

EXTRACT



February 2020

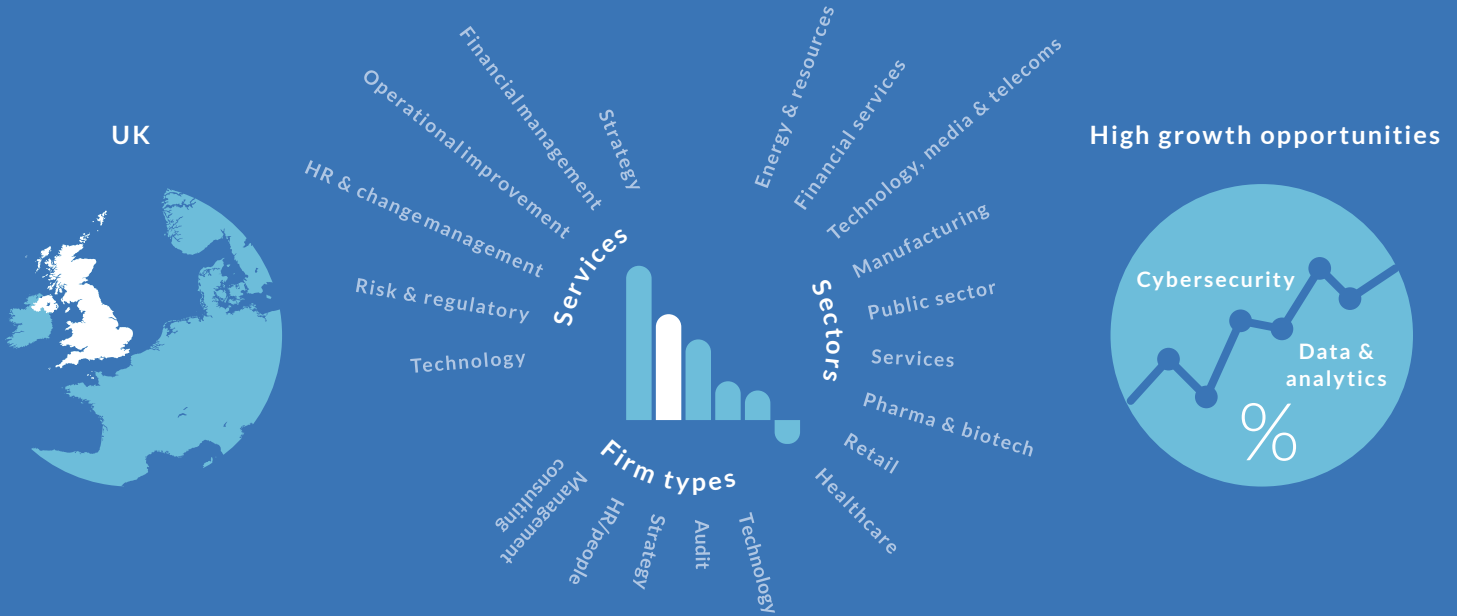
The UK Consulting Market in 2020

Market Trends Programme



What's included in this report

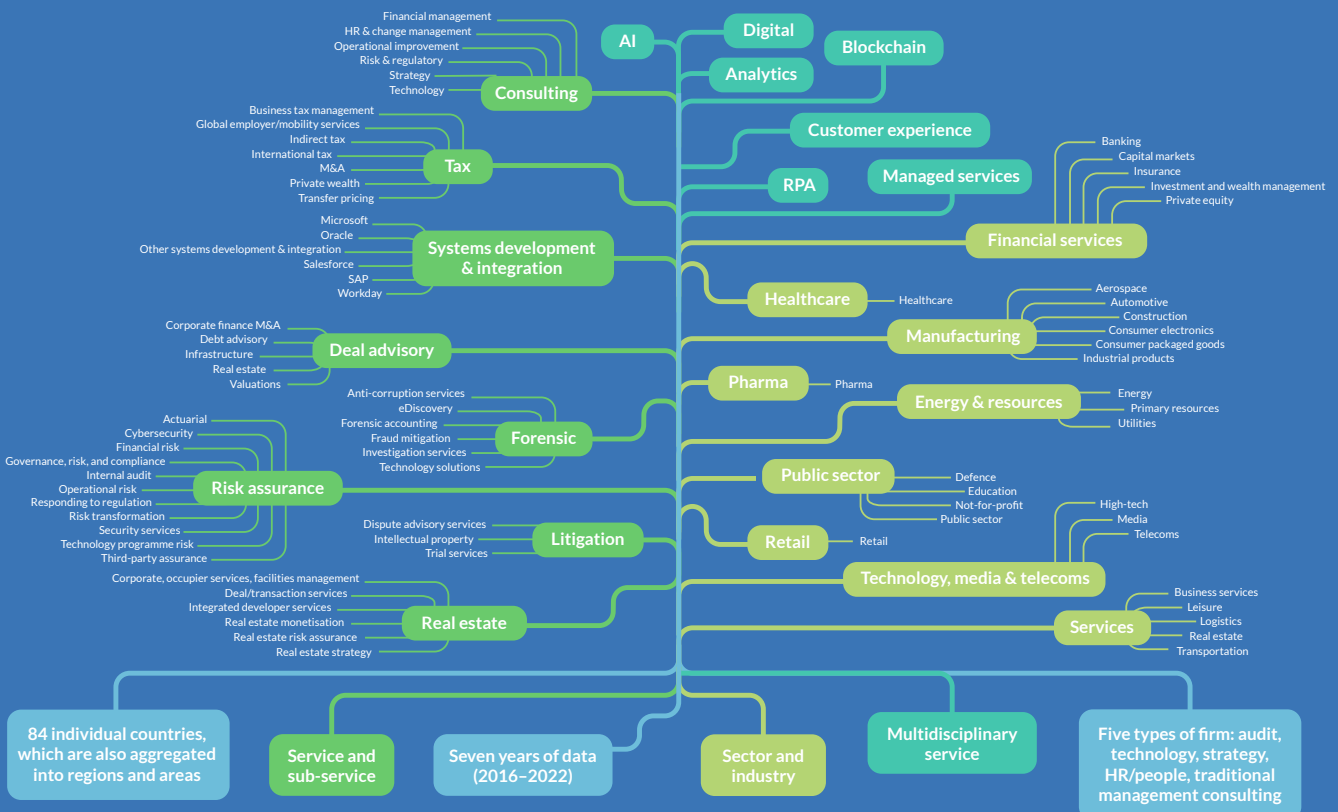
Our reports offer a wealth of market sizing, growth, and forecast data alongside engaging, in-depth analysis of the trends that matter.



2018-2020

What else we cover

Our highly flexible, multidimensional model provides firms with robust, trusted data to make informed decisions about strategic investments and plan for the future.





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UK summary

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

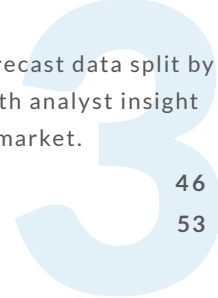
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Market data

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

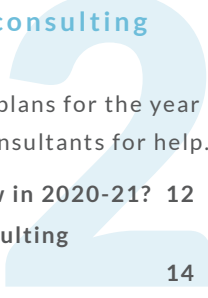
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What clients tell us about their plans for the year –and where they'll be asking consultants for help.

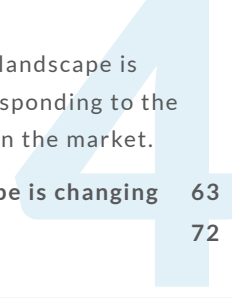
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Our forecast

A view of what's likely to happen in the market in 2020.

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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 in-depth desk research on the market
- A geography-specific survey focusing on how different trends are affecting clients' organisations and their use of consulting.

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

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UK overview

You can come out from behind the sofa now.

2019 may have been a bit of a nerve-shredder, it may have delivered one of the lowest rates of growth for UK consultants since the dark days of recovery from the global financial crisis, but it did at least deliver growth. In the circumstances, that's quite an achievement.

Once upon a time, the sort of political and economic uncertainty gripping the UK (and to some extent the entire world) would have led to paralysis among clients and a stagnant or shrinking market for consultants. A little bit of uncertainty has always been all right—useful even. But this much? Not so much.

So, 4% growth in the consulting market has to be seen as something of a triumph in the face of adversity. Have clients just become more resilient? Maybe. If the last few years have taught us anything, it's how to keep calm and carry on. To make hay while the sun shines. Or at least to find solace in comforting idioms.

