



Impact of Digital Transformation on Management Consulting firms in India: Qualitative and Comparative analysis

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Abstract: In a dynamically changing economy, the evolving customer requirements are playing a pivotal role in propelling traditional firms towards adopting digitally transformed business models which necessitate for establishing robust organizational structures and implementing effective performance metrics to comprehensively gauge their efficacies. Business clients today want high-value driven, real-time services and insights in order to be more efficient, effective and remain competitive in the long run. This paper presents an empirically-based, thematic view derived from expert interviews and secondary data analysis that addresses the importance of digital transformation and its relationship with leadership requirements to predetermine the results of the organization. This study provides insights on how management consulting firms should approach digital transformation to strengthen their processes, capabilities, competitiveness and further ameliorate business performances that provide enhanced value and favorable returns to executives, leadership and customers. By employing a thematic research approach, the findings of this study offer nuanced insights for how management consulting firms should strategically approach digital transformation initiatives. This research contributes to the existing body of knowledge by exploring the synergetic relationships between digital transformation strategies and the evolving leadership landscape. The insights presented in this paper can guide practitioners in orchestrating leadership while navigating through the complexities of digital transformation.

Executive summary: Indian management consulting firms' landscape is a fertile ground for digital transformation which is currently undergoing a seismic disruption of unprecedented magnitude. Currently dominated by consulting titans such as McKinsey, Boston Consulting Group, Deloitte and Bain, etc. the incumbents at the lower-end of this spectrum will evaporate if they're unable to catch up with the pace of this digital transformation. Consulting firms need to be a step ahead to remain competitive and embrace digital technologies for reimagining operations, elevating customer experiences and fostering business growth. This change not only empowers clients to differentiate their services offerings through innovative solutions but also facilitates agile adoption to shifting customer needs more effectively. It's also important to note that while the adoption of digital transformation may vary across industry sectors within a specific region, understanding industry-specific dynamics and requirements through in-depth study, empirical findings and research is essential for success of the management consulting firms in India. This study will be focusing on the Global Capability Centers (GCC) in India.

Key words: Management Consultancy, Value Proposition & Creation, Ethics & Governance, Global Competition, Sustainability & Growth, Customer Demand, Technological Advancement.

I. INTRODUCTION

INTRODUCTION

Industrial Revolution 4.0 in India is based on harnessing the outcomes of Big Data and Artificial Intelligence which is expected to see a positive impact on various industries and rural areas. Adopting digital technologies is enabling the creation of new opportunities for innovation, growth and transformation of organizations. In order to navigate through the rapidly evolving digital era, organizations need to foster a culture of continuous learning, formulating clearly defined digital strategies in alignment with business objectives and effective execution of plans to fully capitalize on their potential thus giving rise to the need of engaging with efficient management consulting firms with domain expertise on various sectors.

Management consulting firms provide professional services to organizations to assist in improving their operational performance, solving complex problems, and implementing effective strategies through efficiently documented execution plans. These services are provided by highly skilled consultants who offer expertise, advise and specialized knowledge across industry sectors and niche areas including advise depending on the current economic state of the country. When companies are performing well, they typically reach out to these management consulting firms with future growth and expansion strategies, mergers and acquisitions, blue ocean

strategies versus during economic downfall where, the services procured are for restructuring (operations & finance), risk management and increasing operational efficiencies. Services offered by such firms are and not limited to market research, strategic planning, financial consulting and auditing. The Consulting Market can be segmented by service types: operations, strategy, financial and technology advisory, then by end-user industry which includes financial services, healthcare & life sciences, IT & Telecommunication, energy and government, and as per geography.

As per the analysts in Economic Times captured by Vinod Mahanta (13 Jul, 2023), the Covid-19 pandemic had direct influence on the IT consulting segment which refers to project-based services and the companies investing in expansion of new projects had to stop in order to focus on maintaining core business deliverables in 2020. The socioeconomic factors of globalization, rise of GDP in tech, digitalization, adoption of cloud technologies, business process automation such as implementation of robotics process automation, AI/ML, etc. have started paving the way ahead for the IT consulting segment. IT services bounced back stronger with a growth rate of 10.7% in 2021 and is expected to achieve \$87.03B by 2028. Having said all of the above, management consulting firms in India cannot be undervalued as it is currently estimated at Rupees 30,000 crore and growing at a CAGR of 30%. Indian market is attracting international businesses in setting up their offices which is propelled by favorable demographics, increasing domestic consumption, blooming tech ecosystem and rapidly evolving and embracing of digitalization. What makes India an attractive market? As per IMF estimates, India's GDP growth was 5.9% plus despite global uncertainty, high inflation, geopolitical volatility leading to supply chain disruptions.

NEED OF THE STUDY.

Need of the study: Business Issue: This study aims to explore how management consultant companies are leveraging digital transformation to deliver higher value to customers and remain competitive in the market.

Relevance/justification for the Research Study: Thought Leadership due to fragmented market within APAC due to presence of several regional industries and the ongoing competitive dynamics anticipated in the upcoming years along with new and disruptive technology impacting investments.



figure 1

(Consulting Service Market Size & Share Analysis - Growth Trends & Forecasts, 2023), above shows the current market share and size of consulting firms across the globe

As seen in above figure 1, India is having high market share and size which are primarily driven by its advantages listed are as follows:

1. Attractive market
2. Huge talent pool
3. Manufacturing HUB
4. Foreign direct investments of \$71B in India FY23
5. Make in India initiative
6. PLI Scheme: Indian government objective of "Aatma Nirbhar Bharat" to strengthen production capabilities and create global champions was built on the foundation of 14 sector amounting to an incentive cost of \$26B
7. Diversifying of supply chains

As per CEO insights in Consultantsreview.com and as shared with Economic Times, many known CEO's and Senior Partners have highlighted how bullish the Indian market is to international investors who are looking to set shops in India. Companies such as Tim Hortons, Foot Locker, Byd, Shein, Rimowa, PF Chang's, Flix and Messika have recently opened their offices. Thus, the Big Four Companies along with the management consulting firms are witnessing a fresh wave of multinationals as their strategy mandates to establish their presence in India.

Rahul Jain, MD, BCG India, highlights on the significant increase of investments being considered by global companies in India. He says, "Clients are reaching out to understand the business landscape, and global supply chain studies are being conducted to reconfigure manufacturing footprints, with India playing a central role. This surge in interest indicates that this is a pivotal moment for India. More people are visiting India, exploring investment opportunities, and there is already a noticeable intent and commitment to deploy capital."

As mentioned by Sanjeev Krishan, Chairman, PwC India, "We are also seeing enthusiasm from global clients seeking specific inputs on investment opportunities in the country, and we have been working with various industry bodies in India and abroad

to channel this interest further." He also stated that despite the challenges faced, India continues to grow stronger and stood out with a healthy PE-VC investment (private equity-venture capital) of \$61.6B in 2022.

