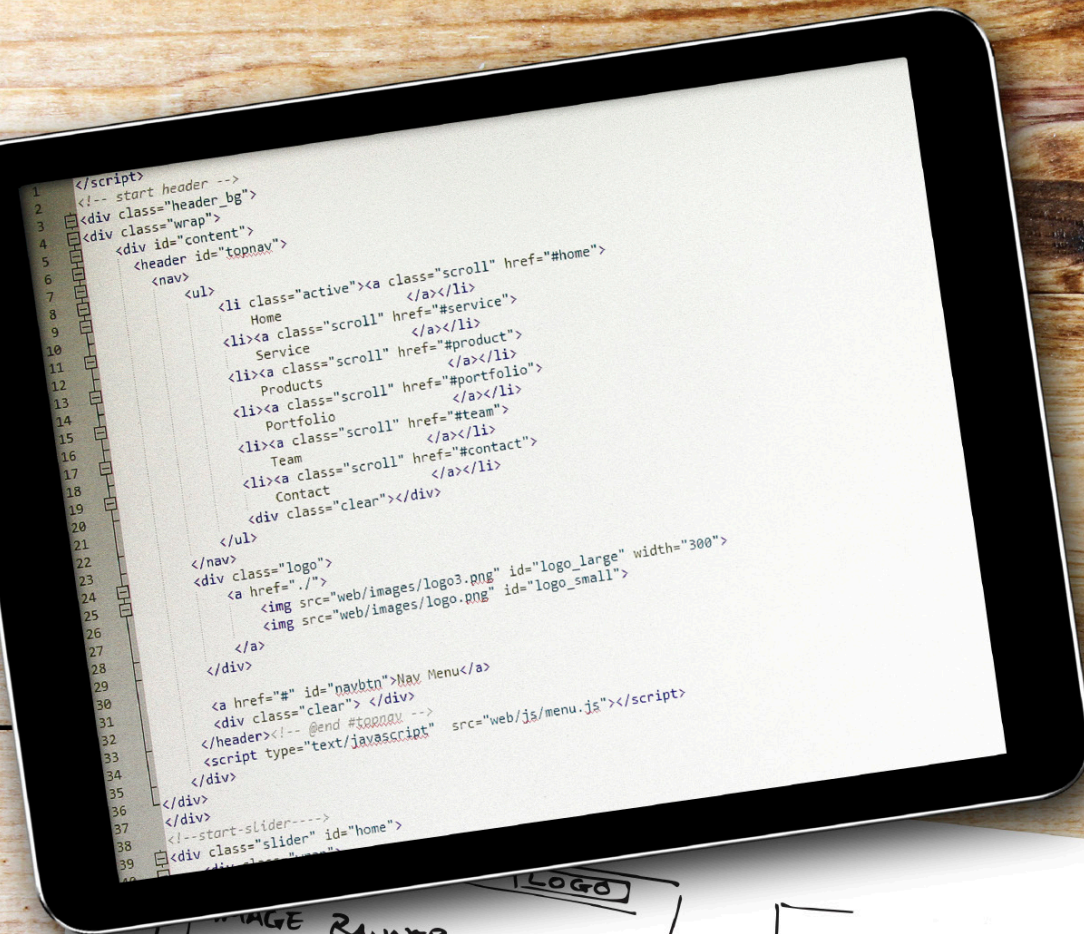


Digital Customer Strategy & Experience Consulting



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Introduction

Digital Customer Strategy & Experience Consulting

The Digital Revolution

Digital technologies are driving a transformation of the world economy equivalent in magnitude and impact to the Industrial Revolution. We have now entered the Digital Age, in which the development and diffusion of information and communication technologies has reached the point where they are bringing about fundamental changes to every aspect of our societies and lives. Just as the technologies of the Industrial Revolution ushered humanity into an age of unprecedented progress and prosperity, but also subjected it to wrenching social change and economic upheaval, so too the Digital Age promises to bring about incredible human advancement as well as profound social change and economic disruption.

Demand for digital consulting services is growing rapidly as digital disruption affects more sectors of the economy and more companies realize that success in the digital era will require fundamental changes to established practices. Consulting firms are helping clients understand and respond to digital disruption in their industries in order to enable them to use digital technologies to improve their operations and better engage their customers and employees. As Simon MacGibbon, Co-Founder & Managing Director at BCG Digital Ventures, points out, "There is a large amount of disruption coming from the start-up world into incumbent industries. And just the sheer audacity, fearlessness and speed of start-ups in taking on traditional business models or innovating around the edges means that large companies are paying attention." Or as David Shrank, Principal and Lead for Digital Strategy at Deloitte Digital, puts it, "There are a lot of business models that will be vaporized in the course of all this."



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What Is Digital Disruption?

Disruption refers to change that is often orders of magnitude greater than average changes experienced by industry participants, typically affects entire sectors of an economy or society, is often either unanticipated or initially underestimated, and results in a change in the established order, with incumbent players losing ground to new entrants, whether start-ups or parallel entrants from other industries. In this report, disruption is used primarily in the context of companies and industry sectors. But more broadly, it is a direct manifestation of the periodic waves of creative destruction described by economist Joseph Schumpeter. Disruption can be referred to as "digital" to the extent that its causes can be traced primarily to the introduction of modern information and communication technologies.

Definitions

Digital Consulting Definition

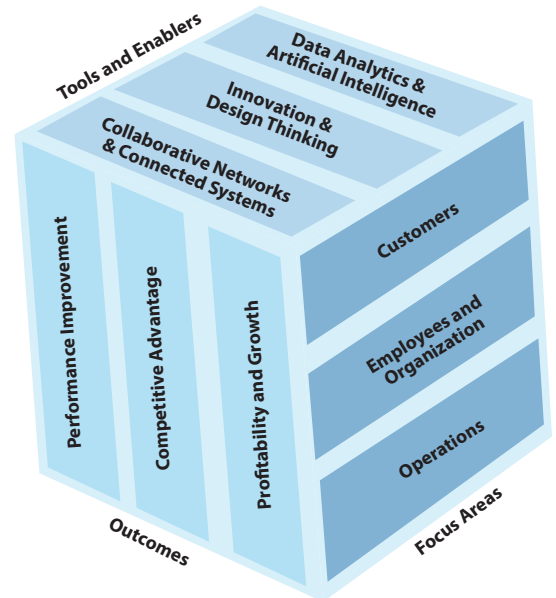
Kennedy Consulting Research & Advisory defines digital consulting as services that seek to help companies bring about improved outcomes for their customers, employees, and operations through the application of tools and enablers such as data analytics and artificial intelligence, collaborative networks and connected systems, and innovation and design thinking.

Although technology is an important component of all of these tools and enablers, digital consulting is about more than just technology. Technology comes into play indirectly in two fundamental roles:

- On the demand side, technology is behind many of the changes in customer behavior and the competitive environment that are driving client spending on digital consulting.
- On the supply side, technology is moving the boundary of what is possible by giving providers new tools and approaches, such as social media, mobile computing, or data analytics, which enable them to help companies solve their fundamental business challenges in new ways.

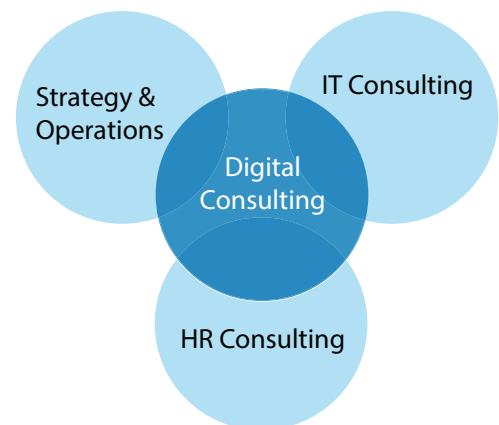
Digital consulting services are applied across a broad range of areas of the value chain, and consequently they frequently cut across traditional consulting service line domains, such as strategy and operations management, information technology, or human resources consulting.

Components of the Digital Consulting Market



Source: *Digital Customer Strategy & Experience Consulting*, Kennedy Consulting Research & Advisory

Relationship Between Digital Consulting and Other Consulting Service Line Domains



Source: *Digital Customer Strategy & Experience Consulting*, Kennedy Consulting Research & Advisory

Definitions

Digital Customer Strategy & Experience Consulting Definition

The digital consulting market is divided into three main focus areas. The scope of this report is focused on the digital strategy and customer experience consulting market, which is the portion of the overall digital consulting market concerned primarily with helping companies address issues related to their customers (including B2B and G2C*as well as B2C).

The digital strategy and customer experience consulting market comprises a range of consulting services, from customer strategy development through to customer data analytics and customer experience design. These services are united by a common emphasis on helping clients achieve their broader goals of performance improvement, competitive advantage, and increased profitability and growth through the use of digital tools and enablers to better understand and influence their customers' behavior and improve the quality of their interactions and experiences. Describing the role of digital technology in customer experience design, Michael Hinshaw, President and CEO of customer experience specialist McorpCX, perfectly captures the customer experience ethos when he explains, "You have to use digital to make human interactions more effective. At the same time, it's critical to make digital interactions more personalized."

Client Demand for Digital Strategy and Customer Experience Consulting

Customer-focused digital consulting services are being driven primarily by companies' need to adapt to changing customer behaviors and expectations and to address new competitive threats and growth opportunities. More specifically, providers of digital consulting services are assisting clients with the following:

- Move from a transaction-based to a more holistic view of the customer that is personalized, conversational, and relationship-based
- Adopt more targeted approaches to engaging with customers that use data analytics in an attempt to understand and respond to each customer's individual needs
- Consider their customer interactions as crucial opportunities to strengthen relationships with customers, burnish their brands, learn more about customers' needs, solicit feedback on product design and delivery, and drive increased sales and customer retention
- Transform all aspects of their operations to become more customer-centric, including breaking down silos, optimizing cross-channel delivery, and managing cultural change

* Government to citizen

Definitions

Digital Customer Strategy & Experience Consulting Definition

Client Sponsors

CIOs. Within the IT department, where the vast majority of CIOs' budgets are spent on non-discretionary items to keep the company running, customer-focused digital consulting has benefited from the shift toward cloud computing, which has freed resources that would otherwise have been directed toward more traditional hardware, software, or IT service needs. In the current uncertain and fast-changing environment, many clients are reluctant to commit additional resources to large systems projects with big price tags and long implementation times. Smaller, faster digital projects that promise more immediate ROI and take advantage of existing data and infrastructure are very attractive, particularly for companies that have just made considerable investments of time, money and effort in implementing organizationwide ERP or CRM systems.

CMOs. In the customer-focused realm of digital consulting, one of the largest and fastest-growing areas of client spending lies within the marketing organization. As with the IT department, this spending also tends not to be "new" money – it may be new from the perspective of the consulting industry, but revenue gained to digital consulting firms from the CMO is typically revenue lost to traditional

advertising and marketing agencies. As more and more companies begin to see the customer experience as offering a better (and more measurable) return on investment than traditional marketing, this trend is set to increase. In a bid to retain some of this spending, some marketing agencies are attempting to build up their digital customer experience capabilities and reposition themselves as digital consultancies. Others are likely to sell out to larger groups or exit the market entirely.

CEOs. High-level digital strategy engagements and large-scale digital transformations tend to emanate from and be directed by the office of the CEO. The former are many in number, short in duration, modest in terms of cost, and increasingly the first part of a larger digital consulting engagement with a significant implementation component, as opposed to being stand-alone strategy exercises. The latter are fewer in number and longer in duration, but still notably shorter than the epic transformation projects of the previous two decades, thanks to the general acceleration and compression of the rate of change in business. They are also far more expensive than the average customer-focused digital consulting engagement.

