

Report
Q2 2023

EXTRACT



MARKET

The Nordics Consulting
Market in 2023



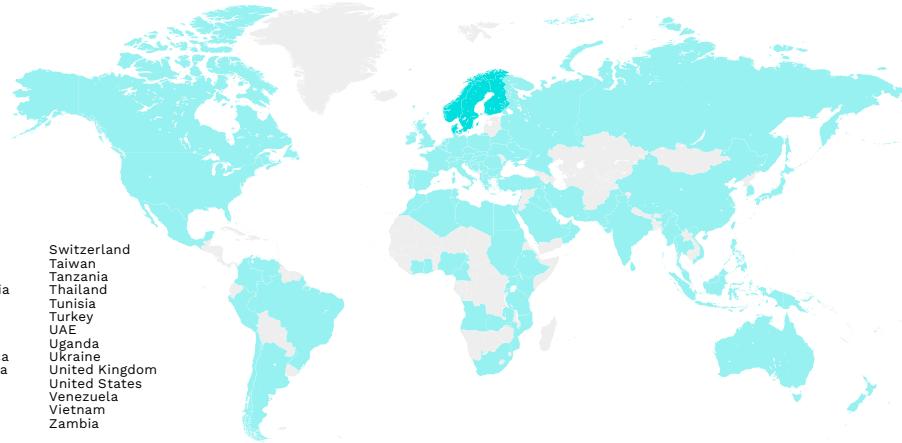
What's included in this report

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	India	Papua New Guinea
Austria	Indonesia	Peru
Bahrain	Iran	Philippines
Belarus	Iraq	Poland
Belgium	Ireland	Portugal
Bosnia	Israel	Qatar
Brazil	Italy	Romania
Bulgaria	Japan	Russia
Cameroon	Kuwait	Taiwan
Canada	Lebanon	Tanzania
Chile	Libya	Thailand
China	Luxembourg	Tunisia
Colombia	Malaysia	Turkey
Côte d'Ivoire	Mexico	UAE
Croatia	Morocco	Uganda
Cyprus	Mozambique	Ukraine
Czech Republic	Myanmar	United Kingdom
Denmark	Netherlands	United States
Egypt	New Zealand	Venezuela
Ethiopia	Nigeria	Vietnam
Finland		Zambia
France		



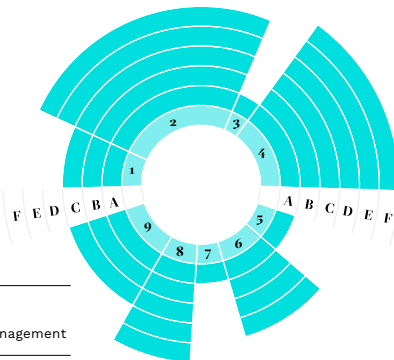
Sector model

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

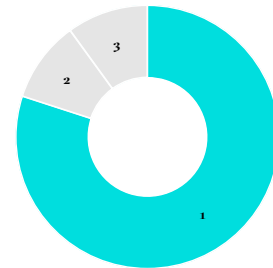
Sub-sectors

- | |
|--------------------------------------|
| 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)

