

THE FRANCE CONSULTING MARKET IN 2016



Including market sizing data, growth rates, current market trends, and forecasts

EXECUTIVE SUMMARY



- The consulting market in France grew 3.6% in 2015 to €4,115m, making it the best year of growth for some time. Demand was slower in the first half of the year, but picked up in the second, although some reported dented client confidence at the very tail end of the year owing to November's terrorist attacks in Paris. Despite increased growth overall, the consulting market remains cutthroat, with some firms doing very well indeed while others flounder.
- One of the reasons some firms did better than others in 2015 is the increasing internationalisation of French consulting. Domestic demand did pick up somewhat during the year, but consulting to multinational clients on internationally-focused projects is where the growth and excitement remains. Global firms find themselves natural partners for these clients, able to match clients' coverage while also providing a broad range of skills, but others, particularly mid-sized firms, find it difficult to get in on the action.
- Indeed, the fortunes of mid-sized firms were a major talking point. It remains a difficult market for them; too big to be considered specialist, but not big enough to compete with global firms, many have had to reassess strategies to keep afloat. Some have merged with other firms to ensure their survival in the market, while others are targeting smaller clients and looking to partner with other firms to generate new opportunities.
- It seems that the digital revolution still hasn't delivered a windfall for consultants in France, but consultants are confident that it will at some point. Clients are still mostly talking about what to do rather than actually kicking off projects, but consulting firms seem confident that talk must turn into action soon. Digital discussions in France have a distinctly operational flavour; clients are keen to increase efficiency behind the scenes at the same time as improving the customer experience.
- Consultants in France describe a real war for talent, and not just with other firms—talent is being tempted away from all levels of consulting by fat salaries in the financial services industry and the glamour of start-ups. Consultants describe particular difficulty in attracting digital talent because many young digital natives simply aren't aware consulting firms work in these areas, and once they do, some find the suit-and-tie consulting culture a bit of a turn off.
- The bifurcation of the consulting market continues at pace, with clients and consultants alike acknowledging that the two parts of the market have distinct price points and purposes. Some firms are choosing to focus on either high-value consulting or low-cost commoditised services, while some are adapting their model and brand to offer both. Pressure on the traditional consulting model has seen an increase in the use of hybrid models, partnerships, and contractors to ensure clients get access to the skills they need without consulting firms having to offer everything in-house.
- Much of the growth in the consulting market can be attributed to financial services, which grew 6.4% over 2015. Regulation, as ever, was a driver of demand, but the real game-changer is that many clients in this industry have embarked upon far-reaching transformation, requiring the support of armies of consultants. Several other industries also had good years—consulting to the manufacturing, healthcare, and retail industries grew by over 5% apiece. But the sun didn't shine everywhere—consulting in the public sector barely grew at all, and many energy clients culled consulting support, contributing to a small shrink in the energy & resources market.
- Risk & regulatory services were the fastest growing in 2015 (5.9%), driven by a surge of interest in risk and cybersecurity as well as increasing regulatory burdens on many industries. Technology, the largest consulting service in France, also grew a healthy 4%, driven by demand for services around new technology and existing core systems.
- Type A firms saw the highest growth in 2015—these firms are particularly benefiting from the internationalisation trend in the market as they're able to offer a wide range of services pretty much anywhere in the world. Type M—into which many mid-sized firms fall—were the slowest growing firms, at just 2.1%
- Consultants are cautiously optimistic about what the future holds in 2016, and we expect that it will be another year of tentative, but positive growth in France.

