EXTRACT

SOURCE GLOBAL RESEARCH

Perceptions of Risk Firms

Client Perception Programme



Our values and integrity

Our purpose is to help you grow your business. We aim to provide you with the best data and analysis to help you make the right decisions for your firm.

To that end, Source Global Research is completely independent of any professional services firm we work with or comment on. The views about each firm expressed in this report come from senior end-users of professional services—your clients and prospects, in other words. All analysis is our own—as experts in interpreting client data, our aim is to help you make sense of it and bring the important messages to your attention quickly.

It is not possible to influence our rankings either by subscribing to our research or by paying us money—it never has been, and it never will be.

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How to use this Client Perception Study

It's very important to be clear about what our Client Perception Studies are, and are not:

What they're not are exhaustive studies of clients' opinions about specific firms that remain statistically robust when filtered to provide detailed data about views at a very granular level of the market. So, if, for instance, you want statistically robust data about what clients in the pharma & biotech sector think about PwC's operational risk capabilities, you won't find it in these reports. We do profile individual firms in our reports to the extent we can, but our Client Perception Studies are not designed to replace the sort of in-depth client research that many firms carry out (and which they often ask us to carry out for them).

What they are designed to do is provide a snapshot of views within the risk advisory market at a point in time. What they lack in detail about individual firms they make up for in three important ways:

- **A multi-firm view**. Our reports enable risk advisory firms to see how they stack up against their competitors in the minds of clients.
- **A view from prospects**, not just existing clients. We include the views of people who aren't current active clients of the firm they're telling us about, enabling us to understand what we tend to think of as a firm's brand pipeline, and to compare the views of prospective and active clients. In doing this last, we're able to assess the extent to which clients' expectation of a firm are met in reality, and how well a firm's marketing and delivery capabilities are aligned.
- **Independence and expertise**. The trouble with conducting your own client research is that clients are often reluctant to express negative views about firms (and people) with whom they've worked closely. They have no such concerns when they're telling us. Added to which, we're able to bring the expertise we've gained over years of analysing the professional services market to bear, helping to interpret the results within the context of the wider market and the strategic priorities of risk advisory firms.

It's important to remember that this is a study of client perceptions; a summarised view of what we're hearing from the market. It's not Source's view, nor is it a comment on market share or a recommendation to clients about which firms to buy from. The audience of these reports is very much the firms featured in them, and those interested in the strength of the competition in any given market.

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Methodology

Who did we talk to?

We have 300 responses from our survey of executives, directors, and senior managers in the US in May 2019, all of whom have been responsible for buying substantial volumes of risk advisory services in the previous two years. They represent a wide range of sectors and all work in organisations with more than 1,000 employees.

For more information about the people we surveyed, please see the extended methodology section at the back of this report.

The difference between direct clients and prospects

We talk about two types of clients in this report: direct clients and prospects.

Direct clients are clients who have bought services from a firm on a reasonably regular basis. They're current clients or ones with an ongoing relationship with a firm.

Prospects are clients who feel qualified to share an opinion about a firm but who aren't among the firm's direct clients. They may have had exposure to the work the firm has done elsewhere in their organisation or may have simply formed an impression based on reading a firm's thought leadership or being exposed to its marketing in some other form. In this research, we segment this group into those that are simply aware of a firm, and those that have shortlisted a firm but decided not to proceed with that firm.

The differences between the opinions of these two types of clients tell us a lot about the differences between expectation (prospects) and reality (direct clients). But they also tell us something about the differences between a firm's marketing and what it actually delivers.