Romal Shetty, CEO, Deloitte India, shares about the rise in enquiries from global clients who are expressing their interests in ramping up investments in India. This entry strategy has significantly increased the tax planning work of the Big Four firms.

Sudhir Kapadia, Senior Tax Partner, EY, states, "In this regard, an MNC would actually holistically consider direct and indirect tax implications including central and state-level incentives to determine the projected post tax and post incentive business cash flows and arrive at ROI."

VS Mani, Tax Partner, Deloitte, shared, "It is also essential to consider the impact of customs duties on imports and GST on domestic transactions as these have a significant impact on the profitability of the entity. Preferential trade arrangements/FTAs - both in existence and at formulation stage - sector-wise tax incentives, locational benefits etc. would also need to be considered as part of the entry strategy."

Goldman Sachs research projected India to become the world's second-largest economy by 2025 as new international brands have now started entering the Indian market. The Government and policy makers are constantly working with industries on initiatives to remove hurdles and improve progress with focus also on promoting MSMEs and the rapidly expanding startup ecosystem.

Global management consultant market in 2022 was valued at \$307.62B and in 2028 is expected to reach \$511.88B. Let's understand the growth drivers, challenges and trends if any for this surge.

Drivers: Regulatory Reforms & rise in end-use sectors

Regulatory reforms act as compliance measures for companies to avoid legal and financial risks as they bring about changes to government policies, laws and regulations that companies need to abide with. One of the services that management consultancies provide is developing strategies to meet regulatory requirements for compliance that help organizations maneuver complex regulatory reforms, identify and monitor compliance gaps if any. Due to globalization, rapid explosion of urbanization, increasing GDP, international investments and digital transformation, the management consulting firms are witnessing an overall market growth leading to a high demand for operational restructuring, risk analysis and revised supply chain management. The rise of end-user sectors has enabled industries to expand and ramp up their portfolios to meet the growing customer demands. Thus, the development of government reforms and rise in end-user sectors has acted as the main drivers for rise of management consulting firms in India. CAGR for 2023-28 is expected to grow at 9%.

The challenges that can act as a deterrent for management consulting firms: Data privacy and security, rapid surge in demand, high interest rates and prices, rising inflation, global economic crisis such as the Russi-Ukraine war, availability of alternatives and digital transformation. Since management consulting firms handles sensitive and classified information, they need to work closely with their clients to avoid compromise of any confidential information that can lead to distrust and reputational risk as was seen with Arthur Andersen LLP which was one of the largest public accounting firms in the 1990s. The auditors upon the investigation by SEC failed to report, ignored accounting frauds of large clients such as Enron Corp. and WorldCom Inc. leading to being found guilty of obstruction of justice and ending up bankrupt. The rise of boutique independent consultants also poses a challenge to established management consulting firms in an ever-demanding market place.

Current market trends: Artificial Intelligence and automation is driving demands from clients who want to leverage this technology to automate their standard manual processes, optimize their R&D and innovation efforts to remain competitive in the market. Dynamically evolving customer needs is fostering the launch of new products and services at lower prices while organizations try to remain competitive from existing players and new entrants who are digitally advanced.

While Covid-19 negatively impacted this industry during 2020, it has bounced back in India as firms have seen an increase in demand for services such as crisis and risk management, innovation and digital transformation. This has given rise to many new competitors in this space. While a small number of big players rule the market position, large number of small players are equally dominating this space with a long tail of boutique consulting firms who provide services on niche market and local insights. The 'Big Four' (Deloitte, PwC, KPMG, and EY) and the 'MBB' (McKinsey, BCC, and Bain) hold approximately 35% and 10% of the total 55% of the market share, respectively.

Listed below in Figure 2, are the key players in the global management consulting market in no order of preference or ranking: Grand Thornton, Boston Consulting Group, Bain & Company, McKinsey & Co., Ernst and Young, KPMG, PwC, Deloitte, Capgemini, IBM, Strategyn, Accenture, Sia Partners, Booz Allen Hamilton.

Consulting Service Market Leaders

- 1 Deloitte Touche Tohmatsu Limited
- 2 Accenture PLC
- 3 PricewaterhouseCoopers LLP
- 4 Ernst & Young Global Limited
- 5 Capgemini SE

*Disclaimer: Major Players sorted in no particular order

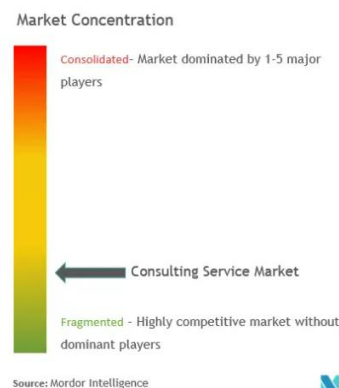


figure 2

(Intelligence, Consulting Firms Market Size & Market Share Analysis - Growth Trends & Forecasts, 2023)
 (Consulting Service Market Size & Share Analysis - Growth Trends & Forecasts, 2023)

Digital transformation continues to reshape the management consulting firms field and as Indian business landscape undergoes rapid digital evolution, this research equips organizations with informed perspectives, actionable strategies, emphasizes on the importance of comprehending industry-specific details through meticulous empirical study enabling them to not only survive but also emerge successful amidst the transformative journey. Covid-19 disrupted many companies forcing them to adopt digital transformation for improving operational efficiencies, restructuring organizations and financial structures, multichannel integration, improving their innovation capacity that could enable organizations to meet the ever-changing needs of their customers. While business process improvement is internally driven factor to boost digital transformation, technological advancement that changes business models is often driven externally.

This influence of digital transformation on management consulting firms acts as an effective study for determining how these firms can provide strategic decisions and ensure competitive edge to their customers. There is little analysis and research conducted to date on the challenges faced by these management consulting firms despite of them being enablers and providers of technology to their customers. This study primarily focuses on the impact of digital transformation on management consulting firms in India especially in the GCCs (Global Capability Centers) while other sectors/services will be out of scope as of now. There is further research that needs to be conducted on how the management consulting firms are embracing the digital transformations within their own industry and providing value to the customers in the evolving digital era in India. The main goal of this study is to understand the impact and relationship of digital transformation on management consulting firms to improve company's performance, innovation capabilities and sustainability which establishes the following objectives to be addressed as previously mentioned in the Statement of Purpose (SOP) dated May 2023:

- To evaluate sustainable business growth for the organization
- To determine the way business, customers and suppliers interact in today's globally competitive world
- To identify challenges and opportunities of digital transformation in management consulting

Research Questions around which the study will be conducted and the insights which can further contribute towards the Body of Knowledge:

RQ1) How are management consultancy companies navigating through digital transformation?

