



**We've surveyed
the international
business landscape.**

AIBS 2014 Industry Report **PROFESSIONAL SERVICES & CONSULTING**



Survey partners



Finance for
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Exporters



THE UNIVERSITY OF
SYDNEY

PROFESSIONAL SERVICES & CONSULTING INDUSTRY REPORT 2014

Professional Services & Consulting

This report is based on Australia's International Business Survey 2014 (AIBS 2014). It analyses responses from companies engaged in providing professional and management consulting services, including project management, legal and accounting and finance-related services.

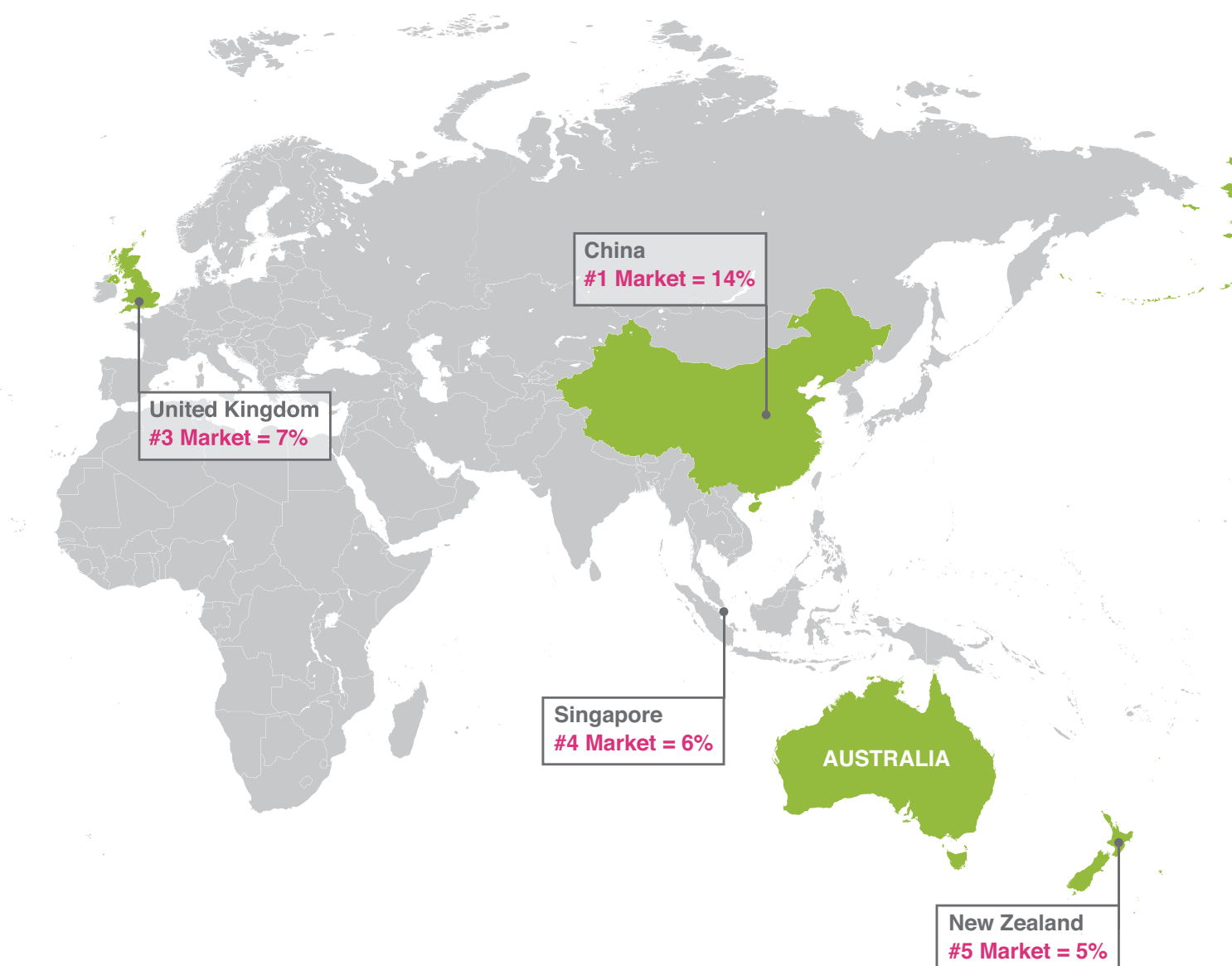
The survey, conducted between 22 October and 16 December 2013, is one of the most comprehensive investigations into Australian international business activity to be conducted in more than a decade.