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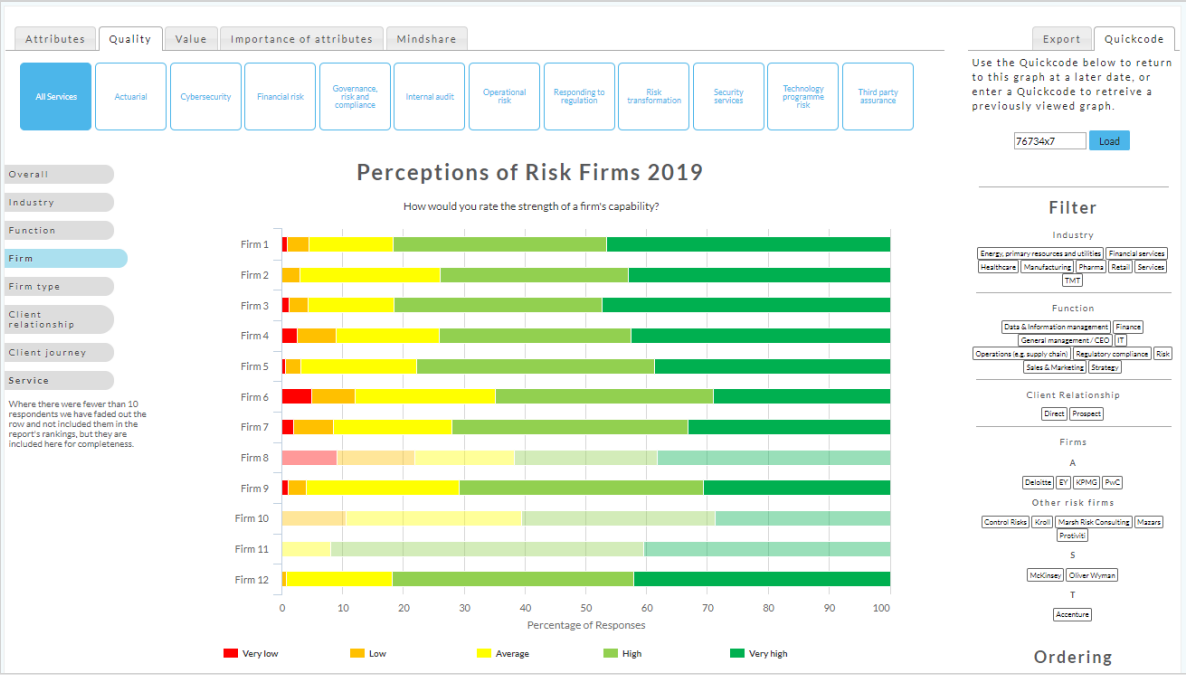
The data contained and referred to within this report is also available online, where it can be sorted and filtered according to your preferences. In fact, some of the charts contained in the report link directly through to the online database. Note that wherever you see a Quickcode next to the title of a chart, that code can be entered into the search function of the database to reproduce exactly the same chart.

How to access the data

To access the data, you can either go to the page where you downloaded this report and click on the 'Explore the underlying data' button. Alternatively, you can visit our website here and log in using the same credentials you use to download the report.

What can I do with the data?

From here, you will be able to filter all the data in this report on each of the key areas: mindshare, quality, value, attributes, and importance of attributes.



When you log on, you'll notice that in some areas there's data that's in a faded grey colour. This is where we have data, but it's not a big enough sample to include in a ranking in this report. Nonetheless, we share it online in case you do want to see what, for example, prospects in IT functions in the financial services sector (or a similarly complex split) think of a particular firm. If you have any questions about any of the data, please contact us here.

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What clients are telling us

In a changing market your brand matters

A number of pressures are driving demand for new types, and increased volume, of risk support. The election of President Trump, Brexit, and political instability in various developed countries have increased uncertainty in previously stable regions. Supply chains are being disrupted as trade disputes erupt. Ever-increasing digitisation and high-profile data breaches—and the resulting fines—have also moved cybersecurity onto the agenda at board level. The world is becoming ever more interconnected and, as a result, interdependent, creating a more complex risk landscape.

These factors are combining to cause strong growth in the risk market. Our research suggests the US risk market grew 8.3% in 2018, and should grow by around 11% in 2019 and 2020. In a market with such robust growth, do you really need to worry about how your brand is perceived and what your reputation is with clients?

While the risk market is growing, clients' needs are changing and evolving. In such an environment, how your brand is perceived is important. Even if you had a strong brand in the past, there is no guarantee that it will continue to be well recognised in the future. New technologies create new hazards, but also create better ways of dealing with risks. Mindsets are changing as clients are keen to use technology to take a more proactive and pre-emptive approach to risk management. Clients increasingly recognise the benefits of a holistic approach to risk and the onus is being put on consulting firms to deliver risk services in a more effective and efficient way, integrating technology, data, and automation, and touching upon strategy and wider business concerns.

This dynamism in the market offers the potential for new competitors, from both traditional consulting backgrounds and from non-traditional areas. Clients from across the C-suite, front, and middle office are increasingly involved in the procurement of risk services as the importance of risk has moved up the agenda.

As risk moves up the corporate agenda, does the C-suite think as highly of your brand as middle management? As the nature of the work changes, do clients trust you to have the expertise to integrate new technologies into your work? Do you have the breadth of knowledge to take into account wider strategic considerations in a risk project?

It's important to understand your brand and whether your reputation matches what clients want in a changing market. We think now is the perfect time for our first report on client perceptions in the risk advisory market and we believe that this study goes a long way to answering some of these important questions.

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