

Report
October '22

EXTRACT

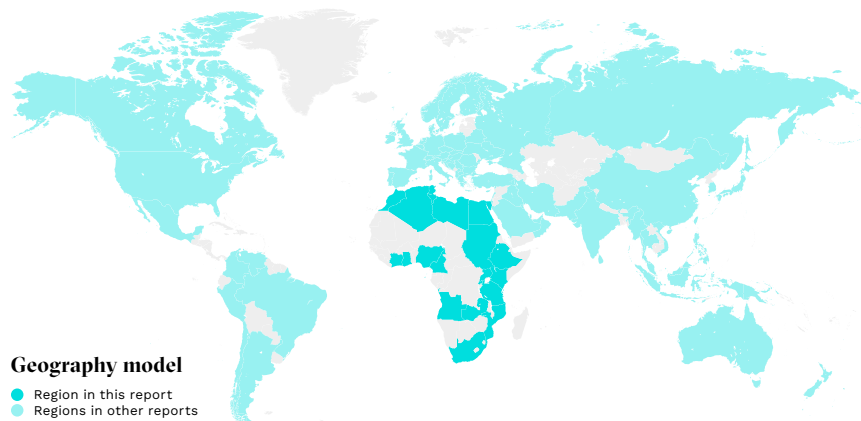


MARKET

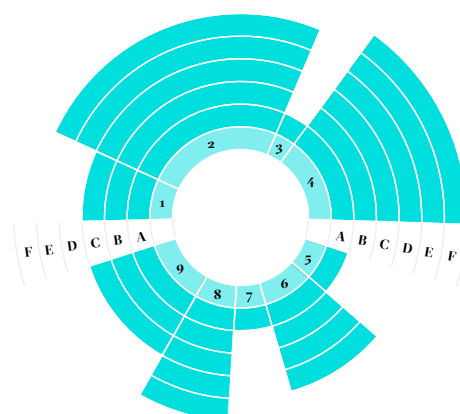
The Africa
Consulting Market
in 2022

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.



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



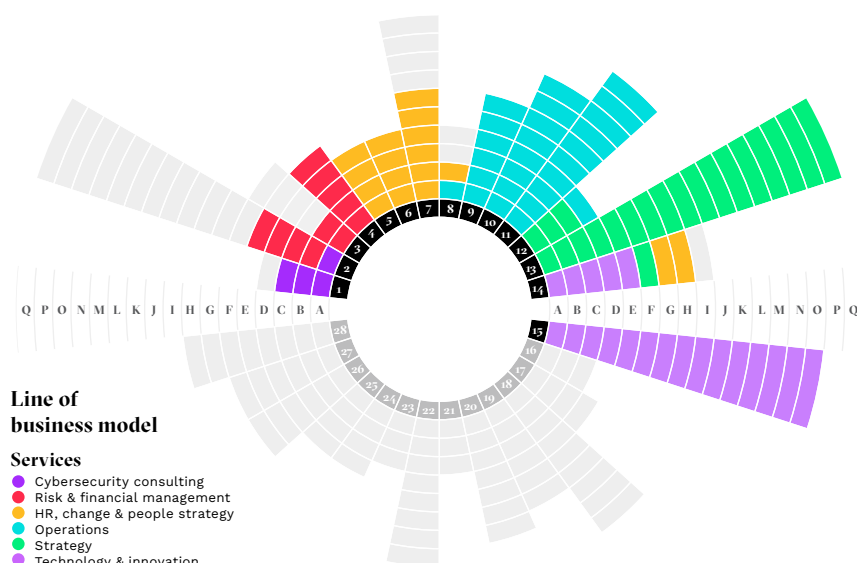
Sector model

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



Line of business model

Services

- Cybersecurity consulting
- Risk & financial management
- HR, change & people strategy
- Operations
- Strategy
- Technology & innovation

