

THE SOUTH EAST ASIA CONSULTING MARKET IN 2016



Including market sizing data, growth rates,
current market trends, and forecasts

EXECUTIVE SUMMARY



- The South East Asia market grew a solid 8.2% in 2015 to reach a total value of US\$2,778m, building on 2014's similarly impressive growth. Although Singapore is still pivotal to the region's success as a consulting market, 2015 marked the year when the smaller countries in the region began to have more of an impact.
- South East Asia continues to be a diverse consulting market. Consultants in Singapore continued to experience good demand for their services, although there were concerns about the oversaturation of the market. Indonesia's growing reputation in e-commerce started to drive strong demand for consultants across multiple industries, while consultants in Malaysia were called in to help their clients deal with economic uncertainties. Although Vietnam experienced something of a mini consulting boom in line with strong economic growth, demand for consulting was lower in Thailand as the country battled a turbulent political landscape.
- Finding and retaining talent is a perennial challenge in consulting markets around the world, but it becomes particularly difficult in South East Asia as consulting opportunities increase. Firms are discovering that the region has a deficit of local talent compared to the potential opportunities, and that this is currently restricting the extent to which they can expand across all the markets here. A distinct lack of talent in the middle of the consulting pyramid means firms will need to rapidly develop and progress local talent in order to exploit the region's potential in the coming years.
- Digitisation, which is really taking off in the world's most advanced markets, is knocking on South East Asia's door, although consultants have mixed opinions on just how far advanced the market is on the digital curve. Singapore is understandably the most advanced in this regard, with digital transformation projects not uncommon here, while most consultants feel that other regions are still at the investigative stage.
- Strong demand was the name of the game across most industries in 2015 as a desire for end-to-end transformations took hold of the market. Financial services remained the biggest and one of the fastest growing industries, driven by digital transformation and continued regulatory upheaval. Energy & resources managed meagre growth, though, with low commodity prices restricting clients' use of consultants to projects concerned with cost cutting and efficiency.
- Risk & regulatory work, alongside technology, were far and away the service lines in most demand in 2015. While heavily-regulated industries continued to drive demand in the risk space, cybersecurity emerged as a more significant driver of demand than in the past. Technology demand was split between old and new, with less mature markets still driving demand for what can be considered legacy IT support, and Singaporean clients beginning to invest in digital transformation.
- The consulting landscape became significantly more competitive in 2015, and as a result consultants complained of excessive pricing pressure. The largest firms managed to navigate this scenario the most successfully, leveraging global expertise and their ability to lower fees to make big gains. As firms looked to capitalise, convergence between traditional service lines meant that some firms, notably those in the HR space, had their traditional hunting grounds encroached on. However, such were the increasing opportunities that all firm types managed to grow.
- Consultants are optimistic that 2016 and 2017 will see continued strong growth, especially as the market matures away from its historical overdependence on advanced Singapore.

CONTENTS

Executive summary	2	Services	41
Methodology	4	Risk & regulatory	42
Definitions	4	Technology	44
Sources	4	Operational improvement	46
Definitions of industries and services	7	Strategy	48
Contributors	9	Financial management	50
South East Asia summary	10	HR & change management	52
Market overview	12	Consulting firms	54
Singapore	12	The consulting landscape	55
Indonesia	13	Forecast	56
Malaysia	13	A word on methodology	56
Thailand	14	The consultant view	56
Vietnam	14	The client view	57
The Philippines	15	Projection for 2016	60
Myanmar	15	Growth prospects 2016 South East Asia	60
What everyone's talking about	16	Industries—prospects for growth 2016	60
Cultural glass ceilings	16	Services—prospects for growth 2016	61
Local talent proves elusive	17	Firm types—prospects for growth 2016	61
A strong appetite for innovation	19	Forecast for 2017	62
Winning in the market	20	Growth prospects 2017 South East Asia	62
International investment falters	21	Industries—prospects for growth 2017	62
Market data	22	Services—prospects for growth 2017	63
Industries	22	Firm types—prospects for growth 2017	63
Financial services	23	About the authors	64
Public sector	25	Consulting market programme	65
Services	27	About Source	66
Technology, media & telecoms	29		
Energy & resources	31		
Manufacturing	33		
Retail	35		
Healthcare	37		
Pharma & biotech	39		

METHODOLOGY

Definitions

Our definition of management consulting includes a broad range of business advisory services, but excludes: tax advisory; audit; the implementation of IT systems; the delivery of outsourced/offshored services; and HR compensation/benefits administration and technology. Where mergers and acquisitions work is concerned, consulting on deals is included (under strategy), but corporate finance fees on deals themselves are generally not included although it is not always straightforward to separate the two.

