



IDC MarketScape

IDC MarketScape: Worldwide Business Consulting Services 2014 Vendor Assessment

Cushing Anderson

IDC MARKETSCOPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Business Consulting Services Vendor Assessment



Source: IDC, 2014

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IDC OPINION

This IDC study represents the vendor assessment model called IDC MarketScape. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the marketplace and help anticipate its ascendancy. This study assesses the capability and business strategy of many of the leading business consulting firms. This evaluation is based on a comprehensive framework and set of parameters expected to be most conducive to success in providing business consulting services during both the short term and the long term. A significant and unique component of this evaluation is the inclusion of business consulting buyers' perception of both the key characteristics and the capabilities of these consulting providers. As one would expect of market leaders, overall, these firms performed very well on this assessment. Key findings include:

- The consulting providers are generally considered quite capable when asked to meet the project time line and provide functional or technical insights. They are also considered very capable when asked to help clients reduced costs, identify options for growth, or generally improve operational efficiency.
- Surprisingly, this evaluation discovered that generally enterprises are disappointed with the consulting provider's ability to deliver on value-creating innovation and to provide industry insights. While nearly all vendors explicitly describe their position on maximizing the value of their projects and their industry focus, buyers believe these two areas are the weakest performance areas for consultants overall.
- While most consulting providers describe themselves as capable of helping their clients expand into new markets/geographies, enterprise buyers of consulting services rate consulting firms as weak in this regard compared with their ability to reduce costs or improve operational efficiency.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This research includes analysis of the five largest business consulting firms and additional firms with broad portfolios spanning IDC's research coverage and with global scale. This assessment is designed to evaluate the characteristics of each firm – as opposed to its size or the breadth of its services. It is conceivable, and in fact the case, that specialty firms can compete with multidisciplinary firms on an equal footing. As such, this evaluation should not be considered a "final judgment" on the firms to consider for a particular project. An enterprise's specific objectives and requirements will play a significant role in determining which firm should be considered as potential candidates for an engagement.

ESSENTIAL BUYER GUIDANCE

Business requirements demand solutions that work holistically within an enterprise. These solutions are often complex and require multiple domains of expertise and stakeholders from a variety of areas to ensure success. As a result, consulting projects are often complex. To maximize value and minimize disruption, enterprise leaders must:

- Assure project is strategically valuable (be sure of full organizational commitment).

- Create visible links between project strategy and "business execution."
- Integrate all impacted LOBs throughout the project to ensure stakeholder needs are fully satisfied.
- Anticipate and address the common obstacles to successful consulting projects.
- Avoid scope creep.
- Plan for sufficient organizational change.
- Commit sufficient internal resources to the project.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Accenture

According to IDC analysis and buyer perception, Accenture is an IDC MarketScape Leader worldwide.

Accenture offers a broad array of management consulting services and has deep expertise in key industries, helping its clients dig into their issues, explore the opportunities they have, and define an outcome in economic and stakeholder terms that help drive their business forward and deliver results. In other words, Accenture sees itself as a strategic and operational management consultant willing to pursue a number of innovative value-based approaches with its clients tied to realize results. As of September 2013, Accenture had more than 275,000 people, with growth that appears to be well distributed by geography.

Accenture's management consulting capabilities are found primarily within its Accenture Strategy growth platform, established in January 2014, and the company's industry operating groups. Accenture Strategy is responsible for the development and delivery of business, technology, and operational strategy consulting. Business strategy includes business innovation, digital business strategy, enterprise transformation, manufacturing strategy, mergers and acquisitions (M&A), and sustainability. Technology strategy comprises enterprise architecture and application strategy and IT strategy. Operational strategy includes finance and enterprise performance, sales and customer service (CRM), talent and organization, and operations. Accenture is also active in risk management consulting, a service offering that predominantly serves the financial services sector.

With the establishment of Accenture Strategy, Accenture has created a smaller and more agile strategy consulting organization of more than 5,000 people. The delivery of operational consulting projects is now provided through the company's five industry operating groups: communications and high tech, financial services, health and public services, resources (energy, utilities, chemicals, and metals and mining), and products (industrial manufacturing, CPG, retail, healthcare, automotive, and transportation). These are specialized teams that provide industry-specific management consulting services, which draw from Accenture's functional service areas but are customized and adapted to each industry.

The changes introduced by Accenture will help support the company's portfolio of over 40 industry business services – end-to-end solutions that combine consulting, technology, and outsourcing capabilities. These asset-rich solutions and services are designed to address particular sector requirements, such as more efficient mortgage processing or accelerating pharmaceutical R&D. Accenture Strategy currently offers a range of similarly integrated functional business services.

Accenture Strategy develops and scales specific and differentiating skills within its Capability Network. This incorporates a client-facing Global Talent and Innovation Network, which provides capabilities in high-demand areas, such as sourcing, procurement, and analytics, from a growing number of regional centers around the world – this satisfies client demand for consulting to be provided at speed and at scale. These are backed up by Accenture's innovation centers, centers of excellence, approaches, and assets that are both function and industry focused.

Accenture Interactive, the company's marketing and digital marketing services practice, and Accenture Analytics are now housed in the newly formed Accenture Digital, along with mobility consulting and delivery. The Accenture Strategy and Accenture Digital growth platforms work closely with the other two growth platforms – Technology and Outsourcing.

Knowledge sharing and resource allocation are strong assets within Accenture, largely driven by the unified construct across all of Accenture's growth platforms. The singular approach makes working with the firm easier for clients and helps strengthen client relationships.

Accenture credits its ability to focus research and expertise on key and emerging markets to the firm's renewed growth across the full spectrum of its business as well as in all geographic areas. Examples of research published in 2013 include *Energizing Global Growth – Understanding the Changing Consumer* and *Unlocking Industrial Opportunities – An EU Strategy for Competitiveness*. A continued focus on functional issues was addressed through publications including *The CFO as Catalyst for Change: How Finance Can Take the Lead in Business Transformation*, *Why "Low Risk" Innovation Is Costly*, and *The Digital Consumer: It's Time to Stop Playing to Win and Stop Playing Not to Lose*. Accenture's emphasis on execution and delivering measurable value is exemplified in the growing number of value-based arrangements. For instance, Accenture worked with Michelin to improve its inventory performance, helping consolidate the supplier base and recode hundreds of thousands of spare parts. The 100% value-based arrangement also rewarded Accenture against KPIs for achieving knowledge transfer goals once the process changes had been implemented.

In FY13, Accenture's total net revenue grew by 4% (in local currency), from \$27.9 billion to \$28.6 billion. Overall, consulting services (according to Accenture's definition that includes management and technology consulting as well as systems integration services) declined by 1% to \$15.4 billion. Emerging geographic markets such as China and India continued to contribute to Accenture's recent performance.

Strengths and Challenges

Worldwide, Accenture's strengths are considered to be those that focus on innovation, operational issues, and risk awareness.

Accenture is perceived as among the most capable firms worldwide at helping clients expand into new markets or geographies and improve operational efficiency. It is also among the most capable firms at driving innovation through an organization and at integrating risk awareness and solutions within other consulting engagements.

Accenture is also perceived as better than many of its peers at helping clients transform significant processes, manage risk, identify and implement options for growth, reduce costs, and comply with new or existing regulations. Ultimately, Accenture is regarded as better than many at delivering value-creating innovation.

According to client feedback worldwide, Accenture is highly regarded for its "excellent work and very high quality."

Boston Consulting Group

According to IDC analysis and buyer perception, Boston Consulting Group (BCG) is an IDC MarketScape Contender worldwide.