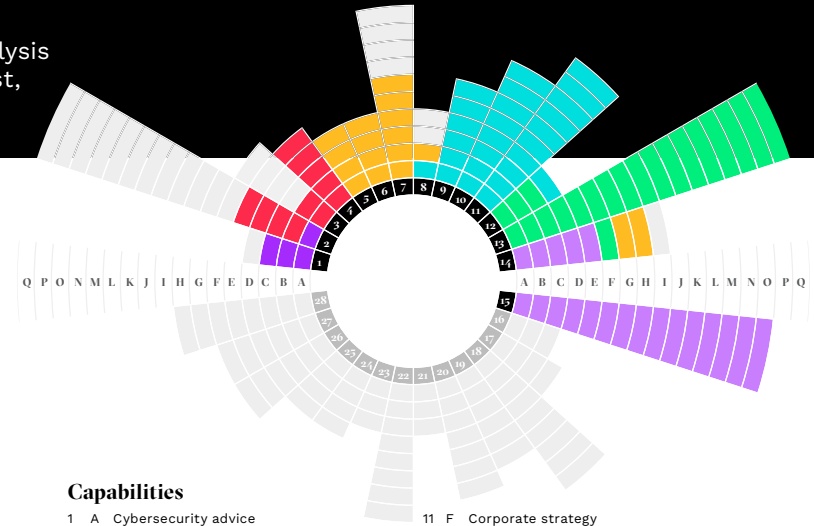
Line of business model

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 | 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 | 13 K Process design, re-engineering & automation |
| 6 B Innovation management | 13 L Procurement/purchasing |
| 6 C Innovation strategy | 13 M Property & estate management |
| 6 D Strategies for growth from innovation | 13 N Sales & distribution planning |
| 7 A Cloud advice | 13 O Sales force effectiveness |
| 7 B ERP consulting | 13 P Supply chain management |
| 7 C IT strategy, planning & review | 13 Q Target operating model |
| 7 D IT training | 14 A Purpose-led strategy & change |
| 7 E Programme management | 14 B Resource-efficiency implementation |
| 7 F Vendor selection | 14 C Resource-efficiency strategy |
| 8 A Advanced analytics | 14 D Social impact & trust |
| 8 B Data visualisation, business intelligence & semantic layer | 14 E Sustainable workforce |
| 9 A Customer feedback | 14 F Sustainable supply chain |
| 9 B Customer segmentation | 14 G Clean technology |
| 9 C Employee feedback | 14 H Green IT |
| 9 D Environmental & social impact research | 15 A Benefits, compensation & pensions, excluding actuarial & investment advice |
| 9 E Macro/microeconomic research | 15 B Change management |
| 9 F Market research | 15 C Diversity & inclusion |
| 10 A Capital allocation strategy | 15 D Employee engagement |
| 10 B Commercial due diligence & valuation | 15 E Governance & board effectiveness |
| 10 C Financial due diligence | 15 F HR strategy & effectiveness |
| 10 D M&A transaction strategy | 15 G Leadership |
| 10 E Operational due diligence | 15 H Organisational design & culture |
| 10 F Portfolio & investment strategy | 15 I Organisational training & development |
| 10 G Public-private partnerships | 15 J Outplacement |
| 10 H Technology due diligence | 15 K Pension fund evaluation & advice |
| 11 A Business & financial modelling | 15 L Performance management |
| 11 B Category management | 15 M Stakeholder management |
| 11 C Channel management | 15 N Talent management |
| 11 D Corporate recovery & turnaround | 15 O Team effectiveness & collaboration |
| 11 E Corporate restructuring | |

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Aina Karlsen Røed, Nordic Consulting Markets Leader, EY and Stig Thorgersen, Nordic Consulting Leader, EY

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Thomas Kræmer Schmidt, Global Head of Strategic Sustainability Consulting, Ramboll and Markus

Diederich, Managing Director, Ramboll

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Christian Liljeström, Partner, Management Consulting, KPMG

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Mads Raahede, Head of Advisory, Partner, KPMG

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Petter Vold, Managing Partner, PwC

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What **really** **matters**

Three things for firms to act on

A large, stylized teal number '1' is positioned on the right side of the slide, indicating the first point in a list.

In an atmosphere of uncertainty, clients are relying on firms to implement changes quickly.

Although clients in the Nordic region can spot a light at the end of the tunnel, after the macroeconomic uncertainty of the last few years, they remain wary moving into 2023. As a result, two clear needs have emerged on the demand side: concrete return on investment, and speed.

For many, the age of uncertainty has become the age of adaptation. Clients are looking to firms who can execute transformation projects fast, and can help them both strategise and implement the work. What's more, clients have learned from COVID that successful change relies on the effective communication of new ideas to all levels of the business.

With their own workforce feeling pushed to the limit due to the combined pressures of short staffing, rising costs, and a push for increased productivity, there are real fears of burnout. As a result, clients are looking to firms to provide key support for core services to both expedite change through their expertise and alleviate the pressure on internal resources.

And pressure on clients is translating into pressure on consultants. In a tough financial climate, clients are scrutinising the return on investment from professional services. Firms hoping to make headway in the region must prove their efficacy by providing concrete, positive results.

