

Report
Q2 2023

EXTRACT



MARKET

The Australia Consulting
Market in 2023



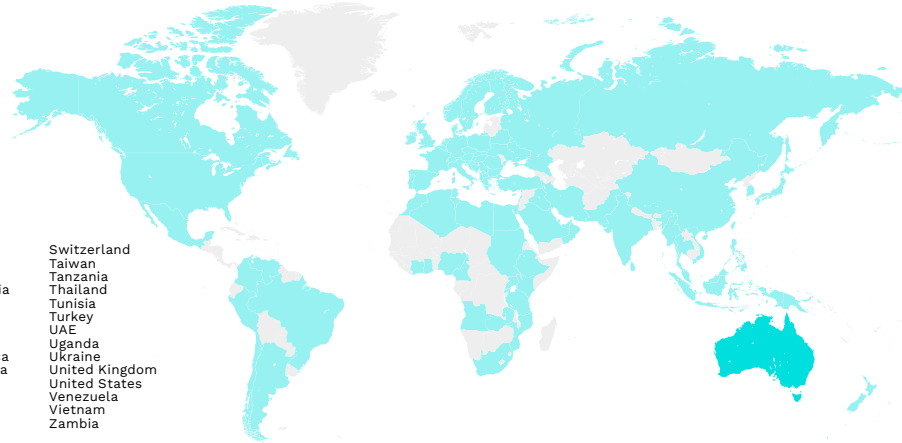
What's included in this report

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	Kuwait	Saudi Arabia
Chile	Lebanon	Serbia
China	Libya	Singapore
Colombia	Luxembourg	Slovakia
Côte d'Ivoire	Malaysia	Slovenia
Croatia	Mexico	South Africa
Cyprus	Morocco	South Korea
Czech Republic	Myanmar	Spain
Denmark	Mozambique	Sri Lanka
Egypt	Netherland	Sweden
Ethiopia	New Zealand	Switzerland
Finland	Nigeria	Taiwan
France		Tanzania
		Thailand
		Tunisia
		Turkey
		UAE
		Uganda
		Ukraine
		United Kingdom
		United States
		Venezuela
		Vietnam
		Zambia



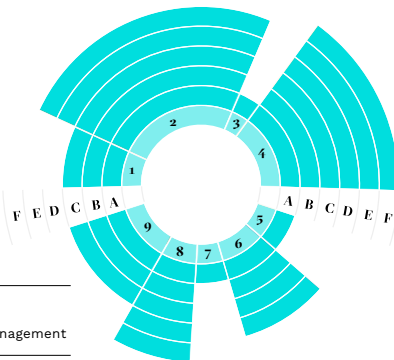
Sector model

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

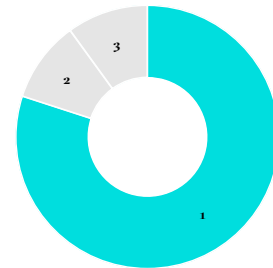
Sub-sectors

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

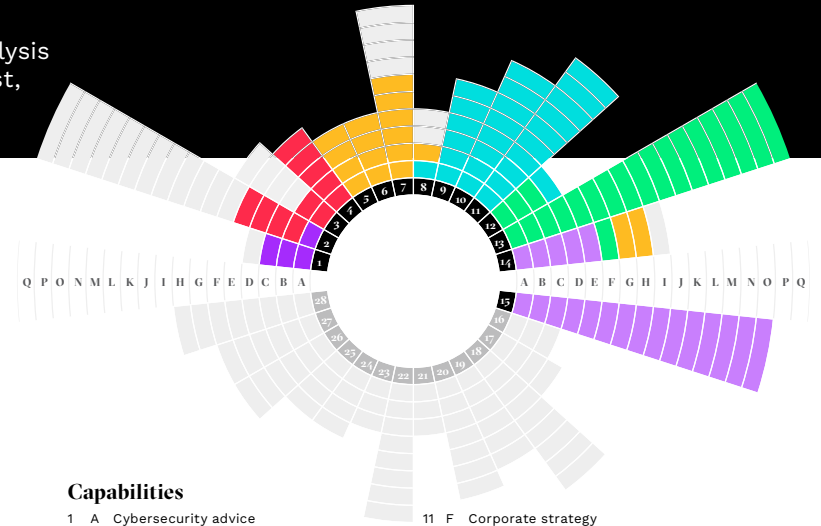
Line of business model

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 | |

Contents

What really matters

Three things for firms to act on

4

4

1

Market overview

8

The Australia consulting market in numbers

9

Consulting market size and growth

9

Economic growth

9

Breakdown by service

10

Breakdown by sector

11

2

Client perspective

15

The state of play

16

What are clients' current priorities and challenges?

