

**Survey of the ROI Management
Consultancy Market - Summary
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Appendix 1: Survey Definitions

1. Introduction

This report summarises the first survey of the ROI management consultancy market carried out by IMCA in September 2009 in line with an annual FEACO¹ survey. IMCA plans to repeat this survey annually in future years and for it to be reported within the FEACO published report.

An external market research firm – Behaviour & Attitudes – was appointed to collate responses and thus provide assurance to respondents on the confidentiality of the process, with aggregate results only provided to IMCA.

The survey addresses three main topics a) estimates of market size b) mix by service line and sector and c) projections of growth or decline. Comparisons are made with FEACO data – UK and European average across 24 countries - for the same period (2008) where available.

2. Key Findings

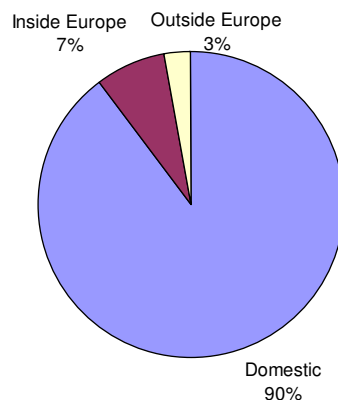
2.1 Market estimated at approx €310m, excluding Outsourcing

The ROI consultancy market in 2008 is estimated at approx 2,000 consultants with a combined turnover of €310m for the mix of services covered (Outsourcing excluded as outlined below).

Consultants in practices account for 62% of the total and individual consultants 38%. An average support staff / consultant ratio of 16% was recorded as against 15% in the UK and a FEACO average of 25%.

The market is primarily domestic with only 10% elsewhere in Europe or overseas – the same as the UK and compares to a FEACO average of 15%.

Turnover by Destination



Average annual fees per consultant are projected at €159k with €98k for smaller practices (five and below) and €193k for the balance. This relates to an average of €185k in the UK and a FEACO average of €165k. The UK and ROI fees per consultant would be closer at 2009 exchange rates (89c vs. 79c in 2008).

¹ European Federation of Management Consultancies Associations

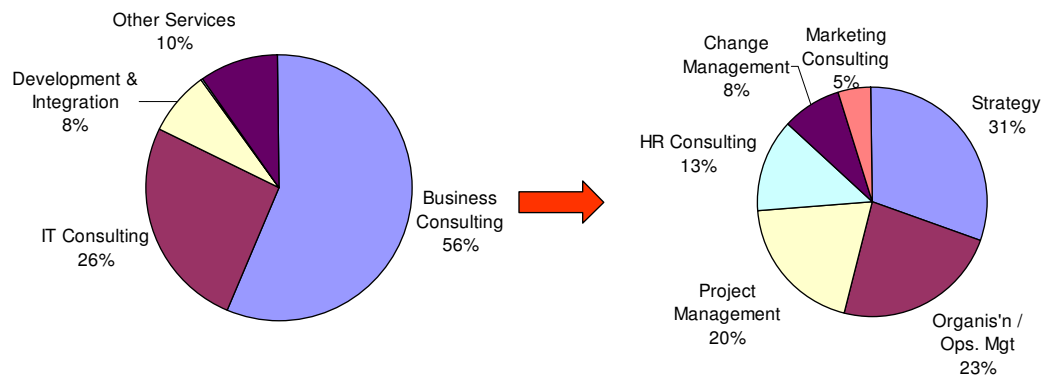
The ROI market estimate of €310m equates to 0.2% of GDP as against 0.65% in the FEACO average and 1.1% in the UK. Adjustments for under-reporting, eg Outsourcing, in this initial survey and GNP being more appropriate for Ireland would not fully explain the difference. Larger economies in the data tend to have higher ratios of consultancy to GDP, probably because of their greater complexity.

2.2 Business Consulting the largest service line

Business Consulting is the largest service line (see Appendix 1 definitions) at 56% of the total, followed by IT Consulting at 26%. The main service lines within Other Services are Training (57%) and Recruitment / Selection / Executive Search / Outplacement (18%).

