



**Middle East Management Consulting
& Advisory Market – Competitive
Intelligence Report **H1 2023****

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Report scope

Overview: Middle East management consulting & advisory market in H1 2023 – key trends, driving forces, restraints and competitive landscape in the region

Companies covered: Total 10 including Accenture, Arthur D. Little, Bain, BCG, Deloitte, EY, KPMG, McKinsey, PwC, and Roland Berger

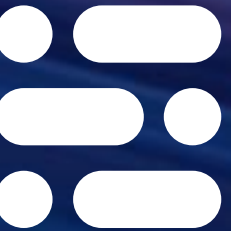
Geography: Middle East

Timeframe: H1 2023

Sources : Insightsfirst Competitive Intelligence Platform



Market Overview

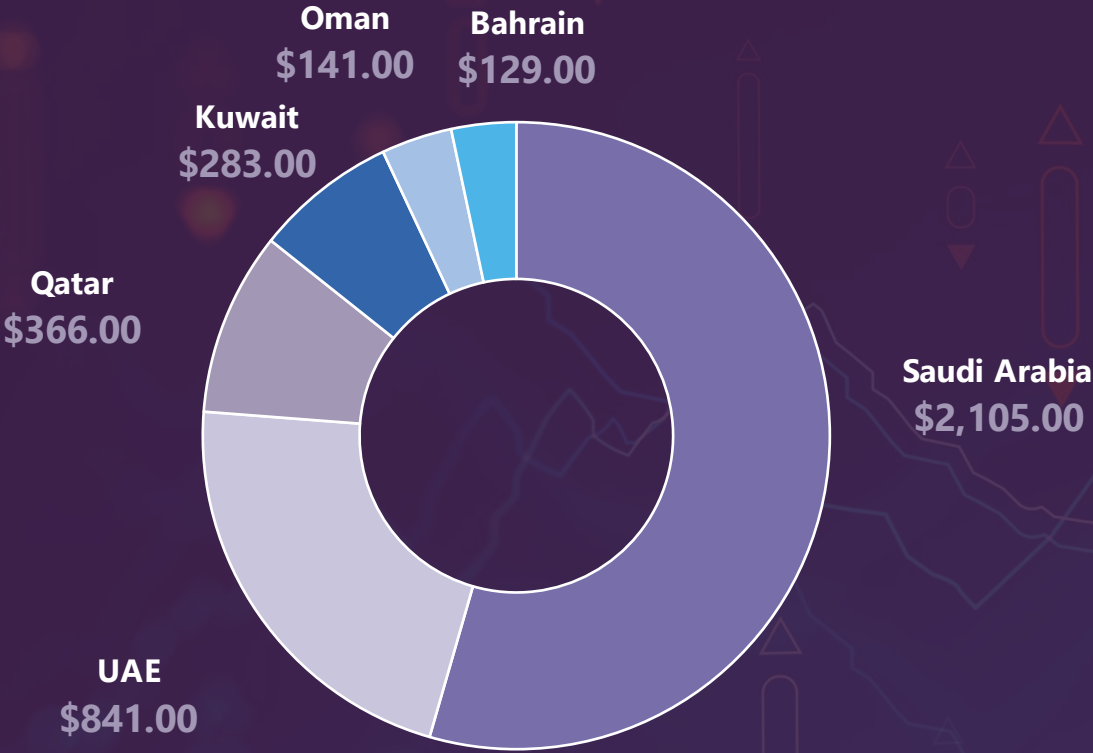


Middle East Management Consulting & Advisory Market

The Middle East management consulting and advisory market will likely surpass \$4 billion by 2023's end, with Saudi Arabia holding a significant market share, according to the Source Global Research. In 2022, the Saudi market recorded the highest growth (17.5%), followed by the UAE (14.3%)



Industry Market size in Top 6 Countries in Middle East
(Year 2022 (US\$) Mn)



Key highlights



Economic Transformation: The region's economic ambitions, compounded by favorable oil prices and improving travel and tourism, made the Middle East a vibrant hub for consulting activities. The volume of work and its complexity were increasing in the region due to **rapid digital and organizational transformation**.



Consulting Impact: In H1 2023, consultants played a pivotal role in driving positive change across the Middle East. For example, they started **guiding Saudi Arabia on the crucial components of its Vision 2030**, supporting **UAE in enhancing its tourism strategies**, and assisting **Qatar in upskilling its top government sector employees**.