RQ2) What value/revised offerings should management consultancy firms offer to clients to differentiate themselves due to digital transformation?

RQ3) What are the challenges and opportunities of digital transformation faced by Management Consultancy organizations?

RQ4) What are the skills needed by consultants to remain competitive and succeed?

For the purpose of this study, the academic literature reviews are classified into six themes namely: Innovation, Strategic Leadership & Investments, Digital-Transformations, Sustainable business, Customer experiences & Operational efficiencies. The key insights that this paper will focus on is digital innovation and Transformations. This research highlights the current gaps in the literature reviews and provides recommendations for future research as there is need to perform in-depth gap analysis, carry out industry specific theoretical study on managerial expectations/decisions from digital transformation in connection with business needs and investment strategies.

Conclusions or inferences derived out of this study can be broadly classified into: Expected outcomes and implications that are useful for the organization, need for Thought Leadership to provide support, guidance and knowledge during the transformational journey (insightful research and value), enhanced Customer Experience by providing cutting-edge innovative services offerings to remain competitive (Quality, Impact & Volume / Optimize Operations, Growth & Profitability) and lastly, expanding of Client networks and region demographics for launching new product/service, entering new markets and offering novel value propositions.

II. LITERATURE REVIEW

A total of 37 articles were reviewed for this study to arrive at the below research findings. Combination of thematic analysis, identifying the variables and dependents, PESTEL and Porter's Five forces frameworks were analyses to derive qualitative and comparative research on the topic. Two literature articles from (Sumit Sarawgi, 2023) & from (Julian Birkinshaw, 2013) summarize the impact of digital transformation on management consulting firms in India in both positive (8) and adverse (5) categories. It's imperative for firms to look at both these aspects while crafting out their digital transformation strategies.

Positives derived out of these literature reviews are categorized as: Increased efficiencies and enhanced customer experience: Management consulting firms can leverage digital transformation such as automation and process streamlining for reducing manual efforts, optimizing operational workflows and increasing productivity. These benefits are passed on to customers where they receive personalized, real-time and convenient services that lead to enhanced satisfaction and experience. Digital tools and platforms have opened up new avenues to management consulting firms that provide access and medium to reach and penetrate into untapped markets and geographies for providing their value-added services. Today management consulting firms deal with vast amounts of data that are practically impossible to process by an individual. They can leverage the digital tools and technologies such as data analytics and business intelligence tools to extract valuable insights for making informed decisions. These enable consultants to curate and customize services offering to their customer which increases their satisfaction and experience. Through cloud technology, management consulting forms can now save shared repositories, work seamlessly across the globe through online project management platforms, virtually connect with customers in real-time thus increasing collaboration and knowledge exchange for better teamwork and knowledge sharing. Strategic alliances and partnerships with globally located organizations can be formed to access new markets, expand services offerings and capabilities. Understanding and meeting clients evolving business needs is imperative for the success of management consulting firms. Delivering customized and innovative solutions to provide an enhanced experience requires specially acquired skills. Consultants need to listen actively, able to identify trends by inferring the data, bringing in market views and curate solutions. Firms need to attract, develop and retain top talents by creating inclusive work environments, foster a culture of continuous learning, encourage collaboration and supportive environment to share knowledge. With the current market scenarios that are changing dynamically, firms need to adopt agile mindsets to respond to evolving customer requirements

and market landscapes. Experimenting, innovating and being ready to pivot business models will enable firms to remain competitive. Domain expertise and intellectually influencing leadership can differentiate high performing firms from competitors. Such firms build their reputation and respect by producing high-quality data insights and content, engaging with relevant communities and professionals, participating, sponsoring or hosting industry events.

Adverse factors that can be improved through digital transformations and leadership decisions are as: Digitalization and cloud technology bring along with them host of data security issues that need to be tackled thoughtfully and in a regularized way. Since management consulting firms access online project management tools and platforms, they need to protect their client's data from any possible cyber-attacks. Robust security frameworks, regulatory requirements, complying with data security laws, continuous monitoring and training teams is sacrosanct. Digital transformations incur huge costs for licenses, infrastructure and personnel trainings which are often upfront costs. Budget and resource allocation needs to be carefully thought through for ensuring a smooth transition. Post implementing of digital transformation plans, migrating legacy data into the renewed digital systems may often times lead to downtime and efficiency loss. Thorough transition plan needs to be implemented for integration of new software, checking of system compatibility, testing of migrated data as these tasks are not only complex but also time consuming for firms. India is still a developing nation and while it has mastered digital identification such as Aadhar (Unique Identification Number) and online payments, unequal access to internet connectivity can sometimes be a challenge in certain areas within India. Management consulting firms can lose out on market opportunities in untapped markets that can hinder them from expanding their services offerings further. Digital transformation can automate manual tasks and increase efficiencies in ways unimaginable. Consultants need to keep upskilling themselves by embracing technological advancements and adapting to changing technological landscapes to remain relevant and maximize opportunities w.r.t Artificial Intelligence.

Thematic views were observed from the literature reviews: A review of five literature articles helped describe common themes, variables and dependent factors that relate to the research topic. (Michael Haenlein, 2013) reflects on digital transformation as a multidisciplinary research agenda. (Julian Birkinshaw, 2013) emphasizes on the concepts of digital transformation, (Martin Reeves), shares about the why of business are implementing digital transformation strategies, (Oliver Werth, 2020), highlight influencing factors for the digital transformation in financial services sector, (Ines Mergel, 2019), share insights from industry experts on their definition of digital transformation.

Comprehensive integration of digital tools in numerous aspects of business that bring about changes in organizational strategies, upgradation of business tools and enhanced customer interactions. Firms that adopt digital transformations, foster agility to evolve with changing market needs, respond to disruptions by collaborating and thought-leadership have their strategic priorities and plans effectively drafted and executed to remain competitive. Management consultants, legal and financial accounting firms are facing constant disruptions due to technological advancement, dynamically changing markets and customer needs. Rise and entry of new players such as boutique consultants and freelancers, BigTechs, FinTechs, InsurTechs, etc. disrupt the markets driving incumbents to adopt different strategies to remain competitive. To understand the influence of digital transformation from a macro-economic perspective on financial sector, we utilize the PESTEL (Political, Economic, Social, Technological, Environment, Legal) analysis. This model in conjunction with sector specific study from Porter's Five Forces helps us identify issues concerning the digital transformation of specific sectors (GCCs in case of this study). Social, economic and political norms are impacted due to multiple digital innovations as a result of accumulated technological disruptions. Evolving customer needs are giving rise to new patterns which are driving organizations to create new business models that meet their customers' requirements making digital innovation aid improvements in business or technical process, create digitalized products or services, digitally aided business models and revised digital business strategies (Bharadwaj, 2013) (Hess, 2016). Porter's five forces model provides analysis of not just entire industries but also for individual company (Porter 1991). According to Porter (Porter 1980), there are five influencing factors, "bargaining power of suppliers", "bargaining power of buyers", "threat of new entrants", "threat of substitute products", and "rivalry among existing companies". The discussions with our industry experts conducted for this study provides us with a holistic view that social factors and bargaining power of buyers have higher influence on the digital transformation of banks versus other sectors. Digital transformation impacts both upstream and downstream levels in an organization as it involves in cultural changes to adapt technological advancement and tools, enhanced business models and processes, relationships with stakeholders & employees especially those who resist changes and are not willing to accept evolving responsibilities to become adept.

