

State of the consulting nation

Challenges in UK
consulting industry
in 2004-05

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Clients are looking for better value

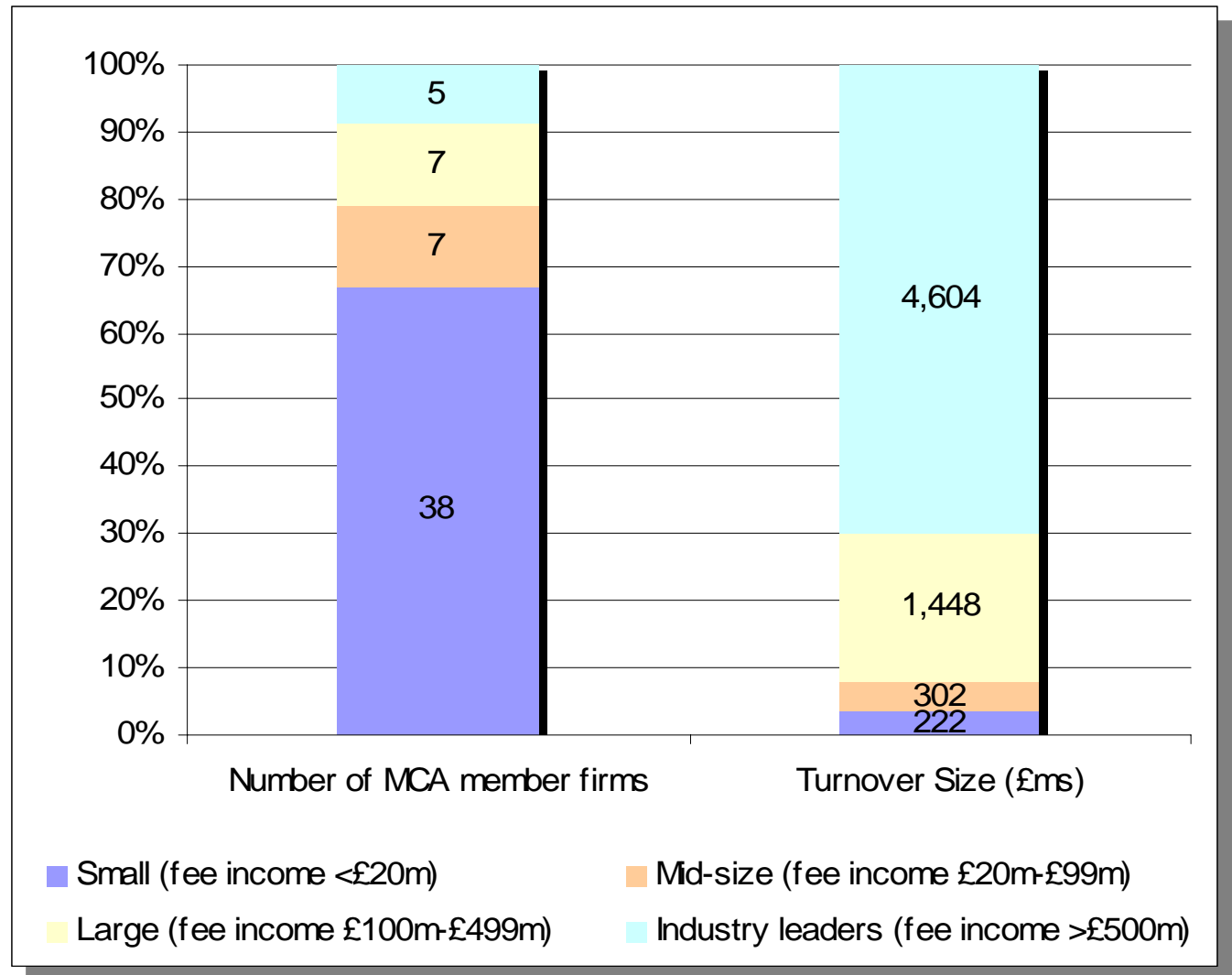
- Focus on specialist skills and experience
- The rise of the procurement department
- Global sourcing
- Pressure on prices
- Different payment mechanisms