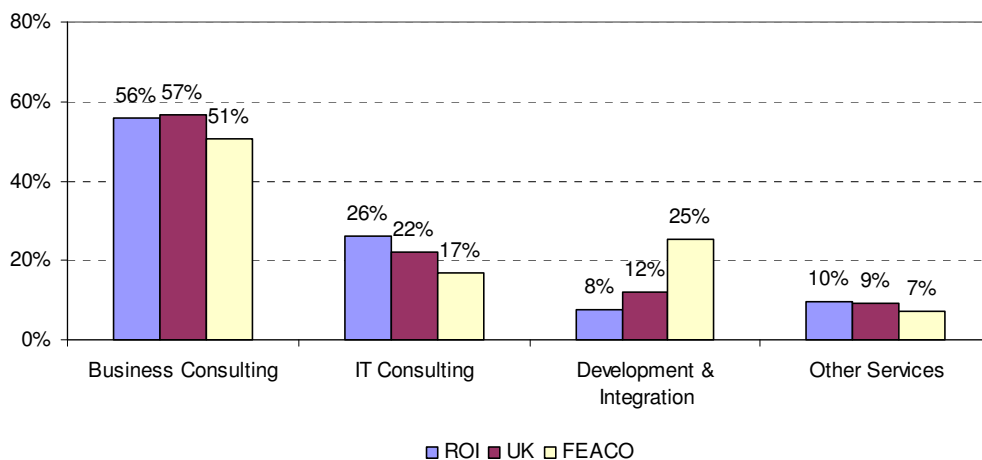
Although listed as a main service line, Outsourcing comprised only 0.3% of the total in responses, possibly because it was not seen as a consultancy operation. Inclusion at the UK level (34%) would increase overall ROI revenue projections by approx 50%.

Turnover by Service Line



The ROI mix is close to that in the UK and the FEACO average for the main service lines when Outsourcing is excluded as shown below.

Service Line Mix Comparisons with UK and FEACO

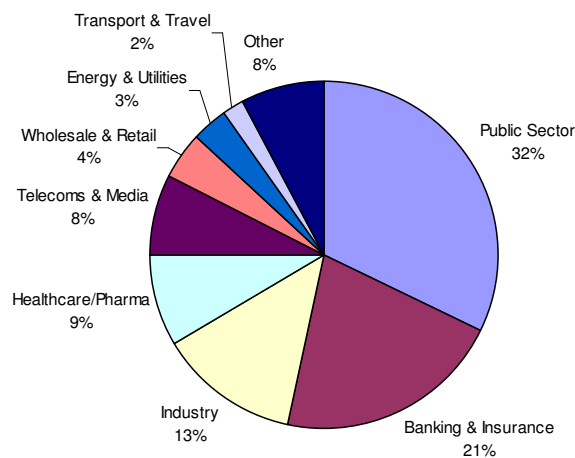


2.3 Public Sector and Banking & Insurance over half of the market

Public Sector and Banking & Insurance are the largest industry sectors with:

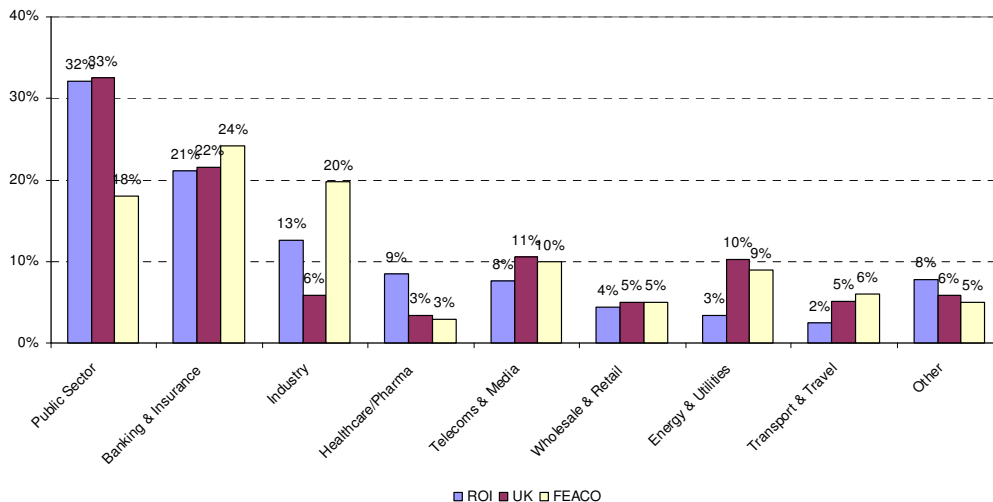
- Public sector consultancy primarily (80%) at national level;
- Banking and Financial Services comprising 78% of Banking and Insurance;
- Consumer Products comprising 35% of Industry and High Tech 21%;
- Healthcare comprising 69% of Healthcare / Pharma;
- Not for Profit (private sector) comprising 33% of 'Other'.

