

# Part 1: Forecasts for 2015

BASED ON QUANTITATIVE MARKET ANALYSIS FROM MULTINATIONAL ORGANISATIONS

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# Methodology

This report is based on quantitative research. We conducted an extensive survey in December 2014 – January 2015 with senior users and buyers of consulting services.

## Survey

We surveyed just over 2,600 senior users and buyers of consulting services in 14 major consulting markets in North America, Europe, the Middle East and Asia Pacific. 56% of respondents work in organisations with more than 1,000 employees (the percentage is higher in mature markets where large corporations are more numerous). Respondents are distributed across operations, general management, sales and marketing, IT, finance and HR. They represent nine sectors: energy and resources; financial services; healthcare; manufacturing; pharma and biotech; the public sector; retail; the services sector (including transportation and construction); and technology, media and telecoms.

The increased scale and scope of our survey creates potential problems in comparing this year's data with last year's. Our experience is that there's not a lot of variation in the way relatively large organisations use consultants, but there are some cases where our sample has had an impact and we highlight these.

## The role of this report in our series

This is the first in a series of six reports we will be publishing during the course of 2015 which will use a combination of feedback from clients and consulting firms to analyse the underlying trends shaping the consulting industry over the next 12 months.

The future publications in this series are:

### *SPP1: Forecasts for 2015*

This report analyses the prospects for growth in the global consulting market as a whole. The first section looks at the conditions for growth for the energy and resources, financial services, manufacturing, healthcare, retail, services, technology/media/telecoms and public sectors. Section 2 considers how clients' needs are impacting demand for strategy, operational improvement, HR, technology and financial management/risk consulting.

Our concluding section provides forecasts for global consulting demand by sector and service, and analyses the implications for consulting firms.

### *SPP2: New business models*

Is the consulting industry on the cusp of disruption? Most of the firms we speak to think so. So do the multitude of start-ups in the last year that claim to specialise, not in a particular sector or service, but in an innovative way of delivering consulting services. But consulting remains the quintessential 'people business' – and people change far more slowly than technology.

This report examines new business models from two perspectives. On the supply side, the associate model is now well-established, but technology is changing the way consulting firms win work and allocate resources. Changes to the demand side have been few and far between – yet this may be the real driver of disruption.

### *SPP3: Risk and regulation*

Regulatory-driven work has been one of the key sources of growth in mature consulting markets, but there are early signs that demand has peaked and that familiarity may even be breeding a degree of contempt. Risk consulting, though, appears to be at the start of unprecedented expansion and diversification, embracing everything from cyber security (perhaps today's hottest topic) to preventing reputational damage.

This report will explore the size and future shape for the risk and regulation consulting market, comparing clients' views with the response of consulting firms.

### *SPP4: Trends in procurement*

For the sixth year running, Source will be analysing how attitudes to buying consulting services are evolving in one key stakeholder group, procurement professionals. Past reports have highlighted the need for procurement teams to act more as business partners, providing more informed and expert advice. They've also analysed the prevalence of preferred supplier lists, the factors procurement people take into account when short-listing consulting firms, and pricing. Further detail about this year's report will be made available in due course.

### *SPP5: Planning for growth in 2016*

Our third annual market attractiveness index, which assesses each geographical market for the next 12 months in terms of things like: the rate of growth in the market, how easy it is to find and retain talent, how much revenue the average consultant can expect to generate, and the propensity amongst clients to use consultants.

### *SPP6: The interface between technology and management consulting*

Digital is changing consulting, breaking down the traditional boundaries between services. Can you develop a business strategy without considering the opportunities new technology may bring to change operating models? Is strategy technology-enabled, or is technology business-led? How clients answer these questions will determine which types of firms they'll use in the future. How consulting firms respond will determine their success or failure.

This report will look at just how porous the boundary is between technology and management consulting and examine the different opportunities and threats this creates for consulting firms.

## Definitions of sectors and services

Sectors	Sub-sectors
<b>Energy and resources</b>	Includes utilities
<b>Financial services</b>	Includes banking, insurance, investment and capital markets
<b>Manufacturing</b>	Includes construction
<b>Pharma and biotech</b>	
<b>Private and public healthcare</b>	
<b>Public sector</b>	Includes federal/central and state/regional/local government, state-owned organisations and education
<b>Retail</b>	
<b>Services</b>	Includes business and consumer services, real estate, professional services, transportation
<b>Technology, media and telecoms</b>	

Services	Sub-services
<b>Financial management and risk</b>	Responding to regulation
	Finance function
	Budgeting/financial planning process
	IT risk
	Operational risk
	Financial risk
	Programme risk
<b>HR and change management</b>	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
<b>Operational improvement</b>	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

Services	Sub-services
<b>Strategy</b>	Procurement/purchasing
	Research and development
	Benchmarking
	Distribution strategy
	Environmental, sustainability and CSR
	Operational review
	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
<b>Technology</b>	Marketing and channel management
	Customer relationship management
	Pricing
	Sales force effectiveness
	Category management
	Sales and distribution planning
	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
	Technology and security risk services
	Hardware/software and systems implementation
	Requirements definition
	Web and internet consulting
	Project and programme management (eg where consulting firm has been engaged to run a specific project which it is otherwise not involved in)



## STRATEGIC PLANNING PROGRAMME



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### How the *Strategic Planning Programme* can help you

- Deepens your understanding of the major trends shaping the consulting industry
- Helps you to identify what clients want from consulting firms in relation to major trends
- Helps you in your business planning activities
- Helps you to identify opportunities and threats in the market, and to develop strategies in response to them

Our Strategic Planning Programme helps you to develop your strategy. It looks at the consulting market from a global perspective, picking out the trends that matter wherever you are and drawing extensively on our research with clients. In 2015 it splits into six parts, honing in – in parts 2, 3 and 5 – on the themes we're hearing most firms and most clients talking about at the moment.

### How to subscribe

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

A full price list is available on request.



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

#### UK and Europe

Alice Noyelle  
+44 (0)203 700 5462  
alice.noyelle@sourceforconsulting.com

#### Middle East

Jodi Davies  
+971 52 989 5224  
jodi.davies@sourceforconsulting.com

#### USA

Alice Noyelle  
+44 (0)203 700 5462  
alice.noyelle@sourceforconsulting.com

# About Source

Source Information Services Limited (Source) 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.sourceforconsulting.com](http://www.sourceforconsulting.com)



18 King William Street • London • EC4N 7BP  
Tel: +44 (0)203 700 5462

PO Box 340505 • Dubai • United Arab Emirates  
Tel: +971 (0)52 989 5224

Email: [info@sourceforconsulting.com](mailto:info@sourceforconsulting.com)

[www.sourceforconsulting.com](http://www.sourceforconsulting.com)

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