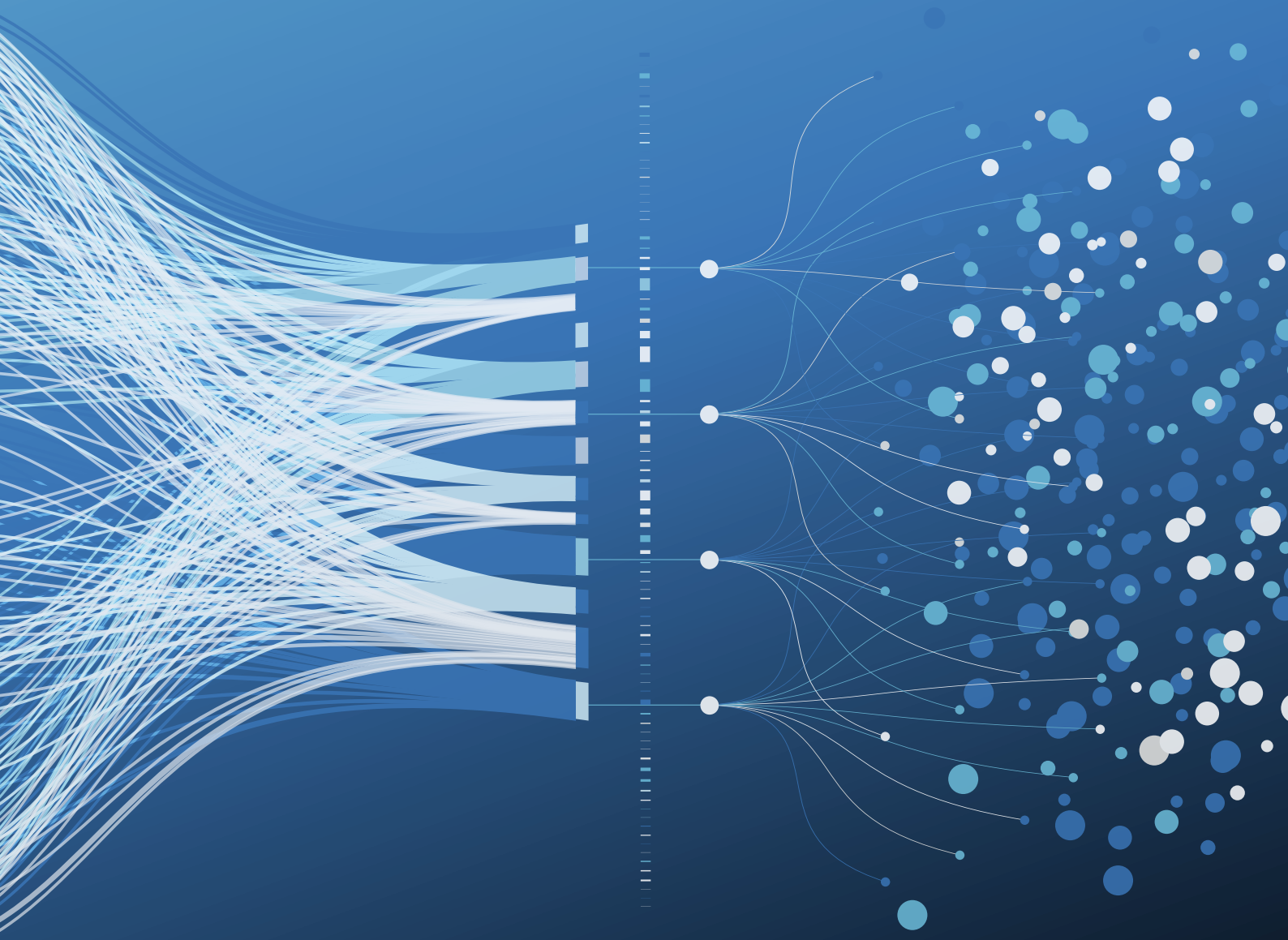
September 2021

EXTRACT

The Global Risk & Cybersecurity Services Market

Market Trends Programme



SOURCE GLOBAL RESEARCH

What's included in this report

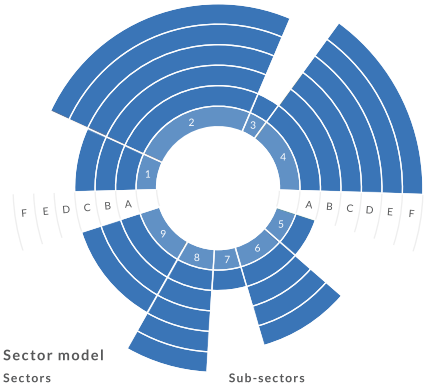
Our reports offer a wealth of market sizing, growth, and forecast data alongside engaging, in-depth analysis of the trends that matter. Using our highly flexible, multidimensional model we provide firms with robust, trusted data to make informed decisions about strategic investments and plan for the future.