For more information about how we classify consulting services and industries, please see “Definitions of industries and services”.

Sources

Our report is based on two major sources of primary data:

Clients of consulting firms:

We interview senior end users of consulting in South East Asia to help us to build up a rich picture of how trends in the consulting market are playing out within clients’ organisations. Our conversations focus on the following areas:

- **What’s driving change in their organisation**

- **How they are using consultants**

- **Factors that affect the way clients work with consulting firms**

- **What they value the most—and least—about working with consultants**

We also carry out client surveys. We surveyed 56 senior clients of consulting firms across South East Asia. The majority 93% work for private sector organisations, many of which are multinationals. The remaining 7% work in various public sector organisations. All have over 250 employees and 71% have annual revenues of over \$1bn.

Our survey asks clients similar questions about how they buy consulting services. In particular, this report draws on how they expect their expenditure on consulting services to change over 2016 and into 2017, and what initiatives they’ll be working on and how likely that is to drive consulting work. Their responses are just one of the factors that we take into account when forecasting future growth rates.

Figure 1

Survey respondents by industry

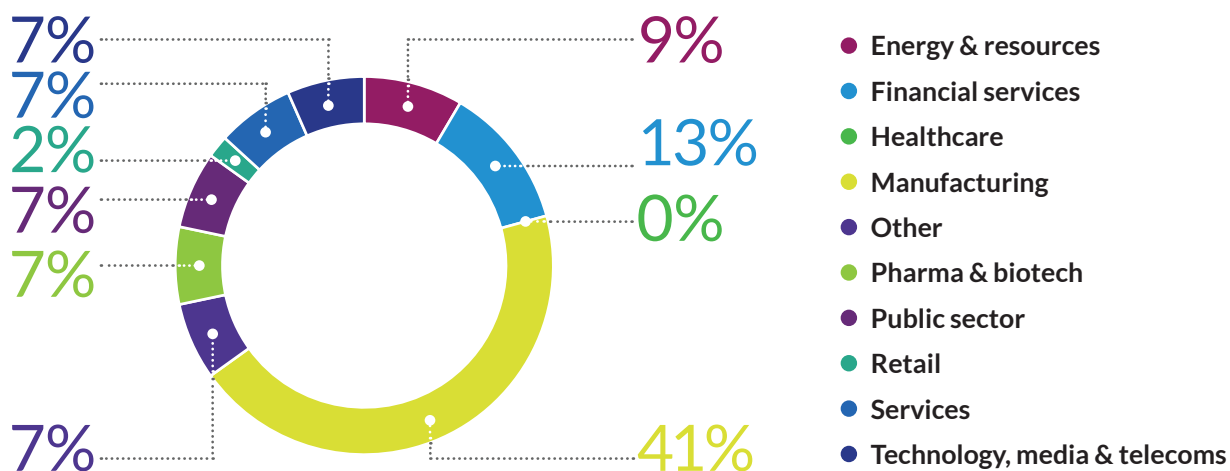


Figure 2

Survey respondents by organisation size (revenues)

