



# THE CANADA CONSULTING MARKET IN 2017

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

# EXECUTIVE SUMMARY



- Overall, Canada saw low but solid consulting growth in 2016, with the market growing by 3.2% to reach a total value of US\$3,733m. This, however, was a relatively positive year for Canadian consultants, many of whom feared that the low and volatile oil price would have a greater impact on the economy and, subsequently, the consulting market. In fact, growing demand for digital initiatives generated solid demand for consultants, even if much of that demand was still in the discussion stage.
- The segmented nature of the market in Canada is a hot topic for consultants at the moment, with the low and volatile oil price highlighting weaknesses in regions that are economically over-dependent on the oil market. This, in turn, has shown the structural frailty of the market in these regions. While some firms counter regional risks by focusing on the country's largest city, Toronto, that city now hosts a very saturated market with fierce competition between firms. Rather, firms with a combination of Canadian and global staff that can be employed across the country as and when demand dictates are perhaps best placed to cater to the demands of the market.
- Canadian consultants are also unsettled by the changing global political landscape—most notably the election of President Donald Trump in the US. For now, however, most are resigned to waiting to see what happens, consoling themselves with the facts that, firstly, raising trade barriers shouldn't be in anyone's interests and; secondly, uncertainty and change, whatever its form, tends to drive demand for consulting. One already apparent downside to shifting winds to the south, however, has been the impact on the exchange rate, with the stronger dollar making projects priced in US dollars seem particularly expensive.
- While the digital market in Canada is advancing, it's doing so at a much slower rate than in the neighbouring US. In fact, demand for digital in Canada is still very much in the discussion phase, with only a small number of projects resulting in delivery of digital solutions, and these are mainly centred on the financial services and retail industries.
- From an industry perspective in 2016, financial services was far and away the best market for consultants. Not only is it the largest consulting industry in the country, but it was also one of the fastest growing, with notable demand around risk & regulatory topics, as well as growing demand for digital initiatives. Healthcare and retail, meanwhile, were the next-strongest performing markets, also standing out because of digital initiatives. At the other end of the scale, energy & resources saw virtually no growth in demand thanks to an uncertain environment dominated by low oil and commodity prices.
- Traditional consulting services remained big drivers of work in 2016, with strategy seeing the greatest growth, thanks to the strength of disruptive forces in the market, closely followed by operational improvement work, which saw growth driven by clients looking for support with cost and efficiency initiatives. The country's largest service line, technology, saw steady, albeit slightly lower growth, with lots still going on in the legacy IT space.
- While, at first glance, it doesn't seem as if much has changed in Canada's competitive landscape, there are signs that things are starting to move. Clients are not only becoming more demanding, but digital is also attracting less-traditional competitors to the fray. On top of this, the complexity of transformation programmes is driving convergence between traditional firm types and, in some cases, leading to the creation of ecosystems as firms recognise that they're unable to cater to all of their client's demands to the standard that they want. Of all firm types, type A firms stand out with 6.5% growth, with clients valuing their global expertise, scale, and multi-specialist approach.
- Consultants are largely positive about the Canada consulting market's prospects for 2017, despite a number of concerns surrounding the impact of the Trump administration, the UK's exit from the EU, and the general immaturity of the consulting market in Canada. Their optimism is driven not only by the fact that macroeconomic factors and the political situation are currently steady, but to a greater extent by the wide-ranging demand expected to flow from the exponentially growing digital transformation market. As a result, we expect the market to grow at a slightly faster rate than in 2016.

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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 quantitative and qualitative research of consulting firms in Canada. 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.

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**

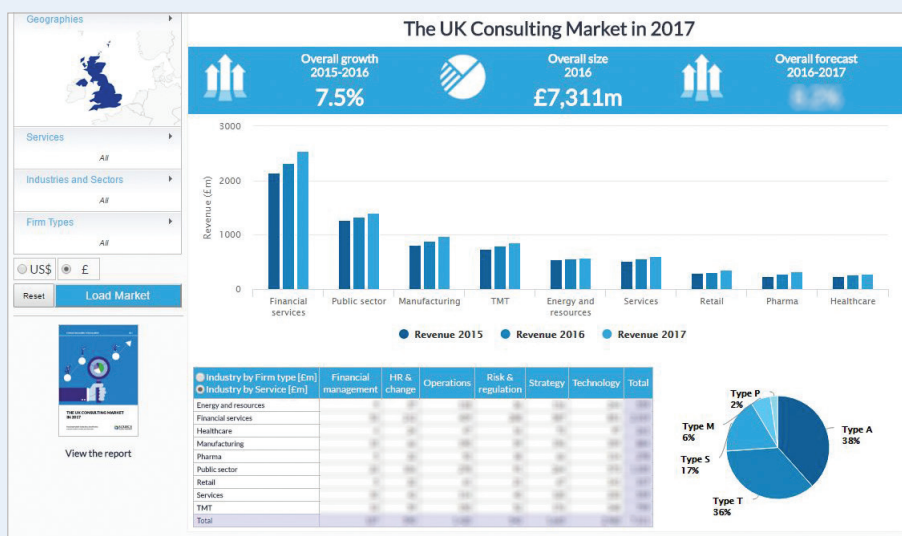
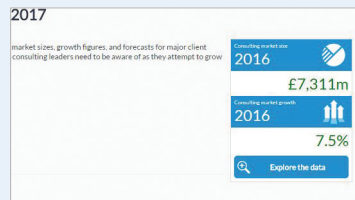
• **US dollar to euro**                 **\$1 = €0.90**

In addition to our quantitative research, we interviewed 11 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.

# 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.

# 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, program risk.*



### HR & change management

*Includes HR strategy and effectiveness, benefits, compensation and pensions, change management, internal communications, organizational 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, web and internet consulting, project and program 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).

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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.

## STRATEGIC PLANNING PROGRAMME

- 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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