



# THE INDIAN CONSULTING INDUSTRY

A Research Project



# INTRODUCTION

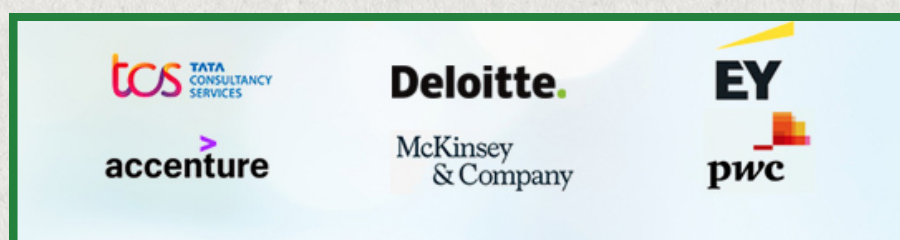
- Consulting firms in India are professional service organizations that provide expert advice and solutions to businesses and organizations.
- These firms typically specialize in various domains such as management, strategy, finance, human resources, IT, operations, and marketing.
- They help clients improve their performance, solve complex business challenges, and achieve their goals through analysis, strategic planning, and implementation of best practices.
- Consulting firms in India range from large multinational companies like McKinsey & Company, Boston Consulting Group, and Deloitte, to smaller boutique firms that focus on niche markets or specific industries.
- Their services can include strategy consulting, technology consulting, management consulting, HR consulting, and more.





# HISTORICAL EVOLUTION OF INDIAN CONSULTING FIRMS IN THE INDIAN MARKET

- The early days of consulting industries in India were primarily aimed at assisting Public Sector Undertakings
- The focus was mainly on improving operational efficiency and basic management.
- The liberalisation of the Indian economy in 1991 played a major role in the evolution of the Indian consulting industry.
- The Post-liberalization era witnessed the entry of global consulting behemoths along with worldwide practised and modernised methodologies and frameworks.
- Indian firms recognised the importance of strategic and competent advice for business optimisation and growth.
- Indian firms began hiring global consultants to expand their business overseas and conversely global companies began hiring Indian consultants to grow their markets in India.





# COMPREHENSIVE MARKET OVERVIEW

- Despite the global macroeconomic uncertainty, the Indian consulting market is still projected to grow by 11% in 2024
- In comparison towards the previous year, it grew 7% and reached a valuation of \$13 Billion in 2023
- Currently approximately 6000 consulting firms operate in major cities with Delhi supporting 25.7% followed by Mumbai at 25.5%, Chennai at 12.1% and Kolkata at 9.1%
- A report by Research And Markets projects the Indian consulting market to grow from \$7.8Billion in 2020 to \$24Billion by 2025
- The Indian management consulting is estimated to be at Rs 30,000 crore (as of 2023) and estimated to grow with a Compound Annual Growth Rate of 30%.

## Major Market Participants and Their Respective Market Shares

- As measured by revenue the big 4 includes Deloitte, Ernst & Young (EY), PricewaterhouseCoopers (PwC), and Klynveld Peat Marwick Goerdeler (KPMG).
- The term "Big 4" however comes from the accounting industry where these companies dominate the market but in the case of India they dominate the consulting sector too
- Collectively these firms generate Rs3,300- 3,500 crore in revenue along with some other market-dominating firms just from the field of management consulting (as of 2024).

• Big 4	India Offices	Global CEO	India CEO	Global Staff	Global Revenue
Deloitte	18	Joseph B. Ucuzoglu	Romal Shetty	457,000	\$64.9 bn
PwC	13	Robert E. Moritz	Sanjeev Krishan	360,000	\$53.1 bn
EY	14	Carmine Di Sibio	Rajiv Memani	395,442	\$49.4 bn
KPMG	14	Bill Thomas	Yezdi Nagporewalla	273,000	\$36 bn



# EVOLUTION OF CONSULTING FIRMS

## Early Stages (Pre-1990s)

- **Initial Entry:** Consulting as a profession was not well-known in India before the 1990s. A few multinational firms like McKinsey & Company had limited presence, primarily serving multinational corporations operating in India.

