



State of the Consulting Industry Analysis: **The Impact of Digital Transformation**



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STATE OF THE CONSULTING INDUSTRY ANALYSIS

A first of its kind “State of the Consulting Industry” analysis is being conducted by 9Lenses to provide consultants with the data to assess their performance and benchmark against peers. The analysis is broken into four components:

- The Impact of Digital Transformation in Consulting
- Budget and Spend Benchmarks
- Priorities for 2017
- Talent and Staffing Analysis

Our goal is to provide the most timely information when it’s needed most, either when you are budgeting, planning for the

coming year, or when you start thinking about performance reviews and staffing. Each component will be available for download upon completion and participants will be first to receive their results.

These virtual interviews will be conducted using the 9Lenses platform and the accompanying report will be produced using our platform analytics. To learn more about how 9Lenses can digitally transform your consulting practice, please visit our website at www.9lenses.com or request a demo from our team.

We hope that you will find a wealth of new ideas, validate existing thinking, and build for the future of your practice.

The 9Lenses Team

DIGITAL TRANSFORMATION: THE OCCASION FOR THE RESEARCH

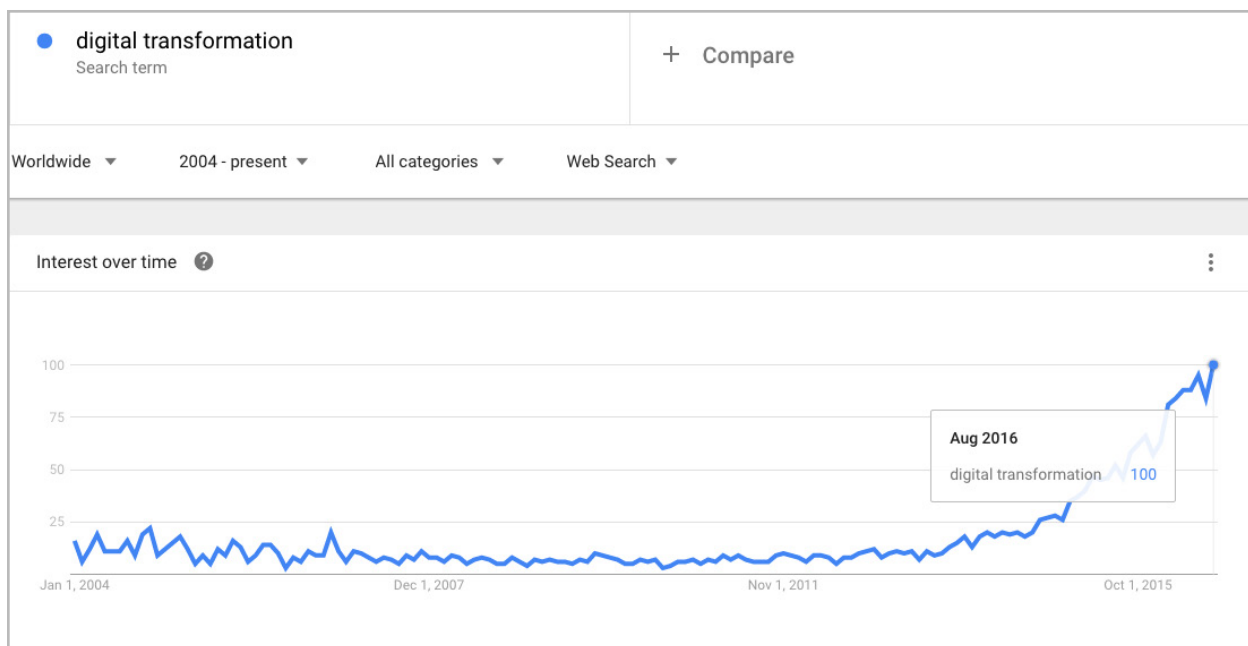
Your biggest threat is not what you don't know but what you believe to be true that is no longer so.

There are no shortage of headlines on how entire industries are digitally transforming and in turn disrupting the status quo.

Whether it's the impact of the internet of things on manufacturing, the aggregation of publically available data sources in healthcare, or the mere presence and location of markets in the sharing econo-

my of Airbnb and Uber, established players are realizing the old adage that their biggest threat is not what they don't know but what they believe to be true that is no longer so.

Consultants far and wide are capitalizing on this trend to offer services that will enable companies to digitally transform. In our own research we found that **just over 74% of participants offer digital transformation services for their clients**. It's not just our imagination; digital transformation is taking off in the news and in conversations with clients. A Google Trends view of the term below reveals just how popular it has been over the past few months, reaching peak popularity in August. (A value of 100 is the peak popularity for the term.)