19

What are clients' current investment priorities?

22

How and why clients are buying consulting services

27

3

Implications for firms

30

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

31

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

32

4

Insights from consultants

34

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

35

Pierre Briand, Founder, SCD Advisory

37

Ben Gilbertson, Managing Director, Accenture

38

Christa Gordon, National Managing Partner, KPMG

39

Justin Greig, Oceania Consulting Leader, EY

40

Leigh Parsons, Managing Director, State of Matter

41

Parag Patki, Managing Partner, Tata Consultancy Services

42

5

About this report

43

Methodology—The MegaModel

44

Definitions of sectors and services

46

Contributors

48

Meet the expert

49

About us

50

Publication schedule for 2023

51

6

What **really** **matters**

Three things for firms to act on



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

3

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

- 1 US
- 2 Japan
- 3 Europe

Decrease

- 1 China
- 2 GCC
- 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?

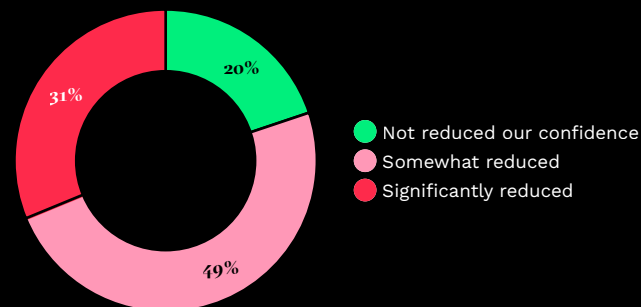
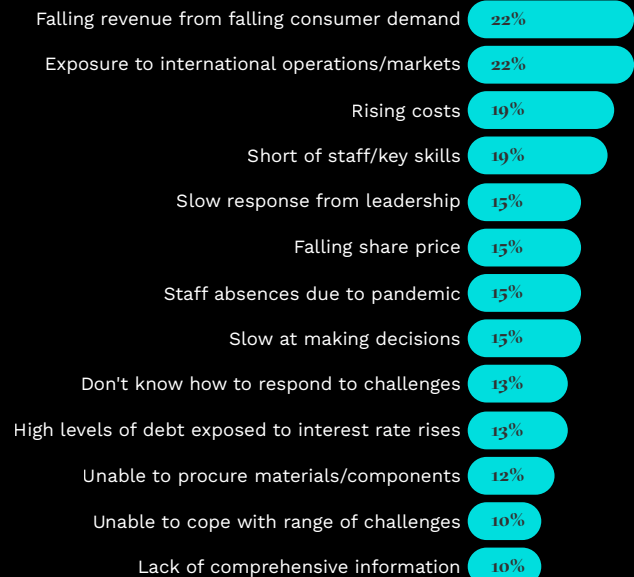



Figure 8

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
Ro Antao	Partner, Executive Board Member, Cloud & Digital Lead	PwC Australia
Pierre Briand	Founder	SCD Advisory
Ben Gilbertson	Managing Director	Accenture
Christa Gordon	National Managing Partner	KPMG
Justin Greig	Oceania Consulting Leader	EY
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

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.

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

© Source Information Services Ltd 2023

Source Information Services Ltd and its agents have used their best efforts in collecting the information published in this report. Source Information Services Ltd does not assume, and hereby disclaims, any liability for any loss or damage caused by errors or omissions in this report, whether such errors or omissions result from negligence, accident, or other causes.

Publication schedule for 2023

Reports 2023		Market Trends Reports	Market Trends Presentations	Client Perception Studies	Emerging Trends Programme	White Space
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?	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.
	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	The Rise of the Technology Challenger
	August			Risk Tax		
	September			Audit Technology		
Q4	October	Tax Risk Planning for Growth in 2024			Account Management Revisited	
	November					
	December					