Definitions

Digital Customer Strategy & Experience Consulting Provider Capability Areas

Leading providers of digital customer strategy & experience consulting services display consulting capabilities in some or all of the following areas.

Digital Customer Strategy & Experience Consulting Provider Capabilities

Capability Areas	Description
Digital Customer Strategy	Developing strategies to help clients understand, adapt to, and profit from digital disruption; assisting clients in attracting and engaging with customers (both B2C and B2B) in the digital age. Involves deciding which customers to target and how; may require fundamental changes to the business model, operating model, and product or service portfolio.
Customer Experience Design	Designing physical and digital experiences that deliver on the promise of the client's brand for customers. Involves discovering what customers actually experience, mapping their journeys, developing personas, and redesigning end-to-end experiences from the customer's perspective to ensure they meet or exceed the customer's expectations, reinforce the client's brand proposition, and align with the client's business needs.
Customer Data Analytics	Involves deriving analytical insights from customer data and applying them to drive improvements to the customer experience. Requires strategic data skills (finding the right data, asking the right questions of the data), not just analytical tools and algorithms. Emphasizes helping clients develop their own sustainable internal data analytics capabilities.
Customer Insight	Involves using customer experience approaches (such as persona-based analysis, ethnography and behavioral science) and digital tools (such as social and mobile data analysis) to help clients develop a more meaningful and useful understanding of their current and potential customers, customers' values and motivations, and how to influence their behavior.
Digital Innovation	Components include digital innovation strategy and product and service innovation. Involves directly helping clients create new, often disruptive, products and services (both digital and physical), as well as aiding clients with developing their own sustainable digital innovation capabilities. Involves instilling a digital innovation mindset (fail fast, minimum viable product, rapid prototyping, etc.) as well as physical and digital design and engineering capabilities.
Agile Problem Solving	Involves marrying innovation and design thinking (right brain) with the classical hypothesis-driven management consulting problem solving approach (left brain). Characterized by highly collaborative, multi-disciplinary, cross-functional teams that often co-create alongside clients, and above all, by a radical acceleration of turnaround times.
Digital Business Process Transformation	Involves making the changes and improvements to the client's systems and processes on the back-end that are required to enable the client to deliver the improved customer experience on the front-end, from the basic digitization and redesign of business processes through to organizational design, channel alignment, and end-to-end digital transformation.
Organizational Change	Involves helping the client transition from a traditional way of working (hierarchical, bureaucratic, siloed, risk-averse) to a digital way of working (flat, open, collaborative, multi-disciplinary, cross-functional, agile, experimental, and willing to risk failure) across the entire organization. Requires cultural awareness and change management and involves aligning employees from C-suite executives through to front-line workers.

Source: *Digital Customer Strategy & Experience Consulting*, Kennedy Consulting Research & Advisory

Market Trends

Digital Customer Strategy Is Agile Strategy

Client need. Companies need a digital customer strategy to help them understand and address the changes, opportunities, and threats brought on by the digital revolution, and they need a partner who can help them develop and implement that strategy in an agile way (fast, flexible, creative, iterative, and focused on creating the maximum impact in the minimum amount of time).

Issues. Digital forces clients to ask fundamental questions about their business and operating models, such as what role they play in their ecosystems, whether they have the right capabilities and the right portfolio of products and services to compete in the future, or even whether digital changes what business they are in and who their customers are.

Despite this increased level of uncertainty, customer strategy is not fundamentally different in the digital age. As Massimo Russo, Senior Partner & Managing Director and North America Technology Advantage Practice Leader at The Boston Consulting Group (BCG), says, "Once digital enables a new business model and it's a question of competition amongst business models, it's traditional strategy, it's really no different. All the questions of how you're going to compete, and where you're going to invest, these are all traditional strategy questions. But it's about knowing that these new business models are enabled through technology and what the business models are, and not being blind to what's coming on the horizon."

If the fundamentals of customer strategy have not changed in the digital age, what has changed is the speed of execution. Because of the increasing rate of change in client industries – visible in everything from compressed product lifecycles to increased

Recommended Actions

Prepare ship for ludicrous speed. Companies that get their customer strategy right but bring it to the market too late will still lose out to nimbler competitors. To succeed in the Digital Age, companies need to operate at digital speed, and that includes strategy development. "You need to find a way to prototype your strategy," says Ralf Dreischmeier, Senior Partner & Managing Director at BCG and Global Leader of its Technology Advantage Practice. "Strategy is no longer a three- to six-month process with PowerPoint slides. It's a four-week innovation sprint where you've got a mock-up prototype at the end. That's digital strategy."

Technology is the easy part. As Deloitte Digital's David Shrank says, "With digital strategy, the technology is the easy part. It's not a matter of having to go build some insanely complex technology, it's more a matter of changing your philosophy and thinking to be more omni-channel in a customer sense and then looking at your enterprise and saying, 'How could we possibly be omni-channel with the way our data flows, with the way our organization is structured, with the way we pay people, with our incentive structures?'"

Fail fast and move on. Success in the Digital Age requires creativity and experimentation, and that implies making bets that will not all pan out. Companies need to guard against an excessively conservative culture that penalizes short-term failure more than it rewards long-term success. As Dr. Didier Bonnet, Senior Vice President & Global Digital Transformation Practice Leader at Capgemini Consulting, puts it, "Quick wins, proof of concept, pilot, rapid prototyping, that kind of thing, is really the new way of working. Really getting the client into an experimental mode. A few things will fail, but don't worry, what works will scale."

Market Trends

Digital Customer Strategy Is Agile Strategy

customer churn – companies have had to be much nimbler in developing and deploying customer strategies. Strategy development is now measured in terms of days, not weeks; implementation is measured in terms of weeks, not

months; and throughout every step, the process has to be more flexible to allow the company to change direction in response to new developments.

Market Trends

Customer Data Analytics Capabilities Are Constrained by Scarcity of Digital Talent

Client need. Companies need help making sense of and exploiting the explosion in customer data available to them. At this point, most business leaders are well aware that Big Data is having an important impact on how they engage with their customers; what they want to know is what to do about it.

Issues. For most executives, the single biggest factor constraining the implementation of their digital agendas is not technology or capital, it is a scarcity of people with the right digital skill sets. The shortage of data scientists and analytics experts is particularly acute, but people with more creative skills such as designers or specialists in areas such as behavioral economics or psychology are also highly sought after. Nowhere is this scarcity more evident than in the data analytics space. “The technology exists,” explains Paul Willmott, Director and Global Leader of McKinsey Digital. “It just hasn’t been applied yet. The big problem is, can you hire the people to do the analytics? It’s really hard to hire those people.” Marc Schuurin, Partner & Managing Director at BCG, concurs: “The war for talent is real. Demand for people who can actually work across all the digital building blocks, with the clients, with other digital service providers driving the ecosystem, is going to grow rapidly.”

At a macroeconomic level, the demand for digital talent has outstripped the ability of the educational systems to produce workers with the required skill sets. For most clients, this imbalance is exacerbated by the fact that they are not only competing for digital talent with their direct competitors, they are also competing with firms in other industries, including start-up and established technology companies and the digital consulting providers themselves. Indeed, many consulting firms are grappling with this same issue, but they have significant advantages over their clients in attracting and retaining the top digital talent. Clients are usually unable to offer prospective digital employees the kinds of remuneration packages and career opportunities required to compete with the top consulting firms and technology companies.

Recommended Actions

Make developing digital skills a top priority. Developing their internal digital skills is critical to companies’ success, but given the difficulties, it will not happen on its own. “With some of the companies that we see moving the fastest, the bottom line is that it’s because they develop the skills much faster than others do,” observes Capgemini Consulting’s Dr. Didier Bonnet.

Make your company a place where creative people want to work. This is about culture as well as the physical environment; it isn’t sufficient just to install an air hockey table and an espresso machine, although creating an attractive workplace that encourages collaboration and innovation is important – as James Crowther, Senior Director, Digital Design Lead for EMEA at Cognizant Digital Works, points out, “if designers see cubicles, they’ll run away.”

Outsource the work, but insource the knowledge. Companies that can’t attract or retain the right digital talent need to supplement their internal capabilities with external help, but they should avoid becoming dependent on the provider by ensuring there is knowledge transfer and seeking to establish a sustainable internal customer data analytics capability in the long term. “Everyone needs to understand digital, but not everyone needs to become a digital consultant,” points out John Riccio, Australia Digital Change Leader for PwC.

Market Trends

Customer Experience Is the New Marketing

Client need. Clients need help engaging with customers, who increasingly base purchasing decisions on the quality of the customer experience and abandon companies that fail to meet their rising expectations.

Issues. Client interest in customer experience design has increased dramatically in recent years because customers have developed higher expectations of ease and simplicity of use, excellence of service, and speed of delivery, and companies are struggling to meet these expectations using traditional approaches. As David Shrank, Principal and Lead for Digital Strategy at Deloitte Digital observes, “Customers have been trained to be able to solve just about any problem they have on their phone in under a minute without talking to a single person. Good luck to your brand if people are expecting that and you can’t meet that expectation.”

What’s more, many companies are finding traditional marketing and advertising-based approaches to attracting and retaining customers to be increasingly ineffective. As Mark Taylor, Global Lead for Digital Customer Experience at Capgemini Consulting explains, “What drives brand preference increasingly is experience, it’s not communication. Experience is the new marketing. Marketing budgets are descending year-on-year, media budgets are going down, experience budgets are going up. In order to deliver experience, you have to reach deep into the client organization, and broadly into the customer ecosystem. And that is something that consultancies can do really well.”

Recommended Actions

Experience isn’t only skin deep. Improving customer engagement requires more than just a superficial fix. As Capgemini Consulting’s Mark Taylor cautions, “If the ask is, ‘We need an app,’ well, you don’t really need an app. What you need is another vehicle to engage your customers.” Even the best digital customer experience will be ineffective if the company fails to address what happens behind the scenes after the customer clicks.

Measure twice, cut once. Companies considering redirecting marketing budgets into the customer experience should first assess their goals and establish quantifiable metrics for evaluating the effectiveness of their marketing spend. One of the underappreciated aspects of the digital revolution is how the increased ability to measure so much of the world is enabling business leaders to base decisions on data in areas where they were once forced to rely on hunches and guesswork.

The experience is your brand (and vice-versa). In order to successfully engage their customers, companies need to develop a brand message that is compelling and relevant to customers, and that message must be consistently reinforced by the customer experience across channels and touchpoints. “In today’s world, your strategy needs to be about the reason for your company to exist in a way that consumers can understand,” says Josh Sutton, Vice President and Managing Director at Sapient Global Markets. “Consumers are interacting with your brand across a multitude of different touchpoints that are enabled by technology. You need to be telling your brand story consistently across those touchpoints, tied back to your company and corporate strategy.”

Market Trends

Customer Experience Excellence Requires Organizational and Cultural Change

Client need. Just addressing the customer experience from the front end is not sufficient. To deliver consistently excellent end-to-end customer experiences, companies need to go beyond the superficial level and address the business processes supporting the customer experience as well.

Issues. Becoming truly customer-centric requires companies to change the way they are organized and the way they work. "It's impossible to do these things one little piece at a time to get the real transformation that a lot of folks are looking for," explains Deloitte Digital's David Shrank. "You can build a mobile app, you can have a social capability, you can do an awful lot of things, but if your data aren't talking to each other, if your people aren't set up to work together in a way that everybody wins, if the fiefdoms that have existed for 10 years aren't looked at and potentially changed, then your customers will see that in the way that they're treated and in the way the experience unfolds for them."

