



THE TECHNOLOGY, MEDIA & TELECOMS CONSULTING MARKET IN 2018

Understand where to target your investment, how to plan your business effectively, and the competitive landscape in which you operate. Including market sizing data, growth rates, current market trends, and forecasts.

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Provides an at-a-glance view of the main trends in the market alongside key statistics.

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ABOUT THIS REPORT

Our report draws on four main sources:

- Our global consulting data model with 9.7m data points
- Our annual global client perception survey of senior end-users of consulting firms
- Our interviews with senior management consultants from a range of consulting firms
- In-depth desk research

A detailed view of our methodology and more information about Source can be found below.

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TMT OVERVIEW

2017 was another year of disruption across the TMT sector, helping to drive consulting market growth of nearly 10%, bringing the total global market value to US\$11.8bn.

Roger Wery of PwC describes growing consulting demand as the result of two distinct dynamics within the sector: “There is strong demand in the TMT market, but it’s a very bipolar environment at the moment. On one side, you have the next-generation disruptors—the high-growth unicorns and teenagers of the market—who are looking to upscale their operations, build new infrastructure, and stay out of trouble with regulators. On the other side, you have the legacy companies who are trying to change their business models to cope with the disruption.”

The two groups come to the market with very different needs. The disruptors may have mastered the customer-facing side of the business, but they have a huge task on their hands developing their back-office operations and building the internal functions they need as they keep scaling. Despite the abundance of in-house talent at disruptors’ disposal, back-office transformation typically requires expertise that they don’t have internally, which is driving strong demand for consulting services.

Meanwhile, more traditional companies are scrambling to keep up with the high customer expectations set by the digitally savvy competition. Companies across the TMT sector are fighting to present their own technologically sophisticated (and customer-friendly) solutions while simultaneously battling aggressive competition from high-tech start-ups. This is driving demand for consulting support around strategic planning and digital transformation, and is also driving a substantial volume of M&A work as larger companies buy out new competitors.

“There’s a lot of disruption in the TMT sector as companies grow rapidly, develop new business models and change how they operate.”

Richard Hanley, KPMG (re US)

“Deals drive consulting work. When you have a rich deal pipeline, it’s an indicator that there will be good times ahead. We’ve seen a lot of deals in the TMT sector over the last few years, and that’s usually a good signal that there will be a spike in demand in the near future.”

Senior management consultant, TMT sector

“If I had to use one word to describe the TMT sector last year, it would be buoyant. If I had to say a short phrase, I would say it’s buoyant because companies, whether large or small, are spending. The market was the strongest it’s been in at least 15 years, and it’s our fastest-growing sector across all regions.”

Ed Shedd, Deloitte

“There’s a split in the high-tech market between the disruptors and the more traditional companies that used to be hardware or software companies. Both types of client are trying to grow and stay relevant on a global stage, but they’re doing so in different ways, which is helping the market grow at a good pace.”

Senior management consultant, TMT sector

“GDPR regulation in Europe is driving global industry standards in data privacy across the world. For example, California has just passed some similar regulation. It’s morphing into something much bigger. The TMT sector has traditionally been lightly regulated, but the threat of enforcement actions will drive lots of change in this area.”

Gordon Tucker, Protiviti

Even better news for consultants is that TMT disruption is not only fuelling growth within TMT but is also spilling over into other sectors. As digitally sophisticated companies encroach on sectors as diverse as financial services and manufacturing, they are setting new standards for customer experience and are sending incumbents scrambling—and straight into the arms of consultants. As Nicolas Teisseyre of Roland Berger says, “It’s a wonderful period for TMT consultants, because the topics we’re working on are not only challenging but are fundamentally transforming not just the sector we focus on but all sectors. In the modern world, technology is key, telecoms is key, and media is key. They all play crucial roles in the creation of the modern world. It’s a very privileged time to be a strategy consultant in this sector.” As technology becomes increasingly central to all aspects of business, there is a real buzz around the TMT sector. With this cross-sector disruption looking set to continue, consultants should see strong demand from both the trailblazers and those trying to keep up.

“We see a lot of opportunities at the edge of the high-tech industry where it influences areas such as healthcare and automotive. There’s already growing convergence, and that will only accelerate. When you look at automated vehicles for example, does that fall under automotive or technology, and where do the public sector and connectivity factor? It cuts across so many different areas, but it still has the TMT sector at the heart of it all.”

Roger Wery, PwC

“The work we’re doing in the high-tech space is definitely a good platform from which to base transformation projects in other industries, such as transportation and automotive. Technology is becoming such a big influence in those other areas that having a solid grounding in the technology space is fundamental to bringing the best solutions to other industries.”

Nicolas Teisseyre, Roland Berger

Geographically, the US consulting market continues to dominate, with a value of US\$5.7bn. It also grew faster than most other countries/regions, expanding more than 12% in 2017—with only India, East Africa, and West Africa outpacing it, albeit from much smaller bases. The other major markets—UK, France, and DACH—looked fairly sluggish in comparison, all registering growth of less than 6%. Perhaps the main reason for this is the standout growth of consulting to the high-tech industry; this industry expanded 11.4% last year and most demand was seen in the US. The expansion of many of the Silicon Valley-based tech companies beyond the US may help to spread the consulting wealth over the next few years.