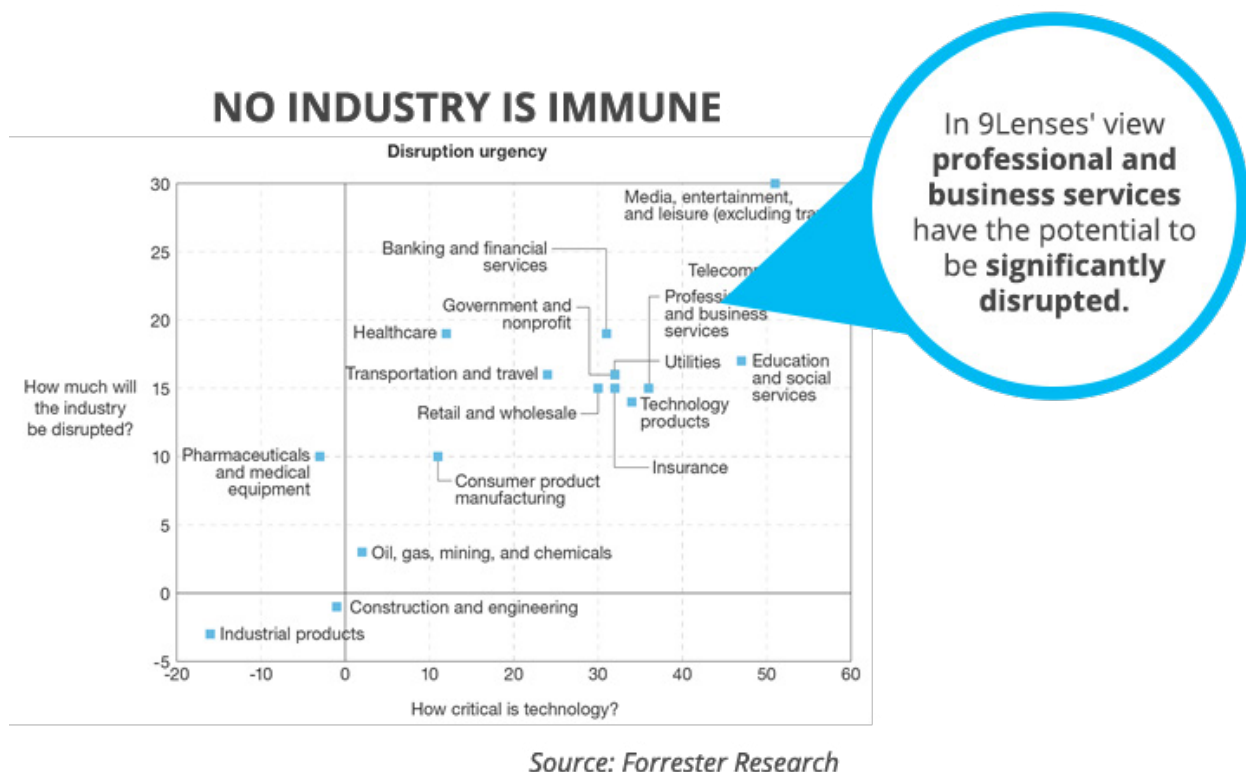
Source: Google Trends

Ironically, the consulting industry itself has not yet fully realized the benefits nor felt the disruption of a digitally transformed business model. This is what should be keeping consulting leaders up at night. While the industry may be a victim of its own success (the industry grew at 7.7% in 2015 according to Source Global), the lack of digitally enabling processes means the industry is ripe for transformation. The illustrative chart below from Forrester Research suggests professional and business services, so far in the nascent stages of the digital journey, have the potential for significant disruption.

Our research substantiates this with strong levels of agreement on the impact of digital transformation and equally strong agreement on how far consultants have to go in their own digital transformation. This brings to mind a quote from Clayton Christensen in his article *“Consulting on the Cusp of Disruption”*:

“If you are currently on the leadership team of a consultancy and you’re inclined to be sanguine about disruption, ask yourself: Is your firm changing (at least) as rapidly as your most demanding clients?”

-Clayton Christensen | Harvard Business School Professor & Disruption Innovation Expert



INTERVIEW ANALYTICS



93 Participants

2112 Data Points

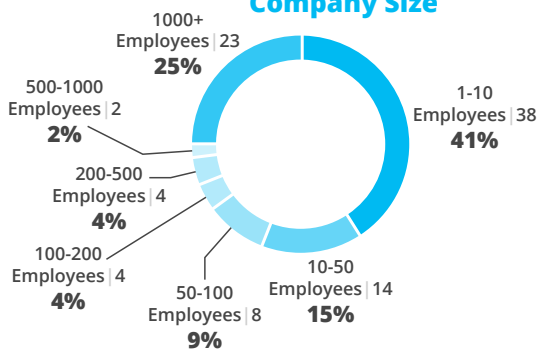
9:48 Average Time to Complete

45.16% User Comment Rate

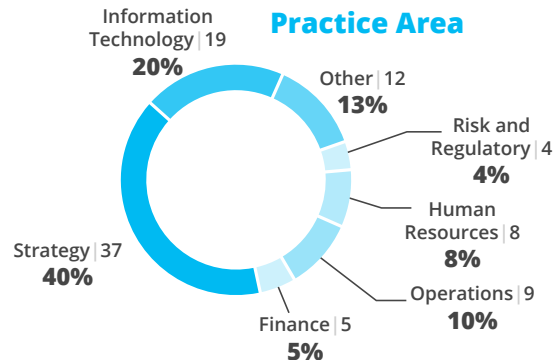
86.02% User Comment Ratio

DEMOGRAPHICS

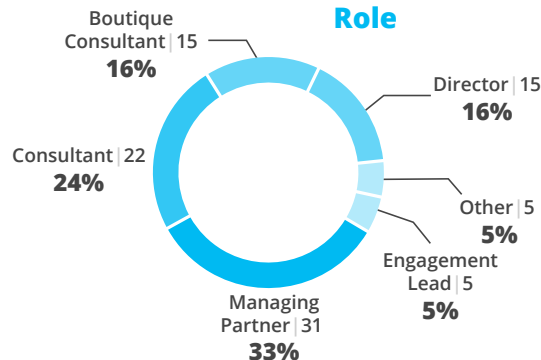
Company Size



Practice Area



Role



EXECUTIVE SUMMARY

At a high level, there is strong agreement across all segments that digital transformation will shape the business environment in the next five years. But at same time, respondents feel they are not very far in their own digitization path.

Client and Market Digitization

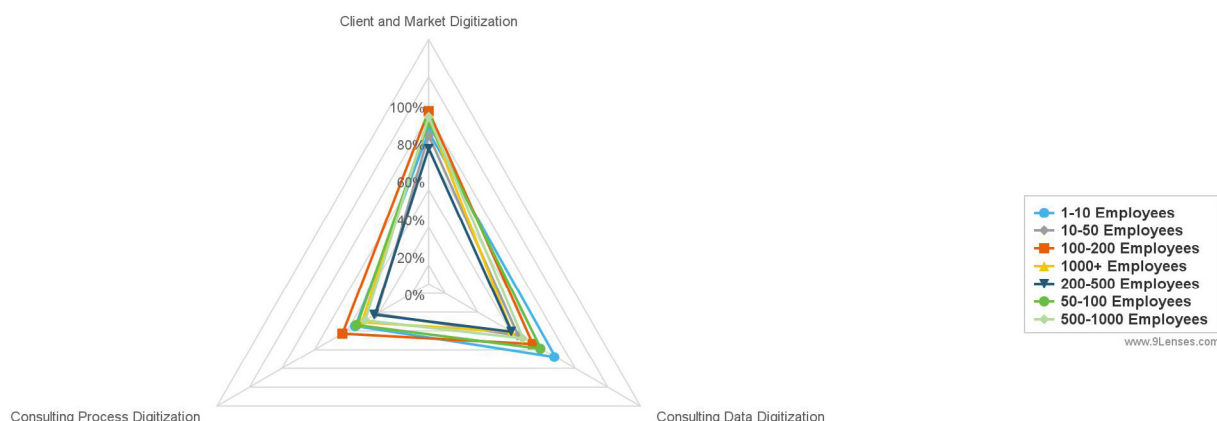
The two largest priorities for firms are; to differentiate to win business and extend relationships to create stickiness. However, firms are only making surface-level changes, like value proposition, in response to digital trends. The largest changes they are making are not the capabilities, skills, or people that will help them in their priorities. Consultants foresee digital transformation as having a significant to extreme impact on the business environment. Consequently, most firms offer digital transformation services for their clients.

