

Report
August 2023

EXTRACT



MARKET

The South East Asia
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
Algeria
Angola
Argentina
Australia
Austria
Bahrain
Belarus
Belgium
Bosnia
Brazil
Bulgaria
Cameroon
Canada
Chile
China
Colombia
Côte d'Ivoire
Croatia
Cyprus
Czech Republic
Denmark
Egypt
Ethiopia
Finland
France

Germany
Ghana
Greece
Hong Kong
Hungary
India
Indonesia
Iran
Iraq
Ireland
Israel
Italy
Japan
Kenya
Kuwait
Lebanon
Libya
Luxembourg
Malaysia
Mexico
Morocco
Mozambique
Myanmar
Netherlands
New Zealand
Nigeria

North Macedonia
Norway
Oman
Pakistan
Papua New Guinea
Peru
Philippines
Poland
Portugal
Qatar
Romania
Russia
Rwanda
Saudi Arabia
Serbia
Singapore
Slovakia
Slovenia
South Africa
South Korea
Spain
Sri Lanka
Sudan
Sweden

Switzerland
Taiwan
Tanzania
Thailand
Tunisia
Turkey
UAE
Uganda
Ukraine
United Kingdom
United States
Venezuela
Vietnam
Zambia

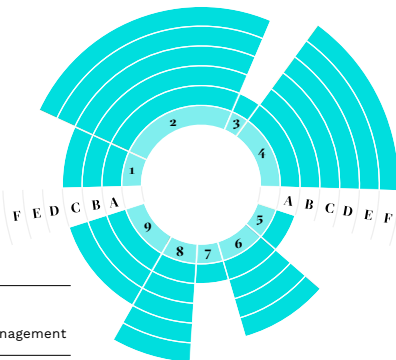
Sector model

Sectors

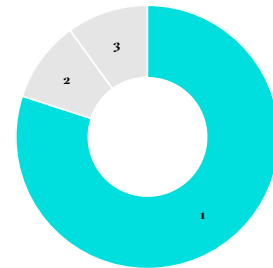
- 1 Energy & resources
- 2 Financial services
- 3 Healthcare
- 4 Manufacturing
- 5 Pharma & biotech
- 6 Public sector
- 7 Retail
- 8 Services
- 9 Technology, media & telecoms

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



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
- 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
- 12 A Benchmarking
- 12 B Business continuity & recovery
- 12 C Cost cutting
- 12 D Customer service
- 12 E DevOps
- 12 F Distribution strategy
- 12 G Lean & Six Sigma
- 12 H Operational review
- 12 I Outsourcing advice
- 12 J Post-M&A integration
- 12 K Process design, re-engineering & automation
- 12 L Procurement/purchasing
- 12 M Property & estate management
- 12 N Sales & distribution planning
- 12 O Sales force effectiveness
- 13 A Purpose-led strategy & change
- 13 B Resource-efficiency implementation
- 13 C Resource-efficiency strategy
- 13 D Social impact & trust
- 13 E Sustainable workforce
- 13 F Sustainable supply chain
- 13 G Clean technology
- 13 H Green IT
- 14 A Benefits, compensation & pensions, excluding actuarial & investment advice
- 14 B Change management
- 14 C Diversity & inclusion
- 14 D Employee engagement
- 14 E Governance & board effectiveness
- 14 F HR strategy & effectiveness
- 14 G Leadership
- 14 H Organisational design & culture
- 14 I Organisational training & development
- 14 J Outplacement
- 14 K Pension fund evaluation & advice
- 14 L Performance management
- 14 M Stakeholder management
- 14 N Talent management
- 14 O Team effectiveness & collaboration

Contents

What really matters

Three things for firms to act on

4

4

1

Market overview

8

The South East Asia consulting market in numbers

9

Consulting market size and growth

9

Consulting market size and growth by country

10

Economic growth by country

10

Breakdown by service

11

Breakdown by sector

12

2

Client perspective

15

The state of play

16

Clients' current priorities and challenges

21

What are clients' current investment priorities

25

Use of consultants

28

3

Implications for firms

31

4

Insights from consultants

36

Esther Colwill, President, APAC Region & Global
Technology Industries, Korn Ferry