Strategic Investments: Consulting firms, such as **KPMG, PwC, and McKinsey**, invested heavily in the region through **deals, partnerships, and human capital investment** to strengthen their presence and offerings.

Spotlight in H1 2023 – Artificial Intelligence



By 2030, AI could boost the Middle East economy by \$320 billion, with Saudi Arabia and UAE expected to experience the most substantial impact, according to PwC report. Noteworthy initiatives by organizations driving AI progress in H1 2023 included:

Countries



- UAE launched the **Mohamed bin Zayed University of Artificial Intelligence (MBZUAI)** for AI research and innovation
- By 2030, the AI revolution is forecasted to contribute **13.6% of UAE's GDP**, equivalent to \$96 billion



- Saudi Data and Artificial Intelligence Authority (SDAIA) started the **GenAI Hackathon, to cultivate AI ideas into thriving businesses**, in collaboration with National Technology Development Program and New Native accelerator
- The advancement of AI is anticipated to contribute **\$135.2 billion**, impacting Saudi Arabia's **GDP by 12.4%**.



- Qatar's Ministry of Information and Communication Technology to establish the country's inaugural **hyperscale data center** in collaboration with Microsoft.
- The AI revolution is projected to influence **Qatar's GDP by 8.2% by 2030**.



- In May 2023, Deloitte launched the **Deloitte AI Institute Middle East**.
- Using GenAI and machine learning to tailor solutions for Saudi and Middle Eastern markets, boosting productivity and innovation.



- In June 2023, KPMG Lower Gulf and Microsoft introduced the **UAE's Generative AI Center of Excellence** for advancing AI strategy for government organizations and business.



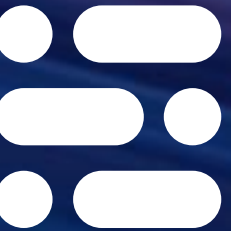
- In January 2023, McKinsey's acquisition of **Iguazio, an AI and machine-learning technology player** in Israel, will accelerate and expand AI deployments and enhance client impact.



- In January 2023, EY and Moro Hub have introduced their inaugural **AI-powered** managed services for Operational Technology at the UAE's Cyber Defense Centre.

