

The *ALM Vanguard*: Transactions - Divestitures Consulting



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Overview

Capability Drivers

Merger & Acquisition deal volume is down significantly in 2019, but deal values are still high. Despite fears of a recession, capital remains widely available. Bidders continue to outnumber sellers, so the sellers' market rages on. In fact, with this sellers' market several years old by now, that translates into large groups of buyers vying for some pretty questionable assets. Companies in 2019 are seeking to re-center themselves after years of fundamental business model changes and shopping sprees, making divestitures a growing portion of M&A activity. They are also using divestitures to free up liquidity.

Corporate clients in particular are clarifying their portfolios, so that strategic clients outnumber financial in sellside M&A in late 2019. In fact, although M&A was utterly dominated by private equity just a few years ago, now consulting providers find themselves responding more to corporate clients. An important driver of sellside deals among strategic firms is the large number of Baby Boomer/family-owned, middle-market businesses seeking help with succession planning, often leading to sales and divestitures. (A challenge for consulting providers with this trend is that middle-market clients tend to view M&A in a more transactional light and are less willing to pay for much outside the immediate deal.)

Private equity clients are certainly not out of the picture yet with record amounts of dry powder remaining. In fact, private equity firms are retaining consulting providers more as they seek assets that are increasingly stand-alone, rather than merged with existing entities in their portfolio. They are also holding on to assets longer and investing more in them while trying to develop them more. This has translated into longer and deeper relationships with consulting providers.

Consolidation is also intensifying, particularly in Europe, while Japanese firms are on a shopping spree in Asia-Pacific. North America remains the epicenter for M&A activity, buy-side and sell-side, though again, Europe is increasing its share. Cross-border deals remain hot. Pre-crisis restructuring has also been a growing driver for sellside M&A activity over 2019, partially in response to recession concerns, but also simply reacting to industry trends.

Clients are concerned about the global geopolitical situation: the US presidential elections in 2020, Brexit, the Sino-American trade war, and instability elsewhere. Going back a decade, companies have had to learn to operate in a riskier environment and that is still true today. Improved risk assessment and management capabilities have allowed companies to formulate strategies in a volatile world, but some companies with deals already in the pipeline are mindful of the various looming geopolitical deadlines, leading to accelerated deal timelines. An odd artifact of the economy in 2019 is that the traditional deal cycle, which is centered around more acquisitions in good economic times and more divestitures in troubled economic times, has broken down somewhat, undermining the reliability of yet one more market indicator.

Data is another element of the geopolitical landscape that is making markets nervous. The "Techlash" against the big technology companies is raising fears of more antitrust activity from governments. Tech firms' use – or misuse, depending on one's perspective – of data is also stoking concerns about potential new regulations for data privacy and rights; this is having a direct impact on deals as data management and domains receive outsized attention.

In fact, a long-standing but recently accelerating trend has been compressed timelines for deals, to the extreme extent that some clients are willing to forgo some elements of the due diligence process, taking on the resulting extra risk themselves,

Overview

Capability Drivers

in order to close and complete deals as quickly as possible. This “agile” approach to due diligence is a challenging countertrend to the growing acceptance of sellside due diligence in the US.

Some trends driving M&A activity persist, such as growing shareholder activism (which has become prominent in Europe and is spreading to Japan and Asia), low interest rates, and regulatory concerns, especially regarding tech companies.

It is thought that consolidation among payers and providers in healthcare may have peaked, but M&A continues among life science and pharmaceuticals, chemicals, and in technology, media, and telecom.

Consulting to TAS - Divestitures

Sellside M&A is far more complicated than buy-side, with more moving parts and more stakeholders involved. Divestiture consulting services have evolved over time from reverse-integration services to a dedicated offering in their own right, part and parcel with a broader offering in business model strategy. Initially the big weight for consulting providers fell on the due diligence phase (whether financial or commercial) and providers applied due diligence techniques (backed by new data analytics capabilities) both earlier in deals (to help assess targets) and later in the deal for readjusting. As more consulting providers developed these types of capabilities, differentiating efforts turned to the integration (or separation) phase, and providers developed parallel project management capabilities both to capture project share as well as to gain more control over the outcome.

Being able to identify and deliver the maximum value for clients out of a transaction or deal has become key. Outside of boutiques, most providers are being pushed to both broaden and more fully integrate their offering around M&A in general. Auditing-heritage providers have tended to add both investment banking and even legal services, while turnaround & restructuring providers have focused on M&A as a performance optimization tool. Nearly all have been expanding their due diligence offerings, for instance, to include IT, operations, commercial, HR/talent, and cyber. Strategy firms are left somewhat flat-footed by being constrained from being able to offer effective quality of earnings and valuation-related due diligence.

This has led to an arms race of sort as the deal process itself has become increasingly commoditized. The usual cycle in consulting of a service becoming commoditized, leading to providers responding by automating as much of the process as possible to drive down costs, leading to further commoditization applies to sellside M&A. Across the board, consulting providers are turning to advanced technologies to mitigate both cost and time as well as achieve more predictable outcomes, but four basic strategies are emerging.

