

EXCERPT

IDC MarketScape: Worldwide Business Consulting Services for the Public Sector 2013 Vendor Analysis

Cushing Anderson
Kerry Smith

Thom Rubel

IN THIS EXCERPT

The content for this paper is excerpted from the IDC Competitive Analysis Report, IDC MarketScape: Worldwide Business Consulting Services for the Public Sector 2013 Vendor Analysis, (Doc # 242457). 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

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 the vendor's ascendancy. This study assesses the capability and business strategy of many of the leading business consulting firms, specifically to public sector organizations. This evaluation is based on a comprehensive framework and set of parameters expected to be most conducive to success in providing public sector 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 business consulting buyers of both the key characteristics and the capabilities of these consulting providers. Key findings include:

- ☒ Surprisingly, this evaluation discovered that generally public sector consulting buyers are disappointed with the consulting provider's ability to 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.
- ☒ As one might expect of global consulting providers, these firms performed very well on this capability and strategy assessment and there were only small differences between the leaders.
- ☒ Based on the buyers' value perception, these small differences may be deemed key differentiators by buyers in determining business consulting firm selection

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.

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

Introduction

Constant shifts in the geopolitical, societal, and economic landscape present myriad challenges for governments, nongovernment organizations, nonprofits, and other public service providers on a global basis. "Doing more with less" is the refrain not only in the private sector but also within public sector organizations everywhere, as budget and fiscal pressures, increased scrutiny, and growing customer demands create headwinds for agencies trying to deliver better services with fewer resources. Whether through the use of innovative technology or old-fashioned accounting standards, consulting firms all agree that public sector organizations must strive to deliver better service, at a lower cost, in a more efficient manner.

Generally, business consulting involves advisory and implementation services related to management issues. It involves defining an organization's strategy and goals and designing and implementing the structures and processes that help the organization reach its goals.

We define public sector as that part of the economy and the organizations concerned with providing basic government services. The composition of the public sector varies by country, but in most countries, public sector includes organizations that provide services such as public safety/emergency response, defense, transportation infrastructure and services, primary education, social services (e.g., food and nutrition, housing, healthcare) and, in many cases, services that strive to facilitate income equity. There are also tangential internal operational administrative organizations that are peripherally related to constituent services such as legislative and judicial operations, revenue collection, and regulatory bodies. For the purposes of this research, public sector consulting relates to consulting to local, regional, national, or transnational entities that is primarily funded by public funds. This distinction is significant because the contracting requirements are typically highly prescribed and some (but not all) of the process requirements and stakeholder priorities are unique to these types of entities.

The public sector market continues to be one of the largest vertical industries worldwide for technology spending. In the wake of worldwide economic recession, governments are changing spending priorities and relying significantly on consultants to help them improve performance, modernize IT systems, and implement solutions that extend and enhance the value of services delivered to citizens.

IDC is keenly focused on core issues governments are facing as they adjust to the effects of the recent global recession and meet new and heightened expectations of "operational austerity." The key market drivers that are affecting technology investment, management, and evaluation across multiple geographies and levels of government include:

- ☒ **Operational efficiency.** Public sector organizations are challenged to move from narrower-focused IT cost reduction to broader overall strategies that will reduce operational costs. This includes business process reengineering and inter- and

intragovernmental shared services while operating within fairly rigid inflexible organizational structures and budget processes.

- ☒ **Digital engagement strategy.** As smart mobile consumer devices continue to proliferate and drive social interactions and business, public sector organizations are rationalizing and pervasively investing in IT devices and solutions that most effectively enable the conduct of government business for both employees and citizens.
- ☒ **Mission effectiveness.** Public sector organizations are learning to move from measuring program outcomes to measuring mission outcomes (i.e., their success at improving things such as education scores, maintaining healthier populations, and creating sustainable environments). To achieve this, they must develop and implement solutions and services that improve information value and broaden service channels.
- ☒ **Economic sustainability.** A relatively new focus on the heels of economic recession is the awareness of programs and services and the desire to implement them through strategies for investing in technologies that foster regional quality of life and economic growth/competitiveness.

As public sector organizations move to address these core issues on a broader scale, there is strong demand for consulting organizations with public sector experience, demonstrated thought leadership, and deep domain expertise. Governments are focused on continued cost "takeout," optimizing/leveraging existing IT assets, and improved operational and service performance.

FUTURE OUTLOOK

IDC MarketScape Worldwide Business Consulting Services Market for the Public Sector Vendor Assessment

The IDC vendor assessment for the public sector 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 the Public Sector Vendor Assessment



Source: IDC, 2013

Provider Profile

PricewaterhouseCoopers

According to IDC analysis and buyer perception, PricewaterhouseCoopers (PwC) is an IDC MarketScape Leader in public sector consulting worldwide.

