

## Forecast Analysis: Consulting Services, Worldwide

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By Analyst(s): Dean Blackmore, Brendan Williams, Chrissy Healey, Neha Sethi

Initiatives: [Technology Market Essentials](#)

The \$201 billion consulting market is forecast to grow 12.0% in U.S. dollars (9.3% in constant currency) in 2021 as paused/postponed project-based spending from 2020 is released and invested in initiatives to enable organizations to thrive in a post-COVID-19 world.

### Overview

#### Forecast Assumptions

- Through 2025, 75% of enterprises will expedite digital business transformation plans, resulting in the need for consulting, transformation and support services for the next decade, up from 25% in 2019.
- Digital approaches to business consulting, already dominant, will effectively displace traditional approaches, with digital business consulting accounting for 95% of the total business consulting market by 2022.
- Through 2025, organizations will increase their reliance on external consultants, as the greater urgency and accelerated pace of change widen the gap between organizations' digital business ambitions and their internal resources and capabilities.
- By 2025, nearly 75% of large organizations will have used external consultants to develop their cloud strategy, up from 46% in 2020.
- By 2025, in order to meet client demands for quicker time to value driven by data and enabled via automation, a quarter of business consulting end-user spending will be supported by assets, up from 12% today.

## Market Impacts

- Given the extent to which the pandemic has accelerated the shift to digital business, organizations will become further reliant on external assistance with digital transformation plans during the course of the forecast period.
- Demand for stand-alone cloud strategy and planning services will shift, with cloud-oriented consulting services incorporated into broader IT or digital business strategy and planning, utilizing cloud as a key element in achieving digital strategies
- Meeting client demands in 2025 will require consultancies to develop a strategy for asset-based consulting — in other words, leveraging assets alongside consulting resources in a hybrid model.

## Notable Changes

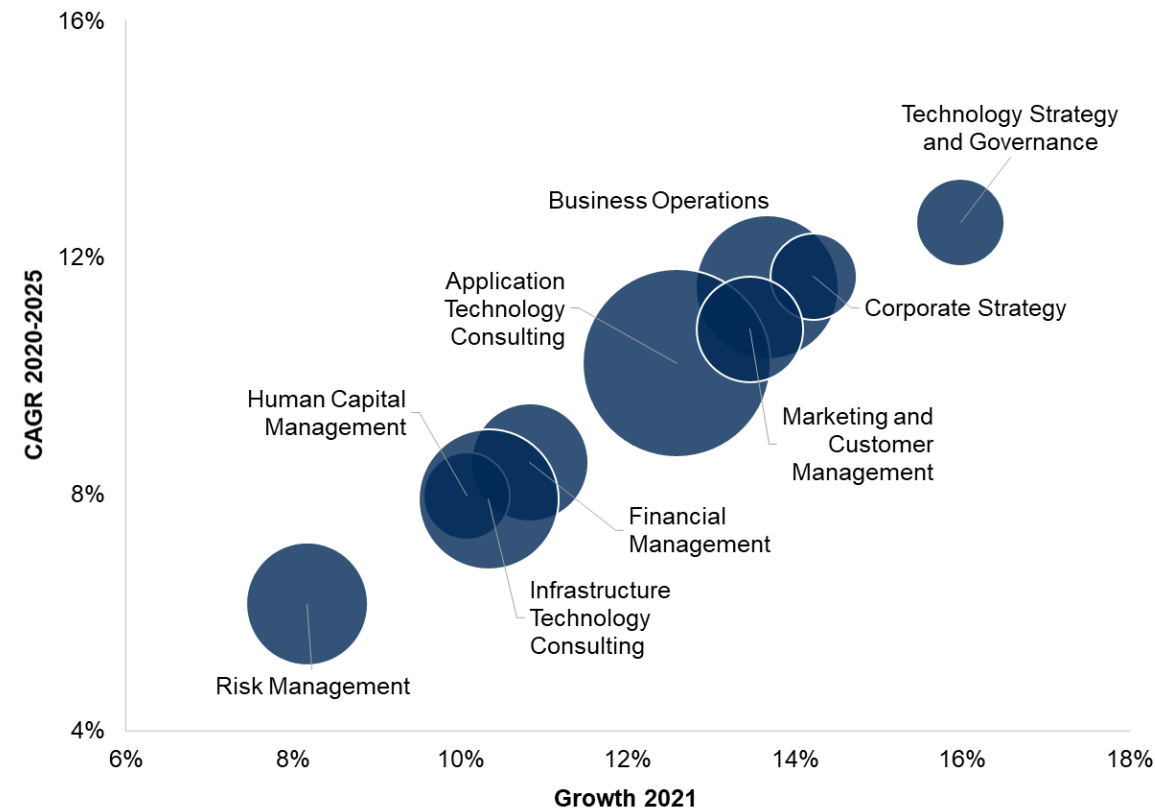
This document provides estimates of the market size, annual growth rates and the associated five-year compound annual growth rate (CAGR) for the consulting market, as well as the underlying forecast assumptions. For more details about the methodology used to create our forecast for consulting, see [Market Definitions and Methodology: IT Services](#).

## Forecast Data Summary

See Figure 1 for a summary of forecast data.

Figure 1: Consulting End-User Spending by Segment (Millions of U.S. Dollars)

Consulting End-User Spending by Segment, Worldwide



Note: The size of each bubble represents 2020 end-user spending by consulting segment in current U.S. dollars.  
Source: Gartner (August 2021)  
ID: 751913

Table 1 shows the consulting market forecast by subsegment.