The first are those consulting providers with a fairly narrow service offering whose focus is transactional and on the process itself. These providers usually enter the deal when it is well-developed and their offering centers on technical deal support, applying technology and best practices to get the client over the value threshold.

The second tries to push both the technologies and the due diligence process earlier in the deal process, developing match-making, target assessment and scenario planning capabilities. This strategy gives providers an obvious leg-up in the process – if they can get clients to allow them into the process that early. Some on the client-side have expressed trust issues when it comes to engaging consulting providers earlier than the due diligence phase.

Overview

Capability Drivers

A third strategy involves looking downstream after the deal for follow-on work to balance out the thin margins available in the deal process itself. This strategy looks for both performance optimization and transformation opportunities downstream, as well as longer-term, more engaged services such as managed services. For these consulting providers, the transaction is one part of a larger relationship story, which they hope will span multiple service domains. For instance, providers with strong restructuring or transformation (e.g., business model, digital) practices lean toward this strategy.

A final strategy remains focused on the deal process itself, but for middle-market clients. The middle market is becoming more active in M&A, particularly sellside M&A, but these clients suffer from both inexperience and less available relevant data, making deals more difficult to execute, which favors fuller-service providers. Another challenge with middle market clients is that while needing more help, there is also greater price sensitivity.

This last trend of middle market clients underscores the degree to which sellside M&A is dominated by strategic, versus financial clients. More consulting providers in general in M&A have been purposely expanding the strategic client side of their client portfolios over the past year, both in response to opportunity as well as concern about the potential impact on credit markets of an economic downturn, and the resulting adverse impact in particular on private equity.

Where a decade ago data management and analytics were the key new ingredients, in 2019 automation is becoming the star in consulting providers' toolkit. Most providers are developing in-house tools and developing their partnership ecosystems to be able to standardize and fast-track as much of the process as possible. This extends as far as out-of-the-box, templated solutions targeting specific types of deals (such as carve-outs), which is clearly ideal for the middle market but still attractive to time-and-cost-pressed larger clients as well.

One upside for consulting providers to the complexity and increasing focus on outcomes in these deals is a growing willingness on clients' part to allow one provider to take on a greater project and vendor management role in deals in contrast to the buy-side. This includes larger, Fortune 1000 (and even private equity) clients whose newer in-house M&A teams tend to be heavily geared toward buy-side M&A.

Still, the challenge remains of the large-scale investments in technology and talent the end-to-end, full-service model requires. Post-deal services and cross-service pollination help mitigate some of this overhead, but if overall deal volumes continue to slow, this space will only become more competitive. This trend is exacerbated by the reality that even when involving a Fortune 1000 client, divestitures often involve single units or P&Ls, which are very complex but much smaller scale than an average acquisition deal and require tremendous amounts of resources from a consulting provider for small remit. In fact, several investment banks which have been developing advisory support services in conjunction with their usual deal services began pulling back in 2019, refocusing on their core deal banking services.

Providers in The ALM Vanguard of Transactions - Divestitures consulting share these essential differentiating attributes:

Focus on outcomes: As divestitures and carve-outs become increasingly surgical, the emphasis has shifted from hitting benchmarked targets to ensuring the clients are fully functional, optimized for performance and able to achieve the values laid out in the original separation thesis on their own.

Competitive Landscape

Time project/time management: The most successful consulting providers in divestitures are able to grapple with the increasingly compressed time frames for deals. This requires both great amounts of dedicated resources and flexibility, but providers who can meet client deadlines with a successful separation will be around for the next deal.

