

December 2020

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# Planning for Growth in 2021

Market Trends Programme





# 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.



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## Introduction

In this strangest of years, we've taken a different approach to this eighth edition of *Planning for Growth*. Although no market has been left untouched by COVID, there are—as you'll have seen from our regular updates—significant variations in the extent to which different geographies and sectors have been hit and are beginning to recover. We've heard of some consultants in the Asia-Pacific region who have been disappointed by “only” meeting their 2020 targets, such has been the strength of the bounceback there, while for others the most difficult phase may be yet to come. Such variations in experience make it even harder than usual to make cogent arguments for investment in 2021 from a geographical perspective.

So, this year we've turned to our analysts, asking them to shift their attention away from geographical or sector-based market distinctions, and to use their knowledge and instinct to score five different offerings\* for attractiveness to both clients and providers.

We've crowdsourced this assessment and no opinion has carried more or less weight: This report is, in the truest sense, Source's opinion.

In addition to ranking these offerings' attractiveness, we've had to build them from their component parts. This is something that we've always been able to do, but not without significant time devoted to the recalibration and remapping of traditional consulting service lines. Our solution has been to create a new model of the global market based on a new taxonomy. This is the first report to use both and serves as an illustration of the power of this new approach.

The new taxonomy covers the professional services industry from architecture to outsourcing and drills down to the capability level, giving us a huge array of building blocks with which to construct new offerings and model new opportunities. This intrinsic flexibility is vital because most new and high-growth opportunities are multidisciplinary in nature and are delivered by an increasing range of firms using increasingly diverse sets of capabilities.

Informed by what we're hearing in our conversations with the leaders of consulting firms around the world about where there's heat in the market, we've used the model to construct five offerings—some very new, some more established—from our capabilities and scored them from the perspective of both client and supplier: How pressing is the need for a solution for the client? Is an offering easy to deliver for a provider? Asking these questions from both sides encourages us to consider where the interests of client and supplier align and diverge. The offerings are as follows:

- **Post-COVID consumer**
- **Resilient business model design**
- **Workforce planning**
- **Digital transformation**
- **Clean business**

\*We're using the term “offerings” throughout this report in recognition of the multidisciplinary nature of what we're describing, and to distinguish them from the more traditional “services” that professional services firms have tended to think of themselves as providing.



## Offerings in our new taxonomy

The new Source taxonomy of the professional services industry expands both the breadth of our coverage and the granularity of our model. It now covers a wider range of professional services providers who deliver a wider range of capabilities. Fundamentally modular, it allows us to build out and size new propositions, exploring how new developments and offerings might play out.

