



THE GCC CONSULTING MARKET IN 2017

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

EXECUTIVE SUMMARY



- It was a slow year by the GCC's standards: The consulting market grew by 6% to reach a total value of \$2.8bn. While mature markets the world over would view this figure as a cause for celebration, consultants here are accustomed to significantly higher growth numbers. Concerns are deepened by the slow pace in Saudi Arabia's public sector—a market that constitutes the beating heart of many firms' GCC consulting activities. Many feel that if consulting spend here were to stop, it could bring down the entire market.
- Payment—or lack thereof—was at the centre of many consultants' grumbles. As clients' economic challenges deepened, they began setting their own timeframes for payment or, in some cases, not paying at all. The bigger firms are best positioned to weather this particular storm, absorbing the hit to revenues in the hope that they will reap the rewards when the market picks up. For those less fortunate, the situation has been enough to force them to consider closing their operations in the GCC altogether.
- Despite the tough economic context, 2016 was the year that digital finally became a reality for clients in the GCC. Many clients viewed digital technologies primarily as a mechanism for achieving greater efficiency and productivity before realising the additional customer experience benefits it could deliver.
- Privatisation was another significant driver of work. Getting consultants to share their views on the record was tough; consulting involvement in flagship transformation projects has been under close scrutiny from both governments and the media, so no one wanted to be seen saying the wrong thing. But despite the cloak and dagger secrecy, there's no doubt the privatisation agenda is creating a raft of opportunities, from mergers and acquisitions to financial restructuring.
- While growth in the public sector was sluggish in comparison to 2015, there was still plenty of activity generating calls to consultants—albeit clients were increasingly demanding of the value they should deliver. Financial services was an active market, and it was here that digital was particularly in demand. Consultants in search of the more familiar double-digit growth turned to the active healthcare & pharma industry, which outperformed the rest of the market.
- As clients focused on efficiency and productivity, consultants in the technology and operational improvement service lines benefited. Technology consultants had a further boost from the uptick in digital demand as the majority of digital work in the GCC relates to technology.
- Type A firms took the lion's share of the market in 2016. Their strong financial heritage left them well positioned to support clients with a number of the hot topics, from financial structuring to VAT implementation. Technology firms also saw strong growth as clients turned to technology to help them solve a myriad of problems.
- There are mixed views about how the market will perform in 2017, and there's no doubt that clients remain cautious. Still, signs of economic recovery point to a better year ahead in the GCC.

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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”.

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 GCC 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 200 senior clients of consulting firms across the GCC. These are distributed as follows:

Government (i.e., government agency or department)	13%
Wholly owned public sector (state) business	27%
Partially owned public sector (state) business	22%
Family business	7%
Private business	33%

Please note that the nature of the GCC market differs from other global markets. Asking about industry alone doesn’t give the full picture, as many organisations in industries such as TMT and financial services are either partially or wholly government owned. The chart above provides that additional level of detail.

Of these, 75% work in organisations with revenues in excess of \$500m, and 83% have over 500 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 2017 and into 2018, 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

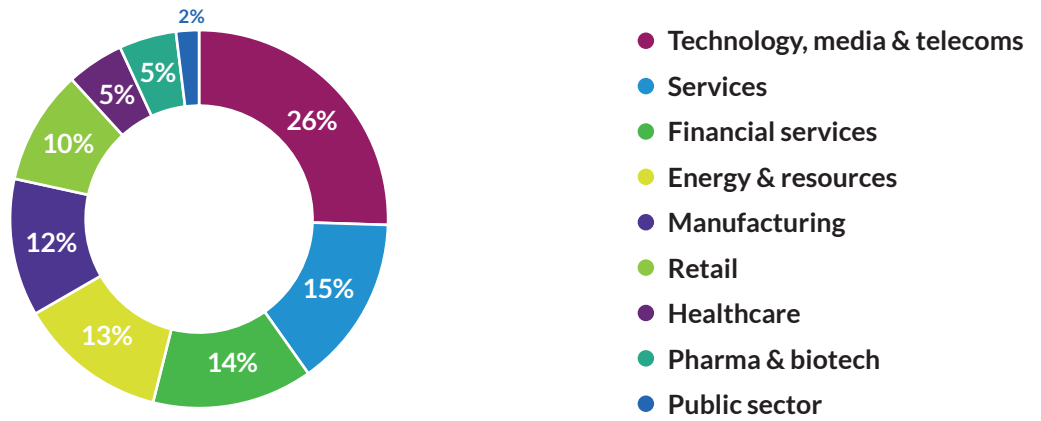


Figure 2

Survey respondents by organisation size (headcount)

