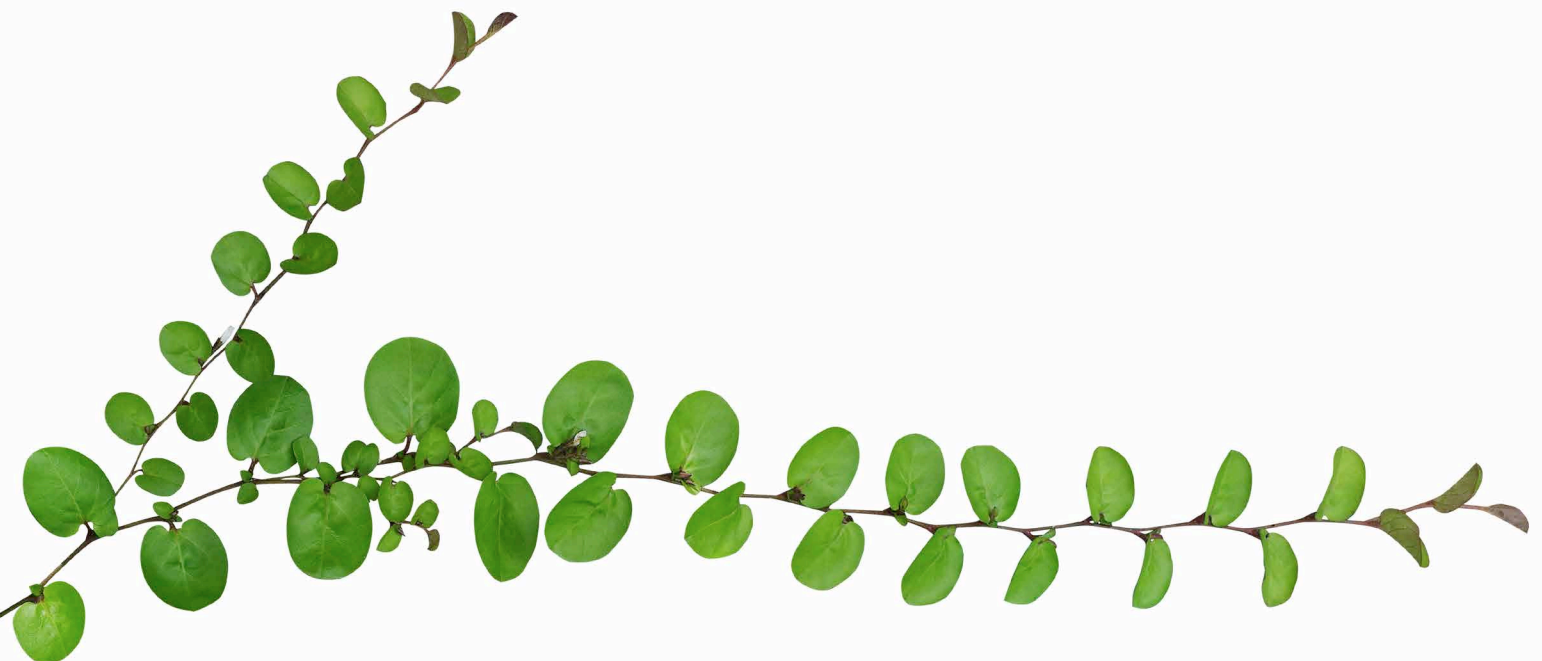


October 2020

The Energy & Resources Consulting Market in 2020

Market Trends Programme





What's included in this report

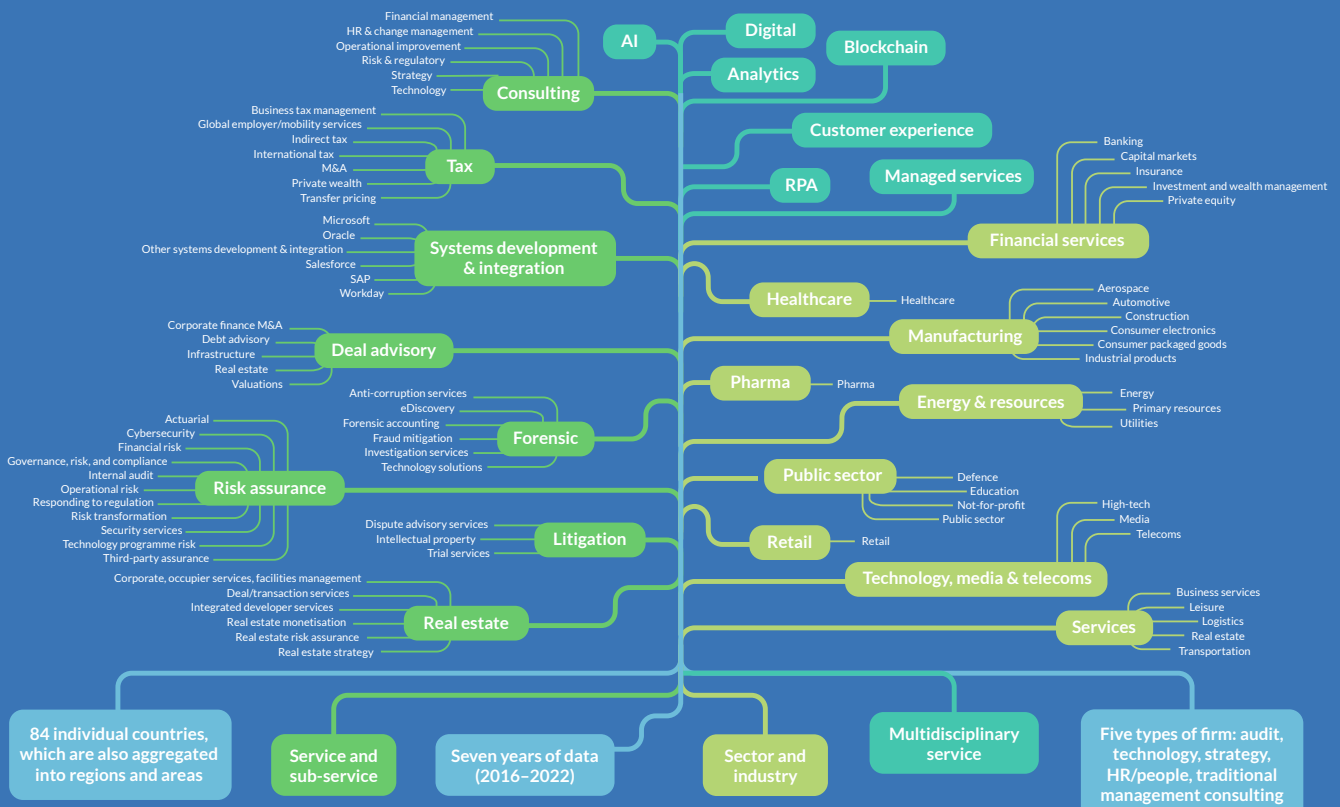
Our reports offer a wealth of market sizing, growth, and forecast data alongside engaging, in-depth analysis of the trends that matter.



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.





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 fortnightly 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 Energy & resources summary

Explore the data	5
Introduction	6
The energy & resources consulting market in numbers	7

2 The energy & resources consulting market in 2019

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

Energy & resources overview	8
Industry overviews	12

3 Client view

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

What impact has the crisis had on energy & resources clients?	15
What challenges are energy & resources clients facing at an organisational level, and how are they dealing with them?	18
What are the challenges facing different functions?	22
What's the impact on demand for consulting?	30
How will energy & resources clients want to buy in the future?	32

