

## EXCERPT

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# IDC MarketScape: Worldwide Business Consulting Services for Governance, Risk, and Compliance 2013 Vendor Analysis

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## IN THIS EXCERPT

The content for this paper is excerpted from the IDC Competitive Analysis Report, IDC MarketScape: Worldwide Business Consulting Services for Government, Risk, and Compliance 2013 Vendor Analysis, (Doc # 242352). All or parts of the following sections are included in this Excerpt: IDC Opinion, In This Study, Situation Overview, Future Outlook, Essential Guidance, Learn More, and 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 the vendor's 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 perceptions of governance, risk, and compliance (GRC) business consulting buyers of both the key characteristics and the capabilities of these consulting providers. Key findings include:

- Overall, many firms in this evaluation performed exceptionally well and the differences between the leading firms is small.
- 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 the firm's 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.

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, on 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

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### Introduction

Businesses worldwide face a perfect storm of governance, risk, and compliance issues:

- ☒ An unprecedented barrage of risks that threaten business objectives
- ☒ Ever-increasing constrictions in the regulatory/compliance environment
- ☒ Growing pressure to improve governance strategies to meet the risks and regulatory/compliance challenges

Historically, *risk* has referred to strategic, financial and operational exposure. And these risks are all still in place. But in 2013, businesses must also be prepared for unpredictable world events that can have negative impact, whether economic or political turmoil, natural disaster, health crisis, cyberattack, or damage to a firm's reputation.

Businesses across nearly every industry must contend with copious amounts of new *regulations*. Rather than answering to just one government agency, companies must adapt to be accountable to multiple regulators, some new, some overlapping, and sometimes at cross-purposes. From the Dodd-Frank Wall Street Reform and Consumer Protection Act, to new healthcare regulations, to new technological innovations cropping up daily, businesses are constantly being asked to change the way they operate in order to stay compliant.

Facing the effects of this rapidly changing environment, business leaders must have the timely knowledge (*governance*) that will help their organizations stay ahead of risk and stay up to date on the regulatory environment. Most importantly, they will need to consider what strategic or operational steps they will take in order for their companies to survive and grow.

All of these challenges represent opportunities for businesses to leverage the expertise of global consulting firms to provide guidance or deliver solutions for facing an increasingly difficult environment. At the same time, GRC is being impacted by the overarching evolution of technology into the "3rd Platform."

The most important developments for governance, risk, and compliance in 2013 and onwards will be highly influenced by advances in the adoption and use of the 3rd Platform. IDC coined the name 3rd Platform in 2011 to define a post-disruption information technology (IT) world built on mobile devices and applications, cloud services, mobile broadband networks, big data analytics, and social technologies. As organizations transition from exploration and pilots of 3rd Platform technologies into widespread adoption, they need to assess their GRC challenges and obligations along the following three dimensions:

- ☒ Impact of the 3rd Platform technologies on their existing risk and compliance posture

- ☒ Changes to existing regulations and potential new regulations that may arise from the widespread use and deployment of the 3rd Platform technologies
- ☒ Opportunities to leverage 3rd Platform technologies to address limitations of existing solutions in executing risk and compliance programs, as well as realize efficiencies and gain competitive advantage

For 2013, IDC identified the 10 expectations for governance, risk, and compliance programs. These expectations will underpin demand for GRC consulting services and influence business strategies, go to market, and service offerings from GRC consulting services providers. These predictions are:

- ☒ The 3rd Platform will accelerate execution of integrated governance, risk, and compliance programs
- ☒ The 3rd Platform will compel more businesses to adopt privacy and intellectual property (IP) programs
- ☒ The 3rd Platform will compel organizations to update their existing information governance and eDiscovery programs
- ☒ The 3rd Platform will underpin alignment of security, IT operations, and risk management programs
- ☒ Organizations will build out their predictive analytics and situational awareness capabilities to address cybersecurity risks
- ☒ The 3rd Platform will compel more organizations to formalize their BYOD/mobility protocols
- ☒ eDiscovery of 3rd Platform data will support the traction of hybrid multiplatform approaches for end-to-end eDiscovery over single-vendor platform solutions
- ☒ Technology-assisted review (TAR) will marry statistics with the eDiscovery business process (yes, legal will need to do a bit of math)
- ☒ As predictive coding goes mainstream, 3rd Platform will present opportunities for further disruptions in analysis and review
- ☒ Convergence in the 3rd Platform will usher the updates to current legal risk management disciplines within enterprises

As enterprises consider their unique governance, risk, and compliance challenges, and the wide ranging impact of the 3rd Platform on both the range of risks and the range of solutions available, understanding consulting provider capabilities will become increasingly important.

## FUTURE OUTLOOK

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### **IDC MarketScape Worldwide Business Consulting Services for GRC 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.