**Table 1: Consulting Market Forecast by Segment (Millions of U.S. Dollars)**

(Enlarged table in Appendix)

Segment ↓	2020 ↓	2021 ↓	2022 ↓	2023 ↓	2024 ↓	2025 ↓	2020-2025 CAGR ↓
Business Operations	29,883	33,967	38,188	42,320	46,589	51,507	11.5%
Corporate Strategy	10,860	12,405	14,017	15,406	17,000	18,871	11.7%
Financial Management	20,168	22,352	24,350	26,193	28,197	30,382	8.5%
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Infrastructure Technology Consulting	28,741	31,712	34,508	36,787	39,329	42,076	7.9%
Technology Strategy and Governance	11,160	12,942	14,981	16,475	18,176	20,193	12.6%
<b>Consulting Total</b>	<b>201,411</b>	<b>225,544</b>	<b>249,586</b>	<b>270,591</b>	<b>293,567</b>	<b>319,535</b>	<b>9.7%</b>
Note: Numbers may not add to totals shown because of rounding.							

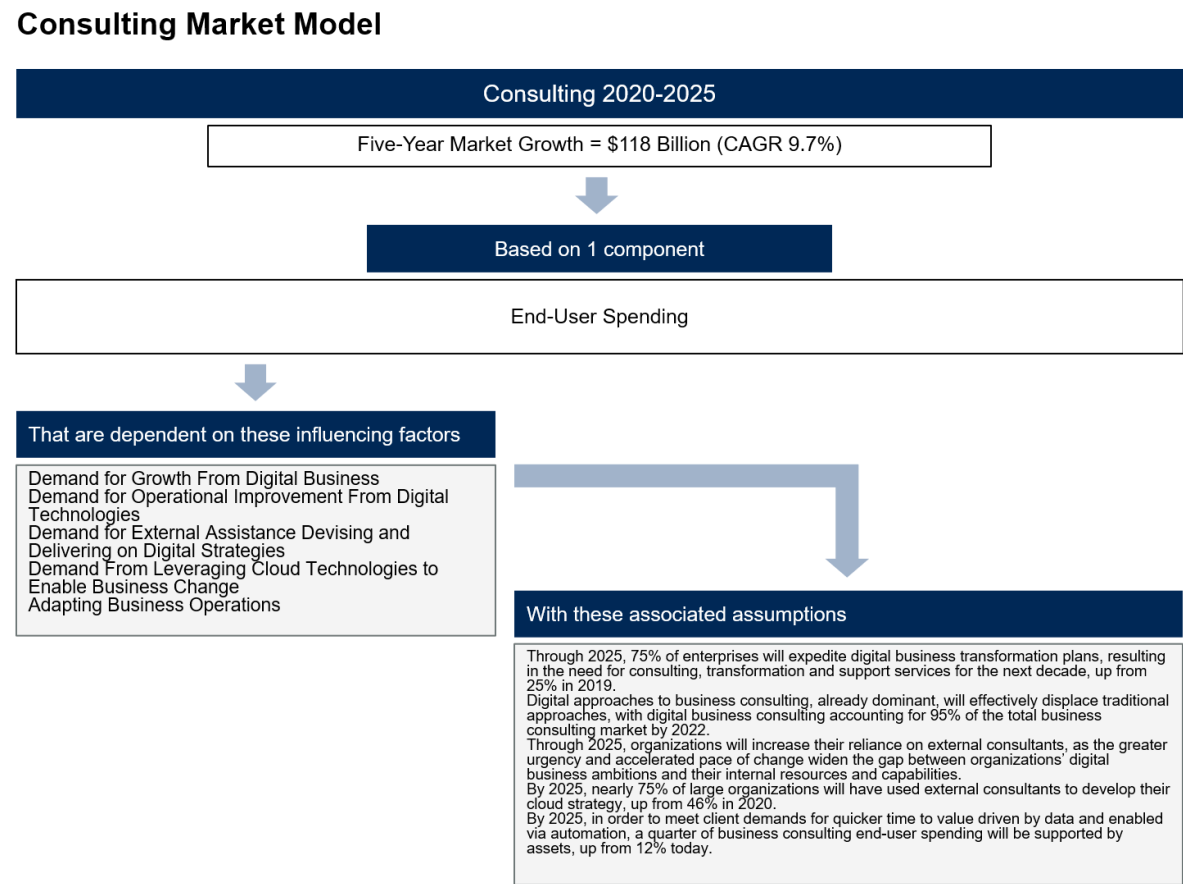
Source: Gartner (August 2021)

Gartner's business consulting forecast pre-COVID-19 was for growth of 7.5% in U.S. dollars (8.0% in constant currency) in 2020 and a five-year CAGR of 6.9% in U.S. dollars (7.5% in constant currency). The economic impact of the global COVID-19 pandemic on IT spending was felt across all market segments of IT spending in 2020. COVID-19 will continue to have a major impact on IT spending for many years, although that influence will diminish. As the world transitions from epidemic to pandemic to endemic, other trends will start to assert themselves. Enterprises are increasing their spending on IT ahead of economic and revenue recovery. Across all industries and all sizes of business, enterprises are accelerating digital business transformation as organizations globally embrace remote work, automation and contactless commerce for business continuity and survival. As a result, Gartner's latest IT services forecast (see [Forecast: IT Services, Worldwide, 2019-2025, 2Q21 Update](#)) expects the consulting market to grow by 12.0% in U.S. dollars in 2021 (9.3% in constant currency) and reach a five-year CAGR (2020 through 2025) of 9.7% in U.S. dollars (8.9% in constant currency).

## Forecast Model Summary

See Figure 2 for a summary of the forecast model.

