

THE TECHNOLOGY, MEDIA & TELECOMS CONSULTING MARKET IN 2016



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

EXECUTIVE SUMMARY



- The technology, media & telecoms industry was a strong market for consultants in 2015, growing 7.4% to reach a total value of \$10,655m. That number is heavily influenced by the US market, however, which generates about half of consulting revenue in TMT and is growing impressively. Most other markets grew considerably more slowly than the US, though nearly all saw healthy levels of demand.
- Telecoms is TMT's biggest consulting buyer, with strong demand coming from clients' transformation efforts. Much of this transformation is digital and largely focused on improving the customer experience. Operational improvement is also popular with organisations eager to increase efficiency in order to improve their competitive position in a very challenging market. M&A is generating a lot of work in the short term, though it does threaten to shrink consultants' client base in the longer term.
- Consulting to the high-tech sector grew less quickly in 2015, though the dominant US market—which generates 70% of consulting revenues and grew 12%—makes the overall number even sunnier than the reality for many consultants globally. As the most technologically savvy clients in all of the consulting market, they're unlikely to turn to consultants for digitisation help. There is, however, solid demand for more classical consulting services.
- Media is the smallest sector in terms of consulting revenues, but it's growing fastest as traditional players race to keep up with their increasingly demanding consumer base. M&A is also a hot topic, with players teaming up to benefit from economies of scale and strengthen their position in the market.
- The ongoing bifurcation of the consulting market between high-value and low-cost services is keenly felt in this market, particularly as clients in the high-tech sector are unlikely to turn to consultants for innovation. Firms determined to do high-value work in high-tech are getting around this by working hand in hand with clients to jointly develop solutions rather than attempting to deliver innovation on their own. In many instances, these relationships go even further, with consultants formally teaming up with high-tech firms—through partnerships or even acquisitions—in order to make a stronger innovation offering to clients in other industries.
- In telecoms and media, consultants are seeing very strong demand for customer experience solutions as digital innovation is rapidly changing customer expectations. While media and telecoms players have digitisation needs that cover the full spectrum of consulting services, it's the need to better understand the customer that feels most urgent, inspiring firms to make big investments in data & analytics.
- Making predictions about the TMT market is not easy, because it's dominated by just a few big players that are very vulnerable to disruption. But disruption often brings an urgent need for consulting support, and so we expect healthy demand for M&A support, customer-facing digitisation, and business model transformation well into the foreseeable future.

CONTENTS

Executive summary	2	Market data	37
Methodology	4	Regional overview	37
Sources	4	Market size by region (US\$m)	37
Definitions of industries and services	6	Sub-sector size, by region and service (US\$m)	38
Contributors	8	Forecasting	41
TMT summary	9	A word on methodology	41
Market overview	11	The consultant view	41
Telecoms	12	The client view	41
High-tech	13	Overall spending intentions	41
Media	14	Projects clients are undertaking and how likely they are to drive consulting work	42
What everyone's talking about	15	Projection—2016	44
Like selling ice to Inuits	15	Overall	44
Variation on a theme	15	Sub-sector prospects for growth 2016	44
Stronger together	16	Service prospects for growth 2016	45
If you can't beat 'em	16	Regional prospects for growth 2016	45
Digital and the consumer brain	17	Forecast—2017	46
Quad-play and M&A	18	Overall	46
Analyst view by market	20	Sub-sector prospects for growth 2017	46
US	21	Service prospects for growth 2017	47
UK	22	Regional prospects for growth 2017	47
France	23	About the authors	48
DACH	24	Consulting market programme	49
GCC	25	About Source	50
China	26		
Nordics	27		
Benelux	28		
Australia	29		
India	30		
Africa	31		
Southern Africa	31		
Northern Africa	31		
Western Africa	31		
Eastern Africa	31		
Spain	32		
Italy	33		
Brazil	34		
Eastern Europe	35		
Russia	36		

METHODOLOGY

Sources

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

Clients of consulting firms:

We interview senior end users of consulting globally 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 420 senior clients of consulting firms globally. One-hundred percent of these work for private sector organisations, many of which are multinationals. Eighty-four percent of these work in organisations with revenues in excess of \$500m, and 100% have over 100 employees.