Solid, if unexciting, growth

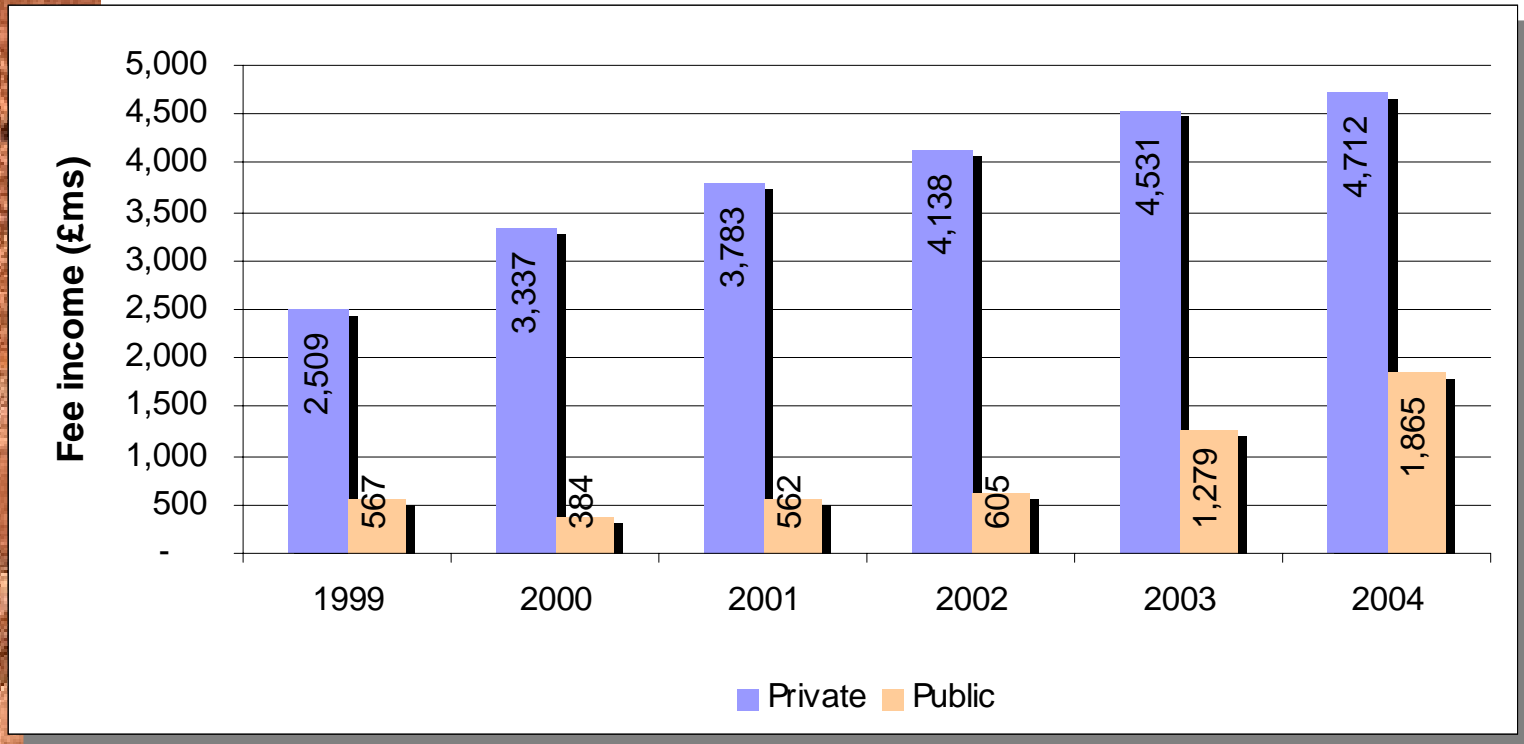
- Overall UK consulting industry growth of 4% in 2004
- Total UK consulting industry worth just over £10 billion
- MCA member fee income grew by 10%, down from 13% in 2003
- 95% of fee income comes from UK-based clients, compared to 86% in 1995

