THE DACH CONSULTING MARKET IN 2018

Understand where to target your investment, how to plan your business effectively, and the competitive landscape in which you operate. Including market sizing data, growth rates, current market trends, and forecasts.

SOURCE GLOBAL RESEARCH

CONTENTS

DACH SUMMARY

Provides an at-a-glance view of the main trends in the market alongside key statistics.

THE DACH MARKET—WHAT YOU NEED TO KNOW

Explores the key trends and topics that are front of mind for consulting firms in this market right now.

MARKET DATA

Looks at growth, sizing, and forecast data split by sector, service, and consulting firm type, together with analyst insight about what's happening in the market.

FORECASTS FOR 2018

A consultant and client view of what's likely to happen in the market in 2018 alongside a summary of forecast growth figures for 2018 by sector, service, and consulting firm type.

ABOUT THIS REPORT

Our report draws on four main sources:

- Our global consulting data model with 9.7m data points
- Our annual global client perception survey of senior end-users of consulting firms
- Our interviews with senior management consultants from a range of consulting firms
- Our interviews with senior clients of consulting firms across a range of sectors and functions

A detailed view of our methodology and more information about Source can be found below.

CLIENT PROFILES

DACH OVERVIEW

It was another strong year for the DACH consulting market, which grew 7.6% over the course of 2017 to reach a total value of €9,882m. Most consultants we spoke with report feeling very positive about their DACH performance, saying their firms enjoyed a good year of growth in line with the larger market.

Many credit the market's health—at least in part—to a strong and stable economy, which has admirably weathered instability both globally and locally, including a new wave of populism rising in Austria and elections in Germany that resulted in months without a new government. But just as important, consultants say, has been growing digital disruption across the business landscape, with the rapid advance of new technologies forcing clients to respond with digital transformations of entire business functions and, increasingly, entire organisations.

Looking at the market by sector, we see that it is dominated by financial services and manufacturing clients, which account for more than 60% of all DACH consulting revenues, and so strong consulting growth exceeding 8% in both sectors helped guarantee strong growth overall. Indeed, nearly all sectors saw consulting growth in 2017, with the public sector—hampered by election-related uncertainty—the only one to put in a flat performance.

> *Generally, 2017 was a very strong year. There has been solid demand, particularly around digital disruption and bringing digital to life in corporate environments.*
>
> Bernd Kreutzer, Accenture

> *We are in a unique business environment compared with the last ten years. Most of our clients are very healthy and enjoying good growth, but at the same time they are asking themselves plenty of questions about what the future holds for them, especially in terms of digital.*
>
> Martin Scholich, PwC

> *Wherever there is a need for transformation and change, consultants can offer useful advice, and so demand remains strong.*
>
> Stefan Aichbauer, h&z

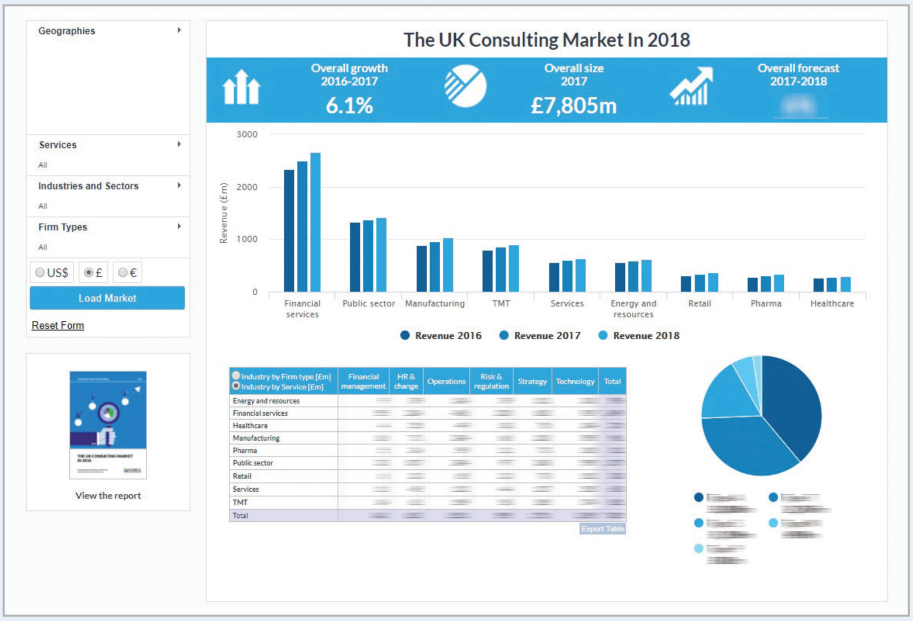
> *In DACH, we normally have a good and stable business climate, and that in itself generates good consulting demand.*
>
> Christoph Treichler, Cardea

> *Generally speaking, 2017 was a pretty good year for consulting in the DACH region. There's a positive economic climate, and this is translating into organisations investing more money in future capabilities.*
>
> Fernando Cruzado, EFESO

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

ABOUT THIS REPORT

Methodology

Sources

Our report is based on quantitative and qualitative research of consulting firms in DACH. This includes:

Megamodel: our global consulting data model

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, we've 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 comprehensive primary research carried out by Source analysts.