More likely, they don't really feel as though they have a choice. Our research for this year's report finds evidence of a client base that's as busy as ever and dealing with challenges on multiple fronts simultaneously. A combination of the need to respond quickly to those challenges, the need to reskill their workforces, and profound changes to both the activities they consider core to their business, and their willingness to use external suppliers for those core activities, is driving UK clients into the welcoming arms of consultants.

Not all consultants will share that experience, though. Regulatory-driven work in the UK's financial services sector—for so long a foundation stone of the UK's consulting market—is on the wane, as clients try to use internal resources to do the work that's needed. Indeed, even outside of the regulatory space, consultants working in financial services seem less bullish of late than they were for much of the second half of the last decade. Still, there's growth, as there is in the market as a whole.

Will it last? If you ask clients—and we did—it's hard not to conclude that it will: In fact they're overwhelmingly confident that their consulting expenditure is set to increase. But to say there are caveats is to put it mildly. These remain hugely uncertain times for the UK and an economic downturn born out of, for instance, a failure to secure a trade deal with the EU would almost certainly constrain clients' ability to spend more with consulting firms even if they wanted to.

Don't stray far from the sofa just yet.



Five things that changed in the last year

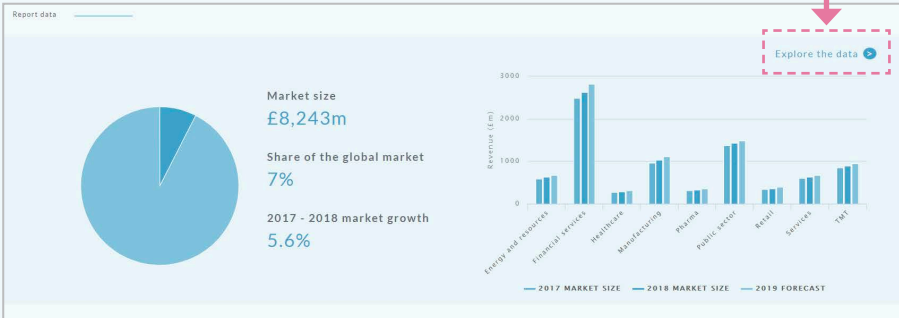
- 1 Lower growth:** Growth of just 4% in 2019 is the lowest since 2012. The “will they/won’t they” Brexit saga, prolonged political uncertainty, and a shaky global political and economic backdrop have all taken their toll.
- 2 Greater optimism:** At the same time, what we are currently seeing is that clients are more enthusiastic about spending on consultants than we have seen for the last several years. There’s still lots of talk about Brexit, but it is causing less angst. Prolonged uncertainty has inevitably given way to the realisation that clients just have to get on with things—and a more stable political environment following December’s election is helping to foster a more positive mindset—rightly or wrongly—among both clients and consultants.
- 3 A disappointing year for financial services:** Consulting market growth of almost 7% in 2017 has dwindled to just 4.1% in 2019, with 2020’s performance expected to be very similar. Regulatory work—long the fail-safe provider of work for consulting firms—is starting to be replaced by in-house teams and technology solutions, and budgetary pressures mean cuts to consulting spend.
- 4 Digital winners emerge:** Though digital work is playing a fundamental role in pretty much every change that clients are implementing, there are some key areas of high growth, with cloud, data & analytics, and cybersecurity all in high demand, thanks to the tangible value that these deliver to clients.
- 5 Sustainability and purpose:** There is growing enthusiasm for sustainability support, which has evolved from very specific areas of need among, for example, energy & resources clients, to become a hot topic right across the board—including among consulting firms. It’s not the only change affecting firms: Many are taking the whole question of “purpose” very seriously and using this to help define which clients they work with, how they grow, and how they impact society as a whole. This is a major change of direction for many firms previously solely focused on partner revenues.



Explore the data

All of the market size data in this report is available to explore online through our global data model portal. You are able to interact with the data in more detail and create custom views of the market to suit your needs.

You can access the data via our reports page, as seen below:



Explore the data

Our global data model is the biggest and most sophisticated model of the professional services industry available. It provides data on market size, growth rates, and forecasts across 29 industries, 12 service lines, 84 countries, and five firm types. It's the platform on which a growing number of professional services firms are basing their understanding of the market and their performance within it.