Once again, technology is not the main limitation. Technology has progressed faster than the ability of companies to adjust their organizations and cultures to adapt to the changes and take advantage of the opportunities. "At the end of the day, it's a cultural change more than anything, and to change a culture, people have to be motivated to want to be a part of that culture," says Josh Sutton, Vice President and Managing Director at Sapien Global Markets.

Recommended Actions

Secure executive buy-in. "The most critical key to success in any major transformation program is getting executive support and alignment at the forefront because if you don't have that alignment and that agreement to truly support change, it's going to be undermined in both active and passive-aggressive ways throughout the entire process," says Sapien's Josh Sutton.

It all comes down to execution. BCG's Ralf Dreischmeier points out that "to define the 'what' is one thing, to deliver the 'how' is very often quite different. As this digital disruption wave matures, we'll find more and more that companies will struggle with the 'how,' rather than defining the 'what.'"

Be prepared to take a deeper look at your operations. Customer-focused digital consulting is one of the biggest drivers of operations-focused digital consulting. As Capgemini Consulting's Mark Taylor explains, "In order to sustain the required changes in customer experience, you have to make the operational changes to accommodate those. While customer experience is still obviously very important... there's an increasing realization that the ability to sustain that change and create mutual value requires changes on the operational side as well."

Case Studies

McorpCX Helps Microsoft Design a Connected Customer Experience Framework

Issues. In support of the incoming CEO's vision to transform Microsoft into a customer-obsessed company, the CIO sponsored an initiative aimed at improving the customer and partner experience across channels and products. The lack of an end-to-end, customer-centric view of the upgrade process and excessive touchpoints and hand-offs between internal silos had led to inconsistent and frustrating experiences for some customers and partners. Microsoft needed to better understand its customers and redesign their journeys from an outside-in perspective.

In addition, Microsoft needed to adapt to changes in the behavior and preferences of customers, whose purchasing decisions have been increasingly determined by factors related to the customer experience as opposed to product features. As Sasha Frljanic, Chief Experience Architect, Customer & Partner Experience at Microsoft, explained, "Microsoft is an engineering-driven company; they create products that make people's lives easier... But we've reached a point in the market right now where it's not the product features that drive the experiences, but other things that people want, such as an end-to-end experience, ease of use, ease of subscribing, or ease of support."

Engagement. McorpCX led workshops in which it and the Microsoft team jointly developed personas and explored the customer journeys. McorpCX conducted quantitative and qualitative customer research to better understand who its customers were and what motivated them. The research helped win over skeptics and earn internal buy-in for the project and provided external validation for the customer experience strategy McorpCX developed with the Microsoft team.

Microsoft changed the way the IT organization executed projects, streamlining processes and reducing hand-offs. Through its use of multi-disciplinary, cross-functional teams, McorpCX helped break down internal silos and barriers to cooperation. Involving IT in the business discussion and aligning IT more closely with

Takeaways

An outside-in, end-to-end perspective. The customer's perception of the experience is the only opinion that matters. Experiences must be viewed from the customer's perspective, across the entire end-to-end journey.

Co-creation and knowledge transfer. Active participation in the consulting engagement increases the likelihood of success, while the transfer of knowledge from the consulting provider to the client is key to building sustainable capabilities.

Cross-functional collaboration. Working across disciplines and increasing internal collaboration is not only a powerful way to improve the customer experience and increase efficiency, it also can help motivate teams and unleash the creative potential of your employees.

Experience trumps features. Purchasing decisions are increasingly driven by the overall customer experience, not the specific product or service features. Differentiation in the market requires a compelling experience as well as a compelling product or service.

Case Studies

McorpCX Helps Microsoft Design a Connected Customer Experience Framework

the customer strategy has reinforced the value it adds as a trusted business partner and advisor to other internal groups. The incubation project that started in Microsoft's IT department and has evolved beyond IT and found its home at the heart of the Microsoft Customer and Partner Experience organization, and has aided new internal organizations such as Enterprise Marketing in changing their go-to-market approach.

Outcomes. The changes that the McorpCX team set in motion have contributed to a shift across the enterprise in the way Microsoft perceives and engages its customers. Whereas Microsoft's understanding of its customers in the past relied on a traditional customer segmentation marketing approach and a narrowly defined view of the user experience, it now pursues a persona-based customer strategy and takes an end-to-end view of the customer experience. Grouping customers in more meaningful ways – for example, by what role an executive plays in his or

her organization – has allowed Microsoft to reach its target audiences with tailored messages that resonate better with those users. At the same time, the improvements to the customer journeys have resulted in more relevant and compelling experiences for customers, who no longer need to navigate an inconsistent and often frustrating process that required them to deal with multiple internal functional areas. Frljanic summarized the impact of the engagement thusly: "We see a change in direction at Microsoft. Microsoft is a big place; it's not going to change overnight. But the early wins are pretty significant. And McorpCX helped us with that – they set up the framework, they set the vision of how to do it, they co-created with us, they trained us. We now have the new Microsoft-wide Connected Customer Experience framework, the knowledge that we needed, and we are now able to operate with a much more outside-in, customer-obsessed approach than we could two years ago."

Case Studies

Capgemini Helps North American Restaurant Chain Develop Digital Customer Strategy

Issues. Having identified digital as an area of strategic interest, the client's board decided to engage an outside advisor to help it develop a digital strategy and explore digital opportunities. Capgemini Consulting was chosen because of the strong credibility it established during previous engagements. Despite being in a position of strength from a competitor and customer perspective, and although it was initially cautious about digital technologies, the client became convinced that developing digital capabilities such as customer data analytics and customer insight was key to sustaining its leadership position in the long term. The client focused on two areas in particular: First, in the near term, the client wanted to reduce friction points in the existing customer experience. Second, over the long term, the client wanted to get a better understanding of its customers to ensure the customer experience continued to address their changing wants and needs.

Engagement. There were three main components to the engagement. In the first phase, Capgemini Consulting assessed the client's capabilities, undertook a deep dive on customer loyalty and helped the client develop a digital customer strategy, which identified two priority areas of focus. The first area was using customer experience tools and approaches to enable the client to better understand and meet its customers' needs. Capgemini Consulting performed customer research, helped develop personas and journey maps, and then assisted the client with establishing a sustainable customer experience capability. The client identified a group of personas in the Millennial generation as an important and growing part of its customer base that would respond positively to a digital customer experience. The second focus area was mobile. Capgemini Consulting helped the client develop a mobile strategy, which led it to decide to launch its first mobile app, aimed at improving its customers' in-store experience.

Takeaways

Leaders need a digital customer strategy, too. It is not just the laggards that can benefit from a better understanding of their customers and a strategic approach to continuous improvement of the customer experience.

Not all the opportunities are digital. Digital strategy work can identify opportunities in areas that are not primarily digital in nature, such as physical store design. Companies need to successfully marry the digital with the physical to maximize the potential benefits of digital.

The right mix of skills. When an engagement spans digital strategy, customer experience, and architecture/technology, having an advisor with all of those capabilities under one roof, who can manage the complexity of the engagement and is able to speak equally well to the CEO, COO, CMO, and CIO, can be a huge success factor.

Culture is key. Successful consultants integrate themselves quickly and effectively into the client's culture, understanding and respecting the core values and flexing their process to suit the client's specific needs. Modeling the future state through their own behavior and the collaborative work methods they employ, they can help to swiftly catalyze necessary cultural change at all levels of the organization.

Case Studies

Capgemini Helps North American Restaurant Chain Develop Digital Customer Strategy

Outcomes. Through the use of customer experience techniques like persona-based research, customer journey mapping, and the better use of internal and external data, the client gained a much deeper view of its customers, which led directly to actionable insights such as the focus on Millennials. The client has improved the in-store experience through the mobile app, and is working on ways to do so through changes to the physical real estate of the restaurants as well. Perhaps most importantly, with Capgemini Consulting's collaborative approach to sharing their experience and digital transformation expertise, the

client successfully changed its leadership culture and turned executives who were initially skeptical into digital advocates. As the client's Group Director for Digital Strategic Initiatives explains, "When we started this, there was no [executive] interest in this – zero. But because they started seeing the business case, within ninety days of meeting with those executives twice a week... all of a sudden, we went past that tipping point where our executives were now leading the change. And for digital to be successful, that's what it takes. It really starts with leadership."

Market Size & Forecast

Outlook for Digital Customer Strategy & Experience Consulting

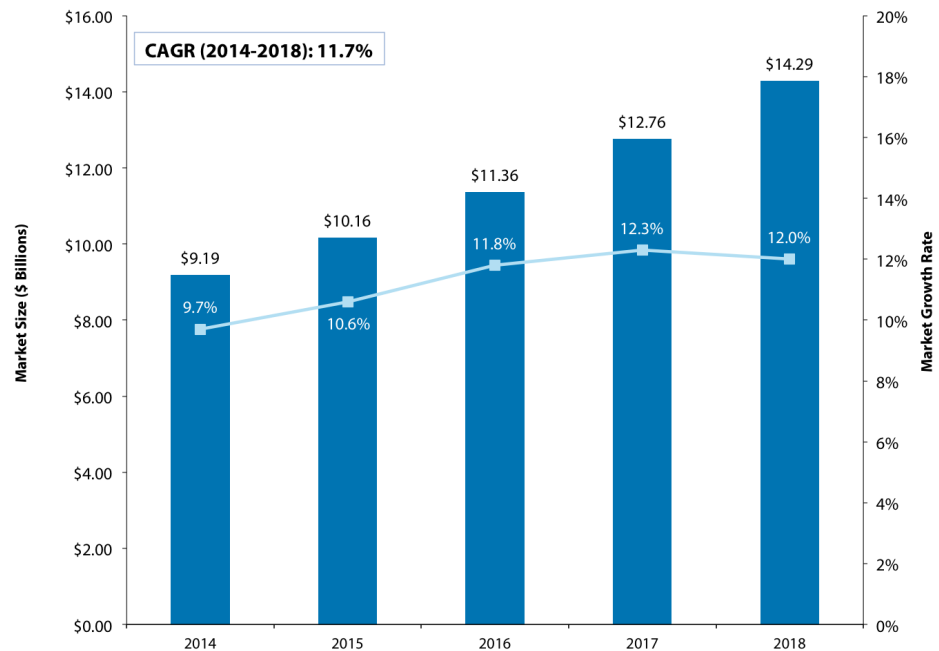
The global market for digital customer strategy & experience consulting services is expected to increase at a CAGR of 11.7% over the 2014-2018 forecast period. With the notable exception of large end-to-end digital transformation projects, which still remain relatively rare, most of the rapid increase in spending on customer-focused digital consulting does not represent significant additional expenditure by clients, but rather reflects a shift in spending priorities toward digital consulting from other areas of the budget.

The increase in spending will be driven by a number of factors, three of which stand out in particular:

- First, in industries where spending on customer-focused digital consulting is fairly well established, companies that have made no meaningful investment in customer strategy or experience – either because they have been skeptical of its merits or because they have been stuck in the “exploratory committee” phase – will be forced to get off of the sidelines or risk falling permanently behind not just the leaders, but the average competitors in their industry.
- Second, the majority of companies in these same industries that have already undertaken at least some degree of customer-focused digital work are likely to increase their spending as they start to see positive returns from their initial investments. As projects that, in many cases, were relatively small pilot programs and proofs of concept begin to be developed in greater depth and rolled out across the entire client organization, spending from these existing clients will rise considerably.
- Third, there is significant potential for growth in the market from clients in industries where spending on customer-focused digital consulting is still not yet well established, such as in healthcare and pharmaceuticals or the public sector, where client organizations have not traditionally thought about their businesses from a customer-centric perspective.