Line of business

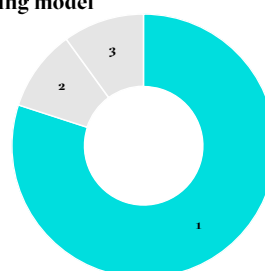
- 1 Cybersecurity
- 2 Risk
- 3 Forensic
- 4 Financial management
- 5 Design & UX
- 6 Innovation
- 7 Technology
- 8 Data & analytics
- 9 Research
- 10 Deals
- 11 Strategy
- 12 Real estate
- 13 Operations
- 14 Sustainability
- 15 HR & change
- 16 Architecture
- 17 Audit & assurance
- 18 Business process 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 incident response
- 1 C Penetration testing & wargaming
- 2 A Technology & security risk services
- 2 B Operational risk
- 2 C Programme risk
- 2 D Responding to regulation
- 2 E Risk management
- 3 A eDiscovery
- 3 B Forensic accounting
- 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 Cloud advice
- 7 B ERP consulting
- 7 C IT strategy, planning & review
- 7 D IT training
- 7 E Programme management
- 7 F Vendor selection
- 8 A Advanced analytics
- 8 B Data visualisation, business intelligence & semantic layer
- 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

The revenue-earning model

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



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Explores the key trends that were front of mind for consulting firms in this market in 2021.

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The client perspective

What clients tell us about their plans for the year—and where they'll be asking consultants for help.

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The Africa consulting market in 2022

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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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The Northern Africa market rebounded quickly in 2021 after the contractions of the previous year. The arrival of COVID-19 caught many clients in this region without sufficient remote working infrastructure, so they spent much of 2021 improving their technology and accelerating their digitisation plans to improve productivity. Another key driver was the push among several governments to stimulate economic recovery by resuming multi-year infrastructure projects that had stalled during the height of the crisis. The result was growth of 12.5% in the overall consulting market for the region.

The arrival of COVID-19 caught many clients in this region without sufficient remote working infrastructure, so they spent much of 2021 improving their technology and accelerating their digitisation plans to improve productivity.

The market in Egypt grew 12.2% and retained its place as the largest in the region. Given how disruptive lockdowns and border closures were for Egypt's high-touch business culture, it is no surprise that digitisation, remote work, cloud, and cybersecurity were high on the agenda, leading to fast growth in technology & innovation consulting (19.9%) and cybersecurity (17.3%). Another key driver for technology demand was the Egyptian government's acceleration of two large projects designed to level up the country's digital capacity: a new smart city projected to become the country's administrative capital and an industrial and commercial park on the Red Sea. These projects encouraged faster technology adoption for clients in tourism, retail, and transportation, leading to 15.6% growth in retail consulting and 18.6% growth in the services market. Given the ongoing investment in health services under the government's vision for 2030 and the fact that Egypt is a vaccine-production hub for the continent, there was especially high growth in the healthcare (28%) and pharma (19.8%) markets. Healthcare clients sought tech solutions to improve operational efficiency, reduce costs, and increase coverage of care, while pharma clients aimed to accelerate the production of vaccines, treatments, and PPE to service local needs and the rest of the continent.

Morocco, the second-largest market in the region, grew 13.6%. Clients in Morocco prioritised digitisation to serve both domestic markets and other parts of Africa in a time of restricted travel, leading to 23% growth in the market for cybersecurity and 16.8% for technology & innovation. On a sector level, a variety of logistical challenges, including bottlenecks in global supply-chains, pushed services clients to accelerate cloud transition and ERP implementation plans, leading to growth of 18.3% in the market for services. Clients in Morocco's burgeoning manufacturing industries sought to improve their efficiency through digitisation, leading to 16.1% growth for the market in this sector. As in Egypt, however, the fastest growth was in the small but dynamic healthcare (28.8%) and pharma (23.7%) markets, demonstrating the urgency of investment that flowed into these sectors in the wake of the pandemic.

Although Tunisia has experienced a range of economic and political headwinds over the past year—including political see-sawing, protests, and economic mismanagement—the consulting market nevertheless grew 11.2% to recoup some of the losses from the previous year. The nature of these challenges pushed clients to reassess their future and bolster security, leading to high growth in cybersecurity (18.5%) and strategy consulting (13.8%). From a sector point of view, the fastest growth was in technology, media, and telecoms (TMT) consulting (17.1%), reflecting the effect of recent public and private investments that were designed to upgrade the country's digital and telecommunications infrastructure. Another bright spot for consultants was healthcare, which grew 16.7% as clients sought to improve efficiency



The client perspective

How is the COVID pandemic still impacting clients?

