



# THE EASTERN EUROPE CONSULTING MARKET IN 2017

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

# EXECUTIVE SUMMARY



- 2016 was another year of steady growth for the Eastern Europe consulting market, which saw growth of 5.1%, reaching a value of €1,133m. This growth was driven by the region's largest market, Poland, which saw high demand in the fast-growing financial services market as well as for digital initiatives across a wider swathe of industries. Hungary and Romania, meanwhile, experienced lower rates of growth owing to a drop in EU funding in Hungary and elections in Romania.
- The political landscape in Eastern Europe had many consultants concerned that EU funding would dry up, impacting consulting demand. However, while Hungary did see cuts, the majority of consultants' fears were proven unjustified as funding remained solid in most countries and foreign investment picked up. Regardless, we don't think it will all be political plain sailing in the coming years, so firms would be wise to have a balanced portfolio that allows them to mitigate the impact of fluctuating spending patterns.
- Meanwhile, Eastern Europe's consulting market increasingly looks divided. A significant amount of the consulting work being carried out is performed by global consulting firms on behalf of large multinationals with operations in Eastern Europe, leaving local firms to fight it out for a smaller proportion of local projects. All in all, this creates a difficult environment for local and mid-sized firms, which are having to lower their prices in order to win the work they need to survive.
- Digitisation is having more and more of an influence on the nature of consulting projects in the region, though digital is advancing at a much slower rate than in more advanced economies, globally. Consultants are currently much more likely to find a digital opportunity in financial services or retail than they are in less customer-oriented industries. Likewise, the more advanced digital initiatives are most likely to be found in Poland, a country that is rather advanced on the digital curve relative to the whole of Europe, not just to the rest of Eastern Europe.
- From an industry perspective, little changed in Eastern Europe in 2016, with one notable exception: the public sector. While consultants in financial services, manufacturing, and retail continued to experience a medium-to-strong rate of growth—largely driven by steadily growing levels of traditional demand coupled with faster-growing interest in digital initiatives—those in public sector consulting experienced a tough year thanks to a reduction in EU funding in Hungary and uncertainty created by elections elsewhere.
- Technology continued to be the fastest-growing service line in Eastern Europe in 2016, bolstered by growing demand for digital initiatives. 2016 did, however, see the start of a shift from a focus on operational initiatives to those of a more strategic nature as companies developed a greater appetite for growth and also looked for support around evolving disruptive topics.
- Growth was highly variable by firm type and size in 2016. While the Big Four and large technology and strategy firms experienced another year of medium-to-high growth, thanks to their global and wide-ranging expertise, HR firms struggled to grow given the lack of growth in their core service line. From a size point of view, mid-sized firms struggled most given their lack of financial clout or wide-ranging expertise, with large and small niche firms faring best overall.
- Given the varied nature of the Eastern Europe consulting market, we always hear mixed opinions on the market's prospects, and 2017 is no different. Despite variations from firm to firm, country to country, and industry to industry, we expect the overall Eastern Europe consulting market to grow at a slightly higher rate in 2017, driven by political stimulus for investment, wider demand for digitisation, and a growing maturity across the region's developing markets.

# CONTENTS

Executive summary	2	Market data	24
Methodology	4	Industries	24
Definitions	4	The good,	25
Sources	4	The bad,	26
Explore the data	5	...and the ugly.	27
Definitions of industries and services	6	Services	34
Contributors	8	Ahead of the rest	37
Eastern Europe summary	9	Lagging behind	38
Market overview	11	Consulting firms	41
Poland	11	The consulting landscape	42
Romania	12	Continued fragmentation, continued price pressure	42
Czech Republic	12	Forecast	43
Hungary	12	A word on methodology	43
Slovakia	13	The consultant view	43
Others	13	Forecasts for 2017	44
What everyone's talking about	14	Industries—prospects for growth 2017	44
Political swings and roundabouts	14	Services—prospects for growth 2017	45
Brexit: a timely, if hard-to-predict, boost	14	Firm types—prospects for growth 2017	46
The great divide	15	About the authors	47
Digital—slow and steady progress	16	Source report programmes	48
Getting the ship in shape	17	About Source	49
Ecosystems	17		
Managed services	17		
Migration: the impact on talent	18		
Further nearshoring demand	18		
Global trends in the consulting industry	19		
Coping with convergence	19		
The changing world of data & analytics	21		
The people problem	22		

# 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 Eastern Europe. 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 adjust the metrics in our model to try and counter the effect of currency fluctuation in order to get a sense of true consulting growth, with as much noise from external sources filtered out. 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:

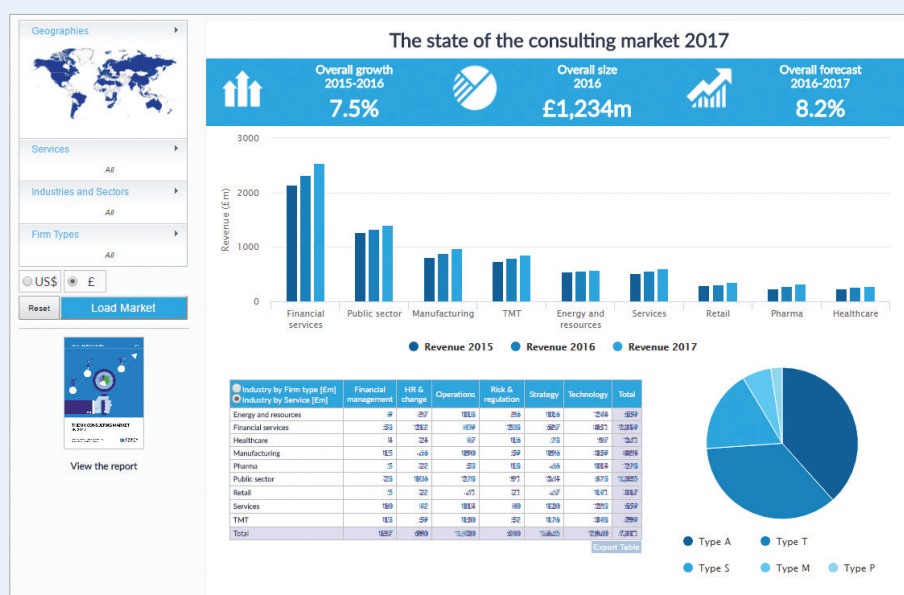
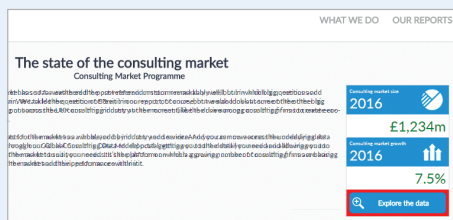
- **US dollar to British pound**      **\$1 = £0.74**
- **US dollar to euro**                      **\$1 = €0.90**

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 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).

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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.

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	CONSULTING MARKET PROGRAMME	STRATEGIC PLANNING PROGRAMME	CLIENT PERCEPTION PROGRAMME	WHITE SPACE
2017				
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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