CONTENTS

Executive summary	2	Consulting firms	56
Methodology	4	Type T	58
Definitions	4	Type A	59
Sources	4	Type S	60
Definitions of industries and services	7	Type P	61
Contributors	9	Forecast	62
France summary	10	The consultant view	62
Market overview	12	The client view	62
What everyone's talking about	13	Forecasts for 2016	67
The internationalisation of consulting in France	13	Industries—prospects for growth 2016	67
A recovery at home...	13	Services—prospects for growth 2016	68
...but the excitement is elsewhere	13	Firm types—prospects for growth 2016	68
Mid-sized firms—stuck in the middle?	14	About the authors	69
Digital	15	Consulting market programme	70
Ready... Steady... but not yet go	15	About Source	71
Getting in position	16		
Talent	18		
An image problem?	18		
The war hots up	18		
Fighting back	19		
Pulling on the string: Business models	20		
Market data	22		
Industries	22		
Financial services	23		
Manufacturing	26		
Technology, media, & telecoms	28		
Energy & resources	30		
Public sector	32		
Services	34		
Retail	36		
Healthcare	38		
Pharma & biotech	40		
Services	42		
Technology	44		
Operational improvement	46		
Strategy	48		
Risk & regulatory	50		
HR & change management	52		
Financial management	54		

METHODOLOGY

Definitions

Our definition of management consulting includes a broad range of business advisory services, but excludes: tax advisory; audit; the implementation of IT systems; the delivery of outsourced/offshored services; and HR compensation/benefits administration and technology. Where mergers and acquisitions work is concerned, consulting on deals is included (under strategy), but corporate finance fees on deals themselves are generally not included although it is not always straightforward to separate the two.

For more information about how we classify consulting services and industries, please see “Definitions of industries and services” on pages 7–8.

Sources

Our report is based on two major sources of primary data:

Clients of consulting firms:

We interview senior end users of consulting in France to help us to build up a rich picture of how trends in the consulting market are playing out within clients’ organisations. Our conversations focus on the following areas:

- **What’s driving change in their organisation**

- **How they are using consultants**

- **Factors that affect the way clients work with consulting firms**

- **What they value the most—and least—about working with consultants**

We also carry out client surveys. We surveyed 480 senior clients of consulting firms across France. The majority (94%) work for private sector organisations, many of which are multinationals. The remaining 6% work in various public sector organisations. The majority work in organisations with revenues in excess of \$500m, and have over 250 employees.

Our survey asks clients similar questions about how they buy consulting services. In particular, this report draws on how they expect their expenditure on consulting services to change over 2016 and into 2017, and what initiatives they’ll be working on and how likely that is to drive consulting work. Their responses are just one of the factors that we take into account when forecasting future growth rates.

Figure 1

Survey respondents by industry

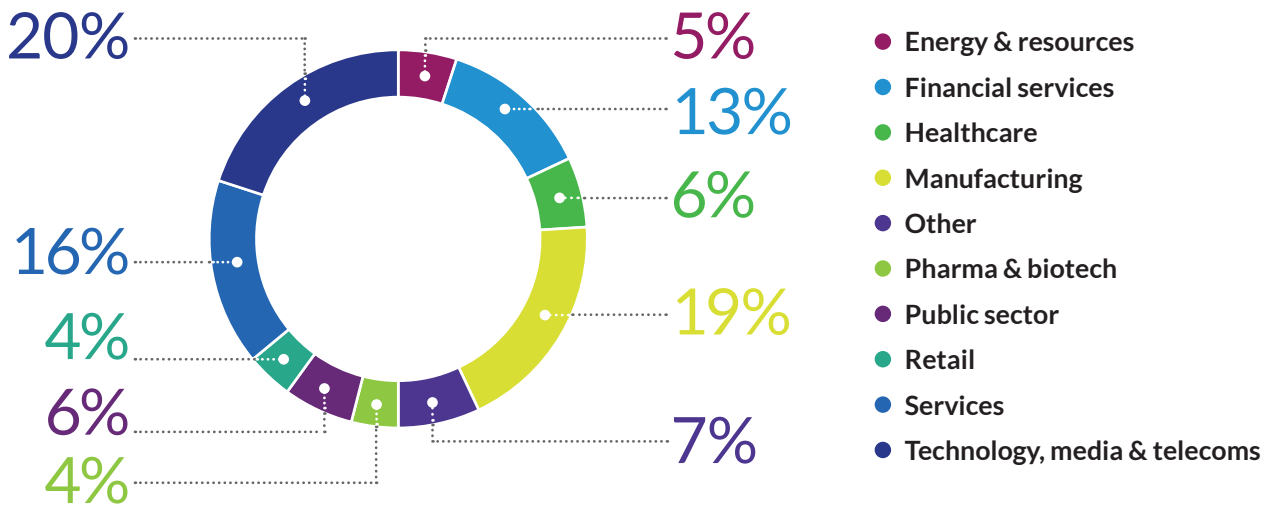


Figure 2

Survey respondents by organisation size (revenues)

