

EXTRACT



June 2020

The South America Consulting Market in 2020

Market Trends Programme

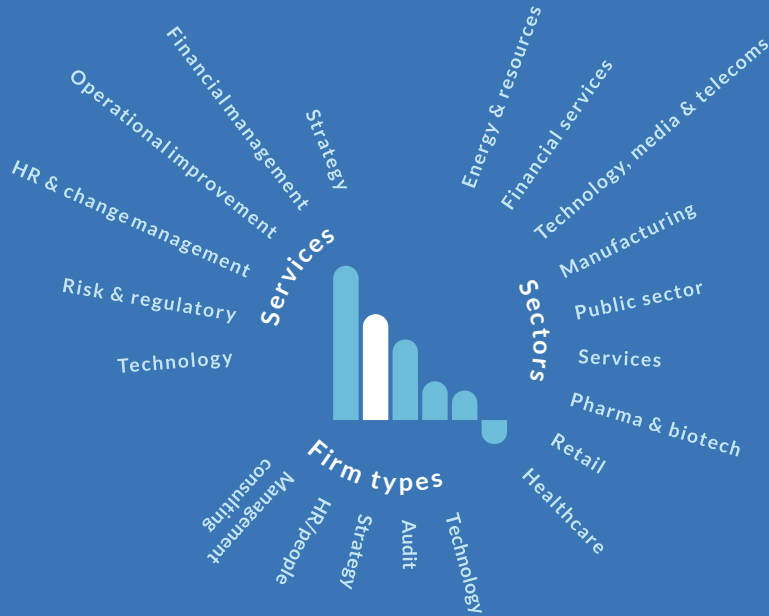




What's included in this report

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

South America



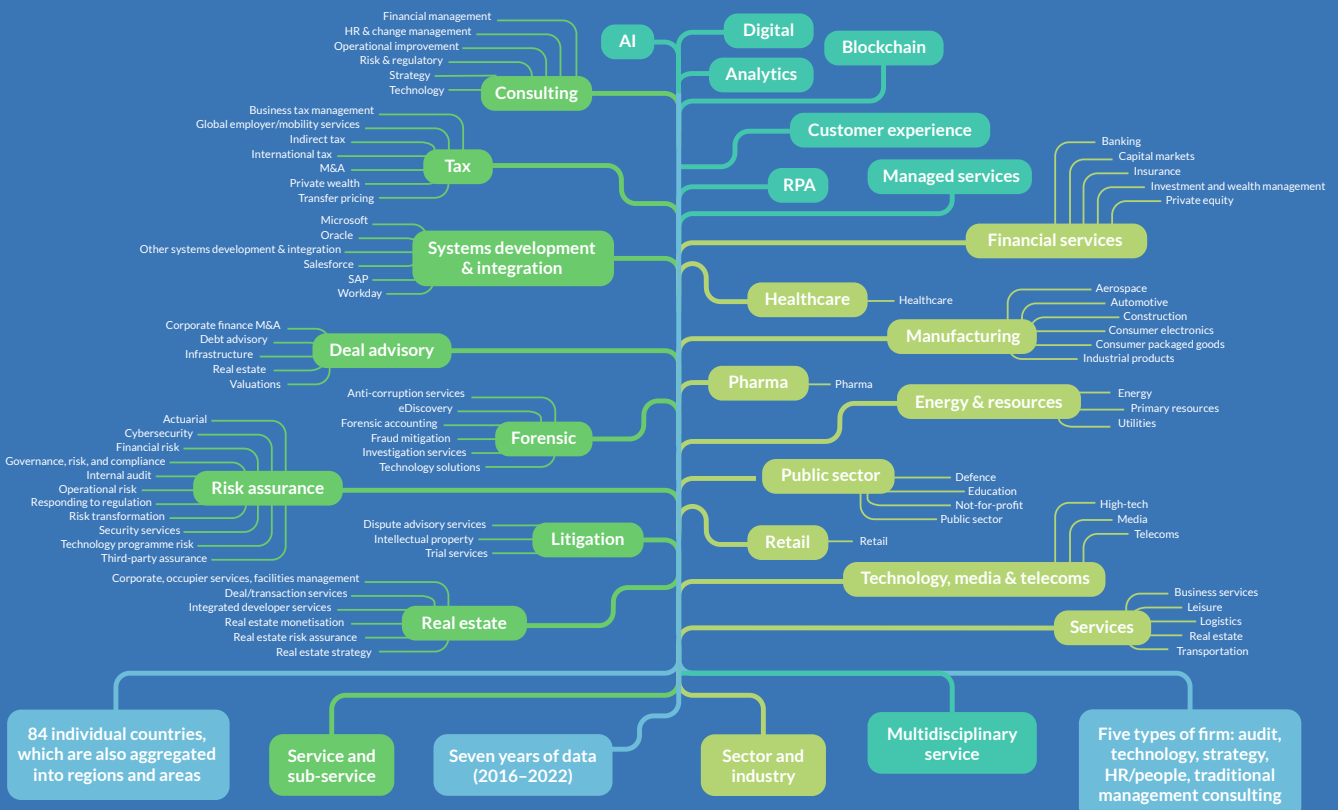
High growth opportunities



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.





How we can help your firm to deal with what's happening now and prepare for what comes next

Even before COVID-19, the professional services industry was entering a period of change the likes of which it had never experienced. But the pace of that change is now being accelerated, as firms respond to the crisis and reimagine their future in a changed world. We're working side by side with them, using our experience, data, and deep sector knowledge to help them create effective strategies for extraordinary times.



Real-time forecasting

Since mid-March, we've been supplementing our unique model of the global professional services sector with data collected from hundreds of consulting firms around the world. Our weekly updates have become the industry's satnav, providing up-to-date estimates of the likely impact of the crisis by region, sector, and service, which change as the market changes, helping consulting firms to adjust their strategy accordingly. But this publicly available data is for the market as a whole, and every firm faces a unique set of challenges. As you plan for the next 12-18 months, we can provide forecast data that's tailored to your business.



Immediate market feedback

One of the biggest challenges facing consulting firms is uncertainty: How has client behaviour changed as a result of the crisis? Whether we're leveraging our own research carried out over the previous few weeks, or undertaking custom research around your services and markets, we can provide you with quantitative and qualitative feedback very quickly, enabling you to take quick and informed decisions.



Client-led propositions

Past crises have shown that the speed with which a consulting firm adapts its services will determine its resilience—and that's truer than ever in the current environment, when clients' expectations around what's possible have radically shifted. They're looking to consulting firms to deliver better, faster solutions—and consulting firms will need to respond by being more precise about where they can add tangible value and more compelling in the way they articulate this. We've worked with many firms over the last decade helping them test their ideas with clients.

