

August 2020

The Global Risk & Cybersecurity Services Market in 2020

Market Trends Programme



What's included in this report

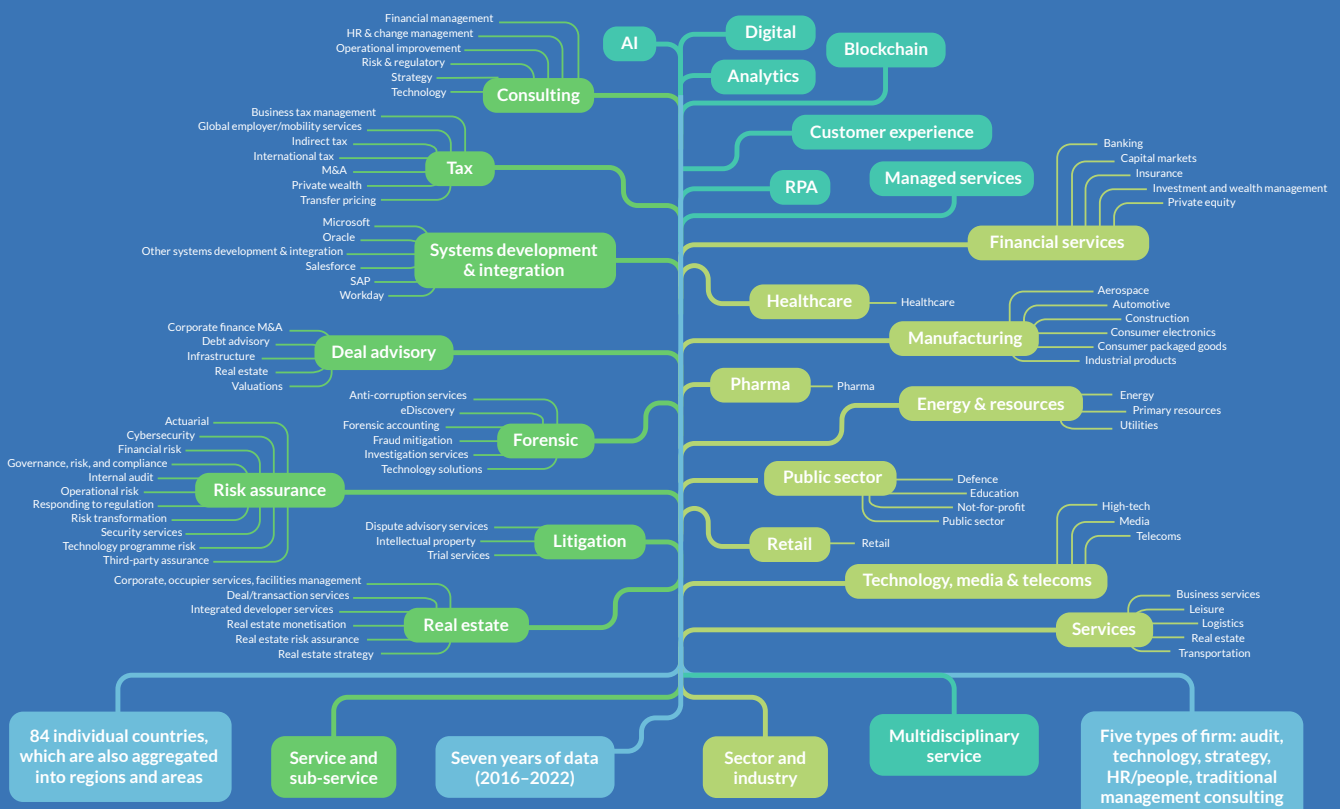
Our reports offer a wealth of market sizing, growth, and forecast data alongside engaging, in-depth analysis of the trends that matter.



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.





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

1 Risk & cybersecurity services summary

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

Executive summary	5
The global risk & cybersecurity services market in numbers	6
Explore the data	11
Introduction	12

2 The global risk consulting market

Explores the key trends and topics that are front of mind for risk services firms in this market right now.

The risk services market in numbers	15
-------------------------------------	----

3 The global cybersecurity consulting market

Explores the key trends and topics that are front of mind for cybersecurity services firms in this market right now.