Data Digitization

At 9Lenses, we believe true digital transformation occurs when IP and client data are leveraged in new ways, not just stored in digital formats. But the findings pointed to the fact that consulting firms are using multiple systems to store data (40% are using 4 or more systems) and a surprisingly large percentage of client data is stored in excel spreadsheets (28.84%). Finally, there are varying degrees of visibility into these data sources across firms which suggests important information may be unnecessarily siloed.

Process Digitization

Changing processes is often the most difficult part of the digital transformation journey. Discovery (61% take 2-4 weeks) and data aggregation (69% take 11 hours or more) are taking away from activities that clients find valuable. Lack of the appropriate IT infrastructure and senior management buy-in are the largest hurdles to taking a process digital.

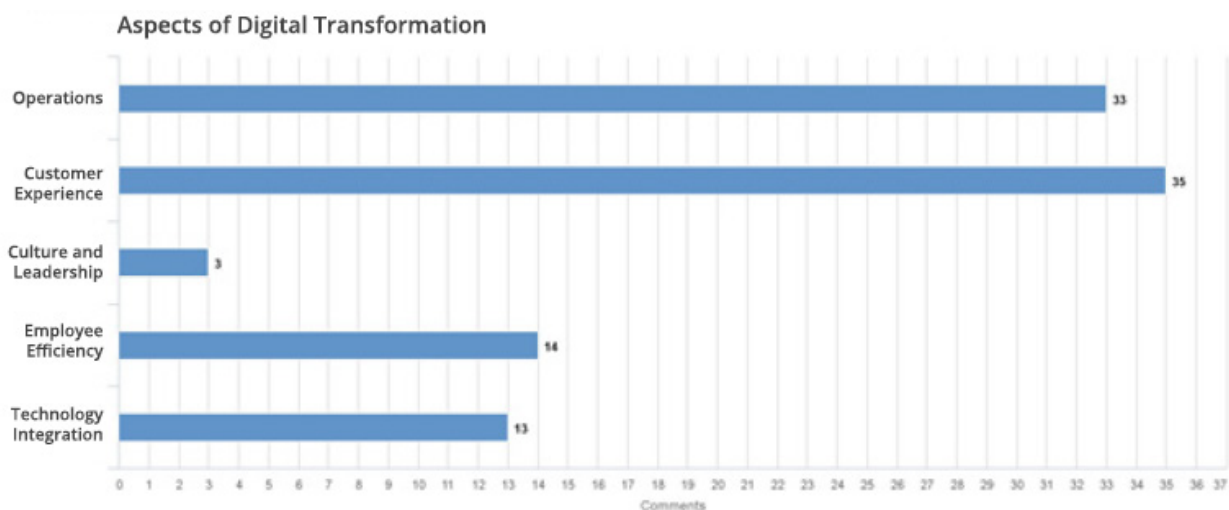


DIGITAL TRANSFORMATION IN YOUR OWN WORDS

We offered an open ended question asking respondents to define digital transformation in their own words. We put it to the best minds in the business, summarized their themes, and highlighted below what we thought constituted the best. Perhaps an important contextual note - we did find that many consultants agreed there is a significant difference between digitization, which is roughly defined as taking manual processes or content and housing that in a digital environment, and **digital transformation which is about changing the way processes, people and technology work to create efficiencies, new sources of innovation, and new**

insight that was not readily available previously. More importantly, digital transformation is most effective when putting the customer at the center of the digital ground swell. We've used the 9Lenses commenting sorting technology to categorize comments into five digital transformation categories including: culture and leadership, operations, customer experience, employee efficiency, and technology integration. We've quantified instances of each and selected representative comments from each category.

It's clear most respondents thought of digital transformation in terms of operations and customer experience. What stood out is the omission of culture and leadership in the descriptions, which when combined with the biggest hurdles to a more digital process (management buy-in being #2) makes it clear that this is an area that requires additional focus.



Culture and Leadership:

“ **Recruiting, onboarding and HR processes are all becoming digital.** Applicants expect to apply online. Younger candidates are looking to social media and YouTube for insights about companies. Most of our training is live (instructor led) but we are getting more requests for video or audio recording options. They want eLearning or webinar options. All metrics and performance are being tracked electronically and decisions are being supported by the data.

Operational Improvement:

“ The evolution of traditional processes and practices **moving to digital, automated and data driven operations.**

Customer Experience:

“ Digital Transformation in enabling new, real time business process change **enabling customer intimacy and solution customization.** Real time data and analysis is providing competitive differentiation how solutions are provided to customers and how solution development is accelerated through modeling.

Employee Efficiency:

“ Digital technology is being used in every sphere of life to run processes, analyse thinking, solve problems, measure results and in many ways, **replacing low-level or time skills and time consuming human interactions.**

Technology Integration:

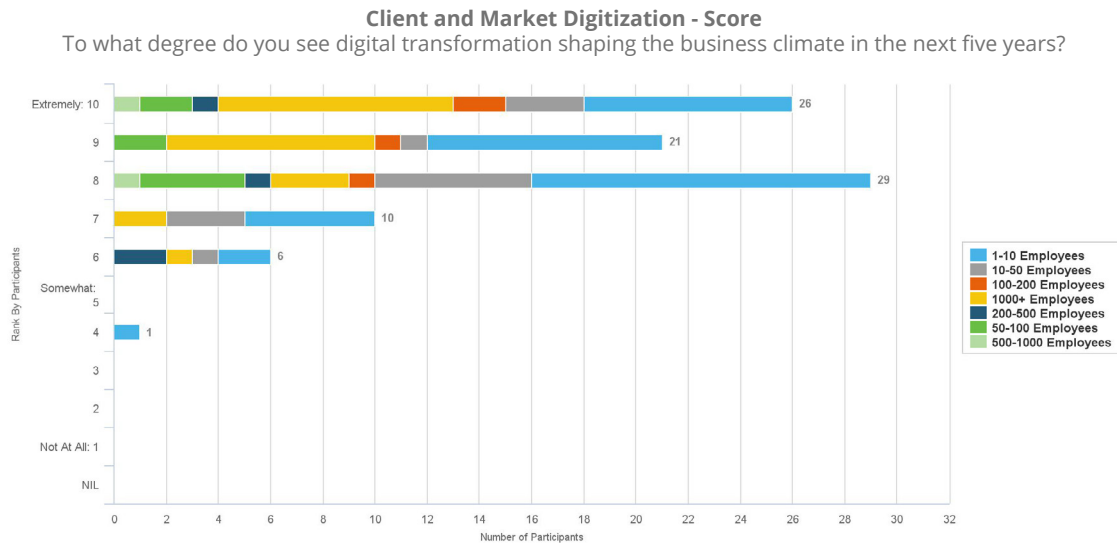
“ The integration of emerging technologies such as internet, mobile, cloud into business processes that transcends “simple” automation to **produce re-imagined, customer-centric, business processes.**

