EXTRACT

CLIENT PERCEPTION STUDY 2016

PERCEPTIONS OF CONSULTING IN THE TECHNOLOGY, MEDIA & TELECOMS INDUSTRY

Assesses the reputation of consulting firms, as seen by clients

SOURCE GLOBAL RESEARCH

EXECUTIVE SUMMARY

Clients in TMT are some of the biggest fans of the quality of work offered by consulting firms: 65% describe quality as "high" or "very high", making them the most positive clients across all industries. They see little difference from service to service, and even from firm to firm opinion doesn't diverge hugely. It's a rounded and consistently good write up.

So, a gold star for consultants there. But before TMT consultants collectively pat themselves on the back, they should pause: TMT clients are some of the least impressed with the value added by consulting firms. That's a departure from what we've seen in the past—TMT clients used to be some of consulting firms' strongest advocates when it came to the question of value—but now, clients are more likely to think that they get no more in value than they pay in fees for consultants; that in effect, the relationship is transactional in its nature, rather than a value-adding partnership.

Are we witnessing a shift in the way clients think of consulting? Are TMT clients heading in the same direction as financial services clients, a large proportion of whom use consulting because they have issues with capacity rather than capability? In short, is the whole market moving towards greater commoditisation? We don't have all the answers, but our research into TMT clients' perceptions certainly sheds a light on what's going on in their minds.

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METHODOLOGY

Who did we talk to?

We have 1,425 responses from our survey of executives, directors, and senior managers in technology, media, & telecoms (from hereafter referred to as TMT) industry across the world in November and December 2015, all of whom have been responsible for buying substantial volumes of consulting services in the previous year. They represent a wide range of business functions, and 85% work in organisations that generate more than $500m in revenue.

