

March 2020

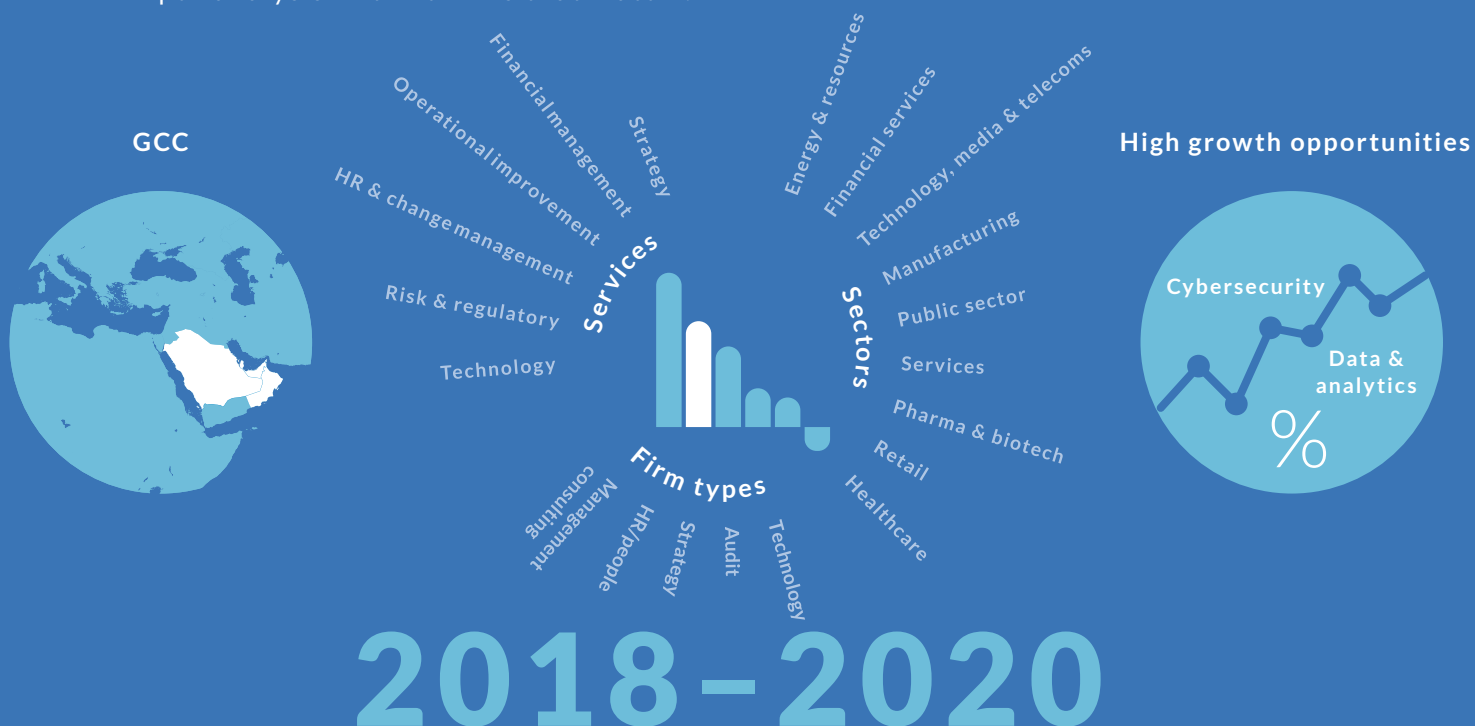
The GCC Consulting Market in 2020

Market Trends Programme



What's included in this report

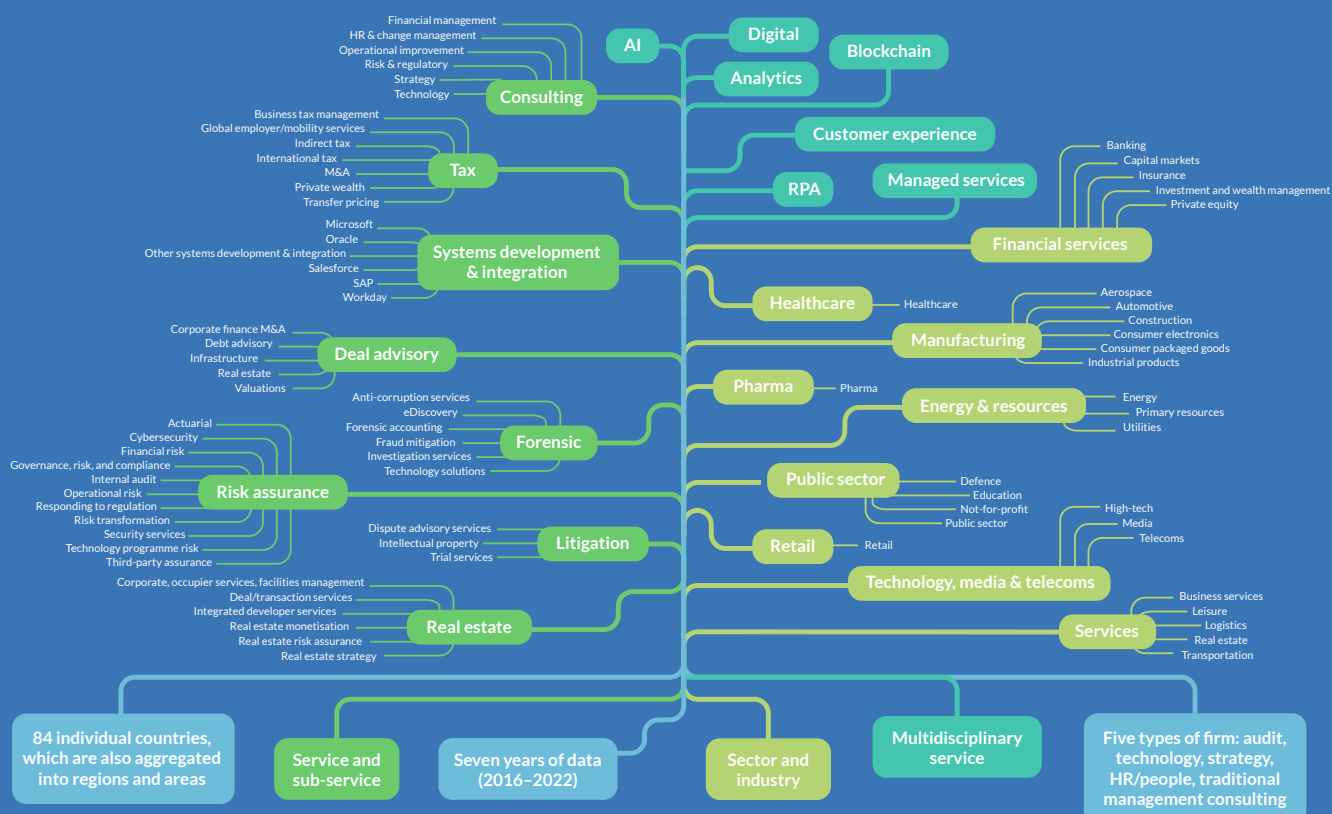
Our reports offer a wealth of market sizing, growth, and forecast data alongside engaging, in-depth analysis of the trends that matter.



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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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
- Our 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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GCC overview

The consulting market in the GCC is going great guns—overall growth of almost 10% in 2019 tops 2018's 9.1% uptick, which in turn was better than 2017's performance. Demand continues to evolve, with governments across the region investing heavily in reducing dependency on oil revenues as the principal driver of economic growth and looking to consultants to help them turn their diversification plans into reality.



Consulting demand is being driven more by transformation efforts rather than economic growth. Efforts in Saudi Arabia to boost tourism, diversification programmes in the UAE and Saudi Arabia through the Aramco IPO, and the 2022 World Cup in Qatar are the projects breathing life into the region.

Nuno Gomes, Mercer

Despite huge investment in the diversification agenda, oil price continues to impact this market—at least for the time being. Challenges around the price per barrel at the end of 2018 made for a wobbly start to 2019 for some consultants, creating nervousness among certain public sector buyers and an unwillingness to commit to major new spend. However, the situation stabilised during the course of the year, and it seems that with transformation strategies now starting to become on-the-ground reality, consulting spend is slowly growing less dependent on the vagaries of oil prices—good news for consulting firms craving some stability. As this report was going to press, oil prices had again taken a turn for the volatile, meaning this new independence may be put to the test sooner than anyone had hoped.



