

COMPETITIVE ANALYSIS

IDC MarketScape: Asia/Pacific Business Consulting Services 2012 Vendor Analysis

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IN THIS EXCERPT

The content for this excerpt was taken directly from the IDC MarketScape: Asia/Pacific Business Consulting Services 2012 Vendor Analysis by Cushing Anderson, Mimei Ito and Mayur Sahni (Doc # 233434). All or parts of the following sections are included in this excerpt: IDC Opinion, In This Study, Situation Overview, Future Outlook, Essential Guidance, and Synopsis. Also included is Figure 1.

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 the short term and the long term. 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. As one would expect of market leaders, overall, these firms performed very well on this assessment. Key findings include:

- ☒ This evaluation discovered that, like worldwide buyers, consulting buyers in the Asia/Pacific are generally disappointed with the consulting provider's ability to deliver return on investment (ROI) for the project and maximize the project's value. While all vendors state a focus on maximizing the value of their projects, buyers believe this area is one of the weakest performance areas for consultants overall.
- ☒ Even though most firms describe themselves as capable of global delivery, an important factor for their clients is the ability to leverage local staff and resources on appropriate projects. Clearly, this reflects both a cost focus and a desire for local awareness. In both cases, consulting providers must improve their ability to exploit their local talent.
- ☒ In Asia/Pacific, meeting project timelines was considered a general weakness for most consulting providers. This differs from the general capability of firms worldwide and also reflects a more complex delivery environment in Asia/Pacific compared with other regions.

- ☒ Firms are generally quite good at their ability to apply proven methodologies/tools and at demonstrating their ability to provide a full spectrum of business consulting services; however, neither of these capabilities resonates particularly highly when enterprises consider selecting a firm for a particular project.
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IN THIS STUDY

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This study is composed of two key sections. The first part is a definition or description of the characteristics IDC analysts believe make a successful business consulting firm. These characteristics are based on buyer and vendor surveys and key analysts' observations of industry best practices.

The second part is a visual aggregation of multiple firms into a single bubble-chart format. This display concisely displays the observed and quantified scores of the consulting providers.

The document concludes with IDC's essential guidance to support continued growth and improvement of the firms' offerings.

Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific firms. IDC analysts tailor the range of standard characteristics by which firms are measured through structured discussions, surveys, and interviews with market leaders, participants, and end buyers. 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 firm scores and ultimately firm positions on the IDC MarketScape, surveys and interviews with the firms, publicly available information, and buyer experiences in an effort to provide an accurate and consistent assessment of each firm's characteristics, behavior, and capability.

SITUATION OVERVIEW

Introduction

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 (E&Y), 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 models to specific sectors or industries including government fit into this category of firms.

FUTURE OUTLOOK

IDC MarketScape Asia/Pacific Business Consulting Services Market Vendor Assessment

The IDC vendor assessment for the business consulting services market represents IDC's opinion on which providers are well positioned today through current capabilities and which providers are best positioned to gain market share over the next few years. Positioning in the upper right of the grid indicates that providers are well positioned to gain market share. For the purposes of analysis, IDC divided potential key strategy measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the provider's current capabilities and menu of services and how well aligned it is to customer needs. The capabilities category focuses on the capabilities of the company and services today, here and now. IDC