Variables overview: What influences a dependent variable is called as independent variable and what happens as a result of independent variable is called a dependent variable. The above listed five literature reviews provide us with the dependent variables which are being measured in this study and the independent variables which are changing or being manipulated. Dependent variable changes because of independent variable.

Independent variables that influence dependent variables are as follows:

Management consulting firms' ability to leverage technological advancements such as artificial intelligence, machine learning, large language models (LLMs), data analytics influences their resilience towards technological disruptions. Using the PESTEL framework including political, economic, social and technological factors, we identify the external influences impacting digital transformation. Strategies of incumbent organizations are getting influenced and competition is getting disrupted due to the entry of new players, such as FinTechs, InsurTechs, and BigTechs. Along with PESTEL framework, Porter's model is also utilized to identify external influences, such as the bargaining power of suppliers and buyers, threat of substitute products, threat of new entrants and rivalry among existing companies. It's critical to have employee's acceptance, engagement and resistance in the digital transformation process and required organizations to generate cultural changes, behaviors and attitude change, process changes to fully enjoy the benefits of transformation. Like the external factors influencing digital transformation, elements of strategy, technology, regulation, market research, products, customers, employees are also evaluated. Regulatory Technology (RegTech) requirements on implementing and overcoming barriers in digital transformation. The literature reviews explore the rise of FinTechs & competitors alike and their impact on traditional banks' business models fostering a culture of innovation. Focus shift on prioritizing the customer by providing seamless experience through actively listening to the customers and delivering customized solutions to the evolving

needs of the customers. Ability to shift gears in the changing markets and engaging in innovation & agile experimentation determines an organization's culture and attitude towards digital transformation. An organization's ability to provide a collaborative work culture, continuous learning environment to attract, develop and retain talent is imperative for the success of implementing digital transformation strategies. Access to industry knowledge by participating at industry events, identify new markets through research analysis for expanding services offerings can enhance an organization's capabilities to sustain and remain competitive. The differentiating factor amongst competitors for any organization is its domain expertise and thought leadership which is achieved through producing high-quality content, interacting with relevant communities and engaging in industry events.

Dependent variables that are an outcome of independent variables are as follows:

Primary and central theme of all the literature reviews is the digital transformation process in the banking sector which also includes its barriers, challenges and implications for business model innovation. Significant changes to the industry's established processes and new competitors driving out incumbents due to disruption. Shifting consumer behavior from offline purchases to online stores due to digital transformation enables customization and boosts value creation. Organizations need to leverage technological advancements and evolve their business models to remain competitive. An organization's ability to respond to technological disruption ultimately impacts a firm's competitiveness, its long-term viability in the market and its ability to attract and retain customers.

Key themes emerging from the remaining twenty-one literature reviews:

Technology competence within management consulting firms to drive digital transformations. Articles from (Chaudhary, 2020), (Crisan EL, 2021), (Gupta, 2020) explore management consulting firms' competence and discusses how they need to enhance and develop their technological capabilities to navigate effectively in the digital landscape.

Organizational Learning Capability where (Chaudhary, 2020), lays emphasis on the learning capability of the firm and its ability to adapt from digital transformation that influences their transformational success.

Digital Strategy and Business Models from (Tavoletti, 2022), (Hess, 2016), (Mark Cotteleer, 2020), discussions are based on how firms' need to revisit their strategies around digital transformation initiatives and restructure their business models to align with the technological advancements and evolving customer requirements.

Impact on Service Delivery by (Gupta, 2020), this article examines the empirical implications of digital transformation on how management consulting firms provide services to their clients thereby affecting their service delivery.

Challenges and Implications highlighted in (Sharma, 2020), (Kraus, 2022), potential obstacles and challenges that firms might face during the digital transformation journey and its impact on consulting services is explored.

Indian Consulting Industry Focus articulated by (Gulati, 2019), (PricewaterhouseCoopers, 2018), (Kumar, 2021), (Rajapathirana, 2020), (Sharma, 2020), these articles focus on the digital transformation on the Indian consulting industry and within the unique context of the Indian market they analyze the challenges, opportunities and implications of digital transformation.

Multi-Case Study Analysis by (Gulati, 2019), a multi-case study approach is referred to analyze the trends, challenges and strategies used in the digital transformation in the Indian consulting industry.

Literature Review and Research Agenda covered by (Lohiya, 2021), (McGrath, 2017), overview of existing research, proposal of research agenda and future research directions for studying the digital transformation within the consulting sector is provided.

Digital Transformation and Performance by (Rajapathirana, 2020), relationship between digital transformation and the performance of SMEs in India is explored and how digital initiatives impact the performance of small and medium-sized consulting firms is investigated.

AI and Analytics Impact researched by (Manyika, 2017), how AI will transform and reshape business processes, priorities & strategies for decision making in the management consulting firms and the impact of artificial intelligence and analytics on various sectors is explored.

The literatures reviewed during this study highlight the unique dynamics of the Indian management consulting firms and their adaptability to respond to the disruptions caused by digital transformation, their overall complexities and relationship between technological competence, organizational culture, business model innovation, strategy & thought leadership, challenges of implementation and performance outcomes within management consulting firms in India.

III. RESEARCH METHODOLOGY

Primary research - discussions with experts who have chosen to remain anonymous share their perspectives and insights on the research topic. Questions asked during the discussions with Industry experts are as follows:

- Provide an overview of your department's digital transformation strategy and how it has impacted on your service offerings, operational efficiency and customer value?
- What were the key drivers behind your department's decision to adopt digital transformation strategies?
- Any specific examples of digital transformation initiatives implemented by your company and their outcomes that you can share?
- What were the major challenges faced by your department during the implementation of digital transformation initiatives and how did you overcome them?
- In your opinion, what were the performance criteria to assess the ROI (return on investment) or effectiveness of your digital transformation initiatives?
- How do you ensure the security and privacy of customer data in the digital transformation initiatives framework?
- Can you describe some lessons learnt from the implementation of digital transformation strategies and how you have incorporated those learnings into your ongoing operations?
- How do you confirm alignment between your digital transformation strategy and the evolving needs, expectations and feedback of your customers?

