

December 2019

The Technology, Media & Telecoms Consulting Market in 2019

Market Trends Programme



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Technology, media & telecoms summary

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 five main sources:

- Our global data model with 9.7 million 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
- Our interviews with senior clients of consulting firms across a range of functions
- Our in-depth desk research on the market

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

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Technology, media & telecoms overview

GROWTH DIGITAL DATA PRIVACY TRADE ECOSYSTEMS BUSINESS MODEL M&A 5G DISRUPTION REGULATORY CYBERSECURITY COST REDUCTION ROBUST TRANSFORMATION

The TMT sector remains fruitful for consultants owing to continued disruption across the market. Consulting revenues continued to grow at a healthy pace, expanding 8.8% to total US\$12,964m in 2018.

“Overall, TMT has continued to be a very important and high-growth sector for AlixPartners.”
Eric Benedict, AlixPartners

“The global TMT market is currently experiencing a lot of positive drivers for consulting, particularly concerning the use of technology across industry verticals.”
Nicolas Teisseyre, Roland Berger

The ongoing consolidation of the market continues to play a significant role in driving consulting demand, with major takeovers and mergers happening throughout the sector. The TMT market was also a great source of work for firms with risk & regulatory expertise as governments review how they regulate the sector—particularly the high-tech industry. Cost reduction is an increasingly common theme across the market as clients seek consulting support to trim their expenditure in a bid to bolster their bottom lines, helping them weather any potential economic slowdown and creating a solid foundation from which to expand their businesses. Meanwhile, digitisation continues to gain traction as clients seek support to identify and implement new and emerging technologies in an effort to gain a step on the growing competition in the market.

“M&A activity, particularly cable and the telcos, has continued to drive a lot of work for us over the past year. Another big driver of work has been trade uncertainty; that's created a lot of demand for tax and operating model consulting in particular. By contrast, traditional transformation projects are becoming slightly harder to come by, as clients pull back the reins a bit in the face of economic and geopolitical uncertainty.”

Greg Cudahy, EY

“There are a lot of drivers in the TMT consulting industry with governments in both mature and emerging markets thinking about how to organise the public policy around the ICT sector in terms of tax policies, regulation, competition, 5G, and licensing.”

Nicolas Teisseyre, Roland Berger

The US remained the dominant market, accounting for nearly half of all consulting revenues and growing at the fastest pace of any region owing to US companies' ravenous appetite for deals and the presence of the US-based behemoths of Alphabet, Microsoft, Apple, Facebook, and Netflix, among others, all of which are expanding into new markets and some of which are undergoing significant operational and organisational challenges. There was strong growth in South East Asia, boosted by a wealth of opportunities in Singapore and increasing demand from an expanding client base across the rest of the region. Meanwhile in China, consultants also saw a very strong pace of growth amid ongoing interest from overseas TMT companies looking to gain or extend their foothold in the market, and heavy investment from domestic high-tech companies bolstering operations in response to the challenging international trade landscape.

“It's been a particularly strong year in the US.”

Eric Benedict, AlixPartners

“Telecoms are needed in all countries, along with media, ICT, and public policy, so there isn't a market where TMT consulting isn't relevant.”

Nicolas Teisseyre, Roland Berger

“Singapore is a big driver of work for us in Asia. When it comes to technology, that's where the standards are being set.”

Sandeep Kumar, Synchron

From a service line perspective, technology remained the fastest growing with revenues rising 9.8% as clients invested to update their existing IT infrastructures and explored digital solutions including cloud migration opportunities. Operational improvement was hot on technology's heels in terms of growth thanks to a growing focus on

cost reduction initiatives and a desire on the part of clients to drive efficiencies and agility into the heart of their organisations. It was also a very good year for risk & regulatory consultants, as clients sought help responding to the changing regulatory landscape and new data privacy laws and the US behemoths came under greater scrutiny from governments in North America and Europe.

The strategy service line continued to grow at a healthy pace as clients engaged consultants to help improve the customer experience, provide M&A guidance, and assist in devising future growth strategies. Demand for HR & change management capabilities grew at a quicker pace than in the previous year as firms saw a growing interest from clients in exploring the people aspect of digital transformation and business expansion. Meanwhile, growth in the financial management service line remained relatively healthy but dipped to 5% in 2018 from 5.5% the year before.

About this report

Methodology

Sources

Our report is based on quantitative and qualitative research of consulting firms in the technology, media & telecoms 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 2017 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 2017 baseline figures should this be of interest.

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.

Please note that we have refined and implemented improvements to our research methods for digital data, taking a bottom-up approach to firm-level data this year.