About the Respondents

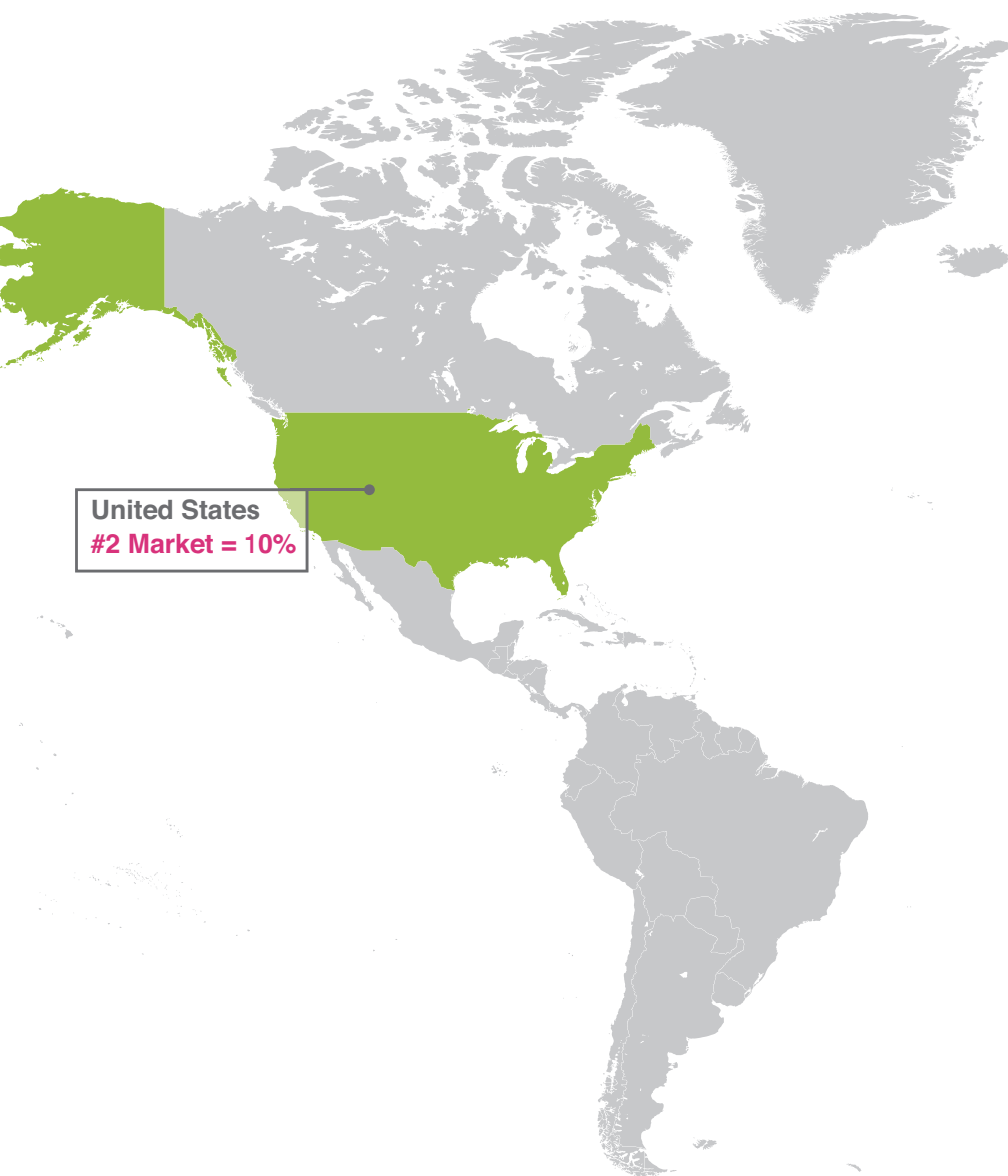
AIBS 2014 captured data from 105 companies engaged in providing professional services and management consulting services, including project management, legal, and accounting and finance-related services.

- Forty-four per cent of respondents were based in New South Wales, 21 per cent in Victoria and 13 per cent in Queensland. Nine per cent were based in South Australia, 10 per cent in Western Australia, and one per cent in the Northern Territory. Three per cent of respondents did not provide this information.

