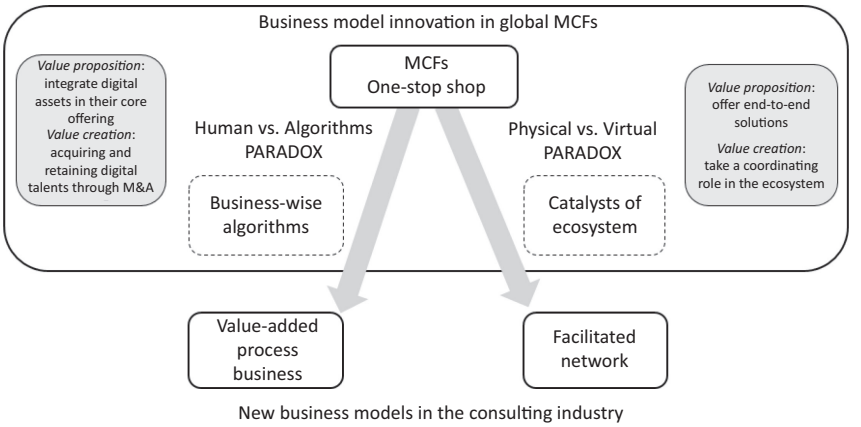

Figure 2.
BMI in global MCFs during DT

best talents in the new knowledge areas critical for the DT projects. Lee *et al.* (2020), using a sample of 252 individual corporations globally and 3,528 firm-year observations from 2004 to 2017, reveal that although virtual platforms have multiplied because of the development of technology, firm performance is at all times superior when firms choose to develop physical platforms. Global MCFs confirm the results of Lee *et al.* (2020) in the sense that despite the rapid virtual growth and development toward virtual platforms, the business is still rooted mainly in the human resources and physical platforms that are typical of the solution-shop (Christensen *et al.*, 2013) (see Figure 2).

In dealing with these tensions and paradoxes, it increasingly becomes challenging for MCFs to redesign their own BMs. This will impact not only their internal process but also their reputation and, more specifically, their capability to put into practice in their own organization what they are advising their clients to do, that is, showing they can "walk their talks."

5.2 Practical implications

In the few years, MCFs will have to balance two conflicting organizational settings: (1) a still traditional *solution-shop* organization, built around office spaces and "boots on the ground," aimed at providing traditional advisory, (2) and an increasing virtual platform-based organization providing tangible, repeatable, controllable and standardized assets. The Covid-19 pandemic is boosting the second organizational setting and has intensified both the conflict and reliance on the virtual platform-based organization. If global MCFs reduce traditional and expensive office spaces in cosmopolitan city centres, this can also be interpreted as a consequence of a more general BMI shifting to a virtual configuration already induced by DT. Companies used to attract talents by offering good or exclusive office amenities, but this might turn into unrivalled home-working flexibility with unexplored organizational consequences (Megahed and Ghoneim, 2020).

MCFs will increase their M&A activity to acquire IT and manufacturing resources that are not typical of the MC industry, so as to develop alliances and networking capabilities and to play a pivotal role in their ecosystem of suppliers. That will allow MCFs to provide prototypes and software incorporating management innovation, end-to-end offering and commitment to outcome and the client's performance.

Traditionally, in global MCFs, IT has played the role of reducing seniority and personnel's required experience (Hansen *et al.*, 1999). The opposite is going to happen in BMI during DT. The talent shortage is already the primary concern of MCFs, and human resources are becoming even more the critical success factor, as tangible and effective offerings take the

place of traditional advisory (Tarique and Schuler, 2010). MCFs will have to strengthen their positioning in the "war for talents" and increase their talent scouting capability and investment in human resources (Kane *et al.*, 2017).

5.3 Reflection on limitations: toward a research agenda

This explorative contribution has provided analytical generalization and a theoretical frame in order to interpret the transformation of BMIs in global MCFs during DT; it has done so through a set of six inductively developed propositions and two paradoxes. However, it does not provide a statistical generalization concerning a population of firms (Eisenhardt, 1989).

