

IDC MarketScape: Worldwide ESG/Sustainability Strategy Consulting Services 2023 Vendor Assessment

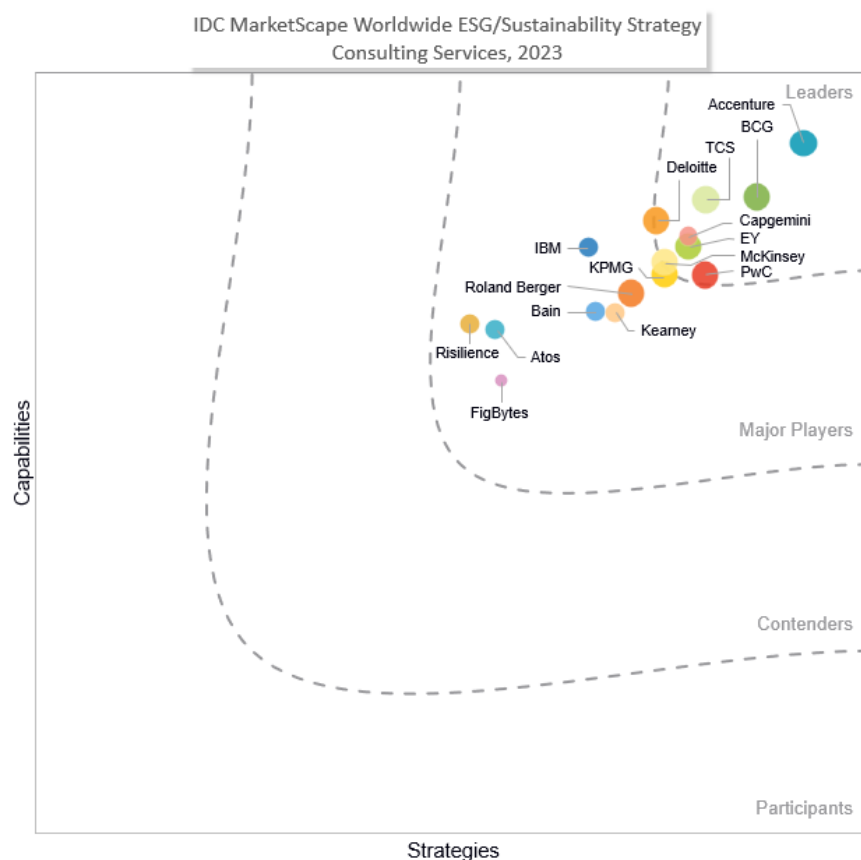
Dan Versace

THIS IDC MARKETSCOPE EXCERPT FEATURES BCG

IDC MARKETSCOPE FIGURE

FIGURE 1

IDC MarketScape Worldwide ESG/Sustainability Strategy Consulting Services Vendor Assessment



Source: IDC, 2023

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide ESG/Sustainability Strategy Consulting Services 2023 Vendor Assessment (Doc # US49044922). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This study represents the vendor assessment model called IDC MarketScape. It is a quantitative and qualitative assessment of the characteristics that explain a vendor's current and future success in the marketplace. The evaluation assesses the capabilities and business strategies of many business consulting firms' ESG strategy-related offerings. It is based on a comprehensive framework and a set of parameters expected to be most conducive to success in providing ESG strategy services during both the short term and the long term. A significant component of this evaluation is the inclusion of business consulting buyers' perception of the key characteristics and the capabilities of these consulting providers, both directly from the vendors' clients and through a survey.

It is IDC's opinion that the distinctions between the terms *ESG* and *sustainability* are based on material aspects of their implementation. Owing to the nebulous nature of both terms, IDC finds it important to note these distinctions to ensure that all communication around these topics is as specific as possible. To that end, for the purposes of this assessment, use the following definitions for sustainability, ESG, and ESG strategy services:

- **Sustainability:** This is an umbrella term used to define a broad range of actions and stances that uphold and further the notion that social and environmental stewardship should be key factors in any decision-making process.
- **ESG:** A more corporate specific derivation of sustainability, ESG is used to define specific action criteria through a corporate materiality lens. ESG first came to prominence in the investing community as a way to denote how investors can categorize their investments as "socially and environmentally progressive."
- **ESG strategy services:** ESG strategy services is defined as professional services including business consulting, change management, IT applications and implementation, and managed services that enable their users to embed ESG and sustainability into their organizational strategy development and implantation.

