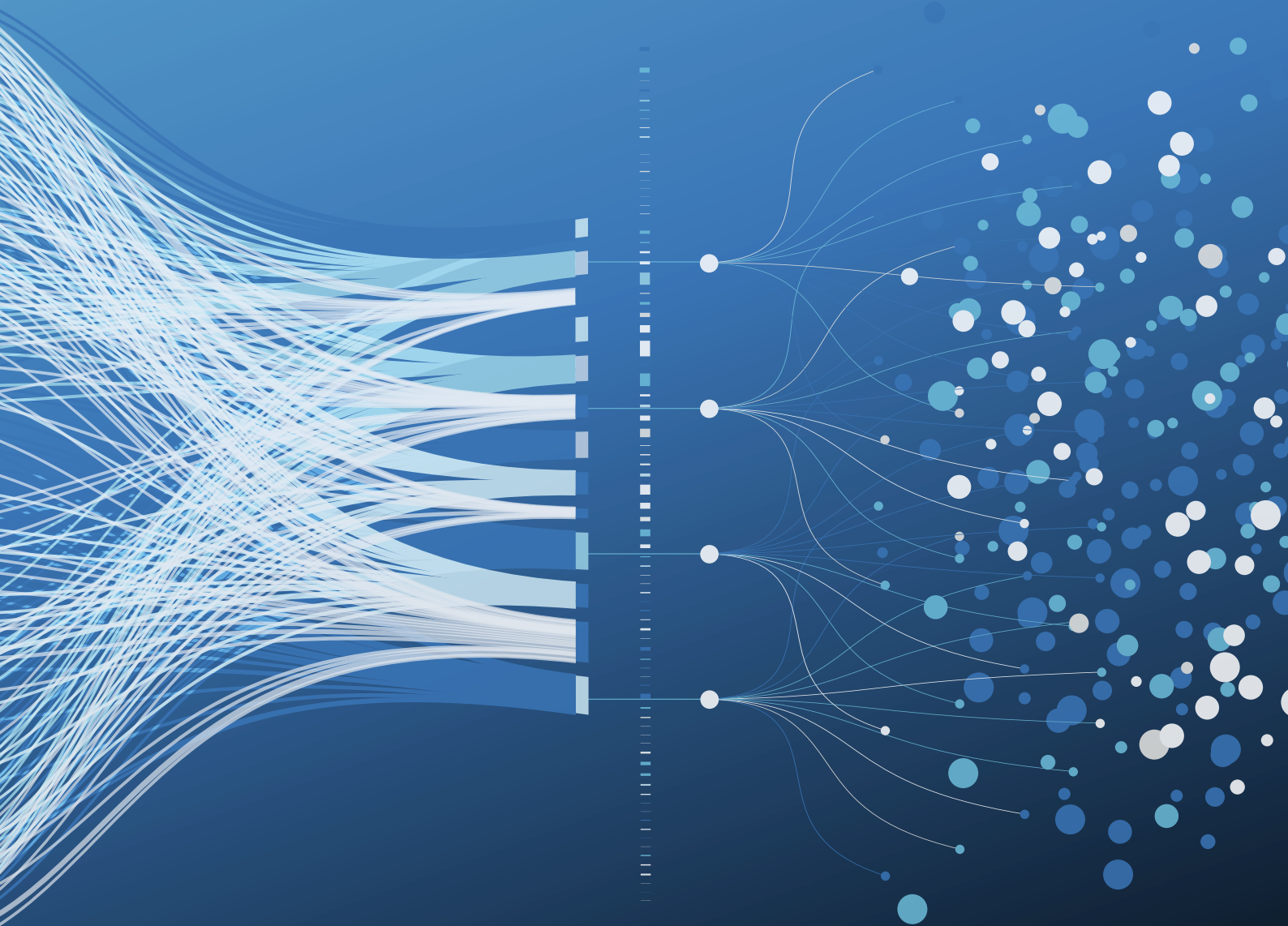


February 2022

EXTRACT

# Forecasts for 2022

Market Trends Programme





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A high-level look at what consultants can expect from 2022.

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## About this report

Our report draws on three 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

A detailed view of our methodology and more information about Source can be found below:

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# Introduction

And the good news for consultants is that there appears to be very little chance of the market sliding backwards going into 2022.

Last year, clients told us that 2020 had been challenging, but they were optimistic that 2021 would be a year of new opportunities amid widespread expectations, or hope, that the worst of the pandemic was behind us. While the pandemic proved far from over, with COVID-19 and its variants continuing to wreak havoc on peoples' lives, last year was indeed a good year for consultants, delivering a sharp recovery and a variety of new opportunities. And the good news for consultants is that there appears to be very little chance of the market sliding backwards going into 2022.