TOP 5 MOST IMPORTANT OVERSEAS MARKETS



- The survey captures companies with significant business experience. Forty per cent had been operating for more than 20 years, and 32 per cent had been operating from 10 to less than 20 years. Twenty-two per cent had been operating for 3 to less than 10 years, and five per cent for less than 3 years.
- Companies in the sample were mainly small-to-medium-sized, with 76 per cent of respondents having less than 50 employees. Ten per cent had 50 to less than 200 employees, while 13 per cent reported having more than 200 employees.
- In terms of revenue, 63 per cent earned less than \$5 million in the last financial year and 10 per cent earned \$5 million to less than \$20 million. Twelve per cent earned \$20 million to less than \$200 million, while eight per cent earned in excess of \$200 million. Eight per cent of respondents did not provide this information.

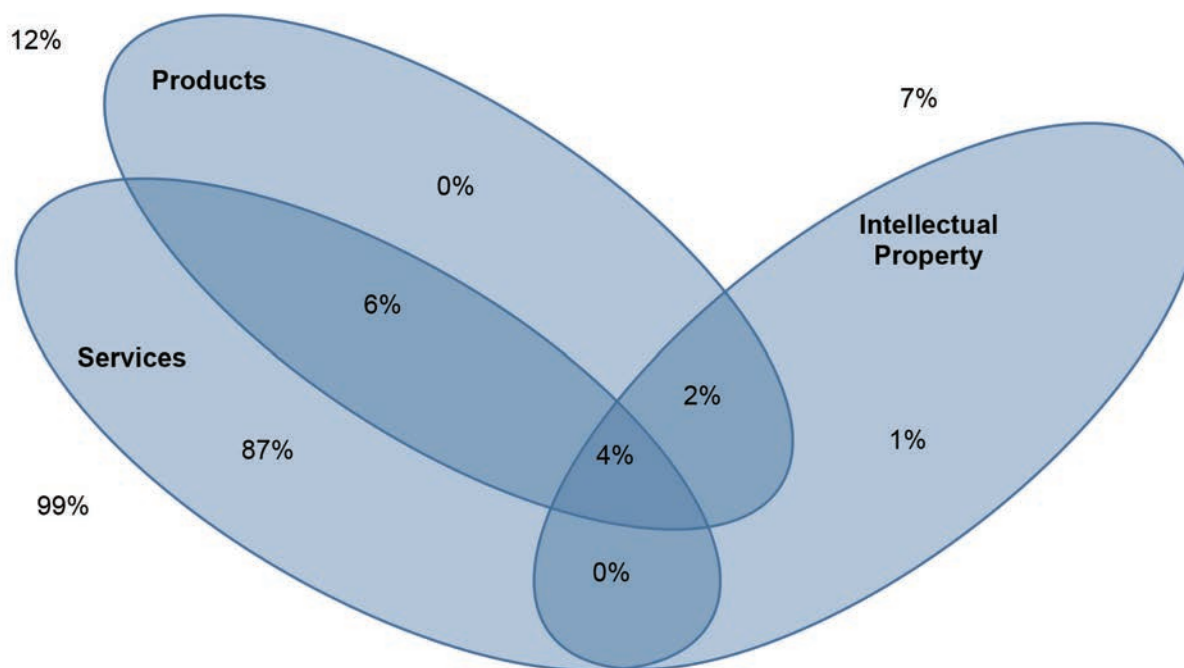


International Activity and Performance

In addition to providing services, around 12 per cent of professional services providers said they earned revenue from products and/or intellectual property.

Figure 1: Sources of international revenue

*Survey question: Does your company earn its international revenue from the sale of products/services/ intellectual property?
(select all that apply)*

