

Report  
Q1 2023

EXTRACT



# MARKET

The GCC Consulting Market  
in 2023



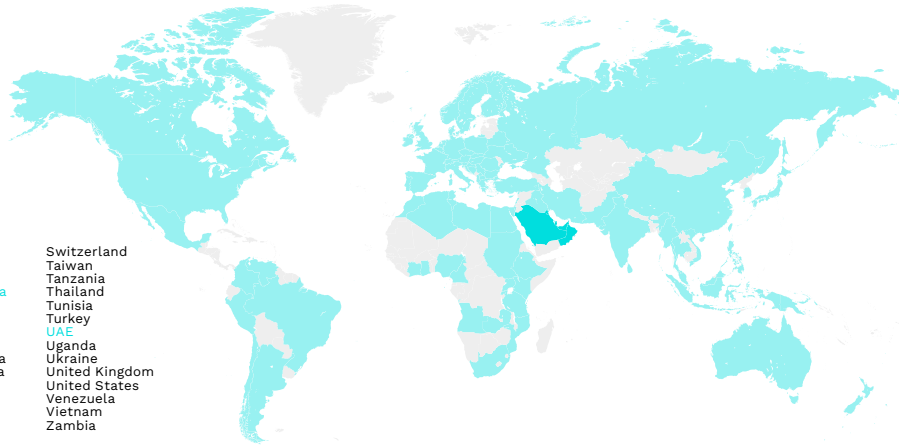
# What's included in this report

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



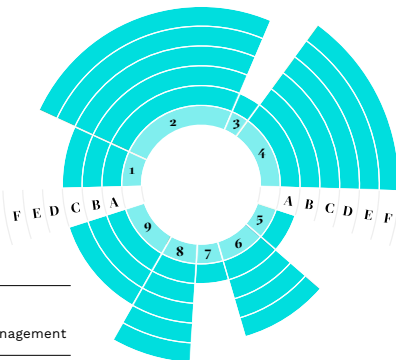
## Sector model

### Sectors

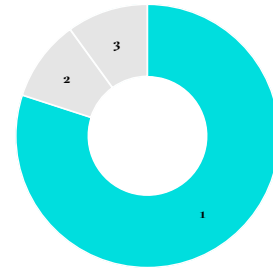
- Energy & resources
- Financial services
- Healthcare
- Manufacturing
- Pharma & biotech
- Public sector
- Retail
- Services
- Technology, media & telecoms

### Sub-sectors

- |                                      |                       |
|--------------------------------------|-----------------------|
| 1 A Energy                           | 7 A Retail            |
| 1 B Primary resources                | 8 A Business services |
| 1 C Utilities                        | 8 B Leisure           |
| 2 A Banking                          | 8 C Logistics         |
| 2 B Capital markets                  | 8 D Real estate       |
| 2 C Insurance                        | 9 A High-tech         |
| 2 D Investment and wealth management | 9 B Media             |
| 2 E Private equity                   | 9 C Telecoms          |
| 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                    |                       |



## The revenue-earning model



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

## Line of business model

### Services

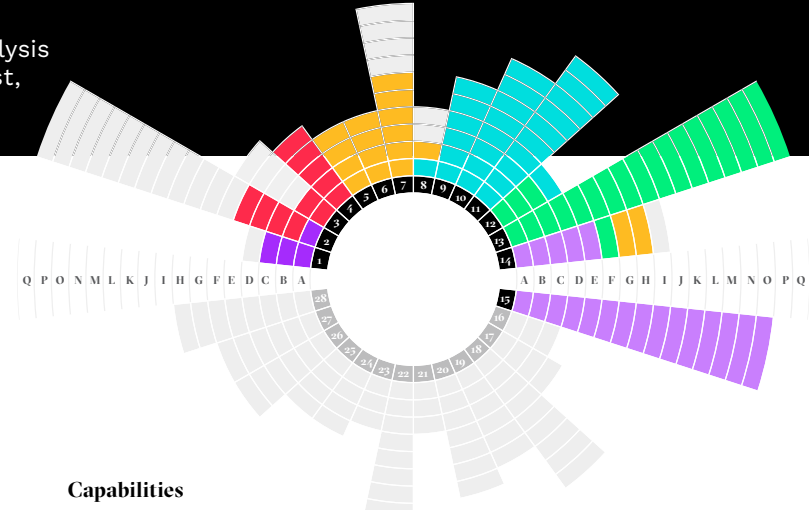
- Cybersecurity consulting
- Risk & financial management
- HR, change & people strategy
- Operations
- Strategy
- Technology & innovation

