EXTRACT

STRATEGIC PLANNING PROGRAMME

NOVEMBER 2018

# AUTOMATING DISCOVERY:

*How will technology change the data-gathering stage of consulting projects, and what does this tell us about the potential for disruption?*

SOURCE GLOBAL RESEARCH

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# INTRODUCTION

## Not waving but drowning?

We're awash with data, we all know. But where does the instant availability of more information than we can possibly assimilate leave us, if we're in the business of information?

Consulting firms have made fortunes from gathering and analysing information. Go back 30 years—certainly before the widespread implementation of the ERP systems that transformed how organisations work—and the most important function of a consultant was to gather data clients didn't have. But as more and more of that data has become available to clients themselves, the focus of consulting has shifted—to analysis, communication, and change management. Now the advent of RPA and other technologies and tools promises to change the data-gathering process—what's commonly called the "discovery" phase of a consulting project. But that doesn't mean that data—evidence, if you like—isn't still at the heart of the recommendations consultants make. Helping clients make better, more informed decisions about complex issues is still a fundamental part of what consultants do.

How consulting firms should respond to this challenge (or opportunity, depending on your perspective) is the focus of this report. Section 1 looks at the current market, including our estimate of the proportion of time consultants still spend gathering data, as well as the effort put in by clients themselves. Clients' own response to this is covered in Section 2, particularly the extent to which they're expecting to use technology to do much of this work in the future, while Section 3 profiles some of the technology firms clients and consulting firms could partner with or acquire.

All this could disrupt (we use the term with care) the consulting industry, but who'll disrupt whom? Clients may take over this type of work and wreak havoc with the business model and profitability of consulting in the process; consultants may win the technology race, the prize for which will be a far bigger market than there is today. And, of course, what happens here, in the discovery phase of a consulting engagement, could well happen in other areas, so our analysis may reveal just the tip of a huge economic iceberg. The final section of our report tries to answer this all-important question: In the future sea of data, who will be waving, and who will be drowning?

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Section 01

# THE SCALE OF THE OPPORTUNITY—AND THE THREAT

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01

*In a world of uncertainty, ideas and creativity become currencies of the future. Therefore, I believe that robots will not replace strategy consultants in the near future. However, the way we deliver our services will include automation and artificial intelligence, especially in areas of fact-finding, research, and customer insights.*

Reto Isenegger, EY

*Fifteen years ago, strategy consulting would have been done by a team of people who claimed to have uniquely focused expertise. It's immensely hard to do that now, when so much more information is available.*

Christopher Meyer, Got Nerve

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Section 02

# HOW CLIENTS ARE DRIVING CHANGE

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## Could this threat to consultants also be an opportunity for them?

That every threat is an opportunity may be a cliché, but it's a useful one.

While a reduction in the size of the data-gathering market poses an immediate risk for consulting firms, the desire to make efficiency gains on the client's side may encourage organisations to outsource more of their internal data gathering. The market, taking with one hand, could potentially give back with the other.

In a report we published earlier in 2018, we looked at the size of the data & analytics market, particularly in the US. We estimated that the data & analytics consulting market in the US was worth around US$13bn in 2017. But the market could potentially be much larger—US$52bn, we thought—if clients could be persuaded to outsource the huge amount of data & analytics work they're currently doing in-house. The data management part of that was worth around US$21bn, and while not all of that could be classed as data-gathering costs, it still suggests that there's a sizeable market of in-house work that could be converted into consulting projects.

In this section, we'll focus on how opinions about the amount of time clients are prepared to invest in gathering data may change their behaviour, particularly with regard to their use of internal and/or external resources.

What it highlights is the dominant role technology will play here.

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Section 03

# THE TECHNOLOGY LANDSCAPE

03

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03

# Profiles of potential partners

Normally, in reports like this, which form part of our Strategic Planning Programme, we spend time analysing the competitive landscape and how this is evolving to meet clients' changing needs. But in this report it seemed more appropriate to look at potential technology partners, for three reasons:

- Very few consulting firms can point to a successful track record of developing scalable software. There are plenty of instances of tools being developed that typically begin life as the solution to an individual client's need but which are recognised as having a broader application to other clients with the same need. But we're talking about a different type of software here, one that can be deployed in many different circumstances and across a very wide range of organisations. Building that kind of software is, we'd argue, different—and most consulting firms don't do it well. If they did, they'd have become software companies.
- Even a cursory glance at the types of technology firms now starting up reveals a wealth of talent and interest focused on automation and search functions. Why would consulting firms start from scratch?
- The complexity and variety of the data-gathering process means that, while there will probably be standard components to every project, the precise choice of the components and the way in which they're integrated into a coherent whole will be difficult to standardise. A consulting firm developing its own software will find itself too tied to a single solution or approach: Those working with a range of partners will be more flexible.

