

EXTRACT



Market Trends

MARKET

Planning for Growth
in 2025

Report

NOV 2024

Contents

Underpinned by our MegaModel, our reports deliver an independent and objective understanding of the markets that matter most; including everything from key trends and growth opportunities to the latest views of consulting leaders and a detailed analysis of the buyer's voice.

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Introduction

The market outlook for 2025 should be tinged with a healthy dose of optimism as clients plan for growth. This report combines the qualitative insights of Source's own experts with quantitative analysis from our model of the global professional services market. We outline our methodology for how we have estimated the potential market attractiveness and size of four offerings that we highlight as being growth opportunities for 2025.

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What really matters

We identify the things that really matter to firms—a snapshot of the most important dynamics in the market. Encouraging innovation, highlighting the benefits of emerging technologies and demonstrating expertise are at the heart of enabling clients to switch from a mindset of efficiency gains to one of growth.

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The offerings

On the back of ongoing conversations in the market, we have identified four offerings for which we think client demand is growing and where professional services firms are in a good position to meet this demand. Each offering is discussed in terms of its potential market attractiveness and size. **AI foundations** ranks top in terms of market value, while **managing & navigating risk** tops market attractiveness.

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Introduction

2024 has been a year of crisis, confusion, and challenge. Volatility reigns. Whether it be geopolitical tension, high levels of inflation, or climate change shocks, uncertainty seems to be everywhere. And yet something interesting is emerging in terms of how the world of business is responding to these risks.

Growth is becoming the new mantra. As politicians attempt to woo voters, it is the “G” word that comes to their lips with ever more frequency. And not just politicians. Business leaders are increasingly stressing their desire to grow as they engage with their customers, employees, and investors.

Growth as an aspiration is back in mode. No longer do we see the cautious approach of battening down the hatches in the face of a stormy business climate. Instead, we increasingly see clients, both big and small, wanting to meet challenges head on, as they increase their expenditure on technology, adapt their business models to suit the needs of today, and ensure their talent base has the right skills to meet the strategic goal of growth.

This backdrop means that the outlook for 2025 should be tinged with a healthy dose of optimism. Clients will need support as they plan to build or even transform their strategies. Organisations will focus more on sales, marketing, and customer service functions as they target new revenue streams. And of course, technology will act as the foundation for client growth initiatives.

For our *Planning for Growth in 2025* report, we use the same format as previous years as we weave together the qualitative insights gathered from hundreds of interviews with senior leaders from client organisations and consulting firms, alongside Source’s own views on the industry. This allows us to identify the key issues* that the business world is experiencing today and will have to deal with in 2025, as well as the provider offerings* available to them. We have asked our own

expert analysts to score four issues/offerings based on a set of criteria to answer the question: How attractive is each of these consulting opportunities? The offerings covered in the report, displayed in order of potential global value for firms (highest to lowest), are as follows:

- **Artificial Intelligence (AI) foundations**
- **Managing and navigating risk**
- **Cities as engines of innovation**
- **Sustainability & low-carbon transition**

These are not necessarily the four largest offerings but ones that we have selected for the report based on our research over the year. We’ve also polled our analyst community to crowdsource our assessment, and no opinion has carried more or less weight than others. The report is very much Source’s opinion.

We have put an estimated dollar value on all four offerings. This is one of the benefits of the granular nature of our data model; we can reconfigure and recombine its constituent parts to build new offerings. It’s something that we do for clients on bespoke projects on a regular basis, but we have extended the data to this portion of our Market Trends programme. It’s important to note that our analysts didn’t know the size of the market when they scored each offering—we didn’t want them to be swayed by the dollar value when there are so many other factors at play, and because this is a forward-looking report. The estimated dollar size is calculated from the proportion of global revenue by business line estimated to be affected by the four specific offerings explored in the report.

*We’re using the terms “issues” and “offerings” throughout this report in recognition of the multidisciplinary nature of what we’re describing, and to distinguish them from the more traditional “services” that professional services firms tend to think of themselves as providing.

