THE HAND ON THE MOUNTAIN

How assets and productisation are re-shaping the consulting industry

SOURCE
GLOBAL RESEARCH

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Executive summary

In this report we posit that although technology is creating sweeping changes to the services provided by consulting firms, the real revolution is likely to happen inside the firms themselves. That revolution is, in part, being brought about by technology itself, but it's also being driven by a changing cost-base within consulting firms, and by clients who continue to push the industry towards a point where it splits into two distinct parts: low cost and high value.

That paves the way for the widespread automation of the low-cost part of the market, at a time when clients are already demanding more tangible, measurable results than they got in the past, and wanting those results fast. The consequence is an acceleration in the development of assets and products by consulting firms.

But that's far from the end of the story, because although clients ultimately seem to welcome the development of assets and products, they're prone to seeing them as commodities, at least compared with traditional consulting services. In response, we conclude that consulting firms must firstly find a way to shift the value proposition from being about scale to being about expertise, and secondly find new pricing structures.

We also go further, to conclude that all of this represents the foothills of a much bigger mountain of change, in which machines eclipse many of the roles played by humans, and in which the nature of the two parts of the market becomes ever more clear, and ever more distinct. Assuming that a number of the leading consulting firms of today are likely to end up with a foot in both markets, the critical success factor here is likely to be about one thing more than any other other: integration.

Our research

At the beginning of 2017 we surveyed 150 senior executives in American corporations in an attempt to measure both the extent to which they thought that consulting was about to change, and how it would do so. We also interviewed consulting leaders from firms including Accenture, Bain & Company, BearingPoint, The Boston Consulting Group, Booz Allen Hamilton, Capgemini Consulting, Deloitte, EY, IBM, Korn Ferry Hay Group, KPMG, Oliver Wyman, PA Consulting, PwC and Roland Berger, many of whom are quoted in this report.

Our report also draws on data from our global consulting data model, a bottom-up model of the consulting industry covering 84 countries, 29 sectors, and six major service lines and containing about 9.7m data points, and our annual global client perception survey, the latest version of which had 8,046 responses.

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A Co-Founder and Director of Source, Fiona is one of the world's leading commentators on the management consulting industry. Since founding Source in 2008, she has been bringing this expertise to bear on our clients' most pressing strategic projects and business issues.

Fiona has published a dozen books on consulting topics, including two for *The Economist*: *Business Consulting: A Guide to How it Works and How to Make it Work* and *Buying Professional Services*. She has more than 20 years' experience as a management consultant, working primarily in the areas of marketing and strategy. She was previously in charge of strategic planning for EY in the UK and has worked in the consulting practice of PwC. Fiona also has a PhD in seventeenth-century French art and lives in hope that it will be of practical use in business someday.

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Ed is a Director of Source, and he is particularly focused on HR, strategic marketing, and new product development. He is a key member of the Source research team and spends much of his time interviewing consultants and their clients around the world in order to identify and explore major market trends.

Ed regularly speaks about the consulting market to leadership teams around the world, has lectured at Columbia University, Imperial College, and Vrije Universiteit, and he is regularly quoted by media including the *Wall Street Journal*, the *Washington Post*, the *Financial Times*, Bloomberg, and the trade press. Prior to joining Source in 2008, Ed spent seven years in various marketing roles for Sony Europe.

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

2017	CONSULTING MARKET PROGRAMME	STRATEGIC PLANNING PROGRAMME	CLIENT PERCEPTION PROGRAMME	WHITE SPACE
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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		

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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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