Clients in Africa are seeing signs of recovery

The proportion of clients in Africa that thought life had returned to “normal” at the beginning of 2022 stood at only 13%, which means the majority of clients in the region still considered themselves to be grappling with the challenges of the pandemic. The largest proportion (59%) described themselves as being in recovery mode—planning for and adapting to the end of the pandemic—while just over a quarter (28%) of clients considered themselves to be starting the year still in the midst of a crisis.

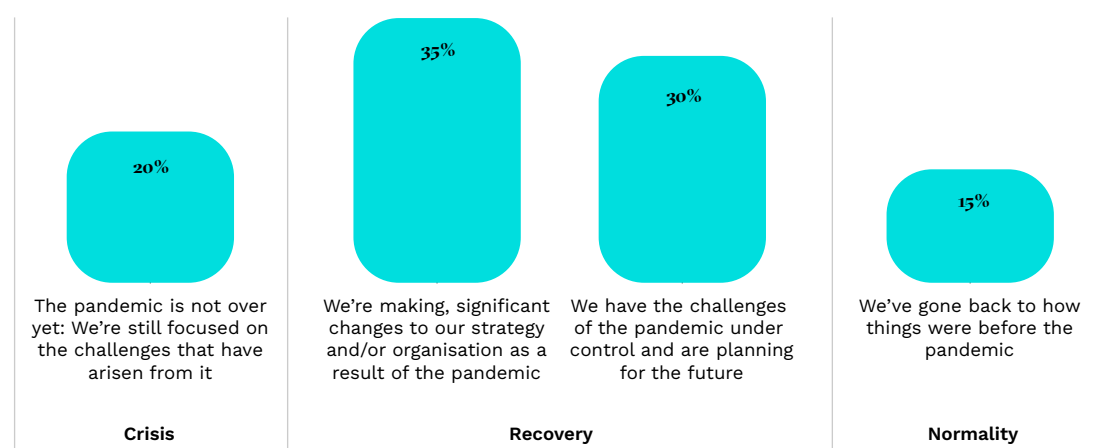
There are some differences depending on the size of the client organisation. Mid-size organisations (those with between 1,000 and 4,999 employees) have the highest proportion of clients that say they are still in crisis mode. Mid-size organisations also have the smallest proportion of clients that said they started 2022 in a place of normality. Meanwhile, clients in larger organisations (those with 5,000+ employees) are most likely to say they are in recovery, as are organisations with between 250 and 999 employees. It’s possible that larger organisations have more financial cushioning, allowing them to ride out uncertainty, and that smaller organisations in Africa are perhaps more likely to be serving local players or markets, which exposes them less to external market pressures, but mid-size organisations—without either of these particular advantages—still find themselves caught in the midst of the crisis and are finding it harder to move along the pandemic recovery path.

The proportion of clients in Africa that thought life had returned to “normal” at the beginning of 2022 stood at only 13%...

Figure 4

How would you best describe the attitude of your organisation to the pandemic at the start of 2022?

Clients with 250-999 employees



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 it that market, serving their clients day in and day out. Below, you'll find condensed versions of our most recent discussions with Japan's consultants, as they reflect on 2021, and in the case of a few brave souls, venture a guess as to what comes next.



Adam Craker, CEO, IQbusiness

How has the market performed over the past year, and what were its key drivers?

Last year was challenging due to ongoing lockdown measures and various market pressure points within South Africa. However, in the Sub-Saharan region, particularly in Kenya, Ghana, and Mauritius, performance was strong, with work largely revolving around digitalisation and systems enablement. This was to be expected: With lockdown closing many physical channels, there was a natural migration to digital working.

Last year, you mentioned the growing prevalence of online and remote work for you and your clients, is this still the case one year on?

There has been a partial return to the office for both IQbusiness and our clients. We are increasingly asked to be on client site for up to three days a week. This is not back up to pre-pandemic levels, but there has certainly been a gradual reopening of physical environments. In fact, because of COVID, flexible or hybrid working models have become normalised in South Africa. This is good, because before 2020, these practices were very limited.

Other than this return to in-person delivery, how else are the demands of clients changing?

