



THE AUSTRALIA CONSULTING MARKET IN 2017

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

EXECUTIVE SUMMARY

[Click here](#) to see our **executive summary pack, including key data**



- Thanks to a strong economy, a renewed client focus on growth, and a healthy appetite for digital up-take, the Australian consulting market grew by 5.2% in 2016.
- The future of the Australian economy was a big topic of conversation in 2016. Despite domestic GDP growth that would be the envy of much of Europe, there is a general sense of unease caused by global political and economic instability: Continued low commodity prices, ongoing concerns about the Chinese economy, and US President Donald Trump's hostility to the Trans-Pacific Partnership (TPP) are all cause for concern. At home, a property market that some fear is a bubble near bursting is also frowning brows.
- Better news for consultants is that 2016 was the year when digital finally became serious business for consultants, with clients focused on targeted and practical spend and really getting to grips with the opportunity digital presents. Much of the work was focused on the customer, helping drive strong interest in data & analytics. There's also a growing urgency around AI and robotics, perhaps to mitigate high labour costs in this part of the world. The impact of digital extended into consulting firms' own organisations, too, with firms automating jobs internally and changing their approach to client issues. But even as digital solutions relieve some labour challenges, the need to develop and deliver them creates new ones. To address the challenge, Australia's firms are developing ecosystems, partnering with other firms and other types of solutions providers.
- Increasing globalisation also drove a number of conversations this year. South East Asia is of growing interest to Australian businesses as the region's middle class grows and generates an influx of students and tourists, creating opportunities for Australia's consultants. At the same time, this is encouraging Australian consulting firms to eye expansion into the South East Asia market. South East Asia is also at the centre of many conversations about robotics and AI, which may lead to repatriation of previously offshored work.
- Good levels of growth in the overall consulting market was matched by growth for consultants across every industry. Even the beleaguered energy & resources market managed to return to growth, albeit of a very modest nature. Healthcare was the fastest growing market, on the back of technology-enabled efficiency work. Financial services, the largest consulting market in Australia by some margin, was also one of the fastest growing, thanks to both regulatory work and growing demand for support around digital take up. The public sector was another stand-out area, thanks to work focused on delivering Malcolm Turnbull's reform agenda, with digital an important driver across both government and the education sector.
- In terms of services, 2016 was much more about thinking strategically, looking to the future, and putting growth back on the agenda. Still, cost and efficiency initiatives remained important, particularly those empowered by new technologies. Overall, technology consulting experienced the strongest growth, with strategy and risk work also in high demand, largely thanks to the importance of digital and transformation work. Cybersecurity was another area of strong interest and drove demand across numerous service lines. In fact, cybersecurity growth has been so intense in the past year that consulting firms reported having maxed out pipelines in this space.
- Convergence and consolidation continue to be a dominant feature of the Australia consulting landscape. Consulting firms strive to deliver all that clients could wish for from strategy through to execution, acquiring and partnering with other firms and solution providers as needed in order to meet this client need for implementation support.
- 2017 is proving to be another year of healthy market growth, as clients continue to grow the top line using digital and transformation initiatives to accomplish their goals in the most efficient way possible. Hopes are high for 2018, too, and we expect to see continued good levels of growth looking forward.

CONTENTS

Executive summary	2	Services	47
Methodology	4	Technology	49
Definitions	4	Strategy	51
Sources	4	Operational improvement	53
Explore the data	7	Risk & regulatory	55
Definitions of industries and services	8	HR & change management	57
Contributors	10	Financial management	59
Australia summary	11	Consulting firms	61
Market overview	13	The consulting landscape	62
What everyone's talking about	14	Type A firms	63
The economy	14	Type T firms	64
Digital	15	Type S firms	65
Getting closer to customers	15	Type P firms	66
Finding an alternative to people	15	Forecast	67
Cybersecurity	16	A word on methodology	67
The impact on consulting firms	16	The consultant view	67
Globalisation	17	The client view	67
South-East Asia	17	How clients think their consulting	
The counter-flow	18	expenditure will change	67
Global trends in the consulting industry	19	What clients are working on and how much	
Coping with convergence	19	of this is turning into consulting work	68
The changing world of data & analytics	21	Will they need consultants for capacity or	
The people problem	22	capability?	70
Market data	24	Projections for 2017	71
Industries	24	Industries—prospects for growth 2017	71
Financial services	26	Services—prospects for growth 2017	72
Energy & resources	29	Firm types—prospects for growth 2017	73
Public sector	32	Forecasts for 2018	74
Manufacturing	35	Industries—forecasts for growth 2018	74
Services	37	Services—forecasts for growth 2018	75
Technology, media & telecoms	39	Firm types—forecasts for growth 2018	76
Healthcare	41	About the authors	77
Retail	43	Source report programmes	78
Pharma & biotech	45	About Source	79