Future research might verify the frame's effectiveness for a large population of MCFs by measuring the extension of the phenomena into different typologies of MCFs and in different national contexts empirically. For instance, as for proposition one: What is the measurable level of M&A in the MC industry, and how is it correlated with the turnover from digital practices? Is it moderated by MCFs' size or regional location? As for proposition two: How is the percentage of employees in smart working correlated with the turnover from a digital offering? Furthermore, how is virtual working in general correlated with digital practices? As for proposition three, a quantitative network analysis might investigate the position and role of MCFs in the ecosystem of suppliers and partners. As for proposition four: What is the percentage of turnover from digital assets? As for proposition five: How is the extension of a single contractor situation on the client's side correlated with the digital content of the MC service? As for proposition six: How is the extension of profit-sharing and outcome-based contracts correlated with the MC service's digital content? As for the two paradoxes: How is the composition of human resources changing in MCFs, and can we quantify the non-traditional, non-business-related human resources, across different industry segments and across different nations? How can we measure the content of the digital asset in the value created by MCFs and their overall turnover? Therefore, our contribution provides a theoretical frame for new and quantitative-based research opportunities and indicates a number of high potential research paths for future investigation.

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Notes

1. In line with Johns and Gratton (2013), we use the term "virtual" work.
2. For more information, see Assoconsult (2018).
3. See, for instance, the British MCA report (2017) and Italian Assoconsult report (2018)
4. See, for instance, FEACO (2019).

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Appendix 1
Data table on value creation innovation

Data supporting analysis Theme	Quotations on value creation innovation in BM
Acquiring and developing new capabilities	
The demand for new digital skills and knowledge	Data is what can change dramatically business holders and as a consequence, all the other services [. . .] The other key component is of course cloud We need to have large teams who can understand how SAP, or Google, or Apple, or Hybris, or Adobe are operating and how their software platforms are developing because we basically need to advise and install those platforms in many of our clients' companies We are buying, acquiring, partnering, hiring super many skills at a faster pace than our competitors, which must mean that we are both an attractive place to platform onto and we are good at platforming demand force
The priority of attracting digital talents	If you want to connect your abilities with other people who are just as passionate then I think our platform is super, super . . . Basically I think our advantage is we are a super open, agile, adaptable platform for other, let's call it business advisor applications to log onto We start seeing HR departments coming to us with key issues on people, competencies, and organization changes that are required to support the digital transformation [. . .] is the difficulty to attract talent, specifically multidisciplinary talent that is required to support the digital transformation process So, the first, I'd say, change that we are facing, that we have been facing in the last years and we see as a key challenge also for the coming years, is the setting up of new skills and the attraction of new talent We are [. . .] hiring super many skills at a faster pace than our competitors
The priority of retaining digital talents	Of course, we need to continually keep our people skilled and sometimes I think that times are good now to have the artificial intelligence story coming into our business, so I think that more and more it will be present We are introducing also senior profiles that with specific competencies [. . .] Because they want the cutting-edge technology, they want to work with cutting edge solutions. It's a really . . . there is no other way It's rather who is best at attracting talent and creating environments that these people will work and develop in With the younger generation, they do not see a clear purpose. . . does not mean necessarily being well-paid. To be something they're interested in, they find the purpose [. . .] If not they will jump from one job to another like jumping from one Uber car to another We have created those paths to make our career more being to those people. Because those are talents that we need in the market.
Merger and acquisition as a main recruiting tool	We need to identify some startups, especially in the market place to fill the gap that we possibly have in terms of skills and competencies We try to compliment the weakest part, either for partnership or for acquisition consideration of other players I see more often a company is acquiring companies than partnering with other small ones They buy capabilities, they buy skills. They buy ability to fulfill specific tasks. This was very common in the digital marketing domain, so many clients are already somehow used to buy-to-acquire some capabilities from outside We rapidly buy up companies or hire people. Our turn I think, 25% of all our employees are new every year When we buy a company we basically only buy people. There are no assets

(*continued*)

