

EXTRACT



Market Trends

MARKET

**The Australia Consulting
Market in 2024**

Report

June 2024

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

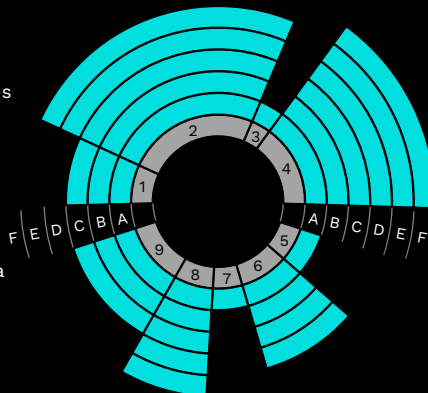
| | | | | | |
|------------------|----------------|-----------|-----------------|------------------|----------------|
| Albania | Chile | Greece | Libya | Pakistan | Slovakia |
| Algeria | China | Hong Kong | Luxembourg | Papua New Guinea | Slovenia |
| Angola | Colombia | Hungary | Malaysia | Peru | South Africa |
| Argentina | Côte d'Ivoire | India | Mexico | Philippines | South Korea |
| Australia | Croatia | Indonesia | Morocco | Poland | Spain |
| Austria | Cyprus | Iran | Mozambique | Portugal | Sri Lanka |
| Bahrain | Czech Republic | Iraq | Myanmar | Qatar | Sudan |
| Belarus | Denmark | Ireland | Netherlands | Romania | Sweden |
| Belgium | Egypt | Israel | New Zealand | Russia | Switzerland |
| Bosnia | Ethiopia | Italy | Nigeria | Saudi Arabia | Taiwan |
| Brazil | Finland | Japan | North Macedonia | Serbia | Tanzania |
| Bulgaria | France | Kenya | Norway | Singapore | Thailand |
| Cameroon | Germany | Kuwait | Oman | | Tunisia |
| Canada | Ghana | Lebanon | | | Turkey |
| | | | | | UAE |
| | | | | | Uganda |
| | | | | | Ukraine |
| | | | | | United Kingdom |
| | | | | | United States |
| | | | | | Venezuela |
| | | | | | Vietnam |
| | | | | | Zambia |



Sector model

Sectors

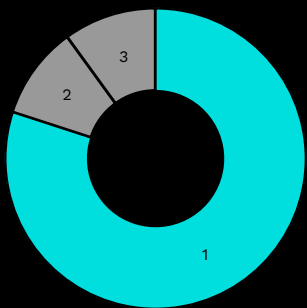
- 1 Energy & resources
- 2 Financial services
- 3 Healthcare
- 4 Manufacturing
- 5 Pharma & biotech
- 6 Public sector
- 7 Retail
- 8 Services
- 9 Technology, media & telecoms