One positive change is that we are seeing more, and larger scale, digital-transformation projects being requested. However, on the other hand, this has highlighted a skills gap in areas such as software development, data analytics, and AI implementation.

The result of this shortfall is that clients are looking to secure specialist digital talent directly into their organisations or through increased use of professional service providers with this expertise.

Aside from talent scarcity and the post-pandemic recovery, what are the top pressure points that clients are dealing with?

The major issue in South Africa is a lack of economic growth. Significant pressure has built over the last 15 years as poor governance and government have cultivated corrupt public and private business practices. This poor governance has left South Africa with 36% general unemployment and 70% youth unemployment, which has in turn affected growth. Growth is forecast to be 1.8% this year and was around 1.3% last year. Inflation is also rising and currently sits at around 8%. The Prime Lending Rate in South Africa is now 9.75% and is expected to continue its upward trend as the Reserve Bank seeks to contain inflation, so the outlook for economic growth remains under pressure.

As a result of this low-growth economic environment, there are limited ways for companies to grow financially. Their options are to displace other competitors to gain a larger market share or to expand their customer offerings and capabilities to diversify their sources of income. We are seeing this played out in the telecom, banking, and retail spheres. Telecom companies are advancing their financial services, banks are extending their retail and mobile telco products, and retailers are partnering with a wide variety of businesses to increase sales through home-delivery mechanisms and new online portals.

Last year, you mentioned your increasing use of social media to drive client engagement. How has this developed?

We recently completed a video marketing campaign and the results have been extremely successful, garnering good responses on Facebook, Instagram, and Twitter. We have also focused on our LinkedIn output, and it is now the principal driver of our recruiting activity.

Traditionally, consulting in South Africa has been sensitive to price changes in commodities and natural resources. Did the changes in these markets in 2021 affect demand?

Price changes in South Africa have not had much effect on demand, they have only served to increase the amount of tax revenue being received by the government from the mining sector.

The primary driver of prices has been the global market for skills. Although software developers in New York or London receive reasonable incomes for their services, this is counteracted by a high cost of living there. But recently, we have seen an increased number of nomad visas in countries in Southern and Sub-Saharan Africa. This has provided developers with the opportunity to earn the same income whilst residing in areas with a much lower cost of living, like Cape Town or Nairobi. This ability to live globally on UK or US wages is creating a pressure point for wages in our local markets. Clients are willing to hire individuals with nomad visas, but their higher salaries have the knock-on effect of inflating local salaries and pushing the overall market rate up.

This salary inflation is the principal driver in changing the market, but we don't believe this rise will continue unabated. It seems likely that soon, talent will emerge that is willing to work more cheaply in different parts of the world and this will counteract this inflated market pricing.

How do you foresee the 'state capture' scandal changing the competitive landscape going forward?

This is an interesting space, as there are a wide range of global consulting firms who could be banned from work in South Africa. Though this is bad for them, those consulting firms who are not implicated are benefiting from the redistributed business. This is especially beneficial to international consulting firms as there is still a preference in South Africa for buying work from recognised brands. These brands understand this is an opportunity for them, and so there has been a rush of new international consulting firms entering the South African market.

This state capture fallout is also affecting the local market. Local firms are also getting more business from the affected sectors because of their ability to serve local needs, with the additional benefit of their understanding of local culture, markets, and opportunities.

Would you say that consumer opinion is the primary driver of which consulting firms clients choose?

It's very important. Consumer insights and habits create new products, services, and ecosystems, and in turn, these new creations are crucial revenue drivers. However, the regulatory environment is also key. We've recently received a lot of work implementing the POPIA (the Protection of Personal Information Act) into client organisations, and this has been a major driver of business.

Clients are also looking to strengthen their digital capabilities, as this reduces dependency on labour. We recently saw a gold mine in South Africa become fully automated, and this automation is being heavily explored in other sectors too.

Another focus is the drive for digital certification and ID for citizens. The South African Government is seeking to implement this to enable 'e-government' for the automatic scanning of passports, driving licences, and the disbursement and authentication of welfare payments. This is not just governmental though, as private-sector clients are also exploring similar certification ideas for 'e-business'.

