

August 2019

The Africa Consulting Market in 2019

Market Trends Programme

Contents

Africa summary

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

Executive summary	3
Africa overview	5
Explore the data	13

The Africa market—what you need to know

Explores the key trends and topics that are front of mind for consulting firms in this market right now.

The legacy of a scandal	14
Diverse approaches to a diverse market	19
Digitisation: Coming soon to a market near you	25

Market data: Regions

Looks at growth, sizing, and forecast data split by sector, service, and consulting firm type, together with analyst insight about what's happening in the market.

Southern Africa	35
Eastern Africa	52
Western Africa	66
Northern Africa	81
Sector view: Africa	99
Services view: Africa	109
Consulting firms	113

Forecast

A consultant view of what's likely to happen in the market in 2019 alongside a summary of forecast growth figures for 2019 by sector, service, and consulting firm type.

The consultant view	117
Projections for 2019	118
Forecasts for 2020	130

About this report

Our report draws on four main sources:

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

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

Methodology	139
Definitions of sectors and services	141
Contributors	143
About the authors	144
Programme schedule for 2019	145
Our custom work	146
About us	147

Client profiles

Chief financial officer, banking industry	41
Chief operating officer, financial services sector	50
Finance director, services sector	64
Chief operating officer, manufacturing sector	80
HR director, retail sector	97

Africa overview

GROWTH ECONOMY DIGITISATION REFORM STABILITY DEMAND PROFESSIONALISATION INVESTMENT TRANSFORMATION CONFIDENCE GOVERNMENT

Bouncing back, moving forward

Following 2017's consulting market deceleration in growth, 2018 saw significant recovery with the continent's overall consulting market growing a healthy 8.1% to reach a value of US\$2,491m.

Just as 2017's lacklustre performance can be largely attributed to an abysmal year in the dominant South Africa market, 2018's success is directly connected to a South Africa consulting bounceback.

As that nation begins to move on from the all-consuming Gupta scandal, its clients are gradually resuming investment, generating consulting growth of 2.8% across the wider southern Africa region—an improvement sufficient to recover the value lost to 2017's market shrinkage in that region. Even so, many consultants describe southern Africa's performance as disappointing: Though relieved the bleeding has stopped, they are quick to note that the market continues to perform well below its potential, with many describing conditions as sluggish.

“Many major players had strong expectations of Africa a few years back, but these expectations are deflating a little.

Emmanuel de Dinechin, Altai Consulting

Elsewhere on the continent, markets are smaller but give far less cause for complaint. The small but rapidly developing markets of eastern and western Africa are not only booming but picking up pace, with stabilised commodity prices helping consultants in both regions to achieve overall growth rates solidly in the double digits. Meanwhile, the more mature—and, therefore, generally slower-moving—northern Africa consulting market also improved on its 2017

performance, expanding 7.5% as GDP growth picked up across much of the region.



Progress in 2018 was driven by geographies, and we saw good growth outside South Africa, especially in western Africa.

Malcolm Pannell, Korn Ferry



Overall, growth was slow in Africa last year, influenced to a large extent by macro factors in the economies.

Thiru Pillay, Deloitte



2018 was more of the same in terms of consulting demand from financial services, telecoms, and specific government agencies with a progressive leadership and agenda.

Bisi Lamikanra, KPMG

Diverse approaches to a diverse market

Nearly 12 million square miles, as many as 2,000 languages, and more than 50 countries with huge variations in political stability, economic maturity, and infrastructure development: The size and diversity of the African continent can hardly be overstated—nor can the challenges faced by international consulting firms working hard to serve the many and varied needs of this market. Indeed, there is such diversity across the continent that it may seem odd to conceive of Africa as a single market in the first place. But the relatively modest scale of consulting revenues in most countries and the fact that rapidly evolving political and economic conditions mean the hot spots tend to change every few years have traditionally incentivised international firms to approach Africa—or at least a large region within it—as a whole. As markets grow, however, the incentives that drive consulting models are changing.

