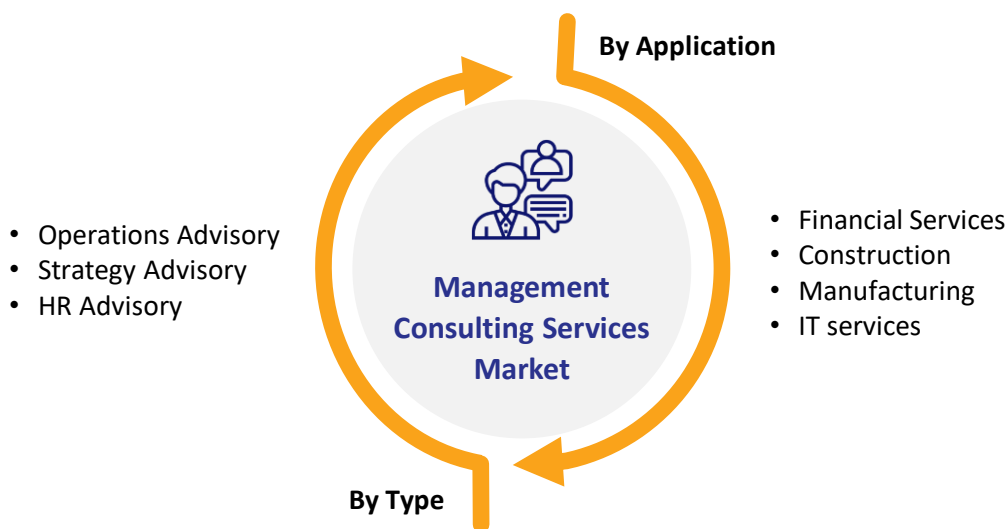


Consulting Market Landscape in the **GCC Region** and **Saudi Arabia**

September 2022

The market for management consulting services has grown rapidly driven by demand for operational efficiency, regulatory compliance, and technology improvements. Opportunities and constraints brought about by globalization, modified legislation, and digitalization have affected this industry. The market is expected to grow to USD 180 billion by 2028 at a growth rate of 8% from USD 120 billion in 2020. The COVID-19 pandemic, and restrictive containment measures involving social estrangement, remote work, and the closure of commercial activities that resulted in operational challenges had a negative impact on businesses. In order to restructure their operations and recover from the impact of the pandemic, businesses look forward to management consulting services, thereby leading to its expansion.

Management consulting businesses provide a wide range of services, including risk management, forensic accounting, internal audits, corporate recovery auditing, as well as financial auditing. Some of the consulting firms also provide integrated services on advising employee health and benefit plans in addition to investing in consulting actuarial services.



In 2020, due to the global pandemic, the consulting market in the GCC region declined by 12.4% to USD 2.68 billion. However, it recovered in 2021 and registered the highest growth in seven years. It increased by around 18% and surpassed USD 3 billion for the first time. This growth was driven by regional efforts at economic transformation. Consulting revenue in the GCC region increased by 24.2% to USD 838 million after declining by around 7% in 2020 because of the pandemic.

Around 63% of organizations in the GCC have mentioned that they will increasingly use consulting support over the next two years, with strong interest in energy and resources, technology, media and telecoms, as well as manufacturing sectors.

Type of company	Consulting spend as a percentage of organizational expenditure	Average consulting spend
Top-tier firms (Fortune 500 firms)	1%–3%	USD 100–150 million
Mid-tier firms	3%–5%	USD 50–100 million
Low-tier firms	5%–7%	< USD 50 million

The consulting market in Saudi Arabia is one of the best performing markets in the world. The industry grew by 19% in 2021 and had a valuation of USD 1.8 billion. With a stake of more than 50%, it is the largest consulting market in the GCC.