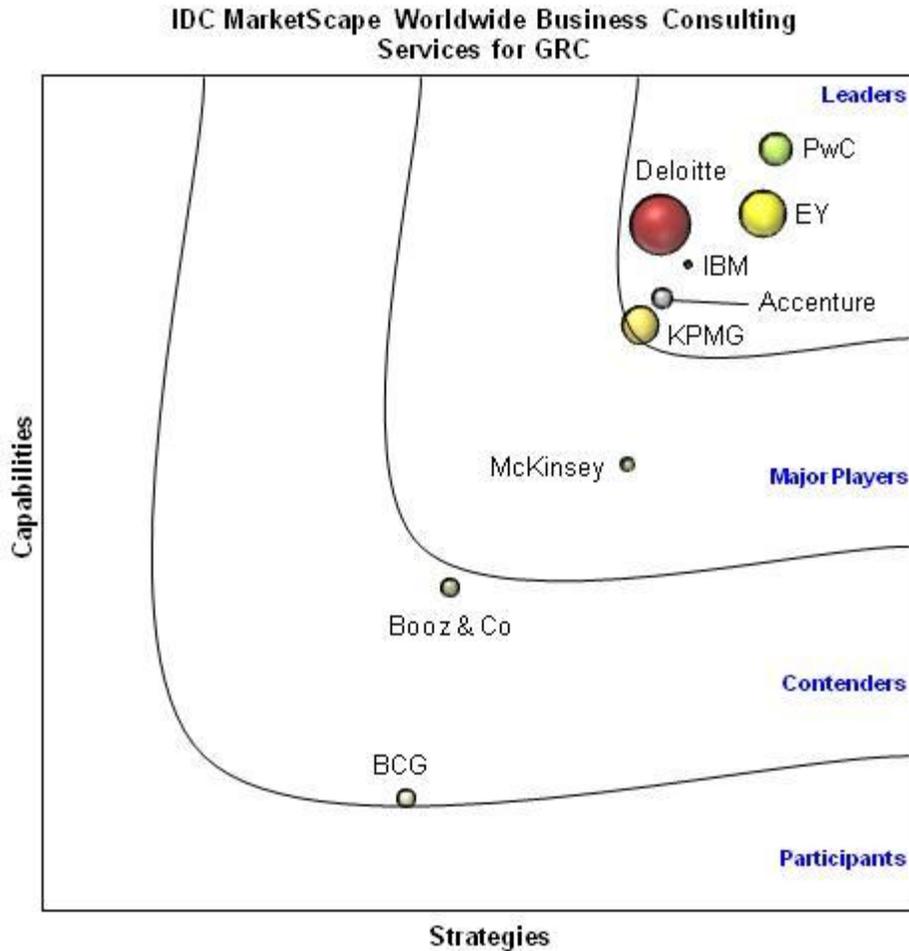
Positioning on the y-axis reflects the provider's current capabilities and menu of services and how well aligned it is to customer needs. The capabilities category focuses on the capabilities of the company and services today, here and now. Under this category, IDC looks at how well a provider is building/delivering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



Source: IDC, 2013

## Provider Profile

### *PricewaterhouseCoopers*

According to IDC analysis and buyer perception, PwC is an IDC MarketScape Leader worldwide in governance, risk, and compliance consulting.

PwC's Advisory Risk Consulting practice positions resilience as a strategic imperative in a world of greater complexity, uncertainty, and accelerating change. Teams work cross-functionally within client organizations and with other PwC specialists to factor risk into strategy, finance, operations, and compliance while distinctively integrating

the traditional disciplines of risk management, such as Enterprise Risk Management (ERM), Operational Risk Management (ORM), and Business Continuity Management (BCM) to name a few. PwC supports clients in defining their strategy, formulating business objectives, and managing performance while achieving a balance between risk and opportunity/return. An organization's ability to effectively mitigate and capitalize on risk is a growing differentiator in the marketplace with direct impact to business profit and mission effectiveness.

PwC's 10,000+ risk consulting practitioners provide expansive business expertise across an organization's functional value chain and proven risk management expertise that positions PwC to understand, diagnose, and exploit strategic risk factors that improve client profitability.

To arm its practitioners with the tools needed to provide clients with a comprehensive engagement, in 2011–2012 PwC's global risk consulting practice initiated the formation of the Strategy and Risk Institute (SRI). This is a multiyear commitment to better connect PwC's risk practice with strategy, sustainability, forensics, and other related practices in order to deliver higher value-added and strategic services to the C-suite and the Board. PwC's global leadership has committed significant multiyear investments in both funds and hours to develop resilience methodologies, knowledge management capabilities, learning and education, thought leadership, and client delivery technologies.