Sizing methodology

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.

To size the offerings, we have taken relevant parts from each capability in the model and aggregated them to form multidisciplinary markets.

Market attractiveness methodology

Below are the survey questions we put to Source's experts. From their responses, we assigned an "attractiveness" score to each issue/offering we asked about. We also break down our scoring methodology.

Client issues | Demand side

These metrics are designed to measure what shape clients are in to address each issue. We score each attribute on a scale of one to five: One suggests a lack of relevant opportunity, five that a significant market opportunity exists.

Resonance	<p>Who cares about this issue?</p> <p>A high score signals strong engagement from multiple sources, a low score indicates this topic is not on many people's radars.</p>
Intervention	<p>Is there pressure to act, and how does this vary between groups?</p> <p>A high score suggests significant pressure from multiple sources, and a low score indicates there is little interest in this issue.</p>
Impact	<p>What evidence exists to demonstrate the importance of acting on this issue, and is this evidence robust?</p> <p>A high score signals a wealth of high-quality evidence, but a low score suggests this evidence is lacking in its existence and/or weight.</p>
Scarcity	<p>Do the resources needed to tackle this issue currently exist?</p> <p>A high score suggests resources are lacking, signalling a need for external support. A low score indicates these resources can easily be found internally.</p>

Scoring methodology for demand side

Provider offerings | Supply side

These metrics measure the market size and conditions of the offerings related to our four issues. They consider the investment that will have to be made by providers of relevant offerings and predict the possible return from each market opportunity.

Foundation	<p>Do offerings need to be created from scratch, or can they be built upon existing structures?</p> <p>A high score indicates the relevant foundations already exist, whereas a low score suggests providers must start from the beginning.</p>
Size	<p>How big are relevant offerings likely to be in terms of scale, demand, and price?</p> <p>A high score indicates clients are willing to invest heavily, while a low score suggests propensity to spend is small.</p>
Execution	<p>What investment will providers need to make to deliver relevant offerings?</p> <p>A high score indicates an offering that is standardised and cheap to deliver, whereas a low score suggests significant investment will be needed to create more bespoke offerings.</p>
Predictability	<p>How repeatable is client demand for relevant offerings likely to be?</p> <p>A high score suggests demand will be continuous, allowing for longer-term client relationships; a low score indicates a market dominated by one-time purchases.</p>

Scoring methodology for supply side

For a more detailed breakdown of the offerings attached to each issue, please refer to our [capability mapping](#).



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Three things for a firm to act on 13

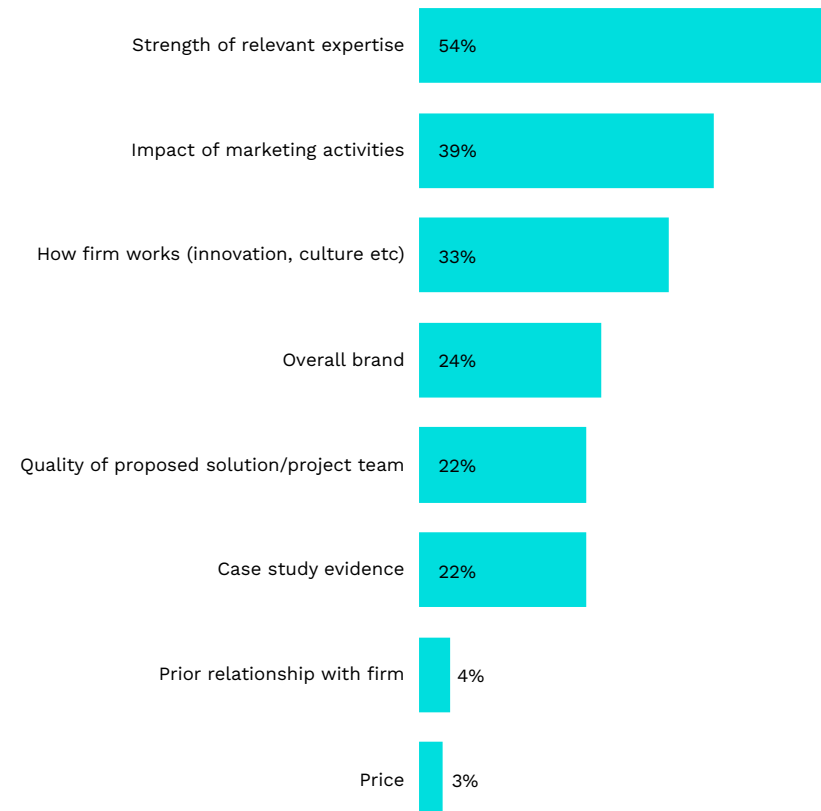
3 Challenge your clients, demonstrate expertise.