## Liberalization and Growth (1990s)

- **Economic Liberalization:** The economic reforms of 1991, which included liberalization, privatization, and globalization, significantly impacted the Indian economy. These reforms opened up the market, attracting foreign investments and multinational companies. This created a demand for professional consulting services.
- **2.Entry of Global Firms:** Several global consulting firms, such as Boston Consulting Group (BCG), Bain & Company, and Accenture, entered the Indian market, bringing with them global best practices and expertise

## Expansion and Diversification (2000s)

- **Growth of IT and BPO:** The IT and BPO boom in the early 2000s led to increased demand for consulting services in technology, process optimization, and outsourcing strategies. Firms like Infosys, TCS, and Wipro expanded their consulting divisions.
- **Emergence of Indian Firms:** Indian firms like Tata Consultancy Services (TCS), Infosys, and Wipro began offering consulting services, leveraging their expertise in IT services. Additionally, homegrown consulting firms like KPMG India, and Ernst & Young (EY) India expanded their operations.



# Maturity and Specialization (2010s to Present)

- **Increased Specialization:** Consulting firms started specializing in various domains such as digital transformation, data analytics, sustainability, and niche industry sectors. This period saw a rise in boutique consulting firms catering to specific industries or offering specialized services.
- **Focus on Innovation and Technology:** With advancements in technology, consulting firms began focusing on digital transformation, artificial intelligence, and other emerging technologies to help businesses stay competitive.
- **Global and Local Integration:** Many Indian firms expanded globally, while international firms deepened their local presence. This integration helped in blending global best practices with local market insights.
- **Consulting for Startups:** The startup boom in India led to the emergence of consulting services tailored for startups, offering advice on scaling operations, fundraising, and market entry strategies.

## Current Trends

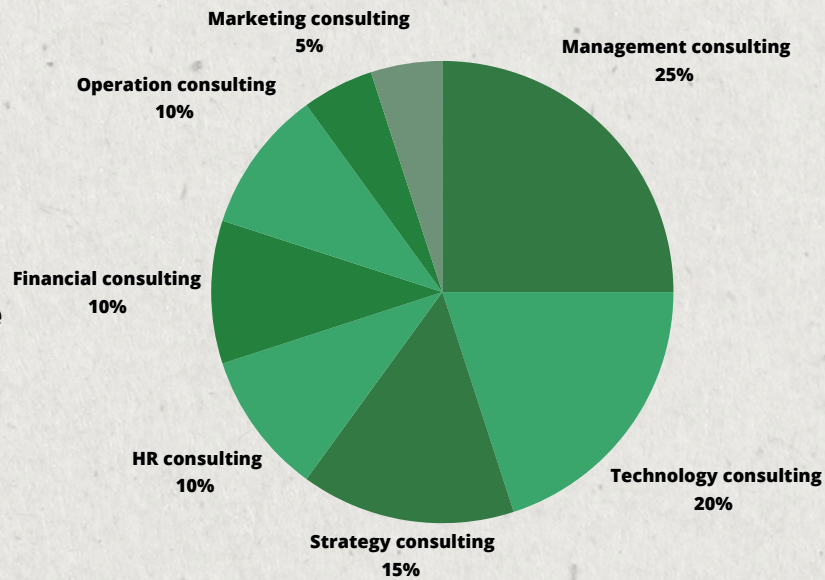
- **Sustainability and ESG Consulting:** With increasing awareness about sustainability and environmental, social, and governance (ESG) factors, consulting firms have started offering services to help businesses align with these values.
- **Digital and Technological Transformation:** Consulting services now heavily focus on digital transformation, helping businesses leverage new technologies to enhance efficiency, customer experience, and innovation.

**Overall, consulting firms in India have evolved from offering basic business advice to providing highly specialized and technologically advanced services, playing a crucial role in the growth and modernization of the Indian economy.**



# CLASSIFICATION OF VARIOUS CONSULTING FIRMS

Here's a pie chart representing the classification of consulting firms in India. The chart breaks down the various types of consulting services offered and highlights the significant role of management, strategy, and technology consulting in the industry.