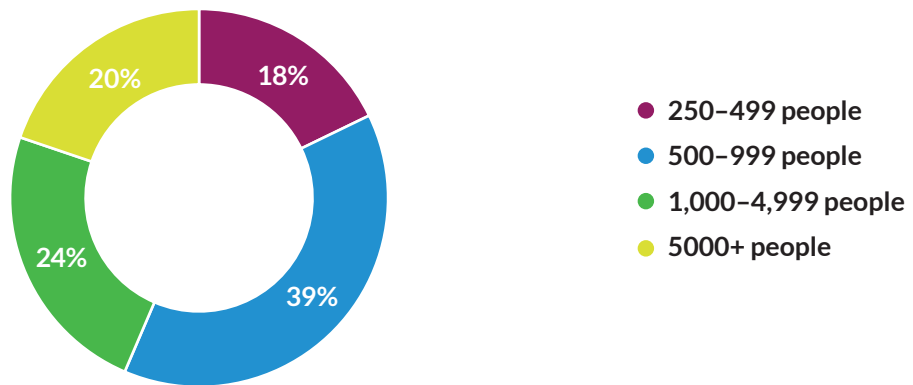
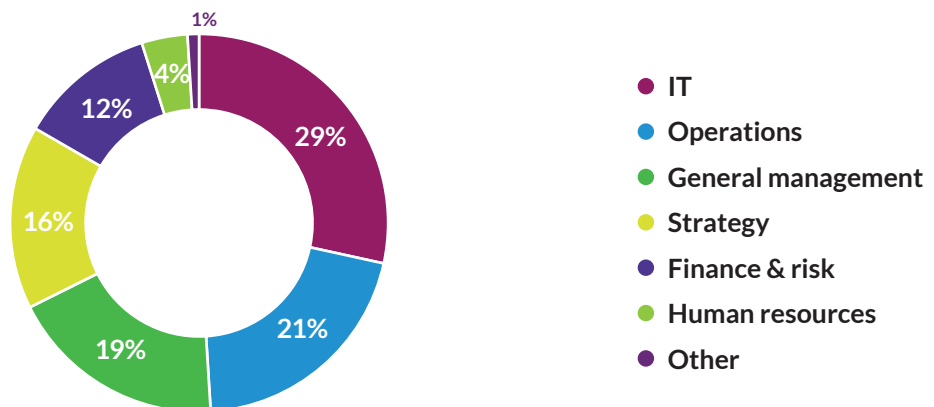


Figure 3

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. 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 = £0.74**

- **US dollar to euro** **\$1 = €0.90**

In addition to our quantitative research, we interviewed 28 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms in the region 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.

EXPLORE THE DATA

All of the market size data in this report is available to explore online through our Global Consulting Data Model portal. You are able to interact with the data in more detail and create custom views of the market to suit your needs.

You can access the data via our reports page, as seen below:



Our Global Consulting Data Model is the biggest and most sophisticated model of the consulting industry available. It provides data on market size, growth rates, and forecasts across 29 sectors, six service lines, 84 countries, and five firm types. It's the platform on which a growing number of consulting firms are basing their understanding of the market and their performance within it.

Click [here](#) to access the data.

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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CONSULTING MARKET PROGRAMME

- A series of detailed reports that contain the most accurate view available about the consulting market in an extensive list of countries and regions. These explore key themes, provide market sizing data, growth forecasts, and deep analysis, all backed up by extensive quantitative and qualitative research amongst consulting firms and clients.
- As well as our country reports, we also produce a global view of four different industries. These reports contain industry analysis, market sizing data, and growth forecasts at a global level, as well as breakdowns by sub-sector, service, and geography.

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- A series of reports that take a detailed look at the big trends in the global consulting industry, interpreting them in terms of what they mean for consulting firms and who is best placed to exploit them.

CLIENT PERCEPTION PROGRAMME

- A series of reports based on our huge client survey, that reveal what clients think about the leading consulting firms in a number of regions and industries. We rank the leading consulting firms in terms of clients' perceptions of things like quality and value.
- As part of this programme, we also publish brand perception summaries. These give an in-depth and unique view of the world's leading consulting firms. Available on request.

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2017	CONSULTING MARKET PROGRAMME	STRATEGIC PLANNING PROGRAMME	CLIENT PERCEPTION PROGRAMME	WHITE SPACE
January				Hot topics in thought leadership
February	UK	Forecasts for 2017	GCC	Quality ratings of thought leadership for the second half of 2016
March	France GCC	Mega trend #1: Digital transformation	US UK	Analysis of recent thought leadership
April	Benelux Nordics		Energy & Resources	
May	US Canada	Mega trend #2: Cognitive computing, robotics, AI	Nordics Financial Services	Analysis of recent thought leadership
June	DACH Eastern Europe Russia		Trends in procurement	
July	Italy Spain Australia	Mega trend #3: Assets and productisation		Maximising the impact of thought leadership
August	India		Healthcare TMT Germany	
September	Africa Brazil Energy & Resources	Planning for growth in 2018	France	Quality ratings of thought leadership for the first half of 2017
October	Financial Services China Healthcare			
November	TMT	Mega trend #4: Brand and business models		

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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