37

Tom Evrard, Senior Managing Director, FTI Consulting

38

Simon Gealy, CEO, PwC South East Asia Consulting,
and Andrew Taggart, Clients & Markets Leader,
Partner, PwC South East Asia Consulting

39

Alfred Goh, Director, Managing Partner, Enterprise NCS

40

David Hollander, Partner, Sia Partners Singapore

41

Irving Low, Partner, Co-Head of Advisory (Singapore
and Indonesia), KPMG Singapore

42

Ross Macallister, Head of Advisory, Managing Partner,
Consulting, KPMG Vietnam

43

Gaurav Modi, Consulting Managing Partner – ASEAN
and Singapore, EY

44

5

About this report

45

Methodology—The MegaModel

46

Definitions of sectors and services

48

Contributors

50

Meet the experts

51

About us

52

Publication schedule for 2023

53

6

What **really** **matters**

Three things for firms to act on

A large, bold, teal-colored number '1' is positioned on the right side of the slide, serving as a visual indicator for the first point.

Clients are optimistic about the opportunities created by broader geopolitical tensions and will pay for strategic advice to help them capitalise.

We've heard a lot, across our *Market Trends Programme*, about macroeconomic and geopolitical issues denting business confidence, but the picture in South East Asia is not one of uniform pessimism. Rather, this report reveals a gathering optimism among clients, despite—and, largely, because of—sweeping changes in the business landscape.

For many clients across the region, improving consumer confidence and an influx of foreign investment both look set to boost demand for strategy consulting. Clients in South East Asia are something of an anomaly in comparison to other global regions, with demand for business strategy here set to outstrip demand for other services over the next 18 months. Tensions between the US and China are changing the face of business in South East Asia, creating a host of challenges and opportunities to be navigated—and while concerns about the former remain, clients in the region are ready to spend on consulting support to help them take advantage of the latter.

It's also worth noting that while our survey distinguishes between business strategy and technology strategy, the reality is that the two effectively go hand-in-hand. Change, in today's global consulting market, depends on technology; clients' plans for expansion rely on having the tools to support their growth.