Geography model

Regions covered

Albania, Algeria, Angola, Argentina, Australia, Austria, Bahrain, Belarus, Belgium, Bosnia, Brazil, Bulgaria, Cameroon, Canada, Chile, China, Colombia, Côte d'Ivoire, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Ethiopia, Finland, France, Germany, Ghana, Greece, Hong Kong, Hungary, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Japan, Kenya, Kuwait, Lebanon, Libya, Luxembourg, Malaysia, Mexico, Morocco, Mozambique, Myanmar, Netherlands, New Zealand, Nigeria, North Macedonia, Norway, Oman, Pakistan, Papua New Guinea, Peru, Philippines, Poland, Portugal, Qatar, Romania, Russia, Rwanda, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Taiwan, Tanzania, Thailand, Tunisia, Turkey, UAE, Uganda, Ukraine, United Kingdom, United States, Venezuela, Vietnam, Zambia



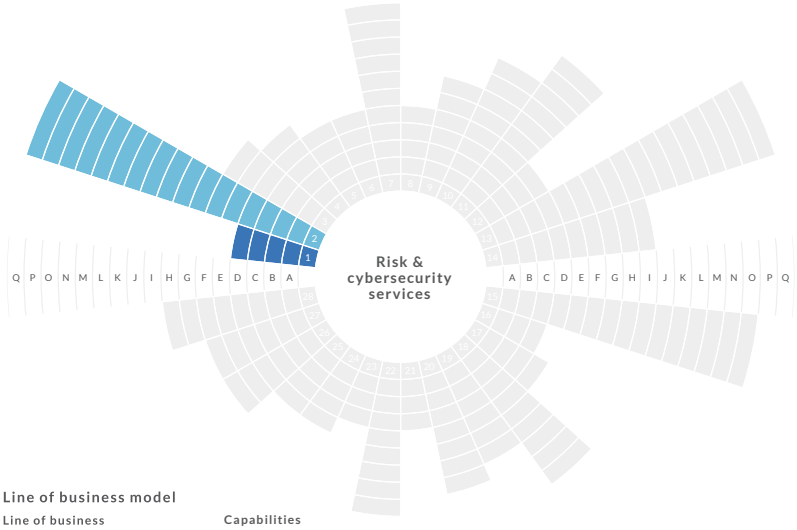
Sector model

Sectors

1 Energy & resources
2 Financial services
3 Healthcare
4 Manufacturing
5 Pharma & biotech
6 Public sector
7 Retail
8 Services
9 Technology, media & telecoms

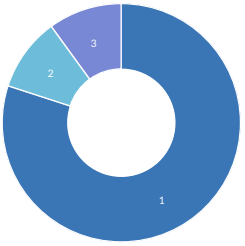
Sub-sectors

1 A Energy
1 B Primary resources
1 C Utilities
2 A Banking
2 B Capital markets
2 C Insurance
2 D Investment and wealth management
2 E Private equity
3 A Healthcare
4 A Aerospace
4 B Automotive
4 C Construction
4 D Consumer electronics
4 E Consumer packaged goods
4 F Industrial products
5 A Pharma
6 A Defence
6 B Education
6 C Not-for-profit
6 D Public sector
7 A Retail
8 A Business services
8 B Leisure
8 C Logistics
8 D Real estate
8 E Transportation
9 A High-tech
9 B Media
9 C Telecoms



The revenue-earning model

1 Consulting
2 Managed service
3 Other (contingent fees, software licensing, associate networks)



Line of business model

Line of business

1 Cybersecurity
2 Risk
3 Forensic
4 Financial management
5 Design & UX
6 Innovation
7 Technology
8 Data & analytics
9 Research
10 Deals
11 Strategy
12 Real estate
13 Operations
14 Sustainability
15 HR & change
16 Architecture
17 Audit & assurance
18 Business process outsourcing
19 Civil engineering
20 Legal
21 Litigation
22 Marketing & creative
23 Network engineering
24 Product engineering & R&D
25 Recruitment
26 Software engineering
27 System integration
28 Tax

Capabilities

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

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5 About this report

Our report draws on four main sources:

- Our global data model covering the professional services market
- Our annual global client perception survey of senior end-users of consulting firms
- 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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1 Risk & cybersecurity services summary

We estimate that the global risk & cybersecurity consulting was worth almost $71bn in 2020. Although growth of 3% was significantly lower than the 9% increase in 2019, this was still strong evidence of the extent to which risk-related work has become not only an embedded feature of the business landscape but also an area of non-discretionary expenditure. As we pointed out in last year's report, clients' attempts to cut back on risk-related consulting in the spring were swiftly replaced by a recognition that activities previously viewed as box-checking in fact depended on deep-seated specialist skills. Not every area of professional services performed so well: Growth of 3% should be seen as impressive against the backdrop of a market that shrank by 5%.