Consulting offerings refer to the various services provided by consulting firms or consultants to help organizations solve problems, improve performance, or achieve specific goals. Consulting offerings are tailored to address the specific needs and challenges of each client.

## These offerings can include

### 1. Management Consulting

- o Strategy and Operations
- o Organizational Change
- o Performance Improvement

### 2. IT and Technology Consulting

- o Digital Transformation
- o Cybersecurity
- o IT Strategy and Implementation
- o Cloud Computing

### 3. Financial Consulting

- o Corporate Finance
- o Risk Management
- o Financial Planning and Analysis

### 4. Human Resources Consulting

- o Talent Management
- o Leadership Development
- o Compensation and Benefits

### 5. Marketing and Sales Consulting

- o Market Research
- o Brand Strategy
- o Customer Experience

### 6. Legal and Regulatory Consulting

- o Compliance and Risk Management
- o Regulatory Affairs

### 7. Environmental and Sustainability Consulting

- o Environmental Impact Assessments
- o Sustainability Strategy

### 8. Healthcare Consulting

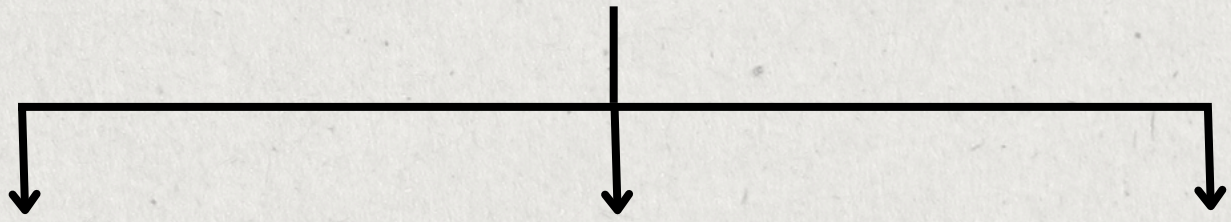
- o Healthcare Management
- o Clinical Operations

### 9. Supply Chain and Logistics Consulting

- o Supply Chain Optimization
- o Logistics Strategy



# “ Types of Consulting Offerings ”



## Strategic

- Market Analysis and Competitive Benchmarking
- Business Strategy Development
- Operational Improvement
- Financial Advisory
- Digital Transformation
- Organizational Change Management
- Risk Management and Compliance
- Customer Strategy and Marketing
- Sustainability and Corporate Social Responsibility (CSR)

## Management

- Operations Consulting
- Organizational Consulting:
- Performance Improvement:
- Digital and Technology Transformation:
- Human Capital and talent Management
- Risk and Compliance Consulting
- Customer and Marketing Strategy

## Financial

- Financial Planning and Analysis (FP&A)
- Tax Advisory
- Risk Management:
- Transaction Advisory
- Corporate Finance
- Wealth Management
- Forensic and Litigation Support
- Compliance and Regulatory Advisory



# “RATIONALE BEHIND THE NECESSITY” OF CONSULTING FIRMS

Consulting firms are essential for several reasons:

- 1. Expertise and Experience:** They bring specialized knowledge and skills that might not be available within the organization. This expertise can be crucial for solving complex problems or implementing new strategies.
- 2. Objective Perspective:** Consultants provide an unbiased view of the organization's issues and challenges, which can lead to more effective solutions.
- 3. Efficiency and Speed:** They can often implement solutions more quickly than internal teams, saving time and resources.
- 4. Best Practices:** Consulting firms have experience across various industries and organizations, allowing them to apply best practices and innovative solutions.
- 5. Focus on Core Activities:** By outsourcing certain tasks or projects to consultants, companies can focus on their core business activities.
- 6. Change Management:** Consultants can help manage organizational changes, such as restructuring or mergers, ensuring smooth transitions.
- 7. Cost Savings:** Although hiring consultants can be expensive, the long-term benefits and efficiencies gained often lead to cost savings.
- 8. Scalability:** Consulting firms can provide the necessary resources for large projects without the need to hire permanent staff.

