

CONSULTING MARKET PROGRAMME

The energy and resources consulting market in 2013

Including a focus on the US, major European markets and the GCC



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About this report

This report draws together all the data we have collected from the energy and resources sector in the course of researching our *Consulting Market Programme* and *Strategic Planning Programme* for 2013. Some of the data, most notably in the geographic market focus section, is contained within other reports that have already been published, but much (if not most) is material that is new to this report. This, for example, is the only place to find client-side information exclusively from the energy and resources sector (and, as a result, that compares energy and resources with other sectors), and it's the only place to find detailed global forecasts for consulting within the sector.

However, not all of our research for 2013 is complete, which means that detailed information relating to some geographic markets has not been included here. Purchasers of this report are entitled to a second edition, due to be published later this year, which will include a focus on Eastern Europe and Russia, Africa, China, Brazil, India, and Australia.

Please note, as explained in more detail later, that the global market sizing and forecasting data in this edition already incorporates high-level information from the geographical markets not yet included, and that while forecasting data could, theoretically, need to be adjusted once we've included the research from those markets, in practice that is unlikely to be the case.

Methodology

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

Clients

We surveyed and interviewed 146 senior (typically C-suite) end users of consulting services in the energy and resources sector from Europe, the Middle East, and the US between October 2012 and September 2013. 89% of respondents work in organisations with more than 1,000 employees and over 53% of respondents work in organisations with more than 5,000 employees. Respondents are distributed across operations, general management, sales and marketing, IT, finance, and HR.

Consulting firms

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.

The quantitative data contained in this report focuses on consulting done by mid-sized 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. It therefore reflects the 'addressable' market for the majority of mid- and large-sized consulting firms, as most would not seek or be able to compete with very small firms and/or with freelance consultants.

We should emphasize 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.

We interviewed 258 very senior (typically the most senior person either in the region or in their country) consultants from most of the leading consulting firms and many smaller national and local specialists for the regions featured within this report. Our model (which we use to size the industry and its growth rates) is based on data for approximately the following number of firms from each region (and please note that some firms will obviously be included in more than one region, but only regional revenues are included):

GCC	100	Benelux	90
Nordics	85	Germany, Switzerland and Austria	125
France	135	USA	350
UK	120	Southern Europe	100

Currency

All financial figures in this report are denominated in US dollars (\$).

Introduction

For energy and resources consultants, 2013 is looking like a great year.

Despite remaining relatively robust even during the worst of times, the energy and resources sector's consulting demand has been fairly soft over the past few years as the global financial crisis saw would-be clients putting projects on hold. But now, with the economy beginning to recover – especially in the critical US market, which accounts for 44% of the sector's global consulting revenue – this pent-up demand is ready to be realised, and clients are telling us they're eager to spend again.

Relative to many others, this is a consultant-friendly industry, and it's also one that has lot of projects planned over the next year, promising opportunities across all services. As in other sectors, the most likely initiatives concentrate on the need to cut costs and find new sources of growth – most companies tell us they're planning projects in these areas, and about half of those who are say they'll be calling on consultants for help. But it's technology consultants who look poised to do particularly well, with energy and resources companies more likely than their counterparts elsewhere to say that such projects will drive consulting work.

