

Report
September 2023

EXTRACT



MARKET

The Africa Consulting
Market in 2023



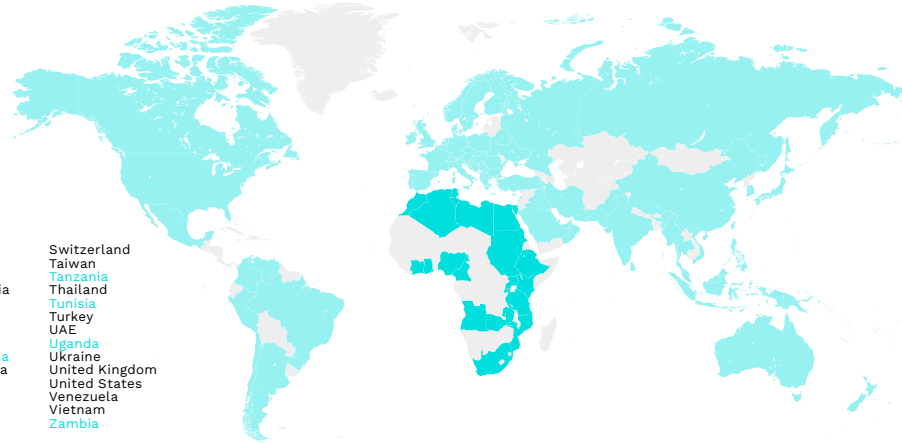
What's included in this report

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

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



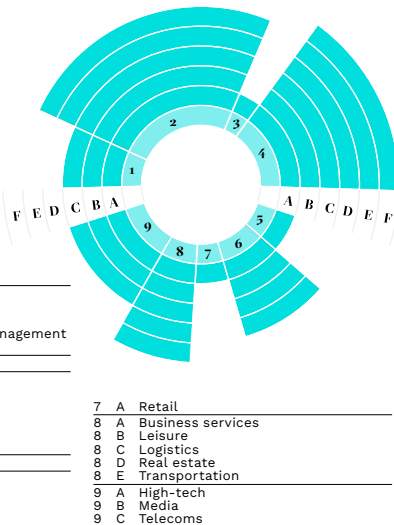
Sector model

Sectors

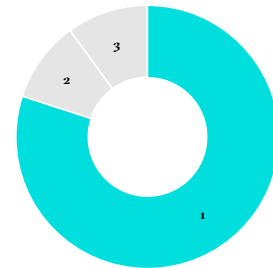
- 1 Energy & resources
- 2 Financial services
- 3 Healthcare
- 4 Manufacturing
- 5 Pharma & biotech
- 6 Public sector
- 7 Retail
- 8 Services
- 9 Technology, media & telecoms

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 |



The revenue-earning model



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

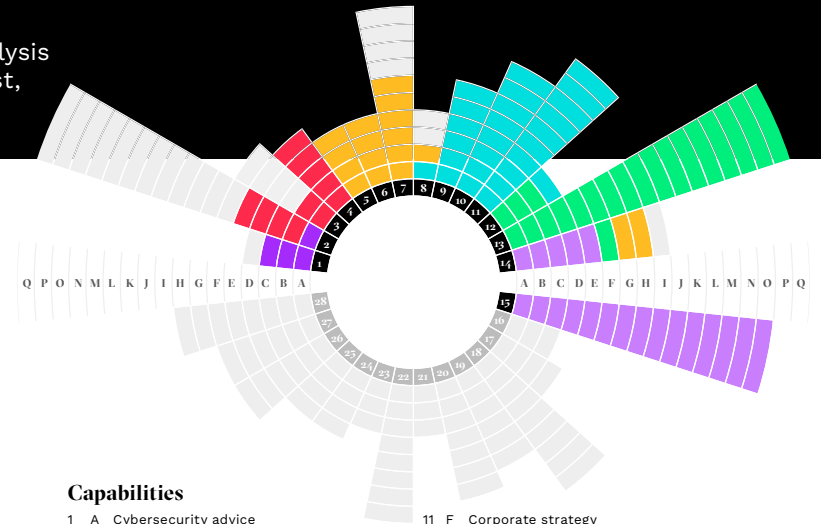
Line of business model

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 Customer 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 Africa consulting market in numbers

9

Consulting market size and growth by region

9

Southern Africa

10

Consulting market size and growth by country

10

Economic growth by country

10

Northern Africa

11

Consulting market size and growth by country

11

Economic growth by country

11

Sub-Saharan Africa

12

Consulting market size and growth by country

12

Economic growth by country

12

Breakdown by service

13

Breakdown by sector

14

2

Client perspective

17

The state of play

18

What are clients' current priorities and challenges?

