

PRESS RELEASE

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Risk consulting booming in the UK

Risk and regulatory work is the fastest growing consulting service in the UK - breaking the £500million mark for the first time...

Helping organisations comply with regulations, address cyber threats, and manage the fallout from major corporate scandals has led to double-digit growth in risk and regulatory consulting – up 11.8 per cent to £507million in 2015.

Analysis from Source Global Research (Source) has also found that the Big Four advisory firms are well situated to win work here as big names carry a lot of weight with regulators-- one important reason why the Big Four soundly dominate the risk consulting market.

But risk work has a much wider reach than just regulatory compliance. The VW emissions scandal, outrage over how some supermarkets treat suppliers, and fallout from the TalkTalk hack have all helped to put reputational risk top of mind for many consulting clients. The Source report notes that social media makes missteps in this area far costlier than they once were as bad news can go viral in seconds.

Cyber-defence more important than ever

The report also found that cybersecurity is having a huge impact on risk consulting with some consulting firms telling Source they hit 40 per cent growth in this type of work last year. The work here is high-profile and tends to touch on all areas of an organisation, as the last few years have proven that threats come from a variety of sources.

Fiona Czerniawska, Director and Founder of Source Global Research, said:

“Consulting firms are eager to invest in risk & regulatory in order to take advantage of all the growth that’s available, but many of the skillsets required are deeply specialised and hard to come by — firms may find this restrains their growth prospects more than any other factor”.

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Heavily regulated industries drive growth

In particular, those industries with heavy regulations, such as financial services and pharma, are driving a lot of compliance work for consulting firms. A managing director from the financial services sector explained to the Source authors why Big Four firms are favoured for helping with this compliance work: *“Sometimes we’re engaging consultants as a result of a direct suggestion from the regulators, who might tell us that we need to go out and get an independent view on X, Y, or Z. We’ll definitely go to a name-brand firm in that case so we can show the regulator that we’ve been responsive and engaged the right people.”*

However, the Source report does point out that although regulation remains a big driver of consulting firm revenues in the financial services sector, it is starting to look a bit less of a cash cow. Source says that there’s less pure regulatory work around as regulation volumes start to fall and banks begin to emerge from the post-crisis compliance pressure that’s wiped out all hope of pursuing other types of projects. This shift away from huge volumes of pure compliance work threatens to hit the Big Four firms the hardest, but growth in cybercrime could help fill this gap.

Stephen Vinnicombe, UK CEO at Capco added:

“Cybercrime changes the products and services we’ll offer. It’s not really a one-time consulting service—you need a repeat approach, because the risk doesn’t go away, it just evolves. You can’t apply a single solution and be confident that you’ve taken care of it for a while.”

Fiona Czerniawska, Director and Founder of Source Global Research, concluded:

“With no reason to think that growth in risk & regulatory consulting will slow down anytime soon, we fully expect 2016 to be another very good year.”

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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. We 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