THE SPAIN CONSULTING MARKET IN 2016



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

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EXECUTIVE SUMMARY



- After years of struggle following the financial crisis, Spain's consulting market found its way back to strong growth in 2015, expanding a robust 5.2% to reach a total value of €1,211m. Political uncertainty triggered a bit of a slowdown toward year's end, and an inconclusive December election meant that uncertainty continued into 2016. Once a government has been formed—a development that seems imminent at the time of this writing—the market stands to make even greater gains.
- Globalisation continues to be a big trend in Spain's consulting market. Clients that expanded to Latin America to seek growth in the aftermath of the financial crisis are now broadening their ambitions to include the US, Asia, and other parts of Europe, and they're turning to consultants to help make the leap. Meanwhile, lingering post-crisis price pressure leaves Spanish consultants a good deal cheaper than their counterparts elsewhere in Europe, turning Spain into a popular nearshoring destination.
- Digitisation continues to gain momentum in Spain, with clients now excited about back-office and cybersecurity in addition to the customer-facing initiatives that had already gained their interest. It's a most welcome trend in Spain, as it gives consultants in this highly bifurcated market an opportunity to seize upon indisputably high-value work—if only they can acquire the specialised talent necessary to pull it off.
- Years of low economic growth have left a lasting impression on this market, with low prices and fierce commoditisation continuing to be big factors. Asset-based consulting provides some respite, but the real hope for a return to high-value work lies with clients' growth ambitions. The increasing popularity of success fees provides some comfort to clients wary of investing in projects with uncertain outcomes, though such fees do come with some risks for consultants.
- Financial services and manufacturing proved the most active industries for consultants last year, thanks in large part to clients in both industries having a healthy interest in digitisation. Likewise, technology was the most robust service line in 2015, with clients eager to update their back-office processes and replace outdated legacy IT systems.
- The trends toward digitisation and globalisation have strongly favoured the market's biggest firms, and the Big Four are doing particularly well here. There's still room for smaller and mid-sized firms, though they're increasingly partnering together and/or with relevant non-consulting service providers in order to offer the full range of expertise clients now demand, especially with regard to digitisation.
- Looking forward, we expect the momentum this market acquired in 2015 will continue to build. Consultants tell us that 2016 is shaping up quite nicely so far, and prospects for 2017 also look very good. If the economy continues on its current trajectory and a government is established, Spain should remain a very good place to be a consultant.

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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 5–6.

Sources

Our report is based on quantitative and qualitative research of consulting firms in Spain. 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 10 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.

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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.

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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).

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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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- **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
March	Nordics
	France
April	GCC
	Benelux
May	US
	DACH
June	Eastern Europe
	Russia
July	Spain
	Italy
	Australia
August	India
September	Brazil
	Africa
	Energy & resources
October	China
	Financial services
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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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