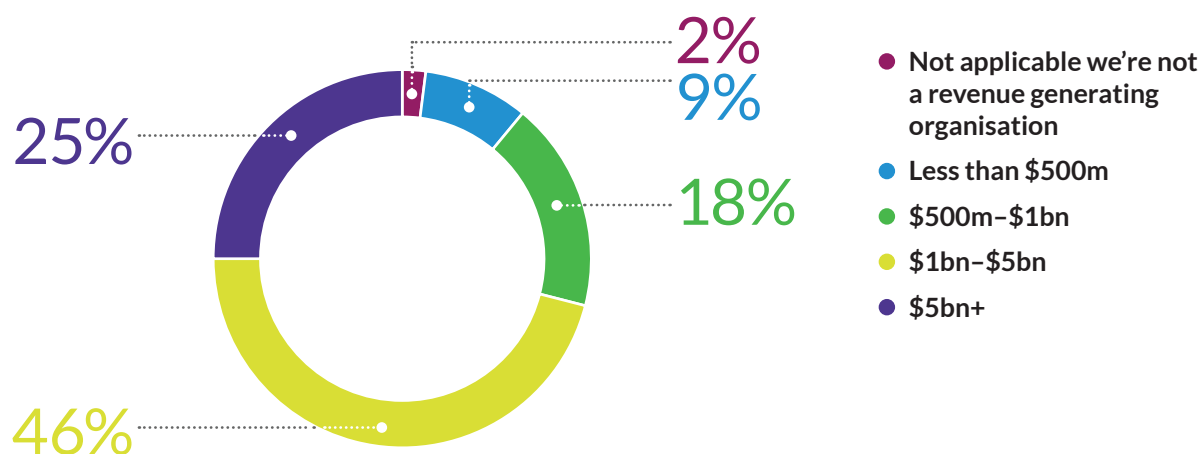
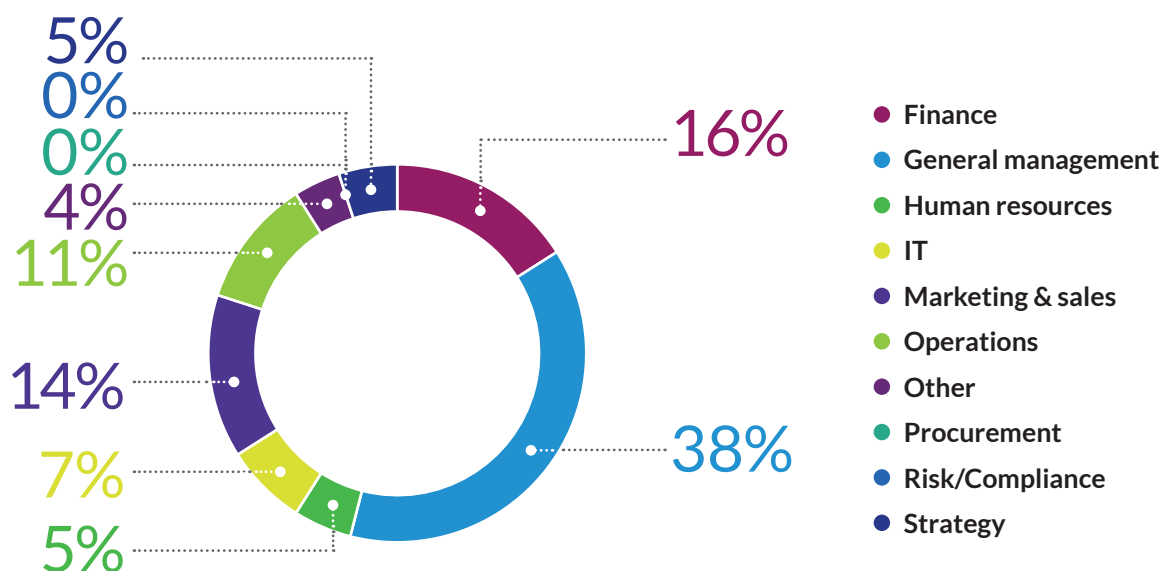


Figure 3

Survey respondents by function



Consulting firms:

The quantitative data contained in this report focuses on consulting done by mid- and large-sized consulting firms (those with more than 50 consultants) and typically includes work they have carried out for mid- and large-sized clients—what we at Source call “big consulting”. It therefore reflects the “addressable” market for the majority of mid- and large-sized consulting firms; we don’t try to track the long, thin tail of work done by very small firms for very small clients, nor the contractor market, as most readers of this report would not seek or be able to compete with this part of the market. Our analysts work out the addressable size of the market through desk research, identifying the number of firms that meet our criteria and extrapolating from that to reach a figure for the market as a whole.

Using this definition, Source has built a bottom-up model of the global consulting market from the information we get from consulting firms and our own research, and we use it to size the industry and its growth rates. This is based on our global model which contains detailed data about almost 1,600 firms, plus higher level estimates about a further 400,000 firms, all with more than 50 consultants apiece, in addition to primary research carried out by Source analysts.

Please note that our 2014 baseline figures have changed a little since last year, as we have refined and implemented improvements to our research methods. Specifically, we have added in the Philippines as a new country this year. We are happy to provide subscribers with a restated set of 2014 baseline figures should this be of interest.

We should emphasise that there are no standard sources of definitions of data within geographies let alone between them. We are, however, confident that the richness of our qualitative data, combined with Source’s unparalleled industry expertise, means that our analysis fairly and accurately reflects the state of the market.

All figures given in this report are in US dollars. For reference, Source is using the following exchange rates in our reports this year:

- | | |
|------------------------------|-------------|
| • US dollar to British pound | \$1 = £0.66 |
| • US dollar to euro | \$1 = €0.88 |

In addition to our quantitative research, we interviewed 11 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms in the region and many smaller local specialists to understand more about how the consulting market is performing, and what the major trends, changes, and challenges are. Throughout the year Source analysts remain plugged into the global consulting market through our bespoke research and consulting projects, adding further depth to our understanding of the consulting industry.