BCG is among the most globally recognized strategy consulting firms, employing 4,400 consultants. BCG organizes its capabilities into corporate development, corporate finance, operations, strategy, marketing and sales, information technology, and organization, with other areas of focus including innovation, turnaround, transformation, postmerger integration, globalization, sustainability, managing in a slow-growth economy, and growth. The industries served by BCG include automotive, biopharmaceuticals, consumer products, energy and environment, engineered products and project business, financial institutions, insurance, media and entertainment, medical devices and technology, healthcare payers and providers, metals and mining, private equity, process industries, public sector, retail, technology and software, telecommunications, transportation, travel and tourism, and social impact. BCG is credited with pioneering a number of strategy frameworks for the management consulting industry as BCG's focus on conceptual, strategic thinking has yielded ideas that have become classics of strategy, including the experience curve, time-based competition, sustainable growth, and total shareholder value – concepts that many organizations have leveraged to improve their competitive positions.

BCG has remained a large strategy firm that still mainly focuses on strategy, rather than also building a large operations practice around which it can bundle strategy services. The firm does have some operational capabilities, particularly around the supply chain management element of postmerger integration work.

Research published by BCG is based on survey findings and typically delves deeply into either a specific industry's business concern or regionally specific business issues, recently with a significant focus on emerging economies. Publications in 2010 that illustrate the depth and far-reaching impact BCG addresses include *What's Next for Alternative Energy?*, *Big Prizes in Small Places: China's Rapidly Multiplying Pockets of Growth*, and *Winning in Emerging-Market Cities: A Guide to the World's Largest Growth Opportunity*. BCG is recognized for expanding its deep regional insights in emerging economies supported by investments and proprietary resources, including BCG's China Center for Consumer Insight.

As a company culture, BCG grows organically. Geographic areas of expansion for BCG in 2011 include Morocco, Africa; Istanbul, Turkey; and Canberra, Australia (sites of three new offices for BCG). Another area of growth for BCG is focusing on public issues and financial services clients. In Mexico and Latin America, BCG has been aggressive in preparing services around IFRS compliance by training staff and reducing services costs.

Strengths and Challenges

Worldwide, BCG is seen as better than many of its peers at helping clients expand into new markets or geographies. However, BCG must show significant improvement across a number of key business consulting capabilities.

BCG must demonstrate it can significantly improve upon perceptions that it can help clients reduce costs, improve operational efficiency, identify and implement options for growth, and comply with new or existing regulations. It must also improve the perception it can drive value-creating innovation and integrate risk awareness and solutions within other consulting engagements.

BCG should also work to improve the perception that it can help clients transform significant processes, manage risk, and drive innovation through the organization.

Overall, BCG receives positive feedback from its clients worldwide.

Booz & Company

According to IDC analysis and buyer perception, Booz & Company is an IDC MarketScape Contender worldwide.

Booz & Company is the oldest continuously operating management consulting firm and was the first to use the term *management consultant*. Booz & Company, a privately held consultancy with 3,000 employees, offers consulting services to businesses, governments, and organizations across all functional areas.

Booz & Company is primarily organized to service clients across many different industries, with dedicated focus on aerospace and defense (A&D), automotive, chemicals, consumer products, energy and utilities, financial services, health, industrials, media and entertainment, oil and gas, private equity, public sector, retail, technology, telecommunications, and transportation.

Booz & Company is organized into three function-focused teams – information technology, operations, and organization change and leadership – while the firm's service lines include corporate finance, marketing and sales, product and service innovation, and mergers and restructuring. Booz & Company is well recognized for its capabilities in organization, executive planning, and growth strategy services.

Booz & Company believes that combining its capabilities with its client's capabilities is the basis for the best strategies and the most successful execution of strategies. Booz & Company prides itself on its focus on "strategy-based transformation." The firm addresses significant areas of the CEO agenda including corporate portfolio, business unit strategy, and functional strategies (e.g., marketing,

technology, and operations). Booz & Company's research is aimed at growth in emerging markets as well as growth during a postrecession economy.

In 2009, Booz & Company combined with United States-based management consultancy Katzenbach Partners, a strong provider in the domain of organizational performance.

Booz & Company delivers its services with deep industry expertise and produces thought leadership in many areas that impact industries at the macroeconomic and regional levels. Booz & Company publishes the quarterly management magazine *strategy+business*, a visible and prestigious part of its thought leadership efforts. Studies conducted by Booz & Company in 2012 address topics such as worldwide gas markets and shifts in global wealth. Booz & Company also produces annually the highly regarded *Global Innovation 1000* survey of the companies responsible for half the world's investment in innovation.

Typical engagements for Booz & Company include C-level strategies and operations with impact on restructuring or turning an organization around for large enterprises or government clients. Many engagements are multiyear and multifunction in nature.

Strengths and Challenges

Worldwide, Booz & Company is considered to need significant improvement across a number of key business consulting metrics.

Booz & Company must significantly improve the perception that it can help its clients achieve common objectives, such as reducing costs, managing risk, improving operational efficiency, and identifying and implementing options for growth. Additionally, Booz & Company must improve its perceived ability to help transform significant processes, expand into new markets or geographies, drive innovation through the organization, and comply with new or existing regulations.

Ultimately, Booz & Company must work to significantly improve the perception it can deliver value-creating innovation.

According to client feedback, Booz & Company is generally well regarded among its clients worldwide.

CSC

According to IDC analysis and buyer perception, CSC is an IDC MarketScape Major Player worldwide.

CSC provides technology-led consulting to support the business and mission needs of clients, with approximately 90,000 employees as of December 2013. CSC has locations in 70 countries and offers consulting, systems integration, and outsourcing services organized in 2 main business units – Global Business Services (GBS), which includes consulting, industry software and solutions, and applications, and Global Infrastructure Services (GIS) – and three incubator offers: cyber, cloud, and big data and analytics. CSC serves Global 1000 companies and national and local governments through 5 industry verticals: financial services, health services, manufacturing/A&D, public sector, and diversified verticals. CSC is one of the last remaining independent IT services companies with global reach.

CSC reports that in 2012, its GIS service line accounted for 40% of its revenue, while consulting contributed 20%. Applications, industry software, and others contributed the remaining 40%.

CSC has completed the first part of a multiyear transformation by implementing a new operating model and fixing its cost base. CSC's next steps are to expand market coverage and drive demand, move up the value chain, scale next-generation infrastructure, and rationalize and standardize offerings. While the consulting workforce is globally balanced, different regions have developed particular strengths: banking, insurance, public sector, retail, transportation, and manufacturing in continental Europe; public sector, manufacturing, financial services, and healthcare in the United Kingdom; financial services, manufacturing, public sector, and healthcare in the United States; utilities and insurance in Latin America; and natural resources and public sector (including defense) in Australia. The group has globalized these horizontal and vertical practices to radiate solutions to all regions.

Growth at CSC comes from both acquisitions and targeted moves to increase market share organically. In October 2013, CSC acquired ServiceMesh, an enterprise cloud management company. This strategic acquisition enables CSC to continue its transformation into a next-generation IT company that helps its clients migrate their applications into cloud computing environments. In August 2013, CSC acquired Infochimps Inc. This acquisition complements CSC's existing big data business by providing a flexible, scalable platform-as-a-service offering. In the second quarter of fiscal 2013, CSC acquired 42Six Solutions. The entity was acquired to enhance CSC's capabilities in big data processing and analytics. Also, in May 2013, CSC expanded its partnership with SAP to provide additional comprehensive next-generation business solutions to the global banking industry.

