

## COMPETITIVE ANALYSIS

### IDC MarketScape: EMEA 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: EMEA Business Consulting Services 2012 Vendor Analysis by Cushing Anderson, Douglas Hayward and Curtis Robinson (Doc # 233426). 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

IDC's second MarketScape assessment of business consulting vendors draws on demand-side surveys of consulting service buyers and on supply-side interviews with leading consultancies in Europe, the Middle East, and Asia (EMEA) to assess the capability and business strategy of many of the leading business consulting firms. 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. Key findings include:

- ☒ Like buyers in other regions around the world, consulting buyers in EMEA are generally disappointed with the consultancy provider's ability to deliver return on investment (ROI) for the project and to maximize the project's value. While all vendors state a focus on maximizing the value of their projects, buyers believe this is one of the weakest performance areas for consultants overall.
- ☒ Even though most consulting firms describe themselves as capable of global delivery, an important success factor for their clients is the ability to use local staff and resources as appropriate on projects. This reflects both a cost focus and also a desire for local awareness and expertise. In both cases, consulting providers must improve their ability to exploit their local talent.
- ☒ Another area where consulting providers' marketing message fails to match buyers' expectation is "innovation." It appears that enterprises are, for now at least, less concerned with delivering innovation than are consulting providers. Given the macroeconomic situation, this relative conservatism and risk aversion is understandable, and while consultancies should not abandon their focus innovation, they should take this into account and focus their efforts and messaging elsewhere. Practical improvement, it seems, weighs more heavily on project success and ultimate business value of a project than innovation.



## **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.

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 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 is a definition or description of what 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 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**

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### **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 either expanded from 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

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### **IDC MarketScape EMEA Business Consulting Market Assessment**

The IDC vendor assessment for the EMEA 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.

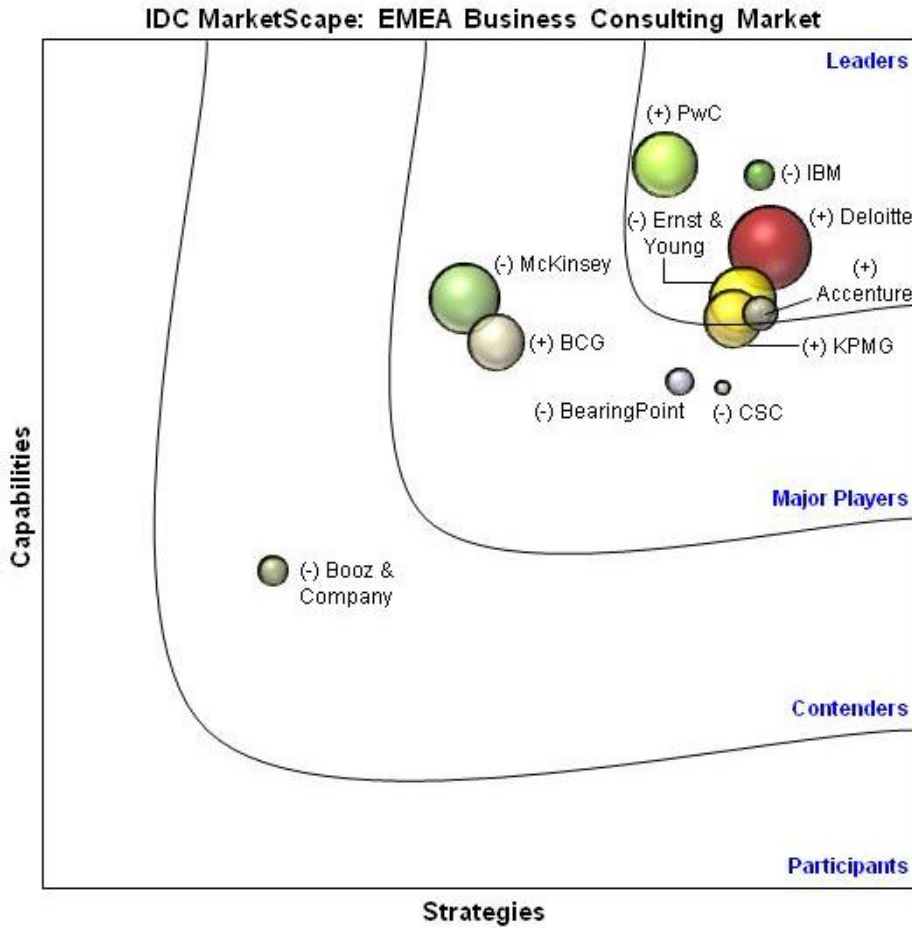
Positioning on the y-axis reflects the provider's current capabilities and menu of services and how well aligned it is to customer needs. The capabilities category focuses on the capabilities of the company and services today, here, and now. Under this category, IDC looks at how well a provider is building/delivering 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, and a (+), (-), or () icon indicates whether or not the provider is growing faster, slower, or even with overall market growth.