4 Analyst view by market

Looks at growth and sizing data for a selection of geographies split by industry and service, together with analyst insight about what's happening in each geography.

US	41
Australia	42
DACH	43
UK	44
Canada	45
China	46
France	47
Southern Europe	48
South East Asia	49
Africa	50
South America	52
Japan	53
GCC	54
Eastern Europe & Russia	55
India	56
Benelux	57
Nordics	58
Mexico	59
Market data	60
Regional overview—market size by region in 2019	60
Industry market size, by region and service in 2019	61

5 Insights from consultants

The views of consulting leaders in energy & resources.

Interviews with consulting leaders	64
------------------------------------	----

6 The energy & resources consulting market in 2020

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

2020 forecast	87
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About this report

Our report draws on four 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 sector-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:

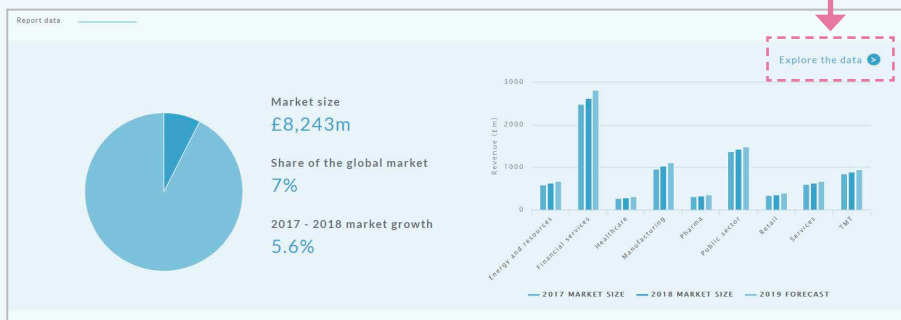
Methodology	88
Definitions of sectors and services	91
Contributors	93
About the authors	94
Programme schedule for 2020	95
Our custom work	96
About us	97