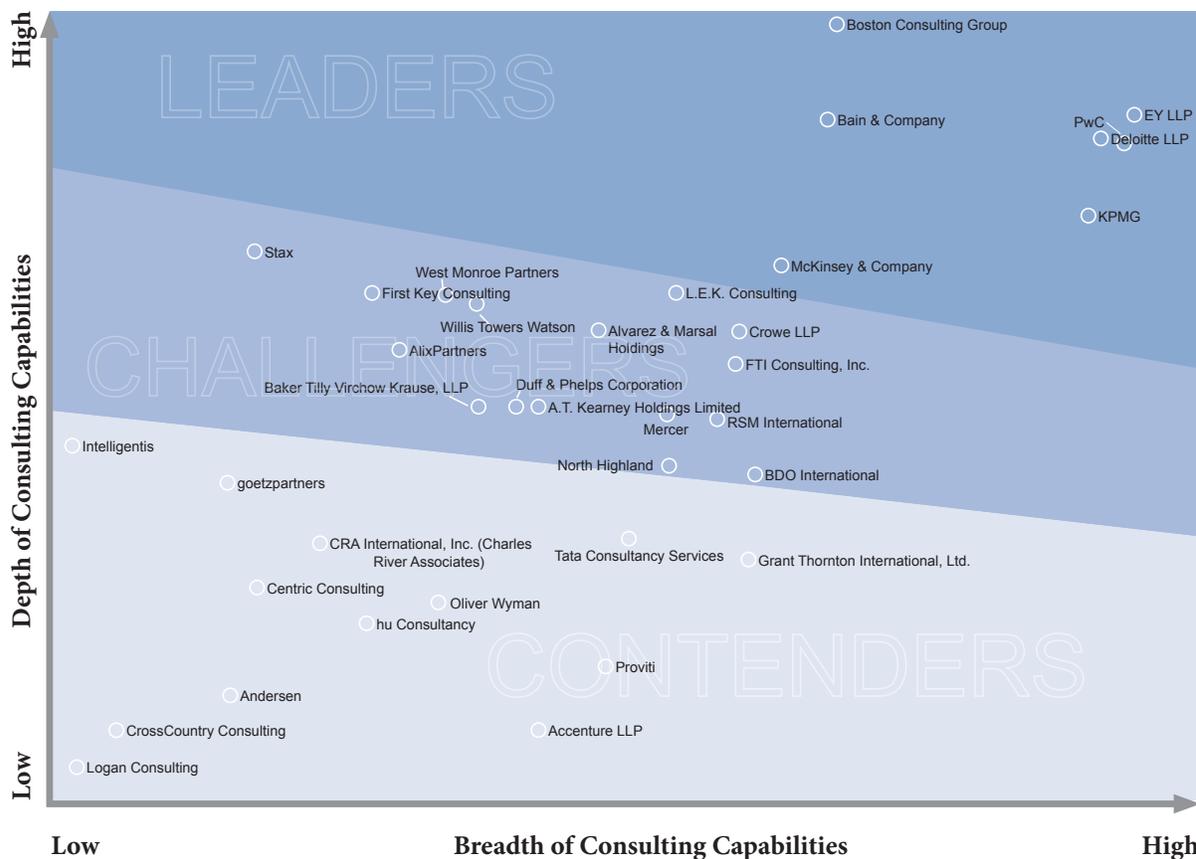
Flexibility: Despite the drive by most providers to automate some aspect of the deal process (if not the entire process), providers cannot escape the need to respond to unexpected exigencies with highly customized responses. For all the drive towards standardization and automation, many factors (including regulations, markets, client culture) ensure that no two deals are exactly alike. The most successful providers must be nimble and equipped with resources to respond to surprises in deals.

Integrated service offering: Consulting providers have been increasingly going to market with cross-disciplinary integrated offerings for many years now, but this approach is particularly key in M&A deals, and none more so than sellside deals. The client experience must be seamless when utilizing resources from multiple teams and more often than not, it is not. One of the most common client-side complaints about providers in sellside deals is about clunky inter-team communications and functionality, with friction over authority and priorities. This extends to how providers work with partner firms and other outside vendors as well. Conversely, the consulting provider that can keep a deal on track and work seamlessly with their own internal and client teams, overcoming surprises along the way, is most appreciated.

ALM Vanguard of Transactions -- Divestitures Consulting

The ALM Vanguard of Transactions -- Divestitures Consulting Providers assesses firms in terms of their relative ability to create impact for their clients. For this, the ALM Vanguard displays the relative position of the providers featured in this report, deemed capable in sellside M&A consulting, based on an evaluation of their overall capabilities according to a consistent set of criteria. Capability depth denotes a provider's capacity to get results for clients, while capability breadth indicates its ability to deploy that capacity across multiple client scenarios.