**FIGURE 1**

IDC MarketScape EMEA Business Consulting Market Vendor Assessment



Source: IDC, 2012

## Provider Profiles

### ***BearingPoint***

According to IDC analysis and buyer perception, BearingPoint is an IDC MarketScape Major Player in EMEA.

Registered as a Dutch BV, BearingPoint is organized as a partnership with 3,200 consultants in 26 offices in 15 European countries. The company, whose managing partner is Peter Mockler, emerged from the ashes of its global namesake in 2009, the year that the BearingPoint EMEA leadership bought out the European business (and subsequently, in 2011, bought the rights to the BearingPoint brand).

BearingPoint is one of the smaller vendors in this MarketScape; it posted 2010 revenue of €461 million, with positive margins (it was profitable and cashflow positive before the breakup), and expects to post 2011 revenue growth of around 10%.

BearingPoint's matrix is organized primarily by territory and second by industry. Its territories are:

- Germany, Switzerland, and Austria (DACH)
- France and Benelux
- Nordics
- Russia
- United Kingdom and Ireland

The DACH (German-speaking territories) are the largest territory, representing around half of its revenue, and BearingPoint is indeed best known for its strong presence there. However, its presence in France/Benelux represents more than €100 million in revenue, and in Russia it has more than 300 consultants. BearingPoint aligns its industries in four groups: general commercial (GC), financial services (FS), public sector (PS), and services.

In the public domain, BearingPoint's top 10 customers include Siemens AG, France Telecom, and BMW. Other major customers include Barclaycard, EDF, and several German ministries. Its core offerings are sold across its territories and vertical markets and include:

- Business strategy and transformation (including sustainable development)
- Customer management
- Supply chain management
- Finance and HR transformation
- Risk, compliance, and security
- Core industry solution (automotive focus)
- Information management (including analytics)
- IT strategy and transformation
- SAP advisory services

- ☒ Oracle advisory services

We estimate that BearingPoint's business consulting revenue is about half of the total, with the rest being mostly IT consulting. Outside its current core territories in Europe, BearingPoint relies on a network of partners, including:

- ☒ West Monroe: Andersen spinoff with presence in North America
- ☒ ABeam Consulting: Deloitte spinoff in Japan
- ☒ Bip: Gruppo Engineering spinoff with presence in Italy, Spain, and Latin America
- ☒ Ipopema: Consultancy based in Poland
- ☒ BearingPoint Pty: Australian licensee of the BearingPoint brand

BearingPoint also uses Tata Consultancy Services (TCS) to provide assistance with IT project services, particularly for supplying offshore-based application-centric skills.

In IDC's view, BearingPoint tends to downplay the role of intellectual property assets in its consulting model; however, it has several assets/products including GRC (banking compliance and Solvency II for insurance), Infonova R6 (billing software for telecoms), Hypercube (a business analytics acquired in December 2011), and Mike 2.0 (an open-source, information-management framework). Overall, IDC considers that BearingPoint should step up the "industrialization" (i.e., standardization/globalization) of its offerings and processes, including the development and deployment of more intellectual property assets, to compete effectively in future with its tier 1 rivals that have better economies of scale and (in some cases) global delivery capabilities.

