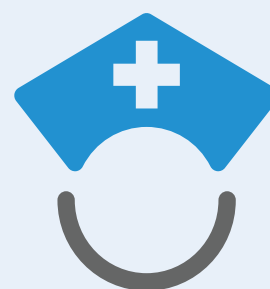


THE HEALTHCARE CONSULTING MARKET IN 2016



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

EXECUTIVE SUMMARY



- 2015 was a good year for the global healthcare consulting market, thanks to high levels of disruption coming from multiple sources and across all geographies. Budget cuts, ageing populations, a growing middle class, and digitisation all combined to create a big demand for consulting work. As a result, the healthcare consulting market grew a strong 9% last year to reach a value of US\$8.7bn.
- Performance varied widely from one geography to the next, though it's the massive US market that dominates the global picture; that market grew a strong 9% in 2015, thanks to digitisation, demographic changes, and ongoing transformation relating to the Affordable Care Act. China grew the fastest of all markets with revenues going up 21% last year, while Russia's consultants suffered along with the rest of the economy, revenues shrinking 6%.
- The pressure to cut costs and improve efficiency while simultaneously improving the quantity and quality of care—in other words, the pressure to do more with less—dominates conversations with consultants this year. While population health initiatives and the move to value-based care do provide opportunities to meet both objectives at once, not all solutions are win-win. Regardless, all solutions are creating work for consultants, resulting in good demand across most service lines.
- As many other industries have discovered, digitisation can be an excellent tool for doing more with less, especially in the realm of customer service, and healthcare organisations are eager to use digital technologies to reduce administrative costs while improving patient access and satisfaction. Digital self-service portals for purchasing insurance, making appointments, accessing test results, and other key functions are already very popular and are further drawing increased demand for help around analysing and protecting the data they generate. Emerging technologies enabling telemedicine and virtual care are expected to drive a growing amount of work going forward.
- Massive disruption in the healthcare space has rather predictably led to consolidation—most notably in the US insurance market—which is fuelling good demand for M&A work. Convergence is also altering the landscape, with payers becoming providers, providers becoming payers, and technology and telecoms players looking to enter this very attractive market. All of this repositioning is helping to keep consultants busy.
- Consultants we spoke with are very optimistic about the future of their endeavours, noting that the pace of change is unlikely to abate anytime soon. 2016 has proven to be another good year, and 2017 looks promising, too.

CONTENTS

Executive summary	2	Market data	38
Methodology	4	Regional overview	38
Sources	4	Services overview	39
Definitions of industries and services	6	Forecasting	40
Contributors	8	A word on methodology	40
Healthcare summary	9	The consultant view	40
Market overview	10	The client view	41
The Americas	10	Projection—2016	43
Europe	11	Overall	43
Asia Pacific	11	Service prospects for growth 2016	43
GCC	12	Regional prospects for growth 2016	43
Africa	12	Forecast—2017	44
What everyone's talking about	13	Overall	44
Addressing the pressures	13	Service prospects for growth 2017	44
Digitisation and the patient-consumer	17	Regional prospects for growth 2017	44
Consolidation and convergence	19	About the authors	45
Analyst view by market	21	Consulting market programme	46
US	22	About Source	47
UK	23		
China	24		
DACH	25		
Australia	26		
GCC	27		
France	28		
India	29		
Benelux	30		
Nordics	31		
Africa	32		
Southern Africa	32		
Eastern Africa	32		
Western Africa	32		
Northern Africa	32		
Spain	33		
Italy	34		
Brazil	35		
Eastern Europe	36		
Russia	37		

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 112 senior clients of consulting firms globally. One-hundred percent of these work for private sector organisations, many of which are multinationals. Seventy-percent of these work in organisations with revenues in excess of \$500m, and 100% 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

