

## EXCERPT

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### **IDC MarketScape: Worldwide Business Consulting Services 2013 Vendor Analysis**

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#### IN THIS EXCERPT

The content for this excerpt was taken directly from the IDC MarketScape: Worldwide Business Consulting Services 2013 Vendor Analysis by Cushing Anderson (Doc # 239484). 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.

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#### **IDC OPINION**

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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 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:

- ☒ Surprisingly, this evaluation discovered that generally buyers are 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.
- ☒ Firms are generally quite good at demonstrating their ability to apply proven methodologies/tools and 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.



## **IN THIS STUDY**

This IDC study uses the vendor assessment model called IDC MarketScape. This research is a quantitative and qualitative assessment of the characteristics that explain a firm's success in the marketplace and help anticipate its ascendancy.

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This study is composed of two key sections. The first part is a definition or description of the characteristics that 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 exhibits the observed and quantified scores of the consulting providers.

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

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## **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 (BI) models to specific sectors or industries including government fit into this category of firms.

## FUTURE OUTLOOK

### **IDC MarketScape Worldwide 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.

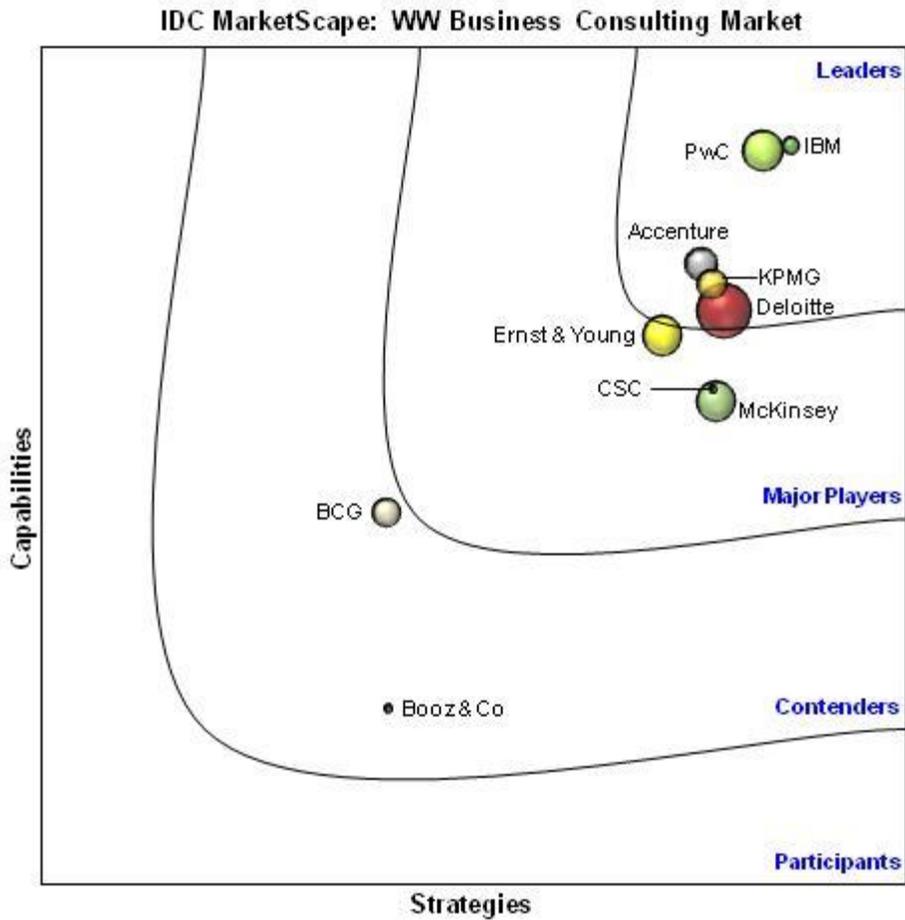
Positioning on the y-axis reflects the provider's current capabilities and menu of services and how well aligned it is to customer needs. The capabilities category focuses on the capabilities of the company and services today, here and now. Under this category, IDC looks at how well a provider is building/delivering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

**FIGURE 1**

IDC MarketScape Worldwide Business Consulting Services Vendor Assessment



Source: IDC, 2013

## Provider Profiles

### **IBM**

According to IDC analysis and buyer perception, IBM is an IDC MarketScape Leader worldwide. A leader in the retail industry says of IBM: "They are very advanced in their thinking and solutions."

IBM is one of the largest multidisciplinary consulting firms, with more than 200,000 employees globally in its combined services business, and serves clients in more than 450 locations across 170 countries. IBM provides consulting services across a wide range of topics, functions, and industries.

In November 2012, IBM debuted a perspective that the world has been fundamentally transformed by rampant availability of data. This shift has created profound changes in how enterprises engage with customers, citizens, employees, and partners. IBM calls this new agenda "Front Office Transformation" and states it has two fundamental parts:

- ☒ **The Digital Front Office:** Rethinking of everything related to how people connect, transact, and engage with institutions, governments, and companies — and how they create and capture value
- ☒ **The Globally Integrated Enterprise:** Transforming operations and infrastructure to optimize resources, enabling and funding these new ways of engaging , and becoming integrated, flexible, streamlined, and agile.

IBM proposes that market leading enterprises of the future will focus in both areas — growing revenue through a digital transformation of customer interactions and improved productivity through global integration. IBM believes that clients started on this journey from one of three points — some started, for example, with a predictive analytics or digital marketing project to address a specific business concern, others started with a modernization project to find efficiencies to fund front-office innovation, and some have boldly taken on both approaches at the same time.