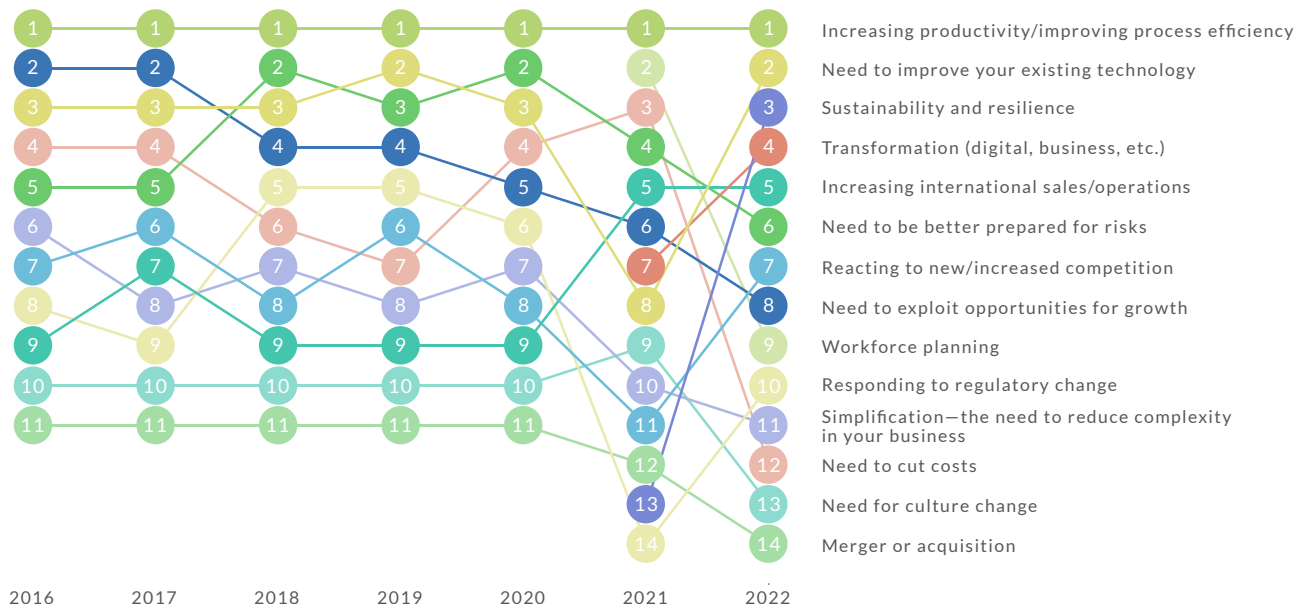
While the arrival of Omicron may have somewhat dampened spirits at the tail end of last year, the success of vaccine rollouts in many countries has ensured that, overall, the mood has remained cautiously buoyant. Indeed, while angst and unknowns were a trigger for trepidation, and consulting budget cuts, in the early days of COVID-19, ongoing uncertainty about the shape of the post-pandemic world is proving a strong driver of consulting opportunities.

Consultants' optimism appears well justified in light of what clients are telling us about their plans and goals. When we surveyed clients at the end of 2020, it was of little surprise to see back-office refinement high on the agenda along with the need to be better prepared for risks. And while productivity and efficiency are still at the top of the client agenda, it's clear from our latest survey that the last two years have created a lot of churn in clients' priorities going into 2022. In previous years, it was not uncommon for one issue to move in or out of clients' top five over the course of a year, but this year there are three new entrants in the top five, with improving existing technology and transformation moving into second and fourth place, respectively, after mid-table placings last year. Even more dramatic, sustainability & resilience has surged from 13th last year to third this year. At the same time, two of last year's top five—workforce planning and cost cutting—have plummeted down to 9 and 12 respectively, with clients having engaged in urgent work in both areas in the last 18 months.



Figure 1

What clients say is impacting their business over the next 18 months



So, just as the initial phase of the pandemic triggered a major reshuffling of the client agenda, we're now seeing a second shake-up as clients begin to emerge from the crisis. It's clear that clients expect to be very busy in the next 18 months, not only engaging in familiar back-office work and growth work, but also planning a wider revamp of their businesses, their technologies, and their impact on the planet.



## Which will be the growth sectors in 2022

For 2022, we predict consulting demand in most sectors will see solid-to-strong growth, although a couple of sectors look set to be even more positive as the fallout of the pandemic continues to spur growth and innovation. Below, we look at what clients in each sector tell us about their plans for the next 18 months and which areas of their organisations will be turning to consultants for help.



## Growth forecasts

### A word on methodology

In creating our growth forecasts, we take a number of things into account:

- Historical market performance, based on the last full year for which we have data (in this case 2021)
- Macroeconomic factors, such as forecast GDP growth
- Qualitative and quantitative data from in-depth interviews / surveys with both clients and consultants

## Growth forecasts by sector

### Financial services

#### What's impacting clients' organisations in 2022?

Increasing international sales/operations  
Increasing productivity/improving process efficiency  
Transformation (digital, business, etc.)  
Sustainability and resilience  
Need to be better prepared for risks  
Need to improve your existing technology

#### Where are clients most likely to turn to consultants for help?

Transformation (digital, business, etc.)  
Need to cut costs  
Sustainability and resilience  
Increasing international sales/operations  
Need to be better prepared for risks  
Merger or acquisition

#### Services most likely to grow

- Operational improvement
- Data & analytics
- Business strategy



**Forecast for growth for 2022**  
Medium – high: 8-12%



# 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.

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\$. For reference, Source is using the following exchange rates in its reports this year:

US dollar to British pound US\$1 = £0.73

US dollar to euro US\$1 = €0.84

#### Definitions of sectors and lines of business

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 lines of business”.