Figure 1 **Respondents by level of responsibility**

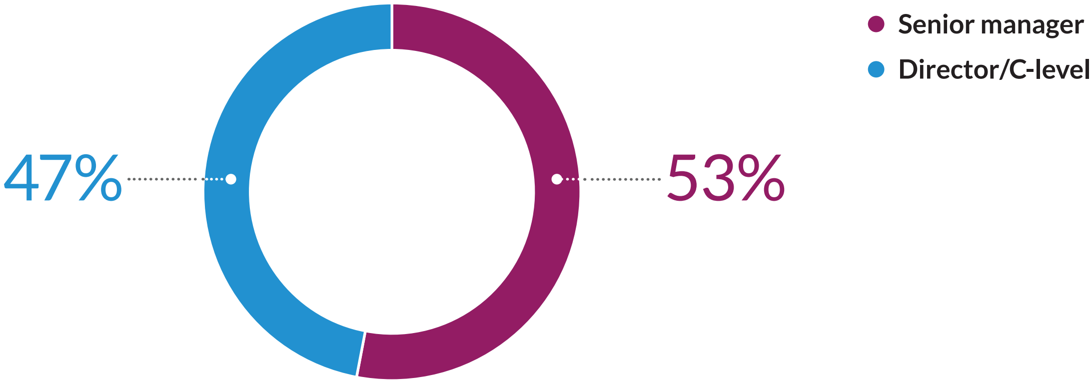


Figure 2 **Respondents by function**

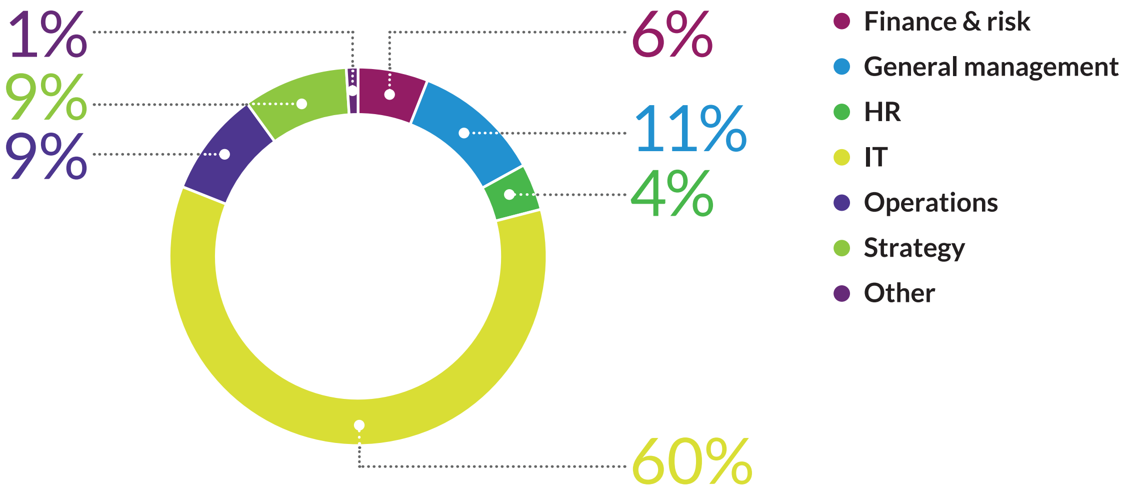


Figure 3

Respondents by organisation size (revenue)

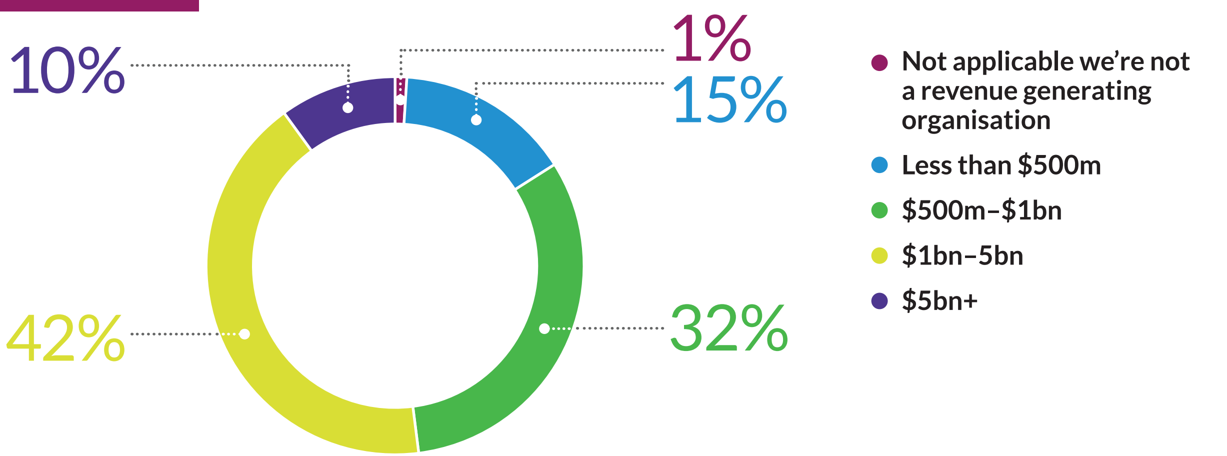
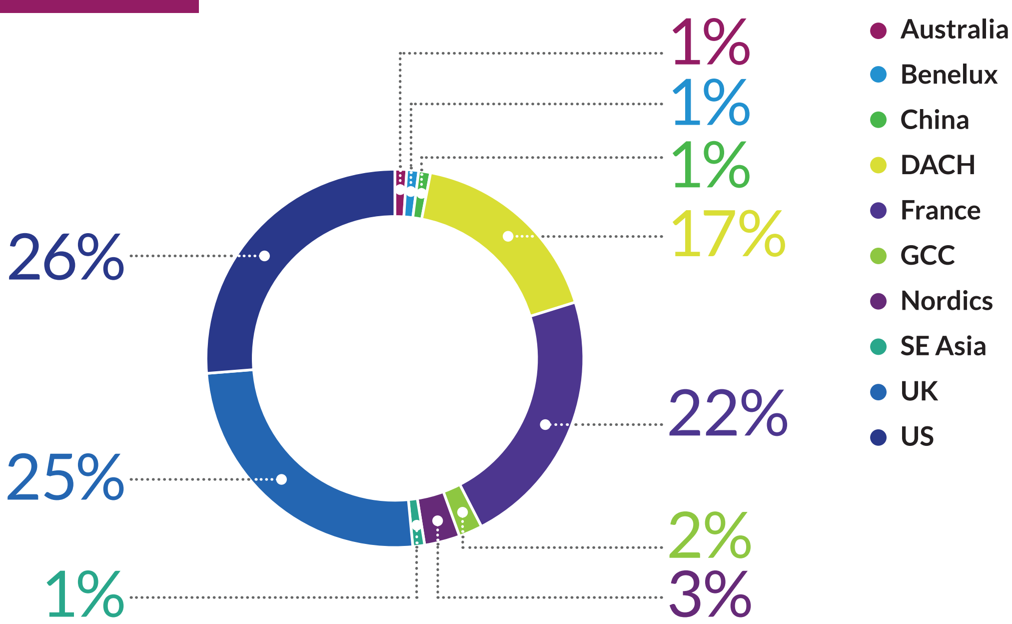