Through its Leading Edge Forum (LEF) and the Barometer program, CSC continues to publish thought leadership and research that supports its growth strategy. In 2013, the LEF published a series of reports on digitalization (*Building your firm from the Outside-In*) or innovative mapping process (*The Future Is More Predictable Than You Think – A Workbook for Value Chain Mapping*). Barometer research surveys include *Global CIO* and *SRM*, as well as *Customer Intimacy* in Europe. The Barometer program also includes surveys for other CXO functions, all performed by an independent company and completed with CSC industry experts' points of view, including human resources, finance, and payments.

Business consulting is organized as a global team, with a central group accountable for developing seven core offerings leveraging CSC assets and capabilities in every region (business transformation; business change management; human capital management; governance, risk, and compliance; financial transformation; supply chain transformation; and social network and CRM). Strongly interlocking with each industry vertical, together with other consulting entities and incubators, regional business consulting teams support end-to-end transformation programs at the convergence of business and technology while adapting offerings, approaches, methodologies, and tools in each region depending upon market maturity, local regulation, or competitive environment.

In financial services, the largest commercial sector, CSC's recent wins in business consulting confirm long-term relationships with key accounts including new projects in retail banking transformation, electronic banking platforms, postmerger harmonization, customer relationships management, and governance, risk, and compliance. In the public sector, all countries report egovernment modernization wins, with eprocurement being a focus in state and local government in the United States.

In manufacturing, new wins are focused on supply chain logistics optimization, eprocurement, and large-scale business transformation. In construction, on both sides of the Atlantic, CSC is optimizing operational and support processes and introducing best-of-breed tools.

For rail transportation in Europe, CSC continues to transform operational models in the context of deregulation, mobile-enabled processes, and enhanced client relationship management. For transportation and travel in the United States, CSC supports operational processes transformation.

In the chemical, energy, and natural resources sector, CSC's recent wins include mining operations reporting as well as workplace security in Australia, harmonization of processes and IT in Brazil, and modernizing core financials and life-cycle management together with large utility transformation programs with a focus on organizational change management in the United States.

CSC's deep industry and business process expertise provides a lens through which CSC's broad spectrum of capabilities focus on client needs. The ability to expand across all regions and across all lines of service is the foundation for CSC's future growth.

Strengths and Challenges

Worldwide, CSC is considered to be among the most capable firms at helping clients reduce costs.

CSC must significantly improve client perceptions of its abilities in a number of areas: managing risk, driving innovation through an organization, and transforming significant processes. It must also make significant improvements in the perception that it can help clients expand into new markets or geographies and comply with new or existing regulations. Ultimately, CSC must improve the perception of its ability to deliver value-creating innovation.

To advance, CSC should also strive to improve its ability to help clients improve operational efficiency and identify and implement options for growth, as well as improve the perception that it can integrate risk awareness and solutions within other consulting engagements.

Overall, CSC has a solid reputation among its clients worldwide.

Deloitte

According to IDC analysis and buyer perception, Deloitte is an IDC MarketScape Leader worldwide.

Deloitte is a global professional services organization with more than 200,000 practitioners in 150+ countries. As a multiservice consultancy, Deloitte's capabilities are a key element of Deloitte's business-driven approach and include:

- Enterprise risk
- Finance services (including audit and tax advisory services)
- Human capital/talent

- Legal services
- Strategy and operations
- Technology services (full life-cycle technology including advise, implement, and manage)

Deloitte advocates its proposed value of "executable strategy" with a broad services footprint to help clients from strategy development to execution. Deloitte believes that this positioning and its underlying capabilities differentiate it from both the newly rejuvenated consulting offerings of other Big Four firms and the traditional or pure-play strategy, human capital, and technology competitors. Deloitte is the only firm among the Big Four firms not to have divested its consulting business nearly a decade ago. Deloitte credits its strong growth to its ability to solve its clients' most complex problems via its breadth and depth of services, global reach with local perspectives, industry insights, and client-centric approach.

Deloitte is focused on advancing its core, traditional strengths while investing in an innovation culture to continue to lead its clients through technological disruption, speed of change, and regulatory uncertainty. It is investing significantly in new solutions, models, capabilities, and creative collaborations. For example:

- **Deloitte Digital.** Deloitte Digital combines the strengths of a creative agency, an IT consultancy, and an industry-centric business strategy provider into a single consultancy. Deloitte expects to help clients unleash the business value of these emerging technologies and domains. Deloitte Digital includes Deloitte's online and subscription-based services to support clients' demand for data and advanced analytics and for alternative delivery models. Deloitte Digital recently acquired Banyan Branch, a cutting-edge social media and digital agency.
- **Integrated market offerings.** Another key output of Deloitte's innovation process is a portfolio of global integrated market offerings in which the firm integrates skills from a variety of practices and geographies across its service lines. Deloitte has a mature set of global IMOs through which it has enjoyed good momentum in the past several years while stimulating shared growth with its business advisory business. These IMOs include such areas as analytics, finance transformation, M&A, and risk.
- **Deloitte Greenhouses.** The Deloitte Greenhouses are a global network of flexible, physical environments that help the firm's clients and their people accelerate the development of innovative solutions and advance client relationships through a differentiated, branded Deloitte experience. For example, Deloitte delivers its CFO Transition Lab in the Greenhouse environment.
- **Exclusive relationships.** Deloitte is entering into exclusive relationships with organizations, academic institutions, and networks and is expanding the boundaries of its talent ecosystem. A sampling of these cutting-edge relationships include 3D Systems, 10EQS, Kaggle, FutureWorld, MIT Media Lab, and Singularity University and XPrize.

Deloitte has industry specialties in all major sectors, including consumer business and transportation, energy and resources, financial services, life sciences and healthcare, manufacturing, public sector, real estate, technology, and media and telecommunications. Deloitte continues to evolve its industry model, serving 28 microindustry sectors across capabilities and geographies.

Deloitte is recognized as an employer of choice, as evidenced by its recognition in many independent rankings in North America, Europe, the Middle East, and Asia. Deloitte is known for promoting flexibility and customization for each individual employee's career path via its mass career customization (MCC) program and its development and adoption of corporate lattice career model where employees no longer move up and out in the antiquated "corporate ladder" structure but move more fluidly and flexibly throughout the organization as desire and demand requires. Deloitte has also made significant investments in training and education for its employees with Deloitte University, a state-of-the-art leadership development center near Dallas, Texas. Deloitte University served more than 50,000 professionals from 70 countries over the past year. Deloitte is currently assessing extensions in Europe and Asia/Pacific.

Deloitte's growth is both organic and through acquisition in key areas. Deloitte is investing in certain priority markets, announcing a combined \$750 million investment over the next three years in 11 strategic markets. The investment program aims to expand client service and industry capabilities, bolster the hiring and deployment of top talent, and cultivate innovative new services and multidisciplinary offerings. In its last reported fiscal year 2013, Deloitte successfully completed 25 strategic acquisitions and made 54 significant team hires in its developed markets as well as Deloitte's priority markets and capability areas. Focused on acquiring assets of strategic importance such as digital, analytics, legal, strategy, security, and risk, several of the more high-profile transactions from this past year were:

- **Monitor.** The acquisition of Monitor, one of the world's leading strategy consulting firms, not only solidified Deloitte's position in strategy consulting but also further strengthens the firm's advise through execution of value propositions.
- **Bersin.** Bersin, a leading provider of research-based membership programs and advisory services in the human resources, talent, and learning market, joined Deloitte's Human Capital practice, furthering the firm's investment in asset-based businesses.
- **Vigilant, Bugoroo, and MN Security.** Three acquisitions made in the security and privacy space position Deloitte for significant growth in security monitoring and cyberthreat intelligence.
- **BIO Intelligence Service (IS).** The acquisition of BIO IS added 65 France-based sustainability consultants to the firm, making Deloitte a significant player in the European sustainability consulting marketplace. BIO IS brings specific public sector and policy strengths to Deloitte, with signature clients including the European Commission and European Parliament. BIO IS has deep technical expertise in life-cycle assessments (LCAs), eco-labeling, and data reporting.