Figure 2: Consulting Market Model



Source: Gartner (August 2021)  
ID: 751913

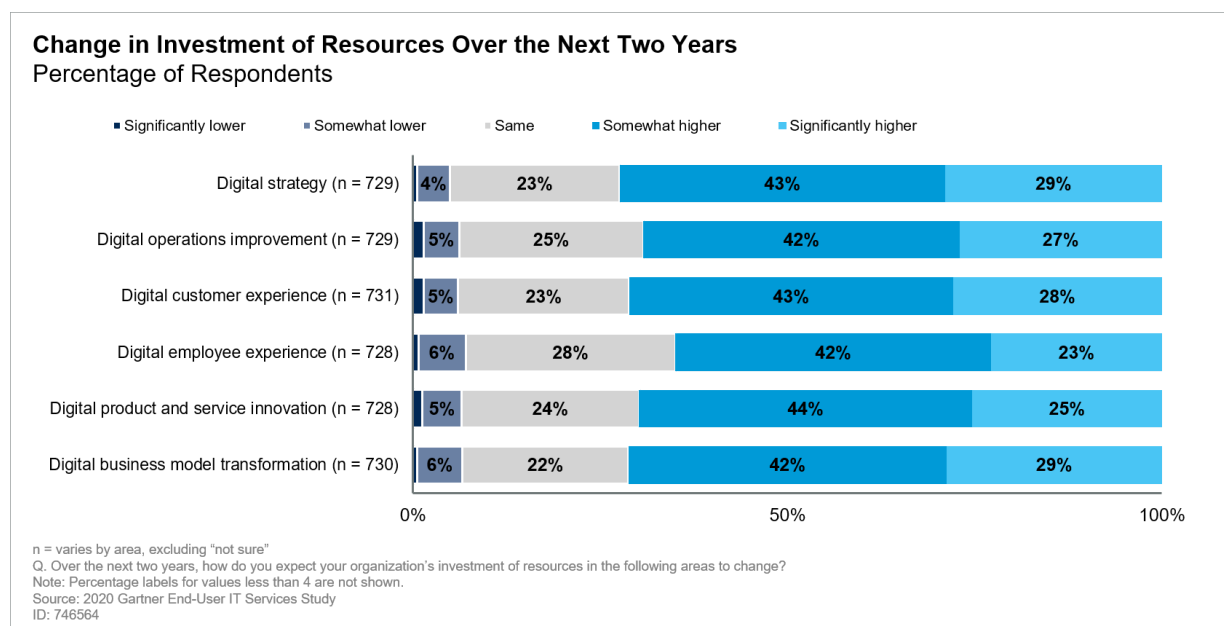
## Influencing Factors and Assumptions

### Influencing Factor: Demand for Growth From Digital Business

Digital business services have always been driven by client demand for business operational change, new digital business initiatives, and the technologies that accompany these changes to achieve the business outcomes that buyers desire. The COVID-19 crisis has served to further accelerate that need for operational change, as organizations strive to adapt their business models to address a new normal that remains consistently in flux.

The 2020 Gartner End-User IT Services Study indicates that the need for all forms of digital business resources will increase beyond pre-COVID-19 levels. At the time of collection (December 2020), 71% of respondents anticipate their organization's investment of resources in digital business model transformation to be higher over the next two years (see Figure 3).

**Figure 3: Change in Investment of Resources Over the Next Two Years**



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To support the need for digital business transformation, organizations are overwhelmingly planning to spend more aggressively in all areas of digital business consulting.

**Forecast Assumption: Through 2025, 75% of enterprises will expedite digital business transformation plans, resulting in the need for consulting, transformation and support**

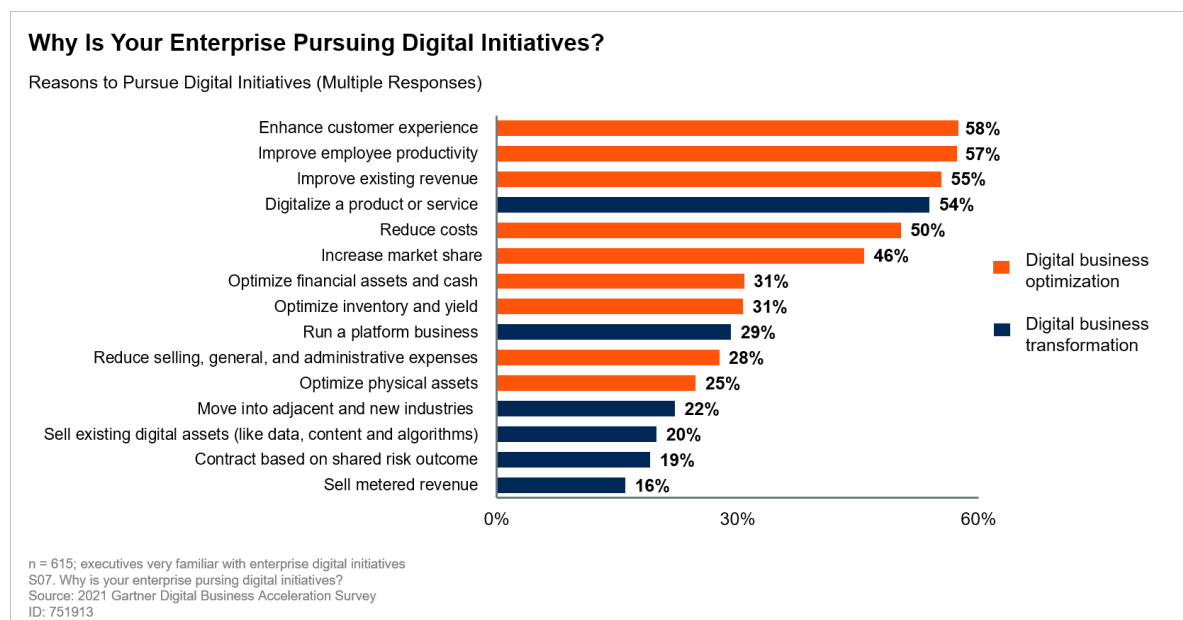
services for the next decade, up from 25% in 2019.