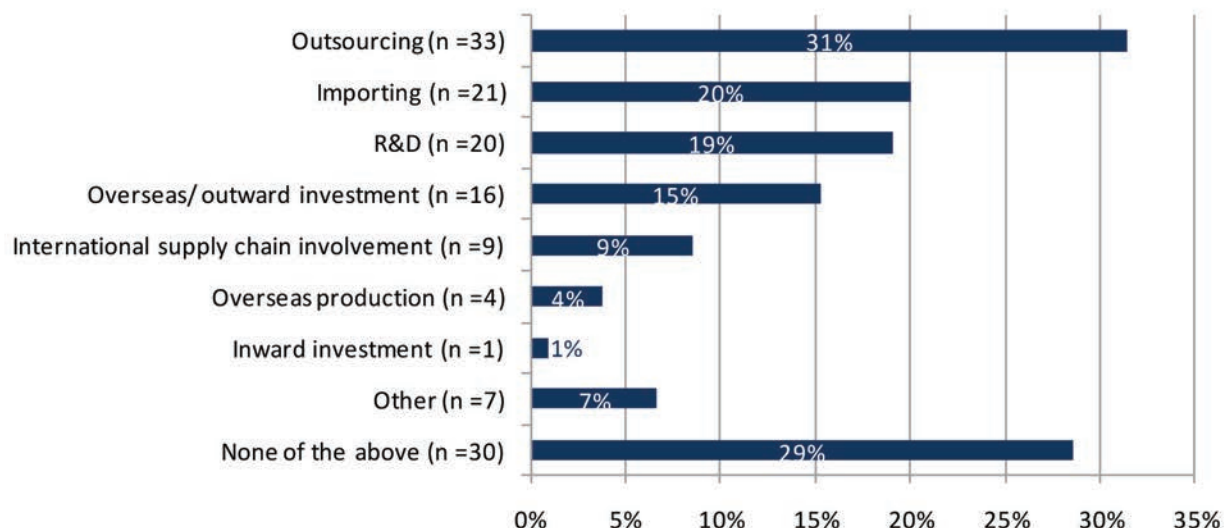


n = 102 industry respondents (3 indicated 'Other')

Thirty-one per cent of professional services companies outsourced part of their process, which is lower than the overall survey sample.

Figure 2: Involvement in other international business activities

Survey question: *Is your company involved in any of the following international business activities?*



Respondents allowed to select more than one option. Percentages calculated based on the number of respondents who selected the activity divided by the total industry sample size (n = 105).

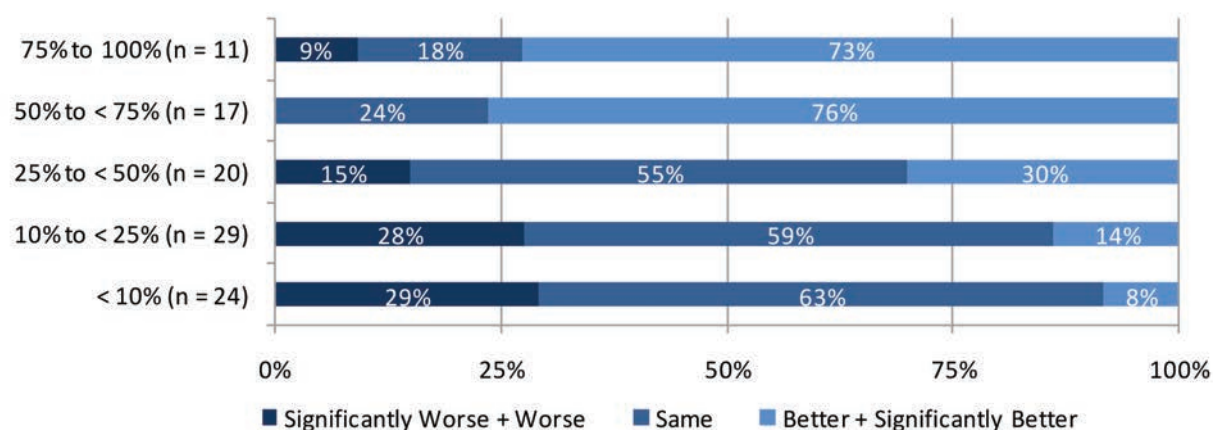
Companies earning a greater portion of revenue from overseas mainly had more profitable international operations relative to their domestic operations. Around 75 per cent of respondents earning more than 50 per cent of their revenue overseas found their overseas operations more profitable than their domestic ones.

Figure 3: Percentage of International Revenue and International Profitability

Survey questions:

What percentage of your company's revenue was earned outside Australia in the last 12 months?