Sub-sectors

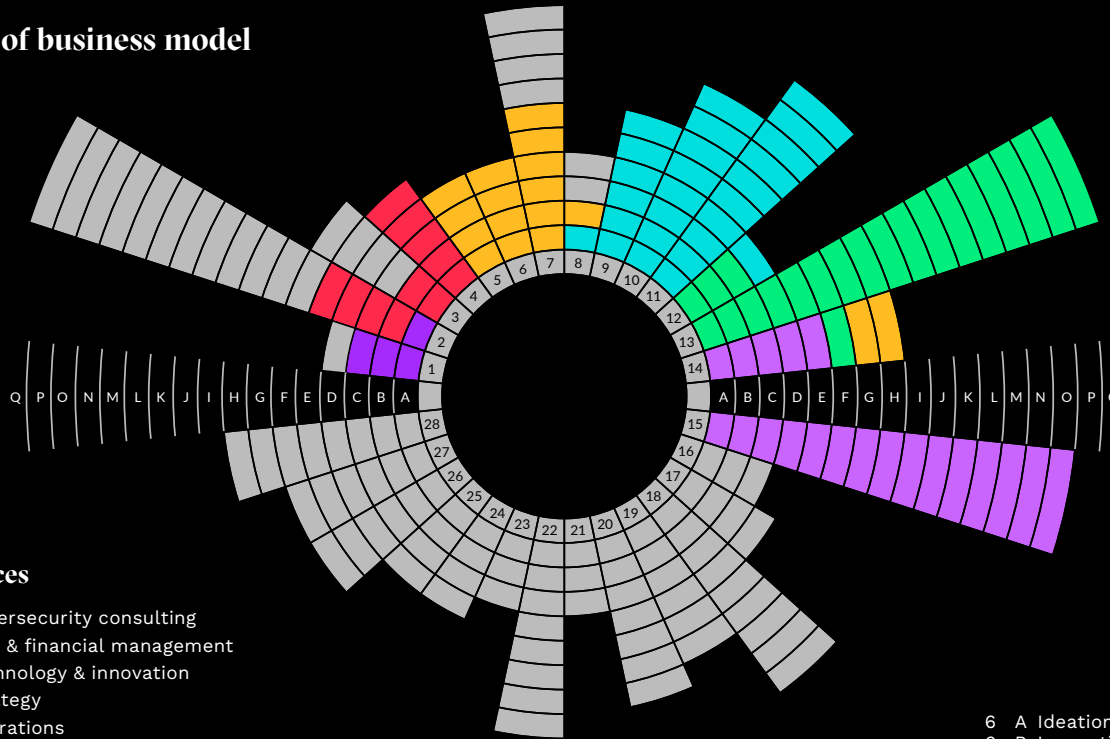
- | | | |
|--------------------------------------|-----------------------------|-----------------------|
| 1 A Energy | 4 A Aerospace | 8 A Business services |
| 1 B Primary resources | 4 B Automotive | 8 B Leisure |
| 1 C Utilities | 4 C Construction | 8 C Logistics |
| 2 A Banking | 4 D Consumer electronics | 8 D Real estate |
| 2 B Capital markets | 4 E Consumer packaged goods | 8 E Transportation |
| 2 C Insurance | 4 F Industrial products | 9 A High-tech |
| 2 D Investment and wealth management | 5 A Pharma | 9 B Media |
| 2 E Private equity | 6 A Defence | 9 C Telecoms |
| 3 A Healthcare | 6 B Education | |
| | 6 C Not-for-profit | |
| | 6 D Public sector | |
| | 7 A Retail | |

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
- Technology & innovation
- Strategy
- Operations
- HR, change & people strategy

Line of business

- | | |
|---------------------------------|------------------------------|
| 1 Cybersecurity | 20 Legal |
| 2 Risk | 21 Litigation |
| 3 Forensic | 22 Marketing & creative |
| 4 Financial management | 23 Network engineering |
| 5 Design & UX | 24 Product engineering & R&D |
| 6 Innovation | 25 Recruitment |
| 7 Technology | 26 Software engineering |
| 8 Data & analytics | 27 System integration |
| 9 Research | 28 Tax |
| 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 | |

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 |
| 11 F Corporate strategy |
| 11 G Market analysis & strategy |
| 11 H Policy formulation |
| 11 I Pricing |
| 11 J Strategic sourcing/offshoring services |
| 12 A Corporate, occupier services & facilities management |
| 12 B Integrated real estate developer services |
| 12 C Real estate deal/transaction services |
| 12 D Real estate strategy |
| 13 A Benchmarking |
| 13 B Business continuity & recovery |
| 13 C Cost cutting |
| 13 D Customer service |
| 13 E DevOps |
| 13 F Distribution strategy |
| 13 G Lean & Six Sigma |
| 13 H Operational review |
| 13 I Outsourcing advice |
| 13 J Post-M&A integration |
| 13 K Process design, re-engineering & automation |
| 13 L Procurement/purchasing |
| 13 M Property & estate management |
| 13 N Sales & distribution planning |
| 13 O Sales force effectiveness |
| 13 P Supply chain management |
| 13 Q Target operating model |
| 14 A Purpose-led strategy & change |
| 14 B Resource-efficiency implementation |
| 14 C Resource-efficiency strategy |
| 14 D Social impact & trust |
| 14 E Sustainable investment |
| 14 F Sustainable supply chain |
| 14 G Clean technology |
| 14 H Green IT |
| 15 A Benefits, compensation & pensions, excluding actuarial & investment advice |
| 15 B Change management |
| 15 C Diversity & inclusion |
| 15 D Employee engagement |
| 15 E Governance & board effectiveness |
| 15 F HR strategy & effectiveness |
| 15 G Leadership |
| 15 H Organisational design & culture |
| 15 I Organisational training & development |
| 15 J Outplacement |
| 15 K Pension fund evaluation & advice |
| 15 L Performance management |
| 15 M Stakeholder management |
| 15 N Talent management |
| 15 O Team effectiveness & collaboration |

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.

1

What really matters

We identify the things that really matter to firms—a snapshot of the most important dynamics in the market.

The big answers

We ask Source's experts what they think are the big opportunities and risks in today's market.