New — All areas of digital business consulting, as depicted in Figure 3, are expected to have an increase in demand over the next two years. This expected demand in the market is good news for offering managers; however, proper planning, positioning and evolution of the offerings will be critical to maximize success. Sustainable revenue opportunities from digital consulting market offerings will drive continued growth for this segment of the market. Offering managers must make the right market positioning and investment choices to drive continuing success for their consulting offerings by considering how these offerings fit into the market adoption continuum (see [Drive Digital Business Consulting Offering Success Using Gartner Market Opportunity ARC](#)).

### Influencing Factor: Demand for Operational Improvement From Digital Technologies

The digital operations improvement service line is a bedrock of the consulting market that appeals to a broad set of buyers across different industries and functional areas. Business leaders turning to digital technologies to enable operational improvements have long been a primary factor driving client demand for consulting services. According to the 2021 Gartner Digital Business Acceleration survey, the majority of organizations are using digital initiatives to optimize while relatively few are transforming (see Figure 4).

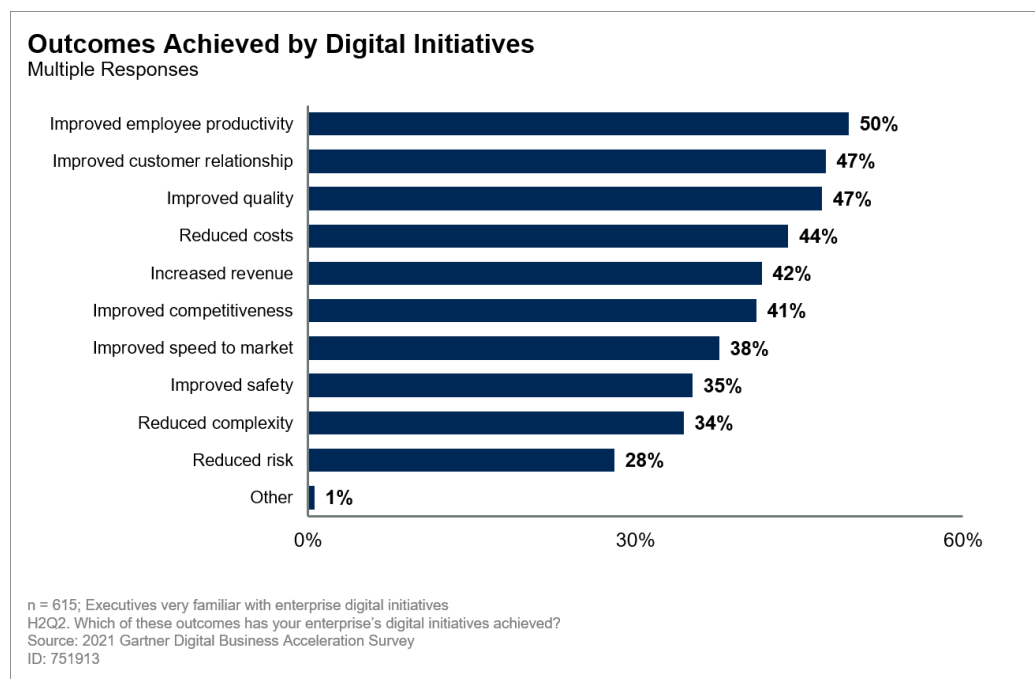
**Figure 4: Why Is Your Enterprise Pursuing Digital Initiatives?**





Further, optimization outcomes such as improved employee productivity come out on top as the most frequently cited outcomes achieved from digital initiatives, though increased revenue is also among the top five most commonly achieved outcomes cited by the executives (see Figure 5).