Further polarisation



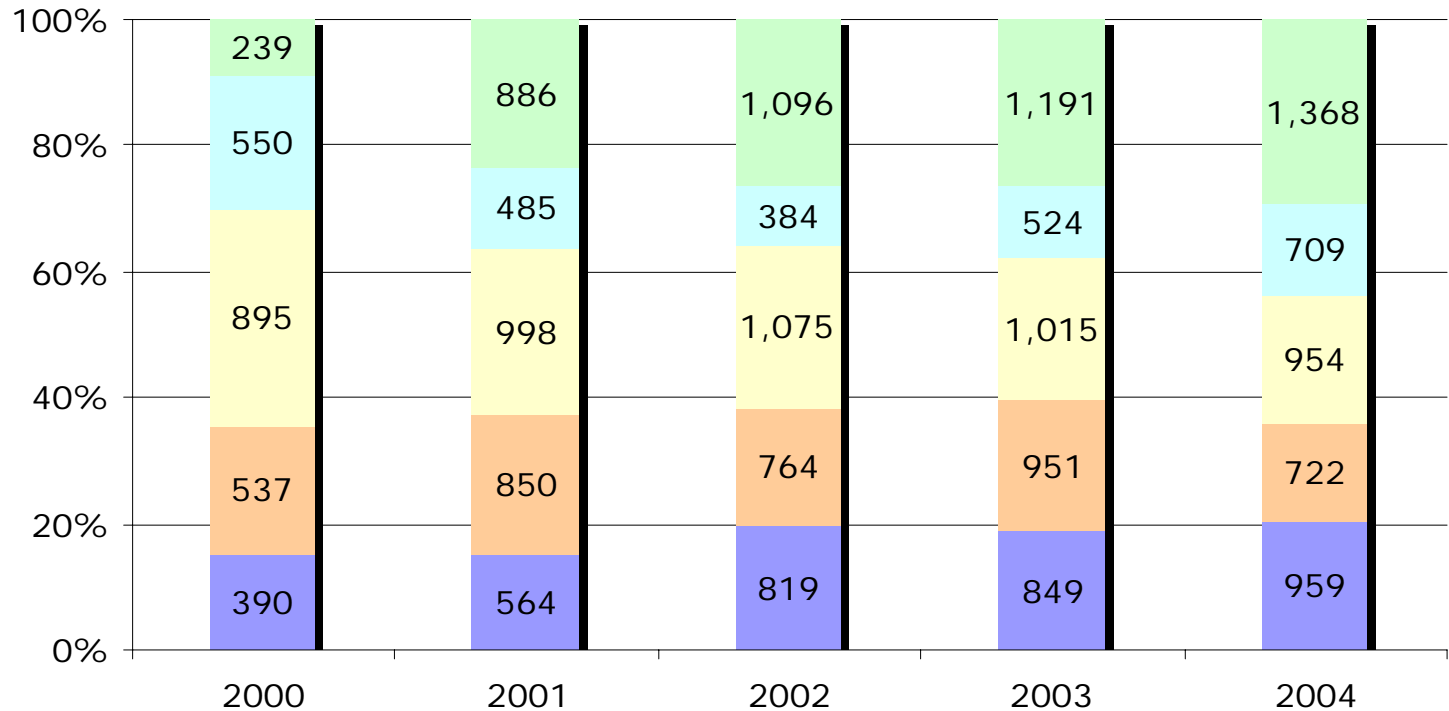
The public sector consulting market

46% growth in fee income 2003-4



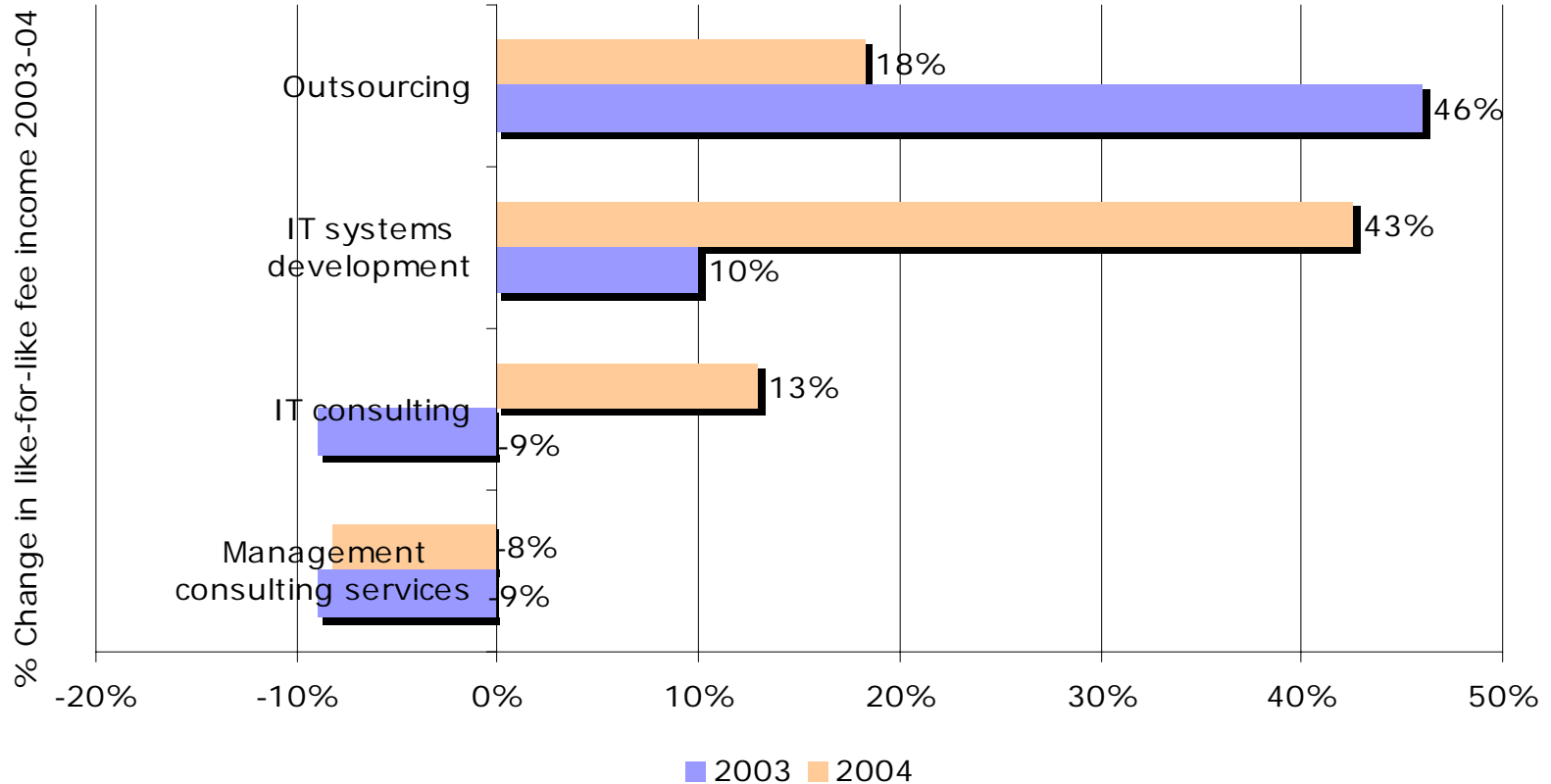
The private sector consulting market