>> Pages 5-10



2

Market overview

Bringing together our market data, forecasts, and analysis, we provide a comprehensive picture of the state of play from a geographical, sector, and line-of-business perspective.

>> Pages 11-16

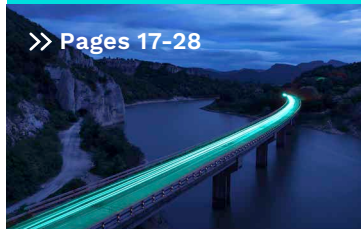


3

Client priorities

Using data from our survey of senior buyers of consulting, we explore the most important priorities, opportunities, and challenges for clients.

>> Pages 17-28

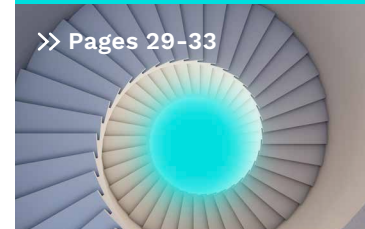


4

Implications for firms

We take a look at the factors influencing clients' buying behaviours, and what this means for the services firms provide.

>> Pages 29-33



5

Insights from consultants

In this series of interviews, senior leaders from professional services firms offer their perspectives on what really matters in the market today.

>> Pages 34-40



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1



**“Clients are placing a
significantly greater emphasis
on digital transformation.”**

Paul Howes, KPMG

What really matters

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Three things for a firm to act on

1

While growth in the consulting market in Australia slows to 5.1%, firms may still find opportunities as clients are focusing on productivity and resilience.



5.1%

Growth in the consulting market
in Australia slows to 5.1%

Much like the rest of the world, Australia experienced an economic slowdown in 2023 as high inflation and geopolitical uncertainty began to take its toll on consumer confidence and company budgets. Although these market pressures are set to persist into 2024, client confidence is starting to recover dramatically.

This rebound in confidence is primarily because clients now understand what they must do to improve their businesses and overcome their current challenges. They are now focusing on transforming their organisations through an overhaul of digital technology and the use of better data collection techniques, in order to improve their productivity and resilience.

Clients are also aware of the future opportunities specific to the Australian market: The defence sector, as well as the green transition in energy infrastructure, will undoubtedly involve large-scale consulting support.

2



**“We have a strong defence,
health and human services
spending agenda [in
Australia], and the complexity
means that consulting
services will be required”**

Justin Grieg, EY

Market overview

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| The Australia consulting market in numbers..... | 12 |
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| The post-COVID highs of 2022 have been replaced with more subdued growth of 5.1% in 2023 | 15 |
| Financial services remains the largest sector, but the public sector grew at the fastest rate in 2023 | 16 |

What are clients' top needs and priorities?

Following a tumultuous 2023, clients are finding the current macroeconomic environment much more stable

Coming into 2024, clients in Australia have found themselves in more stable economic conditions following a difficult 2023, which was categorised by macroeconomic uncertainty and high inflation. Australia in particular also had to deal with a collapse in demand for consulting services following domestic scandals and a general belt tightening from consumers.

Although these factors are still at play in 2024, our survey results and discussions with industry leaders lead us to believe that the current year is shaping up to be far more positive. Clients are eager to capitalise on new growth areas, particularly in the defence sector and the green transition in the energy & resources sector.

Australia is also far better placed this year than some of its economic peers, with 83% of clients in Australia reporting that the economic environment has improved, compared to 52% in the US and just 28% in the UK. We expect this renewed optimism to be reflected in a resurgent demand for external consulting services.

Figure 5

How has the overall economic environment in which your organisation operates changed compared to this time last year?