CLIENT AND MARKET DIGITIZATION

82% of respondents believe digital transformation will have an extreme or nearly extreme impact on the business climate in the next five years

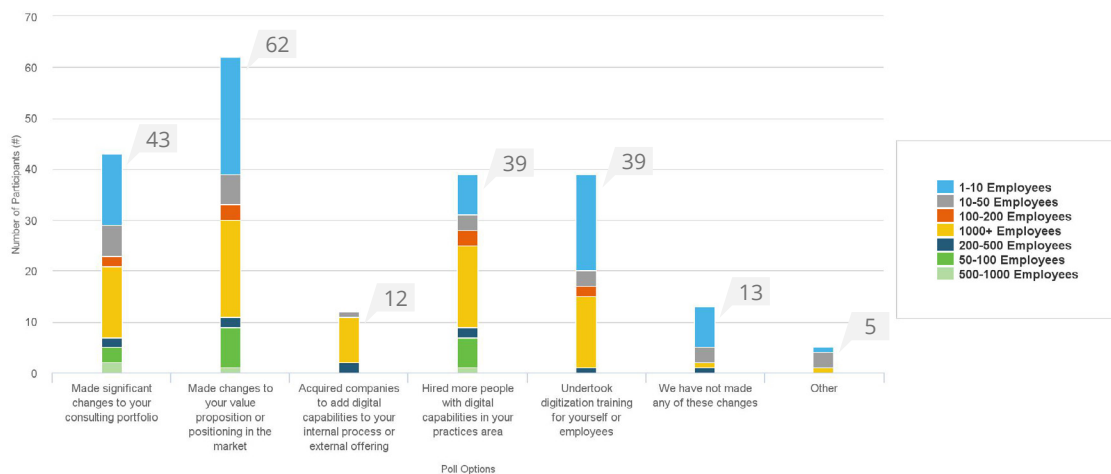
The biggest changes firms are making in the face of digital transformation are related to positioning and value proposition while 74% are offering transformation services

Differentiating to win new business and extending relationships are the most important priorities



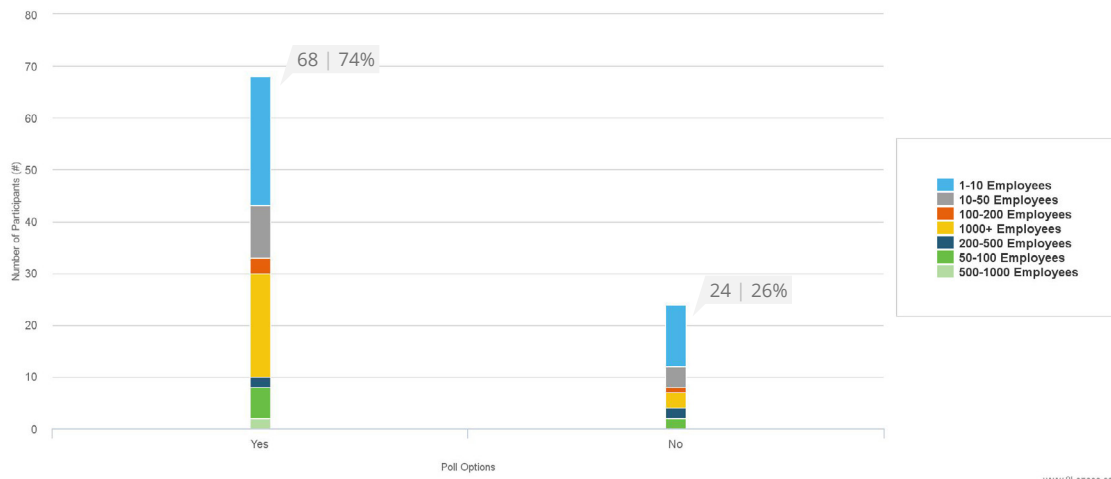
Perhaps unsurprisingly, **82% of respondents rated at least an 8 on a 10 point scale**, indicating they believe digital transformation will have an extreme or nearly extreme impact on the business environment in the next 5 years. Distribution across business size, role and practice were consistent.

Client and Market Digitization - Which of these changes has your firm made in the last 3 years in response to digital trends?



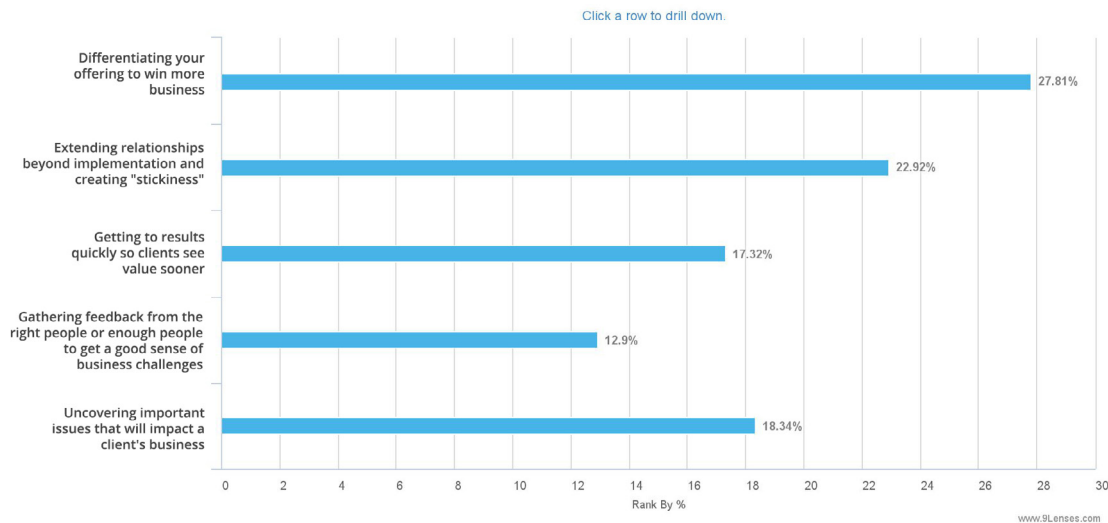
The most frequently cited change to digital trends has been in the form of **value proposition and positioning in the market**, followed by changes to consulting portfolio. More substantive changes to acquire capabilities, skills, or people have lagged. There were no substantive differences between segments here.