Please note that our 2016 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 who bought last year's report with a restated set of 2016 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 = £0.78
• US dollar to euro	\$1 = €0.89

Client view

We interviewed 16 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
- 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 551 senior clients of consulting firms across DACH. 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 2018 and into 2019, 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 14

Survey respondents by sector

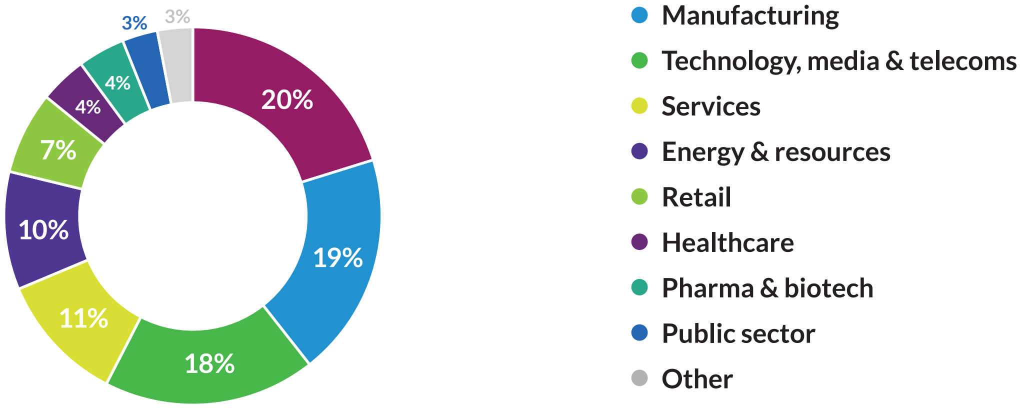


Figure 15

Survey respondents by organisation size

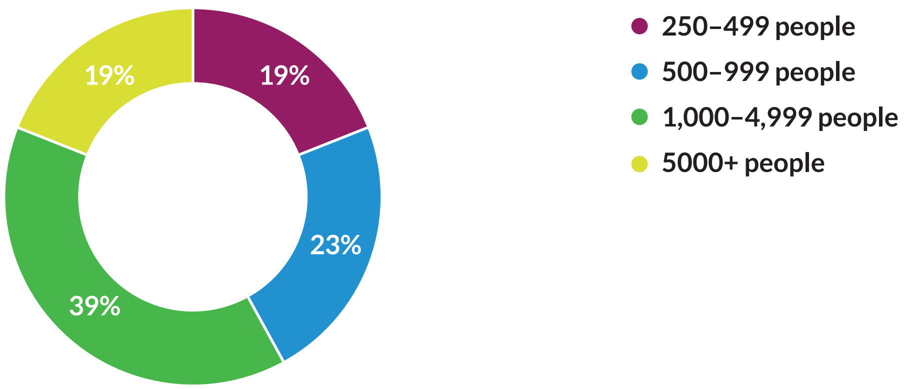
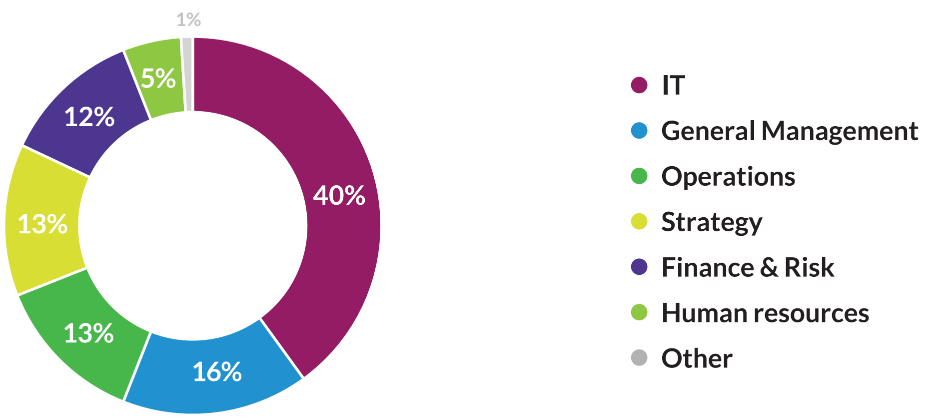


Figure 16

Survey respondents by function



Interviews with senior consultants

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.

