

# THE BRAZIL CONSULTING MARKET IN 2016



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

# EXECUTIVE SUMMARY



- When Brazil's consultants reflect on 2015 in the years to come, their memories are likely to be inexorably linked to the Petrobras scandal—a scandal that put the state-owned oil giant in the spotlight for all the wrong reasons, and brought disrepute to a wide cast of characters, ranging from contractors and employees through to the Brazilian president herself. This was underpinned by economic volatility, which saw consumers and clients reigning in spending. As a result, the market saw negative growth of -4.0% in 2015, putting its value at US\$976m.
- Economic and political turmoil had a big impact on the types of consulting work clients were willing to undertake. Operational improvement was in hot demand as clients tried to weather the storm by reducing costs. Consultants themselves were often a cost to be cut, and where they were used, intense fee pressure led to squeezed margins. Perceived “luxury” services, such as digital—so beloved in markets—were just whimsical hopes for anyone outside financial services. Risk consultants were having a much jollier time as scandal and corruption gave the service line a boost and ensured risk work was of critical importance for clients.
- Talent remained a perennial problem, as poor market conditions hastened the exit of the highly skilled, who sought better opportunities elsewhere. The young people who remain have high expectations for their work/life balance, and firms may need to move the needle on culture if they are to attract the people they need to succeed in the digital age.
- 2015 was a tale of two halves for industries. While some, including Brazil's biggest industry, financial services, weathered the storm and enjoyed some growth to boot, others, particularly those that had links to the Petrobras scandal, spiralled into negative growth.
- Larger firms found themselves best positioned to make it through the challenging times—adaptability was key to surviving the downturn, and smaller and mid-sized firms found themselves struggling, often the victims of aggressive undercutting of prices from larger players.
- Brazil's consultants are an optimistic bunch on the whole, and there is a definite feeling that the worst is over. While 2016 has shaped up to be another tough year, many are convinced that 2017—and a new government—will bring stability and a return to growth.

# CONTENTS

Executive summary	2	Forecast	35
Methodology	4	A word on methodology	35
Definitions	4	The consultant view	35
Sources	4	Projection for 2016	36
Definitions of industries and services	5	Growth prospects 2016 Brazil	36
Contributors	7	Industries—prospects for growth 2016	36
Brazil summary	8	Services—prospects for growth 2016	37
Market overview	10	Firm types—prospects for growth 2016	37
What everyone's talking about	11	Forecast for 2017	38
2016: The year the market turned green	11	Growth prospects 2017 Brazil	38
Uncertainty: changing the shape of the market	12	Industries—prospects for growth 2017	38
An increasingly risky business	12	Services—prospects for growth 2017	39
The pool turns greener...	13	Firm types—prospects for growth 2017	39
Survival of the agile	13	About the authors	40
Always look on the bright side of life	14	Consulting market programme	41
The trouble with young people these days...	15	About Source	42
Market data	16		
Industries	16		
Analyst's view	17		
Financial services global view	21		
Manufacturing global view	21		
Services global view	22		
Energy & resources global view	23		
Technology, media & telecoms global view	24		
Public sector global view	25		
Retail global view	26		
Healthcare global view	26		
Pharma & biotech global view	27		
Services	28		
Analyst's view	29		
Technology global view	31		
Operational improvement global view	31		
Strategy global view	31		
Risk & regulatory global view	32		
HR & change management global view	32		
Financial management global view	32		
Consulting firms	33		
The consulting landscape	34		

# 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”.

## Sources

Our report is based on quantitative and qualitative research of consulting firms in Brazil. 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 adjust the metrics in our model to try and counter the effect of currency fluctuation in order to get a sense of true consulting growth, with as much noise from external sources filtered out. Specifically, we adjusted the data based on the massive drop in the value of the Brazilian real in 2015. 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 US dollars. 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 14 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, mobile 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).

<b>Name</b>	<b>Job title</b>	<b>Firm</b>
Hugo Ribeiro Almeida	Partner	Integration consulting
George Borinski	Technical Director	SRK Consulting
Frank Dorr	Managing Consulting Business in LATAM	Infosys
Robert Edwards	Managing Director, Latin America	Turner & Townsend
Bernardo Faria	Director of International Operations	Instituto Aquila
Fernando Fernandes	Managing Director	L.E.K. Consulting
Carlos Gatti	Head of Advisory	KPMG
Victor Hugo Ferreira Jr	Partner	Actavox
Jean-Marc Laouchez	Managing Director	Korn Ferry Hay Group
Silvana Machado	Partner - Latin America	A.T. Kearney
Daniel Meere	Managing Director	Axis Corporate
Wagner Parente	CEO	Barral M Jorge
Eduardo Saggiaro	Managing Partner	Visagio
Elisabete Waller	Partner	EY

# ABOUT THE AUTHORS

## *Alison Huntington*

Alison is a Senior Analyst at Source and author of many of our reports. Alison gained her stripes as a management consultant at Deloitte and Moorhouse where she worked on a wide range of projects in many different industries. Since joining Source in 2014 she has worked on consulting market reports, thought leadership, client perception studies and bespoke consulting projects.



Alison Huntington

✉ [alison.huntington@sourceglobalresearch.com](mailto:alison.huntington@sourceglobalresearch.com)

## *Alastair Cox*

Alastair is an Analyst at Source and plays a key role in the development of our Consulting Market Programme reports. Prior to joining Source, Alastair worked as a management consultant with PwC, working on a multitude of projects across a number of different industries and service lines. He graduated from the University of Bath with first-class honours in French and Spanish with European Studies, and spent a year working in Paris and Valencia as part of his degree.



Alastair Cox

✉ [alastair.cox@sourceglobalresearch.com](mailto:alastair.cox@sourceglobalresearch.com)





## How to subscribe

You can either subscribe to the whole programme (the cheapest way of getting access to everything) or buy reports individually. All reports in the *Consulting Market Programme* come with a global licence, so once you've bought them you can use them anywhere in your firm.

For more details about how you can subscribe please contact [Alice Noyelle](#).

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		

For information about the products or services available from Source, please contact:

### UK, EUROPE AND US

Alice Noyelle

+44 (0)20 3795 2662

[alice.noyelle@sourceglobalresearch.com](mailto:alice.noyelle@sourceglobalresearch.com)

### MIDDLE EAST

Jodi Davies

+971 52 989 5224

[jodi.davies@sourceglobalresearch.com](mailto:jodi.davies@sourceglobalresearch.com)

[www.sourceglobalresearch.com](http://www.sourceglobalresearch.com)

## 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](#).

For further information please visit [www.sourceglobalresearch.com](http://www.sourceglobalresearch.com)

### UK AND EUROPE

#### Source Information Services Ltd

📍 20 St Dunstons Hill • London • EC3R 8HL

☎ +44 (0)20 3795 2668

### MIDDLE EAST

📍 PO Box 340505 • Dubai • United Arab Emirates

☎ +971 (0)52 989 5224

✉ [info@sourceglobalresearch.com](mailto:info@sourceglobalresearch.com)

🌐 [www.sourceglobalresearch.com](http://www.sourceglobalresearch.com)

© Source Information Services Ltd 2016

Source Information Services Ltd and its agents have used their best efforts in collecting the information published in this report. Source Information Services Ltd does not assume, and hereby disclaims, any liability for any loss or damage caused by errors or omissions in this report, whether such errors or omissions result from negligence, accident, or other causes.