METHODOLOGY

Definitions

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.

For more information about how we classify consulting services and industries, please see “Definitions of industries and services”.

Sources

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

Clients of consulting firms:

We interview senior end users of consulting in Australia 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 50 senior clients of consulting firms across Australia. The majority (90%) work for private sector organisations, many of which are multinationals. The remaining 10% work in various public sector organisations. Eighty percent work in organisations with revenues in excess of \$500m, and all have over 250 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 industry

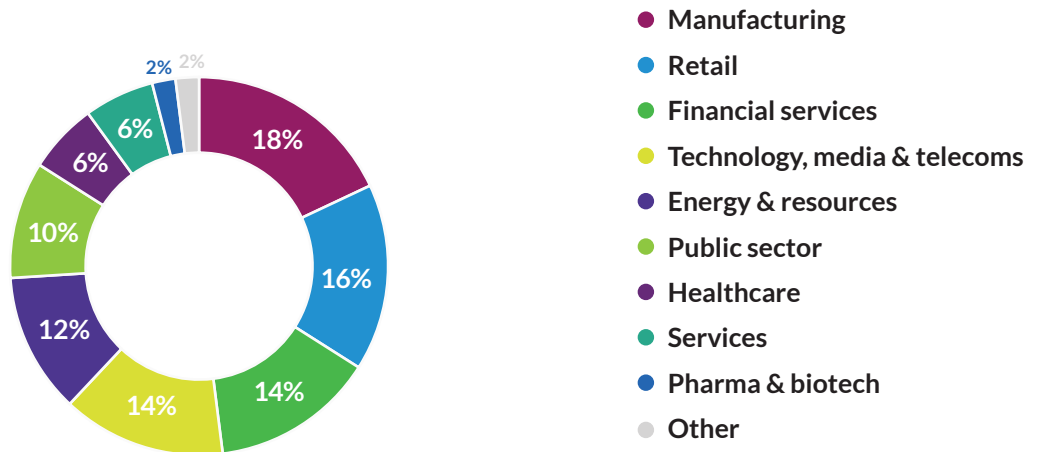


Figure 2

Respondents by organisation size