Client perspective

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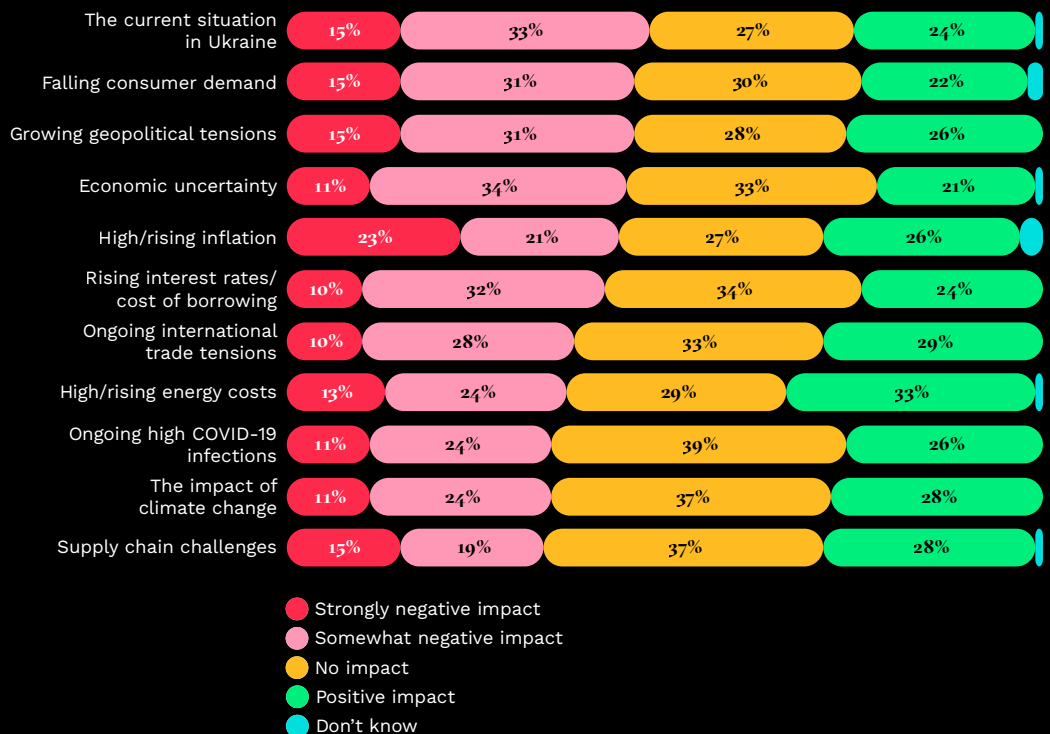
The current climate

Confronted with a growing list of issues, clients are worried about economic uncertainties


- Though clients registered a post-COVID boom at the start of 2022, by the end of the year, they were also dealing with a litany of economic and political issues. Clients in the Nordics were not exempt from this mounting volatility, and their concerns about the next six months reflect their experience.
- Clients are most notably worried about mounting geopolitical issues—specifically, the war in Ukraine. As well as feeling the general economic effects of the war, clients in the region registered particular concern due to their proximity to Russia. For example, in Finland, which shares a border with Russia, 80% of clients expressed that the conflict had impacted their business. What's more, a general sense of alarm appeared to have set in: They were more concerned than other Nordic countries about all the other key issues we asked about.
- Aside from the war in Ukraine, escalating trade tensions with China, and their effect on global supply chains, pose another threat. In this atmosphere, clients feel uneasy about the near future.
- The economic effects of these geopolitical shocks are also impacting clients: Forty-six percent have been impacted by falling consumer demand due to a cost-of-living crisis, 45% fear the threat of recession, and 44% have been impacted by rapidly rising inflation.

Figure 6

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



Pontus Fulke, Partner, Centigo

“We had a strong year in retail and in the public sector, despite the elections.”

“There was much more stability in that our employee turnover reduced drastically, but it’s not as easy to recruit.”

“During the second half of 2022, clients were focused less on business development and much more on cost and capital reduction.”

How was the Nordics consulting market in 2022?