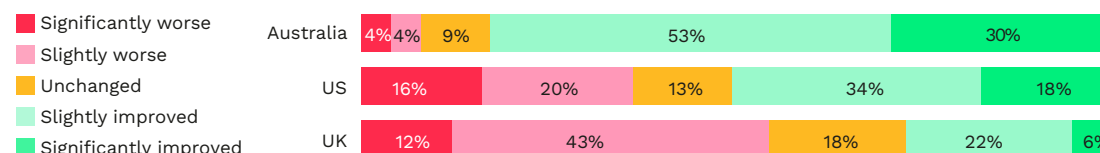
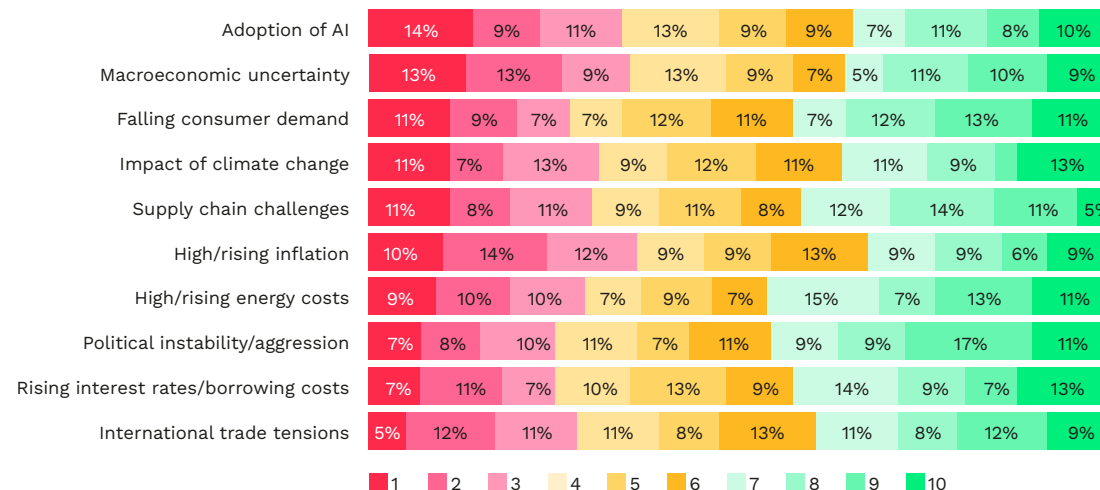


Figure 6

How much of an impact are these factors having on your organisation? Rank from biggest negative impact (1) to least negative impact (10)?



Technology investment has gathered momentum since last year, driven by the need to increase efficiencies

Among clients in Australia, an already strong appetite to invest in digital technology has now reached an even greater sense of urgency. Nearly half of all clients (46%) are now planning to considerably increase their investment in tech in the next 18 months, a rise of 10 percentage points compared to last year.

It is also clear that clients in Australia see technology as a means of solving more than one business challenge, with improving employee experience (22%), productivity (22%), and customer experience (21%) all coming out as top areas for better use of digital technology. Firms should also be aware that technology is one of the key areas where clients lack the correct skills, indicating that consultants with these specialist skills will likely be in high demand to help businesses achieve their goals.

Technology is going to be a large part of any company's future growth strategy, meaning that consultants that are able to demonstrate expertise in this field are best placed to win lucrative assignments.

Figure 15

In which two areas do you think better use of digital technology would have the biggest impact in your organisation?