**Overall, consulting firms play a vital role in helping organizations overcome challenges, optimize operations, and achieve their strategic goals.**



# Leading Consulting Firms and their prominent clients



## PwC Consulting

PwC Consulting, a division of PricewaterhouseCoopers, is a global leader in professional services, offering audit, assurance, tax, and consulting solutions. Leveraging deep industry expertise and innovative strategies, PwC helps organizations navigate complex challenges and achieve sustainable growth.

### Major Clients

- ExxonMobil
- Chevron
- JPMorgan Chase & Co.
- Bank of America
- The Walt Disney Company

## McKinsey & Company

McKinsey & Company is a global management consulting firm known for solving complex challenges for businesses, governments, and institutions. Established in 1926, McKinsey leverages deep industry knowledge and advanced analytics to drive meaningful change

### Major Clients

- U.S. Defense Department
- Microsoft
- U.S. Postal Service
- Coca-Cola
- Best Buy

## Deloitte

Deloitte, one of the world's largest professional services firms, offers audit, consulting, tax, and advisory services across 150+ countries. Leveraging deep industry expertise and innovative solutions, Deloitte helps clients navigate complex challenges, drive transformation, and achieve sustainable growth.

### Major Clients

- Metlife
- Morgan Stanley
- Berkshire Hathaway
- The Blackstone Group
- Federal National Mortgage Association

## Ernst & Young(EY)

EY (Ernst & Young) is a global leader in professional services, offering assurance, advisory, tax, and transaction services across 150+ countries. Combining deep industry expertise with innovative solutions, EY helps clients navigate complex business challenges and drive sustainable growth. The firm is committed to building a better working world through exceptional service and long-term relationships.


### Major Clients

- Hewlett Packard
- Verizon
- State Street
- AT&T
- Coca Cola






# Technological Advancements and Their Impact on the Consulting Industry



Technology has revolutionized the consulting industry, changing how consultants work, deliver services, and interact with clients. While technology's role continues to grow, the need for hands-on expertise remains critical. Here's a concise overview of the major impacts of technology on consulting.



## KEY AREAS OF IMPACT

### 1. Data Analytics and Business Intelligence

**Enhanced Insights:** Technology enables consultants to gather and analyze vast amounts of data, providing deeper insights into client businesses.

**Advanced Tools:** Analytics tools help identify trends, patterns, and opportunities for improvement, facilitating data-driven decision-making.

### 2. Remote Collaboration

**Global Reach:** Collaboration tools, video conferencing, and project management platforms allow consultants to work with clients worldwide, breaking geographical barriers.

**Efficiency:** Remote tools enhance communication and real-time interactions, a shift accelerated by the pandemic.

### 3. Automation and AI

**Streamlined Tasks:** Automation and AI streamline routine tasks, freeing consultants to focus on complex, value-added activities.

**Enhanced Productivity:** AI assists in data analysis, generating insights, and supporting decision-making processes.



# Opportunities and Emerging Trends in Consulting



The consulting industry is constantly evolving, driven by technological advancements, changing market dynamics, and emerging client needs. As we approach 2024, several key trends are shaping the consulting landscape, presenting both challenges and opportunities for consulting firms and professionals alike.



## KEY AREAS IN CONSULTING

### 1. The Rise of Data-Driven Consulting

- Client Demand
- Investment Growth
- Productivity and Profitability
- Action for Firms:

### 2. The Integration of Artificial Intelligence (AI)

- Transformative Impact
- Job Creation
- Service Enhancement

### 3. The Growing Demand for Agile Consulting

- Client Needs
- Adoption Rate
- Consultant Training

### 4. The Focus on Value Creation

- Client Expectations
- Sustainable Growth
- Outcome Tracking

## Conclusion

As we look towards the future, the consulting industry is poised for continued growth and innovation. By embracing emerging trends such as data-driven consulting, AI integration, agile methodologies, value creation, and specialized expertise, consulting firms can position themselves to deliver exceptional service and achieve sustainable success.



