

THE ENERGY & RESOURCES CONSULTING MARKET IN 2016



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

EXECUTIVE SUMMARY



- The energy & resources market was a fairly tough place to be in 2015 for clients and consultants alike, with oil prices remaining far below what most would consider “normal” throughout the year. Other commodities continued to suffer from low prices as well.
- The energy market saw the worst of it in 2015. Upstream clients are under significant pressure; so many projects have been postponed or cancelled, and the work that remains is largely of the low-value cost-cutting and efficiency variety. Mid- and down-stream clients fared better, some of them even finding low oil prices advantageous.
- As energy clients come to grips with low prices as a “new normal”, those with the money to do so are beginning to take on major restructuring and transformation projects in order to adapt. Such projects remain a rarity, and so the competition to win them is fierce.
- The utilities market was the star of 2015, at least as far as consultants were concerned, enjoying moderate growth and a good variety of work. Massive disruption in this sector, driven by digitisation, environmental policy, and new sources of competition, promises a steady stream of work for some time to come.
- Primary resources was a difficult market for consultants, with growth nearly as low as that seen in the energy sector. Commodities prices remain low globally, and clients are unlikely to take on projects beyond those necessary to keep things running.
- In terms of geography, the energy & resources consulting market looked best in the huge US market—the only major market to achieve moderate growth in 2015. India, Spain, and the DACH region also performed relatively well. Things were worst in Russia, with energy & resources consulting revenues falling a disastrous 25%.
- The market appears flat in 2016, though it looks set for a return to low-level growth in 2017 as energy clients are forced to take on work aimed at adapting to long-term low prices. Low-value cost-cutting and efficiency initiatives will continue to drive work in the primary resources market, while utilities will remain the star player, its clients taking on ambitious projects aimed at managing major disruption.

CONTENTS

Executive summary	2	Market data	36
Methodology	4	Regional overview	36
Sources	4	The market by region	36
Definitions of industries and services	6	Sub-sector, by region and service	37
Contributors	8	Forecasting	40
Energy & resources summary	9	A word on methodology	40
Market overview	11	The consultant view	40
Energy	12	The client view	41
Utilities	13	Overall spending intentions	41
Primary resources	14	Projects clients are undertaking and how likely they are to drive consulting work	41
What everyone's talking about	15	Projection—2016	43
Navigating a low-price world	15	Overall	43
What comes next?	17	Sub-sector prospects for growth 2016	43
Utilities: transformation amid the transformers	18	Service prospects for growth 2016	44
Analyst view by market	20	Regional prospects for growth 2016	44
US	21	Forecast—2017	45
Australia	22	Overall	45
DACH	23	Sub-sector prospects for growth 2017	45
UK	24	Service prospects for growth 2017	46
France	25	Regional prospects for growth 2017	46
Africa	26	About the authors	47
Southern Africa	26	Consulting market programme	48
Western Africa	26	About Source	49
Eastern Africa	26		
Northern Africa	26		
GCC	27		
Italy	28		
India	29		
Eastern Europe	30		
Benelux	31		
Spain	32		
Nordics	33		
Brazil	34		
Russia	35		

METHODOLOGY

Sources

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

Clients of consulting firms:

We interview senior end users of consulting globally 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 157 senior clients of consulting firms globally. One-hundred percent of these work for private sector organisations, many of which are multinationals. Eighty-three percent of these work in organisations with revenues in excess of \$500m, and all have over 100 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 organisation size