This IDC MarketScape assesses the vendor performance of ESG strategy services providers worldwide. Overall, these firms performed very well on this assessment. Key findings include:

- Worldwide, providers are generally perceived as being able to excel at integrating their services into organizational sustainability structures, understanding the unique needs of a client's business, and providing necessary subject matter experts. They are also considered very capable of meeting project timelines and providing for an efficient transfer of knowledge and best practices.
- This evaluation discovered that generally clients are less impressed with consulting providers' ability to deliver on high-quality educated customer services, directly improve the client organization's overall commercial performance, and provide intersectional ESG strategy services – all essential to many significant sustainable business transformation initiatives.

- Clients globally rated their providers, in aggregate, best at helping them with the following business priorities: meeting changing business priorities, developing deep partnerships in the sustainability services ecosystem, and time to value of the services engagement.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

This research includes analysis of the five largest business consulting firms based on their worldwide revenue in IDC's Services Tracker and additional firms with broad portfolios spanning the different business consulting domains identified in IDC's services taxonomy. These criteria were used because the scope of this evaluation covers the broadest definition of business consulting. The selection criteria were the five largest vendors by global revenue as well as other business consulting firms with broad capabilities of relevant size. The assessment is designed to evaluate the characteristics of each firm – as opposed to its size or the breadth of its services. It is conceivable, and in fact the case, that specialty firms can compete with multidisciplinary firms on an equal footing. As such, this evaluation should not be considered a "final judgment" on the firms to consider for a particular project. An enterprise's specific objectives and requirements will play a significant role in determining which firms should be considered as potential candidates for an engagement.

Through thorough research, over the course of this assessment, IDC has found that in general, the primary services vendors can be categorized as:

- **Big 4:** IDC recognizes the well-known Big 4 largest international accountancy and professional services firms – Deloitte, EY, KPMG, and PwC.
- **Technology led:** These are also large, multifaceted firms and are known for deep expertise in both technology and business consulting. IDC identifies these firms as those that expanded from information technology-centric businesses into more broad business consulting or vice versa.
- **Multidisciplinary:** IDC describes multidisciplinary firms as large, diversified consulting organizations that offer a range of business consulting services to clients across a myriad of sectors. To distinguish these from other specialty firms, consulting services must address more than two business functional areas, in addition to providing strategy and operational implementations.
- **Specialty:** Specialty firms have focused areas of consulting expertise in specific industries, functional areas, or technologies. Management and strategic consulting specialists that offer primarily strategy consulting and sustainability business intelligence models to specific sectors or industries including government fit into this category of firms.

ADVICE FOR TECHNOLOGY BUYERS

This IDC MarketScape should be used as a tool to provide context and data on potential services providers in the ESG strategy market. These providers have shown that they all possess the necessary capabilities to help drive sustainable transformation across multiple domains. Each engagement with a potential ESG strategy services provider will differ in scope, budget, timeline, and goals, so it is important to understand where their key competencies lie and find the firm that best aligns with your internal strategy – and beyond that, consider the three areas cited in the worldwide assessment where improvement is needed.

The following are ESG strategy services firms' abilities to help clients:

- Conduct ESG materiality assessments.
- Manage ESG-related risk, both structural and transitional.
- Shape, implement, and embed sustainable strategy into business operations.
- Determine which areas are important to you, and make sure you directly investigate each relevant area to understand the strategy and capability of each potential business consulting provider you are considering.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

BCG

BCG is positioned in the Leaders category in this 2023 IDC MarketScape on worldwide ESG/sustainability strategy consulting services, based on IDC analysis and customer feedback.