Client and Market Digitization - Does your firm offer consulting services to assist client's digital transformation?



The majority, **74% are offering digital transformation services to their clients**, slightly less than the percentage who feel the business environment will be significantly changed in the next 5 years. In firms with greater than 200 employees, 24 reported offering those services while only 5 did not.

Forced Ranking: Please rank the most important objectives for your practice or business



Respondents identified **differentiating their offers and extending relationships to create stickiness as top priorities for their businesses**, both benefits of a digitally transformed business model.

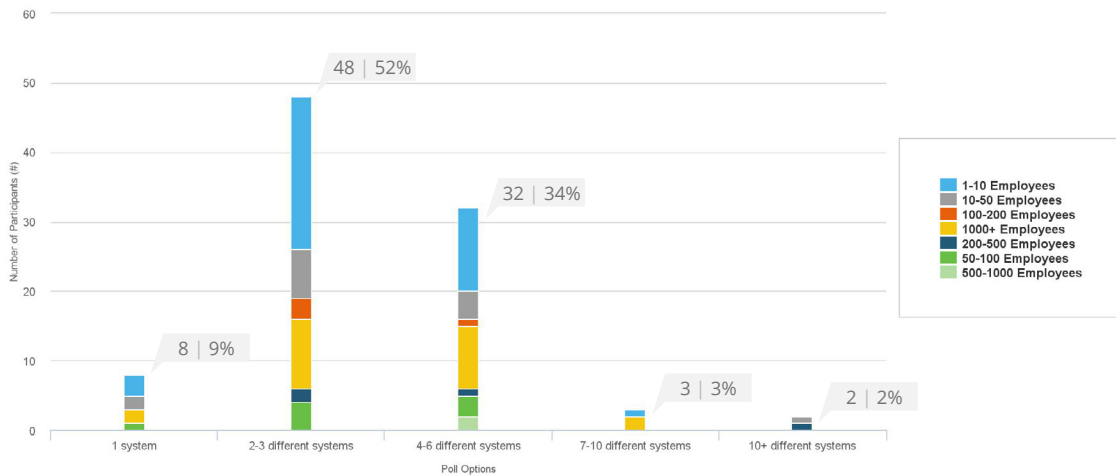
CONSULTING DATA DIGITIZATION

52% of respondents are using 2-3 different systems to manage their data

29% of both client data and firm IP are stored in spreadsheets

Respondents had varying degrees of visibility into who edits or access data

Consulting Data Digitization - How many systems do you use to store data? (i.e. Excel, Dropbox, Hard Drive, etc.)

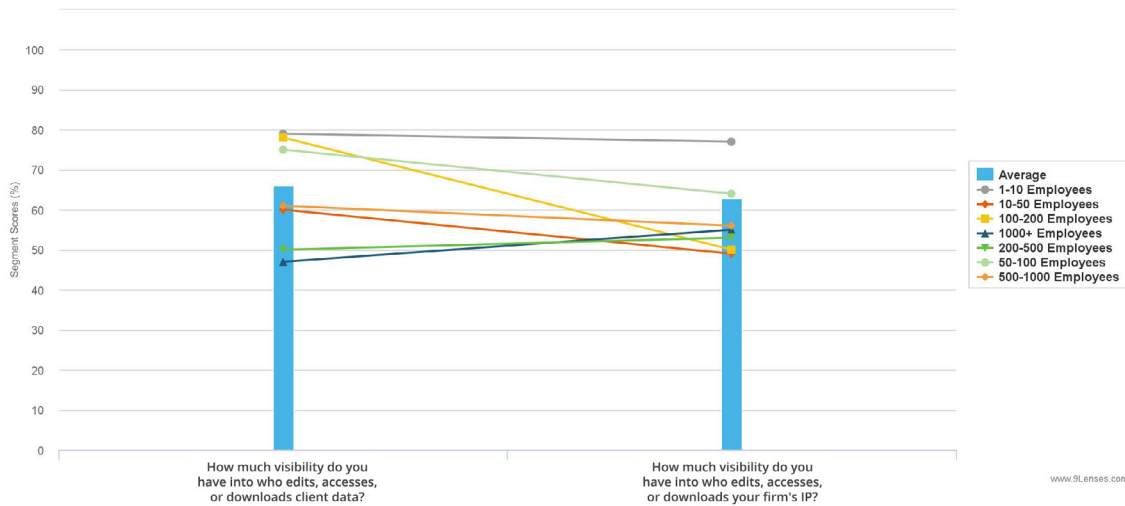


52% respondents are using 2-3 different systems to store their data while 39% are using 4 or more systems. The most commonly cited tools in the comments were SharePoint, Google Drive, and Dropbox. To the 9Lenses team, this presents an excellent example of digitizing data not transformation. These systems still require system managers and analysts to interpret and utilize data. The data is not connected overtime, and there are no formal processes or systems for collaboration.