Note: As with the other Big Four, Deloitte does not provide consulting services to its audit or attest clients but does benefit from the strong client relationships it has established with audit customers.

Strengths and Challenges

Worldwide, Deloitte is regarded as among the best of all firms at delivering value-creating innovation and at helping its clients manage risk, transform significant processes, and comply with new or existing regulations.

Deloitte is also seen as better than many of its peers at helping clients reduce costs, improve operational efficiency, and identify and implement options for growth. Additionally, it is perceived as

better than many of its peers at helping clients expand into new markets or geographies and at integrating risk awareness and solutions within other consulting engagements.

Overall, Deloitte is perceived to be better than many of its peers at driving innovation through an organization.

Worldwide, Deloitte is viewed as a "well-known brand that delivers quality services," according to client feedback.

EY

According to IDC analysis and buyer perception, EY is an IDC MarketScape Major Player worldwide.

EY is a partnership with 167,000 professionals as of June 2012 across 140 countries globally. EY's core business consulting services sit within EY's advisory organization and include service lines of risk and IT risk advisory as well as performance improvement (PI), which includes finance, supply chain, and customer relationship enabled by IT; people and organizational change; and strategy and program management. EY also offers business consulting services beyond its advisory organization, including post-transaction integration services (transactions), tax-effective process advisory (e.g., supply chain and human capital) (tax), fraud investigation and disputes management (assurance), climate change and sustainability, and financial accounting advisory services (assurance). EY is well recognized for these capabilities in assurance, tax, and transactions, which sit outside of its advisory organization.

EY is focused on growth in its business performance improvement and risk practices. Analytics is an important growth area to EY in both risk and PI, as evidenced by EY's recent continued acquisitions in this space. In 2011, these acquisitions included ISA Consulting (April – Americas) and Partake Consulting (May – Europe, the Middle East, India, and Africa [EMEIA]). EY has a globally integrated practice that serves large global companies as well as medium-sized global, regional, and national organizations and strategic growth companies. EY relies on its extensive business network to leverage long-term relationships with CFOs and other senior CXO executives. This approach is aimed at maintaining EY's objectivity in the advice the company gives to clients. EY maintains strong relationships with and expertise in leading technology vendors and their products to ensure the company's professionals have the highest levels of technical expertise.

EY's global reorganization has helped the firm deliver on engagements with clients globally. From 2009 to 2011, EY integrated its organization to form single management units in its Americas, EMEIA, and Asia/Pacific regions. EY has been investing in emerging markets and has built dominant practices in a number of geographies. Within its advisory service line, in 2012, EY experienced tremendous growth in Brazil, CIS, Korea, Sub-Saharan Africa, India, Mexico, Japan, Canada, Latin America, Belgium, Netherlands, Germany, and Nordics.

EY has continued to invest heavily on building its capabilities through bringing in groups of partners and other senior professionals from other consulting firms. This has been particularly significant in its performance improvement business where it has increased its staff numbers by over 40% without any large acquisitions. The following organizations have been brought into EY in the past 24 months, bringing key skills to specific geographies: Axia Value Chain – cross performance improvement

(Brazil, December 2012), Resolve Group – HR and change management (South Africa, October 2012), Q-Core Consulting – financial services and analytics (South Africa, June 2012), Arrows Consulting – performance improvement and BI (Japan, January 2012), Life Time Partners – healthcare (January 2012), Galgana – performance improvement (Spain, December 2012).

Through its Global Enablement Center, EY supports and leads global research and innovation initiatives. EY also develops and delivers methodology enhancements and extensions to its core methodology, excelerator, and also enhancements in its process and risk models. Four recent enablement center offering developments are enterprise intelligence, risk transformation, cost of controls, and finance transformation.

EY has also established centers of excellence in its regions around specific services. For example, in EMEIA, there are supply chain, customer, finance transformation, risk transformation, IT transformation, information security, and outsourcing advisory centers of excellence. EY has also developed strong collaborative relationships with leading research/academic institutions, including the Risk Innovation Board, Tapestry Networks, and Innovation Value Institute.

EY's service lines are integrated in front of the client through the role of the client service partner (CSP), a dedicated relationship management role. CSPs' relationship role helps bring together services from across the whole of EY. EY does bring together such integrated services that pull from across all of its services. An example is tax effective supply chain management that helps transform global supply chains through a holistic approach, which spans operations, tax, and risk.

EY delivers through sectors and is deeply investing into sector-specific process and risk models (which include benchmarks from external sources like APQC and EY's own metrics) to deliver sector-specific value propositions. Industry service development itself comes through EY's 14 global industry centers of excellence that include power and utilities (Dusseldorf, Germany), banking and capital markets (New York), oil and gas (Bahrain), technology (San Jose, California), telecommunications (Paris), and consumer products (London) as examples.

EY also has a large global talent hub based primarily in India, with additional regional resources in China, the Philippines, and Eastern Europe. EY leverages these resources in support of global projects from a talent as well as cost basis.

Consulting services most in demand in the past six months have included comprehensive enterprisewide cost reduction, analytics and enterprise intelligence, and information security and services to support organizations looking to grow their emerging market presence.

EY has recently launched eight regional risk centers of excellence in growth and emerging markets that will act as hubs for services addressing strategic, operational, financial, IT, and compliance risks across each region and offer insight into local laws as well as local business and industry practices against a robust backdrop of global risk methodologies and international standards.

Strengths and Challenges

Worldwide, EY is seen as among the most capable of all firms at delivering value-creating innovation.

In addition, EY is considered to be better than many of its peers at helping clients to manage risk, transform significant processes, comply with new or existing regulations, and drive innovation through the organization. It is also considered better than many of its peers at integrating risk awareness and solutions within other consulting engagements.

EY is considered to require significant improvement in helping its clients reduce costs, improve organizational ability, and identify and implement options for growth. EY should also aim to improve the perception it can help clients expand into new markets or geographies.

Overall, EY is well regarded worldwide by clients for providing "excellent services."

IBM

According to IDC analysis and buyer perception, IBM is an IDC MarketScape Leader worldwide.

IBM is one of the largest multidisciplinary consulting firms, with more than 100,000 employees globally, and serves clients in more than 450 locations across 170 countries. IBM provides consulting services across a wide range of topics, functions, and industries through IBM Global Business Services.

In November 2012, IBM debuted a perspective that the world has been fundamentally transformed by rampant availability of data and the technologies to exploit it for rapid transformation, like mobility, social business, and cloud. IBM calls this new client agenda "Front Office Transformation" and believes it's creating profound changes in how enterprises create models of engagement with all audiences.

For IBM, Front Office Transformation is the combination of the Digital Front Office (reimagining everything about the way people connect, transact, and engage) and the Globally Integrated Enterprise (transforming the organization for efficiency and effectiveness and to enable new growth). IBM believes sustainable value is found through the integration of these two agendas across the enterprise.

IBM has made significant investments in Front Office Transformation skills, solutions, and go-to-market structure. In January 2014, IBM announced the creation of a new service line called Strategy and Analytics, a combination of IBM's strategy consulting, business analytics, and optimization services and IBM Interactive digital capabilities to help clients accelerate these front-office transformations. IBM states it's seeing increased demand for solutions that combine all of these capabilities – strategy consulting, design, experience, and analytics – to help clients create business strategies that can rapidly deliver outcomes and build better models of engagement. With more than 15,000 consultants in this new service line, IBM claims it's delivering this new combination of skills to dozens of clients today like Banorte-Ixe – a leading Mexican bank working with IBM in an outcome-based model to transform the entire bank, including customer-facing processes, back-office operations, and risk management, into a customer-centric enterprise with an analytics foundation.