Describe the profitability of your company's international operations over the past 12 months compared to Australian operations.



n = 101 industry respondents (4 did not respond)

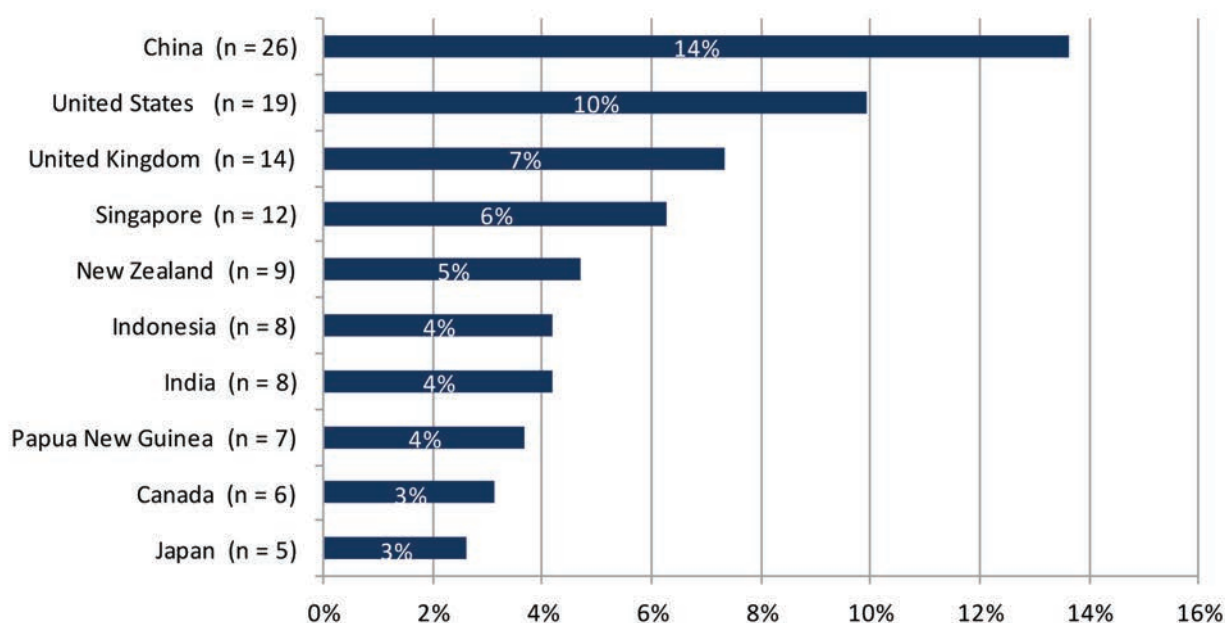
International Markets, Barriers and Challenges

Current International Markets

Professional services companies cited China, the United States and the United Kingdom as their top three current markets. They collectively identified 49 overseas markets as their most important.

Figure 4: Most important overseas markets (Top 10)

Survey question: Which countries does your company earn most of its revenue from? (top two countries)



Percentages calculated based on the number of responses (as calculated in the main AIBS 2014 report), where n = 191.

Companies mainly served China and the United States directly from Australia. They were most likely to have a foreign subsidiary or joint venture in the United Kingdom and the United States.