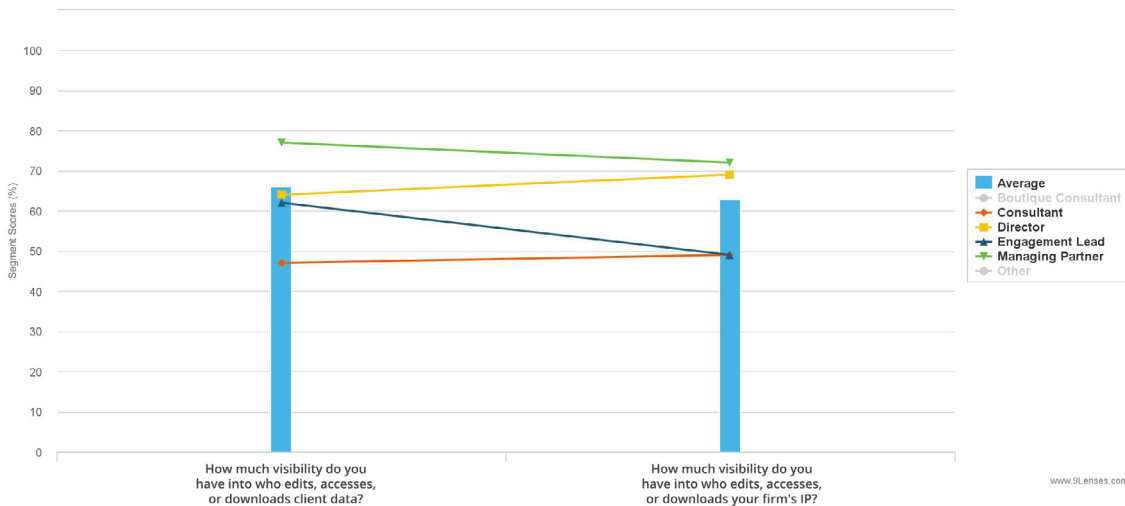


Consulting Data Digitization - Score

On a scale of 1-10 how much visibility do you have into who edits or accesses client data and your IP?



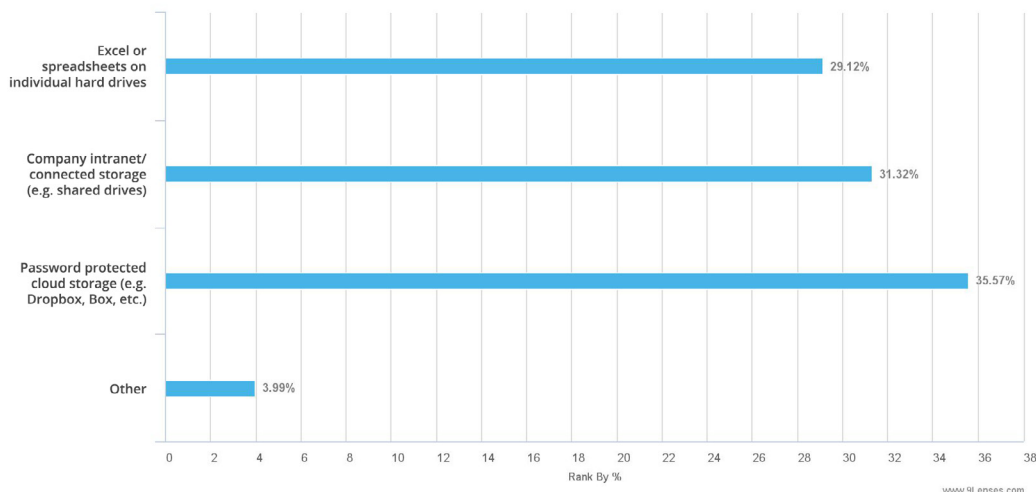
Respondents were varied in their assessment of the visibility into how their client data and IP was accessed but generally ratings were low across the board. Lack of visibility into client data could present the potential for security breaches where there is no traceable path of who is accessing the data. If differentiating offerings is a high priority, consulting leaders should take more of an active interest in protecting intellectual property which, without the right controls, can leave your firm when employees do.



It's also worth noting that **managing partners rated visibility much higher than consultants**, engagement leads, and directors, potentially indicating an overestimate of information sharing in the leadership ranks.

Forced Ranking: How much of your firm's assessments, frameworks, and IP are currently stored in the following ways?

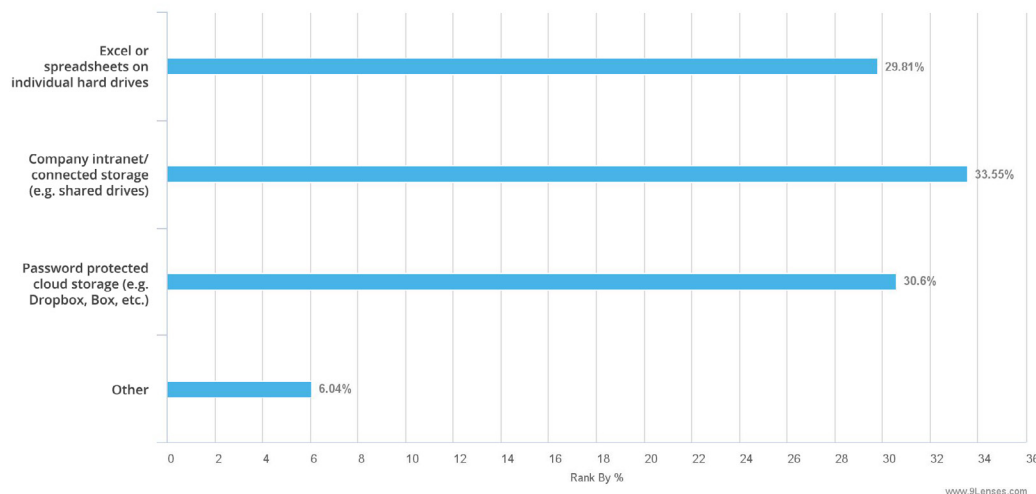
[Click a row to drill down.](#)



Respondents reported that assessments, frameworks and IP are stored in nearly equal quantities across three different types of systems. Password protected cloud storage was the largest reported method at 35.57%, while **29.12% of that data is stored on spreadsheets and hard drives**, likely un-leveraged by colleagues and at risk of leaving the firm when employees do.

Forced Ranking: Where is your firm's client data typically stored?

[Click a row to drill down.](#)



A large refrain we hear from our consulting clients is that we need a traceable path of client data, both from security and credibility standpoints. But, perhaps more importantly, consultants can gain a three-dimensional view of clients by building on knowledge and data to offer new levels of advice that might not otherwise be available. **This should also present cause for concern as 29.81% of client data resides in unprotected spreadsheets.** Other data sources may offer more security but many fail to provide a traceable path and do not allow data to be leveraged in new ways.