The cybersecurity services market in numbers	22
--	----

4 The client perspective: How the COVID crisis is changing the risk & cybersecurity services market in 2020

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

Before the crisis: Growing demand	26
During the crisis: More to do, and more help needed	29
Cybersecurity, financial, and operational risk top clients' agendas during the crisis	34
Focusing on cybersecurity	38
Crises aren't just until Christmas: The longer-term impact of COVID on the risk services market	43

5 Insights from consultants

The views of consulting leaders in the risk & cybersecurity services market.

Interviews with consulting leaders	48
------------------------------------	----

6 The global risk & cybersecurity services market in 2020

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

2020 forecast	74
---------------	----

7 About this report

Our report draws on four main sources:

- Our global data model with 9.7 million data points
- Our interviews with senior risk services professionals from a range of consulting firms
- Our in-depth desk research on the market
- A service-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:

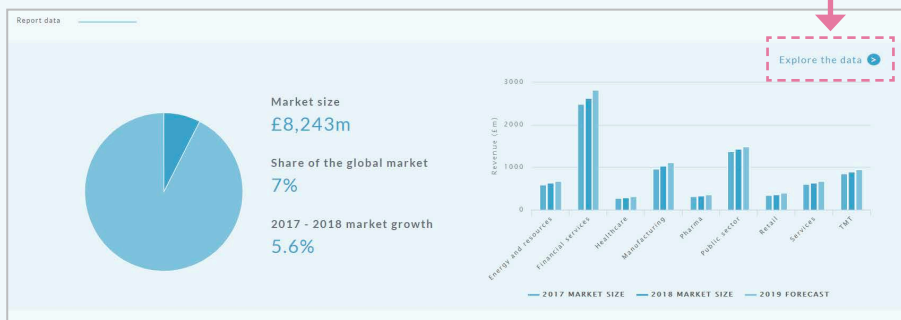
Methodology	75	Programme schedule for 2020	82
Definitions of sectors and services	78	Our custom work	83
Contributors	80	About us	84
About the authors	81		



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 wider consulting market—including risk & cybersecurity services—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.

As the market recovers, 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 risk & cybersecurity services market in 2019, including key trends, and analysis of demand by service, sector and geography, and a snapshot of the largest firms in each market
- A look at how client demand is changing and an assessment of the services most likely to experience demand once the situation improves
- Insights from firms around demand 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 wider 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 to the end of 2020. 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 risk & cybersecurity services 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 global risk consulting market

2019 was a good year for most firms specialising in the (non-cybersecurity) risk consulting space, with revenue growth of 9.3%, far exceeding that of 2018, taking the market to a value of US\$53.5bn.

Heightened global geopolitical tensions kept the need for robust risk management approaches front of mind for many organisations and contributed to driving demand. Rising interest in the need to manage risks relating to climate change and sustainability was also a key theme in 2019. Clients sought help to comply with an increasing volume of ESG regulation, strengthen reporting mechanisms, and protect themselves from the threat of reputational damage by ensuring that they were putting all the necessary measures in place. These factors contributed to a move away from a siloed, functional approach to risk management in favour of a more holistic stance—at least among clients at the more sophisticated end of the spectrum. This resulted in interest in enterprise risk management coming to the fore—an approach that left those more forward-looking clients relatively well prepared with more resilient operating models when it came to dealing with the impact of the COVID-19 outbreak.

The delivery of risk service support to clients also continued to change in 2019, with clients increasingly eager to explore managed service solutions. The combination of access to specialised and hard-to-find talent and best-in-breed technology offered by such solutions encouraged clients to consider using managed services to take on even those activities and processes at the heart of their risk management operations. Indeed, greater reliance on technology to deliver increased automation and incorporate data & analytics and AI approaches to support detection and monitoring was another key theme. Both of these topics required substantial investment by firms that wanted to play in this space, in order to fend off increasing competition for market share.

2019 saw healthy growth across all service lines. There was a strong uptick in demand in the huge governance, risk, and compliance service line, which had a much better year than in 2018. More sophisticated options around automation and dashboarding helped clients see the benefits of investing in a technology-driven approach to improve efficiency around controls and deliver an enterprise-wide view of risk. But growth in demand here was eclipsed by the higher levels of growth in regulation-focused work. This bucked the trend of slowing growth in 2018, reflecting clients' need to deal with a swathe of complex new regulations around data protection and ESG, alongside tackling sector-specific regulatory change in large markets such as financial services.