### Line of business

- Cybersecurity
- Risk
- Forensic
- Financial management
- Design & UX
- Innovation
- Technology
- Data & analytics
- Research
- Deals
- Strategy
- Real estate
- Operations
- Business process outsourcing
- Civil engineering
- Legal
- Litigation
- Marketing & creative
- Network engineering
- Product engineering & R&D
- Recruitment
- Software engineering
- System integration
- Tax

## Capabilities

- |  |   |
|--|---|
| 1 A Cybersecurity advice                                       | 11 F Corporate strategy   |
| 1 B Cybersecurity incident response                            | 11 G Market analysis & strategy   |
| 1 C Penetration testing & wargaming                            | 11 H Policy formulation   |
| 2 A Technology & security risk services                        | 11 I Pricing  |
| 2 B Operational risk   | 11 J Strategic sourcing/offshoring services                                     |
| 2 C Programme risk   | 12 A Corporate, occupier services & facilities management                       |
| 2 D Responding to regulation                                   | 12 B Integrated real estate developer services                                  |
| 2 E Risk management  | 12 C Real estate deal/transaction services                                      |
| 3 A eDiscovery   | 12 D Real estate strategy   |
| 3 B Forensic accounting  | 13 A Benchmarking   |
| 4 A Budgeting/financial planning process                       | 13 B Business continuity & recovery   |
| 4 B Debt advisory  | 13 C Cost cutting   |
| 4 C Finance function   | 13 D Customer service   |
| 4 D Financial advisory   | 13 E DevOps   |
| 4 E Financial restructuring & insolvency                       | 13 F Distribution strategy  |
| 5 A Corporate identity   | 13 G Lean & Six Sigma   |
| 5 B Customer journey & UX benchmarking                         | 13 H Operational review   |
| 5 C Graphic & UI design  | 13 I Outsourcing advice   |
| 5 D UX & service design  | 13 J Post-M&A integration   |
| 6 A Ideation   | 14 A Purpose-led strategy & change  |
| 6 B Innovation management                                      | 14 B Resource-efficiency implementation   |
| 6 C Innovation strategy  | 14 C Resource-efficiency strategy   |
| 6 D Strategies for growth from innovation                      | 14 D Social impact & trust  |
| 7 A Cloud advice   | 14 E Sustainable workforce  |
| 7 B ERP consulting   | 14 F Sustainable supply chain   |
| 7 C IT strategy, planning & review                             | 14 G Clean technology   |
| 7 D IT training  | 14 H Green IT   |
| 7 E Programme management                                       | 15 A Benefits, compensation & pensions, excluding actuarial & investment advice |
| 7 F Vendor selection   | 15 B Change management  |
| 8 A Advanced analytics   | 15 C Diversity & inclusion  |
| 8 B Data visualisation, business intelligence & semantic layer | 15 D Employee engagement  |
| 9 A Customer feedback  | 15 E Governance & board effectiveness   |
| 9 B Customer segmentation                                      | 15 F HR strategy & effectiveness  |
| 9 C Employee feedback  | 15 G Leadership   |
| 9 D Environmental & social impact research                     | 15 H Organisational design & culture  |
| 9 E Macro/microeconomic research                               | 15 I Organisational training & development                                      |
| 9 F Market research  | 15 J Outplacement   |
| 10 A Capital allocation strategy                               | 15 K Pension fund evaluation & advice   |
| 10 B Commercial due diligence & valuation                      | 15 L Performance management   |
| 10 C Financial due diligence                                   | 15 M Stakeholder management   |
| 10 D M&A transaction strategy                                  | 15 N Talent management  |
| 10 E Operational due diligence                                 | 15 O Team effectiveness & collaboration   |
| 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                                   |   |



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# What **really** matters

**Two things for firms to act on**



**Transformation is front and centre, with consultants in demand to help deliver visionary projects at pace.**

The GCC region is booming. While the downturn in economic fortunes in Europe and the US is impossible to ignore, clients with international holdings are aware of the potential threats to their businesses. However, ambition in the GCC remains strong. The high level of investment in the region's future means that trouble elsewhere has not, so far, held clients back from committing to bold corporate goals.

From large-scale physical infrastructure projects to digital initiatives—all supporting the diversification of the economy away from fossil fuels and towards one driven by services and sustainability—this is a time of transformational change. Consultants are in high demand to facilitate this work.

Transformation may be the overarching theme, but time is also of the essence as the deadlines for visionary projects get closer, and clients look to consultants for support in turning their ideas into reality. Now is the moment to make serious progress and ensure the region's long-term economic prosperity.