Companies

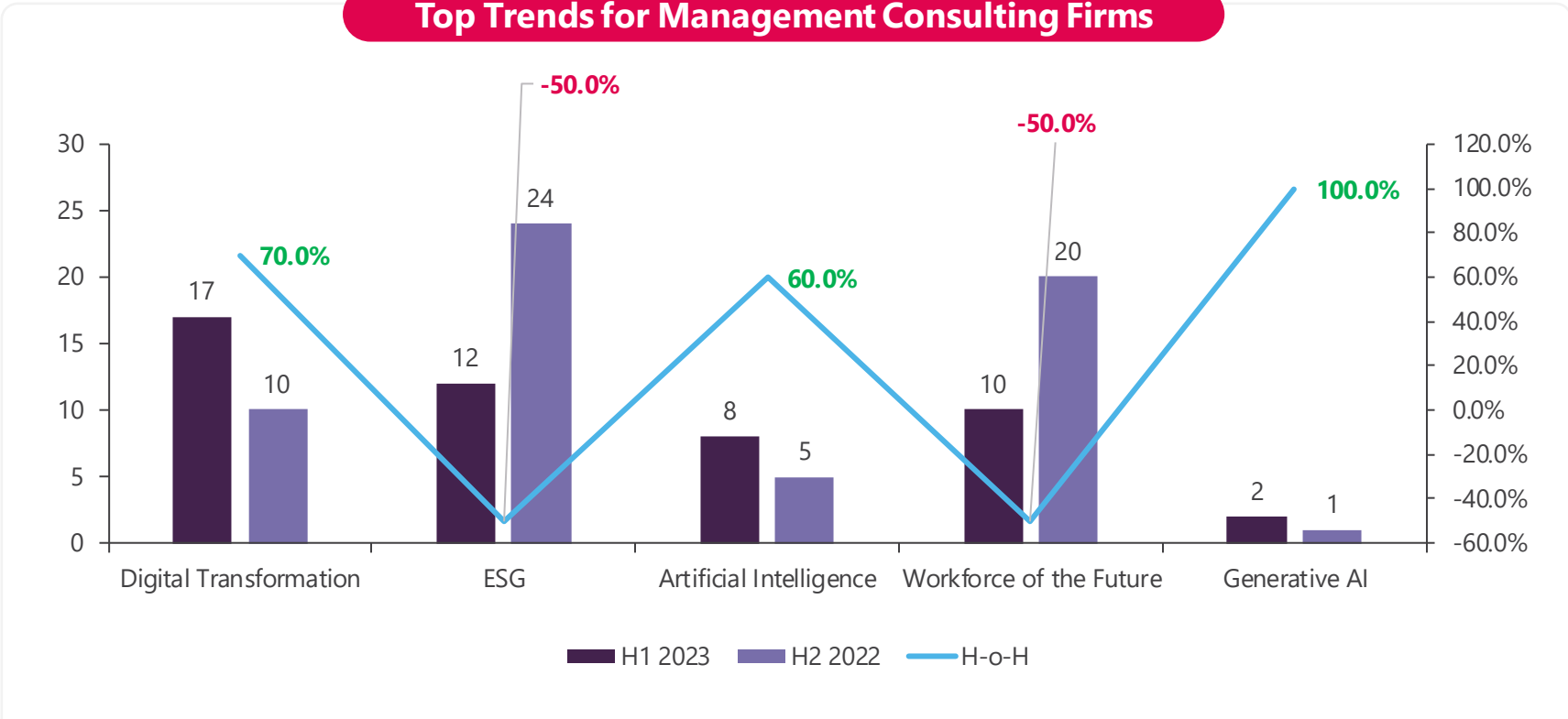
Market Dynamics



Market Trends

Interest in digital transformation and AI increased in the Middle East in H1 2023. These concepts gained attention for driving innovation and redefining traditional business models across sectors in the region.

Top Trends for Management Consulting Firms



Top five trends among prominent 20 management consulting firms in the Middle East



Quick Insights

- Shift from oil & gas:** In H1 2023, countries invested in digital technologies in various sectors, such as e-commerce, fintech, and ed-tech, to expand their revenue streams, unlike the traditional O&G sector.
- AI Revolution:** With the launch of ChatGPT in Nov 2022, the use of GenAI and AI has increased by 100% and 60% respectively. This trend could potentially yield a TEI (Total Economic Impact) of \$23.5 billion annually by 2030.
- ESG:** Still the second highest trend however witnessed a sharp decline (50%) in H1 2023 with increase focus on AI and digital transformation.

Market Drivers

Economic growth (resulting due to varying economic activities) and an increasing number of digital transformation initiatives were the major demand drivers for management consulting services in the Middle East.

Government Reforms



- Middle East government initiatives (**Saudi Vision 2030, D33 Dubai, Kuwait Vision 2035, Egypt Vision 2030, Oman Vision 2040**) initiated market transformation in H1 2023.
- These reforms fostered business-friendly environments, entrepreneurship, and foreign investment, with **consulting firms aiding in guiding entities for sustainable growth.**

Economic Diversification



- Middle East governments aimed to reduce oil reliance by diversifying into **healthcare, renewable energy, tourism, and tech.**
- They introduced policies like **privatization** and **taxes** to boost non-oil revenue, driving demand for consultants to help organizations navigate challenges and opportunities

Digital Adoption



- McKinsey survey shows Middle East **digital tech adoption** at **75-80%** in H1 2023 across **industries and consumers.**
- Governments drove digital economy growth, with **Dubai targeting 300 new startups by 2023** and **establishing a digital economy chamber** through Dubai Chamber of Commerce restructuring.

Infrastructural Development



- Government focused on **transportation, energy** and **telecom** infrastructure for better connectivity.
- Saudi Vision 2030 introduced **National Industrial Development and Logistics Program**, integrating key sectors and 4th Industrial Revolution for improved transportation and infrastructure.

Market Restraints

The management consulting market witnessed a highly favorable climate in H1 2023. However, the region's cultural diversity, coupled with government influence, hindered the market growth.



Political Instability

- **Iran faced sanctions** from major powers in Jan 2023, causing economic slowdown. It impacted consulting business because of no economic development.
- Similarly, **Egypt started facing a severe economic crisis due to mounting debt, currency devaluation, and reduced international investor confidence**, leading to social spending cuts and a potential rise in poverty and civil unrest.



