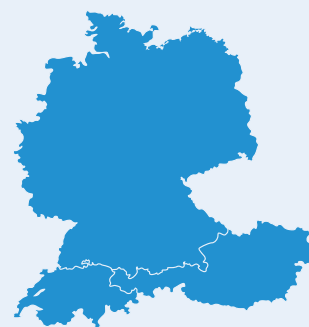




# THE DACH CONSULTING MARKET IN 2017

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

# EXECUTIVE SUMMARY



- It was a great year for the DACH consulting market, which saw very strong growth of 7.7% in 2016, taking the market to a value of €9,359m. Germany and Switzerland made the biggest contribution to that growth, although there were still plenty of opportunities in the smaller Austrian market. Germany's fast growing economy laid the foundations for a successful year, and conditions were ripe for clients to make significant investments in their organisations, particularly with regard to digital technologies.
- Although political challenges in the market remain a talking point, there were no signs of clients putting projects on hold as a result. Even the forthcoming election in Germany is failing to make much of an impact, although the public sector is experiencing a slight cooling of demand as the electorate prepares to head for the polls. Still, with no Trump- or Brexit-style shocks anticipated here, consultants are confident that the election outcome won't do much to alter the strong trajectory of growth.
- Instability overseas is of greater concern to DACH consultants, particularly those serving its critical manufacturing sector. Germany relies heavily on exports, and an economic slowdown in China—for example—could have significant repercussions here. Some clients are getting a head start on scenario planning, and that's generating strategy opportunities, particularly among mid-sized clients, which are so central to this market.
- The DACH market was slower than some others to adopt digital technologies. In part, this can be explained by clients' notoriously measured approach to change: They prefer to take a considered view before rushing in. Last year, however, we started to see a growing sense of urgency around digital adoption, as new digitally savvy competitors disrupted traditional business models. This saw clients in most industries calling on consultants for strategy and implementation support.
- It was a stellar year for DACH's two largest industries: Financial services and manufacturing. In the former, a combination of regulatory demand and digitisation is putting pressure on clients to transform, while in manufacturing, continued innovation is generating exciting opportunities for consultants. There was also an uptick in the energy sector, as clients sought out strategic support to overcome financial troubles.
- Digital transformation played a growing role in the services landscape, particularly in operational improvement—a reflection of the growing volume of implementation work taking place. Meanwhile, risk & regulatory was the fastest growing service line, with demand bolstered by continuing regulatory requirements and a strong uptick in cybersecurity work.
- The strength and opportunity within the DACH market left a broad pool of competitors fighting for market share. Type A firms enjoyed the fastest growth, as their breadth of services enabled them to address the majority of clients' challenges. They were also well-placed to take advantage of the growing appetite for digital and other new technologies.
- While a handful of consultants report feeling slightly cautious about the year ahead—particularly in light of global political and economic uncertainty—the majority tell us their outlook is very positive, indeed. As digital continues to gain traction, and a new wave of robotics and AI is emerging on the horizon, the opportunities should keep coming for DACH consultants.

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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 DACH 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**

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- **How they are using consultants**

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- **Factors that affect the way clients work with consulting firms**

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- **What they value the most—and least—about working with consultants**

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We also carry out client surveys. We surveyed 521 senior clients of consulting firms across DACH. The majority (97%) work for private sector organisations, many of which are multinationals. The remaining 3% work in various public sector organisations. All work in organisations with over 250 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