4% growth in fee income 2003-04

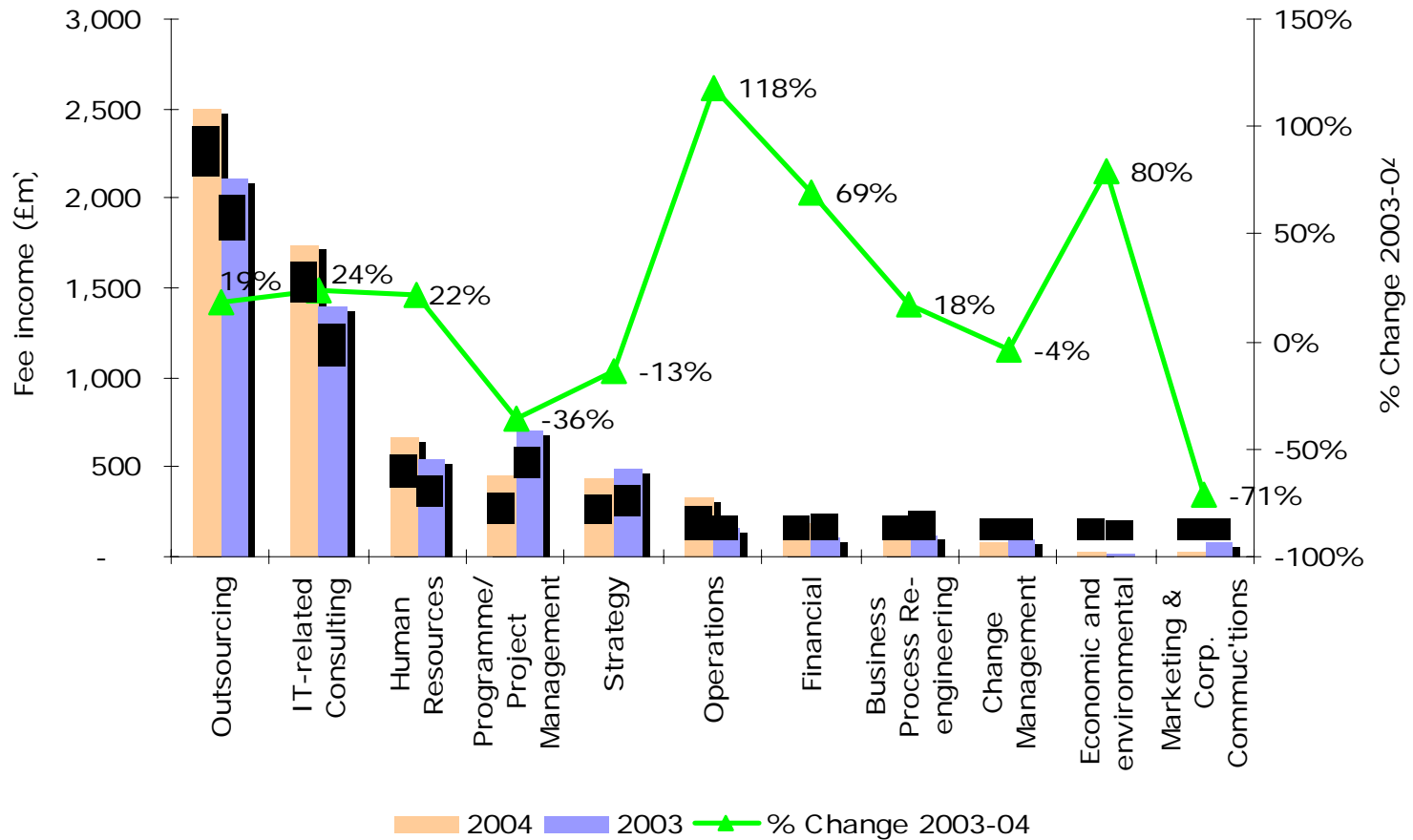


- Other Services
- Telecommunications and Transport
- Financial Services
- Manufacturing, Construction, Automotive and Defence
- Primary/Chemicals/Pharmaceuticals

Slower growth in outsourcing Faster in IT Management consulting still shrinking



Changes in the services mix





Some winners; some losers?