Cultural Barriers

- Middle East governments influence business, even in private firms. Navigating regulations and compliance is complex for new entrants.
- For example, **a new regulation for companies in the management consulting market to employ 40% Saudi nationals** came into force in April 2023.
- It posed a challenge as companies had to hire unqualified people to meet the requirement.



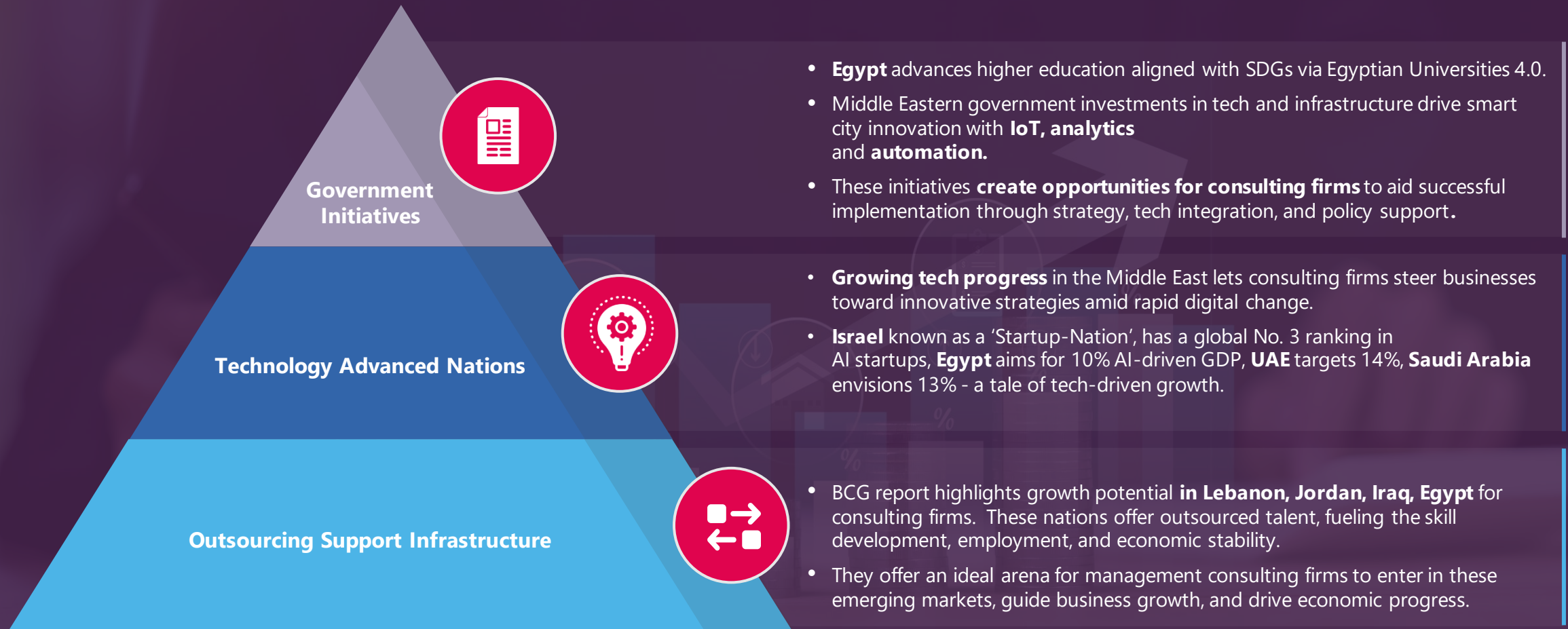
Lack of Skilled Talent for Technological Adoption

- Middle East faced severe **cybersecurity personnel shortage in H1 2023** despite tech adoption
- Consulting firms struggled with talent shortage due to post-COVID demand and global competition for digital skills

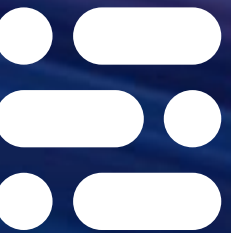


Growth Opportunities – Expansion in Low-Income Countries

The Middle East has high- and low-income countries. Consulting firms have not tapped most of the low-income countries in the region. With increased market awareness and digitization, consultants can explore these countries for expansion. Below we have identified how low-income countries present growth opportunities for consulting firms



