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July 2020

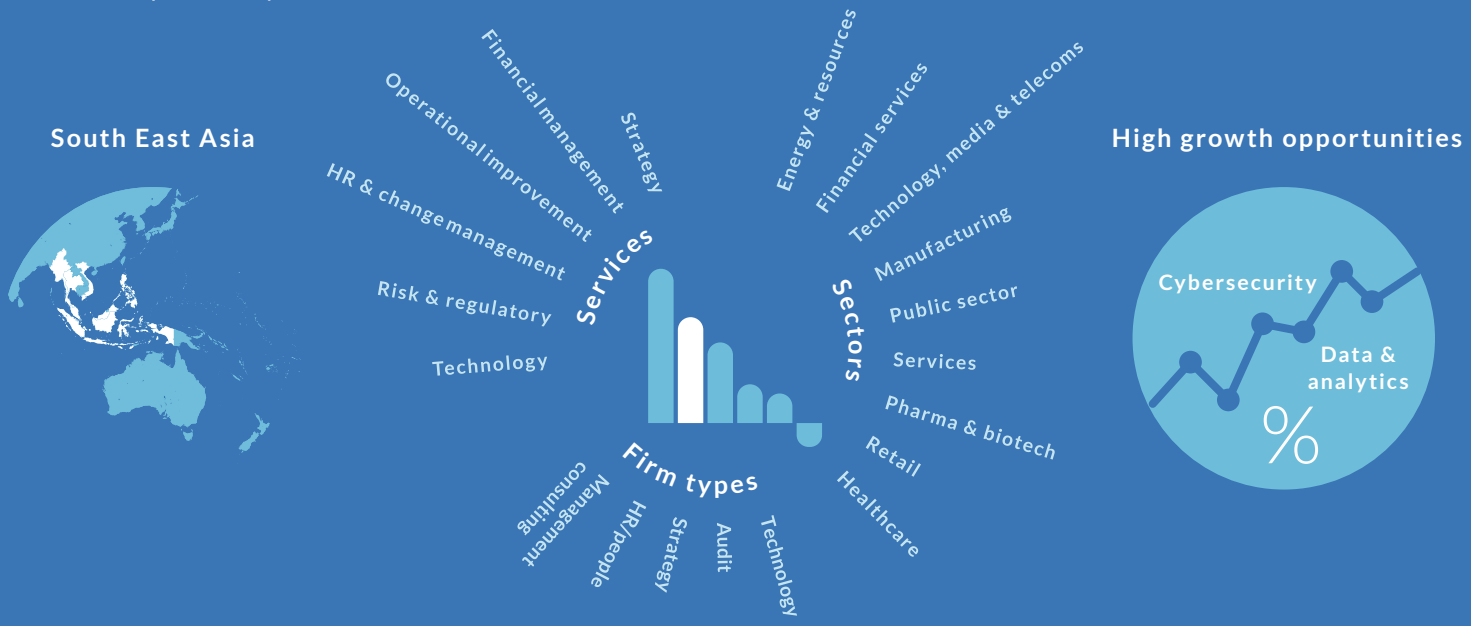
The South East Asia Consulting Market in 2020