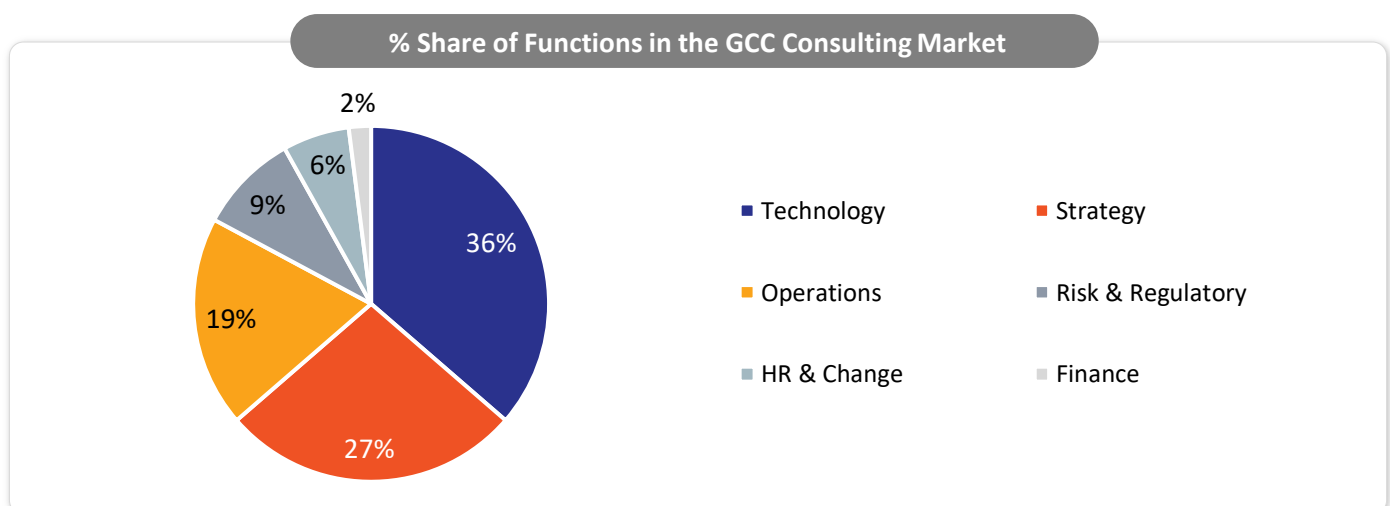
Not surprisingly, the impact of volatile oil prices has encouraged local governments in the GCC to invest more in consulting services to diversify into industries unrelated to oil. The consulting business has also increased due to the region's deteriorating inter-trade agreements, a predicted slowdown in global economic growth brought on by Brexit and the US-China Trade War, and mounting pressure on natural resources.

The Government of Saudi Arabia directed fintech, financial organizations, and other businesses to deploy novel solutions to increase digital services and reduce financial crimes, which undoubtedly led to an increase in consulting services. It focused on increased digitalization to modernize various industries, including finance, e-commerce, fintech, and others across the GCC region.

Demand for strategy expertise is primarily driven by government-led economic diversification initiatives, since customers relied on consultants to revise privatization plans of state-owned companies and increase investment in less established industries.

Consulting Market in the GCC

Country	2020 Market size (USD Mn)	2021 Growth (%)	2021 Market size (USD Mn)
Saudi Arabia	1,439	19	1,712
United Arab Emirates	580	15	667
Qatar	258	16	300
Kuwait	207	16	240
Oman	106	15	122
Bahrain	95	14	108



The government and public sector organizations, multinational corporations with operations in the Gulf and similar organizations are hiring big consulting firms. As a result, companies such as McKinsey, Boston Consulting Group, Bain & Company, and Oliver Wyman among others enjoy disproportionate visibility and credibility in the area. To meet the demands of clients, these larger consulting firms have extensive knowledge as well as innovative technology resources.

Saudi Arabia Vision 2030 Program

The Saudi Vision 2030 program may be the main force behind the region's demand for consulting services, but the growth of tourism in the area has also been advantageous, given that the Kingdom has just recently opened its borders to many countries.

The top management consultancies in the world also have permanent operations in Saudi Arabia, with Saudi nationals occupying senior management positions, ensuring an institutional understanding of regional challenges. The multinational corporations have more established operating models than

boutique consulting firms. The Saudi Arabian consulting industry constantly experiences several innovations. Both the local government and the largest private enterprises in the area are served by international industrial players. Additionally, numerous multinational consulting firms consider Saudi Arabia to be a lucrative market.

Several boutique consulting firms with a preference for a specific industry, such as IT consulting, digital transformation consulting, or healthcare consulting, are present in the region. For example, Hict opened its regional office for the Middle East in Riyadh in July 2021. The company provides services to the healthcare system in Saudi Arabia and is committed to achieving the stated objectives in the Vision 2030 for healthcare transformation. It employs local experts to lead the development of projects and businesses in the area. Macro Management Consulting, CyberAgora, Consultiq, and other specialized IT consulting companies are also located in Saudi Arabia.

The boutique consulting firms have significant potential to grow in the consultancy space. However, some of the smaller consultants find it challenging to keep up with the changes in the market because of the fragmentation, particularly those that have been sped up by technology.

The boutique consulting industry in Saudi Arabia is still expanding to compete with large consulting organizations. Although there is a substantial concentration of boutique consulting firms in Saudi Arabia in the targeted areas, such as IT and healthcare, there is still a sizable space for growth in the market for other industries.



About Benori Knowledge

Benori Knowledge is a global provider of custom research and analytics solutions across industries, including consumer & retail, technology, media & telecom, internet & e-commerce, professional services, financial services, healthcare, industrials and education & social. We offer solutions aimed at supporting our clients' strategic needs that are critical to accelerate their growth and value creation.

Our team of knowledge consultants is committed to minimising the challenges faced due to high costs, poor access and low quality of knowledge processes, and transforming them to deliver world-class and cost-effective information, intelligence and insights.

Headquartered in India, we serve clients across the world.

Simplifying Decisions.

info@benoriknowledge.com

benoriknowledge.com

BENORI