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 organisation size

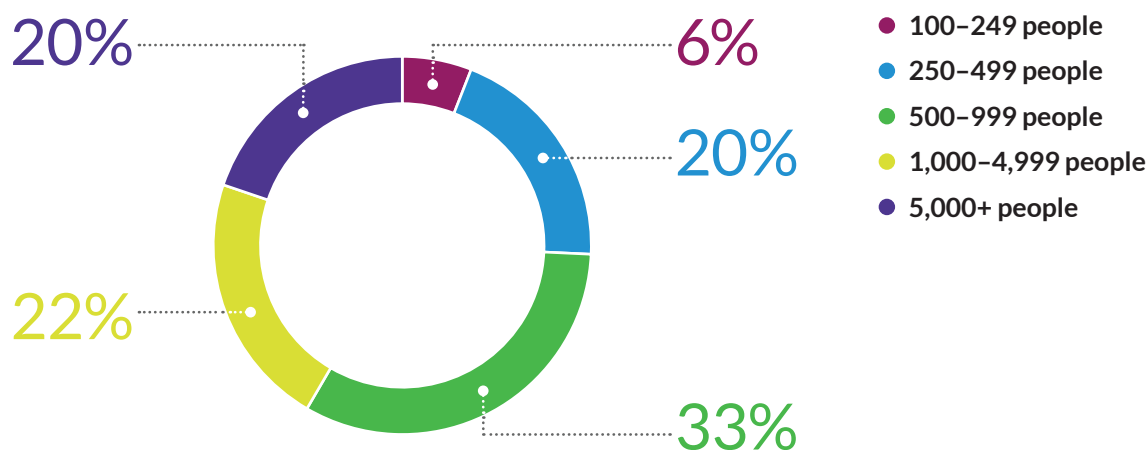
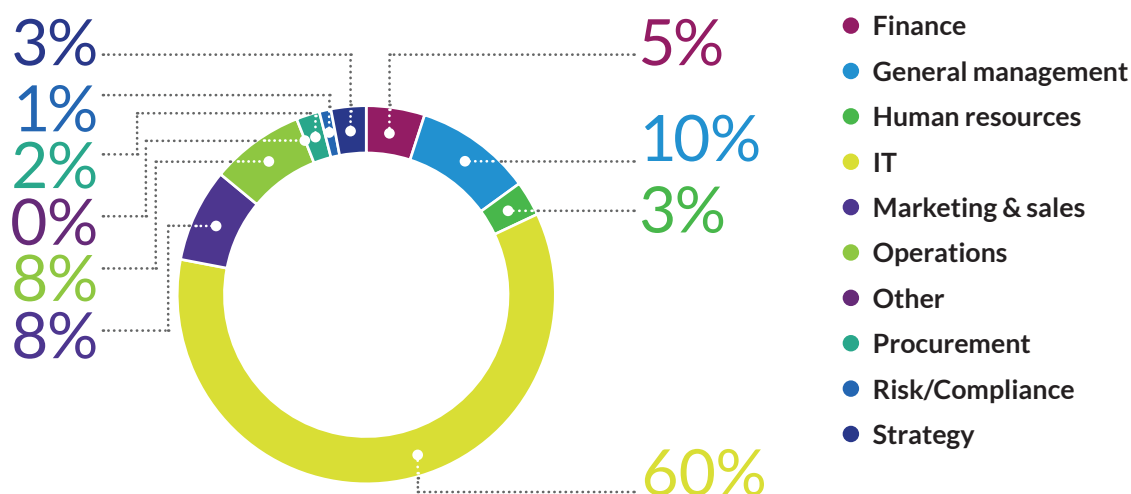


Figure 2

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 2015 baseline figures have changed a little since last year, as we have refined and implemented improvements to our research methods. We are happy to provide subscribers with a restated set of 2015 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 19 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms globally 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.

At the time of publication, Source had not yet finalised its sub-sector and service line breakdowns of the TMT consulting market in South East Asia for 2015. If you would like to receive these along with our overall market size number, growth rate, and commentary for this geography, please contact ella-sian.jolley@sourceglobalresearch.com, and we will be in touch as soon as they have been prepared.

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
Howard Bass	Global Media & Entertainment Advisory Leader	EY
Peter Benkovic	Partner	Maxman Consultants
Richard Brackstone	Director	Moorhouse
Carlo Cape	Managing Director	Business Integration Partners
Julia Cook	Managing Director	Change Management Group
Emmanuel De Dinechin	Partner	Altai Consulting
Bernard Desprez	Managing Director	Kurt Salmon
Cristóbal Escoda Cano	Managing Director	NAE
Oliver Galea	Partner, Advisory Leader, Italy	PwC
Andrew Jackson	Head of Advisory and Markets, East Africa	KPMG
David Krucik	Managing Partner, UK Office	OC&C Strategy
Hans Kuipers	Partner and Managing Director	The Boston Consulting Group
Reynold Liu	Head of MC, China	KPMG
Diego de Miguel	Partner	Oliver Wyman
Mika Niemela	Partner, FS	BearingPoint
Pedro Oliveira	Partner, Middle East & Africa Head	Oliver Wyman
Satya Ramamurthy	ASEAN Regional Hub Leader	KPMG
Ram Sarvepalli	Deputy Leader, Advisory Services, India	EY
Nicolas Teisseyre	Senior Partner	Roland Berger Strategy Consultants

ABOUT THE AUTHORS

B.J. Richards

B.J. is Senior Editor at Source. An accomplished writer and editor, B.J. has provided strategic communications for a US senator, three presidents of Harvard University, a prominent American civil liberties advocacy group, and international law and consulting firms. She earned her juris doctorate from the University of Georgia and is a member of the Georgia bar.



B.J. Richards

✉ bj.richards@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.