Figure 5: Modes of service

Survey question: *Mode of servicing (top two countries)*

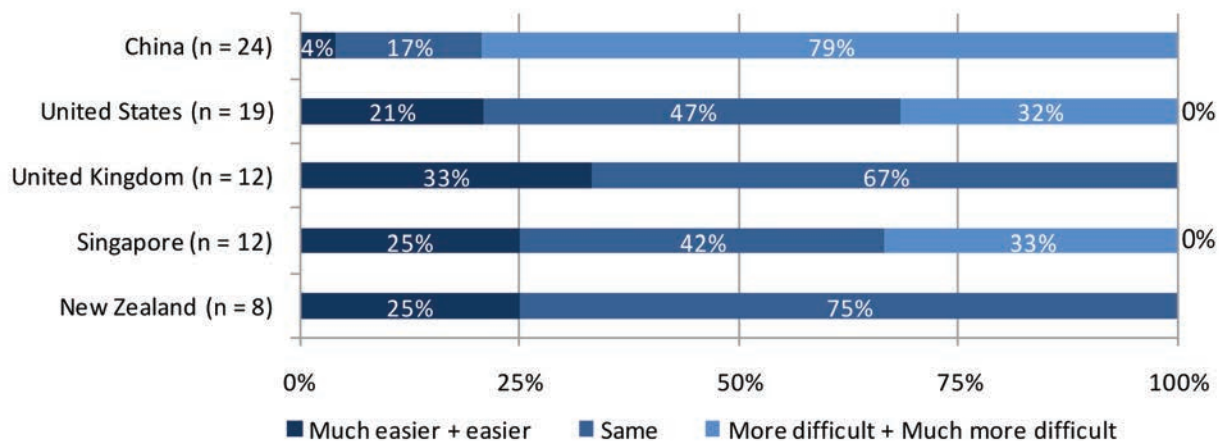


Percentages calculated based on the number of respondents who identified the country as their top first or second overseas market. Referring to Figure 4 sample sizes, 1 did not respond for China, 2 did not respond for the United Kingdom, and 1 did not respond for New Zealand.

Of the top five current international markets, China was most frequently indicated as being more difficult to do business in or with compared to Australia. No professional services respondent found New Zealand or the United Kingdom more difficult to do business in than Australia.

Figure 6: Ease of doing business compared to Australia

Survey question: *Ease of doing business (top two countries)*



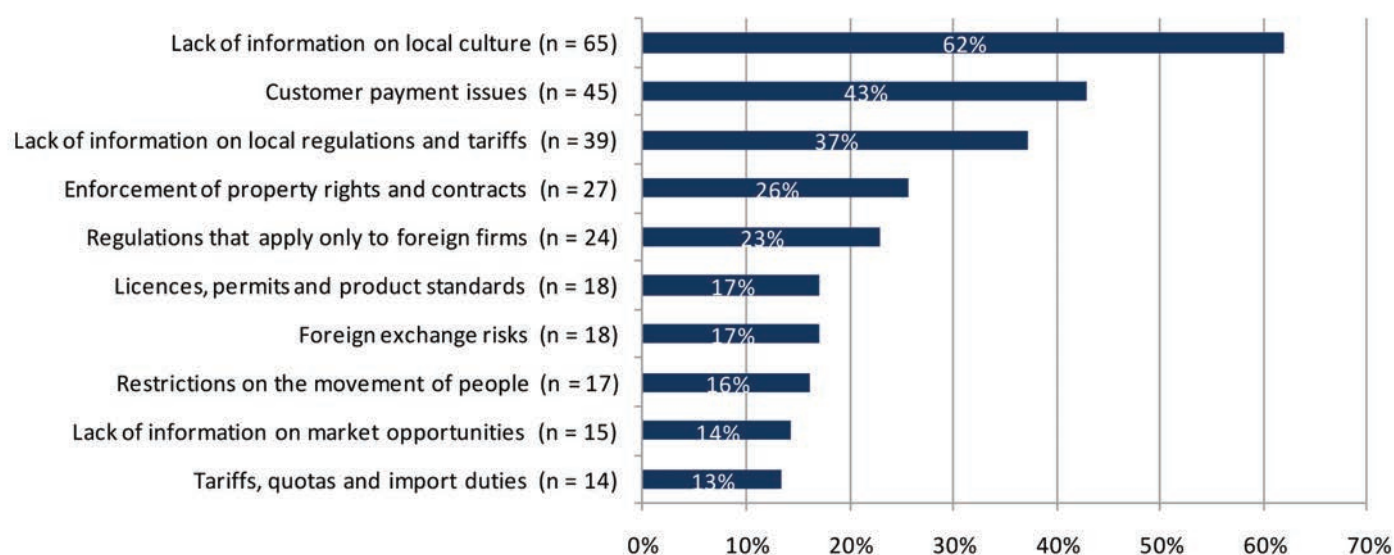
Percentages calculated based on the number of respondents who identified the country as their top first or second overseas market. Referring to Figure 4 sample sizes, 2 did not respond for China, 2 did not respond for the United Kingdom, and 1 did not respond for New Zealand.

Top Barriers and Challenges

Professional services providers most frequently cited a lack of information on local culture, business practices and language, followed by customer payment issues, as in-market barriers to doing business.