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 geography, industry, 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 energy & resources consulting market in 2019

Energy & resources overview

In 2019, the energy & resources consulting market continued its recovery from the dark days of the mid-2010s. Relatively stable commodity prices and an easing of some cash flow constraints allowed clients to boost their consulting budgets and increase investment amid the growing pressure to reimagine business models. As a result, consulting revenues in the sector increased 5.8% in 2019 to total US\$17,802m, after rising 6.3% in 2018.

The sector's largest service line, technology, continued to grow at a rapid pace, with revenues rising 6.8% as digitisation gained further traction in a market that has been somewhat of a laggard in recent years. Growth in demand for risk & regulatory expertise accelerated with revenues rising 7% as energy clients sought to revamp their businesses in line with existing and upcoming environmental laws and utilities clients attempted to avoid falling foul of regulators on the lookout for malpractice and overcharging.

Demand for operational improvement capabilities—a stalwart of energy & resources consulting work in recent years—also grew at a healthy pace, with revenues rising 5.2% in 2019. Cost-cutting remained a top priority for clients across the market, and firms also benefited from clients' growing efforts to explore how digital tools could boost operational efficiency and productivity both in the back office and in the field.

From a geographical perspective, the US remained the dominant market for consultants, accounting for nearly half of all revenues and growing at a healthy pace amid strong demand for digital expertise. The exploration of new business models was also on the agenda, with the growing interest in large-scale alternative energy projects as well as smaller-scale renewable generation boosting demand around distributed energy and smart grids. It was a similar story in Europe where the sustainability and renewable agenda—and thus business model transition—is even further advanced.

There was growing demand around business transformation and renewables strategy in the GCC and Asia-Pacific too. While much of this work was initially focused in China and the GCC, sustainability increasingly came onto the agenda in Australia and India, albeit not in a meaningful way until the latter half of 2019.

In fact, the sustainability agenda and the growth of renewables looked set to be key drivers of growth in 2020, at least until a combination of the pandemic and the collapse of oil prices hit the sector—and hit it hard—around the end of the first quarter. At the time of writing, we're forecasting a contraction of 26% in the energy & resources consulting market over the course of 2020. The biggest impact of the dual challenges of COVID-19 and low oil prices is unsurprisingly being felt in the energy market, with oil and gas companies slashing spending across the board—including on consultants—as they shift back into survival mode. Consulting demand



in the primary resources industry has fallen significantly too, with clients prioritising non-discretionary projects around risk and regulations, digital transformation, and other technology work in an industry with an unusually high need for on-site consulting activity. Consulting spend in utilities has been somewhat more resilient, however, as clients have responded to a dramatic shift in demand from city centres to residential districts and have continued to explore opportunities to upgrade and modernise the grid.



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).

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Tom Brim	Principal, Energy & Utilities Community Lead	North Highland
Tyler Chase	Managing Director, Energy and Utilities Leader	Protiviti
Mitchell Fane	US Energy Markets Leader	EY
David Harrison	Partner	Wipro
Andrew Lane	Energy, Resources and Industrials Leader	Deloitte
Regina Mayor	Global and US Head of Energy and Natural Resources	KPMG
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Edward leads the Acquisition Strategy team at Source, scanning markets around the world for potential acquisitions and partnerships for some of the world's leading consulting and advisory firms. These searches have covered the consulting and advisory spectrum from coding expertise in specific US cities to Lean consultants in Southeast Asia. He holds degrees in Classics from Magdalen College, Oxford, and an MMus from The Royal Academy of Music.

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Ashok is a writer and editor at Source, contributing to our Consulting Market 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	Energy & Resources Healthcare	
August	Global Risk & Cybersecurity Services	Perceptions of Risk Firms Perceptions of Tax Firms	
September	Financial Services	Perceptions of Audit Firms	Sustainable Futures: A Climate Transformed
October	Energy & Resources Healthcare & Pharma		
November	Global Tax Advisory Technology, Media & Telecoms		The Consultant of Tomorrow
December	Planning for Growth in 2021		

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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