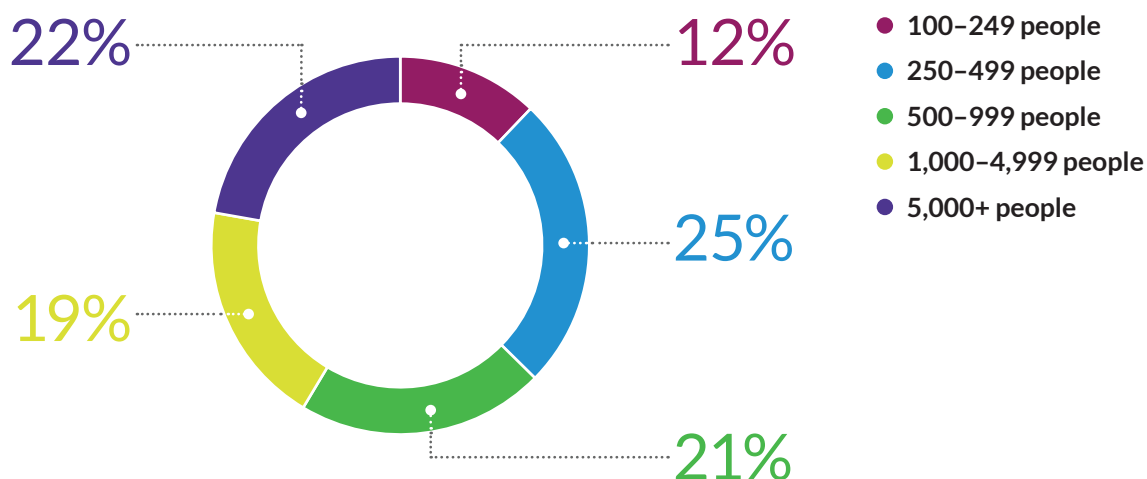
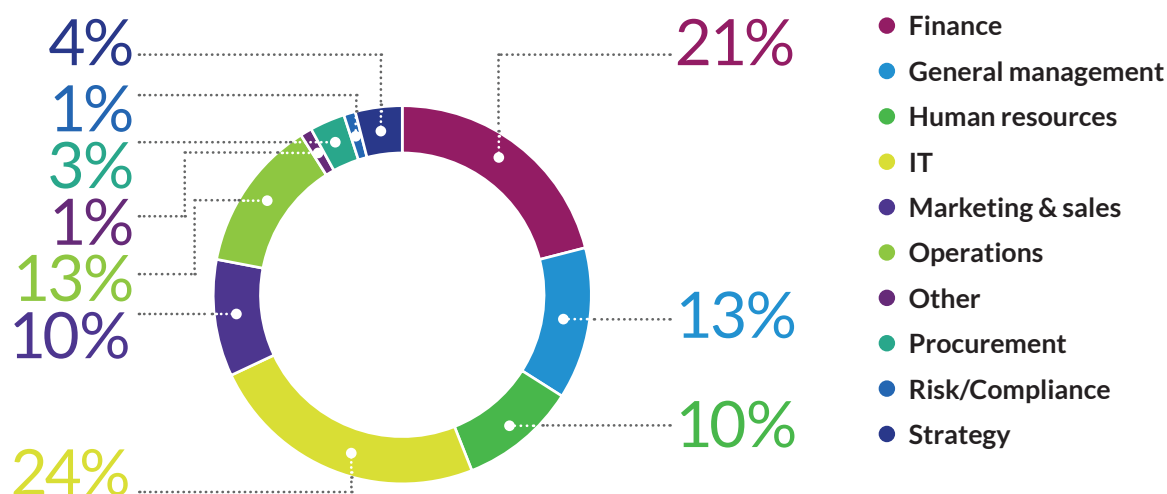


Figure 2

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 2015 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 2015 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 23 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms globally 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.

At the time of publication, Source had not yet completed its analysis of the energy & resources consulting markets in China and South East Asia for 2015. If you would like to receive our market size numbers, growth rates, and commentaries for these geographies, please contact ella-sian.jolley@sourceglobalresearch.com, and we will be in touch as soon as they have been prepared.

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).

Name	Job title	Firm
Niels Ahrengot	Managing Director	Implement Consulting Group
Francois Austin	Partner	Oliver Wyman
Alain Bollack	Vice President	Capgemini Consulting
Adam Boughton	Regional Executive Manager, Sub-Sahara Africa	Advisian
Jon Chadwick	Managing Partner	Litmus Group
Serge Colle	Global Power and Utilities Leader, Advisory Services	EY
Noel Connolly	Vice President	Molten Group
Peter Cudlipp	Director	Growth Solutions Group
John Downie	Partner	Accenture
Christian Gurny	Partner, Romania	BearingPoint
David Harrison	Partner, Consulting Services	Wipro Consulting Services
Hennie Human	Advisory Markets Leader—Africa Region	EY
Jake Leslie Melville	Partner & MD	The Boston Consulting Group
Regina Mayor	Energy & Natural Resources National Sector Leader	KPMG
Kevin McCarty	CEO	West Monroe
Jeremy Milward	Managing Partner	Infosys
Jayesh Parmar	Partner	Baringa Partners
Allan Platt	Partner	Clareo Partners
Axel Preiss	Global Oil & Gas Leader, Advisory Services	EY
Suraj Ramaprasad	Partner—Energy and Utilities, Europe	Infosys
Nigel Slater	UK Head of Management Consulting	KPMG
Karl Thomas Reinertsen	CEO Norway	Capgemini Consulting
Øyvind Torpp	Senior Partner and Managing Director	The Boston Consulting Group

ABOUT THE AUTHORS

B.J. Richards

B.J. is Senior Editor at Source. An accomplished writer and editor, B.J. has provided strategic communications for a US senator, three presidents of Harvard University, a prominent American civil liberties advocacy group, and international law and consulting firms. She earned her juris doctorate from the University of Georgia and is a member of the Georgia bar.



B.J. Richards

✉ bj.richards@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



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

MIDDLE EAST

Jodi Davies

+971 52 989 5224

jodi.davies@sourceglobalresearch.com

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

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

🌐 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.