- According to you, have there been any notable differences in the adoption and outcomes of digital transformation strategies among different management consultancy companies in India? If so, what do you think contributes to these differences?
- In your opinion, what are the essential skills and capabilities that consultants need to possess in order to successfully navigate the digital transformation landscape?

Senior Executive in Data Analytics and AI/ML at a leading Bank: Global Capability Centers (GCCs) were set up as an efficiency play for lowering costs of operations and resources. With the recent technological advancement, skillset development, price increase and improvement in academia, the cost-arbitrage has reduced. Education and corporate gap have narrowed down due to research grants, handshaking with intermediary bodies like NASSCOM, Government, etc. The experience and the skillsets that humans provide will be needed to train and develop rich data models to deliver results expected to improve organizations efficiencies. He reflects upon what customers need today and states “Digital transformation has been happening since a long time, concepts of industrial engineering were brought into corporate through knowledge exchange leading to transformation. 20 years ago, we called it e-commerce, 8 years ago we called it big data analytics and now we call it as digital transformation and maybe in the near future we call it as generative AI driven conversationally rich systems. There is absolute need to focus on what customers want. All this led to organizations creating separate innovation departments that understand customers’ needs and translate those needs into products and services that add value to them. Example: Customers don’t go to banks anymore as banks now come to their homes through presence of digital media. Cheque deposits which earlier would require an individual physically going to the bank, filling out a slip and depositing it at the counter is now replaced in some places with using cheque images from the comfort of their homes.

According to him the key drivers for digital transformation in banks especially are:

Urgency: Customer’s needs being the key ingredient, we need to understand from the business standpoint which is the urgency we need to live up to the competition, need to match up to the competition as it’s considered as a threat due to FOMO (fear of missing out) or one of the factors identified from Porter’s Five forces framework

Smart solutions: Banks need to offer smart solutions in order to enhance a customer’s experience. It’s important to note that even with technological advancement and transformations, the resource bands at the GCCs have not reduced but has only been growing. Data has exploded exponentially and there are over a million combination of variables that infer a certain probability of an event happening or not happening, leading to humans losing control over accurately collating data for further analysis and insights

Scale and complexity: Data points have increased astronomically and the need to measure metrics such as number of complex decisions per employee or idea per employee have to be considered. Analysts today are performing much more with the data and are contributing even more to the company than what they performed before digitalization

Our leader also sheds light on what he thinks would be the major challenges that can stall the digital transformation implementation in an organization which are categorized as below:

Talent & technology: Taking the analogy from the Canadian game of logs rolling on the lake, we can assume the logs rolling as that of SaaS, Python, SQL, Cloud or even better tools that are coming up every day. While these logs are already rolling on the water, we need to keep ourselves stable on top of these logs to maximize our performance. Similarly, in large organizations like to top five banks, there needs to be some kind of stability and they cannot be thinking too much of the underlying technological changes. Today’s workforce is <32 years of age and have less patience versus organizational patience that needs to be carefully managed

Skills and capabilities are required to thrive in a digitally transformed environment: Management consulting firms need to change their mindsets of being an external consultant of their client to being an employee instead. The agility that the consultants of today bring in to their client company may not always be available as speed of delivery varies from client-to-client organizations. Companies need to embrace such speeds, mindset should be to solve the problems in a phased manner not all at once which can bring in gradual improvements and course correction will be easier if needed with minimal impact to the cost, efforts and the customer

Senior Executive in Cyber Security and Management Consulting: Digital transformation will largely impact the technology service providers not as much as the management consulting firms which are primarily the basis of economic growth of work in India and across the world. Human interaction is the basis of any analysis. Management consulting firms bring in industry perspectives, transformational strategies and experiences whereas digitally transformed business models created from generative AI only replace and recite information, cover process execution with high level recommendations that are currently hallucinated as opposed to human intelligence. Example: Metaverse has still not evolved as anticipated since it does not align with fundamental human psyche and value system. Digital transformations can enable management consulting firms to carry out certain services which increases their efficiencies leading to reduced hours being charged back to the customers thus impacting revenues. The very essence or notion of will these management consulting firms will sustain as a constituent in the digitally evolved society – absolutely yes!

He goes on to share his views basis his past experience as a consultant himself in one of the big four companies on how internal management consulting firms within organizations be able to deliver results and remain profitable and if organizations should always procure services from experienced external consultants from the market. He agrees that in order to build something innovative and transformational in nature, we need the experience and knowledge of external consultants. We can automate a basic process end-to-end and if it’s 90% automated with any issues in the output then we can have GenAI (Generative artificial intelligence) take over and understand with right kind of insights and information on why the process failed and initiate the process correction but it does not do away without human interaction. Designing the GenAI models to take decisions, to process data for analysis, perform business analysis, understanding exceptions and exception management, reinitiating transactions and closing transactions, all these activities need to be managed and monitored by consultants. Independence from external experienced consultants versus internal expertise greatly impacts an organizations performance outcome. Management consulting firms provide financial audit reporting and no public or private company can sustain without the financial certification from independent external auditors. Thus, the need for carrying out financial audits from independent external consultants will never fade away and will only increase due to the implementation of digital transformation strategies and its impact on business processes. However, if business is not conducted ethically then these management consulting firms will be brought down by regulatory bodies and forced to exit. Example: the case of Arthur Anderson

2002, where the firm was found guilty of accounting and audit irregularities leading to a loss of \$74BN eventually filing for bankruptcy.

Our leader highlights on the skills and capabilities required to sustain in the digitally transformed environment, He stresses on the need to focus on what types of products and services do the management consulting firms or corporates deliver. The most crucial element is focusing on the accuracy and completeness of data that needs to be fed into the digital business models. These models need to be stable and knowledge on using these technologically advanced models should be created. Training is required on how to ask, what to ask to these models as information processing can be inaccurate, incomplete or inconsistent too if the models aren't trained effectively leading to a direct impact on the organization's digital transformation strategy. Example: services providing advice on taxation or benchmarking the efficiencies on various processes (compared to industry players) where GenAI models can be engaged for churning humongous amounts of data to provide better insights.

Senior Executive of Strategy and Digital Transformation at a leading Bank: Our departments strategy is centered around enhancing customer experiences, improving operational efficiencies and staying competitive in the evolving digital landscape. Due to rapid advancement of technology, changing consumer behaviors, rise of new entrants and competition we too have adopted digital technologies for introducing mobile banking apps, personal financial advisory services, online bank account management which have not just increased value for our customers but also streamlined our operations. Launch of these online platforms resulted in a 65% increase in mobile banking in urban areas and 35% reduction of in-branch transactions which significantly improved operational efficiency and customer satisfaction. We recognize the need to remain relevant, competitive and survive the digital disruptions

He highlights certain challenges and solutions that he thinks are critical during the implementation strategy of digital transformation in banking industries. To address the data security issues, it is of paramount importance that banks deploy robust cybersecurity measures and keep regular cadence in place. To mitigate employee resistance to change issues, they need to provide extensive trainings to employees on overcoming resistance to change. He stresses on the need to employ encryption, multi-factor authentication and regular security audits to protect customer's data and privacy and how being compliant with data protection regulations such as GDPR and adherence to industry best practices are integral parts of their approach.