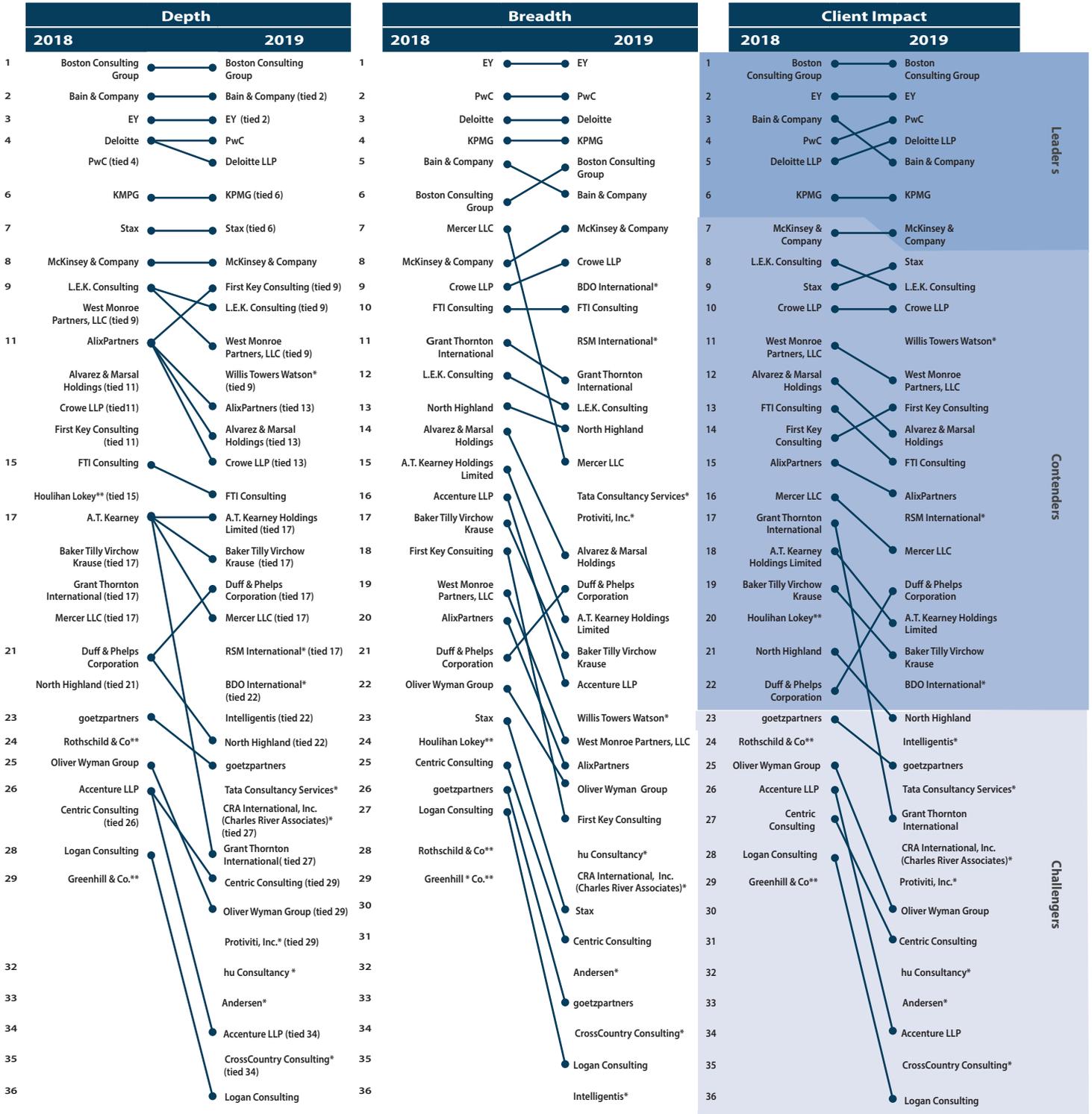
Consulting is distinctive from other industries because of the variety of client contexts that providers encounter in terms of ambitions, needs, and abilities that alter what it takes to create impact. As providers seek to deploy their capacity to create client impact (depth) across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities (breadth), they increase the complexity of their engagement models. The downward slope of the lines that separate the tiers of the market captures the trade-off between low-complexity engagement models (designed to maximize the capacity to create impact for a narrow set of client applications) and high-complexity engagement models (made to maximize deployability and create impact for a wide variety of client applications).



Source: ALM Intelligence

Provider Capability Rankings

The figures below indicate the change in consulting providers' ranks in terms of their overall capability depth, breadth, and client impact. (See the Definitions section of this report for a detailed breakdown of underlying capabilities.) Ranking position number one denotes the top-ranked provider.



*Firms not previously covered, ** Not covered in 2019

Source: ALM Intelligence

Provider Ranking Dynamics, Transactions-Divestitures Consulting 2019

Provider Ranking Dynamics, Transactions-Divestitures Consulting 2019

Although M&A markets in general, including divestitures, are showing signs of a significant slowdown, the successful consulting providers continue to invest in these practice areas. This is because these deals (and adjacent practices) help deepen relationships across the client organization, and lead to ancillary service relationships both across other service domains and further downstream, post-deal work, such as restructuring or transformation. These investments are paying off: despite an M&A market slowdown, practice pipelines are full, and many are growing at double-digit rates in 2019. The investment emphasis for the full end-to-end providers has centered on technology: automating as much of the process as possible for speed, improved accuracy and cost purposes. The separation stage is being extended long past merely setting up separated entities with long-term performance reassessments and adjustments in the RemainCo and NewCo. Other providers are focusing on partnering with clients throughout the deal process, so the result is an end-to-end offering but with targeted services. Competitive pressures and client demand are pushing these latter providers further upstream, less to gain project share than to remain relevant in a very competitive consulting market. Advanced technology, a holistic due diligence offering, and an integrated service approach are all table stakes in 2019. Differentiation happens through execution (meaning client experience and value-outcome) and relationships.

Leaders. The leaders in the 2019 Transaction - Divestitures Vanguard combine robust complexity management capabilities with a well-integrated service offering, optimizing the transaction process itself (speed, accuracy, cost; through technology) while being able to take a global scale, deeply customized focus to the separation and stand-up phases of deals. Ecosystem partnerships play a growing role. The overall service emphasis is on client outcomes and collaborating with clients to achieve them, both at Day 1 and beyond. The Big Four have mastered this approach and continue to invest in technology, blurring the competitive lines between them and IT services providers. The differences separating three of the Big Four – EY, PwC and Deloitte – have narrowed in 2019, although they still struggle with talent retention. The leading strategy consulting providers, while largely locked out of the financial due diligence portion(s) of deals, have invested in becoming transformation and restructuring partners for clients in complex deals, although they are challenged by rates.

