

June 2020

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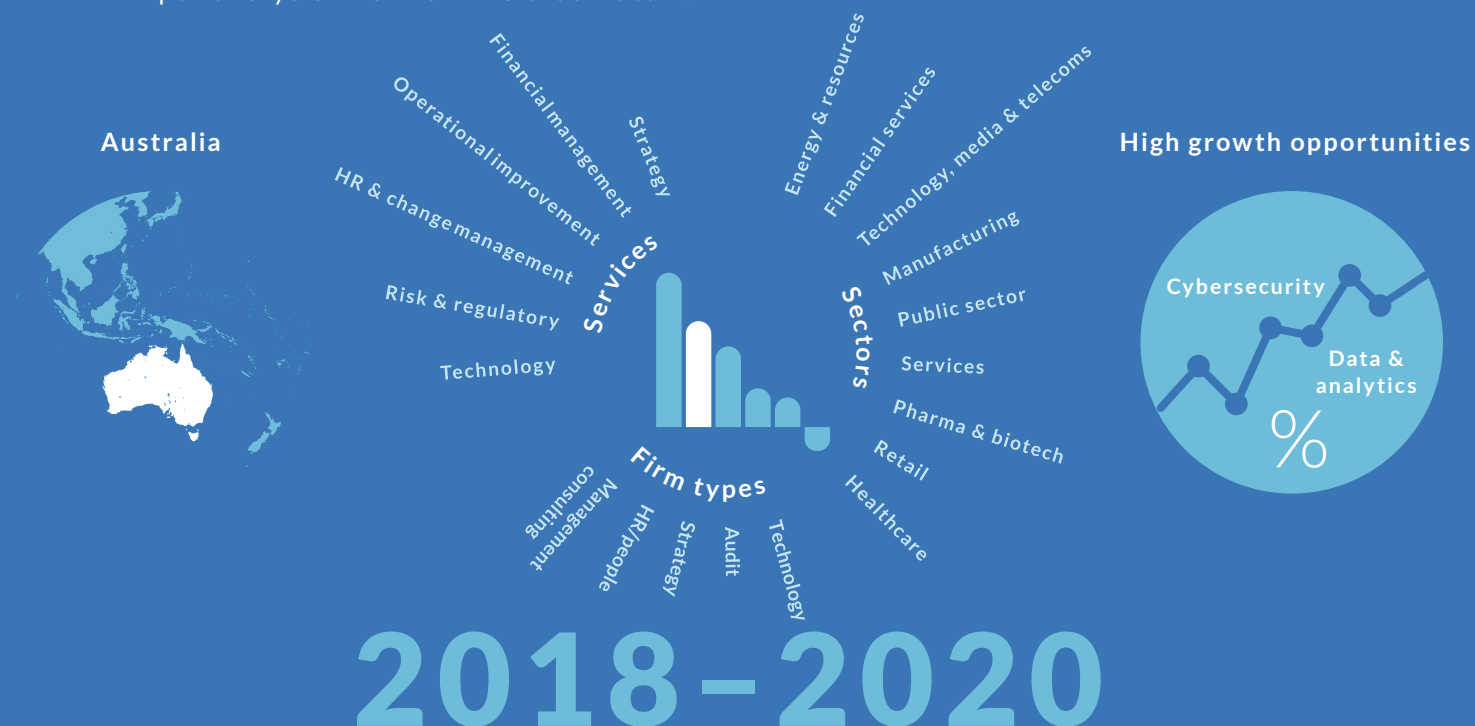
# The Australia Consulting Market in 2020