EY Partners leading Digital Transformation efforts in leading bank shared their views on the impact of digital transformation on management consulting firms in India. Their primary focus was around the ROI (return on investment) and effectiveness of metrics. They go on to mention and as was alluded earlier by one of the senior executives that any ROI around digital transformation initiatives should be measured through metrics or key performance indicators (KPIs) such as revenue growth, customer acquisition costs, customer retention rates and customer satisfaction scores to measure the experience of customers and the value add created for them. Aligning the digital transformation strategy with evolving customer needs is vital. Customer input through feedback and/or market research is continuously incorporated into the development lifecycle of the product.

They also highlight stark differences amongst strategies used by various management consulting firms in the adoption and outcomes of digital transformation strategies in India. Some companies that are successful tend to have a clear vision and execution capabilities but differences often stem from variations in leadership, resources and the ability to navigate regulatory challenges. According to them the skills required by consultants today include a deep understanding of the developing technologies, superior project management skills, data analytics including analytic inferencing through the use of technically advanced business models, ability to influence and drive organizational changes, effective communication and a customer-centric mindset.

Secondary research – discussions from experts in referenced literatures who primarily focused on banking industry.

In the article "Digital Transformation in Banking: A Managerial Perspective on Barriers to Change" by (Florian Diener, 2021) certain discussions were captured and concluded: Need for digital transformation and awareness by bank executives and decision-makers who need to be fully aware of the continuous digital transformation going on in the banking industry and they recognized the importance of adapting to digital transformation to remain competitive in the ever evolving and dynamically changing market. Progress of the digital transformation strategy which is driven by customer needs to enhance services offerings and broader range of products and services, banking is adopting digital transformation at a rapid pace. Such transformations being huge are not just collaborated internally but also in partnership with other banks, partners, FinTechs, etc. Barriers to implementation as highlighted by experts where multiple barriers that encompassed various aspects, including strategy and management, regulation, market knowledge, technology, products, employees, customer participation and benefits. New entrants such as FinTechs, InsurTechs, and BigTechs and innovative competitors with advanced multi-channel approaches have disrupted traditional banking models. New business ecosystems have developed which are impacting the strategic decisions of traditional banks. Importance of innovation and technology and emphasis was laid on incorporating innovation into banking practices and the potential benefits of addressing regulatory challenges through adherence to RegTech in facilitating the digital transformation initiatives. Strategic digital transformation plans as explained by experts and they acknowledge that the journey of digital transformation is that of complex and transformative nature, requiring adjustments to organizational strategies, culture and processes. Focus is not just on technological investments but also, it's alignment with organizational culture and changes. Future research directions by many experts revealed the need for further research to analyze the benefits of digital transformation on management consulting firms. In-depth investigations and study are required to understand differences between management perceptions & actual responses and practical digital transformational strategies.

We can conclude through these discussions that digital transformation is a multifaceted approach that involves challenges related to technology, strategy, regulations, organizational culture and customer requirements and expectations. While they do recognize the importance, barriers and complexities of implementing digital transformation, they also call for in-depth study and research to drive successful digital transformation strategies in the banking industry.

Outcome of primary and secondary research including literature review:

India is a fertile ground for attracting investments, talent and excelling in startups leading to creation of new products & services due to the adaptation and implementation of technology. According to (Nathan Simon, 2019), new entrants in management consulting firms emerge from repositioning of competitors such as system integrators or the rise of specialists and startups, though their contributions are far less compared to the leading consulting firms. Post the financial crisis of 2008, companies shifted their focus on meeting regulatory requirements and compliance norms. The Big Four recruited ex-regulators and built their strategic side of risk business to drive business models in alignment with the revised regulations and market norms which worked in their favor. Throughout the expansion of the digital era, companies' operations had changes due to changing consumer habits as they now wanted new products and services quickly and at scale & not just revised processes and structures but they also wanted to benefit from the utilization of advanced digital tools that could give them a competitive edge in the market.

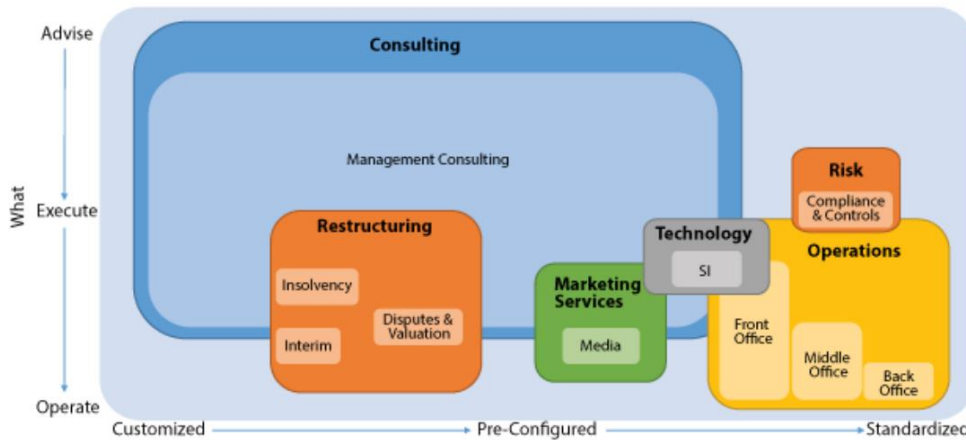


figure 3

Evolution of consulting services by (Consulting Service Market Size & Share Analysis - Growth Trends & Forecasts, 2023)

Above Figure 3, provides an overview of the constituents of management consulting firms and the evolution of the service mix till date. From market growth and changes to strategic choices, mergers and acquisitions to partnering with consulting organizations, changes in business strategies to client business models.