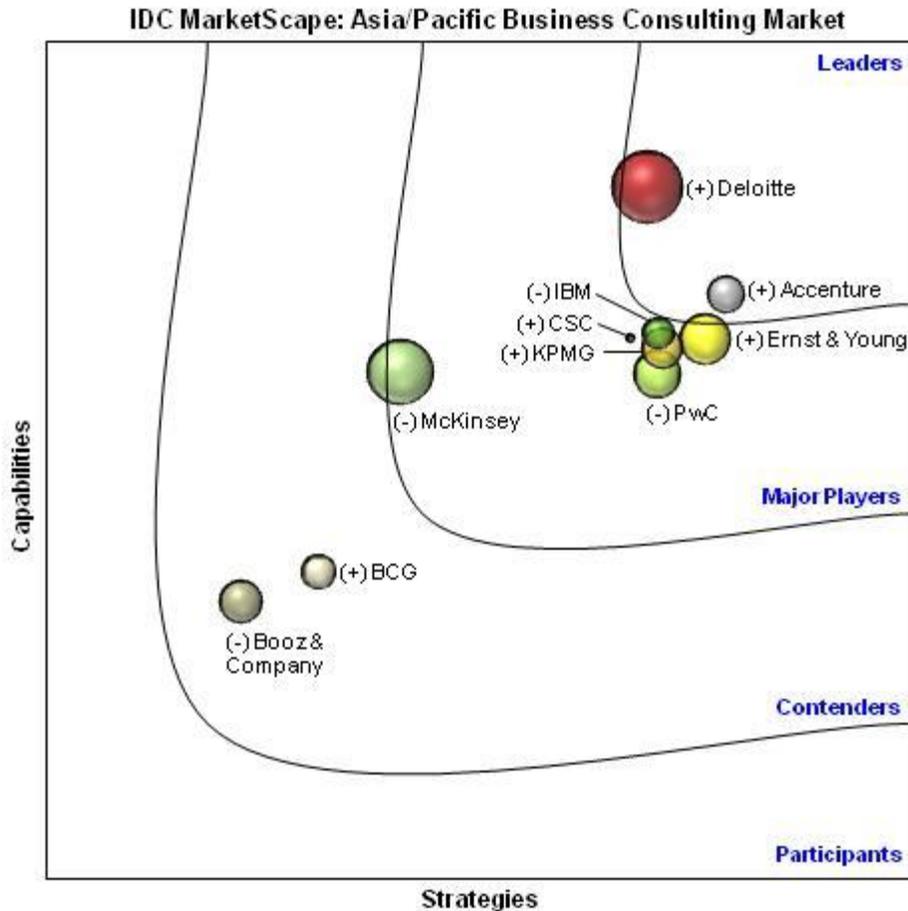
looks, under this category, at how well a provider is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the provider's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level strategic decisions and underlying assumptions about offerings, customer segments, business, and go-to-market plans for the future, in this case defined as the next three to five years. Under this category, analysts look at whether or not a provider's strategies in various areas are aligned with customer requirements (and spending) over a defined future time period.

Figure 1 shows each provider's position in the vendor assessment chart. A provider's market share is indicated by the size of the bubble and a (+), (-), or () icon indicates whether or not the provider is growing faster, slower, or even with overall market growth.

FIGURE 1

IDC MarketScape Asia/Pacific Business Consulting Services Vendor Assessment



Source: IDC, 2012

Provider Profiles

Deloitte

According to IDC analysis and buyer perception, Deloitte is an IDC MarketScape Leader in Asia/Pacific. One example of the client feedback we received confirms this: Deloitte has "disciplined improvement initiatives, marked by powerful leaps and breakthroughs," says a professional services executive.

Deloitte is a partnership of private companies, with 182,000 practitioners in 150+ countries, and is a multiservice consultancy. Deloitte's business consulting

capabilities are a key element of Deloitte, and its practice areas within the wide range of Deloitte's professional services include:

- ☒ Enterprise risk
- ☒ Finance services
- ☒ Human capital/talent
- ☒ Strategy and operations
- ☒ Technology services

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 advocates its proposed value of "executable strategy" with a broad services footprint to help clients from strategy development to execution. The firm believes that this positioning and Deloitte's 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 to not have divested its consulting business nearly a decade ago. The firm credits this decision for its strong growth.

Deloitte builds its strategy around global integrated market offerings (IMOs) in which the firm integrates skills from a variety of practices and geographies across its service lines. The firm has a mature set of global IMOs through which Deloitte has enjoyed good momentum in the past two years while stimulating shared growth with its business advisory business. These IMOs include areas such as Analytics, Finance Transformation, IFRS, M&A, Risk, and Sustainability. As with the other Big Four consultancies, 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.

In 2010, Deloitte continued its focus on its clients' cost management requirements and projects to increase efficiencies within designated industries. This focus is reflected in many of Deloitte's research titles, including *Sustainable Cost Management Through Sustainable Energy Efficiency* and *The Transformation of the Global Financial Services Industry*, both of which investigate specific areas of cost savings for financial services clients.