Challengers. Scale and breadth of service offerings tend to diminish for the next two categories. Providers in the Challenger band position themselves on the border between the larger scale, top-tier clients and the middle market. The challengers have indeed become an important resource for middle market companies struggling with many of the same portfolio and growth strategy issues as Fortune 500 companies, but with far fewer resources or experience.

Contenders. The Contenders band mostly reflects providers which either have highly specialized offerings (in terms of service or geographic focus) or are boutiques. The most successful among this group of providers have positioned themselves in other providers' TAS ecosystems, playing on brand reputation (e.g., topical expertise).

Rating Level Summaries

ALM Intelligence rates providers according to a three-level scale based on their relative breadth and depth of overall capabilities. Each rating level corresponds to an area in the *ALM Vanguard* graphic bounded by a downward sloping line designed to equate engagement models of different degrees of complexity.

Rating Level	Providers	Description
Leaders	<ul style="list-style-type: none"> Bain & Company Boston Consulting Group Deloitte EY KPMG McKinsey & Company PwC 	The leaders are at the top of the market in terms of their capabilities to create client impact through their depth of expertise and ability to deploy it across a range of engagement models. They are unique in their ability to independently execute a broad array of projects across the full spectrum of client contexts. They range from providers in the top quintile in terms of depth of capability for low-complexity engagement models to those that combine above average depth of capability with the ability to deploy it across high-complexity engagement models.
Challengers	<ul style="list-style-type: none"> A.T. Kearney Holdings Limited AlixPartners Alvarez & Marsal Holdings, LLC Baker Tilly Virchow Krause, LLP BDO International Crowe LLP Duff & Phelps Corporation First Key Consulting FTI Consulting, Inc. L.E.K. Consulting Mercer LLC North Highland RSM International Stax West Monroe Partners, LLC Willis Towers Watson 	The challengers can execute end-to-end projects in low complexity engagement models or a substantial portion of project components in high-complexity engagement models. They range from those with above-average depth of capability for low-complexity engagement models to those that combine depth of capability between the bottom third and top half of the distribution, with the ability to deploy it in high complexity engagement models.
Contenders	<ul style="list-style-type: none"> Accenture LLP Andersen Centric Consulting CRA International, Inc. (Charles River Associates) CrossCountry Consulting FTI Consulting, Inc goetzpartners Grant Thornton International, Ltd. hu Consultancy Intelligentis Logan Consulting Oliver Wyman Group Protiviti, Inc. Tata Consultancy Services West Monroe Partners, LLC 	The contenders can execute a substantial portion of projects in low-complexity engagement models or a single phase or project instance in high-complexity engagement models. They range from those with average depth of capability for low complexity engagement models to those that combine depth of capability in the bottom third of the distribution with the ability to deploy it in high-complexity engagement models.

Source: ALM Intelligence

Leader Assessments

The *ALM Vanguard* of Transactions-Divestitures Consulting Providers comprises the following Leaders.

“EY has been adding to its legacy, dedicated Separate team’s capabilities and broader sell and separate services through continuing investments in its deal-related digital assets, such as Capital Edge, CarveX, and Embryonic. These tools are highly complementary to EY’s deal process management and operational (including change management) strengths in deals. The further integration of EY Parthenon adds a key deal and business model strategy component.”

Source: ALM Intelligence

Provider Capability Ratings

The table below provides detailed capability ratings for transactions -- divestitures consulting providers. (See the Definitions section of this report for explanations of the capabilities.)

Legend: ● Very Strong ● Strong ● Moderate ● Weak ○ None

Provider Capabilities: Capital Projects & Infrastructure Consulting									
	Discovery			Design			Delivery		
	Needs Assessment	External Market Insight	Internal Client Insight	Strategy	Operating System	Management System	Project Management	Client Capability Development	Enabling Tools
A.T. Kearney Holdings Limited	●	●	●	●	●	●	●	●	●
Accenture LLP	●	●	●	●	●	●	●	○	●
AlixPartners	●	●	●	●	●	●	●	●	●
Alvarez & Marsal Holdings, LLC	●	●	●	●	●	●	●	●	●
Andersen	●	●	●	●	●	●	●	●	●
Bain & Company	●	●	●	●	●	●	●	●	●
Baker Tilly Virchow Krause, LLP	●	●	●	●	●	●	●	●	●
BDO International	●	●	●	●	●	●	●	●	●
Boston Consulting Group	●	●	●	●	●	●	●	●	●
Centric Consulting	●	●	●	●	●	●	●	●	●
CRA International, Inc. (Charles River Associates)	●	●	●	●	●	●	●	●	●
CrossCountry Consulting	●	●	●	●	●	●	●	●	●
Crowe LLP	●	●	●	●	●	●	●	●	●
Deloitte LLP	●	●	●	●	●	●	●	●	●
Duff & Phelps Corporation	●	●	●	●	●	●	●	●	●
EY LLP	●	●	●	●	●	●	●	●	●
First Key Consulting	●	●	●	●	●	●	●	●	●
FTI Consulting, Inc.	●	●	●	●	●	●	●	●	●
goetzpartners	●	●	●	●	●	●	●	●	○
Grant Thornton International, Ltd.	●	●	●	●	●	●	●	●	●
hu Consultancy	●	●	●	●	●	●	●	●	●
Intelligentis	●	●	●	●	○	●	●	●	●
KMPG	●	●	●	●	●	●	●	●	●
L.E.K. Consulting	●	●	●	●	●	●	●	●	●
Logan Consulting	●	●	●	●	●	●	●	●	●
McKinsey & Company	●	●	●	●	●	●	●	●	●
Mercer LLC	●	●	●	●	●	●	●	●	●
North Highland	●	●	●	●	●	●	●	●	●
Oliver Wyman Group	●	●	●	●	●	●	●	●	○

