

PRESS RELEASE

Date: 21st September 2016

Indian consulting market heads towards \$2billion landmark

- ***Consultants frustrated by slow pace of Modi government reforms***
- ***Digitisation and a flurry of new bank permits is driving work in financial services***

The Indian consulting market recorded double digit growth in 2015 - increasing 11 per cent to \$1.87bn and is expected to hit the \$2billion landmark in 2016. Despite this, consultants remain frustrated that growth could be even stronger if the Modi government were to act more quickly on a host of promised reforms.

These findings are published today (21st September 2016) in a new report from leading global consulting market analysts, Source Global Research (Source). The report found that digitisation and government efforts to increase foreign direct investment have contributed to accelerated globalisation of the Indian market. Domestic clients are maturing rapidly in the face of increased competition from abroad, resulting in greater consulting demand, often aimed at improving competitiveness and professionalisation. Meanwhile, a growing economy and slowly improving business climate are also attracting more foreign investment, giving firms increased opportunities to help foreign multinational corporations (MNCs) navigate the market.

Increased competition drives strong growth in financial services...

The financial services industry remains the market's biggest buyer of consulting services by a substantial margin, growing 12.3 per cent to \$586m in 2015, with digitisation and a flurry of new bank permits driving demand. Government efforts to increase competition and encourage innovation led to a higher-than-normal number of banking licenses being issued in 2015. The report says that it's a big opportunity for consultants, as each new license presents an opportunity for lucrative work helping the new bank get on its feet.

Aashish Chandorkar, Head of Capgemini Consulting in India added:

"Banks are embracing digital technology at a rapid pace, especially in e-commerce and mobile. There's lots of investment in that space; I think most consulting firms did a lot of work around digital in banking last year."

B.J. Richards, Senior Editor at Source Global Research (Source) said:

"The Indian consulting market remains largely polarised between high-value strategic work on one end and low-cost technology work on the other, leaving consultants tantalised by the prospect of an as-yet unrealised demand for the many consulting projects that fall between the two. Digitisation - which is helping technology to step out of its box and spread across all service lines - is going a long way towards filling in that missing middle ground, though a growing demand for end-to-end projects is starting to contribute as well."

More./...

2./...

Tech and strategy consulting continue to dominate...

Technology is India's biggest consulting service line by some distance, growing 13.5 per cent to \$852m in 2015. While traditional IT still generates a healthy amount of work, 2015 saw a continuation of the move away from standalone IT services to initiatives that form part of a larger transformation programme, a more sophisticated type of project that could help well-placed players move themselves closer to the high-value end of the market.

Alongside technology, strategy is India's other blockbuster consulting service, growing 10.1 per cent to \$688m in 2015. It's clear that clients here have a lot of strategic questions on their minds at the moment, and there is plenty of work to go around. Big, multinational consulting firms are doing well helping Indian firms expand abroad, while foreign-based MNCs are eager to work with local firms to develop their India market-entry strategies.

The report also highlights that despite the rapid growth in consulting demand, prices remain stalled at very low levels, making profitability tough in India. Firms are trying a number of approaches to ease the pressure, including focusing their efforts on winning the market's most sophisticated projects, building stronger relationships with clients, and adjusting their models to allow them to deliver quality work at prices that clients will find more palatable while protecting their own margins.

B.J. Richards from Source concluded:

"As in most markets, there is some fear that the ripple effects from global instability could be felt here, but it seems far more likely that continued economic growth and ongoing disruption - digital and otherwise - will mean good times for consultants at least through the end of next year. And if government reforms were to start moving at the pace consultants want to see, this market could quickly go from good to great."

For more information on Source reports contact alice.noyelle@sourceglobalresearch.com or telephone +44 (0)20 3795 2668/ visit www.sourceglobalresearch.com.

-ENDS-

For further information about this press release, please contact:

David Pippett, DWP Public Relations
Tel: 01225 335675 / 07899 798197
Email: david@dwppublicrelations.co.uk

Edward Haigh, Director, Source Global Research
Tel: 07912 516913
Email: edward.haigh@sourceglobalresearch.com

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. All of our work is underpinned by our core values of intelligence, integrity, efficiency and transparency.

Source was founded by Fiona Czerniawska and Joy Burnford. 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](#). Joy Burnford was Marketing and Operations Director at the UK Management Consultancies Association between 2003 and 2010, and prior to that worked for PA Consulting Group and has extensive experience of marketing consulting services. For further information, please visit: www.sourceglobalresearch.com

Sources

This report is based on quantitative and qualitative research of consulting firms in India.

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 Source 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 primary research carried out by Source analysts.

Please note that the Source 2014 baseline figures have changed a little since last year, as Source has refined and implemented improvements to its research methods. Specifically, Source slightly understated the size of the public sector industry due to these changes in its research methodology.

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

In addition to quantitative research, Source interviewed 15 very senior consultants (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. 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.