## Large-scale projects require large-scale talent, but resources and expertise are in short supply.

It can feel as though there are no small consulting jobs in the GCC: Most of the focus is on massive transformation initiatives. These large-scale projects need corresponding amounts of resources and expertise at every stage. However, the labour market across the region is very tight. It's no surprise, then, that talent is a key concern for clients.

Clients are looking beyond traditional expert-led consulting projects to staff augmentation, managed services, and outsourcing models for business-as-usual operations. There is also demand for expansive training and upskilling programmes to ensure staff are prepared for their transformed roles.

Consulting firms, however, are also struggling to find sufficient appropriate talent in the region to service this level of demand. Using resources from outside the GCC, whether through offshoring or the redeployment of global resources, may provide some relief, though clients are largely reluctant to use consultants without local market knowledge.

# Client perspective



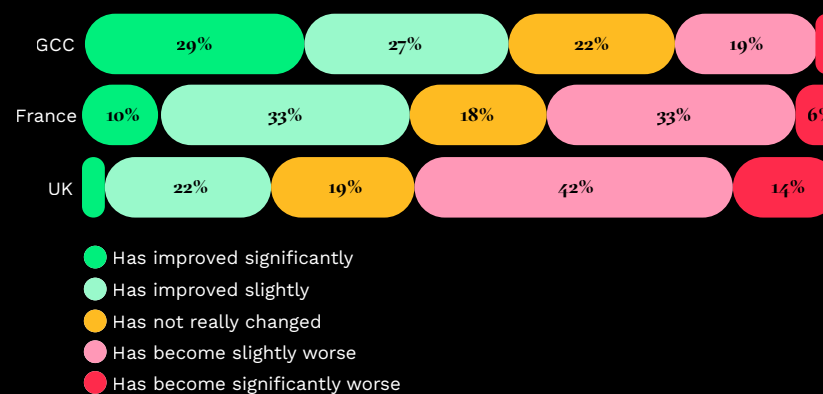
# The state of play

## Clients in the GCC are weathering the current macroeconomic storm better than their peers in Europe, but concerns remain

- While no region is immune to the turbulence of the current macroeconomic environment, the GCC is certainly faring better than its European counterparts. Fifty-six percent of GCC clients think the economic climate is now improving, against 43% in France and 25% in the UK. When we consider the impact of global factors on business confidence, a sizeable proportion of clients in the region, while still in the minority, view these as opportunities rather than challenges.

**Figure 6**

To what extent has the overall economic environment in which your organisation operates changed in the last three months? (Regional comparison across 2023 MT survey geographies)