Competitive Landscape



Competitive benchmarking (H1 2023 vs H2 2022)

Amid digital transformation surge, companies proactively secured contracts and formed regional partnerships. PwC was at the forefront, excelling in signing contracts and establishing deals, while Deloitte leads in human capital investment with 36 mid-year promotions

Competitors	Deals	Hiring & Promotions*	Client Wins
accenture	4 (2) ↑	0 (0) ↔	2 (0) ↑
Deloitte.	4 (1) ↑	36 (1) ↑	5 (8) ↓
pwc	16 (6) ↑	0 (1) ↓	8 (11) ↓
EY	4 (4) ↔	1 (0) ↑	3 (10) ↓
KPMG	6 (7) ↓	15 (14) ↑	6 (10) ↓
McKinsey & Company	6 (1) ↑	3 (7) ↓	0 (0) ↔
BCG	2 (1) ↑	4 (1) ↑	1 (2) ↓
BAIN & COMPANY	2 (0) ↑	3 (3) ↔	0 (1) ↓
Roland Berger	3 (0) ↑	10 (5) ↑	0 (1) ↓
ARTHUR D. LITTLE	0 (0) ↔	3 (6) ↓	0 (0) ↔

Note: *Senior level

Important Milestones achieved in Middle East in H1 2023

Investments in Saudia, to develop **260+ new digital services**, deals with **Aramco and Petronas**.

Opened a **digital center** in Jordan and an **AI institute** in Saudi Arabia

Signed **maximum deals** in first half of 2023 and opened **regional technology & innovation centre** in Egypt

Launched **law practice in Saudi Arabia**

KPMG Lower Gulf appointed its new CEO effective Jan 2023 and **launched GenAI COE** in the UAE in collaboration with Microsoft

Acquired **Iguazio** to scale **AI development**

Expanded its presence in **Qatar**

Focused on **ESG**, partnered with WEF to tackle climate change in MENA region

Partnered with BEEAH and ISWA to develop first certified global standard for recycling credits in support of **UAE's COP28 ambition**

Hired Sally Menassa, the **first female Partner for ADL in the Middle East**

Key Updates - H1 2023 and H2 2022 (1/3)

PwC led Middle East investments in H1 2023 across digital transformation, cybersecurity, GenAI, but unlike others, it prioritized workforce development and learning over new hires since early 2023



Deloitte

H1 2023

- **Digital Center:** First among Big 4 to launch a digital center in Jordan
- **AI Institute:** Opening of AI institute in Saudi Arabia
- **Deals and Promotions:** Signed 4 deals and strengthened its leadership team with 36 mid-year promotions

H2 2022

- **CEO:** Appointed the CEO for the Middle East region
- **Expansion:** Increased its offerings through a new firm in Egypt



KPMG

H1 2023

- **Gen AI:** Launched the GenAI Centre of Excellence in the UAE.
- **Deals and Hiring:** Signed 6 new deals and made new appointments in leadership roles in the Middle East region

H2 2022

- **Partnerships:** Partnered with Microsoft, Informatica and Snowflake during H2 2022
- **Deals and Hiring:** Signed 5 deals, made appointment at senior leadership positions



pwc

H1 2023

- **Deals:** Signed the maximum number of deals (16)

H2 2022

- **Technology & Innovation Center:** Partnered with ITIDA for launching the Egypt technology and innovation center
- **Deals and Hiring:** Signed 6 deals and hired many people at various levels



EY

H1 2023

- **Law Practice:** Launched a law practice in Saudi Arabia
- **Deals and Hiring:** Signed 4 new deals and hired David Swaine as a Tax partner in the UAE

H2 2022

- **Client Wins:** Won many new clients such as the Dubai government and the Saudi government, during H2 2022
- **Deals:** Made 4 deals in H2 2023

Key Updates - H1 2023 and H2 2022 (2/3)

MBB have been growing steadily in the Middle East along with Big 4 firms, led by McKinsey having a maximum geographical presence and with its recent acquisition of Iquazio.