There are a huge number of potential partners: The following pages profile some of those we think could play a role in helping consulting firms automate their discovery process.

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# Section 04
# ARE WE ON THE CUSP OF DISRUPTION?*

*And, if so, what should consulting firms do about it?

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04

*I don't think there is a lot of creative disruption right now. I think everyone is doing the same thing and trying to enter the same potential market from different angles, with different focus areas on the investment, and with different combinations of skills. In a Big Four firm it may be a bit more around tax, deals and so on and so forth, while the MBB firms remain slightly more focused on the pure strategy side. With Accenture there's obviously more of a technology angle. But basically everyone's running after the same potential market.*

Senior partner, strategy firm

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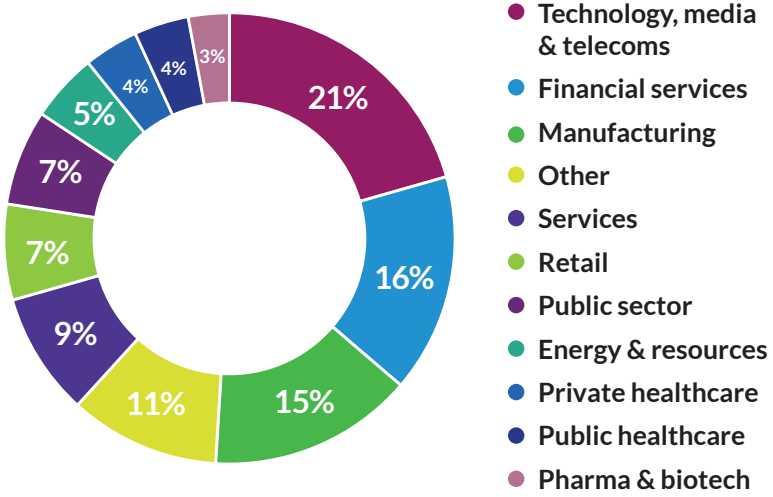
# ABOUT OUR RESEARCH

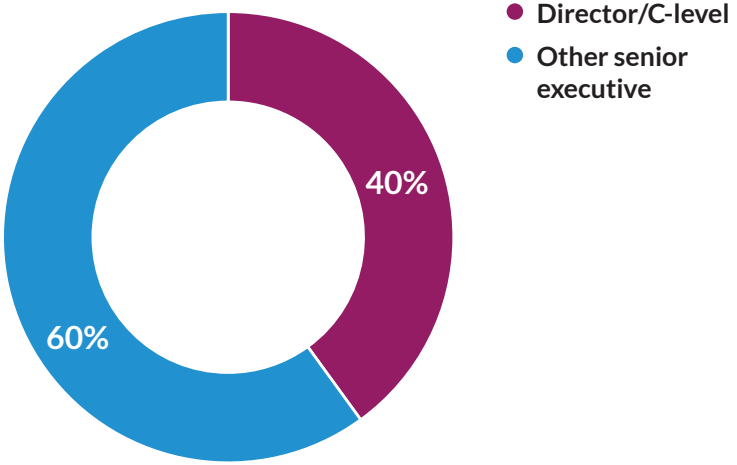
At the beginning of 2018 we surveyed 199 senior executives in American corporations in an attempt to measure both the extent to which they thought their consulting was about to change, and how it would do so. We also interviewed consulting leaders from consulting firms, many of whom are quoted in this 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 industries, and six major service lines and containing almost 10 million data points
  - our annual global client perception survey, the latest version of which had 9,000 responses from a range of major consulting markets around the world

