EXTRACT

STRATEGIC PLANNING PROGRAMME

SEPTEMBER 2017

THE HAND ON THE MOUNTAIN

How assets and productisation are re-shaping the consulting industry

SOURCE GLOBAL RESEARCH

CONTENTS

Introduction	6
Section 01: The broader context	15
Section 02: Assets and productisation: Client perceptions and their implications	25
Section 03: Success depends on…	31
Section 04: The real mountain	51
List of contributors	72
About the authors	73
Source report programmes	74
About Source	75

 © Source Information Services Ltd 2017

SOURCE GLOBAL RESEARCH

REPORT EXTRACT: non-exclusively licensed for internal use only

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.

 © Source Information Services Ltd 2017

REPORT EXTRACT: non-exclusively licensed for internal use only

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.

 © Source Information Services Ltd 2017

SOURCE GLOBAL RESEARCH

REPORT EXTRACT: non-exclusively licensed for internal use only

LIST OF CONTRIBUTORS

Name	Job title	Firm
Jorge Blanco	Managing Director and Head of Products at KPMG Spectrum	KPMG
Didier Bonnet	Senior Vice-President, Global Head of Practices	Capgemini Consulting
Charles-Edouard Bouée	CEO	Roland Berger
Aidan Brennan	Head of Digital Transformation	KPMG
Graeme Butterworth	Partner—Advisory Services	EY
Ayesha Chida	Senior Researcher	Proxima
John Downie	Partner	Accenture
Errol Gardner	Global Advisory IT Leader	EY
Chris Hafner	President	Aspirant
Simon Harris	Chief Strategy Officer	Oliver Wyman
Andrew Hooke	Chief Operating Officer	PA Consulting
Weston Jones	RPA Lead	EY
Paul van Kessel	Global Managing Partner—Cyber Security Services	EY
Praful Krishna	CEO & Cognitive Computing/AI Expert	Coseer
Jean-Marc Laouchez	Global Managing Director, Solutions	Korn Ferry Hay Group
Todd Marlin	Americas Leader—Forensic Data Analytics & Financial Services Forensic Technology	EY
Brian McLean	Global Leader, Management Consulting	PwC
Andrew Moss	Senior Consultant	Proxima
David Mullins	Partner	Elixirr
Stephen Newton	Founder and Managing Partner	Elixirr
Larry Raff	Partner	KPMG
Amit Rathi	Global Practice Partner	Wipro Consulting Services
Theodor Schabicki	Partner	BearingPoint
Doug Shoupp	Products & Solutions Lead	Deloitte
Rajcan Surface	Principal—Financial Services	EY
Josh Sutton	Vice President, Artificial Intelligence	Sapient
Georg Tacke	CEO	Simon-Kucher & Partners
Robert Vanderwerf	Global Lead Partner, Transformation Strategy	KPMG
Justin Watson	Partner	Deloitte
Peter Wyse	Non-Executive Partner	Elixirr

 © Source Information Services Ltd 2017

SOURCE GLOBAL RESEARCH

REPORT EXTRACT: non-exclusively licensed for internal use only

ABOUT THE AUTHORS

Fiona Czerniawska

Fiona Czerniawska

fionacz@sourceglobalresearch.com

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.

Edward Haigh

Edward Haigh

edward.haigh@sourceglobalresearch.com

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.

Additional research by Laurence Harris.

 © Source Information Services Ltd 2017

SOURCE REPORT PROGRAMMES

SOURCE GLOBAL RESEARCH

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.

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		

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 visit our website, have a more in-depth look at what we do, and drop us a question at: www.sourceglobalresearch.com

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 Dunstans 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.

SOURCE GLOBAL RESEARCH