“One of the biggest challenges we face is the level of integration across a very diverse continent. The ways of working are completely different across countries, and as a result, the way to sell work to clients in each country is also different. However, we are finding that talking to clients about value and demonstrating it in the services we do is helping us to relate to clients across the region in a similar way.

Senior management consultant, Africa

The fly-in model: Variations on a classic

For example, the traditional fly-in/fly-out model that used to characterise most global firms' approach to the market is increasingly untenable as the volume of work grows and a maturing client base comes to expect local talent and local rates. Yet the model has not vanished quite so much as it has evolved, with several firms still flying in global talent—typically based in Europe—to do much of consulting's highly specialised work and to capitalise on emerging pockets of growth while African teams, strategically located in larger markets, support day-to-day implementation and relationship management. Firms using this modified fly-in model appreciate the agility it allows, letting them take advantage of hot spots when and where they pop up without being heavily committed to any single country.

“Our team is comprised of a UK-based team of analysts with specialist expertise in African affairs, a team of consultants we use on a case-by-case basis, and a number of correspondents that we retain in many of our key countries to produce our reports.

Tara O'Connor, Africa Risk Consulting

“We have a big presence in Africa and have a lot of local operations, but it’s a light physical presence in most countries. There will always be a need for local relationship management to help clients wrestle with on-site problems, but enablement is more and more off-site delivery.”

Hennie Human, EY

“We’ve aimed to develop a strategy that allows for flexibility in moving from one country to another, depending on political and economic fluctuations.”

Jean-Philippe Duval, PwC

Deepening commitment: Hubs and spokes

Not every firm shares enthusiasm for the fly-in/fly-out model, however, and argue that it betrays a failure to take the Africa market seriously. Only by making a true commitment to local markets—with fully staffed offices filled with local talent, ready to weather good times and bad—can a firm come to genuinely understand its client base and how to serve it best. Some consultants further argue that the deep understanding fostered by such an all-in approach may help to keep firms out of trouble, noting that the political naivety some firms have blamed for their embroilment in the Gupta scandal would not have survived a dedicated, authentically local presence.

“We’ve been operating in most countries for many years, so the idea of chasing hot money doesn’t really figure—we’d be run ragged. Africa can be quite volatile, the market can run for a couple years, then there’ll be a hiatus, so we go through the good and the bad.”

Malcolm Pannell, Korn Ferry

“Having local people in local offices is essential to understanding the context in which clients operate as well as the impact of changes on the local market and the local workforce. It’s also essential to understanding whether something will have nefarious implications, which we think is an excellent way to avoid some of the problems some firms have got into in recent years.”

Edwin Macharia, Dalberg

For firms looking to establish such a dedicated presence, the hub-and-spoke model is a natural starting point, and several firms that previously operated on a fly-in/fly-out basis have adopted this model in recent years. Firms appreciate this approach as a way of settling down in a relatively stable corner of the Africa market, offering local talent at local rates while maintaining the flexibility to intensify or reduce their presence elsewhere on the continent as the market dictates. However, the hub-and-spoke model is far from a panacea: Having one Africa hub—or even a few—still means serving a huge and

diverse area from a relatively small base, and coordination and travel between the various hubs and spokes can be a formidable logistical challenge.

“We now operate a single advisory practice across all Africa with one set of financial accounts. We have a number of industry leads who are tasked with finding opportunities across Africa, engaging with clients and delivering. We now have certain hubs of excellence in certain countries. We are still developing this model and are aiming to have it operating fully by the end of the year.”

Mark O’Flaherty, PwC

“It’s difficult not to operate hub-and-spoke in Africa. There are likely to be more people in Africa than in India in the next few years, but they’re much more fragmented. You’ve got to choose the spot from which to operate, and there are seldom direct flights.”

Malcolm Pannell, Korn Ferry

“We have a strong local presence with local delivery centres serving Egypt and the wider region. That helps us when it comes to the price and quality equation. It’s something that newer entrants into the market don’t have yet, and they’re coming in with a higher price tag because they’re using people based and priced in other markets. Over time, they will become more competitive on price, but at the same time the consulting market will also expand. As demand increases, there’s upward price pressure, so that’s going to balance things out.”