H1 2023

- **M&A:** Acquired Iquazio to scale AI development
- **Deals and Hiring:** Signed 6 new deals in H1 2023 and added a group of new members to its partnership team in the Middle East

H2 2022

- **CSR:** Supported Ma'an, one of Abu Dhabi's leading organizations for social and community impact



H1 2023

- **Partnerships:** Partnered with WEF to tackle climate change in MENA region
- **Promotions:** Strengthened its team in the Middle East by promoting 3 professionals as partners

H2 2022

- **Women leadership forum:** Launched the inaugural edition of the Middle East women leadership forum in Riyadh
- **Hiring:** Appointed 3 partners in the Middle East region



H1 2023

- **Expansion:** Expanded its presence in Qatar
- **Deals and Promotions:** Signed 2 new deals and promoted 4 leaders to managing director positions and as partners

H2 2022

- **ESG:** Launched its Global Climate & Sustainability Hub in the GCC region
- **Hiring:** Hired Maya El Hachem to lead offices in Dubai and Abu Dhabi

Key Updates - H1 2023 and H2 2022 (3/3)

Amongst the Tier 2 Management Consulting firms, Roland Berger and Arthur D. Little have strengthened their presence in the Middle East with partner promotions and signing strategic deals.



H1 2023

- **Investment:** Made an investment in Saudia, the national flag carrier of Saudi Arabia to develop over 260 new digital services
- **Deals:** Collaborated with Petronas to commercialize the logistics platform and signed 3 other deals

H2 2022

- **Hiring and Deals:** Signed 2 deals and hired Jo McConnell to lead its CEO-led Transformation service line



H1 2023

- **Promotions:** Promoted three consultants to Partner positions, including Sally Menassa, the first female Partner in the Middle East

H2 2022

- **AFAQ:** Launched AFAQ program which prepares emerging Saudi talent for careers in the consulting market.
- **Hiring:** Appoints Alexander Buirski as partner in travel & transportation practice