Definitions of industries and services

Industries



Energy & resources

Energy

Includes the exploration and production of energy, including oil, gas, coal, and renewables.

Utilities

Includes the delivery of electricity, gas, water, sanitation, and other related services.

Primary resources

Includes agriculture, chemicals and chemical products, commodities, forestry, fishing, metals, mining, and plastics.



Financial services

Banking

Includes retail banking, commercial banking, and lending.

Insurance

Includes general insurance (e.g., motor, home, pets, health—anything on an annual contract), life insurance, pension products, retirement planning.

Private equity

Includes both consulting work for private equity firms and consulting work with private equity portfolio businesses.

Capital markets

Includes investment banking, trading of stocks and financial products, corporate finance, and broking.

Investment and wealth management

Includes private banking, high net-worth banking, investment management, trust funds, the management of pension funds, and asset management.



Manufacturing

Aerospace

Includes space research and technology, the manufacture of aircraft, aircraft parts, rockets and other space equipment, and tanks and ammunition.

Automotive

Includes the manufacture of motor vehicles, industrial vehicles, and vehicle supplies and parts.

Construction

Includes surveying, architectural, and engineering services, heavy construction, house building, and the building of infrastructure.

Consumer packaged goods

Includes the manufacture of clothes, foods, alcohol, tobacco, furniture, home furnishings, cleaning products, small arms, children's toys, and sports equipment.

Consumer and industrial electronics

Includes electrical components, household and industrial appliances, commercial and professional equipment.

Industrial products

Includes industrial machinery, steel and metal products, and plastic products.



Pharma & biotech

Includes research into and the production of drugs, biological products, medicinal chemicals, and life sciences.



Healthcare

Includes private and publicly-funded healthcare, hospitals, laboratories, and medical equipment.



Public sector

Government

Includes federal/national, state/regional, local government, emergency services, justice, social services, public transport, and conservation.

Education

Includes public and private schools, universities, and libraries.

Defence

Includes national security and consulting around defence issues.



Retail

Includes the selling of clothes, food, consumer goods, and automobiles.



Services

Logistics

Includes warehousing, storage, packing and crating, and distribution including cargo, freight, and haulage.

Business services

Includes services relating to law, accountancy, IT maintenance, security systems, advertising, employment agencies, and vehicle leasing.

Leisure

Includes museums, art galleries, theatre, golf courses, hotels, hospitality, travel agencies, restaurants, and bars.

Real estate

Includes estate agencies and operators of residential and commercial buildings.

Transportation

Includes private and people-related transportation, including airlines, airport management, train operators, rail infrastructure management, water transportation, courier services, and private bus services.



Technology, media & telecoms

Telecoms

Includes telephone, mobile, digital, and other communication services.

High-tech

Includes IT related devices, computer and computer related devices, audio and video equipment, broadcasting and communication equipment.

Media

Includes radio, television and digital broadcasting stations and services as well as printing and the publishing of newspapers, periodicals, and books.

Services



Financial management

Includes finance function and budgeting/financial planning process.



Risk & regulatory

Includes responding to regulation, technology and security risk services, operational risk, financial risk, programme risk.



HR & change management

Includes HR strategy and effectiveness, benefits, compensation and pensions, change management, internal communications, organisational design and culture, stakeholder management, team effectiveness and collaboration, leadership and governance, performance management, talent management/training and development.



Operational improvement

Includes business continuity and recovery, knowledge management, Lean and Six Sigma, property and estate management, quality and performance management, supply chain management, cost-cutting, innovation, M&A integration, managing quality, post-M&A integration, process design and re-engineering, procurement/purchasing, research and development, benchmarking, distribution strategy, environmental, sustainability and CSR, and operational review.



Strategy

Includes business and financial modelling, corporate re-structuring, corporate recovery and turnaround, corporate strategy, market analysis and strategy, market research, policy formulation, strategic sourcing/offshoring strategy, due diligence and valuation, infrastructure/asset financing and management, PFI, mergers and acquisitions, customer service, new product development, branding, marketing and channel management, customer relationship management, pricing, sales force effectiveness, category management, sales and distribution planning.



Technology

Includes ERP consulting, IT training, application of new technology, hardware/software selection, IT design and build, IT strategy, planning and review, IT testing and integration, management information and business intelligence, requirements definition, mobile and internet consulting, project and programme management (e.g., where consulting firm has been engaged to run a specific project that it is otherwise not involved in).

CONTRIBUTORS

We are extremely grateful to all the people we spoke to for making this report possible. Below is a list of the individuals who have contributed from consulting firms (some consultants choose to remain anonymous).