Figure 7: Barriers faced by Australian businesses

Survey question: What are the barriers that make (this country) so difficult for your company? (select all that apply)

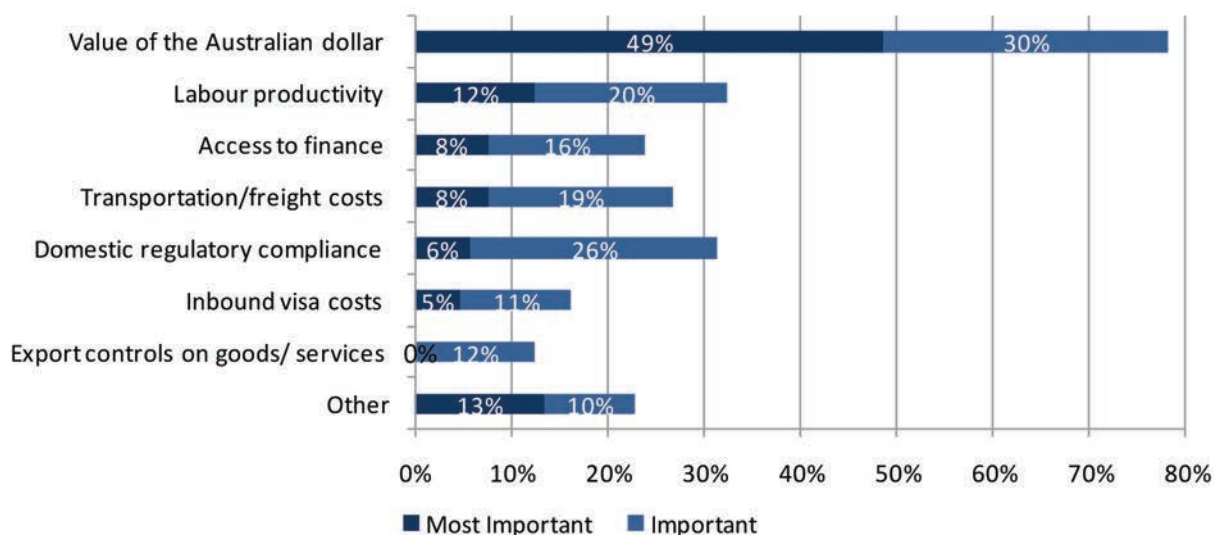


Respondents allowed to select more than one option. Percentages calculated based on the number of respondents who selected the barrier divided by the total industry sample size (n = 105).

The top domestic factor cited as adversely affecting international competitiveness was the value of the Australian dollar.

Figure 8: Factors in Australia that adversely affect international competitiveness

Survey question: *What are the factors in Australia that adversely affect your company's international competitiveness?*
(select all that apply)



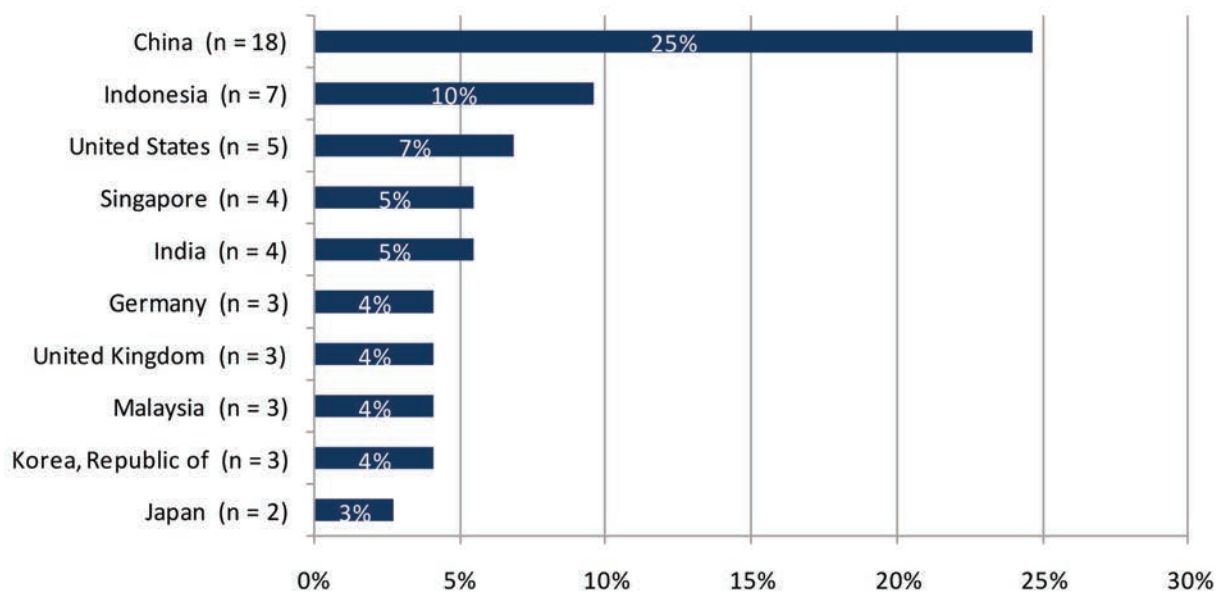
Respondents allowed to select more than one option and to indicate the importance of the factor. 'Most Important' percentages calculated based on the number of respondents who identified the factor as 'Most Important' divided by the total industry sample size (n = 105). The same method was used to calculate 'Important' percentages.