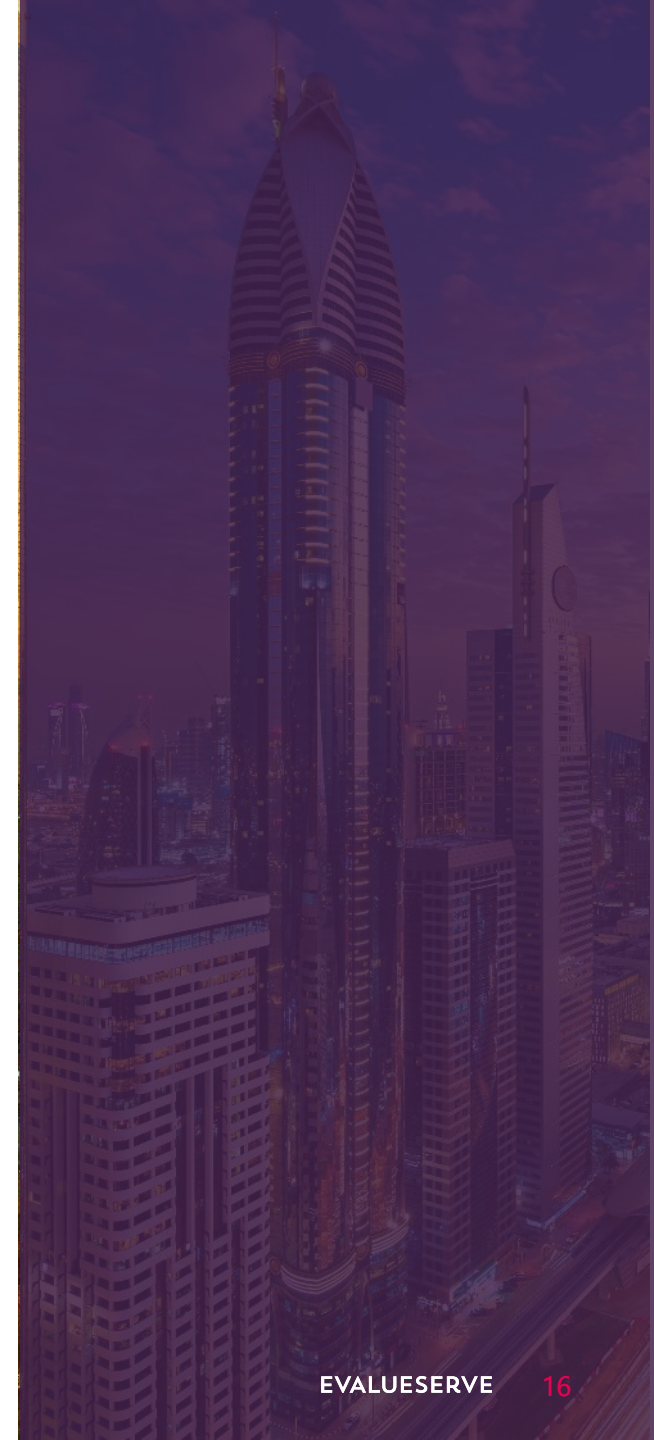


H1 2023

- **Hiring:** Made some important appointments in sustainability and aviation practices in the Middle East
- **Deals:** Partnered with Inacta for web3 and blockchain projects and signed 2 other deals

