

November 2019

The Healthcare Consulting Market in 2019

Market Trends Programme



Contents

1 Healthcare summary

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

Executive summary	3
Healthcare overview	5
Service overviews	10
Technology	10
Operational improvement	12
Risk & regulatory	13
Strategy	15
HR & change management	16
Financial management	18

2 The healthcare 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.

A global drive towards patient-centricity	19
Digital transformation	23
The changing healthcare economy	29
Approaching the healthcare consulting market	33

3 Analyst view by market

Looks at growth and sizing data for a selection of countries/regions split by service, together with analyst insight about what's happening in each geography.

US	38	Benelux	58
China	40	Africa	59
UK	42	Southern Africa	59
DACH	44	Eastern Africa	59
Canada	46	Western Africa	60
Australia	48	Northern Africa	60
GCC	50	South America	61
France	51	Eastern Europe & Russia	63
South East Asia	52	Market data	64
India	54	Regional overview—market size by region	64
Nordics	55	Market size by service	65
Southern Europe	57		

4 Forecast

A consultant and client view of what's likely to happen in the market in 2019 alongside a summary of forecast growth figures for 2019 by service.

The consultant view	66
The client view	67
Client perceptions	71
Projections for 2019	73
Forecasts for 2020	76

Client profiles

Senior director of commercial operations, healthcare sector, China	14
HR director, healthcare sector, GCC	17
Information technology services director, healthcare sector, US	28
Executive director, healthcare sector, China	30
Finance director, healthcare sector, US	70

About this report

Our report draws on five main sources:

- Our global data model with 9.7 million 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 functions
- Our in-depth desk research on the market

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

Methodology	80
Definitions of sectors and services	83
Contributors	85
About the author	86
Programme schedule for 2019	87
Our custom work	88
About us	89

Healthcare overview

ADVICE INTEGRATION ECOSYSTEMS GROWTH DATA PATIENT-CENTRIC RPA FRONT OFFICE DIGITISATION

Consultants serving the healthcare market continue to enjoy a wealth of new opportunities; market growth of 9.1% in 2018 outpaced even 2017's excellent 8% growth rate. The enormous US market—which generated over 70% of global healthcare consulting revenues—grew faster than it did the year before as clients became more accustomed to the underlying uncertainty surrounding the Affordable Care Act (ACA hereafter) and proceeded with an agenda focused on growth, efficiency, and digitisation.

I think we are still facing many of the same issues as we were in 2018. The major trends remain: Costs are unsustainable, populations are ageing, and the rate of chronic disease is rising.

Kelly Barnes, PwC

The healthcare market is very strong globally; however, our traditional health clients are facing a lot of disruption right now. New non-traditional players are driving the innovation agenda, testing creative business models and architecting the development of new ecosystem partner networks.

Aloha McBride, EY

I think it's a good time to be consulting to the American healthcare market, but it is a time of uncertainty, given the regulatory environment. This uncertainty brings opportunity.

Hsiu Mei Wong, PA Consulting

“ Given tight markets and the continual introduction of new or modified regulatory requirements, one might think it’s not a good time to be consulting in the healthcare space, but these are the very reasons people are looking at their processes and seeking consulting help.

Richard Williams, Protiviti

“ Part of the uncertainty in the American regulatory environment is driven by various legislative proposals the current administration has flirted with. But while all of that is happening, our clients are doing their best to focus on business as usual.

Hsiu Mei Wong, PA Consulting

Other large markets also performed well in 2018, and eight of the top 10 markets by size grew faster than they did the year before. China—the second largest market for healthcare consulting—delivered another blockbuster year, with a 27.3% growth rate that made it the fastest-growing segment of China’s booming consulting market. Australia’s healthcare market was also the best performer for the country’s consultants, growing by more than 13% thanks to an ambitious digital agenda. South East Asia, the GCC, and India also saw double-digit growth in healthcare consulting, owing to a big appetite for transformation in both the public and private sectors.

“ Public healthcare is taking off, with lots of spend on consulting around patient journey systems.

Senior management consultant, Australia

“ Healthcare is a very positive sector in terms of growth. One of the trends we’ve seen is that many investors in private equity and venture capital are investing in specialty hospitals. This creates an opportunity for us to perform due diligence.

Yukai Chen, goetzpartners, China

“ There was tremendous growth in the healthcare market. The government’s plans for a new health insurance programme and the expansion of healthcare accessibility encouraged a lot of players to get involved in the market.

