

# THE BENELUX CONSULTING MARKET IN 2016



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

# EXECUTIVE SUMMARY



- 2015 saw the Benelux market build upon—and indeed improve upon—2014's solid growth with good demand across nearly all industries and service lines. Belgium and the Netherlands both saw more activity than they saw in 2014, while the value of the Luxembourg market leapt a full 10%, thanks in large part to demand coming from its robust financial services industry.
- Digitisation is a growing force in the Benelux market as programmes that began as customer experience improvements root deeper into organisations to effect even bigger changes. But clients (including B2B clients) who had little or no interest in digitisation during its customer-facing stages are now getting in on the action, eager to exploit digital's power to transform internal operations and make them more efficient. Data & analytics is also on the rise as clients are eager to make the most of all the new information that's suddenly at their fingertips.
- Clients, too, are rethinking how to get their demands met in a cost-effective way and have taken to carving up projects into smaller chunks and doling the pieces out to multiple suppliers in an effort to optimise each little bit. The huge number of independent contractors available in the Benelux market aids them in this effort and makes it easier and cheaper to assemble lots of capacity in a hurry. This puts enormous pressure on consultants to convey the superior value they can offer as they cannot hope to compete with contractors on price.
- Talent is, of course, a perennial challenge, and in the Benelux market of 2016, it's complicated by the market's demand for expertise both broad and deep. Unable to meet all of clients' very specific demands, even the biggest firms are being forced to place bets on what specialisms will offer the biggest returns. It's not easy to get it right, but it is essential, as being able to offer high-level expertise is one of the best ways to keep prices up in the cost-conscious Benelux market.
- In terms of industries, financial services is the biggest and fastest growing consulting market in the Benelux region, thanks largely to the weighty demands of EU regulations. The energy & resources market struggled last year, much as one would expect: The many challenges facing this industry could provide lots of opportunities for consultants, if only clients could find the cash to hire them.
- Most consulting service lines enjoyed a very good 2015, with three of the six services we monitor performing ahead of the market. Things were best for consultants providing technology services; much of the demand here is related to digitisation, though clients tend to prefer firms they already know from ERP implementation, giving those with a long history in the market a distinct advantage. Things are slower in HR & change management, which saw the least growth of any service line in 2015. The talent challenges facing Benelux clients are substantial and should eventually result in strong specialist demand—but it's not materialising yet.
- Benelux clients appreciate the global perspective and the broad and deep expertise that the biggest firms bring, and so it's not surprising that the Big Four are growing fastest here. Smaller and mid-sized firms face a tough road, unable to offer the breadth clients want while competition from the region's enormous contractor market puts big pressure on prices. The current trend toward collaboration is allowing some of these firms to find a path forward, though this introduces a danger for technology firms, which have a good deal to fear from pure play technology firms teaming up with more traditional consulting providers.
- Consultants have mixed views about their prospects for 2016, some expecting the good times to continue and others worried that the volatile economic and political climate is more than the region's fragile economic recovery can bear. Clients, however, say they're ready to spend and report a lot more enthusiasm for using consultants than they exhibited last year. We expect another year of slow-but-steady progress ahead.

# CONTENTS

Executive summary	2	Services	40
Methodology	4	Technology	41
Definitions	4	Operational improvement	43
Sources	4	Strategy	45
Definitions of industries and services	7	Risk & regulatory	47
Contributors	9	HR & change management	49
Benelux summary	10	Financial management	51
Market overview	12	Consulting firms	53
The Netherlands	12	The competitive landscape	54
Belgium	13	Forecast	55
Luxembourg	13	A word on methodology	55
What everyone's talking about	14	The consultant view	55
Digital takes the stage	14	The client view	56
Rooting deeper and branching out	14	Forecasts for 2016	60
Data & analytics	15	Industries—prospects for growth 2016	60
Pressure on models	16	Services—prospects for growth 2016	61
A climate of collaboration	16	Firm types—prospects for growth 2016	61
Clients take the wheel	16	About the authors	62
Meeting the challenge	17	Consulting market programme	63
Talent	18	About Source	64
The pains of prioritisation	18		
Whither the salesmen?	19		
Bridging the generation gap	20		
Market data	21		
Industries	21		
Financial services	22		
Manufacturing	24		
Technology, media & telecoms	26		
Public sector	28		
Services	30		
Energy & resources	32		
Healthcare	34		
Pharma & biotech	36		
Retail	38		

# 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 “Definitions of services”.

## Sources

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

### Clients of consulting firms:

We interview senior end users of consulting in the Benelux region 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 52 senior clients of consulting firms across the Benelux region. The majority (83%) work for private sector organisations, many of which are multinationals. The remaining 17% work in various public sector organisations. The majority work in organisations with revenues in excess of \$500m, and 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