22

What are clients' current investment priorities?

27

How and why clients are buying consulting services

29

3

Implications for firms

33

4

Insights from consultants

38

Adam Craker, CEO, IQbusiness South Africa

39

Hannelie Gilmour, Consulting Leader (South Market Africa) & Transformation Platform Leader (Africa), and Keshava Naidu, Advisory Clients & Markets Leader (Africa), PwC

40

Hennie Human, Africa Consulting Leader, EY

41

Mritunjay Kapur, Managing Partner Advisory, KPMG South Africa

42

Mohamed Radwan, Managing Director, Platinum Partners

43

Mongi Ben Thkayat, Founder & Managing Partner, AMEF

44

5

About this report

45

Methodology—The MegaModel

46

Definitions of sectors and services

48

Contributors

50

Meet the expert

51

About us

52

Publication schedule for 2023

53

6

What **really** **matters**

Three things for firms to act on



Consulting firms must ensure that expertise shines through in their marketing if they want to capitalise on the ambitious plans of clients in Africa.

Over the past year, macroeconomic uncertainty and renewed geopolitical tensions prompted clients in Africa to curtail all but the most critical spending programmes, resulting in a sharp reduction in the size and scope of investments directed towards consultants.

However, clients feel optimistic about what the future holds: Foreign investment remains strong, and new opportunities both to tap into new demand streams and to bring supply chains closer to the domestic market beckon as the implications of continent-wide initiatives such as the AfCFTA become clearer.

With that optimism comes the intention to spend more on consultants. However, what is clear from our research is the extent to which clients want to redefine the old relationships they had with consultants—they want expertise to help them navigate a business environment they have not experienced before. And they're willing to pay more for the privilege.

Alongside expertise, clients told us that the way consulting firms talk about themselves will be key to helping them select who to work with going forward. As a result, firms must ensure that their expertise shines through at all points in their marketing collateral.

Client perspective

3

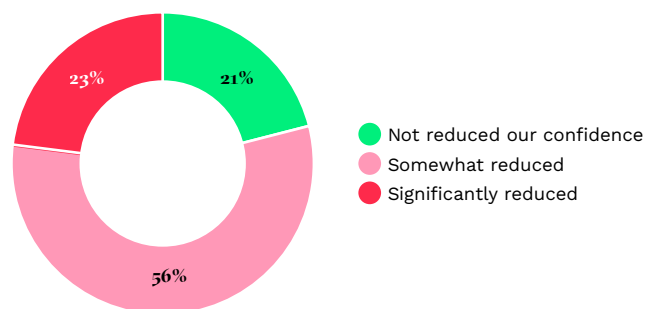
The state of play

Economic uncertainty is shaking confidence in organisations across Africa

- The position in which many clients in Africa find themselves at the moment is precarious at best. Global economic uncertainty, compounded by rising inflation, has chipped away at consumer spending, reducing the revenues of some clients and affecting their ability to feel confident about the future.
- In our survey, 56% of respondents in Africa stated that their confidence has been significantly reduced due to political tensions and macroeconomic uncertainty, while only a fifth (21%) state their confidence has been unaffected.
- When we asked about the reasons behind this lack of optimism, inflationary pressures lurked behind the top responses. Thirty-four percent of respondents cite falling consumer demand as a key concern.
- Rising costs are also reducing the confidence of 22% of clients. This is particularly felt in the healthcare and services sectors, as rising costs and wage inflation impact profitability. Energy & resources has also been hit by soaring costs that have negative implications for the competitive landscape.

Figure 5

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



- Clients are likely to be seeking both strategies to increase efficiencies and new business products that can help them tackle the challenges brought on by the gloomy macroeconomic situation. For firms, that may mean providing strategic roadmaps that can help clients realise their company-wide transformation initiatives.

Figure 6

Why have macro-economic uncertainty and the political tensions reduced your business confidence?



Implications for firms



Clients tell us they're willing to pay a premium for specialist consulting expertise that generates measurable benefits

- Almost half (47%) of respondents expect to pay more for consultants over the coming year, while over a third (35%) think prices will fall. This difference in expectations is largely down to clients being willing to pay for what they need from consultants: expertise (particularly around technology transformation).
- The reasons why clients expect to pay less for consultants suggest that the growing popularity of staff augmentation work is driving down expectations of price. The most-cited factors contributing to the expectation that prices will be lower in the future are that many firms could do the work and parts of the projects could be offshored. However, firms should not dismiss this service: Respondents in our survey indicate they do see great value in working with firms in this way, and business-as-usual support can help to create relationships with organisations that could lead to more specialist work in the future.