Client perspective

3

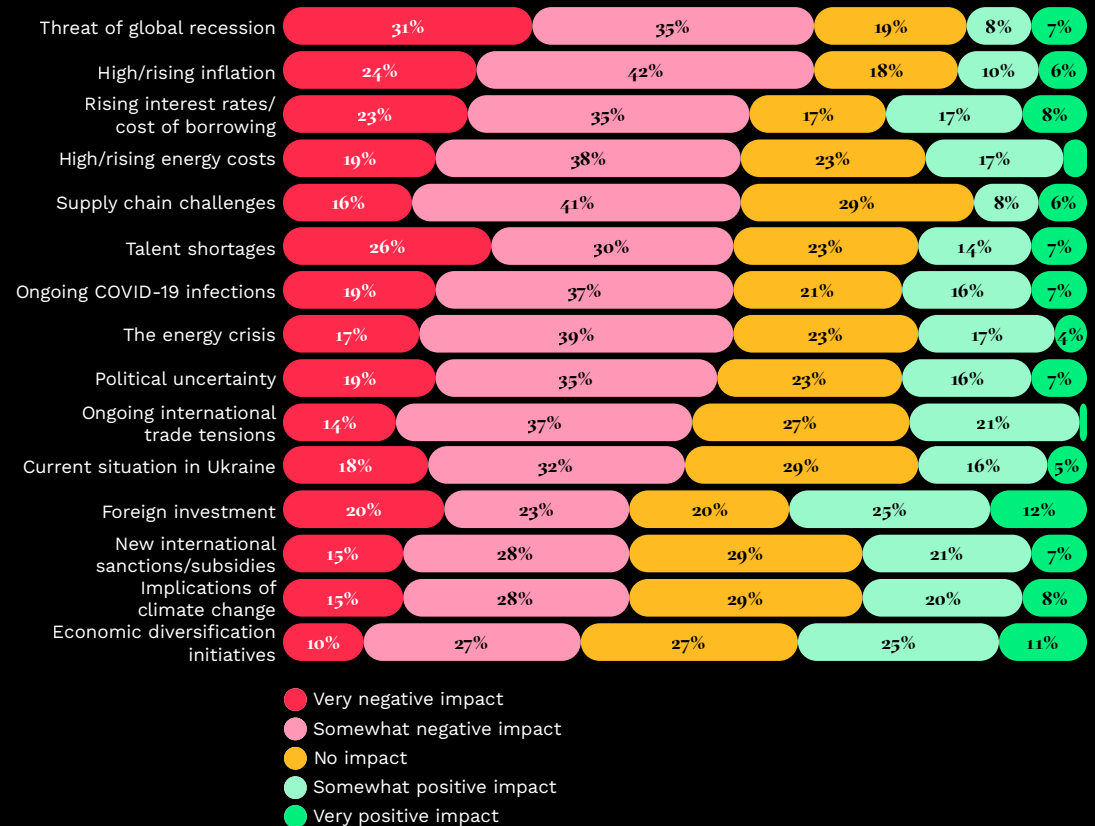
The state of play

Clients' confidence in South East Asia has been stunted by a range of macroeconomic headwinds, but foreign investment and diversification offer lifelines

- As we've seen globally, a turbulent macroeconomic environment continues to pile pressure on clients in the region. From high inflation to supply chain issues, every one of the challenges we asked about negatively impacted over a third of clients in terms of their ability to achieve their corporate goals.
- Overall economic uncertainty and rising inflation stand out as particular barriers: Two thirds of clients name each of these as hindering their ambitions. Given the region's close trading relationship with China, clients have been somewhat sheltered from some of the supply challenges faced by Western markets. But that doesn't eliminate uncertainty, as it's yet to become clear how trade tensions between China and the US, and other downturns in the global economy, will impact the region.
- Despite the prevailing challenges, clients are by no means uniformly pessimistic. On the other side of the coin, over a third of clients (36%) in South East Asia report the positive impact of economic diversification initiatives and foreign investment opportunities. As a key export market, and as the beneficiary of foreign investment arising from trade issues in other developed markets, some clients in the region are looking forward to exploiting bright spots that could be on the horizon.

Figure 5

To what extent will the following external opportunities and challenges have an impact on your overall ability to achieve your organisational goals?



Implications for firms

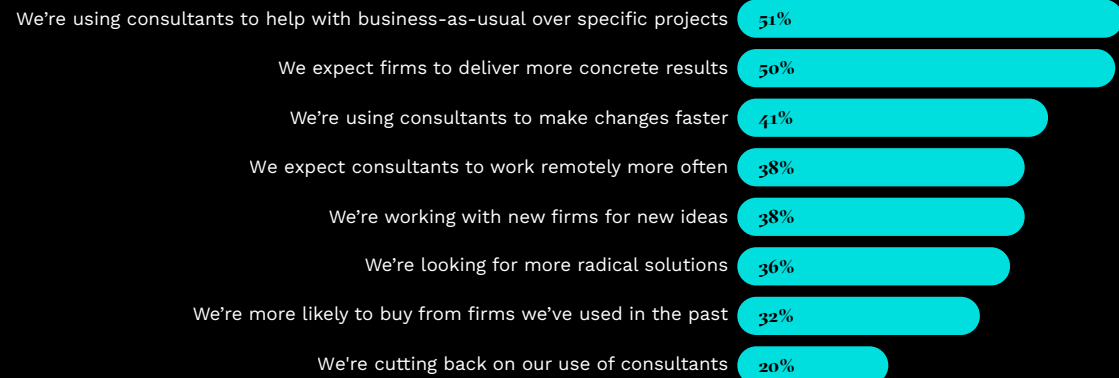


Consultants are being called upon to **plug gaps in organisations' existing workforces**, but clients are also looking for innovation throughout the project timeline

- When we asked clients about how the current macroeconomic situation had changed the way their organisation uses consulting services, over half (51%) stated that the current macroeconomic situation has led to their department using consulting services for their business-as-usual workload, rather than for specific projects. What with the critical skills gaps clients alluded to earlier in our survey, this is somewhat unsurprising, with clients looking to leverage the resources held by consulting firms to ensure continuity and resilience while the labour market remains hotly contested for a range of mission-critical skill sets.

Figure 27

Has the current macroeconomic situation changed the way your department buys and/or uses consulting services?