All figures given in this report are in US dollars. For reference, Source is using the following exchange rates in its reports this year:

US dollar to British pound	US\$1 = £0.75
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US dollar to euro	US\$1 = €0.85
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Client view

We interview senior end-users of consulting in the technology, media & telecoms 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 647 senior clients of consulting firms across the technology, media & telecoms sector. All work for private sector organisations, many of which are multinationals, and 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 2019 and into 2020, 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 16

Respondents by organisation size

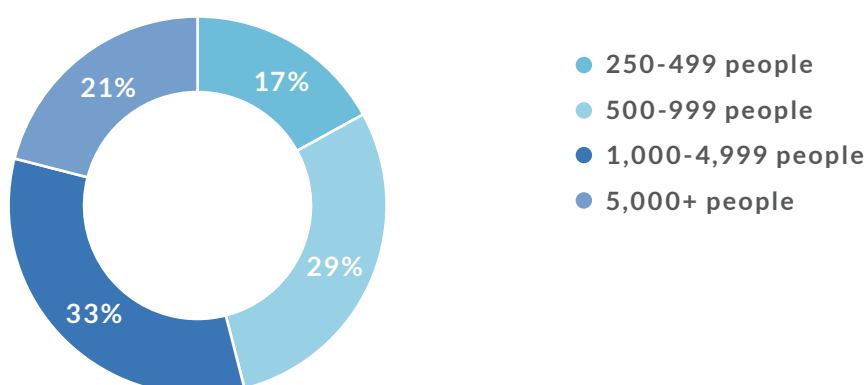
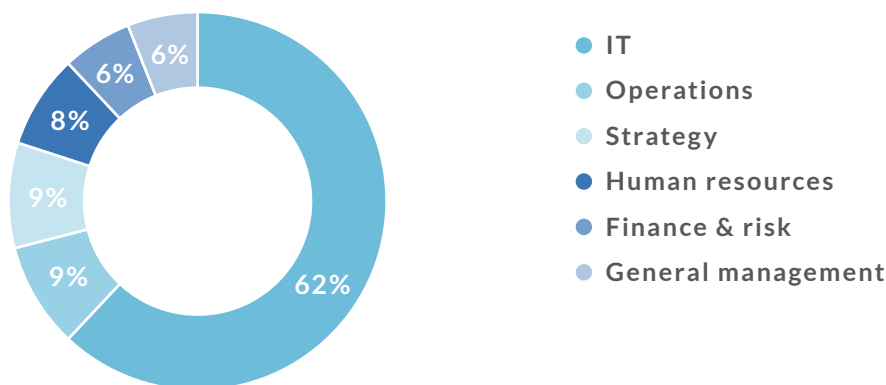


Figure 17

Respondents by function



Interviews with senior consultants

In addition to our quantitative research, we interviewed 15 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).

Name	Job title	Firm
Jacques Assaraf	Corporate Vice President of Telecom, Media & Entertainment	Capgemini Invent
Eric Benedict	Managing Director	AlixPartners
Cristobal Escoda Cano	Managing Director	NAE
Greg Cudahy	Global Leader – TMT	EY
Adam Dixon	Partner, Global Practice Leader, Advantage Transformation Services	A.T. Kearney
Tony Doocey	Managing Director & Global Media Entertainment and Communications Lead	North Highland
Cory Gunderson	Executive Vice President	Protiviti
Sandeep Kumar	Managing Director, New York	Synechron
Malcolm McKenzie	Managing Director	Alvarez & Marsal
Peter Mercieca	Consulting Industry Leader, Technology, Media & Telecommunications, US	KPMG
Jason Serotta	Management Consultant	North Highland
Nicolas Teisseyre	Senior Partner	Roland Berger
Gordon Tucker	Managing Director, San Francisco Bay Area Market Leader, and Global TMT Industry Leader	Protiviti
Roger Wery	Global Advisory Leader – Technology, Media and Telecom Industries	PwC
Shirley Xie	China and Hong Kong Consulting Leader	PwC

About the author

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Ashok is a writer and editor at Source, contributing to our Market Trends Programme and Client Perception Programme reports. Prior to joining Source, he was an editor and a consultant in the commodities market, and he also brings experience from the UK automotive sector.

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Programme schedule for 2019

Reports 2019	Market Data and Analysis	Client and Brand Insights	Emerging Trends
January	Forecasts for 2019		
February	UK	UK Nordics GCC	
March	GCC Benelux Nordics	France Germany US	The Future of Pricing
April	France DACH Southern Europe	Energy & Resources Financial Services Healthcare Technology, Media & Telecoms	
May	US Eastern Europe & Russia		The Value Problem
June	Canada		
July	South America Australia	Perceptions of Audit Firms Perceptions of Risk Firms Perceptions of Tax Firms	
August	Africa Risk		The Make-Buy Decision
September	India Energy & Resources Planning for Growth in 2020	Talent Attractiveness in 2019	
October	Financial Services China South East Asia		
November	Japan Healthcare Technology, Media & Telecoms		The Future of Delivery
December	Tax		

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We provide advice and custom research services to the world's most successful professional services firms, helping them to identify, and develop strategic responses to, their most pressing opportunities and challenges.

Among other things, our work includes:

- Deep market and competitor analysis
- Acquisition strategy
- Proposition strategy and development
- Brand and client sentiment analysis
- Thought leadership strategy, development, and review

For more information about any of these, please visit our website or get in touch.

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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