Figure 29

To what extent do you think that the prices consulting firms charge you will increase or decrease over the next 12 months?

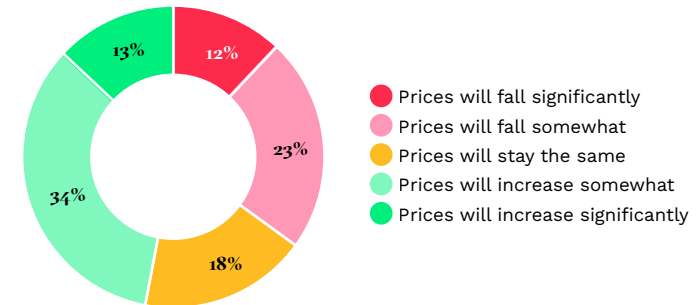


Figure 30

Why do you think the prices you pay for external support will increase/decrease?

Increase

- 1 We'll be prepared to pay a premium for specialist expertise
- 2 The work will be more complex
- 3 The work will generate a high positive return on investment

Decrease

- 1 Many firms could do the work involved
- 2 We've been able to get this kind of work cheaply in the past
- 3 Parts of the work could be delivered from an offshore location

Adam Craker, CEO, IQbusiness South Africa

“Now clients are looking at new ways of engaging with customers, optimising business models, and using technology as a major change enabler.”

“The African Continental Free Trade Agreement (AfCFTA) has not generated much consulting demand directly.”

“Sectors like finance, retail banking, and insurance have begun to mature rapidly, accelerating the take up on new products and services.”

How did the market perform last year, and what were its key drivers?

2022 saw a lot of activity. In South Africa, clients have been looking to expand into new areas: Digital engagement, customer, and business optimisation went through a very solid period.

Coming into January 2023, things began to cool, and then to fall off a cliff. Electricity issues in South Africa reached a point of despair, coupled with questions about the relationship between the South African and Russian governments, and major issues with broader trading relationships. Socio-political dynamics are worsening, and that is having a major impact on business confidence. Clients are implementing austerity measures and stopping some consulting spend.

What do you think is driving continued spend on digital consulting?

Clients want to capitalise on what the pandemic enabled: a rapid step into the digital space. Now clients are looking at new ways of engaging with customers, optimising business models, and using technology as a major change enabler. South Africa is in a state of very low economic growth, and so there is a real drive to outcompete competitors across sectors.

The African Continental Free Trade Agreement (AfCFTA) has not generated much consulting demand directly. South Africa is a zero-growth economy, and clients are looking to expand into markets with a strong growth trajectory, such as Kenya, Nigeria, and Rwanda.

Several countries in Africa have well-publicised initiatives to boost exports through economic diversification. To what extent did this impact consulting demand in 2022?

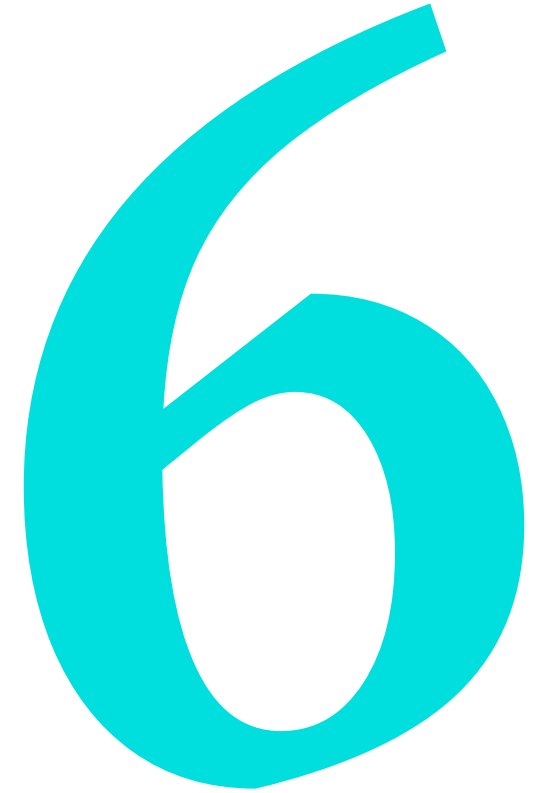
There are large markets in Africa that are rapidly and dynamically changing, such as Ghana and Rwanda, which are looking to diversify from their dependence on petrochemicals into services and tourism, and there has been a rapid growth in offshoring in those markets. In parallel, sectors like finance, retail banking, and insurance have begun to mature rapidly, accelerating the take up on new products and services. There has also been a significant step forward in FMCG and financial services in customer research and insight capabilities.