In the short term, the increase in spending from existing clients is likely to be the main driver of overall growth in the market in dollar terms, although spending from new clients is likely to make up a greater portion of the increase in terms of the number of engagements.

Digital Customer Strategy & Experience Consulting Client Spending and Growth Forecast, 2014-2018



Source: Digital Customer Strategy & Experience Consulting, Kennedy Consulting Research & Advisory estimates

Market Size & Forecast

Consulting Spending by Industry

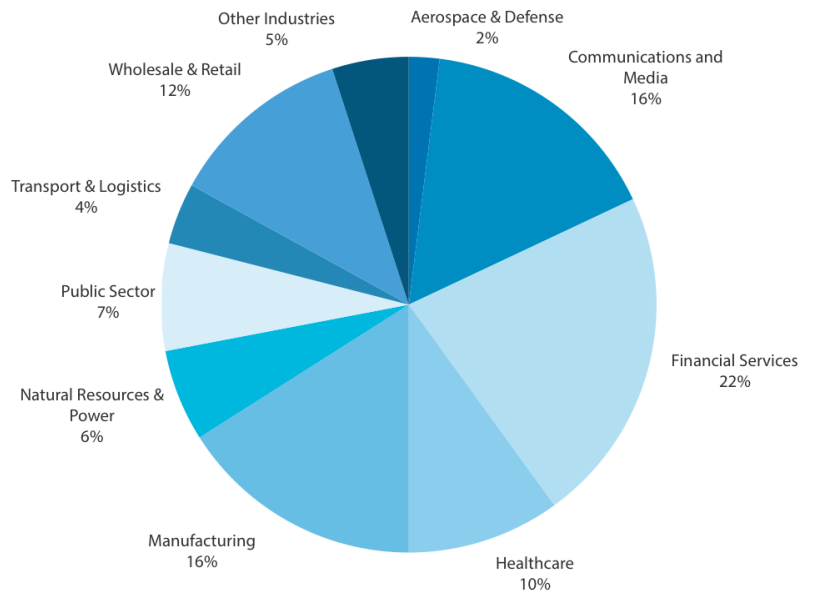
The strong industry narrative to the market for digital customer strategy & experience consulting has three main components:

- Broad trends.** Although it has increased faster in some industry sectors than others, digital customer strategy & experience consulting spending has increased across the board, which is a reflection of the fact that the digital revolution is driving broad, underlying technological and societal changes that are having an impact on clients across the economy. “When you’re doing strategy work these days, there’s almost no sector where [digital] isn’t one of the most important considerations,” says Marc Singer, Director and Co-Leader of McKinsey Digital.

- Eye of the storm.** Much client spending is being driven by the threat of digital disruption, so it is no surprise that spending has been high in sectors of the economy that have been most directly affected so far by the technological and economic forces unleashed by the digital revolution. As McKinsey Digital’s Paul Willmott explains, “There are a number of sectors we would describe as being already digital or post-digital, like media, where if you’re not digital, you’re not in business... At the other end, you’ve got the businesses which are... just becoming digital, very nascent, like mining. Then there’s a third category which is the most interesting, which is the ‘eye of the storm’ sectors. Those are the sectors where there is real change going on, which is usually driven by a combination of two things. One is customer adoption, so for example, banking, insurance, utilities, all of these businesses where customers rarely want to go into a branch. The second thing is, what percentage of the value chain can be automated. In paper-based businesses (Telco’s, insurance, banking, etc.), you can cut swathes – perhaps half – of the cost of those businesses out through automation. As a result, the combination of the shift in customer behavior plus the cost opportunity has created a space for attackers.”

- Level of concentration and competition.** Industry structure plays an important role in explaining client spending levels by sector. The more highly concentrated an industry is and the greater the current barriers to competition, the more attractive a target it will be for digital disruptors, and the more the

Digital Customer Strategy & Experience Consulting Client Spending by Industry, 2015



Source: Digital Customer Strategy & Experience Consulting, Kennedy Consulting Research & Advisory estimates

Market Size & Forecast

Consulting Spending by Industry

entrenched incumbents in that industry will stand to lose from digital disruption. These incumbents have both the incentive (because they recognize that they are in the path of the coming storm) and the wherewithal (due to legacy businesses that are still, for the moment,

producing reliable profit streams) to spend on digital consulting services. Good examples of industries that match this description include retail banking and wealth management, many utilities, and some manufacturing industries such as the automotive industry.

Market Size & Forecast

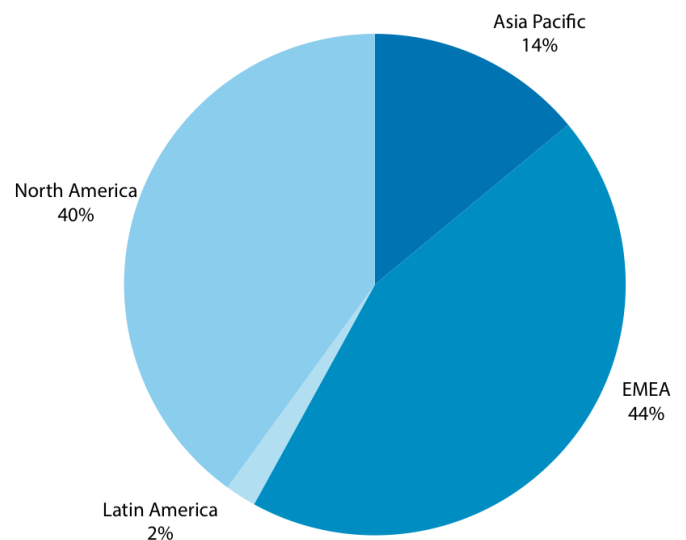
Consulting Spending by Geographic Region

Client spending on digital customer strategy & experience consulting is dominated by the North America and Europe markets, the two largest and most mature markets for consulting services overall. This partly reflects the higher average level of sophistication of clients in these regions, as well as their higher propensity to spend on consulting services in general (very few digital consulting clients in these regions are first-time buyers of consulting services). This is also an indication that spending is still being driven more by defensive than offensive motivations, since many of the incumbents who are concerned with surviving the next wave of digital disruption are based in the more mature European and North American economies.

Client spend on digital customer strategy & experience consulting is highest in **EMEA**, with a 44% market share, although the **North America** market is the most mature, with the greatest penetration of customer-focused digital consulting services with respect to the size of the underlying economy.

The **Latin America** consulting market has grown at a comparable pace to the overall consulting market, although its market share remains small relative to both the global market and to the overall size of the Latin American economy. The **Asia Pacific** market, although growing in absolute terms, has actually shrunk modestly from a market share perspective, as its growth has been outpaced by that of the other regions.

Digital Customer Strategy & Experience Consulting Client Spending by Geographic Region, 2015



Source: *Digital Customer Strategy & Experience Consulting*, Kennedy Consulting Research & Advisory estimates

Competitive Landscape

Digital Customer Strategy & Experience Consulting Providers by Revenue

The table groups providers by their 2014 revenue generated from the customer-focused areas of the digital consulting market. Revenues from other consulting or non-consulting business lines are not included.

Although the table does include the largest providers in this market, it is not intended to be an exhaustive list of all providers in this market within the given revenue bands. This is the case

particularly in the sub-\$50 million tier, given the proliferation of small boutique firms in this area of the digital consulting market.

Although a relatively small number of firms are clear leaders from a revenue perspective, with only Accenture, Deloitte Digital, and McKinsey & Company earning more than \$500 million in 2014, this belies the fact that this is still a relatively immature and rapidly growing segment of the market with a low overall level of market concentration. Furthermore, considerable movement has taken place in the revenue rankings in just the past few years, particularly in the middle tiers of the revenue table, as medium to large firms that are well established in other areas of consulting have begun to make serious investments to grow their digital consulting businesses, both organically and through acquisitions. BCG, Cognizant, EY, IBM, and KPMG in particular stand out as having made some of the biggest increases in their customer-focused digital consulting businesses respective to where they stood in terms of revenue two to three years ago.

Digital Customer Strategy & Experience Consulting Providers by Revenue, 2014

Revenue (CY2014, \$M)	Consulting Provider		
> \$500	Accenture	Deloitte Digital	McKinsey & Company
\$251 - \$500	Bain & Company	The Boston Consulting Group	EY
	IBM	PwC	
\$50 - \$250	A.T. Kearney	Capgemini Consulting	KPMG
	PA Consulting	Sapient	
< \$50	BearingPoint	Cognizant	North Highland
	McorpCX		

Source: Digital Customer Strategy & Experience Consulting, Kennedy Consulting Research & Advisory

Competitive Landscape

Digital Customer Strategy & Experience Consulting Competitive Groups

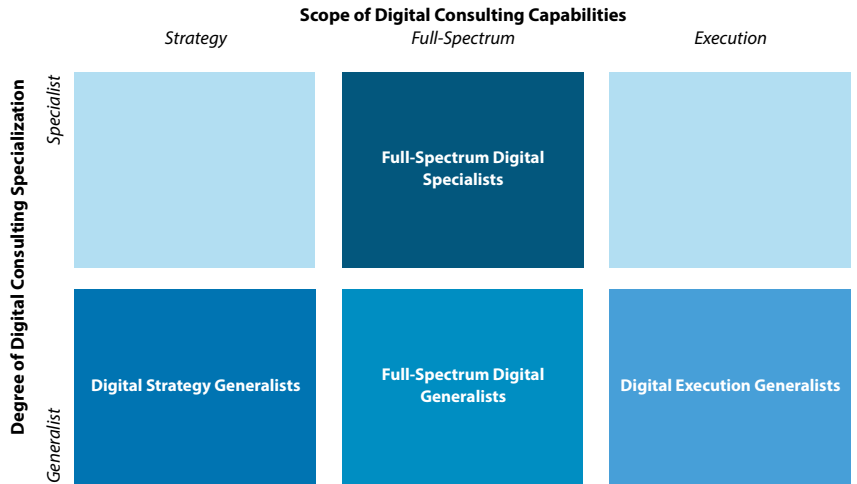
Digital Customer Strategy & Experience Consulting Competitive Groups

Providers can be categorized into four distinct competitive groups based on the way they approach the digital customer strategy & experience consulting market:

- Digital strategy generalists
- Full-spectrum digital specialists
- Full-spectrum digital generalists
- Digital execution generalists

Although each firm has its own unique position defined by its market approach and relative strengths and weaknesses, the firms in each of the four competitive groups also share common characteristics and perspectives. Providers tend to compete most closely with the other firms in their groups.

In turn, firms’ market approaches are the result of practical considerations (i.e., firms tend to choose to compete in areas that best align with their operational footprints and perceived strengths), but are also driven by differing views on where the market is headed and how best to serve it. For example, firms differ markedly on the question of how tightly to integrate their digital capabilities with the rest of the firm, and whether or not to go to market under a different brand in digital consulting. By looking at firms’ market approaches along two axes, the matrix in the figure generates six possible competitive groupings, four of which are relevant to this analysis.