PwC has invested in increasing its intellectual capital, experience, and reputation in strategy consulting through the acquisition of Ant's Eye view in addition to its recent acquisitions (Diamond Consulting and PRTM). Central to these acquisitions is the collaboration between PwC's strategy and risk specialists to deliver risk consulting services within the true strategy context of clients. This collaboration includes, for example, advising clients on emerging market opportunities while also integrating into opportunity calculations the political, environmental, social, operational, technological, and economic risk factors that affect these opportunities and may influence an organization's overall risk appetite.

Highly regulated sectors, such as financial services and health/life sciences, are generally more mature in their approach to risk management than companies in less regulated sectors. At the same time, many clients, regardless of sector, are becoming more global in scope with either supply chain or distribution channels for their products and services expanding into emerging markets. PwC has invested in a single global risk methodology that helps the firm to advise and support clients within the context of their sector environment and their global needs. Additionally, PwC has developed sector-specific risk methodologies, tools, and capabilities that are tailored to the risk and regulatory needs of leading companies in the more mature sectors.

Also, PwC assists businesses in designing and implementing governance and compliance programs to help an organization continue to operate within the boundaries of relevant legislation and regulations. This includes building a culture of "doing the right thing."

PwC aims to help clients with:

- ☒ Exploring new markets and strategic opportunities
- ☒ Balancing investment in growth with the risks inherent in a growth agenda
- ☒ Crisis mitigation or management
- ☒ Board and management performance measures and accountability
- ☒ Improve stakeholder and regulator relationships and communication
- ☒ Exposure to FX, interest rates, and commodity prices
- ☒ Insurance, self-insurance treasury or hedging
- ☒ Closer management of operational processes and mitigating inherent business risk
- ☒ Creating a culture where people act to protect the "brand"
- ☒ Freeing up valuable resources by de-layering risk and compliance processes
- ☒ Reducing the incidence of compliance failure
- ☒ Establishing clear and measurable KPIs and related KRIs
- ☒ Implementing procedures to identify and address complaints and breaches of legislation and internal processes
- ☒ Achieving greater value for compliance spend

PwC is a global professional services organization, established as a global network of member firms with over 180,000 people globally in 776 locations across 158 countries. PwC serves client organizations across all sectors and functional areas. PwC provides services through three 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

*Resilience: A Journal of Strategy and Risk* is PwC's publication for a fast-changing world that requires executives to take evermore risks to create value for shareholders and the societies in which their companies operate. To further educate its clients, the thought leadership and articles included cover topics across several categories — economic, environmental, geopolitical, societal, and technological — that is timely today and also important to long-term strategic planning. They include the rise of new economic powers, the impact of sustainability on supply chain and business strategy, the opportunities and risks of greater technological and economic interconnectedness, and approaches for building more resilient organizations.

For business consulting overall, PricewaterhouseCoopers is seen as most capable of all firms at helping clients reduce costs. PwC is also considered the most capable at leveraging local and global staff appropriately.

### **Strengths/Opportunities**

In governance, risk, and compliance consulting, PwC is seen as most capable of all firms at directly improving clients' overall commercial performance, helping clients manage risk, integrating risk awareness and solutions within other consulting engagements, leveraging local and global staff appropriately, and providing industry insights and competence. PwC is also seen as most capable of all firms at providing the necessary spectrum of business consulting services and transferring knowledge to the client.

## **ESSENTIAL GUIDANCE**

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

This analysis shows that providers of consulting services in the GRC area are quite capable.

However, firm capabilities and specialties vary, and enterprises considering individual providers should review both similar work and seek recommendations for comparable enterprises to be more confident of your selection.

Business requirements demand solutions that work holistically within an enterprise. 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.

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.

## **LEARN MORE**

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### **Related Research**

- ☒ *IDC MarketScape: EMEA Business Consulting Services 2013 Vendor Analysis* (IDC #239504, February 2013)

- ☒ *IDC MarketScape: Worldwide Business Consulting Services 2013 Vendor Analysis* (IDC #239484, February 2013)
- ☒ *IDC MarketScape: Americas Business Consulting Services 2013 Vendor Analysis* (IDC #239482, February 2013)
- ☒ *IDC MarketScape: Asia/Pacific Business Consulting Services 2013 Vendor Analysis* (IDC #239483, February 2013)
- ☒ *IDC MarketScape: Worldwide Financial Services Consulting 2012 Vendor Analysis* (IDC #236018, July 2012)
- ☒ *IDC MarketScape: Worldwide Strategy Consulting Services 2012 Vendor Analysis* (IDC #236019, July 2012)
- ☒ *IDC MarketScape: Worldwide Operations Consulting Services 2012 Vendor Analysis* (IDC #236022, July 2012)
- ☒ *IDC MarketScape: Worldwide Finance and Accounting Consulting Services 2012 Vendor Analysis* (IDC #236122, July 2012)

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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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