Opportunities

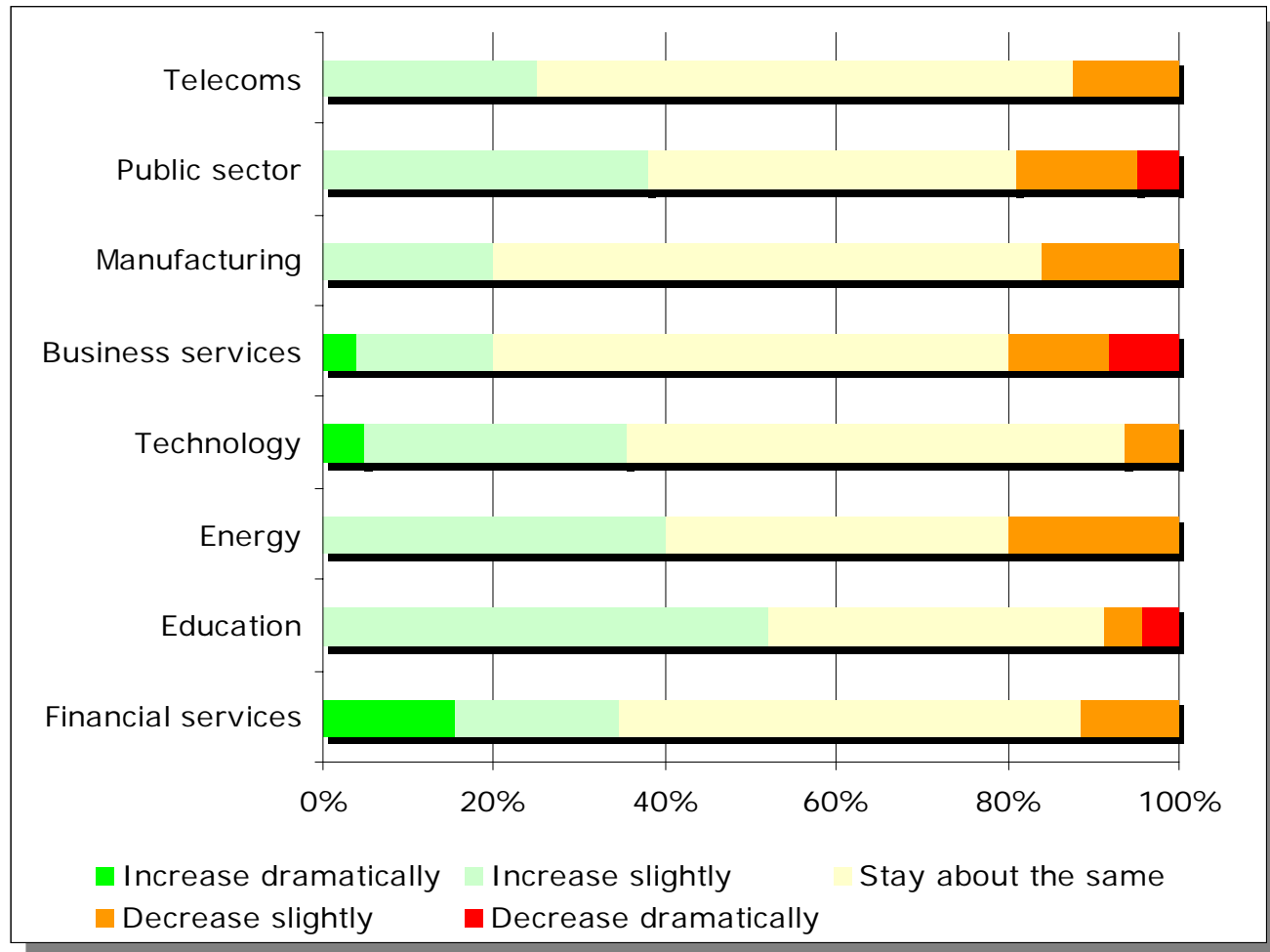
- Management consulting starting to pick up
- IT: web services and information management
- HR: future of the organisation, leadership
- Operations: innovation, “smart” customisation

Threats

- Fierce competition
- Continuing price pressure
- Preferred supplier lists
- Falling outsourcing demand?
- Falling public sector demand?

Overall, the outlook is positive

Future expenditure on consultants



A long, difficult climb
... but the view will be worth it