In-depth desk research

We also conducted a thorough PEST analysis in DACH that drills down into finer macroeconomic details on a holistic and sector-by-sector basis and allows us to fit our research into a wider macroeconomic picture.

Definitions of sectors and services

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
- 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 sectors, please see "Definitions of sectors and services".

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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Zoë is Head Analyst at Source, leading our analyst team and responsible for all reports published as part of the Consulting Market Programme and the Strategic Planning Programme. A world-leading expert on global consulting trends, she is the driver behind Source's bespoke analysis of consulting's biggest geographical and industry markets. She is an active member of the Source research team and spends much of her time interviewing consultants and their clients all over the world, collecting their first-hand accounts of what is happening in consulting. She also brings extensive experience as a writer to her post.

Prior to joining Source, Zoë spent more than 12 years working as a management consultant in a variety of roles with KPMG and Atos Consulting. She has also worked as an independent marketing consultant.

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B.J. is the senior editor at Source and is responsible for ensuring consistency in quality, content, and tone across the core programme. She also writes a number of our core reports and participates in Source's market research. An accomplished writer and editor, B.J. has provided strategic communications for senior executives ranging from a US senator to presidents of Harvard University. She earned her juris doctorate from the University of Georgia and is a member of the Georgia bar.

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Alastair is a Senior Analyst at Source, specialising in the Consulting Market Trends area of the business. His responsibilities include interviewing senior consultants and clients, analysing data, writing reports, and presenting research to clients. Alastair has also championed the development of Source's philanthropic activities; encouraging the team to raise awareness and funds for Alzheimer's Research UK. Prior to joining Source, Alastair was a management consultant with PwC, working on a multitude of projects across a number of different industries and service lines.

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Ashok is a writer and editor at Source, contributing to our Consulting Market Programme and Client Perception Programme reports. Prior to joining Source, he was an editor and a consultant in the commodities market, and he also brings experience from the UK automotive sector.

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SOURCE REPORT PROGRAMMES

SOURCE GLOBAL RESEARCH

MARKET TRENDS 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 sectors. 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. Snapshots of content from these reports will be published earlier in the year and made available to subscribers, as tranches becomes available.

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 sectors. We rank the leading consulting firms in terms of clients' perceptions of things like quality and value. Data and analysis for these reports are made available to subscribers throughout the year.

As part of this programme we also publish global brand perceptions. Leveraging all the data we have about each of the world's leading consulting firms, we're able to offer insights that go far beyond traditional brand impact surveys. Choose the firms you want to benchmark yourself against, and we'll analyse how clients see your firm relative to your competitors, writing a custom report that puts you at the heart of it. Available on request.

WHITE SPACE

A series of reports that analyse the quality and effectiveness of thought leadership. These are included in all White Space subscriptions.

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You can either subscribe to a whole programme (the cheapest way of getting access to everything) or buy reports individually. All reports in our programmes come with a global licence, so once you've bought them you can use them anywhere in your firm.

What's included

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- **An executive summary (8-10 pages) highlighting key themes.**
- **Relevant content, updated regularly: blogs, podcasts, and spotlights.**

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www.sourceglobalresearch.com

2018	MARKET TRENDS PROGRAMME	STRATEGIC PLANNING PROGRAMME	CLIENT PERCEPTION PROGRAMME**	WHITE SPACE
JANUARY				Hot topics in thought leadership
FEBRUARY	Forecasts for 2018 UK		In each report, we will publish the top ranked firms for: **Mindshare** **Quality of work** **Value added** **Quality of work by different consulting services**	Quality ratings of thought leadership for the second half of 2017
MARCH	GCC DACH Benelux	Mega trend #1: Intelligent analytics	Germany part 1 US part 1 GCC part 1	
APRIL	Spain France Nordics		Germany part 2 UK part 1 US part 2	Analysis of recent thought leadership
MAY	Eastern Europe US Russia	Mega trend #2: Discover	Financial services part 1 Nordics part 1 Energy & resources part 1	Analysis of recent thought leadership
JUNE	Italy Canada	Mega trend #3: Strategy	France part 1 UK part 2 Financial services part 2	
JULY	South America Australia	Mega trend #4: Run	Healthcare part 1 France part 2	Analysis of recent thought leadership
AUGUST	Africa		Nordics part 2 TMT part 1 Energy & resources part 2	
SEPTEMBER	Planning for growth in 2019 India Energy & Resources*		Healthcare part 2 TMT part 2 GCC part 2	Quality ratings of thought leadership for the first half of 2018
OCTOBER	South East Asia Financial Services* China			
NOVEMBER	TMT* Healthcare*	Mega trend #5: How technology will shape the consulting business model of the future		
DECEMBER	*Snapshots of content from these reports will be published earlier in the year and made available to subscribers, as tranches become available.	Mega trend #6: Digital transformation	**Part 1: What our data tells us about the market. Part 2: Firm-by-firm analysis	