Contributors

We are extremely grateful to all the people we spoke to for making this report possible. Below is a list of individuals who have contributed (excluding those consultants and clients who wished to remain anonymous).

| Name | Job title | Organisation |
|----------------------|--|---------------------------------|
| Alejandro Alvarez | Director – Operations Performance | Ayming |
| Arabel Bailey | Innovation and Consulting Services Lead for the UK & Ireland | Accenture |
| Brandon Bichler | Partner | Elixirr |
| Dr. Peter Colman | Partner | Simon-Kucher & Partners |
| Pierre-Yves Commanay | Executive Director – UK Consulting & Continental Europe | Sopra Steria |
| Colleen Dennehy | Director, Solutions and Digital, Global Strategy | KPMG |
| James Haycock | General Manager at Idean | Idean, part of Capgemini Invent |
| Steven Lloyd | UKIMEA Advisory Services Leader | Arup |
| Malcolm McKenzie | Managing Director | Alvarez & Marsal |
| Daniel Meere | Managing Director | Axis Corporate |
| Steve Newhall | Managing Partner | Korn Ferry |
| Sukand Ramachandran | Managing Director and Senior Partner | Boston Consulting Group (BCG) |
| Peter Richardson | Managing Director UK Country Market Leader | Protiviti |
| David Rowlands | Head of Consulting, UK | KPMG |
| Mihir Shah | Head of APAC | Synechron |
| James Siswick | Head of Financial Services Advisory and Compliance in Europe | Guidehouse |
| Robert Smith | UK Consulting Markets & Services Leader | PwC |
| Andrew Stewart | Partner | Kearney |
| Luca Stoppino | Executive Vice President North Europe | EFESO |
| Conrad Thompson | Head of Sectors, UK and Europe | PA Consulting |
| Charles Vivian | London Market Lead | North Highland |
| Robert Walker | Advisory Markets Lead | EY |
| Malcolm Wilkinson | Partner | Deloitte |
| Dave Williams | Country Managing Director, UK | Slalom |



About the authors

Fiona Czerniawska

A Co-founder and Managing 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 published a dozen books on consulting topics, including two for *The Economist*: *Business Consulting: A Guide to How it Works and How to Make it Work* and *Buying Professional Services*.

She 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 17th-century French art and lives in hope that it will be of practical use in business someday.

Fiona Czerniawska

✉ fionacz@sourceglobalresearch.com

Zoë Stumpf

Zoë is Head of Market Trends at Source and is responsible for all reports published as part of the Market Trends Programme. A world-leading expert on 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 the consulting world. She also brings extensive experience as an analyst and 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.

Zoë Stumpf

✉ zoe.stumpf@sourceglobalresearch.com

Edward Haigh

Ed is a Managing Director of Source, and he is particularly focused on HR, strategic marketing, and new product development. He is a key member of the Source research team and spends much of his time interviewing consultants and their clients around the world in order to identify and explore major market trends.

Ed regularly speaks about the consulting market to leadership teams around the world, has lectured at Columbia University (New York), Imperial College (London), and Vrije Universiteit (Amsterdam), and he is regularly quoted by media including the Wall Street Journal, the Washington Post, the Financial Times, Bloomberg, and the trade press. Prior to joining Source in 2008, Ed spent seven years in various marketing roles for Sony Europe.

Edward Haigh

✉ edward.haigh@sourceglobalresearch.com





Programme schedule for 2020

| Reports 2020 | Market Data & Analysis | Client & Brand Insights | Emerging Trends |
|--------------|---|--|--|
| January | | | |
| February | Forecasts for 2020 UK | UK | |
| March | GCC Benelux | GCC Nordics | The Future of Account Management |
| April | Nordics | Germany | |
| May | DACH France Southern Europe Australia Eastern Europe & Russia Canada US | US France | |
| June | India South America Mexico Japan South East Asia China | Financial Services Technology, Media & Telecoms | Sustainable Futures: Building Resilient Businesses |
| July | Africa Global Risk Services | Energy & Resources Healthcare | |
| August | Global Tax Advisory | Perceptions of Audit Firms Perceptions of Tax Firms | |
| September | Energy & Resources Planning for Growth in 2021 | Perceptions of Risk Firms | Sustainable Futures: A Climate Transformed |
| October | Financial Services | | |
| November | Healthcare Technology, Media & Telecoms | | The Consultant of Tomorrow |
| December | | | |

Please note that with the purchase of all country Market Data & Analysis reports in 2020, you will also gain access to monthly updates regarding the impact COVID-19 is having on the consulting industry more widely.

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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 and content 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

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