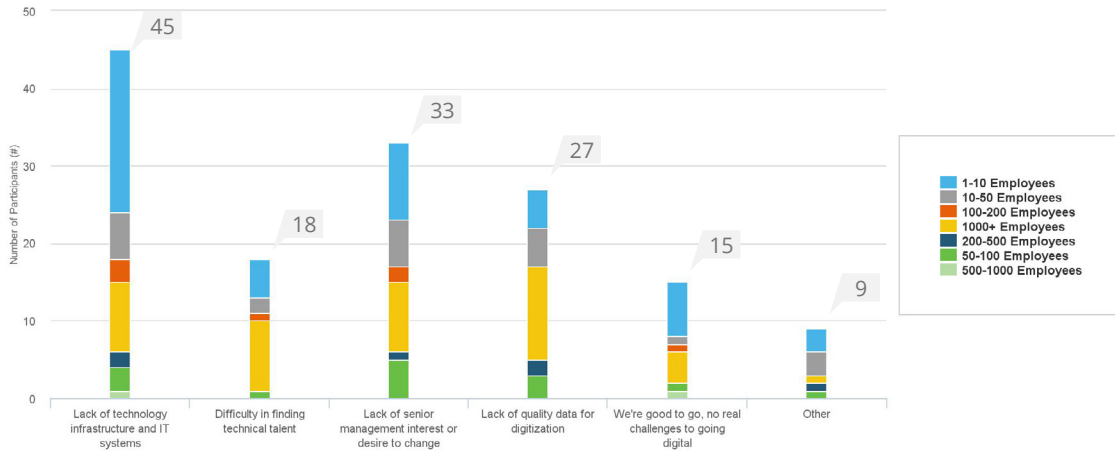
CONSULTING PROCESS DIGITIZATION

Lack of technology and management buy-in are the largest hurdles to taking a process digital

62% reported discovery time of 2-4 weeks

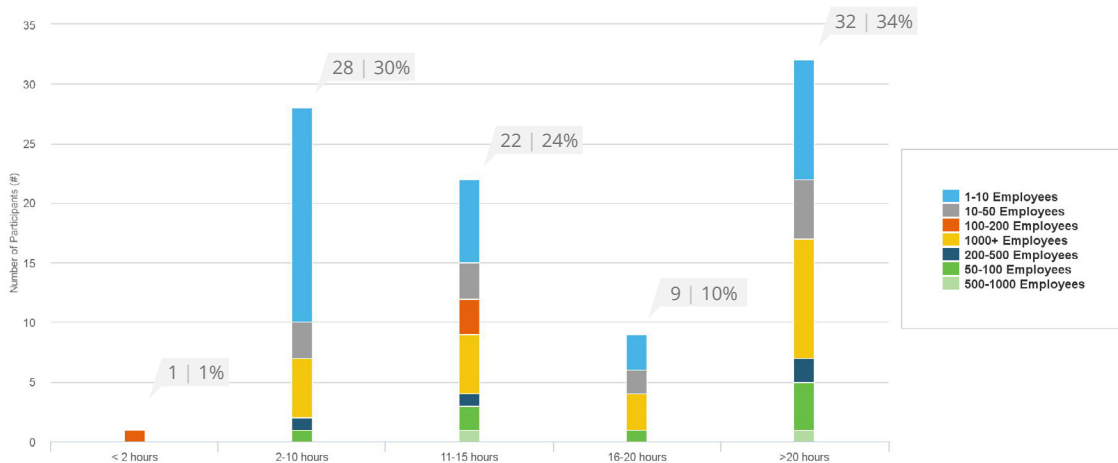
34% of respondents are spending 20+ hours aggregating data for client presentations

Consulting Process Digitization - Which of the following are challenges you face in taking your consulting process digital?



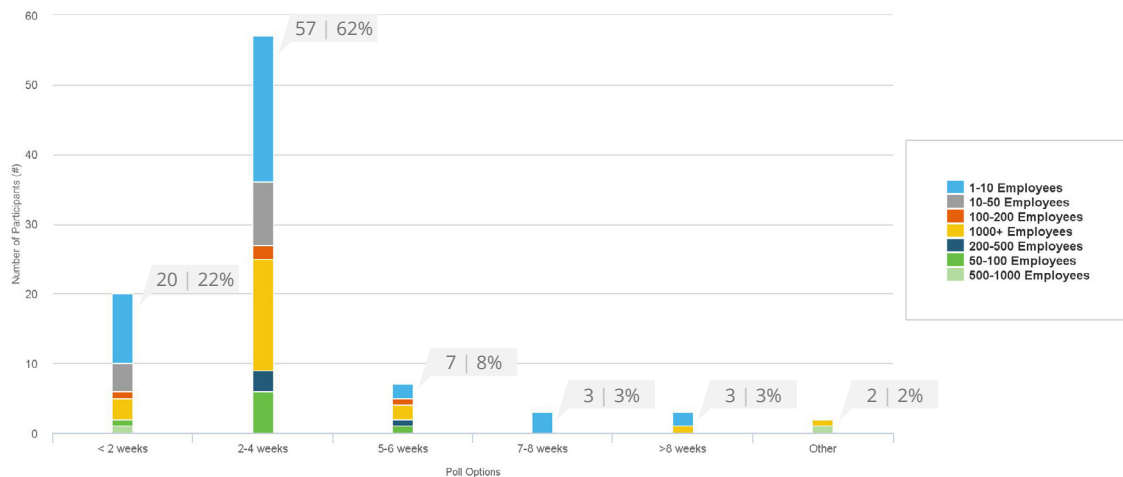
The three largest challenges to taking consulting processes digital were - lack of technology or IT systems, senior management buy-in and quality data. The third challenge is likely representative of not having the first in place as consultants have well developed frameworks and client data that could be digitized. With digital transformation at a tipping point in consulting, we at 9Lenses believe management will begin looking for the right digital tools to support their operations.

Consulting Process Digitization - How much time do you spend collecting and organizing client data for presentation in a single engagement?