Because of its geographic confinement to EMEA, IDC does not consider BearingPoint a global market consultant; however, the organization is a significant player in German-speaking Europe, Russia, and France, despite currently having a low market profile (in part the result of having spent the period immediately before and after the MBO focusing on serving its existing customers).

In EMEA, BearingPoint is seen as stronger than many of its peers at leveraging data into its engagement methodology, at applying proven methodologies/tools, and at integrating its project team with the client's. However, it must also continue to "industrialize" both its offerings and methodologies to ensure repeatability.

It is also seen as stronger than many of its peers at delivering innovation on projects and at tying its new service offerings in the local business climate and helping its clients manage risk.

Additionally, BearingPoint is also seen as better than many of its peers at providing technical and functional insights, though market penetration for its thought leadership lags behind its competitors.

To improve its position on this IDC MarketScape, BearingPoint must significantly improve its client perception of its ability to challenge corporate culture. Additionally, it

should improve its client's perception of its ability to address key business issues driving business consulting, including cutting costs and complying with existing regulations.

In EMEA, BearingPoint must significantly improve client perception of its ability to deliver the value of the project and its ability to deliver innovation in the project. Also, it must significantly improve client perception of its ability to help clients create a more effective business and identify and implement options for growth. This includes client perception of its ability to help clients expand into new markets or geographies.

Additionally, BearingPoint should improve client perception of its ability to provide a full spectrum of business consulting services.

## **ESSENTIAL GUIDANCE**

Most business consulting providers are particularly adaptive to changes in economic or business conditions: moving staff around or between geographies; adding or removing staff by geography, industry specialization, or domain expertise; and moving quickly into high-growth areas and subsequently getting quickly out of them when demand falls away. To remain successful in the future, 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 actively seek out and indeed anticipate 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 the needs of clients and prospects, ideally before these needs have been fully recognized and formed by clients and prospects. The ability to lead clients and to help them understand and frame their challenges is an important differentiator for consultancies, and one that allows them to keep ahead of the pack and fight off pressure toward commoditization of their offerings.

Similar to worldwide buyers, consulting buyers in the EMEA are generally disappointed with the consulting provider's ability to deliver 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. Additionally, consulting providers must improve their ability to exploit their local talent in order to meet the cost and insight requirements of their clients.

In CEE, business consulting firms need to create more value. Professional firms are still perceived as too expensive, too slow to respond, and too late to deliver. With buyers increasingly cost conscious, firms will have to adapt quickly to an increasingly challenging market. While CEE clients do not necessarily want cutdown or commoditized services, they expect the level of speed and price that can only be provided through relatively higher (compared with Western Europe and the Americas) use of asset and intellectual property reuse, including in some areas a greater element of predefined solutions.

In MEA, business services firms will have to constantly grow their competencies as this unique market continues to mature. Clients in this region want results urgently, and as they become more specialized in their regional and market requirements, they will become more demanding,

Overall in EMEA, the dominant organizational strategy is cost control and realigning the company for improved operations. This suggests enterprises are focused on reducing cost of operations, compliance, and risk — more so than they are in other regions. To maximize value to their customers, 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.

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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 EMEA 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 and the long term.

"The dominant organizational strategy in EMEA has shifted once again to 'cost control'. This suggests enterprises are focused on reducing cost of operations, compliance, and risk. Enterprises will consider consulting activities that support their

corporate strategy even in difficult economic situations," said Douglas Hayward, research director, European Services. "For consultancies, this means understanding the specific needs of the different territories in EMEA, whose public and private organizations exhibit behaviors and priorities that are different from those of their counterparts in the Americas and Asia/Pacific."

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