PwC is a Big Four global professional services organization, established as a global network of member firms with over 180,000 people globally in 771 locations across 158 countries. PwC serves client organizations across all industry sectors and functional areas. PwC provides services through three divisions or "lines of service" — assurance, tax, and advisory.

PwC's market approach is industry focused and delivers 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's model facilitates the use of cross-border and cross-line-of-service teams to meet the changing needs of the company's clients. For example, the network leverages resources in PwC's government and public services and financial services practices to provide depth of expertise and value to clients in resolving issues that have become important during the economic crisis, dealing with risk, regulatory compliance, and cost rationalization and with new service delivery and growth strategies, including in emerging markets.

The global government and public services industry cluster is organized along three sectors: federal and national government, state and local government, and international government. Nearly 10,000 PwC partners and staff around the world are serving government and public services clients.

PwC's vision for the company's government and public services industry cluster is to "create the society of the future for the citizens of tomorrow — today — serving more trusted, sustainable, and collaborating government clients." The execution of this strategy focuses service offerings on trends that impact all levels of government around the globe:

- ☒ **Public finance and accounting:** Focus on the international economic crisis, the need for governments to deal with budget deficits, including the need for more transparency in public accounting
- ☒ **Transformation (government transformation):** Focus on the need for government to transform public service delivery models, from transformation of internal processes to engaging externally with all sectors of society in the new delivery models
- ☒ **Innovation cluster ecosystems:** Focus on the impact of the Third Industrial Revolution and on innovation to drive future growth
- ☒ **Cities and local government:** Focus on urbanization, which requires cities to manage and operate in smarter ways (among them, through the use of technology) and to step up as centers for growth

- ☒ **Defense and security:** Focus on increased uncertainties that are creating a disruptive future and a "new normal, "which includes ongoing cyberthreats and the need for more agile defense forces
- ☒ **International development and multilaterals:** Focus on more effective development aid and the involvement of the private sector to create sustainable local development

Constant market research by its Public Sector Research Centre (PSRC) keeps PwC clients abreast of developments and insights on pressing issues and challenges facing government and public sector organizations. The PSRC enables a collaborative exchange of ideas between policy makers, opinion formers, market experts, academics, and practitioners internationally. Its latest research report, *Future of Government*, explores market developments in the public sector over the past six years, with governments struggling to keep pace with changing expectations and rapid advances in new technology against a backdrop of dwindling funds for investment in public services.

The firm sees public sector organizations around the world facing a stark challenge: adjusting to the reality of "doing more with less" — or even "doing less with less" — while focusing on societal needs and wants at a time of seismic demographic, economic, and political change. The "new normal" for governments and public sector organizations is to deal with uncertainty while delivering services that are affordable, in the context of deficit-reducing budget cuts.

PwC has aggressively expanded its consulting business, particularly having bolstered its capabilities in strategy, operations, and technology to strengthen its ability to help clients with large-scale transformation, from strategy through execution. This capability has been achieved through a combination of organic and inorganic investment. PwC has aimed to position itself to actively compete for a broad range of client needs, in both the front and the back office, by combining industry and business knowledge with growing technology skills and leveraging resources and expertise from across all parts of its network.

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 worldwide public service sector consulting, PwC is seen as most capable of all firms at integrating risk awareness and solutions within other consulting engagements and at providing the necessary spectrum of business consulting services. In addition, PwC is seen as among the most capable of all firms at leveraging local and global staff appropriately, maximizing the value of a project, providing industry insights and competence, transferring knowledge to the client, directly improving clients' overall performance, and helping them improve operational efficiency.

ESSENTIAL GUIDANCE

Guidance for Buyers of Consulting Services in the Public Sector

Public sector business requirements demand solutions that work holistically across the 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:

- ☒ Ensure the project is strategically valuable to stated mission outcomes (to ensure full organizational commitment to change).
- ☒ Create visible links between project strategy and "mission execution."
- ☒ Integrate all impacted agencies, departments, or operating groups 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 structural, organizational, and operational funding changes.
 - ☐ Commit sufficient internal resources — human and financial — to the project.

LEARN MORE

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)
- ☒ *Worldwide and U.S. Business Consulting Services 2012–2016 Forecast Update* (IDC #237227, October 2012)
- ☒ *Worldwide Business Consulting Services 2011 Vendor Shares* (IDC #237044, September 2012)

- ☒ *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)

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 for the public sector. 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 public sector consulting services believe consulting vendors must improve the consistency with which 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

Copyright Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or Web rights.

Copyright 2013 IDC. Reproduction is forbidden unless authorized. All rights reserved.