

THE TRANSFORMATION OF TRANSFORMATION:

What's different about the next wave of digital transformation consulting, and what that means for consulting firms



CONTENTS

Introduction	3
Section 01: Where are we now?	4
Section 02: Changing client behaviour	23
Section 03: How well positioned are consulting firms?	34
About our research	55
Contributors	56
About the authors	57
Source report programmes	59
About Source	61

INTRODUCTION

We define “digital transformation” as the application of digital technology to help organisations make significant improvements to their performance. However, even with that definition, there’s considerable debate as to what’s encompassed within “digital”, and how big a change has to be before it’s “significant”. Much of what’s labelled as “digital transformation” is neither digital in the sense that it involves the application of “new” technology, such as IoT, cloud, or blockchain, nor is it transformation, as the improvements it delivers are incremental.

Our definition—indeed, our research—takes its lead from clients. Most of the senior executives we speak to have an overarching sense of something that’s new and different, that’s easier and faster to implement, and which yields far greater returns than “legacy” technology. In this bright, shining world, things are connected and can communicate with each other, and unprecedented quantities of data generate insights about everything from customer behaviour to operational efficiency. It’s a world in which work has changed for the better, with routine administrative tasks being done by robots, releasing people to be creative, supported by a new generation of artificially intelligent tools. It’s also a world in which consultants play a crucial role: spreading innovative thinking, helping organisations understand the threats and opportunities of disruption, and finding new ways to deliver conventional consulting support.

In short, digital transformation is a promise of better things to come, which clients want to believe in and which consultants are investing in massively.

But the premise of this report is that digital transformation is also changing. Recent growth in consulting in this area has been meteoric, but its continuation depends on consulting firms changing the way they work. A substantial part of our report is therefore devoted to exploring the extent of the gap between what clients are looking for and how firms are positioning their digital offering.

Section 01

WHERE ARE WE NOW?

01

Digital disruption is impacting everything: It impacts where companies should place their bets, their transformation agenda, their business and operating models, customer and workforce engagement, the building of new digital capabilities, and even operational improvement. Digitisation is touching every part of the traditional consulting services landscape.

Trevor Gruzin, Accenture

Section 02

CHANGING CLIENT BEHAVIOUR

A client's story: a CIO in the services sector

Everyone has a different definition of what digital transformation is. I'd say that in this organisation we use it to describe significant changes we're trying to make in the business that are enabled by digital technologies. But that word "enablement" is crucial: No one transforms their organisation simply by introducing new technology. Technology isn't an end in itself, but a tool we can use to do things differently.

That being said, it's extraordinary how the technology element seems to dominate, even when you know it shouldn't. It's a bit like a black hole. Digital transformation means different things to different businesses. For us, it means a step change by using digital tools and new technologies. Simply introducing digital isn't really transformation; it needs to be genuinely transformative to the way we work.

I can't work out if it's therefore ironic, or symptomatic of a much deeper problem, that we use consultants in almost every aspect of our digital transformation programme, except cultural and behavioural change. I suppose we recognise that it's very hard for an outside supplier to get to the heart of who we are, to a point where they can have an impact. An outside firm may be helpful in telling you what they see—it's always hard to see the wood for the trees where you work—but change is something only we can do to ourselves.

This means that we only use consultants in areas that aren't important to us, so their ability to create value for us is limited, but we're still likely to blame them when something fails.

Section 03

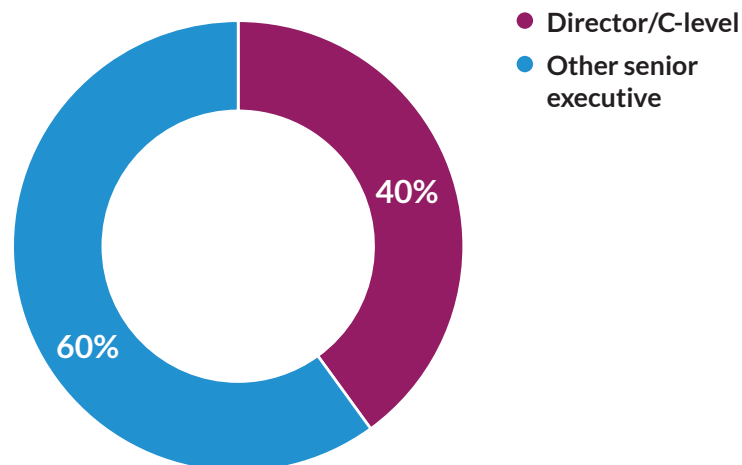
HOW WELL POSITIONED ARE CONSULTING FIRMS?