**Figure 5: Outcomes Achieved by Digital Initiatives**

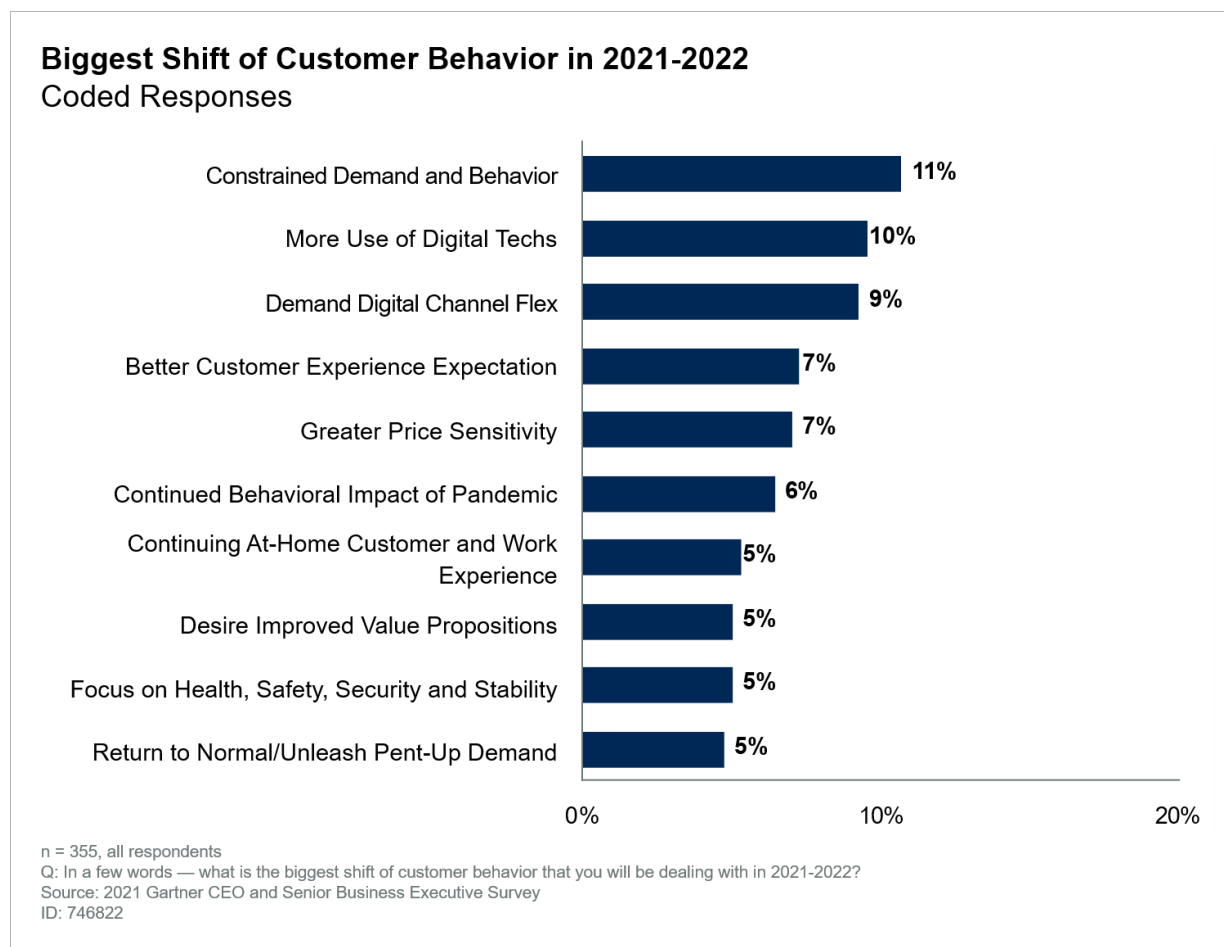


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**Forecast Assumption: Digital approaches to business consulting, already dominant, will effectively displace traditional approaches, with digital business consulting accounting for 95% of the total business consulting market by 2022.**

New — The 2021 Gartner CEO and Senior Business Executive Survey indicates 81% of CEOs agree that the behavior changes resulting from the COVID-19 pandemic are more likely to be significant and enduring than transient and insignificant. Figure 6 shows the most likely changes in customer behavior in 2021 and 2022 anticipated by CEOs.

Figure 6: CEOs' Biggest Anticipated Shift of Customer Behavior in 2021-2022



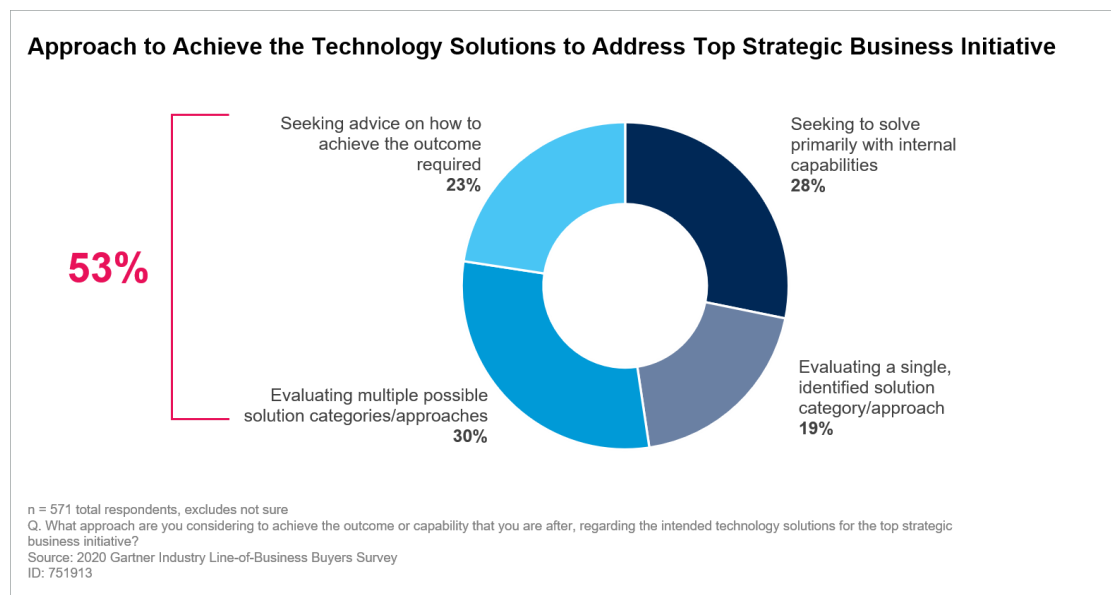
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The use of digital technology and demand for digital channel flexibility are the most noteworthy anticipated shifts (see Figure 6), which suggests that a focus on serving customers digitally will be very important. Further, organizations are looking to new digital channels, products and services to replace revenue from traditional sources lost due to COVID-19. Driven by clients' urgent needs to protect revenue and adapt operations to a socially distanced business reality, the digital operations improvement service line (the second-fastest growing digital business consulting services segment in 2020 with a 16.0% growth) will experience accelerated growth through 2024.