The narratives shared by our industry experts highlight on the reorganization of management consulting firms as they embraced digital transformation for attracting, developing and retaining talent that focused on promoting integrated service models equipped with human experience and digital intelligence. Though consultants were agile in their thought process and speed of delivery, the need is to identify if the organization's speed is at the same frequency. One cannot supersede the other and they always need to be in sync, embrace the speed and culture of each other i.e., the client's organizational culture and the consultant's agility and experience else the probability of a fallout is imminent. Currently, there is a lack of a comprehensive portrait of digital transformation's nature and its impact. According to (Bharadwaj, 2013), for organizations to remain competitive in the digital landscape, it's imperative they understand the complexity of digital transformation that will enable them to generate greater value proposition. As described by (Florian Diener, 2021), digital transformation constitutes of technologies, organizations and strategic changes making it a holistic concept. One of our esteemed leaders during the discussion mentioned about the importance for companies to adapt to advance technologies and ensure their correct implementation that improves overall business performance. Digital transformations by nature are complex and if not applied thoughtfully and in compliance to regulatory requirements, can have a denting effect on the company's strategies, business models, decision making, competitiveness, productivity, customers, etc. According to (Gartner, 2023), digitalization represents improving existing business models, creating new revenue streams and providing value-added opportunities by leveraging digital technologies. It can also be interpreted as a complex subject that involves several areas like (i) mindset change, (ii) leadership change, (iii) adoption of technology, (iv) digitalization of resource and (v) accepting innovation.

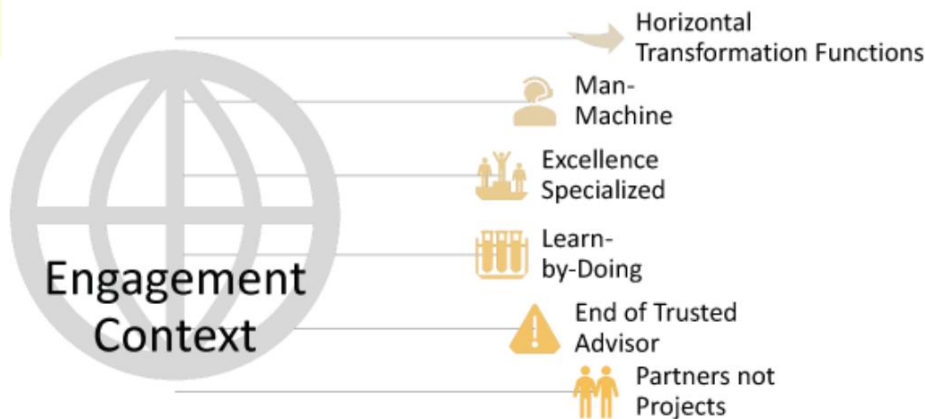


figure 4

Evolution of engagement models and management consultants' profiles (Consulting Service Market Size & Share Analysis - Growth Trends & Forecasts, 2023)

Figure 4, shares the evolution of the business models adopted by management consulting firms and their profile changes over the last ten years. Outcomes of these discussions is the shifting focus of businesses from traditional operational excellence models to customer centric and enhanced partnership models by adapting digital technologies. Consultants developed a vested interest

in the outcomes generated and evolved from advisors to executors of strategy, jointly managed by clients and consultants both. Biggest example in India's FinTech sector is the Unified Payments Interface (UPI) technology generating \$1Trillion worth of transactions in FY2022 and is now being studied by many renowned institutions, the launch of digital identification card called Aadhaar, the world's largest biometric program which is India's official government identity card that also enables open bank accounts and gain financial inclusion. Another example was the use of online banking apps by customers which is a new value proposition of banks by leveraging digital technology. Where earlier customers would have to physically visit a bank, they can now carry out majority of the banking transactions through the comfort of their home by use of digital media and gadget. There has been digital transformation in the past with the emergence of e-commerce, there is transformation happening today with the usage of ride hailing, online food delivery apps, etc. and there will be advanced digital transformations in the future with Generative-AI predictive models and likes of ChatGPTs. The only constant will be the management consulting firms who are better positioned through their experience, market intelligence and technical expertise to advise their clients in how to sustain through this digital landscape and remain competitive through creation of value-added products & services.

There were certain key gaps identified such as limited research is currently available on understanding the value generated by management consulting firms through digital transformation, challenges and opportunities of implementing digital transformation within consulting firms and the risks associated with implementation of such technologies along with the impact of regulations, rules, policies on its clients. Gaps have been elaborated in the below section for further reading and research.

Gaps/Limitations in existing literature reviews and probable recommendations:

Current literatures focus mainly on IT and BFSI sectors which limit the theoretical analysis and research of this topic. How digital transformation impacts the other industry sectors need to be taken into consideration for a holistic view and analysis. Basis the above literature reviews and considering the scope & complexity of the topic's themes and variables, this study recommends to explore additional research in the following areas:

Limited empirical research in current literature reviews. Currently there is not enough empirical research on how much impact the digital transformation has caused on the performance and growth of management consulting firms. Focus on additional in-depth empirical research is required to assess the actual outcomes and benefits of technology disruptions impact on management consulting firms in India. Definition and conceptualization of digital transformation across industries as currently the studies focus only specific regions or sectors, potentially limiting the research findings. Exploration through future research is required on how digital transformation impacts across diverse consulting markets. Turnaround strategies of traditional business models due to digital transformation. Types of strategies management consulting firms will deploy to respond to technological disruptions, adoption of technology & tools, client centric approach strategy, talent pool management, partnerships and collaborations.

Impact to business due to changes in consumer behavior on account of digital transformation. Impact analysis of technical innovations such as AI, big data analytics, etc. on business. Integration of the digital transformation research across various fields, such as strategy management, operations management, marketing, information systems, innovation. Explore the challenges and opportunities caused by new entrants like FinTechs, InsurTechs, and BigTechs in financial sectors landscape thereby impacting the services offerings by management consulting firms. Understand the influence and interplay between the Porter's Five Forces framework and PESTEL factors such as political, economic, social, and technological trends, threat of new entrants, bargaining power of buyers on digital transformation in the management consulting firms.

Research currently lacks in-depth analysis on how organizational changes and cultural challenges manifest in the context of management consulting firms in India. Further analysis is required to study the role of organizational culture changes and internal factors in facilitating or obstructing successful digital transformation initiatives. Study the rise of new entrants, boutique management consulting firms and their business models. Analysis of management consulting firm's best practices and strategies to overcome implementation barriers and achieve successful digital transformation. Examining the evolving business models due to digital transformation and their influence on management consulting firm's strategic decisions and competitive landscape.

Identifying and studying the barriers to digital transformation in previous research and their implications. Examination the role of regulatory bodies such as RegTech in facilitating digital transformation and addressing any challenges related to regulations. Further investigation is required on ethical considerations on the implications of digital transformation in terms of data privacy and security of client's data. Additional research is needed to understand how industry-specific dynamics, challenges of specific sectors within the management consulting industry in India need to be approached and how customized digital transformation strategies can be provided to address the clients' unique needs and demands. Development of standardized metrics for evaluation of the success of digital transformation efforts within management consulting firms could provide a reliable foundation for future research.