Market Trends Programme



What's included in this report

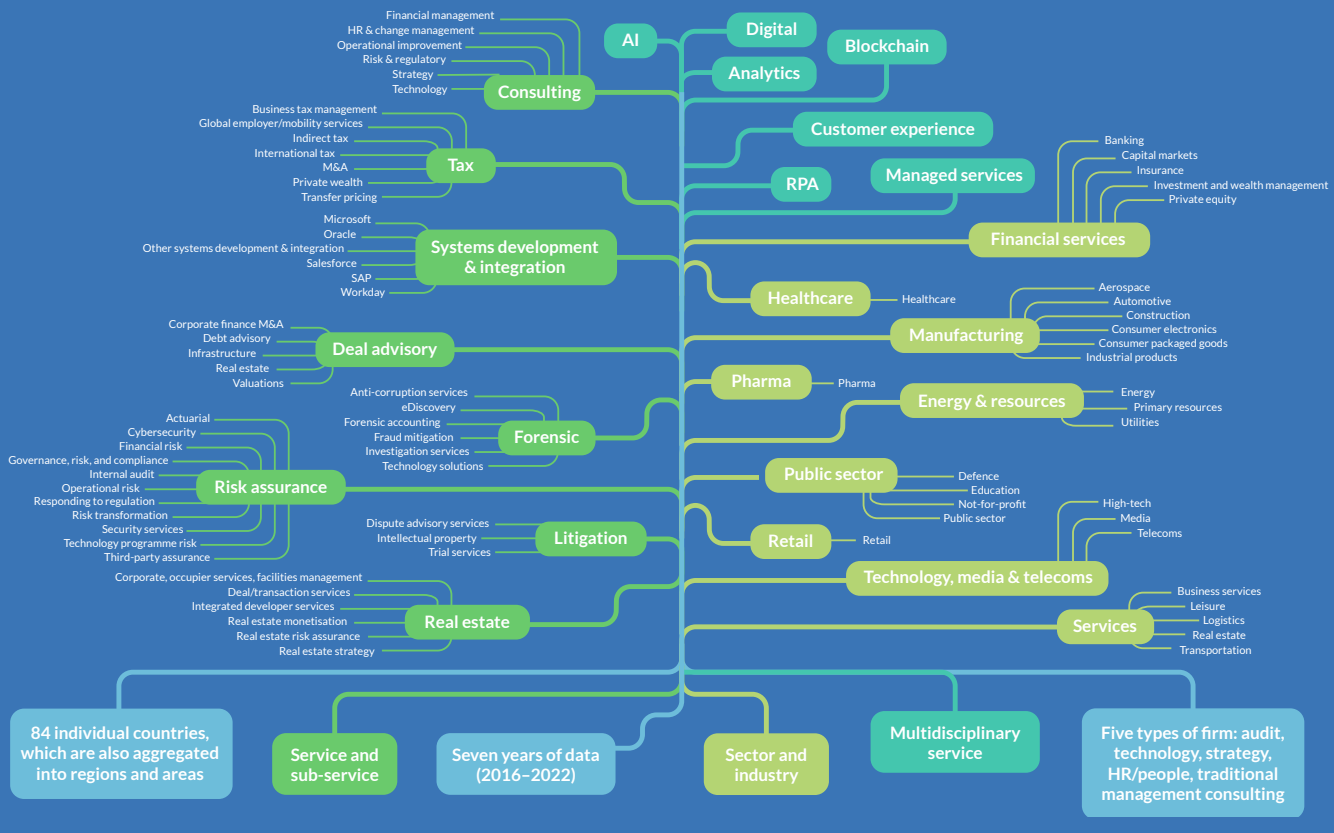
Our reports offer a wealth of market sizing, growth, and forecast data alongside engaging, in-depth analysis of the trends that matter.



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.



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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.

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5 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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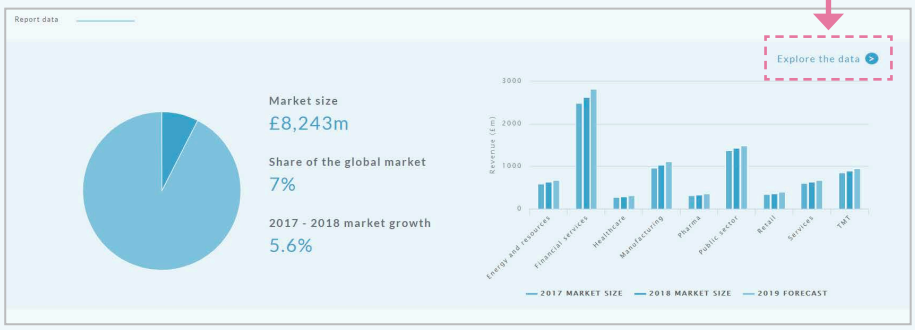
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Explore the data

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.