Line of Business	Capability					
		Workforce planning	Resilient business model design	Post-COVID consumer	Digital transformation	Clean business
Architecture	Exterior building design					
	Interior building design					
	Landscape design					
Audit & assurance	Accounting operations assurance					
	Accounting systems assurance					
	Corporate reporting					
	IFRS & regulatory reporting					
Business process outsourcing	Contact centre outsourcing					
	Document management outsourcing					
	Finance accounting outsourcing					
	Human resources outsourcing					
	IT outsourcing					
	Other outsourcing					
	Payroll outsourcing					
	Regulation & remediation outsourcing					
	Supply chain management & distribution outsourcing					
Civil engineering	Building & engineering analytics					
	Engineering project management					
	Infrastructure design					
	International development					
	Transport infrastructure, planning & engineering					
Cybersecurity	Urban design & planning					
	Cybersecurity advice					
	Cybersecurity implementation					
	Cybersecurity incident response					
Data & analytics	Penetration testing & wargaming					
	Advanced analytics					
	Data visualisation, business intelligence & semantic layer					
	Data warehousing & database management					
Deals	Machine learning					
	Capital allocation strategy					
	Commercial due diligence & valuation					
Design & UX	Financial due diligence					
	M&A transaction strategy					
	Operational due diligence					
	Portfolio & investment strategy					
	Public-private partnerships					
Financial management	Technology due diligence					
	Corporate identity					
	Customer journey & UX benchmarking					
	Graphic & UI design					
Forensic	UX & service design					
	Budgeting/financial planning process					
	Debt advisory					
HR & change	Finance function					
	Financial advisory					
	Financial restructuring & insolvency					
	Anti-corruption services					
Innovation	eDiscovery					
	Forensic accounting					
	Forensic technology solutions					
	Fraud mitigation					
Legal	Investigation services					
	Benefits, compensation & pensions, excluding actuarial & investment advice					
	Change management					
	Diversity & inclusion					
Litigation	Employee engagement					
	Governance & board effectiveness					
	HR strategy & effectiveness					
	Leadership					
Marketing & creative	Organisational design & culture					
	Organisational training & development					
	Outplacement					
	Pension fund evaluation & advice					
Network engineering	Performance management					
	Stakeholder management					
	Talent management					
	Team effectiveness & collaboration					
Operations	Ideation					
	Innovation management					
	Innovation strategy					
	Strategies for growth from innovation					
Product engineering & R&D	Corporate & transaction law					
	Criminal law					
	Digital & technology law					
	Domestic & family law					
Real estate	Intellectual property law					
	International trade, regulatory & government law					
	Labour & employment law					
	Dispute advisory services					
Recruitment	Expert witness					
	Trial services					
	Brand activation					
	Brand strategy					
Research	Creative production					
	Customer relationship management					
	Marketing & communication production					
	Marketing & communication strategy					
Risk	Marketing mix optimisation					
	Public relations & affairs					
	Network installation					
	Network optimisation					
Software engineering	Network strategy & architecture					
	Benchmarking					
	Business continuity & recovery					
	Cost cutting					
Sustainability	Customer service					
	DevOps					
	Distribution strategy					
	Lean & Six Sigma					
Tax	Operational review					
	Outsourcing advice					
	Post-M&A integration					
	Process design, re-engineering & automation					
Technology	Procurement/purchasing					
	Property & estate management					
	Sales & distribution planning					
	Sales force effectiveness					
Workforce planning	Supply chain management					
	Target operating model					
	Physical product quality assurance & testing					
	Physical product R&D					
Clean business	Product & industrial design					
	Technical feasibility assessment, prototyping & mock-ups					
	Corporate, occupier services & facilities management					
	Integrated real estate developer services					
Digital transformation	Real estate deal/transaction services					
	Real estate strategy					
	Contract staffing supply					
	Executive interim					
Post-COVID consumer	Executive search					
	Talent sourcing					
	Customer feedback					
	Customer segmentation					
Resilient business model design	Employee feedback					
	Environmental & social impact research					
	Macro/microeconomic research					
	Market research					
Post-COVID consumer	Actuarial					
	Compliance risk					
	Crisis & reputation management					
	Environmental risk					
Digital transformation	Financial assurance					
	Internal audit					
	Operational risk					
	Physical security solutions					
Clean business	Physical security strategy					
	Programme risk					
	Responding to regulation					
	Risk governance					
Workforce planning	Risk management					
	Technology & security risk services					
	Third-party assurance					
	Transactions-related risk					
Resilient business model design	Treasury risk					
	Application development					
	Digital product quality assurance & testing					
	Digital product R&D					
Post-COVID consumer	IoT and connected devices					
	Solution architecture					
	Virtual, augmented, and mixed reality					
	Business & financial modelling					
Digital transformation	Category management					
	Channel management					
	Corporate recovery & turnaround					
	Corporate restructuring					
Clean business	Corporate strategy					
	Market analysis & strategy					
	Policy formulation					
	Pricing					
Workforce planning	Strategic sourcing/offshoring services					
	Clean technology					
	Green IT					
	Purpose-led strategy & change					
Resilient business model design	Resource-efficiency implementation					
	Resource-efficiency strategy					
	Social impact & trust					
	Sustainable investment					
Post-COVID consumer	Sustainable supply chain					
	Sustainable workforce					
	Functional & industry application integration					
	Microsoft					
Digital transformation	Oracle					
	Salesforce					
	SAP					
	Workday					
Clean business	Corporate tax					
	Global employer/mobility services					
	Indirect tax					
	International tax					
Workforce planning	Private wealth tax					
	Tax dispute resolution & controversy					
	Transaction tax					
	Transfer pricing					
Resilient business model design	AI advice & implementation					
	Cloud advice					
	Cloud implementation					
	ERP consulting					
Post-COVID consumer	Geospatial advice & implementation					
	IT strategy, planning & review					
	IT training					
	Programme management					
Digital transformation	Robotics advice & implementation					
	Vendor selection					
	Workforce planning					
	Resilient business model design					
	Post-COVID consumer					
	Digital transformation					
	Clean business					



## Scoring methodology

Our new scoring methodology for this report starts from the basic idea that, in order to assess how attractive an offering is to professional services firms, conditions on both the client and supply side need to be taken into account. We settled on four factors for each side:

Client issue			
<b>Resonance</b> How engaged are the general public, employees, and the C-suite?	<b>Intervention</b> Is there pressure to act from external forces?	<b>Impact</b> Is it possible to make a tangible impact?	<b>Scarcity</b> How available are the technology, people, and data required?
Provider offering			
<b>Foundation</b> What's already in place?	<b>Size</b> How big is the opportunity?	<b>Execution</b> How complicated is delivering the offering?	<b>Predictability</b> Will clients come back for more?

For each of these factors, we devised a series of questions with answers that scored from 1 to 5, and then averaged them to give each factor a score. Combining the scores for the factors gives each offering two separate scores out of 20: a client score and a provider score.

It's here that the key difference between the provider and client perspectives becomes apparent. For the former, the questions centre on the challenges of delivery and ROI: a high score overall will come from an offering that draws on existing methodologies and skills, could be bought predictably by many people for a long time, and isn't hard to make differentiated from the competition. On the client side, the higher the score, the greater the need to look to external providers for help: It's a resonant issue, preferably with attendant regulatory pressure, and while there's clear evidence of the benefits of taking action, the resources needed to address it are scarce.

For the avoidance of doubt, though they take different things into account, both scores measure the attractiveness of the offering to professional services firms. So, a high client score doesn't mean it's good news for the client, it means it's good news for the firm (because conditions on the client side are favourable). It is, then, the two scores combined that ultimately determine how attractive each offering is to professional services firms.





## About the author

### Edward Edgcumbe

Edward is Model Design & Research Lead at Source, where he is responsible for marshalling the research and data inputs for all our models, taxonomies, and databases. He has most recently led the development of the newly expanded Source taxonomy, drawing on his extensive experience of scanning the market for potential acquisitions to build a more granular, capability-driven view of the professional services landscape. He holds a degree in classics from Magdalen College, Oxford; and an MMus from the Royal Academy of Music.

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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

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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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