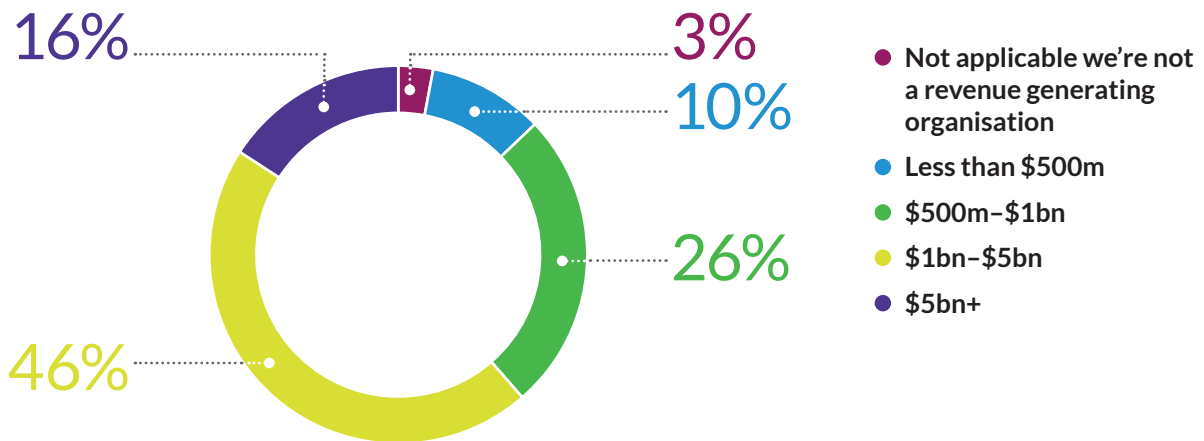
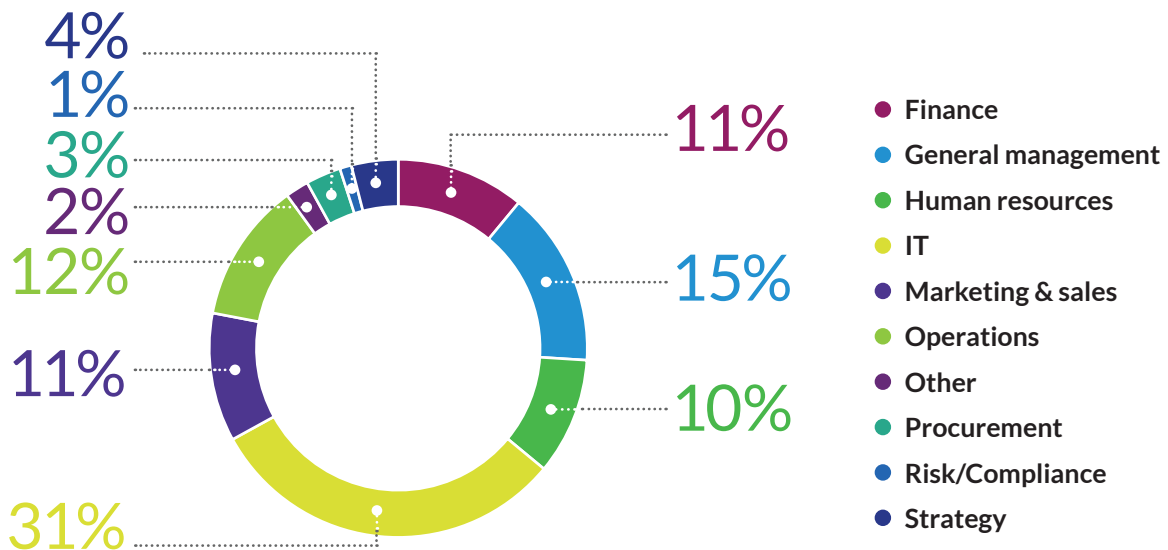