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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. These 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

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The South East Asia consulting market in 2019

Overview

2019 was a good year for the management consulting market in South East Asia, though growth lagged behind that of 2018 thanks to a number of headwinds buffeting the region. Slowing global trade led to a drop in economic growth in nearly every country, with the most significant fall in the region's dominant Singapore market. A series of elections—which gave rise to uncertainty and delays to public sector spending—were also a factor influencing buying decisions in the region, most notably in Indonesia where a legal battle over the outcome of April's election made clients even more hesitant. At the same time, the US-China trade war continued to cast a shadow over the entire market, leading to ongoing uncertainty and curbing the investment appetite of some clients, particularly that of big-spending global multinationals.

That said, trade tensions also led to hoped-for benefits to the consulting market. In the face of an escalation of tariffs and the increasing cost of labour, a number of global multinationals made the move to quit China, or hedge their bets as part of their "China plus one" approach, and sought help to relocate production to South East Asia. Vietnam proved the biggest beneficiary here thanks to its favourable business environment, and this was one of the factors making it one of the fastest-growing consulting markets in the region, second only to Myanmar's tiny market.

Widespread interest in technology-enabled transformation was another major driver of demand among the region's expanding and maturing client base, generating an uptick in demand across the whole spectrum of digital work. Clients were increasingly interested in upgrading the customer experience to meet consumer expectations reset by global players, and in response to intense competition for share of wallet across a number of sectors. Intensifying competition was also a driver behind back-office transformation, where digital technologies were seen as valuable tools to refine operations, re-engineer manufacturing processes, and streamline supply chains in the interests of reduced costs and greater efficiency. Thanks to technology becoming cheaper and more accessible, a growing number of clients sought help with cloud transformation aimed at connecting processes and data across different parts of their business.

Interest in customer experience and an appetite for more efficient approaches were among the factors driving a sharp uptick in demand for data & analytics support, with a wide range of help needed depending on clients' progress along the data & analytics maturity curve. Increasing digitisation also boosted cybersecurity demand by 16.2% in 2019, far outpacing growth in the overall consulting market.

Meanwhile, a constrained talent pool and the changing technology landscape helped to push up demand for workforce planning support, and an increasing number of new regulations and the recognition of the need for solid risk and governance approaches benefited the risk service line.

The large financial services consulting market turned in yet another good performance in 2019. Financial services organisations have been at the forefront

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of digital change, spurred on by the growing number of fintechs in the region. Technology-driven transformation, dealing with regulation, and reshaping products and services to ensure growth were all solid sources of work for consultants in 2019.

Consulting to manufacturers was another lucrative area, with demand here bolstered by FDI, leading to a whole range of work from site selection to help navigating local regulations.

The challenges of boosting energy supply and distribution continued to generate opportunities for consultants amid the ongoing urbanisation of many South East Asian countries. While much of this work continued to focus on fossil fuels, firms also saw increasing interest in developing and implementing alternative fuel strategies. The region's primary resources industry was another fruitful area for consultants as clients sought to boost productivity and yields in both mining and agriculture.

South East Asia also remained a hive of activity for TMT consultants thanks partly to the ongoing rise of technology start-ups in Indonesia, Malaysia, and elsewhere, as well as the growing presence of international high-tech players eager to shift operations from China to the region. Firms also experienced demand for their 5G expertise as telecoms sought to develop and deploy 5G networks across many South East Asian countries.

Healthcare was the fastest-growing consulting market in 2019, with demand coming from governments struggling to upgrade healthcare provision for an expanding middle class, and a thriving private healthcare system keen for support with digitisation and innovation. Retail consulting grew at almost the same rate, thanks to strong demand for help developing online capabilities. Meanwhile, a changing regulatory landscape and the need to support foreign investors ensured another year of rapid growth for the region's small pharma market.

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.

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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
Rahul Chawla	Practice Leader	Aon
Tom Evrard	Senior Managing Director	FTI Consulting
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Irving Low	Co-head of Advisory (Singapore and Indonesia)	KPMG
Ross Macallister	Managing Partner, Consulting, Vietnam	KPMG
Nicolas Miesch	Managing Director, South East Asia Pacific	EFESO
Satya Radjasa	Chairman & Managing Director	Korn Ferry
Sundara Raj	CEO & Markets Leader	PwC South East Asia Consulting
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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.

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SOURCE GLOBAL RESEARCH

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.

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About us

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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