IBM also launched several new offerings and capabilities in the past 12 months in support of these new client agendas and the social, mobile, analytics, and cloud technologies that are enabling them. For example, in March 2013, IBM opened the CX Lab, a joint go-to-market initiative with IBM Research

and GBS that aims to solve highly complex challenges in social insight, customer insight, and marketing optimization.

Extending its investment in IBM Interactive, ranked by Ad Age as a top 5 global digital agency, IBM brought to market a digital front-office maturity assessment tool that incorporates more than 400 different digital capabilities across 20 maturity models. These teams also have a repository of Customer Journey Maps, 4 x 8ft wall murals, that bring together strategy, technology, best practices, and outcomes, founded in either a customer-centric view or a functional transformation view, across 18 industries.

With more than 2,000 dedicated mobility consultants, IBM extended its mobile advisory services in 2013 with key offerings like the Enterprise Mobile Strategy Accelerator that helps CXOs shape enterprise mobile strategy, Mobile Moments Process Design, Mobile/Digital Target Operating Model, and Mobile IT Strategy to help CIOs envision future IT processes for mobile application life-cycle management (DevOps) and mobile IT governance. IBM also updated its BetterTransformation Method and BetterChange Method, including updates from IBM's own internal Enterprise Transformation Team, which deploys more than 400 of its own internal finance, operations, and change experts to the market through IBM GBS.

IBM has also announced more than 60 industry business use cases to help clients accelerate data-driven transformations. These industry use cases incorporate strategy consulting IP assets like value realization models and proven business cases with deep big data and analytics capabilities to provide detailed road maps for clients in areas like risk in energy and utilities and customer experience in banking. Select use cases are industrialized into IBM Signature Solutions, with IBM software and systems integrated into them to help clients implement faster. In 2013, IBM announced two new Signature Solutions for Predictive Asset Optimization and Risk Analytics in credit life-cycle management.

IBM recognizes these market changes are driven in large part by new IT buyers, like the CMO and CFO, and has invested in new ways to engage and understand these new buyers. IBM's acclaimed Institute for Business Value expanded its direct customer research this year with the 2013 C-Suite Study, based on 4,183 face-to-face interaction with C-suite executives from 70 different countries. IBM also published a new study on mobile business trends, industry vertical thought leadership, and a study that looked at the nine levers for creating business value through business analytics.

Since June 2012, IBM has invested in bringing together CMOs and CIOs to discuss how the marketing profession is changing. In 2013, IBM extended this program to the finance office through several ThinkFinance events with CFOs and CIOs around the world. These events foster direct dialogue with and among clients, generating great insight for IBM.

IBM has also extended its investment in training for consultants in 2013. IBM CEO Ginni Rometty required all employees to engage in at least 40 hours of professional training. In support of this mandate, GBS saw more than a sixfold increase in virtual education in 2013, as well as increases in investments in particular topic areas like big data and analytics and cloud. IBM also has developed a Consulting by Degrees (CBD) program designed to help new undergraduate hires transition into GBS. This two-year program provides training in core consulting, mentoring relationships, and team building.

Growth through emerging markets continues to be an important strategy for IBM. To ensure globally consistent delivery, IBM has developed 18 industry centers of competency (CoCs) and 13 domain and technology CoCs, including many that combine skills from both GBS and IBM Software Group in areas like advanced analytics or mobility. These CoCs are staffed with more than 1,000 senior consultants who can be deployed rapidly anywhere in the world. They have deep backgrounds in their respective fields and bring a unique global perspective. Additionally, during project execution, consultants use the IBM Program Work Center to manage engagements and conduct program management reviews with the client and delivery team to assess the current status of the engagement as well as identify risks and issues early and seek to resolve them quickly.

Strengths and Challenges

Worldwide, IBM's strengths center around innovation, risk, and operations.

IBM is seen worldwide as the most capable of all firms at delivering value-creating innovation and driving innovation through an organization. It is also considered the most capable at helping clients manage risk, improve operational efficiency, and expand into new markets or geographies.

In addition, IBM is perceived to be among the most capable at helping clients identify and implement options for growth, transform significant processes, and comply with new or existing regulations.

IBM should improve client perceptions around its ability to help reduce costs.

Overall, according to client feedback worldwide, IBM enjoys an excellent reputation for quality.

KPMG

According to IDC analysis and buyer perception, KPMG is an IDC MarketScape Leader worldwide.

KPMG is a global network of member firms that provides audit, tax, and advisory services and operates in 155 countries, with more than 155,000 people working in member firms around the world and serving many of the world's largest and most complex organizations.

Member firms are committed to helping clients transform their organizations: from improving performance to optimizing risk and from restructuring operations to seizing new challenges. KPMG offers clients industry-specific services to help enhance their financial performance and reporting, compliance, and value creation and supports three key client agendas: operational transformation, the evolving world of risk, and changes in public policy and regulation. KPMG professionals can provide value to clients with a keen ability to combine functional, operational, and technology consulting skills with deep experience in audit, risk, regulatory, tax, and M&A issues.

KPMG's business consultants provide services across industries, geographies, and functions, with particular strategic focus on industry-tailored solutions, notably in financial services, government and infrastructure, healthcare, diversified industrials, and energy/natural resources. KPMG believes that sustainable change must be understood and delivered in the context of a client's industry and has an

explicit strategy of hiring experienced professionals from industry, in addition to other channels, to continue to deepen its industry expertise.

KPMG's global network continues to grow in the regions where clients are growing, including increasingly established high-growth markets such as China and the Middle East as well as Africa. To better serve smaller markets, member firms are establishing regional hubs, such as the ASEAN Hub, that bring together regional specialists to help serve clients better.

Management consulting is one of KPMG's eight strategic growth priorities and focuses on helping clients make better decisions, reduce costs, build more effective organizations, and develop appropriate technology strategies. KPMG member firms combine skills in functional, operational, and technology consulting with a history of more than a century of expertise in audit, risk, regulatory, tax, and M&A issues to help clients with seven critical issues:

- Adapting to a changing world
- Efficiency and cost management
- Customer growth
- Embedding regulatory change
- Talent and human capital management
- Data and insight
- Technology

KPMG also delivers integrated strategies that help clients find ways to turn risk into an advantage through five primary areas of expertise:

- Account advisory services
- Financial risk management
- Forensic
- Internal audit, risk, and compliance
- IT advisory in risk consulting

KPMG member firms help clients shape their response to business opportunities and challenges across the business life cycle with deep technical specialization, global execution capabilities, and a sector-focused approach to market. KPMG's strategy of building long-term trusted advisor relationships with CEOs and C-level executives means it can participate in strategic discussions about all potential transaction and restructuring opportunities.

KPMG captures innovation and learning from one part of the network and leverages it to deliver deep knowledge and expertise to client engagements through centers of excellence. Those centers focus on serving key client priority needs such as HR transformation, shared services and outsourcing advisory, CIO advisory, and strategic sourcing and procurement. KPMG also offers offshore services to assist with program management, process analysis and design, benchmarking, financial modeling, and IT delivery through KPMG Global Services.

KPMG member firms have developed an advisory framework around methodologies, tools, and language with its Value Delivery Framework (VDF) to ensure a disciplined and consistent approach to delivering services across practices, sectors, and geographies.

KPMG is aggressively growing its strategy, technology, data, and analytics capabilities, both organically and inorganically, with acquisitions including WiseWindows, TellSell Consulting, Makison Cowell, Optimum Solutions, and SECOR. KPMG is leveraging other major recent acquisitions (notably BrainNet and EquaTerra) to win major projects in growth markets of the Middle East and China.