Clients want more conversations with firms. And they want these conversations to be specific to their challenges. They want to be listened to and to discuss these issues on both a regular and ad hoc basis. But they don't want just to be listened to, clients also want to be challenged. And they want firms to demonstrate their expertise by bringing new ideas on how they can meet the needs of the market and how they can operate more effectively to support their growth ideals. There is a problem though: One in four clients tell us that consultants don't understand their sector.

Firms need to demonstrate their expertise. We know that clients primarily make decisions on which firm to select on the strength of their relevant expertise (see Figure 3), and to a lesser extent on the impact of marketing activities. Thought leadership plays an important role in highlighting the depth of expertise a firm has and in identifying specific experts to whom a client can talk. Firms should use thought leadership to showcase industry experts that are given the mandate to develop ideas and to discuss controversial opinions where appropriate. This will demonstrate specific sector knowledge and entice clients to think more seriously about your pitch. While it may be true that thought leadership is most influential during the early stages of the buying process, one in 10 clients use thought leadership to make a decision on which firm they should work with. This emphasises the important role an individual expert can play in influencing a client's final decision.

Figure 3

When considering which firm to choose from a shortlist, what are you most likely to rely on?



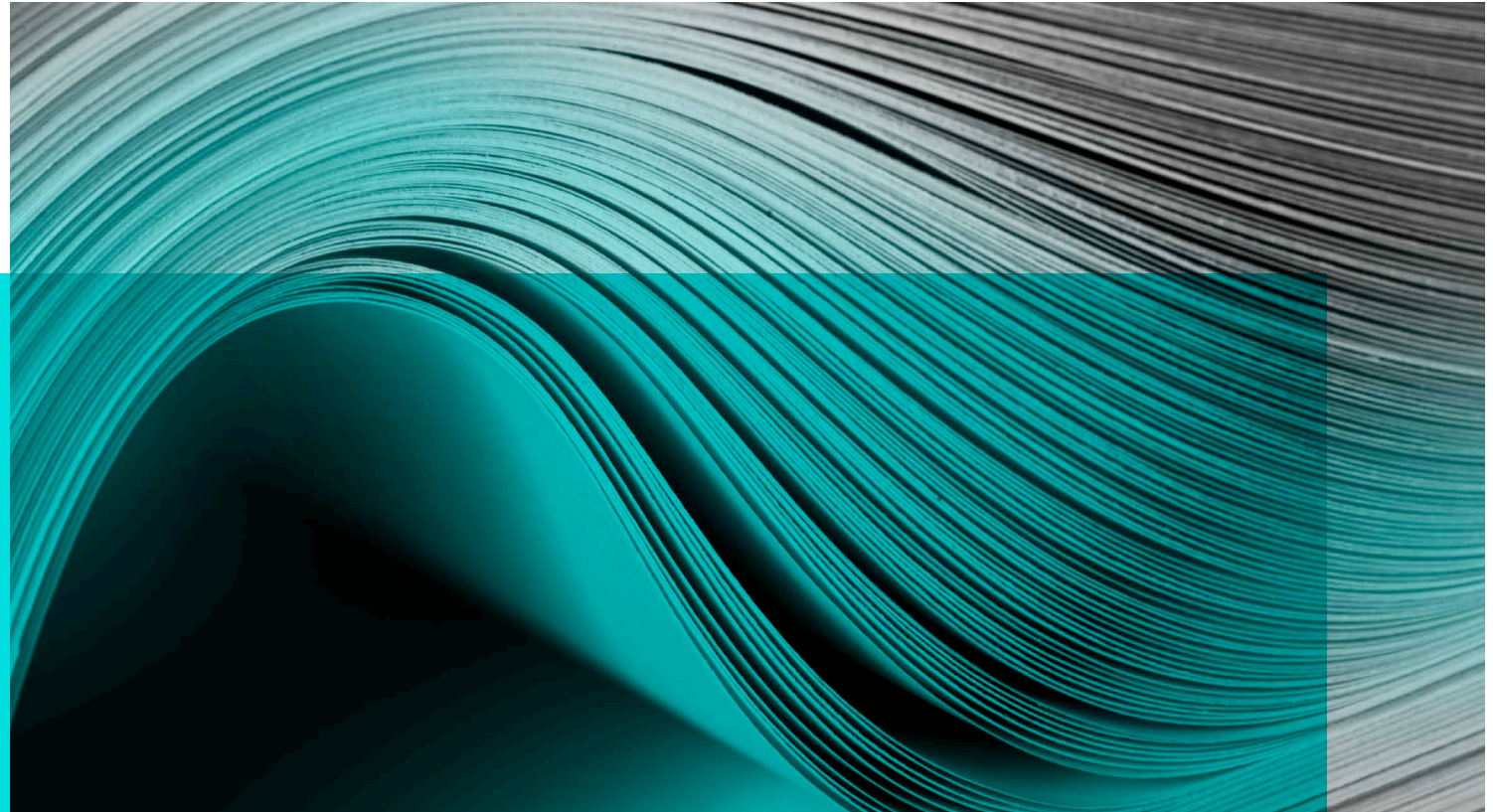
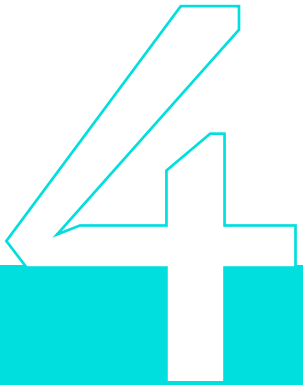