Data supporting analysis

Theme	Quotations on value creation innovation in BM
	We also push a lot on specific acquisition in the market, in all the different spaces I mentioned
	Historically we're not very used to acquiring startups, small companies or niche boutiques. Now we do, the reason we do . . .like three or four acquisitions in the digital transformation space
Leveraging on networks to enhance digital capabilities	
Global reach	The opportunity is also to become a recognized brand in the digital area
	Our capability to leverage in our network and comfort of expertise, which we have in Germany, U.S., Australia, all over the world, is a key strength for bringing new solutions and anticipating the changing needs that we've seen somewhere else
	The geographical coverage that we can offer to our client
	And we really exploit this global network of digital experts. [. . .] we can easily leverage for our clients these big networks, so I can really take
	IDMP Guru from US, work equally in Italy with a very . . . in a very busy way because of this way of collaborating
	Our company, [. . .] has the privilege, the leverage, the relationship and the entry point that we have with the client in the past
Cross-industry reach	Our approach to digital is not simply technological. We are able to put together tax services, management consulting services, technology services, digital services, even insurance services
	We can bring together into the digital transformation team also the knowledge of the industry
Global integrator	We are probably the only one combining different aspects of digital transformation having experienced agency, mobility and IoT platform, and the data analytics and artificial intelligence components, all in the same organization. So, in terms of positioning [. . .] we are probably much more well-positioned than competitors
	The ability . . . and this is what we see, what our customer like, is when you're able to bring together complementary expertise that will range from legal or fiscal technology, IT, and business into a single framework of support, and complex project transformation
	Puts together people coming from the advertising and communication world, working together with people from the user experience world, and working together with people coming from the development of software, and business consultants. So we have four different type of business, grouping together into the very same service line
	We find out that there are companies who are super good at user design or front-end design or [. . .] AI or [. . .] cyber risk [. . .] then we are very good at connecting with those capabilities and basically hire, buy or partner with them, which means that they will now start to use their abilities for our customers, our business connections, our systems, et cetera
New processes	
Platform oriented	The other key component is of course cloud
	Today we actually go out and install platforms and change the organizations and drive our customers' customers onto our platforms
	We are both affecting and being affected by digital platforms
	The processes now are very much related to choices and configurations of platforms
	You could almost maybe compare us to Amazon as a platform, in the sense that the gravity force of our company is so big that people want to play on our platform, as a platform for applying what they are really passionate about
	We are probably the only one combining different aspects of digital transformation, having experience in agency, mobility and IoT platform
	The concept of platform, partnership, supplier, client is very dynamic and it's by strategy and opportunity
Open innovation and Co-creation	

(*continued*)

Data supporting analysis Theme	Quotations on value creation innovation in BM
	Innovation means something, if you, as a company, interact with an ecosystem of other actors
	They say is that the player moving towards more acquisition, the other moving towards partnership, but the point is, the effectiveness of the result will depend on the ability to create a co-system, and to complement your special boutique vertical expertise with other partners
	So I think that the open innovation concept will be more and more relevant
	There is a clear room for new, I would say, consulting methodologies, inspired by this design-thinking approach, co-creation approach
	At the beginning I remember we were very self-sufficient somehow. Now it is much more common that you go to the market and you work with a client, you co-create something with him
	I think that probably we shall see the entrance of some innovative consulting models, such as crowd-sourcing of experts
Cross-functional focus and end-to-end solutions	Much more focus on cross-functional projects. [. . .] We're into changing things, as I said our focus is from a service offering towards a solution industry offering cross functional
	Is a sort of matrix, so customers, they're not always asking for the big transformation process. There are still a lot of projects on IT costing, IT governance. I put IT as an example on. . . on IT skill competencies that are vertical [. . .]. The difference is the ability to bring vertical expertise into a single offering, but not to cut the single vertical expertise
	I would say end-to-end approach because we are putting together two different angles
	We need to understand, let's say, four to five dominant, global platforms that cover most of the end-to-end processes in a company and that's kind of the value chain perspective of it
Managing and integrating digital culture with different cultures in global virtual teams	You're an engineer, you wear shorts every day, you wear Hemi shoes, and you are used to perceive the Big Four as the guy wearing shoes every day, wearing a tie, talking just about finance and all this [. . .] we have censors, or with hammers or whatever
	And on the other side, we are trying to take this startup spirit, if you want, inside the company
	Ethnography, just to give you an example, or sociology or design, or even aesthetics, are equally important
	When we buy a company we basically only buy people. [. . .] but if we do not set up an integration process that makes sure that people do not walk screaming out the door once they're inside the big machine, then we have lost the equity that we bought
	The digital transformation requires a combination of skills that comes from the technology, the business, and the design background. [. . .] We completely understand that we are managing people and respecting the different cultures will result in a better value also for our clients
	We'll be able to work in different ways, not always being on-site and doing this almost physical, manual labour collecting data, being present with the client. I think we will work a bit more network-based and globally-based, based on the tendencies that are much more modular and can work, called a click-and-collect, based on new [. . .] platforms
New partners as ecosystem members	
Actors in the ecosystem	Like universities, or labs, and startups and providers . . .so the way you manage those components, those articles, and the ecosystem as a whole, is extremely important of course
	We do not even differentiate any more between partners, competitors, suppliers and clients. I have other big companies that. . . on some occasions I have a client events work week. I have several attempts because we pitch to the same clients, sometimes we go together with the client, sometimes we compete, sometimes we give partnerships with more than one competitor that won

(*continued*)