Strengths and Challenges

Worldwide, KPMG is seen as better than many of its peers at helping clients manage risk and at integrating risk awareness and solutions within other consulting engagements. It is also considered better than many at helping clients drive innovation through an organization, improve operational efficiency, and comply with new or existing regulations.

KPMG must make significant improvements in its perceived ability to help clients reduce costs, and identify and implement options for growth.

Overall, KPMG's services are well regarded among clients worldwide, with positive feedback tending to focus on the firm's consistency, experience, and quality.

McKinsey

According to IDC analysis and buyer perception, McKinsey & Co. is an IDC MarketScape Leader worldwide.

McKinsey is a globally recognized strategy consulting firm that was founded in 1926. McKinsey provides a combination of strategic and operations management services and has approximately 9,000 consultants in 90 offices across 51 countries. McKinsey defines its 7 core functional practices as business technology office, corporate finance, marketing and sales, operations, organization, strategy, and risk. The firm organizes by industry specializations across 19 industry areas. Recently, McKinsey launched a special initiative dedicated to sustainability. Additional offerings include solutions that cover a range of current issues that are also organized by function and industry: global banking pools, climate desk, granular growth, and 16 others.

McKinsey is often recognized as a primary services provider among strategy firms. However, it is the firm's operations management consulting work that is growing as a result of client interest in the implementation of "actionable strategy." McKinsey responded to this demand with its recently launched McKinsey Solutions. This group of services is based on the firm's most distinctive and "packageable" proprietary knowledge (i.e., services based on proprietary databases, models, tools, and insights). These packaged services typically include an online service delivery platform (software as a service), enabling clients to make informed business decisions on a variety of topics in different functions (e.g., pricing), sectors (e.g., banking), and regions (e.g., China). This globally operating group within the firm has a central hub in Europe (Brussels/Louvain-la-Neuve) and a rapidly increasing presence in North America and India.

McKinsey serves numerous clients in the banking and financial services sectors. The Financial Services practice provides deep functional and regional expertise and capabilities that address strategic needs for all types of financial service institutions, from small banks to large investment institutions. McKinsey's Branch Insights solution area provides retail banks with an online platform to track and manage branch performance, providing actionable change based on utilization metrics. Within its functional areas of expertise, McKinsey remains relevant with thought leadership and studies focused on cost cutting in the finance organization. For instance, McKinsey draws comparisons between cost-reduction strategies and building appropriate functional competencies in its May 2010 research titled *Five Ways CFOs Can Make Cost Cuts Stick*.

McKinsey's interest and insight into the issues impacting emerging economies is reflected in some of the company's other research, including studies focused on mobile banking, telecommunications, and healthcare opportunities in India, China, and African countries.

McKinsey's focus on opportunities in emerging geographies such as India and China is evident in the July 2010 *McKinsey Quarterly*, which compares urbanization trends in India and China. In support of this expanded interest, the firm has been recruiting specifically for its India and Asia offices at business schools, looking for scarce talent with fluency in local languages.

Strengths and Challenges

Worldwide, McKinsey is seen as the most capable of all firms at helping its clients transform significant processes.

McKinsey is also considered to be among the most capable firms at helping clients identify and implement options for growth, and expand into new markets or geographies. It is also recognized as among the most capable at driving innovation through an organization.

Clients regard McKinsey as better than many of its peers at helping them manage risk, improve operational efficiency, and comply with new or existing regulations. Ultimately, McKinsey is seen as better than many at delivering value-creating innovation.

McKinsey should improve the perception that it can help clients reduce costs.

Overall, according to buyer feedback, McKinsey enjoys a solid reputation among clients worldwide.

PwC

According to IDC analysis and buyer perception, PwC is an IDC MarketScape Leader worldwide.

PwC is a Big Four global professional services organization established as a global network of member firms with more than 180,000 people globally in 776 locations across 158 countries organized in 3 regional clusters. PwC serves client organizations across all sectors and functional areas. PwC provides services through 3 divisions or "lines of service": assurance, tax, and advisory. The advisory business contains deals and consulting.

Consulting services covered within the scope of this IDC research include those provided with the following capabilities:

- Strategy
- Operations
- People and change
- Risk
- Forensics
- Finance
- Technology

PwC organizes its solutions into 23 industry sectors and brings together its functional and industry skills to focus on services important at the C-suite level. It also has certain global propositions that it provides across sectors drawing together different competencies:

- Performance alignment
- Customer impact
- Delivering deal value
- Value chain transformation
- Business services transformation
- Enterprise performance management
- Capital projects and infrastructure

Since 2007, PwC has been aggressively expanding its consulting business. PwC has particularly bolstered its consulting skills in strategy, operations, and technology to strengthen its ability to help clients with large-scale transformation from strategy through execution. This has been achieved via a combination of organic and inorganic investment.

PwC has completed a number of strategically noteworthy acquisitions including the 2009 acquisition of significant portions of BearingPoint's U.S. Commercial and Financial Services units along with BearingPoint's global delivery centers in Bangalore (India) and Shanghai (China) and BearingPoint's Japan operations.

The 2010 acquisition of Diamond Management Consultants added Diamond's experienced strategy, technology, and management consulting professionals to PwC's Advisory practice, reflecting PwC's commitment to enhancing PwC's position as a professional services firm providing deep and extensive consulting capabilities to deliver a continuum of services from strategy through execution.

In 2011, PwC continued to invest in its strategy and operations capability, as evidenced by the acquisition of global management consulting firm PRTM Management Consulting. PRTM strengthened PwC's capabilities in operations management consulting, including strategy, supply chain, product development, customer service innovation, and business model innovation, supporting PwC's

commitment to deliver consulting services from strategy through execution. The acquisition of PRTM brought over 700 experienced consultants to PwC's global practice. Over two-thirds of the team from PRTM are located in the United States, with the remainder located in the United Kingdom, France, Germany, the Nordics, the United Arab Emirates, India, China, and Japan. It serves Fortune 1000 clients, particularly in industries such as technology, telecom, industrial products, retail and consumer, healthcare, and public sector.

PwC complemented these with more focused acquisitions in the operations area in 2011, particularly S&V Management Consultants in Belgium and TrueEconomy in the Netherlands, with over 200 consultants between them. In 2012 and 2013, PwC has made a number of other focused acquisitions, particularly in the United States. PwC's most recent acquisitions of Ant's Eye View and BGT Partners in the United States and Logan Tod in the United Kingdom add to its capabilities in social media strategy and digital marketing, better positioning PwC to serve companies looking to increase customer engagement. In October 2013, PwC and Booz & Company announced that they had signed a conditional merger agreement. In late December 2013, Booz & Company's global partners voted overwhelmingly to approve a combination with PwC, and by early January 2014, the parties received all required merger antitrust clearances. Assuming the fulfillment of other customary closing conditions, the deal is expected to conclude in the first quarter of 2014. Together, PwC and Booz & Company will form a global advisory business that designs winning strategies for the world's top companies and can execute them across a wide range of functions and service offerings.

PwC's market approach is focused on industry and on being able to deliver value from strategy through execution, drawing on both the broad range of functional skills in its consulting business and its capabilities in deals, tax, and assurance. PwC has implemented a model that facilitates the use of cross-border, cross-competency and cross-line service teams to meet changing needs. For example, the network leverages resources in PwC's Financial Services and Public Sector practices to provide a depth of expertise and deeper value to clients in resolving issues that have become important during the global financial and economic crises, dealing both with risk and regulatory compliance and with new customer and growth strategies, including in emerging markets.

PwC is positioned to actively compete for a broad range of services, in both the front office and the back office, by combining its deep industry and business knowledge with growing technology skills. PwC has made progress as a "full-service consulting firm," pulling resources and collective expertise from across all parts of the network.