OUR CUSTOM RESEARCH SERVICES

SOURCE GLOBAL RESEARCH

Over the course of the last ten years we've worked with leaders in many of the world's biggest professional services firms, to help them find solutions to some of their most important challenges. Here are some typical examples of the kind of work we do.

You need to know how big your market is

We have a global data model of the professional services industry that is the biggest and most sophisticated of its kind ever created. It provides data on market size, growth rates, and forecasts across 29 industrial sectors, 10 service lines, and 84 countries. It also breaks down the market by different types of firm.

We can provide you with a version of the model that's customised to fit your needs, giving you data on all the countries, sectors, and service lines that matter to you, and none that don't. But we won't stop there, unless you want us to: Our analysts will work alongside you to make the model yours, mapping our definitions to yours, so you can look at the market on your terms rather than ours.

You need to understand what the numbers mean for you

For many of the firms we work with, pure data isn't enough, and nor are standard reports able to offer a view that's sufficiently tailored to their needs. In these situations, our analysts start with a blank sheet of paper, put your firm in the middle of it, and draw on all our data and knowledge—including about clients' perceptions—to build a picture of the world around you. You get a story that's laser-focused on your challenges and your opportunities, and that helps you to translate data and insight into action.

You're new in your role and need to understand the market for which you're now responsible

For people who have just moved into a new role, we can create packs of information specific to a particular geography, sector, or service line. Our market sizing data can be used to quantify the market's potential, and our analysis of clients' perceptions and the competitive landscape will help you understand how best to seize the opportunities and respond to the threats.

You need to create clear propositions around your services

Our research tells us that having a big brand is no longer enough: Increasingly, clients expect professional firms to have a clearly articulated proposition for each service that differentiates them from their competitors. But the best propositions aren't built in a day: Our analysis, because it's grounded in facts about clients' perceptions and behaviour, helps firms quickly cut through internal disagreement and build a clear sense of direction.

You need help with your inorganic growth plans

We also work with firms that are supplementing their organic growth with acquisitions, helping buyers find and qualify suitable targets for acquisitions. Leveraging our deep knowledge of the professional services sector, we can scan the market, profile companies, and even effect introductions. Firms use our services because we're well-connected in the industry, independent, and fast.

You need to understand how you measure up against your competitors in the minds of clients

Understanding what your clients think about your firm is critical in today's fast-changing and highly competitive market. New circumstances demand new, expert-led strategies to brand benchmarking, and that requires both independence—to get to the real story, not the one your clients think you want to hear—and deep knowledge and data about your market and your competitors.

We usually have a head-start here, because of the data we already have, but we've got all the expertise and experience that's needed to conduct new research among your clients and those of your competitors, in order to understand where your strengths and weaknesses lie, and what you need to do to stand out. The focus might be on your firm alone, but it might also be on how you can create competitive advantage over specific, named competitors.

You need to create better, more effective, thought leadership

Thought leadership has come to dominate the marketing activities of professional service firms, and with good cause: Our research with clients finds consistent evidence that good thought leadership matters to them, too. It helps them to do their job, to identify where world-class capability exists in these firms, and even to shortlist firms for projects.

How well does your thought leadership measure up? We can conduct in-depth reviews to assess quality in a sample of material that's either random or defined by you, from single pieces to entire bodies of work, on an ad-hoc or routine basis. We can also help you shape your approach to topics and understand what your competitors are doing, and can provide guidance about how to approach a specific piece of high-profile thought leadership.

We also recognise that good thought leadership doesn't happen by accident, but because you've put in place the right processes and engaged the interests and enthusiasm of your key subject matter experts. We help professional services firms create the foundations, organisational structure and processes for high-quality content. We can also run workshops that inspire your people and help make them more effective at creating thought leadership.

About Source

Source Global Research is a leading provider of information about the market for professional services. Set up in 2007 with offices in London and Dubai, Source serves both professional services 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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