Tom Evrard, Senior Managing Director, FTI Consulting

“We’ve seen an increased desire for outside counsel on economic and geopolitical issues and disputes.”

“There is opportunity in markets like Thailand, Indonesia, and Vietnam in sourcing, exports, relocating labour, and in their own internal infrastructure development.”

“This year, clients are certainly being a bit more discerning with the budgets for certain projects, with the ‘nice to have’ projects being taken off the table.”

How did the market perform in 2022? What were some of the key drivers?

I don’t work in the traditional management consulting world—I’m a strategic communications consultant focusing on public affairs and reputation, so my view on the market may differ from others’, but we performed very well. We’ve seen an increased desire for outside counsel on economic and geopolitical issues and disputes.

Have you seen any particularly strong demand streams from individual countries?

Singapore acts as the hub of activity for the region, particularly for multinationals. However, clients continue to want a better understanding of what’s happening in the US-China trade war, and these tensions are creating opportunity for countries like Vietnam and Thailand. Companies are trying to identify different sources of labour and supply chains. There’s also tremendous opportunity in South East Asia.

Over the past couple of years, South East Asia seems to have been a net beneficiary of companies moving away from China. How have you seen this play out over the past year?

Despite what we might read about them from a political standpoint, there is opportunity in markets like Thailand, Indonesia, and Vietnam in sourcing, exports, relocating labour, and in their own internal infrastructure development. Countries are looking for consulting firms to talk about why investing in these markets could be a viable opportunity for companies.

Have you seen uncertainty impact the size and scope of projects in the past year?

Companies are still willing to pay the fees for business-critical engagements and projects. However, this year, clients are certainly being a bit more discerning with the budgets for certain projects, with the ‘nice to have’ projects being taken off the table. In the current environment, this includes expansion into markets that companies don’t need to move into yet but where they think there might be a longer-term opportunity.

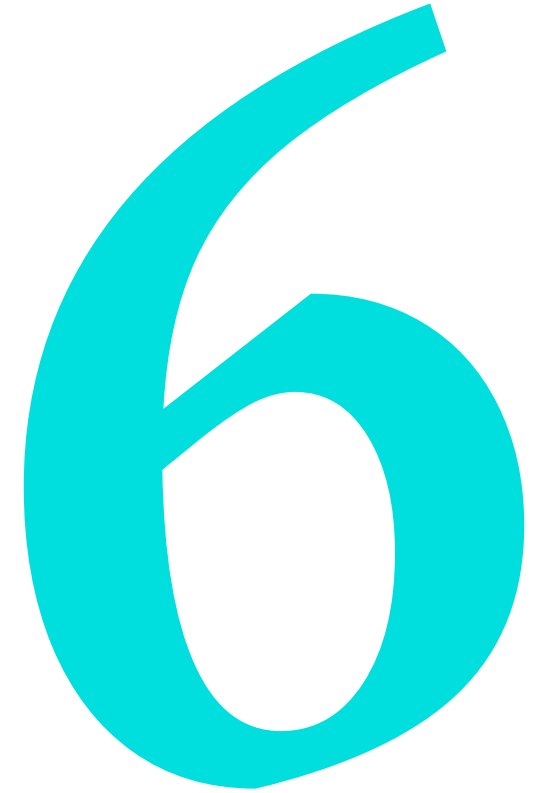
How have you seen ESG drive consulting demand over the past year?

ESG has driven demand a tremendous amount; for example, we get requests two or three times a week on something related to ESG, if not daily. Having said that, given the economic volatility we’re currently in the middle of, people are tightening their belts. This is truer for the HR-driven initiatives that fall under the ‘social’ category than initiatives related to governance standards, which are crucial if you want to be a serious player in international business.

How do you see the market evolving over the course of 2023?

The first quarter was a bit sluggish for a lot of us, so I only really see an upside going into the second and third quarters. However, companies are being much more discerning about the engagements they take on, so corporates need to be able to justify their use of consulting firms more than ever. Right now is not the time to be seen as being frivolous with consulting spending.

About this report



Methodology—The MegaModel

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, capability, and market segment.

For the purposes of this report, we've focused on types of firm and market segments that broadly equate to traditional definitions of consulting. 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 = £0.80

US dollar to euro US\$1 = €0.94

The data in all charts has been rounded to the nearest whole number. This may result in some totals that do not equal 100%.

