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Australia's consulting market accelerates past US\$5bn

- Consulting market growth fastest for five years

2017 was a good year for Australia's consultants, with Australia's consulting market growing 7.1% to reach a total value of just over US\$5bn. This rate of growth was significantly faster than the previous year's (5.2%) and the fastest recorded for five years.

These findings are published today (19th September 2018) 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 the speed of consulting market growth in 2017 is largely due to Australia's heroically performing economy, filled with confident clients looking to invest in digitisation. As a result, in terms of relative volume, Australia is quickly catching up with the global consulting market's digitisation leaders, such as the UK and U.S., with 36% of Australia's consulting work now digital.

B.J. Richards, Senior Editor at Source Global Research, added:

"Digitisation is the key driver in Australia's consulting market, with clients turning to consultants for advice on customer service and experience, while demand for organisation-wide transformation is also spreading quickly. At the same time, data & analytics, moves to cloud-based systems, and RPA feature among the most in-demand solutions for clients.

But digitisation is also shifting the way that consultants deliver services to clients. Firms are increasingly turning to ecosystems to draw upon a wider pool of capabilities and solutions; developing assets so they might provide proven, lower-cost solutions to common business problems; and providing managed services in order to help clients stay on top of the latest technological advances while creating an ongoing revenue stream for themselves."

Technology consulting

The Source report also found that the technology service line performed very well last year (up 8.6%), largely owing to clients needing help selecting the best technologies for their organisations and the need to integrate new technologies into their legacy IT estates. Strategy consulting also performed well as clients took a hard look at their organisations and considered how growth strategies, customer experience, and even entire business models would need to change in the wake of rapid digitisation.

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Ian Hancock, Partner in Charge, KPMG Australia, agrees that improving the customer experience is a key focus for many Australian clients, adding:

“We’re seeing real demand for work on customer-centricity, driven by our proposition around the connected enterprise. This enables us to respond to questions about delivering on customer expectations by digitally enabling the front, middle, and back office.”

Source expects 2018 to be another excellent year for Australia’s consultants, and it predicts similarly strong growth in 2019.

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Notes to the editors:

About Source Global Research

Source Global Research (Source) is a leading provider of information about the market for management consulting. Set up in 2007, Source serves both consulting firms and their clients with expert analysis, research, and reporting. Source draws not only on its extensive in-house experience, but also on the breadth of its 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 Source report:

This Source report is based on quantitative and qualitative research of consulting firms in Australia. This includes:

Megamodel: The Source Global Research global consulting data model

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 do not 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

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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 Source then uses it 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 comprehensive primary research carried out by Source analysts.

Please note that Source's 2016 baseline figures have changed a little since last year, as it has refined and implemented improvements to research methods.

Source should emphasise that there are no standard sources of definitions of data within geographies let alone between them. It is, however, confident that the richness of the qualitative data, combined with Source's unparalleled industry expertise, means that this analysis fairly and accurately reflects the state of the market.

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 = £0.78
- US dollar to euro \$1 = €0.89

Client view

Source also 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 carry out client surveys. It surveyed 51 senior clients of consulting firms across Australia for this report. The majority (92%) work for private sector organisations, many of which are multinationals. The remaining 8% work in various public sector organisations. All work in organisations with over 250 employees.

Interviews with senior consultants

In addition to Source's quantitative research, 13 very senior consultants were interviewed (typically the most senior person in their country) 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.