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 is also making significant investments in training and education for its

employees with Deloitte University, a state-of-the-art facility near Dallas, Texas, which formally opened in October 2011. Deloitte is currently assessing similar campuses in Europe and Asia/Pacific.

Deloitte's growth is both organic and through acquisition in key areas. For example, Deloitte had a substantial gain in the United States and select other countries' federal/public sector work through the acquisition of BearingPoint's noncommercial business. In addition, numerous smaller targeted acquisitions bolstered offerings globally and demonstrate regional and capability areas of focus for Deloitte, such as in the area of data analytics, sustainability, and technology. Deloitte is also making key geographic investments in China, India, Southeast Asia, Central Europe and Russia, France, Germany, and Latin America. In November 2010, the firm announced plans for a \$100 million investment in India, where it plans to increase the number of employees by 20% to 18,000 by 2012.

In Asia/Pacific, Deloitte is seen as the most capable of all firms at providing functional, industry, and technical insights. It is also seen as among the most capable at integrating its project team with the client's and at helping clients improve operational efficiency.

Deloitte is also seen as among the most capable at helping clients manage risk.

In Asia/Pacific, Deloitte is seen as better than many of its peers at challenging corporate culture and maximize value of projects.

In order to improve its position on this IDC MarketScape, in Asia/Pacific, Deloitte must significantly improve client perception of its ability to leverage local resources and help clients drive innovation.

Deloitte must also significantly improve client perception of its ability to help clients expand into new markets or geographies and should improve client perception of its ability to leverage resources globally.

ESSENTIAL GUIDANCE

Most business consulting providers are particularly adaptive to changes in economic or business conditions: adding or removing staff by geography, industry specialization, or domain expertise. To be successful, it will be important to:

- Create visible links between project strategy and "business execution."
- Integrate multiple disciplines throughout the project to ensure client needs are most fully satisfied and to ensure deep multidisciplinary relationships and strong positioning on the *next* project.
- Evolve and adapt to prevail through specific periods of change by seeking to capitalize on "temporal opportunities."
- Establish deeper expertise in strategically valuable areas of growth, industries, and geographies.

Firms that have been successful at adapting to temporal opportunities share some common characteristics including the willingness to seek out dynamic shifts in their clients' marketplace, the ability to evolve their offerings based on unique experience, and the ability to deploy a multidisciplinary team to support highly specialized client requirements. IDC believes these characteristics represent a core set of practices that will enable firms to adapt quickly and service their clients most effectively.

Overall, it will be important for global, industry, and geographic leaders to create proactive responses to clients and prospects. Our long-term guidance for providers contained in previous documents remains consistent: focus on regional priorities.

Functionally, consulting firms should focus on improving their ability to meet client expectations related to the delivery of return on investment for the project in Asia/Pacific. Even though vendors focus on maximizing the value of their projects, buyers believe this area is one of the weakest performance areas for consultants worldwide. Additionally, consulting providers must focus on improving their ability to meet project timelines in Asia/Pacific.

In Asia/Pacific, enterprise business strategy is focused on improving operational efficiency. And though the single-most important business strategy is to create a more "effective" business, also important is a continued focus on improved operational efficiency. The "innovation agenda" is a less important driver of strategy and business consulting in the region and therefore should only be selectively promoted. To help their clients, consulting vendors must:

- ☒ Exploit technical and functional insights to attract customers.
- ☒ Identify opportunities to consistently deliver on client expectations, especially timely delivery of services.
- ☒ Maximize the business value of projects; reach a common and consistent understanding with key stakeholders on the success criteria and publicize successes.
- ☒ Develop core messages that highlight how to improve operational efficiency and reduce costs.

As 2012 continues, firms that can best address the regionally specific shifts in client requirements will be best positioned to gain share.

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of a number of providers participating in the Asia/Pacific 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 the short term and the long term.

"In Asia/Pacific, enterprise business strategy is focused on improving operational efficiency. And though the single-most important business strategy is to create a more

"effective" business, also important is a continued focus on improved operational efficiency." — Mayur Sahni, senior market analyst, AP IT Services Opportunities Research

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