Market Trends Programme



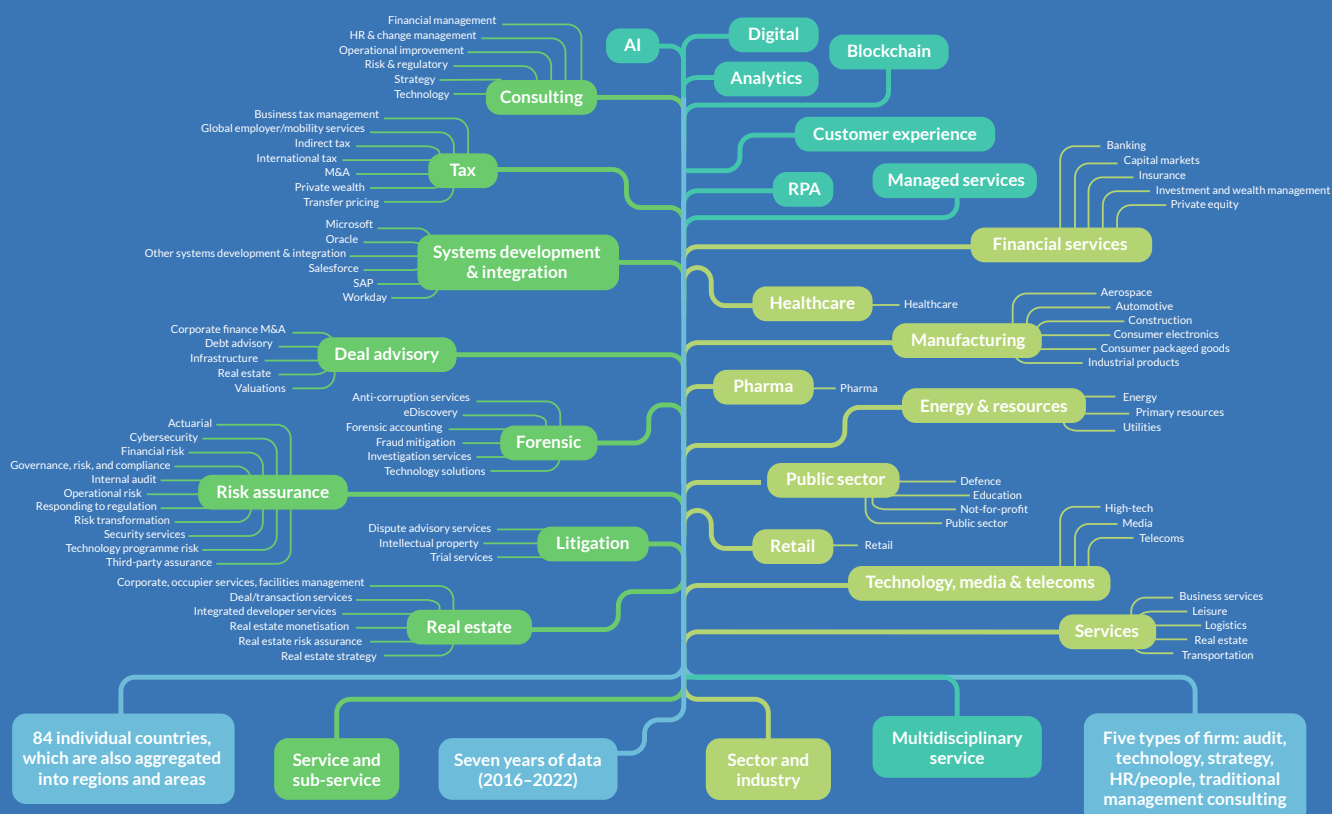
## What's included in this report

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



## 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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## 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:

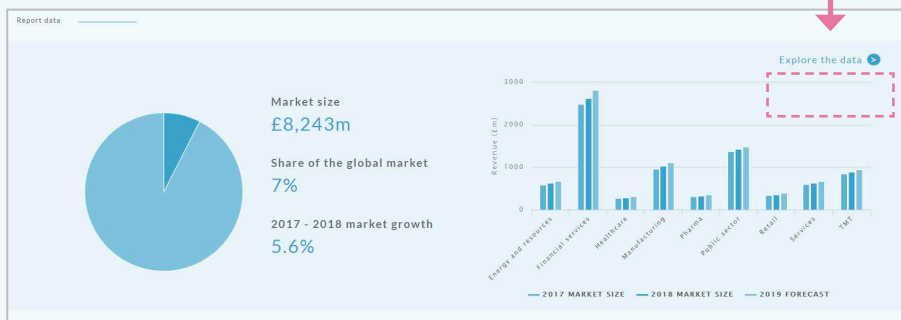
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## Explore the data

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.



## 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 COVID-19 pandemic is reshaping the consulting market, 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](#).

 **COVID-19 model**





# The Australia consulting market in 2019

## Overview

It's fair to say that this time last year, Australia's consultants were concerned about how 2019 would turn out. The year started sluggishly, amid anxiety about slowing GDP growth and low consumer confidence, worries about the impact of the US-China trade war, widespread expectation of a change in government following May's federal elections, and troubles in the banking sector. But while all of this dampened client enthusiasm for major investment programmes in the early part of the year, things picked up in the latter half, and overall the market performed better than many had feared it would. True, the 7% uptick in demand didn't quite hit the dizzy heights of the 8.1% growth of 2018, but it was nevertheless a good year for the majority of consulting firms.