Name	Job title	Firm
Roy Barden	Regional Practice Leader—Asia Pacific	The Hackett Group
Julien Bourdiniere	APAC CEO	Capgemini Consulting
Aidan Brennan	Global Head of Management Consulting	KPMG
Sang Hoe Chow	Partner	EY
Pathik Gupta	Associate Partner and Regional Head of Wealth Management, APAC & Southeast Asia Head of Financial Services	Aon Hewitt
Vincent Kasbi	Head of Asia	Sia Partners
Thomas Klotz	Managing Partner, South-East Asia	Roland Berger Strategy Consultants
Jean-Marc Laouchez	Managing Director	Hay Group
Dr Christian S. Pedersen	Partner—Head of Finance & Risk Management Asia-Pacific and Head of ASEAN	Oliver Wyman
Satya Ramamurthy	ASEAN regional hub leader	KPMG
Peter Ryan	Partner	Deloitte

ABOUT THE AUTHORS

Rachel Duk

Rachel is one of our Senior Analysts, working on both our core programmes and bespoke client projects. Rachel started her career on the Deloitte graduate programme and worked with the firm for over four years in London, Dubai, and Auckland. Prior to joining Source in June 2016, she worked as a senior project manager at an airline. When she's not at Source, Rachel is likely to be found walking in London's parks with her dog, Alfie.



Rachel Duk

✉ rachel.duk@sourceglobalresearch.com

Alastair Cox

Alastair is an Analyst at Source and plays a key role in the development of our Consulting Market Programme reports. Prior to joining Source, Alastair worked as a management consultant with PwC, working on a multitude of projects across a number of different industries and service lines. He graduated from the University of Bath with first-class honours in French and Spanish with European Studies, and spent a year working in Paris and Valencia as part of his degree.



Alastair Cox

✉ alastair.cox@sourceglobalresearch.com



How to subscribe

You can either subscribe to the whole programme (the cheapest way of getting access to everything) or buy reports individually. All reports in the *Consulting Market Programme* come with a global licence, so once you've bought them you can use them anywhere in your firm.

For more details about how you can subscribe please contact [Alice Noyelle](#).

Reports for different regions vary in length but the content includes:

- Overall description of the market in the region/industry
- Data for the consulting market:
 - Regional report: by industry, service, and firm type
 - Industry report: by sector, service, and geography
- High-level breakdown:
 - Regional report: by geography within region
 - Industry report: by sector within industry
- Discussion about the current state of, and prospects for, the consulting market:
 - Regional report: by industry, service, and firm type
 - Industry report: by sector, service, and firm type
- Analysis of the key challenges and opportunities in the market
- Feedback from clients in selected regions
- Growth forecasts

Please note that this content is subject to slight changes and amendments

2016 Consulting Market Programme research schedule

February	UK	August	India
March	Nordics	September	Brazil
	France		Africa
April	GCC		Energy & resources
	Benelux	October	China
May	US		Financial services
	DACH		Healthcare
June	Eastern Europe	November	South East Asia
	Russia		Technology, media & telecoms (TMT)
July	Spain		
	Italy		
	Australia		

For information about the products or services available from Source, please contact:

UK, EUROPE AND US

Alice Noyelle

+44 (0)20 3795 2662

alice.noyelle@sourceglobalresearch.com

MIDDLE EAST

Jodi Davies

+971 52 989 5224

jodi.davies@sourceglobalresearch.com

www.sourceglobalresearch.com

About Source

Source Global Research is a leading provider of information about the market for management consulting. Set up in 2007 with offices in London and Dubai, Source serves both consulting firms and their clients with expert analysis, research, and reporting. We draw not only on our extensive in-house experience but also on the breadth of our relationships with both suppliers and buyers. All of our work is underpinned by our core values of intelligence, integrity, efficiency, and transparency.

Source was founded by Fiona Czerniawska and Joy Burnford. Fiona is one of the world's leading experts on the consulting industry. She has written [numerous books](#) on the industry including [The Intelligent Client](#) and *The Economist* books [Business Consulting: A Guide to How it Works and How to Make it Work](#) and [Buying Professional Services](#).

For further information please visit www.sourceglobalresearch.com

UK AND EUROPE

Source Information Services Ltd

📍 20 St Dunstons Hill • London • EC3R 8HL

☎ +44 (0)20 3795 2668

MIDDLE EAST

📍 PO Box 340505 • Dubai • United Arab Emirates

☎ +971 (0)52 989 5224

✉ info@sourceglobalresearch.com

🌐 www.sourceglobalresearch.com

© Source Information Services Ltd 2016

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.