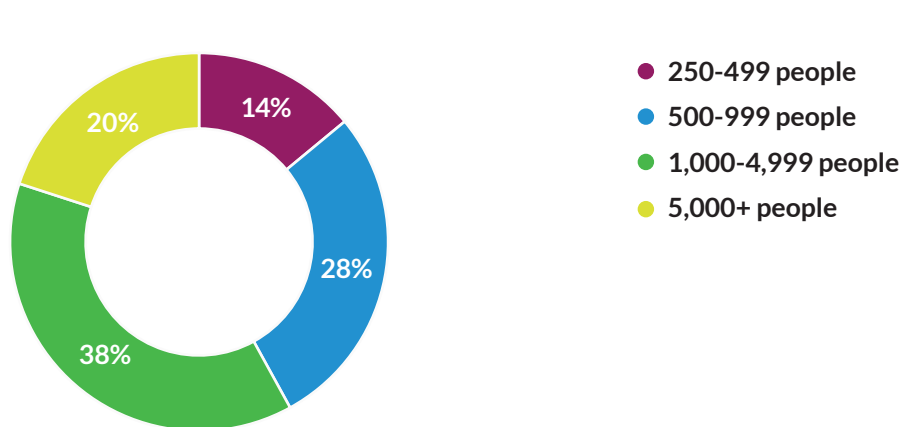
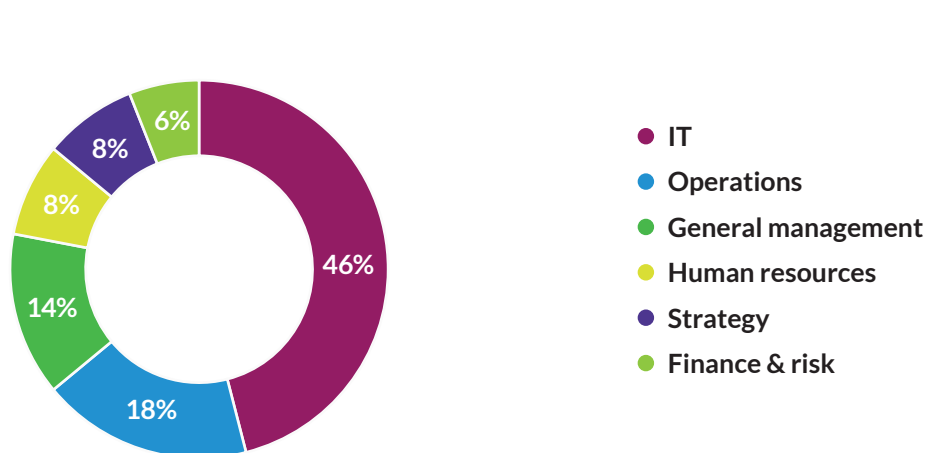


Figure 3

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 2014 baseline figures have changed a little since last year, as we have refined and implemented improvements to our research methods. In particular, we have adjusted the ratio between each service line in the cybersecurity market as a result of new research coming to light in this space and changes in the market. We are happy to provide subscribers with a restated set of 2014 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 = £0.74**

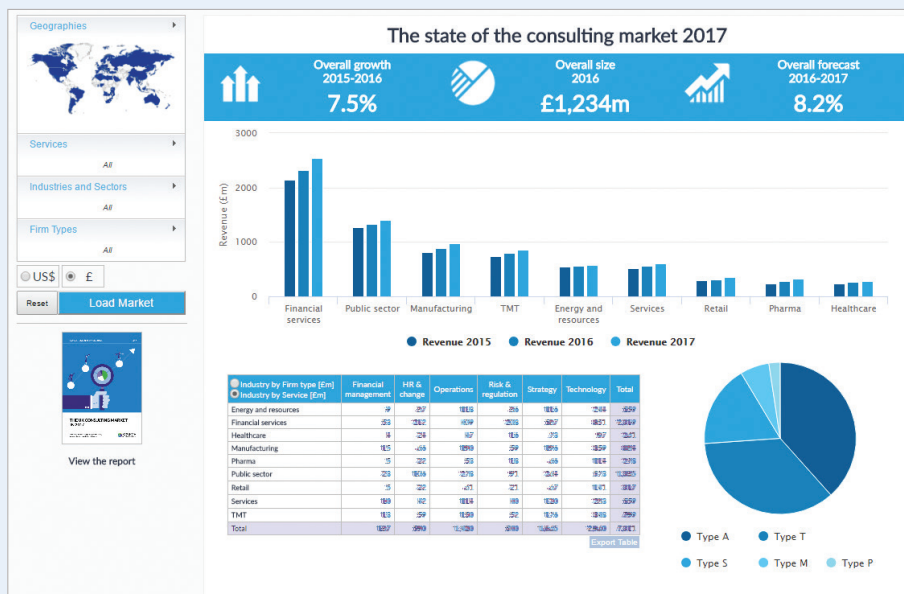
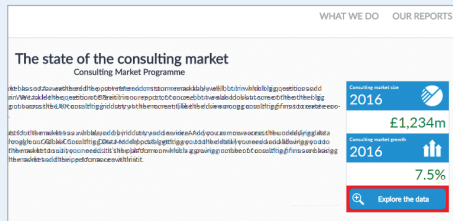
- **US dollar to euro** **\$1 = €0.90**

In addition to our quantitative research, we interviewed 13 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms in the country 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.