Risk transformation continued to perform well as clients continued to invest in upgrading their risk management structures, with an increased reliance on technology. The operational risk service line grew almost as strongly following a comparatively lacklustre year in 2018, as clients looked to increase business resilience in the face of increasing global instability. At the other end of the growth spectrum, financial risk and internal audit work continued to bump along, with some clients slow to embrace the benefits of technology in these areas, and more willing to invest elsewhere in what they perceived to be higher-value, more impactful areas of risk.



Unsurprisingly, the most heavily regulated sectors were among the fastest growing in 2019. The dominant financial services market grew by more than 11%, with work supporting clients to use technology to transform complex and costly risk operations and improve and automate controls key in driving that growth. Regulation also led to substantial volumes of work, following a couple of years of slower growth: While the regulatory burden may have lessened somewhat for financial services clients, it was still very much there, and in major markets such as the US, a complex landscape of state regulations needed to be navigated, together with a heavier load of data protection and ESG requirements. Remediation work also continued to keep many firms busy.

Pharma was the fastest-growing sector for risk services consultants in 2019, with an uptick in demand of 17.2%, and there was also a strong increase in demand from healthcare clients. Both of these sectors had to deal with an evolving set of regulatory requirements and ensure supply chain resilience in an uncertain world, and these aspects contributed to a good pipeline of demand. Elsewhere, TMT remained an interesting sector, with new levels of scrutiny of major technology players leading to a surge in work to strengthen these companies' risk management approaches.

From a geographical viewpoint, it was good news for risk firms that the huge North America market turned in a strong performance. In the US, trade tensions created demand for help with supply chain resilience and operational risk approaches, and a raft of state regulations also saw clients turn to risk specialists for help. Europe was a less vibrant market, though Brexit preparations meant that the UK saw faster growth in risk services demand than the majority of its European neighbours.

The Africa market was the fastest growing, though the regional nature of demand created logistical challenges for firms looking to serve the market from a single base. The ripple effect of the "state capture" corruption scandal in the dominant South Africa market helped to generate good levels of interest in risk support.

Big Four firms—namely EY, PwC, and Deloitte—continued to lead the risk service pack. Their ability to offer end-to-end delivery, substantial investment in the latest technology, and an extensive managed service offering made for a compelling proposition, especially when combined with strong brand names and an unparalleled track record in delivering risk services.



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 risk services professionals who wished to remain anonymous).

Name	Job title	Organisation
Nick Allan	CEO	Control Risks
Nicholas Bahr	Operational Risk, Safety, and Resilience Global Leader	DuPont Sustainable Solutions
Andrew Beckett	Managing Director, Cyber and Investigations	Kroll
Amy Brachio	Global Head of Risk Advisory	EY
Nigel Burbidge	Partner, Risk and Advisory Services Global Chair	BDO
Sandra Heuts	Global Risk Advisory Chief Operating Officer	Deloitte
Andrew Hoyle	Partner & Head of Risk Assurance Services	Mazars
Marlo Karp	Global Risk Advisory Offerings Leader	Deloitte
Anna Mazzone	GM & MD	MetricStream
Matthew Moore	Managing Director	Protiviti
Dietmar Serbee	Principal/Partner	PwC
Gregg Sommer	Partner	Mercer



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





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	Energy & Resources Healthcare	
August	Global Risk & Cybersecurity Services	Perceptions of Risk Firms Perceptions of Tax Firms	
September	Energy & Resources	Perceptions of Audit Firms	Sustainable Futures: A Climate Transformed
October	Global Tax Advisory Financial Services		
November	Healthcare Technology, Media & Telecoms Planning for Growth in 2021		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.

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

© Source Information Services Ltd 2020

Source Information Services Ltd and its agents have used their best efforts in collecting the information published in this report. Source Information Services Ltd does not assume, and hereby disclaims, any liability for any loss or damage caused by errors or omissions in this report, whether such errors or omissions result from negligence, accident, or other causes.