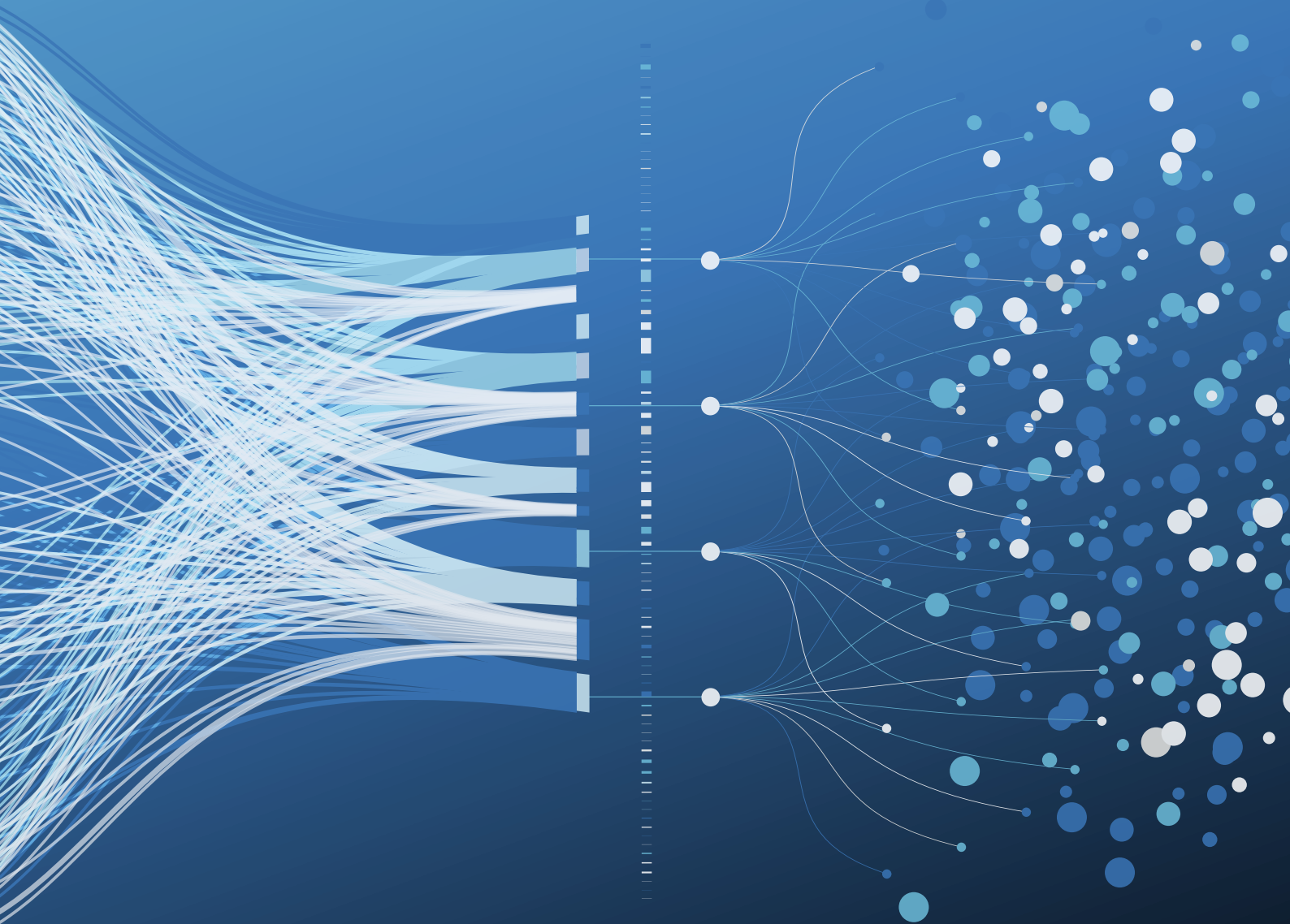


Planning for Growth in 2022

Market Trends Programme





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Introduction

We often describe clients' appetite for consulting as cyclical and talk in terms of pent-up demand, but never before has that last term been more apt. 2021 has, at least for most consultants, been the year of the rebound. After the cancellations and postponements that characterised the first months of the pandemic, we were already hearing positive stories from consultants—especially those in Asia-Pacific—about client spend picking back up when we wrote last year's *Planning for Growth* report. Now, that's the story for many consultants all over the world: Pipelines have been repopulated and many firms are now operating at capacity as clients unleash demand pent-up for over a year.

For our latest report, we're sticking with the format that made its debut in last year's report. Drawing on the hundreds of conversations that we have with senior figures in both client organisations and consulting firms, we've created five offerings* from the capabilities in our global data model and asked our analysts to use their knowledge and instinct to score them for their attractiveness to both clients and providers: 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. This year's offerings are as follows:

- **Workforce transformation**
- **New-model supply chains**
- **Next-gen information management**
- **Going beyond greenwashing**
- **Making digital BAU**

We've polled our analyst community to crowdsource our assessment and no opinion has carried more or less weight: This report is, in the truest sense, Source's opinion.

For the first time, we're also putting a dollar value to these five offerings. This is one of the benefits of the granular nature of our data model; we can reconfigure and recombine its constituent parts to build new offerings. It's something that we do for clients on bespoke projects all the time, but this is a rare occasion for us to showcase that approach in Market Trends. It's important to note that our analysts didn't know the size of the market when they scored each offering—we didn't want them to be swayed by the current dollar-value when there are so many other factors at play and because this is a forward-looking report.

For context, it's worth knowing that even the smallest offering of the five in this report is still larger than the entire Japan consulting market, as defined in our Market Trends reports.

*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.



Sizing methodology