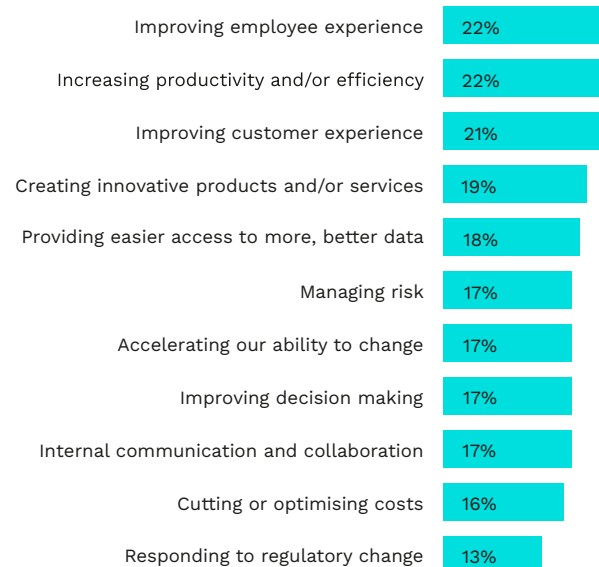
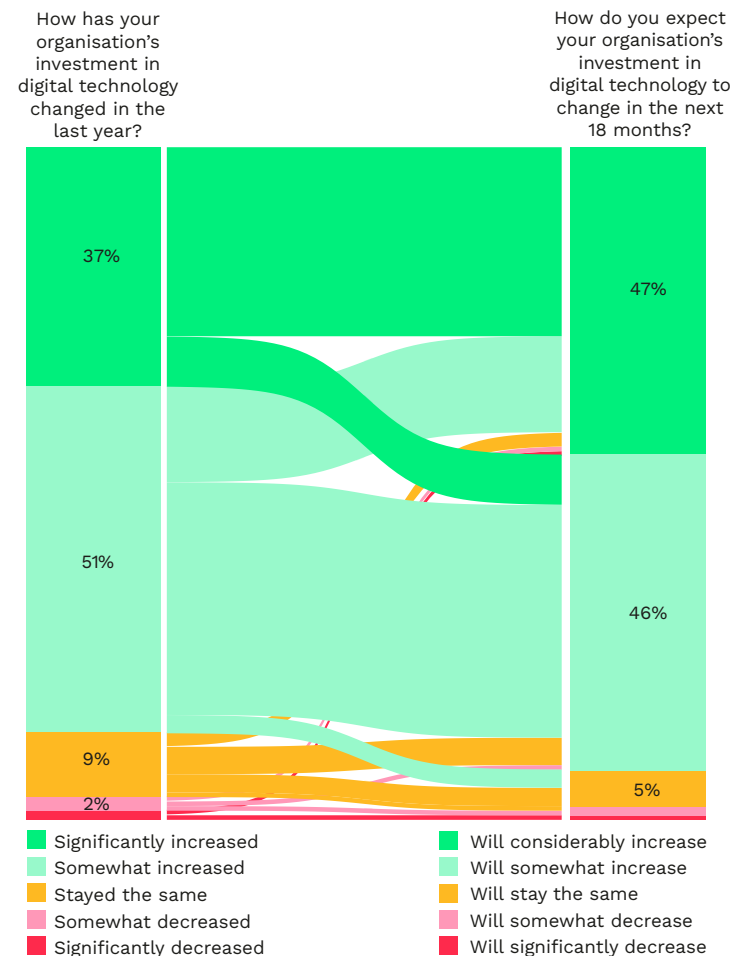
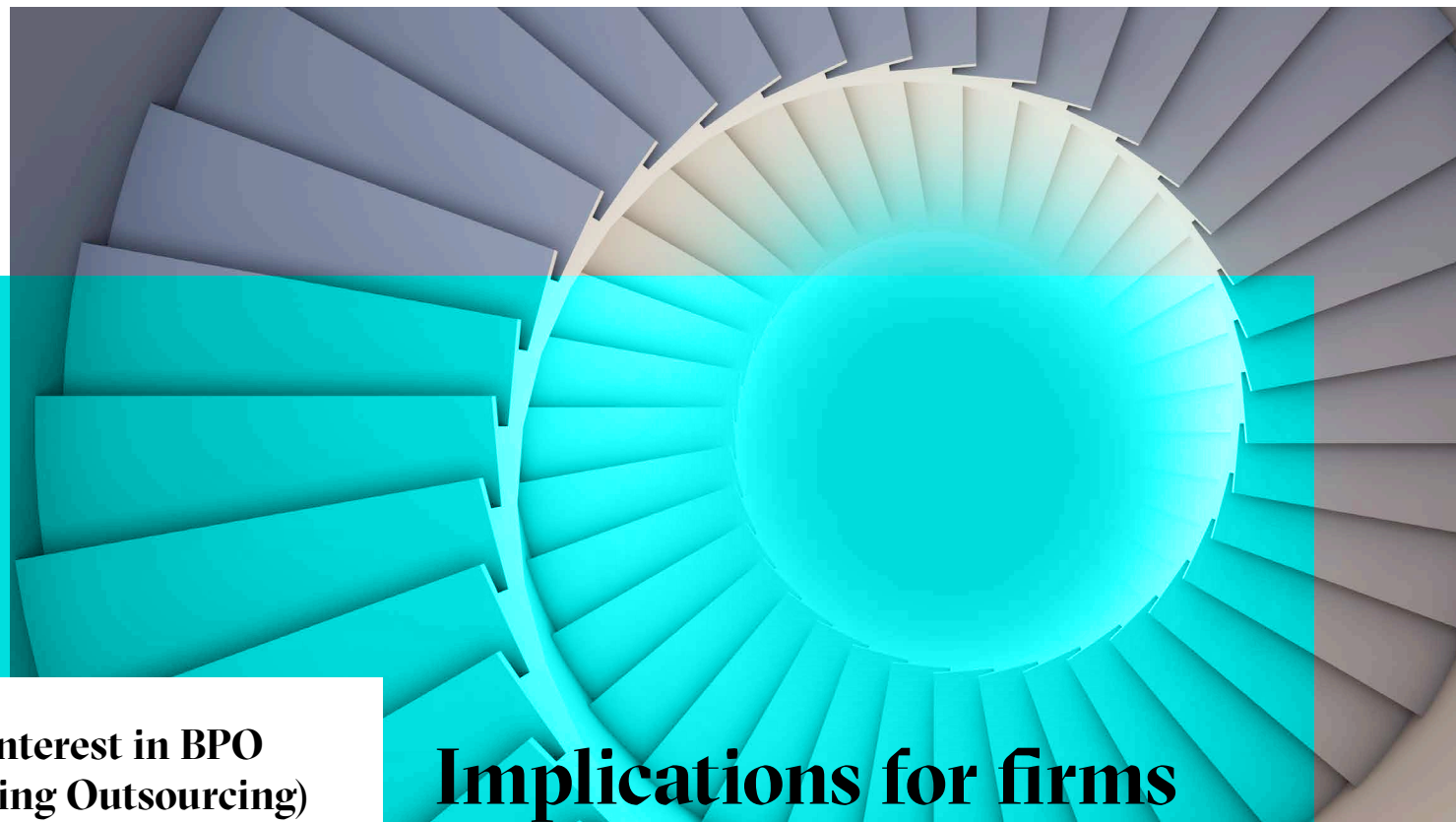