EXPLORE THE DATA

All of the market size data in this report is available to explore online through our Global Consulting Data Model portal. You are able to interact with the data in more detail and create custom views of the market to suit your needs.

You can access the data via our reports page, as seen below:



Our Global Consulting Data Model is the biggest and most sophisticated model of the consulting industry available. It provides data on market size, growth rates, and forecasts across 29 sectors, six service lines, 84 countries, and five firm types. It's the platform on which a growing number of consulting firms are basing their understanding of the market and their performance within it.

Click [here](#) to access the data.

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.

Not for profit

Includes non-commercial research organisations, religious, political and professional membership organisations, trusts, labour unions, and business associations.



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 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, web 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
Gary Anderson	Managing Director	Protiviti
Roy Barden	Regional Practice Leader—Asia Pacific	The Hackett Group
Michael Dobrijevic	Managing Principal	Mozaic Management Consulting
Albert Eichholzer	Associate Director	Grosvenor Management Consulting
Justin Greig	Partner—Australia	EY
Ian Hancock	MC Leader	KPMG
Duncan Keith	Program Manager	Oakton
Marcos Kurowski	Managing Director—Australia and New Zealand	Sapient
Luca Martini	Managing Director, Accenture Strategy—Australia & New Zealand	Accenture
Tim Orton	Founder and Managing Director	Nous Group
Neil Plumridge	Managing Partner	PwC
Stephen Rothgiesser	Managing Director	The Change Consulting Group
Greg Spinks	Managing Director	Consulting & Implementation Services

CONSULTING MARKET PROGRAMME

- A series of detailed reports that contain the most accurate view available about the consulting market in an extensive list of countries and regions. These explore key themes, provide market sizing data, growth forecasts, and deep analysis, all backed up by extensive quantitative and qualitative research amongst consulting firms and clients.
- As well as our country reports, we also produce a global view of four different industries. These reports contain industry analysis, market sizing data, and growth forecasts at a global level, as well as breakdowns by sub-sector, service, and geography.

STRATEGIC PLANNING PROGRAMME

- A series of reports that take a detailed look at the big trends in the global consulting industry, interpreting them in terms of what they mean for consulting firms and who is best placed to exploit them.

CLIENT PERCEPTION PROGRAMME

- A series of reports based on our huge client survey, that reveal what clients think about the leading consulting firms in a number of regions and industries. We rank the leading consulting firms in terms of clients' perceptions of things like quality and value.
- As part of this programme, we also publish brand perception summaries. These give an in-depth and unique view of the world's leading consulting firms. Available on request.

WHITE SPACE

- A series of reports that analyse the quality and effectiveness of thought leadership. These are included in all White Space subscriptions.

How to subscribe

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

What's included

- A global licence.
- An executive summary (8-10 pages) highlighting key themes.
- Relevant content, updated regularly: blogs, podcasts, and spotlights.

Want to know more?

For more details about how you can subscribe, 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

Or simply visit our website, have a more in-depth look at what we do, and drop us a question at:

www.sourceglobalresearch.com

2017	CONSULTING MARKET PROGRAMME	STRATEGIC PLANNING PROGRAMME	CLIENT PERCEPTION PROGRAMME	WHITE SPACE
January				Hot topics in thought leadership
February	UK	Forecasts for 2017	GCC	Quality ratings of thought leadership for the second half of 2016
March	France GCC	Mega trend #1: Digital transformation	US UK	Analysis of recent thought leadership
April	Benelux Nordics		Energy & Resources	
May	US Canada	Mega trend #2: Cognitive computing, robotics, AI	Nordics Financial Services	Analysis of recent thought leadership
June	DACH Eastern Europe Russia		Trends in procurement	
July	Italy Spain Australia	Mega trend #3: Assets and productisation		Maximising the impact of thought leadership
August	India		Healthcare TMT Germany	
September	Africa Brazil Energy & Resources	Planning for growth in 2018	France	Quality ratings of thought leadership for the first half of 2017
October	Financial Services China Healthcare			
November	TMT	Mega trend #4: Brand and business models		

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 2017

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.