Figure 4

Respondents by geography



What did we ask them?

Each respondent was asked to tell us about three consulting firms and was presented with a list of up to 21 leading consulting firms (we didn't ask about every firm in every market). Clients did have the opportunity to tell us about consulting firms that weren't on the list, but this report focuses on the firms for which the number of responses was sufficient for us to carry out detailed analysis.

We asked each respondent to share their views on each of the three firms selected, focusing on the following areas:

- **Quality: Their perception of the quality of service provided by each firm in ten different consulting services**
- **Value: Their view of how much value each firm added in relation to the fees paid for its services**
- **Recommendations: Whether they have recommended any of these firms for any consulting service**
- **Attributes: How they rate each firm and the individuals from it across a range of attributes**

Which firms are included in this report?

For each firm we tried to get responses from at least 20 direct clients and 20 indirect clients, to give the reader a "20:20" rounded view of each firm. In most cases we have several times this amount of data, but for a very small number of firms (four, in this report) we have fallen slightly short of 20 for one type of client. Where this is the case, we've highlighted in the firm's profile. Nonetheless, it provides enough data to provide a detailed profile of each firm we asked about.

BearingPoint, L.E.K., Mercer, and PA Consulting are not included in this analysis. While we have data on these firms, we did not ask about them in every region as we did with the other firms in this list. In the interest of making our analysis and comparisons fair, these four firms are excluded from the calculations of averages and overall scores in this report.

Firm	Did we ask about this firm in this market?	Included in general analysis?	Detailed profile available?
Accenture	✔	✔	✔
Aon Hewitt	✔	✔	✔
A.T. Kearney	✔	✔	✔
Bain & Company	✔	✔	✔
BearingPoint	✔	✘	✘
The Boston Consulting Group	✔	✔	✔
Capgemini Consulting	✔	✔	✔
Deloitte	✔	✔	✔
EY	✔	✔	✔
Hay Group[1]	✔	✔	✔
IBM Global Business Services	✔	✔	✔
KPMG	✔	✔	✔
L.E.K.	✔	✘	✘
McKinsey & Company	✔	✔	✔
Mercer	✔	✘	✘
Oliver Wyman	✔	✔	✔
PA Consulting	✔	✘	✘
PwC	✔	✔	✔
Roland Berger	✔	✔	✔
Strategy&	✔	✔	✔
Towers Watson[2]	✔	✔	✔

How we rank firms in this report

In this report, we reveal the top-ranked firms in four areas: mindshare, quality, value, and most recommended firm. We look at the top-ranked firms overall, but where we can, we also split the data to look at perceptions in each consulting service, and by type of client. In breaking down the data to this level our sample sizes can become quite small, so where it isn't big enough for us to be confident to make a ranking, we've declined to do so. If you have questions about anything we've omitted from this report, please contact Sarah Burgess.

1 Our survey was launched before Korn Ferry's acquisition of Hay Group completed in December 2015.
2 Our survey was launched before the merger of Willis Group Holdings and Towers Watson was completed in January 2016.

Mindshare: We base our rankings on the numbers of respondents talking about each firm, relative to each other. To calculate that, we awarded a score of 100 to the most-mentioned firm, and work out how many times each other firm was mentioned in relation to it.

Quality: We base our rating on the sum of the proportion of people who describe quality as either "high" or "very high". Where that produces an equal result between two firms we take into account the share who have described quality as "very high" to determine the order in which they are ranked.

Value: We base our rating on the sum of the proportion of people who say that the value a firm delivers is greater (to any extent) than the fees it charges. Where that produces an equal result between two firms, we take into account the extent to which value is seen to be greater than fees (respondents had the choice of saying it was twice, five times, or ten times greater than fees) to determine the order in which they are ranked.