Source: *Digital Customer Strategy & Experience Consulting*, Kennedy Consulting Research & Advisory

Competitive Landscape

Digital Customer Strategy & Experience Consulting Competitive Groups

The two axes are as follows:

Degree of digital consulting specialization. Most firms in this analysis are generalists in the sense that digital consulting is but one of a number of consulting areas in which they operate, as they also offer a broad range of professional services outside of consulting. Digital specialists, on the other hand, tend to be either boutique firms operating primarily or exclusively in one area of digital consulting (e.g., customer experience design) or larger firms that have determined their approach to the entire consulting market should be driven by digital.

Scope of digital consulting capabilities. Although all of the firms in this analysis have at least some capabilities at both the strategy and execution ends of the digital consulting spectrum, in practice, firms' capabilities and their perception of the market tend to align them with one of three positions along the spectrum – they are either primarily focused on the strategy end, primarily focused on the execution end, or focused on offering strategy through execution all under one roof.

Digital Customer Strategy & Experience Consulting Competitive Groups and Provider Examples

Competitive Groups	Provider Examples		
Digital Strategy Generalists	A.T. Kearney	Bain & Company	The Boston Consulting Group
Full-Spectrum Digital Specialists	Capgemini Consulting	McorpCX	Sapient
Full-Spectrum Digital Generalists	Deloitte Digital	EY	KPMG
	McKinsey & Company	North Highland	PA Consulting
	PwC		
Digital Execution Generalists	Accenture IBM	BearingPoint	Cognizant

Source: *Digital Customer Strategy & Experience Consulting*, Kennedy Consulting Research & Advisory

Competitive Landscape

Digital Strategy Generalists

The capabilities of the firms in this group are skewed more toward the strategic end of the digital consulting spectrum relative to the other groups. These firms are all generalists that cover customer-focused digital consulting as part of a broader portfolio of consulting offerings, although they differ among themselves in the relative importance that digital consulting plays in their respective portfolios.

A.T. Kearney. A.T. Kearney is the smallest of the digital strategy generalists represented in this analysis, and it has the narrowest coverage of this market. Its approach to customer strategy is to develop the strategy and the program outline, and then take the client’s management team through a scenario-based planning exercise to help it decide on the appropriate way forward. Since the firm does not have the in-house technology capabilities of some of its larger competitors, it typically hands over the engagement to an external technology partner for the implementation phase. A.T. Kearney lacks sufficient scale and breadth for it to be a viable partner for clients on a large-scale end-to-end digital transformation on its own.

Bain & Company. Bain’s strong suits are in customer strategy and customer insight. The firm has relatively shallow implementation capabilities and is not a significant player in the customer experience design area of the market. Bain serves this market primarily through its Customer Strategy & Marketing practice, which is closely aligned with the Advanced Analytics Group (AAG), where Bain conducts market research and performs customer data analytics. The firm was one of the first of the leading strategy consulting firms to recognize the importance of the customer to business strategy, although it has not maintained its early lead. Bain’s contributions to the field include developing the Net Promoter Score (NPS) customer loyalty metric, the term “digical,” which describes the idea that great customer experiences require innovation in both the digital and physical worlds, and the concept of “BothBrain Innovation,” which is the firm’s take on agile problem solving.

The Boston Consulting Group. In early 2014, BCG launched BCG Digital Ventures, the firm’s unique take on what a digital consulting practice should be. BCG had long been active in digital consulting from a thought leadership and high-level strategy perspective, but BCG Digital Ventures represents an important

Legend: ● Very Strong ◐ Strong ◑ Moderate ◒ Weak ○ None

Provider Capabilities: Digital Customer Strategy & Experience		A.T. Kearney	Bain & Company	The Boston Consulting Group
Digital Customer Strategy and Customer Experience Design	Digital Customer Strategy	◑	◑	●
	Customer Experience Design	○	◒	◑
Customer Data Analytics and Customer Insight	Customer Data Analytics	◑	◑	◑
	Customer Insight	○	●	◑
Digital Innovation and Agile Problem Solving	Digital Innovation	◑	◑	●
	Agile Problem Solving	○	◒	●
Digital Business Process Transformation and Organizational Change	Digital Business Process Transformation	◑	◑	◑
	Organizational Change	◑	◑	◑

Source: *Digital Customer Strategy & Experience*, Kennedy Consulting Research & Advisory

Competitive Landscape

Digital Strategy Generalists

shift for the firm toward a more multi-disciplinary, cross-functional, end-to-end approach, which brings strong practical and creative elements to its traditional strengths in industry and strategy. BCG’s strengths in digital innovation and agile problem solving are the direct results of this new focus. BCG Digital Ventures is also noteworthy in that it represents a vote in favor of the model of housing the firm’s digital consulting capabilities within a stand-alone digital

practice, as opposed to diffusing them throughout the firm, although BCG Digital Ventures is tightly integrated with the rest of the firm and BCG goes to market as one team with one P&L. BCG’s approach to digital customer strategy emphasizes digital disruption. In an approach it refers to as “excubation,” the firm encourages its clients, which tend to be large corporate incumbents, to proactively disrupt their own business models.

Notable Recent Customer-Focused Digital Consulting Acquisitions: The Boston Consulting Group

Acquisition	Date	HQ	Focus	People
Strategic & Creative	Aug 2014	Sydney	Digital design, digital strategy	+/- 20

Source: *Digital Customer Strategy & Experience Consulting*, Kennedy Consulting Research & Advisory

Competitive Landscape

Full-Spectrum Digital Specialists

Firms in this group typically fall under one of two categories: 1) firms such as McorpCX that are boutiques focused primarily or exclusively on one particular area of the digital consulting market (e.g., digital customer strategy & experience), but whose capabilities span both strategy and execution, or 2) firms such as Capgemini Consulting and Sapient that are digital purists – providers that have dedicated themselves to being completely digital in their approach to the larger consulting market. Even though providers from all competitive groups have been increasing their digital capabilities, firms that pursue a purely digital approach to consulting are still rare, especially among the larger firms capable of operating on an international scale. However, as digital tools and enablers become an integral part of more and more areas of traditional consulting, the popularity of this business model will grow. More of the larger firms from the digital execution generalists group in particular are expected to attempt to enter the full-spectrum digital specialist competitive group.

Legend: ● Very Strong ◐ Strong ◑ Moderate ◒ Weak ○ None

Provider Capabilities: Digital Customer Strategy & Experience				
		Capgemini Consulting	McorpCX	Sapient
Digital Customer Strategy and Customer Experience Design	Digital Customer Strategy	◑	◑	◑
	Customer Experience Design	◑	●	◑
Customer Data Analytics and Customer Insight	Customer Data Analytics	◑	○	◑
	Customer Insight	◑	●	◑
Digital Innovation and Agile Problem Solving	Digital Innovation	◑	○	◑
	Agile Problem Solving	◑	◑	◑
Digital Business Process Transformation and Organizational Change	Digital Business Process Transformation	●	○	◑
	Organizational Change	●	◑	●

Source: *Digital Customer Strategy & Experience*, Kennedy Consulting Research & Advisory

Capgemini Consulting. Capgemini Consulting is the consulting arm of the larger Capgemini IT services group, which creates significant pull-through revenue opportunities, although the firm also goes to market separately. About 60% of Capgemini Consulting’s revenues come from digital work; the firm’s goal is to increase that to 90% within three years. Capgemini Consulting takes a very focused approach to the market, concentrating its efforts on large transformations within specific priority sectors, including manufacturing, CPG, transport & logistics, and financial services. The firm serves the customer experience design segment of the market through Backelite, a wholly owned customer experience and digital design agency. Reflecting its deep expertise in technology, Capgemini Consulting has embraced the asset-based consulting (ABC) model, in which reusable, automated software tools can substitute for high-cost consulting labor in some analytical tasks, saving time and reducing cost. However, the firm’s approach to customer-focused digital consulting emphasizes the importance of managing change over implementing technology.

McorpCX. McorpCX is a boutique customer experience firm based in San Francisco. Founded in 2002 by Michael Hinshaw, co-author of *Smart Customers, Stupid Companies*, McorpCX was a pioneer of the customer experience movement and remains one of the leading independent boutiques. McorpCX’s offerings fall into three broad categories: customer understanding and insights (which includes

Competitive Landscape

Full-Spectrum Digital Specialists

quantitative and qualitative customer research), customer experience improvement (including customer strategy and customer experience design), and increasing customer-centricity (helping organizations establish their own internal customer experience management and improvement capabilities). McorpCX's capabilities extend into implementation within customer insight and customer experience design, but the firm does not have a technology implementation capacity and does not perform the back-end systems and operations management work that is typically generated by customer strategy and experience consulting engagements.

Sapient. Much has been made of the convergence of consulting firms and digital marketing and advertising agencies, but the phenomenon primarily has been one of the consulting firms using digital as a way to muscle in on the agencies' traditional territory, while there has been much less movement in the other direction. Sapient is one of the few exceptions. A digital trailblazer and a veteran of the dotcom era, Sapient is a unique mix of digital marketing agency, IT services provider, and boutique digital consulting provider. Sapient serves the customer-focused

digital consulting market primarily through its SapientNitro division (its other two main business units are focused on government services and capital markets). Sapient was acquired by French advertising and media giant Publicis Groupe in early 2015.

Thanks to its marketing heritage, Sapient understands better than most providers the central importance of the customer experience to a company's brand, and the interrelationships between the two concepts. Sapient's approach to customer strategy and experience revolves around the concept of telling stories. But whereas most marketing firms are content to create and communicate a story, Sapient has purposefully built an organization that combines a business strategy capability, an advertising and marketing capability, and a technology and business domain capability set to help clients bring those stories to life for their customers. Sapient's experience using digital media and its storytelling skills to influence people's emotions and behaviors is also applied to great effect within the client organization to help gain buy-in for a digital consulting agenda, convince skeptics, and manage change.

Competitive Landscape

Full-Spectrum Digital Generalists

Firms in this competitive group approach the market primarily from a generalist perspective. Their capabilities span strategy and execution. For most of the firms in this group, customer-focused digital consulting is a small part of their overall businesses. For many of these businesses, particularly those of the Big Four firms, the importance of this

Legend: ● Very Strong ◐ Strong ◑ Moderate ◒ Weak ○ None

Provider Capabilities: Digital Customer Strategy & Experience		Deloitte Digital	EY	KPMG	McKinsey & Company	North Highland	PA Consulting	PwC
Digital Customer Strategy and Customer Experience Design	Digital Customer Strategy	◑	◑	◑	●	◑	◑	◑
	Customer Experience Design	●	◑	◑	◑	◑	◑	◑
Customer Data Analytics and Customer Insight	Customer Data Analytics	◑	◑	◑	●	◑	◑	◑
	Customer Insight	●	◑	◑	◑	◑	◑	◑
Digital Innovation and Agile Problem Solving	Digital Innovation	●	◑	◑	◑	◑	◑	◑
	Agile Problem Solving	◑	◑	◑	●	◑	◑	◑
Digital Business Process Transformation and Organizational Change	Digital Business Process Transformation	◑	◑	◑	◑	◑	◑	◑
	Organizational Change	◑	◑	◑	◑	◑	◑	◑

Source: Digital Customer Strategy & Experience, Kennedy Consulting Research & Advisory

market lies as much or more in its ability to drive business in other parts of the firm (e.g., operations and employee-focused digital consulting, traditional consulting, and non-consulting services such as systems integration, tax or legal services), especially given the small size of the average engagement (large customer-focused transformations notwithstanding). This is not to say they do not take this market seriously – far from it. In fact, this competitive group has seen more jostling for position and more intense competition for talent and acquisitions than any other group.