About us



– **We're nerds:** We take a data-driven approach to helping firms take investment decisions. Since we started, we've invested millions in sophisticated, proprietary research techniques that give us unique insights into current and future trends.



– **We're experts:** We've been focusing exclusively on the professional services sector for more than a decade, and we keep our knowledge up to date by interviewing hundreds of senior partners in professional services firms around the world each year.



– **We're future-focused:** We undertake the largest regular quantitative surveys of the professional services sector anywhere in the world, and we're constantly talking to professional services firms' clients in order to understand how changes in their behaviour will reshape the industry in the future.



– **We're independent:** Our analysis and recommendations are derived from our data and experience. We don't recommend firms to clients, and we will never tell you what you want to hear just because you've paid us.



– **We're obsessed with value:** Our information and insights have underpinned some of the most strategic investment decisions made by professional services firms. That's because we know that, if we're going to have an impact, how we communicate is as important as what we communicate.



– **We're easy to work with:** We'll work with you as you want, whether that's providing you with off-the-shelf data or multi-country custom research. Because we want our work to add value, we charge for what you need. We don't run a meter and we don't have complicated licensing that limits who can read our material.



Contents

South America summary

Explore the data	5
Introduction	6
The South America consulting market in numbers	7

1

Insights from consultants

The views of consulting leaders in South America.	
Interviews with consulting leaders	15

3

The South America consulting market in 2019

Explores the key trends that were front of mind for consulting firms in this market in 2019.