Echoing what we saw elsewhere in the consulting market, growth was strongest in pharma (up 30%), but this is a small, highly specialised market, so we should be cautious about its potential value to consulting firms in the future. More interesting perhaps will be the healthcare sector, which we estimate grew 24% in 2020, as clients grappled with the need to redefine risk and to strengthen their data privacy and cybersecurity at an unprecedented pace. This market is twice as big as the pharma market; it may only be around a tenth of the size of the financial services market, but it shares many of the qualities that have resulted in the latter being the engine of growth in the past and is likely to be one of the most important risk markets going forwards. Less positively, the $28bn financial services market grew in line with the overall average: Unlike the financial crisis of 2007-08, this more recent crisis won't drive a new wave of banking regulation.

As the following pages demonstrate, however, risk & cybersecurity consulting was a tale of two markets. Risk consulting, which accounts for 75% of this market shrank by 2%, while demand for cybersecurity consulting, fuelled by the rapid and far-reaching move to remote working, surged by 24%.

Our definition of risk & cybersecurity consulting

Market definitions are notoriously problematic in the professional services space. Unlike supermarket chains or banks, we can't count products on shelves or measure customer account activity. For the purposes of this report, we've defined the global risk & cybersecurity market as including the following services: actuarial; cybersecurity; financial risk; governance & compliance; internal audit; operational risk; programme risk; responding to risk and regulation; security services; and third party assurance. Our numbers include revenues from work that some firms would class as risk assurance (as opposed to risk consulting), because these services are either closely related to work around or adjacent to the financial audit or are designed to assure against, i.e., pre-empt specific risks materialising. In line with the approach we've taken throughout our market trends programmes, our numbers exclude revenue from implementation.

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1 The global risk consulting market

The global risk consulting market was worth $53bn in 2020, down 2% on the previous year. Although, as noted above, this was a comparatively strong showing during the most serious crisis ever in the professional services sector, performance was uneven.

Two sectors performed especially well, pharma and healthcare, both of which had been the areas of highest growth pre-pandemic. Increasing regulation and the growing maturity of the risk function in both sectors, against a backdrop of rapid changes in technology and working patterns, saw rapid growth, albeit in a small, highly specialised part of the market—the combined pharma and healthcare markets account for just 8% of the total market. The crisis amplified these trends, and with resources focused on other, more urgent areas, pharma and healthcare companies needed extensive external support. That pattern is likely to continue for at least the next three to four years, especially in the healthcare sector where senior executives and governments are starting to look towards the post-crisis review of future resilience that will inevitably be needed.

Two sectors performed especially badly—and as a direct result of the pandemic. The services sector (which in our definition includes transportation) and energy & resources were both badly hit by the crisis, meaning that organisations had to cut back on external work that would, in normal times, have been considered non-discretionary. For energy companies, the situation was exacerbated by a fall in oil prices, pushing these organisations back into the cost-cutting mode of seven years ago, when prices last plummeted. For the services sector, the situation was unprecedented: Some clients we spoke to last year described how they'd had to wind up swathes of their operations. It could have been worse, however. Many chose to outsource parts of some functions, rather than restructure, in the belief that, when their market recovered, there would be a surge in pent-up consumer demand. Both of those strategies made themselves felt in the risk market in the services sector, with organisations forced to cancel almost all external support, except the bare minimum of help around regulatory compliance, which they didn't have the capacity to do themselves.

Between these best and worst-performing areas, there were three sectors in which performance was mixed, largely because the impact of the crisis was itself mixed.

Two sectors performed especially well, pharma and healthcare, both of which had been the areas of highest growth pre-pandemic.

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The global cybersecurity consulting market

We estimate that the cybersecurity consulting market (which excludes implementation-related work) was worth almost $18bn in 2020. Although cybersecurity is a worldwide concern, 45% of this market is concentrated in North America, partly because in the past it's been closely tied to the financial services sector—which still accounts for 23% of the global market and is itself heavily concentrated in the US.

Constant waves of new cyber threats means that this market has seen higher-than-average growth rates in the past, with 2019's 11% expansion being no exception. Moreover, at the height of the pandemic in 2020, this was also a market that saw exceptional growth—our estimate is that the growth rate doubled to 24%. The reasons for this are obvious. The mass move of business to remote work, the boom in online shopping and home delivery, the need for some organisations to share data with partner organisations and for others to massively step up the level of protection they applied to private data, all contributed to a huge acceleration in the adoption of new cybersecurity software, processes, and protocols. Some of these were retrofitted, designed to cover problems that had arisen when the crisis was at its most chaotic and only identified as some degree of normalcy began to return. Simply put, our numbers indicate that two years' worth of new cybersecurity work was packed into a single calendar year. No wonder firms tell us that their cybersecurity practices have never been busier.

From a regional point of view, the 2020 growth rates are relatively consistent. From 21% in Europe and the Middle East, where prior investment in this space meant that clients were comparatively well-protected, to 26% in the relatively small and immature African market, where the shift to virtual working and living started from a lower base. But at the other end of the spectrum, the mature and well-prepared North American market also had strong growth of 26%, reflective of the size of the financial services market in this region. The African market may be playing catch-up, but the target it's aiming for is also moving.