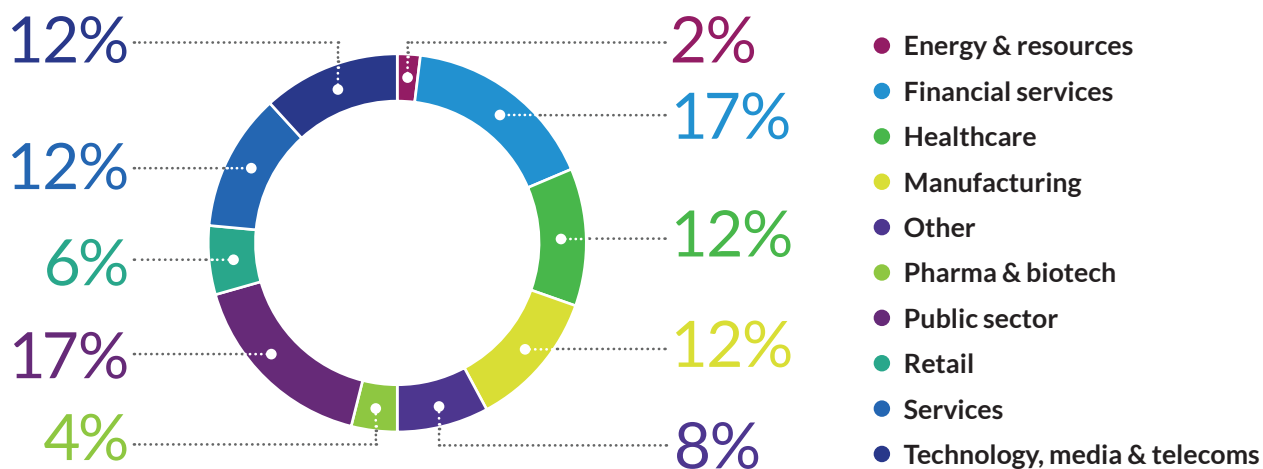


Figure 2

## Survey respondents by organisation size (revenues)

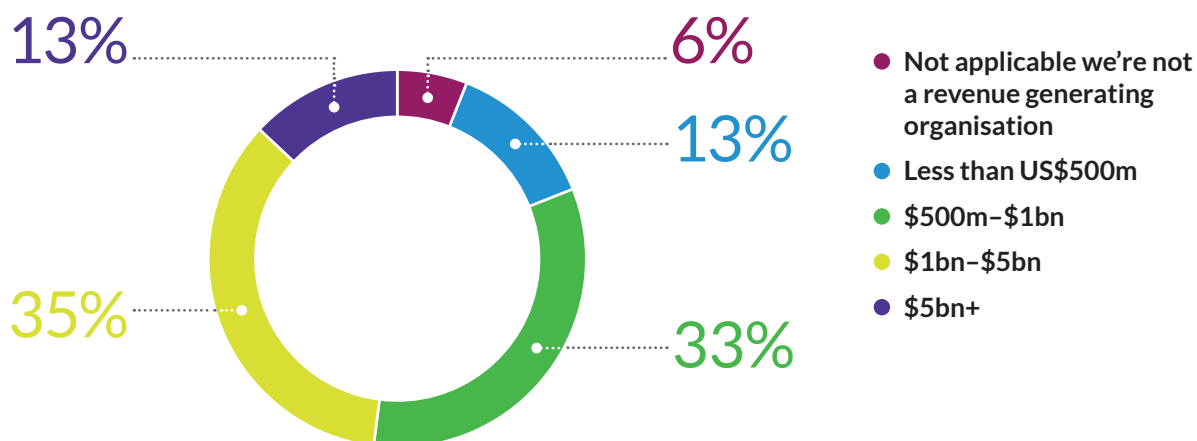
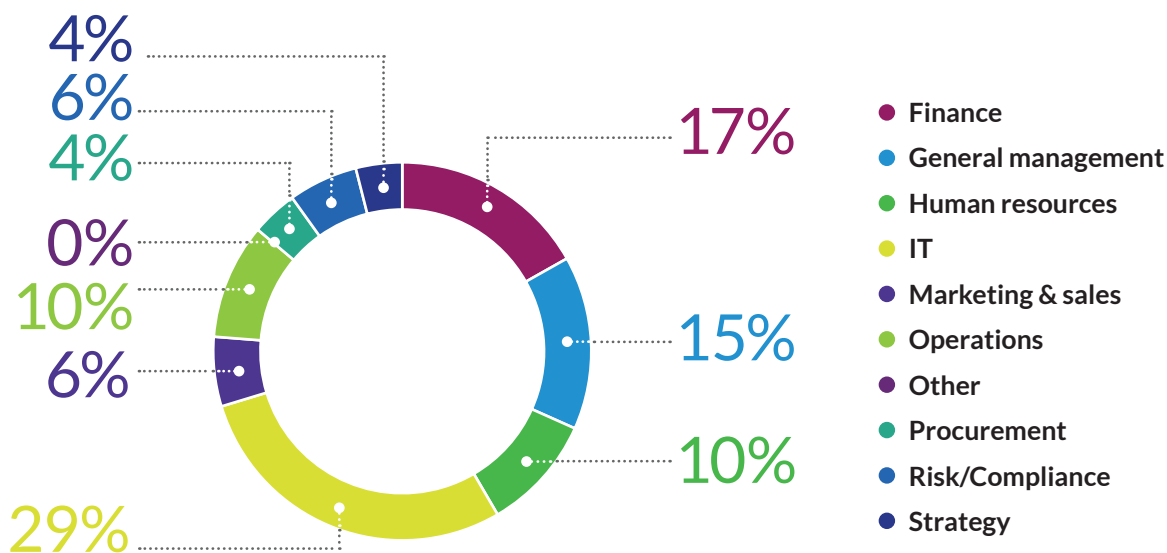


Figure 3

## 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.

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. Specifically, we overstated the size of the financial management and risk market in 2014 due to the difficulty of having absolute clarity about whether cyber-security work sits in technology or risk service lines. We have also re-classified firms taking into account their current rather than their historic portfolio of services, and this has changed the mix of firm types. 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 market sizing figures 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 25 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
June	DACH		Healthcare
	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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