

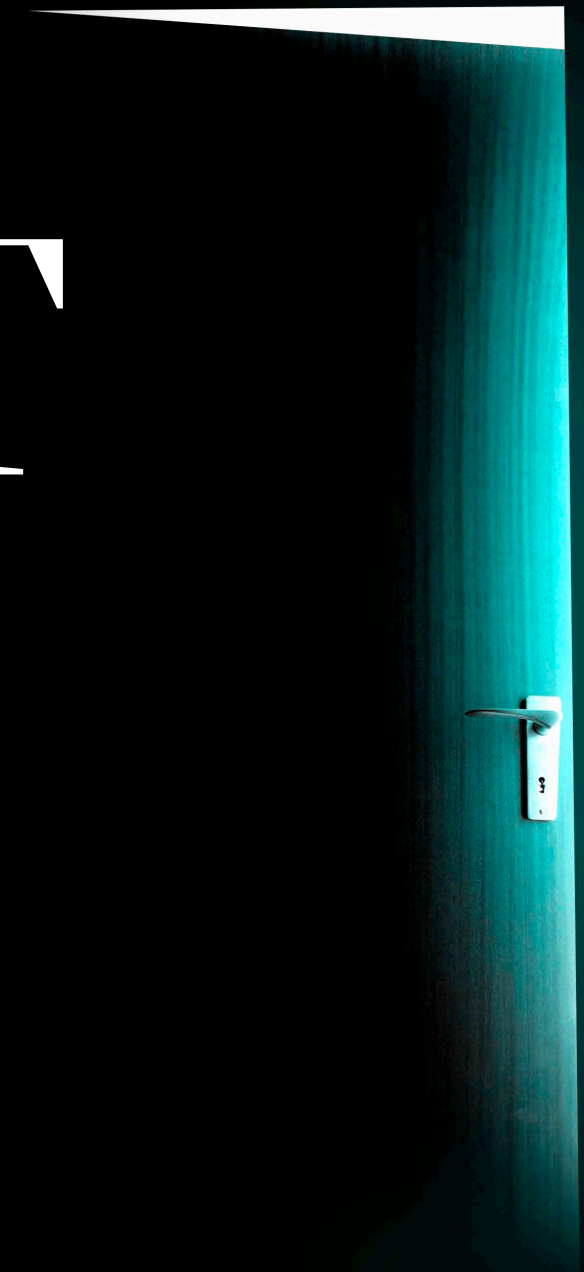
Report
Q2 2023

EXTRACT



MARKET

The Australia Consulting
Market in 2023



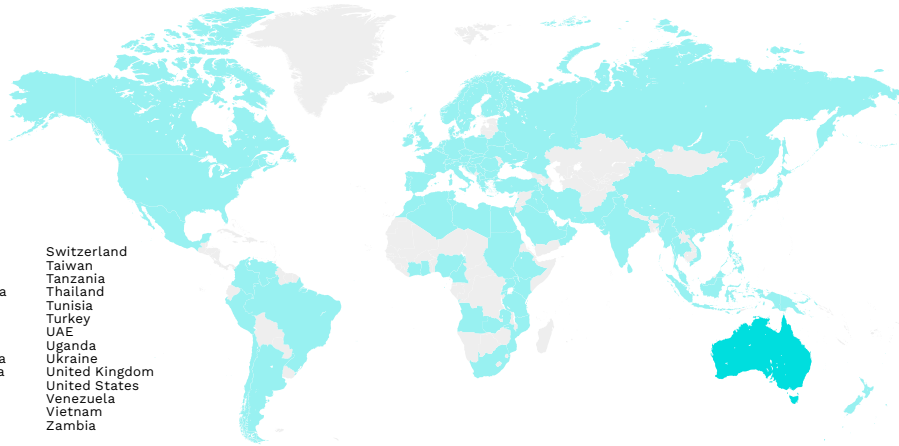
What's included in this report

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 |

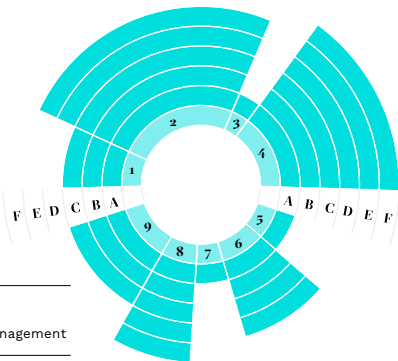


Sector model

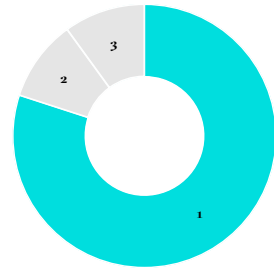
- Energy & resources
- Financial services
- Healthcare
- Manufacturing
- Pharma & biotech
- Public sector
- Retail
- Services
- Technology, media & telecoms