## Definitions of sectors and lines of business

### 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.





## Services

We've taken the lines of business and capabilities from our taxonomy that broadly align with traditional definitions of consulting and divided them into services that include the following. Please note that for some lines of business, for example, forensics, we've taken a subset of the relevant capabilities and excluded others.



### Cybersecurity consulting

#### Cybersecurity

Includes cybersecurity advice, cybersecurity incident response, penetration testing & wargaming.

#### Risk

Includes technology & security risk services



### HR, change & people strategy

#### HR & change

Includes benefits, compensation & pensions (excluding actuarial & investment advice), change management, diversity & inclusion, employee engagement, governance & board effectiveness, HR strategy & effectiveness, leadership, organisational design & culture, organisational training & development, outplacement, pension fund evaluation & advice, performance management, stakeholder management, talent management, team effectiveness & collaboration.

#### Sustainability

Includes resource-efficiency implementation, resource-efficiency strategy, social impact & trust, sustainable investment.



### Operations

#### Operations

Includes benchmarking, business continuity & recovery, cost cutting, customer service, DevOps, distribution strategy, lean & six sigma, operational review, outsourcing advice, post-m&a integration, process design, re-engineering & automation, procurement/purchasing, property & estate management, sales & distribution planning, sales force effectiveness, supply chain management, target operating model.

#### Real estate

Includes corporate, occupier services & facilities management, integrated real estate developer services, real estate deal/transaction services.

#### Sustainability

Includes sustainable supply chain.



### Risk & financial management

#### Financial management

Includes budgeting/financial planning process, debt advisory, finance function, financial advisory, financial restructuring & insolvency.

#### Forensic

Includes eDiscovery, forensic accounting.

#### Risk

Includes operational risk, programme risk, responding to regulation, risk management.



### Strategy

#### Data & analytics

Includes advanced analytics.

#### Deals

Includes capital allocation strategy, commercial due diligence & valuation, financial due diligence, M&A transaction strategy, operational due diligence, portfolio & investment strategy, public-private partnerships, technology due diligence.

#### Real estate

Includes real estate strategy.

#### Research

Includes customer feedback, customer segmentation, employee feedback, environmental & social impact research, macro/microeconomic research, market research.

#### Strategy

Includes business & financial modelling, category management, channel management, corporate recovery & turnaround, corporate restructuring, corporate strategy, market analysis & strategy, policy formulation, pricing, strategic sourcing/offshoring services.



### Technology & innovation

#### Data & analytics

Includes data visualisation, business intelligence & semantic layer.

#### Design & UX

Includes corporate identity, customer journey & UX benchmarking, graphic & UI design, UX & service design.

#### Innovation

Includes ideation, innovation management, innovation strategy, strategies for growth from innovation.

#### Sustainability

Includes clean technology, green IT.

#### Technology

Includes cloud advice, ERP consulting, IT strategy, planning & review, IT training, programme management, vendor selection.



## About the author

### Ashok Patel

Ashok is a writer and editor at Source in our Market Trends team. He is an experienced writer, editor, and analyst, providing insights into the latest trends and developments across the professional services market. He has been quoted by a variety of trade publications and has previous experience in Source's Client Perception Programme. Prior to joining Source, Ashok was an editor and consultant in the commodities market, as well as working in the UK automotive industry.

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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	
	March		GCC France Healthcare & Pharma	Pricing: Your Biggest Barrier to Change?
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			

Please note that with the purchase of all Market Trends reports in 2022, you will also gain access to a monthly video summary on the global market.

### 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.

## About us

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We analyse and examine how change drives the way organisations use professional services, and the implications that might have for professional services firms.

Derived from data, years of experience, and sophisticated proprietary research, we use our team's extensive knowledge of the industry to provide actionable and clear conclusions on the best course of action for professional services firms around the world. Our insights not only provide interesting reading, but they have underpinned some of the biggest strategic investment decisions made by firms around the world.

So, how can we help you?

## How we can help you \_\_\_\_\_

In addition to our reports, we also provide custom advice and evidence-based consulting services to the world's biggest and most successful professional services firms, helping them to better understand their markets and the challenges and opportunities they face. Underpinned by original research, interviews with your clients, extensive surveys of buyers of professional services, and our wealth of data and experience, our work is designed to help you fully understand the markets in which your firm operate, and want to operate.

Among other things, our offerings include:

- Market entry strategy
- Competitor profiling and research
- Access to our MegaModel tailored to your definition of the market

For more information about any of these, or our other work, please visit our website, or get in touch.

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