# Top Consulting Industry Trends

The consulting industry is undergoing significant transformations driven by technological advancements, evolving market dynamics, and emerging client needs. As we approach 2024, several key trends are shaping the consulting landscape, presenting both challenges and opportunities for consulting firms and professionals alike.

## Key Areas of Impact

### 1. Generative AI: A Paradigm Shift

Generative AI has emerged as a game-changer, enhancing data analysis, research, and decision-making processes. According to AlphaSense's 2023 State of Generative AI & Market Intelligence report, genAI is the most-utilized AI tool in organizations for intelligence research.

#### Key Capabilities:

- High-Volume Data Analysis
- Predictive Insights
- Customization:
- Enhanced Collaboration

Consultants must embrace AI to enhance their strategies and develop expertise to help clients integrate genAI into their operations. Ethical considerations, such as transparency, bias minimization, and data privacy, are essential for guiding clients effectively.

### 2. Workplace Transformation and Remote Work

Post-pandemic workplace transformation remains a challenge, driving demand for consulting services.

#### Consulting Opportunities:

- Strategy Guidance
- Training and Best Practices
- Service Delivery Models

### 3. Digitalization and Digital Transformation

Digital transformation is crucial, yet many organizations struggle with success. Deloitte reports that only 44% of organizations have high maturity in digital transformation.

#### Consulting Focus:

- Strategic Guidance
- Collaboration with IT Teams



# ESTABLISHED FRAMEWORKS AND METHODOLOGIES

## KEY FRAMEWORKS

### 1. Strategy Consulting Frameworks

- o BCG's Growth-Share
- o GE-McKinsey Nine-Box Model
- o Porter's 5 Forces Model
- o SWOT Analysis

### 2. Growth & Innovation Frameworks

- o McKinsey's Three Horizons of Growth
- o Business Model Canvas:

### 3. Management & Organization Frameworks

- o McKinsey's 7S Model
- o SMART Method
- o OKR Framework

## KEY METHODOLOGIES

### 1. Consulting Methodologies

These structured processes improve with experience, integrating best practices from various projects. Examples include Lean Six Sigma and PRINCE2.

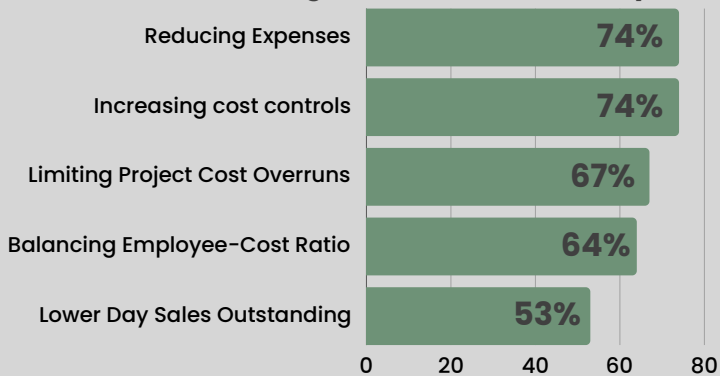
### 2. Interpersonal and Team Skills

Successful consulting requires strong interpersonal skills and effective team management, including conflict resolution and team dynamics.