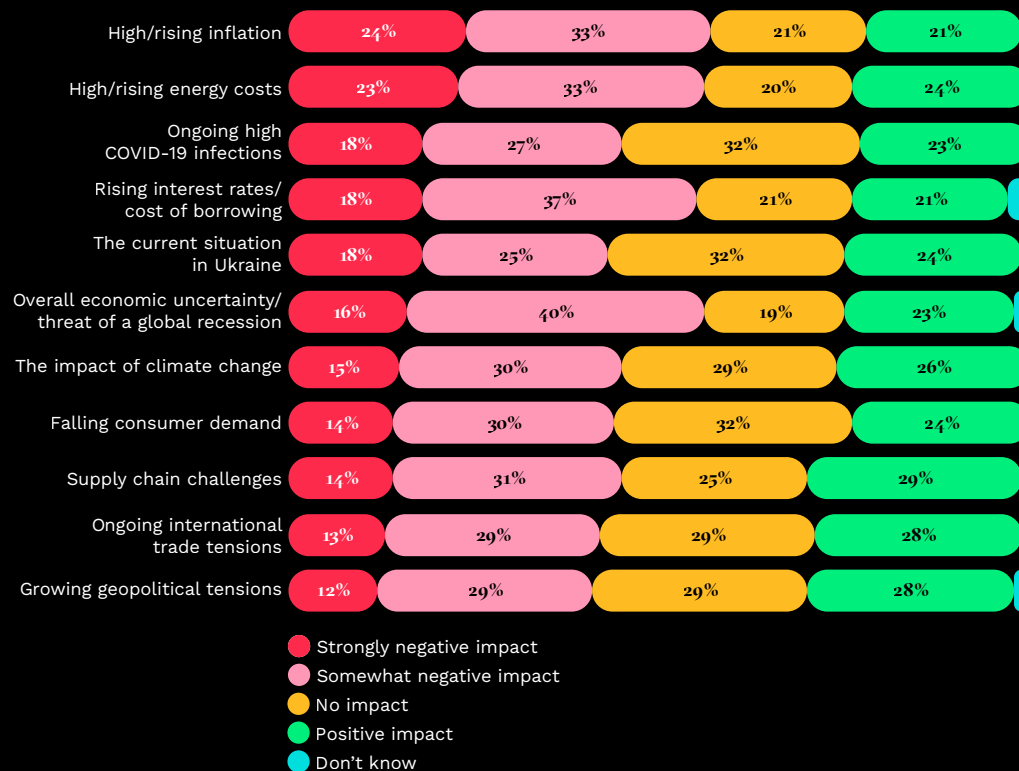




- However, the picture is not all rosy. Many clients are still being negatively impacted by macroeconomic volatility. Fifty-seven percent say that high inflation is proving either somewhat or strongly negative for their organisations, while 56% report negative impacts from the overall economic uncertainty and threat of a global recession.
- The response to high energy costs is interesting to note considering the region’s status as an energy exporter. These are another thorn in clients’ sides, with 56% reporting negative impacts. While for some this is undoubtedly due to the associated higher cost of operations, this may also be because higher oil and gas windfalls could threaten the growth of the non-oil economy and slow down wider economic diversification initiatives.

**Figure 7**

To what extent have the following factors already had an impact on your organisation and/or are likely to do so in the next six months?



# Insights from consultants



## Dr Sebastian Fuchs, Head of Talent Strategy MENA, Mercer

**“We had great double-digit growth which came from all sectors, but especially from government, energy, and financial services.”**

**“...we are targeting young, ambitious UAE nationals who have had some international exposure and seek to work in challenging yet supportive environments...”**

**“Looking at wellbeing has been and will continue to be a priority for us.”**

### How did the GCC consulting market perform in 2022?

“It performed well. We had significant demand for all our services, including broader talent and HR consulting offerings as well as investment advice. We had great double-digit growth which came from all sectors, but especially from government, energy, and financial services.”

### What are the key types of projects that you’re carrying out in the HR & people space?

“Since the pandemic, we’ve increasingly carried out work on compensation and benefits as a key focus area for many of our clients. We needed to ensure we were providing appropriate benefits and bonus schemes, making sure long-term people and retention strategies in this area were in place. We also did a lot of work in the business transformation space and in making sure that organisational structures and the governance around that were set in a way that supported our clients’ growth across the region. We did significant work around talent management, people assessment, and the employee experience as well, as organisations in the Middle East continue to compete for the best available talent in their respective industries.”

### How are diversification initiatives impacting client demand?

“Attracting UAE nationals out of the public and into the private sector is difficult. We’ve done some work around the employee value propositions and looking into what people really look for in their work experience. In this respect, we are targeting young, ambitious UAE nationals who have had some international exposure and seek to work in challenging yet supportive environments that allow them to grow professionally and personally.”

### Have you had to adapt your business model in line with the changing market?

“Yes. We now have one Middle East business that serves all clients in the Middle East. Tapping into new talent pools and recruiting locally and internationally have also been key.”

“Mercer is pretty consistent in its pricing model. We tend to reevaluate annually against competition. We haven’t upped the prices due to higher demand, though. We just try to grow the business from a volume perspective.”

### How do you see the market evolving in 2023?

“We anticipate growth well into the double digits, 20%+. Saudi Arabia is still transforming big parts of the public and private sectors, and we anticipate growth similar to 2022. We hope this growth will be from less prominent sectors for us, such as financial services, government, and healthcare as well.”

### Is there anything else that you think is important in the market right now?

“Work-life balance and employees’ mental health are very important. For most consulting firms, looking at retention and work-life balance are important, especially given that there are two different weekends across the region, which can be an issue. Looking at wellbeing has been and will continue to be a priority for us, alongside a supportive and development-focused organisational culture.”

## 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
Sanjeev Agarwal	CEO & Managing Director	Protiviti
Stephen Anderson	Middle East Strategy and Markets Leader	PwC
Rashid Bashir	Consulting CEO, Middle East	Deloitte
Islam Al Bayaa	Head of Advisory,	KPMG Saudi Arabia
Dr Sebastian Fuchs	Head of Talent Strategy MENA	Mercer
Wasim Khan	MENA Consulting Leader	EY
Pedro Oliveira	Managing Partner	Oliver Wyman
Rene Seyger	Middle East Managing Partner	Roland Berger
Arvind Singhi	Head of Clients	KPMG Saudi Arabia

# 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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