Deloitte Digital. Deloitte serves the digital customer strategy & experience consulting market primarily through Deloitte Digital, its stand-alone digital consulting practice that it established in 2012 and built up on the foundations of a number of key early acquisitions.

Notable Recent Customer-Focused Digital Consulting Acquisitions: Deloitte Digital

Acquisition	Date	HQ	Focus	People
Übermind	Jan 2012	Seattle, WA	User-centered design, mobile computing	+/- 200
Banyan Branch	Oct 2013	Seattle, WA	Customer insight, customer data analytics	+/- 50
Doblin (Monitor)	Jan 2013	Chicago, IL	Innovation strategy, digital design	+/- 100
Mobiento	May 2015	Stockholm	Digital innovation, digital marketing	+/- 50

Source: Digital Customer Strategy & Experience Consulting, Kennedy Consulting Research & Advisory

Deloitte Digital’s approach involves bringing together a comprehensive portfolio of digital capabilities under one roof, including strategists from Monitor Deloitte, innovation and design experts from the Doblin team, and technology

Competitive Landscape

Full-Spectrum Digital Generalists

and delivery specialists, and going to market by taking advantage of the wider firm's deep relationships by client industry. Deloitte Digital is poised to be one of the biggest beneficiaries of the "experience is the new marketing" trend, whereby CMOs are increasingly forgoing traditional marketing campaigns in favor of investing in the customer experience, resulting in a shift of marketing spending from advertising agencies to digital consulting agencies.

EY. EY's Customer practice was established in 2007 – one of the first practices created after EY launched its Advisory business. EY has grown the practice rapidly organically and through acquisitions, and it has seeded the leadership team with experienced practitioners from other top providers. The Customer practice is housed within the firm's Performance Improvement division, which reflects EY's approach of focusing on operational improvements as opposed to high-level strategy. EY's market strategy emphasizes large transformational opportunities, which play to its strengths in digital business process transformation and organizational change. The firm is particularly strong in its ability to transform the performance of an entire business, seek cost savings and improve efficiency in customer service operations, and integrate clients' operations across channels. The firm also has a robust and growing capability in customer data analytics.

Notable Recent Customer-Focused Digital Consulting Acquisitions: EY

Acquisition	Date	HQ	Focus	People
Semphonic	Mar 2013	Novato, CA	Customer experience, customer data analytics	+/- 100
Greenwich Consulting	Sep 2013	Paris	Customer strategy, digital transformation	+/- 125
Bedrock Consultants	Feb 2014	Oakland, CA	Customer experience, customer strategy	+/- 25
Seren	Aug 2015	London	Customer experience design, digital innovation	+/- 50

Source: *Digital Customer Strategy & Experience Consulting*, Kennedy Consulting Research & Advisory

KPMG. KPMG goes to market through a combination of industry verticals and a cross-sector team called the Customer and Growth team. Although KPMG entered the digital consulting market relatively late compared to its peers, it has been investing heavily in building up its digital capabilities, most notably through the acquisition of US-based Cynergy Systems, a specialist in digital design and customer experience. KPMG does not yet have the breadth in digital consulting that the firm has in its more established consulting offerings. Despite the overall firm's global footprint and historical strength in Europe, its customer-focused digital capabilities are currently skewed toward North America, although

Notable Recent Customer-Focused Digital Consulting Acquisitions: KPMG

Acquisition	Date	HQ	Focus	People
Link Analytics	Dec 2013	Atlanta, GA	Customer data analytics, customer insight	+/- 25
Cynergy Systems	Feb 2014	Baltimore, MD	Digital transformation, customer experience design, mobile computing, organizational change	+/- 100

Source: *Digital Customer Strategy & Experience Consulting*, Kennedy Consulting Research & Advisory

Competitive Landscape

Full-Spectrum Digital Generalists

KPMG is in the process of building out its geographic reach in digital, focusing in particular on the core European market. KPMG’s strongest areas are in digital business process transformation and organizational change.

McKinsey & Company. McKinsey serves the customer-focused digital consulting market through McKinsey Digital, which is less a separate practice than a wrapper which aggregates McKinsey’s digital consulting capabilities from across different parts of the firm, including McKinsey Digital Labs (which houses the firm’s customer experience design, agile transformation, and business process digitization capabilities,

Notable Recent Customer-Focused Digital Consulting Acquisitions: McKinsey & Company

Acquisition	Date	HQ	Focus	People
Agiliti	Sep 2014	New York, NY	Digital customer strategy, digital marketing	+/- 10
Lunar	May 2015	San Francisco, CA	Physical and digital product and service design	+/- 75

Source: Digital Customer Strategy & Experience Consulting, Kennedy Consulting Research & Advisory

among others), McKinsey Solutions, McKinsey Advanced Data & Analytics, and its Consumer Marketing Analytics Center (CMAC). In keeping with its “one firm” philosophy, one of its core values, McKinsey believes strongly that it can best serve its clients by integrating its digital capabilities closely with the core consulting business, and it has eschewed the approach taken by some of its competitors of setting up a separate digital entity with a different culture and way of working.

North Highland. Within the digital customer strategy & experience consulting market, North Highland primarily serves CIOs and CMOs. It serves the former through its CIO Services practice, and it serves the latter through Sparks Grove, a wholly owned customer experience and digital design agency. North Highland chose to run Sparks Grove as an independent entity in order to maintain a separate Sparks Grove identity within the firm that its creative designers find attractive. North Highland and Sparks Grove to go market as an integrated team, however, and the firm does not make a distinction between the two entities in front of clients. North Highland’s market approach emphasizes encouraging clients to increase collaboration between the CIO and CMO functions and to treat the IT organization as a strategic partner. In the firm’s view, this often more about removing structural barriers and managing cultural change as it is about implementing IT systems. This focus on cross-functional collaboration and reducing bureaucracy and hierarchy can be seen in North Highland’s strength in the agile problem solving capability area. North Highland places a priority on helping clients build their own internal digital customer capabilities.

PA Consulting. PA Consulting serves this market through capabilities housed within each of its three main business units: Consulting (its marketing and customer strategy and digital business practices), Technology (IT and digital services), and Innovation. PA Consulting is particularly strong in the digital innovation capability area due to its engineering background. Product and service innovation (both physical and digital) constitutes

Competitive Landscape

Full-Spectrum Digital Generalists

a larger proportion of PA Consulting’s business than any of its competitors in the customer strategy and experience consulting market. PA Consulting has a narrower geographic footprint than most of its peers with the majority of its digital customer consulting business concentrated in Northern Europe, followed by North America and the rest of EMEA.

PwC. The acquisition of Booz & Company (now Strategy&), which was an early leader in digital strategy, added significant depth of experience to PwC’s digital consulting practice, building on a portfolio of relevant acquisitions that already included customer experience-focused boutiques such as Ant’s Eye View and Logan Todd. The road has not been entirely without bumps for PwC, however. In what is yet another sign of the intense competition for digital talent, some Booz Digital partners opted not to join PwC after the acquisition, including

Notable Recent Customer-Focused Digital Consulting Acquisitions: PwC

Acquisition	Date	HQ	Focus	People
BGT Partners	Nov 2013	Hallandale Beach, FL	Customer experience, digital design	+/- 125
Booz & Company	Apr 2014	New York, NY	Strategy and operations management	+/- 3,000

Source: Digital Customer Strategy & Experience Consulting, Kennedy Consulting Research & Advisory

the three co-founders of Booz Digital, who left the firm and went on to co-found BCG’s new Digital Ventures practice. PwC has recently reorganized its digital capabilities, which were housed throughout its advisory business, into a dedicated digital practice called Digital Services. However, the new practice will not be a stand-alone entity: PwC has not changed its view that it can best serve the market through a digital consulting capability that is closely integrated with the larger advisory business. Moreover, PwC’s market approach remains driven overwhelmingly by client industry, not by service line. PwC has a line of business within Digital Services specifically focused on customer experience design, but it also draws on its capabilities in innovation, strategy, technology, analytics, and other areas in its customer-focused digital consulting engagements.

Competitive Landscape

Digital Execution Specialists

All of the firms in the digital execution generalists group have strong technology backgrounds and significant businesses in downstream IT services. With the exception of BearingPoint, all are also big players in the business process outsourcing (BPO) market. These firms maintain that their experience in customer relationship management outsourcing in particular is an important advantage when it comes to end-to-end customer experience transformation. However, they have struggled to shake the impression among clients that their outsourcing businesses presents a conflict of interest with their customer-focused consulting practices.

Legend: ● Very Strong ◐ Strong ◑ Moderate ◒ Weak ○ None

Provider Capabilities: Digital Customer Strategy & Experience		Accenture	BearingPoint	Cognizant	IBM
Digital Customer Strategy and Customer Experience Design	Digital Customer Strategy	◑	◑	◒	◑
	Customer Experience Design	◐	◑	◒	◐
Customer Data Analytics and Customer Insight	Customer Data Analytics	◑	◐	◒	●
	Customer Insight	◐	◑	◒	◐
Digital Innovation and Agile Problem Solving	Digital Innovation	◑	◒	◐	◐
	Agile Problem Solving	◑	◒	◒	◑
Digital Business Process Transformation and Organizational Change	Digital Business Process Transformation	●	◐	◐	◑
	Organizational Change	◑	◑	◒	◒

Source: Digital Customer Strategy & Experience, Kennedy Consulting Research & Advisory

Accenture. Accenture’s approach to the market is more tactical than strategic in nature and emphasizes large-scale transformations over more targeted interventions. Accenture has a comprehensive portfolio of customer-focused digital consulting offerings, although they are not closely integrated. Accenture views the market in terms of digital IT ecosystems, and many of its consulting offerings are geared toward driving sales of related non-consulting software and systems, such as digital content management.

Notable Recent Customer-Focused Digital Consulting Acquisitions: Accenture

Acquisition	Date	HQ	Focus	People
Fjord	May 2013	London	Customer experience design, mobile	+/- 200
Brightstep	Jun 2015	Stockholm	Digital commerce, interactive marketing	+/- 50
PacificLink Group	Jul 2015	Hong Kong	Digital commerce, interactive marketing	+/- 250
Chaotic Moon	Jul 2015	Austin, TX	User-centered design, rapid prototyping	+/- 200

Source: Digital Customer Strategy & Experience Consulting, Kennedy Consulting Research & Advisory

Accenture conducts a significant amount of market research, such as its annual Global Consumer Pulse survey. The firm goes to market in digital consulting under the umbrella of Accenture Digital, which brings together capabilities from Accenture Interactive, Accenture Analytics, Accenture Mobility, and other parts of the larger business. Accenture divides the digital consulting market into two broad categories: digital customers, channels and markets, and digital

Competitive Landscape

Digital Execution Specialists

enterprise. Its customer-focused capabilities are primarily housed in the first category. The firm differentiates itself through its position as a leader in digital technologies and its ability to deliver large-scale, complex business transformation.

BearingPoint. This firm serves the market through its Digital Marketing, Sales & Customer Services practice. BearingPoint is one of the leaders in the asset-based consulting (ABC) approach, which involves a heavy reliance on software tools such as HyperCube, which uses artificial intelligence to analyze customer behavior, and ActiveManager, for performance improvement in customer service centers. However, BearingPoint balances its technology strengths with a sophisticated understanding of the human side of the equation, mixing insights into human psychology from

Notable Recent Customer-Focused Digital Consulting Acquisitions: BearingPoint

Acquisition	Date	HQ	Focus	People
Magenta Advisory	May 2015	Helsinki	Digital business process transformation	+/- 25

Source: Digital Customer Strategy & Experience Consulting, Kennedy Consulting Research & Advisory

its research with data analytics to help clients better understand their customers’ motivation and behavior. BearingPoint’s strong suits are customer data analytics and digital business process transformation.