Understandably, there's more variation from a sector point of view. Growth was highest in pharma, up to an extraordinary 56% in 2020, from 19% the year before. It's a relatively small market, worth just $425m in 2020 we estimate, equivalent to just 2% of the global total, so small changes in actual terms can result in eye-popping percentages.

Constant waves of new cyber threats means that this market has seen higher-than-average growth rates in the past, with 2019's 11% expansion being no exception.

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2 The client perspective: Risk within the client organisation

The pandemic has changed attitudes to risk

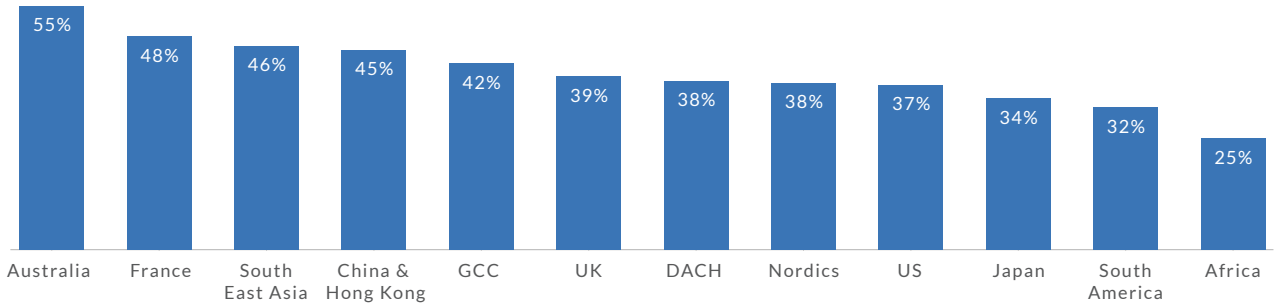
US organisations were significantly more likely to say that the crisis has made them aware of how much more they need to invest in technology (60% to 37% in the UK).

In light of the pandemic, rethinking risk and resilience is the second most important business priority globally. Forty percent of organisations say it's one of their top three priorities, and only ensuring cash flow and capital efficiency is more important. Geographies vary, from 55% of clients in Australia saying this is one of their top three priorities to 25% in Africa.

In the US and UK—the most developed risk services market in the world and the focus of this report—the proportion is 37% and 39%, respectively. In these markets, and as a direct result of the crisis, more time and effort are being invested in risk, decisions about risk are being accelerated, and organisations have become more aware of the need to use technology effectively. US organisations were significantly more likely to say that the crisis has made them aware of how much more they need to invest in technology (60% to 37% in the UK)—further evidence, if any were needed, of US executives' view that technology is an almost universal panacea. Large and upper-mid-sized organisations have had similar reactions to the crisis, but the latter are more likely to say that decision-making is faster (64% to 45%) and that more, different functions are now involved in risk-related activities (51% to 40%).

Figure 12

The proportion of clients who say that rethinking risk and resilience is one of their organisation's top three priorities.



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Figure 13

How, if at all, has the pandemic changed your organisation's attitude to risk?



What's absorbing management time?

Two types of risk stand out: cybersecurity and financial risk.

Neither is a surprise: Cybersecurity has topped the risk agenda in almost all research we've carried out in the last five years, a testimony to the constant state of anxiety felt at the highest levels in organisations. That anxiety is now being reinforced by a constant stream of high-profile cyber and now—increasingly—ransomware attacks, such as those on the Colonial Pipeline in the US and the health service in the Republic of Ireland, both in May 2021. Interest in financial risk, of course, is the inevitable consequence of the economic impact of the pandemic. That financial risk is actually more of a concern than cybersecurity in the US (58% to 47%) demonstrates just how serious that impact has been.

Upper-mid-tier organisations are scrambling to catch up with the investment already made by large business. Sixty-three percent of clients in upper-mid-sized organisations said cybersecurity was one of their top three risks, compared to 50% in large organisations.

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3

Insights from consultants

Interviews with consulting leaders

At Source, we have always believed that the only way to truly understand a consulting market is to have real conversations with the consultants who are on the ground working in that market, serving their clients day in and day out. Below, you'll find condensed versions of our most recent discussions with risk & cybersecurity consultants, as they reflect on 2021, telling us how the previously unimaginable events of 2020 are reshaping the market, and in the case of a few brave souls, venturing a guess as to what comes next.

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Nicholas Bahr, Operational Risk, Safety, and Resilience Global Leader, DuPont Sustainable Solutions

In a nutshell, how have the last 6 to 12 months been for the risk market?

I've been in the risk business for more than 35 years, and I've never seen anything like what's happened. We're at an inflexion point where our risk profile is changing. First, if you look at risk across the 20th century, you notice that we've solved our challenges through siloed vertical solutions, but we can't use that approach anymore. The pandemic has demonstrated how we all impact one another, whether we recognise it or not.