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 | 8 E Transportation |
| 2 D Investment and wealth management | 9 A High-tech |
| 2 E Private equity | 9 B Media |
| 3 A Healthcare | 9 C Telecoms |
| 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

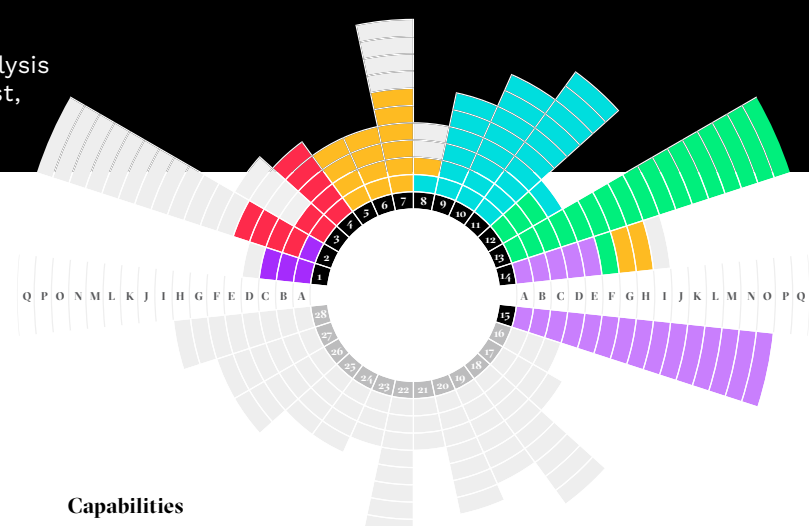
- Cybersecurity consulting
- Risk & financial management
- HR, change & people strategy
- Operations
- Strategy
- Technology & innovation

Line of business

- Cybersecurity
- Risk
- Forensic
- Financial management
- Design & UX
- Innovation
- Technology
- Data & analytics
- Research
- Deals
- Strategy
- Real estate
- Operations
- Sustainability
- HR & change
- Architecture
- Audit & assurance
- 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 | |



Contents

What really matters

Three things for firms to act on

4

4

1

Market overview

The Australia consulting market in numbers

Consulting market size and growth

Economic growth

Breakdown by service

Breakdown by sector

8

9

9

9

10

11

2

Client perspective

The state of play

What are clients' current priorities and challenges?

What are clients' current investment priorities?

How and why clients are buying consulting services

15

16

19

22

27

3

Implications for firms

Firms must emphasise their specialist technology expertise when dealing with price-conscious clients

Know your buyer: CxOs and functional heads want different things from firms

30

31

32

4

Insights from consultants

Ro Antao, Partner, Executive Board Member, Cloud & Digital Lead, PwC Australia and colleagues

Pierre Briand, Founder, SCD Advisory

Ben Gilbertson, Managing Director, Accenture

Christa Gordon, National Managing Partner, KPMG

Justin Greig, Oceania Consulting Leader, EY

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34

35

37

38

39

40

41

42

5

About this report

Methodology—The MegaModel

Definitions of sectors and services

Contributors

Meet the expert

About us

Publication schedule for 2023

43

44

46

48

49

50

51

6

What **really** matters

Three things for firms to act on

1

Digital transformation is seen as a silver bullet when it comes to the issues faced by clients in Australia.

As Australia enters an economic climate characterised by high inflation and geopolitical uncertainty, many clients are developing long term strategies both to mitigate risk and promote long-term growth. Digital transformation is seen as a silver bullet by many clients in Australia—a means of increasing productivity through process simplification and efficiency, while also driving improved customer interactions and enabling better strategic planning.

It's likely that firms' offerings, in most service lines, will need to have a technology element to them to appeal to clients in Australia. The latter want things done better and faster than they could manage themselves—and they'll expect pitches to demonstrate how tech can make it happen.

Client perspective



The state of play

Confidence is low as a result of falling revenues and exposure to global risks

- Clients in Australia are concerned about the macroeconomic situation and political tensions, with 80% saying their confidence about the future of their organisation has been reduced.
- They are working hard to keep their various trading partners onside; the challenge in doing so is reflected by the 22% that say their extensive international operations are the reason they are feeling less positive. This is the joint top explanation for a decline in confidence, alongside falling revenues caused by economising customers.
- To build their resilience, many clients have adopted a policy of diversification, with the top three countries respondents looking to increase trade with the US, Japan, and Europe. In contrast, clients will reduce their investment in China and the GCC. This complex diversification strategy will be hard to achieve, and there will be opportunities for consultants to support clients during this transitional period.

- Clients are also concerned about high inflation and rising costs, including spiralling energy prices. These factors are causing clients' own customers to economise, which has, in turn, dented the business confidence of almost a fifth (22%) of respondents. Cost reduction programmes will be crucial to these clients, and firms will be well placed to provide valuable services, including digital optimisation solutions.