Strengths and Challenges

Worldwide, PwC is regarded as the most capable of all firms at helping enterprises comply with new or existing regulations and at integrating risk awareness and solutions within other consulting engagements.

It is also considered to be among the most capable firms at helping its clients manage risk.

PwC is seen worldwide as being better than many of its peers at helping clients reduce costs and expand into new markets or geographies. Overall, PwC is seen as better than many at delivering value-creating innovation.

There must be significant improvement in clients' perceptions that PwC can help them improve operational efficiency, identify and implement options for growth, and drive innovation through the organization. PwC should also improve on helping clients transform significant processes.

Overall, according to buyer feedback, clients worldwide appear to regard PwC highly.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in the next three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represent the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Priorities of Business Consulting Buyers/Consulting Buyer Perception as an Input

A significant and unique component of this evaluation is the inclusion of the perception of business consulting buyers of both the key characteristics and the capabilities of these consulting providers. This insight is captured in a broad-based random survey and reveals key insights into the capabilities of the individual firms.

The broad survey also provides key insights into the kinds of issues that enterprises are engaging consultants to help address. Operational efficiency, business effectiveness, and cost reduction are the most important priorities for consultancy buyers. We asked buyers to describe the importance to their organization of a series of priorities, asking them to assign a rating from 1 to 5, with 1 being "not a priority" and 5 being a "critical business priority" for their organization. Using the mean averages for each driver, we ranked the drivers by relative importance for each geographic region. The results are shown in Table 1. Over the past year or so, regulatory compliance has dropped slightly in overall importance in each region as a driver. And while strong now, cost focus begins to decline as a priority for enterprises globally in the next year or so.

TABLE 1

Business Priorities for Enterprises in 2014 by Region and Importance

Q. How important a business priority do you believe each of the following is currently for your company?

	Worldwide	Americas	EMEA	Asia/Pacific
Reduce costs	1	1	3	1
Improve operational efficiency	2	3	1	2
Create a more effective business	3	2	2	3
Identify and implement options for growth	4	4	5	4
Comply with new or existing regulations	5	5	4	6
Manage risk	6	7	6	7
Transform critical processes	7	8	7	5
Leverage talent	8	6	9	8
Drive innovation	9	9	8	9
Expand into new markets/geographies	10	10	10	10
n =	662	220	221	221

Source: IDC's *Worldwide Consulting Buyer Perception Survey*, November 2013

Both cost and operational efficiency focuses correspond well to what we call the "cost agenda" among enterprises, which means a tendency to prioritize spending on initiatives that reduce corporate costs and make the organization more efficient. By contrast, the drivers that we would most associate with the "growth agenda" (the tendency among organizations to prioritize spend on initiatives that grow the corporate top line or that drive customer/citizen satisfaction and loyalty) were rated slightly higher by

respondents in this year's survey compared with last year. For instance, the priority "identify and implement options for growth" was ranked about fourth.

These priorities have implications for business consulting buyers throughout the world and what characteristics they expect from the firms they employ to help them. Consulting firms with greater financial rigor or functional expertise will be better able to assist in reducing cost. Firms with global capabilities or deep economic research capabilities may be better able to assist in identifying areas for growth.

Market Definition

Business consulting involves advisory and implementation services related to management issues. It often includes defining an organization's strategy and goals and designing and implementing the structures and processes that help the organization reach its goals. Business consulting includes three main areas: strategy consulting, operational improvement consulting, and change and organization consulting. The market is primarily served by four firm types:

- **"Big Four":** IDC recognizes the well-known Big Four firms as the four largest international accountancy and professional services firms – Deloitte, Ernst & Young (EY), KPMG, and PricewaterhouseCoopers (PwC).
- **Multidisciplinary:** IDC describes multidisciplinary firms as large, diversified consulting organizations that offer a range of business consulting services to clients across a myriad of sectors. To distinguish these from other specialty firms, services must address more than two business functional areas, in addition to providing strategy and operational implementations.
- **Technology led:** These are also large, multifaceted firms and are known for deep expertise in both technology and business consulting. IDC identifies these firms as those that expanded from information technology (IT)-centric business into more broad business consulting or vice versa.
- **Specialty:** Specialty firms have focused areas of consulting expertise in specific industries, functional areas, or technologies. Management and strategic consulting specialists that offer primarily strategy consulting and business intelligence (BI) models to specific sectors or industries including government fit into this category of firms.

Strategies and Capabilities Criteria

The importance of a firm's characteristics to project success and relevance of the particular issue combined with IDC's opinion about the impact those elements have on selection of firms implies a unique weighting of these elements when evaluating a firm's overall strategy and capability to address market opportunity and realizing market success (see Tables 2 and 3).

TABLE 2

Key Strategy Measures for Success: Business Consulting Services

Strategies Criteria	Criteria for Success	Subcriteria Weighting
Offering strategy	Current development of offerings will be relevant and attractive to customers over the next three to five years.	
Functionality or offering road map	A wide variety of approaches will be employed to ensure increased functional and industry capability, including strategic hiring and training. To ensure maximum impact, consulting firms will need to increase their ability to construct teams that leverage those capabilities and provide precise value to clients. To maintain alignment between offering and requirements, firms must commit to a robust process of uncovering unmet needs through external research, collaboration, and observing customer behavior.	1.0
Delivery model	Methodologies and tools are increasingly leveraged from a single, universally accessible source to ensure worldwide consistency. Tools will be sifting to include more data-based research applied to solutions. Clients will demand greater degree of knowledge transfer to assure maximum ongoing value for the project. Also essential for effective delivery is the ability to transfer knowledge to the client teams.	3.0
Cost management strategy	While the target of most global consulting firms are very large enterprises, firms must also consistently engage with smaller firms to remain nimble and attentive to the cost of delivering services. Success in this approach will come from lowering acquisition costs for all clients, better leverage of both local and offshore resources and closely managing the scope of projects to assure the most focused delivery method appropriate to the client.	1.0
Portfolio strategy	To remain relevant, consulting firms will add capabilities to both high-demand services and those services that the consultant believes will become important. Consultants will also begin to incubate offerings that reflect the long-term direction of consulting — including increased use of risk awareness, risk integration, and analytics. The ability of the consultant to challenge corporate culture is also relevant.	3.0
Other offering strategies	Prioritization of new opportunities must consider demand and adjacent capabilities and involve a tiered (regional) prioritization process and will often include incorporating risk awareness into engagements in a proactive manner.	2.0
Offering strategy total		10.0
Go-to-market strategy	These strategies maximize the connection between offering and customers, including choosing to target customer segments that offer the greatest opportunity over the next three to five years.	
Sales/distribution strategy	Consulting models are becoming more complex. Enterprise buyers need to consume consultative services in increasingly diverse ways. While still dominant, traditional engagement models are being supplemented by "microsourcing" of technically complex but narrow tasks such as analytic processing or ongoing benchmarking, and information services provided	2.0