Future International Business Plans

The international business outlook for this sector was positive. Seventy per cent of respondents planned to expand to new markets in the next two years. Collectively, they targeted 25 markets.

Figure 9: Top 10 overseas markets to be targeted in the next two years

Survey question: Which is the most important overseas country your company planning on doing business in, within the next two years?



Percentages calculated based on number of respondents with clear international expansion plans (n = 73).

Australia's International Business Survey Partners

Export Council of Australia (ECA)

The Export Council of Australia (ECA) is the peak Industry body for the Australian export community. The ECA is the next exciting step in the evolution of the Australian Institute of Export (AIEEx) which, for over 50 years, has had the interests of Australian exporters at heart.

Owned by its members and steered by a Board and a Council of Industry specialists, the ECA is a not-for-profit organisation that has the development of Australia's resources via the promotion of Australian industry in international markets as its primary goal. The ECA represents all exporters: large, medium and small.

The ECA is the voice for Australia's exporters:

- Leading Trade Policy Research
- Developing International Trade Skills
- Breaking down Barriers to Trade
- Building Global Networks
- Amplifying Global Trade Success

Austrade

The Australian Trade Commission – Austrade – contributes to Australia's economic prosperity by helping Australian businesses, education institutions, tourism operators, governments and citizens as they:

- develop international markets
- win productive foreign direct investment
- promote international education
- strengthen Australia's tourism industry
- seek consular and passport services.

Austrade provides information and advice that can help you reduce the time, cost and risk of exporting. We also administer the Export Market Development Grant Scheme and offer a range of services to Australian exporters in growth and emerging markets.

W www.austrade.gov.au

E info@austrade.gov.au

T 13 28 78 (within Australia)

Efic

At Efic we believe in unlocking finance for export success. We are a specialist financier that delivers simple and creative solutions for Australian companies – to enable them to win business, grow internationally and achieve export success.

We provide financial support to Australian based companies which are exporting, are involved in a global supply chain or are seeking to grow internationally. We facilitate and encourage Australian export trade on a commercial basis, working with

- SMEs and larger domestic exporters
- Australian companies participating in export focussed global supply chains and
- Australian companies conducting business and investing in emerging and frontier markets.

We do not compete with the private sector, we partner with banks to provide financial support when the banks are unable or unwilling to assist. The companies we work with are among Australia's best. They compete on the world stage and win contracts against global competitors. We work with companies across all industries all around Australia.

To find out more about how we could help your business achieve export success, please phone us on 1800 093 724 or visit www.efic.gov.au.

The University of Sydney

The University of Sydney, founded in 1850, is one of Australia's leading research intensive universities. In the Business School, the International Business group carries out research in the areas of strategy, entrepreneurship and international business. In the Excellence in Research Australia (ERA) 2012 assessment the quality of research by its members was ranked as "well above world standard" – the highest possible level.

The members of the group teach into coursework programs at both undergraduate and post-graduate level, including the Master of International Business, Master of Management and Master of Business Administration. There is also an honours program and a significant number of PhD students.

The International Business group has an active research program, including research groups on entrepreneurship and innovation, and emerging markets. Research funding is sourced from the Australian Research Council and from industry partners such as Merck & Co. Inc, KPMG and the Export Council of Australia.



Survey partners



With support from

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Australia College Private Education Trainers	Council of Textile and Fashion Industries of Australia (TFIA)	Industry Capability Network (ICN)
Australia Industry Group (AIG)	CPA Australia	IP Australia
Australian Automotive Aftermarket Association	Dairy Industry Association of Australia	Logan Office of Economic Development
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