Cognizant. Cognizant serves the customer-focused consulting market primarily through Cognizant Digital Works, a new practice the firm established in 2014 that is dedicated to digital consulting with a particular emphasis on large digital transformation projects. Cognizant’s strategy involves using Cognizant Digital Works to promote digital transformation within the larger Cognizant organization, not just within its clients. As Cognizant reorients the larger company toward digital, the firm’s leadership believes there are strong

opportunities stemming from synergies between Cognizant Digital Works and the larger firm’s other business lines. For example, Cognizant, an established leader in BPO

Notable Recent Customer-Focused Digital Consulting Acquisitions: Cognizant

Acquisition	Date	HQ	Focus	People
Cadient Group	Oct 2014	Malvern, PA	Digital marketing, customer experience, customer data analytics in healthcare/life sciences	+/- 150

Source: Digital Customer Strategy & Experience Consulting, Kennedy Consulting Research & Advisory

services, sees opportunities in combining customer-focused digital consulting services with BPO services, an area of the IT services market where supply-side innovation has lagged notably in recent years. The healthcare sector represents another area of opportunity that Cognizant is focusing closely on within the customer strategy and experience consulting market.

Competitive Landscape

Digital Execution Specialists

IBM. One of the first strategic shifts Ginni Rommetty undertook upon becoming CEO was to focus the tech giant’s sales efforts on the needs of CMOs, which had not traditionally received the same amount of attention from Big Blue as CFOs and CIOs had. Although IBM has operated in the customer-focused digital consulting market in one capacity or another since the beginning, it is only relatively recently, with the launch of the IBM Interactive Experience (IBM iX) practice in early 2014, that the firm has had a dedicated platform that enables it to bring

Notable Recent Customer-Focused Digital Consulting Acquisitions: IBM

Acquisition	Date	HQ	Focus	People
Tealeaf	May 2012	San Francisco, CA	Customer experience, mobile data analytics	NA
Explorys	Apr 2015	Cleveland, OH	Healthcare data analytics, data management	+/- 150

Source: Digital Customer Strategy & Experience Consulting, Kennedy Consulting Research & Advisory

together its various capabilities in one place and approach this market in a coherent way. Over the past two years, IBM has invested over \$100 million in IBM iX, combining IBM’s digital agency with its Customer Experience Labs, and building a global network of IBM iX labs where teams are co-located from across IBM’s design, research, marketing, analytics, and mobile businesses. Separately, IBM’s Software Group (SWG) has organized all of its customer-focused offerings under the brand IBM ExperienceOne. These offerings include tools that allow business users to alter the customer experience on e-commerce storefronts without requiring support from the IT department. Through its Smarter Commerce campaign, IBM brings together capabilities from GBS and SWG. A core tenet of IBM’s approach is to help clients reinvent their customer experiences by using data analytics to predict customer behavior.

IBM iX and Accenture Interactive are conscious attempts to focus on the part of the market where agencies, consultancies, and systems integrators are converging. What IBM and Accenture are attempting to do with their interactive practices is partly to industrialize customer experience design, removing it from the realm of the boutiques, merging it with the digital marketing agency, and leveraging cloud-based platforms and the technology capabilities of the larger firm to deliver customer experience consulting at a significantly greater scale than the boutiques are capable of delivering.

Competitive Landscape

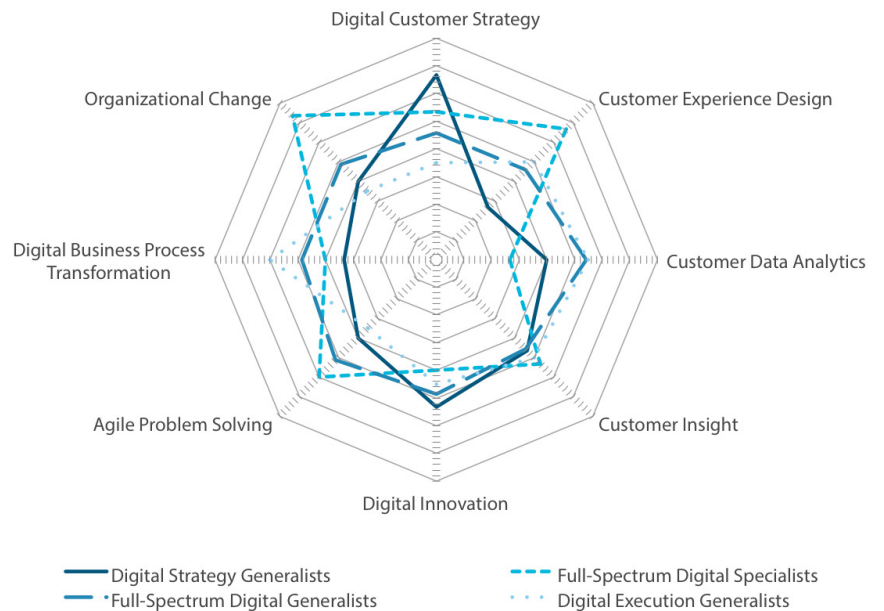
Competitive Groups' Relative Capabilities

Different approaches in methods and scope result in distinct strengths and weaknesses among the aforementioned competitive groups.

The firms in the **full-spectrum digital specialists** group performed the highest on average, standing out for their notable strengths in customer experience design and organizational change in particular, although they are weaker in customer data analytics. This group is followed very closely by the **full-spectrum digital generalists**, which are the best-rounded firms on average with no significant gaps in their coverage of the market. Consistent with their strategy consulting heritage, the **digital strategy generalists** have a clear strength in the digital customer strategy sub-capability area, although on average their competency levels are narrower across the other areas, and they have a notable gap in the customer experience design sub-capability area. The **digital execution generalists** excel at digital business process transformation and customer data analytics, where they helped by their scale and their deep expertise in systems and technology. However, these same factors can be disadvantages for these firms when it comes to areas that require flexibility and speed (agile problem solving), “softer” skills (organizational change), or big-picture thinking (digital customer strategy) – all capability sub-categories where the digital execution generalists underperformed the firms in the other three competitive groups.

Customer experience design and digital business process transformation were the areas of greatest variance in competency level by competitive group, while the groups' performance diverged the least in digital innovation and customer insight.

Digital Customer Strategy & Experience Consulting Competitive Groups' Relative Capabilities

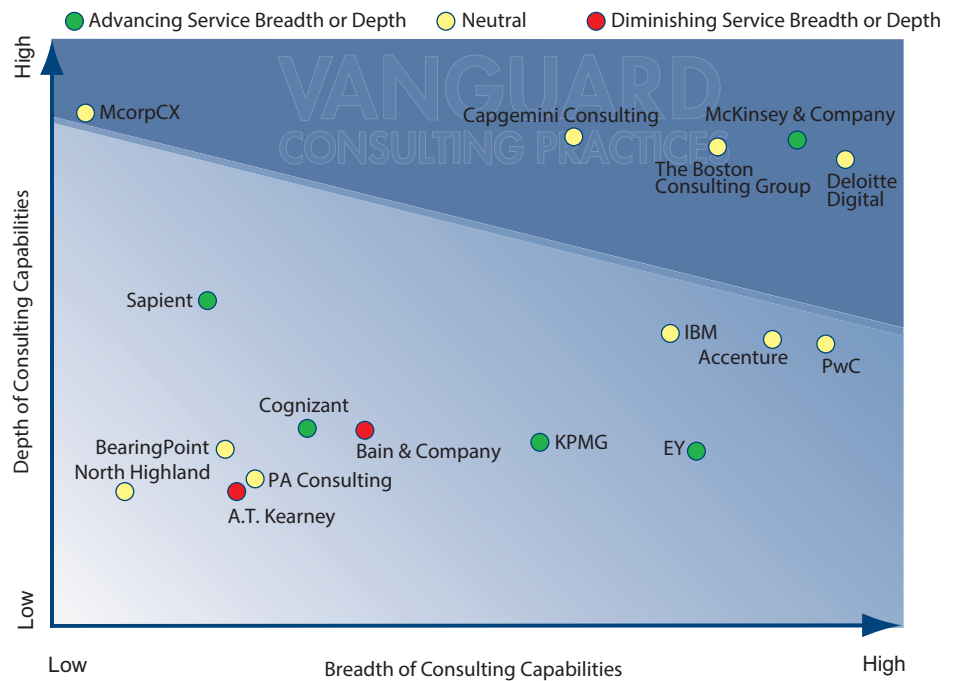


Source: *Digital Customer Strategy & Experience Consulting*, Kennedy Consulting Research & Advisory

Competitive Landscape

The Kennedy Vanguard™ Digital Customer Strategy & Experience Consulting Providers

The Kennedy Vanguard™ of Digital Customer Strategy & Experience Consulting Providers assesses firms in terms of the relative breadth (horizontal axis) and depth (vertical axis) of their capabilities in this area of the consulting market. Although Kennedy Consulting Research & Advisory (KCRA) evaluates each provider individually according to a consistent set of criteria, the Vanguard displays all providers in relative positions. A “high” or “low” position consequently corresponds to a provider’s depth and breadth of capabilities relative to the other providers evaluated in this report. The Vanguard additionally distinguishes the current state of providers’ service offerings (their relative positions) from their momentum (illustrated by bubble color), whether advancing, neutral, or diminishing.



Source: Digital Customer Strategy & Experience Consulting, Kennedy Consulting Research & Advisory

It is important to note that KCRA's competency research covers only providers deemed capable in the particular consulting competency. For this reason, the Vanguard evaluates providers’ capabilities relative only to other capable providers rather than an overall distribution of consulting firms.

Competitive Landscape

The Kennedy Vanguard™

Qualitative Assessment of Digital Customer Strategy & Experience Consulting Providers

Providers that achieve Vanguard status demonstrate either market-leading depth in particular capabilities or meaningful depth across a broad spectrum of capabilities. *The Kennedy Vanguard™* of Digital Customer Strategy & Experience Consulting Providers comprises the following firms.

The Boston Consulting Group. BCG's customer-focused digital consulting capabilities have strengthened significantly in the past two to three years. BCG is an established leader in digital customer strategy, but whereas its depth of capability used to taper off notably once it moved beyond the customer-facing and strategic aspects of the market, the firm has become much stronger in the "nuts and bolts" of this area of consulting – the foundational technologies and the implementation capabilities to help clients execute their digital customer strategy. While BCG has not yet proceeded as far along the "strategy through execution" path as its close rival McKinsey & Company, its investment in deepening its implementation capabilities is in clear contrast to A.T. Kearney and Bain & Company, the other firms in the digital strategy generalists competitive group. The impact of this investment on BCG's overall strength in customer-focused digital consulting is both direct, in that it enables the firm to serve clients looking for an end-to-end digital customer strategy & experience capability in a single provider, and indirect, in that a better knowledge of what goes on "under the hood" leads to the development of better strategies.

Capgemini Consulting. Capgemini Consulting's strength in this market is the result of a clear and deliberate strategy to become a leader in digital consulting. The firm's success in executing this strategy can be explained by three main factors: 1) foresight – Capgemini Consulting recognized where the market was headed earlier than many of its competitors, 2) boldness – as a midsized firm by global standards, Capgemini Consulting recognized that it could

only become a leader in digital consulting if it was willing to go all in; the firm's leaders believe that digital is the future of consulting and they are not hedging their bets, and 3) focus – unlike some competitors that, in a race to ramp up their digital capacity as quickly as possible, are building their digital capabilities in an ad hoc fashion, primarily through opportunistic acquisitions and recruitment, Capgemini Consulting has been much more strategic in its approach, building up its digital capabilities in carefully selected areas that align with its vision and market strategy.