#### Influencing Factor: Demand for External Assistance Devising and Delivering on Digital Strategies

As with all advisory services, one of the most important substitutes for consulting services that potential clients evaluate is the possibility of doing the work in question themselves instead of turning to an external consultant. The willingness of potential buyers to engage external advisors (an inverse function of their ability and/or sufficient internal capacity to do the work themselves) will continue to increase over the forecast period, reflected by the consulting market being forecast to grow notably faster than the wider economy. The 2020 Gartner Industry Line-of-Business Buyers Survey indicates that more than half of line-of-business (LOB) buyers are open to advice on how to achieve their targeted outcomes (23%) or evaluating multiple possible solution categories/approaches (30%), while only 28% are seeking to solve primarily with internal capabilities (see Figure 7).

**Figure 7: Approach to Achieve the Technology Solutions to Address Top Strategic Business Initiative**



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The following two primary factors drive the continued increase in potential buyers seeking external assistance:

- An increase in the degree and pace of strategic change. Already evident before the pandemic, this trend has only accelerated in the wake of the disruption wrought by COVID-19. Many clients choose to work with consultants not only because they bring needed strategic advice, but also because they enable the client to move faster.

- An ongoing shortage of talent with the right digital skill sets. This shortage applies as well to data centricity, innovation, and general technology enablement and execution capabilities. This manifests itself in a frustration with a lack of the internal organizational competencies required to execute a digital business growth strategy.

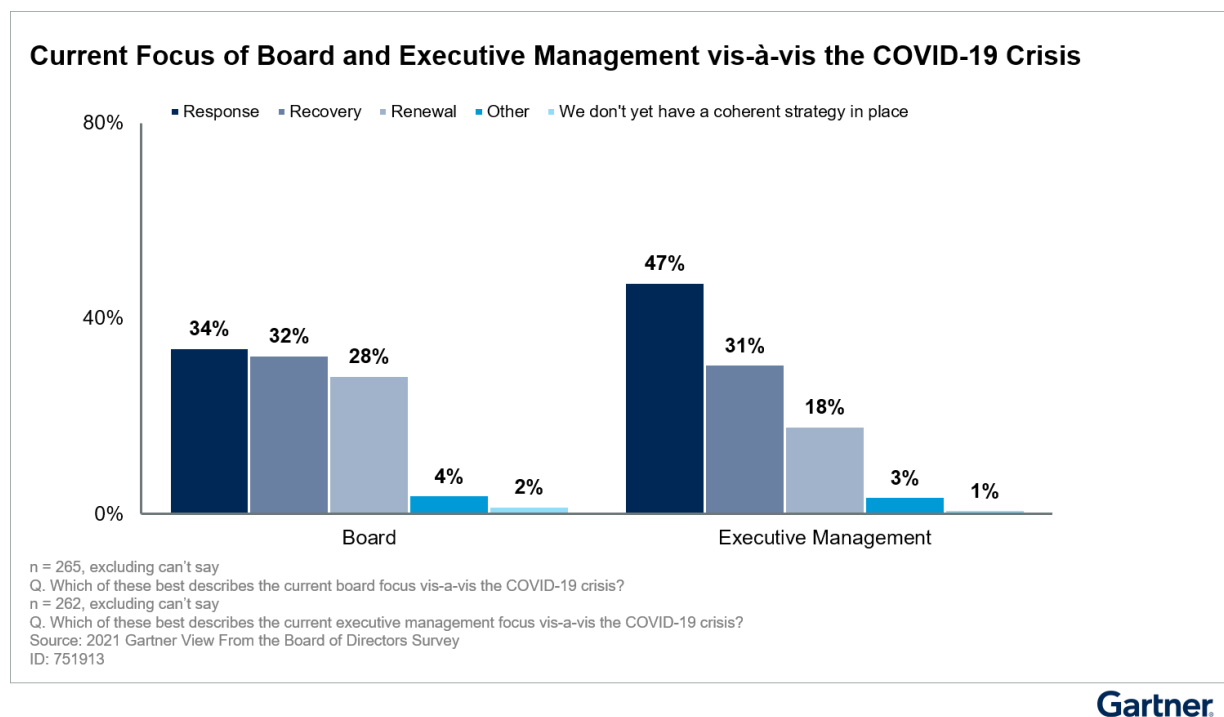
**Forecast Assumption: Through 2025, organizations will increase their reliance on external consultants, as the greater urgency and accelerated pace of change widen the gap between organizations' digital business ambitions and their internal resources and capabilities.**

New — These two factors have contributed to disappointment for many business leaders in the amount of progress their organizations are making toward achieving their digital business objectives. In the 2019 Gartner CEO and Senior Business Executive Survey that predated the COVID-19 pandemic, Gartner asked CEOs how effective their organizations were at factoring digital into strategy and planning, and harvesting results from digitalization. On a scale from 1 (very ineffective) to 7 (very effective), the means were 4.4 for strategy development and 4.3 for harvesting results. This dissatisfaction with their current progress increases the appeal of turning to outside experts to help leaders plug gaps in their internal capabilities. Given the extent to which the pandemic has accelerated the shift to digital business, leaders will become further reliant on external assistance in both of these areas during the course of the forecast period.

When members of boards of directors were asked in the 2021 Gartner View From the Board of Directors Survey which completely new business priorities were driven specifically by the COVID-19 crisis, digital technology initiatives were by far the most popular choice in the middle of 2020, mentioned by 71% of respondents. However, as Figure 8 shows, most leadership teams are still focused on the more immediate priorities of managing the response to and recovery from the COVID-19 crisis. Only 28% of respondents said their board was currently focused on the “longer term renewal of the enterprise during mid-2020,” while a still-lower 18% said the same of their executive management. Buyers are turning to consulting providers for assistance across all three phases (response, recovery and renewal), although their needs differ by phase.

Leaders' urgent needs during the response phase provided a boost to operations and customer-focused work. Digital strategy will increase in demand later in the forecast period, as more leaders start to shift their focus to their plans for long-term renewal.