I think overall it was an OK year, but not a great year—not because clients didn't have needs, but because they had a wait-and-see attitude and were slow in deciding if they should engage consultants. The GCC is changing, and as people try to determine the impact this will have on their business, decision making is becoming prolonged. Near the end of the year, we have seen things starting to move, but it's things we expected to close in June that are only now materialising.

Dr Hesham Dinana, EFESO

With governments at different stages of their diversification and transformation efforts, there was a wide variety of consulting work on offer, from blank-page strategy development through to implementation of those strategies and support for quick wins. Transformation work that began some time ago is now spawning new strategic activity, as governments work out their next steps. Saudi Arabia's Vision 2030—perhaps the biggest single driver of demand for consulting help across the entire region—is now leading to a wider range of work for a whole variety of firms. Multiple government ministries have become involved in the transformation agenda and are keen to access expert consulting support with initiatives ranging from developing public-private partnerships, to making new mega-cities a reality, to supporting cultural change and infrastructure development aimed at encouraging tourism.



We've continued to see strong performance in the GCC, particularly in the three key markets of Saudi Arabia, the UAE, and Qatar. I think Saudi Arabia remains the strongest, thanks to Vision 2030 and ongoing announcements from the government about future plans. Abu Dhabi announced an AED50bn package that will be transforming the economy and the country, so there is a lot of work to be done. Meanwhile in Qatar, we're seeing things ramp up as the country prepares for the World Cup in 2022—there is still a lot of work to be done.