Aashish Chandorkar, Capgemini Invent, India

“ One of the major transformation points in Saudi is the healthcare sector, which is moving from centralised policy and delivery to an NHS-style model. There are so many roadblocks and so much complexity that this transformation is not moving at the pace it should.

Senior management consultant, GCC

The Healthcare Consulting Market in 2019

Growth in the large UK market slowed slightly—but following a more dramatic slowdown in 2017, consultants spoke of 2018 in largely favourable terms. NHS budgets are tight and Brexit anxiety remains high, putting a dampener on spending levels; however, demand for digitisation and streamlining efforts made for a good volume of work.



We have had good growth in demand for consulting work in healthcare.

Andrew Stewart, A.T. Kearney, UK



The healthcare sector has performed well for us.

Malcolm McKenzie, Alvarez & Marsal, UK

The healthcare market—what you need to know

A global drive towards patient-centricity

For the past few years, we have begun our discussion of trends and themes in healthcare consulting with an overview of issues affecting the US. After all, it's an enormous market—more than 70% of all healthcare consulting revenues are earned here—and its unique structure often creates a unique set of challenges. This year, however, increasing comfort with (or at least acceptance of) the ongoing uncertainty surrounding the ACA finds clients turning their attention to a set of priorities not that different from those of other markets. In fact, wherever in the world we talk to consultants working in healthcare, we hear a single theme loud and clear: Clients are working hard to transform their operations to become more patient-centric, with a focus on better front-office service, improved outcomes, and preventative care.

“There are two breaking headlines: How do we become sustainable in this new health economy, and how do we transform to become more agile and consumer-focused? Behind this are a few more questions: How do we digitise? How do we leverage data & analytics? How do we upskill our workforce? What deals should we do?”

Kelly Barnes, PwC

The patient/customer experience

Key to the patient-centric agenda is the drive to offer a more user-friendly front office that echoes a quality retail experience, usually using digital tools. “Demand is coming from healthcare because the sector is still trying to become more customer-focused,” says John Tobin of Slalom. “Clients are looking at patients as customers and creating experiences like you’d expect from Amazon.”

“All of the discussion about healthcare is changing the nature of customer demands, and regardless of the regulatory environment, organisations are having to respond to that. As a result, they’re pursuing digital transformation, improved customer service and engagement programmes, and new engagement tools through their ecosystems.”

Hsiu Mei Wong, PA Consulting

About this report

Methodology

Sources

Our report is based on quantitative and qualitative research of consulting firms in the healthcare sector. This includes the following:

Megamodel: our global 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 2017 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 2017 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.

Please note that we have refined and implemented improvements to our research methods for digital data, taking a bottom-up approach to firm-level data this year.

All figures given in this report are in US dollars. For reference, Source is using the following exchange rates in its reports this year:

US dollar to British pound	US\$1 = £0.75
----------------------------	---------------

US dollar to euro	US\$1 = €0.85
-------------------	---------------

Client view

We interview senior end-users of consulting in the healthcare sector 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 182 senior clients of consulting firms across the healthcare sector. All work for private sector organisations, many of which are multinationals, and 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 2019 and into 2020, 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

Respondents by organisation size

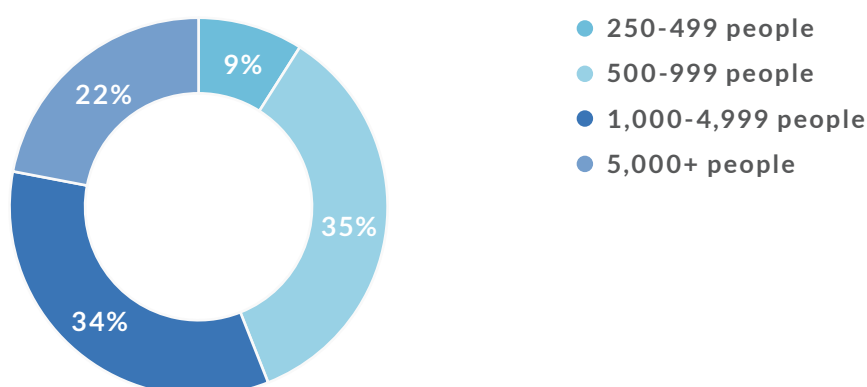
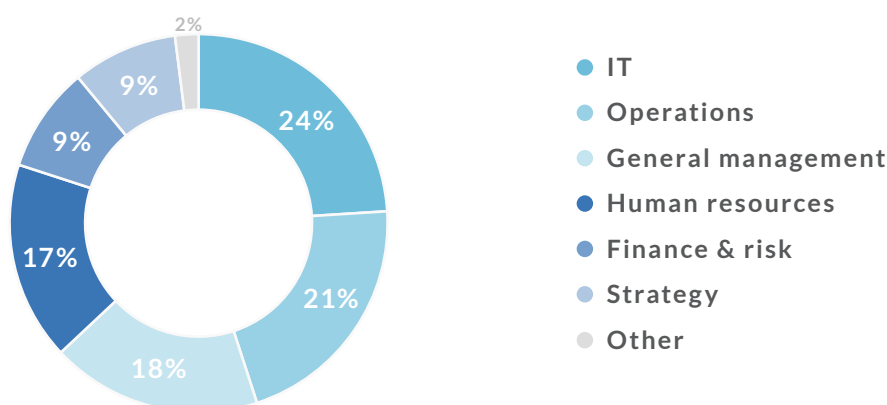