Turnover by Industry Sector



ROI Public Sector consultancy is a similar % of the market as the UK (but much lower in absolute terms given the market sizes), with both higher than the FEACO average. Banking & Insurance is similar in all three. Industry is higher in Ireland than the UK while Energy & Utilities is lower in Ireland than both UK and FEACO.

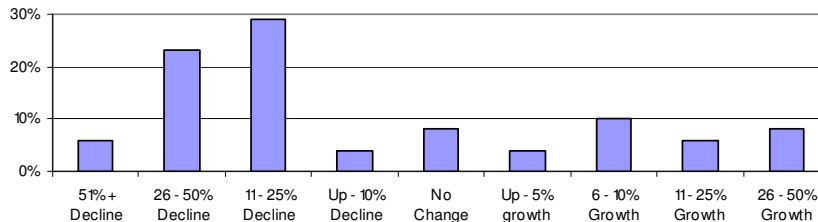
Sector Mix Comparisons with UK and FEACO



2.4 Decline of 13% projected for 2009

A mean decline of 13% in turnover is projected for 2009 over 2008. Larger practices (turnover €0.5m and above) are more pessimistic projecting a decline of 16%. The mean summarises a spread of responses as below with some growth projected.

Projected Growth / Decline 2009



The 13% decline projected for Ireland compares with a decline of 5% projected for the UK and 0.6% for the FEACO average.

2.5 Projections vary by service line and sector

By service line, Project Management and Operations Management have the most negative outlook while Marketing and Outsourcing are projected to increase.

By industry sector, Public Sector and Insurance have the most negative outlook while Pharma and Consumer Products are projected to increase.

Growth / Decline by Service Line and Industry Sector

Service Line	Industry Sector
Project Management	Public Sector
Organisation/Operations Mgt	Insurance
IT Consulting	Not for profit (pr. sector)
Recruitment/Selection/Search	Banking & Fin. Services
Strategy	Transport & Travel
IT Services	Utilities
Development & Integration	Healthcare
Training	Wholesale / Retail
HR Consulting	Comm., Media & Ent.
Change Management	Pharma
Marketing Consulting	Cons. Products
Outsourcing	

3. Methodology

Questionnaires were issued to three groups:

- a) IMCA practices;
- b) IMCA individual consultants; and
- c) Practices targeted for membership.

The returns provided consultant numbers and annual (2008) revenues for respondents. Estimates were then made for those not covered by responses as below:

- IMCA members – consultant numbers (known) x estimated revenue per head from sample, separately for practices and individuals;
- Non-IMCA practices – consultant numbers estimated for listed practices x average revenues per head for practices from sample;
- Non-IMCA individuals – estimated overall numbers x average revenue per head for individuals from sample.

With 25% of total revenues covered, the sample provides a reasonable basis for estimates. We anticipate a higher response in repeating the survey.

4. About IMCA

The IMCA is the Recognised Professional Institute for Management Consultants and Business Advisers in the Republic of Ireland.

Its principal objective is the advancement of the professions of management consultancy and business advice through the establishment and maintenance of the highest standards of performance and conduct by its members, and by the promotion of the knowledge and skills required for that purpose. Membership is open to individual management consultants and business advisers, and embraces consultants and advisers working with major international practices, specialist sole practitioners and those operating in State Agencies.