Figure 14

Comparison of technology investments in the past 12 months compared with intended investments in the next 18 months





“We see more interest in BPO (Business Processing Outsourcing) and ITO (Information Technology Outsourcing). Consulting plays a key role by making sure the outsourcing is transformative and value driven.”

Julie Raoux, Capgemini

Implications for firms

| | |
|------------------------------------------------------------------------------------------------------------------------------|----|
| Technology, transformation, and trust will drive revenue in the year ahead | 30 |
| Clients are only willing to pay premium prices for strategically important work | 31 |
| Clients are beginning to shift back to using Big Four firms, with productivity improvements continuing to drive demand | 32 |
| Firms hoping to gain attention from clients must demonstrate their specialist expertise | 33 |

5



“We should see a return to normal spending from the government in the second half of the year.”

Leigh Parsons, State of Matter

Insights from consultants

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6

**“Overall, I am positive about
2024. I think there is plenty
to come within the next
12 months.”**

Pierre Briand, SCD Advisory

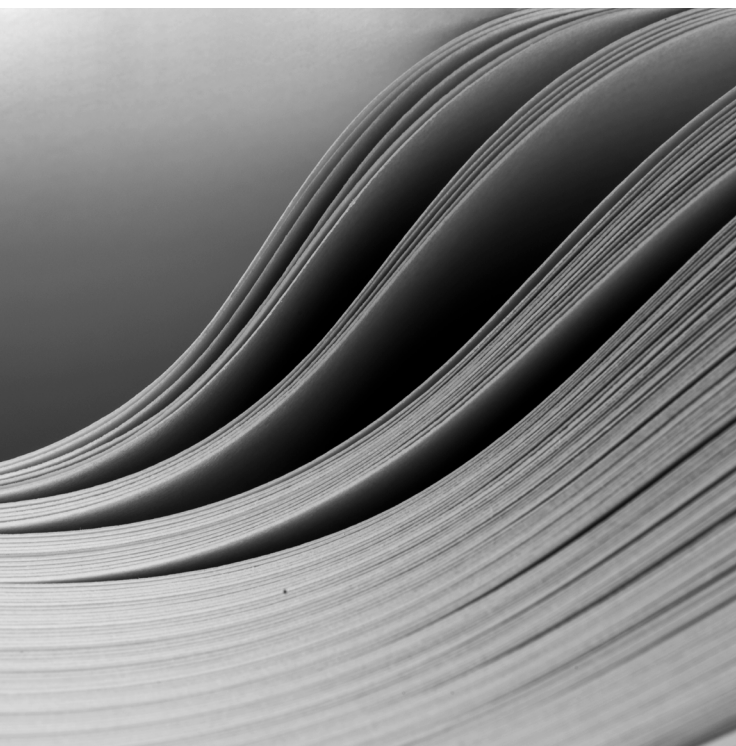
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Our approach to gathering data

The market for professional services is vast and highly dynamic, with deep roots spread out across the business world. The Source MegaModel helps you get to grips with the facts.

The MegaModel is the largest and most comprehensive database of its kind, anywhere in the world. It's used by the world's leading firms to identify where growth is coming from, which markets to invest in, and which sectors are driving demand.



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, capabilities, and service.

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.

US dollar to British pound US\$1 = £0.80

US dollar to euro US\$1 = €0.92

The data in this report is rounded to the nearest whole number or stated decimal place. As a result, totals may display small discrepancies.

Who did we speak to

Client perspective

We carry out a client survey to help us build a rich picture of how different trends in Australia are affecting clients' organisations and their use of consulting. Our survey focuses on trends in Australia, providing detailed insights into the nuances of the market. For this, we surveyed 150 senior clients of consulting firms from across Australia, all of whom work in organisations with more than 1,000 employees. This survey focuses on the following areas:

- How they expect to use consultants during 2024 and the first half of 2025
- 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.