Figure 15

Respondents by function



Interviews with senior consultants

In addition to our quantitative research, we interviewed 17 very senior consultants (typically the most senior person in their country) from most of the leading consulting firms in the sector and many smaller 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.

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 & 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).

Name	Job title	Firm
Amy Andersen	VP of Healthcare	North Highland
Kelly Barnes	Partner, US Health Industries Leader	PwC
Aashish Chandorkar	Managing Director of Capgemini Invent India	Capgemini Invent
Yukai Chen	Partner	goetzpartners
Ed Giniat	Partner, National Sector Leader for Healthcare & Life Sciences	KPMG
Etienne Grass	Global Lead for the Care & Healthcare and France Managing Director of Citizen Services & Public Sector	Capgemini Invent
Will Hinde	Managing Director and National Practice Lead	West Monroe
Thilo Kaltenbach	Senior Partner	Roland Berger
Michael Lyman	Senior Managing Director, North America Strategy Leader, Global Insurance Leader	Accenture
Aloha McBride	Global Health Advisory Leader	EY
Malcolm McKenzie	Managing Director	Alvarez & Marsal
Jean-Baptiste Perrin	Chief Marketing & Communication Officer	Capgemini Invent
Sara Siegel	Head of Healthcare at Deloitte UK	Deloitte
Andrew Stewart	Managing Partner, UK & Ireland	A.T. Kearney
John Tobin	President and Co-Founder, North America	Slalom
Richard Williams	Managing Director – Global Healthcare Practice Leader	Protiviti
Hsiu Mei Wong	Partner, Member of PA's Management Group	PA Consulting

About the author

B.J. Richards

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.

B.J. Richards

✉ bj.richards@sourceglobalresearch.com





Programme schedule for 2019

Reports 2019	Market Data and Analysis	Client and Brand Insights	Emerging Trends
January	Forecasts for 2019		
February	UK	UK Nordics GCC	
March	GCC Benelux Nordics	France Germany US	The Future of Pricing
April	France DACH Southern Europe	Energy & Resources Financial Services Healthcare Technology, Media & Telecoms	
May	US Eastern Europe & Russia		The Value Problem
June	Canada		
July	South America Australia	Perceptions of Audit Firms Perceptions of Risk Firms Perceptions of Tax Firms	
August	Africa Risk		The Make-Buy Decision
September	India Energy & Resources Planning for Growth in 2020	Talent Attractiveness in 2019	
October	Financial Services China South East Asia		
November	Japan Healthcare Technology, Media & Telecoms		The Future of Delivery
December	Tax		

White Space

A powerful research tool that allows subscribers to keep up to date with the latest content being produced and maximise their return on investment. A series of reports that analyse the quality and effectiveness of thought leadership are published throughout the year.

Our custom work

We provide advice and custom research services to the world's most successful professional services firms, helping them to identify, and develop strategic responses to, their most pressing opportunities and challenges.

Among other things, our work includes:

- Deep market and competitor analysis
- Acquisition strategy
- Proposition strategy and development
- Brand and client sentiment analysis
- Thought leadership strategy, development, and review

For more information about any of these, please visit our website or get in touch.

Source Global Research is a leading provider of information about the market for professional services.

Set up in 2007, Source serves the professional services industry 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 Information Services Ltd
20 Little Britain | London | EC1A 7DH
UK +44 (0)20 3478 1207
US +1 800 767 8058
info@sourceglobalresearch.com
www.sourceglobalresearch.com

© Source Information Services Ltd 2019

Source Information Services Ltd and its agents have used their best efforts in collecting the information published in this report. Source Information Services Ltd does not assume, and hereby disclaims, any liability for any loss or damage caused by errors or omissions in this report, whether such errors or omissions result from negligence, accident, or other causes.