It is important to understand the long-term sustainability of digital transformation strategies, efforts, their challenges and impact on business performance and growth in the management consulting industry in India which is currently not highlighted in the literature reviews. While the literature review focuses on the perspectives of experts and consultants in the industry, there is further research needed to focus on the clients who engage and receive services from these firms. Understanding client's perspectives on the impact of digital transformation on their services offerings, delivery and value creation is equally important for a comprehensive understanding of this topic.

Impact of probable recommendations that can add further value to this study and provide insights that can benefit academia and practitioners:

In order to enhance a firm's competitiveness by leveraging digital transformation, the literature reviews can further research on the above gaps identified to provide insights into how firms can effectively respond to disruption. By identifying the knowledge gaps, they should aim to manufacture existing research and offer insights to organizations into effective strategies on how to navigate the challenges and opportunities of digital transformation in a rapidly evolving landscape. Insights from the discussions of expert on their perspectives regarding challenges in implementing of digital transformation initiatives and their experience in managing these challenges, best practices and strategies incorporated for achieving successful digital transformations within their respective functional areas should be taken into considerations and incorporated into future research. Further research can help address these gaps and limitations which will deepen our understanding of digital transformation in the management consulting industry in India and provide insights for practitioners and policymakers to make informed decisions and strategies. The literature reviews summarize

that successful digital transformation in management consulting firms requires a strategic focus on adaptation of advanced technology and tools, technical competence and organizational culture & learning. It's imperative for literature review to synthesize these inputs to provide valuable insights for both industry practitioners and academia.

Conclusions and contribution to practice:

If future literature reviews take into consideration the above gaps/limitations and incorporate those into upcoming research then the implications of such research will be of profound importance in reshaping the very foundation of management consulting firms and challenging them to stay relevant and competitive by adopting digital transformation initiatives. There is emphasis on the paradigm shift in the way these firms operate, network with clients and deliver value in the digital business landscape.

Realignment of strategies and business model innovation for traditionally operated organizations are propelled by digital transformation where management consulting firms are no longer just advisors but are becoming technology-driven enablers of such change. Changes in strategies and business models demands for a shift in the operational model of management consulting firms from traditional fee-for-service models to value-based models with emphasis on delivering outcomes and solutions that are powered by data analytics, AI, and innovative technologies and advanced tools/models. This enhances the client engagement and partnership by empowering management consulting firms to offer more personalized, customized and data-driven solutions and insights to their clients. Real-time access to humongous amounts of data and advanced analytics enables consultants to proactively address client's specific needs, provide accurate and actionable recommendations, predict trends that empowers clients to take effective decisions thus fostering deeper client engagement and trust. Such operational efficiencies and process optimization due to usage of advanced technology and tools streamlines internal operations within management consulting firms. Consultants can focus on providing high-value deliverables as their time spent on manual efforts is reduced due to automation of routine tasks. Astronomical amounts of data are processed by AI-powered predictive analytics that provides data-driven insights, reduces human error and accelerates the project timelines which otherwise would've consumed additional hours. These saved hours can be used by consultant to focus on innovation and creativity. With the usage of predictive analytical models and digitally advanced tools & technological, consultants are required to acquire new skillsets and expertise. Management consulting firms now hire professionals who understand digital strategy implementation, data analytics and comprehend technology trends in the market. Consultants should be able to adapt to technology and capable to integrate technology into strategic decision-making. Technology is continuously evolving and management consulting firms need to adapt to such technological advancements through continuous learning, training and embracing an innovation mindset.

Digital transformation has stirred management consulting forms to shift from standalone consulting projects to ecosystem-based solutioning projects that is responsible for the increase in the firm's value proposition. Collaboration with diverse stakeholders and partners enables the creation of comprehensive solutions that make firms competitive and facilitate stronger connections between clients, technology partners, industry experts and even startups. Since management consulting firms harness data of clients across the globe using advanced technologies such as AI-powered predictive analytics, data security and ethical considerations are of paramount importance. The firms must ensure privacy compliance, regulatory compliance, navigate the ethical use of data and transparent practices. Furthermore, consultants must focus on decisions with potential biases arising out of AI-driven models. The literature reviews lay emphasis on the fact that digital transformation is not a one-time event but a continuous ongoing journey.

Global connectivity and virtual consulting due to digital transformation has transcended geographical boundaries enabling consultants to collaborate virtually and facilitate seamless communications with clients across different time zones. Such globalization opens up new avenues and client bases to provide enhanced service offerings and in parallel intensifying the competition from both traditional and tech-driven players. Management consulting firms that navigate successfully in such a landscape become differentiators and gain a competitive advantage by leveraging data-driven insights, offering innovative and customized solutions and providing an exceptional blend of human expertise with technological capabilities. Market positioning of such firms are increased as they are capable to respond to rapidly evolving technological disruptions. This has a direct impact on the leadership within the management consulting firms as transformational leadership becomes crucial to guide, educate and inspire employees through such changes. Adapting to advanced technologies, being resilient in the face of uncertainty, attitude towards rapidly evolving business processes and commitment to drive innovation are all trademarks of successful leadership.

India is experiencing a radical change in its digital landscape and infrastructure where their digital payments has revolutionized online transactions across the globe. This has provided a boost to the Indian consulting industry which highlights the unique challenges and opportunities presented by digital transformation in this context. To effectively implement digital transformation strategies in India, it's critical to understand the nuances of this market and the future scope of work in the digital economy landscape. To conclude, this research highlights on the fundamental changes required in management consulting firms' structures, roles, operations and strategies. Future digital disruptions present unprecedented opportunities and challenges to not only survive but also thrive in such transformational changes by offering novel value propositions, innovative solutions and seamlessly navigating through a complex digital age. There is strong emphasis for management consulting firms to embrace change, technology and position themselves as change agents or drivers of innovation in the ever-evolving digital landscape.

IV. ACKNOWLEDGMENT

I would like to express my deepest gratitude to all who have supported and guided me in my research. First and foremost, this wouldn't have been possible without my professor, guide and mentor Dr. Bhanu Ranjan for her continuous guidance, support and motivation throughout my research journey. Her domain expertise and invaluable inputs guided my research to the right direction. I would also like to thank my industry leaders for providing me with their valuable insights and assistance in my research project. Their contributions are extremely critical to the success of this research paper and I'm deeply grateful to them for sharing their experiences and dedicating the time out of their busy schedules. My sincere thanks to the entire faculty of SP Jain School of Global Management, Dr. Gary Stockport, Dr. Nada Sayarh, Professor Mo Kader, Professor Andrew Jones, Pratima Poojary and the technical team for the knowledge, guidance and support provided during this research. Finally, I'd like to extend my heartfelt thanks to my entire GEMBA10 cohort, colleagues, peers, friends and family members for their continuous support and motivation which was essential for the successful completion of my project. This research would not have been possible without the help, support and guidance from all those who have contributed towards this research topic and I sincerely hope these findings can add further value and contribute to the body of knowledge.

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