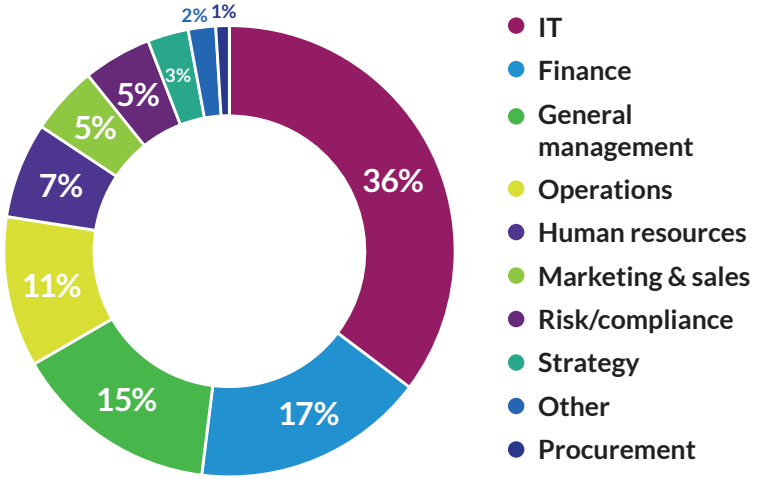
**Breakdown by sector**




**Breakdown by seniority**




**Breakdown by function**

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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 2007, she has been bringing this expertise to bear on our clients' most pressing strategic projects and business issues.

Fiona 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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## *Edward Edgcumbe*

Edward has both a BA and Masters in Classics from Magdalen College, Oxford and has worked for Source since 2013 as a general researcher. In his other life, he's a professional singer, and has toured the US, France, and Gran Canaria.

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# SOURCE REPORT PROGRAMMES

SOURCE GLOBAL RESEARCH

## MARKET TRENDS 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 sectors. These reports contain sector analysis, market sizing data, and growth forecasts at a global level, as well as breakdowns by sub-sector, service, and geography. Snapshots of content from these reports will be published earlier in the year and made available to subscribers, as tranches become available.

## 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 sectors. We rank the leading consulting firms in terms of clients' perceptions of things like quality and value. Data and analysis for these reports are made available to subscribers throughout the year.

As part of this programme we also publish global brand perceptions. Leveraging all the data we have about each of the world's leading consulting firms, we're able to offer insights that go far beyond traditional brand impact surveys. Choose the firms you want to benchmark yourself against, and we'll analyse how clients see your firm relative to your competitors, writing a custom report that puts you at the heart of it. 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?*

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

www.sourceglobalresearch.com

| 2018 | MARKET TRENDS PROGRAMME | STRATEGIC PLANNING PROGRAMME | CLIENT PERCEPTION PROGRAMME** | WHITE SPACE |
|---|---|---|---|---|
| JANUARY | | | | Hot topics in thought leadership |
| FEBRUARY | Forecasts for 2018<br>UK | | In each report, we will publish the top-ranked firms for:<br>**Mindshare**<br>**Quality of work**<br>**Value added**<br>**Quality of work by different consulting services** | Quality ratings of thought leadership for the second half of 2017 |
| MARCH | GCC<br>DACH<br>Benelux | Mega trend #1: Intelligent analytics | Germany part 1<br>US part 1<br>GCC part 1 | |
| APRIL | Spain<br>France<br>Nordics | | Germany part 2<br>UK part 1<br>US part 2 | Analysis of recent thought leadership |
| MAY | Eastern Europe<br>US<br>Russia | Mega trend #2: Discover | Financial services part 1<br>Nordics part 1<br>Energy & resources part 1 | Analysis of recent thought leadership |
| JUNE | Italy<br>Canada | Mega trend #3: Strategy | France part 1<br>UK part 2<br>Financial services part 2 | |
| JULY | South America<br>Australia | Mega trend #4: Run | Healthcare part 1<br>France part 2 | Analysis of recent thought leadership |
| AUGUST | Africa | | Nordics part 2<br>TMT part 1<br>Energy & resources part 2 | |
| SEPTEMBER | Planning for growth in 2019<br>India<br>Energy & Resources* | | Healthcare part 2<br>TMT part 2<br>GCC part 2 | Quality ratings of thought leadership for the first half of 2018 |
| OCTOBER | South East Asia<br>Financial Services*<br>China | | | |
| NOVEMBER | TMT*<br>Healthcare* | Mega trend #5: How technology will shape the consulting business model of the future | | |
| DECEMBER | *Snapshots of content from these reports will be published earlier in the year and made available to subscribers, as tranches become available. | Mega trend #6: Digital transformation | **Part 1: What our data tells us about the market. Part 2: Firm-by-firm analysis. | |

