

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

Services	Sub-services
Financial management and risk	Responding to regulation Finance function Budgeting/financial planning process IT risk Operational risk Financial risk Programme risk
HR and change management	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	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
	Procurement/purchasing Research and development Benchmarking Distribution strategy Environmental, sustainability and CSR Operational review
Strategy	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	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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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*.

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