Data source: Market Trends survey 2024 | F66 [Global data, all sectors], sample size 2,400

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Meet the expert

Nick Jotischky

Nick is Head of Market Trends at Source. Drawing on over 20 years of experience in B2B research centred on macroeconomic and geopolitical risk, Nick leads the Market Trends programme, with a focus on assessing the landscape of the professional services market by region and sector and putting meaningful insights into the hands of firms.

Nick Jotischky

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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.

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Publication schedule for 2025

2025		Market Trends Reports	Market Trends Briefings	Client Perceptions Studies	Emerging Trends Programme	White Space Reports	White Space Insights
Q1	January	Forecasts for 2025 UK US GCC France		UK US GCC France		Quality Ratings Report (QRR)	Featured thought leadership (monthly) Quarterly webinar series
	February				ET1		
	March						
Q2	April	Nordics DACH Australia East Asia South East Asia Africa	India South America	Germany Australia China Japan Retail Energy & Resources Financial Services Technology, Media & Telecoms	ET2	Client Perceptions of Thought Leadership	Featured thought leadership (monthly) Quarterly webinar series
	May						
	June				ET3		
Q3	July	Energy & Resources Financial Services Technology, Media & Telecoms Sustainability	Healthcare & Pharma	Risk Tax		Thought Leadership Innovation	Featured thought leadership (monthly) Quarterly webinar series
	August				ET4		
	September						
Q4	October	Tax Risk Technology Planning for Growth in 2026	Public Sector	Audit Technology	ET5		Featured thought leadership (monthly) Quarterly webinar series
	November						
	December				ET6		