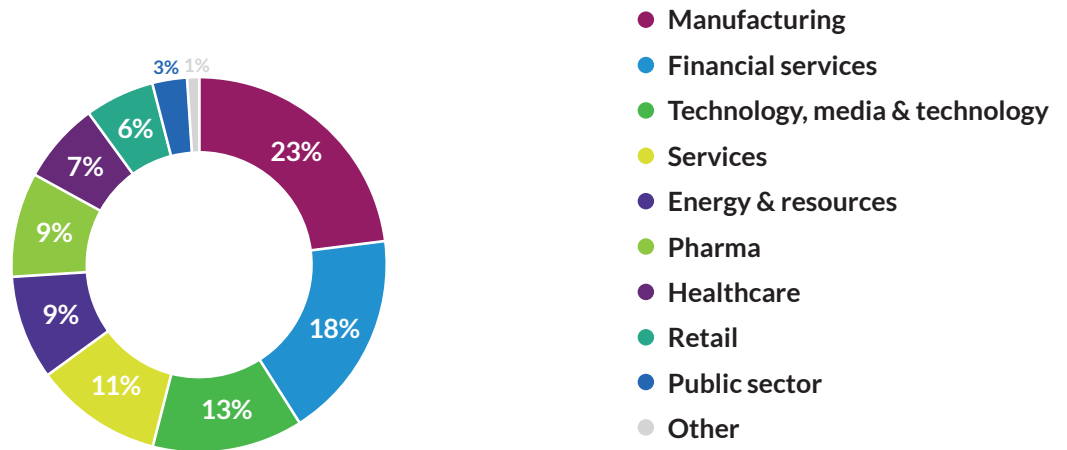


Figure 2

Survey respondents by organisation size (headcount)

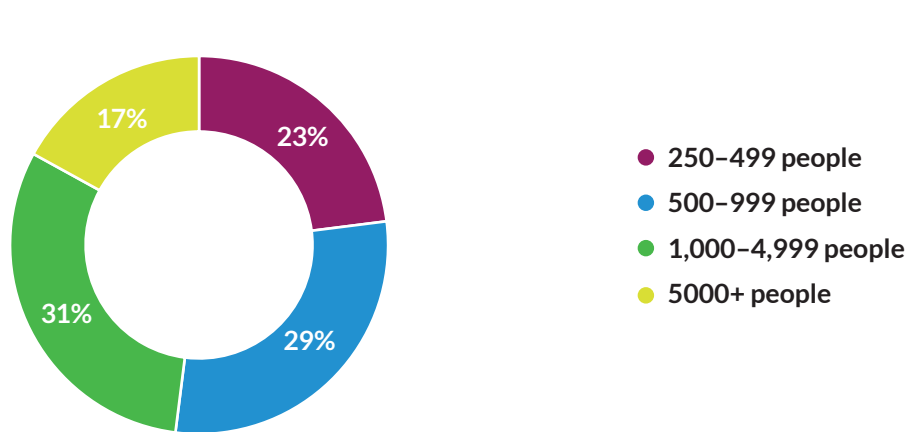
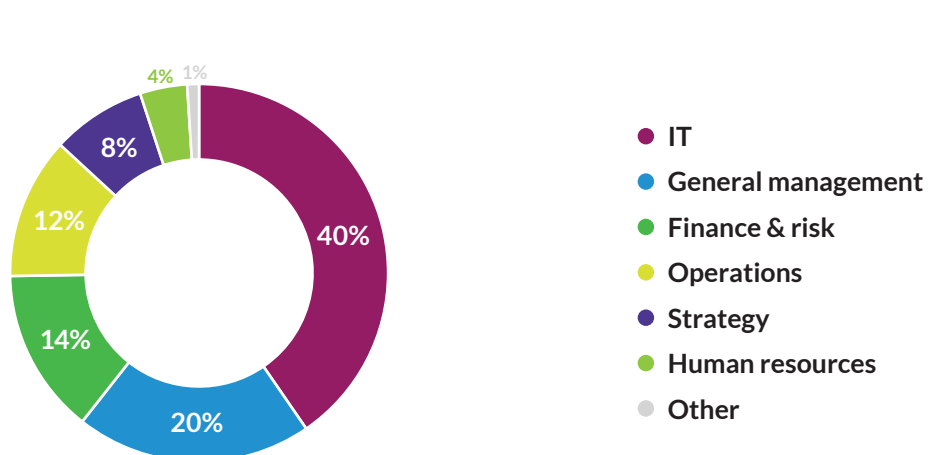


Figure 3

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 euros. For reference, Source is using the following exchange rates in our reports this year:

- **US dollar to British pound**     **\$1 = £0.74**

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

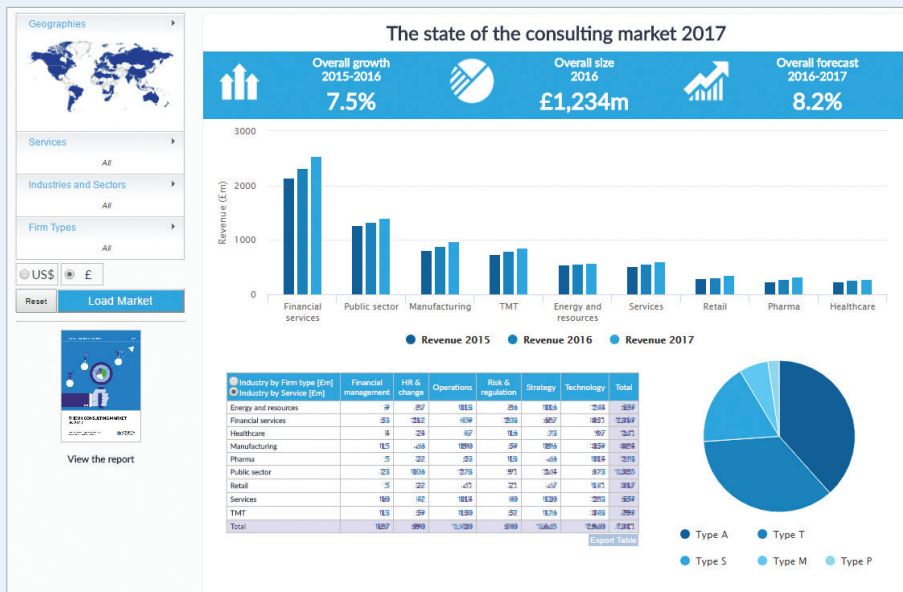
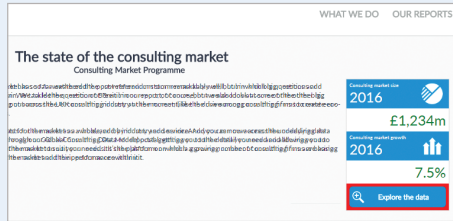
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In addition to our quantitative research, we interviewed 23 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms in the region and many smaller local specialists to understand more about 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.

# 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, web 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
Stefan Aichbauer	Managing Partner	H&Z
Ulrich Amberg	Head of Consulting, Switzerland	KPMG
Christine Mar Ciriani	Managing Partner, Switzerland and Global Wealth & Investment Management	Capco
Nicholas Davies	Managing Partner & COO	Deloitte
Tina Deutsch	Co-Founder & Managing Partner	Klaiton
Kiumars Hamidian	Partner, Service Lines and Germany-Czech-Romania lead	BearingPoint
Claus Hintermeier	Partner	Infosys
Greg Kinsey	Vice President	Hitachi Consulting
Regina Koerner	Head of Global Marketing	Roland Berger Strategy Consultants
Alexander Lippner	Head of Management Consulting, Austria	KPMG
Stefan Lutz	General Manager GBS DACH	IBM
Uwe Michel	Member of the Managing Board	Horvath and Partners
Peter Mockler	Managing Partner	BearingPoint
Beatrix Morath	Managing Director—Local Market Leader Switzerland	AlixPartners
Christoph Mueser	Partner	Baringa Partners
Ingo Rauser	Partner	Capco
Wolfgang Rieder	Leader of Advisory	PwC
Andreas Rueter	Managing Director   Country Head Germany	AlixPartners
Stefan Schaible	CEO Germany & Central Europe	Roland Berger Strategy Consultants
Oliver Schlicht	Partner, FS	Baringa Partners
Georg Tacke	CEO	Simon-Kucher & Partners
Christoph Treichler	Managing Partner	Cardea
Ioannis Tsavlakidis	Germany Management Consulting Leader	KPMG
Volkmar Varnhagen	Managing Director Capgemini Germany, Executive Vice President, Head of Consulting D/A/CH & NL	Capgemini Consulting

## 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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#### 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

Or simply visit our website, have a more in-depth look at what we do, and drop us a question at:

[www.sourceglobalresearch.com](http://www.sourceglobalresearch.com)

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](#).

For further information please visit [www.sourceglobalresearch.com](http://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](mailto:info@sourceglobalresearch.com)

🌐 [www.sourceglobalresearch.com](http://www.sourceglobalresearch.com)

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