Provider Capability Ratings

The table below provides detailed capability ratings for transactions -- divestitures consulting providers. (See the Definitions section of this report for explanations of the capabilities.) Legend: ● Very Strong ● Strong ◐ Moderate ◑ Weak ○ None

Provider Capabilities: Capital Projects & Infrastructure Consulting -continued									
	Discovery			Design			Delivery		
	Needs Assessment	External Market Insight	Internal Client Insight	Strategy	Operating System	Management System	Project Management	Client Capability Development	Enabling Tools
Protiviti, Inc.	◑	◑	◐	◐	◑	●	◐	◑	◐
PwC	◑	◑	◐	◑	◑	●	◐	◑	◑
RSM International	◑	◑	◐	◐	◑	◑	◐	◑	◑
Stax	●	●	◐	●	◑	◐	◑	◑	◑
Tata Consultancy Services	◑	◑	◑	◐	◑	◐	◐	◑	◑
West Monroe Partners, LLC	◑	◑	◐	◐	◑	◑	◑	◑	◑
Willis Towers Watson	◑	◑	◑	◐	◑	◑	◐	◑	◑

Source: ALM Intelligence

Best in Class Providers

Providers identified as best in class evidence deep capabilities in specific areas of Transactions -- Acquisitions consulting and stand out from their peers for their highly effective and often innovative consulting approaches and service delivery.

Capability Areas	Provider	Strengths
Project Management	EY	EY has been further developing its technology assets to provide both a collaborative and a guided client experience for divestitures, with tools such as CarvEx providing key insights into every stage of the process.

Source: ALM Intelligence

Provider Briefs

Leaders

EY LLP	
Approach	With a dedicated divestiture practice, (referring internally to these services as its Sell & Separate offering), EY has undertaken a significant investment to bring more weight to the earlier stages of the deal process. These investments have targeted technology and hires, focusing on better integrating the TAS-DAS, investment banking and legal teams, and including acquisitions, such as EY's Parthenon unit acquiring TAS strategy firm Bulger Partners in mid-2018. The new focus has honed in on four core service delivery goals in sellside M&A: value preservation with no surprises, accelerated closing, minimal disruptions, and enhanced credibility for EY and client management at the end of the deal process. Services span front-end strategic considerations (strategic portfolio alignment, value creation), through deal continuum (preparation and separation planning, the equity story and diligence, negotiation and execution, and post-closing). As a full service, end-to-end provider in TAS, EY combines multiple competencies: portfolio strategy, optimization and management; pre-sale diligence, transaction analytics, equity story development, tax structuring, preparation of deal basis and auditable financials, negotiation and execution, operational separation planning, readiness assessment and day-one planning, and improvement of the remaining business. EY's broader capital agenda offering continues to have an important impact for divestiture clients: establishing working capital requirements at the new company, valuing post-spin off working capital improvements, developing a sellside narrative for working capital and future improvement opportunities, identifying and executing working capital improvement opportunities pre- and post-sale, and designing working capital improvement services in TSAs. In 2019, the Sell & Separate practice increased its global team headcount and obtained a dedicated shared services center in India.
Practice Structure	EY's Divestiture Advisory Services (DAS) are part of the firm's legacy Transaction Advisory Services group in its Consulting practice.
Service Delivery Model	Divestitures have become an increasingly important part of EY's offering in TAS, which has an extremely aggressive growth plan for the next several years. EY's value proposition is focused on taking the comprehensive approach from strategy to exit, being able to bring multi-track advisory experience for complex deals, to be complementary to other advisors in the deal ecosystem, bring buy- and sell-side experience, offer integrated services across the divestiture life cycle (e.g., divestiture work plan, strategic decisions, market assessments, project management, financial, tax, human resource and operational matters), the ability to exhibit EY's level of assistance, and access to cutting-edge technology and tools. EY continues to build out its impactful array of continues to invest in M&A-related tools utilizing Big Data analytics, AI and machine learning -- such as its digital M&A financial planner and implementation tool Capital Edge, ePlaybook, carveX, and Embryonic which helps clients visualize their ecosystem. More recently EY's investment focus in M&A technology has shifted towards enhancing IT separation capabilities. The firm also provides impactful thought leadership around M&A through its annual Global Corporate Divestment Study, among others.