Does this regulatory and digitisation push from the government mean they are a heavy driver of consulting demand?

The government is actually in the process of reducing its dependency on consulting firms, largely due to the bad press about their association with consulting firms received due to the state capture scandal. The current drivers are large, advanced sectors, including the banking, insurance, mining, and telecom industries.

However, this is not to say that the public sector does not have huge potential, but it is still currently viewed as high risk by many consulting firms, so they tend to be cautious about getting involved with government contracts.

What do you think are any other important topics within the African consulting market that haven't already been raised?

Though this was briefly touched on earlier, one important trend to look out for is the consolidation of local professional services within Africa. IQbusiness recently announced its fourth merger in the past three years, and there are significant opportunities for further consolidation and scaling.

We believe this trend is likely to be similar to the Indian Business Services market of the late 1990s, where strong M&A activity led to the establishment of several large consulting firms. For example, our own fees grew by 70% over the past year, half from acquisition growth and half organically. We believe that we must continue to grow on this trajectory to scale for increased local, international, and global needs.



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 service.

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 = £0.73

US dollar to euro US\$1 = €0.84

Client perspective

We carry out a client survey to help us build a rich picture of how different trends in Africa are affecting clients’ organisations and their use of consulting. One survey focuses on trends in Africa, providing detailed insights into the nuances of the market. For this, we surveyed 100 senior clients of consulting firms from across Africa, 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 2022 and the first half of 2023
- Factors that affect the way clients work with consulting firms
- The ways consulting firms market themselves to clients and the impact this has on client decision making.

