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# CONSULTING

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## DOUBLE TIME

**Mark Goodburn,**  
Head of Advisory for KPMG, says  
**revenue will double** by 2015.

**Here's how he'll  
make it happen.**

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# DOUBLE FOR KPMG

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BY JOSEPH KORNIK

an KPMG really double the size of its multi-billion dollar advisory practice over the next five years? Mark Goodburn thinks so, and he has a vision to make it happen. He shared that vision—a mix of the firm’s bread and butter with some new areas of interest—with *Consulting* in December. Offering the slight caveat that it’s always hard to predict too far out in today’s economy, Goodburn, vice chairman and head of the advisory practice at KPMG, says he fully expects the firm will top \$13 billion in global advisory revenue by 2015.

That’s up from its current revenue of \$6.57 billion for fiscal year 2010, which ended on Sept. 30. Goodburn, who oversees all of advisory in the Americas for KPMG, accounts for about a third of that overall revenue.

“By early 2010 we started seeing some pretty explosive demand for our services that ultimately led to double-digit growth rates that continued all the way through the end of our fiscal year.” That momentum kept up into the current fiscal year, Goodburn says. “We’re incredibly pleased with the way the year played out, and we’re going into the next fiscal year with increased demand over

what we saw in our previous fiscal year. We have a very strong pipeline.”

In the Americas, Goodburn says he’s expecting growth in the low double-digits this year. He and the rest of KPMG advisory will have to keep up that pace and then some in years two through five to reach that 2015 goal of doubling the business. (By way of comparison, KPMG grew its global advisory business about 45 percent over the last five years.)

Doubling a multi-billion-dollar business is no easy task, for sure, especially when you consider that KPMG advisory will probably have to significantly outpace the market, which most forecasters—

# TIME



KPMG SAYS IT WILL DOUBLE ITS ADVISORY REVENUE BY 2015.

## HOW?

**Mark Goodburn, vice chairman and head of the advisory practice, lays out a plan to make it happen.**

Photos of Mark Goodburn by David Neff Photography

including Kennedy Consulting Research & Advisory—expect will experience very modest growth the next several years.

Most likely, the firm will have to make a few significant acquisitions along the way. Goodburn says KPMG “has an active M&A strategy,” but is also very selective. “I do think we will be in a period of consolidation and clients are asking for firms with a global offering and footprint like ours. Some of the boutiques are pretty attracted to that.”

Two of KPMG’s main competitors—Deloitte and PwC—have been active recently acquiring pieces like BearingPoint’s public sector business, Diamond

Management Consultants and a handful of boutiques. But Goodburn’s quick to point out that any potential acquisitions, would have to meet KPMG’s criteria—the ability to upgrade to a global platform, quality controls that match the firm’s standards and a financially attractive opportunity for clients and employees.

“We’re only looking for companies that meet our standards” he says. “But we do think there are areas that are very attractive where we could accelerate our plan through inorganic growth.”

The growth rates that Goodburn envisions aren’t without precedent for KPMG. The last big cycle, he says, began

with the risk awareness wave in 2000 and by the end of the wave in 2008, global advisory services had tripled and topped \$7 billion. Revenue then plummeted more than 16 percent in 2009 before rebounding to grow at 8 percent last year.

## THE ROAD AHEAD

But Goodburn says he’s not interested in looking back, but rather is focused on what needs clients have today and will have in the future. “We spend our time looking at today and what needs our clients have today, but we also spend a lot of time looking around the corner at what’s next? What needs will our clients

have in the future?” Goodburn says.

“We’re very good at asking ourselves where the market is going and innovating our services to answer those questions and meet the needs our clients are going to have tomorrow,” he says. “We see trends like globalization, virtualization, increased regulation, data analytics and cloud computing as areas that will drive our services in the years ahead.”

He says the firm is trying to strike the delicate balance between risk and business performance. Goodburn identified three key areas that will drive big demand and help the firm meet its 2015 goal.

- The first is transformational business. “Every client that we’re working with

today is going through some evolution of their business model. What worked pre-2008 and what works post-2008 are very different things, to say the least,” he says. “A client may be transforming their internal operations, or may be buying a strategic asset, or may be trying to enable their business processes through the evolution of technology. That’s all under a big umbrella of transformation and that’s driving a substantial amount of work we’re doing today.” (See related story below.)

- Another key area of opportunity is what he calls the evolving world of risk, which has gone through its own transformation over the last decade. “[The business community] had a huge wake up call

in the early 2000s when we had some corporate failures,” Goodburn says. “Each company went out and addressed its own view of risk at that time.”

Since then, he says, a lot of companies have evolved the risk function up from the controlled level to the enterprise level, and by 2008, most companies thought they had it all figured out. “They were relatively confident in their ability to take a look at their risks and understand it as they were making business decisions,” Goodburn says.

“But when there was some level of stress put into the system, some of those evaluations and levels of intelligence they had around risk were different than what

## THE NEXT BIG THING: BUSINESS ANALYTICS



Picture this: A shopper in a grocery store buys a product and as it’s scanned at the check-out counter it immediately sends vendors an alert that the product

needs to be restocked at that particular store. The item can be ordered and start to ship before the shopper has even put the groceries into their car. Forget the mundane task of taking inventory. New product is on the way before store managers even realize they need it.

Sound like some futuristic and far-off retail reality? It’s not. That’s the type of streamlined supply chain management that is happening right now, says Steve Hill, KPMG LLP’s National Innovation Leader. “In the status quo world, that’s a multi-step, and often multi-week, process to identify and restock that item on the grocer’s shelf,” Hill says. “That identification and processing is now being streamlined to, literally, mere seconds.”