Overview	9
----------	---

2

The South America consulting market in 2020

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

2020 forecast	34
---------------	----

4

About this report

Our report draws on three 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 in-depth desk research on the market

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

Methodology	35
Definitions of sectors and services	37
Contributors	39
About the author	40
Programme schedule for 2020	41
Our custom work	42
About us	43

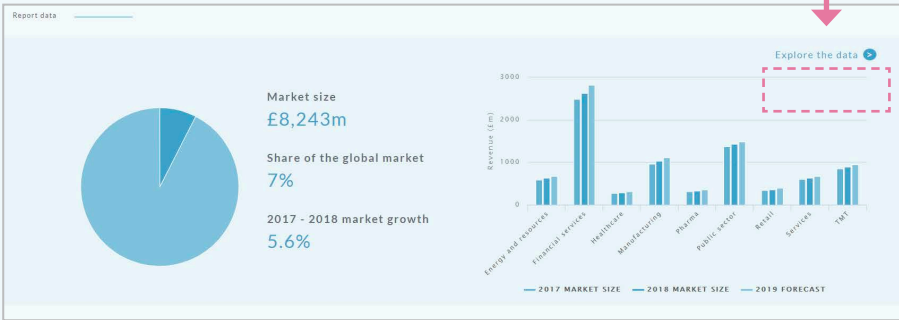
5



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.



Introduction

The COVID-19 pandemic has changed our lives, our communities, the global economy, and the consulting market, and its impact is likely to be felt for some considerable time to come. Against this backdrop, we wanted to develop a report that is as useful as possible in understanding the immediate impacts of the crisis while helping firms navigate a way forward.

Once the recovery starts, clients' needs will be dictated by the needs that were already there, coloured by recent events. Therefore, understanding both the situation before the crisis and the things that are changing right now will be essential for firms to support clients through the recovery. With this in mind, this report includes the following:

- Analysis of the consulting market in 2019, including key trends and analysis of demand by sector and service
- Insights from firms around demand drivers in 2019, and how this is being reshaped in 2020, as well as how they are organising themselves and approaching the market
- A link to our latest forecasts for 2020

Recognising how quickly the consulting market is changing in 2020 as it is reshaped by the pressures of COVID-19, we will also provide subscribers with regular, monthly updates during the second half of the year. This will include our latest thinking about the impacts of the crisis, together with global forecasts split by region and accompanied by high-level commentary.

We have drawn on key data sources in order to develop our analysis:

- 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 this 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.
- We're very grateful for the input of a wide range of firms, who are helping us assess the impact of COVID-19 on the market by providing up-to-the minute information that we are using on an ongoing basis to adjust our existing model of the industry.

For our latest global analysis of the effect of the COVID-19 pandemic on the consulting market, please [click here](#).





The South America consulting market in 2019

Overview

South America has been a bit of a mixed bag for consultants in recent years, and that trend continued in 2019. While some countries bear all the hallmarks of a rapidly growing consulting market, the region's two largest markets—Brazil and Argentina—continued to lag behind the leaders as political and economic issues capped client spending.

Across the region, there were some common drivers of consulting work. Risk & regulatory work, long a mainstay of the region's corruption-conscious market, was once again a strong driver of demand as companies responded to protests erupting across much of the region towards the end of the year in addition to dealing with regulatory change. Clients also remained eager to tap into strategy expertise as they looked to bolster their customer offerings and expand their operations into new markets, either through mergers & acquisitions or organic growth.

Digitisation also remained on many companies' agendas, with clients increasingly exploring digitisation in the back office as well as how emerging technologies could improve the customer experience. The cloud continued to gain popularity—helped by the increased presence of global cloud providers in the region—as companies sought to take the next steps in the digital transformation of their businesses and reduce their reliance on local hardware. Data & analytics also came to the fore with many clients still in the early stages of building data lakes and cleansing the data they had already captured. More mature clients started to invest in advanced analytics aimed at helping them to better understand the needs and desires of their customers and identify easy productivity gains behind the scenes. As a result, demand for data & analytics increased at a quicker pace than the overall market, rising 8.8% in 2019 to take the value of data & analytics work to US\$359m, accounting for 13% of all consulting revenues. Cybersecurity was also on the increase as clients sought to protect their increasingly digitised operations, with revenues expanding by 7.6% and accounting for 2% of total consulting revenues in the region.