*Would you like more information on any of the above? A more detailed view? Or to adjust any of it to suit your requirements? The adjacent page offers more insights into how we can help you.*

# OUR CUSTOM RESEARCH SERVICES

SOURCE GLOBAL RESEARCH

Over the course of the last ten years we've worked with leaders in many of the world's biggest professional services firms, to help them find solutions to some of their most important challenges. Here are some typical examples of the kind of work we do.

**You need to know how big your market is**

We have a global data model of the professional services industry that is the biggest and most sophisticated of its kind ever created. It provides data on market size, growth rates, and forecasts across 29 industrial sectors, 10 service lines, and 84 countries. It also breaks down the market by different types of firm.

We can provide you with a version of the model that's customised to fit your needs, giving you data on all the countries, sectors, and service lines that matter to you, and none that don't. But we won't stop there, unless you want us to: Our analysts will work alongside you to make the model yours, mapping our definitions to yours, so you can look at the market on your terms rather than ours.

**You need to understand what the numbers mean for you**

For many of the firms we work with, pure data isn't enough, and nor are standard reports able to offer a view that's sufficiently tailored to their needs. In these situations, our analysts start with a blank sheet of paper, put your firm in the middle of it, and draw on all our data and knowledge—including about clients' perceptions—to build a picture of the world around you. You get a story that's laser-focused on your challenges and your opportunities, and that helps you to translate data and insight into action.

**You're new in your role and need to understand the market for which you're now responsible**

For people who have just moved into a new role, we can create packs of information specific to a particular geography, sector, or service line. Our market sizing data can be used to quantify the market's potential, and our analysis of clients' perceptions and the competitive landscape will help you understand how best to seize the opportunities and respond to the threats.

**You need to create clear propositions around your services**

Our research tells us that having a big brand is no longer enough: Increasingly, clients expect professional firms to have a clearly articulated proposition for each service that differentiates them from their competitors. But the best propositions aren't built in a day: Our analysis, because it's grounded in facts about clients' perceptions and behaviour, helps firms quickly cut through internal disagreement and build a clear sense of direction.

**You need help with your inorganic growth plans**

We also work with firms that are supplementing their organic growth with acquisitions, helping buyers find and qualify suitable targets for acquisitions. Leveraging our deep knowledge of the professional services sector, we can scan the market, profile companies, and even effect introductions. Firms use our services because we're well connected in the industry, independent, and fast.

**You need to understand how you measure up against your competitors in the minds of clients**

Understanding what your clients think about your firm is critical in today's fast-changing and highly competitive market. New circumstances demand new, expert-led strategies to brand benchmarking, and that requires both independence—to get to the real story, not the one your clients think you want to hear—and deep knowledge and data about your market and your competitors.

We usually have a head start here, because of the data we already have, but we've got all the expertise and experience that's needed to conduct new research among your clients and those of your competitors, in order to understand where your strengths and weaknesses lie, and what you need to do to stand out. The focus might be on your firm alone, but it might also be on how you can create competitive advantage over specific, named competitors.

**You need to create better, more effective, thought leadership**

Thought leadership has come to dominate the marketing activities of professional services firms, and with good cause: Our research with clients finds consistent evidence that good thought leadership matters to them, too. It helps them to do their job, to identify where world-class capability exists in these firms, and even to shortlist firms for projects.

How well does your thought leadership measure up? We can conduct in-depth reviews to assess quality in a sample of material that's either random or defined by you, from single pieces to entire bodies of work, on an ad-hoc or routine basis. We can also help you shape your approach to topics and understand what your competitors are doing, and can provide guidance about how to approach a specific piece of high-profile thought leadership.

We also recognise that good thought leadership doesn't happen by accident, but because you've put in place the right processes and engaged the interests and enthusiasm of your key subject matter experts. We help professional services firms create the foundations, organisational structure and processes for high-quality content. We can also run workshops that inspire your people and help make them more effective at creating thought leadership.

# About Source

Source Global Research is a leading provider of information about the market for professional services. Set up in 2007, Source serves the professional services industry 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.

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