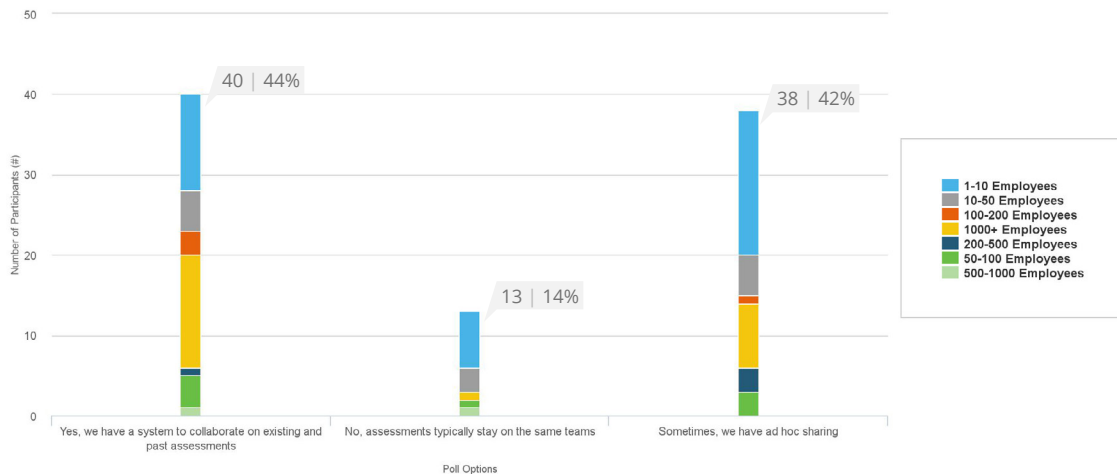
68% of respondents are spending 11+ hours on data aggregation in preparation for client meetings. 34% spend greater than 20+ hours. This is particularly acute for organizations with 1000+ employees with 10 out of 23 respondents reporting >20 hours.

Consulting Process Digitization - How long does your discovery process take?



62% of respondents reported discovery time of 2-4 weeks. This is a commendable reduction from the 8-10 weeks that was a generally recognized industry metric in years past. It's also one the largest complaints that we hear from clients- that discovery takes too long and more value needs to be provided on day one. With a digitally engaging interview framework, 9Lenses believes consultants can make continued progress in this area.

Consulting Process Digitization - Are other individuals or practices able to leverage consulting frameworks or data from other groups?



Nearly 56% of respondents had either ad hoc or no system for leveraging the knowledge of other teams and groups. This suggests that perhaps consultants are missing critical learnings and that teams could be unnecessarily duplicating efforts.

RESPONDENT FEEDBACK

Lastly, we at 9Lenses are not ready to quit our day jobs selling software just yet. We've summarized respondent feedback into the quality of our interview questions and taken the comments provided to heart. Our average ranking was a 3.65 out of 5.

We'll be using the feedback to improve our questions and better structure future interviews. Specifically we're using comments about broadening the structure of the interview to include digital transformation issues beyond data storage, expanding process questions, and exploring oth-

er facets of going digital for consultants. What better way to improve our analysis than with feedback directly from the experts? Incidentally, our software rated a 4.33 out of 5. We use this feedback to continue to refine our product and identify potential trouble spots.

Each 9Lenses interview includes an opportunity for respondents to provide feedback into the questions themselves. Our clients use this data and our interview analytics to tweak or eliminate questions, find the appropriate segments, and gather feedback that might not otherwise be provided. **The net result is that the platform aids consultants in the quality and science of their questions over time.**

Great job! You've just completed the interview.

Your responses have been submitted. Learn more about our digital consulting platform at 9Lenses.com

How effective were the interview questions?



Because...

How well did the software work?



Because...

Submit Feedback

[Skip](#)



About 9Lenses

Powering the World's Best Businesses

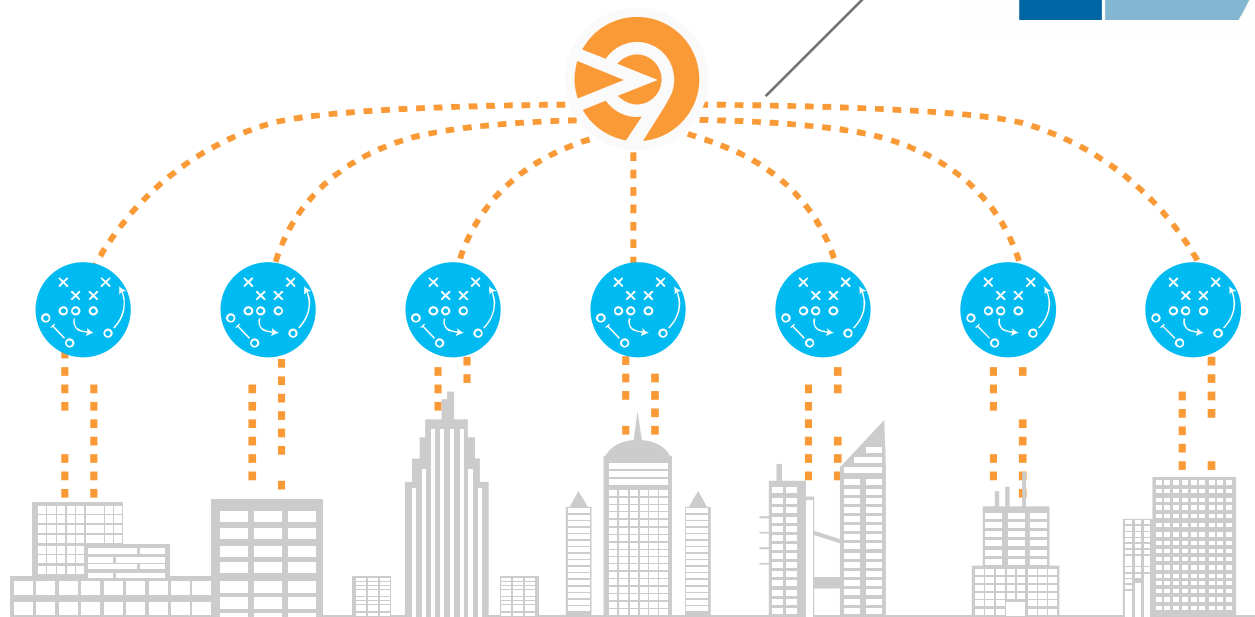


At 9Lenses, we recognize that technology is disrupting the consulting industry and as a result, client needs and perceptions of value are changing as well. To help consultants navigate this change, we're working to digitize their intellectual property so that they can build on their knowledge of their customers, the business issues they solve and improve the quality of their questions.

We believe there's a better way to do business than using data collected through surveys, stored in spreadsheets and on hard drives. Client data is too valuable to allow data points to get lost between engagements, and your intellectual property is too important to allow it to leave your organization when employees do. Digitize your data collection, management, and analytics with 9Lenses software for consultants so that you have more time for the important business of creating and maintaining relationships.

[See how it works for yourself.](#)

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Create A Three Dimensional View Of All Your Clients

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