Most recommended: We base our ranking on the proportion of people who say they have recommended a firm. Where that produces an equal result between two or more firms, those firms simply tie.

New for 2016:

The Source badge—an award given to those firms that have been rated number one by clients in a given region/industry for mindshare, quality, and value. If your firm has a badge next to its name and you'd like to find out more about how to use it externally, please contact Ella-Sian Jolley.

The difference between direct and indirect clients

We talk about two types of clients in this report: direct and indirect.

Direct clients are clients who either have very recent experience of working with the firm they chose to tell us about or are working with it now.

Indirect clients are clients who feel qualified to share an opinion about a firm but aren't among their direct clients. They may have had exposure to the work the firm has done elsewhere in their organisation or have simply formed an impression based on reading a firm's thought leadership or being exposed to its marketing in some other form. In simple terms, indirect clients are prospects.

The differences between the opinions of these two types of clients tell us a lot about the differences between expectation (indirect clients) and reality (direct clients). But it also tells us something about the differences between a firm's marketing and what it actually delivers.

Discover more online

The data contained and referred to within this report is also available online, where it can be sorted and filtered according to your preferences. In fact, some of the charts contained in the report link directly through to the online database. Note that wherever you see a quick code next to the title of a chart, that code can be entered into the search function of the database to reproduce exactly the same chart.

When you log on, you'll notice that in some areas there's data that's in a faded grey colour. This is where we have data, but it's not a big enough sample to include in a ranking in this report. Nonetheless, we share it online in case you do want to see what, for example, indirect operations clients in the public sector (or a similarly complex split) think of a particular firm. If you have any questions about any of the data, please contact Sarah Burgess.

To find out how you can get access to the online database, please contact the person in your organisation who bought the report or email ella-sian.jolley@sourceglobalresearch.com

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.

Defense
Includes national security and consulting around defense 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).

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CLIENT PERCEPTION PROGRAMME

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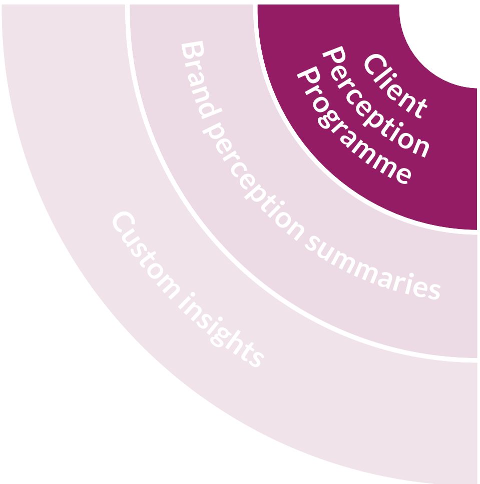

The newest of our major research programmes, our *Client Perception Programme* is a suite of eleven reports which assess the reputation of consulting firms, as seen by clients.

At the heart of the programme are two important questions:

- **What is the reputation of a consulting firm?**
- **What do clients think about the quality of service and the value added by consulting firms?**

The first section of each report looks at the perceptions of clients in the market as a whole (either by geography or industry) and ranks the top three firms in each of the following areas: mindshare (how likely clients are to be thinking about a consulting firm), quality, value added, and likelihood to be recommended. The report then looks at perceptions by consulting service (and where relevant, by industry), ranking the top three firms for each. In our analysis we draw on our extensive knowledge of the consulting market to explain why particular firms are perceived as they are, and highlight interesting stories within the data along the way.

Finally, the report looks at clients' perceptions of individual firms in the relevant market. It compares each firm's mindshare, quality, and value perceptions with those of the leading firms, as well as comparing the views of direct and indirect clients to highlight the challenges that need to be addressed either during a project, or by marketing. The report also highlights which services clients are recommending each firm for, and what they perceive to be each firm's strongest attributes.

The *Client Perception Programme* can help you to:

- **Understand how your consulting firm compares with competitors in the market**
- **Understand what clients and prospects see as your core strengths**
- **Where your clients think you can improve, and where they want you to make improvements**

Geographies and industries covered in this Programme:

GCC	Energy & resources
US	Financial services
UK	Perceptions of procurement
The Nordics	Technology, media & telecoms
Germany	Healthcare
France	

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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*.

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