

PRESS RELEASE

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Australian consulting industry growth continues to accelerate in 2016

- **Technology consulting experiences the strongest growth in 2016**
- **Cybersecurity work heads towards a value of US\$1billion (US\$899million in 2016)**
- **Public sector work up 8.2 per cent to US\$845million**

A strong economy, a renewed client focus on growth, and a healthy appetite for digital projects contributed towards Australia's consulting market growing by 5.2 per cent to a value of US\$4.6billion in 2016. This rate of growth was faster than in 2015 and more than twice the speed of growth in 2014.

These findings are published today in a new report from the leading research and strategy firm for the global management consulting industry, Source Global Research. The Source report says that 2016 was the year that digital finally became a serious business for Australian consultants with much of the work focused on the customer, helping drive strong interest in data and analytics. There is also a growing urgency around AI and robotics, partly to help mitigate high labour costs.

Using the biggest and most sophisticated [model](#) of the global consulting industry, Source found that technology consulting experienced the strongest growth in Australia, with strategy and risk work also in high demand, largely thanks to the importance of digital and transformation work.

Cybersecurity was another area of strong interest, driving demand across numerous service lines and growing to a value of US\$899million in 2016. The report says that the increase in cybersecurity work has been so intense in the past year that consulting firms reported having maxed out pipelines in this space.

Justin Greig, Partner-Australia at EY said:

“Cybersecurity is growing like wildfire. Whether it’s security of information or privacy obligations, companies are concerned here and looking to act. Anyone trading internationally is particularly aware of the need to address compliance in countries where regulation is tight.”

Edward Haigh, Director at Source Global Research added:

“The broad consensus among consultants is that Australian companies are ahead of the global average in terms of their adoption of digital; behind the US, some parts of Northern Europe, and the mature Asian markets, but ahead of everywhere else. The impact of digital has also extended into consulting firms, with firms automating jobs internally and changing their approach to client issues.”

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Luca Martini, Managing Director, Accenture Strategy—Australia Accenture & New Zealand added:

“Everyone, from competitors to clients, is talking and thinking about automation. In the last 24 months, we’ve automated 17,000 roles at Accenture, but without anyone actually losing their job. Instead, we reskilled our people to take on higher-value roles in analytics and other next-horizon skills, creating entirely new job categories.”

Healthcare, public sector and financial services are the stand-out sectors

Healthcare was the fastest growing consulting market sector in Australia, on the back of technology-enabled efficiency work. Financial services, the largest consulting market in Australia by some margin, was also one of the fastest growing, thanks to both regulatory work and growing demand for support around digital take up.

The report says that the public sector was another stand-out area (up 8.2 per cent to US\$845million), thanks to work focused on delivering Malcolm Turnbull’s reform agenda, with digital an important driver across both government and the education sector. For instance, Australian universities are keen to use digital to improve their channels to market, in order to capitalise on high levels of interest from abroad and to differentiate themselves through the development and implementation of an interactive student experience.

Michael Dobrijevic, Managing Principal, Mozaic Management Consulting, added:

“There’s a lot of discussion within universities about the student experience, which is leading to customer experience companies moving into the sector. If you replace customers with students, you find the same rules tend to apply. Mind you, like sex between students, there’s a lot more talk than action right now.”

The Source report also reveals that digitisation of government services, both to streamline processes and cut costs as well as interface more effectively with citizens, was another factor driving demand for consulting work. The establishment of the Digital Transformation Agency in 2015 has started to lead to new initiatives being kicked off, and local governments also continued to focus on online citizen experience, which is creating substantial opportunities.

Zoë Stumpf, Head Analyst at Source Global Research concluded:

“2017 is proving to be another year of healthy market growth, as clients continue to grow the top line using digital and transformation initiatives to accomplish their goals in the most efficient way possible. Hopes are high for 2018, too, and we expect to see continued good levels of growth looking forward.”

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About Source Global Research

Source Global Research (Source) is a leading provider of information about the market for management consulting. Set up in 2007 and with offices in London and Dubai, Source serves both consulting firms and their clients with expert analysis, research and reporting. Source draw not only on our extensive in-house experience, but also on the breadth of our relationships with both suppliers and buyers.

The Source [global consulting data model](#) is the biggest and most sophisticated model of the consulting industry ever created, and the model on which many of the world's leading consulting firms now base their understanding of the size and shape of the consulting industry. It provides data on market size, growth rates, and forecasts across 29 sectors, six service lines, 84 countries and five firm types.

Source was founded by Fiona Czerniawska. Fiona is one of the world's leading experts on the consulting industry. She has written [numerous books](#) on the industry including: [The Intelligent Client](#) and *The Economist* books, [Business Consulting: A Guide to How it Works and How to Make it Work](#) and [Buying Professional Services](#).

All of Source's work is underpinned by its core values of intelligence, integrity, efficiency and transparency. For further information, please visit: www.sourceglobalresearch.com

About this report:

This Source Global Research report is based on two major sources of primary data:

Clients of consulting firms:

Source interviews senior end users of consulting in Australia to help build up a rich picture of how trends in the consulting market are playing out within clients' organisations.

Source also undertakes client surveys - surveying 50 senior clients of consulting firms across Australia. The majority (90 per cent) work for private sector organisations, many of which are multinationals. The remaining 10 per cent work in various public sector organisations. Eighty percent work in organisations with revenues in excess of \$500m, and all have over 250 employees.

Consulting firms:

The quantitative data contained in this report focuses on consulting done by mid- and large-sized consulting firms (those with more than 50 consultants) and typically includes work they have carried out for mid- and large-sized clients—what Source call “big consulting”. It therefore reflects the “addressable” market for the majority of mid- and large-sized consulting firms; Source doesn't try to track the long, thin tail of work done by very small firms for very small clients, nor the contractor market, as most readers of this report would not seek or be able to compete with this part of the market. Source analysts work out the addressable size of the market through desk research, identifying the number of firms that meet its criteria and extrapolating from that to reach a figure for the market as a whole.

Using this definition, Source has built a bottom-up model of the global consulting market from the information it gets from consulting firms and its own research, and it uses this model to size the industry and its growth rates. This is based on the Source global model which contains detailed data about almost 1,600 firms, plus higher level estimates about a further 400,000 firms, all with more than 50 consultants apiece, in addition to primary research carried out by Source analysts.

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 \$1 = £0.74

US dollar to euro \$1 = €0.90

In addition to Source's quantitative research, 13 very senior consultants (typically the most senior person in their country) were interviewed from most of the leading consulting firms in the country and many smaller local specialists to understand more about how the consulting market is performing, and what the major trends, changes, and challenges are. Throughout the year Source analysts remain plugged into the global consulting market through its bespoke research and consulting projects, adding further depth to its understanding of the consulting industry.