Data supporting analysis Theme	Quotations on value creation innovation in BM
	So, leveraging the ecosystem and involving specialized new companies, startups, scale-up companies, together with traditional MC company
	Now it is much more common that you go to the market and you work with a client, you co-create something with him, and they say, why do not we consider this startup as part of the solution of the problem we are working on. So, I think that the open innovation concept will be more and more relevant. At Accenture, for instance, we are working with different partners at this moment to observe what's there in the market in terms of startup or scale-up, and we are injecting this also as a cultural change in our people. On one side we are partnering the ecosystem both with vendors and startups or scale-ups, to complement our services for our clients, and on the other side, we are trying to take this startup spirit if you want, inside the company
Dynamics in the ecosystem	The concept of platform, partnership, supplier, client is very dynamic and it's by strategy and opportunity, if it makes sense in the long run and you want to acquire it, fine. If it does not, just choose a business by itself.
	We are not in the position any more to say: I'm not doing this business with them, because they are our competitors, now we are working. Everybody is teaming up with everybody, because the client wants something that on a stand-alone basis we are not able to provide
	Our capability to leverage in our network and comfort of expertise, which we have in Germany, U.S., Australia, all over the world, is a key strength for bringing new solution and anticipating the changing needs that we've seen somewhere else
	We can better understand what kind of new company, the existing company, we can integrate into our offering, and that this is also important for our need for speed
	Partnering this time requires . . . Brings too much complexity into the services that are to be delivered to a client. So, I see more often a company is acquiring companies than partnering with other small ones
The orchestrating role of MCFs in the ecosystem	
Innovation in the ecosystem	Like universities, or labs, and startups and providers. . . so the way you manage those components, those articles, and the ecosystem as a whole is extremely important of course. This is called open innovation and we believe that digital has to go hand in hand with open innovation. But in the respect I have just mentioned, open innovation as an ecosystem
	I mean, landscaping is not yet clear. . . they say is that the player moving towards more acquisition, the other moving towards partnership, but the point is, the effectiveness of the result will depend on the ability to create an ecosystem, and to complement your special boutique vertical expertise with other partners
	I think that first we'll see, how can I say, the ecosystem will start playing an important role and so we'll see appearing dynamic alliances, if you want, between certain players, maybe specialized startups, okay. companies
	Yes, I think that thanks to this digital opening, I think that more and more the ecosystem, as I mentioned at the beginning, is becoming relevant and important
	Today it's very, very difficult to be able to do the end-to-end solution that you were mentioning before. To get the end-to-end solution you need to do it with somebody else. Every time by opportunity you decide whether it makes sense to do it in a different form
	And I actually do not think a lot of our competitors are, but we are very modular network-based, quite a flat, decentralized organization
Positioning in the ecosystem	You do exactly the same thing from a wider and high-end strategy perspective, from a company perspective. Okay, so any time you want to

(*continued*)

Data supporting analysis Theme	Quotations on value creation innovation in BM
	join with another player to reach space in the market, to be sharing the market, you decide by opportunity whether it makes sense in a position, what it makes sense partnership, what it makes sense the classic . . .platform, that the quality has been teaching us in the last few years
	The processes now are very much related to choices and configurations of platforms. We believe that if we stick with a solid analysis and understanding of the client's true needs and advising them on the pros and cons of these, you can say, competing platforms then we can maintain our position as independent advisors. That's at least the position
Role of MC in the ecosystem	Complemented of course with some boutiques that have very vertical solutions. There will be a shuffle with more players for sure. More vertical solutions that the role of the main consulting companies will change to include, rather than compete with, those new entrants, either by partnerships or by acquisition
	Because they will need to manage a higher number of providers to do what they need. Whereas, one of the main benefits of using the consulting companies is the ability to concentrate a big chunk of services into one or a few companies that can provide that, right?
	It was basically, we are not trying to steal any know-how and become, let's say, a competitive player of our partner. We can really play a complementary role, and that's why we believe that we have a strong point here on the ability to attract complementary partners, and then some of our system. . .competitors for instance
	I would say that the rating, again, the services into our service portfolio, is a key because clients are always looking for an end-to-end solution. So, they would prefer to have a single company providing and being able to support them from the initial need to the delivery and the management of the services they are looking for. So, the integration with existing services is another key change for the future