Deloitte Digital. Like the other firms in *The Kennedy Vanguard™*, Deloitte Digital's status as a leading provider of customer-focused digital consulting services was neither accidental nor inevitable, but the direct result of a decision to get into digital big and get into digital early. Deloitte Digital's prescience about the digital consulting market and its willingness to take risk, combined with its ability to align the firm's considerable resources behind the investment, allowed the firm to quickly build up what has become the largest and among the most accomplished digital consulting agencies. Deloitte Digital has set the benchmark for its closest competitors by proving that a global professional services firm can successfully run a large-scale digital consulting practice. Although not all Deloitte Digital's competitors are all following the firm's model of establishing a stand-alone digital practice, they are all looking to emulate its success in the market.

McKinsey & Company. The fact that McKinsey has been able to translate its dominant position in strategy consulting into a strong offering in digital customer strategy – while certainly not preordained – is not an altogether surprising development. What has been a less obvious development is McKinsey's decision to earn a right to compete and to win in some of the other areas of the customer-focused digital

Competitive Landscape

The Kennedy Vanguard™

Qualitative Assessment of Digital Customer Strategy & Experience Consulting Providers

consulting market that are further away from the firm's traditional comfort zones. Competing with the top providers in areas such as customer data analytics or agile problem solving required McKinsey to make a heavy commitment to developing deep capabilities in disciplines such as data science and creative design – not natural areas of expertise for a traditional strategy consulting provider – and to extend the firm's market presence much further downstream into the implementation side of consulting than it had in the past.

McorpCX. A boutique firm focusing exclusively on digital customer strategy & experience consulting, McorpCX has the narrowest breadth of capabilities of the firms profiled in this analysis, but has among the deepest strengths in the areas where it chooses to compete. McorpCX stands out in particular for the depth of its capabilities in customer experience design and customer insight – two areas of the market where the ability to meet clients' needs is much more dependent on providers' level of subject-matter expertise and their engagement-specific implementation capabilities than on the overall scale of their operations. This narrow but deep market position enables McorpCX to effectively serve both the SME market and the largest global corporations.

Momentum

Most digital customer strategy & experience consulting providers are developing their service offerings at a pace consistent with that of the overall market. However, some are advancing or declining relative to their peers.

Advancing

The following firms are advancing and strengthening their offering in digital customer strategy & experience consulting.

Cognizant. Although Cognizant has deliberately set up Digital Works as a distinct entity, it intends to integrate the

Digital Works practice closely into the larger firm once it has reached critical mass. However, unlike many of its competitors, Cognizant is rolling the relevant parts of its existing consulting business, Business Consulting Services, into the digital works practice, not vice-versa. If Cognizant successfully carries out this strategy, in the future the firm may become more closely aligned with the Full Spectrum Digital Specialists competitive group. Although it is early days for Cognizant and its success is far from guaranteed given the level of competition in this area of the market, Cognizant Digital Works has the potential to become a very strong player as a "digital purist" in the mold of Capgemini Consulting.

EY. EY has completed a number of recent acquisitions in the digital consulting market with a particular emphasis on customer strategy, customer experience design, and customer data analytics. Although mostly small, tuck-in plays that fill a gap or strengthen a position in a certain key market, the cumulative effect has been a noticeable contribution to the firm's forward momentum. This is especially important in customer experience design, an area where EY has been weaker in the past due to an insufficient number of consultants skilled in innovation and design thinking.

KPMG. Until recently, KPMG had been much more focused on the quantitative and financial aspects of the customer strategy consulting market than on the creative aspects, but the former Cynergy team has been leading an internal insurgency of sorts at KPMG to proselytize the gospel of digital consulting and, along with it, an emphasis on the importance of "right brain" capabilities like innovation and design thinking. KPMG's large footprint in the wider consulting and professional services market offer an excellent platform for the Cynergy insurgents to scale their

Competitive Landscape

The Kennedy Vanguard™

Qualitative Assessment of Digital Customer Strategy & Experience Consulting Providers

business. However, as KPMG rolls out Cynergy's digital capabilities across the different practice areas and member firms of the global KPMG network, the firm will need to ensure that they are integrated effectively and that future acquisitions are a good fit for the firm's strategy and market approach in order to make effective use of KPMG's global scale, which is one of its biggest strengths.

McKinsey & Company. Of the major providers in this market, McKinsey is among the firms which have progressed the furthest along both the depth and breadth axes in the past two to three years, a fact which is reflected in the firm's entrance into *The Kennedy Vanguard™* of digital customer strategy & experience consulting providers. This movement is primarily the result of the significant investments McKinsey has made in its customer-focused digital consulting capabilities in recent years, including establishing McKinsey Digital Labs, building out its advanced data & analytics practice, and recruiting large numbers of expert practitioners in fields that cover the entire breadth of the market, from mathematicians to behavioral scientists, digital marketers, and creative designers.

Sapient. Sapient is ideally placed to take advantage of the convergence of digital marketing, digital design, and digital consulting. Moreover, Sapient's integration into the Publicis Groupe, if it is managed properly, has the potential to increase Sapient's momentum. The combined group has created a platform called Publicis.Sapient, which seeks to generate synergies and returns to scale by bringing Sapient together with the other leading digital agencies within the Publicis Groupe, including Razorfish, Rosetta, and DigitasLBI.

Diminishing

A.T. Kearney and **Bain & Company** show declining momentum relative to the other providers. Both firms remain strong in the core digital strategy, to which A.T. Kearney adds notable strengths in operational strategy, and Bain adds strength in customer insight. However, pure digital strategy work is a relatively small and slower growing part of the overall digital consulting market. Clients are increasingly uninterested in buying stand-alone digital strategy, especially as the perceived quality of strategic advice offered by the Full Spectrum Digital Generalists has improved. What's more, strategy firms that underinvest on the execution end of digital consulting capabilities will find their strategic capabilities suffer over time as they will lack the firsthand engagement experience and the technical knowledge that form the foundations of a robust digital consulting capability.

It is not a coincidence that both firms are members of the Digital Strategy Generalists competitive group. Both firms have lost ground in customer-focused digital consulting, not because they failed to recognize the growing importance of this area of the market, but because they have proven either unable or unwilling to commit to making the necessary investments in their digital consulting capabilities to keep up with their competitors, large and small, which have been making aggressive bets on their digital capabilities.

The comparison with their strategy peers is instructive. BCG and McKinsey, both larger firms, have made significant investments in their digital capabilities, and both are now in the Vanguard of providers. Booz & Company, a former leader in the area of digital strategy, opted to join PwC in part because, like A.T. Kearney and Bain, it lacked the scale required to deliver digital engagements end-to-end.

Competitive Landscape

Best-of-Breed Providers

Providers that have been identified as “best of breed” have very deep capabilities in specific capability sub-categories and stand out from their peers for their highly effective and often innovative approaches to that area of the overall customer strategy & experience consulting market.

Best of Breed: Digital Customer Strategy & Experience Consulting Provider Sub-Capabilities

Sub-Capability Areas	Providers	Strengths
Digital Customer Strategy	McKinsey & Company	What stands out the most about McKinsey’s market-leading capabilities in digital customer strategy is the firm’s consistent ability to find the right balance for each client. McKinsey helps clients avoid the digital extremes of hysteria and paralysis and find practical solutions to problems that are grounded in an unsurpassed understanding of the economics of a client’s industry and balance the short- and long-term needs of the core business.
Customer Experience Design	McorpCX	Strengths include its rigorous yet adaptable frameworks, its trademarked “touchpoint mapping” approach to developing customer insights, its skill at conducting research and integrating it into the design of the customer experience, and its ability to help motivate organizations to effect change and work more collaboratively.
Customer Data Analytics	IBM	Although its Watson system established IBM as a world leader in artificial intelligence and cognitive computing from a technical perspective, the firm’s strength in customer data analytics stems from the work it has done to develop platforms and integrated service offerings that leverage these capabilities to deliver customer insights at scale.
Customer Insight	Bain & Company	Bain was an early leader in customer insight with its development of the Net Promoter Score (NPS), a widely adopted industry standard metric for assessing customer loyalty. Bain remains on the leading edge of customer insight and market research through its Advanced Analytics Group.
Digital Innovation	Deloitte Digital	Deloitte has successfully combined the market-leading innovation strategy capabilities of the Doblin Group and Monitor Deloitte with the broader digital capabilities of Deloitte Digital, giving the firm one of the deepest and broadest sets of digital innovation capabilities in the market.
Agile Problem Solving	The Boston Consulting Group	BCG has embraced the agile philosophy and made it central to its approach to customer-focused digital consulting, successfully fusing the agile approach with its traditional hypothesis-driven problem solving approach, and using digital tools to apply it at scale.
Digital Business Process Transformation	Capgemini Consulting	Capgemini Consulting’s strength in this area is the result of its deep experience digitizing and redesigning business processes, guided by a comprehensive framework developed in cooperation with Massachusetts Institute of Technology, and employed in the service of the firm’s singular focus on assisting clients with the largest, most complex digital transformations.
Organizational Change	Sapient	Sapient’s advertising heritage combined with its digital marketing prowess give it a unique ability to tell and sell stories through the clever use of digital media, which is a powerful tool to help clients effect cultural change.

Source: *Digital Customer Strategy & Experience Consulting*,
Kennedy Consulting Research & Advisory

Appendix

- Methodology
- About KCRA

Appendix

Methodology

KCRA 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 research is conducted around three primary dimensions:

- Consulting Service Lines
- Client Vertical Industries
- Global Geographic Regions

The proprietary research methodology comprises four components:

- Extensive interviews with consulting practice leaders, financial analysts, consulting clients, and client-side 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. KCRA's fundamental goal is to deliver objective assessments and insightful viewpoints on the management, financial and IT consulting market.

Appendix

About KCRA

KCRA is the world's most influential market research firm devoted exclusively to the consulting industry. Since 1970, KCRA has been the leading resource of market analysis on management and IT consulting because it's written for experts, by experts. Our clients have access to unparalleled industry expertise that builds on a 45-year foundation of consulting profession knowledge. They can make better business decisions with research and analysis that spans multiple service areas, client vertical industries, and geographies.

About the Digital Consulting Research Series

ALM-KCRA's exclusive, qualitative assessments of provider capabilities at the engagement level inform buyers of consulting services competencies. The digital consulting series explores competencies within the digital customer, digital operations, and digital employee & organization segments. Digital customer consists of digital customer strategy, customer insight, customer experience, and digital innovation. Digital operations comprises digital operations strategy, digital operating model, digital operations improvement, and digital business process transformation. And digital employee & organization consists of digital employee strategy, digital employee enablement & engagement, digital employee recruitment & retention, and organizational change. These in-depth research reports feature:

- *The Kennedy Vanguard™* of Digital Consulting Providers
- Client Spending Trends and Forecast
- The Competitive Landscape
- Profiles of Select Digital Consulting Providers

Published Research Report Topics:

- Consulting to the Banking Sector: Managing the Customer (2015)
- Customer Strategy and Experience Consulting in the UK & Ireland (2014)
- Digital Strategy Consulting (2013)
- IT Customer Strategy Consulting in the Retail Industry (2014)

For further information and to purchase ALM-KCRA research, contact ConsultingResearch@alm.com, 855-808-4550.

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