We build our model from the bottom-up, sizing the global professional services market from the information we get from consulting firms and our own research. Our global model 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. It therefore reflects the “addressable” market for the majority of mid- and large-sized consulting firms; we don’t try to track the long, thin tail of work done by very small firms or for very small clients, nor the contractor market.

We should emphasise that there are no standard sources or definitions of market sizing data within geographies let alone between them. We are, however, confident that the richness of our qualitative data, combined with Source’s unparalleled industry expertise, means that our analysis fairly and accurately reflects the state of the market.

To size the offerings we have taken relevant parts from each capability in the model and aggregated them to form multidisciplinary markets.



Scoring methodology

Our scoring methodology 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 | | | |
|---|---|---|---|
| Resonance How engaged are the general public, employees, and the C-suite? | Intervention Is there pressure to act from external forces? | Impact Is it possible to make a tangible impact? | Scarcity How available are the technology, people, and data required? |
| Provider offering | | | |
| Foundation What's already in place? | Size How big is the opportunity? | Execution How complicated is delivering the offering? | Predictability 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 2022

| Reports 2022 | | Market Trends Programme | Client Perception Studies | Emerging Trends Programme |
|--------------|-----------|--|---|---|
| Q1 | January | Forecasts for 2022 UK GCC India France | UK US | |
| | February | | Germany Financial Services | Pricing: Your Biggest Barrier to Change? |
| | March | | GCC France Healthcare & Pharma | |
| Q2 | April | Nordics US DACH Australia China South East Asia Sustainability | Nordics Energy & Resources Technology, Media & Telecoms | |
| | May | | China Japan | Innovation: What do Clients Really Want? |
| | June | | | |
| Q3 | July | Tax South America Japan Africa Financial Services Energy & Resources | | |
| | August | | Risk Tax | The New Consulting Value Chain |
| | September | | Audit | |
| Q4 | October | Risk Consumer Products & Retail Healthcare & Pharma Planning for Growth in 2023 | | Next-generation Multidisciplinary Working |
| | November | | | |
| | December | | | |

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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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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.