Figure 32

Respondents by sector

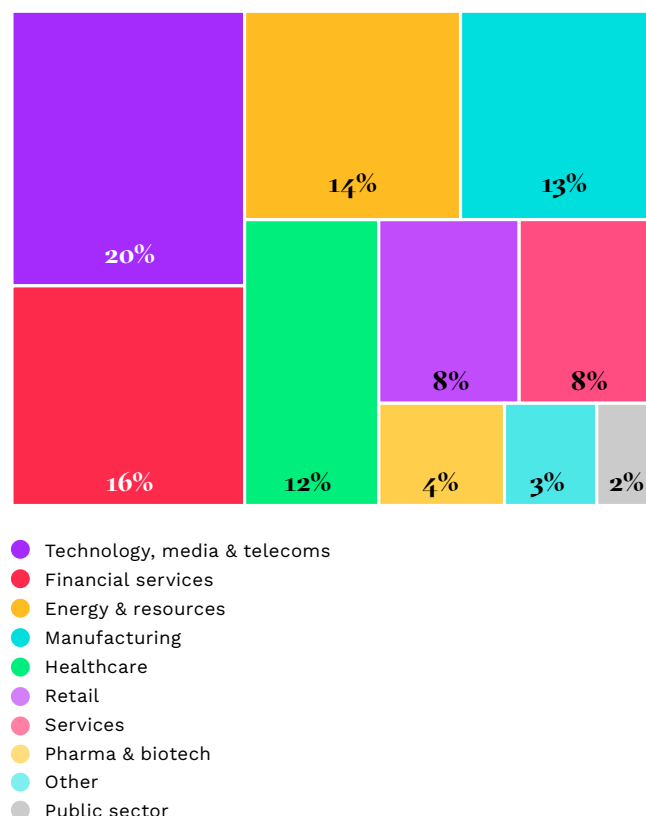


Figure 33

Respondents by organisation size

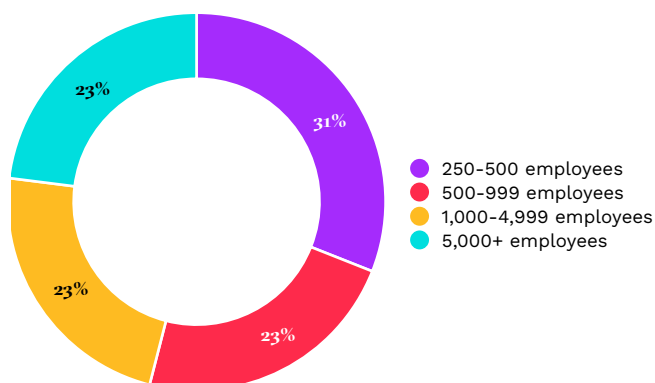
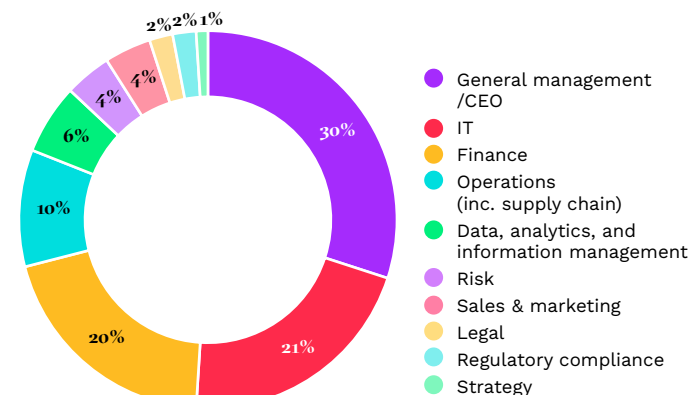


Figure 33

Respondents by function



Interviews with senior consultants

In addition to our quantitative research, we interviewed 11 very senior consultants in Africa, representing most of the leading consulting firms in the geography and many smaller local specialists to understand more about how the consulting market is performing and the major trends, changes, and challenges consultants and their clients face. Throughout the year, Source analysts remain plugged in to the global consulting market through our bespoke research and consulting projects, adding further depth to our understanding of the consulting industry.

In-depth desk research

We also conducted a thorough PEST analysis in Africa 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 services

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 & 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 services”.

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
Adam Craker	CEO	IQbusiness
Emmanuel de Dinechin	Partner	Altai Consulting
Hennie Human	Advisory Markets Leader - Africa Region	EY
Mritunjay Kapur	Director, Head of Advisory	KPMG South Africa
Thabiso Legoete	Managing Director	Korn Ferry
Morne Louwrens	Marsh Advisory Lead Africa	Marsh Risk Consulting
Dr.Pradeep K Mukherji	President & Managing Partner	Avasant
Mohamed Radwan	Managing Director	Platinum Partners
Kalane Rampai	Partner	PwC
Stephen Rothgiesser	Managing Director	The Change Consulting Group
Mongi Ben Tkhatat	Founder and managing partner	AMEF Consulting
Olusegun Zaccheaus	Partner	PwC

Meet the experts

Sophie Gunn

Sophie joined Source in November 2020 as an Analyst and has since moved on to become a Senior Consultant in our Client and Brand Insights team. As well as authoring some of our Market Trends reports and Client Perception Studies, Sophie works across many of our bespoke pieces of work. This includes carrying out thought leadership ratings and reviews, brand benchmarking exercises, message testing projects and analysing the results of client surveys and interviews to provide firms with the answers to their most pressing questions.

Prior to joining Source, Sophie spent over two years working as a Research Analyst at a boutique management consultancy.

Sophie Gunn

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Maeve Lane

Maeve conducts qualitative and quantitative research at the intersection of economic, technological, business and behavioural trends. She supports Source's Market Trends reports through her monitoring and analysis of the latest global political, economic and business developments, with a particular focus on the global manufacturing and financial services sectors. She also tracks important macro trends including automation, AI and economic diversification. Additionally, Maeve carries out research and analysis for our bespoke client projects, spanning topics as diverse as finding new areas of growth in risk consulting, to developing more effective thought leadership, to re-thinking talent and organization strategies. Prior to joining Source, Maeve was a Research Assistant in the Department of Near and Middle Eastern Studies at Trinity College Dublin, where she supported research into the history of left-wing political movements in the Arab world.

Maeve Lane

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About us

**We help professional services firms
understand what really matters when
facing decisions of vital importance.**

The best decisions are based on evidence, objectivity, and a willingness to change. That's why, at Source, we tell you what you need to hear, rather than what you want to hear.

We draw upon our deep roots within the professional services sector to provide firms with a clear picture of their clients' worlds. Through comprehensive research and meticulous analysis, we pinpoint what truly matters and deliver actionable insights that help firms map out the right way forward.

We believe in thriving individually and succeeding together. And we would love to help your firm crack its latest conundrum.

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