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# The Energy & Resources Consulting Market in 2019

Market Trends Programme



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## About this report

Our report draws on four 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 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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# The energy & resources market— what you need to know

## Disruption and transformation

In last year's report, we discussed how the growing focus on the impact of the energy & resources sector on the environment was, at last, starting to generate work rather than just words. There may not have been a radical shift from fossil fuels to alternative energy sources, but interest in renewables was certainly building a head of steam and starting to have an impact on consulting demand.

This year, we've seen this focus on the environment gain more traction across the market, and while fossil fuel operations remain the dominant driver of work for consultants, the growing interest in sustainability has continued to deliver new and exciting opportunities for firms. Whether it's a desire on the part of energy companies to diversify into renewables, or utilities responding to the challenges of distributed generation, the focus on the environment and its impact on how the sector operates has been great news for consultants. And this focus is extending well beyond clients' operations in the field, with clients increasingly wanting to be environmentally friendly on the inside as well as the outside, sparking an uptick in decarbonisation work across the market.

 *Oil & gas companies want to know how they can combine their traditional operations with renewables.*

Francois Austin, Oliver Wyman

## The rise of renewables

Driven by regulatory incentives, changing public opinion, and oil company executives' desire to keep their companies relevant in a changing world, the diversification of portfolios to include more alternative energy generation continued to gain traction, generating new and often exciting opportunities for consultants.

 *Consumers are demanding a cleaner energy system.*

Jeff Williams, EY

The growth of renewables has been particularly prominent in Europe and China where energy clients have been relatively aggressive in their pursuit of portfolio change. As a result, firms are seeing growing demand from clients developing and ramping up plans to

buy and build their renewables capacity, with many companies playing catch-up after previously underestimating the pace of change in the market and the speed at which they need to pivot away from fossil fuels. “A lot of people didn't expect the traditional fuel model to be disrupted in the way it has been,” Oliver Wyman’s Francois Austin tells us. “The assumption was that we would move from wood to coal to oil to gas to renewables with a decent nuclear presence. That hasn't happened though. Instead, we're seeing a massive push for renewables, and it's gaining more momentum every year. The scale of investment in renewables is growing significantly, to the point where renewables is likely to be the dominant provider, supplemented by storage and gas when necessary.”

“In Europe, there’s a lot more focus on energy transition, decarbonisation, and a shift towards a consumer-centric energy system.”  
Muqsit Ashraf, Accenture

“The changing ratio between hydrocarbons and renewable fuels is particularly prevalent in Europe.”  
Reid Morrison, PwC

“China is emerging as a renewables superpower. It has made itself a massive presence in the renewables space.”  
Francois Austin, Oliver Wyman

“Companies are grappling with understanding what the impact of shifting to alternative energy is going to be.”  
David Harrison, Wipro Consulting Services

We are not, however, quite at that tipping point just yet, and firms tell us they are still seeing plenty of non-renewables work. This is particularly the case in the US, where the market has been somewhat slower to adopt renewables. Even here though, while renewables may not be generating the same revenues for consultants as in other markets, the transition to renewable energy is becoming a much bigger topic of conversation, and conversations are going well beyond the need to adopt renewables to consider the bigger picture of what the energy market of the future will look like. “When it comes to the split between renewables and fossil fuels, we haven't seen an appreciable change, but the conversation is definitely taking place, and we can see the change coming,” says KPMG’s Regina Mayor. “In our view, it's not simply a case of jumping from one thing to another—it's a more complex situation than that. Any long-term solution needs to include all of the above when it comes to the future of energy.”

# About this report

## Methodology

### Sources

Our report is based on quantitative and qualitative research of consulting firms in the energy & resources 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 firms (those with more than 50 employees) and typically includes work they have carried out for mid- and large-sized clients. 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 2018 baseline figures for energy & resources have been updated for a number of countries since their publication as part of the MT reports programme, as we have refined and implemented improvements to our research methods. If you have purchased a Market Trends report that is affected and would like a restated set of baseline figures, please do get in touch with us. The 2019 reports that this affects are: Canada, DACH, GCC, India, and Nordics.

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 energy & resources 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:

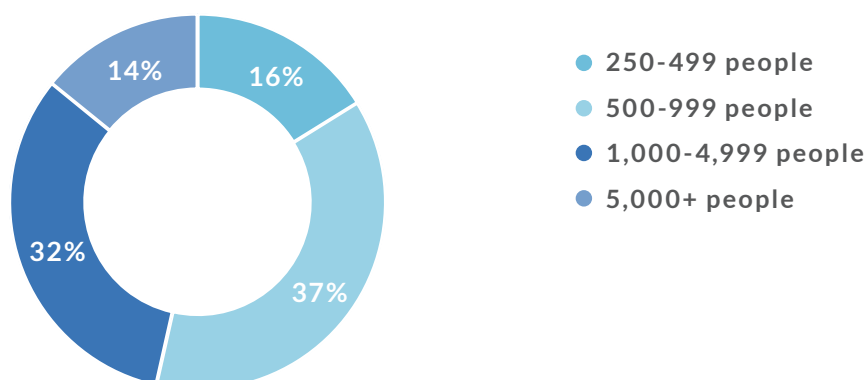
- What's driving change in their organisation
- How they are using consultants
- Factors that affect the way clients work with consulting firms
- What they value the most—and least—about working with consultants

We also carry out client surveys. We surveyed 345 senior clients of consulting firms across the energy & resources sector. All of them 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 2019 and into 2020, 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.

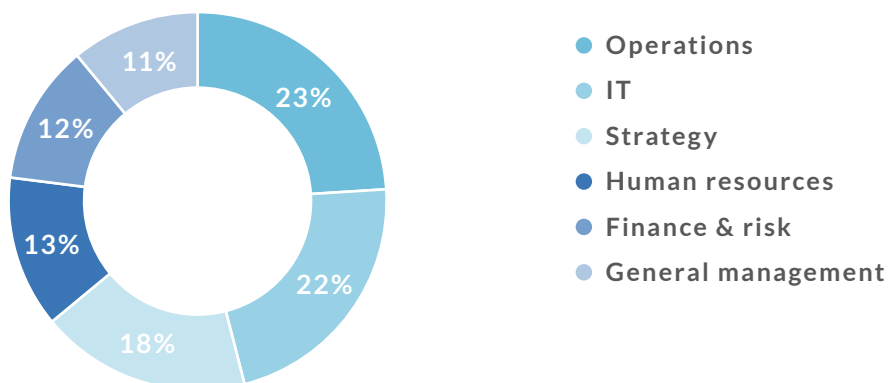
**Figure 16**

*Respondents by organisation size*



**Figure 17**

*Respondents  
by function*



## Interviews with senior consultants

In addition to our quantitative research, we interviewed 43 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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## The Energy & Resources Consulting Market in 2019

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