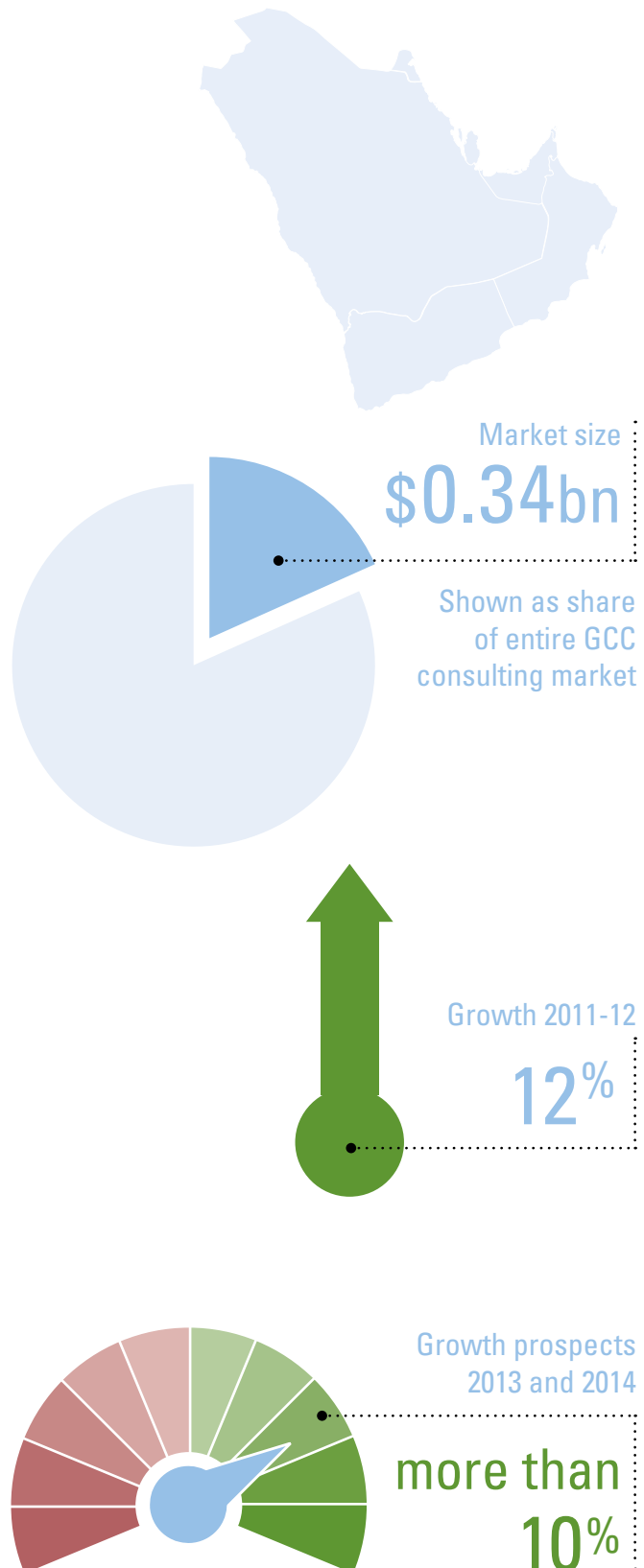
On the other hand, while the need for cultural change is a recurrent theme in this sector – and many organisations say they are looking at the issue – it's an area in which they're relatively unlikely to turn to consultants for help. That should give consulting firms pause for thought: why, when cultural change is something for which an external perspective seems so obviously valuable, are consulting firms not being used as much? What are they not convincing clients they can do? Nevertheless, with medium to high growth anticipated across all service areas, consultants of all disciplines should feel good about their prospects in this sector.

For consultants hoping to win a share of what is often very lucrative work (there's some big money spent in this sector), there are numerous ways to stand out from the pack. Being seen as providing good value for money is, of course, a perennial requirement across all sectors and services. But energy and resources consultants might have more to gain from being seen to know their stuff: clients in the sector have an above-average interest in deep industry knowledge but are less likely than colleagues in other sectors to say they're already getting this from consultants (something that could be impacting their use of consultants for cultural change). Consultants with a strong, specialised knowledge of the sector – and the ability to convey their expertise to clients – will be well positioned to claim their piece of what looks about as attractive a pie as you'll find in the consulting market right now.

GCC countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE)

Highlights

- Dominant in size, if not in levels of growth, the energy and resources sector remains critical to the success of the region's consulting market, and whether or not the bigger picture is one of slowed growth, it's a sector in robust health.
- Much of the focus in the market is on productivity, but clients are also looking for help with regards to market direction and growth. Some growth-related activity will come from new start-up companies or joint-ventures, but elsewhere it will be about moving into new markets.
- There's little to suggest that the energy and resources won't continue to be a strong consulting market across the region. Double digit growth seems all but assured, but we wouldn't expect it to rise above 20%; we expect growth to be in the neighbourhood of 15%.



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