**Figure 8: Current Focus of Board and Executive Management vis-à-vis the COVID-19 Crisis**



### Influencing Factor: Demand From Leveraging Cloud Technologies to Enable Business Change

The fundamental cloud value proposition of speed, agility, cost reduction, and scalability makes cloud the foundation for digital business and hybrid-IT initiatives. However, cloud has become the norm, and most organizations are no longer seeking consultancies' help with "cloud." Instead, they are demanding assistance with end-to-end optimization and transformation efforts, which leverage cloud technologies to enable business change.

**Forecast Assumption:** By 2025, nearly 75% of large organizations will have used external consultants to develop their cloud strategy, up from 46% in 2020.

**New —** As a result, by 2025, demand for stand-alone cloud strategy and planning services will be on the decline. At that point in the forecast, cloud-oriented consulting services will be incorporated into broader IT or digital business strategy and planning, with cloud as a key element in achieving digital strategies. While it may seem an end of an era, this reflects the natural transition and increased sophistication on the part of IT buyers and their aspirations for more meaningful outcomes.

### Influencing Factor: Adapting Business Operations

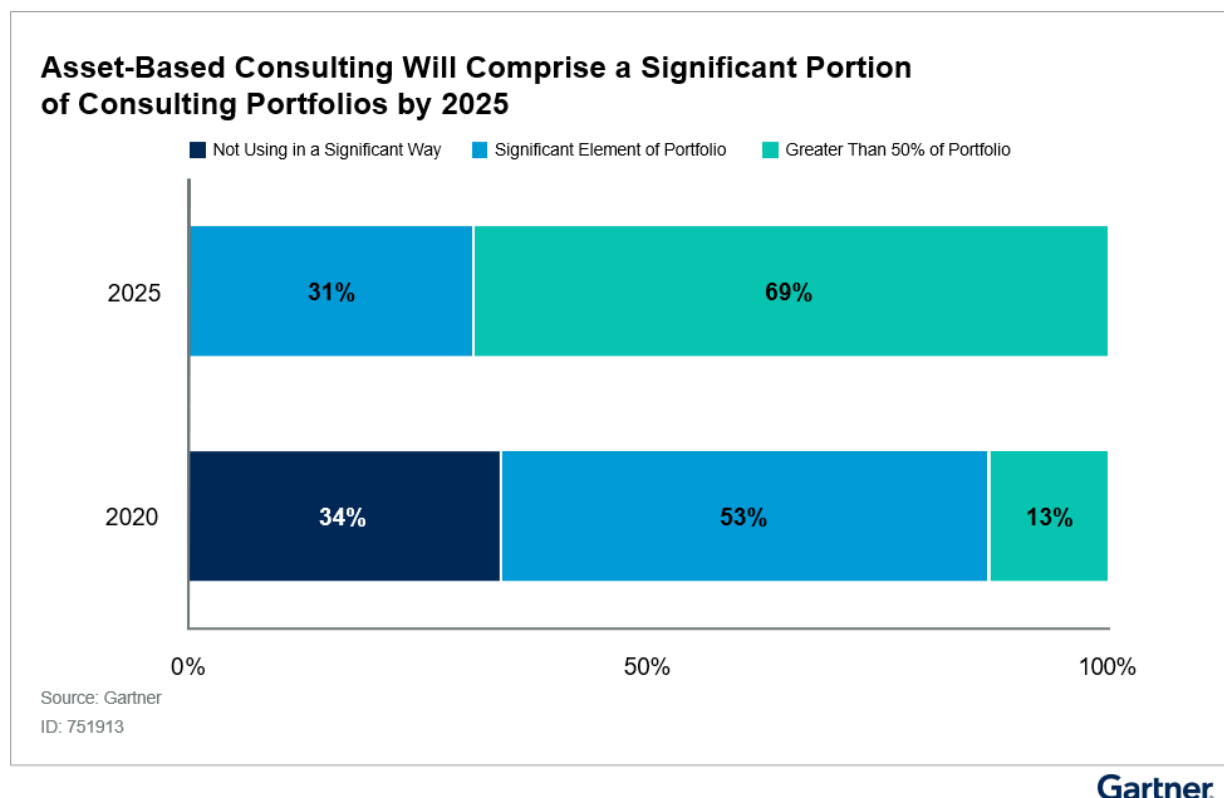
Digital technology is enabling consulting providers to rethink how value is created and delivered for clients by combining human expertise and digital technology in innovative ways. Assets are built and used along the spectrum of IT services — platform IT solutions are a key trend in implementation, and process enhancement technologies and services may be used in conjunction with a business process outsourcing engagement. Assets are growing in importance in business consulting because:

- Advances in the underlying technology — in particular, cloud technology to support digital platforms, and advanced data analytics capabilities — are changing what is possible in business consulting. Digital technology is increasingly enabling business consulting providers to automate some aspects of value creation and delivery, while also creating opportunities to add value in new ways.
- Business consulting clients are looking for fact-based, yet human-centered, answers to complex questions, at the speed of “right now.” Data-driven assets establish a level of objectivity alongside human consulting expertise and can accelerate results.
- Assets can provide a new nonlinear, scalable and recurring revenue stream for consulting providers. Asset-based services may also be “stickier” and less volatile than traditional consulting services, which will be particularly beneficial to providers during a downturn.