Second, ESG and sustainability are recognised as much more serious impact factors in the risk market than before, particularly in the carbon, oil, and gas industries. Just in the last week of May this year extremely important changes occured at ExxonMobil (shareholder activities forcing sustainability representation on the Board), Chevron (also had their shareholder global climate change activitists rebel), and Shell (told to implement sustainability programs globally). Everyone is becoming more aware of ESG, and this is pressing and accelerating that inflexion point. Third, we are seeing that the public is much less tolerant of impacts from natural disasters, accidents or cyber attacks. We can see this in just the past few weeks: There have been fires in Southern Europe, heat domes in the US, and flooding in Germany and China. Cyber resiliency is also rapidly escalating, what we saw with the US Colonial Pipeline cyber attack is a very public example, but similar attacks are quietly happening all over the world. With all three of these factors at play concurrently, there's massive pressure on businesses to consider scenarios they haven't had to consider before.

What do you think will happen to the market in the upcoming years?

I'm convinced we'll see massive changes in the risk industry over the next couple years. These pressures are going to create a lot of market volatility, for better or worse. The main question is what companies are going to do about it. Cyber security is clearly important because people are hiring security experts to try to solve it. Some of that will be internal, although most companies will have hire significant outside help. But the decarbonisation aspect is something that people don't know how to manage yet. The sustainabilityindustry is in flux, because it's still a young industry—very much in diapers compared to other risk areas that have been around for hundreds or thousands of years. Consultancies clearly see it as important because they are all buying up sustainability companies. Even our firm has acquired key ESG assets. I can confidently say it's an immature market because people aren't yet seeing their sustainability profile as an opportunity rather than as a cost centre. Right now much of the ESG industry is still focused on reporting and compliance. This is the same thing I saw in safety risk 40 years ago.

Is it effectively a tipping point where enough critical mass will move sustainability forward?

Global climate change is simultaneously happening in multiple parts of the world, which will cause this inflexion point to come under increasing stress over the next couple of years. For example, because sea levels are rising quickly, businesses are going to have to start thinking about whether they can build factories in the same lowlands they might have used before, because that area is now more prone to flooding. I don't think that concern will stop a factory being built, but it does mean that longer-term climate considerations will start to be taken into account. Most companies aren't currently accustomed to looking ahead 25 or 50 years from a climate perspective. Especially in the oil, gas, and carbon industries, a critical mass of companies could make this change. All these factors coming into play at the same time means it's hard to visualise the future—we're in the middle of history right now. But I feel strongly this inflexion point will happen because current risk operations aren't sustainable. What will siginficantly impact this tipping point is once companies start truly looking at how to implement the circular economy in their complete value chain—taking a more holistic approach to ESG and not point solutions like just decarbonisation or just better water management.

As we enter this age of continuous crises, what are the implications for companies?

It's true—crises are going to accelerate rather than diminish. And the next will be more harsh than the previous. This is the third coronavirus, after SARS and MERS, but it is the first global pandemic in a hundred years. It's proved to us that we must be prepared for the unforeseeable. Climate change itself isn't that unforeseeable, but with business and social interconnectivity, this means pandemics will rise much faster.

Pandemics are grey and vague, creating a melded response and recovery. This lack of beginning and end, and the unfortunate reoccurrences of the virus, throws companies off. Their emergency plans were all about short finance emergencies, like a fire, earthquake,

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hurricane, or tsunami. I run an annual global executive survey, and the results of our upcoming one will show that businesses are too lean and clearly weren't well prepared for Covid-19. Companies have overly cut to the bone and have made redundancies purely for efficiency without considering how this might affect their ability to manage in different scenarios. They must decide how to optimise and be smart about being lean. What companies need to better articulate in their business is taking a "smart" lean approach.

How can companies drive this innovation in being lean?

Looking at the current space, this kind of innovation simply doesn't exist, so we have to invent it. In the 20th century, we did great things in biotech and computing, by solving problems in that closed-box, vertical way. But now that risks are more commonly transnational, we don't have problems that can be easily solved by a single entity. Something like a pandemic can't be fixed by the pure will of a government, community, or individual. We're in a new era in which the wave is building even as the riptide is pulling us inside of it, so we don't know how large the tsunami will be. We'll know afterwards, but it'll be too late.

Clearly the pandemic taught everyone that digital is the enabler in the innovation sphere. The most common phrase I've heard from companies is, "I wish I'd digitised earlier so I could have taken more advantage of it." So, we've invested heavily in digital as an important enabler, but it's not the solution itself. The success factor will be how we mentally innovate, learning to be more open-minded and in harmony together. We have to change our mindset about the perception and management of risk.

Does the competition for resources make people less willing to cooperate?

We don't have that Soviet-versus-America bipolar world now; it blew out a couple of decades ago. In fact, we don't even have a multipolar world now, as so much has become convulsed and turbulent. Geopolitics has always been there, but it's more fragile and in flux now, because we are hyper interconnected yet global supply chains are more fragile. Just look at when that ship blocked the Suez Canal and temporarily impacted the global GDP, or the way a climate event in the U.S like a large scale hurricane can impact the price of gas at the pump. Companies must be aware of their supply chain geopolitics because there are a lot of tensions and stresses, particularly in Asia. India's "Make in India" initiative means it is resurging as a major origination hub to compete with China. Future competition between those two countries will be much stronger. I also frequently hear companies in Europe and North and South America debating whether to re-shore or continue to source from far away.