Figure 3

Survey respondents by function



Consulting firms:

The quantitative data contained in this report focuses on consulting done by mid- and large-sized consulting firms (those with more than 50 consultants) and typically includes work they have carried out for mid- and large-sized clients—what we at Source call “big consulting”. It therefore reflects the “addressable” market for the majority of mid- and large-sized consulting firms; we don’t try to track the long, thin tail of work done by very small firms for very small clients, nor the contractor market, as most readers of this report would not seek or be able to compete with this part of the market. Our analysts work out the addressable size of the market through desk research, identifying the number of firms that meet our criteria and extrapolating from that to reach a figure for the market as a whole.

Using this definition, Source has built a bottom-up model of the global consulting market from the information we get from consulting firms and our own research, and we use it to size the industry and its growth rates. This is based on our global model which contains detailed data about almost 1,600 firms, plus higher level estimates about a further 400,000 firms, all with more than 50 consultants apiece, in addition to primary research carried out by Source analysts.

Please note that our 2014 baseline figures have changed a little since last year, as we have refined and implemented improvements to our research methods. We are happy to provide subscribers with a restated set of 2014 baseline figures should this be of interest.

We should emphasise that there are no standard sources of definitions of data within geographies let alone between them. We are, however, confident that the richness of our qualitative data, combined with Source’s unparalleled industry expertise, means that our analysis fairly and accurately reflects the state of the market.

All figures given in this report are in euros. For reference Source is using the following exchange rates in our reports this year:

- **US dollar to British pound** **\$1 = £0.66**

- **US dollar to euro** **\$1 = €0.88**

In addition to our quantitative research, we interviewed 27 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms in the country and many smaller local specialists to understand more about how the consulting market is performing, and what the major trends, changes, and challenges are. Throughout the year Source analysts remain plugged into the global consulting market through our bespoke research and consulting projects, adding further depth to our understanding of the consulting industry.

Definitions of industries and services

Industries



Energy & resources

Energy

Includes the exploration and production of energy, including oil, gas, coal, and renewables.

Utilities

Includes the delivery of electricity, gas, water, sanitation, and other related services.

Primary resources

Includes agriculture, chemicals and chemical products, commodities, forestry, fishing, metals, mining, and plastics.



Financial services

Banking

Includes retail banking, commercial banking, and lending.

Insurance

Includes general insurance (e.g., motor, home, pets, health—anything on an annual contract), life insurance, pension products, retirement planning.

Private equity

Includes both consulting work for private equity firms and consulting work with private equity portfolio businesses.

Capital markets

Includes investment banking, trading of stocks and financial products, corporate finance, and broking.

Investment and wealth management

Includes private banking, high net-worth banking, investment management, trust funds, the management of pension funds, and asset management.



Manufacturing

Aerospace

Includes space research and technology, the manufacture of aircraft, aircraft parts, rockets and other space equipment, and tanks and ammunition.

Automotive

Includes the manufacture of motor vehicles, industrial vehicles, and vehicle supplies and parts.

Construction

Includes surveying, architectural, and engineering services, heavy construction, house building, and the building of infrastructure.

Consumer packaged goods

Includes the manufacture of clothes, foods, alcohol, tobacco, furniture, home furnishings, cleaning products, small arms, children's toys, and sports equipment.

Consumer and industrial electronics

Includes electrical components, household and industrial appliances, commercial and professional equipment.

Industrial products

Includes industrial machinery, steel and metal products, and plastic products.



Pharma & biotech

Includes research into and the production of drugs, biological products, medicinal chemicals, and life sciences.



Healthcare

Includes private and publicly-funded healthcare, hospitals, laboratories, and medical equipment.



Public sector

Government

Includes federal/national, state/regional, local government, emergency services, justice, social services, public transport, and conservation.

Education

Includes public and private schools, universities, and libraries.

Defence

Includes national security and consulting around defence issues.



Retail

Includes the selling of clothes, food, consumer goods, and automobiles.



Services

Logistics

Includes warehousing, storage, packing and crating, and distribution including cargo, freight, and haulage.