**Forecast Assumption: By 2025, in order to meet client demands for quicker time to value driven by data and enabled via automation, a quarter of business consulting end-user spending will be supported by assets, up from 12% today.**

Updated — To be competitive in 2025, consultancies need to adjust their business models, selling methods, and delivery to take advantage of new market opportunities provided by digitally intensive, asset-based delivery, accelerating and bringing ongoing business value into their solutions. Meeting client demands in 2025 will require consultancies to develop a strategy for asset-based consulting — in other words, leveraging assets alongside consulting resources in a hybrid model. Asset-based consulting refers to delivery of consulting services via a client facing technology-enabled tool, product, artificial intelligence (AI)-trained model, or platform. A recent Gartner poll of consulting providers indicates that assets are prevalent in many consulting portfolios today, but that all providers see this shifting to a significant portion of their portfolios by 2025 (see Figure 9).

**Figure 9: Asset-Based Consulting Will Comprise a Significant Portion of Consulting Portfolios by 2025**



## Evidence

**2020 Gartner End-User IT Services Survey** — This study was conducted to understand changes in the buying patterns for IT services post-COVID-19.

This research was conducted online with an external partner from October through December 2020, among 732 respondents from organizations with annual revenue of more than \$50 million in North America (the U.S. and Canada), Western Europe (the U.K., France and Germany), Southern Europe (Spain and Italy) and Asia/Pacific (Australia, Hong Kong, India, Singapore and Japan). Industries surveyed include banking, manufacturing, communications, media, government, retail, wholesale, insurance, utilities, transportation, healthcare provider and education.

Respondents are director level or higher decision makers or decision influencers in the selection of consulting or outsourcing services for their organization with involvement in the selection, evaluation or day-to-day management of at least one of the following consulting or outsourcing service in the past two years: business advisory consulting, technology advisory consulting, staff augmentation, software engineering, IT managed services and business process services.

The survey was developed collaboratively by a team of Gartner analysts and was reviewed, tested, and administered by Gartner's Research Data and Analytics team. Disclaimer: Results of this study do not represent global findings or the market as a whole, but do reflect the sentiments of the respondents and companies surveyed.

**2021 Gartner View From the Board of Directors Survey** — This survey was conducted to find out how boards of directors (BoDs) view digital-business-driven business model evolution and the impacts of that on their enterprises. It also helps understand the BoDs' expectations of executive leaders and how BoDs translate their board focus to actual executive actions and overall corporate performance.

The survey was conducted online from May through June 2020 among 265 respondents from the U.S., EMEA and Asia/Pacific. Companies were screened to be midsize, large or global enterprises. Respondents were required to be a board director or a member of a corporate BoD. If respondents serve on multiple boards, they answer for the largest company, defined by its annual revenue, for which they are a board member.

The survey was developed collaboratively by Gartner analysts and the Research Data and Analytics team. Disclaimer: The results of this survey do not represent global findings or the market as a whole, but do reflect the sentiments of the respondents and companies surveyed.

**2021 Gartner CEO and Senior Business Executive Survey** — This research was conducted from July 2020 through December 2020, with questions about the period 2020 to 2023. One-quarter of the sample was collected in July and August, and three-quarters from October through December. In total, 465 actively employed CEOs and other senior executive business leaders qualified and participated. The research was collected via 390 online surveys and 75 telephone interviews.

By job role, the sample mix was: 287 CEOs, 115 CFOs, 29 COOs or other C-level, 34 chairpersons, presidents and board directors. By geographic region, the sample mix was: 183 North America, 109 Europe, 97 China, Japan, Australia and other Asia/Pacific, 56 Brazil, Mexico and other Latin America, 13 Middle East, 7 South Africa. By enterprise revenue, the sample mix was: 46 \$50 million to less than \$250 million, 122 \$250 million to less than \$1 billion, 226 \$1 billion to less than \$10 billion, 71 \$10 billion or more.

The survey was developed collaboratively by a team of Gartner analysts that examines technology-related strategic business change, and was reviewed, tested and administered by Gartner's Research Data and Analytics team.



**2020 Gartner Industry Line-of-Business Buyers Survey** — This study was conducted to understand the role played by enterprise technology products and services in achieving business goals, and what factors business leaders prioritize when considering to invest in technology solutions (including services).

The research was conducted online from October through November 2020, among 585 respondents in North America (52% from the U.S. and Canada) and Western Europe (48% from the U.K., France and Germany), from organizations with \$50 million or more in revenue in fiscal 2020, across seven verticals (banking and financial services, retail, manufacturing, insurance, healthcare, public sector, and telecom).

Respondents were head of a line-of-business department or within two reporting levels away. In addition, they have been involved in the evaluation of products or services for technology projects, and should be aware of any exploration, purchase, or replacement or renewal of technology products or services for their department.

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**2021 Gartner Digital Business Acceleration Survey** — This survey was conducted to learn about organization-specific digital business acceleration actions and link to results. The research was conducted online from 1 April to 2 May 2021 among 615 respondents from North America, EMEA and Asia/Pacific. Respondents were screened for function, job category (directors and higher), and involvement in their enterprises' digital initiatives.

The study was developed collaboratively by Gartner analysts and the Primary Research Team. Disclaimer: Results of this study do not represent global findings or the market as a whole, but do reflect sentiment of the respondents and companies surveyed.

## Document Revision History

[Forecast Analysis: Business Consulting, Worldwide - 12 August 2020](#)

[Forecast Analysis: Business Consulting, Worldwide, 2019 - 8 August 2019](#)

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## Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

[Forecast: IT Services, Worldwide, 2019-2025, 2Q21 Update](#)

[Market Share: IT Services, Worldwide 2020](#)

[Market Share Analysis: Consulting Services, Worldwide, 2020](#)

[Market Definitions and Methodology: IT Services](#)

[Forecast Analysis: Digital Business Consulting Services, Worldwide](#)

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Table 1: Consulting Market Forecast by Segment (Millions of U.S. Dollars)

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