How will this change the consulting landscape for companies like DuPont Sustainable Solutions?

The general management consultancy approaches haven't changed much over the last 50 years. But I think because of the inflexion point, there's going to be a total reshape. Our industry is evolving and maturing, and I think in a few years it'll be totally unrecognisable. There'll be fewer people in the consulting industry because it will become more digitised and efficient. The consultants themselves will have to change their modus operandi to become more digitally competent and innovative.

We're also seeing a more holistic, rather than bifurcated, approach to solutions, because the problems are too complex to have Band-Aids stacked on top of one another. Before, you could solve a problem based on how a corporation, government, or public organisation might react. Now, you have to look at a multi-faceted solution that the company could drive but won't necessarily own. There is also an increase in unpredictability because one can't always foresee the impact of geopolitical situations or sustainability risks on long global supply chains. This will cause anxiety because the sphere of control has become rigid yet risks seem infinite and uncontrollable. So, when I'm hired, I have to help companies view problems differently. We have to be agile and apply all the lessons we've learned during the pandemic to drive this new thinking forward.

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5

About this report

Methodology

Sources

Megamodel: our global data model

The quantitative market data in this report comes from our unique model of the global professional services market.

Rather than making high-level assumptions, this model has been built from the bottom up, sizing the market capability by capability—assessing how much work a firm earns delivering each professional capability within each sector and country. This results in a robust view of the size of the supply-side market, which can then be broken down to view the size of the market by country, sector, line of business, capabilities, and market segments.

This year's model has been expanded, with a new capability taxonomy and a much broader range of professional services firms included—all of which reflects convergence and other changes we see in the industry. For the purposes of this report we've focused on types of firm and market segments that broadly equate to traditional definitions of consulting. As a result of these changes to our methodology, there are changes to our market sizing data, which take into account that conventional consulting firms now compete in many non-consulting markets—in essence that their addressable market is larger. Historic data has been restated to match our new definitions, but the inclusion of new types of firm and additional services may also have an impact on growth rates.

Alongside this market segmentation, we also limit our market sizing and analysis to what we at Source call "big consulting"—work done by mid and large-sized firms (those with more than 50 people). Please note that we don't track the long, thin tail of work done by contractors and very small firms, as most readers of this report would not seek or be able to compete in this part of the market.

All of the data in the model is calibrated through extensive interviews with, and surveys of, professional services firms and their clients, allowing us to discuss broader trends in the market alongside detailed dimensions such as headcount. These interviews and surveys are supplemented with desk research, which allows us to assess the impact of wider macroeconomic trends on professional services. This, combined with our detailed modelling, results in a long-term view of the market that is able to support both historic and forecast data.

All figures given in this report are in US dollars. For reference, Source is using the following exchange rates in its reports this year:

US dollar to British pound US$1 = £0.78
US dollar to euro US$1 = €0.87

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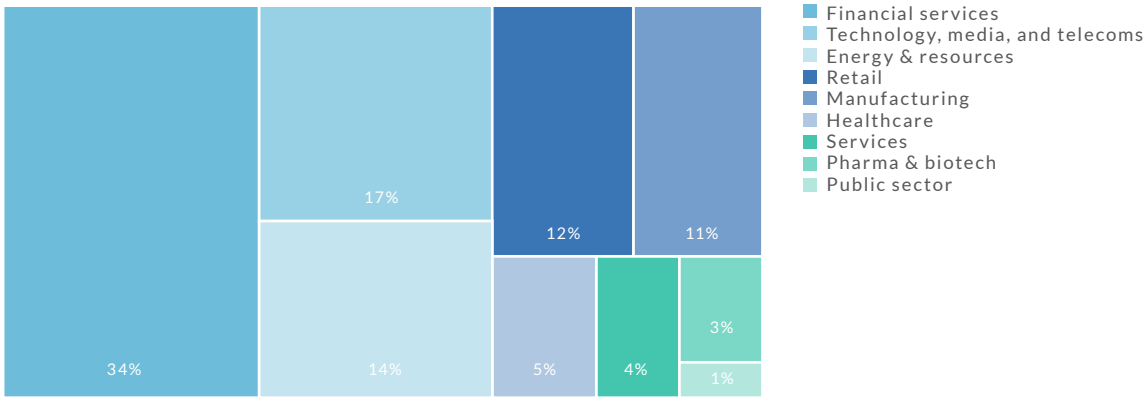
Client perspective

We carry out a client survey to help us build a rich picture of how different trends in risk & cybersecurity are affecting clients' organisations and their use of consulting. For this, we surveyed 100 senior clients of risk & cybersecurity firms, all of whom work in organisations with more than 500 employees. This survey focuses on the following areas:

- How they expect to use consultants during 2021 and the first half of 2022
- Factors that affect the way clients work with risk & cybersecurity consulting firms
- The ways consulting firms market themselves to clients and the impact this has on client decision-making

Figure 52

Respondents by sector



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Figure 53

Respondents by organisation size

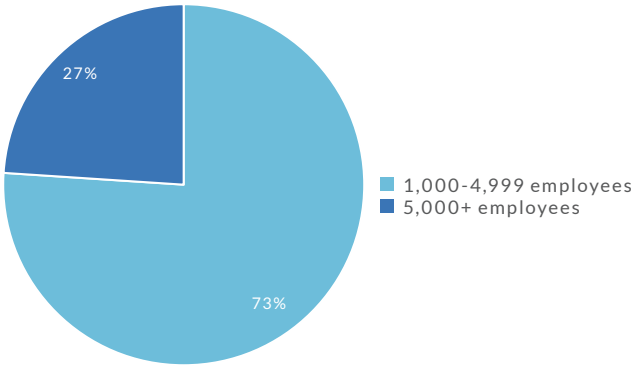
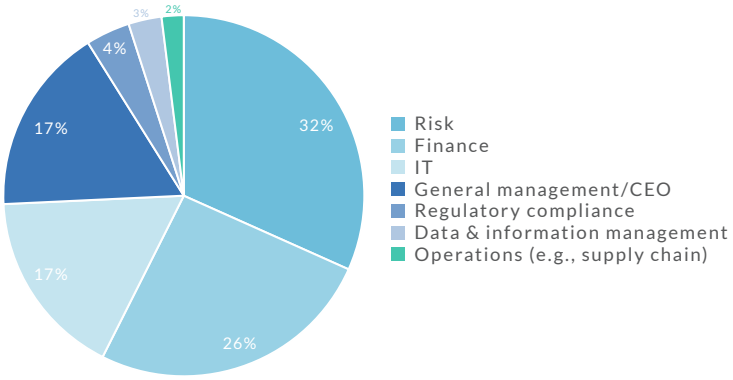


Figure 54

Respondents by function



Interviews with senior consultants

In addition to our quantitative research, we interviewed 12 very senior risk services professionals (typically the most senior person in their country) from most of the leading risk services firms and many smaller local specialists to understand more about how the market is performing and the major trends, changes, and challenges that risk services professionals and their clients face. Throughout the year, Source analysts remain plugged into the global risk & cybersecurity services market through our bespoke research and projects, adding further depth to our understanding of the industry.

In-depth desk research

We also conducted a thorough PEST analysis on risk & cybersecurity that drills down into finer macroeconomic details on a holistic and sector-by-sector basis and allows us to fit our research into a wider macroeconomic picture.

Definitions of sectors and market segments

Our definition of management consulting includes a broad range of business advisory services, but excludes:

- tax advisory
- audit
- the implementation of IT systems
- the delivery of outsourced/offshored services
- HR compensation/benefits administration and technology

Where mergers and acquisitions work is concerned, consulting on deals is included (under strategy), but corporate finance fees on deals themselves are generally not included, although it is not always straightforward to separate the two.

For more information about how we classify consulting services and sectors, please see "Definitions of sectors and market segments".

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Definitions of sectors and services

Sectors

Energy & resources

Energy
Includes the exploration and production of energy, including oil, gas, coal, and renewables.

Utilities
Includes the delivery of electricity, gas, water, sanitation, and other related services.

Primary resources
Includes agriculture, chemicals and chemical products, commodities, forestry, fishing, metals, mining, and plastics.

Financial services

Banking
Includes retail banking, commercial banking, and lending.

Insurance
Includes general insurance (e.g., motor, home, pets, health—anything on an annual contract), life insurance, pension products, and retirement planning.

Private equity
Includes both consulting work for private equity firms and consulting work with private equity portfolio businesses.

Capital markets
Includes investment banking, trading of stocks and financial products, corporate finance, and broking.

Investment and wealth management
Includes private banking, high net-worth banking, investment management, trust funds, the management of pension funds, and asset management.

Manufacturing

Aerospace
Includes space research and technology, the manufacture of aircraft, aircraft parts, rockets and other space equipment, and tanks and ammunition.

Automotive
Includes the manufacture of motor vehicles, industrial vehicles, and vehicle supplies and parts.

Construction
Includes surveying, architectural, and engineering services, heavy construction, house building, and the building of infrastructure.

Consumer packaged goods
Includes the manufacture of clothes, foods, alcohol, tobacco, furniture, home furnishings, cleaning products, small arms, children's toys, and sports equipment.

Consumer and industrial electronics
Includes electrical components, household and industrial appliances, commercial and professional equipment.

Industrial products
Includes industrial machinery, steel and metal products, and plastic products.

Pharma & biotech

Includes research into and the production of drugs, biological products, medicinal chemicals, and life sciences.

Healthcare

Includes private and publicly-funded healthcare, hospitals, laboratories, and medical equipment.