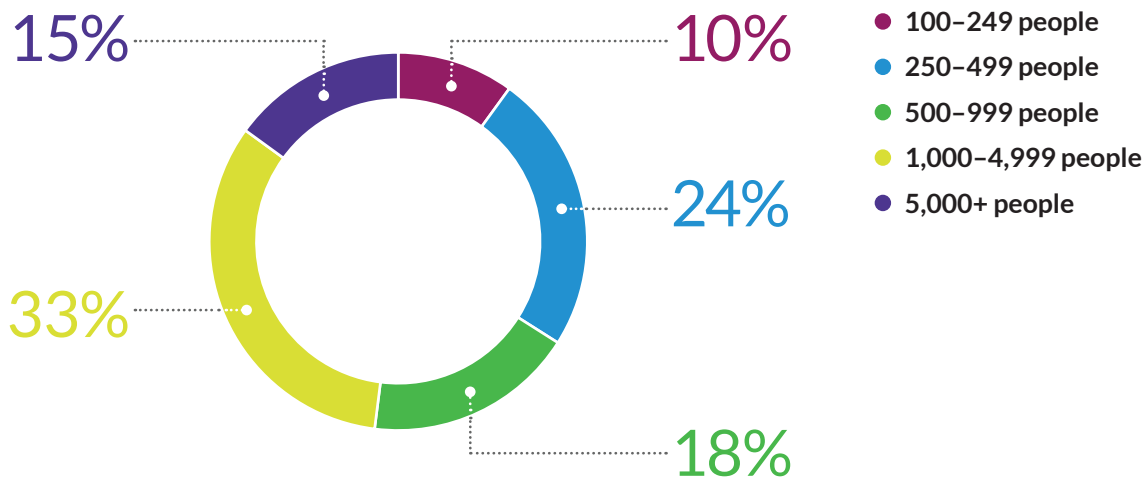
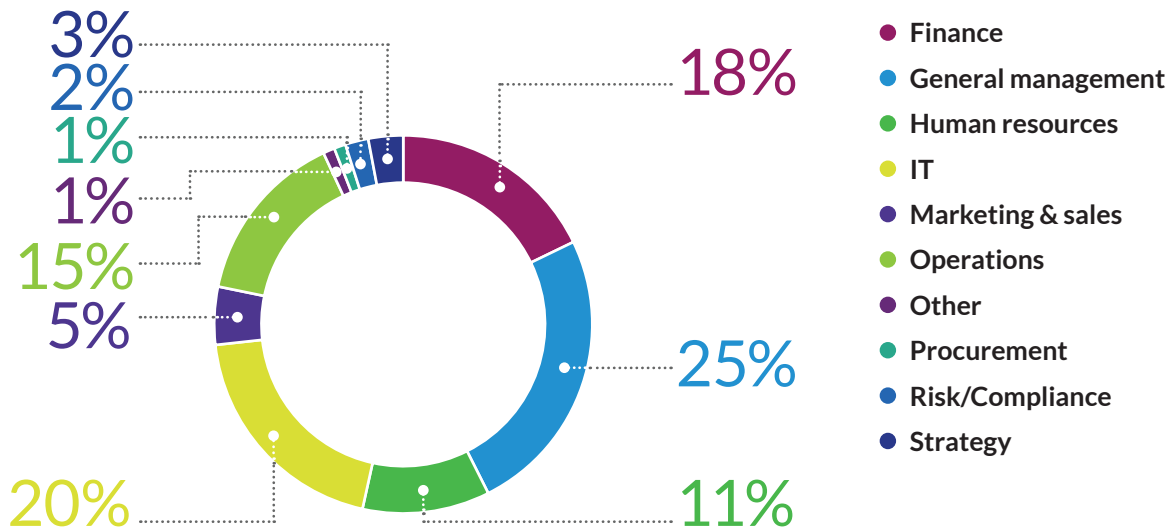


Figure 2

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 26 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 healthcare consulting market in South East Asia for 2015. If you would like to receive our market size numbers, growth rates, and commentaries for this geography, 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
Jan Berkvens	Partner—Health	IG&H Consulting & Interim
Mark Britnell	Global Head of Healthcare	KPMG
Mark Carmichael	Managing Director	Attain
Fan Chen	Managing Director, China	Simon-Kucher & Partners
Michael Daugbjerg	Partner	Implement Consulting Group
Dr. Hesham Dinana	Vice President & Managing Director	EFESO
Adrian Gibb	UK Partner	Roland Berger Strategy Consultants
Mark Hawn	Sector Lead	EY
William Hinde	Senior Director and Practice Lead—Healthcare Strategy and Solutions	West Monroe
Sean Hogan	General Manager, IBM Healthcare & Life Science	IBM
Fletcher Lance	Managing Director, Global Healthcare Lead	North Highland
Silvana Machado	Partner—Latin America	A.T. Kearney
Kevin McCarty	CEO	West Monroe
Trevor McFarlane	Founder	EMIR
Les Moeller	Global Leader	Strategy&
Jacques Mulder	Global Health Sector Lead	EY
Pedro Oliveira	Partner, Middle East & Africa Head	Oliver Wyman
James Pajakowski	Executive Vice President	Protiviti
Elisabet Palm-Werner	Partner	Centigo
Dave Pitman	Director	Arup
Neil Plumridge	Managing Partner, Consulting	PwC
Dan Reardon	CEO	North Highland
Deepak Sharma	Partner & co-founder	Kanvic
Peter Siggins	US Country Head	PA Consulting
Sigurd Skjæveland	Managing Director	A-2 Norge AS
Lee Spierer	EVP, Global Business Leader	Navigant

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.