Founded in 1963, Boston Consulting Group (BCG), a global consulting firm, has grown to employ 25,000 employees in over 100 offices across 50 countries. BCG's sustainability profile has been developed on the basis that environmental and social impact and traditional business outcomes have distinct overlap and will benefit each other in both the short and long term.

Like other firms, BCG has deployed an ESG dimension-based approach to ESG strategy and sustainable transformation. These dimensions include defining ambition, driving sustainable growth, enabling sustainable transformation, making core business sustainable, and building on sustainability as an advantage.

Through BCG Brighthouse, BCG centers its approach to ESG around developing and implanting an effective corporate purpose. This allows the company to build a functional base to expand an organization's sustainable transformation from while still remaining true to both the ambitions and materiality of the client.

BCG's suite of tools and technologies, including its end-to-end AI-powered digital carbon solution CO₂ AI, has developed key capabilities in decarbonization stretching all the way to Scope 3 emissions. This enables BCG to develop accurate and future-ready strategies for a low- or net-zero carbon future in the face of growing calls for mandated reporting. This support can extend beyond implementation and training through BCG's software designed to enable independent modeling, measurement, and strategy development including SAP-integrated solutions and an end-to-end cloud-based solution developed in partnership with Anaplan.

Strengths

BCG's capabilities in addressing the intersections of environmental and societal issues allows the company to deploy solutions that will encompass the holistic nature of corporate sustainability. Through its strong partner ecosystem BCG can address issues across sectors and geographies for organizations that are at any stage of their ESG maturity. The company's suite of technology solutions stands out as a robust offering in this time where climate change poses as a leading issue among stakeholders.

Challenges

While BCG does offer a toolkit covering climate risk and resilience, it is still being developed and at the time does not account for transitional risk that is inherent in any sustainable transformation. BCG has committed to growing this program in the coming years, but as it stands, it does not offer a complete picture of the risks facing organizations.

Consider BCG When

Clients should consider BCG for projects with large-scale branching climate implications. With its strong capabilities in CO₂e mitigation, climate risk, materiality assessments, and a growing social pillar platform, BCG will perform well for clients that are at any stage of their sustainability transformation.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

ESG strategy services involves advisory, implementation, and management services related to ESG strategy issues. It often includes defining an organization's ESG strategy and goals and designing and implementing structures, processes and technologies that help the organization reach its goals.

These services are often traditional consulting services combined with a tech-enabled solution for monitoring, measuring, data capture, and reporting on pillar-specific ESG issues.

For more in-depth definition of the market, reference *IDC's Worldwide Environmental, Social, and Governance Business Services Taxonomy, 2023* (IDC #US50035421, January 2023).

LEARN MORE

Related Research

- *IDC's Worldwide Environmental, Social, and Governance Business Services Taxonomy, 2023* (IDC #US50035421, January 2023)
- *Worldwide ESG Business Services Forecast, 2022-2025* (IDC #US48579022, May 2022)
- *Analysis of Sustainability Management Solutions* (IDC #US48578622, April 2022)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of several providers participating in the worldwide business consulting services market. The IDC MarketScape is an evaluation based on a comprehensive framework and a set of parameters that assesses providers relative to one another and to those factors expected to be most conducive to success in each market during both the short term and the long term.

"With business needs surrounding ESG changing quickly, vendors are seeing a vast opportunity for expanding into the ESG market. This assessment has shown that services vendors in this space have developed key capabilities to aide their clients in developing a sustainable business strategy, embedding sustainability across functional groups, and define the business case for ESG," stated Dan Versace, research analyst, ESG Business Services at IDC. "Conversely, the assessment noted that customers were generally less impressed with the vendor's ability to provide highly educated customer services teams and offer wide-reaching services that address the intersectionality of ESG across all three pillars."

According to Versace, "For the society to meet the ever-shortening timeline to avoid and remediate issues caused by climate change and begin the 'just transition,' service providers must continually invest in developing processes both internally and externally to serve their clients along their entire sustainability journey."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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