ABOUT OUR RESEARCH

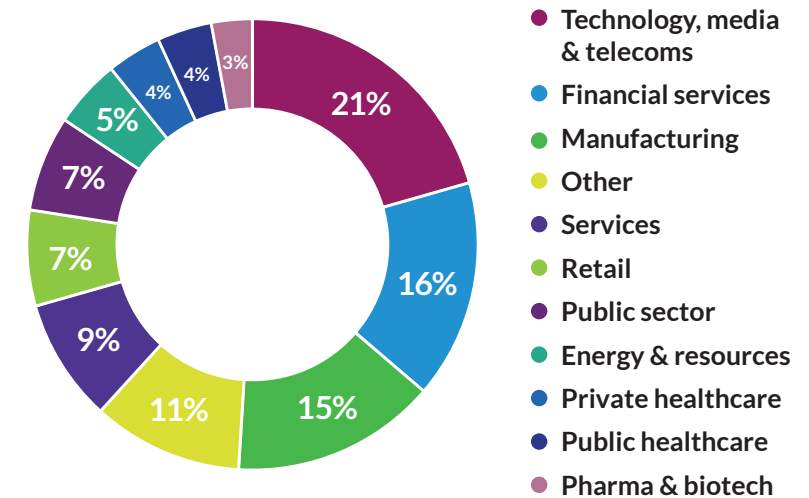
At the beginning of 2018 we surveyed 199 senior executives in American corporations in an attempt to measure both the extent to which they thought their consulting was about to change, and how it would do so. We also interviewed consulting leaders from consulting firms, many of whom are quoted in this 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.

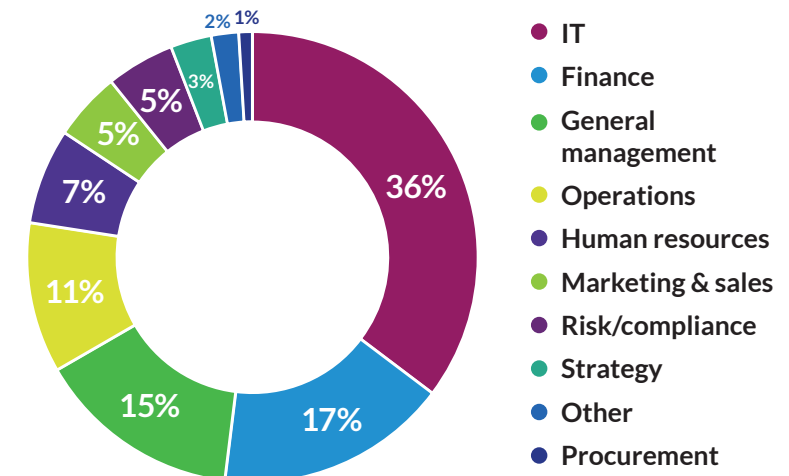
Breakdown by seniority



Breakdown by sector



Breakdown by function



CONTRIBUTORS

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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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Rachel is Source's Head of Thought Leadership Strategies and Solutions and is the consulting industry's leading expert on producing high-quality thought leadership. She has dedicated her time at Source to developing a thought leadership benchmarking framework that has become the industry standard, and she works closely with the world's leading consulting firms to help them deliver high-impact content. Rachel is responsible for Source's web-based White Space platform, which lists more than 40,000 pieces of thought leadership and is a vital resource for anyone who writes, researches, or manages thought leadership.

Rachel brings to Source more than 10 years' experience as a management consultant, having worked on strategic and operational projects across sectors, including financial services, life sciences, public sector, not-for-profit, and manufacturing. Always keen to learn more, she has an MBA and an MA in Education from Stanford, an MEng in Engineering, Economics, and Management from Oxford, and an MA in Counselling.



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Polly Williamson

Polly joined the team at the end of 2015, bringing a professional background in financial services which includes Barclays (commercial and retail banking), Barclays Capital (where she ran the organisational design workstream of an Accenture-led project), and the Association for Payment Clearing Services (interbank payments). Her specialisms within financial services include organisational design, strategy and transformation. In addition to her professional life, Polly has studied environmental decision-making and has applied these skills—pro bono—within several environmental contexts.



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Zoë is Head Analyst at Source, leading our analyst team and responsible for all reports published as part of the Consulting Market Programme and the Strategic Planning Programme. A world-leading expert on global consulting trends, she is the driver behind Source's bespoke analysis of consulting's biggest geographical and industry markets. She is an active member of the Source research team and spends much of her time interviewing consultants and their clients all over the world, collecting their first-hand accounts of what is happening in consulting. She also brings extensive experience as a writer to her post.

Prior to joining Source, Zoë spent more than 12 years working as a management consultant in a variety of roles with KPMG and Atos Consulting. She has also worked as an independent marketing consultant.



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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.

● 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.

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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 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.	

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



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, 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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