

## THE UK MARKET FOR TELECOMS CONSULTANCY

### Main Research Conclusions

- The UK market for telecoms consultancy is worth in the region of £400 million a year and is set to rise sharply in the next three years.
- There are some 500 'potential' clients of consultants but this number is likely to fall sharply in the next 12-18 months as the market consolidates in reaction to tightening capital markets and as bigger players drive out smaller limited service operators (e.g. pure voice resellers).
- Although the number of clients will diminish, expenditure on consultants will continue to grow fuelled by:
  - (a) the need to build 3<sup>rd</sup> generation mobile networks;
  - (b) the demand for new e-enabled products and services;
  - (c) the demand for new billing/CRM systems;
  - (d) the need to integrate new and existing businesses;
  - (e) the need to update all networks on a regular basis;
  - (f) the convergence between broadcast media and voice/data communications.
- All clients in the market face the urgent need to use the money they have raised to implement business plans and secure positive cash flows and profits. For this reason, all clients to a greater or lesser extent face an acute shortage of skilled staff and are willing to utilise consultants to get projects completed without having the overhead burden of building a permanent team.
- On the supply side, the consultancy market is polarised between the 'large' branded players such as Accenture and PricewaterhouseCoopers and a fragmented group of smaller relatively unknown players such as Mentor Technology International, Mason Communications, Ovum, Schema, Spectrum and Analysis.
- Clients make a significant distinction between management consultancy, programme management and market research. There is also a perceived difference between externally driven consultancy and internally focused project implementation. A distinction also has to be made between systems integrators and contractors who provide only back office solutions for telecoms companies. **(See table overleaf)**
- Speed of implementation with attention to detail and on-time delivery were identified by most clients as their key selection criteria. Teams that comprise industry seasoned skilled individuals were preferred to those that were largely supported by campus-based recruitment. All clients complain about paying too much but price is not a major arbiter in the selection process. For consultants, the major constraints on expansion are not finance, but the quality of individual consultants; their experience and contacts.

## TELECOMS CONSULTANCY – MARKET OPPORTUNITIES

Business Objectives and Planning ↓ Strategy ↓ Market Analysis ↓	<b>Management Consultancy</b>
Network Planning ↓ Radio Planning ↓ Procurement ↓ Network Construction ↓ Network Management ↓	<b>Telecoms Consultancy</b>
Billing Systems ↓ Customer Management Systems ↓	<b>Telecoms and IT Convergence</b>
Legacy Back Office Systems ↓ Front Office Systems	<b>IT Consultancy and Systems Integration</b>

- Large 'big name' consultancies are used because they have the resources to manage large labour-intensive projects but are criticised for their lack of willingness to alter the scope of a project mid-stream to take account of changes in the market. Consultancies in general need to be more sensitive to changing scenarios and less keen to perpetuate a project that is not in the client's best interest.
- There is significant scope for smaller specialist consultancies to expand their range of services either by organic growth and/or via acquisition. To realise the significant opportunities available, smaller niche players need to pay more attention to brand development. Many have identified this need, but B2B marketing and promotion is a complex process and the quality of the client development skills required is often underestimated. Personal relationships have been a key to historic success but consultancies also need to clarify the range and depth of services they wish to offer and promote the benefits to their respective potential clients.