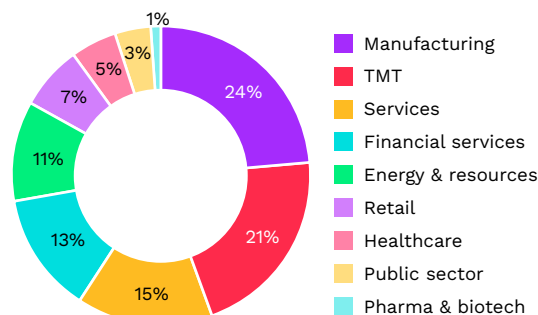
Insights from consultants

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.

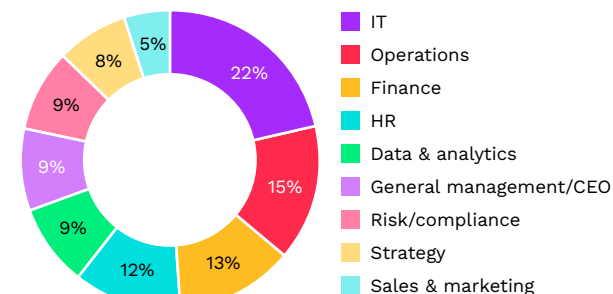
In-depth desk research

We also conducted a thorough PEST analysis in Australia 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.

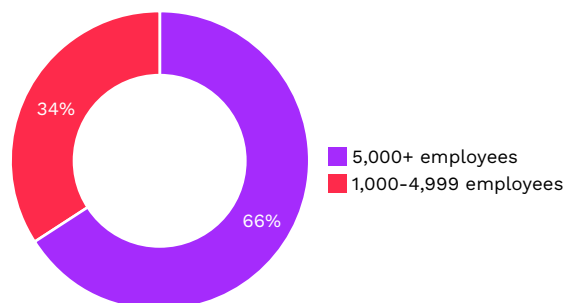
Respondents by sector



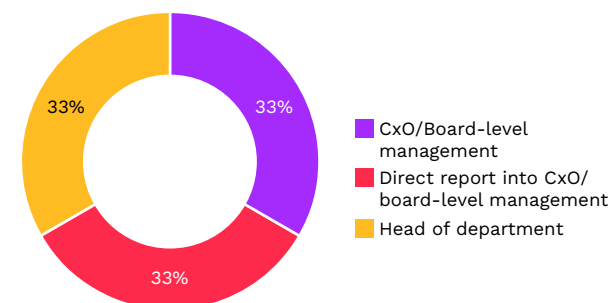
Respondents by function



Respondents by organisation size



Respondents by seniority



Definitions of sectors and services

Sectors

Energy & resources

Energy

Includes the exploration and production of energy, including oil, gas, coal, and renewables.

Utilities

Includes the delivery of electricity, gas, water, sanitation, and other related services.

Primary resources

Includes agriculture, chemicals and chemical products, commodities, forestry, fishing, metals, mining, and plastics.

Financial services

Banking

Includes retail banking, commercial banking, and lending.

Insurance

Includes general insurance (e.g., motor, home, pets, health—anything on an annual contract), life insurance, pension products, and retirement planning.

Private equity

Includes both consulting work for private equity firms and consulting work with private equity portfolio businesses.

Capital markets

Includes investment banking, trading of stocks and financial products, corporate finance, and broking.

Investment and wealth management

Includes private banking, high net-worth banking, investment management, trust funds, the management of pension funds, and asset management.

Manufacturing

Aerospace

Includes space research and technology, the manufacture of aircraft, aircraft parts, rockets and other space equipment, and tanks and ammunition.

Automotive

Includes the manufacture of motor vehicles, industrial vehicles, and vehicle supplies and parts.

Construction

Includes surveying, architectural, and engineering services, heavy construction, house building, and the building of infrastructure.

Consumer packaged goods

Includes the manufacture of clothes, foods, alcohol, tobacco, furniture, home furnishings, cleaning products, small arms, children's toys, and sports equipment.

Consumer and industrial electronics

Includes electrical components, household and industrial appliances, commercial and professional equipment.

Industrial products

Includes industrial machinery, steel and metal products, and plastic products.

Pharma & biotech

Includes research into and the production of drugs, biological products, medicinal chemicals, and life sciences.