# MAJOR CHALLENGES IN THE CONSULTING INDUSTRY

## How can consulting firms boost Profitability?



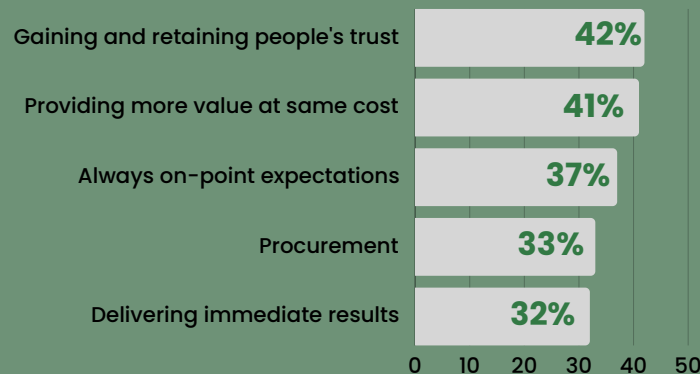
## Profitability

- Client Demand for Value and Flexibility
- Margin Squeeze and Rising Costs

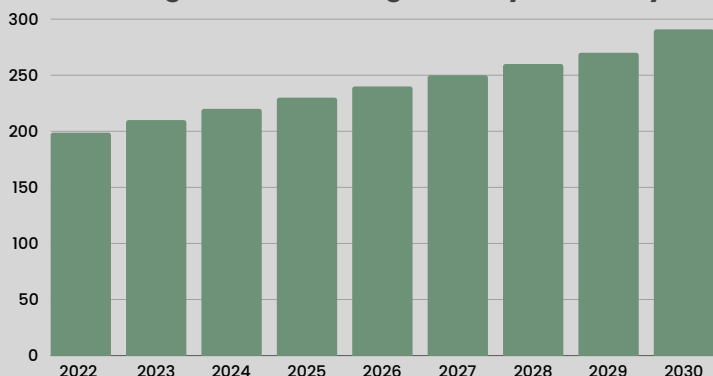
## Changing client behaviour

- Increased Client Scrutiny
- Decline in Knowledge Monopoly
- Shift Towards Specialized and Purpose-Driven Firms

## Top Challenges Caused by Client Behaviour



## Growth of global consulting industry over the years



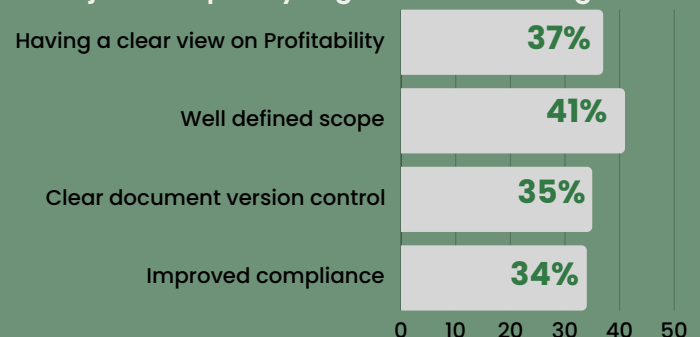
## New Competition

- Market Polarization
- Increasing Competition and Market Entry

## Project complexity

- Challenges from Enhanced Client Insight
- Rising Operational Challenges

## Project complexity in goals of consulting firms





## OVERVIEW

Accenture Finance partnered with global IT to create digital solutions for several of the key business processes, such as opportunity management, pricing and forecasting.

A key foundation for this was ensuring a shared understanding of how all the tools and processes connected. The teams aligned the scope and solutions on a common, end-to-end, user-focused “manage-sell-deliver” framework

## APPROACH

The “manage-sell-deliver” framework was used to connect 20 applications within Accenture’s digital ecosystem, ensuring seamless alignment and integration.

A focused change management program was implemented to drive adoption, learning, and behavior change among Accenture’s teams, ensuring effective use of the new digital tools.

## RESULT

The implementation of digital solutions significantly reduced processing times, such as reducing invoice production from three days to under 10 minutes.

New applications provided real-time data, improved forecast quality, and aligned business teams around a single source of truth.

The digital transformation led to more strategic use of time, better decision-making, and overall growth for Accenture’s business.





## OVERVIEW

Lufthansa Group Business Services aimed to revamp its finance and accounting operations with a digital operating model. The aim was to maximise synergies between different operating companies for scale and efficiency.

## APPROACH

LGBS worked with TCS (Tata Consultancy Services). TCS undertook a harmonization study to identify inconsistencies and potential areas of optimization of the airline revenue accounting activities covering seven different processes across eight global sites. As a result, a unified finance operating model was created integrating the revenue accounting services of all Lufthansa Group Airlines. By organising multiple proactive projects and setting up a process excellence and coaching hub, TCS helped LGBS drive efficiencies with digital finance transformation.

## RESULT

TCS assisted LGBS in scaling up its operations swiftly amidst COVID-19. LGBS decided to extend its partnership for 5 more years, reflecting the successful transformation and value delivered through airline digital transformation.