Source: ALM Intelligence

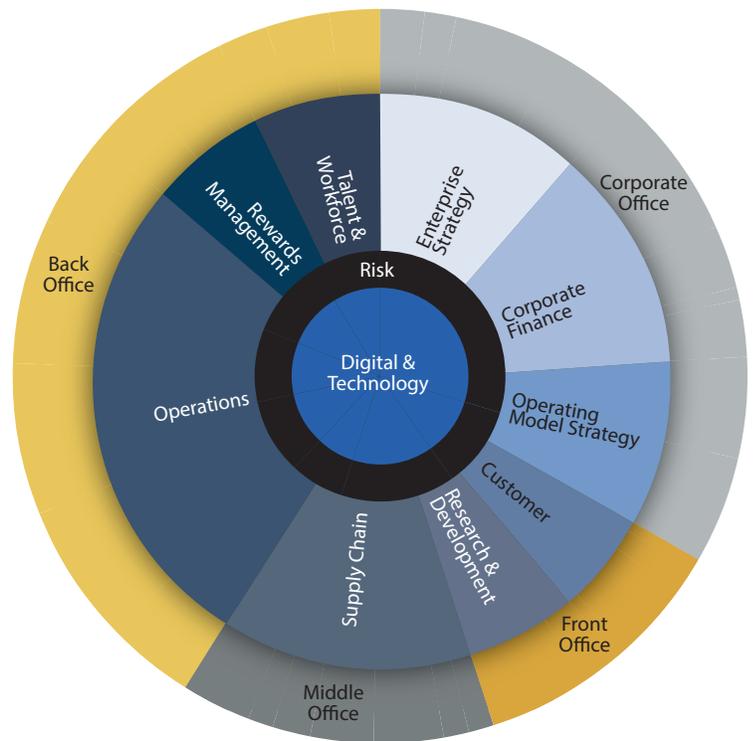
Definitions

What is Transactions-Divestitures Consulting?

Transactions-Divestitures consulting forms part of ALM's series on Corporate finance consulting forms part of the management consulting services directed at clients' corporate office activities. Its objective is to help companies optimize their investment and financing decisions to maximize the value from their strategies.

Corporate finance consulting includes four services.

- Transactions-Acquisitions: executes the acquisition of assets in line with the portfolio and capital strategy through target identification, due diligence, and integration planning services.
- Transactions-Divestitures: executes the divestiture of assets in line with the portfolio and capital strategy through asset identification, due diligence, bidding process management, capital markets, and separation planning services.
- Joint Ventures & Alliances: addresses activities targeted at obtaining resources and capabilities by borrowing them from, or co-developing them with, external partners, including the partnering strategy, deals management, and partnership structure and management.
- Balance Sheet Strategy & Investor Communications: targets the financing of current operations and future growth, including the total shareholder return strategy, capital allocation for growth, optimization of short- and long-term financial management, and protection of assets, investor strategy and management, and activist response services.



Source: ALM Intelligence

Definitions

Consulting Provider Capabilities

Capability Areas	Capabilities	Descriptions
Discovery	Needs Assessment	How does the consultant establish goals and objectives for the project and determine which stakeholders need to be involved from the client organization, consultant, and third parties?
	External Market Insight	How do consultants' knowledge and experience inform diagnostics through benchmarking and trend analysis?
	Internal Client Insight	How does the consultant obtain internal client insights through data analysis and interviewing and workshops and incorporate them in diagnostics?
Design	Strategy	How does the solution align with the client's market, customer and product, and functional strategies?
	Operating System	How are client information, physical, and people assets and processes configured to generate the value add intended by the strategy?
	Management System	How are client resources mobilized, managed, measured, and motivated through governance, incentives, organizational structures, and performance management to execute the strategy?
Delivery	Project Management	How are activities sequenced and resources allocated, aligned, and coordinated to execute and sustain the solution?
	Client Capability Development	How are client technical skills developed and mindsets and behaviors adapted to execute and sustain the solution?
	Enabling Tools	What consultant tools are used for diagnostic and design activities that support the client in executing, sustaining, and refreshing the solution?

Source: ALM Intelligence

Provider Capability Rankings Descriptions

Depth: a measurement of a consulting provider's strength based on its capabilities, including such factors as resources, proprietary methodologies, and intellectual properties

Breadth: a consulting provider's ability to deploy its capabilities in multiple client scenarios across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities

Client impact: a consulting provider's capacity to get results for clients based on the combination of its capability depth and breadth adjusted by the degree of engagement model complexity incurred by its breadth across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities

Methodology

Overview

ALM Intelligence has been researching the management, financial, and IT consulting industry for over 40 years, studying the global consulting marketplace at multiple levels. The resulting market analyses help buyers of consulting services to effectively target best in class providers, and help consulting providers to identify and evaluate business opportunities.