Public sector

Government
Includes federal/national, state/regional, local government, emergency services, justice, social services, public transport, and conservation.

Education
Includes public and private schools, universities, and libraries.

Defence
Includes national security and consulting around defence issues.

Not for profit
Includes non-commercial research organisations, religious, political and professional membership organisations, trusts, labour unions, and business associations.

Retail

Includes the selling of clothes, food, consumer goods, and automobiles.

Services

Logistics
Includes warehousing, storage, packing and crating, and distribution including cargo, freight, and haulage.

Business services
Includes services relating to law, accountancy, IT maintenance, security systems, advertising, employment agencies, and vehicle leasing.

Leisure
Includes museums, art galleries, theatre, golf courses, hotels, hospitality, travel agencies, restaurants, and bars.

Real estate
Includes estate agencies and operators of residential and commercial buildings.

Transportation
Includes private and people-related transportation, including airlines, airport management, train operators, rail infrastructure management, water transportation, courier services, and private bus services.

Technology, media & telecoms

Telecoms
Includes telephone, mobile, digital, and other communication services.

High-tech
Includes IT-related devices, computer and computer-related devices, audio and video equipment, broadcasting and communication equipment.

Media
Includes radio, television, and digital broadcasting stations and services as well as printing and publishing of newspapers, periodicals, and books.

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Services

For the purposes of this report, we've categorised the risk & cybersecurity services market into sub-services that span the financial, operational, and technological aspects of a business. Some sub-services, notably cybersecurity and regulatory-driven work, play a major role in the overall market and feature heavily in this report. However, when sizing the risk & cybersecurity services market as a whole, we've also included smaller, more specialised sub-services, such as security and actuarial. Please note that, while insurance is a form of risk management, we've not included insurance services within the scope of this report.



Cybersecurity
The protection of an organisation's systems, data, and networks against cyber threats., including the building of internal systems, processes, and controls to provide resilience and security from cyber threats.



Actuarial
Financial and statistical modelling to assess risk and identify the likelihood of risks occurring. It includes advisory work such as providing advice on risk measurement and modelling techniques.



Financial risk
Identifying, assessing, modelling, monitoring, and managing risk associated with the management of an enterprise's holdings—ranging from money market instruments through to equities trading. It includes risk associated with an enterprise's ability to convert an asset or security into cash to prevent a loss.



Governance, risk, and compliance
Helping clients build a risk-resilient organisation as a whole, via the better identification, measurement, and mitigation of risk; helping clients design and implement their internal control environment across the organisation.



Internal audit
Designing, building, and running internal audit teams, including risk assessment, planning and execution.



Operational risk
Identifying, assessing, modelling, monitoring, and managing operational risks.



Programme risk
Identifying, assessing, modelling, monitoring, and managing programme risks.



Responding to risk and regulation
Anticipating and adapting to regulatory change in order to achieve a cost-effective balance between compliance and risk.



Security services
Providing advice and technology solutions to develop the capability to manage and mitigate security risks.



Third-party assurance
Assessing and evaluating external suppliers, partners, and procurement processes from a risk standpoint; including supply chain risk assessment; contract review, and compliance.

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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).

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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.

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Programme schedule for 2021

Reports 2021		Market Trends Programme	Client Perception Studies	Emerging Trends Programme
Q1	January	Forecasts for 2021 US GCC UK Nordics Canada	UK US	
	February		Germany Financial Services	
	March		Healthcare & Pharma GCC France	Buying and Selling
Q2	April	France DACH Australia Southern Europe	Nordics Energy & Resources Technology, Media & Telecoms	
	May		China Japan	Digital, Transformed?
	June			
Q3	July	China Benelux South America South East Asia India Japan Eastern Europe & Russia Africa Energy & Resources Financial Services		
	August		Perceptions of Risk Firms Perceptions of Tax Firms	Consulting's New Talent Crisis
	September		Perceptions of Audit Firms	
Q4	October	The Global Tax Advisory Market The Global Risk & Cybersecurity Services Market Healthcare & Pharma Technology, Media & Telecoms Consumer Products & Retail Planning for Growth in 2022		
	November			Building a Trusted Brand
	December			

Please note that with the purchase of all Market Trends reports in 2021, you will also gain access to a monthly video summary on the global market, presented by Fiona Czerniawska.

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About us

Source analyses the way in which economic, business, behavioural, and technology change drives how organisations use professional services, and the implications that has for professional services firms.

Since its inception in 2007, Source has invested in sophisticated, proprietary research techniques that not only provide unique insights on current and future trends in the market, but also provide a better and faster solution than you would be able to reach yourself.

Our analysis and recommendations are derived from data and experience, and we use our team's extensive knowledge of the industry to provide actionable and clear conclusions on the best course of action for you and your firm. Our insights have underpinned some of the biggest strategic investment decisions made by professional services firms around the world.

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Our custom work

In addition to our report programmes, we also provide custom advice and research-led consulting services to the world's biggest and most successful professional services firms, helping them identify the best areas for investment and plan their strategic responses.

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.