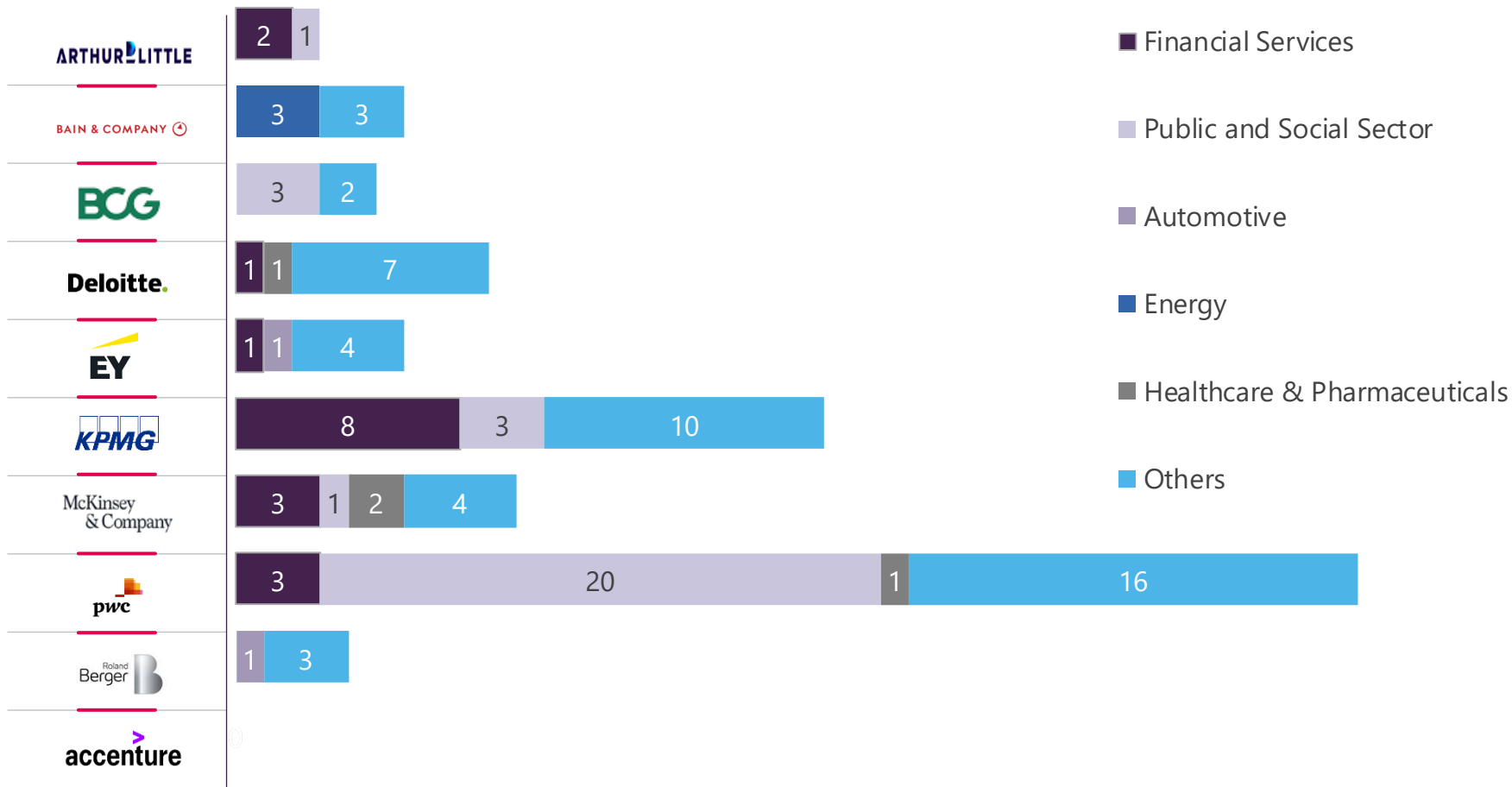
H2 2022

- **Hiring:** Appointed Elias Aad as leader of its digital practice and made other appointments at senior levels in the Middle East



Thought Leadership Content Analysis

In H1 2023, PwC led with the highest volume of published content, while Accenture, a technology consulting leader did not release region-specific content for the Middle East during that time.



The graph shows content published by the 10 most prominent players related to various sectors in the Middle East in H1 2023.



Quick Insights

- Most thought leadership content published in the region focused on **Public and Social Sector (~26%)**, followed by Financial Services and Healthcare.
- Each sector has a slightly different leader board. For example, **PwC** published the largest portion of thought leadership publications in Public and Social Sector, **KPMG** in Financial Services, while **Bain** in Energy.

Top competitive thought leadership in H1 2023

ESG has been the most trending topic in the Middle East thought leadership publications. Within ESG, a large portion of publications focused on regulatory requirements.



The role for business and the private sector
[Source](#)

In June 2023, **PwC Middle East** and UNITAR briefed the private sector on why COP28 is a watershed moment for businesses to engage in climate talks. The COP, which brings together thousands of participants from the government, private sector, academia, science, and non-governmental institutions, became the leading global gathering of actors with a mission to address climate challenges worldwide.



On the 2023 ESG committee agenda
[Source](#)

In May 2023, **KPMG** discussed how companies' approach to climate change and other ESG risks is now seen as crucial to business sustainability and value creation. The UAE has taken significant steps to prioritize sustainability, with many companies establishing ESG board committees to oversee related activities



How decarbonization and energy transition can create value for the Middle East and North Africa's energy sector
[Source](#)

In June 2023, **Bain** discussed how technology-based decarbonization solutions are expected to be crucial for decarbonization in MENA. There are crucial differences between the Gulf Cooperation Council and non-GCC countries in the MENA region, which result in different priorities in the energy transition journey. Power generation is the largest source of emissions in the region and accounts for one-third of the total emissions.

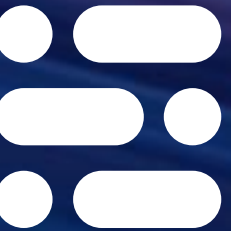


Middle East banks drive growth in ESG finance, face calls for ESG strategy
[Source](#)

In February 2023, **Arthur D. Little** wrote that many financial institutions in the Middle East have designed comprehensive ESG strategies that open the door to new pathways to top-line growth, business opportunities, cost reductions, regulatory compliance, and employee satisfaction. With new reporting requirements taking effect, banks need to revise their strategies and execute concepts throughout their organizations.



Key Strategic Recommendations



Some key recommendations

With upward trends in adapting new technologies and increasing revenue streams in Middle Eastern countries, consulting firms need to stay updated and ahead of the increasing competition by re-shaping their strategies focused on Middle Eastern clientele



Culture

Respecting and appreciating Emirati culture is vital for successful business interactions. Consulting companies must familiarize themselves with local customs, traditions, and religious practices for running businesses in the region.

Generative AI

Generative AI is showing positive trends across the world. Consulting firms in the Middle East can leverage this opportunity to invest in it and cater to their clients. Also, setting up CoEs for this technology can help them increase their capabilities.

New market opportunities

Apart from Big 4 and other top consulting companies, such as McKinsey or Accenture, there is a huge gap between the need of consulting companies versus their availability. For established companies, such as Alix Partners, Oliver Wyman, and other Tier 2 consulting companies, attractive market opportunities await in low-income countries, such as Egypt, Israel, and Jordan, in the region.

Digital Security

The region relies heavily on technology for new products, services, and other offerings. Consulting firms should focus on strengthening their data security and cybersecurity teams to offer effortless services to their clientele.

Disclaimer

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