Elsewhere, China registered growth in excess of 11% from a much smaller base than the major markets. Clients in this market faced challenges similar to those seen in larger markets, as revenue growth opportunities were squeezed in the telecoms industry and as the battle to deliver digital content and software to the growing middle classes escalates. This provided strong pipelines for consulting firms in China.

“From a regional perspective, we saw strong growth in the TMT sector in most countries last year. The UK, US, Nordics, and Australia were probably the strongest markets, but there was plenty of activity in France, Germany, and Asia, and especially China.”

Ed Shedd, Deloitte

ABOUT THIS REPORT

Methodology

Sources

Our report is based on quantitative and qualitative research of consulting firms in the TMT sector. This includes the following:

Megamodel: our global data model

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, we’ve 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 comprehensive primary research carried out by Source analysts.

Please note that our 2016 baseline figures have changed a little since last year, as we have refined and implemented improvements to our research methods. We are happy to provide subscribers who bought last year’s report with a restated set of 2016 baseline figures should this be of interest.

Please be aware that our regional and global market sizing numbers take a wider view and include more countries than the market sizing data referred to in the “Analyst view by market” section of the report, resulting in some differences between the two sets of numbers.

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** **US\$1 = £0.78**

• **US dollar to euro** **US\$1 = €0.89**

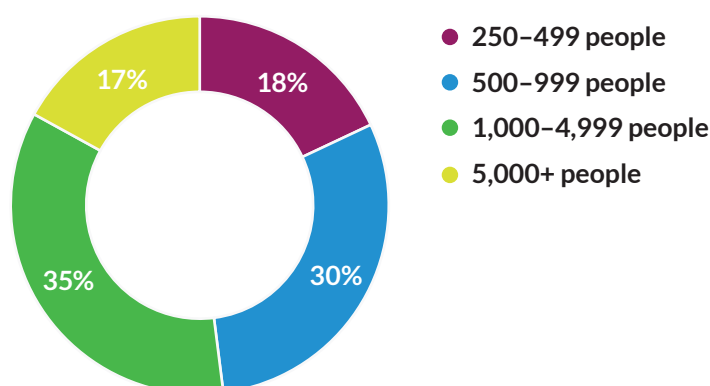
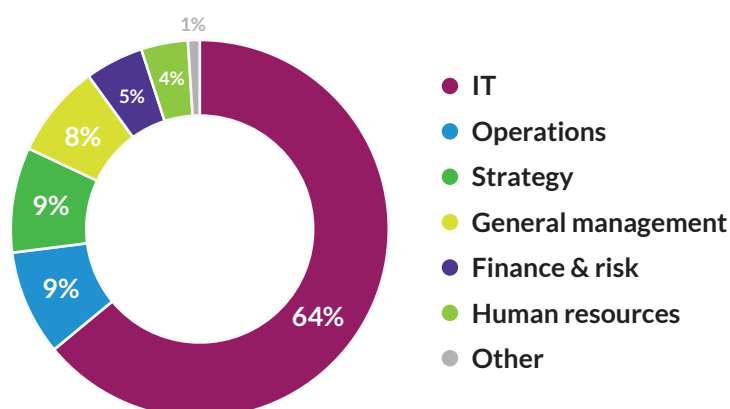
Client view

We interview senior end-users of consulting in the TMT sector 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 690 senior clients of consulting firms across the TMT sector. All work for private sector organisations, many of which are multinationals. All work in organisations with 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 2018 and into 2019, 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 17
Respondents by organisation size

Figure 18
Respondents by function


Interviews with senior consultants

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 sector and many smaller 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.

Definitions of sectors and services

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
- 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 sectors, please see "Definitions of sectors and services".

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).

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SOURCE REPORT PROGRAMMES



● 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.

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|-----------|---|--|--|---|
| JANUARY | | | | Hot topics in thought leadership |
| FEBRUARY | Forecasts for 2018 UK | | In each report, we will publish the top-ranked firms for: Mindshare Quality of work Value added Quality of work by different consulting services | Quality ratings of thought leadership for the second half of 2017 |
| MARCH | GCC DACH Benelux | Mega trend #1: Intelligent analytics | Germany part 1 US part 1 GCC part 1 | |
| APRIL | Spain France Nordics | | Germany part 2 UK part 1 US part 2 | Analysis of recent thought leadership |
| MAY | Eastern Europe US Russia | Mega trend #2: Discover | Financial services part 1 Nordics part 1 Energy & resources part 1 | Analysis of recent thought leadership |
| JUNE | Italy Canada | Mega trend #3: Strategy | France part 1 UK part 2 Financial services part 2 | |
| JULY | South America Australia | Mega trend #4: Run | Healthcare part 1 France part 2 | Analysis of recent thought leadership |
| AUGUST | Africa | | Nordics part 2 TMT part 1 Energy & resources part 2 | |
| SEPTEMBER | Planning for growth in 2019 India Energy & Resources* | | Healthcare part 2 TMT part 2 GCC part 2 | Quality ratings of thought leadership for the first half of 2018 |
| OCTOBER | South East Asia Financial Services* China | | | |
| NOVEMBER | TMT* 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. | |

OUR CUSTOM RESEARCH SERVICES



Over the course of the last 10 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, six 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 which 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 service 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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