IMCA is authorised to award the Certified Management Consultant (CMC) designation in Ireland. CMC is an internationally recognised management consultancy qualification based on strict certification requirements relating to competence, ethics and independence. Only members of ICMCI (International Council of Management Consulting Institutes) can award the CMC qualification. IMCA is a member of ICMCI and, to become a CMC. Applicants must join IMCA as an Associate and proceed to demonstrate their skills against IMCA's Statement of Competence.

See www.imca.ie for further details of IMCA or contact +353 1 6349636 with queries.

Appendix 1 – Survey Definitions

1. KEY SERVICE LINES

A. Consulting

Helps private and public organisations to analyse and redefine their strategies, to improve the efficiency of their business operations and to optimise their technical and human resources.

Management Consulting includes:

Strategy Consulting, target improvement of long-term, strategic health of a company: strategic planning development; mergers & acquisitions; sales, marketing, corporate communication, financial advisory, HR strategy...;

Organisation / Operations Management: aim at the integration of business solutions through Business Process Reengineering, customer/supplier relations management, turnaround/cost reduction and purchasing & supply management.

Project Management: The application of knowledge, skills, tools and techniques to a broad range of activities in order to meet the requirements of a particular project

Change Management: Services which enable success within the human element of the organisation.

Human Resource Consulting: Services which target improvement in the 'people' element of an organisation through performance measurement & management, reorganisation of benefits, compensations and retirement schemes, HR strategy and marketing, development of talent strategies and executive coaching.

IT Consulting helps organisations to evaluate their IT strategies with the objective of aligning technology with the business process. These services include strategic planning and conceptions, operations and implementations.

B. Development and Integration

- *Development of applications*: creation of new functionalities through, often tailored, processes. Usually these processes integrate or unite internal or external business processes and can involve a conversion of applications for use in different platforms or conceptions.
- *Deployment and integration*: implementation of new applications of infrastructures concerning the installation of hardware and/or software, their configuration or adaptation and the testing of their interoperability.
- *Design, implementation and management of services* which integrate applications created in different existing IT applications or infrastructures (system integration).

C. Outsourcing

- *IT management services* - operation of infrastructures, applications management and help desk management.
- *Applied Management Services (AMS)* - development and implementation of support services for a) hardware (b) applications and c) infrastructures.
- *Management of business processes* - or Business Process Outsourcing. Including IT and support services focused on basic technological aspects, which include hardware support projects, servers and PCs as well as storage devices, telecommunications, documentation management, etc. It covers application support systems and infrastructures and also includes support services for operational systems software.

D. Other Services

A variety of services complementary to the above services

2. KEY INDUSTRY SECTORS

Consumer Products: food and tobacco products, textile & apparel, beauty & toiletries, metal, wood & furniture, paper and printed products

Banking and financial services: incl. commercial banks, investment managers, mutual funds companies, brokerage firms, investment banks, private banking and trust companies, saving banks, credit unions, mortgage banking companies, international banks and finance companies

Insurance: Insurance carriers, agents, brokers and services

Transport / Travel: incl. All transport by air, road or water of goods or passengers: private transportation organisations, carriers and shippers as well as logistics services companies

Communication/Media/Entertainment: publishers, entertainment companies, record labels; all communications not being telecommunications.

Energy: petrol and gas extraction, coal, mining, chemicals & petrochemicals

Wholesale & Retail: incl. luxury and speciality retailers, mass merchandisers, discount retailers, grocery chains, convenience stores, drug chains, car dealers, restaurants, home improvement chains, catalogue retailers and e-tailers of durable and non-durable goods.

Utilities: Production and distribution of electricity, gas and water.

Healthcare: providers (hospitals and physicians), payers (insurance companies and HMOs) and distributors (of medical equipment and supplies).

Pharmaceuticals: pharmaceuticals manufacturers and biotech companies

Automotive: automotive manufacturers, suppliers, systems integrators and distributors

Aerospace and Defense: includes commercial and defense aerospace, airlines and airports and space (civilian), and related manufacturing and associated research

High Tech: all cutting edge technology incl. that used in civilian and defense related aerospace