Business services

Includes services relating to law, accountancy, IT maintenance, security systems, advertising, employment agencies, and vehicle leasing.

Leisure

Includes museums, art galleries, theatre, golf courses, hotels, hospitality, travel agencies, restaurants, and bars.

Real estate

Includes estate agencies and operators of residential and commercial buildings.

Transportation

Includes private and people-related transportation, including airlines, airport management, train operators, rail infrastructure management, water transportation, courier services, and private bus services.



Technology, media & telecoms

Telecoms

Includes telephone, mobile, digital, and other communication services.

High-tech

Includes IT related devices, computer and computer related devices, audio and video equipment, broadcasting and communication equipment.

Media

Includes radio, television and digital broadcasting stations and services as well as printing and the publishing of newspapers, periodicals, and books.

Services



Financial management

Includes finance function and budgeting/financial planning process.



Risk & regulatory

Includes responding to regulation, technology and security risk services, operational risk, financial risk, programme risk.



HR & change management

Includes HR strategy and effectiveness, benefits, compensation and pensions, change management, internal communications, organisational design and culture, stakeholder management, team effectiveness and collaboration, leadership and governance, performance management, talent management/training and development.



Operational improvement

Includes business continuity and recovery, knowledge management, Lean and Six Sigma, property and estate management, quality and performance management, supply chain management, cost-cutting, innovation, M&A integration, managing quality, post-M&A integration, process design and re-engineering, procurement/purchasing, research and development, benchmarking, distribution strategy, environmental, sustainability and CSR, and operational review.



Strategy

Includes business and financial modelling, corporate re-structuring, corporate recovery and turnaround, corporate strategy, market analysis and strategy, market research, policy formulation, strategic sourcing/offshoring strategy, due diligence and valuation, infrastructure/asset financing and management, PFI, mergers and acquisitions, customer service, new product development, branding, marketing and channel management, customer relationship management, pricing, sales force effectiveness, category management, sales and distribution planning.



Technology

Includes ERP consulting, IT training, application of new technology, hardware/software selection, IT design and build, IT strategy, planning and review, IT testing and integration, management information and business intelligence, requirements definition, web and internet consulting, project and programme management (e.g., where consulting firm has been engaged to run a specific project that it is otherwise not involved in).

CONTRIBUTORS

We are extremely grateful to all the people we spoke to for making this report possible. Below is a list of the individuals who have contributed from consulting firms (some consultants choose to remain anonymous).

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Reports for different regions vary in length but the content includes:

- Overall description of the market in the region/industry

- Data for the consulting market:
 - Regional report: by industry, service, and firm type
 - Industry report: by sector, service, and geography

- High-level breakdown:
 - Regional report: by geography within region
 - Industry report: by sector within industry

- Discussion about the current state of, and prospects for, the consulting market:
 - Regional report: by industry, service, and firm type
 - Industry report: by sector, service, and firm type

- Analysis of the key challenges and opportunities in the market

- Feedback from clients in selected regions

- Growth forecasts

Please note that this content is subject to slight changes and amendments

2016 Consulting Market Programme research schedule

February	UK	August	India
March	Nordics	September	Brazil
	France		Africa
April	GCC		Energy & resources
	Benelux	October	China
May	US		Financial services
	DACH		Healthcare
June	Eastern Europe	November	South East Asia
	Russia		Technology, media & telecoms (TMT)
July	Spain		
	Italy		
	Australia		

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About Source

Source Global Research is a leading provider of information about the market for management consulting. Set up in 2007 with offices in London and Dubai, Source serves both consulting firms and their clients with expert analysis, research, and reporting. We draw not only on our extensive in-house experience but also on the breadth of our relationships with both suppliers and buyers. All of our work is underpinned by our core values of intelligence, integrity, efficiency, and transparency.

Source was founded by Fiona Czerniawska and Joy Burnford. Fiona is one of the world's leading experts on the consulting industry. She has written [numerous books](#) on the industry including [The Intelligent Client](#) and *The Economist* books [Business Consulting: A Guide to How it Works and How to Make it Work](#) and [Buying Professional Services](#).

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