It was surprisingly good. We had a strong year in retail and in the public sector, despite the elections. Construction and real estate also had a pretty good year.

Have you seen any effects from the Ukraine conflict in the Nordics?

Although 2022 was a pretty good year, we saw a decline in the market beginning in the autumn, particularly in retail. In that sense, the Ukraine conflict had the complete opposite effect on retail to that of the pandemic.

How did you see supply chains change over 2022?

We saw more demand in the supply chain services area. In the speciality retail industry, for example, our clients have started looking into more nearshoring and mixed-sourcing solutions to minimise risk.

Has the large uptake in hybrid working affected your pricing models?

No, partly because we typically work with local clients, so travel isn’t a big factor. However, we are now able to staff projects more efficiently. Because senior experts don’t have to work full-time or spend half of their time on the client’s site, we can utilise them on more projects.

Has inflation affected your pricing or client behaviour?

Definitely. Pricing was quite stable when inflation was low, but when it started picking up, we increased our prices, albeit not exactly in line with inflation. Inflation is behind the decline in work from the consumer goods retail sector, but uncertainty and the expectation of reduced economic activity is the bigger factor in other sectors.

Was attracting talent a problem in 2022?

The pattern was very typical to that of a worsening economic climate. There was much more stability in that our employee turnover reduced drastically, but it’s not as easy to recruit. Instead of recruiting broadly across service lines and seniority levels, we’re now focusing on recruiting more expert-level consultants.

How have the new ESG regulations affected the kind of work you’re doing?

They haven’t had too much of an effect, which might be to do with the worsening economic situation. During the second half of 2022, clients were focused less on business development and much more on cost and capital reduction. I don’t know if this shift reduced purchasing of ESG-related projects, but there certainly hasn’t been an increase. However, there will still be work around the parts of ESG that companies are required to address by regulations, such as traceability.

Has the increased focus on cost reduction affected the demand for digitalisation?

No, the demand for digitalisation is still very high, and I think it will be the main driver behind most of what we do for years to come. But now there is less focus on innovative, customer-oriented digital solutions and more on digitalising internal processes to increase cost-effectiveness. In the last year, for example, we’ve seen renewed client interest in ERP platform-related projects. There’s a strong trend of increasing standardisation and moving from on-premise to cloud solutions.

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
Markus Diederich	Managing Director	Ramboll
Pontus Fulke	Partner	Centigo
Björn Hallin	Partner and Market Leader ESG, Sweden, Latvia and Lithuania	KPMG
Ann Hellenius	Managing Director	Capgemini Invent
Aina Karlsen Røed	Nordic Consulting Markets Leader	EY
Thomas Kræmer Schmidt	Global Head of Strategic Sustainability Consulting	Ramboll
Christian Liljeström	Partner, Management Consulting	KPMG
Mads Raahede	Head of Advisory, Partner	KPMG
Stig Thorgersen	Nordic Consulting Leader	EY
Petter Vold	Managing Partner	PwC

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Source Information Services Ltd
20 Little Britain | London | EC1A 7DH
UK +44 (0)20 3478 1207
US +1 800 767 8058
info@sourceglobalresearch.com
www.sourceglobalresearch.com

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Publication schedule for 2023

Reports 2023		Market Trends Reports	Market Trends Presentations	Client Perception Studies	Emerging Trends Programme
Q1	January	Forecasts for 2023 UK GCC France	India	UK US	Where in the World: Has hybrid working changed how clients think about the location of their consulting teams?
	February			Germany Financial Services	
	March			GCC France Retail	
Q2	April	Nordics US DACH Sustainability Australia East Asia South East Asia		Australia Energy & Resources Technology, Media & Telecoms	Crisis Fatigue: How Much More Can Clients Take?
	May			China Japan	
	June				
Q3	July	Africa Energy & Resources Financial Services Technology, Media & Telecoms	South America Healthcare & Pharma		Staff Augmentation: Focusing on the Opportunity
	August			Risk Tax	
	September			Audit Technology	The Rise of the Technology Challenger
Q4	October	Tax Risk Planning for Growth in 2024			Account Management Revisited
	November				
	December				

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