How has the war for talent developed?

Around 20 years ago, there was a significant problem in Africa with brain drain, and doubts about the political future of South Africa meant that a lot of talent sought opportunities elsewhere. Now, there is a trend around digital nomads or full migration from the UK, the US, and Ireland. The Rand has been devalued to very low levels, and so if you are based in South Africa earning euros, dollars or pounds, there is a potential pay increase, although the SA Revenue Service is indicating these companies must now localise and pay local levies and taxes. The local talent here is extremely resilient, and South Africa can become an increasingly attractive environment to work in for foreign talent.

The quality of living in South Africa is off the charts compared to other places, with the political situation in Europe and uncertainties in the US. Africa is a very attractive proposition and home to some of the world's fastest growing markets. The future holds many attractive growth opportunities.

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 Africa are affecting clients' organisations and their use of consulting. Our survey focuses on trends in Africa, providing detailed insights into the nuances of the market. For this, we surveyed 100 senior clients of consulting firms from across Africa, 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.

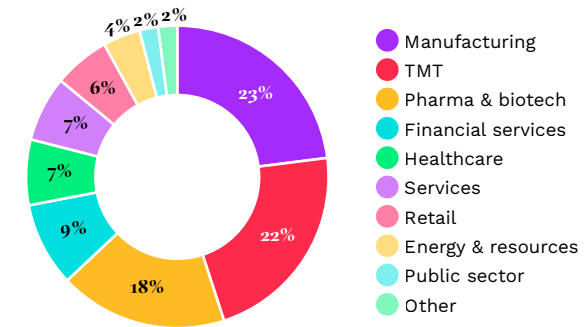
Insights from consultants

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.

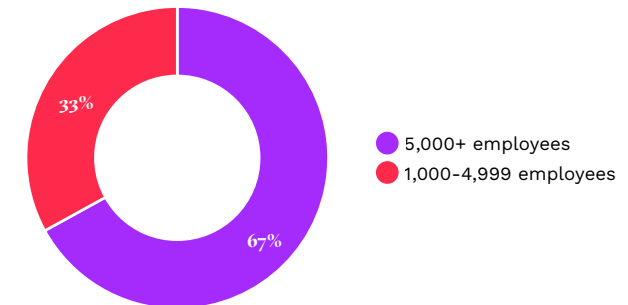
In-depth desk research

We also conducted a thorough PEST analysis in Africa 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.

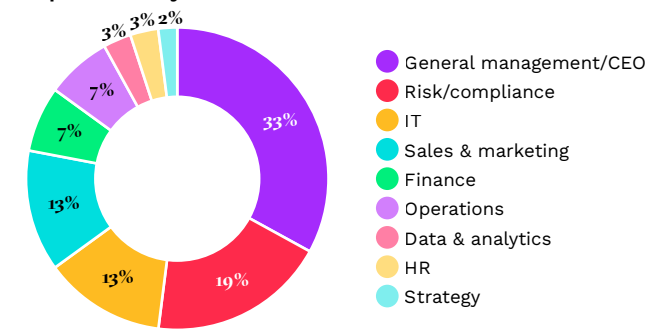
Respondents by sector



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
Adam Craker	CEO	IQbusiness South Africa
Hannelie Gilmour	Consulting Leader (South Market Africa) & Transformation Platform Leader (Africa)	PwC
Hennie Human	Africa Consulting Leader	EY
Mritunjay Kapur	Managing Partner Advisory	KPMG South Africa
Keshava Naidu	Advisory Clients & Markets Leader (Africa)	PwC
Mohamed Radwan	Managing Director	Platinum Partners
Mongi Ben Thkayat	Founder & Managing Partner	AMEF

Meet the expert

Dane Albertelli

Dane is an experienced analyst within the Market Trends team. He currently conducts research on global market trends within the professional services sector. He has also carried out bespoke mergers & acquisitions scans for clients hoping to enter the US IT services sector. He has written a number of specialised reports on the state of the professional services market in regions such as GCC and Australia.

Dane Albertelli

✉ dane.albertelli@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 3743 3934
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.