Figure 6

Where have recent geopolitical factors increased or decreased the likelihood of trade and investment?

Increase	Decrease
1 US	1 China
2 Japan	2 GCC
3 Europe	3 Africa

Figure 7

To what extent have the macroeconomic situation and political tensions impacted your confidence when thinking about the future of your organisation?

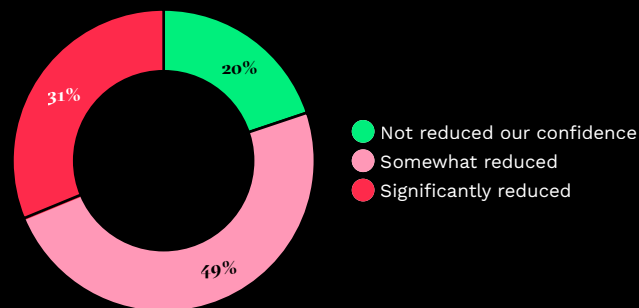
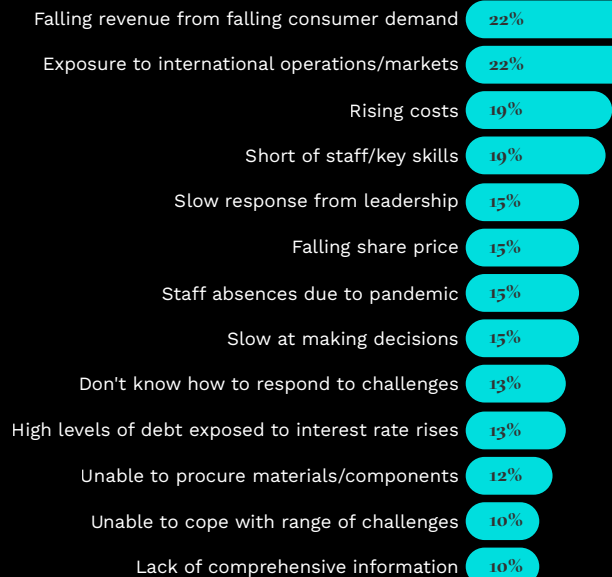


Figure 8

Why have macroeconomic uncertainty and political tensions reduced your business confidence?



Insights from consultants



Ro Antao, Partner, Executive Board Member, Cloud & Digital Lead, PwC Australia, Adam Lai, Partner, PwC Australia, David McKeering, Partner, Consulting Leader Australia, PwC Australia, Diane Rutter, Partner, Customer Experience & Insights, PwC Australia

“It was another strong year, with higher growth than we expected, particularly in cloud and digital.”

“We’re seeing maturation around the ESG agenda with companies starting to take it more seriously.”

How was the consulting market in 2022?

DM: It was another strong year, with higher growth than we expected, particularly in cloud and digital. We’ve seen growth in these areas going into 2023, too. This is in part due to the capabilities that we’ve been building in merging tech, cloud, and digital.

Has this trend been driven by a certain sector?

RA: We’ve seen this across the board. Different companies have different drivers. The public sector, for example, has seen lots of investment in citizen engagement and retail has seen a big focus on efficiency of cost.

Is there a unifying driver across sectors?

RA: There has been a big push around greater productivity alongside a crunch in the labour market and access to talent. Companies are trying to do ‘more with less’. Alongside this, there’s been a huge push for digitisation and automation.

Is the political climate filtering into consulting demand?

AL: Defence is quite a mature sector that we’ve been providing services to for a while. We’ve not seen a direct link between AUKUS and increased activity. We do keep on top of all geopolitical conversations, though.

Has the election of the Labor government changed attitudes towards ESG and the climate?

AL: ESG and energy transition are front of mind for all our clients. PwC is uniquely placed in its end-to-end solution capabilities to help clients globally and locally.

Last year you mentioned that the pandemic had affected how companies plan and identify risks. Has identifying long-term risks and strategy implementation become permanent features of Australian companies?

DM: Yes. There is now a long-term lens through which we look when it comes to risk. There is more focus on long-term solutions and risk-planning. Cyber risk will remain on the agenda for a long time.

Do companies want a more holistic approach regarding ESG strategy?

RA: We’re seeing maturation around the ESG agenda with companies starting to take it more seriously, taking it through to the implementation phase. It has become a core part of how businesses operate. We’re embedding ESG into the core of our delivery, too.

Is access to talent holding companies back?

DR: Talent shortages aren’t just a local issue, it’s a global challenge. PwC has responded to this via service delivery centres across the globe, and has invested in

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
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Adam Lai	Partner	PwC Australia
David McKeering	Partner, Consulting Leader Australia	PwC Australia
Leigh Parsons	Managing Director	State of Matter
Parag Patki	Managing Partner	Tata Consultancy Services
Diane Rutter	Partner, Customer Experience & Insights	PwC Australia

About us

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Publication schedule for 2023

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

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