While risk & regulatory work didn't quite hit the same heights as demand for digitisation, it remained a key area of growth as clients continued to seek consulting support to root out corruption throughout their organisations and ensure their businesses didn't fall foul of the widespread anti-corruption investigations going on throughout the region. The changing international regulatory landscape also generated new opportunities for firms as clients sought to protect their overseas operations from tariffs and further their international expansion ambitions. The eruption of protests in Chile, Peru, Colombia, and elsewhere towards the tail end of the year also created demand for risk expertise, even as the unrest dampened spending for other projects.

Consultants also saw relatively strong demand for strategy expertise, as clients across the market sought support to gain an in-depth understanding of their customers' experience in an effort to keep hold of existing customers while also attracting new ones at home and overseas. Firms also benefited from clients' healthy appetite for



deals in South America as local clients looked for support to expand their operations with new products and in new markets, and overseas companies continued to look for opportunities to invest in the region, particularly Colombia and Chile.

Healthcare remained the fastest-growing sector last year as providers continued to digitise their operations and upgrade existing technologies and IT infrastructure. Firms also benefited from business model reviews as local and national governments sought to improve both the quality and speed of care. Community outreach programmes were another boon for consultants as local health authorities sought to increase accessibility to medical advice and medicines, particularly in more rural areas. Consulting to pharma & biotech clients similarly outpaced overall market growth as companies continued to explore the digital transformation of their R&D and back-office operations. Consultants also benefited from overseas pharma companies' ambitions to gain traction in the South American market through building new facilities, expanding existing operations, and launching new drugs in the region.

South America's retailers continued to generate new opportunities for consultants as bricks-and-mortar operators invested heavily to develop digital selling platforms and boost their online operations amid a surge in e-commerce sales across much of the region in recent years. Firms also saw an uptick in demand from digitally native retailers as e-commerce operators moved into the physical realm by opening up new stores in high-traffic areas in an attempt to capture customers less comfortable with online retail. Elsewhere, the large financial services sector grew at a relatively strong pace as companies continued to seek support with regulatory compliance initiatives. Firms also saw ongoing demand for their digitisation expertise, with clients seeking to roll out digital banking initiatives as well as explore how new and emerging technologies could streamline processes and improve efficiency in the back office as part of broader cost-cutting initiatives.

While demand in the TMT sector grew at a slower pace than the overall market, the rise of 5G remained a key driver of consulting work, with telecoms across the region investing in spectrum and infrastructure roll-out plans unhampered by the Huawei-related concerns that have dogged 5G development elsewhere in the world. Firms also benefited from increased investment from overseas, with North American and European companies eager to tap into potentially profitable media markets. Demand also arose as a result of increased cooperation and joint ventures between media outlets in the region. Energy & resources remained a fruitful sector for consultants, even though growth didn't quite match that of the overall market. While sustainability work was not quite as prominent in South America as it was in some other regions, firms did see an uptick in environmentally focused work as energy companies explored how best to diversify their portfolios. The ongoing digitisation of the region's relatively large mining segment also generated new opportunities for consultants, even if much of this work remains in the relatively early stages.



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 who wished to remain anonymous).

Name	Job title	Organisation
Nicolas Bence	Partner	Simon-Kucher & Partners
Antonio Bernardo	Senior Partner, Member of Global Executive Committee	Roland Berger
Cristobal Escoda Cano	Managing Director	NAE
Phillip Fretwell	Regional Managing Director - Latin America	Protiviti
Martiniano Lopes	Partner, Brazil	KPMG
Vinicius de Luca	President, Advisory, South America	Korn Ferry
Andre Maxnuk	CEO Mexico & Latin America	Mercer
Jorge Rojas	Lead Consulting Partner	Deloitte
Antonio Samaniego	Director	SRK Consulting
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About the author

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.

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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 US	US France	
June	Eastern Europe & Russia Canada Australia India South America Japan South East Asia China	Financial Services Technology, Media & Telecoms	Sustainable Futures: Building Resilient Businesses
July	Mexico 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.

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 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.

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