Waddah Salah, PwC



The market has been kind to us in 2019. We've seen roughly double-digit growth in the market. In the GCC overall, it's predominantly Saudi Arabia driving growth, but there's also been movement in Abu Dhabi. We've seen some hesitation in Dubai and the other small emirates, but the work there is more topically driven.

Rene Seyger, Roland Berger

Another ever-present factor is regional volatility, with Iran-US tensions the latest to draw attention. While there's clearly a view that volatility is the norm here, this can still prove a distraction from the important business of supporting growth and investment. Although consulting firms are generally sanguine about the volume and nature of risks that could impact their business, they are also aware of the need to have strategies in place to deal with those risks. The ability to take a long-term view of the market, rather than allow potentially short-term issues to become a major distraction, has proven valuable. That said, the region's clients have also proven largely sanguine in the face of regional tensions, historically allowing the consulting market to be largely immune to volatility, though it remains a back-of-mind concern.



We are used to all sorts of regional speculation in the GCC about what is going to kill the market, but nothing ever really comes to fruition—even when Saudi Arabia made consulting forbidden. This is a market of drivers rather than hold-ups.

Rafael Lemaitre, Sia Partners



I believe we will be talking about the same risks threatening the consulting industry in the region in a year's time. However, this is very volatile region: At this time, we have no way of knowing what the escalating situation in Iran may look like, and the crisis between Qatar and others in the GCC could be resolved in a year.

Nuno Gomes, Mercer

With so much change happening in this region, it's no great surprise that our research for this year's report indicates that clients are expecting to spend more money on consultants. Growing awareness of climate change issues, regulatory pressures, and



the need to develop new strategies as a result of existing diversification activity are all creating a healthy appetite for consulting help. But consulting firms would be wise to recognise that clients have told us about pressures and priorities that could present challenges in some corners of the market—all noted even before the outbreak of the novel coronavirus and most recent round of oil price volatility. Cost-cutting activity has moved to the very top of clients' investment agendas, and this could prove to be a double-edged sword, with investment in consulting support very possibly one of the costs to be targeted. Clients are also keen to see technology augment the consulting process—which should be something of a wake-up call for firms that have ignored the growing maturity of client demand in this region.

For now, this is a region that is set to see steadily increasing demand for consulting help. Clients have become more sophisticated buyers and more enthusiastic about the benefits of consulting expertise to the delivery of their ambitious change agenda. While there are headwinds aplenty, the recent history of the region's consulting market suggests that it is well placed to weather these and for now it remains an attractive market.



Five things that changed in the last year

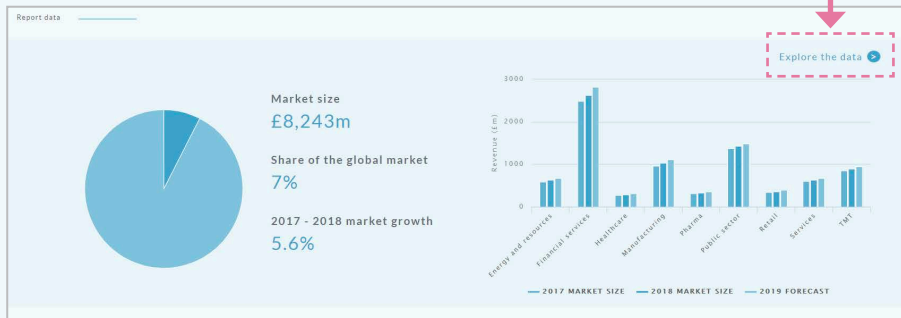
- 1 Diversification demand looks for results:** 2019 saw some reprioritisation of aspects of Saudi Arabia's Vision 2030—arguably the biggest single driver of consulting demand in the region—as it became clear that there is something of a mismatch between some of the strategies that have been developed and the reality of what can be delivered. As a result, clients are becoming more keenly focused on value and outcomes, with a growing emphasis on quick results.
- 2 Digital comes of age:** Much greater demand for support with digitally enabled transformation has been an exciting development in this market in the last year, with clients particularly interested in consulting support with migration to the cloud, data & analytics, and cybersecurity.
- 3 Expanding client interest in people and change topics:** Workforce planning and dealing with cultural change have not, historically, been major areas of demand for clients in the GCC, but an appreciation of the need to make digital change stick, coupled with a growing understanding of the ways in which technology will change the skills and organisational structures needed for the future, have turned these into hot areas of demand.
- 4 Sustainability on the agenda:** The global focus on climate change is impacting client attitudes and is starting to drive conversations with consulting firms. While some of this is more about talk than action, there are enough clients giving this priority to indicate that this is a topic that firms should be taking seriously.
- 5 A new source of competition:** Growing client maturity means that some clients are becoming less reliant on consulting help. This isn't yet having a big impact on the market, but it does mean that consultants need to be committed to adding value to ensure they aren't cut out of the equation. Firms should also prioritise exploration of new delivery models, with a particular focus on asset development and promoting technology-enabled managed services.



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:



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).

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Wasim Khan	MENA Advisory Leader	EY
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Waddah Salah	ME Consulting Leader	PwC
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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.

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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.

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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.

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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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