The proprietary research methodology comprises four components:

- Extensive interviews with consulting practice leaders, financial analysts, consulting clients, and clientside industry experts
- Data and background material from the proprietary library of research on the consulting industry and individual firms
- Quantitative data collection from primary and secondary sources
- Key economic data relevant to the sector(s) being analyzed

The research output for a project is derived predominantly from primary research.

Data is obtained through a centralized effort, with teams of analysts collecting, assessing, fact-checking, and refreshing baseline information on leading consultancies and consulting markets. This information populates an extensive knowledge base of consulting providers, widely regarded as among the most comprehensive in the world.

Working collaboratively, analysts narrow their research to the most discrete and pertinent intersection of consulting service/industry/geography.

The experience and knowledge of the analyst team are critical to the success of these research endeavors. Directors and associate directors average over a decade of consulting and/or analyst experience, with an emphasis on professional services. Junior analysts typically bring an average of five years of consulting and/or analyst experience.

The group's long-term relationships with consulting clients and industry leaders are based on trust and respect. ALM Intelligence's fundamental goal is to deliver objective assessments and insightful viewpoints on the management, financial, and IT consulting market.

Methodology

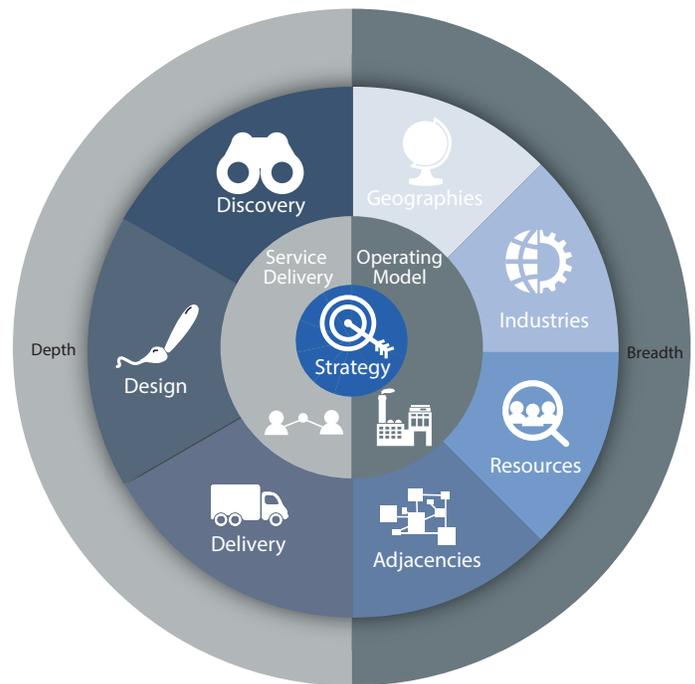
How We Evaluate Consulting Providers

ALM Intelligence’s goal is to deliver objective assessments to help buyers of consulting services effectively identify and maximize the benefits of working with best in class providers.

ALM Intelligence evaluates consulting providers with respect to a particular consulting area in terms of the following baseline criteria. The general criteria below are refined and customized over the course of the research effort based on input from clients and providers:

- **Consulting approach:** What are providers’ points of view on the root causes of client challenges? How do those points of view inform choices about how best to resolve them? How do providers view the intersection of these needs and solutions with other consulting or non-consulting offerings or cross-cutting themes?
- **Consulting organization:** How do providers organize and deploy their capabilities? What sort of consultants and other human resources do they possess, and how do they obtain and use them? What sorts of partnerships, collaborations, and alliances with external parties do they use to bolster their capabilities?
- **Consulting service delivery model:** How do providers deliver their services? Do they employ any particular processes or methodologies, preconfigured tools, or other unique elements of service delivery? Do they follow any particular sequence or direction in their service delivery? How do they measure outcomes?
- **Client pain points and needs assessments:** What factors most influence successful engagements in the opinion of clients? What capabilities do providers need to bring to their engagements to be compelling? What sources of differentiation matter most to consulting buyers?
- **Future development:** What investments are providers making or planning to make to enhance their future capabilities?

In addition to briefings with consulting buyers and providers, ALM Intelligence uses a mosaic approach to derive its findings. This incorporates primary research conducted with industry practitioners, academics, and other experts and secondary research on providers’ public information and other third-party sources of data and analysis.



Source: ALM Intelligence

About ALM Intelligence

ALM Intelligence provides accurate and reliable market sizing and forecasts on consulting services worldwide, needs-analysis and vendor profiling for buyers of consulting services, timely and insightful intelligence on the top consulting firms in their respective markets, and operational benchmarks that measure consulting performance. ALM Intelligence's research spans multiple service areas, client vertical industries, and geographies. Our analysts provide expert commentary at consulting industry events worldwide, and offer custom research for Management Consulting and IT Services firms. More information about ALM Intelligence is available at www.alm.com/intelligence/industries-we-serve/consulting-industry/.

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