IBM's ability to help clients achieve this new agenda is supported by an comprehensive IT consulting services and industry-specific IT and business solutions, like business analytics and big data, social business, smarter commerce, IBM interactive, enterprise application, and application management services. At the forefront of IBM's capabilities for Front Office Transformation is its Strategy and Transformation practice, which has dedicated consulting teams for both the "front-office digitization" and the "globally integrated enterprise." Additionally, Strategy and Transformation has five functional areas: customer value strategy, finance and risk, operations and supply chain, technology strategy, and organization and people.

IBM Strategy and Transformation consultants bring IP-based assets and accelerators to client engagements to deliver tangible benefits and provide an integrated, collaborative, and systematic approach to accelerate transformations. Unifying market offerings with both a technology and a business perspective does benefit clients, particularly when clients are faced with technology-rooted operational changes.

For example, IBM's offerings for the Globally Integrated Enterprise are based on a four-phased methodology — integrate, standardize, optimize, and elevate through analytics — each with specific assets created and harvested from client engagements.

Additionally, IBM will deploy its own internal functional experts from within IBM's finance, supply chain, and other departments to work directly with clients to share best practices from IBM's own transformation journey. More than 5,000 consultants

are delivering Globally Integrated Enterprise solutions to clients. These capabilities are often delivered to clients through Business Value Accelerator solutions, three- to six-week engagements that align the client's business and technology priorities.

Through its Front Office Transformation strategy, IBM has expanded capabilities in areas that align with IBM's Smarter Planet growth priorities. The focus on Front Office Transformation is rooted in the explosion of data and opportunity resulting from the widespread adoption of technologies, like social business and analytics, by individuals and the instrumentation of business that is reshaping the possibilities for business innovation. In 2012, IBM trained 1,000+ management consulting partners on these growth initiatives, and that program is expected to grow in 2013.

IBM has also made significant investments in collaboration, knowledge management, and assets by deliberately creating a culture of knowledge sharing and collaboration that rewards consultants who contribute and reuse knowledge.

IBM has been at the forefront of the rise of the CMO as a new and influential IT decision maker. In 2012, IBM launched a systematic effort to accelerate development of the marketing function as a core buyer of technology-enabled solutions. IBM hosted a series of CMO and CIO Leadership Exchanges, which brought together hundreds of senior client leaders in the United States, Europe, and Asia/Pacific to better understand the challenges and opportunities presented by the digitization of front-office functions. IBM has also developed a series of CMO priorities for leadership in the new connected era, underscored by IBM's own CMO who's taken a personal role in publically shaping the marketing profession.

IBM GBS continues to engage senior business leaders through its C-suite thought leadership developed by the IBM Institute for Business Value. In 2012, GBS published the largest ever study of CEOs finding that the issue they believe impacts their enterprises, the most is no longer macroeconomic trends or talent or regulations — but technology trends and the enterprise's ability to adapt quickly enough to capture a competitive advantage. IBM also published a new study on social business trends, industry vertical thought leadership, and a new study in conjunction with the Saïd Business School on the realities of big data analytics.

In addition to its specific growth plays, IBM's growth continues to come from emerging economies such as India, China, Latin America, and Africa, among others. IBM continues to invest in additional growth market regions, with new marketing and sales programs across Southeast Asia, Latin America, Eastern Europe, Africa, and the Middle East. To ensure consistent delivery to all customers, IBM has created a Consulting Center of Competence that deploys deep, proven experts to client projects anywhere in the world. This approach has been particularly helpful in growth markets where local talent continues to develop.

### **Strengths**

Worldwide, IBM is seen as the most capable of all firms across several categories. Clients consider IBM the most capable of all firms at challenging corporate culture, delivering value-creating innovation, and providing functional or technical insights and competence. IBM is also seen as the most capable in its ability to help clients expand

into new markets or geographies, drive innovation through their organizations, and improve their operational efficiency.

In addition, IBM is ranked among the most capable firms at helping clients identify and implement options for growth, manage risk, reduce costs, and create more effective businesses. Clients also categorize IBM as an outperformer in operational criteria, such as integrating its own project team with the clients, meeting project timelines, providing functional, technical, and industry insights, and offering the necessary spectrum of business consulting services.

IBM is a "valued global brand name" whose "IT expertise sets them apart." Its "highly skilled consultants" are "experts in supporting" their customers and "solve all issues that come up during a project." IBM's "scope of knowledgeable consultants" "offer credible solutions" with "excellent time management." Clients "rate IBM highly because of its total knowledge of the services needed."

### **Opportunities**

To continue to improve, IBM must significantly improve client perception of its ability to remain independent from the technology or outsource solutions it recommends.

Other opportunities for IBM to improve client perceptions include its ability to help enterprises comply with new or existing regulations, to integrate appropriate analytics into an engagement, to meet project timelines, and to transfer knowledge to its clients.

## **ESSENTIAL GUIDANCE**

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### **Guidance for Buyers of Consulting Services**

Business requirements demand solutions that work holistically within an enterprise. These solutions are often complex and require a 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.

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## Guidance for Consulting Firms

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 remain 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' marketplaces, 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 worldwide should focus on improving their ability to meet client expectations related to the delivery of return on investment for the project. 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 improve their ability to exploit their local talent in order to meet the cost and insight requirements of their clients.

As 2013 continues, firms that can best address the regionally specific shifts in client requirements will be best positioned to gain share.

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## 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 weakest at ensuring projects meet their

projected return on investment. This vendor analysis shows that some vendors are better able to produce meaningful results than others." — Cushing Anderson, vice president, Business Consulting Services research

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