Amr Mahfouz, IBM

Furthermore, just as maturing African clients tire of looking to London to have their needs met, those outside South Africa are also increasingly tiring of looking to Johannesburg. After all, the successful Africa model isn’t only about meeting the needs of consulting firms: It’s also about addressing the needs of a rapidly growing and maturing client base that increasingly expects—and is newly empowered to demand—service on its own terms. Governments are also flexing their muscles to demand local consultants, driven by both frustration with foreign consultants who fail to understand their requirements and the need to create quality jobs in their home jurisdictions. In several countries, a local base filled with local talent is not only good practice but a legal necessity.

“There are some countries where bringing in offshore talent can be an issue that needs to be explained to clients, but I don’t think we’re particularly aggressive with offshore at the expense of onshore talent. Our client relationship management will always be done onshore if possible, and then it’s a matter of explaining the situation to clients.”

Hennie Human, EY

About this report

Methodology

Sources

Our report is based on quantitative and qualitative research of consulting firms in Africa. 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
US dollar to euro	US\$1 = €0.85

Interviews with senior consultants

In addition to our quantitative research, we interviewed 19 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms in the region and many smaller local 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.

In-depth desk research

We also conducted a thorough PEST analysis in Africa that drills down into finer macroeconomic details on a holistic and sector-by-sector basis and allows us to fit our research into a wider macroeconomic picture.

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
Adam Craker	CEO	IQbusiness
Emmanuel de Dinechin	Partner	Altai Consulting
Jean-Philippe Duval	Partner Public Sector & Space	PwC
Joost de Haas	Accenture Strategy, Managing Director – Africa Lead	Accenture
Hennie Human	Advisory Markets Leader – Africa Region	EY
Bisi Lamikanra	Head of Nigerian Advisory Practice	KPMG
Bert Lopes	Johannesburg Office Managing Partner and Mining Lead	BDO
Edwin Macharia	Partner & Africa Regional Director	Dalberg
Amr Mahfouz	Comms Sector Leader, MENA	IBM
Ahmed Moharram	Director	LOGIC Management Consulting
Dr. Pradeep K Mukherji	President & Managing Partner	Avasant
Tara O'Connor	Executive Director	Africa Risk Consulting
Mark O'Flaherty	Consulting Leader	PwC
Malcolm Pannell	Country Chair South Africa	Korn Ferry
Neresh Pather	Director Africa	Mott MacDonald
Bridy Paxton	Marsh Risk Consulting Lead Africa	Marsh Risk Consulting
Thiru Pillay	Consulting Leader – Deloitte South Africa	Deloitte
Mohamed Radwan	Managing Director	Platinum Partners
Mongi Ben Tkhatat	Founder and Managing Partner	AMEF Consulting

About the authors

B.J. Richards

B.J. is the senior editor at Source and is responsible for ensuring consistency in quality, content, and tone across the core programme. She also writes a number of our core reports and participates in Source's market research. An accomplished writer and editor, B.J. has provided strategic communications for senior executives ranging from a US senator to presidents of Harvard University. She earned her juris doctorate from the University of Georgia and is a member of the Georgia bar.

B.J. Richards

✉ bj.richards@sourceglobalresearch.com

Ashok Patel

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.

Ashok Patel

✉ ashok.patel@sourceglobalresearch.com





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		

White Space

A powerful research tool that allows subscribers to keep up to date with the latest content being produced and maximise their return on investment. A series of reports that analyse the quality and effectiveness of thought leadership are published throughout the year.

Our custom work

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.

Source Information Services Ltd
20 Little Britain | London | EC1A 7DH
UK +44 (0)20 3478 1207
US +1 800 767 8058
info@sourceglobalresearch.com
www.sourceglobalresearch.com

© Source Information Services Ltd 2019

Source Information Services Ltd and its agents have used their best efforts in collecting the information published in this report. Source Information Services Ltd does not assume, and hereby disclaims, any liability for any loss or damage caused by errors or omissions in this report, whether such errors or omissions result from negligence, accident, or other causes.