And it’s all made possible because of the emergence of business analytics and cloud computing. Well, sort of. “Cloud is not about technology, it’s about business,” Hill says. “What’s made cloud so popular today is the

notion of virtualization. We’ve seen software, platform and bandwidth speeds converge and make cloud a very robust industrial-strength capability for companies.”

And if you can virtualize technology—data storage needs and processing needs—than you can fundamentally virtualize organization and process, Hill says. “At the end of the day, what we’re saying is that the technology is becoming, in itself, disruptive, and it can—and is—changing business models. It’s astonishing stuff.” Hill says.

And once you can get your head around that, you can fully begin to think about all the business implications.

“If you approach this as a strategic business conversation you get way beyond the technological efficiency game and you start to think about how you can change your target operating model to completely re-engineer your supply chain,” Hill says. “It’s more about building intelligence in these applications that will allow you to take out processes in your supply chain and connect to third parties in a way you couldn’t before. That’s transformational. At the end of the day that’s going to completely change the game.”

New players will emerge and alter the competitiveness of entire industries around

this notion of technology and using cloud and business analytics as a key element of that strategy. “We’re seeing it already,” Hill says. “And if you think large retailers aren’t working on this right now, that would be a mistake.”

And KPMG is also working on it, and with good reason. Hill says the opportunities are nearly limitless, and puts the overall market potential at “hundreds of billions of dollars.”

The big game-changer, Hill says, is the community model aspect of all this technology and analytics. Cost controls, data center consolidation are nice, but not the big transformational driver, he says.

“The community model allows suppliers to connect to a business, customers and the intelligence you can get from customers in a big way to not just reduce the latency of the transactions but to reduce the transactions completely,” he says. “And ultimately create entirely new business models where the ‘how’ they do it becomes the ‘what.’ ”

Sort of like the online subscription services that offer rentals of movies and TV shows. What makes them so potent is their predictive engine to tell users what they want to see before they even know they want to see it. And every choice a user makes on one side of the supply chain gives

they thought. So, once again, we find a lot of our clients are dealing with risk and they need help.”

• The third strategic area is around the myriad of changes in public policy and regulation as it relates to several industry sectors including healthcare, pharmaceutical, financial services and public sector. “The interplay between regulation and the public and private sectors has never been as dynamic as it has been over the last several months. And we believe the pace of that is going to continue to accelerate, especially when you put that on a global stage.”

Meanwhile, he says, many governments found some creative ways to stim-

ulate their own economies, but they have to find ways to regulate their business and potentially enhance their own tax revenues and control those spends to find ways to recover the federal funds they put into the economy.

“So transformational business, the evolving world of risk and public policy and regulation—those are three huge areas of interest for our clients. That’s what on the mind of the C-suite of virtually every company we’re working with right now. So, that’s where we are, as well.”

And none of these areas of interest are mutually exclusive, he says. All of them are viewed through a global and holistic lens of how KPMG solves clients’ problems. Most, if not all of the time, the innovation starts with a pretty broad set of skills. And being a Big 4 firm, that almost always includes tax, he says.

“If you can layer in tax implications before you start innovating the service, then, by design, the implementation can be tax efficient and a much better solution for clients.”

### THINKING GLOBALLY

So, where does Goodburn see the most opportunity from a geographic perspective? Goodburn says it’s Asia Pacific, which is the fastest growing region. “I think the greatest opportunities in the near term remain in Asia Pacific,” Goodburn says. “Long term, we see a lot of capital flows moving pretty dramatically due to the implications of China and India, but make no mistake about it, the United States is, and will continue to be, a major economy.”

The U.S. went through the financial challenges first, and therefore, is coming out of it first, so the demand for U.S. services is greater right now, he says. Meanwhile, Europe, as a broader economy, is going through what the U.S. did a few months back. From an industry perspective, Goodburn sees financial services, public sector, healthcare and pharmaceutical as areas experiencing explosive growth now and in the future.



Of course, a firm can’t double the business with out significantly increasing its headcount. Talent, Goodburn says, is always top of mind.

“We came out of a cycle over the last several years where supply and demand was on much more even footing, but we’re beginning to enter a cycle again where the demand is accelerating faster than the supply,” Goodburn says. “I’m constantly focused on talent. Do we have the right talent and skills to address all of our client needs in all the industry sectors and in all of the geographies? Talent is always a priority.”

Goodburn says KPMG has been hiring pretty aggressively since the firm saw its first sustained uptick back in early 2010, but will that be enough to keep pace?

“We certainly expect advisory to grow faster than other parts of the KPMG business in the near and possibly longer term,” Goodburn says.

“Our brand is very strong right now, clients are demanding our services, our people are outstanding, and our ability to recruit is extremely high.”

## AND CLOUD

the predictive engine more intelligence to work with, Hill says. “They are literally driving better customer service, better customer responsiveness and product innovation specifically tailored to you, the customer. And they are going to make it so easy for you to do business with them that you are going to come back,” Hill says. “It’s those types of amalgamations in community models that are changing target operating models.”

“I think the understanding of how technology enablement will work and how important data will be not only in how you do business, but what products you actually create, are key tenets,” Hill says. “It’s really different from how we used to think about data and technology. This is not about what happened in the past, this data is about being able to predict.”

And KPMG is uniquely positioned, Hill says, to take full advantage of the opportunities. “I absolutely think this is the next big thing, and I think it has huge implications for us,” Hill says. “Most of the inhibitors around this discussion today—security, control, privacy matters, data access, how you mix this factor of cloud with legacy systems, tax and regulation complexities around this—all fall squarely in the middle of our brand. We’re in this in a big way.” —J.K.