Strong interest in digital transformation was one of the key factors driving demand for consulting support in 2019 across a whole range of sectors, as the pendulum continued to swing away from point solutions to more fundamental digital change. Interest in back-office automation increased to the point where it started to impact client appetite for offshoring, with many choosing to repatriate and automate previously offshored functions. Cloud also became a red-hot topic, with clients keen for support to leverage opportunities around public cloud adoption. The role played by data & analytics at the heart of the new technologies being adopted at speed made this another fast-growing area of demand. Data & analytics work constituted 15% of the entire market in 2019, with year-on-year growth of 8.9%. Cybersecurity demand grew almost as fast, with clients increasingly seeing the need to incorporate robust cybersecurity defences into their wider business and technology change programmes.

Elsewhere, there were signs that sustainability was beginning to come to the fore as a more significant topic driving calls to consultants, with interest heightened by the bushfire crisis at the end of the year. An increasing appetite for all things digital made technology the fastest-growing service line, but risk & regulatory work also received a boost. This was largely thanks to the Banking Royal Commission putting the spotlight on governance and the importance of compliance across a whole range of sectors, not just financial services.

In terms of sectors, consultants in financial services had a very good year. The impact of the Banking Royal Commission continued to create opportunities for firms, with commitment to strengthening risk and governance practices further reinforced by the Westpac scandal<sup>3</sup>—and this was in addition to the projects on offer to support large-scale transformation and efficiency initiatives. The much smaller healthcare consulting market managed to outgrow even financial services, benefiting from government investment to upgrade provision in a number of states.

The energy & resources consulting market fared relatively well, with a lot of the work available focusing on technology-driven change to tackle inefficiencies and enhance customer focus. Sustainability topics were another good driver of demand, as was rebooting previously mothballed mining operations.

3 Jamie Smyth, *Westpac scandal dents already bruised Australia banking industry*, Financial Times, Nov. 20, 2019 (accessed May 27, 2020). Available at: <https://www.ft.com/content/bfff25cc-0b66-11ea-bb52-34c8d9dc6d84>.



In the public sector, consulting work was inevitably impacted by delays in decision-making caused by the federal elections—the surprise result leading to more than the usual hiatus before policymaking got back on track. Manufacturing was another sector that proved disappointing for firms—weak construction activity inevitably checked demand for consulting support, and continued tensions with China also dented client confidence and willingness to make big investments. Elsewhere, there was better news for consultants serving the TMT sector, as telecoms sought continued support to prepare for 5G roll-outs and media clients grappled with a number of new regulations.

#### Segmentation classification of consulting firms

**Type M:** Management consulting only

**Type S:** Consulting on strategic decisions and operations alongside M&A-related work

**Type A:** Consulting alongside audit, tax, and corporate finance services

**Type P:** Consulting on people-related issues, but also investment advice, risk management, and in some cases, HR outsourcing and HR package implementation

**Type T:** Firms that either specialise in technology or combine technology, outsourcing, and consulting

#### Data & analytics—our definition

The rise of "big" data and analytics has been one of the defining trends in consulting and the wider professional services market over recent years. While much work is still focused on the basics—basic data management and the gathering and integration of data into coherent storage spaces, growth has been highest in advanced analytics (which goes beyond simple mathematical calculations to use mathematical and statistical formulas and algorithms to generate new information, to recognise patterns, and also to predict outcomes and their respective probabilities), data visualisation, and business intelligence.

#### Cybersecurity—our definition

Cybersecurity is one of the genuine "blockbuster" consulting services of recent years, fuelled by widespread public and board-level concern. Moreover, as new threats emerge, this is a market that's constantly evolving. Our definition of cybersecurity includes strategic advice around systems design, attack prevention, and response; securing systems, networks, and users through firewalls, endpoint security, multi-factor authentication, etc.; business continuity and crisis management during and after a cyberattack; and testing a computer system, network, or web application to find security vulnerabilities that an attacker could exploit.



## 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
Sarah Adam-Gedge	Managing Director	Publicis Sapient
Carl Brostrom	Senior Partner	Advancy
Julie Coates	Managing Partner – Clients and Industries	PwC
Justin Greig	Partner – Australia	EY
Ian Hancock	National Managing Partner, Management Consulting	KPMG
David McKeering	Australia Consulting Leader and ASEANZ Consulting CEO	PwC
Peter Ryan	Partner	Deloitte
Tim Williams	Australasia Cities Leader	Arup
Con Zeritis	CEO	Industrie&Co





## About the author

### 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.

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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

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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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