

PRESS RELEASE

Date: 29th November 2018

Global risk services market set to pass US\$80bn by 2020

Following growth of 7% to US\$62bn in 2017, a new report today estimates that growth in the global risk services market will accelerate to more than 10% in 2019, with the value of the market passing US\$80bn by 2020. This will be an uplift of almost US\$30bn (over 50% growth) in just five years.¹

The report also revealed that more than half of the entire risk services market is based in the US thanks largely to the size of its economy, the maturity of its professional services market, and a business culture that encourages the seeking of external advice.

These figures are published in a new report from Source Global Research, the leading research and strategy firm for the global management consulting industry. In the report, Source also points out that when two additional components of the risk market are factored in (additional revenue generated by future competitors offering new solutions and services, and risk-related work that organisations currently do internally), the addressable risk services market reaches a size of US\$188bn—roughly three times the total revenue generated by risk services providers globally today.

Cybersecurity was both the biggest and fastest-growing service line, and the resulting attractiveness of this service line is leading to an influx of technology-focused new entrants.

Callum Jack, Senior Analyst at Source Global Research, said:

“There is huge potential in the risk services market beyond the revenues achieved already, and the outlook is very positive for firms that can convince clients that their services complement—or are better than—clients’ internal capabilities.

Technology expertise will be central to winning work in risk services in the future with cyber risk continuing to grow and evolve in parallel with digitisation. For this reason, digital know-how will play an increasingly important role in the delivery of both low-cost and high-value services.”

¹ The global risk market was worth \$53bn in 2015.

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Ed Marsden, Risk Advisory Clients and Industries Leader at Deloitte, added:

“Cyber is front of mind and on the front of the newspapers, and that's only going to increase. As companies migrate large portions of their legacy IT estate to the cloud; develop increasingly complex ecosystems; and innovate with AI, blockchain and robotics, there's a need for even greater vigilance.”

In addition, the Source report found that risk transformation and third-party assurance also saw strong growth. The risk transformation service line has benefited from an increase in investment by clients seeking to bolster their internal risk capabilities and ensure that the risk management function is positioned effectively within their organisations. Growth in third-party assurance work has come about as a result of the growing importance clients are being forced to place on provenance and ethical practices. Both of these service lines are expected to continue to grow strongly to the end of 2019.

Although all sectors are experiencing increasing levels of demand for risk services, the report found that the financial services sector remains by far the biggest market, thanks to the wave of regulation that has hit the sector globally—in particular since the financial crisis—coupled with the attractiveness of the sector to cybercriminals. However, other heavily regulated markets, namely pharma and healthcare, are outpacing financial services in terms of growth, although both are much smaller markets.

Dennis Chesley, PwC Global Risk and Regulatory Consulting Leader, added:

“The health industry shows the greatest promise in terms of shifting its thinking to see risk management as including a view on opportunity, and this will help to build a more resilient health industry.”

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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 industries, six service lines, 84 countries, and five firm types.

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:

Sources:

This Source report is based on quantitative and qualitative research of risk services firms globally. This includes the following:

Megamodel: our global data model

The quantitative data contained in this report focuses on risk services done by mid- and large-sized firms (those with more than 50 employees) and typically includes work they have carried out for mid- and large-sized clients. It therefore reflects the "addressable" market for the majority of mid- and large-sized 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 risk services market from the information it gets from firms and its own research, and 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 employees apiece, in addition to comprehensive 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 this report:

US dollar to British pound US\$1 = £0.78

US dollar to euro US\$1 = €0.89

Client perceptions survey data

Source carries out client surveys to understand how clients use consulting firms. As part of the research in this report, Source surveyed 9,591 senior clients overall, including 1,449 in the finance & risk function of organisations across the globe. All work in organisations with over 250 employees.

Interviews with senior consultants

In addition to quantitative research, Source interviewed 15 very senior risk services professionals from leading risk services firms globally to understand more about how the risk services market is performing, and what the major trends, changes, and challenges are. Throughout the year Source analysts remain plugged into the global professional services market through the company's bespoke research and consulting projects, adding further depth to Source's understanding of the professional services sector.