Appendix 2
Data Table on value proposition innovation

Data supporting analysis Theme	Quotations on the core customer value proposition of the BM
	Shift in value proposition
Focus on client experience	That's why for instance, we have invested in the experience centre we have where we're home. Where we can put the three things, the three dimensions, the business, technology and experience together to work with our clients
	You have, as a management consulting company, you have to have, you know, some assets to start with, because this is what clients want to see
	We understand how Google connects with the platforms and how that connects with the more user-centric platforms like IOS, et cetera
Prototyping and digital asset-based consulting for end-to-end solutions	Clients are always looking for an end-to-end solution. So they would prefer to have a single company providing and being able to support them from the initial need to the delivery and the management of the services they are looking for
	In management consulting there were a lot of services that were conceptually very isolated, right? None of them was integrated with a specific technology
	Not only advisory, but solution, and ideas, prototypes
	The management consulting changed from pure advisory towards a more solution-driven approach, which means advisory has also to complement the. . . by prototyping, by solutions, by products, and services, and not be a purely advisory service
	I think we will become more tangible. By that I mean we will be making drones inspections and doing predictive maintenance [. . .] In lack of better world we'll be moving from the non-tangible to the tangible space to some extent
	Will enter some kind of integrated solution space so that is the consulting business will move towards a results business or a more product results business which is less PowerPoint and more actual installation, or actual change or actual business outcome
	So they again used you to provide the end-to-end service-and providing the end-to-end service means that some of the company, including ourselves. . . that we used to provide a piece of the puzzle
Changes in demand	Management consulting companies had to integrate new offerings and capabilities with the existing capabilities, and this is a challenge for all the company, so we are not shutting down the traditional management consulting services. We need to complete the portfolio of services with the new ones that we need to fill the client request
	I would say that the rating, again, the services in our service portfolio, is a key because clients are always looking for an end-to-end solution
	Today, our clients and even ourselves as the consumer, we are buying technology or digital items that give us the comfort of doing everything from a phone, everything from a computer,

(*continued*)

Data supporting analysis Theme	Quotations on the core customer value proposition of the BM
	everything from a car, everything from a digital device. You need to be able to provide end-to-end solutions Today you cannot do an SAP implementation and that's it, today you cannot implement just a reward implementation of something. The companies today, our clients, want everything from start to finish. So if you provide digital content, they want you to provide a strategy of the digital content. . . to share the designs behind that, the product design, the customer experience, the feverish intelligence, the analytics here that come back to build up the business
	Service complementarity
Importance of partners to offer new services	Interdependency of the value proposition That's why I believe that the competition space, rather than the M&A, so the acquisition, the partnership model, is very interesting and attractive, because it's a way to complement expertise, and to create win-win solutions, whereas, as I mentioned, the acquisition is not always able to deliver Providing the end-to-end service means that some companies, including ourselves, that used to provide the piece of the puzzle, need to converge
Interdependency among actors	They cannot be a real competitor for the consulting companies, because they absolutely need to partner with them. On the other hand, they cannot simply sell hardware and software because they have to demonstrate that they know the needs of their customers We are both affecting and being affected by digital platforms. We understand how Google connects with the platforms and how that connects with the more user-centric platforms like IOS, et cetera We do not even differentiate any more between partners, competitors, suppliers and clients. I have other big companies that. . . on some occasions I have client events work week, I have several attempts because we pitch to the same clients, sometimes we go together with the client, sometimes we compete, sometimes we give partnerships with more than one competitor that won
	Establishing new customer relationships
Shift in contact person in client companies	The CIO is to become a driver of the transformation, so to become a demand generation for the business, and be an active part of the business transformation When you talk about digital transformation, a guy that opens your door on the client side is not the CIO any more. It could either be the COO, it could even be the CEO or even the chief digital officer. And those people are big spenders, but not just from a money perspective, they are also the transformation engines within the client [organization]

Appendix 3
Data Table on value capturing innovation

Data supporting analysis Theme	Quotations on value capturing innovation in BM
	Changed revenue paradigm
Profit-sharing	The other big change in this regard is the fact that clients have started to appreciate a profit-sharing kind of approach. Basically, the story goes like. . . well, if you are really convinced that your solution is what you are telling us, you need to put part of your conversation, part of your revenue at risk, based on success. Right?
	I see an acceleration of that over the next two, three years. Much more asset-based consulting, much more profit sharing or revenue sharing
Outcome-based	I think we will see more and more new ways of being, also reward, and paid from the management consulting firms such as, you know, pay as you drink, or value-based pricing. This kind of stuff will be more and more popular going forward
	Pricing that on a more outcome-based repairs per hour, or uptime for windmills, kind of charging model
	New revenue streams
Exploring new revenue opportunities	So, let's say that in terms of impact for us, we need to understand, we need to work on defining how we can increase the profitability of those new services because it's like a startup. We are starting up new services and we need to find a way to make them profitable in a way that is acceptable for us, and this is . . . for all the management consulting companies. So, we are willing to invest to develop those capabilities within our company and at the same time, we need to be sure that those services become profitable in a . . . and in an acceptable way
Long-term revenue model	Understand how to expand and scale the business revenue that we can achieve, offering those services very quickly
	At the same time, we need to balance the short-term focus on profit with the longer term

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