Healthcare

Includes private and publicly-funded healthcare, hospitals, laboratories, and medical equipment.

Public sector

Government

Includes federal/national, state/regional, local government, emergency services, justice, social services, public transport, and conservation.

Education

Includes public and private schools, universities, and libraries.

Defence

Includes national security and consulting around defence issues.

Not for profit

Includes non-commercial research organisations, religious, political and professional membership organisations, trusts, labour unions, and business associations.

Retail

Includes the selling of clothes, food, consumer goods, and automobiles.

Services

Logistics

Includes warehousing, storage, packing and crating, and distribution including cargo, freight, and haulage.

Business services

Includes services relating to law, accountancy, IT maintenance, security systems, advertising, employment agencies, and vehicle leasing.

Leisure

Includes museums, art galleries, theatre, golf courses, hotels, hospitality, travel agencies, restaurants, and bars.

Real estate

Includes estate agencies and operators of residential and commercial buildings.

Transportation

Includes private and people-related transportation, including airlines, airport management, train operators, rail infrastructure management, water transportation, courier services, and private bus services.

Technology, media & telecoms

Telecoms

Includes telephone, mobile, digital, and other communication services.

High-tech

Includes IT-related devices, computer and computer-related devices, audio and video equipment, broadcasting and communication equipment.

Media

Includes radio, television, and digital broadcasting stations and services as well as printing and publishing of newspapers, periodicals, and books.

Services

We've taken the lines of business and capabilities from our taxonomy that broadly align with traditional definitions of consulting and divided them into services that include the following. Please note that for some lines of business, for example, forensics, we've taken a subset of the relevant capabilities and excluded others.

Cybersecurity consulting

Cybersecurity advice, Cybersecurity incident response, Penetration testing & wargaming, Technology & security risk services.

HR, change & people strategy

Benefits, compensation & pensions, excluding actuarial & investment advice, Change management, Diversity & inclusion, Employee engagement, Governance & board effectiveness, HR strategy & effectiveness, Leadership, Organisational design & culture, Organisational training & development, Outplacement, Pension fund evaluation & advice, Performance management, Stakeholder management, Talent management, Team effectiveness & collaboration, Resource-efficiency strategy, Purpose-led strategy & change, Resource-efficiency implementation, Social impact & trust.

Operations

Benchmarking, Business continuity & recovery, Cost cutting, Customer service, DevOps, Distribution strategy, Lean & Six Sigma, Operational review, Outsourcing advice, Post-M&A integration, Process design, re-engineering & automation, Procurement/purchasing, Property & estate management, Sales & distribution planning, Sales force effectiveness, Supply chain management, Target operating model, Sustainable supply chain, Corporate, occupier services & facilities management, Integrated real estate developer services, Real estate deal/transaction services.

Risk & financial management

Operational risk, Programme risk, Responding to regulation, Risk management, Budgeting/financial planning process, Debt advisory, Finance function, Financial advisory, Financial restructuring & insolvency, eDiscovery, Forensic accounting.

Strategy

Capital allocation strategy, Commercial due diligence & valuation, Financial due diligence, M&A transaction strategy, Operational due diligence, Portfolio & investment strategy, Public-private partnerships, Technology due diligence, Business & financial modelling, Category management, Channel management, Corporate recovery & turnaround, Corporate restructuring, Corporate strategy, Market analysis & strategy, Policy formulation, Pricing, Strategic sourcing/offshoring services, Real estate strategy, Environmental & social impact research, Macro/microeconomic research, Market research, Customer feedback, Customer segmentation, Employee feedback, Advanced analytics, Sustainable investment.

Technology & innovation

Ideation, Innovation management, Innovation strategy, Strategies for growth from innovation, Cloud advice, ERP consulting, IT strategy, planning & review, IT training, Programme management, Vendor selection, Clean technology, Green IT, Corporate identity, Graphic & UI design, UX & service design, Customer journey & UX benchmarking, Data visualisation, business intelligence & semantic layer.

Contributors

We are extremely grateful to all the people we spoke to for making this report possible. On this page is a list of individuals who have contributed (excluding those consultants who wished to remain anonymous).

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|---------------|----------------------------------------------------------|-------------------------------------------|
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| Paul Howes | National Managing Partner, Consulting | KPMG |
| Leigh Parsons | Managing Director | State of Matter |
| Parag Patki | Head of Global Consulting Practice Australia/New Zealand | TCS |
| Julie Raoux | Chief Customer Officer | Capgemini Invent Australia/New Zealand |

Meet the expert

Dane Albertelli

Dane is a Senior Research 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

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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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