TABLE 2

Key Strategy Measures for Success: Business Consulting Services

Strategies Criteria	Criteria for Success	Subcriteria Weighting
	with less intensive "consultation" to support insourced analytical or benchmark operations.	
Marketing strategy	Growth comes from many types of opportunities and client interactions, including temporal opportunities. Identifying areas of high demand and providing comprehensive and timely solutions require an integrated firmwide effort but will best serve the client's most important and immediate needs. Additionally, enterprises must perceive consultant competence in key issues to gain permission to address specific client problems.	7.0
Customer service strategy	Consistent and innovative service delivery relies on collaborative efforts throughout an organization. Firms must ensure a strong culture of collaboration, consistent and relevant training, and executive oversight and support. In the best case, firms use a combination of formal and informal peer review as a quality catalyst, sharing better practices and establishing a culture of high-quality engagements.	1.0
Go-to-market strategy total		10.0
Business strategy	Strategies to grow the business are aligned with market trends and future opportunities over the next three to five years.	
Growth strategy	Firms poised for growth in the near term provide relevant specialized offerings that address specific needs, particularly for industries, geographic markets, or the size of the client. Additionally, a consulting provider's ability to cultivate a wide range of referenceable clients ensures the provider's capabilities will get the widest exposure to opportunities. Growth strategy is measured by both the diversity of the planned dimensions of growth and the measure of enthusiasm of client recommendation across company size and functional areas.	6.0
Innovation/R&D pace and productivity	Firms must be able to deliver innovation to their clients, in terms of both leveraging existing experience for the unique benefit of a client and developing a truly unique approach to solutions. Delivery of innovation is measured by client perception of the innovation delivered on the project.	3.0
Employee strategy	To maximize the ongoing capability of the consultant's employees, firms provide required training related to specific functional or technical areas and related to more broad-based consulting capabilities. The hours of required training demonstrate the firm's commitment to specific, continuous improvement of the firm's individual consultants.	1.0
Business strategy total		10.0

Source: IDC, 2014

TABLE 3

Key Capability Measures for Success: Business Consulting Services

Capabilities Criteria	Criteria for Success	Subcriteria Weighting
Offering capabilities	The offering's capabilities align well with current market needs and demands.	
Functionality/offering delivered	Offering capability is a combination of functional (domain) knowledge, industry insights, and technical capabilities. Higher capability reflects buyer perception of a firm's capability.	3.0
Delivery model appropriateness and execution	The appropriate delivery model must include an appropriate integration with the client team and meet client-developed project timelines. Additionally, for consistent success, the consultant must drive and support a culture of change. Higher capability is reflected in higher buyer perception of a firm's capability in both the "ability to integrate with client team" and the "ability to meet project timelines" and "drive and support change across the organization."	3.0
Cost competitiveness	Cost competitiveness can best be measured by the ability to deliver financial benefits as a result of the project and directly improve client performance. Higher capability reflects buyer perception of a firm's capability.	1.0
Portfolio benefits delivered	Evolved consulting firms will necessarily be required to provide a full range of consulting services combined with an ability to provide specific insights related to industry, technical, or domain issues. Evolved consulting increasingly includes analytics or analytical components as a delivery tool and output of engagements. Higher capability reflects buyer perception of a firm's fullness and appropriateness of services offered and its ability to integrate analytics into an engagement.	1.0
Other offering capabilities	Consulting firms are continually introducing new service offerings. For high relevance, firms introduced a mix of both temporal and "foundational" offerings in the past years.	2.0
Offering capabilities total		10.0
Go-to-market capabilities	These capabilities maximize the connection between offerings and customers, such as delivery, partnerships, pricing, distribution, marketing, sales, and service.	
Sales/distribution structure, capabilities	Firms must operate by balancing both local and global requirements. Global presence indicates a firm's ability to respond and be relevant to cross-geographic issues. Higher capability reflects buyer perception of a firm's capability.	3.0

TABLE 3

Key Capability Measures for Success: Business Consulting Services

Capabilities Criteria	Criteria for Success	Subcriteria Weighting
Marketing	The ability of a firm to connect to its clients' issues is essential to establishing a level of trust in the firm's ability to solve the problem. Issues are evaluated and weighted based on regional priorities. Higher capability reflects buyer perception of a firm's capability.	7.0
Go-to-market capabilities total		10.0
Business capabilities	Financial, employee, partner, and R&D management, among other capabilities, are in agreement with current market opportunities.	
Growth strategy execution	Essential to a consulting firm's growth is the firm's ability to develop "referenceable clients." Clients that strongly believe the firm will represent their best interests are most often referred. Growth strategy execution is measured by the degree of enthusiasm of industry-related recommendations by clients.	3.0
Employee management	In addition to "required training," the culture of continuous improvement in an organization can be reflected by how much training consultants consume annually. A higher score indicates more annual training consumed by consultants.	1.0
Other business capabilities	Also essential to a consulting firm's growth is the firm's ability to develop "referenceable clients." Clients that strongly believe the firm will represent their best interests are most often referred. Business capabilities are measured by the degree of enthusiasm of recommendations by clients to enterprises of similar size.	6.0
Business capabilities total		10.0

Source: IDC, 2014

In addition to the criteria for success having varying weights, IDC believes the aggregate criteria (offering, go to market, and business) should also be weighted. Table 4 illustrates the relative weights used in this analysis.

TABLE 4

Aggregate Criteria Weighting for Business Consulting Services

	Weighting	
	Strategies Criteria	Capabilities Criteria
Offering	4.5	5.0
Go to market	3.0	3.0
Business	2.5	2.0
Total	10.0	10.0

Source: IDC, 2014

Consequently, based on the weightings, we believe there are several criteria that are most influential in predicting vendor effectiveness on specific engagements:

- **Marketing strategy/capability:** Particularly important is the ability of the consultant to articulate its understanding of the key business issues of the day – those specific to the engagement under consideration, but also more generally. And those descriptions should reflect the unique criteria and characteristics of the issue that make it relevant in the context of the enterprise.
- **Offering delivered:** Strongly predictive of both vendor fit and fitness for a particular engagement are the recommendations delivered by functional and industry peers.
- **Growth strategy:** Consulting firms must be continuously assessing and improving their ability to provide relevant industry and technical insights and are typically rewarded for those insights with strong recommendations.
- **Delivery model execution:** To effectively deliver consulting projects, firms must strive to maximize their consulting team's ability to integrate with client management and functional teams, meet project timelines, and support change across the organization.

LEARN MORE

Related Research

- *PwC and Booz & Company Announce Intentions to Merge: Represents the Middle of a Long-Term Trend* (IDC #244264, November 2013)
- *IDC MarketScape: U.S. Business Consulting Services for State and Local Government 2013 Vendor Analysis* (IDC #242546, August 2013)

- *IDC MarketScape: Worldwide Business Consulting Services for the Retail Industry 2013 Vendor Analysis* (IDC #242424, August 2013)
- *IDC MarketScape: Worldwide Organizational and Change Consulting Services 2013 Vendor Analysis* (IDC #242359, August 2013)
- *IDC MarketScape: Worldwide Business Consulting Services for Governance, Risk, and Compliance 2013 Vendor Analysis* (IDC #242352, August 2013)
- *IDC MarketScape: Worldwide Business Consulting Services for the Public Sector 2013 Vendor Analysis* (IDC #242457, August 2013)
- *IDC MarketScape: U.S. Business Consulting Services for Smart Cities 2013 Vendor Analysis* (IDC #242453, August 2013)
- *IDC MarketScape: U.S. Business Consulting Services for the Federal Sector 2013 Vendor Analysis* (IDC #242561, August 2013)
- *IT Staffing Strategies: Increasing Importance of High-Skilled Technology* (IDC #241056, May 2013)
- *Worldwide and U.S. Business Consulting Services 2013-2017 Forecast: Operational Strategy* (IDC #241087, May 2013)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of a number of providers participating in the worldwide business consulting services market. The IDC MarketScape is an evaluation based on a comprehensive framework and a set of parameters that assesses providers relative to one another and to those factors expected to be most conducive to success in a given market during both the short term and the long term.

"While consulting providers are generally perceived as capable, buyers of consulting services believe consulting vendors are disappointed with the consulting provider's ability to deliver on value-creating innovation and to provide industry insights. In this research and others, we find that some vendors are better able to produce meaningful results than others." – Cushing Anderson, vice president, Business Consulting Services research

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