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”.

Client perspective

We carry out a client survey to help us build a rich picture of how different trends in South East Asia are affecting clients' organisations and their use of consulting. Our survey focuses on trends in South East Asia, providing detailed insights into the nuances of the market. For this, we surveyed 100 senior clients of consulting firms from across South East Asia, all of whom work in organisations with 1,000 or more employees. This survey focuses on the following areas:

- How they expect to use consultants during 2023 and the first half of 2024
- 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.

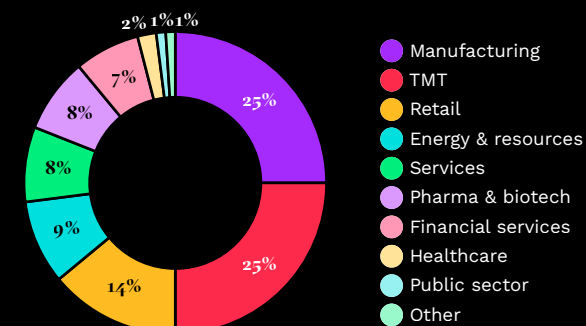
Insights from consultants

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.

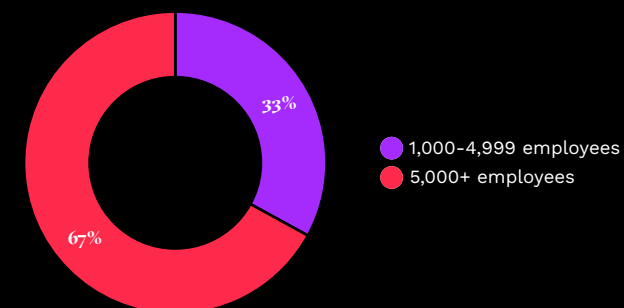
In-depth desk research

We also conducted a thorough PEST analysis in South East Asia 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.

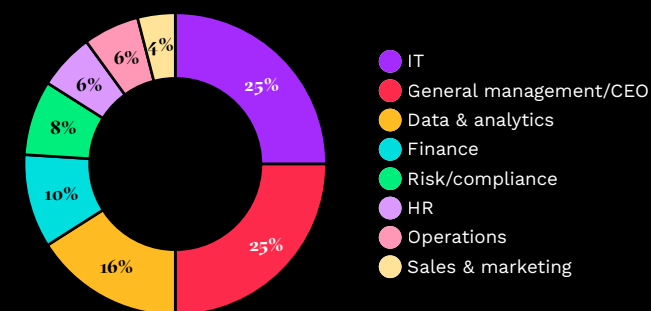
Respondents by sector



Respondents by organisation size



Respondents by function



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
Esther Colwill	President, APAC Region & Global Technology Industries	Korn Ferry
Tom Evrard	Senior Managing Director	FTI Consulting
Simon Gealy	CEO, PwC South East Asia Consulting	PwC South East Asia Consulting
Alfred Goh	Director, Managing Partner	Enterprise NCS
David Hollander	Partner	Sia Partners Singapore
Irving Low	Partner, Co-Head of Advisory (Singapore and Indonesia)	KPMG Singapore
Ross Macallister	Head of Advisory, Managing Partner, Consulting	KPMG Vietnam
Gaurav Modi	Consulting Managing Partner – ASEAN and Singapore	EY
Andrew Taggart	Clients & Markets Leader, Partner	PwC South East Asia Consulting

Meet the experts

James Beeby

James is Research Lead at Source, producing research and analysis into firms, countries, sectors, and markets to understand the key trends impacting the professional services industry. James also plays a leading role in our internal research programme, tracking macroeconomic, political, and social changes to understand the risks and opportunities for client firms across a range of regions, sectors, and markets.

James Beeby

✉ james.beeby@sourceglobalresearch.com



Jessica Mack

Jessica is a research analyst within the Market Trends team at Source. She conducts research and analysis for bespoke client projects and in order to assist the data team with their development of the MegaModel. Jessica also contributes to initial research, data analysis, and writing of Source's Market Trends reports, which help keep professional services firms informed.

Jessica Mack

✉ jessica.mack@sourceglobalresearch.com



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.